

THE CITY OF CORDOVA

Cordova, Alaska

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

December 31, 2023



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, 2023, 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, 2023, 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.

We did not audit the financial statements of the component units of the Cordova City School District, and the Cordova Community Medical Center, which represent 14 percent, (2) percent, and 34 percent, respectively, of the assets, net position, and revenues of the City. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for Cordova City School District, Cordova Community Medical Center, is based solely on the report of the other auditors. The Cordova Volunteer Fire Department was unaudited at year end.

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 42-44 and 45-49 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 27, 2024 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 27, 2024

THE CITY OF CORDOVA
Cordova, Alaska

Government-wide Statement of Net Position

December 31, 2023

	Primary Government			Component Units		
	Primary Governmental Activities	Business-type Activities	Total	Cordova City School District	Cordova Community Medical Center	Cordova Volunteer Fire Department
Assets and deferred outflows						
Current assets						
Cash and equivalents	\$ 2,554,014	4,618,195	7,172,209	2,042,743	1,777,783	71,222
Investments	9,209,048	-	9,209,048	-	-	-
Deposits	-	6,500	6,500	-	-	-
Receivable, net:						
Taxes	866,511	-	866,511	-	-	-
Accounts	-	942,537	942,537	-	2,977,172	-
Grants and shared revenues	-	-	-	302,319	-	-
Other	76,923	-	76,923	-	-	-
Lease receivable	-	-	-	-	-	-
Prepaid insurance	279,596	162,587	442,183	96,895	211,265	-
Inventory	-	-	-	43,568	454,500	-
Due from other funds	(427,837)	-	(427,837)	-	-	-
Total current assets	12,558,255	5,729,819	18,288,074	2,485,525	5,420,720	71,222
Restricted assets - landfill closure cash	-	1,092,448	1,092,448	-	-	-
Noncurrent assets						
Lease receivable - GASB 87	54,455	-	54,455	-	-	-
Net other postretirement benefit assets	2,143,880	684,659	2,828,539	1,961,479	4,084,777	-
Total Noncurrent assets	2,198,335	684,659	2,882,994	1,961,479	4,084,777	-
Capital assets:						
Land, artwork, and construction in progress	1,971,520	25,230,433	27,201,953	-	-	-
Other capital assets, net of depreciation	44,973,780	20,711,587	65,685,367	169,493	3,785,698	-
Total capital assets	46,945,300	45,942,020	92,887,320	169,493	3,785,698	-
Deferred outflows						
Related to pension and other postemployment benef	497,427	158,856	656,283	690,169	949,243	-
Goodwill	-	-	-	-	60,000	-
Deferred loss on bonds	305,360	-	305,360	-	-	-
Total deferred outflows	802,787	158,856	961,643	690,169	1,009,243	-
Total assets and deferred outflows	\$ 62,504,677	53,607,802	116,112,479	5,306,666	14,300,438	71,222
Liabilities and deferred inflows						
Current liabilities						
Accounts payable	\$ 435,149	1,571,219	2,006,368	37,063	1,113,465	-
Health claims payable	-	-	-	-	-	-
Advances from granting agencies	649,652	-	649,652	-	-	-
Note payable to the City of Cordova	-	-	-	-	5,466,459	-
Customer deposits	5,500	36,370	41,870	-	-	-
Accrued interest	58,332	26,635	84,967	-	-	-
Accrued payroll and related liabilities	115,792	24,031	139,823	99,861	292,917	-
Due within one year:						
Bonds and loans current portion	1,285,000	86,000	1,371,000	-	-	-
Capital lease	-	-	-	-	-	-
Unearned revenue	1,000	546,332	547,332	495	-	-
Due to other funds	-	-	-	529,976	-	-
Total current liabilities	2,550,425	2,290,587	4,841,012	667,395	6,872,841	-
Noncurrent liabilities						
General obligation bonds	7,790,000	6,975,000	14,765,000	-	-	-
Loan payable to ADEC, net of current portion	-	3,288,035	3,288,035	-	-	-
Accrued vacation and sick leave	312,953	148,528	461,481	-	368,462	-
Interfund advances	-	125,481	125,481	-	-	-
Unamortized bond premium	528,281	-	528,281	-	-	-
Landfill closure costs	-	1,107,306	1,107,306	-	-	-
Net pension liability	4,544,001	1,451,151	5,995,152	4,002,361	8,625,106	-
Total noncurrent liabilities	13,175,235	13,095,501	26,270,736	4,002,361	8,993,568	-
Total liabilities	15,725,660	15,386,088	31,111,748	4,669,756	15,866,409	-
Deferred inflows						
Related to leases - GASB 87	54,107	-	54,107	-	-	-
Related to pension and other postemployment benef	125,339	40,028	165,367	165,695	325,042	-
Total deferred inflows	179,446	40,028	219,474	165,695	325,042	-
Net Position						
Net investment in capital assets	37,647,379	45,942,020	83,589,399	169,493	3,785,698	-
Restricted:						
E-911	63,830	-	63,830	-	-	-
Refuse	-	1,092,448	1,092,448	-	-	-
School district	-	-	-	191,803	-	-
Unrestricted	8,888,362	(8,852,782)	35,580	109,919	(5,676,711)	71,222
Total net position	46,599,571	38,181,686	84,781,257	471,215	(1,891,013)	71,222
Total liabilities, deferred inflows and net position	\$ 62,504,677	53,607,802	116,112,479	5,306,666	14,300,438	71,222

THE CITY OF CORDOVA
Cordova, Alaska

Exhibit A-2

Government-wide Statement of Activities

Year Ended December 31, 2023

Functions/Programs	Expenses	Program Revenues			Net Revenue (Expense) and Changes in Net Position																																																																																																																																																																																								
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	Business-type Activities	Cordova City School District	Cordova Community Medical Center	Cordova Volunteer Fire Department																																																																																																																																																																																				
Primary governmental activities:																																																																																																																																																																																													
General Fund	\$ 3,378,206	1,051,478	13,155	-	(2,313,573)	-	-	-	-																																																																																																																																																																																				
Public safety	2,276,090	177,721	360,221	44,339	(1,693,809)	-	-	-	-																																																																																																																																																																																				
Public works	2,841,191	28,752	75,342	132,411	(2,604,686)	-	-	-	-																																																																																																																																																																																				
Emergency protective measures	767,343	-	713,930	-	(53,413)	-	-	-	-																																																																																																																																																																																				
Information and recreation	1,187,812	165,965	8,814	8,250	(1,004,783)	-	-	-	-																																																																																																																																																																																				
Education	2,726,213	-	663,336	19,550	(2,043,327)	-	-	-	-																																																																																																																																																																																				
Health	287,306	125,029	-	-	(162,277)	-	-	-	-																																																																																																																																																																																				
Community service	161,194	-	-	-	(161,194)	-	-	-	-																																																																																																																																																																																				
Interest	435,726	-	1,662,669	-	1,226,943	-	-	-	-																																																																																																																																																																																				
Total primary governmental activities	14,061,081	1,548,945	3,497,467	204,550	(8,810,119)	-	-	-	-																																																																																																																																																																																				
Proprietary fund activities:																																																																																																																																																																																													
Port	20,852,868	20,342,836	6,137	7,281,716	-	6,777,821	-	-	-																																																																																																																																																																																				
Water	1,422,001	941,646	2,494	-	-	(477,861)	-	-	-																																																																																																																																																																																				
Sewer	1,306,560	988,775	2,494	-	-	(315,291)	-	-	-																																																																																																																																																																																				
Refuse	1,196,121	1,207,531	5,129	-	-	16,539	-	-	-																																																																																																																																																																																				
Camper Park	25,152	32,515	-	-	-	7,363	-	-	-																																																																																																																																																																																				
Total proprietary fund activities	24,802,702	23,513,303	16,254	7,281,716	-	6,008,571	-	-	-																																																																																																																																																																																				
Total primary government	\$38,863,783	25,062,248	3,513,721	7,486,266	(8,810,119)	6,008,571	-	-	-																																																																																																																																																																																				
Component units																																																																																																																																																																																													
Cordova City School District	\$ 7,086,202	49,924	1,229,265	-	-	-	(5,807,013)	-	-																																																																																																																																																																																				
Cordova Community Medical Center	\$15,694,440	14,473,241	949,167	-	-	-	-	(272,032)	-																																																																																																																																																																																				
Cordova Volunteer Fire Department	\$ 27,092	30,980	-	-	-	-	-	-	3,888																																																																																																																																																																																				
<table border="0" style="width:100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 40%;"></th> <th style="width: 10%;"></th> <th style="width: 10%;"></th> <th style="width: 10%;"></th> <th style="width: 10%;"></th> <th style="width: 10%;"></th> <th style="width: 10%;"></th> <th style="width: 10%;"></th> <th style="width: 10%;"></th> <th style="width: 10%;"></th> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td>Primary Governmental Activities</td> <td>Business-type Activities</td> <td>Total</td> <td>Cordova City School District</td> <td>Cordova Community Medical Center</td> <td>Cordova Volunteer Fire Department</td> </tr> </thead> <tbody> <tr> <td>General revenues:</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Sales taxes</td> <td></td> <td></td> <td></td> <td>\$ 4,154,307</td> <td>-</td> <td>4,154,307</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>Property taxes</td> <td></td> <td></td> <td></td> <td>2,815,403</td> <td>-</td> <td>2,815,403</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>Payments in lieu of taxes</td> <td></td> <td></td> <td></td> <td>495,774</td> <td>-</td> <td>495,774</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>Other taxes</td> <td></td> <td></td> <td></td> <td>242,400</td> <td>-</td> <td>242,400</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>Contributions from primary government</td> <td></td> <td></td> <td></td> <td>-</td> <td>-</td> <td>-</td> <td>2,174,487</td> <td>300,000</td> <td>-</td> </tr> <tr> <td>Grants and entitlements not restricted to a specific purpose</td> <td></td> <td></td> <td></td> <td>1,479,638</td> <td>-</td> <td>1,479,638</td> <td>4,844,416</td> <td>-</td> <td>-</td> </tr> <tr> <td>In-kind service allocation</td> <td></td> <td></td> <td></td> <td>153,331</td> <td>-</td> <td>153,331</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>Gain (loss) on disposal of assets</td> <td></td> <td></td> <td></td> <td>-</td> <td>43,000</td> <td>43,000</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>Other</td> <td></td> <td></td> <td></td> <td>107,546</td> <td>500,000</td> <td>607,546</td> <td>56,580</td> <td>-</td> <td>-</td> </tr> <tr> <td>Total general revenues</td> <td></td> <td></td> <td></td> <td>9,448,399</td> <td>543,000</td> <td>9,991,399</td> <td>7,075,483</td> <td>300,000</td> <td>-</td> </tr> <tr> <td>Investment income (loss)</td> <td></td> <td></td> <td></td> <td>1,156,089</td> <td>1,007</td> <td>1,157,096</td> <td>33,950</td> <td>-</td> <td>-</td> </tr> <tr> <td>Operating transfers in (out)</td> <td></td> <td></td> <td></td> <td>(3,878,575)</td> <td>3,878,575</td> <td>-</td> <td>(402,942)</td> <td>-</td> <td>-</td> </tr> <tr> <td>Change in net position</td> <td></td> <td></td> <td></td> <td>(2,084,206)</td> <td>10,431,153</td> <td>8,346,947</td> <td>899,478</td> <td>27,968</td> <td>3,888</td> </tr> <tr> <td>Net position, beginning of year</td> <td></td> <td></td> <td></td> <td>48,683,777</td> <td>27,750,533</td> <td>76,434,310</td> <td>(428,263)</td> <td>(1,918,981)</td> <td>67,334</td> </tr> <tr> <td>Net position, end of year</td> <td></td> <td></td> <td></td> <td>\$ 46,599,571</td> <td>38,181,686</td> <td>84,781,257</td> <td>471,215</td> <td>(1,891,013)</td> <td>71,222</td> </tr> </tbody> </table>																								Primary Governmental Activities	Business-type Activities	Total	Cordova City School District	Cordova Community Medical Center	Cordova Volunteer Fire Department	General revenues:										Sales taxes				\$ 4,154,307	-	4,154,307	-	-	-	Property taxes				2,815,403	-	2,815,403	-	-	-	Payments in lieu of taxes				495,774	-	495,774	-	-	-	Other taxes				242,400	-	242,400	-	-	-	Contributions from primary government				-	-	-	2,174,487	300,000	-	Grants and entitlements not restricted to a specific purpose				1,479,638	-	1,479,638	4,844,416	-	-	In-kind service allocation				153,331	-	153,331	-	-	-	Gain (loss) on disposal of assets				-	43,000	43,000	-	-	-	Other				107,546	500,000	607,546	56,580	-	-	Total general revenues				9,448,399	543,000	9,991,399	7,075,483	300,000	-	Investment income (loss)				1,156,089	1,007	1,157,096	33,950	-	-	Operating transfers in (out)				(3,878,575)	3,878,575	-	(402,942)	-	-	Change in net position				(2,084,206)	10,431,153	8,346,947	899,478	27,968	3,888	Net position, beginning of year				48,683,777	27,750,533	76,434,310	(428,263)	(1,918,981)	67,334	Net position, end of year				\$ 46,599,571	38,181,686	84,781,257	471,215	(1,891,013)	71,222
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See accompanying notes to financial statements.

THE CITY OF CORDOVA

Cordova, Alaska

Governmental Funds

Combining Balance Sheet

December 31, 2023

	Major Funds			Total Governmental Funds
	General	General Reserve Special Revenue	Nonmajor Funds	
Assets				
Cash and equivalents	\$ -	1,249,425	1,304,589	2,554,014
Investments	-	9,209,048	-	9,209,048
Receivable, net:				
Taxes	866,511	-	-	866,511
Other	39,502	-	37,421	76,923
Lease (GASB 87)	54,455	-	-	54,455
Prepaid insurance	279,596	-	-	279,596
Due from other funds	37,009	125,481	-	162,490
Total assets	<u>\$ 1,277,073</u>	<u>10,583,954</u>	<u>1,342,010</u>	<u>13,203,037</u>
Liabilities, Deferred Inflows, and Fund Balances				
Liabilities:				
Accounts payable	\$ 380,160	-	54,989	435,149
Customer deposits	5,500	-	-	5,500
Advances from granting agencies	-	-	649,652	649,652
Accrued payroll and related liabilities	115,792	-	-	115,792
Due to other funds	553,318	-	37,009	590,327
Unearned revenue	1,000	-	-	1,000
<i>Total liabilities</i>	<u>1,055,770</u>	<u>-</u>	<u>741,650</u>	<u>1,797,420</u>
Deferred inflows				
Unavailable property tax revenue	38,268	-	-	38,268
Deferred revenue	-	-	23,999	23,999
Related to leases (GASB 87)	54,107	-	-	54,107
<i>Total deferred inflows</i>	<u>92,375</u>	<u>-</u>	<u>23,999</u>	<u>116,374</u>
Fund balances:				
Nonspendable - prepaid insurance	279,596	-	-	279,596
Restricted - enhanced 911 services	-	-	63,830	63,830
Assigned:				
Capital projects and land	-	10,583,954	-	10,583,954
Public safety	-	-	489,550	489,550
Unassigned	(150,668)	-	22,981	(127,687)
<i>Total fund balances</i>	<u>128,928</u>	<u>10,583,954</u>	<u>576,361</u>	<u>11,289,243</u>
Total liabilities, deferred inflows, and fund balance	<u>\$ 1,277,073</u>	<u>10,583,954</u>	<u>1,342,010</u>	<u>13,203,037</u>

See accompanying notes to financial statements.

