

**THE CITY OF CORDOVA**

Cordova, Alaska

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

December 31, 2022



**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, 2022, 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.

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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Cordova, as of December 31, 2022, 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.

**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.

**Responsibilities of Management for the Financial Statements**

The City of Cordova's management is responsible for the preparation and fair presentation of the 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 City of Cordova's ability to continue as a going concern for fifteen 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 the 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 the City of Cordova's ability to continue as a going concern for a reasonable period of time.

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 46-50 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's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our 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 accompanying combining and individual fund financial statements, and schedules listed in the table of contents, 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, and the Schedule of State Financial Assistance, as required by the State of Alaska 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 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements, and schedules listed in the table of contents, Schedule of Expenditures of Federal Awards and the Schedule of State Financial Assistance are 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 19, 2023 on our consideration of the City of Cordova's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 19, 2023

THE CITY OF CORDOVA  
Cordova, Alaska

Government-wide Statement of Net Position

December 31, 2022

	Primary Government			Component Units		
	Primary Governmental Activities	Business-type Activities	Total	Cordova City School District	Cordova Community Medical Center	Cordova Volunteer Fire Department
<b>Assets and deferred outflows</b>						
Current assets						
Cash and equivalents	\$ 5,823,730	7,727,973	13,551,703	1,745,242	1,566,782	75,896
Investments	8,285,431	-	8,285,431	-	-	-
Deposits	-	6,500	6,500	-	-	-
Receivable, net:						
Taxes	860,207	-	860,207	-	-	-
Accounts	-	977,807	977,807	-	2,041,369	-
Grants and shared revenues	-	-	-	636,253	-	-
Other	74,167	-	74,167	-	-	-
Lease receivable	144,881	-	144,881	-	-	-
Prepaid insurance	260,674	120,139	380,813	158,738	195,664	-
Inventory	-	-	-	49,352	480,713	-
Due from other funds	164,077	-	164,077	-	-	-
<b>Total current assets</b>	<b>15,613,167</b>	<b>8,832,419</b>	<b>24,445,586</b>	<b>2,589,585</b>	<b>4,284,528</b>	<b>75,896</b>
Restricted assets - landfill closure cash	-	820,009	820,009	-	-	-
Noncurrent assets						
Lease receivable - GASB 87	60,841	-	60,841	-	-	-
Net other postretirement benefit assets	1,760,054	571,754	2,331,808	2,942,459	3,333,364	-
<b>Total Noncurrent assets</b>	<b>1,820,895</b>	<b>571,754</b>	<b>2,392,649</b>	<b>2,942,459</b>	<b>3,333,364</b>	<b>-</b>
Capital assets:						
Land, artwork, and construction in progress	1,884,830	6,927,079	8,811,909	-	-	-
Other capital assets, net of depreciation	46,535,884	22,724,767	69,260,651	197,294	4,339,583	-
<b>Total capital assets</b>	<b>48,420,714</b>	<b>29,651,846</b>	<b>78,072,560</b>	<b>197,294</b>	<b>4,339,583</b>	<b>-</b>
Deferred outflows						
Related to pension and other postemployment	514,752	167,218	681,970	506,599	1,037,999	-
Goodwill	-	-	-	-	75,000	-
Deferred loss on bonds	421,281	-	421,281	-	-	-
<b>Total deferred outflows</b>	<b>936,033</b>	<b>167,218</b>	<b>1,103,251</b>	<b>506,599</b>	<b>1,112,999</b>	<b>-</b>
<b>Total assets and deferred outflows</b>	<b>\$ 66,790,809</b>	<b>40,043,246</b>	<b>106,834,055</b>	<b>6,235,937</b>	<b>13,070,474</b>	<b>75,896</b>
<b>Liabilities and deferred inflows</b>						
Current liabilities						
Accounts payable	\$ 332,406	770,169	1,102,575	119,333	233,901	8,562
Health claims payable	336,038	-	336,038	-	-	-
Advances from granting agencies	1,358,896	-	1,358,896	-	-	-
Note payable to the City of Cordova	-	-	-	-	5,466,459	-
Customer deposits	1,000	35,404	36,404	-	-	-
Accrued interest	65,639	176,487	242,126	-	-	-
Accrued payroll and related liabilities	98,092	22,338	120,430	99,659	327,747	-
Due within one year:						
Accrued vacation and sick leave	357,776	148,193	505,969	-	307,825	-
Bonds and loans current portion	1,225,000	55,000	1,280,000	-	-	-
Capital lease	-	-	-	-	79,117	-
Unearned revenue	199	506,696	506,895	-	-	-
Due to other funds	-	-	-	472,574	-	-
<b>Total current liabilities</b>	<b>3,775,046</b>	<b>1,714,287</b>	<b>5,489,333</b>	<b>3,422,714</b>	<b>6,415,049</b>	<b>8,562</b>
Noncurrent liabilities						
General obligation bonds	9,075,000	5,000,000	14,075,000	-	-	-
Loan payable to ADEC, net of current portion	-	2,876,116	2,876,116	-	-	-
Interfund advances	-	164,077	164,077	-	-	-
Unamortized bond premium	694,694	-	694,694	-	-	-
Landfill closure costs	-	1,076,260	1,076,260	-	-	-
Net pension liability	4,336,949	1,408,860	5,745,809	2,731,148	8,148,107	-
<b>Total noncurrent liabilities</b>	<b>14,106,643</b>	<b>10,525,313</b>	<b>24,631,956</b>	<b>2,731,148</b>	<b>8,148,107</b>	<b>-</b>
<b>Total liabilities</b>	<b>17,881,689</b>	<b>12,239,600</b>	<b>30,121,289</b>	<b>3,422,714</b>	<b>14,563,156</b>	<b>8,562</b>
Deferred inflows						
Related to leases - GASB 87	61,840	-	61,840	-	-	-
Related to other postemployment benefits	163,503	53,113	216,616	1,420,267	426,299	-
Related to pensions	-	-	-	1,821,227	-	-
<b>Total deferred inflows</b>	<b>225,343</b>	<b>53,113</b>	<b>278,456</b>	<b>3,241,494</b>	<b>426,299</b>	<b>-</b>
<b>Net Position</b>						
Net investment in capital assets	37,847,301	29,651,846	67,499,147	197,294	4,260,466	-
Restricted:						
E-911	64,396	-	64,396	-	-	-
Refuse	-	820,009	820,009	-	-	-
School district	-	-	-	190,149	-	-
Unrestricted	10,772,080	(2,721,322)	8,050,758	(815,714)	(6,179,447)	67,334
<b>Total net position</b>	<b>48,683,777</b>	<b>27,750,533</b>	<b>76,434,310</b>	<b>(428,271)</b>	<b>(1,918,981)</b>	<b>67,334</b>
<b>Total liabilities, deferred inflows and net position</b>	<b>\$ 66,790,809</b>	<b>40,043,246</b>	<b>106,834,055</b>	<b>6,235,937</b>	<b>13,070,474</b>	<b>75,896</b>

THE CITY OF CORDOVA  
Cordova, Alaska

Exhibit A-2

Government-wide Statement of Activities

Year Ended December 31, 2022

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
<b>Primary governmental activities:</b>									
General Fund	\$ 2,984,204	528,121	(21,646)	-	(2,477,729)	-	-	-	-
Public safety	1,818,445	258,645	149,336	120,782	(1,289,682)	-	-	-	-
Public works	2,011,841	12,834	35,900	90,000	(1,873,107)	-	-	-	-
Emergency protective measures	537,242	-	532,678	-	(4,564)	-	-	-	-
Information and recreation	1,251,462	131,997	(14,840)	7,000	(1,127,305)	-	-	-	-
Education	2,611,895	-	627,241	10,613	(1,974,041)	-	-	-	-
Health	1,823,325	1,233,307	-	-	(590,018)	-	-	-	-
Community service	154,962	-	-	-	(154,962)	-	-	-	-
Interest	414,191	-	2,022,113	-	1,607,922	-	-	-	-
<b>Total primary governmental activities</b>	<b>13,607,567</b>	<b>2,164,904</b>	<b>3,330,782</b>	<b>228,395</b>	<b>(7,883,486)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Proprietary fund activities:</b>									
Port	2,079,451	2,364,305	(9,265)	-	-	275,589	-	-	-
Water	1,290,128	761,950	(4,498)	-	-	(532,676)	-	-	-
Sewer	1,148,906	907,506	(4,499)	-	-	(245,899)	-	-	-
Refuse	1,156,761	1,196,219	(8,613)	-	-	30,845	-	-	-
Camper Park	34,179	35,172	19,330	-	-	20,323	-	-	-
<b>Total proprietary fund activities</b>	<b>5,709,425</b>	<b>5,265,152</b>	<b>(7,545)</b>	<b>-</b>	<b>-</b>	<b>(451,818)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total primary government</b>	<b>\$19,316,992</b>	<b>7,430,056</b>	<b>3,323,237</b>	<b>228,395</b>	<b>(7,883,486)</b>	<b>(451,818)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Component units</b>									
Cordova City School District	\$ 6,724,609	6,386	1,166,992	-	-	-	(5,551,231)	-	-
Cordova Community Medical Center	\$12,923,871	12,401,303	1,235,350	-	-	-	-	712,782	-
Cordova Volunteer Fire Department	\$ 71,323	47,713	-	-	-	-	-	-	(23,610)
				Primary Governmental Activities	Business-type Activities	Total	Component Unit	Component Unit	Component Unit
<b>General revenues:</b>									
Sales taxes				\$ 4,281,185	-	4,281,185	-	-	-
Property taxes				3,111,047	-	3,111,047	-	-	-
Payments in lieu of taxes				417,238	-	417,238	-	-	-
Other taxes				210,959	-	210,959	-	-	-
Contributions from primary government				-	-	-	1,821,558	300,000	-
Grants and entitlements not restricted to a specific purpose				1,953,609	-	1,953,609	4,527,799	-	-
Other				77,191	-	77,191	26,440	-	-
<b>Total general revenues</b>				<b>10,051,229</b>	<b>-</b>	<b>10,051,229</b>	<b>6,375,797</b>	<b>300,000</b>	<b>-</b>
Investment income (loss)				(1,500,547)	208	(1,500,339)	982	-	-
Operating transfers in (out)				18,000	(18,000)	-	(214,071)	-	-
Change in net position				685,196	(469,610)	215,586	611,477	1,012,782	(23,610)
Net position, beginning of year				47,998,581	28,220,143	76,218,724	(1,039,748)	(2,931,763)	90,944
<b>Net position, end of year</b>				<b>\$ 48,683,777</b>	<b>27,750,533</b>	<b>76,434,310</b>	<b>(428,271)</b>	<b>(1,918,981)</b>	<b>67,334</b>

See accompanying notes to financial statements.

## THE CITY OF CORDOVA

Cordova, Alaska

Governmental Funds

Combining Balance Sheet

December 31, 2022

	Major Funds				Total Governmental Funds
	General	General Reserve Special Revenue	ARPA Special Revenue	Nonmajor Funds	
<b>Assets</b>					
Cash and equivalents	\$ 2,414,822	1,040,767	1,525,707	506,396	5,487,692
Investments	-	8,285,431	-	-	8,285,431
Receivable, net:					
Taxes	860,207	-	-	-	860,207
Other	49,925	-	-	24,242	74,167
Lease (GASB 87)	60,841	-	-	-	60,841
Prepaid insurance	260,674	-	-	-	260,674
Due from other funds	40,430	164,077	-	-	204,507
Lease receivable	-	144,881	-	-	144,881
Total assets	<u>\$ 3,686,899</u>	<u>9,635,156</u>	<u>1,525,707</u>	<u>530,638</u>	<u>15,378,400</u>
<b>Liabilities, Deferred Inflows, and Fund Balances</b>					
Liabilities:					
Accounts payable	\$ 148,391	-	167,829	16,186	332,406
Customer deposits	1,000	-	-	-	1,000
Advances from granting agencies	-	-	1,357,878	1,018	1,358,896
Accrued payroll and related liabilities	98,092	-	-	-	98,092
Due to other funds	-	-	-	40,430	40,430
Unearned revenue	199	-	-	-	199
<i>Total liabilities</i>	<u>247,682</u>	<u>-</u>	<u>1,525,707</u>	<u>57,634</u>	<u>1,831,023</u>
Deferred inflows					
Unavailable property tax revenue	90,874	-	-	-	90,874
Deferred ambulance revenue	-	-	-	11,305	11,305
Related to leases (GASB 87)	61,840	-	-	-	61,840
Deferred lease revenue	-	144,881	-	-	144,881
<i>Total deferred inflows</i>	<u>152,714</u>	<u>144,881</u>	<u>-</u>	<u>11,305</u>	<u>308,900</u>
Fund balances:					
Nonspendable - prepaid insurance	260,674	-	-	-	260,674
Restricted - enhanced 911 services	-	-	-	64,396	64,396
Assigned:					
Capital projects and land	-	9,490,275	-	-	9,490,275
Public safety	-	-	-	441,804	441,804
Unassigned	3,025,829	-	-	(44,501)	2,981,328
<i>Total fund balances</i>	<u>3,286,503</u>	<u>9,490,275</u>	<u>-</u>	<u>461,699</u>	<u>13,238,477</u>
Total liabilities, deferred inflows, and fund balance	<u>\$ 3,686,899</u>	<u>9,635,156</u>	<u>1,525,707</u>	<u>530,638</u>	<u>15,378,400</u>

See accompanying notes to financial statements.

THE CITY OF CORDOVA  
Cordova, Alaska

Exhibit B-2

Governmental Funds

Reconciliation of Fund Balance to Net Position

December 31, 2022

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

Total fund balances - Total governmental funds \$ 13,238,477

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	337,487
Buildings	62,266,050
Infrastructure	4,044,257
Machinery and equipment	9,635,349
Accumulated depreciation	<u>(29,409,772)</u>
Total capital assets	<u>48,420,714</u>

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	144,881
Delinquent property taxes receivable	90,874
Deferred ambulance revenue	11,305
Net other postretirement benefit assets	<u>1,760,054</u>
Total other long-term assets	<u>2,007,114</u>

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.

