



CITY OF KOTZEBUE NOTICE

Regular City Council Meeting - FEB 15 RESCHEDULED Agenda **AMENDED**

February 22, 2024 at 5:15 PM

City Hall Chambers – 258 A Third Avenue

THE PUBLIC IS ENCOURAGED TO ATTEND.

For residents who want to participate telephonically call: **1-800-315-6338**; access code:

49401#

I. Call to Order

II. Roll Call

- a) Excusal Request - Kathy Sherman
- b) Excusal Request-Derek Haviland-Lie

III. Invocation/Moment of Silence

IV. Pledge of Allegiance

V. Adoption of The Agenda

VI. Adoption of Minutes

- a) January 18, 2024 Minutes
- b) February 1, 2024 Minutes
- c) February 12, 2024 Minutes

VII. Citizen Comments

VIII. Correspondence

IX. Unfinished Business

- a) Cape Blossom Road Update
- b) Washeteria Update
- c) Grain Capital Corporation (Cain Building) Discussion

X. New Business

- a) **ORDINANCE 24-01 ENTITLED:** "A CODE ORDINANCE REMOVING ALL SPECIFIC FEE REFERENCES FROM THE KOTZEBUE MUNICIPAL CODE AND PLACING SAME IN THE ANNUALLY ADOPTED FEE SCHEDULE."

- b) RESOLUTION 24-09**, "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KOTZEBUE ACCEPTING THE CY2022 CITY OF KOTZEBUE AUDIT PREPARED BY BDO, ANCHORAGE, ALASKA"
- c) AMENDED RESOLUTION 24-10**, "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KOTZEBUE AUTHORIZING *NUNC PRO TUNC* THE CITY MANAGER TO NEGOTIATE A CONTRACT WITH DRUE PEARCE OF HOLLAND & HART FOR FEDERAL LOBBYING SERVICES FOR CY24 IN THE AMOUNT OF FIFTY-FOUR THOUSAND DOLLARS (\$54,000) EFFECTIVE JANUARY 1, 2024"
- d) AMENDED RESOLUTION 24-11**, "A RESOLUTION OF THE CITY COUNCIL OF HTE CITY OF KOTZEBUE AUTHORIZING *NUNC PRO TUNC* THE CITY MANAGER TO NEGOTIATE A CONTRACT WITH THE MULDER COMPANY FOR STATE LOBBYING SERVICES FOR CY24 IN THE AMOUNT OF FIFTY THOUSAND DOLLARS (\$50,000) EFFECTIVE JANUARY 1, 2024"
- e) RESOLUTION 24-12**, "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KOTZEBUE AUTHORIZING THE CITY MANAGER OR HER DESIGNEE TO COMPLETE THE STATE OF ALASKA FY25 CAP APPLICATION"
- f) RESOLUTION 24-13**, "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KOTZEBUE ESTABLISHING AN UPDATED CHECK SIGNATURE LIST FOR KEY BANK"
- g) RESOLUTION 24-14**, "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KOTZEBUE AUTHORIZING HTE CITY MANAGER AND/OR HER DESIGNEE(S) TO APPLY TO THE STATE OF ALASKA, STATE REVOLVING FUND ("SRF") IN THE AMOUNT OF TWO MILLION, FIVE HUNDRED THOUSAND DOLLARS (\$2,500,000) FOR THE BEGINNING PHASES OF THE REPLACEMENT OF SWAN LAKE LOOP AND LAGOON LOOP"
- h) RESOLUTION 24-15**, "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KOTZEBUE AUTHORIZING THE CITY MANAGER AND/OR HER DEISGNEE(S) TO SUBMIT TO THE STATE OF ALASKA, A STATE REVOLVING FUND ("SRF") PROJECT QUESTIONNAIRE FOR PLANNING, DESIGN AND CONSTRUCTION OF THE VORTAC LAKE DAM REPAIR OR REPLACEMENT"
- i) FY 2025 FUNDING REQUEST DCCED** - Cape Blossom Port
- j) CITY OF KOTZEBUE STRATEGIC PLAN** - Discussion

k) S.O.A POPULATION DETERMINATION FOR FY2025 DCCED FINANCIAL ASSISTANCE PROGRAM - Discussion

l) DONATION REQUEST - Kobuk 440

m) PARKS AND REC ADVISORY - Letter of Interest

n) PLANNING COMMISSION - Letter of Interest

O. Manager's Reports

1. City Manager
2. Holland and Hart
3. The Mulder Company
4. Joe Evans City Attorney
5. Finance Director
6. Public Works
 - i. Public Works Water
7. Police Department
8. Fire Department
9. Parks & Recreation
10. Package Store
11. Public Relations/Human Resources
12. Planning Department

XI. Council Members Comments

Seat D: Saima Chase

Seat F: Ariana Erlich

Seat G: Johnson Greene

Seat C: Joshua Hadley

Seat B: Derek Haviland-Lie

Seat A: Ernest Norton

Seat E: Kathleen Sherman

Youth Representative: Finnian Sweeney

XII. Executive Session

XIII. Adjournment

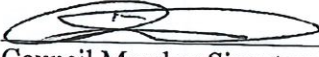
CITY OF KOTZEBUE
CITY COUNCIL MEETING
EXCUSAL REQUEST

I, Derek Haviland Lie Councilor for the City of Kotzebue, request to be excused from the City Council regular [KMC 2.20.030]/ special [KMC 2.20.040]/ conference [KMC 2.20.050] meeting of _____ [Date] for the following reason:

- PERSONAL (family/relative death, illness or assistance) [KMC 2.28.100(F)]
- MEDICAL (illness, doctor's appointments) [KMC 2.28.100(F)]
- MILITARY SERVICE [KMC 2.28.100(F)]
- WORK-RELATED TRAVEL [KMC 2.28.100(F)]
- TRAVEL (Council related; counted present if appear telephonically)
- WEATHER RELATED EMERGENCIES [KMC 2.28.100(F)]
- OTHER (jury duty, vacation, etc.) Specify: _____

I, Derek Haviland Lie, Councilor for the City of Kotzebue, provided advance notice of my impending absence for the above referenced City Council RCCM, SCCM or Conference Meeting to the City Clerk by phone call e-mail written note on the 14th day of February, 20 24, at 4:30 am/pm. At that time, I informed the City Clerk I would would NOT attend the above referenced meeting by teleconference.

Derek Haviland Lie
Council Member Name [Printed]


Council Member Signature

2/14/24
Date

Completed Form Received by City Clerk on this date: 2-14-24


City Clerk Signature

City Council Action

This Excusal Request came before the City Council on the _____ day of _____, 20____.

On a Motion duly made and passed, this Excusal Request was:

- was APPROVED
- was DENIED, because _____
[reason for denial to be entered by Mayor/Vice Mayor at time of denial]

[Form approved by City Council at RCCM on February 4, 2016]

CITY OF KOTZEBUE
CITY COUNCIL MEETING
EXCUSAL REQUEST

I, Kathleen Sherman, Councilor for the City of Kotzebue, request to be excused from the City Council regular [KMC 2.20.030]/ _____ special [KMC 2.20.040]/ _____ conference [KMC 2.20.050] meeting of 2/22/2024 for the following reason:
[Date]

- PERSONAL (family/relative death, illness or assistance) [KMC 2.28.100(F)]
- MEDICAL (illness, doctor's appointments) [KMC 2.28.100(F)]
- MILITARY SERVICE [KMC 2.28.100(F)]
- WORK-RELATED TRAVEL [KMC 2.28.100(F)]
- TRAVEL (Council related; counted present if appear telephonically)
- WEATHER RELATED EMERGENCIES [KMC 2.28.100(F)]
- OTHER (jury duty, vacation, etc.) Specify: I had a planned meeting on this particular day/evening.

I, Kathleen Sherman, Councilor for the City of Kotzebue, provided advance notice of my impending absence for the above referenced City Council RCCM, SCCM or Conference Meeting to the City Clerk by _____ phone call e-mail _____ written note on the 7th day of February, 2024, at 2:13 am/pm. At that time, I informed the City Clerk I _____ would would NOT attend the above referenced meeting by teleconference.

Kathleen R. Sherman
Council Member Name [Printed]

Kathleen Sherman
Council Member Signature

2/7/2024
Date

Completed Form Received by City Clerk on this date: 2-7-2024

[Signature]
City Clerk Signature

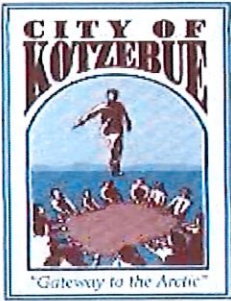
City Council Action

This Excusal Request came before the City Council on the _____ day of _____, 20____.

On a Motion duly made and passed, this Excusal Request was:

- was APPROVED
- was DENIED, because _____
[reason for denial to be entered by Mayor/Vice Mayor at time of denial]

[Form approved by City Council at RCCM on February 4, 2016]



**CITY OF KOTZEBUE
REGULAR CITY COUNCIL MEETING
CITY HALL CHAMBERS
JANUARY 18, 2024
AMENDED AGENDA**

I. Call to Order

Mayor Chased called the meeting to order at 5:15pm.

II. Roll Call

Council Members in person Mayor Saima Chase, Vice Mayor Derek Haviland-Lie, Members Johnson Greene, Ariana Erlich, Ernest Norton, Joshua Hadley, and newly elected Kathleen Sherman.

Quorum Established.

III. Invocation/Moment of Silence

Moment of Silence.

IV. Pledge of Allegiance

Pledge of Allegiance.

V. Adoption of the Agenda

Vice Mayor Derek Haviland-Lie amended the amended agenda, under New Business;

- strike item “d” added to the February 1, 2024 agenda,
- move item “i” Vacant Seat E to item “a”

Executive Session;

- item “a” City Manager Annual Review move to February 1, 2024 meeting.

Johnson Greene moved and Derek Haviland-Lie second to amend the amended agenda as noted.

Motion Passed by Voice Vote.

VI. Adoption of Minutes

a) December 21, 2023, Regular City Council Meeting

Derek Haviland-Lie moved, and Ernest Norton seconded to approve the December 21, 2023 minutes.

Motion Passed by Voice Vote.

VII. Citizens Comments

The following legal proceeding regarding Citizens Comments, all comments can be found on recording at the City Hall.

VIII. Correspondence

a) State of Alaska Revolving Fund (SRF) State Fiscal 2024

Mayor Chase requested to add The State of Alaska Revolving Fund (SRF) State Fiscal 2024 to the February 1, 2024 Meeting Agenda.

IX. Unfinished Business

- a) Cape Blossom Road Update**
- b) Washeteria Update**
- c) Grain Capital Corporation (Cain Building) Discussion**

The following legal proceeding regarding Unfinished Business, all comments can be found on recording at the City Hall.

X. New Business

a) VACANT SEAT E

The Council received (1) one letter of interest for Vacant Seat E from Kathleen Sherman on January 12, 2024.

Derek Haviland-Lie accepted the Letter of Interest from Kathleen Sherman, seconded by Ernest Norton.

The Council Voted by Secret Ballot to approve Kathleen Sherman for Vacant Seat E.

Secret Ballot Results: "YES"- 6 (six)Votes, "NO" – 0(zero)Votes.

Kathleen Sherman appointed by the City Council for Seat E until Oct 2024.

City Clerk gave the Oath of Office to Kathleen Sherman.

Kathleen Sherman proceeded to participate in the January 18, 2024 Regular City Council meeting as newly appointed City Council Member Seat E.

b) ORDINANCE 23-06 ENTITLED: "AN ORDINANCE AMENDING THE KOTZEBUE MUNICIPAL CODE ("KMC") SECTION 2.20.030(A), 'REGULAR MEETINGS,' TO PROVIDE FOR TWICE-A-MONTH REGULAR MEETINGS OF THE CITY COUNCIL."

Mayor Chase opened the First Public Hearing for Ordinance 23-06. There were no Public Comments for Ordinance 23-06. Mayor Chase Closed the First Public Hearing for Ordinance 23-06.

Johnson Greene moved, and Joshua Hadley seconded to approve Ordinance 23-06.

	The Roll Call Vote		
Joshua Hadley	Yes	Ernest Norton	Yes
Saima Chase	Yes	Kathleen Sherman	Yes
Johnson Greene	Yes	Ariana Erlich	Yes
Derek Haviland-Lie	Yes		

Motion Passed.

- c) **ORDINANCE 23-07 ENTITLED: “A NON-CODE ORDINANCE SETTING THE FEE SCHEDULE FOR THE CITY OF KOTZEBUE FOR CY2024, JANUARY 1, 2024 TO DECEMBER 31, 2024.”**

Mayor Chase opened the First Public Hearing for Ordinance 23-07.

Mayor Chase closed the First Public Hearing.

Ariana Erlich moved to approve Ordinance 23-07 with the amendment to strike Auto Recoding, Derek Haviland Lie seconded.

	The Roll Call Vote		
Johnson Greene	Yes	Saima Chase	Yes
Derek Haviland-Lie	Yes	Kathleen Sherman	Yes
Joshua Hadley	Yes	Ariana Erlich	Yes
Ernest Norton	Yes		

Motion Passed.

- d) **ORDINANCE 24-01 ENTITLED: “A CODE ORDINANCE REMOVING ALL SPECIFIC FEE REFERENCES FROM THE KOTZEBUE MUNICIPAL CODE AND PLACING SAME IN THE ANNUALLY ADOPTED FEE SCHEDULE”**

Mayor Chase introduced Ordinance 24-01 and the First Public Hearing will be February 1, 2024.

Ernest Norton moved, and Joshua Hadley seconded to approve Ordinance 24-01.

	The Roll Call Vote		
Kathleen Sherman	Yes	Ariana Erlich	Yes
Ernest Norton	Yes	Joshua Hadley	Yes
Derek Haviland-Lie	Yes	Johnson Greene	Yes
Saima Chase	Yes		

Motion Passed.

- e) **RESOLUTION 24-02, “A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KOTZEBUE APPROVING AND ADOPTING THE JANUARY 2024 LONG RANGE TRANSPORTATION PLAN (“LRTP”)**

Ernest Norton moved, and Joshua Hadley seconded to approve Resolution 24-02.

	The Roll Call Vote		
Derek Haviland-Lie	Yes	Ariana Erlich	Yes
Johnson Greene	Yes	Joshua Hadley	Yes
Saima chase	Yes	Ernest Norton	Yes
Kathy Sherman	Yes		

Motion Passed.

f) RESOLUTION 24-03, "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KOTZEBUE APPROVING NUNC PRO TUNC A CONTRACT FOR CY2024 WITH CROWLEY FUELS, LLC"

Joshua Hadley moved, and Ernest Norton seconded to approve Resolution 24-03.

The Roll Call Vote

Ernest Norton	Yes	Derek Haviland-Lie	Yes
Saima Chase	Yes	Joshua Hadley	Yes
Johnson Greene	Yes	Arian Erlich	Yes
Kathy Sherman	Yes		

Motion Passed.

g) RESOLUTION 24-04, "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KOTZEBUE APPROVING THE ALASKA MARINE LINES ("AML") TRANSPORTATION AGREEMENT FOR CY2024"

Ernest Norton moved, and Derek Haviland-Lie seconded to approve Resolution 24-04.

The Roll Call Vote

Joshua Hadley	Yes	Ernest Norton	Yes
Johnson Greene	Yes	Saima Chase	Yes
Kathy Sherman	Yes	Derek Haviland-Lie	Yes
Ariana Erlich	Yes		

Motion Passed.

h) RESOLUTION 24-05, "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KOTZEBUE APPROVING PURCHASE ORDER # PW24-001 FOR A VAUGHAN S4S-096 SUBMERSIBLE CHOPPER PUMP 20HP IN THE AMOUNT OF FIFTY-NINE THOUSAND, FOUR HUNDRED AND SEVEN DOLLARS AND NO CENTS (\$59,407.00) FROM DELTA P PUMP & EQUIPMENT, EAGLE RIVER, ALASKA."

Joshua Hadley moved, and Derek Haviland Lie second to approve Resolution 24-05.

The Roll Call Vote

Ariana Erlich	Yes	Johnson Greene	Yes
Saima Chase	Yes	Joshua Hadley	Yes
Kathy Sherman	Yes	Derek Haviland-Lie	Yes
Ernest Norton	Yes		

Motion Passed.

i) RESOLUTION 23-55 PARKS AND RECREATION ADVISORY COMMITTEE (PRAC)

Derek Haviland-Lie approved and appointed as a block to have the following to serve on Parks and Rec Advisory Committee (PRAC) Tracy Schaeffer, Cloe Belflower, Matt Bergan, John Rae, Paul Hansen, and Clay Nordlum.

Ron Johnson will post notice for 1(one) more PRAC Member.
The Roll Call Vote

Johnson Greene	Yes	Saima Chase	Yes
Derek Haviland-Lie	Yes	Kathy Sherman	Yes
Ariana Erlich	Yes	Ernest Norton	Yes
Joshua Hadley	Yes		

Motion Passed.

XI. Manager’s Report

- a) City Manager
- b) Holland & Hart
- c) The Mulder Company
- d) Joe Evans City Attorney
- e) Finance Director (Need to vote to accept & approve Finance Report)
- f) Public Works (Need to vote to approve Public Works Report)
 - Public Works Water
- g) Police Department
- h) Fire Department
- i) Parks & Recreation
- j) Package Store
- k) Public Relations/Personnel Office
- l) City Planner

The following legal proceeding regarding Citizens Comments, all comments can be found on recording at the City Hall.

Ernest Hadley moved, and Joshua Hadley seconded to accept and approve the Finance Report.

The Roll Call Vote

Ernest Norton	Yes	Saima Chase	Yes
Johnson Greene	Yes	Joshua Hadley	Yes
Ariana Erlich	Yes	Kathy Sherman	Yes
Derek Haviland-Lie	Yes		

Motion Passed.

Joshua Hadley moved, and Ernest Norton approved the Public Works Report.

The Roll Call Vote

Johnson Greene	Yes	Ernest Norton	Yes
Kathy Sherman	Yes	Derek Haviland-Lie	Yes
Joshua Hadley	Yes	Ariana Erlich	Yes
Saima Chase	Yes		

Motion Passed.

XII. Council Members Comments

- Seat F: Ariana Erlich
- Seat G: Johnson Greene
- Seat B: Derek Haviland-Lie
- Seat D: Saima Chase
- Seat C: Joshua Hadley

Seat E: Open
Seat A: Ernest Norton
Youth Representative: Finnian Sweeney

The following legal proceeding regarding Citizens Comments, all comments can be found on recording at the City Hall.

XIII. Executive Session

a) City Manager Annual Review

Councilor Derek Haviland-Lie made a motion and Seconded by Councilor Ernest Norton, to move the Council and go into an executive session in order that we may discuss matters, the immediate knowledge of which would have an adverse effect upon the finances of the City and to discuss subjects that tend to prejudice the reputation and character of any person; in matters that are required by law to be kept confidential.

The Council Members in Executive Session at 7:52pm.
The meeting reconvened in open session at 9:17pm.

Mayor Chase noted that no votes were taken during Executive Session, the City of Kotzebue Scholarship Applicants will receive \$500.00 each, direction was given to Administration.

XIV. Adjournment

Derek Haviland-Lie moved, and Ernest Norton seconded to Adjourn.

Motion Passed by Voice Vote.

Adjourn at 9:18pm.

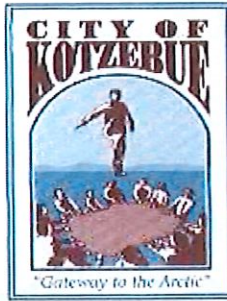
Accepted By:

Saima Chase Mayor

Date

Respectfully Submitted By:

Rosie Hensley City Clerk



**CITY OF KOTZEBUE
REGULAR CITY COUNCIL MEETING
CITY HALL CHAMBERS
FEBRUARY 1, 2024
AGENDA
AMENDED
MINUTES**

I. Call to Order

Mayor Chase called the meeting to order at 5:13pm.

II. Roll Call

Council Members in person Mayor Saima Chase, Vice Mayor Derek Haviland-Lie, Members Johnson Greene, Ariana Erlich, Ernest Norton, Joshua Hadley, and newly elected Kathleen Sherman.

Quorum Established.

III. Invocation/Moment of Silence

Council Member Kathy Sherman gave an Invocation.

IV. Pledge of Allegiance

Pledge of Allegiance.

V. Adoption of the Agenda

Mayor Chase amended the amended agenda;

- Add VI. Introduction of Guest and Staff
- Strike under Unfinished Business item "b" Washeteria Update, Strike "c" Grain Capital Corporation (Cain Building) Discussion.
- Add under Unfinished Business item "b" Legislative Capital Project Priorities.
- Strike under New Business item "h".

Ernest Norton moved, and Joshua Hadley seconded to approve to Amend the Amended Agenda as noted.

Motion Passed by Voice Vote.

VI. Introduction of Guest and Staff

Guest in the Chambers: Nick Ferguson, and Matt Tekker

Guest Telephonically: Angie Wilson

Staff in the Chambers: Tessa Baldwin City Manager, Rose Hensley City Clerk, Cloe Belflower Interim Fire Chief, Russ Ferguson Public Works Director, Rachel Belamour HR/Public Relations, Sam Atkinson Planning Director, Joe Evan City Attorney, Roger Rouse Chief of Police, Ron Johnson Parks and Rec,

Staff Telephonically: Jamie Lambert Arctic Spirts, Chelsea Seih Finance Director, Drue Pearce, Eldon Mulder, Ben Mohr.

VII. Citizens Comments

The following legal proceeding regarding Citizens Comments, all comments can be found on recording at the City Hall.

VIII. Correspondence

No Correspondence currently.

IX. Unfinished Business

- a) **Cape Blossom Road Update**
- b) **Legislative Capital Project Priorities**

The following legal proceeding regarding Unfinished Business, all comments can be found on recording at the City Hall.

X. New Business

- a) **ORDINANCE 24-01 ENTITLED: “A CODE ORDINANCE REMOVING ALL SPECIFIC FEE REFERENCES FROM THE KOTZEBUE MUNICIPAL CODE AND PLACING SAME IN THE ANNUALLY ADOPTED FEE SCHEDULE”**

Mayor Chase opened the First Public Hearing for Ordinance 24-01.

The following legal proceeding regarding Ordinance 24-01 First Public Hearing, all comments can be found on recording at the City Hall.

Mayor Chase closed the First Public Hearing for Ordinance 24-01.

Ernest Norton moved, and Ariana Erlich seconded to approve Ordinance 24-01.

The Roll Call Vote

Ariana Erlich	Yes	Saima Chase	Yes
Johnson Greene	Yes	Derek Haviland-Lie	No
Joshua Hadley	No	Ernest Norton	Yes
Kathy Sherman	Yes		

Motion Passed.

- b) **ORDINANCE 24-02 ENTITLED: “A CODE ORDINANCE AMENDING KOTZEBUE MUNICIPAL CODE 2.48.010 NON-EXEMPT SERVICE – EXEMPT SERVICE”**

Mayor Chase introduced Ordinance 24-02.

The First Public Hearing will be held at the Regular City Council Meeting to be held February 15, 2024 at 5:15pm.

Joshua Hadley moved, and Kathy Sherman seconded to approve Ordinance 24-02.

The Roll Call Vote

Saima Chase	Yes	Ernest Norton	Yes
Johnson Greene	Yes	Ariana Erlich	Yes
Kathy Sherman	Yes	Joshua Hadley	Yes
Derek Haviland-Lie	Yes		

Motion Passed.

- c) **RESOLUTION 24-01, "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KOTZEBUE ADOPTING A RETIREMENT GIFT POLICY"**

Joshua Hadley moved, and Ernest Norton seconded to approve Resolution 24-01.

The Roll call Vote

Ariana Erlich	Yes	Saima Chase	Yes
Joshua Hadley	Yes	Kathy Sherman	Yes
Derek Haviland-Lie	Yes	Ernest Norton	Yes
Johnson Greene	Yes		

Motion Passed.

- d) **RESOLUTION 24-06, "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KOTZEBUE APPROVING THE CREATION OF A NEW DEPARTMENT HEAD POSITION OF PLANNING DIRECTOR *NUNC PRO TUNC* EFFECTIVE JANUARY 8, 2024."**

Joshua Hadley moved, and Johnson Greene seconded to approve Resolution 24-06.

The Roll Call Vote

Derek Haviland-Lie	No	Kathy Sherman	Yes
Saima Chase	Yes	Johnson Greene	Yes
Ernest Norton	Yes	Joshua Hadley	Yes
Ariana Erlich	Yes		

Motion Passed.

- e) **State of Alaska Revolving Fund (SRF) State Fiscal 2024**

The following legal proceeding regarding (SRF), all comments can be found on recording at the City Hall.

Mayor Chase recommended to add State of Alaska Revolving Fund (SRF) to the August 2, 2024 Regular City Council Meeting.

- f) **City Of Kotzebue Scholarship**

Mayor Chase moved the City of Kotzebue Scholarship Applications to Executive Session.

- g) **BDO 2022 Audit**

The following legal proceeding regarding BDO 2022 City of Kotzebue Audit, all comments can be found on recording at the City Hall.

Joe Evans recommends adding BDO as a Resolution to the next Regular City Council Meeting February 15, 2024.