THE CITY OF CORDOVA

Cordova, Alaska

*Governmental Funds**Reconciliation of Fund Balance to Net Position**December 31, 2023*

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

Total fund balances - Total governmental funds	\$ 11,289,243
--	---------------

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	424,177
Buildings	62,266,050
Infrastructure	4,044,257
Machinery and equipment	9,906,165
Accumulated depreciation	<u>(31,242,692)</u>
Total capital assets	<u>46,945,300</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:

Delinquent property taxes receivable	38,268
Deferred ambulance revenue	23,999
Net other postretirement benefit assets	<u>2,143,880</u>
Total other long-term assets	<u>2,206,147</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.

<u>305,360</u>

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	(9,075,000)
Unamortized bond premium	(528,281)
Accrued interest on debt	(58,332)
Accrued leave	(312,953)
Net pension liability	<u>(4,544,001)</u>
Total long-term liabilities	<u>(14,518,567)</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	497,427
Deferred inflows of resources related to other postemployment benefits	<u>(125,339)</u>
Total deferred pension and other postemployment benefits items	<u>372,088</u>

Net position of governmental activities	<u>\$ 46,599,571</u>
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Cordova, Alaska

Governmental Funds

Statement of Revenues, Expenditures,
and Changes in Fund Balances

Year Ended December 31, 2023

	Major Funds			Total Governmental Funds
	General Fund	General Reserve		
		Special Revenue	Nonmajor Funds	
Revenues:				
Taxes	\$ 7,760,490	-	-	7,760,490
Licenses and permits	10,830	-	-	10,830
Federal government	718,257	-	758,269	1,476,526
State of Alaska	3,583,465	-	14,250	3,597,715
Investment income (loss)	232,472	923,617	-	1,156,089
Land sales	-	144,881	-	144,881
Charges for services	684,036	-	-	684,036
Sale of property	28,752	-	-	28,752
In-kind services allocation	153,331	-	-	153,331
Other revenue	748,300	7,181	204,324	959,805
<i>Total revenues (losses)</i>	<u>13,919,933</u>	<u>1,075,679</u>	<u>976,843</u>	<u>15,972,455</u>
Expenditures:				
Current:				
General government	2,886,446	-	-	2,886,446
Public safety	2,180,281	-	39,921	2,220,202
Public works	2,809,314	-	11,907	2,821,221
Emergency protective measures	-	-	767,343	767,343
Information and recreation	1,128,065	-	9,918	1,137,983
Community service	155,914	-	5,280	161,194
Education	2,127,417	-	5,683	2,133,100
Health	300,000	-	-	300,000
Debt service:				
Principal	1,225,000	-	-	1,225,000
Interest	493,525	-	-	493,525
Capital outlays	-	-	22,129	22,129
<i>Total expenditures</i>	<u>13,305,962</u>	<u>-</u>	<u>862,181</u>	<u>14,168,143</u>
Excess of revenues over (under) expenditures	<u>613,971</u>	<u>1,075,679</u>	<u>114,662</u>	<u>1,804,312</u>
Other financing sources (uses):				
Transfers in	125,029	18,000	-	143,029
Transfers out	(3,896,575)	-	-	(3,896,575)
<i>Total other financing sources (uses)</i>	<u>(3,771,546)</u>	<u>18,000</u>	<u>-</u>	<u>(3,753,546)</u>
Net change in fund balances	<u>(3,157,575)</u>	<u>1,093,679</u>	<u>114,662</u>	<u>(1,949,234)</u>
Fund balances, beginning of year	<u>3,286,503</u>	<u>9,490,275</u>	<u>461,699</u>	<u>13,238,477</u>
Fund balances, end of year	<u>\$ 128,928</u>	<u>10,583,954</u>	<u>576,361</u>	<u>11,289,243</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, 2023

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

Net changes in fund balances - governmental funds	\$ (1,949,234)
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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 (\$1,832,920) exceeds capital outlays \$357,506.	<u>(1,475,414)</u>
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Revenues reported in the governmental funds represent payments that reduce lease receivables in the Statement of Activities	<u>(144,881)</u>
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Revenues reported in the governmental funds represent the change in deferred ambulance revenue in the Statement of Activities	<u>12,694</u>
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Revenues reported in the governmental funds represent the change in deferred tax payments in the Statement of Activities	<u>(52,606)</u>
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The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items:

Principal payments on long-term debt	1,225,000
Net decrease in deferred loss on bond refunding	(115,921)
Net decrease in unamortized bond premium	<u>166,413</u>
	<u>1,275,492</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	7,307
Accrued leave	44,823
Net pension other postemployment benefits obligation and related accounts	<u>197,613</u>
	<u>249,743</u>

Internal Service Funds are used by management to charge the cost of certain Total changes in net position of governmental activities	<u>\$ (2,084,206)</u>
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THE CITY OF CORDOVA
Cordova, Alaska

Proprietary Funds

Statement of Fund Net Position

December 31, 2023

	Major Enterprise Funds				Nonmajor Enterprise Fund	Total Enterprise Funds	Health Insurance Internal Service Fund
	Port	Water	Sewer	Refuse	Odiak Park		
Assets							
Current assets							
Cash and equivalents	\$ 3,330,322	(119,766)	322,780	1,028,276	56,583	4,618,195	-
Accounts receivable	1,540,687	68,426	94,764	131,390	-	1,835,267	-
Allowance for doubtful accounts	(856,521)	(7,637)	(14,610)	(13,962)	-	(892,730)	-
Prepaid insurance	115,528	17,439	17,439	12,086	95	162,587	-
Deposits	-	-	6,500	-	-	6,500	-
<i>Total current assets</i>	<u>4,130,016</u>	<u>(41,538)</u>	<u>426,873</u>	<u>1,157,790</u>	<u>56,678</u>	<u>5,729,819</u>	<u>-</u>
<i>Restricted assets - landfill closure cash</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,092,448</u>	<u>-</u>	<u>1,092,448</u>	<u>-</u>
<i>Net other postretirement benefit assets</i>	<u>258,528</u>	<u>105,049</u>	<u>105,055</u>	<u>216,027</u>	<u>-</u>	<u>684,659</u>	<u>-</u>
Property, plant and equipment	46,666,868	23,416,031	18,964,901	5,625,503	90,080	94,763,383	-
Less accumulated depreciation	<u>(18,982,269)</u>	<u>(13,179,989)</u>	<u>(13,296,644)</u>	<u>(3,290,897)</u>	<u>(71,564)</u>	<u>(48,821,363)</u>	<u>-</u>
Net property, plant and equipment	<u>27,684,599</u>	<u>10,236,042</u>	<u>5,668,257</u>	<u>2,334,606</u>	<u>18,516</u>	<u>45,942,020</u>	<u>-</u>
<i>Total assets</i>	<u>32,073,143</u>	<u>10,299,553</u>	<u>6,200,185</u>	<u>4,800,871</u>	<u>75,194</u>	<u>53,448,946</u>	<u>-</u>
Deferred outflows							
Related to pension and other postemployment benefits	<u>59,984</u>	<u>24,374</u>	<u>24,375</u>	<u>50,123</u>	<u>-</u>	<u>158,856</u>	<u>-</u>
Total assets and deferred outflows	<u>\$ 32,133,127</u>	<u>10,323,927</u>	<u>6,224,560</u>	<u>4,850,994</u>	<u>75,194</u>	<u>53,607,802</u>	<u>-</u>

THE CITY OF CORDOVA
Cordova, Alaska

Exhibit C-1, continued

Proprietary Funds

Statement of Fund Net Position, continued

December 31, 2023

	Major Enterprise Funds				Nonmajor Enterprise Fund	Total	Health Insurance Internal
	Port	Water	Sewer	Refuse	Odiak Park	Enterprise Funds	Service Fund
Liabilities, deferred inflows of resources and net position							
Current liabilities							
Accounts payable	\$ 1,527,719	13,566	15,716	14,160	58	1,571,219	-
Customer deposits	-	34,049	-	-	2,321	36,370	-
Accrued interest	-	17,631	3,850	5,154	-	26,635	-
Health claims payable	-	-	-	-	-	-	-
Accrued payroll and related liabilities	8,224	4,273	4,273	7,261	-	24,031	-
Accrued vacation and sick leave	64,585	24,211	24,211	35,521	-	148,528	-
Current portion of loan payable to ADEC	-	-	55,000	31,000	-	86,000	-
Unearned revenue	546,332	-	-	-	-	546,332	-
<i>Total current liabilities</i>	<u>2,146,860</u>	<u>93,730</u>	<u>103,050</u>	<u>93,096</u>	<u>2,379</u>	<u>2,439,115</u>	<u>-</u>
Noncurrent liabilities							
General obligation bonds	6,975,000	-	-	-	-	6,975,000	-
Loan payable to ADEC, net of current portion	-	2,015,035	715,000	558,000	-	3,288,035	-
Interfund advances	-	-	-	125,481	-	125,481	-
Landfill closure costs	-	-	-	1,107,306	-	1,107,306	-
Net pension liability	547,957	222,654	222,666	457,874	-	1,451,151	-
<i>Total noncurrent liabilities</i>	<u>7,522,957</u>	<u>2,237,689</u>	<u>937,666</u>	<u>2,248,661</u>	<u>-</u>	<u>12,946,973</u>	<u>-</u>
Total liabilities	<u>9,669,817</u>	<u>2,331,419</u>	<u>1,040,716</u>	<u>2,341,757</u>	<u>2,379</u>	<u>15,386,088</u>	<u>-</u>
Deferred inflows of resources							
Related to other postemployment benefits	15,114	6,142	6,142	12,630	-	40,028	-
<i>Total deferred inflows of resources</i>	<u>15,114</u>	<u>6,142</u>	<u>6,142</u>	<u>12,630</u>	<u>-</u>	<u>40,028</u>	<u>-</u>
Net position							
Net investment in capital assets	27,684,599	10,236,042	5,668,257	2,334,606	18,516	45,942,020	-
Restricted	-	-	-	1,092,448	-	1,092,448	-
Unrestricted	(5,236,403)	(2,249,676)	(490,555)	(930,447)	54,299	(8,852,782)	-
<i>Total net position</i>	<u>22,448,196</u>	<u>7,986,366</u>	<u>5,177,702</u>	<u>2,496,607</u>	<u>72,815</u>	<u>38,181,686</u>	<u>-</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 32,133,127</u>	<u>10,323,927</u>	<u>6,224,560</u>	<u>4,850,994</u>	<u>75,194</u>	<u>53,607,802</u>	<u>-</u>

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, 2023

	Major Enterprise Funds				Nonmajor Enterprise Fund	Total Enterprise Funds	Health Insurance Internal Service Fund
	Port	Water	Sewer	Refuse	Odiak Park		
Operating revenues							
Charges for services	\$ 20,342,836	941,646	988,775	1,207,531	32,515	23,513,303	125,029
Federal grants	1,366,441	-	-	-	-	1,366,441	-
State grants	5,915,275	-	-	-	-	5,915,275	-
Other revenue	-	-	-	500,000	-	500,000	-
Total revenue	<u>27,624,552</u>	<u>941,646</u>	<u>988,775</u>	<u>1,707,531</u>	<u>32,515</u>	<u>31,295,019</u>	<u>125,029</u>
Operating expenses:							
Salaries and benefits	618,493	316,658	316,660	514,657	(4,892)	1,761,576	-
Other operating expenses	19,248,047	441,294	509,634	418,915	28,006	20,645,896	-
Depreciation	743,165	603,756	445,895	228,514	2,038	2,023,368	-
Total operating expenses	<u>20,609,705</u>	<u>1,361,708</u>	<u>1,272,189</u>	<u>1,162,086</u>	<u>25,152</u>	<u>24,430,840</u>	<u>-</u>
Excess of revenues under expenditures	<u>7,014,847</u>	<u>(420,062)</u>	<u>(283,414)</u>	<u>545,445</u>	<u>7,363</u>	<u>6,864,179</u>	<u>125,029</u>
Nonoperating revenues (expenses):							
Bad debt	(19,600)	(22,715)	(10,364)	(7,437)	-	(60,116)	-
Investment income	-	-	-	1,007	-	1,007	-
Sale of equipment	-	-	-	43,000	-	43,000	-
Interest expense	(223,563)	(30,701)	(12,100)	(11,717)	-	(278,081)	-
In-kind contributions	-	(6,877)	(11,907)	(14,881)	-	(33,665)	-
State of Alaska PERS relief	6,137	2,494	2,494	5,129	-	16,254	-
Total nonoperating expenses	<u>(237,026)</u>	<u>(57,799)</u>	<u>(31,877)</u>	<u>15,101</u>	<u>-</u>	<u>(311,601)</u>	<u>-</u>
Gain (loss) before transfers	<u>6,777,821</u>	<u>(477,861)</u>	<u>(315,291)</u>	<u>560,546</u>	<u>7,363</u>	<u>6,552,578</u>	<u>125,029</u>
Transfers (out) in	<u>3,878,575</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,878,575</u>	<u>(125,029)</u>
Change in net position	<u>10,656,396</u>	<u>(477,861)</u>	<u>(315,291)</u>	<u>560,546</u>	<u>7,363</u>	<u>10,431,153</u>	<u>-</u>
Net position, beginning of year	<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>
Net position, end of year	<u>\$ 22,448,196</u>	<u>7,986,366</u>	<u>5,177,702</u>	<u>2,496,607</u>	<u>72,815</u>	<u>38,181,686</u>	<u>-</u>