421,281

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	(10,300,000)
Unamortized bond premium	(694,694)
Accrued interest on debt	(65,639)
Accrued leave	(357,776)
Net pension liability	<u>(4,336,949)</u>
Total long-term liabilities	<u>(15,755,058)</u>

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 and other postemployment benefits	514,752
Deferred inflows of resources related to other postemployment benefits	<u>(163,503)</u>
Total deferred pension and other postemployment benefits items	<u>351,249</u>

**Net position of governmental activities** \$ 48,683,777

## THE CITY OF CORDOVA

Cordova, Alaska

## Governmental Funds

Statement of Revenues, Expenditures,  
and Changes in Fund Balances

Year Ended December 31, 2022

	Major Funds				Total Governmental Funds
	General Fund	General Reserve Special Revenue	ARPA Special Revenue	Nonmajor Funds	
Revenues:					
Taxes	\$ 7,985,423	-	-	-	7,985,423
Licenses and permits	26,356	-	-	-	26,356
Federal government	681,289	-	455,999	182,071	1,319,359
State of Alaska	4,302,962	-	-	22,390	4,325,352
Investment income (loss)	82,107	(1,582,654)	-	-	(1,500,547)
Land sales	-	51,502	-	-	51,502
Charges for services	752,545	-	-	-	752,545
Sale of property	12,834	-	-	-	12,834
Other revenue	664,904	10,860	-	158,420	834,184
<i>Total revenues (losses)</i>	<u>14,508,420</u>	<u>(1,520,292)</u>	<u>455,999</u>	<u>362,881</u>	<u>13,807,008</u>
Expenditures:					
Current:					
General government	2,687,709	-	-	-	2,687,709
Public safety	2,015,849	-	-	120,557	2,136,406
Public works	2,157,713	-	-	25,031	2,182,744
Emergency protective measures	-	-	455,999	81,243	537,242
Information and recreation	1,424,386	-	-	8,217	1,432,603
Community service	121,250	-	-	33,712	154,962
Education	1,995,991	-	-	10,613	2,006,604
Health	300,000	-	-	-	300,000
Debt service:					
Principal	1,165,000	-	-	-	1,165,000
Interest	550,100	-	-	-	550,100
Capital outlays	-	-	-	132,612	132,612
<i>Total expenditures</i>	<u>12,417,998</u>	<u>-</u>	<u>455,999</u>	<u>411,985</u>	<u>13,285,982</u>
Excess of revenues over (under) expenditures	<u>2,090,422</u>	<u>(1,520,292)</u>	<u>-</u>	<u>(49,104)</u>	<u>521,026</u>
Other financing sources (uses):					
Transfers in	-	18,000	-	4,564	22,564
Transfers out	(879,688)	-	-	-	(879,688)
<i>Total other financing sources (uses)</i>	<u>(879,688)</u>	<u>18,000</u>	<u>-</u>	<u>4,564</u>	<u>(857,124)</u>
Net change in fund balances	<u>1,210,734</u>	<u>(1,502,292)</u>	<u>-</u>	<u>(44,540)</u>	<u>(336,098)</u>
Fund balances, beginning of year	<u>2,075,769</u>	<u>10,992,567</u>	<u>-</u>	<u>506,239</u>	<u>13,574,575</u>
<b>Fund balances, end of year</b>	<u>\$ 3,286,503</u>	<u>9,490,275</u>	<u>-</u>	<u>461,699</u>	<u>13,238,477</u>

**THE CITY OF CORDOVA**  
Cordova, Alaska

Exhibit B-4

*Governmental Funds*

*Reconciliation of the Statement of Revenues, Expenditures, and  
Changes in Fund Balance to the Statement of Activities*

*Year Ended December 31, 2022*

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

Net changes in fund balances - governmental funds	\$ (336,098)
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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 (\$1,903,321) exceeds capital outlays \$483,129	<u>(1,420,192)</u>
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Revenues reported in the governmental funds represent payments that reduce lease receivables in the Statement of Activities	<u>(565,020)</u>
-----------------------------------------------------------------------------------------------------------------------------	------------------

Revenues reported in the governmental funds represent the change in deferred tax payments in the Statement of Activities	<u>35,006</u>
--------------------------------------------------------------------------------------------------------------------------	---------------

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	(132,231)
Net decrease in unamortized bond premium	<u>187,460</u>
	<u>1,220,229</u>

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This amount represents the net decrease (increase) in the following:

Accrued interest payable	80,680
Accrued leave	(25,460)
Net pension obligation and related accounts	566,691
Net other postemployment benefits and related accounts	<u>544,254</u>
	<u>1,166,165</u>

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.	<u>585,106</u>
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<b>Total changes in net position of governmental activities</b>	<u><u>\$ 685,196</u></u>
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**THE CITY OF CORDOVA**  
Cordova, Alaska

*Proprietary Funds*

*Statement of Fund Net Position*

December 31, 2022

	Major Enterprise Funds				Nonmajor Enterprise Fund		Total Enterprise Funds	Health Insurance Internal Service Fund
	Port	Water	Sewer	Refuse	Odiak Park			
<b>Assets</b>								
Current assets								
Cash and equivalents	\$ 7,351,621	57,473	264,182	-	54,697		7,727,973	336,038
Accounts receivable	1,470,585	59,983	90,167	103,449	-		1,724,184	-
Allowance for doubtful accounts	(731,589)	(2,797)	(5,279)	(6,712)	-		(746,377)	-
Prepaid insurance	83,512	13,776	13,776	9,075	-		120,139	-
Deposits	-	-	6,500	-	-		6,500	-
<b>Total current assets</b>	<b>8,174,129</b>	<b>128,435</b>	<b>369,346</b>	<b>105,812</b>	<b>54,697</b>		<b>8,832,419</b>	<b>336,038</b>
<i>Restricted assets - landfill closure cash</i>	-	-	-	820,009	-		820,009	-
<i>Net other postretirement benefit assets</i>	195,776	95,047	95,054	182,009	3,868		571,754	-
Property, plant and equipment	28,363,514	23,405,842	18,964,901	5,744,838	90,080		76,569,175	-
Less accumulated depreciation	(18,239,104)	(12,576,233)	(12,850,748)	(3,181,718)	(69,526)		(46,917,329)	-
Net property, plant and equipment	10,124,410	10,829,609	6,114,153	2,563,120	20,554		29,651,846	-
<b>Total assets</b>	<b>18,494,315</b>	<b>11,053,091</b>	<b>6,578,553</b>	<b>3,670,950</b>	<b>79,119</b>		<b>39,876,028</b>	<b>336,038</b>
Deferred outflows								
Related to pension and other postemployment benefits	57,258	27,798	27,800	53,231	1,131		167,218	-
<b>Total assets and deferred outflows</b>	<b>\$ 18,551,573</b>	<b>11,080,889</b>	<b>6,606,353</b>	<b>3,724,181</b>	<b>80,250</b>		<b>40,043,246</b>	<b>336,038</b>

See accompanying notes to financial statements.

THE CITY OF CORDOVA  
Cordova, Alaska

Exhibit C-1, continued

Proprietary Funds

Statement of Fund Net Position, continued

December 31, 2022

	Major Enterprise Funds			Refuse	Nonmajor Enterprise Fund	Total Enterprise Funds	Health Insurance Internal Service Fund
	Port	Water	Sewer				
<b>Liabilities, deferred inflows of resources and net position</b>							
Current liabilities							
Accounts payable	\$ 679,961	32,391	12,923	40,892	4,002	770,169	-
Customer deposits	-	34,499	-	-	905	35,404	-
Accrued interest	-	172,362	4,125	-	-	176,487	-
Health claims payable	-	-	-	-	-	-	336,038
Accrued payroll and related liabilities	7,723	3,906	3,906	6,803	-	22,338	-
Accrued vacation and sick leave	64,794	24,354	24,354	34,691	-	148,193	-
Current portion of loan payable to ADEC	-	-	55,000	-	-	55,000	-
Unearned revenue	506,696	-	-	-	-	506,696	-
<b>Total current liabilities</b>	<b>1,259,174</b>	<b>267,512</b>	<b>100,308</b>	<b>82,386</b>	<b>4,907</b>	<b>1,714,287</b>	<b>336,038</b>
Noncurrent liabilities							
General obligation bonds	5,000,000	-	-	-	-	5,000,000	-
Loan payable to ADEC, net of current portion	-	2,106,116	770,000	-	-	2,876,116	-
Interfund advances	-	-	-	164,077	-	164,077	-
Landfill closure costs	-	-	-	1,076,260	-	1,076,260	-
Net pension liability	482,412	234,205	234,222	448,489	9,532	1,408,860	-
<b>Total noncurrent liabilities</b>	<b>5,482,412</b>	<b>2,340,321</b>	<b>1,004,222</b>	<b>1,688,826</b>	<b>9,532</b>	<b>10,525,313</b>	<b>-</b>
<b>Total liabilities</b>	<b>6,741,586</b>	<b>2,607,833</b>	<b>1,104,530</b>	<b>1,771,212</b>	<b>14,439</b>	<b>12,239,600</b>	<b>336,038</b>
Deferred inflows of resources							
Related to other postemployment benefits	18,187	8,829	8,830	16,908	359	53,113	-
<b>Total deferred inflows of resources</b>	<b>18,187</b>	<b>8,829</b>	<b>8,830</b>	<b>16,908</b>	<b>359</b>	<b>53,113</b>	<b>-</b>
Net position							
Net investment in capital assets	10,124,410	10,829,609	6,114,153	2,563,120	20,554	29,651,846	-
Restricted	-	-	-	820,009	-	820,009	-
Unrestricted	1,667,390	(2,365,382)	(621,160)	(1,447,068)	44,898	(2,721,322)	-
<b>Total net position</b>	<b>11,791,800</b>	<b>8,464,227</b>	<b>5,492,993</b>	<b>1,936,061</b>	<b>65,452</b>	<b>27,750,533</b>	<b>-</b>
<b>Total liabilities, deferred inflows of resources and net position</b>	<b>\$ 18,551,573</b>	<b>11,080,889</b>	<b>6,606,353</b>	<b>3,724,181</b>	<b>80,250</b>	<b>40,043,246</b>	<b>336,038</b>

See accompanying notes to financial statements.

**THE CITY OF CORDOVA**  
Cordova, Alaska

*Proprietary Funds*

*Statement of Revenues, Expenses  
and Changes in Fund Net Position*

Year Ended December 31, 2022

	Major Enterprise Funds			Refuse	Nonmajor Enterprise Fund	Total Enterprise Funds	Health Insurance Internal Service Fund
	Port	Water	Sewer				
Operating revenues							
Charges for services	\$ 2,364,305	761,950	907,506	1,196,219	35,172	5,265,152	1,233,307
Operating expenses:							
Salaries and benefits	408,094	200,572	200,587	346,964	10,363	1,166,580	-
Other operating expenses	855,174	453,603	495,922	610,263	21,778	2,436,740	1,523,325
Depreciation	764,697	604,029	440,141	193,138	2,038	2,004,043	-
<i>Total operating expenses</i>	<u>2,027,965</u>	<u>1,258,204</u>	<u>1,136,650</u>	<u>1,150,365</u>	<u>34,179</u>	<u>5,607,363</u>	<u>1,523,325</u>
Excess of revenues under expenditures	336,340	(496,254)	(229,144)	45,854	993	(342,211)	(290,018)
Nonoperating revenues (expenses):							
Bad debt (expense) recovery	(15,241)	(333)	669	1,642	-	(13,263)	-
Investment income	-	-	-	208	-	208	-
Interest expense	(36,245)	(31,591)	(12,925)	(8,038)	-	(88,799)	-
State of Alaska PERS relief	(9,265)	(4,498)	(4,499)	(8,613)	19,330	(7,545)	-
<i>Total nonoperating expenses</i>	<u>(60,751)</u>	<u>(36,422)</u>	<u>(16,755)</u>	<u>(14,801)</u>	<u>19,330</u>	<u>(109,399)</u>	<u>-</u>
<i>Gain (loss) before transfers</i>	<u>275,589</u>	<u>(532,676)</u>	<u>(245,899)</u>	<u>31,053</u>	<u>20,323</u>	<u>(451,610)</u>	<u>(290,018)</u>
Transfers (out) in	(18,000)	-	-	-	-	(18,000)	875,124
Change in net position	257,589	(532,676)	(245,899)	31,053	20,323	(469,610)	585,106
Net position, beginning of year	11,534,211	8,996,903	5,738,892	1,905,008	45,129	28,220,143	(585,106)
<b>Net position, end of year</b>	<u>\$ 11,791,800</u>	<u>8,464,227</u>	<u>5,492,993</u>	<u>1,936,061</u>	<u>65,452</u>	<u>27,750,533</u>	<u>-</u>

See accompanying notes to financial statements.

**THE CITY OF CORDOVA**  
Cordova, Alaska

**Exhibit C-3**

*Proprietary Funds*

*Statement of Cash Flows*

*Year Ended December 31, 2022*

	Major Enterprise Funds				Nonmajor Enterprise Fund Odiak Park	Total Enterprise Funds	Health Insurance Internal Service Fund
	Port	Water	Sewer	Refuse			
<b>Cash flows from operating activities:</b>							
Receipts from customers and users	\$ 1,944,350	733,196	890,342	1,175,938	35,172	4,778,998	1,233,307
Payments for interfund services used	(197,935)	(100,832)	(120,226)	(158,620)	-	(577,613)	-
Payments to suppliers	3,524	(342,078)	(390,057)	(210,313)	(22,579)	(961,503)	(1,455,807)
Payments to employees	(535,273)	(297,012)	(299,140)	(526,015)	(10,364)	(1,667,804)	-
<i>Net cash flows from operating activities</i>	<u>1,214,666</u>	<u>(6,726)</u>	<u>80,919</u>	<u>280,990</u>	<u>2,229</u>	<u>1,572,078</u>	<u>(222,500)</u>
<b>Cash flows for noncapital financing activities:</b>							
Transfers (out) in	(18,000)	-	-	-	-	(18,000)	875,124
<b>Cash flows from capital and related financing activities:</b>							
Additions to property, plant and equipment	(1,367,146)	(23,668)	(302,673)	(1,225,878)	-	(2,919,365)	-
Proceeds from issuance of debt	5,000,000	-	-	-	-	5,000,000	-
Principal and interest paid on bond	(36,245)	-	-	-	-	(36,245)	-
Principal and interest paid on interfund advances	-	-	-	(44,900)	-	(44,900)	-
Principal and interest paid on ADEC loans	-	-	(67,925)	-	-	(67,925)	-
<i>Net cash flows from capital and related financing activities</i>	<u>3,596,609</u>	<u>(23,668)</u>	<u>(370,598)</u>	<u>(1,270,778)</u>	<u>-</u>	<u>1,931,565</u>	<u>-</u>
<b>Cash flows from investing activities</b>							
Investment income received	-	-	-	208	-	208	-
<b>Net increase in cash</b>	<u>4,793,275</u>	<u>(30,394)</u>	<u>(289,679)</u>	<u>(989,580)</u>	<u>2,229</u>	<u>3,485,851</u>	<u>652,624</u>
Cash and equivalents, beginning of year	2,558,346	87,867	553,861	1,809,589	52,468	5,062,131	(316,586)
<b>Cash and equivalents, end of year</b>	<u>\$ 7,351,621</u>	<u>57,473</u>	<u>264,182</u>	<u>820,009</u>	<u>54,697</u>	<u>8,547,982</u>	<u>336,038</u>

See accompanying notes to financial statements.

