Mayor
Clay Koplin
Council Members
Tom Bailer
Kenneth Jones
Jeff Guard
Melina Meyer
Anne Schaefer
David Allison
David Glasen
City Manager
Alan Lanning
City Clerk
Susan Bourgeois
Deputy Clerk
Tina Hammer
Student Council
William Deaton

City Council Work Session
September 18, 2019 @ 6:00 pm
Cordova Center Community Rooms
Agenda

A. Call to order

B. Roll call

Mayor Clay Koplin, Council members Tom Bailer, Kenneth Jones, Jeff Guard, Melina Meyer, Anne Schaefer, David Allison and David Glasen

C. Work Session topics

1. BDO, 2018 City Financial Audit..... **(p1-122)**
2. 2020 Budget Timeline

D. Adjournment

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

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

City of Cordova, Alaska

Basic Financial Statements, Required Supplementary Information, Supplementary Information and Single Audit Reports

Year Ended December 31, 2018

The report accompanying these financial statements was issued by
BDO USA, LLP, a Delaware limited liability partnership and the U.S. member
of BDO International Limited, a UK company limited by guarantee

City of Cordova, Alaska

Basic Financial Statements, Required Supplementary
Information, Supplementary Information
and Single Audit Reports
Year Ended December 31, 2018

City of Cordova, Alaska

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3601 C Street, Suite 600
Anchorage, AK 99503

Independent Auditor's Report

Honorable Mayor and City Council
City of Cordova, Alaska

Report on the Financial Statements

We have audited the accompanying 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, Alaska, as of and for the year ended December 31, 2018, 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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Cordova City School District and Cordova Community Medical Center which are reported as discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it related to the amounts included for the City of Cordova, Alaska, is based solely on the reports of the other auditors. We conducted our audit 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

BDO USA, LLP, a Delaware limited liability partnership, is the U.S. member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above 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 City of Cordova, Alaska, as of December 31, 2018, 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.

Change in Accounting Principle

As discussed in Note 16 to the financial statements, in 2018 the City of Cordova adopted the provisions of Governmental Accounting Standards Board (GASB) Statement Number 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 54-56, and the schedules of the city's information on the net pension and OPEB liability and City contributions to the pension and OPEB plans on pages 57-64, be presented to supplement the basic financial statements. Such 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. 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 opinion on the basic financial statements is 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 City of Cordova's basic financial statements. The accompanying combining and individual fund financial statements, schedules listed in the table of contents, Schedule of Expenditures of Federal Awards as required by the Title 2 U.S. *Code of Federal Regulations* (CFR) 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 Audit Guide and Compliance Supplement for State Single Audits* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying Schedule of Expenditures of Federal Awards, the Schedule of State Financial Assistance, and the combining and individual fund financial statements and schedules 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 accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 3, 2019 on our consideration of 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 the City of Cordova's 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.

BDO USA, LLP

Anchorage, Alaska
September 3, 2019

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Basic Financial Statements

City of Cordova, Alaska

Statement of Net Position

	Primary Government			Component Units		
December 31, 2018	Governmental Activities	Business-type Activities	Total	Cordova City School District	Cordova Community Medical Center	Cordova Volunteer Fire Department
Assets and Deferred Outflows of Resources						
Assets						
Cash and investments	$ 11,458,399	$ 2,887,190	$ 14,345,589	$ 1,773,901	$ 524,608	$ 52,046
Receivables:						
Taxes	556,100	-	556,100	-	-	-
Accounts	-	494,297	494,297	62,792	1,659,347	-
Grants and shared revenues	10,612	-	10,612	147,777	-	-
Other	114,133	-	114,133	-	111,372	-
Allowance for doubtful accounts	-	(214,318)	(214,318)	-	-	-
Third-party payor settlements	-	-	-	-	525,974	
Due from CCMC	75,000	-	75,000	-	-	
Prepaid items	185,743	90,247	275,990	220,852	46,662	-
Deposits	-	6,500	6,500	-	-	-
Inventory	-	-	-	50,814	306,888	-
Restricted cash and investments	-	890,196	890,196	-	-	529
Lease receivable	751,000	-	751,000	-	-	-
Capital assets:						
Land and construction in progress	1,523,343	5,596,343	7,119,686	-	131,532	-
Other capital assets, net of depreciation	51,386,234	28,265,367	79,651,601	105,691	4,222,820	-
Total Assets	66,060,564	38,015,822	104,076,386	2,361,827	7,529,203	52,575
Deferred Outflows of Resources						
Related to pensions	399,278	134,220	533,498	381,202	798,598	-
Related to other postemployment benefits	278,934	98,571	377,505	109,520	434,761	-
Related to goodwill	-	-	-	-	135,000	-
Deferred loss on bonds	1,182,467	-	1,182,467	-	-	-
Total Deferred Outflows of Resources	1,860,679	232,791	2,093,470	490,722	1,368,359	-
Total Assets and Deferred Outflows of Resources	$ 67,921,243	$38,248,613	$106,169,856	$ 2,852,549	$ 8,897,562	$ 52,575

City of Cordova, Alaska

Statement of Net Position, continued

	Primary Government			Component Units		
December 31, 2018	Governmental Activities	Business-type Activities	Total	Cordova City School District	Cordova Community Medical Center	Cordova Volunteer Fire epartment
Liabilities, Deferred Inflows of Resources and Net Position						
Liabilities						
Accounts payable	$ 173,420	$ 72,691	$ 246,111	$ 262,000	$1,168,184	$ -
Accrued payroll and related liabilities	197,435	35,354	232,789	51,132	1,442,294	-
Health claims payable	95,000	-	95,000	-	-	-
Customer deposits	-	36,566	36,566	-	-	-
Accrued interest payable	182,488	55,283	237,771	-	-	-
Unearned revenue	77,150	461,061	538,211	-	-	-
Noncurrent liabilities:						
Due within one year:						
Accrued vacation and sick leave	292,599	111,397	403,996	-	214,553	-
Bonds and loans	1,282,000	162,044	1,444,044	-	-	-
Capital lease	-		-	-	124,914	-
Due in more than one year:						
Loans	-	3,107,426	3,107,426	-	75,000	-
General obligation bonds	13,790,000	-	13,790,000	-	-	-
Capital lease	-	-	-	-	428,365	-
Net pension liability	4,866,221	1,559,584	6,425,805	3,087,978	5,175,441	-
Net other postemployment benefits liability	970,902	343,095	1,313,997	349,681	1,061,999	-
Unamortized bond premium	1,861,783	-	1,861,783	-	-	-
Landfill closure costs	-	761,381	761,381	-	-	-
Total Liabilities	23,788,998	6,705,882	30,494,880	3,750,791	9,690,750	-
Deferred Inflows of Resources						
Related to pensions	128,643	32,838	161,481	537,307	129,893	-
Related to other postemployment benefits	351,948	124,372	476,320	278,824	504,551	-
Total Deferred Inflow of Resources	480,591	157,210	637,801	816,131	634,444	-
Total Liabilities and Deferred Inflows of Resources	24,269,589	6,863,092	31,132,681	4,566,922	10,325,194	-
Net Position						
Net investment in capital assets	37,158,261	30,592,240	67,750,501	105,691	3,801,073	-
Restricted:						
E-911	64,396	-	64,396	-	-	-
Refuse	-	890,196	890,196	-	-	-
School District	-	-	-	198,312	-	-
Unrestricted (deficit)	6,428,997	(96,915)	6,332,082	(2,018,376)	(5,228,705)	52,575
Total Net Position (Deficit)	43,651,654	31,385,521	75,037,175	(1,714,373)	(1,427,632)	52,575
Total Liabilities, Deferred Inflows of Resources and Net Position	$67,921,243	$38,248,613	$106,169,856	$ 2,852,549	$8,897,562	$52,575

See accompanying notes to basic financial statements.

City of Cordova, Alaska

Statement of Activities

Year Ended December 31, 2018

Activities	Expenses	Program Revenues: Fees, Fines and Charges for Services	Program Revenues: Operating Grants and Contri-butions	Program Revenues: Capital Grants and Contri-butions
Primary Government				
Governmental:				
General government	$ 1,872,044	$ 614,165	$ 29,063	$ -
Public safety	1,600,182	236,476	155,989	12,968
Information and recreation	1,535,301	122,170	-	-
Public works	2,183,354	736	-	174,862
Education	2,297,784	-	632,093	-
Health	770,134	-	-	-
Community service	118,017	-	-	-
Interest	627,571	-	952,265	-
Capital outlay	6,340	-	-	-
Total governmental activities	11,010,727	973,547	1,769,410	187,830
Business-type:				
Port	2,039,549	1,351,102	7,504	-
Water	1,320,016	675,719	3,726	-
Sewer	1,163,549	760,180	3,726	-
Refuse	918,727	1,074,365	6,950	-
Camper Park	66,821	75,985	690	-
Total business-type activities	5,508,662	3,937,351	22,596	-
Total Primary Government	$ 16,519,389	$ 4,910,898	$ 1,792,006	$ 187,830
Component Units				
Cordova City School District	$ 6,848,781	$ 52,596	$ 756,034	$ -
Cordova Community Medical Center	$ 12,163,408	$ 9,645,717	$ 462,727	$ -
Volunteer Fire Department	$ 22,012	$ 4,485	$ 4,385	$ -

City of Cordova, Alaska

Statement of Activities, continued

Year Ended December 31, 2018

	Net (Expense) Revenue and Changes in Net Position					
	Primary Government			Component Units		
Activities	Govern-mental Activities	Business-type Activities	Total	Cordova City School District	Cordova Community Medical Center	Cordova Volunteer Fire Department
Primary Government						
Governmental:						
General government	$ (1,228,816)	$ -	$ (1,228,816)			
Public safety	(1,194,749)	-	(1,194,749)			
Information and recreation	(1,413,131)	-	(1,413,131)			
Public works	(2,007,756)	-	(2,007,756)			
Education	(1,665,691)	-	(1,665,691)			
Health	(770,134)	-	(770,134)			
Community service	(118,017)	-	(118,017)			
Interest	324,694	-	324,694			
Capital outlay	(6,340)	-	(6,340)			
Total governmental activities	(8,079,940)	-	(8,079,940)			
Business-type:						
Port	-	(680,943)	(680,943)			
Water	-	(640,571)	(640,571)			
Sewer	-	(399,643)	(399,643)			
Refuse	-	162,588	162,588			
Camper Park	-	9,854	9,854			
Total business-type activities	-	(1,548,715)	(1,548,715)			
Total Primary Government	(8,079,940)	(1,548,715)	(9,628,655)			
Component Units						
Cordova City School District				$ (6,040,151)		
Cordova Community Medical Center					$ (2,054,964)	
Volunteer Fire Department						$ (13,142)
General Revenues						
Sales taxes	3,111,480	-	3,111,480	-	-	-
Property taxes	2,551,853	-	2,551,853	-	-	-
Payments in lieu of taxes	442,001	-	442,001	-	-	-
Other taxes	314,492	-	314,492	-	-	-
Contributions from primary government	-	-	-	1,602,052	866,814	18,025
Grants and entitlements not restricted to a specific purpose	1,836,611		1,836,611	4,685,853	968,323	-
Investment income (loss)	(250,094)	1,630	(248,464)	404	86	-
Gain on sale of building	614,557	-	614,557	-	-	-
Other	-	-	-	35,129	-	-
Transfers	38,984	(38,984)	-	-	-	-
Total General Revenues and Transfers	8,659,884	(37,354)	8,622,530	6,323,438	1,835,223	18,025
Change in net position	579,944	(1,586,069)	(1,006,125)	283,287	(219,741)	4,883
Net Position, beginning, restated	43,071,710	32,971,590	76,043,300	(1,997,660)	(1,207,891)	47,692
Net Position, ending	$ 43,651,654	$ 31,385,521	$ 75,037,175	$ (1,714,373)	$ (1,427,632)	$ 52,575

See accompanying notes to basic financial statements.

City of Cordova, Alaska

Governmental Funds
Balance Sheet

December 31, 2018	Major Funds: General	Major Funds: General Reserve Special Revenue	Nonmajor Funds	Total Govern-mental Funds
Assets				
Cash and investments	$ 1,258,188	$ 9,525,343	$ 674,868	$ 11,458,399
Receivables:				
Taxes	556,100	-	-	556,100
Grants and shared revenues	-	-	10,612	10,612
Other	91,990	-	22,143	114,133
Prepaid insurance	185,743	-	-	185,743
Due from CCMC	75,000	-	-	75,000
Lease receivable	751,000	-	-	751,000
Total Assets	$ 2,918,021	$ 9,525,343	$ 707,623	$ 13,150,987
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts payable	$ 127,906	$ -	$ 45,514	$ 173,420
Accrued payroll and related liabilities	197,435	-	-	197,435
Health claims payable	95,000	-	-	95,000
Unearned revenue	77,150	-	-	77,150
Total Liabilities	497,491	-	45,514	543,005
Deferred Inflows of Resources				
Deferred property taxes	54,172	-	-	54,172
Deferred ambulance revenue	-	-	11,305	11,305
Deferred lease revenue	751,000	-	-	751,000
Total Deferred Inflows of Resources	805,172	-	11,305	816,477
Fund Balances				
Nonspendable - prepaid insurance	185,743	-	-	185,743
Restricted - enhanced 911 services	-	-	64,396	64,396
Assigned:				
Capital projects and land	-	9,525,343	248,012	9,773,355
Public safety	-	-	338,396	338,396
Unassigned	1,429,615	-	-	1,429,615
Total Fund Balances	1,615,358	9,525,343	650,804	11,791,505
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 2,918,021	$ 9,525,343	$ 707,623	$ 13,150,987

See accompanying notes to basic financial statements.

City of Cordova, Alaska

Reconciliation of Governmental Funds Balance Sheet to Statement of Net Position December 31, 2018

Total fund balances for governmental funds		$ 11,791,505
Total net position reported for governmental activities in the Statement of Net Position is different because:		
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	112,924	
Buildings	61,893,431	
Infrastructure	3,862,882	
Machinery and equipment	7,744,817	
Accumulated depreciation	(22,114,896)	
Total capital assets		52,909,577
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds. These assets consist of:		
Lease receivable	751,000	
Delinquent property taxes receivable	54,172	
Deferred ambulance revenue	11,305	
Total other long-term assets		816,477
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.		1,182,467
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	(15,072,000)	
Unamortized bond premium	(1,861,783)	
Accrued interest on bonds	(182,488)	
Accrued leave	(292,599)	
Net pension liability	(4,866,221)	
Net other postemployment benefits liability	(970,902)	
Total long-term liabilities		(23,245,993)
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	399,278	
Deferred inflows of resources related to pensions	(128,643)	
Deferred outflows of resources related to other postemployment benefits	278,934	
Deferred inflows of resources related to other postemployment benefits	(351,948)	
Total deferred pension and other postemployment benefits items		197,621
Total Net Position of Governmental Activities		$ 43,651,654

See accompanying notes to basic financial statements.

Exhibit B-3

City of Cordova, Alaska

Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balances

Year Ended December 31, 2018	Major Funds: General	Major Funds: General Reserve Special Revenue	Nonmajor Funds	Total Govern-mental Funds
Revenues				
Taxes	$ 6,416,822	$ -	$ -	$ 6,416,822
Licenses and permits	31,235	-	-	31,235
Federal government	639,586	-	12,968	652,554
State of Alaska	3,074,413	-	16,000	3,090,413
Investment income (loss)	40,583	(290,677)	-	(250,094)
Land sales	-	121,950	-	121,950
Charges for services	1,036,936	-	-	1,036,936
Other revenues	336,453	736	56,506	393,695
Total Revenues	11,576,028	(167,991)	85,474	11,493,511
Expenditures				
Current:				
General government	1,730,723	-	-	1,730,723
Public safety	1,412,986	-	21,636	1,434,622
Information and recreation	1,354,835	-	18,000	1,372,835
Public works	1,694,051	-	230,509	1,924,560
Education	1,628,710	-	75,738	1,704,448
Health	770,134	-	-	770,134
Community service	118,017	-	-	118,017
Debt service:				
Principal	1,194,000	-	-	1,194,000
Interest	761,167	-	-	761,167
Capital outlay	-	-	6,340	6,340
Total Expenditures	10,664,623	-	352,223	11,016,846
Excess of revenues over (under) expenditures	911,405	(167,991)	(266,749)	476,665
Other Financing Sources (Uses)				
Transfers in	-	38,984	1,755,434	1,794,418
Transfers out	(1,634,002)	-	(121,432)	(1,755,434)
Net Other Financing Sources (Uses)	(1,634,002)	38,984	1,634,002	38,984
Net change in fund balances	(722,597)	(129,007)	1,367,253	515,649
Fund Balances (Deficit), beginning	2,337,955	9,654,350	(716,449)	11,275,856
Fund Balances (Deficit), ending	$ 1,615,358	$ 9,525,343	$ 650,804	$ 11,791,505

See accompanying notes to basic financial statements.