XII. Council Members Comments

- Seat C: Joshua Hadley
- Seat A: Ernest Norton
- Seat G: Johnson Greene
- Seat E: Kathleen Sherman
- Seat D: Saima Chase
- Seat F: Ariana Erlich
- Seat B: Derek Haviland-Lie
- Youth Representative: Finnian Sweeney

The following legal proceeding regarding Council Members Comments, all comments can be found on recording at the City Hall.

XIII. Executive Session

a) City Manager Annual Review

Councilor Joshua Hadley made a motion and Seconded by Councilor Ernest Norton, to move the Council and go into an executive session in order that we may discuss matters, the immediate knowledge of which would have an adverse effect upon the finances of the City and to discuss subjects that tend to prejudice the reputation and character of any person; in matters that are required by law to be kept confidential.

**Council by Voice Vote moved into Executive Session at 7:18pm.
Council back on Record at 9:04pm.**

Mayor Chase noted that no votes were taken during the Executive Session, direction was given regarding City of Kotzebue Scholarship, and an Annual Review was done for City Manager, direction was given to Chelsea and Staff.

XIV. Adjournment

Ernest Norton moved, and Ariana Erlich seconded to Adjourn.

Motion Passed by Voice Vote.

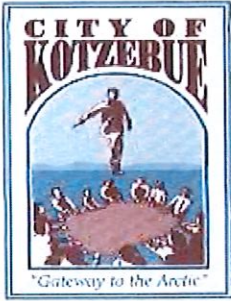
Adjourn at 9:04pm.

Accepted By:

Respectfully Submitted By:

Saima Chase Mayor

Rosie Hensley City Clerk



**CITY OF KOTZEBUE
EMERGENCY CITY COUNCIL MEETING
CITY HALL CHAMBERS
FEBRUARY 12, 2024
AGENDA
AMENDED
MINUTES**

I. Call to Order

Mayor Chase called the meeting to order at 5:15pm.

II. Roll Call

Present in person Mayor Saima Chase, Vice Mayor Derek Haviland-Lie, Members Johnson Greene, Ariana Erlich, Ernest Norton, Joshua Hadley, and Kathleen Sherman.

Quorum Established.

III. Invocation/Moment of Silence

Council Member Kathy Sherman gave an Invocation.

IV. Pledge of Allegiance

All stood and recited the Pledge of Allegiance.

V. Introduction of Guest & Staff

The following legal proceeding regarding introduction of Guest & Staff, all comments can be found on recording at the City Hall.

VI. Adoption of the Agenda

City Manager Tessa Baldwin amended the agenda, add before Public Comments, City Manager Report, and Public Work Report.

Derek Haviland-Lie moved, and Ariana Erlich seconded to approve the amended agenda as noted.

Motion Passed by Voice Vote.

VII. City Manager Report and Public Works Director Report

The following legal proceedings regarding the City Manager and Public Works Director Reports, all comments can be found on recording at the City Hall.

VIII. Public Comment

The following legal proceeding regarding Citizens Comments, all comments can be found on recording at the City Hall.

Mayor Chase requested a short break before New Business.
Off the record/Break 6:48pm.
Back On Record 6:56pm.

XIV. New Business

- a) **RESOLUTION 24-07, “ A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KOTZEBUE DECLARING A CITY-WIDE EMERGENCY DUE TO THE FAILURE OF THE SWAN LAKE LOOP WATER MAIN & FROZEN SEWER LINES.**

Mayor Chase read into the record Resolution 24-07.

Ernest Norton moved, and Kathy Sherman approved Resolution 24-07.

Ernest Norton retracted his motion to approve, and Kathy Sherman retracted her second motion.

Ernest Norton motioned to amend Resolution 24-07, request to add “& Frozen Sewer Lines” to the end of Resolution 24-07.

Ernest Norton moved, and Kathy Sherman seconded to approve the Amended Resolution 24-07.

	The Roll Call Vote		
Ariana Erlich	Yes	Saima Chase	Yes
Johnson Greene	Yes	Derek Haviland-Lie	Yes
Joshua Hadley	Yes	Saima Chase	Yes
Kathy Sherman	Yes		

Motion Passed.

- b) **RESOLUTION 24-08 AMENDED, “A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KOTZEBUE AUTHORIZING THE CITY MANAGER OR HER DESIGNEE TO SPEND UP TO ONE HUNDRED THOUSAND DOLLARS (\$200,000) AT THIS TIME FOR EMERGENCY REPAIRS TO THE SWAN LAKE LOOP WATER MAIN AND RELATED ISSUES.”**

Derek Haviland-Lie amended Resolution 24-08, requested the Dollar Amount from \$100,000 to \$2000,00 thousand, seconded by Joshua Hadley

	The Roll Call Vote		
Saima Chase	Yes	Ernest Norton	Yes
Johnson Greene	Yes	Ariana Erlich	Yes
Kathy Sherman	Yes	Joshua Hadley	Yes
Derek Haviland-Lie	Yes		

Motion Passed.

Johnson Greene moved and Derek Haviland-Lie seconded to approve Amended Resolution 24-08.

	The Roll Call Vote		
Ariana Erlich	Yes	Saima Chase	Yes
Johnson Greene	Yes	Derek Haviland-Lie	Yes
Joshua Hadley	Yes	Ernest Norton	Yes
Kathy Sherman	Yes		

Motion Passed.

X. Executive Session

No Executive Session.

XI. Adjournment

Johnson Greene moved, and Ernest Norton seconded to Adjourn.

Adjourn at 7:04pm.

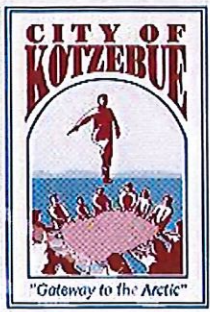
Accepted By:

Saima Chase Mayor

Date

Respectfully Submitted By:

Rosie Hensley City Clerk



CITY OF KOTZEBUE, ALASKA
ORDINANCE NO. 24-02

ENTITLED, "A CODE ORDINANCE AMENDING KOTZEBUE MUNICIPAL CODE 2.48.010 NON-EXEMPT SERVICE – EXEMPT SERVICE"

BE IT ENACTED BY THE CITY COUNCIL OF THE CITY OF KOTZEBUE, ALASKA:

Section 1. This is a Code Ordinance.

Section 2. The Kotzebue Municipal Code 2.48.010 Non-exempt service—Exempt service **presently** provides in pertinent part:

All officers and positions of this city shall be and are allocated to either the exempt service or the non-exempt service.

A. The exempt service shall include all elected officials, the city manager, department heads (family entertainment center, engineering/projects manager, finance, fire, police, public works and any other department heads designated by the city manager and approved by the city council), political appointees, members of boards and commissions, employees covered by contracts, and all personnel appointed to serve without compensation.

* * *

(Ord. 07-8 § 2, 2007; Ord. 03-8 §§ 3 (part), 4 (part), 2003).

Section 3. This section of the Kotzebue Municipal Code 2.48.010 is **amended** by deleting certain portions and adding certain portions to read as follows:

All officers and positions of this city shall be and are allocated to either the exempt service or the non-exempt service.

A. The exempt service shall include all elected officials, the city manager, department

heads (recreation, planning, package store/delivery site, finance, fire, police, public works and any other department heads as may be designated by the city manager), political appointees, members of boards and commissions, employees covered by contracts, and all personnel appointed to serve without compensation.

* * *

(Ord. 07-8 § 2, 2007; Ord. 03-8 §§ 3 (part), 4 (part), 2003; Ord. 24-02 § 3).

Section 4. The purpose of this amendment is to allow the City Manager to meet the needs of administering the needs of the City now and into the future with as much flexibility as possible and to meet exigent circumstances in the most efficient way possible.

Section 5. Pursuant to the Kotzebue Municipal Code, Section 1.12.030(B), this Code Ordinance shall become effective *nunc pro tunc* on January 1, 2024.

ENACTED this 22nd day of February, 2024.

CITY OF KOTZEBUE

Saima Chase, Mayor

[SEAL]

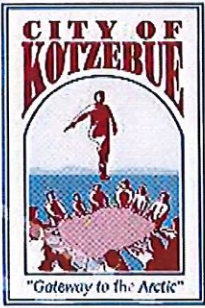
ATTEST:

Rosie Hensley, City Clerk

ATTESTATION: I, Rosie Hensley, City Clerk for the City of Kotzebue, hereby attest that the above Ordinance, No. 24-02 was duly presented to the Kotzebue City Council, notice duly published/posted and a valid public hearing was held and that it was duly enacted on February 22, 2024.

Ordinance No. 24-02
Amending KMC 2.48.010, Non-exempt-Exempt service
Page 3 of 3

Posted: January 26, 2024
Introduction: February 1, 2024
First Public Hearing: February 22, 2024
Passage: February 22, 2024



**CITY OF KOTZEBUE
RESOLUTION NO. 24-09**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KOTZEBUE
ACCEPTING THE CY2022 CITY OF KOTZEBUE AUDIT PREPARED BY BDO,
ANCHORAGE, ALASKA.**

WHEREAS,	the past several years the City of Kotzebue has used the auditing services of BDO, Anchorage, Alaska;
WHEREAS,	BDO has prepared the attached CY2022 Basic Financial Statements et al., which is Exhibit "A" & "B" Report to the City Council hereto and is incorporated by reference herein;
WHEREAS,	the City's Finance Department worked closely with BDO in the preparation of this CY2022 Basic Financial Statements, and Report to the City Council et al.;
WHEREAS,	the City's Finance Department has reviewed this CY2022 Basic Financial Statements et al. and does recommend acceptance of this CY2022 Basic Financial Statements et al.; and Report to the City Council,
WHEREAS,	the City Council has heard from BDO regarding this CY2022 Basic Financial Statements & Report to the City Council et al.

NOW, THEREFORE, BE IT RESOLVED, that the City Council of the City of Kotzebue, accepts the CY2022 Basic Financial Statements et al. attached hereto as Exhibit "A" and Exhibit B CY2022 Report to the City Council, thanks the Finance Department and BDO for this CY2022 Basic Financial Statements & Report to the city Council et al.

PASSED AND APPROVED by a duly constituted quorum of the City Council of the City of Kotzebue, Alaska, this 22nd day of February, 2024.

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Resolution No. 24-09
CY2022 Basic Financial Statements et al.
Page 2 of 2

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CITY OF KOTZEBUE

Saima Chase, Mayor

[SEAL]

ATTEST:

Rosie Hensley, City Clerk

Attachment: Exhibit "A" – CY2022 Basic Financial Statements et al. [106 pages]
Exhibit "B" –CY2022 Report to the City Council et.al. [31 pages]

City of Kotzebue, Alaska

Basic Financial Statements,
Required Supplementary Information,
Supplementary Information and Single Audit
Reports
Year Ended December 31, 2022

The report accompanying these financial statements was issued by BDO USA, P.C., a Virginia professional corporation, and the U.S. member of BDO International Limited, a UK company limited by guarantee.



City of Kotzebue, Alaska

Basic Financial Statements, Required Supplementary Information,
Supplementary Information and Single Audit Reports
Year Ended December 31, 2022

City of Kotzebue, Alaska

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City of Kotzebue, Alaska

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City of Kotzebue, Alaska

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Tel: 907-278-8878
Fax: 907-278-5779
www.bdo.com

3601 C Street, Suite 600
Anchorage, AK 99503

Independent Auditor's Report

Honorable Mayor and City Council
City of Kotzebue, Alaska

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Kotzebue, Alaska, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise City of Kotzebue, Alaska's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Kotzebue, Alaska, as of December 31, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of City of Kotzebue, Alaska and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

BDO USA, P.C., a Virginia professional corporation, 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.

BDO is the brand name for the BDO network and for each of the BDO Member Firms.



In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about City of Kotzebue, Alaska's ability to continue as a going for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of City of Kotzebue, Alaska's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about City of Kotzebue, Alaska's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.



Required Supplementary Information

Accounting principles generally accepted in the United States of America require that budgetary comparison information on page 50, and the Schedules of Net Pension and Other Postemployment Benefits (OPEB) Liability and Pension and OPEB Contributions on pages 51-52, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted management's discussion that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Kotzebue's basic financial statements. The combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards, as required by 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 required parts of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended December 31, 2022, and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules, the schedule of expenditures of federal awards, and the Schedule of State Financial Assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended December 31, 2022.



We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of City of Kotzebue as of and for the year ended December 31, 2021, and have issued our report thereon dated September 30, 2022, which contained unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information. The individual fund financial statements and schedules for the year ended December 31, 2021 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2021 financial statements. The individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the 2021 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended December 31, 2021.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2023 on our consideration of City of Kotzebue, Alaska'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 City of Kotzebue'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 City of Kotzebue's internal control over financial reporting and compliance.

BDO USA, P.C.

Anchorage, Alaska
September 29, 2023

Basic Financial Statements

Exhibit A-1

City of Kotzebue, Alaska
Statement of Net Position

<i>December 31, 2022</i>	Governmental Activities	Business-type Activities	Total
Assets and Deferred Outflows of Resources			
Assets			
Cash and investments	\$ 452,866	\$ 4,124,398	\$ 4,577,264
Receivables, net of allowance for uncollectible accounts:			
Accounts	263,311	222,393	485,704
Grants and shared revenues	107,520	819,223	926,743
Sales tax	513,588	-	513,588
Inventory	-	1,079,948	1,079,948
Prepaid items	550,983	-	550,983
Internal balances	(944,614)	944,614	-
Net other postemployment benefits assets	2,677,038	774,047	3,451,085
Capital assets:			
Land and construction in progress	39,102,072	-	39,102,072
Other capital assets being depreciated, net	11,872,939	49,685,889	61,558,828
Total Assets	54,595,703	57,650,512	112,246,215
Deferred Outflows of Resources			
Pension related	495,188	143,180	638,368
Net other postemployment benefits assets related	273,629	79,119	352,748
Total Deferred Outflows of Resources	768,817	222,299	991,116
Total Assets and Deferred Outflows of Resources	\$ 55,364,520	\$ 57,872,811	\$ 113,237,331

Exhibit A-1, continued

City of Kotzebue, Alaska
Statement of Net Position, continued

<i>December 31, 2022</i>	Governmental Activities	Business-type Activities	Total
Liabilities, Deferred Inflows of Resources and Net Position			
Liabilities			
Accounts payable	\$ 211,390	\$ 820,641	\$ 1,032,031
Accrued payroll and payroll liabilities	127,514	22,515	150,029
Unearned revenue	3,423	-	3,423
Noncurrent liabilities:			
Due within one year - accrued leave	198,832	37,758	236,590
Due in more than one year:			
Net pension liability	6,472,554	1,871,497	8,344,051
Landfill closure costs	-	334,877	334,877
Total Liabilities	7,013,713	3,087,288	10,101,001
Deferred Inflows of Resources			
Lease related	65,313	-	65,313
Net other postemployment benefits assets related	275,123	79,550	354,673
Total Deferred Inflows of Resources	340,436	79,550	419,986
Net Position			
Net investment in capital assets	50,975,011	49,168,952	100,143,963
Unrestricted (deficit)	(2,964,640)	5,537,021	2,572,381
Total Net Position	48,010,371	54,705,973	102,716,344
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 55,364,520	\$ 57,872,811	\$ 113,237,331

See accompanying notes to basic financial statements.

Exhibit A-2

City of Kotzebue, Alaska
Statement of Activities

Year Ended December 31, 2022	Program Revenues				Net (Expense) Revenue and Changes in Net Position		Totals
	Expenses	Fees, Fines & Charges for Services	Operating Grants & Contri- butions	Capital Grants & Contri- butions	Govern- mental Activities	Business- type Activities	
Governmental Activities							
General government	\$ 1,681,300	\$ 594,390	\$ 16,920	\$ -	\$ (1,069,990)	\$ -	\$ (1,069,990)
Public safety	1,756,941	1,856,169	2,100,201	-	2,199,429	-	2,199,429
Public works	2,097,119	-	10,883,620	-	8,786,501	-	8,786,501
Capital projects	2,001,493	-	1,515	-	(1,999,978)	-	(1,999,978)
Community services	84,489	3,950	-	-	(80,539)	-	(80,539)
Small boat harbor	71,087	-	-	-	(71,087)	-	(71,087)
Parks and recreation	273,937	-	5,756	-	(268,181)	-	(268,181)
Total Governmental Activities	7,966,366	2,454,509	13,008,012	-	7,496,155	-	7,496,155
Business-type Activities							
Water and sewer utility	3,396,081	2,498,148	12,925	4,972,786	-	4,087,778	4,087,778
Refuse	1,061,025	1,010,959	11,265	-	-	(38,801)	(38,801)
Package store	818,420	1,500,545	9,631	-	-	691,756	691,756
Total Business-type Activities	5,275,526	5,009,652	33,821	4,972,786	-	4,740,733	4,740,733
Totals	\$13,241,892	\$7,464,161	\$ 13,041,833	\$ 4,972,786	7,496,155	4,740,733	12,236,888
General Revenues							
Taxes:							
Sales taxes					4,447,281	-	4,447,281
Penalties and interest on delinquent taxes					28,524	-	28,524
Other taxes					626,983	-	626,983
Grants and entitlements not restricted to a specific purpose							
Investment loss					252,700	-	252,700
Other					(11,477)	-	(11,477)
Other					77,918	-	77,918
Transfer of assets from governmental to business-type activities							
					(1,214,781)	1,214,781	-
Total General Revenues and Transfers					4,207,148	1,214,781	5,421,929
Change in net position					11,703,303	5,955,514	17,658,817
Net Position, beginning					36,307,068	48,750,459	85,057,527
Net Position, ending					\$ 48,010,371	\$ 54,705,973	\$ 102,716,344

See accompanying notes to basic financial statements.

Exhibit B-1

City of Kotzebue, Alaska
Governmental Funds
Balance Sheet

<i>December 31, 2022</i>	Major Fund General	Nonmajor Funds	Total Governmental Funds
Assets			
Cash and investments	\$ -	\$ 452,866	\$ 452,866
Receivables:			
Accounts, net of allowance for uncollectible accounts	263,311	-	263,311
Grants and shared revenues	97,929	9,591	107,520
Sales tax	513,588	-	513,588
Total receivables	874,828	9,591	884,419
Prepaid items	454,643	96,340	550,983
Total Assets	\$ 1,329,471	\$ 558,797	\$ 1,888,268
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities			
Accounts payable	\$ 151,146	\$ 60,244	\$ 211,390
Accrued payroll and payroll liabilities	127,514	-	127,514
Due to other funds	842,365	102,249	944,614
Unearned revenue	-	3,423	3,423
Total Liabilities	1,121,025	165,916	1,286,941
Deferred Inflows of Resources			
ARPA revenues	1,054	-	1,054
Lease related	65,313	-	65,313
E-911	6,042	-	6,042
Total Deferred Inflows of Resources	72,409	-	72,409
Fund Balances			
Nonspendable - prepaid items	454,643	96,340	550,983
Committed - Water & Sewer Capital Projects	-	327,418	327,418
Assigned - public safety	-	66,059	66,059
Unassigned	(318,606)	(96,936)	(415,542)
Total Fund Balances	136,037	392,881	528,918
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 1,329,471	\$ 558,797	\$ 1,888,268

See accompanying notes to basic financial statements.

City of Kotzebue, Alaska
Reconciliation of Governmental Funds Balance Sheet
to Statement of Net Position
December 31, 2022

Total fund balances for governmental funds	\$	528,918
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, net of accumulated depreciation consist of:		
Land and land improvements	\$	575,000
Construction in progress		38,527,072
Infrastructure		773,908
Buildings		8,442,815
Small boat harbor		9,590,671
Machinery and equipment		5,098,939
Total capital assets		63,008,405
Less accumulated depreciation		(12,033,394)
Total capital assets, net of accumulated depreciation		50,975,011
PERS ARHCT and ODD net other postemployment benefits assets plan has been funded in excess of required contributions. This asset is not a financial resource and therefore it is not reported in the funds.		
		2,677,038
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds. These assets consist of:		
E-911 surcharge accounts receivable		6,042
Unavailable revenue of ARPA fund		1,054
Total other long-term assets		7,096
Long-term liabilities are not deemed due and payable in the current period and therefore are not reported as governmental fund liabilities. The liabilities consist of:		
Accrued leave		(198,832)
Net pension liability		(6,472,554)
Total long-term liabilities		(6,671,386)
Certain changes in net pension and OPEB liabilities are deferred rather than recognized immediately. These items are amortized over time.		
Deferred outflows of resources related to pensions		495,188
Deferred outflows of resources related to OPEB		273,629
Deferred inflows of resources related to OPEB		(275,123)
Total deferred pension and OPEB items		493,694
Total Net Position of Governmental Activities	\$	48,010,371

See accompanying notes to basic financial statements.

Exhibit B-3

City of Kotzebue, Alaska

Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balances

Year Ended December 31, 2022	Major Fund General	Nonmajor Funds	Total Governmental Funds
Revenues			
Intergovernmental:			
Federal Government	\$ 12,724,733	\$ 24,491	\$ 12,749,224
State of Alaska	1,566,557	101,621	1,668,178
Local Sources:			
Taxes	5,113,431	-	5,113,431
Charges for services	1,326,191	-	1,326,191
Investment loss	(11,477)	-	(11,477)
Other	126,258	433,032	559,290
Total Revenues	20,845,693	559,144	21,404,837
Expenditures			
Current:			
General government	1,942,437	-	1,942,437
Public safety	4,358,748	68,409	4,427,157
Public works	14,780,125	-	14,780,125
Community services	84,489	-	84,489
Small boat harbor	71,087	-	71,087
Parks and recreation	267,495	-	267,495
Nondepartmental	16,716	-	16,716
Capital outlay	-	2,030,889	2,030,889
Total Expenditures	21,521,097	2,099,298	23,620,395
Excess of revenues over (under) expenditures	(675,404)	(1,540,154)	(2,215,558)
Other Financing Sources (Uses)			
Transfers in	-	73,646	73,646
Transfers out	(73,646)	-	(73,646)
Net Other Financing Sources (Uses)	(73,646)	73,646	-
Net change in fund balances	(749,050)	(1,466,508)	(2,215,558)
Fund Balances, beginning	885,087	1,859,389	2,744,476
Fund Balances, ending	\$ 136,037	\$ 392,881	\$ 528,918

See accompanying notes to basic financial statements.

Exhibit B-4

City of Kotzebue, Alaska

Reconciliation of Change in Fund Balances of Governmental Funds
to Statement of Activities
Year Ended December 31, 2022

Net change in fund balances - total governmental funds		\$ (2,215,558)
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 in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$13,174,137) exceeded depreciation (\$997,821) in the current year.		
		12,176,316
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		
Decrease in unavailable delinquent sales taxes	(10,643)	
Decrease in unavailable revenue of ARPA fund	<u>(392,833)</u>	
		(403,476)
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 government funds.		
Increase in accrued leave	(7,179)	
Net decrease in net pension liability and related deferred accounts	1,384,422	
Net increase in net other postemployment benefits assets/liability and related deferred accounts	<u>768,778</u>	
		<u>2,146,021</u>
Change in Net Position of Governmental Activities		<u>\$ 11,703,303</u>

See accompanying notes to basic financial statements.

City of Kotzebue, Alaska
Enterprise Funds
Statement of Net Position

Exhibit C-1

	Major Funds			Nonmajor Fund	Total Enterprise Funds
	Water and Sewer Utility	Refuse	Package Store	Bar and Grill Enterprise Fund	
<i>December 31, 2022</i>					
Assets and Deferred Outflows of Resources					
Current Assets					
Cash and investments	\$ 2,531,003	\$ -	\$ 1,593,395	\$ -	\$ 4,124,398
Receivables:					
Accounts	241,228	180,211	-	-	421,439
Grants	819,223	-	-	-	819,223
Allowance for uncollectible accounts	(91,070)	(107,976)	-	-	(199,046)
Net receivables	969,381	72,235	-	-	1,041,616
Inventory	200,266	-	879,682	-	1,079,948
Due from other funds	1,699,785	-	-	-	1,699,785
Total Current Assets	5,400,435	72,235	2,473,077	-	7,945,747
Noncurrent Assets					
Net other postemployment benefits assets	295,819	257,819	220,409	-	774,047
Property, plant, and equipment:					
Property, plant, and equipment	116,738,132	7,762,753	-	25,335	124,526,220
Accumulated depreciation	(69,175,014)	(5,665,317)	-	-	(74,840,331)
Net property, plant, and equipment	47,563,118	2,097,436	-	25,335	49,685,889
Total Noncurrent Assets	47,858,937	2,355,255	220,409	25,335	50,459,936
Total Assets	53,259,372	2,427,490	2,693,486	25,335	58,405,683
Deferred Outflows of Resources					
Pension related	54,719	47,690	40,771	-	143,180
OPEB related	30,237	26,353	22,529	-	79,119
Total Assets and Deferred Outflows of Resources	\$53,344,328	\$2,501,533	\$2,756,786	\$ 25,335	\$58,627,982

City of Kotzebue, Alaska
Enterprise Funds
Statement of Net Position, continued

Exhibit C-1, continued

	Major Funds			Nonmajor Fund	Total Enterprise Funds
	Water and Sewer Utility	Refuse	Package Store	Bar and Grill Enterprise Fund	
<i>December 31, 2022</i>					
Liabilities, Deferred Inflows of Resources and Net Position					
Current Liabilities					
Accounts payable	\$ 810,996	\$ 3,038	\$ 6,607	\$ -	\$ 820,641
Accrued payroll and payroll liabilities	12,023	5,198	5,294	-	22,515
Accrued leave	21,173	11,782	4,803	-	37,758
Due to other funds	-	406,845	-	348,326	755,171
Total Current Liabilities	844,192	426,863	16,704	348,326	1,636,085
Noncurrent Liabilities					
Advance from other funds	-	-	-	-	-
Net pension liability	715,231	623,357	532,909	-	1,871,497
Net other postemployment benefits liability	-	-	-	-	-
Landfill closure costs	-	334,877	-	-	334,877
Total Noncurrent Liabilities	715,231	958,234	532,909	-	2,206,374
Total Liabilities	1,559,423	1,385,097	549,613	348,326	3,842,459
Deferred Inflows of Resources					
OPEB related	30,402	26,496	22,652	-	79,550
Total Deferred Inflows of Resources	30,402	26,496	22,652	-	79,550
Net Position					
Net investment in capital assets	47,046,181	2,097,436	-	25,335	49,168,952
Unrestricted (deficit)	4,708,322	(1,007,496)	2,184,521	(348,326)	5,537,021
Total Net Position (Deficit)	51,754,503	1,089,940	2,184,521	(322,991)	54,705,973
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 53,344,328	\$ 2,501,533	\$ 2,756,786	\$ 25,335	\$ 58,627,982

See accompanying notes to basic financial statements.