Exhibit C-3

THE CITY OF CORDOVA  
Cordova, Alaska

Proprietary Funds

Statement of Cash Flows, continued

Year Ended December 31, 2022

	Major Enterprise Funds				Nonmajor Enterprise Fund		Total Enterprise Funds	Health Insurance Service Fund
	Port	Water	Sewer	Refuse	Odiak Park			
<b>Reconciliation of Gain (loss) from Operations to Net Cash Flows from Operating Activities</b>								
Gain (loss) from operations	\$ 336,340	(496,254)	(229,144)	45,854	993		(342,211)	(290,018)
Adjustments to reconcile gain (loss) from operations to net cash flows from operating activities:								
Depreciation	764,697	604,029	440,141	193,138	2,038		2,004,043	-
Noncash expense - PERS relief	(9,265)	(4,498)	(4,499)	(8,613)	19,330		(7,545)	-
Increase in allowance for doubtful accounts	134,842	(333)	(1,508)	(5,637)	-		127,364	-
(Increase) decrease in assets and deferred outflows of resources:								
Accounts receivable	(539,556)	(28,421)	(16,325)	(16,286)	-		(600,588)	-
Prepaid insurance	(3,831)	(809)	(809)	1,008	65		(4,376)	-
Net other postemployment benefits assets	94,601	70,502	70,495	129,423	14,643		379,664	-
Deferred outflows of resources related to pensions	(18,323)	3,380	3,380	6,359	378		(4,826)	-
Deferred outflows of resources related to other postemployment benefits	5,930	(5,600)	(5,602)	(11,472)	1,351		(15,393)	-
Increase (decrease) in liabilities and deferred inflows of resources:								
Accounts payable	664,594	11,502	(13,277)	34,950	59		697,828	-
Health claims payable	-	-	-	-	-		-	67,518
Customer deposits	-	2,121	-	-	(925)		1,196	-
Accrued interest	-	-	(275)	-	-		(275)	-
Accrued payroll and related liabilities	1,550	360	360	610	-		2,880	-
Accrued vacation and sick leave	12,957	2,025	2,025	6,334	-		23,341	-
Landfill closure costs payable	-	-	-	205,372	-		205,372	-
Net pension liability	83,056	6,525	6,542	20,175	(15,926)		100,372	-
Deferred inflows of resources related to pensions	(159,254)	(90,794)	(90,794)	(151,065)	(9,625)		(501,532)	-
Deferred inflows of resources related to other postemployment benefits	(138,431)	(80,461)	(80,460)	(170,802)	(10,152)		(480,306)	-
Net cash flows from operating activities	\$ 1,229,907	(6,726)	80,250	279,348	2,229		1,585,008	(222,500)

## THE CITY OF CORDOVA

Cordova, Alaska

*Notes to Financial Statements*

*Year Ended December 31, 2021*

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### 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 basic 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 operates on a December 31 fiscal year end. 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, 2022 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*

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**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 they occur 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 collectable 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 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*

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#### **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 main 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:

- 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*

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#### **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 collectable and available to finance expenditures of the fiscal period.

## THE CITY OF CORDOVA

Cordova, Alaska

### *Notes to Financial Statements, continued*

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#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

##### **Property taxes, continued**

Any real or personal property taxes still due to the City at December 31 are delinquent. Any amounts 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 received. 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 proprietary fund 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*

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**Capital Assets, continued**

Property, plant, and equipment of the City are depreciated using the straight line method over the following estimated useful lives:

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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>

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**Unearned Grant Revenue**

Amounts received from grantor agencies, which are restricted as to use and have not been expended for the intended uses are shown as unearned revenue.

**Long-term Debt**

In the government-wide and the proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the 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*

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**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 EQUIVALENTS**

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 statement of net position as "cash and equivalents" 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*

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**NOTE 2 - CASH AND EQUIVALENTS, 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, 2022.

	<u>Bank Balance</u>	<u>Book Balance</u>
Cash and equivalents	\$ 14,621,905	14,371,712
Investments, at fair market value	<u>8,285,431</u>	<u>8,285,431</u>
	<u>\$ 22,907,336</u>	<u>22,657,143</u>
		<u>Book Balance</u>
Cash and equivalents		\$ 13,551,703
Restricted cash and equivalents		<u>820,009</u>
Total cash and equivalents		<u>\$ 14,371,712</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, 2022 totaling \$487,183, with the remaining restricted funds in the amount of \$604,725 being held in the central treasury. Total restricted cash is \$1,091,908 at December 31, 2022.

**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 other than those listed above in the following ratio:

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Fixed income securities	50%
Equity securities	40%
Alternative securities	10%

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**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*

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**NOTE 2 - CASH AND INVESTMENTS, continued**

The City's investment balances as of December 31, 2022 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	\$ 487,183	<u>487,183</u>	<u>-</u>	<u>-</u>
Investments not subject to interest rate risk:				
Cash and money market funds	152,201			
Equities	2,666,353			
Fixed income	4,786,557			
Mutual funds	<u>680,320</u>			
Total investments	<u>\$ 8,285,431</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, 2022, 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*

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#### **NOTE 2 - CASH AND INVESTMENTS, continued**

Level 1 inputs are quoted prices in active markets for identical assets; Level 2 are 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, 2022:

The City has the following recurring fair value measurements as of December 31, 2022:

- Mutual funds of \$8,285,431 (Level 2 inputs)

The City has investments in money market funds and certificates of deposits totaling \$487,183 that are not held at fair value, but instead recorded at amortized cost, as of December 31, 2022. Management believes these values approximate fair value.

#### **NOTE 3 – LEASE RECEIVABLE**

##### Current Leases

The City entered into a 30-year lease of a building to a developer 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 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.

Prior to the May 10, 2023 deadline, the lessee decided to exercise the option to purchase the building.

The balance of the lease receivable at December 31, 2022 was \$144,881. The balance of the receivable will be received in 2023.

##### Non-Current Leases

The City is leasing a portion of its tidelands to Alaska Marine Lines for \$3,310 per year. The lease was signed on June 6, 2006, for a term of 30 years.

The City is leasing approximately 10,000 square feet of their Ocean Dock Subdivision addition #2 to Dutch Marine Industries, LLC for \$3,130 per year. The lease was signed on November 1, 2022, for a term of 10 years.

The City is leasing a parcel of land at 602 Orca Street to Alascom, Inc., d.b.a. AT&T Alaska for \$2,944 per year. The lease was signed on September 13, 2016, for a term of 3 years. There is an option to extend for 3 periods of 3 years each.

Total lease and interest revenue for the year was \$5,675 and \$1,101, respectively.

**THE CITY OF CORDOVA**

Cordova, Alaska

*Notes to Financial Statements, continued*

**NOTE 4 – CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2022 was as follows:

	December 31, 2021	Additions	Retirements	December 31, 2022
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,410,419	-	-	1,410,419
Artwork	136,924	-	-	136,924
Construction in process	284,990	129,258	(76,761)	337,487
<i>Total capital assets not being depreciated</i>	<u>1,832,333</u>	<u>129,258</u>	<u>(76,761)</u>	<u>1,884,830</u>
Other capital assets:				
Buildings and improvements	62,266,050	-	-	62,266,050
Infrastructure	3,967,496	76,761	-	4,044,257
Machinery and equipment	9,281,478	353,871	-	9,635,349
	75,515,024	430,632	-	75,945,656
Less accumulated depreciation	(27,506,451)	(1,903,321)	-	(29,409,772)
<i>Total capital assets - governmental funds</i>	<u>\$ 49,840,906</u>	<u>(1,343,431)</u>	<u>(76,761)</u>	<u>48,420,714</u>
	December 31, 2021	Additions	Retirements	December 31, 2022
Proprietary fund activities:				
Capital assets not being depreciated:				
Land	\$ 5,566,333	-	-	5,566,333
Construction in process	91,730	1,360,746	(91,730)	1,360,746
<i>Total capital assets not being depreciated</i>	<u>5,658,063</u>	<u>1,360,746</u>	<u>(91,730)</u>	<u>6,927,079</u>
Other capital assets:				
Buildings	8,036,007	-	-	8,036,007
Improvements other than buildings	52,866,139	244,403	-	53,110,542
Machinery and equipment	6,626,845	1,405,946	-	8,032,791
Landfill	462,756	-	-	462,756
	67,991,747	1,650,349	-	69,642,096
Less accumulated depreciation	(44,913,286)	(2,004,043)	-	(46,917,329)
<i>Total capital assets - proprietary fund</i>	<u>\$ 28,736,524</u>	<u>1,007,052</u>	<u>(91,730)</u>	<u>29,651,846</u>

**THE CITY OF CORDOVA**  
Cordova, Alaska

*Notes to Financial Statements, continued*

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**NOTE 4 – CAPITAL ASSETS, continued**

Depreciation expense was charged to the functions as follows for the year ended December 31, 2022:

Governmental activities:

General government	\$ 620,965
Public safety	251,456
Information and recreation	141,900
Public works	283,709
Education	<u>605,291</u>
Total depreciation expense - Governmental activities	<u>\$ 1,903,321</u>

Proprietary fund activities:

Port	\$ 764,697
Water	604,029
Sewer	440,141
Refuse	193,138
Odiak Park	<u>2,038</u>
Total depreciation expense - Proprietary fund activities	<u>\$ 2,004,043</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, 2022:

Governmental activities	Balance January 1, 2022	Additions	Reductions	Balance December 31, 2022	Due Within One Year
General Obligation Bonds:					
\$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	\$ 1,360,000	-	75,000	1,285,000	80,000
\$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	7,905,000	-	975,000	6,930,000	1,025,000
\$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>2,200,000</u>	<u>-</u>	<u>115,000</u>	<u>2,085,000</u>	<u>120,000</u>
Total Governmental activities	<u>\$ 11,465,000</u>	<u>-</u>	<u>1,165,000</u>	<u>10,300,000</u>	<u>1,225,000</u>

**THE CITY OF CORDOVA**  
Cordova, Alaska

*Notes to Financial Statements, continued*

**NOTE 5 – LONG-TERM DEBT, continued**

Proprietary fund activities	Balance January 1, 2022	Additions	Reductions	Balance December 31, 2022	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%	\$ 2,106,116	-	-	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%	880,000	-	55,000	825,000	55,000
\$5,000,000 Harbor Revenue Bonds due in annual installments from \$115,000 to \$330,000; plus interest of 4.25% to 5.0%; maturing in 2047	-	5,000,000	-	5,000,000	-
Landfill closure costs payable	<u>870,888</u>	<u>205,372</u>	<u>-</u>	<u>1,076,260</u>	<u>-</u>
<b>Total proprietary fund activities</b>	<b><u>\$ 3,857,004</u></b>	<b><u>5,205,372</u></b>	<b><u>55,000</u></b>	<b><u>9,007,376</u></b>	<b><u>55,000</u></b>

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. This bond was acquired for \$5,000,000 during the year ending December 31, 2022.

**THE CITY OF CORDOVA**

Cordova, Alaska

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

The annual debt service requirements of the general obligation bonds and loans outstanding at December 31, 2022 that are in repayment status follow:

**Governmental activities**

General Obligation Bonds	Principal	Interest	Total Requirements
Year Ended December 31,			
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	1,475,000	231,450	1,706,450
2028-2032	2,705,000	399,025	3,104,025
2033-2035	<u>855,000</u>	<u>49,950</u>	<u>904,950</u>
	<u>\$ 10,300,000</u>	<u>2,279,425</u>	<u>12,579,425</u>

**Proprietary fund activities**

ADEC Loans	Principal	Interest	Total Requirements
Year Ended December 31,			
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	55,000	9,075	64,075
2028-2032	275,000	33,000	308,000
2033-2037	<u>275,000</u>	<u>12,375</u>	<u>287,375</u>
	<u>\$ 825,000</u>	<u>99,000</u>	<u>924,000</u>

**THE CITY OF CORDOVA**

Cordova, Alaska

*Notes to Financial Statements, continued*

**NOTE 5 – LONG-TERM DEBT, continued**

Harbor Bond	Principal	Interest	Total Requirements
Year Ended December 31,			
2023	\$ -	223,562	223,562
2024	115,000	223,562	338,562
2025	125,000	217,812	342,812
2026	130,000	211,562	341,562
2027	135,000	205,062	340,062
2028-2032	795,000	915,810	1,710,810
2033-2037	985,000	717,410	1,702,410
2038-2042	1,205,000	498,062	1,703,062
2043-2047	1,510,000	209,928	1,719,928
	<u>\$ 5,000,000</u>	<u>3,422,770</u>	<u>8,422,770</u>

The above schedules do not include the payment terms for the Drinking Water loan with a balance of \$2,106,116 at December 31, 2022. 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 \$1,745,318. The \$1,076,260 reported as landfill closure costs payable at December 31, 2022 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 \$669,058 as the remaining expected usage is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2022. 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		Nonmajor Funds	Total Governmental Funds
	General	General Reserve Special Revenue		
Nonspendable:				
Prepaid insurance	\$ 260,674	-	-	260,674
Restricted - Enhanced 911 services	-	-	64,396	64,396
Assigned:				
Capital projects and land	-	9,490,275	-	9,490,275
Public safety	-	-	441,804	441,804
Unassigned:	<u>3,025,829</u>	<u>-</u>	<u>(44,501)</u>	<u>2,981,328</u>
Total Fund Balances	<u>\$ 3,286,503</u>	<u>9,490,275</u>	<u>461,699</u>	<u>13,238,477</u>

**NOTE 8 – PENSION AND POSTEMPLOYMENT HEALTHCARE PLANS**

As of June 30, 2022, 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](http://doa.alaska.gov/drb/pers/employee/resources/financialStatements.html#.XICiD_ZFzct).

**THE CITY OF CORDOVA**

Cordova, Alaska

*Notes to Financial Statements, continued*

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**NOTE 8 – PENSION AND POSTEMPLOYMENT 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, 2022 and 2021, 15.54% and 14.57% of covered salary respectively is for the pension plan and 6.46% and 7.43% 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 2022 and 2021 of 30.11% and 30.85%, 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, 2022, the City reported a liability for its proportionate share of the net pension liability. The amount recognized by the City as its 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>2022</u>
City's proportionate share of the net pension liability	\$ 5,745,809
State's proportionate share of the net pension liability associated with the City	<u>1,590,206</u>
Total	<u>\$ 7,336,015</u>

The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the new pension liability was determined by an actuarial valuation as of June 30, 2021 and rolled forward to June 30, 2022.

**THE CITY OF CORDOVA**  
Cordova, Alaska

*Notes to Financial Statements, continued*

**NOTE 8 – PENSION AND POSTEMPLOYMENT HEALTHCARE PLANS, continued**

*Pension Expense:*

For the year ended December 31, 2022, the City recognized pension expense of \$(396,832), and revenue of \$201,705 for support provided by the State.

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

At December 31, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 164,275	-
Employer contributions subsequent to the measurement date	286,787	-
<b>Total</b>	<b>\$ 451,062</b>	<b>-</b>

\$286,787 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, 2023. 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	\$	(19,530)
2023		(50,059)
2024		(120,172)
2025		354,036
	\$	164,275

**a) Defined Benefit Other Postemployment 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*

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**NOTE 8 – PENSION AND POSTEMPLOYMENT 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, 2022, 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>2022</u>
City's proportionate share of the net OPEB liability	\$ (2,331,808)
State's proportionate share of the net OPEB liability associated with the City	<u>(630,655)</u>
Total	<u>\$ (2,962,463)</u>

The net OPEB liability was measured as of June 30, 2022, and the total pension liability used to calculate the new OPEB liability was determined by an actuarial valuation as of June 30, 2021 and rolled forward to June 30, 2022.

*Pension Expense:*

For the year ended December 31, 2022, the City recognized pension expense of \$795,832 and no support was provided by the State for fiscal year ended December 31, 2022.

The City's contributions to the defined benefit post-employment healthcare plan for the year ended December 31, 2022 totaled \$70,684.

**THE CITY OF CORDOVA**  
Cordova, Alaska

*Notes to Financial Statements, continued*

**NOTE 8 – PENSION AND POSTEMPLOYMENT HEALTHCARE PLANS, continued**

*Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB:*

At December 31, 2022, 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	\$ 2,780	41,401
Changes in assumptions	10,860	168,844
Net difference between projected and actual earnings on pension plan investments	135,465	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	61,625	6,371
Employer contributions subsequent to the measurement date	20,178	-
<b>Total</b>	<b>\$ 230,908</b>	<b>216,616</b>

\$20,178 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, 2023. Amounts recognized as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Years Ending December 31,		
2023	\$	(96,326)
2024		(56,486)
2025		(113,039)
2026		288,551
2027		(12,910)
Thereafter		(15,675)
	\$	(5,885)

***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, 2022 was determined by an actuarial valuation as of June 30, 2021, rolled forward to June 30, 2022. 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 7.25%, net of pension plan investment expenses, based on an average inflation rate of 2.5% and a real rate of return of 4.75%.