City of Cordova, Alaska

Reconciliation of Change in Fund Balances of Governmental Funds to Statement of Activities
Year Ended December 31, 2018

Net change in fund balances - total governmental funds		$ 515,649
The change in net position reported for governmental activities in the Statement of Activities is different because:		
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 ($1,713,967) exceeds capital outlays ($79,338) and gain on sale of building ($614,557)		(1,156,515)
Sale of building related to direct financing lease. This is the amount of the sales price of the lease ($751,000) which exceeds the gain on the sale of the building ($614,557)		136,443
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. This is the amount of increase in deferred taxes, assessments, and ambulance revenue.		6,877
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	$ 1,194,000	
Net decrease in deferred loss on bond refunding	(107,496)	
Net decrease in unamortized bond premium	198,914	
		1,285,418
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	42,178	
Accrued leave	11,347	
Net pension obligation and related accounts	106,768	
Net other postemployment benefits and related accounts	(368,221)	
		(207,928)
Change in Net Position of Governmental Activities		$ 579,944

See accompanying notes to basic financial statements.

City of Cordova, Alaska

Enterprise Funds
Statement of Net Position

December 31, 2018	Major Funds: Port	Water	Sewer	Refuse	Nonmajor Fund: Odiak Park	Total Enterprise Funds
Assets and Deferred Outflows of Resources						
Current Assets						
Cash and investments	$ 1,753,775	$ 4,928	$ 601,105	$ 382,135	$ 145,247	$ 2,887,190
Accounts receivable	351,448	23,356	55,106	64,387	-	494,297
Allowance for doubtful accounts	(213,757)	-	-	(561)	-	(214,318)
Prepaid expenses	42,075	15,176	15,176	15,176	2,644	90,247
Deposits	-	-	6,500	-	-	6,500
Total Current Assets	1,933,541	43,460	677,887	461,137	147,891	3,263,916
Restricted Assets - landfill closure cash	-	-	-	890,196	-	890,196
Property, Plant and Equipment	26,468,682	23,225,737	18,524,769	5,114,998	90,080	73,424,266
Less accumulated depreciation	(15,201,894)	(10,107,302)	(11,136,807)	(3,055,179)	(61,374)	(39,562,556)
Net Property, Plant and Equipment	11,266,788	13,118,435	7,387,962	2,059,819	28,706	33,861,710
Total Assets	13,200,329	13,161,895	8,065,849	3,411,152	176,597	38,015,822
Deferred Outflows of Resources - related to other postemployment benefits	33,759	16,765	16,765	31,282	-	98,571
Deferred Outflows of Resources - related to pensions	57,958	17,606	17,606	41,050	-	134,220
Total Defered Outflows of Resources	91,717	34,371	34,371	72,332	-	232,791
Total Assets and Deferred Outflows of Resources	$ 13,292,046	$ 13,196,266	$ 8,100,220	$ 3,483,484	$ 176,597	$ 38,248,613

City of Cordova, Alaska

Enterprise Funds
Statement of Net Position, continued

December 31, 2018	Major Funds				Nonmajor Fund	Total Enterprise Funds
	Port	Water	Sewer	Refuse	Odiak Park	
Liabilities, Deferred Inflows of Resources and Net Position						
Current Liabilities						
Accounts payable	$ 38,158	$ 5,774	$ 8,810	$ 8,501	$ 118	$ 61,361
Accrued payroll and related liabilities	12,741	5,507	5,507	11,017	582	35,354
Accrued vacation and sick leave	41,498	22,957	22,957	23,985	-	111,397
Customer deposits	-	36,566	-	-	-	36,566
Accrued interest payable	-	49,678	5,225	380	-	55,283
Unearned revenue	461,061	-	-	-	-	461,061
Current portion of bonds and loans payable	-	69,044	55,000	38,000	-	162,044
Other liabilities	-	-	-	-	11,330	11,330
Total Current Liabilities	553,458	189,526	97,499	81,883	12,030	934,396
Noncurrent Liabilities, net of current portion						
Loans payable to ADEC, net of current portion	-	2,117,426	990,000	-	-	3,107,426
Net other postemployment benefits liability	117,507	58,352	58,352	108,884	-	343,095
Net pension liability	608,510	224,464	224,464	502,146	-	1,559,584
Landfill closure costs	-	-	-	761,381	-	761,381
Total Noncurrent Liabilities	726,017	2,400,242	1,272,816	1,372,411	-	5,771,486
Total Liabilities	1,279,475	2,589,768	1,370,315	1,454,294	12,030	6,705,882
Deferred Inflows of Resources - related to pensions	13,424	4,072	3,864	11,478	-	32,838
Deferred Inflows of Resources - other postemployment benefits	42,596	21,153	21,153	39,470	-	124,372
Deferred Inflow of Resources	56,020	25,225	25,017	50,948	-	157,210
Net Position						
Net investment in capital assets	11,266,788	10,931,965	6,342,962	2,021,819	28,706	30,592,240
Restricted	-	-	-	890,196	-	890,196
Unrestricted (deficit)	689,763	(350,692)	361,926	(933,773)	135,861	(96,915)
Total Net Position	11,956,551	10,581,273	6,704,888	1,978,242	164,567	31,385,521
Total Liabilities, Deferred Inflow of Resources, and Net Position	$ 13,292,046	$ 13,196,266	$ 8,100,220	$ 3,483,484	$ 176,597	$ 38,248,613

See accompanying notes to basic financial statements.

City of Cordova, Alaska

Enterprise Funds

Statement of Revenues, Expenses and Changes in Net Position

	Major Funds				Nonmajor Fund	Total
Year Ended December 31, 2018	Port	Water	Sewer	Refuse	Odiak Park	Enterprise Funds
Operating Revenues						
Charges for services	$ 1,351,102	$ 675,719	$ 760,180	$1,074,365	$ 75,985	$ 3,937,351
Operating Expenses						
Salaries and benefits	542,376	268,444	267,855	511,273	26,783	1,616,731
Other operating expenses	734,464	401,302	418,687	237,940	38,000	1,830,393
Depreciation	762,709	620,353	410,383	128,933	2,038	1,924,416
Total Operating Expenses	2,039,549	1,290,099	1,096,925	878,146	66,821	5,371,540
Income (loss) from operations	(688,447)	(614,380)	(336,745)	196,219	9,164	(1,434,189)
Nonoperating Revenues (Expenses)						
Investment income	845	-	-	785	-	1,630
Interest expense	-	(36,803)	(16,210)	(2,365)	-	(55,378)
In-kind contributions	-	(15,614)	(35,014)	(38,216)	-	(88,844)
State of Alaska PERS relief	7,504	3,726	3,726	6,950	690	22,596
Loss on disposal of equipment	-	-	(15,400)	-	-	(15,400)
Other income	-	22,500	-	-	-	22,500
Net Nonoperating Revenues (Expenses)	8,349	(26,191)	(62,898)	(32,846)	690	(112,896)
Income (loss) before transfers	(680,098)	(640,571)	(399,643)	163,373	9,854	(1,547,085)
Other Financing Sources (Uses)						
Transfers in	-	5,000	-	-	-	5,000
Transfers out	(25,328)	(1,164)	(11,164)	(2,328)	(4,000)	(43,984)
Net Other Financing Sources (Uses)	(25,328)	3,836	(11,164)	(2,328)	(4,000)	(38,984)
Change in net position	(705,426)	(636,735)	(410,807)	161,045	5,854	(1,586,069)
Net Position, beginning of year, as restated	12,661,977	11,218,008	7,115,695	1,817,197	158,713	32,971,590
Net Position, ending	$11,956,551	$10,581,273	$6,704,888	$1,978,242	$ 164,567	$31,385,521

See accompanying notes to basic financial statements.

City of Cordova, Alaska

Enterprise Funds
Statement of Cash Flows

Year Ended December 31, 2018	Major Funds: Port	Water	Sewer	Refuse	Nonmajor Fund: Odiak Park	Total Enterprise Funds
Cash Flows from Operating Activities						
Receipts from customers and users	$ 1,396,957	$ 674,908	$ 742,601	$ 1,052,636	$ 75,985	$ 3,943,087
Payments for interfund services used	(180,706)	(78,868)	(99,650)	(144,248)	(9,750)	(513,222)
Payments to suppliers	(579,808)	(353,360)	(330,907)	(182,064)	(31,018)	(1,477,157)
Payments to employees	(504,271)	(241,493)	(241,706)	(475,133)	(23,199)	(1,485,802)
Net cash flows from operating activities	132,172	1,187	70,338	251,191	12,018	466,906
Cash Flows from (for) Noncapital Financing Activities						
Transfers in	-	5,000	-	-	-	5,000
Transfers out	(25,328)	(1,164)	(11,164)	(2,328)	(4,000)	(43,984)
Net cash flows from (for) noncapital financing activities	(25,328)	3,836	(11,164)	(2,328)	(4,000)	(38,984)
Cash Flows for Capital and Related Financing Activities						
Additions to property, plant and equipment	-	(59,461)	-	(14,425)	-	(73,886)
Capital contributions received	-	150,743	-	-	-	150,743
Increase (decrease) in due to other funds	(11,652)	(49,953)	(3,908)	(9,311)	(1,155)	(75,979)
Principal and interest paid on long-term debt	-	(41,424)	-	(38,960)	-	(80,384)
Proceeds from ADEC loan	-	-	(227,965)	-	-	(227,965)
Net cash flows for capital and related financing activities	(11,652)	(95)	(231,873)	(62,696)	(1,155)	(307,471)
Cash Flows from Investing Activities						
Investment income received	845	-	-	785	-	1,630
Net increase (decrease) in cash and investments	96,037	4,928	(172,699)	186,952	6,863	122,081
Cash and Investments, beginning	1,657,738	-	773,804	1,085,379	138,384	3,655,305
Cash and Investments, ending	$ 1,753,775	$ 4,928	$ 601,105	$ 1,272,331	$ 145,247	$ 3,777,386
Reconciliation of Cash and Investments to Statement of Net Position						
Cash and investments	$ 1,753,775	$ 4,928	$ 601,105	$ 382,135	$ 145,247	$ 2,887,190
Restricted assets	-	-	-	890,196	-	890,196
Total Cash and Investments	$ 1,753,775	$ 4,928	$ 601,105	$ 1,272,331	$ 145,247	$ 3,777,386

City of Cordova, Alaska

Enterprise Funds
Statement of Cash Flows, continued

Year Ended December 31, 2018	Major Funds Port	Water	Sewer	Refuse	Nonmajor Fund Odiak Park	Total Enterprise Funds
Reconciliation of Income (Loss) from Operations to Net Cash Flows from Operating Activities						
Income (loss) from operations	$(688,447)	$(614,380)	$(336,745)	$ 196,219	$ 9,164	$ (1,434,189)
Adjustments to reconcile income (loss) from operations to net cash flows from operating activities:						
Depreciation	762,709	620,353	410,383	128,933	2,038	1,924,416
Decrease in allowance for doubtful accounts	-	-	(428)	-	-	(428)
Noncash expense - PERS relief	7,504	3,726	3,726	6,950	690	22,596
Other income	-	22,500	-	-	-	22,500
Increase (decrease) in allowance for doubtful accounts	73,928	(987)	-	(789)	-	72,152
In-kind contributions	-	(15,614)	(35,014)	(38,216)	-	(88,844)
(Increase) decrease in assets and deferred outflows of resources						
Accounts receivable	(60,838)	6,923	17,863	17,276	-	(18,776)
Prepaid expenses	(15,350)	(1,701)	(1,701)	(204)	(2,644)	(21,600)
Deferred outflows related to pensions	(9,477)	(4,706)	(4,706)	(8,781)	-	(27,670)
Deferred outflows related to other postemployment benefits	(33,759)	(16,765)	(16,765)	(31,282)	-	(98,571)
Increase (decrease) in liabilities and deferred inflows of resources						
Accounts payable	(10,700)	(29,225)	(10,169)	2,661	(124)	(47,557)
Accrued payroll and related liabilities	1,051	(318)	(912)	(819)	44	(954)
Accrued vacation and sick leave	(2,092)	7,622	7,622	689	-	13,841
Unearned revenue	32,765	-	-	-	-	32,765
Customer deposits	-	(13,633)	-	-	-	(13,633)
Landfill closure costs payable	-	-	-	(90,829)	-	(90,829)
Other liabilities	-	-	-	-	2,850	2,850
Net pension liability	22,799	11,322	11,322	21,126	-	66,569
Net other postemployment benefits liability	35,728	17,742	17,742	33,106	-	104,318
Deferred inflows related to pensions	(26,245)	(12,825)	(13,033)	(24,319)	-	(76,422)
Deferred inflows related to other postemployment benefits	42,596	21,153	21,153	39,470	-	124,372
Net Cash Flows from Operating Activities	$ 132,172	$ 1,187	$ 70,338	$ 251,191	$ 12,018	$ 466,906

See accompanying notes to basic financial statements.

1. Summary of Significant Accounting Policies

Reporting Entity

The City of Cordova (the City) was incorporated in 1909 as a home rule municipality under the laws of the State of Alaska. The City operates under a council-manager form of government and performs municipal duties allowed by Alaska statutes and as directed by its residents.

These financial statements present the City of Cordova (the primary government) and its component units, the Cordova City School District, Cordova Community Medical Center (Medical Center), and Cordova 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 unit - 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.

Discretely presented component unit - 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.

Discretely presented component unit - 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 Cordova City School District maintains a June 30 fiscal year end. Cordova Community Medical Center previously operated on a June 30 fiscal year end and changed its fiscal year end to December 31, beginning with December 31, 2013. The City has established a December 31 year end. For this report, the June 30, 2018 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	Cordova Community Medical Center	Cordova Volunteer Fire Department
P.O. Box 140	P.O. Box 160	P.O. Box 1210
Cordova, AK 99574	Cordova, AK 99574	Cordova, AK 99574

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 Financial Statement Presentation

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the *accrual basis of accounting.* Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers all revenues, except reimbursement grants, to be available if they are collected within 60 days after year end. Reimbursement grants are considered available if they are collected within one year of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only to the extent they have matured.

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Property and sales taxes, charges for services, leases, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when received by the government. The City reports the following major funds:

Major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be reported in another fund.

The *General Reserve Special Revenue Fund* accounts for financial activities related to land purchases and sales and serves as the City's emergency reserves fund.

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.

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 Funds are charges to customers for sales and services. Operating expenses for the Enterprise 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.

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Budgets

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

Central Treasury

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

Cash and Cash Equivalents

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

Prepaid Items

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

Inventory

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

Receivables and Payables

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

Property taxes

Property taxes are a lien on the assessed value of taxable property as of January 1. Pursuant to Alaska Statute, Title 29.45.240, the City establishes the mill rate levy by June 15. Tax bills are mailed prior to July 1 and may be paid in two equal installments. The first installment is due by August 31 and the second installment is due by October 31. City property tax revenues in the fund financial statements are recognized in the fiscal year in which they are collectible and available to finance expenditures of the fiscal period.

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

Grants and Other Intergovernmental Revenues

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

Interfund Transactions

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

Compensated Absences

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

Capital Assets

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the useful life of the asset are not capitalized.

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

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

Unearned Grant Revenue

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

Long-term Debt

In the government-wide and the proprietary fund financial statements, long-term debt and other 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 straight-line 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.

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.

2. Cash and Investments

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

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, 2018.

		Pooled Cash and Investments
Bank deposits	$	5,917,500
Investments		9,318,285
Total Cash and Investments	$	15,235,785

		Pooled Cash and Investments
Cash and investments	$	14,345,589
Restricted cash and investments		890,196
Total Cash and Investments	$	15,235,785

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, 2018 totaling $485,188, with the remaining restricted funds in the amount of $405,008 being held in the central treasury. Total restricted cash is $890,196 at December 31, 2018.

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.

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In 2010, the City passed an ordinance authorizing investments in different securities than those listed above in the following ratio:

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

Interest Rate Risk

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

The City's investment balances as of December 31, 2018, are as follows:

		Investment Maturities (in Years)		
Investments by Type	Fair Value	Less than 1 year	1 to 5 years	Over 5 years
Investments subject to interest rate risk - certificates of deposit	$ 750,738	$ 485,188	$ 265,550	$ -
Investments not subject to interest rate risk:				
Cash and money market funds	217,743			
Mutual funds	8,349,804			
Total Investments	$ 9,318,285			

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.

The City's exposure to credit risk as of December 31, 2018, is as follows:

Investment Rating		Fair Value
AA	$	687,574
A		1,573
BBB		1,120,761
BB		835,033
B		198,729
Not Rated:		
Cash and money market funds		217,743
Mutual funds		5,506,134
Certificates of deposit		750,738
Total Investments	$	9,318,285

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, 2018, none of the City's investments were subject to custodial credit risk.