Exhibit C-2

City of Kotzebue, Alaska
Enterprise Funds
Statement of Revenues, Expenses and Changes in Net Position

	Major Funds			Nonmajor Fund	Total Enterprise Funds
	Water and Sewer Utility	Refuse	Package Store	Bar and Grill Enterprise Fund	
<i>Year Ended December 31, 2022</i>					
Operating Revenues					
Water use charges and connect fees	\$ 1,672,482	\$ -	\$ -	\$ -	\$ 1,672,482
Sewer use charges and connect fees	796,902	-	-	-	796,902
Refuse and landfill	-	1,010,959	-	-	1,010,959
Net alcohol sales and permitting fees	-	-	1,500,545	-	1,500,545
Other operating revenues	28,764	-	-	-	28,764
Total Operating Revenues	2,498,148	1,010,959	1,500,545	-	5,009,652
Operating Expenses					
Administration	306,107	110,000	154,000	-	570,107
Water	785,561	-	-	-	785,561
Sewer	847,745	-	-	-	847,745
Refuse and landfill	-	680,044	-	-	680,044
Package store and distribution site	-	-	664,420	-	664,420
Depreciation	1,456,668	119,040	-	-	1,575,708
Total Operating Expenses	3,396,081	909,084	818,420	-	5,123,585
Income (loss) from operations	(897,933)	101,875	682,125	-	(113,933)
Nonoperating Revenues (Expenses)					
State PERS relief	12,925	11,265	9,631	-	33,821
Landfill closure liability reduction	-	(151,941)	-	-	(151,941)
Net Nonoperating Revenues (Expenses)	12,925	(140,676)	9,631	-	(118,120)
Income (loss) before transfers and capital contribution	(885,008)	(38,801)	691,756	-	(232,053)
Other Financing Sources					
Capital contributions - repairs and replacement capital project fund	81,237	1,133,544	-	-	1,214,781
Capital contributions - grants	4,972,786	-	-	-	4,972,786
Net Other Financing Sources	5,054,023	1,133,544	-	-	6,187,567
Change in net position	4,169,015	1,094,743	691,756	-	5,955,514
Net Position (Deficit), beginning	47,585,488	(4,803)	1,492,765	(322,991)	48,750,459
Net Position (Deficit), ending	\$51,754,503	\$1,089,940	\$2,184,521	\$(322,991)	\$54,705,973

See accompanying notes to basic financial statements.

Exhibit C-3

City of Kotzebue, Alaska

Enterprise Funds
Statement of Cash Flows

Year Ended December 31, 2022	Major Funds			Total Enterprise Funds
	Water and Sewer Utility	Refuse	Package Store	
Cash Flows from (for) Operating Activities				
Receipts from customers and users	\$ 2,536,087	\$ 1,020,383	\$ 3,249,342	\$ 6,805,812
Payments to suppliers	(2,027,325)	(240,346)	(2,226,714)	(4,494,385)
Payments to employees	(961,498)	(557,669)	(457,792)	(1,976,959)
Payments for interfund services used	(286,000)	(110,000)	(154,000)	(550,000)
Net cash flows from (for) operating activities	(738,736)	112,368	410,836	(215,532)
Cash Flows from (for) Noncapital Financing Activities				
Decrease in due to from other funds	(646,138)	(112,368)	-	(758,506)
Net cash flows for noncapital financing activities	(646,138)	(112,368)	-	(758,506)
Cash Flows from (for) Capital and Related Financing Activities				
Capital grants received	5,642,284	1,133,544	-	6,775,828
Acquisition and construction of capital assets	(4,537,086)	(1,133,544)	-	(5,670,630)
Net cash flows from capital and related financing activities	1,105,198	-	-	1,105,198
Net increase (decrease) in cash and investments	(279,676)	-	410,836	131,160
Cash and Investments, beginning	2,810,679	-	1,182,559	3,993,238
Cash and Investments, ending	\$ 2,531,003	\$ -	\$ 1,593,395	\$ 4,124,398

City of Kotzebue, Alaska
Enterprise Funds
Statement of Cash Flows, continued

Exhibit C-3, continued

Year Ended December 31, 2022	Major Funds			Total Enterprise Funds
	Water and Sewer Utility	Refuse	Package Store	
Reconciliation of income (loss) from operations to net cash flows from (for) operating activities:				
Income (loss) from operations	\$ (897,933)	\$ 101,875	\$ 682,125	\$ (113,933)
Adjustments to reconcile income (loss) from operations to net cash flows from (for) operating activities:				
Noncash expense - PERS relief	12,925	11,265	9,631	33,821
Increase (decrease) in allowance for uncollectible accounts	(55,685)	(14,392)	-	(70,077)
Depreciation	1,456,668	119,040	-	1,575,708
(Increase) decrease in assets and deferred outflows of resources:				
Accounts receivable	93,624	23,816	-	117,440
Inventory	27,718	-	(294,466)	(266,748)
Net other postemployment benefits assets	272,763	96,096	49,047	417,906
Deferred outflows of resources - pension related	648	2,478	(22,353)	(19,227)
Deferred outflows of resources - OPEB related	(12,470)	(22,365)	(19,142)	(53,977)
Increase (decrease) in liabilities:				
Accounts payable	(1,168,384)	(8,021)	(33,188)	(1,209,593)
Accrued payroll and payroll liabilities	1,752	(1,095)	(244)	413
Accrued leave	(2,905)	(2,170)	(2,841)	(7,916)
Net pension liability	139,407	165,220	327,152	631,779
Deferred inflows of resources - pension related	(319,569)	(194,142)	(159,257)	(672,968)
Deferred inflows of resources - OPEB related	(287,295)	(165,237)	(125,628)	(578,160)
Net Cash Flows from (for) Operating Activities	\$ (738,736)	\$ 112,368	\$ 410,836	\$ (215,532)
Noncash Capital and Related Financing Activities				
Capital assets contributed from governmental activities	\$ 81,237	\$1,133,544	\$ -	\$1,214,781
Capital assets purchased on account	\$ 516,937	\$ -	\$ -	\$ 516,937

See accompanying notes to basic financial statements.

City of Kotzebue, Alaska
Notes to Basic Financial Statements
Year Ended December 31, 2022

1. Summary of Significant Accounting Policies

Reporting City

City of Kotzebue, Alaska (the City) was incorporated on October 14, 1958. The City operates under a Council-Manager form of government and provides a full range of services including public safety, streets, sanitation, water and sewer, health and social services, culture and recreation, public improvements, planning and zoning, and general administrative services.

The financial statements included in this report are for City of Kotzebue, Alaska only. There are no other component units for which City of Kotzebue, Alaska is financially accountable, nor do any special financial relationships exist between the City and any other City.

The accounting policies of the City conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies:

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. 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 segments 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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

City of Kotzebue, Alaska

Notes to Basic Financial Statements

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 accrued leave are recorded only to the extent they have matured.

Sales taxes, charges for services, 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. Most 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 City's primary operating fund. It accounts for all financial resources of the general government, except those required to be reported in another fund.

Major Proprietary Funds

The *Water and Sewer Utility Enterprise Fund* is used to account for the operations of the City's water system and the wastewater utility.

The *Refuse Enterprise Fund* is used to account for the operations of the City's solid waste and landfill activities.

The *Package Store Enterprise Fund* is used to account for the operations of the City's liquor store activities.

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 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.

City of Kotzebue, Alaska
Notes to Basic Financial Statements

Cash and Cash Equivalents

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

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."

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 on 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.

Accrued Leave

All full-time employees are eligible for paid personal leave. Accrued leave is recorded as an expense 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).

City of Kotzebue, Alaska

Notes to Basic Financial Statements

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. As a phase 3 government for GASB Statement 34 purposes, the City has recorded additions to infrastructure capital assets (e.g. roads, sidewalks, etc.) prospectively from the GASB Statement 34 implementation date, which was June 30, 2003. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of 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	25 - 40 years
Improvements other than buildings	10 - 25 years
Machinery and equipment	5 - 25 years

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.

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. The nonspendable fund balance 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.

The spendable portion of fund balances comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

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. These 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.

City of Kotzebue, Alaska
Notes to Basic Financial Statements

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 and City Manager have 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.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for expenditures are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund and Special Revenue Funds. Any encumbrances outstanding at year end are reported as appropriate constraints of fund balances if they meet the definitions and criteria as outlined above.

Unearned Grant Revenue

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

Pensions and Other Postemployment Benefits (OPEB)

All full-time permanent 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 net OPEB liability, 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.

Budgets and Budgetary Compliance

Kotzebue City Code requires that the City Manager prepare and submit a budget to the Council by November 1st of each year. The Council will hold public hearings on the budget and must adopt the budget and make the appropriation ordinance not later than December 15th. If the Council does not adopt a budget, the original budget submission shall become the budget. The City Council may amend the budget at any time, following the public hearing process. All appropriations lapse at year end, unless they have been expended or lawfully encumbered.

City of Kotzebue, Alaska

Notes to Basic Financial Statements

2. Cash and Investments

The City of Kotzebue 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 at December 31, 2022.

Bank deposits	\$ 3,970,693
Investments:	
Alaska Municipal League Investment Pool (AMLIP)	373,530
Certificates of deposit	233,041
Total Cash and Investments	\$ 4,577,264

Investments

Investment Policy

The City is authorized to invest in the following instruments. All securities purchased by the City and all other City investments must mature not later than the time indicated below, measured from the date of the City's investment transaction.

1. Obligations of, or obligations insured or guaranteed by the United States or an agency or instrumentality of the United States - up to ten (10) years.
2. Certificates of deposit and other deposits at banks and savings and loans associations - up to ten (10) years.
3. Federally insured deposits at banks and savings and loan associations - up to ten (10) years.
4. Bonds and notes which are issued by a State or political subdivision thereof, or pursuant to the Tribal Tax Statutes Act 26 U.S.C. Sec. 7871 and which are rated AA or higher by a nationally recognized rating service - up to ten (10) years.
5. Commercial paper issued by corporations and having the highest rating given by a nationally recognized rating service - two hundred seventy (270) days.
6. Bankers acceptances drawn on and accepted (a) at banks, all of whose debt issues are rated at least AA or its equivalent by a nationally recognized rating service or (b) if the bank is a subsidiary of one bank holding company, all of whose commercially held paper has the highest rating given by a nationally recognized rating service or whose debt issues meet the requirements in (a) above - one hundred eighty (180) days.

City of Kotzebue, Alaska
Notes to Basic Financial Statements

7. Money market mutual funds whose portfolio consists entirely of instruments - maturity date not applicable, which are U.S. government, or U.S. government guaranteed obligations, which have a constant net asset value.
8. Repurchase agreements, the securities underlying the agreement being any of the items listed in subsection 1 and 6 of this section which meet a margin requirement of 102%.
9. The Alaska Municipal League Investment Pool, made in accordance with terms of that Pool's "Common Investment Agreement."

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

The City of Kotzebue, Alaska's investments at December 31, 2022 consisted of nonnegotiable certificates of deposit and investment in the Alaska Municipal League Investment Pool (AMLIP), which are not subject to interest rate risk.

Fair Value Measurement

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Cash and investments include \$373,530 invested in the Alaska Municipal League Investment Pool). The Pool was rated a principal stability rating of AAAM by Standard & Poor's (S&P). Stand-alone financial statements can be obtained by writing to the Alaska Permanent Capital Management Co., 900 West Fifth Avenue, Suite 601, Anchorage, Alaska 99501 or visiting www.amlip.org.

The City does not have any recurring fair value measurements as of December 31, 2022.

The City has investments in certificates of deposit totaling \$233,041 that are not held at fair value, but instead recorded at amortized cost as of December 31, 2022.

Alaska Statute (AS) 37.23 provides for regulatory oversight of the Pool. The Statute provides requirements regarding authorized investments and reporting. The Pool is incorporated in Alaska as a nonprofit corporation and reports to a board of directors. AS 37.23.050 requires retention of an investment manager. The manager is required to produce monthly disclosure statements for the Pool. An investment advisor monitors the performance of the investment manager to ensure compliance with investment policies. The Pool must maintain a dollar-weighted average maturity of 90 days or less, and only purchase instruments having remaining maturities of 397 days or less. The fair value of the investments in the Pool are reviewed monthly by an independent pricing service. The Pool meets the standards for reporting investments at amortized cost with regard to portfolio requirements including maturity, quality, diversification, liquidity and shadow price. There are no restrictions or limitations on withdrawals from the Pool. As of December 31, 2022, the fair value of the investments in the Pool approximates the amortized cost at which they are reported. The fair value of our investments in the Pool is the same as the value of our Pool units.

City of Kotzebue, Alaska
Notes to Basic Financial Statements

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.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in possession of an outside party. Of the bank balance at December 31, 2022, \$250,000 was covered by the Federal Deposit Insurance Corporation (FDIC), \$3,760,738 was subject to a collateral agreement with the depository financial institutions and \$10,399 was not insured or collateralized.

3. Receivables

The City maintains accounts receivable balances of which a portion is reserved as an allowance for doubtful accounts. At December 31, 2022, receivables for the City's individual major funds and nonmajor funds in the aggregate, including applicable allowances for uncollectible accounts, are as follows:

	General	Nonmajor Governmental Funds	Total Governmental Funds
Accounts	\$ 263,311	\$ -	\$ 263,311
Grants and shared revenues	97,929	9,591	107,520
Sales tax	513,588	-	513,588
Total Receivables	\$ 874,828	\$ 9,591	\$ 884,419

	Major Enterprise Funds		Total Enterprise Funds
	Water & Sewer	Refuse	
Accounts	\$ 241,228	\$ 180,211	\$ 421,439
Grants and shared revenues	819,223	-	819,223
Total receivables	1,060,451	180,211	1,240,662
Less allowance for uncollectible accounts	(91,070)	(107,976)	(199,046)
Net Receivables	\$ 969,381	\$ 72,235	\$ 1,041,616

Governmental funds report deferred inflows in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period.

City of Kotzebue, Alaska
Notes to Basic Financial Statements

4. Capital Assets

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

<i>Governmental Activities</i>	Balance December 31, 2021	Additions & Reclass	Deletions & Reclass	Balance December 31, 2022
Capital assets not being depreciated:				
Land and land improvements	\$ 575,000	\$ -	\$ -	\$ 575,000
Construction in progress	26,040,330	12,523,830	(37,088)	38,527,072
Total assets not being depreciated	26,615,330	12,523,830	(37,088)	39,102,072
Capital assets being depreciated:				
Infrastructure	773,908	-	-	773,908
Buildings	8,442,815	-	-	8,442,815
Small boat harbor	9,590,671	-	-	9,590,671
Machinery and equipment	4,411,544	687,395	-	5,098,939
Total capital assets being depreciated	23,218,938	687,395	-	23,906,333
Less accumulated depreciation for:				
Infrastructure	12,898	51,594	-	64,492
Buildings	4,769,110	221,790	-	4,990,900
Small boat harbor	3,170,844	482,040	-	3,652,884
Machinery and equipment	3,082,721	242,397	-	3,325,118
Total accumulated depreciation	11,035,573	997,821	-	12,033,394
Total capital assets being depreciated, net	12,183,365	(310,426)	-	11,872,939
Governmental Activity Capital Assets, net	\$ 38,798,695	\$ 12,213,404	\$ (37,088)	\$ 50,975,011

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City of Kotzebue, Alaska

Notes to Basic Financial Statements

	Balance December 31, 2021	Additions & Reclass	Deletions & Reclass	Balance December 31, 2022
<i>Business-type Activities</i>				
Capital assets not being depreciated:				
Land and land improvements	\$ 230,983	\$ -	\$ -	\$ 230,983
Construction in progress	21,483,193	4,844,193	(260,175)	26,067,210
Total assets not being depreciated	21,714,176	4,844,193	(260,175)	26,298,194
Capital assets being depreciated:				
Buildings	2,381,895	-	-	2,381,895
Improvements other than buildings	89,804,214	-	-	89,804,214
Machinery and equipment	4,438,368	1,603,549	-	6,041,917
Total capital assets being depreciated	96,624,477	1,603,549	-	98,228,026
Less accumulated depreciation for:				
Buildings	1,889,531	79,400	-	1,968,931
Improvements other than buildings	67,537,907	1,372,836	-	68,910,743
Machinery and equipment	3,837,185	123,472	-	3,960,657
Total accumulated depreciation	73,264,623	1,575,708	-	74,840,331
Total capital assets being depreciated, net	23,359,854	27,841	-	23,387,695
Business-type Activity Capital Assets, net	\$ 45,074,030	\$ 4,872,034	\$ (260,175)	\$ 49,685,889

Depreciation expense was charged to the functions as follows:

Governmental Activities

General government	\$ 62,914
Public safety	180,358
Public works	637,463
Parks and recreation	117,086

Total Depreciation Expense - Governmental Activities \$ 997,821

Business-type Activities

Water and sewer utility	\$ 1,456,668
Refuse	119,040

Total Depreciation Expense - Business-type Activities \$ 1,575,708

In 2022, \$1,133,544 and \$81,237 was transferred from the governmental funds to Refuse Enterprise Fund and Water and Sewer Utility Enterprise Fund, respectively.

City of Kotzebue, Alaska
Notes to Basic Financial Statements

5. Interfund Receivables, Payables, Advances and Transfers

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

Due from Other Funds	
Due to the Water and Sewer Utility Enterprise Fund from:	
General Fund	\$ 842,365
Special Revenue Fund	102,249
Bar and Grill Enterprise Fund	348,326
Refuse Enterprise Fund	406,845
Total Due from Other Funds	\$ 1,699,785
 Transfers to Other Funds	
From General Fund to:	
Special Revenue Funds	\$ 73,646
Total Transfers	\$ 73,646

6. Long-term Liabilities

The following is a summary of long-term liability transactions of the City for the year ended December 31, 2022:

<i>Governmental Activities</i>	Balance December 31, 2021	Additions	Deletions	Balance December 31, 2022	Due Within One Year
Accrued leave	\$ 191,653	\$ 416,868	\$ (409,689)	\$ 198,832	\$ 198,832
Net pension liability	5,852,171	620,383	-	6,472,554	-
Total Governmental Activities	\$ 6,043,824	\$ 1,037,251	\$ (409,689)	\$ 6,671,386	\$ 198,832

The long-term liabilities related to governmental activities are generally liquidated by the General Fund.

<i>Business-type Activities</i>	Balance December 31, 2021	Additions	Deletions	Balance December 31, 2022	Due Within One Year
Accrued leave	\$ 45,674	\$ 117,779	\$ (125,695)	\$ 37,758	\$ 37,758
Estimated landfill closure costs	182,936	151,941	-	334,877	-
Net pension liability	1,239,718	631,779	-	1,871,497	-
Total Business-type Activities	\$ 1,468,328	\$ 901,499	\$ (125,695)	\$ 2,244,132	\$ 37,758

City of Kotzebue, Alaska

Notes to Basic Financial Statements

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:

	General	Nonmajor Funds	Totals
Nonspendable - prepaid items	\$ 454,643	\$ 96,340	\$ 550,983
Committed - Water & Sewer Capital Projects	-	327,418	327,418
Assigned - public safety	-	66,059	66,059
Unassigned	(318,606)	(96,936)	(415,542)
Total Fund Balances	\$ 136,037	\$ 392,881	\$ 528,918

8. Municipal Landfill Closure and Post closure 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 post closure care costs will be paid only near or after the date the landfill stops accepting waste, generally accepted accounting principles require that the City report a portion of these closure and post closure care costs each period based on landfill capacity used as of each balance sheet date.

Management estimates that one of the two existing cells are 100% full and the other cell is approximately 79% full. Cell one is fully capped. The \$334,877 reported as landfill closure liability at December 31, 2022 represents the estimated closing cost once the cell is at capacity. The remaining life of the cell currently being used is estimated to be approximately 23 years.

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City of Kotzebue, Alaska
Notes to Basic Financial Statements

9. Pension and Other Postemployment Benefits Plan

(a) 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 an annual comprehensive financial report that includes financial statements and other required supplemental information. That report is available via the internet at <https://drb.alaska.gov/docs/reports/#pers>. Actuarial valuation reports, audited financial statements, and other detailed plan information are also available on this website.

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. Peace/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 postemployment benefits (OPEB). A complete benefit comparison chart is available at the website noted above.

The PERS DB Plan was closed to new entrants effective July 1, 2006. New employees hired after that date participate in the PERS 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 a DB agent-multiple-employer plan to a DB 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. The Alaska Legislature has the power and authority to change the aforementioned statute through the legislative process.

Alaska Statute 39.35.280 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 (ARM 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/outflows of resources, and disclosures on this basis.

The City recorded the related on-behalf contributions as revenue and expense or expenditures as prescribed by GAAP, pursuant to the relevant basis of accounting based on fund type.

City of Kotzebue, Alaska
Notes to Basic Financial Statements

Employee Contribution Rates

Regular employees are required to contribute 6.75% of their annual covered salary. Peace officers 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 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, the amount calculated for the statutory employer effective contribution rate is 22% on eligible wages. This 22% rate is calculated on all PERS participating wages, including those wages attributable to employees in the DC plan. Contributions derived from the DC employee payroll is referred to as the Defined Benefit Unfunded Liability or 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 change results in lower ARM Board Rates than previously adopted.

State 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 funds 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.

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City of Kotzebue, Alaska
Notes to Basic Financial Statements

Contribution rates are actuarially determined. The City's contribution rates for the 2022 calendar year were as follows:

<i>January 1, 2022 to June 30, 2022</i>	ARM Board Adopted Rate	State Contribution Rate
Defined benefit plans:		
Pension	20.89%	8.11%
Postemployment healthcare (ARHCT)	3.12%	-%
Defined contribution - Pension	6.10%	-%
Total Contribution Rates	30.11%	8.11%

<i>July 1, 2022 to December 31, 2022</i>	ARM Board Adopted Rate	State Contribution Rate
Defined benefit plans:		
Pension	18.38%	2.79%
Postemployment healthcare (ARHCT)	-%	-%
Defined contribution - Pension	6.41%	-%
Total Contribution Rates	24.79%	2.79%

Alaska Statute 39.35.255(a) capped the employer rate at 22% with the State of Alaska making a nonemployer contribution for the difference between actuarially required contribution and the cap. For the period from January 1, 2022 to June 30, 2022 the employer rate is 15.54% for pension and 6.46% for ARHCT and for the period from July 1, 2022 to December 31, 2022 the employer rate is 22.00% for pension and 0.00% for ARHCT. The contribution requirements for the City are established and may be amended by the ARMB. Additionally, there is a Defined Benefit Unfunded Liability (DBUL) amount levied against the DCR Plan payroll. The DBUL amount is computed as the difference between (a) amount calculated for the statutory employer contribution rate of 22.00% on eligible salary less (b) total of the employer contribution for (1) defined contribution employer matching amount, (2) major medical, (3) occupational death and disability, and (4) health reimbursement arrangement. The difference is deposited based on an actuarial allocation into the defined benefit plan's pension and healthcare funds. In 2022, the City was credited with the following contributions to the pension plan.

	Measurement Period July 1, 2021 to June 30, 2022	City Fiscal Year January 1, 2022 to December 31, 2022
Employer contributions (including DBUL)	\$ 687,442	\$ 753,024
Nonemployer contributions (on-behalf)	428,350	301,502
Total Contributions	\$ 1,115,792	\$ 1,054,526

In addition, employee contributions to the Plan totaled \$388,282 during the City's fiscal year.