**THE CITY OF CORDOVA**  
Cordova, Alaska

*Notes to Financial Statements, continued*

**NOTE 8 – PENSION AND POSTEMPLOYMENT HEALTHCARE PLANS, continued**

Healthcare cost and trends used for the valuation were 7% grading down to 4.5% for Pre-65 medical, 5.5% 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, 2017 to June 30, 2021. 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 weighing 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, 2022 are summarized in the following table (note that the rates shown below exclude the inflation component):

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return 2022
Domestic equity	27.00%	6.51%
Aggregate bonds	21.00%	3.10%
Global equity (non-U.S.)	18.00%	5.70%
Real assets	14.00%	3.71%
Private equity	14.00%	9.61%
Opportunistic	6.00%	0.00%
Cash equivalents	0.00%	-0.50%

***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 POSTEMPLOYMENT 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, 2022 using the discount rate of 7.25%, as well as what it would be if it were calculated using a discount rate that was 1 percentage point lower (6.25%) or 1 percentage point higher (8.25%).

June 30, 2022

Plan	Proportional Share	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Pension	0.11273%	7,735,094	5,745,809	4,068,431
ARHCT	0.11201%	(1,309,365)	(2,203,783)	(2,953,833)
ODD	0.16410%	(67,764)	(71,937)	(75,201)
RMP	0.16150%	10,316	(56,088)	(106,726)

*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, 2022 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 percentage point lower or 1 percentage point higher.

June 30, 2022

Plan	Proportional Share	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
ARHCT	0.11201%	(3,042,068)	(2,203,783)	(1,202,710)
RMP	0.16150%	(113,680)	(56,088)	21,485

**THE CITY OF CORDOVA**  
Cordova, Alaska

*Notes to Financial Statements, continued*

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**NOTE 8 – PENSION AND POSTEMPLOYMENT HEALTHCARE PLANS, continued**

**Defined Contribution Pension and Postemployment 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 employee's contribution plus 25% of the City's contribution after two years of service, 50% of the 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 2022, the City is required to contribute 5% of the annual covered salary to the pension plan. The contributions to the pension plan for the year ended December 31, 2022 by the employees totaled \$110,388. The City's contributions totaled \$68,993.

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 the year ending December 31, 2022, the state of Alaska calculated the total Forfeiture balance for the City to be \$0, this balance offsets future DCR payments made by the City. During the year ended December 31, 2022, the City exhausted \$8,606 in forfeiture funds.

Under State law, covered employees are not required to contribute to the post employment healthcare plan. For the fiscal year 2022, the City is required to contribute 1.07% of the annual covered salary plus an annual flat dollar amount of \$2,168 for each covered employee. The City contributed \$15,178 for retiree medical and \$45,027 for a health reimbursement arrangement for the year ended December 31, 2022.

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, 2022, the City paid additional contributions of \$169,369. These contributions equal \$169,369 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*

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**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 - CONTINGENCIES**

**Grants**

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

**Litigation**

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

**NOTE 11 – 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, 2022	<u>\$ 268,520</u>	<u>1,523,325</u>	<u>(1,455,807)</u>	<u>336,038</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, 2021	<u>\$ 110,000</u>	<u>1,418,584</u>	<u>(1,260,064)</u>	<u>268,520</u>

**THE CITY OF CORDOVA**  
Cordova, Alaska

*Notes to Financial Statements, continued*

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**NOTE 11 – RISK MANAGEMENT, continued**

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, 2022. The amount of settlements for the past three years did not materially exceed the City's insurance coverage.

During the year, the City decided to cease the self-insurance and go with a traditional insurance policy. The City has recorded estimated amounts that will need to be paid until the complete closure of the self-insurance. This amount was \$336,038 as of December 31, 2022.

**NOTE 12 – INTERFUND RECEIVABLE, PAYABLE, AND TRANSFERS**

A schedule of interfund transfers for the year ended December 31, 2022 follows:

**Transfers to Other funds**

To General Reserve Special Revenue Fund for permanent fund replacement from: Port Enterprise Fund	<u>18,000</u>
To Nonmajor Governmental Funds from the General Fund for operating subsidies	<u>4,564</u>
To Health Insurance Internal Service Fund from the General Fund for operating subsidies	<u>875,124</u>
<b>Total Transfers to Other Funds</b>	<b><u>\$ 897,688</u></b>

**THE CITY OF CORDOVA**  
Cordova, Alaska

*Notes to Financial Statements, continued*

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**NOTE 12 – INTERFUND RECEIVABLE, PAYABLE, AND TRANSFERS, continued**

**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, 2022 was \$6,051,459, 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 13 – NEW ACCOUNTING PRONOUNCEMENTS**

**Lease Accounting (GASB Statement No. 87)**

As a Lessor, the City has adopted the provisions of GASB Statement No. 87, Leases, for fiscal years beginning after July 1, 2021. GASB 87 establishes accounting and financial reporting guidelines for leases by both lessees and lessors, with the primary objective of enhancing transparency and consistency in lease accounting.

Under GASB 87, as a lessor, the City applies the classification criteria to determine the appropriate lease classification.

As of December 31, 2022, the impact of adopting GASB 87 on the lessor accounting for the City is as follows:

Lease Receivable	\$60,841
Deferred Inflows of Resources	\$60,841

The adoption of GASB 87 has resulted in changes to the recognition, measurement, and presentation of lease-related information in the City's financial statements. This disclosure aims to provide stakeholders with an understanding of the organization's leasing arrangements and the related impact on financial performance.

Please refer to Note 3 in the financial statements for additional details regarding the nature of lease arrangements, significant accounting policies, and other relevant information.

**NOTE 14 – SUBSEQUENT EVENTS**

In preparing these financial statements, the City has evaluated events and transactions for potential recognition or disclosure through September 19, 2023, the date the financial statements were issued, and determined there is nothing to be disclosed or recognized.

**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, 2022*

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
<b>Revenues</b>				
Taxes	\$ 6,670,685	6,670,685	7,985,423	1,314,738
Licenses and permits	21,000	21,000	26,356	5,356
Federal government	465,000	465,000	681,289	216,289
State of Alaska	2,589,077	2,589,077	4,302,962	1,713,885
Investment income	1,000	1,000	82,107	81,107
Charges for services	534,518	534,518	752,545	218,027
Sale of property	3,000	3,000	12,834	9,834
Other revenue	778,527	778,527	664,904	(113,623)
Total revenues	<u>11,062,807</u>	<u>11,062,807</u>	<u>14,508,420</u>	<u>3,445,613</u>
<b>Expenditures</b>				
General government:				
City council	6,500	6,500	3,985	2,515
City clerk	295,163	295,163	441,022	(145,859)
Management	542,006	542,006	492,618	49,388
Finance	418,516	418,516	541,836	(123,320)
Planning and zoning	146,995	146,995	144,981	2,014
Nondepartmental services	912,495	912,495	1,063,267	(150,772)
Total general government	<u>2,321,675</u>	<u>2,321,675</u>	<u>2,687,709</u>	<u>(366,034)</u>
Public safety:				
Police department	1,036,942	1,036,942	1,157,659	(120,717)
Jail operations	265,003	265,003	270,500	(5,497)
Fire department	482,955	482,955	501,676	(18,721)
Department of motor vehicles	81,893	81,893	86,014	(4,121)
Total public safety	<u>1,866,793</u>	<u>1,866,793</u>	<u>2,015,849</u>	<u>(149,056)</u>
Information and recreation:				
Library	720,426	720,426	639,644	80,782
Ski hill	-	-	178,124	(178,124)
Bidarki center	174,551	174,551	189,448	(14,897)
Pool	505,697	505,697	417,170	88,527
Total information and recreation	<u>\$ 1,400,674</u>	<u>1,400,674</u>	<u>1,424,386</u>	<u>(23,712)</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	\$ 195,412	195,412	187,029	8,383
Facility utilities	167,000	167,000	229,560	(62,560)
Facility maintenance	364,681	364,681	379,417	(14,736)
Street maintenance	743,774	743,774	629,391	114,383
Snow removal	61,613	61,613	72,222	(10,609)
Equipment maintenance	344,337	344,337	338,310	6,027
Parks maintenance	291,613	291,613	179,996	111,617
Park and recreation administration	272,560	272,560	138,796	133,764
Cemetery maintenance	9,038	9,038	2,992	6,046
Total public works	<u>2,450,028</u>	<u>2,450,028</u>	<u>2,157,713</u>	<u>292,315</u>
Debt service:				
Principal	1,220,000	1,220,000	1,165,000	55,000
Interest	563,300	563,300	550,100	13,200
Total general government	<u>1,783,300</u>	<u>1,783,300</u>	<u>1,715,100</u>	<u>68,200</u>
Contributions:				
In-kind service allocation	(197,270)	(197,270)	-	(197,270)
Cordova City School District	2,183,031	2,183,031	1,995,991	187,040
Cordova Community Medical Center	630,000	630,000	300,000	330,000
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	101,250	8,020
Total contributions	<u>2,755,031</u>	<u>2,755,031</u>	<u>2,417,241</u>	<u>337,790</u>
Total expenditures	<u>12,577,501</u>	<u>12,577,501</u>	<u>12,417,998</u>	<u>159,503</u>
Excess of revenues over (under) expenditures	<u>(1,514,694)</u>	<u>(1,514,694)</u>	<u>2,090,422</u>	<u>3,605,116</u>
Other financing sources (uses)				
Transfers in	128,798	128,798	-	(128,798)
Transfers out	-	-	(879,688)	(879,688)
Net other financing sources (uses)	<u>128,798</u>	<u>128,798</u>	<u>(879,688)</u>	<u>(1,008,486)</u>
Net change in fund balance	<u>(1,385,896)</u>	<u>(1,385,896)</u>	1,210,734	<u>2,596,630</u>
Fund balance, beginning of year			<u>2,075,769</u>	
Fund balance, end of year			<u>\$ 3,286,503</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, 2022*

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
Revenues				
Investment income	\$ 265,000	265,000	(1,582,654)	(1,847,654)
Land sales	53,040	53,040	51,502	(1,538)
Special assessments	1,100	1,100	10,860	9,760
Total revenues	<u>319,140</u>	<u>319,140</u>	<u>(1,520,292)</u>	<u>(1,839,432)</u>
Other financing sources				
Transfers in	<u>62,123</u>	<u>62,123</u>	<u>18,000</u>	<u>(44,123)</u>
Net change in fund balance	<u><u>381,263</u></u>	<u><u>381,263</u></u>	<u>(1,502,292)</u>	<u><u>(1,883,555)</u></u>
Fund balance, beginning of year			<u>10,992,567</u>	
Fund balance, end of year			<u><u>\$ 9,490,275</u></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, 2022*

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
Revenues				
Federal government	\$ 261,790	261,790	455,999	194,209
Total revenues	<u>261,790</u>	<u>261,790</u>	<u>455,999</u>	<u>194,209</u>
Expenditures				
Emergency protective measures	261,790	261,790	455,999	(194,209)
Total expenditures	<u>261,790</u>	<u>261,790</u>	<u>455,999</u>	<u>(194,209)</u>
Net change in fund balance	<u>-</u>	<u>-</u>	-	<u>-</u>
Fund balance, beginning of year			<u>-</u>	
Fund balance, end of year			<u>\$ -</u>	

**THE CITY OF CORDOVA**  
Cordova, Alaska

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

December 31, 2022

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
City's proportion of the net pension liability	0.11273%	0.13126%	0.10102%	0.11286%	0.12932%	0.11937%	0.13277%	0.11051%	*	*
City's proportionate share of the net pension liability	\$ 5,745,809	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	1,590,206	652,044	2,466,863	2,452,089	1,862,446	2,299,134	935,836	1,436,622	*	*
Total net pension liability	7,336,015	5,467,210	8,427,958	8,630,049	8,288,252	8,469,990	8,357,282	6,796,399	*	*
City's covered-employee payroll	\$ 3,571,146	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	161%	136%	171%	184%	184%	182%	218%	169%	*	*
Plan fiduciary net position as a percentage of the total pension liability	67.97%	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, 2022

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 529,062	456,605	428,085	402,416	416,908	400,397	370,083	307,165	*	*
Contributions in relation to the contractually required contribution	529,062	456,605	428,085	402,416	416,908	400,397	370,083	307,165	*	*
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	*	*
City's covered-employee payroll	\$ 3,852,703	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	14%	13%	12%	12%	12%	12%	11%	9%	*	*

\* Information for these years is not available.

**THE CITY OF CORDOVA**  
Cordova, Alaska

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

December 31, 2022

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<b>Alaska Retiree Healthcare Trust</b>										
0	0.11201%	0.13167%	0.10091%	0.11279%	0.12928%	*	*	*	*	*
City's proportionate share of the net OPEB liability	\$ (2,203,783)	(3,377,858)	(456,970)	167,356	1,326,818	*	*	*	*	*
State of Alaska proportionate share of the net OPEB liability	(630,655)	(442,422)	(189,600)	66,554	384,626	*	*	*	*	*
Total net OPEB liability	(2,834,438)	(3,820,280)	(646,570)	233,910	1,711,444	*	*	*	*	*
City's covered-employee payroll	\$ 3,571,146	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	-62%	-95%	-35%	13%	100%	*	*	*	*	*
Plan fiduciary net position as a percentage of the total OPEB liability	128.51%	135.54%	106.15%	98.13%	88.12%	*	*	*	*	*
<b>Occupational Death and Disability Plan</b>										
City's proportion of the net OPEB liability	0.16410%	0.17589%	0.15215%	0.16321%	0.19144%	*	*	*	*	*
City's proportionate share of the net OPEB Asset	\$ (71,937)	(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	N/A	*	*	*	*	*
Total net OPEB liability	(71,937)	(77,519)	(41,477)	(39,569)	(37,182)	*	*	*	*	*
City's covered-employee payroll	\$ 3,571,146	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%	-2%	*	*	*	*	*
Plan fiduciary net position as a percentage of the total OPEB Asset	348.80%	374.22%	95.23%	83.17%	88.71%	*	*	*	*	*

\* Information for these years is not available.