Exhibit C-3

THE CITY OF CORDOVA
Cordova, Alaska

Proprietary Funds

Statement of Cash Flows

Year Ended December 31, 2023

	Major Enterprise Funds				Nonmajor Enterprise Fund	Total	Health Insurance Internal
	Port	Water	Sewer	Refuse	Odiak Park	Enterprise Funds	Service Fund
Cash flows from operating activities:							
Receipts from customers and users	\$ 27,699,418	915,328	983,145	1,679,403	32,515	31,309,809	125,029
Payments for interfund services used	(194,939)	(122,414)	(128,541)	(156,979)	(4,227)	(607,100)	-
Payments to suppliers	(18,237,366)	(348,245)	(394,145)	(275,514)	(26,402)	(19,281,672)	(336,038)
Payments to employees	(615,070)	(335,206)	(334,761)	(528,889)	-	(1,813,926)	-
<i>Net cash flows from operating activities</i>	<u>8,652,043</u>	<u>109,463</u>	<u>125,698</u>	<u>718,021</u>	<u>1,886</u>	<u>9,607,111</u>	<u>(211,009)</u>
Cash flows for noncapital financing activities:							
Transfers (out) in	3,878,575	-	-	-	-	3,878,575	(125,029)
Cash flows from capital and related financing activities:							
Additions to property, plant and equipment	(18,303,354)	(10,189)	-	-	-	(18,313,543)	-
Proceeds from issuance of debt	1,975,000	(276,513)	-	1,120,000	-	2,818,487	-
Principal and interest paid on bond	(223,563)	-	-	-	-	(223,563)	-
Principal and interest paid on interfund advances	-	-	-	(538,313)	-	(538,313)	-
Principal and interest paid on ADEC loans	-	-	(67,100)	-	-	(67,100)	-
<i>Net cash flows from capital and related financing activities</i>	<u>(16,551,917)</u>	<u>(286,702)</u>	<u>(67,100)</u>	<u>581,687</u>	<u>-</u>	<u>(16,324,032)</u>	<u>-</u>
Cash flows from investing activities							
Investment income received	-	-	-	1,007	-	1,007	-
Net increase in cash	<u>(4,021,299)</u>	<u>(177,239)</u>	<u>58,598</u>	<u>1,300,715</u>	<u>1,886</u>	<u>(2,837,339)</u>	<u>(336,038)</u>
Cash and equivalents, beginning of year	<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>
Cash and equivalents, end of year	<u>\$ 3,330,322</u>	<u>(119,766)</u>	<u>322,780</u>	<u>2,120,724</u>	<u>56,583</u>	<u>5,710,643</u>	<u>-</u>

THE CITY OF CORDOVA
Cordova, Alaska

Exhibit C-3

Proprietary Funds

Statement of Cash Flows, continued

Year Ended December 31, 2023

	Major Enterprise Funds				Nonmajor Enterprise Fund	Total Enterprise Funds	Health Insurance Internal Service Fund
	Port	Water	Sewer	Refuse	Odiak Park		
Reconciliation of Gain (loss) from Operations to Net Cash Flows from Operating Activities							
Gain (loss) from operations	\$ 7,014,847	(420,062)	(283,414)	545,445	7,363	6,864,179	125,029
Adjustments to reconcile gain (loss) from operations to net cash flows from operating activities:							
Depreciation	743,165	603,756	445,895	228,514	2,038	2,023,368	-
Bad debt expense	(19,600)	(22,715)	(10,364)	(7,437)	-	(60,116)	-
Noncash expense - PERS relief	6,137	2,494	2,494	5,129	-	16,254	-
In-kind contributions	-	(6,877)	(11,907)	(14,881)	-	(33,665)	-
Increase in allowance for doubtful accounts	144,532	27,555	19,695	14,687	-	206,469	-
(Increase) decrease in assets and deferred outflows of resources:							
Accounts receivable	(89,702)	(31,158)	(14,961)	(35,378)	-	(171,199)	-
Prepaid insurance	(32,016)	(3,663)	(3,663)	(3,011)	(95)	(42,448)	-
Net other postemployment benefits assets	(62,752)	(10,002)	(10,001)	(34,018)	3,868	(112,905)	-
Deferred outflows of resources related to pensions	(2,726)	-	-	-	-	(2,726)	-
Deferred outflows of resources related to other postemployment benefits	-	3,424	3,426	3,108	1,131	11,089	-
Increase (decrease) in liabilities and deferred inflows of resources:							
Accounts payable	847,758	(18,825)	2,793	(26,732)	(3,944)	801,050	-
Unearned revenue	39,636	-	-	-	-	39,636	-
Health claims payable	-	-	-	-	-	-	(336,038)
Customer deposits	-	(450)	-	-	1,416	966	-
Accrued interest	-	-	(275)	5,154	-	4,879	-
Accrued payroll and related liabilities	501	367	367	458	-	1,693	-
Accrued vacation and sick leave	(209)	(143)	(143)	830	-	335	-
Landfill closure costs payable	-	-	-	31,046	-	31,046	-
Net pension liability	65,545	(11,551)	(11,556)	9,385	(9,532)	42,291	-
Deferred inflows of resources related to pensions and other postemployment benefits	(3,073)	(2,687)	(2,688)	(4,278)	(359)	(13,085)	-
Net cash flows from operating activities	\$ 8,652,043	109,463	125,698	718,021	1,886	9,607,111	(211,009)

THE CITY OF CORDOVA

Cordova, Alaska

Notes to Financial Statements

Year Ended December 31, 2023

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, 2023 year end financial statements of the School District have been included with the City of Cordova.

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

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

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

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

THE CITY OF CORDOVA
Cordova, Alaska

Notes to Financial Statements, continued

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the City and its component units. In general, the effect of interfund activity has been removed from these statements to minimize the double counting of internal activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely primarily on fees and charges to external parties.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) fees, fines and charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Basis of Presentation

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when 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

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

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

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

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:

Buildings and improvements	50-60 years
Infrastructure	50 years
Improvements	20-50 years
Machinery and equipment	3-20 years

Unearned Grant Revenue

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

Long-term Debt

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

Fund Balances

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources:

Nonspendable fund balance. This classification includes amounts that cannot be spent because they are either (a) not in spendable form - prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

Restricted fund balance. This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance. These amounts can only be used for specific purposes pursuant to constraints imposed by formal ordinances of the City Council - the government's highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the City Council removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned fund balance. This classification reflects the amounts constrained by the City's "intent" to be used for specific purposes, but are neither restricted nor committed. The City Council or their designee has the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

THE CITY OF CORDOVA
Cordova, Alaska

Notes to Financial Statements, continued

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Fund Balances, continued

Unassigned fund balance. This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds. When both restricted and unrestricted resources are available for use, it is the City's policy to use externally restricted resources first, then unrestricted resources - committed, assigned, and unassigned - in order as needed.

Pension and Other Postemployment Benefits (OPEB)

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

Deferred Outflows of Resources and Deferred Inflows of Resources

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

Estimates

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

NOTE 2 - CASH AND 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

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, 2023.

	<u>Bank Balance</u>	<u>Book Balance</u>
Cash and equivalents	\$ 7,871,793	8,264,657
Investments, at fair market value	<u>9,209,048</u>	<u>9,209,048</u>
	<u>\$ 17,080,841</u>	<u>17,473,705</u>
		<u>Book Balance</u>
Cash and equivalents		\$ 7,172,209
Restricted cash and equivalents		<u>1,092,448</u>
Total cash and equivalents		<u>\$ 8,264,657</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, 2023 totaling \$487,724, with the remaining restricted funds in the amount of \$604,725 being held in the central treasury. Total restricted cash is \$1,092,448 at December 31, 2023.

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:

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

Interest Rate Risk

Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. The City minimizes its exposure to interest rate risk by limiting the investment horizon to either seven or ten years depending on the investment objective.

THE CITY OF CORDOVA

Cordova, Alaska

Notes to Financial Statements, continued

NOTE 2 - CASH AND INVESTMENTS, continued

The City's investment balances as of December 31, 2023 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	\$ 487,724	<u>487,724</u>	<u>-</u>	<u>-</u>
Investments not subject to interest rate risk:				
Cash and money market funds	\$ 91,586			
Equities	3,187,465			
Fixed income	5,929,997			
Total investments	<u>\$ 9,209,048</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, 2023, none of the City's investments were subject to custodial credit risk.

Fair Value - Investments

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

THE CITY OF CORDOVA

Cordova, Alaska

Notes to Financial Statements, continued

NOTE 2 - CASH AND INVESTMENTS, continued

Level 1 inputs are quoted prices in active markets for identical assets; Level 2 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, 2023:

The City has the following recurring fair value measurements as of December 31, 2023:

- Mutual funds of \$9,209,048 (Level 2 inputs)

The City has investments in money market funds and certificates of deposits totaling \$487,724 that are not held at fair value, but instead recorded at amortized cost, as of December 31, 2023. 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 was fully received by December 31, 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 \$7,864 and \$1,520, 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, 2023 was as follows:

	December 31, 2022	Additions	Retirements	December 31, 2023
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,410,419	-	-	1,410,419
Artwork	136,924	-	-	136,924
Construction in process	<u>337,487</u>	<u>86,690</u>	-	<u>424,177</u>
<i>Total capital assets not being depreciated</i>	<u>1,884,830</u>	<u>86,690</u>	-	<u>1,971,520</u>
Other capital assets:				
Buildings and improvements	62,266,050	-	-	62,266,050
Infrastructure	4,044,257	-	-	4,044,257
Machinery and equipment	<u>9,635,349</u>	<u>270,816</u>	-	<u>9,906,165</u>
	75,945,656	270,816	-	76,216,472
Less accumulated depreciation	<u>(29,409,772)</u>	<u>(1,832,920)</u>	-	<u>(31,242,692)</u>
<i>Total capital assets - governmental funds</i>	<u>\$ 48,420,714</u>	<u>(1,475,414)</u>	-	<u>46,945,300</u>
	December 31, 2022	Additions	Retirements	December 31, 2023
Proprietary fund activities:				
Capital assets not being depreciated:				
Land	\$ 5,566,333	-	-	5,566,333
Construction in process	<u>1,360,746</u>	<u>18,303,354</u>	-	<u>19,664,100</u>
<i>Total capital assets not being depreciated</i>	<u>6,927,079</u>	<u>18,303,354</u>	-	<u>25,230,433</u>
Other capital assets:				
Buildings	8,036,007	-	-	8,036,007
Improvements other than buildings	53,110,542	-	-	53,110,542
Machinery and equipment	8,032,791	10,188	(119,335)	7,923,644
Landfill	<u>462,756</u>	-	-	<u>462,756</u>
	69,642,096	10,188	(119,335)	69,532,949
Less accumulated depreciation	<u>(46,917,329)</u>	<u>(2,023,368)</u>	<u>119,335</u>	<u>(48,821,362)</u>
<i>Total capital assets - proprietary fund</i>	<u>\$ 29,651,846</u>	<u>16,290,174</u>	-	<u>45,942,020</u>

THE CITY OF CORDOVA

Cordova, Alaska

Notes to Financial Statements, continued

NOTE 4 – CAPITAL ASSETS, continued

Depreciation expense was charged to the functions as follows for the year ended December 31, 2023:

Governmental activities:

General government	\$	599,912
Public safety		244,441
Information and recreation		109,432
Public works		286,022
Education		<u>593,113</u>
Total depreciation expense - Governmental activities	\$	<u>1,832,920</u>

Proprietary fund activities:

Port	\$	743,165
Water		603,756
Sewer		445,895
Refuse		228,514
Odiak Park		<u>2,038</u>
Total depreciation expense - Proprietary fund activities	\$	<u>2,023,368</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, 2023:

Governmental activities	Balance January 1, 2023	Additions	Reductions	Balance December 31, 2023	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	\$ 1,285,000	-	80,000	1,205,000	85,000
\$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	6,930,000	-	1,025,000	5,905,000	1,075,000
\$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>2,085,000</u>	<u>-</u>	<u>120,000</u>	<u>1,965,000</u>	<u>125,000</u>
Total Governmental activities	<u>\$ 10,300,000</u>	<u>-</u>	<u>1,225,000</u>	<u>9,075,000</u>	<u>1,285,000</u>

THE CITY OF CORDOVA
Cordova, Alaska

Notes to Financial Statements, continued

NOTE 5 – LONG-TERM DEBT, continued

Proprietary fund activities	Balance January 1, 2023	Additions	Reductions	Balance December 31, 2023	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	-	91,081	2,015,035	92,447
\$1,100,000 (maximum) Clean Water loan, due in annual installments of \$55,000 through September 1, 2037; plus interest at 1.5%	825,000	-	55,000	770,000	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	115,000
\$1,120,000 Clean Water loan due in annual installments ranging from \$31,000 to \$40,000 through June 1, 2042; interest at 1.5%	-	1,120,000	531,000	589,000	31,000
\$1,975,000 Clean Water Loan maturing in 2053 with interest at 1.785%	-	1,975,000	-	1,975,000	-
Landfill closure costs payable	<u>1,076,260</u>	<u>31,046</u>	<u>-</u>	<u>1,107,306</u>	<u>-</u>
Total proprietary fund activities	<u>\$ 9,007,376</u>	<u>3,126,046</u>	<u>677,081</u>	<u>11,456,341</u>	<u>293,447</u>

Revenues of the Water Enterprise Fund and the Sewer Enterprise Fund are pledged as security for the loans from the Alaska Department of Environmental Conservation. On March 5, 2019, the City of Cordova authorized revenue bonds in the principal amount not to exceed \$5,000,000 to finance the planning, design, construction and acquisition of harbor and related capital improvements in the city. This bond was acquired for \$5,000,000 during the year ending December 31, 2023.

THE CITY OF CORDOVA

Cordova, Alaska

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

During June 2021, the City signed a contract for a loan of \$1,120,000 for landfill equipment. This loan was received during the year ending December 31, 2023.

During August 2023, the City was approved for a loan of \$1,975,000 to replace pilings within the south harbor. This loan was received during the year ending December 31, 2023.

The annual debt service requirements of the general obligation bonds and loans outstanding at December 31, 2023 that are in repayment status follow:

Governmental activities

General Obligation Bonds	Principal	Interest	Total Requirements
Year Ended December 31,			
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	1,550,000	157,575	1,707,575
2029-2033	1,475,000	270,875	1,745,875
2034-2038	<u>535,000</u>	<u>20,525</u>	<u>555,525</u>
	<u>\$ 9,075,000</u>	<u>1,785,900</u>	<u>10,860,900</u>

Proprietary fund activities

ADEC Loans	Principal	Interest	Total Requirements
Year Ended December 31,			
2024	\$ 86,000	20,385	106,385
2025	86,000	19,095	105,095
2026	86,000	17,805	103,805
2027	86,000	16,515	102,515
2028	86,000	15,225	101,225
2029-2033	430,000	56,775	486,775
2034-2038	375,000	24,525	399,525
2039-2043	124,000	4,650	128,650
2044-2048	-	-	-
2049-2053	<u>1,975,000</u>	<u>1,057,613</u>	<u>3,032,613</u>
	<u>\$ 3,334,000</u>	<u>1,232,588</u>	<u>4,566,588</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,			
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	145,000	198,312	343,312
2029-2033	830,000	876,060	1,706,060
2034-2038	1,025,000	678,010	1,703,010
2039-2043	1,260,000	446,850	1,706,850
2044-2048	<u>1,235,000</u>	<u>141,978</u>	<u>1,376,978</u>
	<u>\$ 5,000,000</u>	<u>3,199,208</u>	<u>8,199,208</u>

The above schedules do not include the payment terms for the Drinking Water loan with a balance of \$2,015,035 at December 31, 2023. 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 \$1,107,306 reported as landfill closure costs payable at December 31, 2023 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 2023. 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:

	<u>Major funds</u>			Total
	General	General Reserve Special Revenue	Nonmajor Funds	Governmental Funds
Nonspendable:				
Prepaid insurance	\$ 279,596	-	-	279,596
Restricted - Enhanced 911 services	-	-	63,830	63,830
Assigned:				
Capital projects and land	-	10,583,954	-	10,583,954
Public safety	-	-	489,550	489,550
Unassigned:	<u>(150,668)</u>	<u>-</u>	<u>22,981</u>	<u>(127,687)</u>
Total Fund Balances	<u>\$ 128,928</u>	<u>10,583,954</u>	<u>576,361</u>	<u>11,289,243</u>

NOTE 8 – PENSION AND POSTEMPLOYMENT HEALTHCARE PLANS

As of June 30, 2023, all regular employees of the City who work more than fifteen hours per week participate in the Alaska Public Employees' Retirement System ("PERS"). PERS administers the State of Alaska Public Employees' Retirement System Defined Benefit Retirement Plan, an agent multiple-employer, statewide plan, until July 1, 2008. Senate Bill 125 then converted the plan to a multiple-employer cost-sharing plan. The plan includes both pension and post-employment healthcare plans for all employees hired prior to July 1, 2006.