3. Lease Receivable

The City entered into a 30-year lease of a building to a developer under a lease on May 10, 2016. Annual lease payments are $50,500 for the first three years and after that are adjusted annually by the CPI. The lessee has the option of purchasing the property from the City for $505,000 if the construction of the project is substantially complete by May 20, 2019. If the lessee exercises the option by May 10, 2023 the purchase price will equal the purchase price reduced by all rents paid to the City. The lease qualifies as a direct financing lease. Future minimum lease payments were discounted at a 5 percent rate. The balance of the lease receivable at December 31, 2018 was 751,000.

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

Governmental Activities

	Lease Receipts
Year Ending December 31,	
2019	$ 50,400
2020	50,400
2021	50,400
2022	50,400
2023	50,400

4. Capital Assets

Capital asset activity for the year ended December 31, 2018 was as follows:

Governmental Activities	Balance January 1, 2018	Additions	Deletions	Balance December 31, 2018
Capital assets not being depreciated:				
Land and land improvements	$ 1,410,419	$ -	$ -	$ 1,410,419
Artwork	112,924	-	-	112,924
Construction in progress	194,160	-	194,160	-
Total capital assets not being depreciated	1,717,503	-	194,160	1,523,343
Capital assets being depreciated:				
Buildings	63,019,770	43,172	1,169,511	61,893,431
Infrastructure	3,709,621	153,262	-	3,862,882
Machinery and equipment	7,667,747	77,070	-	7,744,817
Total assets being depreciated	74,397,138	273,504	1,169,511	73,501,130
Less accumulated depreciation for:				
Buildings	16,014,428	1,181,079	1,033,068	16,162,440
Infrastructure	517,451	160,572	-	678,024
Machinery and equipment	4,902,113	372,316	-	5,274,432
Total accumulated depreciation	21,433,992	1,713,967	1,033,068	22,114,896
Total capital assets being depreciated, net	52,963,146	(1,440,463)	136,443	51,386,234
Governmental Activity Capital Assets, net	$ 54,680,649	$ (1,440,463)	$ 330,603	$ 52,909,577

Business-type Activities	Balance January 1, 2018	Additions/ Transfers	Deletions/ Transfers	Balance December 31, 2018
Capital assets not being depreciated:				
Land and land improvements	$ 5,566,333	$ -	$ -	$ 5,566,333
Construction in progress	15,400	30,010	15,400	30,010
Total capital assets not being depreciated	5,581,733	30,010	15,400	5,596,343
Capital assets being depreciated:				
Buildings and improvements	8,025,288	-	-	8,025,288
Improvements other than buildings	52,369,301	-	-	52,369,301
Machinery and equipment	7,058,890	43,875	132,187	6,970,578
Landfill	462,756	-	-	462,756
Total assets being depreciated	67,916,235	43,875	132,187	67,827,923
Less accumulated depreciation for:				
Buildings and improvements	671,512	199,274	-	870,786
Improvements other than buildings	32,238,429	1,443,037	-	33,681,466
Machinery and equipment	4,466,964	258,967	132,192	4,593,739
Landfill	393,427	23,138	-	416,565
Total accumulated depreciation	37,770,332	1,924,416	132,192	39,562,556
Total capital assets being depreciated, net	30,145,903	(1,880,541)	(5)	28,265,367
Business-type Activity Capital Assets, net	$ 35,727,636	$(1,850,531)	$ 15,395	$ 33,861,710

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Depreciation expense was charged to the functions as follows for the year ended December 31, 2018:

Governmental Activities		
General government	$	628,721
Public safety		105,392
Information and recreation		151,420
Public works		235,098
Education		593,336
Total Depreciation Expense - Governmental Activities	$	1,713,967

Business-type Activities		
Port	$	762,709
Water		620,353
Sewer		410,383
Refuse		128,933
Camper Park		2,038
Total Depreciation Expense - Business-type Activities	$	1,924,416

5. Long-term Debt

The following is a summary of long-term debt transactions of the City for the year ended December 31, 2018:

Governmental Activities	Balance January 1, 2018	Additions	Reductions	Balance December 31, 2018	Due Within One Year
General Obligation Bonds:					
$16,615,000 2009 school bonds, partially refunded in 2015, due in one final installment of $765,000 on February 1, 2019; plus interest at 4.50%	$ 1,495,000	$ -	$ 730,000	$ 765,000	$ 765,000
$210,000 2010 Series B bonds, due in annual installments of $45,000 through August 1, 2020; plus interest at 4.66% to 4.76% payable semiannually	130,000	-	40,000	90,000	45,000

Governmental Activities, continued	Balance January 1, 2018	Additions	Reductions	Balance December 31, 2018	Due Within One Year
$445,000 2011 Series Three school bonds, due in annual installments of $50,000 to $55,000 through 2021; plus interest at 4.00% to 5.00% payable semiannually	$ 200,000	$ -	$ 45,000	$ 155,000	$ 50,000
$1,805,000 2015 Series One A Road bonds, due in annual installments of $65,000 to $130,000 through 2034: plus interest at 3.25% to 5.0% payable semiannually	1,630,000	-	65,000	1,565,000	65,000
$700,000 2015 Series One road refunding bonds, due in one final installment of $152,000 in 2019; plus interest at 4.0% payable semiannually	296,000	-	144,000	152,000	152,000
$10,065,000 2015 Series One C school refunding bonds, due in annual installments of $105,000 to $1,295,000 through 2028; plus interest at 4.0% to 5.0% payable semiannually	9,905,000	-	75,000	9,830,000	105,000
$2,790,000 2015 Series One D bonds (Cordova Center), due in annual installments of $100,000 to $205,000 through 2035; plus interest at 4.0% to 5.0% payable semiannually	2,610,000	-	95,000	2,515,000	100,000
Accrued vacation and sick leave	303,946	221,580	232,927	292,599	292,599
Total Governmental Activities	$ 16,569,946	$ 221,580	$ 1,426,927	$ 15,364,599	$ 1,574,599

Business-type Activities	Balance January 1, 2018	Additions	Retired	Balance December 31, 2018	Due Within One Year
General Obligation Bonds:					
$175,000 2015 Series One B landfill refunding bonds, due in one final installment of $38,000 in 2019; plus interest at 5.0%	$ 74,000	$ -	$ 36,000	$ 38,000	$ 38,000
Alaska Department of Environmental Conservation Loans:					
$1,380,884 Drinking Water loan, due in annual installments of $69,044 through February 1, 2020; plus interest at 1.50%	207,136	-	69,046	138,090	69,044
$4,081,500 (maximum) Drinking Water loan, terms not yet established; interest at 1.5%	2,017,651	30,729	-	2,048,380	-
$1,100,000 (maximum) Clean Water loan, terms not yet established; interest at 1.50%	1,100,000	-	55,000	1,045,000	55,000
Accrued vacation and sick leave	97,556	97,011	83,170	111,397	111,397
Landfill closure costs payable	852,210	-	90,829	761,381	-
Total Business-type Activities	$ 4,348,553	$ 127,740	$ 334,045	$ 4,142,248	$ 273,441

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.

The annual debt service requirements of the general obligation bonds and loans outstanding at December 31, 2018 that are in repayment status follow:

Governmental Activities

General Obligation Bonds	Principal	Interest	Total Requirements
Year Ending December 31,			
2019	$ 1,282,000	$ 718,553	$ 2,000,553
2020	1,160,000	666,491	1,826,491
2021	1,165,000	608,475	1,773,475
2022	1,165,000	550,100	1,715,100
2023	1,225,000	493,525	1,718,525
2024-2028	7,065,000	1,494,500	8,559,500
2029-2033	1,475,000	270,875	1,745,875
2034-2035	535,000	20,525	555,525
	$ 15,072,000	$ 4,823,044	$ 19,895,044

Business-type Activities

General Obligation Bond	Principal	Interest	Total Requirements
Year Ending December 31,			
2019	$ 38,000	$ 1,520	$ 39,520

ADEC Loans	Principal	Interest	Total Requirements
Year Ending December 31,			
2019	$ 124,044	$ 17,746	$ 141,790
2020	124,046	15,886	139,932
2021	55,000	14,025	69,025
2022	55,000	13,200	68,200
2023	55,000	12,375	67,375
2024-2028	275,000	49,500	324,500
2029-2033	275,000	28,875	303,875
2034-2037	220,000	8,250	228,250
	$ 1,183,090	$ 159,857	$ 1,342,947

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 are currently two cells 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 these two cells and the construction pit is $1,701,502. The $761,381 reported as landfill closure costs payable at December 31, 2018 for the landfill represents the cumulative amount reported to date based on the use of the expected usage of the two cells and construction pit. The City will recognize the remaining estimated cost of closure and postclosure care of $940,121 as the remaining expected usage is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2018. Actual costs may be higher due to inflation, changes in technology or changes in regulations. Cell 1 is expected to be closed in 2020. Cell 2 and the construction pit are estimated to have a life of approximately 16 and 25 years, respectively.

7. Fund Balances

Fund balances, reported for the major funds and the nonmajor funds in the aggregate on the governmental funds balance sheet are subject to the following constraints:

	Major Funds			
	General	General Reserve Special Revenue	Nonmajor Funds	Total Governmental Funds
Nonspendable:				
Prepaid insurance	$ 185,743	$ -	$ -	$ 185,743
Restricted -				
Enhanced 911 services	-	-	64,396	64,396
Assigned:				
Capital projects and land	-	9,525,343	248,012	9,773,355
Public safety	-	-	338,396	338,396
Unassigned	1,429,615	-	-	1,429,615
Total Fund Balances	$1,615,358	$ 9,525,343	$ 650,804	$ 11,791,505

8. Defined Benefit (DB) Pension Plan

General Information About the Plan

The City participates in the Alaska Public Employees' Retirement System (PERS). PERS is a cost-sharing multiple-employer plan which covers eligible State and local government employees, other than teachers. The Plan was established and is administered by the State of Alaska Department of Administration. Benefit and contribution provisions are established by State law and may be amended only by the State Legislature.

The Plan is included in a comprehensive annual financial report that includes financial statements and other required supplemental information. That report is available via the internet at http://doa.alaska.gov/drb/pers. Actuarial valuation reports, audited financial statements, and other detailed plan information are also available on this website. They may be obtained by writing to the State of Alaska, Department of Administration, Division of Retirement and Benefits, P.O. Box 110203 Juneau, Alaska, 99811-0203 or by phoning (907) 465-4460.

The Plan provides for retirement, death and disability, and postemployment healthcare benefits. There are three tiers of employees, based on entry date. For all tiers within the Defined Benefit (DB) plan, 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. Police/Fire employees accrue benefits at an accelerated rate. 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.

The PERS I-III DB Plan was closed to new entrants effective June 30, 2006. New employees hired after that date participate in the PERS IV Defined Contribution (DC) Plan described later in these notes.

Historical Context and Special Funding Situation

In April 2008, the Alaska Legislature passed legislation converting the previously existing PERS plan from an agent-multiple-employer plan to a cost-sharing plan with an effective date of July 1, 2008. In connection with this conversion, the State of Alaska passed additional legislation which statutorily capped the employer contribution rate, established a state funded "on-behalf" contribution (subject to funding availability), and required that employer contributions be calculated against *all* PERS eligible wages, including wages paid to participants of the PERS Tier IV defined contribution plan described later in these notes.

Alaska Statute 39.35.255 requires the State of Alaska to contribute to the Plan an amount such that, when combined with the employer contribution, is sufficient to pay the Plan's past service liability contribution rate as adopted by the Alaska Retirement Management Board. As such, the Plan is considered to be in a special funding situation as defined by GASB, and management has recorded all pension related liabilities, deferred inflows and outflows of resources, and disclosures on this basis.

It is important to note that the Alaska Legislature has the power and authority to change the aforementioned statute through the legislative process.

The City records these on-behalf contributions as revenue and expense/expenditures as dictated by the governing GAAP for each basis of accounting depending on fund type.

Employee Contribution Rates

Regular employees are required to contribute 6.75% of their annual covered salary. Police and firefighters are required to contribute 7.50% of their annual covered salary.

Employer and Other Contribution Rates

There are several contribution rates associated with the pension and healthcare contributions and related liabilities. These amounts are calculated on an annual basis.

Employer Effective Rate: This is the contractual employer pay-in rate. Under current legislation, this rate is statutorily capped at 22% of eligible wages, subject to a wage floor, and other termination events. This 22% rate is calculated on *all* PERS participating wages, including those wages attributable to employees in the defined contribution plan. Contributions derived from the defined contribution employees are referred to as the Defined Benefit Unfunded Liability (DBUL) contribution.

ARM Board Adopted Rate: This is the rate formally adopted by the Alaska Retirement Management Board. This rate is actuarially determined and used to calculate annual Plan funding requirements, without regard to the statutory rate cap or the GASB accounting rate. Effective July 1, 2015, the Legislature requires the ARM Board to adopt employer contribution rates for past service liabilities using a level percent of pay method over a closed 25-year term which ends in 2039. This will result in lower ARM Board Rates in future years (as demonstrated in the contribution rate tables below).

On-behalf Contribution Rate: This is the rate paid in by the State as an on-behalf payment under the current statute. The statute requires the State to contribute, based on funding availability, an on-behalf amount equal to the difference between the ARM Board Rate and the Employer Effective Rate. In the governmental fund financial statements, on-behalf contribution amounts have been recognized as additional revenues and expenditures. In the proprietary fund and government-wide financial statements, the on-behalf amounts reflect revenue and expense only during the measurement period in which the Plan recognizes the payments, resulting in a significant timing difference between the cash transfers and revenue and expense recognition.

GASB Rate: This is the rate used to determine the long-term pension and healthcare liability for plan accounting purposes in accordance with generally accepted accounting principles as established by GASB. Certain actuarial methods and assumptions for this rate calculation are mandated by GASB. Additionally, the GASB Rate disregards all future Medicare Part D payments. For fiscal year 2018 and 2017, the rate uses an 8% pension discount rate and an 8% and 4.55% percent healthcare discount rate, respectively.

The GASB Rate and the ARM Board Adopted Rate differ significantly as a direct result of variances in the actuarial methods and assumptions used.

Contribution rates for the year ended June 30, 2018 were determined in the June 30, 2016 actuarial valuations. City contribution rates for the 2018 calendar year were as follows:

January 1, 2018 to June 30, 2018	Employer Effective Rate	ARM Board Adopted Rate	State Contribution Rate	GASB Rate
Pension	17.12%	21.90%	3.01%	29.07%
Postemployment healthcare (see Note 10)	4.88%	3.11%	0.00%	66.85%
Total Contribution Rates	22.00%	25.01%	3.01%	95.92%

July 1, 2018 to December 31, 2018	Employer Effective Rate	ARM Board Adopted Rate	State Contribution Rate	GASB Rate
Pension	16.17%	23.21%	5.58%	32.11%
Postemployment healthcare (see Note 10)	5.83%	4.37%	0.00%	87.90%
Total Contribution Rates	22.00%	27.58%	5.58%	120.01%

Plan Contributions

In 2018, the City was credited with the following contributions into the pension plan.

	Measurement Period July 1, 2017 to June 30, 2018	City Fiscal Year January 1, 2018 to December 31, 2018
Employer contributions (including DBUL)	$ 435,790	$ 416,908
Nonemployer contributions (on-behalf)	114,558	155,555
Total Contributions	$ 550,348	$ 572,463

In addition, employee contributions to the Plan totaled $90,382 for the year ended December 31, 2018. during the City's fiscal year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.

At December 31, 2018, the City reported a liability for its proportionate share of the net pension liability (NPL) that reflected a reduction for State pension support provided to the City. The amount recognized by the City for its proportional share, the related State proportion, and the total were as follows:

		City
City's proportionate share of NPL	$	6,425,805
State's proportionate share of NPL associated with the City		1,862,446
Total Net Pension Liability	$	8,288,251

The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 to calculate the net pension liability as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, including the State, actuarially determined. At the June 30, 2018 measurement date, the City's proportion was 0.12932 percent, which was an increase of 0.00995 from its proportion measured as of June 30, 2017.

For the year ended December 31, 2018, the City recognized pension expense of $276,561. Of this amount, $114,558 was recorded as on-behalf revenue and expense for additional contributions paid by the State for 2018.

At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Measurement Period June 30, 2018		Deferred Outflows of Resources		Deferred Inflows of Resources
Difference between expected and actual experience	$	-	$	(161,481)
Net difference between projected and actual earnings on pension plan investments		141,917		-
Changes in proportion and differences between City contributions and proportionate share of contributions		192,689		-
City contributions subsequent to the measurement date		198,892		-
Total Deferred Outflows and Deferred Inflows Related to Pensions	$	533,498	$	(161,481)

The $198,892 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,		
2019	$	211,912
2020		77,599
2021		(109,959)
2022		(6,428)

Actuarial Assumptions

The total pension liability for the measurement period ended June 30, 2018 was determined by an actuarial valuation as of June 30, 2017, using the following actuarial assumptions, applied to all periods included in the measurement, and rolled forward to the measurement date of June 30, 2018. The actuarial assumptions used in the June 30, 2017 actuarial valuation (latest available) were based on the results of an actuarial experience study for the period from July 1, 2010 to June 30, 2014, resulting in changes in actuarial assumptions adopted by the Alaska Retirement Management Board to better reflect expected future experience.