City of Kotzebue, Alaska

Notes to Basic Financial Statements

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

At December 31, 2022, 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 portion of the net pension liability that was associated with the City were as follows:

	2022
City proportionate share of NPL	\$ 8,344,051
State's proportionate share of NPL associated with the City	2,308,291
Total Net Pension Liability	\$ 10,652,342

The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 and adjusted to reflect updated assumptions 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, 2022 measurement date, the City's proportion was 0.16371 percent, which was a decrease of 0.02961 from its proportion measured as of June 30, 2021.

For the year ended December 31, 2022, the City recognized pension expense of \$(693,611) and on-behalf revenue of \$428,350 for support provided by the State. At December 31, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	238,559	-
Changes in proportion and differences between City contributions and proportionate share of contributions	-	-
City contributions subsequent to the measurement date	399,809	-
Total Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions	\$ 638,368	\$ -

City of Kotzebue, Alaska

Notes to Basic Financial Statements

The \$399,810 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability in the year ended December 31, 2023. 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,

2023	\$ (28,361)
2024	(72,696)
2025	(174,514)
2026	514,130
2027	-
Thereafter	-
<hr/>	
Total Amortization	\$ 238,559

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2021, using the actuarial assumptions listed below, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022:

Actuarial cost method	Entry Age Normal
Amortization method	Unfunded Accrued Actuarial Liability, level percent of pay basis
Inflation	2.50% per year
Salary increases	For peace officers/firefighters, increases range from 8.50% to 3.85% based on service. For all others, increases range from 6.75% to 2.85% based on service.
Allocation methodology	Amounts for the June 30, 2022 measurement date were allocated to employers based on the ratio of the present value of projected future contributions for each employer to the total present value of projected future contributions for the Plan for the fiscal years 2023 to 2039. The liability is expected to go to zero at 2039.
Investment rate of return	7.25%, net of pension plan investment expenses. This is based on an average inflation rate of 2.50% and a real rate of return of 4.75%.
Mortality Peace officer/firefighter	Pre-commencement mortality rates were based on the Pub-2010 Safety Employee table, amount-weighted, and projected with MP-2021 generational improvement. Deaths are assumed to result from occupational causes 70% of the time. Post-commencement mortality rates for healthy retirees were based on the Pub-2010 Safety Retiree table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for disabled retirees were based on the Pub-2010 Safety

City of Kotzebue, Alaska

Notes to Basic Financial Statements

Disabled Retiree table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for beneficiaries were based on the Pub-2010 Contingent Survivor table, amount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member.

All others

Pre-commencement mortality rates were based on the Pub-2010 General Employee table, amount-weighted, and projected with MP-2021 generational improvement. Deaths are assumed to result from occupational causes 35% of the time. Post-commencement mortality rates for healthy retirees were based on 98% of male and 106% of female rates of the Pub-2010 General Retiree table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for beneficiaries were based on 102% of male and 108% of female rates of the Pub-2010 Contingent Survivor table, amount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member.

Other

See the experience study report dated July 15, 2022.

The total pension liability was determined by an actuarial valuation as of June 30, 2021, rolled forward to the measurement date of June 30, 2022 and adjusted to reflect updated assumptions. The updated demographic and economic assumptions were adopted by the Board in June 2022 based on the results of an actuarial experience study for the period July 1, 2017 to June 30, 2021. The new assumptions were adopted to better reflect expected future experience and are effective June 30, 2022.

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City of Kotzebue, Alaska
Notes to Basic Financial Statements

Long-Term Expected Rate of Return

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 rates of return, excluding the inflation component of 2.88%, for each major asset class included in the pension plan's target asset allocation as of June 30, 2022 are summarized in the following table:

Asset Class	Target Allocation	Range	Long-Term Expected Real Rate of Return
Domestic equity	27%	+/- 6%	6.51 %
Global equity (non-U.S.)	18%	+/- 4%	5.70 %
Aggregate bonds	21%	+/- 10%	0.31 %
Opportunistic	6%	+/- 4%	- %
Real assets	14%	+/- 7%	3.71 %
Private equity	14%	+/- 6%	9.61 %
Cash equivalents	-%	-%	(0.50)%

Discount Rate

The discount rate used to measure the total pension liability was 7.25%. The discount rate used changed from the prior measurement date. 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.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.25%, 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 one percentage-point lower or one percentage-point higher than the current rate:

	Proportional Share	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
City's proportionate share of the net pension liability	0.16371%	\$ 11,232,887	\$ 8,344,051	\$ 5,908,167

City of Kotzebue, Alaska
Notes to Basic Financial Statements

Pension Plan Fiduciary Net Position

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

(b) Defined Contribution (DC) Pension Plan

Employees hired after July 1, 2006 participate in PERS Tier IV, a DC plan. This Plan is administered by the State of Alaska, Department of Administration in conjunction with the DB 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, a 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 annual comprehensive financial report for PERS, and at the following website, as noted above. <https://drb.alaska.gov/docs/reports/#pers>.

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. Nonvested employer contributions are forfeited upon termination of employment from the Plan. Such forfeitures were applied in the year ended December 31, 2022 to cover a portion of the City's employer match contributions. For the year ended December 31, 2022, forfeitures reduced pension expense by \$64,905.

Employee Contribution Rate

Employees are required to contribute 8% of their annual covered salary. This amount goes directly to the individual's account.

Employer Contribution Rate

For the year ended December 31, 2022, the City was 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, 2022 were \$242,677 and \$388,282, respectively. The City contribution amount was recognized as pension expense/expenditures.

(c) Defined Benefit OPEB Plans

As part of its participation in PERS, the City participates in the following cost-sharing multiple-employer defined benefit OPEB plans: Alaska Retiree Healthcare Trust (ARHCT), Retiree Medical Plan (RMP) and Occupational Death and Disability Plan (ODD).

City of Kotzebue, Alaska
Notes to Basic Financial Statements

The ARHCT, a healthcare trust fund, provides major medical coverage to retirees of the DB plan. The ARHCT is self-funded and self-insured. The ARHCT was closed to all new members effective July 1, 2006. Benefits vary by Tier level. The RMP provides major medical coverage to retirees of the PERS DC Plan (Tier IV). The RMP is self-insured. Members are not eligible to use the Plan until they have at least 10 years of service and are Medicare age eligible. The ODD provides death benefits for beneficiaries of plan participants and long-term disability benefits to all active members within PERS. The Plans are administered by the State of Alaska, Department of Administration. The OPEB plans are included in the annual comprehensive financial report for PERS, at the following website, <https://drb.alaska.gov/docs/reports/#pers>.

Employer Contribution Rates

Employer contribution rates are actuarially determined and adopted by and may be amended by the Board. Employees do not contribute.

Employer contribution rates for the year ended December 31, 2022 were as follows:

<i>January 1, 2022 to June 30, 2022</i>	Other	Peace/Fire
Alaska Retiree Healthcare Trust	6.46%	6.46%
Retiree Medical Plan	1.07%	1.07%
Occupational Death and Disability	0.31%	0.68%
Total Contribution Rates	7.84%	8.21%

<i>July 1, 2022 to December 31, 2022</i>	Other	Peace/Fire
Alaska Retiree Healthcare Trust	-%	-%
Retiree Medical Plan	1.10%	1.10%
Occupational Death and Disability	0.30%	0.68%
Total Contribution Rates	1.40%	1.78%

In 2022, the City was credited with the following contributions to the OPEB plans:

	Measurement Period July 1, 2021 to June 30, 2022	City Fiscal Year January 1, 2022 to December 31, 2022
Employer contributions - ARHCT	\$ 42,028	\$ 20,349
Employer contributions - RMP	49,177	52,671
Employer contributions - ODD	19,840	20,818
Total Contributions	\$ 111,045	\$ 93,838

City of Kotzebue, Alaska

Notes to Basic Financial Statements

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

At December 31, 2022, the City reported an asset for its proportionate share of the net OPEB asset (NOA) 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 NOA - ARHCT	\$ 3,199,396
City's proportionate share of NOA - RMP	100,942
City's proportionate share of NOA - ODD	150,747
Total City's Proportionate Share of NOA	\$ 3,451,085
State's proportionate share of the ARHCT NOA associated with the City	915,402
Total Net OPEB Asset	\$ 4,366,487

The total OPEB asset for the June 30, 2022 measurement date was determined by an actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 and adjusted to reflect updated assumptions to calculate the net OPEB asset as of that date. The City's proportion of the net OPEB asset was 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, 2021 Measurement Date Employer Proportion	June 30, 2022 Measurement Date Employer Proportion	Change
City's proportionate share of the net OPEB asset:			
ARHCT	0.19420%	0.16261%	(0.03159)%
RMP	0.29274%	0.29065%	(0.00209)%
ODD	0.36577%	0.34388%	(0.02189)%

For the year ended December 31, 2022, the City recognized OPEB expense of \$(888,786). Of this amount, \$(310,956) was recorded for on-behalf revenue and expense for support provided by the ARHCT plan. OPEB expense and on-behalf revenue is listed by plan in the table below:

<i>Plan</i>	OPEB expense	On-behalf revenue
ARHCT	\$ (910,701)	\$ (310,956)
RMP	22,659	-
ODD	(744)	-
Total	\$ (888,786)	\$ (310,956)

City of Kotzebue, Alaska

Notes to Basic Financial Statements

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

<i>Deferred Outflows of Resources</i>	ARHCT	RMP	ODD	Total
Difference between expected and actual experience	\$ -	\$ 5,004	\$ -	\$ 5,004
Changes in assumptions	-	19,545	-	19,545
Difference between projected and actual investment earnings	181,513	14,398	5,105	201,016
Changes in proportion and differences between City contributions and proportionate share of contributions	75,645	2,323	11,682	89,650
City contributions subsequent to the measurement date	-	27,055	10,478	37,534
Total Deferred Outflows of Resources Related to OPEB Plans	\$ 257,158	\$ 68,325	\$ 27,265	\$ 352,748

<i>Deferred Inflows of Resources</i>	ARHCT	RMP	ODD	Total
Difference between expected and actual experience	\$ (22,645)	\$ (3,967)	\$ (49,454)	\$ (76,066)
Changes in assumptions	(146,825)	(121,033)	(960)	(268,818)
Changes in proportion and differences between City contributions and proportionate share of contributions	-	(1,785)	(8,004)	(9,789)
Total Deferred Inflows of Resources Related to OPEB Plans	\$ (169,470)	\$ (126,785)	\$ (58,418)	\$ (354,673)

Amounts reported as deferred outflows of resources related to OPEB plans resulting from City contributions subsequent to the measurement date will be recognized as a reduction in the net OPEB assets in the year ended December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<i>Year Ending December 31,</i>	ARHCT	RMP	ODD	Total
2023	\$ (124,309)	\$ (14,367)	\$ (9,087)	\$ (147,763)
2024	(63,657)	(15,072)	(9,342)	(88,071)
2025	(143,403)	(17,295)	(10,153)	(170,851)
2026	419,057	2,072	(3,319)	417,810
2027	-	(18,126)	(5,010)	(23,136)
Thereafter	-	(22,727)	(4,720)	(27,447)
Total Amortization	\$ 87,688	\$ (85,515)	\$ (41,631)	\$ (39,458)

City of Kotzebue, Alaska
Notes to Basic Financial Statements

Actuarial Assumptions

The total OPEB asset for each plan was determined by actuarial valuations as of June 30, 2021, using the following actuarial assumptions, applied to all periods included in the measurement, and rolled forward to the measurement date of June 30, 2022:

Actuarial cost method	Entry Age Normal
Amortization method	Unfunded Accrued Actuarial Liability, level percent of pay basis
Inflation	2.50% per year
Salary increases	For peace officers/firefighters, increases range from 8.50% to 3.85% based on service. For all others, increases range from 6.75% to 2.85% based on service.
Allocation methodology	Amounts for the June 30, 2022 measurement date were allocated to employers based on the ratio of the present value of projected future contributions for each employer to the total present value of projected future contributions to the Plan for fiscal years 2023 to 2039.
Investment rate of return	7.25%, net of postemployment healthcare plan investment expenses. This is based on an average inflation rate of 2.50% and a real rate of return of 4.75%.
Healthcare cost trend rates (ARHCT and RMP Plans)	Pre-65 medical: 7.0% grading down to 4.5% Post-65 medical: 5.5% grading down to 4.5% Prescription drug: 7.5% grading down to 4.5% Rx/EGWP: 7.5% grading down to 4.5% Initial trend rates are from FY 2023 Ultimate trend rates reached in FY 2050
Mortality Peace officer/firefighter (ARHCT and RMP Plans)	Pre-commencement mortality rates were based on the Pub-2010 Safety Employee table, headcount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for healthy retirees were based on the Pub-2010 Safety Retiree table, headcount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for disabled retirees were based on the Pub-2010 Safety Disabled Retiree table, headcount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for beneficiaries were based on the Pub-2010 Contingent Survivor table, headcount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member.
(ODD Plan)	Pre-commencement mortality rates were based on the Pub-2010 Safety Employee table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for healthy retirees were based on the Pub-2010 Safety Retiree table, amount-weighted, and projected with MP-2021 generational

City of Kotzebue, Alaska

Notes to Basic Financial Statements

improvement. Post-commencement mortality rates for disabled retirees were based on the Pub-2010 Safety Disabled Retiree table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for beneficiaries were based on the Pub-2010 Contingent Survivor table, amount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member.

All others
(ARHCT and RMP Plans)

Pre-commencement mortality rates were based on the Pub-2010 General Employee table, headcount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for healthy retirees were based on 101% of male and 110% of female rates of the Pub-2010 General Retiree table, headcount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree table, headcount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for beneficiaries were based on 101% of male and 108% of female rates of the Pub-2010 Contingent Survivor table, headcount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member.

(ODD Plan)

Pre-commencement mortality rates were based on the Pub-2010 General Employee table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for healthy retirees were based on 98% of male and 106% of female rates of the Pub-2010 General Retiree table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for beneficiaries were based on 102% of male and 108% of female rates of the Pub-2010 Contingent Survivor table, amount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member.

(ARHCT and ODD Plans)

Deaths are assumed to result from occupational causes 35% of the time.

Participation (ARHCT)

100% of system paid members and their spouses are assumed to elect the healthcare benefits paid as soon as they are eligible.
20% of nonsystem paid members and their spouses are assumed to elect the healthcare benefits as soon as they are eligible.

Other

See the experience study report dated July 15, 2022.

City of Kotzebue, Alaska

Notes to Basic Financial Statements

The total OPEB asset for each plan was determined by actuarial valuations as of June 30, 2021, rolled forward to the measurement date of June 30, 2022 and adjusted to reflect updated assumptions. The updated demographic and economic assumptions were adopted by the Board in June 2022 based on the results of an actuarial experience study for the period from July 1, 2017 to June 30, 2021. The new assumptions were adopted to better reflect expected future experience and are effective June 30, 2022. The actuarial assumptions used in the June 30, 2021 actuarial valuation are the same as those used in the June 30, 2020 valuation with the following exceptions:

1. Per capita claims costs were updated to reflect recent experience.
2. The amount included in the Normal Cost for administrative expenses was updated to reflect the most recent two years of actual administrative expenses paid for postretirement healthcare plan assets.

Long-Term Expected Rate of Return

The long-term expected rate of return on OPEB plan investments for each plan was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of postretirement 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 rates of return, excluding the inflation component of 2.88% for each major asset class included in the OPEB plan's target asset allocation as of June 30, 2022 are summarized in the following table:

Asset Class	Target Allocation	Range	Long-Term Expected Real Rate of Return
Domestic equity	27%	+/- 6%	6.51 %
Global equity (non-U.S.)	18%	+/- 4%	5.70 %
Aggregate bonds	21%	+/- 10%	0.31 %
Opportunistic	6%	+/- 4%	- %
Real assets	14%	+/- 7%	3.71 %
Private equity	14%	+/- 6%	9.61 %
Cash equivalents	-%	-%	(0.50) %

Discount Rate

The discount rate used to measure the total OPEB asset for each plan as of June 30, 2022 was 7.25%. The discount rate used changed from the prior measurement date. 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 fiduciary net position of each plan 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 OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB asset for each plan.

City of Kotzebue, Alaska

Notes to Basic Financial Statements

Sensitivity of the Net OPEB Asset to Changes in the Discount Rate

The following presents the City's proportionate share of the net OPEB asset calculated using the discount rate of 7.25%, as well as what the City's proportionate share of the respective plan's net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	Proportional Share	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
City's proportionate share of the net OPEB asset:				
ARHCT	0.16261%	\$ 1,900,903	\$ 3,199,396	\$ 4,288,299
RMP	0.29065%	\$ (18,567)	\$ 100,942	\$ 192,077
ODD	0.34388%	\$ 142,003	\$ 150,747	\$ 157,588

Sensitivity of the Net OPEB Asset to Changes in the Healthcare Cost Trend Rates

The following presents the City's proportionate share of the net OPEB asset calculated using the healthcare cost trend rates as summarized in the 2021 actuarial valuation reports as well as what the City's proportionate share of the respective plan's net OPEB asset would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

	Proportional Share	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
City's proportionate share of the net OPEB asset:				
ARHCT	0.16261%	\$ 4,416,396	\$ 3,199,396	\$ 1,746,064
RMP	0.29065%	\$ 204,592	\$ 100,942	\$ (38,668)
ODD	0.34388%	\$ n/a	\$ n/a	\$ n/a

OPEB Plan Fiduciary Net Position

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

(d) Defined Contribution OPEB Plans

PERS DC Pension Plan participants (PERS Tier IV) also participate in the Health Reimbursement Arrangement Plan (HRA Plan). The HRA Plan allows for medical care expense to be reimbursed from individual savings accounts established for eligible persons. The HRA Plan became effective July 1, 2006 at which time contributions by employers began.

City of Kotzebue, Alaska

Notes to Basic Financial Statements

Contribution Rate

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, 2022, for actual remittance, this amount is calculated as a flat rate for each full-time or part-time employee per pay period and approximates \$2,237 per year for each full-time employee, and \$1.43 per hour for part-time employees.

Annual Postemployment Healthcare Cost

In 2022, the City contributed \$129,374 in DC OPEB costs. This amount has been recognized as expense/expenditures.

10. Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan, available to all full-time employees, 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. In accordance with the Internal Revenue Code, all assets and income of the Plan are held in trust for the exclusive benefit of participants and their beneficiaries.

11. Risk Management

The City faces a considerable number of risks of loss, including (a) damage to and loss of property and contents, (b) employee torts, (c) professional liability; i.e., errors and omissions, (d) environmental damage, (e) workers' compensation; i.e., employee injuries, and (f) medical insurance costs of employees. Commercial policies, transferring the risk of loss, except for relatively small deductible amounts, are purchased for employee medical costs. The City participates in the Alaska Municipal League Joint Insurance Association (AML/JIA) which provides insurance coverage for property and contents damage, torts, general and automobile liability, and workers' compensation. The City has no coverage for potential losses from environmental pollution damages. The AML/JIA is a public City risk pool organized to share risks among its members. The Association's 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 annual deposit contribution in comparison to the aggregate annual deposit contributions of all members. The Association made no supplemental assessments during the year ended December 31, 2022. Coverage limits and the deductibles on the policies have stayed relatively constant for the last several years.

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City of Kotzebue, Alaska
Notes to Basic Financial Statements

12. Contingencies

Grants

Amounts received or receivable from granting agencies are subject to audit and adjustment by the granting agency. Any disallowed grant expenditures, including amounts already collected, would become a liability of the City.

Other

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

13. New Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) has issued several new accounting standards with upcoming implementation dates (effective dates are adjusted for the issuance of GASB Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance). The following new accounting standards were considered and/or implemented by the Authority for 2022 reporting:

GASB Statement No. 87 - Leases - Effective for year-end December 31, 2022, 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. The City analyzed all active leases to determine which leases applied to GASB 87, then accounted for those leases accordingly.

GASB Statement No. 89 - Accounting for Interest Cost Incurred before the End of a Construction Period - Effective for year-end December 31, 2022. This Statement 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. The City evaluated the impacts of GASB 89 and determined there to be no impact to the City's financial statements for the current fiscal year.

GASB Statement No. 92 - Omnibus 2020 - Provisions of this Statement related to the effective date of Statement No. 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance. The effective date for all other provisions of the Statement are to be implemented for year-end December 31, 2022. This Statement addresses a variety of topics such as leases, the applicability of Statement No. 73 and Statement No. 74 for reporting assets accumulated for postemployment benefits, the applicability of Statement No. 84 to postemployment benefit arrangements, the measurements of liabilities and assets related to asset retirement obligations in a government acquisition, reporting of public entity risk pools, referencing to nonrecurring fair value measurements, and terminology used to refer to derivative instruments. The City evaluated the impacts of GASB 92 and determined there to be no impact to the City's financial statements for the current fiscal year.

City of Kotzebue, Alaska

Notes to Basic Financial Statements

GASB Statement No. 93 - Replacement of Interbank Offered Rates - The provisions of this Statement, except for paragraph 11b, 13 and 14, are required to be implemented for year-end December 31, 2021. The requirements in paragraph 11b, 13 and 14 are required to be implemented for year-end December 31, 2022. This Statement addresses accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR). The City evaluated the impacts of GASB 93 and determined there to be no impact to the City's financial statements for the current fiscal year.

GASB Statement No. 97 - Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - Effective for year-end December 31, 2022, except the portion of the pronouncement related to component unit criteria, which is effective for year-end December 31, 2020. This statement modifies certain guidance contained in Statement No. 84 and enhances the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The City evaluated the impacts of GASB 97 and determined there to be no impact to the City's financial statements for the current fiscal year.

The Governmental Accounting Standards Board has issued several new accounting standards with upcoming implementation dates (effective dates adjusted for the issuance of GASB 95). Management has not fully evaluated the potential effects of these statements, and actual impacts have not yet been determined. The statements are as follows:

GASB Statement No. 91 - Conduit Debt Obligations - Effective for year-end December 31, 2023. 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.

GASB Statement No. 94 - Public-Private and Public-Public Partnerships and Availability Payment Arrangements - Effective for year-end December 31, 2023. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs) and also provides guidance for accounting and financial reporting for availability payment arrangements (APA).

GASB Statement No. 96 - Subscription-Based Information Technology Arrangements - Effective for year-end December 31, 2023. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. This statement, among other things, defines a SBITA, establishes that a SBITA results in a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability, provides capitalization criteria for outlays other than subscription payments, and requires note disclosures regarding a SBITA.

GASB Statement No. 99 - Omnibus 2022 - Provisions of this Statement related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, classification of certain provisions in Statement No. 34, as amended, and terminology updates related to Statement No. 53 and Statement No. 63 are effective upon issuance. The effective date for the provisions of this Statement related to leases, PPPs, and SBITAs are to be implemented for year-end December 31, 2023. The effective date for the provisions of this Statement related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement No. 53, are to be implemented for year-end December 31, 2024.

City of Kotzebue, Alaska
Notes to Basic Financial Statements

GASB Statement No. 100 - Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62 - Effective for year-end December 31, 2024. Earlier application is encouraged. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

GASB Statement No. 101 - Compensated Absences - Effective for year-end December 31, 2025. Earlier application is encouraged. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

Required Supplementary Information

Exhibit D-1

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

<i>Year Ended December 31, 2022</i>	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Taxes	\$ 4,513,500	\$ 4,513,500	\$ 5,113,431	\$ 599,931
Intergovernmental - Federal Government	-	-	12,724,733	12,724,733
Intergovernmental - State of Alaska	1,513,193	1,513,193	1,566,557	53,364
Charges for services	1,515,000	1,515,000	1,326,191	(188,809)
Investment income (loss)	15,000	15,000	(11,477)	(26,477)
Other	79,955	79,955	126,258	46,303
Total Revenues	7,636,648	7,636,648	20,845,693	13,209,045
Expenditures				
General government	1,977,192	1,977,192	1,942,437	34,755
Public safety	4,616,004	4,616,004	4,358,748	257,256
Public works	2,399,234	2,399,234	14,780,125	(12,380,891)
Community services	110,000	110,000	84,489	25,511
Small boat harbor	78,901	78,901	71,087	7,814
Parks and recreation	358,200	358,200	267,495	90,705
Nondepartmental	15,000	15,000	16,716	(1,716)
Total Expenditures	9,554,531	9,554,531	21,521,097	(11,966,566)
Excess of revenues over (under) expenditures	(1,917,883)	(1,917,883)	(675,404)	1,242,479
Other Financing Sources (Uses)				
Transfers in	1,881,161	1,881,161	-	(1,881,161)
Transfers out	-	-	(73,646)	(73,646)
Net Other Financing Sources (Uses)	1,881,161	1,881,161	(73,646)	(1,954,807)
Net change in fund balance	<u>\$ (36,722)</u>	<u>\$ (36,722)</u>	<u>(749,050)</u>	<u>\$ (712,328)</u>
Fund Balance, beginning			<u>885,087</u>	
Fund Balance, ending			<u>\$ 136,037</u>	

See accompanying notes to Required Supplementary Information.