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

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

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

THE CITY OF CORDOVA
Cordova, Alaska

Notes to Financial Statements, continued

NOTE 8 – PENSION AND 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, 2023 and 2022, 22.00% and 15.54% of covered salary respectively is for the pension plan and 0.00% and 6.46% 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 2023 and 2022 of 24.79% and 30.11% 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, 2023, the City reported a liability for its proportionate share of the net pension liability. The amount recognized by the City as it's proportionate share, the related state support, and the total portion of the net pension liability that was associated with the City were as follows:

	2023
City's proportionate share of the net pension liability	\$ 5,995,152
State's proportionate share of the net pension liability associated with the City	1,996,919
Total	\$ 7,992,071

The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the new pension liability was determined by an actuarial valuation as of June 30, 2022 and rolled forward to June 30, 2023.

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, 2023, the City recognized pension expense of \$36,363, and revenue of \$125,927 for support provided by the State.

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

At December 31, 2023, 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	\$ 156,483	-
Employer contributions subsequent to the measurement date	322,080	-
Total	\$ 478,563	-

\$322,080 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,		
2024	\$	262,731
2025		(131,258)
2026		355,097
2027		(8,007)
	\$	478,563

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

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, 2023, 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:

	2023
City's proportionate share of the net OPEB liability	\$ (2,828,539)
State's proportionate share of the net OPEB liability associated with the City	(895,650)
Total	\$ (3,724,189)

The net OPEB liability was measured as of June 30, 2023, and the total pension liability used to calculate the new OPEB liability was determined by an actuarial valuation as of June 30, 2022 and rolled forward to June 30, 2023.

Pension Expense:

For the year ended December 31, 2023, the City recognized pension expense of \$948,134 and no support was provided by the State for fiscal years ended December 31, 2023.

The City's contributions to the defined benefit post-employment healthcare plan for the year ended December 31, 2023, totaled \$47,764.

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, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB plans from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Difference between expected and actual experience	\$ 8,026	28,334
Changes in assumptions	8,869	116,301
Net difference between projected and actual earnings on pension plan investments	129,849	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	6,517	20,732
Employer contributions subsequent to the measurement date	<u>24,459</u>	<u>-</u>
Total	<u>\$ 177,720</u>	<u>165,367</u>

\$39,858 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:

<u>Years Ending December 31,</u>		
2024	\$	(97,216)
2025		(127,458)
2026		286,888
2027		(24,219)
2028		(12,523)
Thereafter		<u>(11,032)</u>
	<u>\$</u>	<u>14,440</u>

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, 2023, was determined by an actuarial valuation as of June 30, 2022, rolled forward to June 30, 2023. The valuation was prepared assuming an inflation rate of 2.5%. Salary increases were determined by grading by age and service to range from 2.85% 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 6.7% grading down to 4.5% for Pre-65 medical, 5.5% grading down to 4.5% for Post-65 medical, and 7.2% 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, 2022 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 weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the plan's target asset allocation as of June 30, 2023 are summarized in the following table (note that the rates shown below exclude the inflation component):

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return 2023</u>
Domestic equity	27.00%	6.51%
Fixed income	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 7.25%. 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, 2023 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, 2023

Plan	Proportional Share	Current Discount Rate		
		1% Decrease (6.25%)	(7.25%)	1% Increase (8.25%)
Pension	0.11562%	8,048,474	5,995,152	4,260,700
ARHCT	0.11537%	(1,764,560)	(2,654,696)	(3,402,461)
ODD	0.17809%	(85,847)	(91,366)	(95,662)
RMP	0.17370%	(2,866)	(82,477)	(143,293)

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, 2023 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	Current Healthcare Cost Trend		
		1% Decrease	(2,654,696)	1% Increase
ARHCT	0.11537%	(3,487,994)	(2,654,696)	(1,662,467)
RMP	0.17370%	(151,455)	(82,477)	10,175

THE CITY OF CORDOVA

Cordova, Alaska

Notes to Financial Statements, continued

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 employees 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 2023 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, 2023, by the employees totaled \$141,126, respectively. The City's contributions totaled \$88,204.

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, 2023, the state of Alaska calculated the total Forfeiture balance for the City to be \$11,474, this balance offsets future DCR payments made by the City. During the year ended December 31, 2023, the City exhausted \$17,045 in forfeiture funds.

Under State law, covered employees are not required to contribute to the post employment healthcare plan. For fiscal year 2023, the City is required to contribute 1.10%, of the annual covered salary plus an annual flat dollar amount of \$2,237 for each covered employee. The City contributed \$35,212 for retiree medical and \$55,288 for a health reimbursement arrangement for the year ended December 31, 2023.

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, 2023, the City paid additional contributions of \$220,147. These contributions equal \$220,147 for the defined benefit pension and \$0 for the defined benefit post-employment *healthcare plans*.

THE CITY OF CORDOVA
Cordova, Alaska

Notes to Financial Statements, continued

NOTE 9 - DEFERRED COMPENSATION PLAN

The City offers its employees deferred compensation plans created in accordance with Internal Revenue Code Section 457. The plans are available to all employees and permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The provisions of the plans require that all assets and income of the plans be held in trust for the exclusive benefit of participants and their beneficiaries.

NOTE 10 - 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 are 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.

	Balance at Beginning of year	Claims Expense	Claims Paid	Balance at End of Year
December 31, 2023	<u>\$ 336,038</u>	<u>-</u>	<u>(336,038)</u>	<u>-</u>
	Balance at Beginning of year	Claims Expense	Claims Paid	Balance at End of Year
December 31, 2022	<u>\$ 268,520</u>	<u>1,523,325</u>	<u>(1,455,807)</u>	<u>336,038</u>

THE CITY OF CORDOVA
Cordova, Alaska

Notes to Financial Statements, continued

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, 2023. The amount of settlements for the past three years did not materially exceed the City's insurance coverage.

During the year ending December 31, 2022, the City decided to cease the self-insurance and go with a traditional insurance policy. The City recorded estimated amounts that will need to be paid until the complete closure of the self-insurance. This amount was fully paid off as of December 31, 2023.

NOTE 12 – INTERFUND RECEIVABLE, PAYABLE, AND TRANSFERS

A schedule of interfund transfers for the year ended December 31, 2023 follows:

Transfers to Other funds

To Port Capital Project Fund from the General Fund for South Harbor rebuild	<u>3,896,575</u>
To Permenant Fund from the Port Operating Fund for chair lift repair	<u>18,000</u>
To General Fund from the Health Insurance Internal Service Fund for operating subsidies	<u>125,029</u>
Total Transfers to Other Funds	<u>\$ 4,039,604</u>

THE CITY OF CORDOVA
Cordova, Alaska

Notes to Financial Statements, continued

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, 2023 was \$6,351,459, 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 14 – SUBSEQUENT EVENTS

In preparing these financial statements, the City has evaluated events and transactions for potential recognition or disclosure through September 27, 2024, 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, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
Revenues				
Taxes	\$ 7,911,700	7,911,700	7,760,490	(151,210)
Licenses and permits	21,750	21,750	10,830	(10,920)
Federal government	675,000	675,000	718,257	43,257
State of Alaska	2,995,342	2,995,342	3,583,465	588,123
Investment income	70,000	70,000	232,472	162,472
Charges for services	752,348	752,348	684,036	(68,312)
Sale of property	3,000	3,000	28,752	25,752
Other revenue	864,403	864,403	748,300	(116,103)
Total revenues	<u>13,293,543</u>	<u>13,293,543</u>	<u>13,766,602</u>	<u>473,059</u>
Expenditures				
General government:				
City council	7,300	7,300	5,010	2,290
City clerk	340,406	340,406	318,476	21,930
Management	679,188	679,188	718,761	(39,573)
Finance	512,095	512,095	532,641	(20,546)
Planning and zoning	154,537	154,537	155,872	(1,335)
Nondepartmental services	877,613	877,613	1,155,686	(278,073)
Total general government	<u>2,571,139</u>	<u>2,571,139</u>	<u>2,886,446</u>	<u>(315,307)</u>
Public safety:				
Police department	1,217,108	1,217,108	1,255,830	(38,722)
Jail operations	301,650	301,650	353,442	(51,792)
Fire department	546,496	546,496	509,520	36,976
Department of motor vehicles	62,791	62,791	61,489	1,302
Total public safety	<u>2,128,045</u>	<u>2,128,045</u>	<u>2,180,281</u>	<u>(52,236)</u>
Information and recreation:				
Library	479,129	479,129	376,815	102,314
Ski hill	122,100	122,100	131,775	(9,675)
Bidarki center	237,326	237,326	143,191	94,135
Pool	477,982	477,982	476,284	1,698
Total information and recreation	<u>\$ 1,316,537</u>	<u>1,316,537</u>	<u>1,128,065</u>	<u>188,472</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	\$ 217,264	217,264	210,807	6,457
Facility utilities	203,100	203,100	176,870	26,230
Facility maintenance	383,283	383,283	367,483	15,800
Street maintenance	758,910	758,910	575,603	183,307
Snow removal	74,916	74,916	104,136	(29,220)
Equipment maintenance	337,320	337,320	446,656	(109,336)
Parks maintenance	420,982	420,982	215,382	205,600
Park and recreation administration	262,555	262,555	334,325	(71,770)
Cemetery maintenance	15,935	15,935	9,467	6,468
Museum	340,796	340,796	314,544	26,252
Cordova center	147,396	147,396	54,041	93,355
Total public works	<u>3,162,457</u>	<u>3,162,457</u>	<u>2,809,314</u>	<u>353,143</u>
Debt service:				
Principal	1,165,000	1,165,000	1,225,000	(60,000)
Interest	550,100	550,100	493,525	56,575
Total general government	<u>1,715,100</u>	<u>1,715,100</u>	<u>1,718,525</u>	<u>(3,425)</u>
Contributions:				
In-kind service allocation	(167,270)	(167,270)	(153,331)	(13,939)
Cordova City School District	2,139,000	2,139,000	2,127,417	11,583
Cordova Community Medical Center	300,000	300,000	300,000	-
Family Resource Center	20,000	20,000	20,000	-
Cordova Community College	10,000	10,000	-	10,000
Cordova Chamber of Commerce	138,270	138,270	135,914	2,356
Total contributions	<u>2,440,000</u>	<u>2,440,000</u>	<u>2,430,000</u>	<u>10,000</u>
Total expenditures	<u>13,333,278</u>	<u>13,333,278</u>	<u>13,152,631</u>	<u>180,647</u>
Excess of revenues over (under) expenditures	<u>(39,735)</u>	<u>(39,735)</u>	<u>613,971</u>	<u>653,706</u>
Other financing sources (uses)				
Transfers in	248,423	248,423	125,029	(123,394)
Transfers out	<u>(251,508)</u>	<u>(251,508)</u>	<u>(3,896,575)</u>	<u>(3,645,067)</u>
Net other financing sources (uses)	<u>(3,085)</u>	<u>(3,085)</u>	<u>(3,771,546)</u>	<u>(3,768,461)</u>
Net change in fund balance	<u>(42,820)</u>	<u>(42,820)</u>	<u>(3,157,575)</u>	<u>(3,114,755)</u>
Fund balance, beginning of year			<u>3,286,503</u>	
Fund balance, end of year			<u>\$ 128,928</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, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
Revenues				
Investment income	\$ -	-	923,617	923,617
Land sales	-	-	144,881	144,881
Special assessments	-	-	7,181	7,181
Total revenues	<u>-</u>	<u>-</u>	<u>1,075,679</u>	<u>1,075,679</u>
Other financing sources				
Transfers in	<u>-</u>	<u>-</u>	<u>18,000</u>	<u>18,000</u>
Net change in fund balance	<u>-</u>	<u>-</u>	1,093,679	<u>1,093,679</u>
Fund balance, beginning of year			<u>9,490,275</u>	
Fund balance, end of year			<u>\$ 10,583,954</u>	

THE CITY OF CORDOVA
Cordova, Alaska

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

December 31, 2023

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
City's proportion of the net pension liability	0.11562%	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	\$ 5,995,152	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	<u>1,996,919</u>	<u>1,590,206</u>	<u>652,044</u>	<u>2,466,863</u>	<u>2,452,089</u>	<u>1,862,446</u>	<u>2,299,134</u>	<u>935,836</u>	<u>1,436,622</u>	*
Total net pension liability	<u>7,992,071</u>	<u>7,336,015</u>	<u>5,467,210</u>	<u>8,427,958</u>	<u>8,630,049</u>	<u>8,288,252</u>	<u>8,469,990</u>	<u>8,357,282</u>	<u>6,796,399</u>	*
City's covered-employee payroll	4,143,185	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	145%	161%	136%	171%	184%	184%	182%	218%	169%	*
Plan fiduciary net position as a percentage of the total pension liability	68.23%	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, 2023

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 639,532	529,062	456,605	428,085	402,416	416,908	400,397	370,083	307,165	*
Contributions in relation to the contractually required contribution	639,532	529,062	456,605	428,085	402,416	416,908	400,397	370,083	307,165	*
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	*
City's covered-employee payroll	\$ 4,460,497	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%	14%	13%	12%	12%	12%	12%	11%	9%	*

* Information for these years is not available.