Actuarial cost method	Entry age normal; level dollar normal cost basis
Amortization method	Level dollar, closed
Inflation	3.12%
Salary increases	Graded by service, from 9.66% to 4.92% for peace officer/ firefighter Graded by age and service, from 8.55% to 4.34% for all others
Allocation Methodology	Amounts for FY18 were allocated to employers based on the projected present value of contributions for FY2020-FY2039. The liability is expected to go to $0 at 2039.
Investment Return / Discount Rate	8.00%, net of pension plan investment expenses. This is based on an average inflation rate of 3.12% and a real rate of return of 4.88%.
Mortality	Pre-termination – Based on the 2010-2013 actual mortality experience, 60% of male and 65% of female post-termination rates. Deaths are assumed to be occupational 70% of the time for peace officers/firefighters, 50% of the time for others. Post-termination – 96% of all rates of the RP-2000 table, 2000 base year projected to 2018 with projection scale BB.

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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 ranges 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 are summarized in the following tables (note that the rates shown below exclude the inflation component). Those estimates for the year ending December 31, 2018 are as follows:

Asset Class	Long-term Expected Real Rate of Return	Allocation	Range
Domestic equity	8.90%	24%	+/-6%
Global ex-U.S. equity	7.85%	22%	+/-4%
Intermediate Treasuries	1.25%	10%	+/-5%
Opportunistic	4.76%	10%	+/-5%
Real assets	6.20%	17%	+/-8%
Absolute return	4.76%	7%	+/-4%
Private equity	12.08%	9%	+/-5%
Cash equivalents	0.66%	1%	+/-1%

Discount Rate

The discount rate used to measure the total pension liability was 8.00% in 2018. The projection of cash flows used to determine the discount rate assumed that employer and State contributions will continue to follow the current funding policy, which meets State statutes. 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. 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.

Discount Rate Sensitivity

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 8.00%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.00 percent) or 1-percentage-point higher (9.00 percent) than the current rate:

	Proportional Share	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
City's proportionate share of the net pension liability	0.12932%	$ 8,509,389	$ 6,425,805	$ 4,663,347

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.

9. Defined Contribution (DC) Pension Plan

Employees hired after July 1, 2006 participate in PERS Tier IV, a defined contribution plan. This Plan is administered by the State of Alaska, Department of Administration in conjunction with the defined benefit plan noted above. Benefit and contribution provisions are established by State law and may be amended only by the State Legislature. The Alaska Retirement Management Board may also amend contribution requirements. Included in the Plan are individual pension accounts, retiree medical insurance plan and a separate Health Reimbursement Arrangement account that will help retired members pay medical premiums and other eligible medical expenses not covered by the medical plan. This Plan is included in the comprehensive annual financial report for PERS, and at the following website: http://doa.alaska.gov/drb/pers. Actuarial valuation reports, audited financial statements, and other detailed plan information are also available on this website. They may be obtained by writing to the State of Alaska, Department of Administration, Division of Retirement and Benefits, P.O. Box 110203, Juneau, Alaska, 99811-0203 or by phoning (907) 465-4460.

Contributions to the DC plan consist solely of employer and employee contributions with no special funding or other nonemployer contributions. In addition, actual remittances to the PERS system require that the City contribute at 22%. After deducting the DC plan contributions (and related OPEB contributions), the remaining remittance (the DBUL) is deposited into the DB plan as noted earlier.

Benefit Terms

Employees are immediately vested in their own contributions and vest 25% with two years of service, plus an additional 25% per year thereafter for full vesting at five years of service.

Employee Contribution Rate

Employees are required to contribute 8.0% of their annual covered salary. This amount goes directly to the individual's account.

Employer Contribution Rate

For the year ended December 31, 2018, the City were required to contribute 5% of covered salary into the Plan.

The City and employee contributions to PERS for pensions for the year ended December 31, 2018 were $104,909 and $167,853, respectively. The City employer contribution amounts were recognized as pension expense/expenditures.

10. Other Postemployment Benefit (OPEB) Plans

(a) Defined Benefit OPEB

As part of its participation in the PERS DB Plan (Tiers I, II, III), which is a cost-sharing multiple employer plan, the City and Medical Center participates in the Alaska Retiree Healthcare Trust (ARHCT), Retiree Medical Plan (RMP), and Occupational Death and Disability Plan (ODD). The ARHCT is self-funded and provides major medical coverage to retirees of the DB Plan. Benefits vary by Tier level. The RMP provides major medical coverage to retirees of the PERS DC Plan (Tier IV). The ODD provides death benefits for beneficiaries of plan participants and long-term disability benefits to all active members within PERS. The Plan is administered by the State of Alaska, Department of Administration. They may be obtained by writing to the State of Alaska Department of Administration, Division of Retirement and Benefits, P.O. Box 110203, Juneau, Alaska, 99811-0203 or by phoning (907) 465-4460.

Employer Contribution Rate

For the year ended December 31, 2018, the City was required to contribute 8.75% of covered payroll into the OPEB plan. Employees do not contribute.

	Measurement Period City FY18	City FY18
Employer contributions	$ 150,683	$ 159,848
Nonemployer contributions (on-behalf)	-	-
Total Contributions	$ 150,683	$ 159,848

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB Plans

At December 31, 2018, the City reported a liability for its proportionate share of the net OPEB liabilities (NOL) that reflected a reduction for State OPEB support provided to the City. The amount recognized by the city for its proportional share, the related State proportion, and the total were as follows:

City's proportionate share of NOL – ARCHT	$ 1,326,818
City's proportionate share of NOL – RMP	(37,182)
City's proportionate share of NOL – ODD	24,361
State's proportionate share of the NOL associated with the City	384,626
Total Net OPEB Liabilities	$ 1,698,623

The total OPEB liabilities for the June 30, 2018 measurement date was determined by an actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 to calculate the net OPEB liabilities as of that date. The City's proportion of the net OPEB liabilities were based on a projection of the City's long-term share of contributions to the OPEB plans relative to the projected contributions of all participating entities, actuarially determined.

	June 30, 2017 Measurement Date Employer Proportion	June 30, 2018 Measurement Date Employer Proportion	Change
City's proportionate share of the net OPEB liabilities:			
ARHCT	0.11940%	0.12928%	0.00988 %
RMP	0.21483%	0.19144%	(0.02339)%
ODD	0.21483%	0.19144%	(0.02339)%

As a result of its requirement to contribute to the Plan, the City recognized OPEB expense of $210,943 and on-behalf revenue of $50,493 for support provided by the State. At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB plans from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ (153,567)
Changes in assumptions	212,578	-
Net difference between projected and actual earnings on OPEB plan investments	-	(286,025)
Changes in proportion and difference between City contributions and proportionate share of contributions	80,024	(36,728)
City contributions subsequent to the measurement date	84,903	-
Total Deferred Outflows and Deferred Inflows of Resources Related to OPEB Plans	$ 377,505	$ (476,320)

The $84,903 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 30,	
2019	$ (45,731)
2020	(39,020)
2021	(93,233)
2022	(6,094)
2023	58
Thereafter	302

Actuarial Assumptions

The total OPEB liability for the measurement period ended June 30, 2018 was determined by an actuarial valuation as of June 30, 2017, using the following actuarial assumptions, applied to all periods included in the measurement, and rolled forward to the measurement date of June 30, 2018. The actuarial assumptions used in the June 30, 2017 actuarial valuation (latest available) were based on the results of an actuarial experience study for the period from July 1, 2009 to June 30, 2013, resulting in changes in actuarial assumptions adopted by the Alaska Retirement Management Board to better reflect expected future experience.

Actuarial cost method	Entry age normal; level percentage of payroll
Amortization method	Level dollar, closed
Inflation	3.12%
Salary increases	Graded by service from 9.66% to 4.92% for peace officer/ Firefighter Graded by service from 8.55% to 4.34% for all others
Allocation Methodology	Amounts for FY18 were allocated to employers based on the projected present value of contributions for FY2019-FY2039. The liability is expected to go to zero at 2039.
Investment Return / Discount Rate	8.00%, net of postemployment healthcare plan investment Expenses. This is based on an average inflation rate of 3.12% and a real rate of return of 4.88%.
Healthcare cost trend rates	Pre-65 medical; 8.0% grading down to 4.0% Post-65 medical; 5.5% grading down to 4.0% Prescription drug; 9.0% grading down to 4.0%
Mortality	Pre-termination – Based on the 2010-2013 actual mortality experience, 60% of male and 65% of female post-termination rates. Deaths are assumed to be occupation 70% of the time for peace officers/firefighters, 50% of the time for all others. Post-termination – 96% of all rates of the RP-2000 table, 2000 base year projected to 2018 with projection scale BB.

The long-term expected rate of return on OPEB 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 post-retirement healthcare plan investment expense and inflation) are developed for each major asset class. These ranges 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. The best estimates of arithmetic real rates of return for each major asset class are summarized in the following table (note that the rates shown below exclude the inflation component):

Asset Class	Long-term Expected Real Rate of Return	Allocation	Range
Domestic equity	8.90%	24%	+/-6%
Global ex-U.S. equity	7.85%	22%	+/-4%
Intermediate Treasuries	1.25%	10%	+/-5%
Opportunistic	4.76%	10%	+/-5%
Real assets	6.20%	17%	+/-8%
Absolute return	4.76%	7%	+/-4%
Private equity	12.08%	9%	+/-5%
Cash equivalents	0.66%	1%	+/-1%

Discount Rate

The discount rate used to measure the total OPEB liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that employer and State contributions will continue to follow the current funding policy which meets State statutes. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OEPB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Discount Rate Sensitivity

The following presents the City's proportionate share of the net OPEB liabilities calculated using the discount rate of 8.00%, as well as what the City's proportionate share of the net OPEB liabilities would be if it were calculated using a discount rate that is 1-percentage-point lower (7.00%) or 1-percentage-point higher (9.00%) than the current rate:

	Proportional Share	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
City's proportionate share of the net OPEB liabilities:				
ARCHT	0.12928%	$ 2,686,141	$ 1,326,818	$ 187,427
RMP	0.19144%	$ (34,915)	$ (37,182)	$ (39,046)
ODD	0.19144%	$ 72,748	$ 24,361	$ (13,380)

Healthcare Cost Trend Rates Sensitivity

The following presents the City's proportionate share of the net OPEB liabilities calculated using the healthcare cost trend rate, as well as what the City's and Medical Center's proportionate share of the net OPEB liabilities would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	Proportional Share	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
City's proportionate share of the net OPEB liabilities:				
ARCHT	0.12928%	$ 25,756	$ 1,326,818	$ 2,894,073
RMP	0.19144%	$ -	$ (37,182)	$ -
ODD	0.19144%	$ (20,712)	$ 24,361	$ 84,682

(b) Defined Contribution OPEB Plans

Defined Contribution Pension Plan participants (PERS Tier IV) participate in the Occupational Death and Disability Plan (ODD), and the Retiree Medical Plan. Information on these plans is included in the comprehensive annual financial report for the PERS Plan noted above. These plans provide for death, disability, and post-employment healthcare benefits.

Employer Contribution Rates

Employees do not contribute to the DC OPEB plans. Employer contribution rates for the year ended June 30, 2018 were as follows:

	Other Tier IV	Police/Fire Tier IV
Retiree medical plan	1.03%	1.03%
Occupational death and disability benefits	0.16%	0.43%
Total Contribution Rates	1.19%	1.46%

In addition, PERS defined contribution members also participate in the Health Reimbursement Arrangement. AS 39.30.370 establishes this contribution amount as "three percent of the average annual employee compensation of *all employees of all employers* in the plan". As of July 1, 2018, for actual remittance, this amount is calculated as a flat rate for each full-time or part-time employee per pay period and approximates $2,103 per year for each full-time employee, and $1.35 per hour for part-time employees.

Annual Postemployment Healthcare Cost

In 2018, the City contributed $70,432 in DC OPEB costs. These amounts have been recognized as expense/expenditures.

11. 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.

12. 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 $1,218,276 in aggregate for all medical claims during the year. The City contracts with a third-party administrator for health claims servicing. Claims and premium costs are allocated to each department based on budgeted amounts. Claims payable is reported in the General Fund. The City accrues a liability for claims incurred but not reported at year end.

A schedule of the changes in the claims liability for the year ended December 31, 2018 follows.

	Balance at Beginning of Year	Claims Expense	Claims Paid	Balance at End of Year
December 31, 2018	$ 349,000	$ 123,883	$ (377,883)	$ 95,000

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, 2018. The amount of settlements for the past three years did not materially exceed the City's insurance coverage.

13. Interfund Transfers

A schedule of interfund transfers for the year ended December 31, 2018, follows:

Transfers	
To General Reserve Special Revenue Fund for "permanent fund replacement" from:	
Port Enterprise Fund	$ 20,328
Sewer Enterprise Fund	11,164
Water Enterprise Fund	1,164
Refuse Enterprise Fund	2,328
Odiak Park Enterprise Fund	4,000
Total transfers to the General Reserve Special Revenue Fund	38,984
To General Capital Projects Fund from nonmajor governmental funds	121,432
To Water Enterprise Fund from the Port Enterprise Fund	5,000
From the General Fund to:	
Cordova Center Capital Project Fund	1,225,455
General Capital Projects Fund	408,547
Total Transfers to Other Funds	$ 1,799,418

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 and recorded the entire note receivable balance as an interfund transfer from the General Fund to CCMC. Future repayments, if any, on the note receivable will be recorded as contribution revenue as the payments are made.

14. 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.

15. New Accounting Pronouncements

The Governmental Accounting Standards Board has passed several new accounting standards with upcoming implementation dates. Management has not fully evaluated the potential effects of these statements.

GASB 83 – *Certain Asset Retirement Obligations* – Effective for year-end December 31, 2019, with earlier application encouraged – This statement addresses accounting and financial reporting for certain asset retirement obligations that are legally enforceable liabilities associated with the retirement of a tangible capital asset.

GASB 84 – *Fiduciary Activities* – Effective for year-end December 31, 2019, with earlier application encouraged – This statement addresses criteria for identifying and reporting fiduciary activities.

GASB 87 – *Leases* – Effective for year-end December 31, 2020, with earlier application encouraged – This statement addresses accounting and financial reporting for certain lease assets and liabilities for leases that previously were classified as operating leases. This statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset.

GASB 88 – *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements* - Effective for year-end December 31, 2019, with earlier application encouraged – This statement addresses note disclosures related to debt, clarifies which liabilities to include when disclosing information related to debt, and defines debt for the purpose of disclosure. It requires additional essential information related to debt be disclosed in the notes, as well as information for direct borrowings and direct placements.

GASB 89 – *Accounting for Interest Cost Incurred before the end of a Construction Period* – Effective for year-end December 31, 2020, with earlier application encouraged – This statement addresses accounting requirements related to interest cost incurred before the end of a construction period. It requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus.

GASB 90 – *Majority Equity Interests, an Amendment of GASB Statements No. 14 and No. 16* – Effective for year-end December 31, 2019, with earlier application encouraged – This statement addresses the consistency and comparability of reporting a government's majority equity interest in a legally separate organization.

GASB 91 – *Conduit Debt Obligations* - Effective for year-end December 31, 2021, with earlier application encouraged – This statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with commitments extended by issuers, arrangements associated with conduit obligations, and related note disclosures. This statement clarifies the definition of a conduit debt obligation and establishes standards for related accounting and financial reporting.

16. Change in Accounting Principle

As discussed in Note 9 to the financial statements, the City participates in the Alaska Public Employees' Retirement System (PERS) plans. In 2018 the City adopted the provisions of GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, which, among other accounting and reporting criteria, requires the City to recognize its proportional share of the Net Other Postemployment Benefits Liability (and related deferred inflow/outflow accounts), as of the beginning of the City's fiscal year. As a result of the implementation of this statement, the city has recorded an opening balance adjustment to reflect opening balance OPEB liabilities and related accounts and to decrease opening net position as follows:

	Opening Net Position, as Originally Presented	Change in Accounting Principle Adjustment	Opening Net Position, as Restated
Governmental Activities	$ 43,747,405	$ (675,695)	$ 43,071,710
Business-type Activities	33,210,367	(238,777)	32,971,590
Port Enterprise Fund	12,743,756	(81,779)	12,661,977
Water Enterprise Fund	11,258,618	(40,610)	11,218,008
Sewer Enterprise Fund	7,156,305	(40,610)	7,115,695
Refuse Enterprise Fund	1,892,975	(75,778)	1,817,197

17. Subsequent Events

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.

