

**NORTHWEST ARCTIC BOROUGH ASSEMBLY  
ORDINANCE 22-05-AM-01**

**AN ORDINANCE OF THE NORTHWEST ARCTIC BOROUGH  
ASSEMBLY APPROVING AND ADOPTING AN AMENDED  
LINE-ITEM BUDGET FOR THE FY23 VILLAGE  
IMPROVEMENT FUND.**

**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:** under Ordinance 22-05, the Borough Assembly approved and adopted the FY23 VIF budget; and

**WHEREAS:** on April 13, 2023, the VIC approved VIC Resolution 23-03 recommending Assembly approval of an amended line-item budget for the FY23 Village Improvement Fund; and

**WHEREAS:** the Borough wishes to amend its FY23 VIF budget as detailed in the budget worksheet summarizing proposed budget amendments attached to this; and

**WHEREAS:** this ordinance will establish the amended FY23 line-item budget for the VIF in order to account for the amended revenue amounts for FY23.

**NOW THEREFORE BE IT ENACTED** by the Northwest Arctic Borough Assembly as follows:

**Section 1. CLASSIFICATION.**

This is a non-code ordinance.

**Section 2. GENERAL PROVISIONS.**

The budget document attached to this Ordinance provides for changes to the authorized revenues and expenditures and the

changes in cash balances as part of the VIF budget for the period July 1, 2022 through June 30, 2023 and made a matter of public record.

**Section 3. AUTHORIZATION AND APPROPRIATIONS.**


The amended appropriation of \$8,100,000.00 is hereby adopted and authorized for the period July 1, 2022 through June 30, 2023 and is the budget for that period. Subject to Assembly approval, by resolution, the Mayor may: (1) establish line item expenditures within an authorized appropriation, or (2) transfer from one authorized appropriation to another any amount which would not annually exceed 10 percent or \$25,000, whichever is greater. Under no circumstances may the total amount of such transactions exceed \$150,000 prior to Assembly reappropriation pursuant to Section 2.08.020(E) of the Borough Code.

**Section 4.** This ordinance will be effective upon enactment.

**PASSED AND ADOPTED THIS** 23<sup>rd</sup> **DAY OF** May **2023.**

  
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**Nathan Hadley, Jr., Assembly President**

**PASSED AND APPROVED THIS** 23<sup>rd</sup> **DAY OF** May **2023.**

  
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**Dickie Moto, Sr., Mayor**

**SIGNED AND ATTESTED TO THIS** 23<sup>rd</sup> **DAY OF** May **2023.**

  
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**Stella Atoruk, Borough Clerk**

**ATTEST:**



**First Reading:** April 25, 2023  
**Second Reading:** May 23, 2023

**Northwest Arctic Borough  
Village Improvement Fund  
Budget Ordinance 22-05 am 01  
June 30, 2023**

**02-00 Village Improvement Fund**

Account #	REVENUE	Proposed FY23 Budget Amendment	Approved FY23 Budget	\$ Variance Favorable/ (Unfavorable)	% Variance Favorable/ (Unfavorable)
4000	VIF Revenue	\$ 8,000,000	\$ 4,000,000	\$ 4,000,000	100%
4550	Investment Income - available for operations	\$ 100,000	\$ 5,000	\$ 95,000	1900%
<b>TOTAL REVENUE</b>		<b>\$ 8,100,000</b>	<b>\$ 4,005,000</b>	<b>\$ 4,095,000</b>	<b>102%</b>

Account #	OPERATIONAL EXPENSES	Proposed FY23 Budget Amendment	Approved FY23 Budget	\$ Variance Favorable/ (Unfavorable)	% Variance Favorable/ (Unfavorable)
6000	WAGES - VIF	\$ 159,417	\$ 169,417	\$ 10,000	6%
6110	FICA	\$ 4,224	\$ 5,517	\$ 1,293	23%
6111	ESC (Unemployment insurance)	\$ 3,004	\$ 3,026	\$ 22	1%
6115	MEDICAL	\$ 32,490	\$ 93,384	\$ 60,894	65%
6130	PERS	\$ 35,072	\$ 37,272	\$ 2,200	6%
6210	AIR TRANSPORTATION	\$ 25,000	\$ 35,000	\$ 10,000	29%
6220	GROUND TRANSPORTATION	\$ 3,000	\$ 3,000	\$ -	0%
6230	LODGING	\$ 17,500	\$ 27,500	\$ 10,000	36%
6240	MEETING FEES	\$ 25,000	\$ 40,000	\$ 15,000	38%
6250	PER DIEM	\$ 15,000	\$ 23,000	\$ 8,000	35%
6300	SUPPLIES	\$ 20,000	\$ 20,000	\$ -	0%
6320	PRINTING & PUBLICATIONS	\$ 7,500	\$ 7,500	\$ -	0%
6400	CONSULTANTS	\$ 10,000	\$ 30,000	\$ 20,000	67%
6450	LEGAL	\$ 17,000	\$ 25,000	\$ 8,000	32%
6460	ACCOUNTING/AUDITING	\$ 12,000	\$ 12,000	\$ -	0%
<b>Total Operational Expenditures</b>		<b>\$ 386,206</b>	<b>\$ 531,615</b>	<b>\$ 145,409</b>	<b>27%</b>