THE CITY OF CORDOVA
Cordova, Alaska

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

December 31, 2023

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Alaska Retiree Healthcare Trust										
City's proportion of the net OPEB liability	0.11537%	0.11201%	0.13167%	0.10091%	0.11279%	0.12928%	*	*	*	*
City's proportionate share of the net OPEB liability	\$ (2,654,696)	(2,203,783)	(3,377,858)	(456,970)	167,356	1,326,818	*	*	*	*
State of Alaska proportionate share of the net OPEB liability	(895,650)	(630,655)	(442,422)	(189,600)	66,554	384,626	*	*	*	*
Total net OPEB liability	(3,550,346)	(2,834,438)	(3,820,280)	(646,570)	233,910	1,711,444	*	*	*	*
City's covered-employee payroll	\$ 4,143,185	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	-64%	-62%	-95%	-35%	13%	100%	*	*	*	*
Plan fiduciary net position as a percentage of the total OPEB liability	133.96%	128.51%	135.54%	106.15%	98.13%	88.12%	*	*	*	*
Occupational Death and Disability Plan										
City's proportion of the net OPEB liability	0.17809%	0.16410%	0.17589%	0.15215%	0.16321%	0.19144%	*	*	*	*
City's proportionate share of the net OPEB Asset	\$ (91,366)	(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	N/A	*	*	*	*
Total net OPEB liability	(91,366)	(71,937)	(77,519)	(41,477)	(39,569)	(37,182)	*	*	*	*
City's covered-employee payroll	\$ 4,143,185	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%	-2%	*	*	*	*
Plan fiduciary net position as a percentage of the total OPEB Asset	349.24%	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 Proportionate Share of the Net OPEB Liability and Related Ratios

December 31, 2023

	2023	2022	2021	2020	2019	2018	2015	2016	2015	2014
Retiree Medical Plan										
City's proportion of the net OPEB liability	0.17370%	0.16150%	0.17060%	0.19144%	0.16522%	0.19144%	*	*	*	*
City's proportionate share of the net OPEB liability	\$ (82,477)	(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	N/A	*	*	*	*
Total net OPEB liability	<u>(82,477)</u>	<u>(56,088)</u>	<u>(45,791)</u>	<u>11,373</u>	<u>39,526</u>	<u>24,361</u>	*	*	*	*
City's covered-employee payroll	4,143,185	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%	-1%	1%	2%	1%	*	*	*	*
Plan fiduciary net position as a percentage of the total OPEB liability	124.29%	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, 2023

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Alaska Retiree Healthcare Trust										
Contractually required contribution	\$ 4,501	31,020	66,159	120,579	145,507	133,854	*	*	*	*
Contributions in relation to the contractually required contribution	4,501	31,020	66,159	120,579	145,507	133,854	*	*	*	*
Contribution deficiency (excess)	-	-	-	-	-	-	*	*	*	*
City's covered-employee payroll	4,460,497	3,852,703	3,385,689	1,212,605	1,311,695	1,320,326	*	*	*	*
Contributions as a percentage of covered-employee payroll	0.10%	0.81%	1.95%	9.94%	11.09%	10.14%	*	*	*	*
Occupational Death and Disability Plan										
Contractually required contribution	6,642	10,054	9,309	7,779	6,779	5,292	*	*	*	*
Contributions in relation to the contractually required contribution	6,642	10,054	9,309	7,779	6,779	5,292	*	*	*	*
Contribution deficiency (excess)	-	-	-	-	-	-	*	*	*	*
City's covered-employee payroll	4,460,497	3,852,703	3,385,689	2,308,984	2,130,172	2,093,174	*	*	*	*
Contributions as a percentage of covered-employee payroll	0.15%	0.26%	0.27%	0.34%	0.32%	0.25%	*	*	*	*
Retiree Medical Plan										
Contractually required contribution	17,817	29,611	28,987	29,866	24,117	20,702	*	*	*	*
Contributions in relation to the contractually required contribution	17,817	29,611	28,987	29,866	24,117	20,702	*	*	*	*
Contribution deficiency (excess)	-	-	-	-	-	-	*	*	*	*
City's covered-employee payroll	\$ 4,460,497	3,852,703	3,385,689	2,308,984	2,130,172	2,093,174	*	*	*	*
Contributions as a percentage of covered-employee payroll	0.40%	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, 2023

NOTE 1 – BUDGET COMPARISON SCHEDULES

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

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

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

Expenditures Exceeding Appropriations

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

General government	\$ (315,307)
Debt service	(3,425)
Transfers on/out	(3,768,461)

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, 2023, the Plan measurement date is June 30, 2023.

Changes in Assumptions:

The actuarial assumptions used in the June 30, 2022 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:

- Salary ranges updated
- Health care cost trend rates updated
- Mortality trends updated

THE CITY OF CORDOVA
Cordova, Alaska

Notes to Required Supplementary Information, continued

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

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

GASB requires 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, 2023, the Plan measurement date is June 30, 2023.

Changes in Assumptions

The actuarial assumptions used in the June 30, 2022 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:

- Salary ranges updated
- 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.

THE CITY OF CORDOVA
Cordova, Alaska

Exhibit E-2

General Fund

Balance Sheet

December 31, 2023

Assets

Prepaid insurance	\$ 279,596
Receivables, net:	
Sales tax	721,193
Property taxes	145,318
Lease (GASB 87)	54,455
Other	39,502
Due from other funds	<u>37,009</u>
Total assets	<u>\$ 1,277,073</u>

Liabilities and deferred inflows

Liabilities	
Accounts payable	\$ 380,160
Customer deposits	5,500
Accrued payroll and taxes	115,792
Due to other funds	553,318
Unearned revenue	<u>1,000</u>
Total liabilities	<u>1,055,770</u>

Deferred inflows

Unavailable property tax revenue	38,268
Related to leases (GASB 87)	<u>54,107</u>
Total deferred inflows	<u>92,375</u>

Fund balance

Nonspendable	279,596
Unassigned	<u>(150,668)</u>
Total net position	<u>128,928</u>

Total liabilities, deferred inflows, and fund balance \$ 1,277,073

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, 2023

	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Taxes:			
Property taxes	\$ 2,819,700	2,868,009	48,309
Sales taxes	4,465,000	4,154,307	(310,693)
Public accommodations surtax	195,000	222,835	27,835
Vehicle rental surtax	11,000	11,831	831
Penalties and interest	11,000	7,734	(3,266)
Federal payments in lieu of property taxes	410,000	495,774	85,774
<i>Total taxes</i>	<u>7,911,700</u>	<u>7,760,490</u>	<u>(151,210)</u>
Licenses and permits:			
Business licenses	21,000	9,695	(11,305)
Other licenses and permits	750	1,135	385
<i>Total licenses and permits</i>	<u>21,750</u>	<u>10,830</u>	<u>(10,920)</u>
Federal government:			
National forest receipts	675,000	718,257	43,257
<i>Total federal government</i>	<u>675,000</u>	<u>718,257</u>	<u>43,257</u>
State of Alaska:			
Raw fish tax	1,182,622	1,028,420	(154,202)
Liquor licenses	7,500	9,300	1,800
Cooperative tax refunds	300,000	297,017	(2,983)
Shared fisheries tax	22,100	36,745	14,645
Jail contract	272,687	345,712	73,025
Community assistance	125,224	108,156	(17,068)
PERS relief	135,209	95,446	(39,763)
State debt reimbursement - school bond	950,000	1,662,669	712,669
<i>Total State of Alaska</i>	<u>2,995,342</u>	<u>3,583,465</u>	<u>588,123</u>
Investment income	<u>70,000</u>	<u>232,472</u>	<u>162,472</u>
Charges for services:			
Leases	400,848	386,859	(13,989)
Law enforcement	153,900	68,769	(85,131)
DMV	57,700	57,347	(353)
Planning department	7,500	5,096	(2,404)
Recreation department	80,150	122,945	42,795
Pool	52,250	43,020	(9,230)
<i>Total charges for services</i>	<u>\$ 752,348</u>	<u>684,036</u>	<u>(68,312)</u>

THE CITY OF CORDOVA
Cordova, Alaska

Exhibit E-2

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	4,900	1,900
Sale of equipment	-	23,852	23,852
<i>Total sale of property</i>	<u>3,000</u>	<u>28,752</u>	<u>25,752</u>
Other revenues:			
Miscellaneous	105,000	99,607	(5,393)
Allocated administrative costs	717,403	607,100	(110,303)
Cordova center	42,000	41,593	(407)
<i>Total other revenues</i>	<u>864,403</u>	<u>748,300</u>	<u>(116,103)</u>
 Total Revenues	 <u>13,293,543</u>	 <u>13,766,602</u>	 <u>473,059</u>
Expenditures:			
General government:			
City council:			
Materials and supplies	500	599	(99)
Purchased services	6,800	4,411	2,389
<i>Total city council</i>	<u>7,300</u>	<u>5,010</u>	<u>2,290</u>
City clerk:			
Salaries and benefits	289,883	271,992	17,891
Materials and supplies	1,500	501	999
Purchased services	49,023	45,983	3,040
<i>Total city clerk</i>	<u>340,406</u>	<u>318,476</u>	<u>21,930</u>
Management:			
Salaries and benefits	623,188	655,125	(31,937)
Materials and supplies	1,000	2,042	(1,042)
Purchased services	55,000	61,594	(6,594)
<i>Total management</i>	<u>679,188</u>	<u>718,761</u>	<u>(39,573)</u>
Finance:			
Salaries and benefits	441,595	422,225	19,370
Materials and supplies	2,500	39,068	(36,568)
Purchased services	68,000	71,348	(3,348)
<i>Total finance</i>	<u>\$ 512,095</u>	<u>532,641</u>	<u>(20,546)</u>

THE CITY OF CORDOVA

Cordova, Alaska

Exhibit E-2

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	\$ 140,637	137,962	2,675
Materials and supplies	1,250	676	574
Purchased services	12,650	17,234	(4,584)
<i>Total planning department</i>	<u>154,537</u>	<u>155,872</u>	<u>(1,335)</u>
Nondepartmental services:			
Materials and supplies	-	30,161	(30,161)
Purchased services	877,613	1,125,525	(247,912)
<i>Total planning department</i>	<u>877,613</u>	<u>1,155,686</u>	<u>(278,073)</u>
Total general government	<u>2,571,139</u>	<u>2,886,446</u>	<u>(315,307)</u>
Public safety:			
Police department:			
Salaries and benefits	1,074,108	1,076,640	(2,532)
Materials and supplies	20,000	22,335	(2,335)
Purchased services	85,000	101,982	(16,982)
Repairs and vehicle costs	29,000	38,847	(9,847)
Capital outlay	9,000	16,026	(7,026)
<i>Total police department</i>	<u>1,217,108</u>	<u>1,255,830</u>	<u>(38,722)</u>
Jail operations:			
Salaries and benefits	275,150	326,473	(51,323)
Materials and supplies	8,000	14,639	(6,639)
Purchased services	13,500	7,258	6,242
Repairs and vehicle costs	5,000	5,072	(72)
<i>Total jail operations</i>	<u>301,650</u>	<u>353,442</u>	<u>(51,792)</u>
Fire department:			
Salaries and benefits	382,902	320,668	62,234
Materials and supplies	37,400	38,975	(1,575)
Purchased services	105,944	127,654	(21,710)
Repairs and vehicle costs	20,250	22,223	(1,973)
<i>Total fire department</i>	<u>546,496</u>	<u>509,520</u>	<u>36,976</u>
Department of motor vehicles:			
Salaries and benefits	57,041	56,979	62
Materials and supplies	1,600	927	673
Purchased services	4,150	3,583	567
<i>Total department of motor vehicles</i>	<u>62,791</u>	<u>61,489</u>	<u>1,302</u>
Total public safety	<u>\$ 2,128,045</u>	<u>2,180,281</u>	<u>(52,236)</u>

THE CITY OF CORDOVA

Cordova, Alaska

Exhibit E-2

General Fund

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

	Final Budget	Actual	Variance Favorable (Unfavorable)
Expenditures, continued:			
Information and recreation:			
Library:			
Salaries and benefits	\$ 435,679	352,128	83,551
Materials and supplies	20,000	12,398	7,602
Purchased services	17,950	10,060	7,890
Repairs and vehicle costs	5,500	2,229	3,271
<i>Total library</i>	<u>479,129</u>	<u>376,815</u>	<u>102,314</u>
Ski hill:			
Repairs and vehicle costs	20,000	20,000	-
Purchased services	102,100	111,775	(9,675)
<i>Total Ski hill</i>	<u>122,100</u>	<u>131,775</u>	<u>(9,675)</u>
Bidarki center:			
Salaries and benefits	160,976	76,965	84,011
Materials and supplies	9,000	12,009	(3,009)
Purchased services	49,850	39,498	10,352
Repairs and vehicle costs	14,500	12,394	2,106
Capital outlay	3,000	2,325	675
<i>Total Bidarki center</i>	<u>237,326</u>	<u>143,191</u>	<u>94,135</u>
Pool:			
Salaries and benefits	291,107	221,435	69,672
Materials and supplies	16,000	25,073	(9,073)
Purchased services	148,875	202,943	(54,068)
Repairs and vehicle costs	10,000	9,859	141
Capital outlay	12,000	16,974	(4,974)
<i>Total pool</i>	<u>477,982</u>	<u>476,284</u>	<u>1,698</u>
Total information and recreation	<u>1,316,537</u>	<u>1,128,065</u>	<u>188,472</u>
Public works:			
Administration:			
Salaries and benefits	174,014	160,289	13,725
Materials and supplies	750	523	227
Purchased services	42,500	49,995	(7,495)
<i>Total administration</i>	<u>217,264</u>	<u>210,807</u>	<u>6,457</u>
Facility utilities:			
Materials and supplies	3,000	602	2,398
Purchased services	200,100	176,268	23,832
<i>Total facility utilities</i>	<u>\$ 203,100</u>	<u>176,870</u>	<u>26,230</u>

THE CITY OF CORDOVA
Cordova, Alaska

Exhibit E-2

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:			
Facility maintenance:			
Salaries and benefits	\$ 282,133	287,313	(5,180)
Materials and supplies	18,000	16,320	1,680
Purchased services	27,900	25,326	2,574
Repairs and vehicle costs	52,250	35,465	16,785
Capital outlay	3,000	3,059	(59)
<i>Total facility maintenance</i>	<u>383,283</u>	<u>367,483</u>	<u>15,800</u>
Street maintenance:			
Salaries and benefits	560,410	367,490	192,920
Materials and supplies	29,000	16,848	12,152
Purchased services	139,500	161,622	(22,122)
Repairs and vehicle costs	30,000	29,643	357
<i>Total street maintenance</i>	<u>758,910</u>	<u>575,603</u>	<u>183,307</u>
Snow removal:			
Salaries and benefits	37,023	43,850	(6,827)
Materials and supplies	36,631	59,548	(22,917)
Purchased services	1,262	738	524
<i>Total snow removal</i>	<u>74,916</u>	<u>104,136</u>	<u>(29,220)</u>
Equipment maintenance:			
Salaries and benefits	198,320	292,928	(94,608)
Materials and supplies	26,000	13,778	12,222
Purchased services	10,500	1,584	8,916
Repairs and vehicle costs	101,000	131,477	(30,477)
Capital outlay	1,500	6,889	(5,389)
<i>Total equipment maintenance</i>	<u>337,320</u>	<u>446,656</u>	<u>(109,336)</u>
Park maintenance:			
Salaries and benefits	321,832	134,219	187,613
Materials and supplies	27,500	26,961	539
Purchased services	28,300	18,967	9,333
Repairs and vehicle costs	36,350	24,074	12,276
Capital outlay	7,000	11,161	(4,161)
<i>Total park maintenance</i>	<u>420,982</u>	<u>215,382</u>	<u>205,600</u>
Park and recreation administration:			
Salaries and benefits	237,555	311,117	(73,562)
Purchased services	25,000	23,208	1,792
<i>Total park and recreation administration</i>	<u>262,555</u>	<u>334,325</u>	<u>(71,770)</u>
Cemetery maintenance:			
Salaries and benefits	8,935	6,062	2,873
Materials and supplies	5,500	2,155	3,345
Capital outlay	1,500	1,250	250
<i>Total cemetery maintenance</i>	<u>\$ 15,935</u>	<u>9,467</u>	<u>6,468</u>