City of Kotzebue, Alaska

Public Employees' Retirement System - Pension Plan
Schedule of the City's Proportionate Share of the Net Pension Liability

Years Ended December 31,	2022	2021	2020	2019	2018	2017	2016	2015
City's Proportion of the Net Pension Liability	0.16371%	0.19332%	0.14088%	0.12462%	0.16638%	0.13850%	0.17870%	0.13530%
City's Proportionate Share of the Net Pension Liability	\$ 8,344,051	\$ 7,091,889	\$ 8,313,413	\$ 6,821,839	\$ 8,267,291	\$ 7,157,428	\$ 9,988,174	\$ 6,561,009
State of Alaska Proportionate Share of the Net Pension Liability	2,308,291	961,765	3,438,730	2,709,407	2,395,921	2,667,186	1,260,828	1,758,881
Total Net Pension Liability	\$ 10,652,342	\$ 8,053,654	\$ 11,752,143	\$ 9,531,246	\$ 10,663,212	\$ 9,824,614	\$ 11,249,002	\$ 8,319,890
City's Covered Payroll	4,900,731	5,168,392	4,985,016	4,401,509	4,288,089	4,508,694	4,497,656	4,342,363
City's Proportionate Share of the Net Pension Liability as a Percentage of Payroll	170.26%	137.22%	166.77%	154.99%	192.80%	158.75%	222.08%	151.09%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	67.97%	76.46%	61.61%	63.42%	65.19%	63.37%	59.55%	63.96%

Schedule of City Contributions

Years Ended December 31,	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contributions	\$ 753,024	\$ 630,003	\$ 608,968	\$ 478,079	\$ 498,261	\$ 470,028	\$ 420,047	\$ 389,048
Contributions Relative to the Contractually Required Contribution	753,024	630,003	608,968	478,079	498,261	470,028	420,047	389,048
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City Covered Payroll	4,919,781	4,881,682	5,455,102	4,514,929	4,288,089	4,508,694	4,497,656	4,342,363
Contributions as a Percentage of Covered Payroll	15.31%	12.91%	11.16%	10.59%	11.62%	10.42%	9.34%	8.96%

See accompanying notes to Required Supplementary Information.

Exhibit E-2

City of Kotzebue, Alaska
Public Employees' Retirement System - OPEB Plans
Schedule of the City's Proportionate Share of the Net OPEB Liability (Asset)

Years Ended December 31,	ARHCT					RMP					ODD				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
City's Proportion of the Net OPEB Liability (Asset)	0.16261%	0.19420%	0.14090%	0.12455%	0.16638%	0.29065%	0.29274%	0.30357%	0.28296%	0.28219%	0.34888%	0.36577%	0.39778%	0.39521%	0.28219%
Net OPEB Liability (Asset)	\$ (3,199,396)	\$ (4,981,814)	\$ (638,143)	\$ 184,805	\$ 1,707,569	\$ (100,942)	\$ (78,577)	\$ 21,532	\$ 67,696	\$ 35,909	\$ (150,747)	\$ (161,207)	\$ (108,436)	\$ (95,820)	\$ (54,807)
State of Alaska Proportionate Share of the Net OPEB Liability	(915,402)	(654,504)	(264,552)	73,522	495,223	-	-	-	-	-	-	-	-	-	-
Total Net OPEB Liability (Asset)	\$ (4,114,798)	\$ (5,636,318)	\$ (902,705)	\$ 258,327	\$ 2,202,792	\$ (100,942)	\$ (78,577)	\$ 21,532	\$ 67,696	\$ 35,909	\$ (150,748)	\$ (161,207)	\$ (108,436)	\$ (95,820)	\$ (54,807)
City's Covered Payroll	668,977	3,063,088	4,985,016	5,575,055	4,508,694	4,231,754	3,063,088	4,985,016	5,575,055	1,795,350	4,231,754	3,063,088	4,985,016	5,575,055	1,795,350
City's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Payroll	-478.25%	-162.64%	-12.80%	3.31%	37.87%	-2.39%	-2.57%	0.43%	1.21%	2.00%	-3.56%	-5.26%	-2.18%	-1.72%	-3.05%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	128.51%	135.54%	106.15%	98.13%	88.12%	120.08%	115.10%	95.23%	83.17%	88.71%	348.80%	374.22%	283.80%	297.43%	270.62%

Schedule of the City Contributions

Years Ended December 31,	ARHCT					RMP					ODD				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
Contractually Required Contributions	\$ 20,349	\$ 46,609	\$ 134,873	\$ 182,356	\$ 165,894	\$ 52,671	\$ 49,071	\$ 57,977	\$ 41,323	\$ 32,053	\$ 20,818	\$ 18,534	\$ 19,807	\$ 15,961	\$ 12,220
Contributions Relative to the Contractually Required Contribution	20,349	46,609	134,873	182,356	165,894	52,671	49,071	57,977	41,323	32,053	20,818	18,534	19,807	15,961	12,220
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's Covered Payroll	666,881	671,073	5,455,102	4,514,929	4,288,089	4,252,900	4,210,609	5,455,102	4,514,929	2,203,386	4,252,900	4,210,609	5,455,102	4,514,929	2,203,386
Contributions as a Percentage of Covered Payroll	3.05%	6.95%	2.47%	4.04%	3.87%	1.24%	1.17%	1.06%	0.92%	1.45%	0.49%	0.44%	0.36%	0.35%	0.55%

See accompanying notes to Required Supplementary Information.

City of Kotzebue, Alaska
Notes to Required Supplementary Information
December 31, 2022

1. Public Employees' Retirement System Pension Plan

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

This table is presented based on the Plan measurement date. For December 31, 2022, the Plan measurement date is June 30, 2022.

Changes in Assumptions:

The total pension liability was determined by an actuarial valuation as of June 30, 2021, rolled forward to the measurement date of June 30, 2022 and adjusted to reflect updated assumptions. The updated demographic and economic assumptions were adopted by the Board in June 2022 based on the results of an actuarial experience study for the period July 1, 2017 to June 30, 2021. The new assumptions were adopted to better reflect expected future experience and are effective June 30, 2022.

In 2022, the discount rate was lowered from 7.38% to 7.25%.

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

GASB requires ten years of information be presented. However, until a full ten years of information is available, the City will present only those years for which information is available.

Schedule of City Contributions

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

GASB requires ten years of information be presented. However, until a full ten years of information is available, the City will present only those years for which information is available.

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City of Kotzebue, Alaska

Notes to Required Supplementary Information, continued

2. Public Employees' Retirement System OPEB Plans

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

This table is presented based on the Plan measurement date. For December 31, 2022, the Plan measurement date is June 30, 2022.

Changes in Assumptions:

The total OPEB liability for each plan was determined by actuarial valuations as of June 30, 2021, rolled forward to the measurement date of June 30, 2022 and adjusted to reflect updated assumptions. The updated demographic and economic assumptions were adopted by the Board in June 2022 based on the results of an actuarial experience study for the period from July 1, 2017 to June 30, 2021. The new assumptions were adopted to better reflect expected future experience and are effective June 30, 2022. The actuarial assumptions used in the June 30, 2021 actuarial valuation are the same as those used in the June 30, 2020 valuation with the following exceptions:

1. Per capita claims costs were updated to reflect recent experience.
2. The amount included in the Normal Cost for administrative expenses was updated to reflect the most recent two years of actual administrative expenses paid for postretirement healthcare plan assets.

In 2022, the discount rate was lowered from 7.38% to 7.25%.

In 2019, an Employer Group Waiver Plan (EGWP) was implemented effective January 1, 2019. This arrangement replaced the Retiree Drug Subsidy (RDS) under Medicare Part D and resulted in largest projected subsidies to offset the cost of prescription drug coverage.

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

Schedule of City Contributions

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

GASB requires ten years of information be presented. However, until a full ten years of information is available, the City will present only those years for which information is available.

Supplementary Information

Exhibit F-1

City of Kotzebue, Alaska
Nonmajor Governmental Funds
Combining Balance Sheet

<i>Year Ended December 31, 2022</i>	Special Revenue Funds		Capital Project Funds			Village Improve- ment	Total Nonmajor Governmental Funds
	Emergency Services E911	Forfeiture	AEA Lights	Legislative Grants	Repairs and Replacement		
Current Assets							
Cash and investments	\$ -	\$ 1,389	\$ -	\$ -	\$ 386,807	\$64,670	\$ 452,866
Receivables - grants	-	-	6,168	3,423	-	-	9,591
Prepaid Items	96,340	-	-	-	-	-	96,340
Total Assets	96,340	1,389	6,168	3,423	386,807	64,670	558,797
Liabilities and Fund Balances							
Liabilities							
Accounts payable	-	-	855	-	59,389	-	60,244
Due to other funds	96,340	-	5,909	-	-	-	102,249
Unearned revenue	-	-	-	3,423	-	-	3,423
Total Liabilities	96,340	-	6,764	3,423	59,389	-	165,916
Fund Balances							
Nonspendable - prepaid	96,340	-	-	-	-	-	96,340
Committed - Water & Sewer Capital Projects	-	-	-	-	327,418	-	327,418
Assigned	-	1,389	-	-	-	64,670	66,059
Unassigned	(96,340)	-	(596)	-	-	-	(96,936)
Total Fund Balances	-	1,389	(596)	-	327,418	64,670	392,881
Total Liabilities and Fund Balances	\$ 96,340	\$ 1,389	\$6,168	\$ 3,423	\$ 386,807	\$64,670	\$ 558,797

Exhibit F-2

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

<i>Year Ended December 31, 2022</i>	Special Revenue Funds			Capital Project Funds			Total Nonmajor Governmental Funds
	Emergency Services E911	Forfeiture	AEA Lights	Legislative Grants	Repairs and Replacement	Village Improve- ment	
Revenues							
Intergovernmental:							
Federal Government	\$ -	\$ -	\$ 24,491	\$ -	\$ -	\$ -	\$ 24,491
State of Alaska	-	-	855	100,766	-	-	101,621
Local	-	-	-	-	433,032	-	433,032
Total Revenues	-	-	25,346	100,766	-	433,032	559,144
Expenditures							
Public safety	68,409	-	-	-	-	-	68,409
Capital outlay	-	-	31,179	100,766	1,530,582	368,362	2,030,889
Total Expenditures	68,409	-	31,179	100,766	1,530,582	368,362	2,099,298
Excess of revenues over (under) expenditures	(68,409)	-	(5,833)	-	(1,530,582)	64,670	(1,540,154)
Other Financing Sources							
Transfers in	68,409	-	5,237	-	-	-	73,646
Net change in fund balances	-	-	(596)	-	(1,530,582)	64,670	(1,466,508)
Fund Balances, beginning	-	1,389	-	-	1,858,000	-	1,859,389
Fund Balances, ending	\$ -	\$ 1,389	\$ (596)	\$ -	\$ 327,418	\$ 64,670	\$ 392,881

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General Fund

The General Fund accounts for the financial operations of City of Kotzebue which are not accounted for in any other fund. Principal sources of revenues are intergovernmental revenues, charges for services, and sales tax. Primary expenditures in the General Fund are for general government, public safety and public works.

Exhibit G-1

City of Kotzebue, Alaska
General Fund
Balance Sheet

<i>December 31,</i>	2022	2021
Current Assets		
Cash and investments	\$ -	\$ 251,265
Receivables:		
Accounts	263,311	207,120
Grants and shared revenues	97,929	445,317
Sales tax	513,588	390,323
Prepaid items	454,643	427,690
Total Assets	\$ 1,329,471	\$ 1,721,715
Liabilities, Deferred Inflows of Resources and Fund Balance		
Liabilities		
Accounts payable	\$ 151,146	\$ 132,545
Accrued payroll and payroll liabilities	127,514	293,510
Due to other funds	842,365	-
Total Liabilities	1,121,025	426,055
Deferred Inflows of Resources		
Delinquent sales taxes	-	10,643
ARPA revenues	1,054	393,887
Leases	65,313	-
E-911 surcharge revenues	6,042	6,043
Total Deferred Inflows of Resources	72,409	410,573
Fund Balance		
Nonspendable - prepaid items	454,643	427,690
Unassigned	(318,606)	457,397
Total Fund Balance	136,037	885,087
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 1,329,471	\$ 1,721,715

Exhibit G-2

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

<i>Years Ended December 31,</i>	2022			2021
	Final Budget	Actual	Variance	Actual
Revenues				
Taxes:				
Sales tax	\$ 3,856,000	\$ 4,457,924	\$ 601,924	\$ 3,817,351
Alcohol use tax	180,500	186,100	5,600	180,432
Tobacco use tax	360,000	326,500	(33,500)	356,257
Hotel and bed tax	100,000	114,383	14,383	102,786
Penalties and interest	17,000	28,524	11,524	8,018
Total taxes	4,513,500	5,113,431	599,931	4,464,844
Intergovernmental:				
Federal Government:				
Department of Transportation	-	12,331,799	12,331,799	15,446,014
ARPA funding	-	392,834	392,834	391,780
Other	-	100	100	51,430
Total Federal Government	-	12,724,733	12,724,733	15,889,224
State of Alaska:				
Jail contract	982,050	1,079,979	97,929	982,050
State revenue sharing	88,180	146,115	57,935	88,180
PERS relief	357,342	233,878	(123,464)	311,995
Fisheries business shared tax	-	-	-	8,924
Electric and telephone co-op tax	85,621	106,585	20,964	85,621
Total State of Alaska	1,513,193	1,566,557	53,364	1,476,770
Charges for services:				
Administration fees	550,000	550,000	-	530,000
Ambulance services	965,000	776,191	(188,809)	903,842
Total charges for services	1,515,000	1,326,191	(188,809)	1,433,842

Exhibit G-2, continued

City of Kotzebue, Alaska

General Fund

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

Years Ended December 31,	2022			2021
	Final Budget	Actual	Variance	Actual
Revenues, continued				
Investment income (loss)	\$ 15,000	\$ (11,477)	\$ (26,477)	\$ (593)
Other revenues:				
Other rentals and leases	19,000	23,355	4,355	16,145
Permits, licenses and fines	18,250	21,035	2,785	24,679
Community activities	3,000	3,950	950	5,000
Other	39,705	77,918	38,213	310,513
Total other revenues	79,955	126,258	46,303	356,337
Total Revenues	7,636,648	20,845,693	13,209,045	23,620,424
Expenditures				
General government:				
City council and clerk:				
Personnel	172,947	97,400	75,547	179,049
Books and publications	325	325	-	653
Supplies	3,600	3,553	47	3,426
Other services and charges	3,435	3,367	68	1,128
Telephone	3,000	2,794	206	1,871
Travel and per diem	35,015	39,142	(4,127)	4,450
Training	7,400	7,571	(171)	1,550
Dues and memberships	1,250	1,248	2	4,417
Insurance	1,900	2,086	(186)	1,485
Advertising	-	-	-	284
Total city council and clerk	228,872	157,486	71,386	198,313
Administration:				
Personnel	970,420	958,972	11,448	677,026
Electricity	6,700	7,275	(575)	8,524
Heating fuel	8,550	9,456	(906)	9,082
Books and publications	200	326	(126)	326
Supplies	24,500	25,924	(1,424)	30,326
Other services and charges	20,700	20,620	80	29,015
Telephone	26,200	26,148	52	30,432

Exhibit G-2, continued

City of Kotzebue, Alaska

General Fund

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

Years Ended December 31,	2022			2021
	Final Budget	Actual	Variance	Actual
Expenditures, continued				
General government, continued:				
Administration, continued:				
Travel and per diem	\$ 21,400	\$ 23,061	\$ (1,661)	\$ 5,931
Training	2,900	2,886	14	399
Ambulance 3rd-party billing fees	4,500	4,176	324	23,761
Dues and memberships	100	100	-	724
Postage	2,600	2,401	199	3,336
Other consulting	122,000	124,685	(2,685)	116,344
Auditing and consulting	201,000	229,507	(28,507)	287,399
Legal	172,000	180,757	(8,757)	123,502
Insurance	8,900	9,773	(873)	13,639
Lobbying	51,850	51,819	31	99,385
Repairs and maintenance	75,500	77,615	(2,115)	41,438
Equipment and capital outlay	28,300	29,450	(1,150)	6,978
Total administration	1,748,320	1,784,951	(36,631)	1,507,567
Total general government	1,977,192	1,942,437	34,755	1,705,880
Public safety:				
Police:				
Personnel	1,523,674	1,298,230	225,444	1,197,374
Electricity	8,500	9,152	(652)	6,900
Heating fuel	7,000	6,286	714	4,936
Clothing	5,039	5,073	(34)	5,299
Supplies	28,909	28,164	745	10,452
Other services and charges	1,100	730	370	657
Telephone	9,798	10,567	(769)	6,431
Travel and per diem	9,451	7,098	2,353	6,819
Employee rent	5,000	(1,197)	6,197	1,521
Training	34,281	34,139	142	12,879
Dues and memberships	750	490	260	670
Consulting	22,314	17,114	5,200	21,893
Insurance	125,000	166,037	(41,037)	137,014
Advertising	1,000	-	1,000	138
Vehicle fuel	25,072	26,720	(1,648)	32,631
Repairs and maintenance	12,930	11,817	1,113	8,741
Equipment and capital outlay	2,000	2,231	(231)	78,254
Animal control	4,698	4,647	51	-
Total police	1,826,516	1,627,298	199,218	1,532,609

Exhibit G-2, continued

City of Kotzebue, Alaska

General Fund

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

Years Ended December 31,	2022			2021
	Final Budget	Actual	Variance	Actual
Expenditures, continued				
Public safety, continued:				
Jail:				
Personnel	\$ 995,803	\$ 915,773	\$ 80,030	\$ 841,560
Electricity	10,231	12,564	(2,333)	11,281
Heating fuel	51,722	39,878	11,844	39,225
Supplies	50,477	48,058	2,419	23,451
Clothing	2,300	605	1,695	3,314
Telephone	9,296	10,065	(769)	5,537
Travel and per diem	9,381	-	9,381	3,081
Training	3,645	3,645	-	630
Employee rent	15,000	7,840	7,160	10,314
Television	1,925	1,325	600	1,097
Dues and memberships	150	-	150	-
Consulting	20,450	19,513	937	16,581
Insurance	90,000	109,537	(19,537)	109,667
Repairs and maintenance	31,212	11,654	19,558	9,737
Equipment and capital outlay	4,005	4,005	-	37,202
Total jail	1,295,597	1,184,462	111,135	1,112,677
Fire and emergency medical services:				
Personnel	1,317,036	1,234,118	82,918	1,270,458
Electricity	14,000	12,375	1,625	15,505
Heating fuel	55,000	58,217	(3,217)	62,108
Supplies	4,850	5,629	(779)	5,790
Other services and charges	5,500	15,288	(9,788)	2,122
Clothing	19,700	4,306	15,394	2,379
Telephone	3,280	2,471	809	2,220
Travel and per diem	(2,200)	12,617	(14,817)	8,036
Training	18,975	15,899	3,076	11,181
Insurance	8,500	11,821	(3,321)	9,073
Vehicle fuel	9,000	11,957	(2,957)	15,197
Repairs and maintenance	36,000	19,842	16,158	28,653
Equipment and capital outlay	4,250	142,448	(138,198)	1,238
Total fire and emergency medical services	1,493,891	1,546,988	(53,097)	1,433,960
Total public safety	4,616,004	4,358,748	257,256	4,079,246

Exhibit G-2, continued

City of Kotzebue, Alaska

General Fund

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

Years Ended December 31,	2022			2021
	Final Budget	Actual	Variance	Actual
Expenditures, continued				
Public works:				
Public works department:				
Personnel	\$ 1,355,925	\$ 1,351,913	\$ 4,012	\$ 1,320,810
Street lighting	73,275	78,919	(5,644)	72,321
Electricity	13,000	10,861	2,139	11,363
Heating fuel	112,000	110,833	1,167	107,751
Supplies	3,918	3,526	392	12,827
Clothing	4,500	3,442	1,058	1,462
Telephone	5,063	5,062	1	7,716
Travel and per diem	3,662	3,661	1	-
Training	8,225	-	8,225	(285)
Dues and memberships	1,400	721	679	809
Professional services	30,000	25,402	4,598	2,915
Insurance	15,430	20,770	(5,340)	17,780
Vehicle fuel	112,000	113,288	(1,288)	66,495
Repairs and maintenance	192,978	145,687	47,291	156,301
Gravel	50,000	49,800	200	29,580
Equipment and capital outlay	16,799	12,377,360	(12,360,561)	16,915,552
Total public works department	1,998,175	14,301,245	(12,303,070)	18,723,397
Planning:				
Personnel	196,699	91,879	104,820	137,753
Supplies	1,500	770	730	1,216
Other services and charges	250	-	250	25
Telephone	1,000	290	710	902
Travel and per diem	2,000	-	2,000	-
Training	2,500	-	2,500	-
Professional services	190,000	380,955	(190,955)	161,245
Insurance	2,525	2,781	(256)	1,980
Repairs and maintenance	2,585	1,697	888	3,866
Equipment and capital outlay	2,000	508	1,492	654
Total planning	401,059	478,880	(77,821)	307,641
Total public works	2,399,234	14,780,125	(12,380,891)	19,031,038

City of Kotzebue, Alaska

Exhibit G-2, continued

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

Years Ended December 31,	2022			2021
	Final Budget	Actual	Variance	Actual
Expenditures, continued				
Community services:				
Community support	\$ 10,000	\$ (12,536)	\$ 22,536	\$ 3,003
Kotzebue Broadcasting Inc.	10,000	10,000	-	10,000
Northwest Arctic Borough - Ice roads	65,055	65,055	-	49,351
Scholarship Fund	16,000	16,000	-	12,500
4th of July celebration	8,945	5,970	2,975	1,743
Total community services	110,000	84,489	25,511	76,597
Small boat harbor:				
Personnel	52,710	36,046	16,664	39,038
R&R docks annually	1,500	1,298	202	1,052
Insurance	12,607	19,725	(7,118)	13,178
Electricity	11,189	13,123	(1,934)	11,684
Office supplies and equipment	895	895	-	-
Total small boat harbor	78,901	71,087	7,814	64,952
Parks and recreation:				
Personnel	181,790	210,954	(29,164)	186,507
Supplies	14,358	9,273	5,085	7,184
Other services and charges	11,032	4,291	6,741	29,127
Telephone	2,000	3,860	(1,860)	7,217
Travel and per diem	1,000	-	1,000	-
Insurance	13,000	13,142	(142)	14,806
Electricity	25,000	15,969	9,031	14,635
Heating fuel	62,000	11,787	50,213	34,396
Repairs and maintenance	18,020	(11,382)	29,402	38,207
Equipment and capital outlay	30,000	9,601	20,399	-
Total parks and recreation	358,200	267,495	90,705	332,079

Exhibit G-2, continued

City of Kotzebue, Alaska

General Fund

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

Years Ended December 31,	2022			2021
	Final Budget	Actual	Variance	Actual
Nondepartmental:				
Employee morale and health	\$ 15,000	\$ 16,716	\$ (1,716)	\$ 10,462
Total nondepartmental	15,000	16,716	(1,716)	10,462
Total Expenditures	9,554,531	21,521,097	(11,966,566)	25,300,254
Excess of revenues over (under) expenditures	(1,917,883)	(675,404)	1,242,479	(1,679,830)
Other Financing Sources (Uses)				
Transfers in	1,881,161	-	(1,881,161)	1,689,292
Transfers out	-	(73,646)	(73,646)	(9,462)
Net Other Financing Sources (Uses)	1,881,161	(73,646)	(1,954,807)	1,679,830
Net change in fund balance	<u>\$ (36,722)</u>	<u>(749,050)</u>	<u>\$ (712,328)</u>	-
Fund Balance, beginning		<u>885,087</u>		<u>885,087</u>
Fund Balance, ending		<u>\$ 136,037</u>		<u>\$ 885,087</u>

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Special Revenue Funds

These funds account for revenues from specific sources that are designated to finance particular functions and activities.

Emergency Services E911 - This fund is used to account for the federal grant revenues restricted to the acquisition, installation, and implementation of the new E-911 dispatch system of the City.

Forfeiture - This fund accounts for amounts received through court order relating to the seizure of assets, which were either utilized in, or represented profits from, illicit or illegal activities. The amounts are then utilized for activities that are related to the investigation of crimes involving controlled substances.

AEA Lights - This fund is used to account for federal grant revenues restricted to the purchase and retrofitting LED lights in the City.

Exhibit H-1

City of Kotzebue, Alaska
Emergency Services E911 Special Revenue Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual

Year Ended December 31, 2022

	Final Budget	Actual	Variance
Expenditures - public safety	\$ -	\$ 68,409	\$ (68,409)
Excess of revenues over (under) expenditures	-	(68,409)	(68,409)
Other Financing Sources - transfers in	-	68,409	68,409
Net change in fund balance	<u>\$ -</u>	-	<u>\$ -</u>
Fund Balance, beginning		<u>-</u>	
Fund Balance, ending		<u>\$ -</u>	

Exhibit H-2

City of Kotzebue, Alaska
Forfeiture Special Revenue Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual

Year Ended December 31, 2022

	Final Budget	Actual	Variance
Revenues - local interest	\$ -	\$ -	\$ -
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund Balance, beginning		<u>1,389</u>	
Fund Balance, ending		<u>\$ 1,389</u>	

City of Kotzebue, Alaska

Exhibit H-3

AEA Lights Special Revenue Fund
 Schedule of Revenues, Expenditures and
 Changes in Fund Balance - Budget and Actual

Year Ended December 31, 2022

	Final Budget	Actual	Variance
Revenues - intergovernmental			
Federal Government	\$ -	\$ 24,491	\$ 24,491
State of Alaska		855	855
Total revenues	-	25,346	25,346
Expenditures - capital outlay	-	31,179	(31,179)
Excess of revenues over (under) expenditures	-	(5,833)	(5,833)
Other Financing Sources - transfers in	-	5,237	5,237
Net change in fund balance	<u>\$ -</u>	<u>(596)</u>	<u>\$ (596)</u>
Fund Balance, beginning		<u>-</u>	
Fund Balance, ending		<u>\$ (596)</u>	

Enterprise Funds

Enterprise Funds account for operations that are financed and operated in a manner similar to private business operations.