**THE CITY OF CORDOVA**  
Cordova, Alaska

Schedule of the City's Proportionate Share of the Net OPEB Liability, continued

December 31, 2022

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<b>Retiree Medical Plan</b>										
City's proportion of the net OPEB liability	0.16%	0.17%	0.19%	0.17%	0.19%	*	*	*	*	*
City's proportionate share of the net OPEB liability	\$ (56,088)	(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	N/A	*	*	*	*	*
Total net OPEB liability	<u>(56,088)</u>	<u>(45,791)</u>	<u>11,373</u>	<u>39,526</u>	<u>24,361</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>
City's covered-employee payroll	\$ 3,571,146	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%	-1%	1%	2%	1%	*	*	*	*	*
Plan fiduciary net position as a percentage of the total OPEB liability	120.08%	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, 2022

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<b>Alaska Retiree Healthcare Trust</b>										
Contractually required contribution	\$ 31,020	66,159	120,579	145,507	133,854	*	*	*	*	*
Contributions in relation to the contractually required contribution	31,020	66,159	120,579	145,507	133,854	*	*	*	*	*
Contribution deficiency (excess)	-	-	-	-	-	*	*	*	*	*
City's covered-employee payroll	\$ 3,852,703	3,385,689	1,212,605	1,311,695	1,320,326	*	*	*	*	*
Contributions as a percentage of covered-employee payroll	0.81%	1.95%	9.94%	11.09%	10.14%	*	*	*	*	*
<b>Occupational Death and Disability Plan</b>										
Contractually required contribution	\$ 10,054	9,309	7,779	6,779	5,292	*	*	*	*	*
Contributions in relation to the contractually required contribution	10,054	9,309	7,779	6,779	5,292	*	*	*	*	*
Contribution deficiency (excess)	-	-	-	-	-	*	*	*	*	*
City's covered-employee payroll	\$ 3,852,703	3,385,689	2,308,984	2,130,172	2,093,174	*	*	*	*	*
Contributions as a percentage of covered-employee payroll	0.26%	0.27%	0.34%	0.32%	0.25%	*	*	*	*	*
<b>Retiree Medical Plan</b>										
Contractually required contribution	\$ 29,611	28,987	29,866	24,117	20,702	*	*	*	*	*
Contributions in relation to the contractually required contribution	29,611	28,987	29,866	24,117	20,702	*	*	*	*	*
Contribution deficiency (excess)	-	-	-	-	-	*	*	*	*	*
City's covered-employee payroll	\$ 3,852,703	3,385,689	2,308,984	2,130,172	2,093,174	*	*	*	*	*
Contributions as a percentage of covered-employee payroll	0.77%	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, 2022*

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**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](http://www.cityofcordova.net)

**Expenditures Exceeding Appropriations**

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

General government	\$ (366,034)
Public safety	(149,056)
Information and recreation	(23,712)

**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, 2022, the Plan measurement date is June 30, 2022.

**Changes in Assumptions:**

The actuarial assumptions used in the June 30, 2021 actuarial valuation (latest available) were based on the results of an actuarial experience study for the period from July 1, 2017 to June 30, 2021. The updated demographic and economic assumptions were adopted by the Board in June 2022 based on the results of an actuarial experience study for the period from July 1, 2017 to June 30, 2021. The new assumptions were adopted to better reflect expected future experience and are effective June 30, 2022. The changes in assumptions were as follows:

- The inflation rate changed to 2.50% per year
- The investment rate of return changed from 7.38% to 7.25%
- Salary ranges increased
- Health care cost trend rates updated
- Mortality trends updated

**THE CITY OF CORDOVA**  
Cordova, Alaska

*Notes to Required Supplementary Information, continued*

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**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 that 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 to 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, 2022, the Plan measurement date is June 30, 2022.

**Changes in Assumptions**

The actuarial assumptions used in the June 30, 2021 actuarial valuation (latest available) were based on the results of an actuarial experience study for the period from July 1, 2017 to June 30, 2021. The updated demographic and economic assumptions were adopted by the Board in June 2022 based on the results of an actuarial experience study for the period from July 1, 2017 to June 30, 2021. The new assumptions were adopted to better reflect expected future experience and are effective June 30, 2022. The changes in assumptions were as follows:

- The inflation rate changed to 2.50% per year
- The investment rate of return changed from 7.38% to 7.25%
- Salary ranges increased
- Health care cost trend rates updated
- Mortality trends updated

GASB requires ten years of information to 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.

**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, 2022***Assets**

Cash	\$ 2,414,822
Prepaid insurance	260,674
Receivables, net:	
Sales tax	731,938
Property taxes	128,269
Lease (GASB 87)	60,841
Other	49,925
Due from other funds	<u>40,430</u>
Total assets	<u>3,686,899</u>

**Liabilities and deferred inflows**

Liabilities	
Accounts payable	\$ 148,391
Customer deposits	1,000
Accrued payroll and taxes	98,092
Unearned revenue	<u>199</u>
Total liabilities	<u>247,682</u>

*Deferred inflows*

Unavailable property tax revenue	90,874
Related to leases (GASB 87)	<u>61,840</u>
Total deferred inflows	<u>152,714</u>

**Fund balance**

Nonspendable	260,674
Unassigned	<u>3,025,829</u>
Total net position	<u>3,286,503</u>

Total liabilities, deferred inflows, and fund balance	<u>\$ 3,686,899</u>
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**THE CITY OF CORDOVA**

Cordova, Alaska

Exhibit E-2

*General Fund*

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

*Year Ended December 31, 2022*

	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
<b>Taxes:</b>			
Property taxes	\$ 2,661,625	3,076,041	414,416
Sales taxes	3,450,000	4,281,185	831,185
Public accommodations surtax	190,000	182,936	(7,064)
Vehicle rental surtax	5,500	8,836	3,336
Penalties and interest	10,000	19,187	9,187
Federal payments in lieu of property taxes	353,560	417,238	63,678
<i>Total taxes</i>	<u>6,670,685</u>	<u>7,985,423</u>	<u>1,314,738</u>
<b>Licenses and permits:</b>			
Business licenses	20,000	25,146	5,146
Other licenses and permits	1,000	1,210	210
<i>Total licenses and permits</i>	<u>21,000</u>	<u>26,356</u>	<u>5,356</u>
<b>Federal government:</b>			
National forest receipts	465,000	681,289	216,289
<i>Total federal government</i>	<u>465,000</u>	<u>681,289</u>	<u>216,289</u>
<b>State of Alaska:</b>			
Raw fish tax	1,400,000	1,479,191	79,191
Liquor licenses	7,500	11,350	3,850
Cooperative tax refunds	301,465	305,667	4,202
Shared fisheries tax	5,800	22,152	16,352
Jail contract	164,704	174,993	10,289
Community assistance	75,000	135,249	60,249
PERS relief	264,608	152,247	(112,361)
State debt reimbursement - school bond	370,000	2,022,113	1,652,113
<i>Total State of Alaska</i>	<u>2,589,077</u>	<u>4,302,962</u>	<u>1,713,885</u>
Investment income	1,000	82,107	81,107
<b>Charges for services:</b>			
Leases	278,718	411,187	132,469
Law enforcement	129,100	143,143	14,043
DMV	60,700	60,745	45
Planning department	6,500	5,473	(1,027)
Recreation department	49,500	85,239	35,739
Pool	10,000	46,758	36,758
<i>Total charges for services</i>	<u>\$ 534,518</u>	<u>752,545</u>	<u>218,027</u>

**THE CITY OF CORDOVA**

Cordova, Alaska

*General Fund**Statement of Revenues, Expenditures, 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	2,100	(900)
Sale of equipment	-	10,734	10,734
<i>Total sale of property</i>	<u>3,000</u>	<u>12,834</u>	<u>9,834</u>
Other revenues:			
Miscellaneous	15,000	51,281	36,281
Private grants	-	15,000	15,000
Allocated administrative costs	743,527	577,613	(165,914)
Cordova center	20,000	21,010	1,010
<i>Total other revenues</i>	<u>778,527</u>	<u>664,904</u>	<u>(113,623)</u>
 Total Revenues	 <u>11,062,807</u>	 <u>14,508,420</u>	 <u>3,445,613</u>
Expenditures:			
General government:			
City council:			
Materials and supplies	500	297	203
Purchased services	6,000	3,688	2,312
<i>Total city council</i>	<u>6,500</u>	<u>3,985</u>	<u>2,515</u>
City clerk:			
Salaries and benefits	265,308	280,714	(15,406)
Materials and supplies	1,000	643	357
Purchased services	28,855	159,665	(130,810)
<i>Total city clerk</i>	<u>295,163</u>	<u>441,022</u>	<u>(145,859)</u>
Management:			
Salaries and benefits	429,006	441,520	(12,514)
Materials and supplies	1,000	252	748
Purchased services	112,000	50,846	61,154
<i>Total management</i>	<u>542,006</u>	<u>492,618</u>	<u>49,388</u>
Finance:			
Salaries and benefits	389,716	437,065	(47,349)
Materials and supplies	1,000	630	370
Purchased services	27,800	104,141	(76,341)
<i>Total finance</i>	<u>\$ 418,516</u>	<u>541,836</u>	<u>(123,320)</u>

**THE CITY OF CORDOVA**  
Cordova, Alaska

Exhibit E-2, continued

*General Fund*

*Statement of Revenues, Expenditures, 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	\$ 133,895	135,034	(1,139)
Materials and supplies	1,250	1,255	(5)
Purchased services	11,850	8,692	3,158
<i>Total planning department</i>	<u>146,995</u>	<u>144,981</u>	<u>2,014</u>
Nondepartmental services:			
Salaries and benefits	110,209	-	110,209
Materials and supplies	20,000	23,492	(3,492)
Purchased services	782,286	1,039,775	(257,489)
<i>Total nondepartmental services</i>	<u>912,495</u>	<u>1,063,267</u>	<u>(150,772)</u>
Total general government	<u>2,321,675</u>	<u>2,687,709</u>	<u>(366,034)</u>
Public safety:			
Police department:			
Salaries and benefits	950,392	918,082	32,310
Materials and supplies	9,000	36,618	(27,618)
Purchased services	60,550	153,880	(93,330)
Repairs and vehicle costs	10,000	36,047	(26,047)
Capital outlay	7,000	13,032	(6,032)
<i>Total police department</i>	<u>1,036,942</u>	<u>1,157,659</u>	<u>(120,717)</u>
Jail operations:			
Salaries and benefits	250,003	246,841	3,162
Materials and supplies	7,700	7,524	176
Purchased services	5,300	13,462	(8,162)
Repairs and vehicle costs	2,000	2,673	(673)
<i>Total jail operations</i>	<u>265,003</u>	<u>270,500</u>	<u>(5,497)</u>
Fire department:			
Salaries and benefits	314,790	342,944	(28,154)
Materials and supplies	56,816	43,346	13,470
Purchased services	93,709	98,186	(4,477)
Repairs and vehicle costs	17,640	17,200	440
<i>Total fire department</i>	<u>\$ 482,955</u>	<u>501,676</u>	<u>(18,721)</u>

**THE CITY OF CORDOVA**

Cordova, Alaska

*General Fund**Statement of Revenues, Expenditures, 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	\$ 75,843	81,387	(5,544)
Materials and supplies	1,000	1,766	(766)
Purchased services	5,050	2,861	2,189
<i>Total department of motor vehicles</i>	<u>81,893</u>	<u>86,014</u>	<u>(4,121)</u>
Total public safety	<u>1,866,793</u>	<u>2,015,849</u>	<u>(149,056)</u>
Information and recreation:			
Library:			
Salaries and benefits	635,771	595,946	39,825
Materials and supplies	16,100	29,424	(13,324)
Purchased services	52,055	9,510	42,545
Repairs and vehicle costs	16,500	4,764	11,736
<i>Total library</i>	<u>720,426</u>	<u>639,644</u>	<u>80,782</u>
Ski hill:			
Repairs and vehicle costs	-	93,135	(93,135)
Purchased services	-	84,989	(84,989)
<i>Total Ski hill</i>	<u>-</u>	<u>178,124</u>	<u>(178,124)</u>
Bidarki center:			
Salaries and benefits	100,551	126,946	(26,395)
Materials and supplies	12,500	13,826	(1,326)
Purchased services	46,500	32,073	14,427
Repairs and vehicle costs	15,000	9,047	5,953
Capital outlay	-	7,556	(7,556)
<i>Total Bidarki center</i>	<u>174,551</u>	<u>189,448</u>	<u>(14,897)</u>
Pool:			
Salaries and benefits	355,497	212,901	142,596
Materials and supplies	13,000	21,860	(8,860)
Purchased services	125,200	163,569	(38,369)
Repairs and vehicle costs	8,000	16,071	(8,071)
Capital outlay	4,000	2,769	1,231
<i>Total pool</i>	<u>505,697</u>	<u>417,170</u>	<u>88,527</u>
Total information and recreation	<u>\$ 1,400,674</u>	<u>1,424,386</u>	<u>(23,712)</u>

**THE CITY OF CORDOVA**  
Cordova, Alaska

Exhibit E-2, continued

*General Fund*

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

	Final Budget	Actual	Variance Favorable (Unfavorable)
Expenditures, continued:			
Public works:			
Administration:			
Salaries and benefits	\$ 165,362	166,464	(1,102)
Materials and supplies	750	977	(227)
Purchased services	29,300	19,588	9,712
<i>Total administration</i>	<u>195,412</u>	<u>187,029</u>	<u>8,383</u>
Facility utilities:			
Materials and supplies	-	616	(616)
Purchased services	167,000	228,944	(61,944)
<i>Total facility utilities</i>	<u>167,000</u>	<u>229,560</u>	<u>(62,560)</u>
Facility maintenance:			
Salaries and benefits	239,638	281,746	(42,108)
Materials and supplies	11,700	10,513	1,187
Purchased services	16,800	34,127	(17,327)
Repairs and vehicle costs	64,543	39,167	25,376
Capital outlay	32,000	13,864	18,136
<i>Total facility maintenance</i>	<u>364,681</u>	<u>379,417</u>	<u>(14,736)</u>
Street maintenance:			
Salaries and benefits	540,774	428,958	111,816
Materials and supplies	29,000	10,622	18,378
Purchased services	141,500	170,221	(28,721)
Repairs and vehicle costs	32,500	19,590	12,910
<i>Total street maintenance</i>	<u>743,774</u>	<u>629,391</u>	<u>114,383</u>
Snow removal:			
Salaries and benefits	24,990	38,124	(13,134)
Materials and supplies	36,623	25,847	10,776
Purchased services	-	8,251	(8,251)
<i>Total snow removal</i>	<u>61,613</u>	<u>72,222</u>	<u>(10,609)</u>
Equipment maintenance:			
Salaries and benefits	188,337	171,963	16,374
Materials and supplies	25,500	21,877	3,623
Purchased services	4,000	6,220	(2,220)
Repairs and vehicle costs	125,000	136,273	(11,273)
Capital outlay	1,500	1,977	(477)
<i>Total equipment maintenance</i>	<u>\$ 344,337</u>	<u>338,310</u>	<u>6,027</u>

**THE CITY OF CORDOVA**  
Cordova, Alaska

*General Fund*

*Statement of Revenues, Expenditures, 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	\$ 235,263	134,514	100,749
Materials and supplies	4,500	6,087	(1,587)
Purchased services	28,850	13,397	15,453
Repairs and vehicle costs	22,500	17,442	5,058
Capital outlay	500	8,556	(8,056)
<i>Total park maintenance</i>	<u>291,613</u>	<u>179,996</u>	<u>111,617</u>
Park and recreation administration:			
Salaries and benefits	213,660	131,025	82,635
Purchased services	58,900	7,771	51,129
<i>Total park and recreation administration</i>	<u>272,560</u>	<u>138,796</u>	<u>133,764</u>
Cemetery maintenance:			
Salaries and benefits	9,038	2,966	6,072
Materials and supplies	-	26	(26)
<i>Total cemetery maintenance</i>	<u>9,038</u>	<u>2,992</u>	<u>6,046</u>
Total public works	<u>2,450,028</u>	<u>2,157,713</u>	<u>292,315</u>
Debt Service:			
General obligation bond principal	1,220,000	1,165,000	55,000
General obligation bond interest	563,300	550,100	13,200
<i>Total debt service</i>	<u>1,783,300</u>	<u>1,715,100</u>	<u>68,200</u>
Contributions:			
In-kind services allocation	(197,270)	-	(197,270)
Cordova City School District	2,183,031	1,995,991	187,040
Cordova Community Medical Center	630,000	300,000	330,000
Family Resource Center	20,000	20,000	-
Cordova Community College	10,000	-	10,000
Cordova Chamber of Commerce	109,270	101,250	8,020
<i>Total contributions</i>	<u>2,755,031</u>	<u>2,417,241</u>	<u>337,790</u>
Total expenditures	<u>12,577,501</u>	<u>12,417,998</u>	<u>159,503</u>
Excess of revenues over (under) expenditures	<u>(1,514,694)</u>	<u>2,090,422</u>	<u>3,605,116</u>
Other financing uses			
Transfers in:			
Health insurance internal service fund	128,798	-	(128,798)
CARES Act	-	-	-
Transfers out:			
Equipment replacement fund	-	(4,564)	(4,564)
Health insurance internal service fund	-	(875,124)	(875,124)
Net other financing uses	<u>128,798</u>	<u>(879,688)</u>	<u>(1,008,486)</u>
Net change in fund balance	<u>(1,385,896)</u>	<u>1,210,734</u>	<u>2,596,630</u>
Fund balance, beginning of year		<u>2,075,769</u>	
Fund balance, end of year		<u>\$ 3,286,503</u>	

**THE CITY OF CORDOVA**

Cordova, Alaska

*ARPA Special Revenue Fund**Statement of Revenues, Expenditures, and Changes  
in Fund Balance - Budget and Actual**Year Ended December 31, 2022*


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	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Federal government	\$ 261,790	455,999	194,209
<i>Total revenues</i>	<u>261,790</u>	<u>455,999</u>	<u>194,209</u>
Expenditures			
Emergency protective measures	<u>261,790</u>	<u>455,999</u>	<u>(194,209)</u>
<i>Total expenditures</i>	<u>261,790</u>	<u>455,999</u>	<u>(194,209)</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, beginning of year		<u>-</u>	
Fund balance, end of year		<u>\$ -</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.