THE CITY OF CORDOVA
Cordova, Alaska

Exhibit E-2

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:			
Museum:			
Salaries and benefits	\$ 333,296	309,995	23,301
Purchased services	7,500	4,549	2,951
<i>Total museum</i>	<u>340,796</u>	<u>314,544</u>	<u>26,252</u>
Cordova Center:			
Salaries and benefits	133,246	48,232	85,014
Materials and supplies	6,200	3,536	2,664
Purchased services	7,950	2,273	5,677
<i>Total cemetery maintenance</i>	<u>147,396</u>	<u>54,041</u>	<u>93,355</u>
Total public works	<u>3,162,457</u>	<u>2,809,314</u>	<u>353,143</u>
Debt Service:			
General obligation bond principal	1,165,000	1,225,000	(60,000)
General obligation bond interest	550,100	493,525	56,575
<i>Total debt service</i>	<u>1,715,100</u>	<u>1,718,525</u>	<u>(3,425)</u>
Contributions:			
In-kind services allocation	(167,270)	(153,331)	(13,939)
Cordova City School District	2,139,000	2,127,417	11,583
Cordova Community Medical Center	300,000	300,000	-
Family Resource Center	20,000	20,000	-
Cordova Community College	10,000	-	10,000
Cordova Chamber of Commerce	138,270	135,914	2,356
<i>Total contributions</i>	<u>2,440,000</u>	<u>2,430,000</u>	<u>10,000</u>
Total expenditures	<u>13,333,278</u>	<u>13,152,631</u>	<u>180,647</u>
Excess of revenues over (under) expenditures	<u>(39,735)</u>	<u>613,971</u>	<u>653,706</u>
Other financing uses			
Transfers in:			
Health insurance internal service fund	-	125,029	125,029
ARPA special revenue fund	248,423	-	(248,423)
Transfers out:			
Harbor project	(251,508)	(3,896,575)	(3,645,067)
Net other financing uses	<u>(3,085)</u>	<u>(3,771,546)</u>	<u>(3,768,461)</u>
Net change in fund balance	<u>(42,820)</u>	<u>(3,157,575)</u>	<u>(3,114,755)</u>
Fund balance, beginning of year		<u>3,286,503</u>	
Fund balance, end of year		<u>\$ 128,928</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.

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.

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, 2023

	Special Revenue Funds				Capital Project Funds			Total
	E-911	Ambulance	CARES Act Special Revenue Fund	ARPA Special Revenue	LSTA Special Revenue Fund	Equipment Replacement	General Capital Projects	
Assets:								
Cash and equivalents	\$ 63,830	487,573	1,884	702,757	-	-	48,545	1,304,589
Other receivables	-	13,282	-	-	-	-	24,139	37,421
<i>Total assets</i>	<u>63,830</u>	<u>500,855</u>	<u>1,884</u>	<u>702,757</u>	<u>-</u>	<u>-</u>	<u>72,684</u>	<u>1,342,010</u>
Liabilities, deferred inflows of resources and fund balances								
<i>Liabilities:</i>								
Accounts payable	-	-	1,884	53,105	-	-	-	54,989
Due to other funds	-	-	-	-	23,508	13,501	-	37,009
Advances from granting agencies	-	-	-	649,652	-	-	-	649,652
<i>Total liabilities</i>	<u>-</u>	<u>-</u>	<u>1,884</u>	<u>702,757</u>	<u>23,508</u>	<u>13,501</u>	<u>-</u>	<u>741,650</u>
Deferred inflows of resources:								
Deferred revenue	-	11,305	-	-	-	-	12,694	23,999
Fund balances:								
Restricted - Enhanced 911 Services	63,830	-	-	-	-	-	-	63,830
Assigned:								
Public safety	-	489,550	-	-	-	-	-	489,550
Unassigned	-	-	-	-	(23,508)	(13,501)	59,990	22,981
<i>Total fund balances</i>	<u>63,830</u>	<u>489,550</u>	<u>-</u>	<u>-</u>	<u>(23,508)</u>	<u>(13,501)</u>	<u>59,990</u>	<u>576,361</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 63,830</u>	<u>500,855</u>	<u>1,884</u>	<u>702,757</u>	<u>-</u>	<u>-</u>	<u>72,684</u>	<u>1,342,010</u>

THE CITY OF CORDOVA
Cordova, Alaska

Nonmajor governmental funds

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

Year Ended December 31, 2023

	Special Revenue Funds				Capital Project Funds		Total
	E-911	Ambulance	ARPA Special Revenue	LSTA Special Revenue Fund	Equipment Replacement	General Capital Projects	
Revenues:							
Federal government	\$ -	-	708,227	5,703	-	44,339	758,269
State of Alaska	-	-	-	-	-	14,250	14,250
Other revenues	-	51,605	-	-	758	151,961	204,324
<i>Total revenues</i>	<u>-</u>	<u>51,605</u>	<u>708,227</u>	<u>5,703</u>	<u>758</u>	<u>210,550</u>	<u>976,843</u>
Expenditures:							
Public safety	-	3,859	-	-	-	36,062	39,921
Public works	-	-	-	-	11,907	-	11,907
Emergency protective measures	566	-	708,227	29,211	-	29,339	767,343
Information and recreation	-	-	-	-	-	9,918	9,918
Community service	-	-	-	-	-	5,280	5,280
Education	-	-	-	-	-	5,683	5,683
Capital outlay	-	-	-	-	-	22,129	22,129
<i>Total expenditures</i>	<u>566</u>	<u>3,859</u>	<u>708,227</u>	<u>29,211</u>	<u>11,907</u>	<u>108,411</u>	<u>862,181</u>
Net change in fund balances	<u>(566)</u>	<u>47,746</u>	<u>-</u>	<u>(23,508)</u>	<u>(11,149)</u>	<u>102,139</u>	<u>114,662</u>
Fund balances, beginning of year	<u>64,396</u>	<u>441,804</u>	<u>-</u>	<u>-</u>	<u>(2,352)</u>	<u>(42,149)</u>	<u>461,699</u>
Fund balances, end of year	<u>\$ 63,830</u>	<u>489,550</u>	<u>-</u>	<u>(23,508)</u>	<u>(13,501)</u>	<u>59,990</u>	<u>576,361</u>

THE CITY OF CORDOVA

Cordova, Alaska

*General Capital Projects Fund**Schedule of Expenditures by Project**Year Ended December 31, 2023*

Community recreation equipment	\$ 17,411
Culvert Replacement	3,876
Southern region matching grant	842
TACF meals frisbee	5,280
SOA DPH MOA	26,339
APEI safety equipment	3,000
Noncapital information and recreation projects	9,918
Noncapital cordova city school district	5,683
Noncapital public safety projects	<u>36,062</u>
Total expenditures	<u>\$ 108,411</u>

ENTERPRISE FUNDS

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

MAJOR ENTERPRISE FUNDS

Port

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

Water

This fund accounts for the operations of the water system.

Sewer

This fund accounts for the operations of the sewer system.

Refuse

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

NONMAJOR ENTERPRISE FUND

Odiak Park

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

THE CITY OF CORDOVA
Cordova, Alaska

Port Enterprise Fund

Statement of Net Position

December 31, 2023

Assets and deferred outflows of resources

Current assets	
Cash	\$ 3,330,322
Accounts receivable	1,540,687
Allowance for doubtful accounts	(856,521)
Prepaid insurance	115,528
<i>Total current assets</i>	<u>4,130,016</u>
Net other postretirement benefit assets	<u>258,528</u>
Property, plant and equipment	
Land	4,395,992
Construction in progress	19,664,100
Buildings	274,983
Machinery and equipment	2,964,878
Improvements	19,366,915
<i>Total property, plant and equipment</i>	<u>46,666,868</u>
Accumulated depreciation	<u>(18,982,269)</u>
<i>Net property, plant and equipment</i>	<u>27,684,599</u>
Total assets	<u>32,073,143</u>
Deferred outflows of resources	
Related to pension and other postemployment benefits	<u>59,984</u>
Total assets and deferred outflows of resources	<u>\$ 32,133,127</u>
Liabilities, deferred inflows of resources and net position	
Current liabilities	
Accounts payable	\$ 1,527,719
Accrued payroll and related liabilities	8,224
Accrued vacation and sick leave	64,585
Unearned revenue	546,332
<i>Total current liabilities</i>	<u>2,146,860</u>
Noncurrent liabilities	
General obligation bonds	6,975,000
Net pension liability	547,957
<i>Total noncurrent liabilities</i>	<u>7,522,957</u>
Total liabilities	<u>9,669,817</u>
Deferred inflows of resources	
Related to pension and other postemployment benefits	<u>15,114</u>
Total deferred inflows of resources	<u>15,114</u>
Net position	
Net investment in capital assets	27,684,599
Unrestricted	<u>(5,236,403)</u>
Total net position	<u>22,448,196</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 32,133,127</u>

THE CITY OF CORDOVA
Cordova, Alaska

Port Enterprise Fund

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

Year Ended December 31, 2023

<hr/>	
Operating revenue	
User charges:	
Slip fees	\$ 1,121,016
Wharfage and dockage	296,470
Total user charges	<u>1,417,486</u>
Raw fish tax	181,234
Rents, leases and storage fees	103,262
Travel lift fees	52,872
Penalties and interest	25,667
Federal grants	1,366,441
State of Alaska grant	5,915,275
Investment income	197,716
Other revenues	<u>18,364,599</u>
Total operating revenues	<u>27,624,552</u>
Operating expenses	
Salaries and benefits	618,493
Materials and supplies	13,193
Purchased services	18,650,204
Vehicle expense	92,596
Insurance	184,431
Repairs and maintenance	112,684
Allocated administrative and billing expenses	194,939
Depreciation	<u>743,165</u>
Total operating expenses	<u>20,609,705</u>
Income from operations	<u>7,014,847</u>
Nonoperating revenues/(expenses)	
Bad debt expense	(19,600)
Interest expense	(223,563)
State of Alaska PERS relief	<u>6,137</u>
Total nonoperating income and expenses	<u>(237,026)</u>
Income before transfers	<u>6,777,821</u>
Transfers in (out)	<u>3,878,575</u>
Change in net position	<u>10,656,396</u>
Net position, beginning of year	<u>11,791,800</u>
Net position, end of year	<u>\$ 22,448,196</u>

THE CITY OF CORDOVA

Cordova, Alaska

*Port Enterprise Fund**Statement of Cash Flows**Year Ended December 31, 2023*

Cash flows from operating activities	
Receipts from customers and users	\$ 27,699,418
Payments for interfund services used	(194,939)
Payments to suppliers	(18,237,366)
Payments to employees	(615,070)
Net cash flows from operating activities	<u>8,652,043</u>
Cash flows from noncapital financing actives	
Transfers out	<u>3,878,575</u>
Cash flows from capital and related financing activities	
Additions to property, plant and equipment	(18,303,354)
Proceeds from issuance of debt	1,975,000
Principal and interest paid on bond	(223,563)
Net cash flows from capital and related financing activities	<u>(16,551,917)</u>
Net decrease in cash and equivalents	<u>(4,021,299)</u>
Cash and equivalents, beginning of year	<u>7,351,621</u>
Cash and equivalents, end of year	<u>\$ 3,330,322</u>
Reconciliation of Income from Operations to Net Cash Flows from Operating Activities	
Income from operations	\$ 7,014,847
Adjustments to reconcile income from operations to net cash flows from operating activities:	
Depreciation	743,165
Bad debt expense	(19,600)
Noncash expense - PERS relief	6,137
Increase in allowance for doubtful accounts	144,532
(Increase) decrease in assets and deferred outflows of resources:	
Accounts receivable	(89,702)
Prepaid insurance	(32,016)
Net other postemployment benefits assets	(62,752)
Deferred outflows of resources related to pensions	(2,726)
Increase (decrease) in liabilities and deferred inflows of resources:	
Accounts payable	847,758
Unearned revenue	39,636
Accrued payroll and related liabilities	501
Accrued vacation and sick leave	(209)
Net pension liability	65,545
Deferred inflows of resources related to pensions and other postemployment benefits	<u>(3,073)</u>
Net cash flows from operating activities	<u>\$ 8,652,043</u>

THE CITY OF CORDOVA

Cordova, Alaska

*Port Enterprise Fund**Combining Schedule of Revenues, Expenses,
and Changes in Net Position**Year Ended December 31, 2023*

	<u>Port Operating</u>	<u>Port Capital Projects</u>	<u>Port Depreciation Reserve</u>	<u>Total</u>
Operating revenue	19,817,926	7,479,432	327,194	27,624,552
Operating expenses				
Salaries and benefits	618,493	-	-	618,493
Materials and supplies	13,193	-	-	13,193
Purchased services	347,510	18,125,750	176,944	18,650,204
Vehicle expense	92,596	-	-	92,596
Insurance	184,431	-	-	184,431
Repairs and maintenance	112,684	-	-	112,684
Allocated administrative and billing expenses	194,939	-	-	194,939
Depreciation	743,165	-	-	743,165
Total operating expenses	<u>2,307,011</u>	<u>18,125,750</u>	<u>176,944</u>	<u>20,609,705</u>
Income (loss) from operations	<u>17,510,915</u>	<u>(10,646,318)</u>	<u>150,250</u>	<u>7,014,847</u>
Nonoperating revenue (expenses)				
Bad debt expense	(19,600)	-	-	(19,600)
Interest expense	-	(223,563)	-	(223,563)
State of Alaska PERS relief	6,137	-	-	6,137
Total nonoperating expenses	<u>(13,463)</u>	<u>(223,563)</u>	<u>-</u>	<u>(237,026)</u>
Loss before transfers	<u>17,497,452</u>	<u>(10,869,881)</u>	<u>150,250</u>	<u>6,777,821</u>
Transfers in (out)	<u>(18,000)</u>	<u>3,896,575</u>	<u>-</u>	<u>3,878,575</u>
Change in net position	<u>17,479,452</u>	<u>(6,973,306)</u>	<u>150,250</u>	<u>10,656,396</u>
Net position, beginning of year	<u>8,383,671</u>	<u>483,721</u>	<u>2,924,408</u>	<u>11,791,800</u>
Net position, end of year	<u>\$25,863,123</u>	<u>(6,489,585)</u>	<u>3,074,658</u>	<u>22,448,196</u>