Water and Sewer Utility - This fund accounts for the operations of the water and sewer system.

Refuse - This fund accounts for the operations of the refuse collection service, baler and balefill.

Package Store - This fund accounts for the operations of the City-owned package store and beverage delivery site.

Bar and Grill - This fund accounts for the operations of the City-owned restaurant.

City of Kotzebue, Alaska
Water and Sewer Utility Enterprise Fund
Statement of Net Position

Exhibit I-1

December 31,	2022	2021
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and investments	\$ 2,531,003	\$ 2,810,679
Receivables:		
Accounts	241,228	334,852
Grants	819,223	1,407,484
Allowance for uncollectible accounts	(91,070)	(146,755)
Net receivables	969,381	1,595,581
Inventory	200,266	227,984
Due from other funds	1,699,785	1,053,647
Total Current Assets	5,400,435	5,687,891
Net other postemployment benefits assets	295,819	568,582
Property, plant, and equipment:		
Construction work in progress	26,041,875	21,457,857
Improvements other than buildings	87,704,081	87,704,081
Machinery and equipment	2,992,176	2,522,171
Total property, plant, and equipment	116,738,132	111,684,109
Accumulated depreciation	(69,175,014)	(67,718,346)
Net property, plant, and equipment	47,563,118	43,965,763
Total Assets	53,259,372	50,222,236
Deferred Outflows of Resources		
Pension related	54,719	55,367
OPEB related	30,237	17,767
Total Assets and Deferred Outflows of Resources	\$ 53,344,328	\$ 50,295,370
Liabilities, Deferred Inflows of Resources and Net Position		
Current Liabilities		
Accounts payable	\$ 810,996	\$ 1,462,443
Accrued payroll and payroll liabilities	12,023	10,271
Accrued leave	21,173	24,078
Total Current Liabilities	844,192	1,496,792
Noncurrent Liabilities		
Net pension liability	715,231	575,824
Total Liabilities	1,559,423	2,072,616
Deferred Inflows of Resources		
Pension related	-	319,569
OPEB related	30,402	317,697
Net Position		
Net investment in capital assets	47,046,181	43,965,763
Unrestricted	4,708,322	3,619,725
Total Net Position	51,754,503	47,585,488
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 53,344,328	\$ 50,295,370

Exhibit I-2

City of Kotzebue, Alaska
Water and Sewer Utility Enterprise Fund
Statement of Revenues, Expenses and Changes in Net Position

Years Ended December 31,	2022	2021
Operating Revenues		
Water use charges and connect fees	\$ 1,672,482	\$ 1,709,209
Sewer use charges and connect fees	796,902	787,131
Penalties and interest	12,120	28,407
Hydroflush services	14,250	10,835
Miscellaneous	2,394	1,436
Total Operating Revenues	2,498,148	2,537,018
Operating Expenses		
Administration:		
Postage	3,297	2,694
Credit card charges	16,810	13,653
Allocated administrative fees	286,000	275,000
Total administration	306,107	291,347
Water:		
Personnel	206,460	297,868
Electricity	152,217	150,075
Heating fuel	156,905	189,747
Gas and oil	2,546	3,251
Building maintenance	5,622	2,482
Supplies	225,298	164,644
Other services and charges	3,918	-
Travel and per diem	1,557	1,645
Clothing	1,315	2,316
Telephone	10,441	5,655
Training	3,843	2,281
Professional services	5,623	30,823
Insurance	7,232	5,148
Repairs and maintenance	2,584	94,497
Total water	785,561	950,432

Exhibit I-2, continued

City of Kotzebue, Alaska
Water and Sewer Utility Enterprise Fund
Statement of Revenues, Expenses and Changes in Net Position, continued

<i>Years Ended December 31,</i>	2022	2021
Operating Expenses, continued		
Sewer:		
Personnel	\$ 560,294	\$ 499,608
Electricity	88,167	81,357
Supplies	131,132	100,567
Training	16,054	-
Telephone	67	-
Professional services	12,265	37,301
Insurance	5,005	3,974
Repairs and maintenance	34,490	44,172
Other	271	485
Total sewer	847,745	767,464
Depreciation	1,456,668	1,531,155
Total Operating Expenses	3,396,081	3,540,398
Loss from operations	(897,933)	(1,003,380)
Nonoperating Revenues		
State PERS relief	12,925	151
Loss Before Transfers and Capital Contributions	(885,008)	(1,003,229)
Other Financing Sources (Uses)		
Transfers in	-	(3,023,499)
Capital contributions - governmental funds	81,237	-
Capital contributions - grants	4,972,786	10,623,967
Net Other Financing Sources	5,054,023	7,600,468
Change in net position	4,169,015	6,597,239
Net Position, beginning	47,585,488	40,988,249
Net Position, ending	\$ 51,754,503	\$ 47,585,488

Exhibit I-3

City of Kotzebue, Alaska
Water and Sewer Utility Enterprise Fund
Statement of Cash Flows

<i>Years Ended December 31,</i>	2022	2021
Cash Flows from (for) Operating Activities		
Receipts from customers and users	\$ 2,536,087	\$ 2,469,684
Payments to suppliers	(2,027,325)	(2,117,507)
Payments to employees	(961,498)	(813,289)
Payments for interfund services used	(286,000)	(275,000)
Net cash flows for operating activities	(738,736)	(736,112)
Cash Flows from (for) Capital and Related Financing Activities		
Capital grants received	5,642,284	10,431,691
Acquisition and construction of capital assets	(4,537,086)	(9,581,344)
Net cash flows from capital and related financing activities	1,105,198	850,347
Cash Flows from (for) Noncapital Financing Activities		
Increase in due from other funds	(646,138)	353,384
Decrease in advance to other funds	-	453,049
Transfers out	-	(3,023,499)
Net cash flows for noncapital financing activities	(646,138)	(2,217,066)
Net decrease in cash and investments	(279,676)	(2,102,831)
Cash and Investments, beginning	2,810,679	4,913,510
Cash and Investments, ending	\$ 2,531,003	\$ 2,810,679
Reconciliation of loss from operations to net cash flows for operating activities:		
Loss from operations	\$ (897,933)	\$ (1,003,380)
Adjustments to reconcile loss from (for) operations to net cash flows for operating activities:		
Noncash expense - PERS relief	12,925	151
Depreciation	1,456,668	1,531,155
Decrease in allowance for doubtful accounts	(55,685)	(35,369)
(Increase) decrease in assets and deferred outflows of resources:		
Accounts receivable	93,624	(31,965)
Inventory	27,718	10,512
Net other postemployment benefits assets	272,763	(491,170)
Deferred outflows of resources - pension related	648	12,593
Deferred outflows of resources - OPEB related	(12,470)	33,650
Increase (decrease) in liabilities and deferred inflows of resources:		
Accounts payable	(1,168,384)	(1,191,252)
Accrued payroll and payroll liabilities	1,752	3,151
Accrued leave	(2,905)	10,772
Net pension liability	139,407	(134,072)
Net other postemployment benefits liability	-	(7,664)
Deferred inflows of resources - pension related	(319,569)	310,405
Deferred inflows of resources - OPEB related	(287,295)	246,371
Net Cash Flows for Operating Activities	\$ (738,736)	\$ (736,112)
Noncash Capital and Related Financing Activities		
Capital assets contributed from governmental activities	\$ 81,237	\$ -
Capital assets purchased on account	\$ 516,937	\$ 1,407,484

Exhibit I-4

City of Kotzebue, Alaska
Refuse Enterprise Fund
Statement of Net Position

December 31,	2022	2021
Assets and Deferred Outflows of Resources		
Current Assets		
Accounts receivable	\$ 180,211	\$ 204,027
Allowance for uncollectible accounts	(107,976)	(122,368)
Net receivables	72,235	81,659
Total Current Assets	72,235	81,659
Net other postemployment benefits assets	257,819	353,915
Property, plant, and equipment:		
Land	230,983	230,983
Buildings	2,381,895	2,381,895
Improvements other than buildings	2,100,133	2,100,133
Machinery and equipment	3,049,742	1,916,198
Total property, plant, and equipment	7,762,753	6,629,209
Accumulated depreciation	(5,665,317)	(5,546,277)
Net property, plant and equipment	2,097,436	1,082,932
Total Assets	2,427,490	1,518,506
Deferred Outflows of Resources		
Pension related	47,690	50,168
OPEB related	26,353	3,988
Total Assets and Deferred Outflows of Resources	\$ 2,501,533	\$ 1,572,662
Liabilities, Deferred Inflows of Resources and Net Position		
Current Liabilities		
Accounts payable	\$ 3,038	\$ 11,059
Accrued payroll and payroll liabilities	5,198	6,293
Accrued leave	11,782	13,952
Due to other funds	406,845	519,213
Total Current Liabilities	426,863	550,517
Noncurrent Liabilities		
Net pension liability	623,357	458,137
Landfill closure costs	334,877	182,936
Total Liabilities	1,385,097	1,191,590
Deferred Inflows of Resources		
Pension related	-	194,142
OPEB related	26,496	191,733
Net Position		
Net investment in capital assets	2,097,436	1,082,932
Unrestricted (deficit)	(1,007,496)	(1,087,735)
Total Net Position	1,089,940	(4,803)
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 2,501,533	\$ 1,572,662

Exhibit I-5

City of Kotzebue, Alaska

Refuse Enterprise Fund

Statement of Revenues, Expenses and Changes in Net Position

<i>Years Ended December 31,</i>	2022	2021
Operating Revenues		
Refuse and landfill	\$ 1,008,750	\$ 922,581
Miscellaneous	2,209	4,291
Total Operating Revenues	1,010,959	927,142
Operating Expenses		
Personnel	447,719	493,497
Electricity	22,826	15,595
Heating fuel	23,239	40,487
Gas and oil	36,360	33,801
Building maintenance	5,436	3,496
Supplies	91,341	92,395
Telephone	3,832	2,538
Professional fees	11,224	54,662
Insurance	6,610	4,950
Repairs and maintenance	22,154	28,909
Equipment and capital outlay	-	23,991
Allocated administrative fees	110,000	105,000
Clothing/safety equipment	1,892	2,012
Spring cleanup	2,166	3,497
Small tools	1,032	482
Operating permit	4,213	4,000
Depreciation	119,040	123,759
Total Operating Expenses	909,084	1,033,071
Income (loss) from operations	101,875	(105,929)
Nonoperating Revenues (Expenses)		
State PERS relief	11,265	95
Landfill closure liability accretion	(151,941)	(1,785)
Net Nonoperating Expenses	(140,676)	(1,690)
Other Financing Sources		
Capital contributions - repairs and replacement capital project fund	1,133,544	-
Change in net position	1,094,743	(107,619)
Net Position, beginning	(4,803)	102,816
Net Position, ending	\$ 1,089,940	\$ (4,803)

City of Kotzebue, Alaska
 Refuse Enterprise Fund
 Statement of Cash Flows

Exhibit I-6

Years Ended December 31,	2022	2021
Cash Flows from (for) Operating Activities		
Receipts from customers	\$ 1,020,383	\$ 976,836
Payments to suppliers	(240,346)	(316,177)
Payments to employees	(557,669)	(503,804)
Payments for interfund services used	(110,000)	(105,000)
Net cash flows from operating activities	112,368	51,855
Cash Flows from (for) Noncapital Financing Activities		
Increase due to other funds	(112,368)	501,120
Decrease in advances from other funds	-	(453,049)
Net cash flows from (for) noncapital financing activities	(112,368)	48,071
Cash Flows from (for) Capital and Related Financing Activities		
Capital grant received	1,133,544	-
Acquisition and construction of capital assets	(1,133,544)	(99,926)
Net cash flows for capital and related financing activities	-	(99,926)
Net increase in cash and investments	-	-
Cash and Investments, beginning	-	-
Cash and Investments, ending	\$ -	\$ -
Reconciliation of income (loss) from operations to net cash flows from operating activities:		
Income (loss) from operations	\$ 101,875	\$ (105,929)
Adjustments to reconcile income (loss) from operations to net cash flows from operating activities:		
Noncash expense - PERS relief	11,265	95
Increase in allowance for doubtful accounts	(14,392)	(74,567)
Depreciation	119,040	123,759
(Increase) decrease in assets and deferred outflows of resources:		
Accounts receivable	23,816	124,261
Net other postemployment benefits assets	96,096	(307,608)
Deferred outflows of resources - pension related	2,478	7,887
Deferred outflows of resources - OPEB related	(22,365)	21,074
Increase (decrease) in liabilities and deferred inflows of resources:		
Accounts payable	(8,021)	(5,362)
Accrued payroll and payroll liabilities	(1,095)	1,777
Accrued leave	(2,170)	2,937
Net pension liability	165,220	(83,966)
Net other postemployment benefits liability	-	(1,200)
Deferred inflows of resources - pension related	(194,142)	194,400
Deferred inflows of resources - OPEB related	(165,237)	154,297
Net Cash Flows from Operating Activities	\$ 112,368	\$ 51,855
Noncash Capital and Related Financing Activities		
Capital assets contributed from governmental activities	\$ 1,133,544	\$ -

Exhibit I-7

City of Kotzebue, Alaska
Package Store Enterprise Fund
Statement of Net Position

<i>December 31,</i>	2022	2021
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and investments	\$ 1,593,395	\$ 1,182,559
Inventory	879,682	585,216
Total Current Assets	2,473,077	1,767,775
Net other postemployment benefits assets	220,409	269,456
Deferred Outflows of Resources		
Pension related	40,771	18,418
OPEB related	22,529	3,387
Total Assets and Deferred Outflows of Resources	\$ 2,756,786	\$ 2,059,036
Liabilities, Deferred Inflows of Resources and Net Position		
Current Liabilities		
Accounts payable	\$ 6,607	\$ 39,795
Accrued payroll and payroll liabilities	5,294	5,538
Accrued leave	4,803	7,644
Total Current Liabilities	16,704	52,977
Noncurrent Liabilities		
Net pension liability	532,909	205,757
Total Liabilities	549,613	258,734
Deferred Inflows of Resources		
Pension related	-	159,257
OPEB related	22,652	148,280
Net Position - Unrestricted	2,184,521	1,492,765
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 2,756,786	\$ 2,059,036

Exhibit I-8

City of Kotzebue, Alaska
Package Store Enterprise Fund
Statement of Revenues, Expenses and Changes in Net Position

Years Ended December 31,	2022	2021
Operating Revenues		
Retail sales	\$ 3,149,647	\$ 3,051,182
Cost of goods sold	(1,271,205)	(1,246,525)
Freight charges	(477,592)	(352,368)
Net sales	1,400,850	1,452,289
Permitting fees	99,695	57,098
Total Operating Revenues	1,500,545	1,509,387
Operating Expenses		
Personnel	514,157	444,590
Electricity	5,930	5,568
Heating fuel	17,572	22,470
Gas and oil	2,546	3,251
Supplies	6,492	5,480
Telephone	1,509	1,292
Travel Per Diem	2,092	-
Training	175	1,167
Insurance	57,018	45,731
Professional fees	2,546	1,477
Allocated administrative fees	154,000	150,000
Repairs and maintenance	3,657	6,063
Permits	100	1,900
Credit card fees	43,908	38,301
Other	6,718	1,177
Total Operating Expenses	818,420	728,467
Income from operations	682,125	780,920
Nonoperating Revenues		
State PERS relief	9,631	75
Income before transfers	691,756	780,995
Transfers out	-	(523,793)
Change in net position	691,756	257,202
Net Position, beginning	1,492,765	1,235,563
Net Position, ending	\$ 2,184,521	\$ 1,492,765

Exhibit I-9

City of Kotzebue, Alaska
Package Store Enterprise Fund
Statement of Cash Flows

<i>Years Ended December 31,</i>	2022	2021
Cash Flows from (for) Operating Activities		
Receipts from customers	\$ 3,249,342	\$ 3,108,280
Payments to suppliers	(2,226,714)	(1,887,173)
Payments to employees	(457,792)	(457,146)
Payments for interfund services used	(154,000)	(150,000)
Net cash flows from operating activities	410,836	613,961
Cash Flows for Noncapital Financing Activities		
Transfers out	-	(523,793)
Net increase in cash and investments	410,836	90,168
Cash and Investments, beginning	1,182,559	1,092,391
Cash and Investments, ending	\$ 1,593,395	\$ 1,182,559
Reconciliation of income from operations to net cash flows from (for) operating activities:		
Income from operations	\$ 682,125	\$ 780,920
Adjustments to reconcile income from operations to net cash flows from operating activities:		
Noncash expense - PERS relief	9,631	75
(Increase) decrease in assets and deferred outflows of resources:		
Inventory	(294,466)	(105,876)
Net other postemployment benefits assets	49,047	(242,024)
Deferred outflows of resources - pension related	(22,353)	6,205
Deferred outflows of resources - OPEB related	(19,142)	16,581
Increase (decrease) in liabilities and deferred inflows of resources:		
Accounts payable	(33,188)	(48,527)
Accrued payroll and payroll liabilities	(244)	873
Accrued leave	(2,841)	1,200
Net pension liability	327,152	(66,064)
Net other postemployment benefits liability	-	(3,754)
Deferred inflows of resources - pension related	(159,257)	152,952
Deferred inflows of resources - OPEB related	(125,628)	121,400
Net Cash Flows from Operating Activities	\$ 410,836	\$ 613,961

Exhibit I-10

City of Kotzebue, Alaska
Bar and Grill Enterprise Fund
Statement of Net Position

<i>December 31,</i>	2022	2021
Assets		
Property, plant, and equipment - construction work in progress	\$ 25,335	\$ 25,335
Total Assets	\$ 25,335	\$ 25,335
Liabilities and Net Position		
Current Liabilities		
Due to other funds	\$ 348,326	\$ 348,326
Total Current Liabilities	348,326	348,326
Net Position		
Net investment in capital assets	25,335	25,335
Unrestricted (deficit)	(348,326)	(348,326)
Total Net Position	(322,991)	(322,991)
Total Liabilities and Net Position	\$ 25,335	\$ 25,335

Exhibit I-11

City of Kotzebue, Alaska
Bar and Grill Enterprise Fund
Statement of Revenues, Expenses and Changes in Net Position

<i>Years Ended December 31,</i>	2022	2021
Operating Expenses	\$ -	\$ -
Change in net position	-	-
Net Position (Deficit), beginning	(322,991)	(322,991)
Net Position (Deficit), ending	\$ (322,991)	\$ (322,991)

Exhibit J-1

City of Kotzebue, Alaska
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2022

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Sub-Recipients	Total Federal Expenditures
U.S. Department of Transportation				
Passed through State of Alaska Department of Transportation and Public Facilities Highway Planning and Construction Cluster				
Transportation Alternatives Project*	20.205	NFHWY00359	\$ -	\$ 144,481
Statewide Transportation Improvement Project*	20.205	NFHWY00418	-	<u>12,187,317</u>
Total U.S. Department of Transportation			<u>-</u>	<u>12,331,798</u>
U.S. Environmental Protection Agency				
Passed through Alaska Native Tribal Health Consortium Congressionally Mandated Projects				
Sanitation Facilities Improvements	66.202	AN 18-RO2	-	<u>1,400,288</u>
Denali Commission				
Passed through Alaska Energy Authority Denali Commission Program				
Alaska Village Energy Efficiency Program (VEEP)	90.100	7520014	-	<u>24,491</u>
U.S. Department of Health and Human Services				
Passed through Alaska Native Tribal Health Consortium Tribal Self-Governance Program:				
IHS Compacts/Funding Agreements				
Sanitation Facilities Improvements	93.210	AN 19-N5Q	-	<u>3,105,735</u>
Total Expenditures of Federal Awards			<u>\$ -</u>	<u>\$ 16,862,312</u>

The accompanying notes are an integral part of this schedule.

City of Kotzebue, Alaska

Notes to the Schedule of Expenditures of Federal Awards Year Ended December 31, 2022

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal grant activity of City of Kotzebue, Alaska (the City) under programs of the federal government for the year ended December 31, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position or cash flows of the City.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. Non-Cash Assistance

In FY22, the Alaska Department of Transportation and Public Facilities received federal grants that were expended by the Department to enhance City-owned assets. The value of this non-cash assistance was determined in accordance with the provisions of 2 CFR 200, Subpart F, Audit Requirements, Section 502 (g). The funds were expended for improvement of public roads and sidewalks in Kotzebue. The Assistance Listing number of such funds is 20.205 and the total expenditure of the funds is \$12,331,798.

4. Indirect Rate

The City has elected not to use the 10-percent de minimus indirect cost rate allowed under the Uniform Guidance.

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Single Audit Section



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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 Kotzebue, 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, each major fund, and the aggregate remaining fund information of City of Kotzebue, Alaska as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise City of Kotzebue's basic financial statements, and have issued our report thereon dated September 29, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Kotzebue's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Kotzebue's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Kotzebue'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 City'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 were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as an item 2022-001 that we consider to be a significant deficiency.

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Kotzebue's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City of Kotzebue's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on City of Kotzebue's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. *City of Kotzebue's* response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BDO USA, P.C.

Anchorage, Alaska
September 29, 2023



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**Independent Auditor’s Report on Compliance For Each Major Federal Program;
Report on Internal Control Over Compliance**

Honorable Mayor and City Council
City of Kotzebue, Alaska

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited City of Kotzebue’s (the City) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Kotzebue’s major federal programs for the year ended December 31, 2022. City of Kotzebue’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, City of Kotzebue complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of City of Kotzebue and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of City of Kotzebue’s compliance with the types of compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to City of Kotzebue’s federal programs.

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BDO is the brand name for the BDO network and for each of the BDO Member Firms.



Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on City of Kotzebue's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about City of Kotzebue's compliance with the requirements of each major federal program as a whole.

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

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

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2022-002 and 2022-003. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on City of Kotzebue's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. City of Kotzebue's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

City of Kotzebue is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. City of Kotzebue's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.



Report on Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2022-002 and 2022-003 to be significant deficiencies.

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

Government Auditing Standards requires the auditor to perform limited procedures on City of Kotzebue's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. City of Kotzebue's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

City of Kotzebue is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. City of Kotzebue's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

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, P.C.

Anchorage, Alaska
September 29, 2023

City of Kotzebue, Alaska
Schedule of Findings and Questioned Costs
Year Ended December 31, 2022

Section I - Summary of Auditor's Results

Financial Statements

Type of report the auditor 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

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

Internal control over major federal programs:
Material weakness(es) identified? ___ yes X no
Significant deficiency(ies) identified? X yes ___ (none reported)

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) X yes ___ no

Identification of major federal programs:

Assistance Listing Number	Name of Federal Program or Cluster	Agency
66.202	Congressionally Mandated Projects	U.S. Environmental Protection Agency
93.210	Tribal Self-Governance Program: IHS Compacts/Funding Agreements	U.S. Department of Health and Human Services

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

Auditee qualified as low-risk auditee? X yes ___ no

City of Kotzebue, Alaska

Schedule of Findings and Questioned Costs, continued
Year Ended December 31, 2022

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

<u>Finding 2022-001</u>	General Ledger Reconciliation and External Financial Reporting - Significant Deficiency in Internal Control
<i>Criteria</i>	Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP); this includes the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement. The general ledger and accounting records used to maintain financial information should be updated and reconciled in a timely manner in preparation of the financial statements.
<i>Condition</i>	We identified a number of accounts that were not fully reconciled or presented in accordance with U.S. GAAP. These accounts included expenses, accounts payable, jail contract revenue and the relevant receivable.
<i>Cause</i>	Certain account reconciliation's were not included in the standard year end account reconciliation.
<i>Effect or potential effect</i>	Items reported in the financial statements were not accurate and required significant adjustments to correct.
<i>Recommendation</i>	We recommend that processes and controls are implemented and enhanced to ascertain year-end reconciliations and supporting schedules are completed in a timely manner and are reviewed for completeness and accuracy.
<i>Views of responsible officials</i>	Management agrees with this finding. Management is updating its procedure to implement controls to ensure that account reconciliations are accurate and completed in a timely manner and are reviewed for completeness and accuracy.