### **CARES Act 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.

### **LSTA 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 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.

THE CITY OF CORDOVA  
Cordova, Alaska

Exhibit F-1

Nonmajor governmental funds

Combining Balance Sheet

December 31, 2022

	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 equivalents	\$ 64,396	440,116	1,884	-	-	-	506,396
Other receivables	-	12,993	-	5,865	-	5,384	24,242
<b>Total assets</b>	<b>64,396</b>	<b>453,109</b>	<b>1,884</b>	<b>5,865</b>	<b>-</b>	<b>5,384</b>	<b>530,638</b>
Liabilities, deferred inflows of resources and fund balances							
Liabilities:							
Accounts payable	-	-	1,884	373	-	13,929	16,186
Due to other funds	-	-	-	4,474	2,352	33,604	40,430
Refundable advances	-	-	-	1,018	-	-	1,018
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>1,884</b>	<b>5,865</b>	<b>2,352</b>	<b>47,533</b>	<b>57,634</b>
Deferred inflows of resources:							
Deferred ambulance revenue	-	11,305	-	-	-	-	11,305
Fund balances:							
Restricted - Enhanced 911 Services	64,396	-	-	-	-	-	64,396
Assigned:							
Capital projects	-	-	-	-	-	-	-
Public safety	-	441,804	-	-	-	-	441,804
Unassigned	-	-	-	-	(2,352)	(42,149)	(44,501)
<b>Total fund balances</b>	<b>64,396</b>	<b>441,804</b>	<b>-</b>	<b>-</b>	<b>(2,352)</b>	<b>(42,149)</b>	<b>461,699</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 64,396</b>	<b>453,109</b>	<b>1,884</b>	<b>5,865</b>	<b>-</b>	<b>5,384</b>	<b>530,638</b>

**THE CITY OF CORDOVA**  
Cordova, Alaska

*Nonmajor governmental funds*

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

*Year Ended December 31, 2022*

	Special Revenue Funds			Capital Project Funds			
	E-911	Ambulance	CARES Act Special Revenue Fund	LSTA Special Revenue Fund	Equipment Replacement	General Capital Projects	Total
Revenues:							
Federal government	\$ -	-	-	61,289	-	120,782	182,071
State of Alaska	-	-	15,390	-	-	7,000	22,390
Other revenues	-	54,757	-	-	50	103,613	158,420
<b>Total revenues</b>	-	<b>54,757</b>	<b>15,390</b>	<b>61,289</b>	<b>50</b>	<b>231,395</b>	<b>362,881</b>
Expenditures:							
Public safety	-	5,775	-	-	-	114,782	120,557
Public works	-	-	-	-	7,333	17,698	25,031
Emergency protective measures	-	-	19,954	61,289	-	-	81,243
Information and recreation	-	-	-	-	-	8,217	8,217
Community service	-	-	-	-	-	33,712	33,712
Education	-	-	-	-	-	10,613	10,613
Capital outlay	-	-	-	-	-	132,612	132,612
<b>Total expenditures</b>	-	<b>5,775</b>	<b>19,954</b>	<b>61,289</b>	<b>7,333</b>	<b>317,634</b>	<b>411,985</b>
Excess of revenues over (under) expenditures	-	48,982	(4,564)	-	(7,283)	(86,239)	(49,104)
Other financing sources							
Transfers in	-	-	4,564	-	-	-	4,564
Net other financing sources	-	-	4,564	-	-	-	4,564
Net change in fund balances	-	48,982	-	-	(7,283)	(86,239)	(44,540)
Fund balances, beginning of year	64,396	392,822	-	-	4,931	44,090	506,239
Fund balances, end of year	\$ 64,396	441,804	-	-	(2,352)	(42,149)	461,699

**THE CITY OF CORDOVA**

Cordova, Alaska

*General Capital Projects Fund**Schedule of Expenditures by Project**Year Ended December 31, 2022*


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2nd Street reconstruction	\$ 129,258
Historical preservation	24,000
CEC crater lake study	17,698
TACF Meals Frisbee	9,712
APEI safety equipment	3,194
Culvert relocation	160
Noncapital information and recreation projects	8,217
Noncapital Cordova City School District	10,613
Noncapital public safety projects	<u>114,782</u>
Total expenditures	<u>\$ 317,634</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

Exhibit H-1

Port Enterprise Fund

Statement of Net Position

December 31, 2022

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**Assets and deferred outflows of resources**

Current assets	
Cash	\$ 7,351,621
Accounts receivable	1,470,585
Allowance for doubtful accounts	(731,589)
Prepaid insurance	83,512
<i>Total current assets</i>	<u>8,174,129</u>
Net other postretirement benefit assets	<u>195,776</u>
<b>Property, plant and equipment</b>	
Land	4,395,992
Construction in progress	1,360,746
Buildings	274,983
Machinery and equipment	2,964,878
Improvements	19,366,915
<i>Total property, plant and equipment</i>	<u>28,363,514</u>
Accumulated depreciation	<u>(18,239,104)</u>
<i>Net property, plant and equipment</i>	<u>10,124,410</u>
Total assets	<u>18,494,315</u>
Deferred outflows of resources	
Related to pension and other postemployment benefits	<u>57,258</u>
Total assets and deferred outflows of resources	<u>\$ 18,551,573</u>
<b>Liabilities, deferred inflows of resources and net position</b>	
Current liabilities	
Accounts payable	\$ 679,961
Accrued payroll and related liabilities	7,723
Accrued vacation and sick leave	64,794
Unearned revenue	506,696
<i>Total current liabilities</i>	<u>1,259,174</u>
Noncurrent liabilities	
General obligation bonds	5,000,000
Net pension liability	482,412
<i>Total noncurrent liabilities</i>	<u>5,482,412</u>
Total liabilities	<u>6,741,586</u>
Deferred inflows of resources	
Related to other postemployment benefits	<u>18,187</u>
Total deferred inflows of resources	<u>18,187</u>
Net position	
Net investment in capital assets	10,124,410
Unrestricted	1,667,390
Total net position	<u>11,791,800</u>
<b>Total liabilities, deferred inflows of resources and net position</b>	<u>\$ 18,551,573</u>

**THE CITY OF CORDOVA**

Cordova, Alaska

*Port Enterprise Fund**Statement of Revenues, Expenses,  
and Changes in Net Position**Year Ended December 31, 2022*

Operating revenue	
User charges:	
Slip fees	\$ 1,100,880
Wharfage and dockage	289,793
Total user charges	<u>1,390,673</u>
Raw fish tax	327,405
Rents, leases and storage fees	122,939
Travel lift fees	84,348
Penalties and interest	22,345
State of Alaska grant	344,275
Investment income	5,893
Other revenues	<u>66,427</u>
Total operating revenues	<u>2,364,305</u>
Operating expenses	
Salaries and benefits	408,094
Materials and supplies	20,695
Purchased services	325,732
Vehicle expense	67,455
Insurance	163,192
Repairs and maintenance	80,165
Allocated administrative and billing expenses	197,935
Depreciation	<u>764,697</u>
Total operating expenses	<u>2,027,965</u>
Income from operations	<u>336,340</u>
Nonoperating expenses	
Bad debt expense	(15,241)
Interest expense	(36,245)
State of Alaska PERS relief	<u>(9,265)</u>
Total nonoperating expenses	<u>(60,751)</u>
Income before transfers	<u>275,589</u>
Transfer to permanent fund	<u>(18,000)</u>
Change in net position	<u>257,589</u>
Net position, beginning of year	<u>11,534,211</u>
Net position, end of year	<u>\$ 11,791,800</u>

**THE CITY OF CORDOVA**

Cordova, Alaska

Exhibit H-3

*Port Enterprise Fund*

*Statement of Cash Flows*

*Year Ended December 31, 2022*

<b>Cash flows from operating activities</b>	
Receipts from customers and users	\$ 1,944,350
Payments for interfund services used	(197,935)
Payments to suppliers	3,524
Payments to employees	<u>(535,273)</u>
Net cash flows from operating activities	<u>1,214,666</u>
<b>Cash flows from noncapital financing actives</b>	
Transfers out	<u>(18,000)</u>
<b>Cash flows from capital and related financing activities</b>	
Additions to property, plant and equipment	(1,367,146)
Proceeds from issuance of debt	5,000,000
Principal and interest paid on bond	<u>(36,245)</u>
Net cash flows from capital and related financing activities	<u>3,596,609</u>
Net decrease in cash and equivalents	<u>4,793,275</u>
Cash and equivalents, beginning of year	<u>2,558,346</u>
Cash and equivalents, end of year	<u>\$ 7,351,621</u>
<b>Reconciliation of Income from Operations to Net Cash Flows from Operating Activities</b>	
Income from operations	\$ 336,340
Adjustments to reconcile income from operations to net cash flows from operating activities:	
Depreciation	764,697
Bad debt expense	(15,241)
Noncash expense - PERS relief	(9,265)
Increase in allowance for doubtful accounts	134,842
(Increase) decrease in assets and deferred outflows of resources:	
Accounts receivable	(539,556)
Prepaid insurance	(3,831)
Net other postemployment benefits assets	94,601
Deferred outflows of resources related to pensions	(18,323)
Deferred outflows of resources related to other postemployment benefits	5,930
Increase (decrease) in liabilities and deferred inflows of resources:	
Accounts payable	664,594
Accrued payroll and related liabilities	1,550
Accrued vacation and sick leave	12,957
Net pension liability	83,056
Deferred inflows of resources related to pensions	(159,254)
Deferred inflows of resources related to other postemployment benefits	<u>(138,431)</u>
Net cash flows from operating activities	<u>\$ 1,214,666</u>

**THE CITY OF CORDOVA**

Cordova, Alaska

*Port Enterprise Fund**Combining Schedule of Revenues, Expenses,  
and Changes in Net Position**Year Ended December 31, 2022*

	Port Operating	Port Capital Projects	Port Depreciation Reserve	Total
Operating revenue	\$ 1,516,503	350,168	497,634	2,364,305
Operating expenses				
Salaries and benefits	408,094	-	-	408,094
Materials and supplies	20,695	-	-	20,695
Purchased services	295,530	30,202	-	325,732
Vehicle expense	67,455	-	-	67,455
Insurance	163,192	-	-	163,192
Repairs and maintenance	80,165	-	-	80,165
Allocated administrative and billing expenses	197,935	-	-	197,935
Depreciation	764,697	-	-	764,697
Total operating expenses	<u>1,997,763</u>	<u>30,202</u>	<u>-</u>	<u>2,027,965</u>
Income (loss) from operations	<u>(481,260)</u>	<u>319,966</u>	<u>497,634</u>	<u>336,340</u>
Nonoperating expenses				
Bad debt expense	(15,241)	-	-	(15,241)
Interest expense	-	(36,245)	-	(36,245)
State of Alaska PERS relief	(9,265)	-	-	(9,265)
Total nonoperating expenses	<u>(24,506)</u>	<u>(36,245)</u>	<u>-</u>	<u>(60,751)</u>
Loss before transfers	<u>(505,766)</u>	<u>283,721</u>	<u>497,634</u>	<u>275,589</u>
Transfers out	(18,000)	-	-	(18,000)
Eliminating transfers	<u>(304,601)</u>	<u>-</u>	<u>304,601</u>	<u>-</u>
Change in net position	<u>(828,367)</u>	<u>283,721</u>	<u>802,235</u>	<u>257,589</u>
Net position, beginning of year	<u>9,212,038</u>	<u>200,000</u>	<u>2,122,173</u>	<u>11,534,211</u>
Net position, end of year	<u>\$ 8,383,671</u>	<u>483,721</u>	<u>2,924,408</u>	<u>11,791,800</u>

THE CITY OF CORDOVA  
Cordova, Alaska

Exhibit H-5

Water Enterprise Fund

Statement of Net Position

December 31, 2022

---

**Assets and deferred outflows of resources**

Current assets	
Cash	\$ 57,473
Accounts receivable	59,983
Allowance for doubtful accounts	(2,797)
Prepaid insurance	13,776
<i>Total current assets</i>	<u>128,435</u>
Net other postretirement benefit assets	<u>95,047</u>
<b>Property, plant and equipment</b>	
Land	881,531
Buildings	7,130,545
Machinery and equipment	485,642
Improvements	14,908,124
<i>Total property, plant and equipment</i>	<u>23,405,842</u>
Accumulated depreciation	(12,576,233)
<i>Net property, plant and equipment</i>	<u>10,829,609</u>
Total assets	<u>11,053,091</u>
Deferred outflows of resources	
Related to pension and other postemployment benefits	<u>27,798</u>
Total assets and deferred outflows of resources	<u>\$ 11,080,889</u>

**Liabilities, deferred inflows of resources and net position**

Current liabilities	
Accounts payable	\$ 32,391
Customer deposits	34,499
Accrued interest	172,362
Accrued payroll and related liabilities	3,906
Accrued vacation and sick leave	24,354
<i>Total current liabilities</i>	<u>267,512</u>
Noncurrent liabilities	
Loan payable to ADEC, net of current portion	2,106,116
Net pension liability	234,205
<i>Total noncurrent liabilities</i>	<u>2,340,321</u>
Total liabilities	<u>2,607,833</u>
Deferred inflows of resources	
Related to other postemployment benefits	8,829
Total deferred inflows of resources	<u>8,829</u>
Net position	
Net investment in capital assets	10,829,609
Unrestricted	(2,365,382)
Total net position	<u>8,464,227</u>
<b>Total liabilities, deferred inflows of resources and net position</b>	<u>\$ 11,080,889</u>

**THE CITY OF CORDOVA**  
Cordova, Alaska

*Water Enterprise Fund*

*Statement of Revenues, Expenses,  
and Changes in Net Position*

*Year Ended December 31, 2022*

---

Operating revenue - user charges	<u>\$ 761,950</u>
Operating expenses	
Salaries and benefits	200,572
Materials and supplies	49,025
Purchased services	177,096
Vehicle expense	8,305
Insurance	13,776
Repairs and maintenance	104,569
Allocated administrative and billing expenses	100,832
Depreciation	<u>604,029</u>
Total operating expenses	<u>1,258,204</u>
Income from operations	<u>(496,254)</u>
Nonoperating expenses	
Bad debt expense	(333)
Interest expense	(31,591)
State of Alaska PERS relief	<u>(4,498)</u>
Total nonoperating expenses	<u>(36,422)</u>
Change in net position	<u>(532,676)</u>
Net position, beginning of year	<u>8,996,903</u>
Net position, end of year	<u>\$ 8,464,227</u>

