NORTHWEST ARCTIC BOROUGH ASSEMBLY
ORDINANCE 18-03 AM-01

AN ORDINANCE OF THE NORTHWEST ARCTIC BOROUGH ASSEMBLY ESTABLISHING THE AMENDED FY19 VILLAGE IMPROVEMENT FUND BUDGET.

WHEREAS: on April 25, 2017, the Borough approved execution of a Payment in Lieu of Taxes (PILT) Agreement and a Memorandum of Commitment (MOC) Agreement with Teck Alaska; and

WHEREAS: the MOC Agreement and Chapter 11.08 of the Borough Code established a separate Village Improvement Fund (VIF) dedicated for Borough village improvements, services, and capital projects; and

WHEREAS: this ordinance will establish the amended FY19 line item budget for the VIF in order to account for the amended revenue amount for FY19.

NOW THEREFORE BE IT ENACTED by the Northwest Arctic Borough Assembly, the amended FY19 line item budget for the Village Improvement Fund is hereby adopted.

PASSED AND ADOPTED THIS 23rd **DAY OF** April **2019.**

Nathan Hadley, Assembly President

APPROVED THIS 23rd **DAY OF** April **2019.**

Lucy Nelson, Mayor

ATTESTED THIS TO THIS 23rd **DAY OF** April **2019.**

Stella Atoruk

Stella Atoruk, Borough Clerk

ATTEST:

First Reading: March, 26, **2019**
Second Reading: April, 23, **2019**

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02-00 Village Improvement Fund

Account #	REVENUE	Proposed FY19 Budget Amendment	Approved FY19 Budget	$ Variance Favorable/ (Unfavorable)	% Variance Favorable/ (Unfavorable)
4000	VIF Revenue	$ 8,000,000	$ 4,000,000	$ 4,000,000	100%
NEW	Investment Income - available for operations	$ 26,000	$ -	$ 26,000	#DIV/0!
TOTAL REVENUE		**$ 8,026,000**	**$ 4,000,000**	**$ 4,026,000**	**101%**

Account #	OPERATIONAL EXPENSES	Proposed FY19 Budget Amendment	Approved FY19 Budget	$ Variance Favorable/ (Unfavorable)	% Variance Favorable/ (Unfavorable)
6000	WAGES - VIF	$ 261,149	$ 261,149	$ -	0%
6110	FICA	$ 8,204	$ 8,204	$ -	0%
6111	ESC (Unemployment insurance)	$ 4,538	$ 4,538	$ -	0%
6115	MEDICAL	$ 59,249	$ 65,353	$ 6,104	9%
6120	WORKER'S COMP	$ 2,095	$ 2,095	$ -	0%
6130	PERS	$ 60,635	$ 60,635	$ -	0%
6210	AIR TRANSPORTATION	$ 40,000	$ 35,658	$ (4,342)	-12%
6220	GROUND TRANSPORTATION	$ 7,000	$ 5,800	$ (1,200)	-21%
6230	LODGING	$ 44,000	$ 35,840	$ (8,160)	-23%
6240	MEETING FEES	$ 55,000	$ 55,000	$ -	0%
6250	PER DIEM	$ 25,500	$ 21,098	$ (4,402)	-21%
6300	SUPPLIES	$ 34,000	$ 30,000	$ (4,000)	-13%
6320	PRINTING & PUBLICATIONS	$ 1,500	$ 1,500	$ -	0%
6400	CONSULTANTS	$ 59,000	$ 70,000	$ 11,000	16%
6450	LEGAL	$ 25,000	$ 25,000	$ -	0%
6460	ACCOUNTING/AUDITING	$ 15,000	$ 20,000	$ 5,000	25%
Total Operational Expenditures		**$ 701,870**	**$ 701,870**	**$ -**	**0%**