THE CITY OF CORDOVA
Cordova, Alaska

Water Enterprise Fund

Statement of Net Position

December 31, 2023

Assets and deferred outflows of resources

Current assets	
Cash	\$ (119,766)
Accounts receivable	68,426
Allowance for doubtful accounts	(7,637)
Prepaid insurance	17,439
<i>Total current assets</i>	<u>(41,538)</u>
Net other postretirement benefit assets	<u>105,049</u>
Property, plant and equipment	
Land	881,531
Buildings	7,130,545
Machinery and equipment	495,831
Improvements	14,908,124
<i>Total property, plant and equipment</i>	<u>23,416,031</u>
Accumulated depreciation	(13,179,989)
<i>Net property, plant and equipment</i>	<u>10,236,042</u>
Total assets	<u>10,299,553</u>
Deferred outflows of resources	
Related to pension and other postemployment benefits	<u>24,374</u>
Total assets and deferred outflows of resources	<u>\$ 10,323,927</u>
Liabilities, deferred inflows of resources and net position	
Current liabilities	
Accounts payable	\$ 13,566
Customer deposits	34,049
Accrued interest	17,631
Accrued payroll and related liabilities	4,273
Accrued vacation and sick leave	24,211
<i>Total current liabilities</i>	<u>93,730</u>
Noncurrent liabilities	
Loan payable to ADEC, net of current portion	2,015,035
Net pension liability	222,654
<i>Total noncurrent liabilities</i>	<u>2,237,689</u>
Total liabilities	<u>2,331,419</u>
Deferred inflows of resources	
Related to pension and other postemployment benefits	<u>6,142</u>
<i>Total deferred inflows of resources</i>	<u>6,142</u>
Net position	
Net investment in capital assets	10,236,042
Unrestricted	(2,249,676)
<i>Total net position</i>	<u>7,986,366</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 10,323,927</u>

THE CITY OF CORDOVA
Cordova, Alaska

Water Enterprise Fund

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

Year Ended December 31, 2023

Operating revenue - user charges	<u>\$ 941,646</u>
Operating expenses	
Salaries and benefits	316,658
Materials and supplies	50,938
Purchased services	174,415
Vehicle expense	8,582
Insurance	40,495
Repairs and maintenance	44,450
Allocated administrative and billing expenses	122,414
Depreciation	<u>603,756</u>
Total operating expenses	<u>1,361,708</u>
Income from operations	<u>(420,062)</u>
Nonoperating revenue (expenses)	
Bad debt expense	(22,715)
Interest expense	(30,701)
In-kind contributions to School and Medical Center	(6,877)
State of Alaska PERS relief	<u>2,494</u>
Total nonoperating income and expenses	<u>(57,799)</u>
Change in net position	<u>(477,861)</u>
Net position, beginning of year	<u>8,464,227</u>
Net position, end of year	<u><u>\$ 7,986,366</u></u>

THE CITY OF CORDOVA

Cordova, Alaska

*Water Enterprise Fund**Statement of Cash Flows**Year Ended December 31, 2023***Cash flows from operating activities**

Receipts from customers and users	\$ 915,328
Payments for interfund services used	(122,414)
Payments to suppliers	(348,245)
Payments to employees	(335,206)
Net cash flows from operating activities	<u>109,463</u>

Cash flows from capital and related financing activities

Additions to property, plant and equipment	(10,189)
Principal and interest paid on ADEC loans	(276,513)
Net cash flows from capital and related financing activities	<u>(286,702)</u>

Net decrease in cash and equivalents (177,239)

Cash and equivalents, beginning of year 57,473

Cash and equivalents, end of year \$ (119,766)

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

Loss from operations	\$ (420,062)
Adjustments to reconcile loss from operations to net cash flows from operating activities:	
Depreciation	603,756
Bad debt	(22,715)
Noncash expense - PERS relief	2,494
In-kind contributions	(6,877)
Increase in allowance for doubtful accounts	27,555
(Increase) decrease in assets and deferred outflows of resources:	
Accounts receivable	(31,158)
Prepaid insurance	(3,663)
Net other postemployment benefits assets	(10,002)
Deferred outflows of resources related to other postemployment benefits	3,424
Increase (decrease) in liabilities and deferred inflows of resources:	
Accounts payable	(18,825)
Customer deposits	(450)
Accrued payroll and related liabilities	367
Accrued vacation and sick leave	(143)
Net pension liability	(11,551)
Deferred inflows of resources related to pensions and other postemployment benefits	<u>(2,687)</u>

Net cash flows from operating activities \$ 109,463

THE CITY OF CORDOVA

Cordova, Alaska

*Water Enterprise Fund**Combining Schedule of Revenues, Expenses,
and Changes in Net Position**Year Ended December 31, 2023*

	Water Operating	Water Compliance	Water Depreciation Reserve	Eliminations	Total
Operating revenue	<u>\$ 941,646</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>941,646</u>
Operating expenses					
Salaries and benefits	316,658	-	-	-	316,658
Materials and supplies	50,938	-	-	-	50,938
Purchased services	174,415	-	-	-	174,415
Vehicle expense	8,582	-	-	-	8,582
Insurance	40,495	-	-	-	40,495
Repairs and maintenance	44,450	-	-	-	44,450
Allocated administrative and billing expenses	122,414	-	-	-	122,414
Depreciation	<u>603,756</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>603,756</u>
Total operating expenses	<u>1,361,708</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,361,708</u>
Loss from operations	<u>(420,062)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(420,062)</u>
Nonoperating revenue (expenses)					
Bad debt expense	(22,715)	-	-	-	(22,715)
Interest expense	(30,701)	-	-	-	(30,701)
In-kind contributions to School and Medical Center	(6,877)	-	-	-	(6,877)
State of Alaska PERS relief	<u>2,494</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,494</u>
Total nonoperating expenses	<u>(57,799)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(57,799)</u>
Income before transfers	<u>(477,861)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(477,861)</u>
Change in net position	<u>(477,861)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(477,861)</u>
Net position, beginning of year	<u>3,418,436</u>	<u>104,858</u>	<u>553,400</u>	<u>4,387,533</u>	<u>8,464,227</u>
Net position, end of year	<u>\$ 2,940,575</u>	<u>104,858</u>	<u>553,400</u>	<u>4,387,533</u>	<u>7,986,366</u>

THE CITY OF CORDOVA
Cordova, Alaska

Exhibit H-9

Sewer Enterprise Fund

Statement of Net Position

December 31, 2023

Assets and deferred outflows of resources

Current assets:	
Cash	\$ 322,780
Accounts receivable	94,764
Allowance for doubtful accounts	(14,610)
Prepaid insurance	17,439
Deposits	<u>6,500</u>
<i>Total current assets</i>	<u>426,873</u>
Net other postretirement benefit assets	<u>105,055</u>
Property, plant and equipment	
Land	32,560
Buildings	93,071
Machinery and equipment	1,014,389
Improvements	<u>17,824,881</u>
<i>Total property, plant and equipment</i>	<u>18,964,901</u>
Accumulated depreciation	<u>(13,296,644)</u>
<i>Net property, plant and equipment</i>	<u>5,668,257</u>
Total assets	<u>6,200,185</u>
Deferred outflows of resources	
Related to pension and other postemployment benefits	<u>24,375</u>
Total assets and deferred outflows of resources	<u>\$ 6,224,560</u>

Liabilities, deferred inflows of resources and net position

Current liabilities	
Accounts payable	\$ 15,716
Accrued interest	3,850
Accrued payroll and related liabilities	4,273
Accrued vacation and sick leave	24,211
Current portion of loan payable to ADEC	<u>55,000</u>
<i>Total current liabilities</i>	<u>103,050</u>
Noncurrent liabilities	
Loan payable to ADEC, net of current portion	715,000
Net pension liability	<u>222,666</u>
<i>Total noncurrent liabilities</i>	<u>937,666</u>
Total liabilities	<u>1,040,716</u>
Deferred inflows of resources	
Related to pension and other postemployment benefits	<u>6,142</u>
Total deferred inflows of resources	<u>6,142</u>
Net position	
Net investment in capital assets	5,668,257
Unrestricted	<u>(490,555)</u>
Total net position	<u>5,177,702</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 6,224,560</u>

THE CITY OF CORDOVA

Cordova, Alaska

*Sewer Enterprise Fund**Statement of Revenues, Expenses,
and Changes in Net Position**Year Ended December 31, 2023*

Operating revenue - user charges	<u>\$ 988,775</u>
Operating expenses	
Salaries and benefits	316,660
Materials and supplies	79,145
Purchased services	185,556
Vehicle expense	14,116
Insurance	40,495
Repairs and maintenance	61,781
Allocated administrative and billing expenses	128,541
Depreciation	445,895
Total operating expenses	<u>1,272,189</u>
Loss from operations	<u>(283,414)</u>
Nonoperating revenue (expenses)	
Bad debt expense	(10,364)
Interest expense	(12,100)
In-kind contributions to School and Medical Center	(11,907)
State of Alaska PERS relief	2,494
Total nonoperating income and expenses	<u>(31,877)</u>
Change in net position	<u>(315,291)</u>
Net position, beginning of year	<u>5,492,993</u>
Net position, end of year	<u><u>\$ 5,177,702</u></u>

THE CITY OF CORDOVA
Cordova, Alaska

Exhibit H-11

Sewer Enterprise Fund

Statement of Cash Flows

Year Ended December 31, 2023

Cash flows from operating activities

Receipts from customers and users	\$ 983,145
Payments for interfund services used	(128,541)
Payments to suppliers	(394,145)
Payments to employees	<u>(334,761)</u>
Net cash flows from operating activities	<u>125,698</u>

Cash flows from capital and related financing activities

Principal and interest paid on ADEC loans	<u>(67,100)</u>
Net cash flows from capital and related financing activities	<u>(67,100)</u>

Net decrease in cash and equivalents 58,598

Cash and equivalents, beginning of year 264,182

Cash and equivalents, end of year \$ 322,780

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

Loss from operations	\$ (283,414)
Adjustments to reconcile loss from operations to net cash flows from operating activities:	
Depreciation	445,895
Bad debt expense	(10,364)
Noncash expense - PERS relief	2,494
In-kind contributions	(11,907)
Increase (decrease) in allowance for doubtful accounts	19,695
(Increase) decrease in assets and deferred outflows of resources:	
Accounts receivable	(14,961)
Prepaid insurance	(3,663)
Net other postemployment benefits assets	(10,001)
Deferred outflows of resources related to other postemployment benefits	3,426
Increase (decrease) in liabilities and deferred inflows of resources:	
Accounts payable	2,793
Accrued interest	(275)
Accrued payroll and related liabilities	367
Accrued vacation and sick leave	(143)
Net pension liability	(11,556)
Deferred inflows of resources related to pensions and other postemployment benefits	<u>(2,688)</u>

Net cash flows from operating activities \$ 125,698

THE CITY OF CORDOVA

Cordova, Alaska

*Sewer Enterprise Fund**Combining Schedule of Revenues, Expenses,
and Changes in Net Position**Year Ended December 31, 2023*

	Sewer Operating	Sewer Depreciation Reserve	Total
Operating revenue	\$ 988,775	-	988,775
Operating expenses			
Salaries and benefits	316,660	-	316,660
Materials and supplies	79,145	-	79,145
Purchased services	185,556	-	185,556
Vehicle expense	14,116	-	14,116
Insurance	40,495	-	40,495
Repairs and maintenance	58,961	2,820	61,781
Allocated administrative and billing expenses	128,541	-	128,541
Depreciation	445,895	-	445,895
Total operating expenses	<u>1,269,369</u>	<u>2,820</u>	<u>1,272,189</u>
Income from operations	<u>(280,594)</u>	<u>(2,820)</u>	<u>(283,414)</u>
Nonoperating expenses			
Bad debt expense	(10,364)	-	(10,364)
Interest expense	(12,100)	-	(12,100)
In-kind contributions to School and Medical Center	(11,907)	-	(11,907)
State of Alaska PERS relief	2,494	-	2,494
Total nonoperating expenses	<u>(31,877)</u>	<u>-</u>	<u>(31,877)</u>
Income before transfers	<u>(312,471)</u>	<u>(2,820)</u>	<u>(315,291)</u>
Eliminating transfers	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	<u>(312,471)</u>	<u>(2,820)</u>	<u>(315,291)</u>
Net position, beginning of year	<u>4,767,941</u>	<u>725,052</u>	<u>5,492,993</u>
Net position, end of year	<u>\$ 4,455,470</u>	<u>722,232</u>	<u>5,177,702</u>

See accompanying notes to financial statements.