**THE CITY OF CORDOVA**

Cordova, Alaska

*Water Enterprise Fund**Statement of Cash Flows**Year Ended December 31, 2022*


---

<b>Cash flows from operating activities</b>	
Receipts from customers and users	\$ 733,196
Payments for interfund services used	(100,832)
Payments to suppliers	(342,078)
Payments to employees	(297,012)
Net cash flows from operating activities	<u>(6,726)</u>
<b>Cash flows from capital and related financing activities</b>	
Additions to property, plant and equipment	<u>(23,668)</u>
Net cash flows from capital and related financing activities	<u>(23,668)</u>
Net decrease in cash and equivalents	<u>(30,394)</u>
Cash and equivalents, beginning of year	<u>87,867</u>
Cash and equivalents, end of year	<u>\$ 57,473</u>
<b>Reconciliation of Loss from Operations to Net Cash Flows from Operating Activities</b>	
Loss from operations	\$ (496,254)
Adjustments to reconcile loss from operations to net cash flows from operating activities:	
Depreciation	604,029
Noncash expense - PERS relief	(4,498)
Increase in allowance for doubtful accounts	(333)
(Increase) decrease in assets and deferred outflows of resources:	
Accounts receivable	(28,421)
Prepaid insurance	(809)
Net other postemployment benefits assets	70,502
Deferred outflows of resources related to pensions	3,380
Deferred outflows of resources related to other postemployment benefits	(5,600)
Increase (decrease) in liabilities and deferred inflows of resources:	
Accounts payable	11,502
Customer deposits	2,121
Accrued payroll and related liabilities	360
Accrued vacation and sick leave	2,025
Net pension liability	6,525
Deferred inflows of resources related to pensions	(90,794)
Deferred inflows of resources related to other postemployment benefits	<u>(80,461)</u>
Net cash flows from operating activities	<u>\$ (6,726)</u>

## THE CITY OF CORDOVA

Cordova, Alaska

## Water Enterprise Fund

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

Year Ended December 31, 2022

	Water Operating	Water Compliance	Water Depreciation Reserve	Eliminations	Total
Operating revenue	\$ 761,950	-	-	-	761,950
Operating expenses					
Salaries and benefits	200,572	-	-	-	200,572
Materials and supplies	49,025	-	-	-	49,025
Purchased services	177,096	-	-	-	177,096
Vehicle expense	8,305	-	-	-	8,305
Insurance	13,776	-	-	-	13,776
Repairs and maintenance	99,398	-	5,171	-	104,569
Allocated administrative and billing expenses	100,832	-	-	-	100,832
Depreciation	604,029	-	-	-	604,029
Total operating expenses	1,253,033	-	5,171	-	1,258,204
Loss from operations	(491,083)	-	(5,171)	-	(496,254)
Nonoperating expenses					
Bad debt expense	(333)	-	-	-	(333)
Interest expense	(31,591)	-	-	-	(31,591)
State of Alaska PERS relief	(4,498)	-	-	-	(4,498)
Total nonoperating expenses	(36,422)	-	-	-	(36,422)
Income before transfers	(527,505)	-	(5,171)	-	(532,676)
Eliminating transfers	(50,000)	-	50,000	-	-
Change in net position	(577,505)	-	44,829	-	(532,676)
Net position, beginning of year	3,995,941	104,858	508,571	4,387,533	8,996,903
Net position, end of year	\$ 3,418,436	104,858	553,400	4,387,533	8,464,227

THE CITY OF CORDOVA  
Cordova, Alaska

Exhibit H-9

Sewer Enterprise Fund

Statement of Net Position

December 31, 2022

---

**Assets and deferred outflows of resources**

Current assets:

Cash	\$ 264,182
Accounts receivable	90,167
Allowance for doubtful accounts	(5,279)
Prepaid insurance	13,776
Deposits	6,500
<i>Total current assets</i>	<u>369,346</u>

Net other postretirement benefit assets 95,054

**Property, plant and equipment**

Land	32,560
Buildings	93,071
Machinery and equipment	1,014,389
Improvements	17,824,881
<i>Total property, plant and equipment</i>	<u>18,964,901</u>
Accumulated depreciation	<u>(12,850,748)</u>
<i>Net property, plant and equipment</i>	<u>6,114,153</u>

Total assets 6,578,553

Deferred outflows of resources

Related to pension and other postemployment benefits 27,800

Total assets and deferred outflows of resources \$ 6,606,353

**Liabilities, deferred inflows of resources and net position**

Current liabilities

Accounts payable	\$ 12,923
Accrued interest	4,125
Accrued payroll and related liabilities	3,906
Accrued vacation and sick leave	24,354
Current portion of loan payable to ADEC	55,000
<i>Total current liabilities</i>	<u>100,308</u>

Noncurrent liabilities

Loan payable to ADEC, net of current portion	770,000
Net pension liability	234,222
<i>Total noncurrent liabilities</i>	<u>1,004,222</u>

Total liabilities 1,104,530

Deferred inflows of resources

Related to other postemployment benefits 8,830  
Total deferred inflows of resources 8,830

Net position

Net investment in capital assets	6,114,153
Unrestricted	<u>(621,160)</u>
Total net position	<u>5,492,993</u>

Total liabilities, deferred inflows of resources and net position \$ 6,606,353

**THE CITY OF CORDOVA**

Cordova, Alaska

*Sewer Enterprise Fund**Statement of Revenues, Expenses,  
and Changes in Net Position**Year Ended December 31, 2022*


---

Operating revenue - user charges	<u>\$ 907,506</u>
Operating expenses	
Salaries and benefits	200,587
Materials and supplies	50,700
Purchased services	196,342
Vehicle expense	15,273
Insurance	26,743
Repairs and maintenance	86,638
Allocated administrative and billing expenses	120,226
Depreciation	440,141
Total operating expenses	<u>1,136,650</u>
Loss from operations	<u>(229,144)</u>
Nonoperating expenses	
Bad debt expense	669
Interest expense	(12,925)
State of Alaska PERS relief	(4,499)
Total nonoperating expenses	<u>(16,755)</u>
Change in net position	<u>(245,899)</u>
Net position, beginning of year	<u>5,738,892</u>
Net position, end of year	<u>\$ 5,492,993</u>

**THE CITY OF CORDOVA**

Cordova, Alaska

Exhibit H-11

*Sewer Enterprise Fund*

*Statement of Cash Flows*

*Year Ended December 31, 2022*

**Cash flows from operating activities**

Receipts from customers and users	\$ 890,342
Payments for interfund services used	(120,226)
Payments to suppliers	(390,057)
Payments to employees	<u>(299,140)</u>
Net cash flows from operating activities	<u>80,919</u>

**Cash flows from capital and related financing activities**

Additions to property, plant and equipment	(302,673)
Principal and interest paid on ADEC loans	<u>(67,925)</u>
Net cash flows from capital and related financing activities	<u>(370,598)</u>

Net decrease in cash and equivalents (289,679)

Cash and equivalents, beginning of year 553,861

Cash and equivalents, end of year \$ 264,182

**Reconciliation of Loss from Operations to Net**

**Cash Flows from Operating Activities**

Loss from operations	\$ (229,144)
Adjustments to reconcile loss from operations to net cash flows from operating activities:	
Depreciation	440,141
Bad debt recovery	669
Noncash expense - PERS relief	(4,499)
Increase (decrease) in allowance for doubtful accounts	(1,508)
(Increase) decrease in assets and deferred outflows of resources:	
Accounts receivable	(16,325)
Prepaid insurance	(809)
Net other postemployment benefits assets	70,495
Deferred outflows of resources related to pensions	3,380
Deferred outflows of resources related to other postemployment benefits	(5,602)
Increase (decrease) in liabilities and deferred inflows of resources:	
Accounts payable	(13,277)
Accrued interest	(275)
Accrued payroll and related liabilities	360
Accrued vacation and sick leave	2,025
Net pension liability	6,542
Deferred inflows of resources related to pensions	(90,794)
Deferred inflows of resources related to other postemployment benefits	<u>(80,460)</u>

Net cash flows from operating activities \$ 80,919

**THE CITY OF CORDOVA**  
Cordova, Alaska

*Sewer Enterprise Fund*

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

*Year Ended December 31, 2022*

	<u>Sewer Operating</u>	<u>Sewer Depreciation Reserve</u>	<u>Total</u>
Operating revenue	\$ 907,506	-	907,506
Operating expenses			
Salaries and benefits	200,587	-	200,587
Materials and supplies	50,700	-	50,700
Purchased services	196,342	-	196,342
Vehicle expense	15,273	-	15,273
Insurance	26,743	-	26,743
Repairs and maintenance	59,067	27,571	86,638
Allocated administrative and billing expenses	120,226	-	120,226
Depreciation	440,141	-	440,141
Total operating expenses	<u>1,109,079</u>	<u>27,571</u>	<u>1,136,650</u>
Income from operations	<u>(201,573)</u>	<u>(27,571)</u>	<u>(229,144)</u>
Nonoperating expenses			
Bad debt recovery	669	-	669
Interest expense	(12,925)	-	(12,925)
State of Alaska PERS relief	(4,499)	-	(4,499)
Total nonoperating expenses	<u>(16,755)</u>	<u>-</u>	<u>(16,755)</u>
Income before transfers	<u>(218,328)</u>	<u>(27,571)</u>	<u>(245,899)</u>
Eliminating transfers	<u>(50,000)</u>	<u>50,000</u>	<u>-</u>
Change in net position	<u>(268,328)</u>	<u>22,429</u>	<u>(245,899)</u>
Net position, beginning of year	<u>5,036,269</u>	<u>702,623</u>	<u>5,738,892</u>
Net position, end of year	<u>\$ 4,767,941</u>	<u>725,052</u>	<u>5,492,993</u>

THE CITY OF CORDOVA  
Cordova, Alaska

Exhibit H-13

Refuse Enterprise Fund

Statement of Net Position

December 31, 2022

**Assets and deferred outflows of resources**

Current assets:	
Accounts receivable	\$ 103,449
Allowance for doubtful accounts	(6,712)
Prepaid insurance	9,075
<i>Total current assets</i>	<u>105,812</u>
Restricted assets - landfill closure cash	<u>820,009</u>
Net other postretirement benefit assets	<u>182,009</u>
<b>Property, plant and equipment</b>	
Land	256,250
Buildings	447,327
Machinery and equipment	3,567,882
Landfill	462,756
Improvements	1,010,623
<i>Total property, plant and equipment</i>	<u>5,744,838</u>
Accumulated depreciation	<u>(3,181,718)</u>
<i>Net property, plant and equipment</i>	<u>2,563,120</u>
Total assets	<u>3,670,950</u>
Deferred outflows of resources	
Related to pension and other postemployment benefits	<u>53,231</u>
Total assets and deferred outflows of resources	<u>\$ 3,724,181</u>

**Liabilities, deferred inflows of resources and net position**

Current liabilities	
Accounts payable	\$ 40,892
Accrued payroll and related liabilities	6,803
Accrued vacation and sick leave	34,691
<i>Total current liabilities</i>	<u>82,386</u>
Noncurrent liabilities	
Interfund advances	164,077
Landfill closure costs	1,076,260
Net pension liability	448,489
<i>Total noncurrent liabilities</i>	<u>1,688,826</u>
Total liabilities	<u>1,771,212</u>
Deferred inflows of resources	
Related to other postemployment benefits	<u>16,908</u>
Total deferred inflows of resources	<u>16,908</u>
Net position	
Net investment in capital assets	2,563,120
Restricted	820,009
Unrestricted	<u>(1,447,068)</u>
Total net position	<u>1,936,061</u>
<b>Total liabilities, deferred inflows of resources and net position</b>	<u>\$ 3,724,181</u>

**THE CITY OF CORDOVA**  
Cordova, Alaska

*Refuse Enterprise Fund*

*Statement of Revenues, Expenses,  
and Changes in Net Position*

*Year Ended December 31, 2022*

---

Operating revenue - user charges	<u>\$ 1,196,219</u>
Operating expenses	
Salaries and benefits	346,964
Materials and supplies	21,007
Purchased services	105,809
Vehicle expense	72,054
Insurance	19,158
Repairs and maintenance	28,243
Allocated administrative and billing expenses	158,620
Landfill closure and monitoring expense	205,372
Deprecation	<u>193,138</u>
Total operating expenses	<u>1,150,365</u>
Income from operations	<u>45,854</u>
Nonoperating expenses	
Bad debt recovery	1,642
Investment income	208
Interest expense	(8,038)
State of Alaska PERS relief	<u>(8,613)</u>
Total nonoperating expenses	<u>(14,801)</u>
Change in net position	<u>31,053</u>
Net position, beginning of year	<u>1,905,008</u>
Net position, end of year	<u><u>\$ 1,936,061</u></u>

**THE CITY OF CORDOVA**  
Cordova, Alaska

Exhibit H-15

*Refuse Enterprise Fund*

*Statement of Cash Flows*

*Year Ended December 31, 2022*

<b>Cash flows from operating activities</b>	
Receipts from customers and users	\$ 1,175,938
Payments for interfund services used	(158,620)
Payments to suppliers	(210,313)
Payments to employees	<u>(526,015)</u>
Net cash flows from operating activities	<u>280,990</u>
<b>Cash flows from capital and related financing activities</b>	
Additions to property, plant and equipment	(1,225,878)
Principal and interest paid on interfund advances	<u>(44,900)</u>
Net cash flows from capital and related financing activities	<u>(1,270,778)</u>
<b>Cash Flows from investing activities</b>	
Investment income received	<u>208</u>
Net decrease in cash and equivalents	<u>(989,580)</u>
Cash and equivalents, beginning of year	<u>1,809,589</u>
Cash and equivalents, ending of year	<u>\$ 820,009</u>
<b>Reconciliation of Income from Operations to Net Cash Flows from Operating Activities</b>	
Income from operations	\$ 45,854
Adjustments to reconcile income from operations to net cash flows from operating activities:	
Depreciation	193,138
Bad debt recovery	1,642
Noncash expense - PERS relief	(8,613)
Increase (decrease) in allowance for doubtful accounts	(5,637)
(Increase) decrease in assets and deferred outflows of resources:	
Accounts receivable	(16,286)
Prepaid insurance	1,008
Net other postemployment benefits assets	129,423
Deferred outflows of resources related to pensions	6,359
Deferred outflows of resources related to other postemployment benefits	(11,472)
Increase (decrease) in liabilities and deferred inflows of resources:	
Accounts payable	34,950
Accrued payroll and related liabilities	610
Accrued vacation and sick leave	6,334
Landfill closure costs payable	205,372
Net pension liability	20,175
Deferred inflows of resources related to pensions	(151,065)
Deferred inflows of resources related to other postemployment benefits	<u>(170,802)</u>
Net cash flows from operating activities	<u>\$ 280,990</u>