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Required Supplementary Information

City of Cordova, Alaska

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

Year Ended December 31, 2018	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Taxes	$ 6,801,751	$ 6,801,751	$ 6,416,822	$ (384,929)
Licenses and permits	28,600	28,600	31,235	2,635
Federal government	6,725	6,725	639,586	632,861
State of Alaska	2,231,756	2,231,756	3,074,413	842,657
Investment income	60,000	60,000	40,583	(19,417)
Charges for services	1,023,554	1,023,554	1,036,936	13,382
Other revenues	382,149	382,149	336,453	(45,696)
Total Revenues	10,534,535	10,534,535	11,576,028	1,041,493
Expenditures				
Current:				
General government:				
City council	2,000	2,000	5,025	(3,025)
City clerk	252,869	252,869	258,878	(6,009)
Management	315,530	315,530	315,312	218
Finance	397,483	397,483	394,596	2,887
Planning and zoning	230,019	230,019	202,618	27,401
Nondepartmental services	440,300	440,300	554,294	(113,994)
Total general government	1,638,201	1,638,201	1,730,723	(92,522)
Public safety:				
Police department	875,591	875,591	834,134	41,457
Jail operations	226,604	226,604	203,021	23,583
Fire department	306,026	306,026	300,547	5,479
Disaster management	6,000	6,000	6,142	(142)
Department of motor vehicles	58,207	58,207	69,142	(10,935)
Total public safety	1,472,428	1,472,428	1,412,986	59,442
Information and recreation				
Library	732,864	732,864	770,583	(37,719)
Ski hill	92,012	92,012	90,989	1,023
Bidarki Center	283,300	283,300	274,223	9,077
Pool	235,182	235,182	219,040	16,142
Total information and recreation	1,343,358	1,343,358	1,354,835	(11,477)

City of Cordova, Alaska

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

Year Ended December 31, 2018	Original Budget	Final Budget	Actual	Variance with Final Budget
Expenditures, continued				
Current, continued:				
Public works:				
Public works administration	$ 166,775	$ 166,775	$ 160,400	$ 6,375
Facility utilities	130,400	130,400	156,675	(26,275)
Facility maintenance	278,423	278,423	258,525	19,898
Street maintenance	639,657	639,657	673,682	(34,025)
Snow removal	35,925	35,925	27,537	8,388
Equipment maintenance	329,005	329,005	321,325	7,680
Parks maintenance	81,496	81,496	87,498	(6,002)
Cemetery maintenance	7,188	7,188	8,409	(1,221)
Total public works	1,668,869	1,668,869	1,694,051	(25,182)
Contributions:				
Cordova City School District	1,604,136	1,604,136	1,618,710	(14,574)
Cordova Community Medical Center	-	653,134	770,134	(117,000)
Cordova Community College	10,000	10,000	10,000	-
Family Resource Center	20,000	20,000	20,000	-
Cordova Chamber of Commerce	98,017	98,017	98,017	-
Total contributions	1,732,153	2,385,287	2,516,861	(131,574)
Debt service:				
Principal	1,194,000	1,194,000	1,194,000	-
Interest	755,245	755,245	761,167	(5,922)
Total debt service	1,949,245	1,949,245	1,955,167	(5,922)
Total Expenditures	9,804,254	10,457,388	10,664,623	(207,235)
Excess of revenues over expenditures	730,281	77,147	911,405	1,248,728
Other Financing Sources (Uses)				
Transfers in	-	282,146	-	(282,146)
Transfers out	(730,281)	(359,293)	(1,634,002)	(1,274,709)
Net Other Financing Sources (Uses)	(730,281)	(77,147)	(1,634,002)	(1,556,855)
Net change in fund balance	$ -	$ -	(722,597)	$ (308,127)
Fund Balance, beginning			2,337,955	
Fund Balance, ending			$ 1,615,358	

See accompanying notes to Required Supplementary Information.

City of Cordova, Alaska

General Reserve Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Year Ended December 31, 2018	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Investment income (loss)	$ 225,000	$ 225,000	$ (290,677)	$ (515,677)
Land sales	200,000	200,000	121,950	(78,050)
Special assessments	1,200	1,200	736	(464)
Total Revenues	426,200	426,200	(167,991)	(594,191)
Other Financing Sources				
Transfers in	38,984	38,984	38,984	-
Net change in fund balance	$ 465,184	$ 465,184	$ (129,007)	$ (594,191)
Fund Balance, beginning			-	
Fund Balance, ending			$ (129,007)	

See accompanying notes to Required Supplementary Information.

City of Cordova, Alaska

Public Employees' Retirement System Pension Plan
Schedule of the City's Information on the Net Pension Liability

Plan Year Ended December 31,	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability	State of Alaska Proportionate Share of the Net Pension Liability	Total Net Pension Liability	City's Covered Payroll	City's Proportionate Share of the Net Pension Liability as a Percentage of Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2018	0.12932%	$ 6,425,806	$ 1,862,446	$ 8,288,252	$ 3,446,735	186.43%	65.19%
2017	0.11937%	$ 6,170,856	$ 2,299,134	$ 8,469,990	$ 3,385,723	182.26%	63.37%
2016	0.13277%	$ 7,421,446	$ 935,836	$ 8,357,282	$ 3,399,956	218.28%	59.55%
2015	0.11051%	$ 5,359,777	$ 1,436,622	$ 6,796,399	$ 3,176,623	168.73%	63.96%
2014	*	*	*	*	*	*	*
2013	*	*	*	*	*	*	*
2012	*	*	*	*	*	*	*
2011	*	*	*	*	*	*	*
2010	*	*	*	*	*	*	*
2009	*	*	*	*	*	*	*

*GASB requires ten years of information be presented. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

See accompanying notes to Required Supplementary Information.

City of Cordova, Alaska

Public Employees' Retirement System Pension Plan
Schedule of City Contributions

Year Ended December 31,	Contractually Required Contribution	Contributions Relative to the Contractually Required Contribution	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
2018	$ 416,908	$ 416,908	$ -	$ 3,420,191	12.19%
2017	$ 400,397	$ 400,397	$ -	$ 3,473,278	11.53%
2016	$ 370,083	$ 370,083	$ -	$ 3,501,744	10.57%
2015	$ 307,165	$ 307,165	$ -	$ 3,298,167	9.31%
2014	*	*	*	*	*
2013	*	*	*	*	*
2012	*	*	*	*	*
2011	*	*	*	*	*
2010	*	*	*	*	*
2009	*	*	*	*	*

*GASB requires ten years of information be presented. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

See accompanying notes to Required Supplementary Information.

City of Cordova, Alaska

Public Employees' Retirement System OPEB Plan
Schedule of the City's Information on the Net OPEB Liability - ARHCT

Plan Year Ended December 31,	City's Proportion of the Net OPEB Liability	City's Proportionate Share of the Net OPEB Liability	State of Alaska Proportionate Share of the Net OPEB Liability	Total Net OPEB Liability	City's Covered Payroll	City's Proportionate Share of the Net OPEB Liability as a Percentage of Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2018	0.12928%	$ 1,326,818	$ 384,626	$ 1,711,444	$ 3,420,191	38.79%	88.12%
2017	*	*	*	*	*	*	*
2016	*	*	*	*	*	*	*
2015	*	*	*	*	*	*	*
2014	*	*	*	*	*	*	*
2013	*	*	*	*	*	*	*
2012	*	*	*	*	*	*	*
2011	*	*	*	*	*	*	*
2010	*	*	*	*	*	*	*
2009	*	*	*	*	*	*	*

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See accompanying notes to Required Supplementary Information.

City of Cordova, Alaska

Public Employees' Retirement System OPEB Plan
Schedule of City Contributions - ARHCT

Year Ended December 31,	Contractually Required Contribution	Contributions Relative to the Contractually Required Contribution	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
2018	$ 133,854	$ 133,854	$ -	$ 3,420,191	3.91%
2017	*	*	*	*	*
2016	*	*	*	*	*
2015	*	*	*	*	*
2014	*	*	*	*	*
2013	*	*	*	*	*
2012	*	*	*	*	*
2011	*	*	*	*	*
2010	*	*	*	*	*
2009	*	*	*	*	*

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See accompanying notes to Required Supplementary Information.

City of Cordova, Alaska

Public Employees' Retirement System OPEB Plan
Schedule of the City's Information on the Net OPEB Liability - RMP

Plan Year Ended December 31,	City's Proportion of the Net OPEB Liability	City's Proportionate Share of the Net OPEB Liability	State of Alaska Proportionate Share of the Net OPEB Liability	Total Net OPEB Liability	City's Covered Payroll	City's Proportionate Share of the Net OPEB Liability as a Percentage of Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2018	0.19144%	$ (37,182)	$ 384,626	$ 347,444	$ 3,420,191	-1.09%	93.98%
2017	*	*	*	*	*	*	*
2016	*	*	*	*	*	*	*
2015	*	*	*	*	*	*	*
2014	*	*	*	*	*	*	*
2013	*	*	*	*	*	*	*
2012	*	*	*	*	*	*	*
2011	*	*	*	*	*	*	*
2010	*	*	*	*	*	*	*
2009	*	*	*	*	*	*	*

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See accompanying notes to Required Supplementary Information.

City of Cordova, Alaska

Public Employees' Retirement System OPEB Plan

Schedule of City Contributions - RMP

Year Ended December 31,	Contractually Required Contribution	Contributions Relative to the Contractually Required Contribution	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
2018	$ 20,702	$ 20,702	$ -	$ 3,420,191	0.61%
2017	*	*	*	*	*
2016	*	*	*	*	*
2015	*	*	*	*	*
2014	*	*	*	*	*
2013	*	*	*	*	*
2012	*	*	*	*	*
2011	*	*	*	*	*
2010	*	*	*	*	*
2009	*	*	*	*	*

*GASB requires ten years of information be presented. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

See accompanying notes to Required Supplementary Information.

City of Cordova, Alaska

Public Employees' Retirement System OPEB Plan
Schedule of the City's Information on the Net OPEB Liability - ODD

Plan Year Ended December 31,	City's Proportion of the Net OPEB Liability	City's Proportionate Share of the Net OPEB Liability	State of Alaska Proportionate Share of the Net OPEB Liability	Total Net OPEB Liability	City's Covered Payroll	City's Proportionate Share of the Net OPEB Liability as a Percentage of Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2018	0.19144%	$ 24,361	$ 384,626	$ 408,987	$ 3,420,191	0.71%	212.97%
2017	*	*	*	*	*	*	*
2016	*	*	*	*	*	*	*
2015	*	*	*	*	*	*	*
2014	*	*	*	*	*	*	*
2013	*	*	*	*	*	*	*
2012	*	*	*	*	*	*	*
2011	*	*	*	*	*	*	*
2010	*	*	*	*	*	*	*
2009	*	*	*	*	*	*	*

*GASB requires ten years of information be presented. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

See accompanying notes to Required Supplementary Information.

City of Cordova, Alaska

Public Employees' Retirement System OPEB Plan

Schedule of City Contributions - ODD

Year Ended December 31,	Contractually Required Contribution	Contributions Relative to the Contractually Required Contribution	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
2018	$ 5,292	$ 5,292	$ -	$ 3,420,191	0.15%
2017	*	*	*	*	*
2016	*	*	*	*	*
2015	*	*	*	*	*
2014	*	*	*	*	*
2013	*	*	*	*	*
2012	*	*	*	*	*
2011	*	*	*	*	*
2010	*	*	*	*	*
2009	*	*	*	*	*

*GASB requires ten years of information be presented. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

See accompanying notes to Required Supplementary Information.

1. Budgetary 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	$	92,522
Information and recreation		11,477
Public works		25,182
Contributions		131,574
Debt Service		5,922

2. Public Employees' Retirement System Pension Plan – Schedule of the City's Information on the Net Pension Liability

This table is presented based on the Plan measurement date. For December 31, 2018, the Plan measurement date is June 30, 2018.

There were no changes in benefit terms from the prior measurement period.

There were no changes in assumptions from the prior measurement period.

There were no changes in allocation methodology.

3. Public Employees' Retirement System Pension Plan - Schedule of the 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.

4. Public Employees' Retirement System OPEB Plan – Schedule of the City's Information on the Net OPEB Liability – ARHCT, RMP and ODD Plans

These tables are presented based on the Plan measurement date. For December 31, 2018, the Plan measurement dates were June 30, 2018.

5. Public Employees' Retirement System OPEB Plan - Schedule of City Contributions – ARHCT, RMP and ODD Plans

These tables are based on the City's contributions for each fiscal year presented. These contributions have been reported as deferred outflow of resources on the Statement of Net Position.

Supplementary Information

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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.

City of Cordova, Alaska

General Fund
Balance Sheet

December 31,	2018
Assets	
Cash and investments	$ 1,258,188
Receivables:	
Sales tax	485,474
Delinquent property taxes	70,626
Due from CCMC	75,000
Other	91,990
Total Receivables	723,090
Prepaid insurance	185,743
Lease receivable	751,000
Total Assets	$ 2,918,021
Liabilities, Deferred Inflows of Resources, and Fund Balance	
Liabilities	
Accounts payable	$ 127,906
Accrued payroll and related liabilities	197,435
Health claims payable	95,000
Unearned revenue	77,150
Total Liabilities	497,491
Deferred Inflows of Resources	
Deferred property taxes	54,172
Deferred lease revenue	751,000
Total Deferred Inflows of Resources	805,172
Fund Balance	
Nonspendable - prepaid insurance	185,743
Unassigned	1,429,615
Total Fund Balance	1,615,358
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	$ 2,918,021

City of Cordova, Alaska

General Fund

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

Year Ended December 31,	2018		
	Final Budget	Actual	Variance with Budget
Revenues			
Taxes:			
Property taxes	$ 2,535,433	$ 2,548,849	$ 13,416
Sales taxes	3,500,000	3,111,480	(388,520)
Public accommodations surtax	117,500	274,789	157,289
Vehicle rental surtax	18,000	6,894	(11,106)
Motor fuel tax	175,000	16,654	(158,346)
Penalties and interest	15,000	16,155	1,155
Federal payment in lieu of property taxes	440,818	442,001	1,183
Total taxes	6,801,751	6,416,822	(384,929)
Licenses and permits:			
Business licenses	20,000	22,775	2,775
Other licenses and permits	8,600	8,460	(140)
Total licenses and permits	28,600	31,235	2,635
Federal government:			
National forest receipts	-	630,721	630,721
Bulletproof Vest receipts	-	743	743
USDA Dispatch Services	6,725	6,750	25
E-rate revenue	-	1,372	1,372
Total federal government	6,725	639,586	632,861
State of Alaska:			
Raw fish tax	800,000	1,429,951	629,951
Liquor licenses	12,000	11,950	(50)
Cooperative tax refunds	215,000	310,267	95,267
Shared fisheries tax	20,000	23,144	3,144
Community assistance	130,853	-	(130,853)
PERS relief	113,342	111,803	(1,539)
Dispatch services	4,725	2,363	(2,362)
Motor vehicle registration	59,600	60,425	825
Driver license fees	10,000	6,959	(3,041)
Public safety contract - jail	148,236	153,626	5,390
Other	2,000	11,660	9,660
State debt reimbursement - school bonds	716,000	952,265	236,265
Total State of Alaska	2,231,756	3,074,413	842,657

City of Cordova, Alaska

General Fund

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

Year Ended December 31,	2018		
	Final Budget	Actual	Variance with Budget
Revenues, continued			
Investment income	$ 60,000	$ 40,583	$ (19,417)
Charges for services:			
Administrative overhead charges	512,754	512,707	(47)
Leases	294,200	281,151	(13,049)
Bidarki Center	82,500	90,812	8,312
Pool	34,000	31,358	(2,642)
Fines and forfeitures	15,500	13,292	(2,208)
Dog impounds and licenses	1,600	380	(1,220)
Airline security services	80,000	104,371	24,371
Finger printing and case file fees	3,000	2,865	(135)
Total charges for services	1,023,554	1,036,936	13,382
Other revenues:			
In-kind from School and Medical Center	160,287	174,862	14,575
Material and equipment sales	10,500	3,673	(6,827)
Cemetery lot sales	1,500	2,050	550
Miscellaneous	208,862	155,208	(53,654)
Fisherman's Memorial Park	1,000	660	(340)
Total other revenues	382,149	336,453	(45,696)
Total Revenues	10,534,535	11,576,028	1,041,493
Expenditures			
General government:			
City council:			
Materials and supplies	-	510	(510)
Purchased services	2,000	4,515	(2,515)
Total city council	2,000	5,025	(3,025)

City of Cordova, Alaska

General Fund

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

Year Ended December 31,	2018		
	Final Budget	Actual	Variance with Budget
Expenditures, continued			
General government, continued:			
City clerk:			
Salaries and benefits	$ 229,944	$ 226,387	$ 3,557
Materials and supplies	500	1,374	(874)
Purchased services	22,425	31,117	(8,692)
Total city clerk	252,869	258,878	(6,009)
Management:			
Salaries and benefits	299,430	304,443	(5,013)
Materials and supplies	2,000	436	1,564
Purchased services	14,100	10,433	3,667
Total management	315,530	315,312	218
Finance:			
Salaries and benefits	393,983	390,703	3,280
Materials and supplies	2,000	2,461	(461)
Purchased services	1,500	1,432	68
Total finance	397,483	394,596	2,887
Planning department:			
Salaries and benefits	216,019	193,283	22,736
Materials and supplies	250	408	(158)
Purchased services	13,750	8,927	4,823
Total planning department	230,019	202,618	27,401