Account #	OTHER APPROPRIATIONS	Proposed FY19 Budget Amendment	Approved FY19 Budget	$ Variance Favorable/ (Unfavorable)	% Variance Favorable/ (Unfavorable)
VARIOUS	VILLAGE ACCOUNTS	$ 4,924,130	$ 2,098,130	$ (2,826,000)	-135%
9002	SUSTAINABILITY FUND	$ 2,400,000	$ 1,200,000	$ (1,200,000)	-100%
Total Other Appropriations		**$ 7,324,130**	**$ 3,298,130**	**$ (4,026,000)**	**-122%**
TOTAL EXPENDITURES		**$ 8,026,000**	**$ 4,000,000**	**$ (4,026,000)**	**-101%**
Excess (Deficiency) of revenue over expenditures		**$ -**	**$ -**	**$ -**	**#DIV/0!**

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The following summarizes the changes in the FY19 Village Improvement Budget.

Important note: Since adoption of the original FY19 budget, there was a total of $25,000 in budget transfers between operational accounts, as allowed by code. The transfer from Salaries to Travel allowed for additional Commission meetings in Kotzebue. The original FY19 budget presented in column D has been modified to show those changes. The net change in operational expenditures is $0.

Village Improvement Fund Revenue:

VIF Revenue is budgeted at $8,000,000 for NAB fiscal year 2019. An increase of $4,000,000.

A special note: the revenue received under the signed Memorandum of Commitment (MOC) is based on Teck Alaska Incorporated's Earning Before Income Taxes (TAI EBIT). TAI's fiscal year ends December 31. The EBIT value is finalized upon completion of their annual audit, which usually happens every March/April. Therefore, revenue each year will be budgeted at $4,000,000 which is the ***minimum payment*** *required under the MOC. The revenue will be adjusted every March/April based on the final EBIT value reported on TAI's audited financial statements.*

Investment income - available for operations is established at $26,000. This revenue represents the interest earned in VIF checking and savings accounts that are available for operations. In the future, these operating funds will be invested in the Alaska Municipal League Investment Pool (AMLIP). AMLIP allows for investment in high quality and low risk investment vehicles that are liquidated (cashed) easily.

Village Improvement Fund Expenditures:

Medical is budgeted at $59,249. A decrease of $6,104. The Grant Writer position was not filled the entire year.

Air Transportation is budgeted at $40,000. An increase of $4,342. The increase is to:
- Allow Alternate Commission Members to attend meetings where policy/procedures are developed and formally adopted.
- Budget for two additional meetings of Primary Commission Members to consider applications during Spring 2019.
- Budget some funds for VIF staff to travel to Villages and review progress made on Projects.

Ground Transportation is budgeted at $7,000. An increase of $1,200. See Transportation for detail.

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The changes in the Village Improvement Budget, continued.

Lodging is budgeted at $44,000. An increase of $8,160. See Transportation for detail.

Per diem is budgeted at $25,500. An increase of $4,402. See Transportation for detail.

Supplies is budgeted at $34,000. An increase of $4,000. The increase is to:
- Cover the purchase of iPads for Commission Members in an attempt to save paper and receive meeting materials in a timely manner.
- Cover the cost of door prizes at community meetings.

Consultants is budgeted at $59,000. A decrease of $11,000.

Accounting/Audit is budgeted at $15,000. A decrease of $5,000.

Village Accounts is budgeted at $4,924,130 An increase of $2,826,000. This amount represents the money available for Improvement Projects as determined by the Village Improvement Commission and approved by the NAB Assembly.

Sustainability Fund is budgeted at $2,400,000. An increase of $1,200,000. This amount represents 30% of the VIF Revenues. Meaningful contributions to investments are a major part of the Sustainability Code, which requires 30% of VIF revenues be appropriated. The goal of the Sustainability Code is to fund the Village Improvement Fund after the MOC expires.

A few important things to note about the Sustainability Fund:
- The investments are to fund VIF in the future - not NAB operations.
- As the portfolio is administered by NAB, it is reported by Alaska Permanent Capital Management (APCM) as being part of the same company. This collective pooling allows for a more favorable investment management fee. With that said, the VIF investments are housed in its own portfolio.
- NAB is including these statements in the budget to reinforce the general understanding of this investment fund by the Village Improvement Commission, NAB administration and NAB Assembly.