Section III - Federal Award Findings and Questioned Costs

<u>Finding 2022-002</u>	Procurement and Suspension and Disbarment - Noncompliance and Significant Deficiency in Internal Controls Over Compliance
<i>Agency</i>	U.S. Environmental Protection Agency
<i>ALN</i>	66.202
<i>Program Name</i>	Sanitation Facilities Improvements Congressionally Mandated Projects
<i>Award Year</i>	FY 2018
<i>Pass-Through Agency</i>	Alaska Native Tribal Health Consortium

City of Kotzebue, Alaska

Schedule of Findings and Questioned Costs, continued
Year Ended December 31, 2022

Pass-Through Entity Identifying Number(s) AN18-RO2

Criteria In accordance with 2 CFR 200, the City's procurement policy must conform to the Uniform Guidance standards. This requires the City to establish a policy for small purchase procedures that covers transactions that exceed micro-purchase amount (\$10,000) but do not exceed the simplified acquisition threshold (\$250,000). If small purchase procedures are used, price or rate quotations must be obtained from an adequate number of qualified sources.

Condition The City executed several small purchase transactions without obtaining price or rate quotations from an adequate number of qualified sources.

Cause The City did not establish a policy for small purchase to satisfy the requirements of 2 CFR 200 of Uniform Guidance.

Effect or potential effect The City was not in compliance with the procurement requirement for the program.

Questioned costs \$156,025

Context In our testwork for procurement requirements, we noted that 2 of the 4 samples selected did not have the documentation that conformed with the Uniform Guidance procurement requirements.

Identification as a repeat finding No

Recommendation We recommend that the City establish a policy in regard to small purchase procedures and ensure the management is following its procurement policy and meeting the Uniform Guidance compliance requirements.

Views of responsible officials Management agrees with the finding. The City is implementing new policy covering the Uniform Guidance thresholds that are established for federal programs.

Finding 2022-003 Procurement and Suspension and Disbarment - Noncompliance and Significant Deficiency in Internal Controls Over Compliance

Agency U.S. Environmental Protection Agency

ALN 66.202

Program Name Sanitation Facilities Improvements
Congressionally Mandated Projects

Award Year FY 2018

City of Kotzebue, Alaska

Schedule of Findings and Questioned Costs, continued
 Year Ended December 31, 2022

Pass-Through Agency Alaska Native Tribal Health Consortium

Pass-Through Entity Identifying Number(s) AN18-RO2

<i>Criteria</i>	Internal control policies should be established to provide reasonable assurance that an entity with which the City plans to enter into a covered transaction is not debarred, suspended, or otherwise excluded for covered transactions under Uniform Guidance.
<i>Condition</i>	Documentation that vendors are not debarred, suspended or otherwise excluded were not retained in the City's procurement files and thus, auditors were not able to test that the relevant internal controls were operating effectively.
<i>Cause</i>	The procurement procedures for the City did not require retention of the verification for documentation purposes, and none was evident in the file.
<i>Effect or potential effect</i>	Lack of documentation might make it harder for the City's management to monitor compliance with the requirement.
<i>Questioned costs</i>	None noted
<i>Context</i>	Auditors were not able to verify internal controls over sampled procurements, since no documentation was retained.
<i>Identification as a repeat finding</i>	No
<i>Recommendation</i>	We recommend that management retain evidence of review that prospective vendors and suppliers are not on the suspension and debarment list for covered transactions under Uniform Guidance.
<i>Views of responsible officials</i>	Management concurs with the finding. Management is updating the internal procurement policies, procedures, and award checklists to ensure that evidence of the search, and results of the search, for suspension and debarment is being completed and filed prior to the award of any procurement activities.

City of Kotzebue Response to Single Audit (Unaudited)



City of Kotzebue
 PO Box 46
 Kotzebue, AK 99752

September 29, 2023

BDO,

Below is the City of Kotzebue’s Corrective Action Plan to address the three findings for the CY2022 Audit.

Finding 2022-001

Management will update the procedure for monthly General Ledger Reconciliations. The corrective action is to have the Controller and Finance Director ensure all general ledger accounts are posted by the 15th of the following month. This includes the general ledger for: cash/bank statements, grant reporting, accounts payable, accounts receivable, business tax licenses, sales tax collections, and payroll. Accounts will also be reviewed by Controller and Finance Director to ensure proper postings have been completed.

Estimated completion date: September 30, 2023

Finding 2022-002

Finance Department will require a minimum of three quotes for any purchase above \$10,000. Additionally, any purchase made above \$50,000 will require a signed and approved Resolution from the City Council.

The Finance Department will create and formally adopt a procurement process for the City of Kotzebue to be approved by the City Council.

Estimated completion date: September 30, 2023

Finding 2022-003

The Finance Department will verify prior to any purchase a vendor is not on the suspension and debarment list for covered transactions under Uniform Guidance. A copy of proof will be submitted with the check request and kept in the Accounts Payable file folder with vendor information.

Estimated completion date: September 30, 2023

Thank you,
City of Kotzebue

Contact:
Chelsea Sieh, Finance Director
csieh@kotzebue.org
907-442-3401

Donna McConnell, Controller
dmcconnell@kotzebue.org
907-442-3401

REPORT TO THE CITY COUNCIL

CITY OF KOTZEBUE

AUDIT WRAP UP:
YEAR ENDED DECEMBER
31, 2022



Resolution 24-09 Audit Wrap Up Report Exhibit "B" -- Page 1 of 31

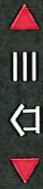
Section X, Item B.

Contents

QUICK ACCESS TO THE
FULL REPORT

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<u>INTERNAL CONTROL OVER FINANCIAL REPORTING</u>	10
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<u>REPRESENTATION LETTER</u>	17

The following communication was prepared as part of our audit, has consequential limitations, and is intended solely for the information and use of those charged with governance (e.g., Board of Directors and Audit Committee) and, if appropriate, management of the Company, and is not intended and should not be used by anyone other than these specified parties.



Welcome

October 6, 2023
Those Charged With Governance
City of Kotzebue

Professional standards require us to communicate with you regarding matters related to the audit, that are, in our professional judgment, significant and relevant to your responsibilities in overseeing the financial reporting process. On December 23, 2022 we presented an overview of our plan for the audit of the financial statements of City of Kotzebue (the City) as of and for the year ended December 31, 2022, including a summary of our overall objectives for the audit, and the nature, scope, and timing of the planned audit work.

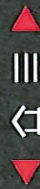
This communication is intended to elaborate on the significant findings from our audit, including our views on the qualitative aspects of the City's accounting practices and policies, management's judgments and estimates, financial statement disclosures, and other required matters.

We are pleased to be of service to the City and look forward to meeting with you in the near future to discuss our audit findings, as well as other matters that may be of interest to you, and to answer any questions you might have.

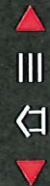
Respectfully,

BDO USA

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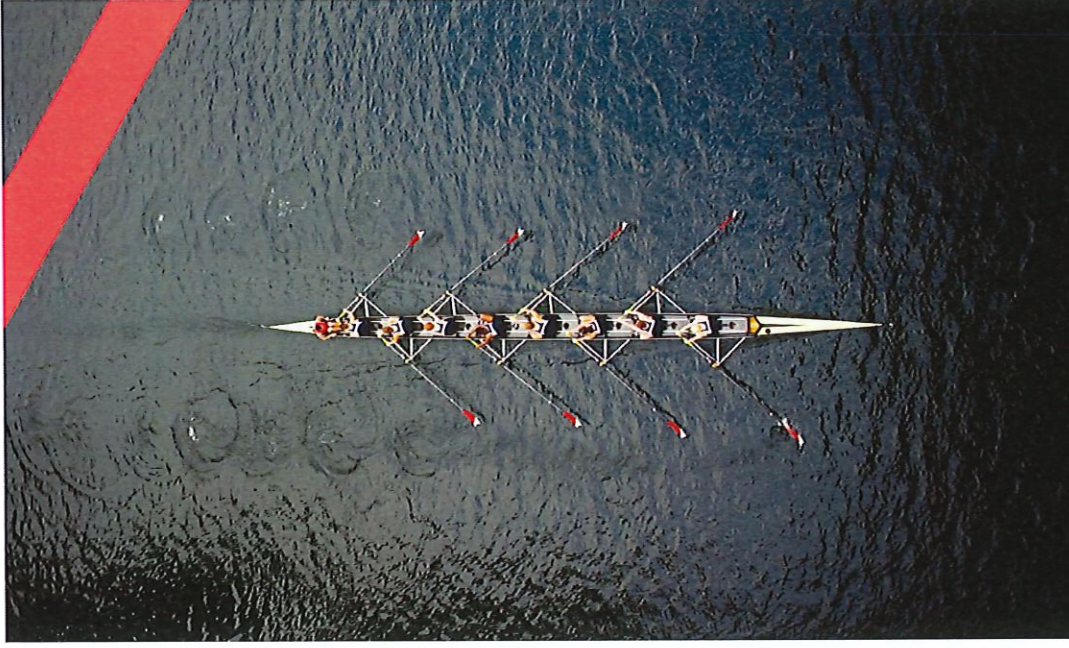
Executive Summary



Status of Our Audit

We completed our audit of the financial statements as of and for the year ended December 31, 2022. Our audit was conducted in accordance with auditing standards generally accepted in the United States of America. This audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

- The objective of our audit was to obtain reasonable - not absolute - assurance about whether the financial statements are free from material misstatements.
- The scope of the work performed was substantially the same as that described to you in our earlier Audit Planning communications.
- We issued an unmodified opinion(s) on the financial statements and release our report on September 29, 2023.
- We issued our 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*.
- In planning and performing our audit of the SEFA, we considered the City's internal control over compliance with requirements that could have a direct and material effect on its major federal program(s) to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with GAS and Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance.
- Our responsibility for other information in documents containing the City's audited financial statements does not extend beyond the financial information identified in the audit report, and we are not required to perform procedures to corroborate such other information. However, in accordance with professional standards, we have read the information included by the City and considered whether such information, or the manner of its presentation, was materially inconsistent with its presentation in the financial statements. Our responsibility also includes calling to management's attention any information that we believe is a material misstatement of fact. We have not identified any material inconsistencies or concluded there are any material misstatements of facts in the other information that management has chosen not to correct.
- All records and information requested by BDO were freely available for our inspection.
- Management's cooperation was excellent. We received full access to all information that we requested while performing our audit, and we acknowledge the full cooperation extended to us by all levels of the City personnel throughout the course of our work.



Results of the Audit

ACCOUNTING PRACTICES, POLICIES, ESTIMATES AND SIGNIFICANT UNUSUAL TRANSACTIONS

The following summarizes the more significant required communications related to our audit concerning the City's accounting practices, policies, and estimates:

The City's significant accounting practices and policies are those included in Note 1 to the financial statements. These accounting practices and policies are appropriate, comply with generally accepted accounting principles and industry practice, were consistently applied, and are adequately described within Note 1 to the financial statements.

- ▶ A summary of recently issued accounting pronouncements is included in Note 13 to the City's financial statements.
- ▶ There were no changes in significant accounting policies and practices during fiscal year 2022.

Significant estimates are those that require management's most difficult, subjective, or complex judgments, often as a result of the need to make estimates about the effects of matters that are inherently uncertain. The City's significant accounting estimates, including a description of management's processes and significant assumptions used in development of the estimates, are disclosed in Note 1 of the financial statements.

Accounting Estimates include:

Net Pension/OPEB liability for PERS - Under GASB 68 and 75, the City is required to present its proportionate share of any net pension liability related to participation in a defined benefit pension and OPEB plans. The net pension/OPEB liability amount presented in an accounting estimate, based on various actuarial assumptions and plan estimates. Management relies upon the Plan and the Plan's actuary to calculate pension/OPEB related estimate and records the estimated figures provided by the Plan. Management reviews estimate for reasonableness but historically has accepted the amounts reported by the Plan allocable to the City without further modification.

Landfill Closure Liability - Accounting rules prescribe that the City record the ultimate cost of closure and monitoring as the landfill is being filled. The liability recorded is based on a third-party closure estimate and tonnage used during the year adjusted for inflation.

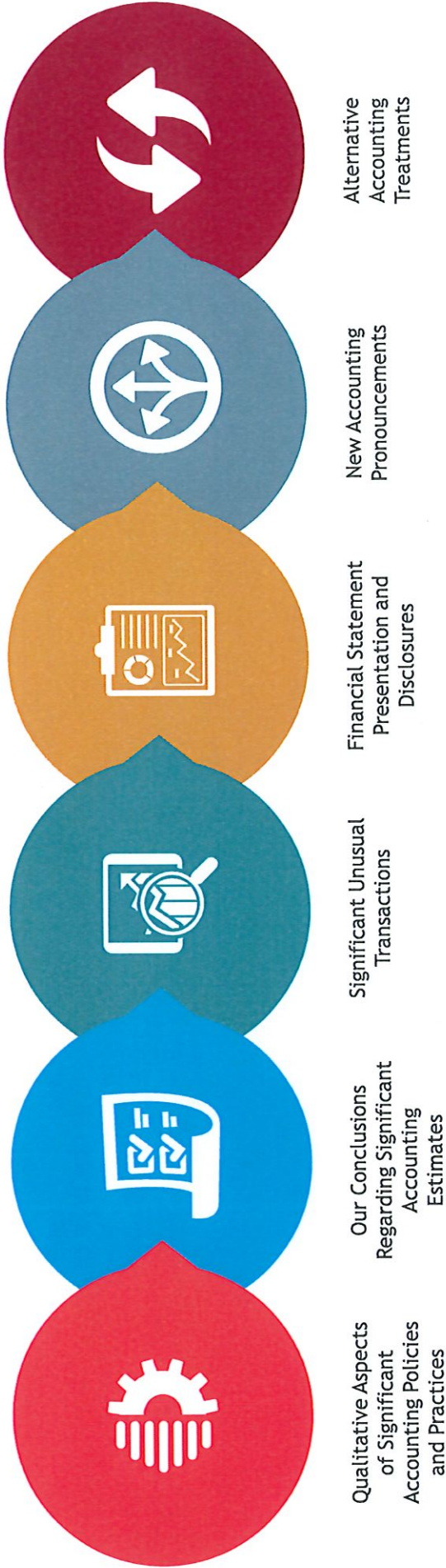
Collectability of Accounts Receivable - Those receivables from granting agencies are generally considered to be 100% collectible. Customer accounts receivables (Water/Sewer, Refuse) are reviewed by management periodically to determine a reasonable amount of allowance, based on known factors, past history, and age of the outstanding receivables.

- ▶ Management did not make any significant changes to the processes or significant assumptions used to develop the significant accounting estimates in Fiscal year 2022.

Results of the Audit

QUALITY OF THE CITY'S FINANCIAL REPORTING

A discussion was held regarding the quality of the City's financial reporting, which included :



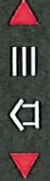
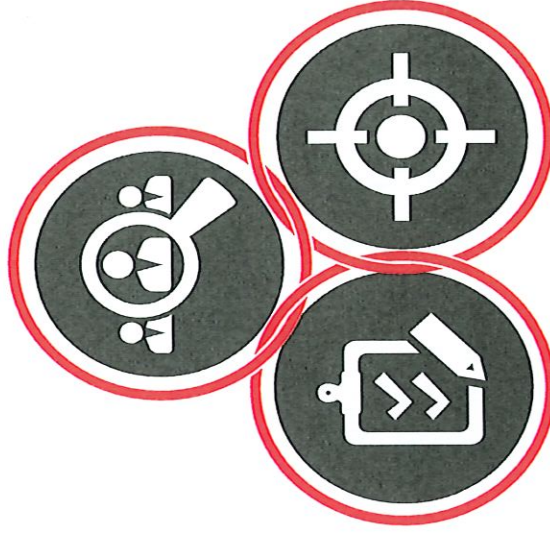
Results of the Audit

CORRECTED AND UNCORRECTED MISSTATEMENTS

There were corrected misstatements, other than those that were clearly trivial, related to accounts and/or disclosures that we brought to the attention of management. These corrected misstatements are as follows:

Item #	Account Name and Adjustment Description	Debit	Credit
AJE 1	Adjustment of retainage payable amount		
	Accounts Payable Other	442,558	
	Construction		442,558
	Water Treatment Plant-Const	442,558	
	Grant Receivable-Other		442,558
AJE 2	Adjustment of jail contract revenue amount		
	State of AK Receivable		48,965
	DOC Jail Contract	48,965	

There were no uncorrected misstatements, other than those that were clearly trivial, related to accounts and/or disclosures that we presented to management.

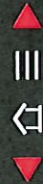
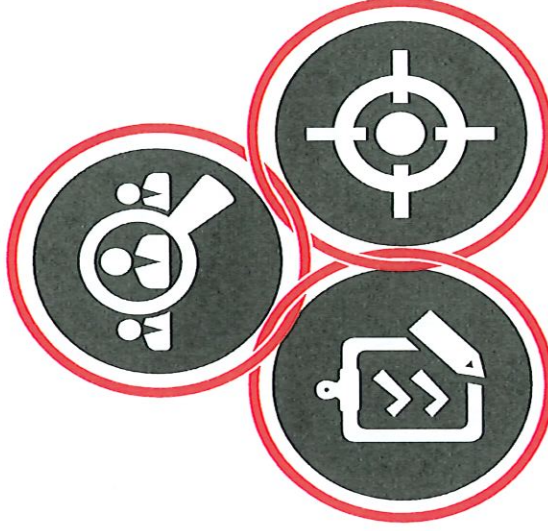


Results of the Audit

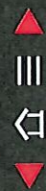
QUALITY OF THE CITY'S FINANCIAL REPORTING

A discussion was held regarding the quality of the City's financial reporting, which included the following:

- Qualitative aspects of significant accounting policies and practices
 - We concur with the City's interpretation and application of generally accepted accounting principles and practices derived from the standards set by the Governmental Accounting Standards Board (GASB).
 - Our conclusions regarding significant accounting estimates
 - The nature of the City's operations reduces the need for numerous significant estimates within the accounting records. See comments about estimates on the previous page. We believe the City's estimates are reasonable in the circumstances.
- Financial statement presentation
 - To our knowledge, all necessary disclosures have been included in the footnotes to the financial statements.
- New accounting pronouncements
 - A summary of recently issued accounting pronouncements is included in Note 13 of the City's financial statements.
- Alternative accounting treatments
 - We did not identify any accounting treatments that did not comply with generally accepted accounting principles and standards set by GASB.



Internal Control Over Financial Reporting



Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion(s) on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described above and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses.

We are required to communicate, in writing, to those charged with governance all material weaknesses and significant deficiencies that have been identified in the City's internal control over financial reporting. The definitions of control deficiency, significant deficiency and material weakness follow:

Category	Definition
Control Deficiency	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.
Significant Deficiency	A deficiency or 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.
Material Weakness	A deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented or detected and corrected on a timely basis.

Internal Control Over Financial Reporting

In conjunction with our audit, we noted the following:

- ▶ The following significant deficiencies were identified:

Significant Deficiencies

Comments

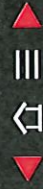
Financial Statement Closing Process

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.

Congressionally Mandated Projects - Procurement and Suspension and Debarment

1. The City executed several small purchase transactions without obtaining price or rate quotations from an adequate number of qualified sources.
2. Documentation that vendors are not debarred, suspended or otherwise excluded were not retained in the City's procurement files and thus, auditors were not able to test that the relevant internal controls were operating effectively.

- We have communicated to management of the Association control deficiencies that were identified as a result of our audit that we did not consider to be material weaknesses or significant deficiencies.



Additional Required Communications



Other Required Communications

Following is a summary of other required items, along with specific discussion points as they pertain to the City:

Requirement	Discussion Point
Significant changes to planned audit strategy or significant risks initially identified	There were no significant changes to the planned audit strategy or significant risks initially identified and previously communicated to those charged with governance as part of our Audit Planning communications.
Obtain information from those charged with governance relevant to the audit	There were no matters noted relevant to the audit, including, but not limited to: violations or possible violations of laws or regulations; risks of material misstatement, including fraud risks; or tips or complaints regarding the City's financial reporting that we were made aware of as a result of our inquiry of those charged with governance.
If applicable, nature and extent of specialized skills or knowledge needed related to significant risks	There were no specialized skills or knowledge needed, outside of the core engagement team, to perform the planned audit procedures or evaluate audit results related to significant risks.
Consultations with other accountants	We are not aware of any consultations about accounting or auditing matters between management and other independent public accountants. Nor are we aware of opinions obtained by management from other independent public accountants on the application of generally accepted accounting principles.
Significant findings and issues arising during the audit in connection with the City's related parties	We have evaluated whether the identified related party relationships and transactions have been appropriately identified, accounted for, and disclosed and whether the effects of the related party relationships and transactions, based on the audit evidence obtained, prevent the financial statements from achieving fair presentation.
Disagreements with management	There were no disagreements with management about matters, whether or not satisfactorily resolved, that individually or in aggregate could be significant to the City's financial statements or to our auditor's report.

Other Required Communications

Following is a summary of other required items, along with specific discussion points as they pertain to the City of Kotzebue:

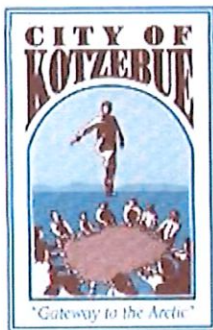
Requirement	Discussion Point
Significant difficulties encountered during the audit	There were no significant difficulties encountered during the audit.
Matters that are difficult or contentious for which the auditor consulted outside the engagement team	There were no difficult or contentious matters that we consulted with others outside the engagement team that we reasonably determined to be relevant to those charged with governance regarding their oversight of the financial reporting process.
Other matters significant to the oversight of the City's financial reporting process, including complaints or concerns regarding accounting or auditing matters	There are no other matters that we consider significant to the oversight of the City's financial reporting process that have not been previously communicated.
Representations requested from management	Please refer to the management representation letter.

Independence

Our engagement letter to you dated describes our responsibilities in accordance with professional standards and certain regulatory authorities with regard to independence and the performance of our services. This letter also stipulates the responsibilities of the City with respect to independence as agreed to by the City. Please refer to that letter for further information.



Representation Letter



September 29, 2023

BDO USA, P.C.
3601 C Street, Suite 600
Anchorage, AK 99503

Ladies and gentlemen:

We are providing this letter in connection with your audit(s) of the financial statements of the City of Kotzebue, Alaska (the City), which comprise the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information as of December 31, 2022, and the respective changes in financial position and, where applicable, cash flows for the year then ended, and the related notes to the financial statements, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America. We confirm that we are responsible for the preparation and fair presentation in the financial statements of financial position, changes in net position, and cash flows in conformity with accounting principles generally accepted in the United States of America.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, as of the date of this representation letter, as entered on the first page, the following representations made to you during your audit(s):

- (1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated December 23, 2022, for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America.
- (2) We have fulfilled our responsibility, as set out in the terms of the aforementioned audit engagement letter, for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- (3) The financial statements include all properly classified funds and other financial information of the primary government and all component units required to be included in the financial reporting entity by accounting principles generally accepted in the United States of America. All funds required to be presented as major funds are identified and presented as such.

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September 29, 2023
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- (4) We have made available to you:
- (a) All financial records, and related data and federal awards (including amendments, if any, and any other correspondence with federal agencies or pass-through entities relevant to federal programs and related activities), including the names of all related parties and all relationships and transactions with related parties, as agreed upon in the terms of the aforementioned audit engagement letter.
 - (b) All additional information that you have requested from us for the purpose of the audit.
 - (c) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 - (d) Minutes of the meetings of Kotzebue City Council that were held from January 1, 2022, to the date of this letter, or summaries of actions of recent meetings for which minutes have not yet been prepared.
- (5) There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in financial reporting practices.
- (6) There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements or schedule of expenditures of federal awards SEFA. The financial statement misstatements relating to accounts and disclosures identified and discussed with us in the course of the audit that are listed immediately below have been corrected. We have evaluated the propriety of the corrected misstatements based on a review of both the applicable authoritative literature and the underlying supporting evidence from our files and confirm our responsibility for the decision to correct them.

Corrected Misstatements

Item #	Account Name and Adjustment Description	Debit	Credit
AJE 1	Adjustment of retainage payable amount		
	Accounts Payable Other	442,558	
	Construction		442,558
	Water Treatment Plant-Const	442,558	
	Grant Receivable-Other		442,558
AJE 2	Adjustment of jail contract revenue amount		
	State of AK Receivable		48,965
	DOC Jail Contract	48,965	

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September 29, 2023
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- (7) You have identified and discussed with us in the course of the audit the deficiencies in our internal control over financial reporting listed immediately below.

Significant Deficiencies
<p>Financial Statement Closing Process: Several accounts were not fully reconciled or presented in accordance with U.S. GAAP. These accounts include accounts payable, capital outlay expense, jail contract revenue, and the related receivable.</p> <p>Congressionally Mandated Projects - Procurement and Suspension and Debarment:</p> <ol style="list-style-type: none"> 1. The City executed several small purchase transactions without obtaining price or rate quotations from an adequate number of qualified sources. 2. Documentation that vendors are not debarred, suspended or otherwise excluded were not retained in the City's procurement files and thus, auditors were not able to test that the relevant internal controls were operating effectively.
Control Deficiencies Other Than Material Weaknesses or Significant Deficiencies
<p>Segregation of duties: IT Control Deficiency: Super user access noted within Caselle for the City Manager, Finance Director, and Controller. This may raise risks that unauthorized information be entered and posted.</p>

- (8) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud or noncompliance. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud or noncompliance. We have no knowledge of any:
- (a) Fraud or suspected fraud involving management or involving employees who have significant roles in internal control, whether or not perceived to have a material effect on the financial statements.
 - (b) Fraud or suspected fraud involving others where the fraud could have a material effect on the financial statements.
 - (c) Allegations of fraud or suspected fraud affecting the Government received in communications from employees, former employees, regulatory agencies, law firms, predecessor accounting firms, or others.
 - (d) Instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts or grant agreements, or abuse, whose effects should be considered when preparing the financial statements.
- (9) We have no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
- (10) The following, where applicable and material, have been properly recorded or disclosed in the financial statements:
- (a) The identity of all related parties and all related party relationships and transactions of which we are aware, including revenues, expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties.