City of Cordova, Alaska

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

Year Ended December 31,	2018		
	Final Budget	Actual	Variance with Budget
Expenditures, continued			
General government, continued:			
Nondepartmental services:			
Materials and supplies	$ 15,500	$ 9,797	$ 5,703
Purchased services	424,800	544,497	(119,697)
Total nondepartmental services	440,300	554,294	(113,994)
Total general government	1,638,201	1,730,723	(92,522)
Public safety:			
Police department:			
Salaries and benefits	779,491	722,581	56,910
Materials and supplies	10,800	12,594	(1,794)
Purchased services	46,900	45,412	1,488
Repairs and vehicle costs	30,000	21,723	8,277
Capital outlay	8,400	31,824	(23,424)
Total police department	875,591	834,134	41,457
Jail operations:			
Salaries and benefits	210,504	191,202	19,302
Materials and supplies	7,500	6,043	1,457
Purchased services	6,800	4,054	2,746
Repairs and vehicle costs	1,800	1,722	78
Total jail operations	226,604	203,021	23,583

City of Cordova, Alaska

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

Year Ended December 31,	2018		
	Final Budget	Actual	Variance with Budget
Expenditures, continued			
Public safety, continued:			
Fire department:			
Salaries and benefits	$ 210,526	$ 203,969	$ 6,557
Materials and supplies	26,100	20,702	5,398
Purchased services	48,900	58,092	(9,192)
Repairs and vehicle costs	20,500	17,784	2,716
Total fire department	306,026	300,547	5,479
Disaster management:			
Materials and supplies	3,000	2,618	382
Purchased services	3,000	3,524	(524)
Total disaster management	6,000	6,142	(142)
Department of motor vehicles:			
Salaries and benefits	51,727	64,766	(13,039)
Materials and supplies	580	558	22
Purchased services	5,400	3,101	2,299
Capital outlay	500	717	(217)
Total department of motor vehicles	58,207	69,142	(10,935)
Total public safety	1,472,428	1,412,986	59,442
Information and recreation:			
Library:			
Salaries and benefits	590,834	589,743	1,091
Materials and supplies	24,000	25,176	(1,176)
Purchased services	117,030	155,625	(38,595)
Repairs and vehicle costs	1,000	39	961
Total library	732,864	770,583	(37,719)

City of Cordova, Alaska

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

Year Ended December 31,	2018		
	Final Budget	Actual	Variance with Budget
Expenditures, continued			
Information and recreation, continued:			
Ski hill:			
Material and supplies	$ 15,000	$ 15,000	$ -
Purchased services	77,012	75,989	1,023
Total Ski hill	92,012	90,989	1,023
Bidarki Center:			
Salaries and benefits	238,300	221,818	16,482
Materials and supplies	4,000	5,210	(1,210)
Purchased services	36,000	42,264	(6,264)
Repairs and vehicle costs	2,000	2,338	(338)
Capital outlay	3,000	2,593	407
Total Bidarki Center	283,300	274,223	9,077
Pool:			
Salaries and benefits	138,982	91,067	47,915
Materials and supplies	9,000	16,560	(7,560)
Purchased services	74,200	101,859	(27,659)
Repairs and vehicle costs	5,000	1,636	3,364
Capital outlay	8,000	7,918	82
Total pool	235,182	219,040	16,142
Total information and recreation	1,343,358	1,354,835	(11,477)
Public works:			
Administration:			
Salaries and benefits	161,975	152,250	9,725
Materials and supplies	600	2	598
Purchased services	3,100	6,983	(3,883)
Repairs and vehicle costs	1,100	1,165	(65)
Total public works administration	166,775	160,400	6,375
Facility utilities - purchased services	130,400	156,675	(26,275)

City of Cordova, Alaska

General Fund

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

Year Ended December 31,	2018		
	Final Budget	Actual	Variance with Budget
Expenditures, continued			
Public works, continued:			
Facility maintenance:			
Salaries and benefits	$ 220,023	$ 196,780	$ 23,243
Materials and supplies	12,750	9,824	2,926
Purchased services	15,900	15,212	688
Repairs and vehicle costs	19,250	8,802	10,448
Capital outlay	10,500	27,907	(17,407)
Total facility maintenance	278,423	258,525	19,898
Street maintenance:			
Salaries and benefits	437,557	405,823	31,734
Materials and supplies	80,500	85,381	(4,881)
Purchased services	86,800	85,997	803
Repairs and vehicle costs	34,800	96,481	(61,681)
Total street maintenance	639,657	673,682	(34,025)
Snow removal:			
Salaries and benefits	21,925	18,331	3,594
Materials and supplies	14,000	9,056	4,944
Purchased services	-	150	(150)
Total snow removal	35,925	27,537	8,388
Equipment maintenance:			
Salaries and benefits	220,105	203,204	16,901
Materials and supplies	24,200	27,141	(2,941)
Purchased services	4,700	10,638	(5,938)
Repairs and vehicle costs	80,000	80,342	(342)
Total equipment maintenance	329,005	321,325	7,680

City of Cordova, Alaska

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

Year Ended December 31,	2018		
	Final Budget	Actual	Variance with Budget
Expenditures, continued			
Public works, continued:			
Parks maintenance:			
Salaries and benefits	$ 54,996	$ 62,239	$ (7,243)
Purchased services	15,500	12,650	2,850
Repairs and vehicle costs	7,000	6,460	540
Capital outlay	4,000	6,149	(2,149)
Total parks maintenance	81,496	87,498	(6,002)
Cemetery maintenance:			
Salaries and benefits	5,688	6,678	(990)
Materials and supplies	1,500	1,731	(231)
Total cemetery maintenance	7,188	8,409	(1,221)
Total public works	1,668,869	1,694,051	(25,182)
Debt service:			
General obligation bond principal	1,194,000	1,194,000	-
General obligation bond interest	755,245	761,167	(5,922)
Total debt service	1,949,245	1,955,167	(5,922)
Contributions:			
Cordova City School District	1,604,136	1,618,710	(14,574)
Cordova Community Medical Center	653,134	770,134	(117,000)
Cordova Community College	10,000	10,000	-
Family Resource Center	20,000	20,000	-
Cordova Chamber of Commerce	98,017	98,017	-
Total contributions	2,385,287	2,516,861	(131,574)
Total Expenditures	10,457,388	10,664,623	(207,235)

City of Cordova, Alaska

General Fund

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

Year Ended December 31,	2018		
	Final Budget	Actual	Variance with Budget
Excess of revenues over expenditures	$ 77,147	$ 911,405	$ 834,258
Other Financing Sources (Uses)			
Transfers in from General Reserve Special Revenue Fund	282,146	-	(282,146)
Transfers out:			
Cordova Center Capital Project Fund	-	(1,225,455)	(1,225,455)
General Capital Projects Capital Project Fund	(359,293)	(408,547)	(49,254)
Net Other Financing Sources (Uses)	(77,147)	(1,634,002)	(1,556,855)
Net change in fund balance	$ -	(722,597)	$ (722,597)
Fund Balance, beginning		2,337,955	
Fund Balance, ending		$ 1,615,358	

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Nonmajor Governmental Funds

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

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

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.

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

Equipment Replacement
This fund accounts for various equipment purchases.

General Capital Projects
This fund accounts for various community-wide capital projects.

School Building
This fund accounts for the ILP School Building project.

School Capital Project
This fund is used to account for various construction, maintenance, and repair projects for the school.

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

City of Cordova, Alaska

Nonmajor Governmental Funds
Combining Balance Sheet

	Special Revenue Funds		Capital Projects Funds			
December 31, 2018	E-911	Ambulance	Equipment Replacement	General Capital Projects	Chip Seal CIP	Totals
Assets						
Cash and investments	$ 64,396	$ 336,851	$ 2,967	$ 132,490	$ 138,164	$ 674,868
Grants receivable	-	-	-	10,612	-	10,612
Other receivable	-	12,996	-	9,147	-	22,143
Total Assets	$ 64,396	$ 349,847	$ 2,967	$ 152,249	$ 138,164	$ 707,623
Liabilities, Deferred Inflows of Resources and Fund Balances						
Liabilities						
Accounts payable	$ -	$ 146	$ -	$ 45,368	$ -	$ 45,514
Deferred Inflows of Resources						
Deferred ambulance revenue	-	11,305	-	-	-	11,305
Fund Balances						
Restricted:						
Enhanced 911 services	64,396	-	-	-	-	64,396
Assigned:						
Capital projects	-	-	2,967	106,881	138,164	248,012
Public safety	-	338,396	-	-	-	338,396
Total Fund Balances	64,396	338,396	2,967	106,881	138,164	650,804
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 64,396	$ 349,847	$ 2,967	$ 152,249	$ 138,164	$ 707,623

City of Cordova, Alaska

Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances

	Special Revenue Funds		Capital Project Funds						
Year Ended December 31, 2018	E-911	Ambulance	Equipment Replacement	General Capital Projects	Cordova Center	School Building	School Capital Project	Chip Seal CIP	Totals
Revenues									
Federal government	$ -	$ -	$ -	$ 12,968	$ -	$ -	$ -	$ -	$ 12,968
State of Alaska	-	-	-	16,000	-	-	-	-	16,000
Other revenues	-	37,561	-	18,945	-	-	-	-	56,506
Total Revenues	-	37,561	-	47,913	-	-	-	-	85,474
Expenditures									
Public safety	-	3,636	-	18,000	-	-	-	-	21,636
Information and recreation	-	-	-	18,000	-	-	-	-	18,000
Public works	-	-	18,294	212,215	-	-	-	-	230,509
Cordova City School District	-	-	-	75,738	-	-	-	-	75,738
Capital outlay	-	-	-	6,340	-	-	-	-	6,340
Total Expenditures	-	3,636	18,294	330,293	-	-	-	-	352,223
Excess of revenues over (under) expenditures	-	33,925	(18,294)	(282,380)	-	-	-	-	(266,749)
Other Financing Sources (Uses)									
Transfers in	-	-	-	529,979	1,225,455	-	-	-	1,755,434
Transfers out	-	-	-	-	-	(9,669)	(111,763)	-	(121,432)
Net Other Financing Sources (Uses)	-	-	-	529,979	1,225,455	(9,669)	(111,763)	-	1,634,002
Net change in fund balances	-	33,925	(18,294)	247,599	1,225,455	(9,669)	(111,763)	-	1,367,253
Fund Balances, beginning	64,396	304,471	21,261	(140,718)	(1,225,455)	9,669	111,763	138,164	(716,449)
Fund Balances (Deficit), ending	$ 64,396	$ 338,396	$ 2,967	$ 106,881	$ -	$ -	$ -	$ 138,164	$ 650,804

City of Cordova, Alaska

General Capital Projects Fund
Schedule of Expenditures by Project

Year Ended December 31, 2018

PWS economic analysis	$	10,980
Miscellaneous capital projects		57,096
Cordova High School gymnasium floor		140,240
Portable generator		3,968
Noncapital information and recreation projects		18,000
Noncapital Cordova City School District		75,738
Noncapital public works projects		6,272
Noncapital public safety projects		18,000
Total Expenditures	$	330,293

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.

City of Cordova, Alaska

Port Enterprise Fund
Statement of Net Position

December 31,		2018
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and investments	$	1,753,775
Accounts receivable		351,448
Allowance for doubtful accounts		(213,757)
Prepaid insurance		42,075
Total Current Assets		1,933,541
Property, Plant and Equipment		
Land		4,395,992
Buildings		274,983
Machinery and equipment		2,904,790
Improvements		18,892,917
Total property, plant and equipment		26,468,682
Accumulated depreciation		(15,201,894)
Net Property, Plant and Equipment		11,266,788
Total Assets		13,200,329
Deferred outflows of resources - related to pensions		57,958
Deferred outflows of resources - related to other postemployment benefits		33,759
Total Defered Outflows of Resources		91,717
Total Assets and Deferred Outflows of Resources	$	13,292,046
Liabilities, Deferred Inflows of Resources and Net Position		
Current Liabilities		
Accounts payable	$	38,158
Accrued payroll and related liabilities		12,741
Accrued vacation and sick leave		41,498
Unearned revenue		461,061
Total Current Liabilities		553,458
Noncurrent Liabilities		
Net pension liability		608,510
Net other postemployment benefit liability		117,507
Total Noncurrent Liabilities		726,017
Total Liabilities		1,279,475
Deferred inflows of resources - related to pensions		13,424
Deferred inflows of resources - other postemployment benefits		42,596
Total Defered Inflows of Resources		56,020
Net Position		
Net investment in capital assets		11,266,788
Unrestricted		689,763
Total Net Position		11,956,551
Total Liabilities, Deferred Inflows of Resources and Net Position	$	13,292,046

City of Cordova, Alaska

Port Enterprise Fund

Statement of Revenues, Expenses and Changes in Net Position

Year Ended December 31,	2018
Operating Revenues	
User charges:	
Slip fees	$ 974,881
Wharfage and dockage	88,538
Total user charges	1,063,419
Rents, leases and storage fees	60,141
Travel lift fees	147,415
Penalties and interest	16,621
Other revenues	63,506
Total Operating Revenues	1,351,102
Operating Expenses	
Salaries and benefits	542,376
Materials and supplies	15,764
Purchased services	306,105
Vehicle expense	39,961
Insurance	58,892
Repairs and maintenance	133,036
Depreciation	762,709
Allocated administrative and billing expenses	180,706
Total Operating Expenses	2,039,549
Loss from operations	(688,447)
Nonoperating Revenues	
Investment income	845
State of Alaska PERS relief	7,504
Total Nonoperating Revenues	8,349
Loss before transfers	(680,098)
Transfers out	(25,328)
Change in net position	(705,426)
Net Position, beginning, as restated	12,661,977
Net Position, ending	$ 11,956,551

City of Cordova, Alaska

Port Enterprise Fund
Statement of Cash Flows

Year Ended December 31,	2018
Cash Flows from Operating Activities	
Receipts from customers and users	$ 1,396,957
Payments for interfund services used	(180,706)
Payments to suppliers	(579,808)
Payments to employees	(504,271)
Net cash flows from operating activities	132,172
Cash Flows for Noncapital Financing Activities	
Transfers out	(25,328)
Cash Flows for Capital and Related Financing Activities	
Decrease in due to other funds	(11,652)
Cash Flows from Investing Activities	
Investment income received	845
Net increase in cash and investments	96,037
Cash and Investments, beginning	1,657,738
Cash and Investments, ending	$ 1,753,775
Reconciliation of Loss from Operations to Net Cash Flows from Operating Activities	
Loss from operations	$ (688,447)
Adjustments to reconcile loss from operations to net cash flows from operating activities:	
Depreciation	762,709
Noncash expense - PERS relief	7,504
Increase in allowance for doubtful accounts	73,928
(Increase) decrease in assets and deferred outflows of resources:	
Accounts receivable	(60,838)
Prepaid insurance	(15,350)
Deferred outflows of resources related to pensions	(9,477)
Deferred outflows of resources related to other postemployment benefits	(33,759)
Increase (decrease) in liabilities and deferred inflows of resources:	
Accounts payable	(10,700)
Accrued payroll and related liabilities	1,051
Accrued vacation and sick leave	(2,092)
Net pension liability	22,799
Net other postemployment benefits liability	35,728
Deferred inflows of resources related to pensions	(26,245)
Deferred inflows of resources related to other postemployment benefits	42,596
Unearned revenue	32,765
Net Cash Flows from Operating Activities	$ 132,172

City of Cordova, Alaska

Port Enterprise Fund

Combining Schedule of Revenues, Expenses and Changes in Net Position

Year Ended December 31, 2018	Port Operating	Port Capital Projects	Port Depreciation Reserves	Total
Operating Revenues	$ 1,351,102	$ -	$ -	$ 1,351,102
Operating Expenses				
Salaries and benefits	542,376	-	-	542,376
Materials and supplies	15,764	-	-	15,764
Purchased services	306,105	-	-	306,105
Vehicle expense	39,961	-	-	39,961
Insurance	58,892	-	-	58,892
Repairs and maintenance	133,036	-	-	133,036
Depreciation	762,709	-	-	762,709
Allocated administrative and billing expenses	180,706	-	-	180,706
Total Operating Expenses	2,039,549	-	-	2,039,549
Loss from operations	(688,447)	-	-	(688,447)
Nonoperating Revenues				
State of Alaska PERS relief	7,504	-	-	7,504
Investment income	845	-	-	845
Total Nonoperating Revenues	8,349	-	-	8,349
Loss before transfers	(680,098)	-	-	(680,098)
Transfers out	(25,328)	-	-	(25,328)
Eliminating transfers	(148,184)	(1,816)	150,000	-
Net transfers	(173,512)	(1,816)	150,000	(25,328)
Change in net position	(853,610)	(1,816)	150,000	(705,426)
Net Position, beginning	11,698,863	1,816	961,298	12,661,977
Net Position, ending	$ 10,845,253	$ -	$ 1,111,298	$ 11,956,551