Account #	OTHER APPROPRIATIONS	Proposed FY23 Budget Amendment	Approved FY23 Budget	\$ Variance Favorable/ (Unfavorable)	% Variance Favorable/ (Unfavorable)
VARIOUS	VILLAGE ACCOUNTS	\$ 5,313,794	\$ 2,273,385	\$ (3,040,409)	-134%
9002	SUSTAINABILITY FUND	\$ 2,400,000	\$ 1,200,000	\$ (1,200,000)	-100%
<b>Total Other Appropriations</b>		<b>\$ 7,713,794</b>	<b>\$ 3,473,385</b>	<b>\$ (4,240,409)</b>	<b>-122%</b>
<b>TOTAL EXPENDITURES</b>		<b>\$ 8,100,000</b>	<b>\$ 4,005,000</b>	<b>\$ (4,095,000)</b>	<b>-102%</b>

**Excess (Deficiency) of revenue over expenditures**

<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>#DIV/0!</b>
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**Northwest Arctic Borough  
Village Improvement Fund  
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The following summarizes the FY23 Village Improvement Budget Amendment.

**Village Improvement Fund Revenue:**

**Revenue** is budgeted at \$8,000,000 for fiscal year 2023, an increase of \$4,000,000. This update is based on expected MOC payments.

*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 budgeted at \$100,000. An increase of \$95,000. This revenue represents the interest earned in the Alaska Municipal League Investment Pool (AMLIP) account. AMLIP allows for investment in high quality and low risk investment vehicles that are liquidated (cash) easily. The increase is based on Federal Treasury rate increases that have a positive impact on short term investments. It is worth noting, these same increases also increase the cost of personal borrowing.

**Village Improvement Fund Expenditures:**

**Wages - VIF** is budgeted at \$159,417. A decrease of \$10,000. Per the CEDA Director, VIF staff and CEDA staff will be able to fill the role. The adjustment is to actual spending for the year. This will add more funds for project spending. The decrease will also allow for decreases on payroll related line items.

**FICA** is budgeted at \$4,224. A decrease of \$1,293.

**ESC (Unemployment Insurance)** is budgeted at \$3,004. A decrease of \$22.

**Medical** is budgeted at \$32,490. A decrease of \$60,894. The decrease is due to a decrease in medical premiums. This expense will be monitored for FY24.

**PERS** is budgeted at \$35,072. A decrease of \$2,200.

**Air Transportation** is budgeted at \$25,000. A decrease of \$10,000. The decrease brings the budget closer to actual travel performed during the fiscal year.

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The FY21 Village Improvement Budget, continued.

**Lodging** is budgeted at \$17,500. A decrease of \$10,000. See Air Transportation for detail.

**Meeting Fees** is budgeted at \$25,000. A decrease of \$15,000. See Air Transportation for detail.

**Per Diem** is budgeted at \$15,000. A decrease of \$8,000. See Air Transportation for detail.

**Consultants** is budgeted at \$10,000. A decrease of \$20,000. The decrease is based on actual expenses for the year. The CEDA staff has taken over the Annual VIF report, resulting in savings.

**Legal** is budgeted at \$17,000. A decrease of \$8,000. The budget allows for consultation with a lawyer during meetings for clarification on processes, code compliance and conducting meetings.

**Village Accounts** is budgeted at \$5,313,794. An increase of \$3,040,409. This is nicknamed the bread and butter of the VIF program. This account demonstrates how much is available to spend during the fiscal year on projects. It should be viewed with the Project Spending Report. The Project Spending Report was developed to be a multi-year report that tracks the amount of money available for projects.

**Sustainability Fund** is budgeted at \$2,400,000. An increase of \$1,200,000. The VIF program was created as a result of the Borough's efforts in PILT (Payment in Lieu of Taxes) negotiations. The agreement has a clearly defined end date (2026) with the option to extend another five years.

The goal of this line item is to invest funds so that the VIF program can attempt to operate after the expiration of that agreement. The funds are invested in government grade investments that are diversified to hedge against risk.