## CITY OF CORDOVA

Cordova, Alaska

## Refuse Enterprise Fund

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

Year Ended December 31, 2022

	Refuse Operating	Refuse Depreciation Reserve	Refuse Projects	Landfill Closure	Total
Operating revenue	\$ 1,196,219	-	-	-	1,196,219
Operating expenses					
Salaries and benefits	346,964	-	-	-	346,964
Materials and supplies	21,007	-	-	-	21,007
Purchased services	105,809	-	-	-	105,809
Vehicle expense	72,054	-	-	-	72,054
Insurance	19,158	-	-	-	19,158
Repairs and maintenance	28,243	-	-	-	28,243
Allocated administrative and billing expenses	158,620	-	-	-	158,620
Landfill closure and monitoring expense	-	-	-	205,372	205,372
Depreciation	193,138	-	-	-	193,138
Total operating expenses	944,993	-	-	205,372	1,150,365
Income from operations	251,226	-	-	(205,372)	45,854
Nonoperating revenues (expenses)					
Bad debt recovery	1,642	-	-	-	1,642
Investment income	-	-	-	208	208
Interest expense	(8,038)	-	-	-	(8,038)
State of Alaska PERS relief	(8,613)	-	-	-	(8,613)
Total nonoperating revenues (expenses)	(15,009)	-	-	208	(14,801)
Income before transfers	236,217	-	-	(205,164)	31,053
Eliminating transfers	(100,000)	50,000	-	50,000	-
Change in net position	136,217	50,000	-	(155,164)	31,053
Net position, beginning of year	1,577,701	263,556	(73,145)	136,896	1,905,008
Net position, end of year	\$ 1,713,918	313,556	(73,145)	(18,268)	1,936,061

THE CITY OF CORDOVA  
Cordova, Alaska

Exhibit H-17

Odiak Park Enterprise Fund

Statement of Net Position

December 31, 2022

---

**Assets and deferred outflows of resources**

Current assets:	
Cash	\$ 54,697
<i>Total current assets</i>	<u>54,697</u>
Net other postretirement benefit assets	<u>3,868</u>
<b>Property, plant and equipment</b>	
Buildings	79,362
Improvements	10,718
<i>Total property, plant and equipment</i>	<u>90,080</u>
Accumulated depreciation	<u>(69,526)</u>
<i>Net property, plant and equipment</i>	<u>20,554</u>
Total assets	<u>79,119</u>
Deferred outflows of resources	
Related to pension and other postemployment benefits	<u>1,131</u>
Total assets and deferred outflows of resources	<u>\$ 80,250</u>

**Liabilities, deferred inflows of resources and net position**

Current liabilities	
Accounts payable	\$ 4,002
Customer deposits	905
<i>Total current liabilities</i>	<u>4,907</u>
Noncurrent liabilities	
Net pension liability	<u>9,532</u>
<i>Total noncurrent liabilities</i>	<u>9,532</u>
Total liabilities	<u>14,439</u>
Deferred inflows of resources	
Related to other postemployment benefits	<u>359</u>
Total deferred inflows of resources	<u>359</u>
Net position	
Net investment in capital assets	20,554
Unrestricted	44,898
Total net position	<u>65,452</u>
<b>Total liabilities, deferred inflows of resources and net position</b>	<u>\$ 80,250</u>

**THE CITY OF CORDOVA**  
Cordova, Alaska

*Odiak Park Enterprise Fund*

*Statement of Revenues, Expenses,  
and Changes in Net Position*

*Year Ended December 31, 2022*

---

Operating revenue - user charges	<u>\$ 35,172</u>
Operating expenses	
Salaries and benefits	10,363
Materials and supplies	1,372
Purchased services	15,817
Repairs and maintenance	4,589
Depreciation	<u>2,038</u>
Total operating expenses	<u>34,179</u>
Income from operations	<u>993</u>
Nonoperating revenues	
State of Alaska PERS relief	<u>19,330</u>
Change in net position	<u>20,323</u>
Net position, beginning of year	<u>45,129</u>
Net position, end of year	<u><u>\$ 65,452</u></u>

THE CITY OF CORDOVA  
Cordova, Alaska

Exhibit H-19

Odiak Park Enterprise Fund

Statement of Cash Flows

Year Ended December 31, 2022

---

**Cash flows from operating activities**

Receipts from customers and users	\$ 35,172
Payments to suppliers	(22,579)
Payments to employees	<u>(10,364)</u>
Net cash flows from operating activities	<u>2,229</u>
Net decrease in cash and equivalents	<u>2,229</u>
Cash and equivalents, beginning of year	<u>52,468</u>
Cash and equivalents, end of year	<u>\$ 54,697</u>

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

Income from operations	\$ 993
Adjustments to reconcile income from operations to net cash flows from operating activities:	
Depreciation	2,038
Noncash expense - PERS relief	19,330
(Increase) decrease in assets and deferred outflows of resources:	
Prepaid insurance	65
Net other postemployment benefits assets	14,643
Deferred outflows of resources related to pensions	378
Deferred outflows of resources related to other postemployment benefits	1,351
Increase (decrease) in liabilities and deferred inflows of resources:	
Accounts payable	59
Customer deposits	(925)
Net pension liability	(15,926)
Deferred inflows of resources related to pensions	(9,625)
Deferred inflows of resources related to other postemployment benefits	<u>(10,152)</u>
Net cash flows from operating activities	<u>\$ 2,229</u>

### **Health Insurance Internal Service Fund**

Health Insurance Internal Service Fund 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

Exhibit I-1

*Health Insurance Internal Service Fund*

*Statement of Net Position*

*December 31, 2022*

---

**Assets**

Current assets

Cash \$ 336,038

Total assets 336,038

**Liabilities and net position**

Current liabilities

Health claims payable 336,038

Net position

Unrestricted -

Total net position

**Total liabilities and net position** \$ 336,038

**THE CITY OF CORDOVA**

Cordova, Alaska

*Health Insurance Internal Service Fund**Statement of Revenues, Expenses,  
and Changes in Net Position**Year Ended December 31, 2022*


---

Revenues	
Employer contributions	\$ 900,550
Employee contributions	119,575
Insurance reimbursements	<u>213,182</u>
<i>Total revenues</i>	<u>1,233,307</u>
Expenses	
Claims, premiums and administrative expenses	<u>1,523,325</u>
Loss before transfers	<u>(290,018)</u>
Transfers in	<u>875,124</u>
Change in net position	<u>585,106</u>
Net position, beginning of year	<u>(585,106)</u>
Net position, end of year	<u>\$ -</u>

THE CITY OF CORDOVA  
Cordova, Alaska

Exhibit I-3

Health Insurance Internal Service Fund

Statement of Cash Flows

Year Ended December 31, 2022

---

<b>Cash flows from operating activities</b>	
Receipts from customers and users	\$ 1,233,307
Payments to suppliers	<u>(1,455,807)</u>
Net cash flows from operating activities	<u>(222,500)</u>
<b>Cash flows from noncapital financing activities</b>	
Transfers in	<u>875,124</u>
Net decrease in cash and equivalents	<u>652,624</u>
Cash and equivalents, beginning of year	<u>(316,586)</u>
Cash and equivalents, end of year	<u>\$ 336,038</u>
<b>Reconciliation of Loss from Operations to Net Cash Flows from Operating Activities</b>	
Loss from operations	\$ (290,018)
Adjustments to reconcile loss from operations to net cash flows from operating activities:	
Increase in liabilities and deferred inflows of resources:	
Health claims payable	<u>67,518</u>
Net cash flows from operating activities	<u>\$ (222,500)</u>

**FEDERAL COMPLIANCE SECTION**

**THE CITY OF CORDOVA**

Cordova, Alaska

*Schedule of Expenditures of Federal Awards*

*Year Ended December 31, 2022*

Federal Grant Title	Award Identification	ALN	Total Grant Award	Eligible Expenditures
U.S. Department of Agriculture:				
Schools & Roads Grants to States	Unknown	10.665	\$ 681,289	681,289
<i>Total U.S. Department of Agriculture</i>			<u>681,289</u>	<u>681,289</u>
U.S. Department of Interior:				
Payment in lieu of taxes*	Unknown	15.226	417,238	417,238
Historic Preservation - St. George Roof	HPF 20003	15.904	24,000	24,000
<i>Total U.S. Department of the Interior</i>			<u>441,238</u>	<u>441,238</u>
U.S. Department of Commerce:				
Grants to States/LSTA	ARPA03	45.310	19,870	15,978
Grants to States/ARPA	EASY22-004	45.310	6,000	2,330
Grants to States/ARPA	ARPA34	45.310	25,684	24,666
Digital Services Librarian	ML-250544-OML	45.308	23,000	18,315
<i>Total U.S. Department of Commerce</i>			<u>74,554</u>	<u>61,289</u>
U.S. Department of Homeland Security:				
2020 State Homeland Security Grant	20SHSP-GY20	97.067	115,325	77,065
2021 State Homeland Security Grant	20SHSP-GY21	97.067	5,000	1,717
2021 Emergency Management Performance Grant	20EMPG-GY20	97.042	18,000	9,000
2022 Emergency Management Performance Grant	21EMPG-GY21	97.042	22,500	9,000
<i>Total U.S. Department of Homeland Security</i>			<u>160,825</u>	<u>96,782</u>
<b>Total federal awards</b>			<b><u>\$ 1,357,906</u></b>	<b><u>1,280,598</u></b>

\*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 Awards

Year Ended December 31, 2022

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#### **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, 2022. 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, it is not intended to and does 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 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*  
237 E. Fireweed Lane, Suite 200  
Anchorage, Alaska 99503  
(907) 258-7555  
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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, 2022, 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 19, 2023.

**Report on 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.

**Report on 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 report is not suitable for any other purpose.

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

Anchorage, Alaska  
September 19, 2023



**Newhouse & Vogler**

*Certified Public Accountants*  
237 E. Fireweed Lane, Suite 200  
Anchorage, Alaska 99503  
(907) 258-7555  
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Report on Compliance for Its 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 Its Major Federal Program**

**Opinion on Its 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 the City of Cordova's major federal program for the year ended December 31, 2022. The City of Cordova's major federal program is 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 its major federal program for the year ended December 31, 2022.

**Basis for Opinion on Its 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 its 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.

### **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 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 its major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City of Cordova's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City of Cordova's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City of Cordova's internal control over compliance. Accordingly, no such opinion is expressed.

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

### **Report on Internal Control Over Compliance**

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

Honorable Mayor and City Council  
The City of Cordova

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

Anchorage, Alaska  
September 19, 2023

**THE CITY OF CORDOVA**  
Cordova, Alaska

*Schedule of Findings and Questioned Costs*

*Year Ended December 31, 2022*

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**FINANCIAL STATEMENTS**

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

**FEDERAL AWARDS**

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

**IDENTIFICATION OF MAJOR PROGRAMS**

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster of Programs</u>
15.226	Payment in Lieu of Taxes

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

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS**

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

**FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

The City of Cordova did not have any findings or questioned costs related to federal awards.

**THE CITY OF CORDOVA**

Cordova, Alaska

*Summary of Prior Audit Findings*

*Year Ended December 31, 2022*

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**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**Audit period:** January 1, 2022 through December 31, 2022

No audit findings were issued for the audit of the year ended December 31, 2021.

**STATE SINGLE AUDIT SECTION**

**THE CITY OF CORDOVA**

Cordova, Alaska

*Schedule of State Financial Assistance*

*Year Ended December 31, 2022*

Grant Title	Award Identification	Passed Through to Subrecipients	State Share of Expenditures
Department of Commerce, Community and Economic Development:			
South Harbor Rebuild	23-DC-036	\$ -	44,275
Cordova Port & Harbor Project*	22-HG-001	-	300,000
<i>Total Department of Commerce, Community and Economic Development</i>		-	344,275
Department of Health and Social Services			
MOA - COVID Screening & Testing	CO620-533	-	7,908
MOA - COVID Emergency Operations	CO621-570-P	-	7,482
<i>Total Department of Health and Social Services</i>		-	15,390
Department of Education and Early Development			
Debt retirement*	Unknown	-	2,022,113
Public Library Assistance Grant	PLA21	-	7,000
<i>Total Department of Education and Early Development</i>		-	2,029,113
<b>Total State financial assistance</b>		<b>\$ -</b>	<b>\$ 2,388,778</b>

\*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 State Financial Assistance*

*Year Ended December 31, 2022*

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**NOTE 1 – BASIS OF PRESENTATION**

The accompanying schedule of state financial assistance (the Schedule) includes the state financial assistance of the City for the year ended December 31, 2022. The information in the Schedule is presented in accordance with the requirements of the State of Alaska Audit Guide and Compliance Supplement for State Single Audits. The expenditures reported in the Schedule are reported on the modified accrued basis of accounting. Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position or cash flows of the City.



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Report on Compliance for Each Major State Program and Report on Internal Control over Compliance Required by the State of Alaska Audit Guide and Compliance Supplement for State Single Audits

Independent Auditor's Report

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

**Report on Compliance for Each Major State Program**

***Opinion on Each Major State Program***

We have audited the City of Cordova's compliance with the types of compliance requirements identified as subject to audit in State of Alaska Audit Guide and Compliance Supplements that could have a direct and material effect on each of the City of Cordova's major state programs for the year ended December 31, 2022. The City of Cordova's major state programs are identified on the Schedule of State Financial Assistance. 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 state programs for the year ended December 31, 2022.

***Basis for Opinion on Each Major State 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 in the State of Alaska Audit Guide. Our responsibilities under those standards and the State of Alaska Audit Guide 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 state program. Our audit does not provide a legal determination of the City of Cordova's compliance with the compliance requirements referred to above.

***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 state 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 State of Alaska Audit Guide requirements will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than 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 state program as a whole.

In performing an audit in accordance with GAAS, Government Auditing Standards, and the State of Alaska Audit Guide, 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 State of Alaska requirements, 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 state 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 state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the 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.

Honorable Mayor and City Council  
The City of Cordova

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 State of Alaska. Accordingly, this report is not suitable for any other purpose.

**Report on Schedule of State Financial Assistance Required by the State of Alaska**

We have audited the financial statements of the City of Cordova as of and for the year ended December 31, 2022, and have issued our report thereon dated September 19, 2023, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of state financial assistance is presented for the purpose of additional analysis as required by the State of Alaska and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of state financial assistance is fairly stated in all material respects in relation to the financial statements as a whole.



Anchorage, Alaska  
September 19, 2023

**THE CITY OF CORDOVA**  
Cordova, Alaska

*State Schedule of Findings and Questioned Costs*

*Year Ended December 31, 2022*

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**SECTION I – SUMMARY OF AUDITOR’S RESULTS**

Financial Statements

Type of auditor report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	_____ Yes <u>  X  </u> No
Significant deficiency(ies) identified?	_____ Yes <u>  X  </u> No
Noncompliance material to financial statements	_____ Yes <u>  X  </u> No

State Financial Assistance

Type of auditor report issued on compliance for major programs:	Unmodified
Internal control over major programs:	
Material weakness(es) identified?	_____ Yes <u>  X  </u> No
Significant deficiency(ies) identified?	_____ Yes <u>  X  </u> No
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Qualified as low-risk auditee?	<u>  X  </u> Yes _____ No

**SECTION II – FINANCIAL STATEMENT FINDINGS**

The City of Cordova did not have any findings that relate to the financial statements for the year ended December 31, 2022.

**SECTION III – STATE AWARD FINDINGS AND QUESTIONED COSTS**

The City of Cordova did not have any findings or questioned costs related to the state awards.

**THE CITY OF CORDOVA**  
Cordova, Alaska

*State Summary Schedule of Prior Audit Findings*

*Year Ended December 31, 2022*

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**STATE SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**Audit period:** January 1, 2022 through December 31, 2022

The City of Cordova did not have any findings or questioned cost related to the State of Alaska for the year ended December 31, 2021.