City of Cordova, Alaska

Water Enterprise Fund
Statement of Net Position

December 31,	2018
Assets and Deferred Outflows of Resources	
Current Assets	
Cash	$ 4,928
Accounts receivable	23,356
Prepaid insurance	15,176
Total Current Assets	43,460
Property, Plant and Equipment	
Land	881,531
Construction in progress	30,010
Buildings	7,130,545
Machinery and equipment	379,892
Improvements	14,803,759
Total property, plant and equipment	23,225,737
Accumulated depreciation	(10,107,302)
Net Property, Plant and Equipment	13,118,435
Total Assets	13,161,895
Deferred outflows of resources - related to pensions	17,606
Deferred rutflows of resources - related to other postemployment benefits	16,765
Total Defered Outflows of Resources	34,371
Total Assets and Deferred Outflows of Resources	$ 13,196,266
Liabilities, Deferred Inflows of Resources and Net Position	
Current Liabilities	
Accounts payable	$ 5,774
Accrued payroll and related liabilities	5,507
Accrued vacation and sick leave	22,957
Customer deposits	36,566
Accrued interest payable	49,678
Current portion of loan payable to ADEC	69,044
Total Current Liabilities	189,526
Noncurrent Liabilities	
Loans payable to ADEC, net of current portion	2,117,426
Net pension liability	224,464
Net other postemployment benefit liability	58,352
Total Noncurrent Liabilities	2,400,242
Total Liabilities	2,589,768
Deferred inflows of resources - related to pensions	4,072
Deferred inflows of resources - other postemployment benefits	21,153
Total Defered Inflows of Resources	25,225
Net Position	
Net investment in capital assets	10,931,965
Unrestricted (deficit)	(350,692)
Total Net Position	10,581,273
Total Liabilities, Deferred Inflows of Resources and Net Position	$ 13,196,266

City of Cordova, Alaska

Water Enterprise Fund

Statement of Revenues, Expenses and Changes in Net Position

Year Ended December 31,	2018
Operating Revenues - user charges	$ 675,719
Operating Expenses	
Salaries and benefits	268,444
Materials and supplies	43,357
Purchased services	184,103
Vehicle expense	5,889
Insurance	31,000
Repairs and maintenance	58,085
Depreciation	620,353
Allocated administrative and billing expenses	78,868
Total Operating Expenses	1,290,099
Loss from operations	(614,380)
Nonoperating Revenues (Expenses)	
Interest expense	(36,803)
In-kind contributions to School and Medical Center	(15,614)
State of Alaska PERS relief	3,726
Other income	22,500
Net Nonoperating Revenues (Expenses)	(26,191)
Loss before contributions and transfers	(640,571)
Transfers in	5,000
Transfers out	(1,164)
Net Transfers	3,836
Change in net position	(636,735)
Net Position, beginning, as restated	11,218,008
Net Position, ending	$ 10,581,273

City of Cordova, Alaska

Water Enterprise Fund
Statement of Cash Flows

Year Ended December 31,		2018
Cash Flows from Operating Activities		
Receipts from customers and users	$	674,908
Payments for interfund services used		(78,868)
Payments to suppliers		(353,360)
Payments to employees		(241,493)
Net cash flows from operating activities		1,187
Cash Flows from Noncapital Financing Activities		
Transfers in		5,000
Transfers out		(1,164)
Net cash flows from noncapital financing activities		3,836
Cash Flows for Capital and Related Financing Activities		
Additions to property, plant and equipment		(59,461)
Capital contributions received		150,743
Decrease in due to other funds		(49,953)
Principal and interest paid on ADEC loans		(41,424)
Net cash flows for capital and related financing activities		(95)
Net increase in cash and investments		4,928
Cash and Investments, beginning		-
Cash and Investments, ending	$	4,928
Reconciliation of Loss from Operations to Net Cash Flows from Operating Activities		
Loss from operations	$	(614,380)
Adjustments to reconcile loss from operations to net cash flows from operating activities:		
Depreciation		620,353
Noncash expense - PERS relief		3,726
Other income		22,500
Decrease in allowance for doubtful accounts		(987)
In-kind contributions		(15,614)
(Increase) decrease in assets and deferred outflows of resources:		
Accounts receivable		6,923
Prepaid insurance		(1,701)
Deferred outflows of resources related to pensions		(4,706)
Deferred outflows of resources related to other postemployment benefits		(16,765)
Increase (decrease) in liabilities and deferred inflows of resources:		
Accounts payable		(29,225)
Accrued payroll and related liabilities		(318)
Accrued vacation and sick leave		7,622
Customer deposits		(13,633)
Net pension liability		11,322
Net other postemployment benefits liability		17,742
Deferred inflows of resources related to pensions		(12,825)
Deferred inflows of resources related to other postemployment benefits		21,153
Net Cash Flows from Operating Activities	$	1,187

City of Cordova, Alaska

Water Enterprise Fund

Combining Schedule of Revenues, Expenses and Changes in Net Position

Year Ended December 31, 2018	Water Operating	Water Compliance	Water Depreciation Reserves	Eliminations	Total
Operating Revenues - user charges	$ 675,719	$ -	$ -	$ -	$ 675,719
Operating Expenses					
Salaries and benefits	268,444	-	-	-	268,444
Materials and supplies	43,357	-	-	-	43,357
Purchased services	184,103	-	-	-	184,103
Vehicle expense	5,889	-	-	-	5,889
Insurance	31,000	-	-	-	31,000
Repairs and maintenance	58,085	-	-	-	58,085
Depreciation	620,353	-	-	-	620,353
Allocated administrative and billing expenses	78,868	-	-	-	78,868
Total Operating Expenses	1,290,099	-	-	-	1,290,099
Loss from operations	(614,380)	-	-	-	(614,380)
Nonoperating Revenues (Expenses)					
Interest expense	(36,803)	-	-	-	(36,803)
In-kind contributions to School and Medical Center	(15,614)	-	-	-	(15,614)
State of Alaska PERS relief	3,726	-	-	-	3,726
Other income	22,500	-	-	-	22,500
Net Nonoperating Revenues (Expenses)	(26,191)	-	-	-	(26,191)
Loss before contributions and transfers	(640,571)	-	-	-	(640,571)
Transfers in	5,000	-	-	-	5,000
Transfers out	(1,164)	-	-	-	(1,164)
Eliminating transfers	724,463	(774,463)	50,000	-	-
Net transfers	728,299	(774,463)	50,000	-	3,836
Change in net position	87,728	(774,463)	50,000	-	(636,735)
Net Position, beginning, as restated	5,569,528	879,321	422,236	4,387,533	11,218,008
Net Position, ending	$ 5,657,256	$ 104,858	$ 472,236	$ 4,387,533	$ 10,581,273

City of Cordova, Alaska

Sewer Enterprise Fund
Statement of Net Position

December 31,		2018
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and investments	$	601,105
Accounts receivable		55,106
Prepaid insurance		15,176
Deposits		6,500
Total Current Assets		677,887
Property, Plant and Equipment		
Land		32,560
Buildings		93,071
Machinery and equipment		726,930
Improvements		17,672,208
Total property, plant and equipment		18,524,769
Accumulated depreciation		(11,136,807)
Net Property, Plant and Equipment		7,387,962
Total Assets		8,065,849
Deferred outflows of resources - related to other postemployment benefits		16,765
Deferred outflows of resources - related to pensions		17,606
Deferred Outflows of Resources		34,371
Total Assets and Deferred Outflows of Resources	$	8,100,220
Liabilities, Deferred Inflows of Resources and Net Position		
Current Liabilities		
Accounts payable	$	8,810
Accrued payroll and related liabilities		5,507
Accrued vacation and sick leave		22,957
Accrued interest payable		5,225
Current portion of loan payable to ADEC		55,000
Total Current Liabilities		97,499
Noncurrent Liabilities		
Loan payable to ADEC, net of current portion		990,000
Net other postemployment benefits liability		58,352
Net pension liability		224,464
Total Noncurrent Liabilities		1,272,816
Total Liabilities		1,370,315
Deferred inflows of resources - related to other postemployment benefits		21,153
Deferred inflows of Resources - related to pensions		3,864
Total Deferred Inflows of Resources		25,017
Net Position		
Net investment in capital assets		6,342,962
Unrestricted		361,926
Total Net Position		6,704,888
Total Liabilities, Deferred Inflows of Resources and Net Position	$	8,100,220

City of Cordova, Alaska

Sewer Enterprise Fund

Statement of Revenues, Expenses and Changes in Net Position

Year Ended December 31,	2018
Operating Revenues - user charges	$ 760,180
Operating Expenses	
Salaries and benefits	267,855
Materials and supplies	51,821
Purchased services	175,964
Vehicle expense	11,561
Insurance	31,000
Repairs and maintenance	48,691
Depreciation	410,383
Allocated administrative and billing expenses	99,650
Total Operating Expenses	1,096,925
Loss from operations	(336,745)
Nonoperating Revenues (Expenses)	
Interest expense	(16,210)
In-kind contributions to School and Medical Center	(35,014)
State of Alaska PERS relief	3,726
Loss on disposal of equipment	(15,400)
Net Nonoperating Revenues (Expenses)	(62,898)
Loss before transfers	(399,643)
Transfers out	(11,164)
Change in net position	(410,807)
Net Position, beginning, as restated	7,115,695
Net Position, ending	$ 6,704,888

City of Cordova, Alaska

Sewer Enterprise Fund
Statement of Cash Flows

Year Ended December 31,		2018
Cash Flows from Operating Activities		
Receipts from customers and users	$	742,601
Payments for interfund services used		(99,650)
Payments to suppliers		(330,907)
Payments to employees		(241,706)
Net cash flows from operating activities		70,338
Cash Flows for Noncapital Financing Activities - transfers out		(11,164)
Cash Flows from Capital and Related Financing Activities -		
Increase in due to other funds		(3,908)
Principal and interest paid on ADEC loans		(227,965)
Net cash flows for capital and related financing activities		(231,873)
Net decrease in cash and investments		(172,699)
Cash and Investments, beginning		773,804
Cash and Investments, ending	$	601,105
Reconciliation of Loss from Operations to Net		
Cash Flows from Operating Activities		
Loss from operations	$	(336,745)
Adjustments to reconcile loss from operations		
to net cash flows from operating activities:		
Depreciation		410,383
Decrease in allowance for doubtful accounts		(428)
Noncash expense - PERS relief		3,726
In-kind contributions		(35,014)
(Increase) decrease in assets and deferred outflows of resources:		
Accounts receivable		17,863
Prepaid insurance		(1,701)
Deferred outflows of resources related to pensions		(4,706)
Deferred outflows of resources related to other postemployment benefits		(16,765)
Increase (decrease) in liabilities and deferred inflows of resources:		
Accounts payable		(10,169)
Accrued payroll and related liabilities		(912)
Accrued vacation and sick leave		7,622
Net pension liability		11,322
Net other postemployment benefits liability		17,742
Deferred inflows of resources related to pensions		(13,033)
Deferred inflows of resources related to other postemployment benefits		21,153
Net Cash Flows from Operating Activities	$	70,338

City of Cordova, Alaska

Sewer Enterprise Fund

Combining Schedule of Revenues, Expenses and Changes in Net Position

Year Ended December 31, 2018	Sewer Operating	Sewer Capital Projects	Sewer Depreciation Reserves	Total
Operating Revenues - user charges	$ 760,180	$ -	$ -	$ 760,180
Operating Expenses				
Salaries and benefits	267,855	-	-	267,855
Materials and supplies	51,821	-	-	51,821
Purchased services	175,964	-	-	175,964
Vehicle expense	11,561	-	-	11,561
Insurance	31,000	-	-	31,000
Repairs and maintenance	48,691	-	-	48,691
Depreciation	410,383	-	-	410,383
Allocated administrative and billing expenses	99,650	-	-	99,650
Total Operating Expenses	1,096,925	-	-	1,096,925
Loss from operations	(336,745)	-	-	(336,745)
Nonoperating Revenues (Expenses)				
Interest expense	(16,210)			(16,210)
In-kind contributions to School and Medical Center	(35,014)	-	-	(35,014)
State of Alaska PERS relief	3,726	-	-	3,726
Loss on disposal of equipment	(15,400)	-	-	(15,400)
Net Nonoperating Revenues (Expenses)	(62,898)	-	-	(62,898)
Loss before transfers	(399,643)	-	-	(399,643)
Transfers out	(11,164)	-	-	(11,164)
Eliminating transfers	(120,881)	20,881	100,000	-
Net transfers	(132,045)	20,881	100,000	(11,164)
Change in net position	(531,688)	20,881	100,000	(410,807)
Net Position, beginning	6,648,933	(20,881)	487,643	7,115,695
Net Position, ending	$ 6,117,245	$ -	$ 587,643	$ 6,704,888

City of Cordova, Alaska

Refuse Enterprise Fund
Statement of Net Position

December 31,		2018
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and investments	$	382,135
Accounts receivable		64,387
Allowance for doubtful accounts		(561)
Prepaid insurance		15,176
Total Current Assets		461,137
Restricted Assets - landfill closure cash		890,196
Property, Plant and Equipment		
Land and land improvements		256,250
Buildings		1,437,027
Machinery and equipment		2,958,965
Landfill		462,756
Total property, plant and equipment		5,114,998
Accumulated depreciation		(3,055,179)
Net Property, Plant and Equipment		2,059,819
Total Assets		3,411,152
Deferred outflows of resources - related to other postemployment benefits		31,282
Deferred outflows of resources - related to pensions		41,050
Total Deferred Outflows of Resources		72,332
Total Assets and Deferred Outflows of Resources	$	3,483,484
Liabilities, Deferred Inflows of Resources and Net Position		
Current Liabilities		
Accounts payable	$	8,501
Accrued payroll and related liabilities		11,017
Accrued vacation and sick leave		23,985
Accrued interest payable		380
Current portion of bonds payable		38,000
Total Current Liabilities		81,883
Noncurrent Liabilities		
Net other postemployment benefits liability		108,884
Net pension liability		502,146
Landfill closure costs		761,381
Total Noncurrent Liabilities		1,372,411
Total Liabilities		1,454,294
Deferred inflows of resources - related to other postemployment benefits		39,470
Deferred inflows of resources - related to pensions		11,478
Total Deferred Inflows of Resources		50,948
Net Position		
Net investment in capital assets		2,021,819
Restricted		890,196
Unrestricted (deficit)		(933,773)
Total Net Position		1,978,242
Total Liabilities, Deferred Inflows of Resources and Net Position	$	3,483,484

City of Cordova, Alaska

Refuse Enterprise Fund

Statement of Revenues, Expenses and Changes in Net Position

Year Ended December 31,		2018
Operating Revenues - user charges	$	1,074,365
Operating Expenses		
Salaries and benefits		511,273
Materials and supplies		18,293
Purchased services		56,464
Vehicle expense		51,418
Insurance		31,000
Repairs and maintenance		27,346
Depreciation		128,933
Allocated administrative and billing expenses		144,248
Landfill closure and monitoring expense		(90,829)
Total Operating Expenses		878,146
Income from operations		196,219
Nonoperating Revenues (Expenses)		
Investment income		785
Interest expense		(2,365)
In-kind contributions to School and Medical Center		(38,216)
State of Alaska PERS relief		6,950
Net Nonoperating Revenues (Expenses)		(32,846)
Income before transfers		163,373
Transfers out		(2,328)
Change in net position		161,045
Net Position, beginning, as restated		1,817,197
Net Position, ending	$	1,978,242

City of Cordova, Alaska

Refuse Enterprise Fund
Statement of Cash Flows

Year Ended December 31,		2018
Cash Flows from Operating Activities		
Receipts from customers and users	$	1,052,636
Payment for interfund services used		(144,248)
Payments to suppliers		(182,064)
Payments to employees		(475,133)
Net cash flows from operating activities		251,191
Cash Flows from Noncapital Financing Activities		
Transfers out		(2,328)
Cash Flows for Capital and Related Financing Activities		
Additions to property, plant and equipment		(14,425)
Decrease in due to other funds		(9,311)
Principal and interest paid on general obligation bonds		(38,960)
Net cash flows for capital and related financing activities		(62,696)
Cash Flows from Investing Activities		
Investment income received		785
Net increase in cash and investments		186,952
Cash and Investments, beginning		1,085,379
Cash and Investments, ending	$	1,272,331
Reconciliation of Cash and Investments to Statement of Net Position		
Cash and investments	$	382,135
Restricted assets		890,196
Total Cash and Investments	$	1,272,331
Reconciliation of Loss from Operations to Net Cash Flows from Operating Activities		
Loss from operations	$	196,219
Adjustments to reconcile loss from operations to net cash flows from operating activities:		
Depreciation		128,933
Noncash expense - PERS relief		6,950
Decrease in allowance for doubtful accounts		(789)
In-kind contributions to School and Medical Center		(38,216)
(Increase) decrease in assets and deferred outflows of resources:		
Accounts receivable		17,276
Prepaid insurance		(204)
Deferred outflows of resources related to pensions		(8,781)
Deferred outflows of resources related to other postemployment benefits		(31,282)
Increase (decrease) in liabilities and deferred inflows of resources:		
Accounts payable		2,661
Accrued payroll and related liabilities		(819)
Accrued vacation and sick leave		689
Landfill closure costs payable		(90,829)
Net pension liability		21,126
Net other postemployment benefits liability		33,106
Deferred inflows of resources related to pensions		(24,319)
Deferred inflows of resources related to other postemployment benefits		39,470
Net Cash Flows from Operating Activities	$	251,191