THE CITY OF CORDOVA
Cordova, Alaska

Exhibit H-13

Refuse Enterprise Fund

Statement of Net Position

December 31, 2023

Assets and deferred outflows of resources

Current assets:

Cash	\$ 1,028,276
Accounts receivable	131,390
Allowance for doubtful accounts	(13,962)
Prepaid insurance	<u>12,086</u>
<i>Total current assets</i>	<u>1,157,790</u>

Restricted assets - landfill closure cash 1,092,448

Net other postretirement benefit assets 216,027

Property, plant and equipment

Land	256,250
Buildings	447,327
Machinery and equipment	3,448,547
Landfill	462,756
Improvements	<u>1,010,623</u>
<i>Total property, plant and equipment</i>	<u>5,625,503</u>
Accumulated depreciation	<u>(3,290,897)</u>
<i>Net property, plant and equipment</i>	<u>2,334,606</u>

Total assets 4,800,871

Deferred outflows of resources

Related to pension and other postemployment benefits 50,123

Total assets and deferred outflows of resources \$ 4,850,994

Liabilities, deferred inflows of resources and net position

Current liabilities

Accounts payable	\$ 14,160
Accrued interest	5,154
Accrued payroll and related liabilities	7,261
Accrued vacation and sick leave	35,521
Current portion of loan payable to ADEC	<u>31,000</u>
<i>Total current liabilities</i>	<u>93,096</u>

Noncurrent liabilities

Interfund advances	125,481
Loan payable to ADEC, net of current portion	558,000
Landfill closure costs	1,107,306
Net pension liability	<u>457,874</u>
<i>Total noncurrent liabilities</i>	<u>2,248,661</u>

Total liabilities 2,341,757

Deferred inflows of resources

Related to other postemployment benefits 12,630

Total deferred inflows of resources 12,630

Net position

Net investment in capital assets	2,334,606
Restricted	1,092,448
Unrestricted	<u>(930,447)</u>
Total net position	<u>2,496,607</u>

Total liabilities, deferred inflows of resources and net position \$ 4,850,994

THE CITY OF CORDOVA
Cordova, Alaska

Refuse Enterprise Fund

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

Year Ended December 31, 2023

Operating revenue - user charges	\$ 1,207,531
Other revenue	<u>500,000</u>
Total revenue	<u>1,707,531</u>
Operating expenses	
Salaries and benefits	514,657
Materials and supplies	13,426
Purchased services	69,172
Vehicle expense	63,981
Insurance	40,425
Repairs and maintenance	43,886
Allocated administrative and billing expenses	156,979
Landfill closure and monitoring expense	31,046
Deprecation	<u>228,514</u>
Total operating expenses	<u>1,162,086</u>
Income from operations	<u>545,445</u>
Nonoperating revenue (expenses)	
Bad debt expense	(7,437)
Investment income	1,007
Gain on sale of equipment	43,000
Interest expense	(11,717)
In-kind contributions	(14,881)
State of Alaska PERS relief	<u>5,129</u>
Total nonoperating income and expenses	<u>15,101</u>
Change in net position	<u>560,546</u>
Net position, beginning of year	<u>1,936,061</u>
Net position, end of year	<u>\$ 2,496,607</u>

THE CITY OF CORDOVA
Cordova, Alaska

Exhibit H-15

Refuse Enterprise Fund

Statement of Cash Flows

Year Ended December 31, 2023

Cash flows from operating activities	
Receipts from customers and users	\$ 1,679,403
Payments for interfund services used	(156,979)
Payments to suppliers	(275,514)
Payments to employees	(528,889)
Net cash flows from operating activities	<u>718,021</u>
Cash flows from capital and related financing activities	
Proceeds from issuance of debt	1,120,000
Principal and interest paid on interfund advances	(538,313)
Net cash flows from capital and related financing activities	<u>581,687</u>
Cash Flows from investing activities	
Investment income received	<u>1,007</u>
Net decrease in cash and equivalents	<u>1,300,715</u>
Cash and equivalents, beginning of year	<u>820,009</u>
Cash and equivalents, ending of year	<u>\$ 2,120,724</u>
Reconciliation of Income from Operations to Net Cash Flows from Operating Activities	
Income from operations	\$ 545,445
Adjustments to reconcile income from operations to net cash flows from operating activities:	
Depreciation	228,514
Bad debt expense	(7,437)
Noncash expense - PERS relief	5,129
In-kind contributions	(14,881)
Increase in allowance for doubtful accounts	14,687
(Increase) decrease in assets and deferred outflows of resources:	
Accounts receivable	(35,378)
Prepaid insurance	(3,011)
Net other postemployment benefits assets	(34,018)
Deferred outflows of resources related to other postemployment benefits	3,108
Increase (decrease) in liabilities and deferred inflows of resources:	
Accounts payable	(26,732)
Accrued payroll and related liabilities	458
Accrued vacation and sick leave	830
Accrued interest	5,154
Landfill closure costs payable	31,046
Net pension liability	9,385
Deferred inflows of resources related to pensions and other postemployment benefits	<u>(4,278)</u>
Net cash flows from operating activities	<u>\$ 718,021</u>

CITY OF CORDOVA
Cordova, Alaska

Refuse Enterprise Fund

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

Year Ended December 31, 2023

	Refuse Operating	Refuse Depreciation Reserve	Refuse Projects	Landfill Closure	Total
Operating revenue	\$ 1,207,531	-	-	-	1,207,531
Other revenue	500,000	-	-	-	500,000
Total revenue	<u>1,707,531</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,707,531</u>
Operating expenses					
Salaries and benefits	514,657	-	-	-	514,657
Materials and supplies	13,426	-	-	-	13,426
Purchased services	68,705	-	-	467	69,172
Vehicle expense	63,981	-	-	-	63,981
Insurance	40,425	-	-	-	40,425
Repairs and maintenance	43,886	-	-	-	43,886
Allocated administrative and billing expenses	156,979	-	-	-	156,979
Landfill closure and monitoring expense	-	-	-	31,046	31,046
Depreciation	228,514	-	-	-	228,514
Total operating expenses	<u>1,130,573</u>	<u>-</u>	<u>-</u>	<u>31,513</u>	<u>1,162,086</u>
Income from operations	<u>576,958</u>	<u>-</u>	<u>-</u>	<u>(31,513)</u>	<u>545,445</u>
Nonoperating revenues (expenses)					
Bad debt recovery	(7,437)	-	-	-	(7,437)
Investment income	-	-	-	1,007	1,007
Interest expense	(11,717)	-	-	-	(11,717)
In-kind contributions to School and Medical Center	(14,881)	-	-	-	(14,881)
Sale of equipment	43,000	-	-	-	43,000
State of Alaska PERS relief	5,129	-	-	-	5,129
Total nonoperating revenues (expenses)	<u>14,094</u>	<u>-</u>	<u>-</u>	<u>1,007</u>	<u>15,101</u>
Income before transfers	<u>591,052</u>	<u>-</u>	<u>-</u>	<u>(30,506)</u>	<u>560,546</u>
Change in net position	<u>591,052</u>	<u>-</u>	<u>-</u>	<u>(30,506)</u>	<u>560,546</u>
Net position, beginning of year	<u>1,713,918</u>	<u>313,556</u>	<u>(73,145)</u>	<u>(18,268)</u>	<u>1,936,061</u>
Net position, end of year	<u>\$ 2,304,970</u>	<u>313,556</u>	<u>(73,145)</u>	<u>(48,774)</u>	<u>2,496,607</u>

THE CITY OF CORDOVA
Cordova, Alaska

Exhibit H-17

Odiak Park Enterprise Fund

Statement of Net Position

December 31, 2023

Assets	
Current assets:	
Cash	\$ 56,583
Prepaid insurance	95
<i>Total current assets</i>	<u>56,678</u>
Property, plant and equipment	
Buildings	79,362
Improvements	10,718
<i>Total property, plant and equipment</i>	<u>90,080</u>
Accumulated depreciation	(71,564)
<i>Net property, plant and equipment</i>	<u>18,516</u>
Total assets	<u>\$ 75,194</u>
Liabilities and net position	
Current liabilities	
Accounts payable	\$ 58
Customer deposits	2,321
<i>Total current liabilities</i>	<u>2,379</u>
Net position	
Net investment in capital assets	18,516
Unrestricted	54,299
Total net position	<u>72,815</u>
Total liabilities and net position	<u>\$ 75,194</u>

THE CITY OF CORDOVA

Cordova, Alaska

*Odiak Park Enterprise Fund**Statement of Revenues, Expenses,
and Changes in Net Position**Year Ended December 31, 2023*

Operating revenue - user charges	\$ <u>32,515</u>
Operating expenses	
Salaries and benefits	(4,892)
Materials and supplies	737
Purchased services	17,393
Insurance	119
Repairs and maintenance	5,530
Allocated administrative and billing expenses	4,227
Depreciation	<u>2,038</u>
Total operating expenses	<u>25,152</u>
Income from operations	<u>7,363</u>
Change in net position	<u>7,363</u>
Net position, beginning of year	<u>65,452</u>
Net position, end of year	<u>\$ 72,815</u>

THE CITY OF CORDOVA
Cordova, Alaska

Exhibit H-19

Odiak Park Enterprise Fund

Statement of Cash Flows

Year Ended December 31, 2023

Cash flows from operating activities	
Receipts from customers and users	\$ 32,515
Payments for interfund services used	(4,227)
Payments to suppliers	<u>(26,402)</u>
Net cash flows from operating activities	<u>1,886</u>
Net decrease in cash and equivalents	<u>1,886</u>
Cash and equivalents, beginning of year	<u>54,697</u>
Cash and equivalents, end of year	<u>\$ 56,583</u>
Reconciliation of Income from Operations to Net Cash Flows from Operating Activities	
Income from operations	\$ 7,363
Adjustments to reconcile income from operations to net cash flows from operating activities:	
Depreciation	2,038
(Increase) decrease in assets and deferred outflows of resources:	
Prepaid insurance	(95)
Net other postemployment benefits assets	3,868
Deferred outflows of resources related to other postemployment benefits	1,131
Increase (decrease) in liabilities and deferred inflows of resources:	
Accounts payable	(3,944)
Customer deposits	1,416
Net pension liability	(9,532)
Deferred inflows of resources related to pensions and other postemployment benefits	<u>(359)</u>
Net cash flows from operating activities	<u>\$ 1,886</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, 2023

Assets

Current assets

Cash

\$ -

Total assets

-

Liabilities and net position

Gain before transfers

Health claims payable

-

Transfers out

Net position

Unrestricted

-

Total net position

Total liabilities and net position

\$ -

THE CITY OF CORDOVA
 Cordova, Alaska

Health Insurance Internal Service Fund

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

Year Ended December 31, 2023

Revenues	
Employer contributions	\$ 4,569
Insurance reimbursements	<u>120,460</u>
<i>Total revenues</i>	<u>125,029</u>
Gain before transfers	<u>125,029</u>
Transfers out	<u>(125,029)</u>
Change in net position	<u>-</u>
Net position, beginning of year	<u>-</u>
Net position, end of year	<u><u>\$ -</u></u>

THE CITY OF CORDOVA
Cordova, Alaska

Exhibit I-3

Health Insurance Internal Service Fund

Statement of Cash Flows

Year Ended December 31, 2023

Cash flows from operating activities	
Receipts from customers and users	\$ 125,029
Payments to suppliers	<u>(336,038)</u>
Net cash flows from operating activities	<u>(211,009)</u>
Cash flows from noncapital financing activities	
Transfers out	<u>(125,029)</u>
Net decrease in cash and equivalents	<u>(336,038)</u>
Cash and equivalents, beginning of year	<u>336,038</u>
Cash and equivalents, end of year	<u>\$ -</u>
Reconciliation of Loss from Operations to Net Cash Flows from Operating Activities	
Income from operations	\$ 125,029
Adjustments to reconcile loss from operations to net cash flows from operating activities:	
Decrease in liabilities and deferred inflows of resources:	
Health claims payable	<u>(336,038)</u>
Net cash flows from operating activities	<u>\$ (211,009)</u>

FEDERAL COMPLIANCE SECTION

THE CITY OF CORDOVA
Cordova, Alaska

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2023

Federal Grant Title	Award Identification	ALN	Total Grant Award	Eligible Expenditures
U.S. Department of Agriculture: Schools & Roads Grants to States	Unknown	10.665	\$ 718,257	718,257
<i>Total U.S. Department of Agriculture</i>			<u>718,257</u>	<u>718,257</u>
U.S. Department of Interior: Payment in lieu of taxes	Unknown	15.226	495,774	495,774
<i>Total U.S. Department of the Interior</i>			<u>495,774</u>	<u>495,774</u>
U.S. Department of Commerce: Gulf of Alaska Pink Salmon Disaster*	22-090G	11.022	669,488	669,488
Gulf of Alaska Pacific Cod Fishery Disaster	22-183G	11.477	1,630	1,630
Grants to States/ARPA	ARPA34	45.310	25,684	1,018
Digital Services Librarian	ARPML-250544-OMLS-22	45.308	23,000	4,685
<i>Total U.S. Department of Commerce</i>			<u>719,802</u>	<u>676,821</u>
Denali Commission Cordova South Harbor Reconstruction Project*	1802-00	90.100	750,000	695,323
<i>Total Denali Commission</i>			<u>750,000</u>	<u>695,323</u>
U.S. Department of Homeland Security: 2022 Emergency Management Performance Grant	22EMPG-GY22	97.042	22,500	13,500
2023 Emergency Management Performance Grant	EMS-2023-EP-00001	97.042	18,000	4,500
<i>Total U.S. Department of Homeland Security</i>			<u>40,500</u>	<u>18,000</u>
U.S. Department of Health and Human Services: COVID-19 Response & Mitigation Activities	MOA # CO622-584-NN	93.268	13,170	13,170
COVID-19 Response & Mitigation Activities	MOA # CO622-584-NN	93.391	13,169	13,169
<i>Total U.S. Department of Health and Human Services</i>			<u>26,339</u>	<u>26,339</u>
Total federal awards			<u>\$ 2,750,672</u>	<u>2,630,514</u>

*Indicates a major program for compliance audit purposes.

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

THE CITY OF CORDOVA

Cordova, Alaska

Notes to Schedule of Expenditures of Federal Awards

Year Ended December 31, 2023

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, 2023. 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
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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, 2023, and the related notes to the financial statements, which collectively comprise the City of Cordova's basic financial statements, and have issued our report thereon dated September 27, 2024.

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 "Newman & Vogel", is written in a cursive style.

Anchorage, Alaska
September 27, 2024



Newhouse & Vogler

Certified Public Accountants
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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 Each Major Federal Program

We have audited the City of Cordova's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the City of Cordova's major federal programs for the year ended December 31, 2023. 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 programs for the year ended December 31, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City of Cordova and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for 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 "Newman & Vogel", is written in a cursive style.

Anchorage, Alaska
September 27, 2024

THE CITY OF CORDOVA
Cordova, Alaska

Schedule of Findings and Questioned Costs

Year Ended December 31, 2023

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>
11.022	Gulf of Alaska Pink Salmon Disaster
90.100	Cordova South Harbor Reconstruction Project

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, 2023

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Audit period: January 1, 2023 through December 31, 2023

No audit findings were issued for the audit of the year ended December 31, 2022.

STATE SINGLE AUDIT SECTION

THE CITY OF CORDOVA

Cordova, Alaska

Schedule of State Financial Assistance

Year Ended December 31, 2023

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	\$ -	2,955,725
Cordova Port & Harbor Project*	22-HG-001	-	2,959,550
<i>Total Department of Commerce, Community and Economic Development</i>		-	5,915,275
Department of Health and Social Services			
APEI - Safety Equipment & Training	Unknown	-	6,000
<i>Total Department of Health and Social Services</i>		-	6,000
Department of Education and Early Development			
Debt retirement	Unknown	-	1,662,669
Public Library Assistance Grant	PLA21	-	8,250
<i>Total Department of Education and Early Development</i>		-	1,670,919
Total State financial assistance		\$ -	\$ 7,592,194

*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, 2023

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, 2023. 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, 2023. 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, 2023.

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.

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, 2023, and have issued our report thereon dated September 27, 2024, 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.

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

Anchorage, Alaska
September 27, 2024

THE CITY OF CORDOVA
Cordova, Alaska

State Schedule of Findings and Questioned Costs

Year Ended December 31, 2023

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, 2023.

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, 2023

STATE SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Audit period: January 1, 2023 through December 31, 2023

The City of Cordova did not have any findings or questioned cost related to the State of Alaska for the year ended December 31, 2022.