City of Cordova, Alaska

Refuse Enterprise Fund

Combining Schedule of Revenues, Expenses and Changes in Net Position

Year Ended December 31, 2018	Refuse Operating	Refuse Depreciation Reserves	Refuse Projects	Landfill Closure	Total
Operating Revenues - user charges	$ 1,074,365	$ -	$ -	$ -	$ 1,074,365
Operating Expenses					
Salaries and benefits	511,273	-	-	-	511,273
Materials and supplies	18,293	-	-	-	18,293
Purchased services	56,464	-	-	-	56,464
Vehicle expense	51,418	-	-	-	51,418
Insurance	31,000	-	-	-	31,000
Repairs and maintenance	27,346	-	-	-	27,346
Depreciation	128,933	-	-	-	128,933
Allocated administrative and billing expenses	144,248	-	-	-	144,248
Landfill closure and monitoring expense	-	-	-	(90,829)	(90,829)
Total Operating Expenses	968,975	-	-	(90,829)	878,146
Income from operations	105,390	-	-	90,829	196,219
Nonoperating Revenues (Expenses)					
Investment income	-	-	-	785	785
State of Alaska PERS relief	6,950	-	-	-	6,950
In-kind contributions to School and Medical Center	(38,216)	-	-	-	(38,216)
Interest expense	(2,365)	-	-	-	(2,365)
Net Nonoperating Revenues (Expenses)	(33,631)	-	-	785	(32,846)
Income before transfers	71,759	-	-	91,614	163,373
Transfers out	(2,328)	-	-	-	(2,328)
Eliminating transfers	(127,629)	50,000	27,629	50,000	-
Net transfers	(129,957)	50,000	27,629	50,000	(2,328)
Change in net position	(58,198)	50,000	27,629	141,614	161,045
Net Position, beginning, as restated	1,801,130	113,556	(100,774)	3,285	1,817,197
	-				
Net Position, ending	$ 1,742,932	$ 163,556	$ (73,145)	$ 144,899	$ 1,978,242

City of Cordova, Alaska

Odiak Park Enterprise Fund
Statement of Net Position

December 31,	2018
Assets	
Current Assets	
Cash and investments	$ 145,247
Prepaid Insurance	2,644
Total Current Assets	147,891
Property, Plant and Equipment	
Buildings	79,362
Improvements	10,718
Total property, plant and equipment	90,080
Accumulated depreciation	(61,374)
Net Property, Plant and Equipment	28,706
Total Assets	$ 176,597
Liabilities and Net Position	
Current Liabilities	
Accounts payable	$ 118
Accrued payroll and related liabilities	582
Other liabilities	11,330
Total Current Liabilities	12,030
Net Position	
Net investment in capital assets	28,706
Unrestricted	135,861
Total Net Position	164,567
Total Liabilities and Net Position	$ 176,597

City of Cordova, Alaska

Odiak Park Enterprise Fund

Statement of Revenues, Expenses and Changes in Net Position

Year Ended December 31,		2018
Operating Revenues		
Park fees	$	75,985
Operating Expenses		
Salaries and benefits		26,783
Materials and supplies		884
Purchased services		19,981
Repairs and maintenance		1,985
Depreciation		2,038
Insurance		5,400
Allocated administrative and billing expenses		9,750
Total Operating Expenses		66,821
Income from operations		9,164
Nonoperating Revenues -		
State of Alaska PERS relief		690
Income Before Transfers		9,854
Transfers out		(4,000)
Change in net position		5,854
Net Position, beginning		158,713
Net Position, ending	$	164,567

City of Cordova, Alaska

Odiak Park Enterprise Fund
Statement of Cash Flows

Year Ended December 31,	2018
Cash Flows from Operating Activities	
Receipts from customers and users	$ 75,985
Payment for interfund services used	(9,750)
Payments to suppliers	(31,018)
Payments to employees	(23,199)
Net cash flows from operating activities	12,018
Cash Flows for Noncapital Financing Activities - transfers out	(4,000)
Cash Flows for Capital and Related Financing Activities - decrease in due to other funds	(1,155)
Net increase in cash and investments	6,863
Cash and Investments, beginning	138,384
Cash and Investments, ending	$ 145,247
Reconciliation of Income from Operations to Net Cash Flows from Operating Activities	
Income from operations	$ 9,164
Adjustments to reconcile income from operations to net cash flows from operating activities:	
Depreciation	2,038
Noncash expense - PERS relief	690
Increase (decrease) in assets:	
Prepaid insurance	(2,644)
Increase (decrease) in liabilities:	
Accounts payable	(124)
Accrued payroll and related liabilities	44
Other liabilities	2,850
Net Cash Flows from Operating Activities	$ 12,018

City of Cordova, Alaska

Schedule of Expenditures of Federal Awards
for the Year Ended December 31, 2018

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	*Federal CFDA Number*	*Pass-through Entity Identifying Number*	*Provided to Subre-cipients*	*Total Federal Expend-itures*
Bureau of Justice Assistance				
Bulletproof Vest Partnership Program	16.607		$ -	$ 743
Department of Agriculture				
Forest Service Schools and Roads Cluster				
Passed through State of Alaska Department of Commerce, Community and Economic Development - Schools and Roads - Grants to States	10.665	Program Year 2018	-	630,721
Department of Interior				
Passed through State of Alaska Department of Commerce, Community and Economic Development - Payment in Lieu of Taxes	15.226	Program Year 2019	-	442,001
Environmental Protection Agency				
Drinking Water State Revolving Fund Cluster				
Passed through State of Alaska Department of Environmental Conservation - Capitalization Grants for Drinking Water State Revolving Funds - Loan Portion	66.468	261141	-	12,948
Department of Homeland Security				
Passed through State of Alaska Department of Military and Veteran Affairs:				
2017 Emergency Management Performance Grant	97.042	20EMPG-GY17	-	9,000
2018 Emergency Management Performance Grant	97.042	20EMPG-GY18	-	9,000
Total CFDA 97.042				18,000
2016 Homeland Security Grant Program	97.067	20SHSP-GY16	-	3,968
Total Department of Homeland Security				21,968
Total Federal Awards				$1,108,381

The accompanying notes are an integral part of this schedule.

City of Cordova, Alaska

Schedule of State Financial Assistance
Year Ended December 31, 2018

Name of Award	Award Number	Total Grant Award	State Share of Expenditures
Department of Commerce, Community and Economic Development			
Shared Fisheries Business Tax	2018	$ 23,144	$ 23,144
Department of Administration			
*PERS Relief Funding	N/A	152,247	152,247
Department of Revenue			
Liquor Licenses	N/A	11,950	11,950
*Fisheries Business Taxes	N/A	1,429,951	1,429,951
*Electric and Telephone Cooperative	N/A	310,267	310,267
Total Department of Revenue			1,752,168
Department of Education and Early Development			
*Debt Retirement Program	2018	952,265	952,265
Public Library Assistance Grant 2018	PLAG 2018	7,000	7,000
Alaska Online with Libraries (OWL)	FY2018	1,371	1,371
Alaska Online with Libraries (OWL)	FY2019	745	745
Total Department of Education and Early Development			961,381
Total State Financial Assistance			$ 2,888,940

* Major program

The accompanying notes are an integral part of this schedule.

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards and schedule of state financial assistance (the "Schedules") include the federal and state award activity of City of Cordova under programs of the federal and state governments for the year ended December 31, 2018. The information in the Schedules 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), and the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. Because the Schedules present only a selected portion of the operations of City of Cordova, they are not intended to and do not present the financial position, changes in net position or cash flows of City of Cordova.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedules are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The City has not elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

3. PERS On-behalf

The City has recorded $152,247 in PERS on-behalf payments in the schedule of state financial assistance. This represents the PERS relief payments appropriated and transferred into the plan during calendar year 2018 and relates to both pension and OPEB contributions.

In the governmental fund financial statements, on-behalf revenue and expenditures have been recognized in their proportional share of PERS payroll within the calendar year under audit.

However, in the full accrual financial statements (the government-wide and enterprise fund financial statements), GASB 68 provisions prescribe that on-behalf *pension co*ntributions in a special funding situation may only be recognized during the *measurement period* in which the plan recognizes the contributions. For the City of Cordova, the PERS plan measurement period is July 1, 2017 through June 30, 2018, creating a six-month timing difference between the cash contribution and revenue and expense recognition for the pension on-behalf by the City in those funds.

As a result of these perspective and timing differences, amounts reported on the financial statements do not agree to the amount reported on the schedule of state financial assistance.

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.

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Single Audit Reports

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3601 C Street, Suite 600
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Independent Auditor's 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*

Honorable Mayor and City Council
City of Cordova, Alaska

We have audited, in accordance with the 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 City of Cordova, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise City of Cordova's basic financial statements, and have issued our report thereon dated September 3, 2019. Our report includes a reference to other auditors who audited the financial statements of Cordova City School District and Cordova Community Medical Center as described in our report on City of Valdez's basic financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Cordova's internal control over financial reporting (internal control) to determine the audit 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 City of Cordova's internal control. Accordingly, we do not express an opinion on the effectiveness of 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2018-001 that we consider to be a significant deficiency.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 determination of financial statement amounts. 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 an no instances of noncompliance or other matters that is required to be reported under *Government Auditing Standards.*

City of Cordova's Response to Findings

City of Cordova's response to the findings identified in our audit are described in the accompanying corrective action plan. City of Cordova's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

BDO USA, LLP

Anchorage, Alaska
September 3, 2019

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3601 C Street, Suite 600
Anchorage, AK 99503

Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

Honorable Mayor and City Council
City of Cordova, Alaska

Report on Compliance for Each Major Federal Program

We have audited City of Cordova's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of City of Cordova's major federal programs for the year ended December 31, 2018. City of Cordova's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

City of Cordova's basic financial statements include the operations of the Cordova City School District, which received $603,251 in federal awards which is not included in City of Cordova's schedule of expenditures of federal awards during the year ended December 31, 2018. Our audit, described below, did not include the operations of Cordova City School District because other auditors were engaged to perform the audit of the School District; however, they did not meet the threshold for an audit in accordance with the Uniform Guidance.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of City of Cordova's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Cordova's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of City of Cordova's compliance.

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Opinion on Each Major Federal Program

In our opinion, City of Cordova complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2018.

Report on Internal Control Over Compliance

Management of City of Cordova is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered City of Cordova's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Cordova's 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 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.

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

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.

BDO USA, LLP

Anchorage, Alaska
September 3, 2019

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Independent Auditor's 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*

Honorable Mayor and City Council
City of Cordova, Alaska

Report on Compliance for Each Major State Program

We have audited City of Cordova's compliance with the types of compliance requirements described in the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* that could have a direct and material effect on each of City of Cordova's major state programs for the year ended December 31, 2018. City of Cordova's major state programs are identified in the accompanying schedule of state financial assistance.

City of Cordova's basic financial statements include the operations of the Cordova City School District which received $4,673,752 in state awards which is not included in City of Cordova's schedule of state financial assistance for the year ended December 31, 2018. Our audit, described below, did not include the operations of Cordova City School District because it was subjected to a separate audit in accordance with the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of City of Cordova's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. Those standards and the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about City of Cordova's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of City of Cordova's compliance.

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Opinion on Each Major State Program

In our opinion, City of Cordova complied, in all material respects, with the types of 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, 2018.

Report on Internal Control Over Compliance

Management of City of Cordova is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered City of Cordova's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Cordova's 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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 Audit Guide and Compliance Supplement for State Single Audits*. Accordingly, this report is not suitable for any other purpose.

BDO USA, LLP

Anchorage, Alaska
September 3, 2019

City of Cordova, Alaska

Schedule of Findings and Questioned Costs
Year Ended December 31, 2018

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:
Material weakness(es) identified? ___yes __X__no
Significant deficiency(ies) identified? __X__yes ____(none reported)

Noncompliance material to financial statements noted? ___yes __X__no

Federal Awards

Internal control over major federal programs:
Material weakness(es) identified? ___yes __X__no
Significant deficiency(ies) identified? ___yes __X__(none reported)

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ___yes __X__no

Identification of major federal programs:

CFDA Number	*Name of Federal Program or Cluster*	*Agency*
10.665	Forest Service School and Roads Cluster – School and Roads – Grants to States	Department of Agriculture

Dollar threshold used to distinguish between Type A and Type B programs: $ 750,000

Auditee qualified as low-risk auditee? ___yes __X__no

State Financial Assistance

Internal control over major state programs:
Material weakness(es) identified? ___yes __X__no
Significant deficiency(ies) identified? ___yes __X__(none reported)

Type of auditor's report issued on compliance for major state programs: Unmodified

Dollar threshold used to distinguish a state major program? $ 150,000

Section II - Financial Statement Findings Required to be Reported in Accordance with *Government Auditing Standards*

Finding 2018-001	**Journal Entry Review - Significant Deficiency in Internal Control Over Financial Reporting**
Criteria	Internal controls should be established to ensure proper and accurate financial reporting in accordance with generally accepted accounting principles (GAAP).
Condition	The Finance Director prepares all journal entries, but there is no one reviewing them.
Cause	Limited accounting staff at the City.
Effect or potential effect	Journal entries could be made in error or inappropriately.
Recommendation	We recommend that someone review and approve all journal entries and initial the support for the entries to document their approval. This process would improve controls over adjustments to the general ledger.
Views of responsible officials and planned corrective actions	Management concurs. See the corrective action plan.

Section III - Federal Award Findings and Questioned Costs

There were no findings and questioned costs for federal awards (as defined in 2 CFR 200.516 (a)) that are required to be reported.

Section IV – State Award Findings and Questioned Costs

There were no findings and questioned costs for State awards (as defined in the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*) that are required to be reported.

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City of Cordova Single Audit Responses (Unaudited)

Summary Schedule of Prior Audit Findings

Finding 2017-001	**Auditor-Detected Adjusting Journal Entries and Lack of Account Reconciliations – Material Weakness in Internal Control over Financial Reporting (Cordova Community Health Medical Center)**
Condition	Material adjustments were necessary to cash, accounts receivable, third-party settlements, electronic health records revenue, other receivables, grant revenue, capital assets, accounts payable, accrued payroll, and notes payable to properly present the financial statements in accordance with generally accepted accounting principles.
Status	This finding is resolved.
Finding 2017-002	**Grants Management – Material Weakness in Internal Control over Financial Reporting (Cordova Community Health Medical Center)**
Condition	Cordova Community Health Medical Center did not have sufficient internal controls in place to identify and monitor grant expenditures.
Status	This finding has been resolved.
Finding 2017-003	**Journal Entry Review - Significant Deficiency in Internal Control Over Financial Reporting**
Condition	The Finance Director prepares all journal entries, but there is no one reviewing them.
Status	This is a repeat finding for 2018.
Finding 2017-004	**Year-End Account Reconciliation Review - Significant Deficiency in Internal Control Over Financial Reporting**
Condition	Certain year-end account reconciliations contained errors.
Status	This finding has been resolved.
Finding 2017-005	**Single Audit Reporting – Material Weakness in Compliance over Financial Reporting**
Condition	The audit, data collection form and the single audit reports were not completed and submitted by the deadlines.
Status	This finding has been resolved.

Finding 2017-006	**Single Audit Reporting – Material Weakness in Internal Controls over Compliance**
Condition	The audit, data collection form and the single audit reports were not completed and submitted by the deadlines.
Status	This finding has been resolved.
Finding 2017-007	**Deadline for State Single Audit– Material Weakness in Internal Controls over Compliance**
Condition	The audit and the single audit reports were not completed and submitted by the deadlines.
Status	This finding has been resolved.

CITY OF CORDOVA

Corrective Action Plan

Name of Contact Person:
Alan Lanning
City Manager
(907) 424-6200

Finding 2018-001	**Journal Entry Review - Significant Deficiency in Internal Control Over Financial Reporting**
Corrective Action	All journal entries will be made by the Finance Director and Assistant which will be evidenced by dual signatures or initials.
Implementation	The procedure was implemented January 2019.