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- (b) Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances and line-of-credit or similar arrangements.
- (c) Guarantees, whether written or oral, under which the City is contingently liable.
- (d) Significant estimates and material concentrations known to management that are required to be disclosed in accordance with accounting principles generally accepted in the United States of America. In that regard, all accounting estimates that could be material to the financial statements, including key factors and significant assumptions underlying those estimates, have been identified, and we believe the estimates are reasonable in the circumstances. The methods, significant assumptions, and the data used in making the accounting estimates and the related disclosures are appropriate to achieve recognition, measurement, and disclosure that is in accordance with accounting principles generally accepted in the United States of America.
- (e) The effects of all known actual or possible litigation, claims, and other liabilities or gain or loss contingencies that are required to be accrued or disclosed by accounting principles generally accepted in the United States of America, including:
 - Pending or anticipated tax refunds, other potential or pending claims, lawsuits by or against any branch of government or others;
 - Written or oral guarantees, endorsements, or unused letters of credit;
 - Unusual guarantees; or
 - Labor claims or negotiations.

Accounting principles generally accepted in the United States of America require loss contingencies to be accrued if it is probable an asset has been impaired or a liability incurred at the statement of financial position date and the amount of loss can be reasonably estimated. Such contingencies must be disclosed, but may not be accrued, if the loss is reasonably possible (but not probable) or the loss is probable but the amount of loss cannot be reasonably estimated.

- (f) Commitments, such as:
 - Major capital asset purchase agreements;
 - More-than-one-year employment arrangements or contracts with suppliers or customers, or one-year-or-longer term leases;
 - Deferred compensation, bonuses, pensions plans, or severance pay; or
 - Pending sale or merger of all or a portion of the business or of an interest therein or acquisition of all or a portion of the business, assets or securities of another entity;
- (g) Joint ventures or other participations, the detailed transactions of which are not carried on our books.

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- (11) There are no:
- (a) Violations or possible violations of budget ordinances, laws or regulations and provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects could be material to the financial statements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.
 - (b) Unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with accounting principles generally accepted in the United States of America.
 - (c) Side agreements or other arrangements (either written or oral) that have not been disclosed to you.
 - (d) Restrictions of net position that were not properly authorized and approved, or reclassifications of net position that have not been properly reflected in the financial statements.
- (12) Receivables recorded in the financial statements represent valid claims against debtors for transactions arising on or before the statement of financial position date and have been appropriately reduced to their estimated net realizable value.
- (13) The City has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- (14) We have appropriately disclosed the City's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available and have determined that net position is properly recognized under the policy.
- (15) We have complied with all aspects of contractual agreements, including debt covenants, that would have a material effect on the financial statements in the event of noncompliance. We have also complied with the SEC disclosure rules for reporting annual financial information and material events to repositories in accordance with SEC Rule N.240, 15c2-12.
- (16) No discussions have taken place with your firm's personnel regarding employment with the City.
- (17) We are responsible for compliance with laws, regulations and provisions of contracts and grant agreements applicable to us and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts.
- (18) Components of net position (net investment in capital assets, restricted and unrestricted) and classifications of fund balance (nonspendable, restricted, committed, assigned and unassigned) are properly classified and, if applicable, approved.

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- (19) Revenues are appropriately classified in the statement of activities within program revenues, contributions, and general revenues. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- (20) In regard to assistance in the preparation of the financial statements and related footnote disclosures for the year ended December 31, 2022, services performed by you, we have:
 - (1) assumed all management responsibilities, (2) designated an individual (within senior management) with suitable skill, knowledge, or experience to oversee the services, (3) evaluated the adequacy and results of the services performed, and (4) accepted responsibility for the results of the services.
- (21) We acknowledge our responsibility for presenting the supplementary information in accordance with accounting principles generally accepted in the United State of America and we believe it is fairly presented. The methods of measurement and presentation of the supplementary information have not changed from the prior period and we have disclosed to you any significant assumptions underlying the measurement and presentation of the supplementary information.
- (22) We have not presented 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. All other required supplementary information is measured and presented in accordance with prescribed guidelines.
- (23) With respect to federal award programs:
 - (a) We are responsible for understanding and complying with, and have complied with, the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), including requirements relating to the preparation of the schedule of expenditures of federal awards (SEFA).
 - (b) We have, in accordance with the Uniform Guidance, identified and disclosed to you in the schedule of expenditures of federal awards (SEFA), expenditures made during the audit period for all government programs and related activities provided by federal agencies in the form of federal awards, grants, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance.
 - (c) We acknowledge our responsibility for the preparation of the SEFA and related notes in accordance with the requirements of the Uniform Guidance, and we believe the SEFA, including its form and content, is fairly presented in accordance with the Uniform Guidance. The methods of measurement or presentation of the SEFA have not changed from those used in the prior period.
 - (d) We have notified you of federal awards and funding increments that were received for awards received before December 26, 2014, and differentiated those awards from awards received on or after December 26, 2014, and subject to the audit requirements of the Uniform Guidance.

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- (e) We will include the auditor's report on the SEFA in any document that contains the SEFA and that indicates you have reported on such information.
- (f) If the SEFA is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the SEFA no later than the date we issue the SEFA and the auditor's report thereon.
- (g) We are responsible for understanding and complying with, and have complied with in all material respects, the requirements of federal statutes, regulations, and the terms and conditions of federal awards related to each of our federal programs and have identified and disclosed to you the requirements of federal statutes, regulations, and the terms and conditions considered to have a direct and material effect on each federal program.
- (h) We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance for federal programs that provides reasonable assurance that we are managing our federal awards in compliance with federal statutes, regulations, and the terms and conditions that could have a material effect on our federal programs. We believe the internal control system is adequate and is functioning as intended. Also, subsequent to the date of the auditor's report as of which compliance was audited, no changes have occurred in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies and material weaknesses in internal control over compliance as reported in the schedule of findings and questioned costs.
- (i) We have made available to you all federal award contracts and grant agreements (including amendments, if any) and any other correspondence with federal agencies or pass-through entities relating to each major federal program and related activities that have taken place with federal agencies or pass-through entities.
- (j) We have received no requests from a federal agency to audit one or more specific programs as a major program.
- (k) We have complied, in all material respects, with the direct and material compliance requirements (except for noncompliance disclosed to you), including when applicable, those set forth in the OMB *Compliance Supplement*, relating to federal awards and have identified and confirmed that there were no amounts questioned and no known noncompliance with the direct and material compliance requirements of federal awards. We also know of no instances of noncompliance occurring subsequent to the end of the period audited.
- (l) We have disclosed to you any communications from federal awarding agencies and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.
- (m) Amounts claimed or used for matching were determined in accordance with relevant guidelines in the Uniform Guidance.
- (n) We have disclosed to you our interpretations of compliance requirements that are subject to varying interpretations, if any.

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- (o) We have made available to you all documentation related to compliance with the direct and material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.
 - (p) We have disclosed to you the nature of any subsequent events that provide additional evidence with respect to conditions that existed at the end of the reporting period that affect noncompliance during the reporting period.
 - (q) Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the basic financial statements have been prepared, and are prepared on a basis consistent with the schedule of expenditures of federal awards.
 - (r) The copies of federal program financial reports provided to you are true copies of the reports submitted or electronically transmitted, to the respective federal agency or pass-through entity, as applicable.
 - (s) We have charged costs to federal awards in accordance with applicable cost principles.
 - (t) We are responsible for, and have accurately completed, the appropriate sections of the Data Collection Form as required by the Uniform Guidance. The final version of the applicable audit reporting package, which includes your signed auditor's reports, that we will submit to the Federal Audit Clearinghouse (FAC) will be identical to the final version of such documents that you provided to us.
 - (u) We have identified and disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, internal or external monitoring, and other studies directly related to the audit objectives of the compliance audit, including findings received and corrective actions taken from the end of the audit period covered by the compliance audit report to the date of the auditor's report.
 - (v) We have provided views on your reported findings, conclusions, and recommendations. We are responsible for taking corrective action on audit findings and we are responsible for preparing and implementing a corrective action plan for each audit finding that meets the requirements of the Uniform Guidance.
 - (w) We are responsible for, and have accurately prepared, the summary schedule of prior audit findings required to be included by the Uniform Guidance, and we have provided you with all information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions.
 - (x) We are responsible for and have ensured the reporting package does not contain protected personally identifiable information.
- (24) There have been no known or suspected breaches of sensitive information (e.g., personnel files) caused by cyber-attack or other means, or other cybersecurity incidents, where the breach or other incident could have a material effect on the financial statements.
- (25) In connection with any electronic presentation of the financial statements and your audit report thereon on our web site, we acknowledge that:

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September 29, 2023
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- We are responsible for the preparation, presentation, and content of the financial statements in the electronic format.
- If your audit report is presented on our web site, the full financial statements upon which you reported and to which you appended your signed report will be presented.
- We will clearly indicate in the electronic presentation on our web site the financial information that is subject to your audit report. We will clearly differentiate any information that may also be presented by us on or in connection with our web site that was contained in the published version of the financial statements and other supplementary information, but which is not part of the audited financial statements or other financial information covered by your audit report.
- We have assessed the security over financial statement information and the audit report presented on our web site, and are satisfied that procedures in place are adequate to ensure the integrity of the information provided. We understand the risk of potential misrepresentation inherent in publishing financial information on our web site through internal failure or external manipulation.
- If the electronic financial statements are generally made available to the public on our web site, we will include a notification to the reader that such financial statements are presented for convenience and information purposes only, and while reasonable efforts have been made to ensure the integrity of such information, they should not be relied on. A copy of the printed financial statements will be provided on request.

To the best of our knowledge and belief, no events, including instances of noncompliance, have occurred subsequent to the statement of financial position date and through the date of this representation letter, as entered on the first page, that would require adjustment to or disclosure in the aforementioned financial statements or in the schedule of findings and questioned costs.

Very truly yours,

DocuSigned by:

 Roger Rouse, Acting City Manager
 78E657490ABE406...
 9/29/2023

DocuSigned by:

 Chelsea Sieh, Finance Director
 198F692F559F444...
 9/29/2023

DocuSigned by:

 Mike Wetzel, Contract Accountant
 16DA6F2AFAD142D...
 9/29/2023

Certificate Of Completion

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 Client #: 0218977 - City of Kotzebue
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 mikew@altrogco.com
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Roger Rouse ACM
 RRouse@Kotzebue.org
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Chelsea Sieh
 CSieh@Kotzebue.org
 Security Level: Email, Account Authentication (None)

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Witness Events	Signature	Timestamp
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Envelope Summary Events	Status	Timestamps
Envelope Sent	Hashed/Encrypted	9/29/2023 3:13:44 PM
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Signing Complete	Security Checked	9/29/2023 3:40:21 PM
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Payment Events	Status	Timestamps
Electronic Record and Signature Disclosure		

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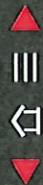
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**CITY OF KOTZEBUE
RESOLUTION NO. 24-10**

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KOTZEBUE AUTHORIZING *NUNC PRO TUNC* THE CITY MANAGER TO EXECUTE A CONTRACT WITH DRUE PEARCE OF HOLLAND & HART FOR FEDERAL LOBBYING SERVICES FOR CY2024 IN THE AMOUNT OF FIFTY-FOUR THOUSAND DOLLARS (\$54,000.00) EFFECTIVE JANUARY 1, 2024.

WHEREAS, the City of Kotzebue (“City”) has a continuing need of federal lobbying services for CY2024 to have a presence in Washington, DC, to advocate for matters in the best interests of the City;

WHEREAS, Drue Pearce of Holland & Hart has provided exemplary federal lobbying services for the City of Kotzebue during CY2023;

WHEREAS, the Kotzebue Municipal Code (“KMC”) 3.16.090(A) governs the award of unique professional services contracts as those to be provided by Drue Pearce of Holland & Hart;

WHEREAS, the City Manager have reviewed the proposal provided by Drue Pearce of Holland & Hart attached hereto as Exhibit “A” and she does recommend that the City Council authorize her to execute a contract *nunc pro tunc* with Drue Pearce, Holland & Hart, in the amount of \$4,500.00 retainer per month for CY2024 effective January 1, 2024 with travel expenses to Kotzebue, as needed and approved in advance, by the City Manager; and,

WHEREAS, the Kotzebue Municipal Code 3.16.010(C) requires a contract for services in excess of \$50,000.00 must be approved by a duly passed Resolution of the City Council.

NOW, THEREFORE, BE IT RESOLVED, that the City Council of the City of Kotzebue, authorizes the City Manager to execute a contract *nunc pro tunc* with Drue Pearce, Holland & Hart, in the amount of \$4,500.00 retainer per month for CY2024 with travel expenses to Kotzebue, as needed and approved in advance, by the City Manager, effective January 1, 2024.

PASSED AND APPROVED by a duly constituted quorum of the City Council of the City of Kotzebue, Alaska, this 22nd day 17th day of February 2024.

CITY OF KOTZEBUE

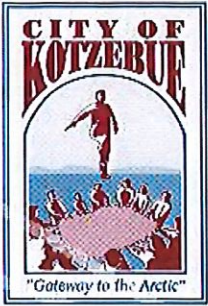
Saima Chase, Mayor

[SEAL]

ATTEST:

Rosie Hensley, City Clerk

Attachment: Exhibit "A" – Holland & Hart Proposal for CY2024



**CITY OF KOTZEBUE
AMENDED RESOLUTION NO. 24-10**

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KOTZEBUE AUTHORIZING *NUNC PRO TUNC* THE CITY MANAGER TO NEGOTIATE A CONTRACT WITH DRUE PEARCE OF HOLLAND & HART FOR FEDERAL LOBBYING SERVICES FOR CY2024 IN THE AMOUNT OF FIFTY-FOUR THOUSAND DOLLARS (\$54,000.00) EFFECTIVE JANUARY 1, 2024.

WHEREAS, the City of Kotzebue (“City”) has a continuing need of federal lobbying services for CY2024 to have a presence in Washington, DC, to advocate for matters in the best interests of the City;

WHEREAS, Drue Pearce of Holland & Hart has provided exemplary federal lobbying services for the City of Kotzebue during CY2023;

WHEREAS, the Kotzebue Municipal Code (“KMC”) 3.16.090(A) governs the award of unique professional services contracts as those to be provided by Drue Pearce of Holland & Hart;

WHEREAS, a contract with Drue Pearce of Holland & Hart attached hereto as Exhibit “A” was executed for CY2023 and the City Manager does recommend that the City Council authorize her to negotiate a similar contract *nunc pro tunc* with Drue Pearce, Holland & Hart, in the amount of \$4,500.00 retainer per month for CY2024 effective January 1, 2024 with travel expenses to Kotzebue, as needed and approved in advance, by the City Manager; and,

WHEREAS, the Kotzebue Municipal Code 3.16.010(C) requires a contract for services in excess of \$50,000.00 must be approved by a duly passed Resolution of the City Council.

NOW, THEREFORE, BE IT RESOLVED, that the City Council of the City of Kotzebue, authorizes the City Manager to negotiate a contract *nunc pro tunc* with Drue Pearce, Holland & Hart, in the amount of \$4,500.00 retainer per month for CY2024 with travel expenses to Kotzebue, as needed and approved in advance,, effective January 1, 2024 similar in form and format as that executed for CY2023.

PASSED AND APPROVED by a duly constituted quorum of the City Council of the City of Kotzebue, Alaska, this 22nd day of February 2024.

CITY OF KOTZEBUE

Saima Chase, Mayor

[SEAL]

ATTEST:

Rosie Hensley, City Clerk

Attachment: Exhibit "A" – Holland & Hart contract for CY2023 [7 pages]

Co-Interim City Managers Chelsea Sieh and Chief Roger Rouse
City of Kotzebue
PO Box 46
Kotzebue, AK 99752

Good day, Chelsea and Chief;

Thank you for the opportunity and your consideration of our proposal for continued Federal Government Lobbying Services for Calendar Year 2023. This proposal outlines an offer of continued engagement to address municipal infrastructure development and funding, opportunities for additional federal grant funding, federal public lands issues, and continuation and improvement of partnerships with federal agencies to facilitate permitting of projects, Arctic policy, and other issues that may be of interest as the Biden Administration’s agenda is implemented.

I have been honored to represent the city and assist you in advancing your federal presence, interests, and reputation in Washington. Having moved to Alaska in 1977, I was a Kotzebue resident while manager of the Alaska National Bank of the North branch which gave me a unique understanding of the challenges faced by rural communities. My lengthy service in the State Legislature, including my eight years as Senate President and Finance Co-chair, left me with a keen understanding of the importance of federal funding to the state and its municipalities. My service at three federal agencies gives me an uncommon understanding of federal agency budgeting and the federal grant process. I am experienced at educating those in Washington, DC about what makes Alaska different and why a one-size-fits-all approach seldom works to address Alaska issues, especially for our more remote communities.

While my health kept me from my monthly commute between Alaska and Washington, DC, this year, I’ve taken advantage of virtual opportunities to keep my finger on the pulse of Alaska’s people and the issues of the day. I’m recovered and will renew my commuting lifestyle next month. I remain passionate about Alaska, especially about coastal communities and the Arctic.

Given the present uncertainty about the upcoming midterm elections and eventual control of both houses of Congress as well as the sapping effect on budgets due to the high rate of inflation and relatively flat funding, this is an especially important time for the City of Kotzebue to be involved in the decision-making process in Washington, DC. The Alaska Delegation will continue to work on broad Alaskan legislation focused on economic development and economic certainty for the tourism, mining, fisheries, and oil industries at the same time they secure Congressionally Directed Spending allocations for Alaskan projects. It is vital that the city continue to keep members of Congress and agencies in Washington updated on your views to ensure your concerns and interests are represented. This is particularly true for the House of Representatives. No matter who is elected to the seat formerly held by the deceased Don Young, they will find themselves with little seniority in a House with major changes in committee leadership. It will be incumbent upon the City’s lobbyist to educate the Chairs of the Committees important to your interests, such as Transportation & Infrastructure, Natural Resources, Energy & Commerce, Armed Services and Appropriations, about the City and its needs.

Below I highlight several areas where Holland & Hart will continue to offer value to the city.

FUNDING OPPORTUNITIES

We will again make application(s) to obtain funding through existing programs and the Congressionally Directed Spending (formerly earmark) appropriations process. With the enhanced federal focus on climate change and environmental justice overlain with passage of the Bipartisan Infrastructure Act and the Inflation Reduction Act, both of which included \$Billions for various grant programs, this is a favorable time to look for opportunities in DC.

Funding for port construction at Cape Blossom remains the City’s top priority while completion of the construction on the Cape Blossom Road is imperative. Water/sewer, road improvement, and community infrastructure projects are also important for your residents’ public health and safety. I have longtime personal and professional relationships with our Congressional Delegation as well as with their key staff; I will use these strong relationships to position your interests in the most beneficial way while also lobbying directly with the Committees of Jurisdiction for the programs you target for grant and funding applications.

ARCTIC POLICY

President Biden announced the new National Strategy for the Arctic Region on October 7. The updated Strategy describes the Administration’s vision for the Arctic, which “protects and advances U.S. interests in the region, including providing for homeland security and defense; mitigating and building resilience to climate change and ecosystem degradation; expanding U.S. economic opportunities; protecting and improving livelihoods, including for Alaska Native communities”.

He then announced an updated National Security Strategy on October 12 which identifies the importance of the U.S. Arctic, i.e., Alaska, to national security. With climate change creating a more accessible Arctic overlain on the national angst about the threats posed by both Russia and China, our Beaufort and Chukchi Sea coastlines must be defended by sea and land as well as by air. There is a scramble to rebuild Alaska’s defenses to the level they were when the Cold War ended. Kotzebue stands to gain infrastructure and jobs from the rebuild. Partnering with the DoD and U.S. Coast Guard, as you’ve already begun to do, is an excellent strategy that must be advanced both at the state level and in D.C.

I have extensive Arctic issue expertise, having been the Secretary of the Interior’s representative on the US Delegation to the Arctic Council and then because of my Arctic consulting work for the North Slope Borough Mayor, and for an international energy company doing business in the Arctic. I will continue to develop the D.C. contacts necessary to further Kotzebue’s interests.

INFRASTRUCTURE IMPROVEMENTS FOR MUNICIPAL PROJECTS

Holland & Hart will help the City of Kotzebue take full advantage of federal support for infrastructure development. The major infrastructure funding bills passed over the last 12 months have extended year funding for grants which can be used to diversify and strengthen the local economy.

The bipartisan infrastructure bill contains \$65 billion for broadband infrastructure improvement. While the City isn't likely to become a provider, it should be at the table when new regional telecommunications infrastructure is planned and constructed.

Increased funding will also be available for ports, airports, and electric grids. In addition, the Denali Commission is slated to receive a substantial increase in funding for their grant programs.

COMMUNICATION AND COOPERATION WITHIN THE REGION

The City's priorities will inevitably be evaluated by federal agencies and even by the Alaska Delegation in the context of the myriad priorities advanced by the Northwest Arctic Borough, the Northwest Arctic School District, other villages in the Region, by NANA, by the State of Alaska, and by local utilities and other interests, such as AIDEA as they advance the Ambler Access Project. Close coordination, collaboration, and consultation (the three C's) with all the players is essential to the City's success; you need allies, as do they.

I bring over thirty years of government service and experience to your priorities; I've written both the State capitol and operating budgets as well as federal agency budgets, lobbied for local, state, and federal projects, managed federal grant programs, issued millions of dollars of grants, and managed large projects that required federal, state, local, and Tribal coordination. I understand the promises of ANCSA and ANILCA, the Statehood Compact, and the differences faced by Alaska and its people. I know the region and am a gifted advocate who will use those three Cs to build support for the City's priorities in a very crowded setting.

PLAN OF ACTION

I understand that the Mayor and Council will meet with you and key staff for a retreat in November at which you will develop a budget strategy for 2023 as well as an updated priority list for grant requests. I'm happy to support that effort any way you'd like. I know that you will undertake a careful analysis of your current needs, assets, and historic efforts.

As a result of the Council's trip to D.C. earlier this summer, your existing relationships with government decision-makers on Capitol Hill and within relevant agencies are excellent. I will identify areas where an investment of effort and resources will best strengthen your current relationships and address any existing deficiencies. We will pursue your priorities by promoting the City's views before Congress and the Executive Branch.

Holland & Hart will work directly with the Mayor and the City's team, with our agency contacts, and with the relevant committee authorizers and appropriators. Key target committees will include both the Senate and House Appropriation Committees, and other committees where our Delegation plays key roles, some of which will be new to them and you post-election.

Parallel to the Congressional outreach, Holland & Hart will also help maintain and enhance strong lines of communication with officials in federal agencies and the White House.

2022 brought an unusual amount of federal attention to Kotzebue, with seemingly monthly visits by various defense agencies and multiple visits by our Senior Senator, who was in cycle. She also sent a large team of her staff along with other Hill staff, which will pay great rewards. In addition, she sponsored two grant symposiums at which Kotzebue leaders were able to meet directly with federal agency staff and Senator Sullivan hosted a broadband summit with another gathering of the people who make decisions inside the beltway.

I don't think we can expect quite the same level of attention in 2023. This will place a premium on the utilization of those new relationships with the Alaska Delegation and their staff and agency officials. While many meetings can be successfully handled virtually, I would recommend that the Mayor and Council, along with the municipal leadership team, make another trip to D.C. to continue to build those key relationships – but perhaps not during the hottest week of the year!

Our efforts on behalf of the city will again combine both in-person and virtual elements. We will work to ensure that the City's FY23 requests are submitted on a timely basis and fully considered while scoping opportunities for the city to receive additional federal dollars by accessing still-available funding. Once the FY23 budget and infrastructure spending packages are signed into law, it will be equally important to take steps to ensure that implementation actions address needs in Kotzebue.

I will continue to be the principal lobbyist on the account. It is critical to establish regular and effective communication and I will work with Kotzebue officials via monthly update and strategy calls and written reports as well as coming to Kotzebue for meetings when appropriate. I am available daily to consult with City officials via email, phone, and text as issues and questions arise. While I will be the Holland & Hart lead working on behalf of the City of Kotzebue, the Firm has DC resources to track legislation and Congressional and executive branch developments. We would prepare briefing materials, testimony, talking points, and correspondence as needed. In addition, we would identify the most relevant decision-makers, schedule high value meetings, and accompany City officials in virtual or in-person meetings when appropriate. Further, Holland & Hart would work with you to coordinate and implement recommended initiatives and advise you regarding necessary follow-up. We would also provide proactive guidance and strategic support as appropriate.

DRUE PEARCE BIOGRAPHY



With over 30 years of state and federal elected and appointed service and a decade of private sector experience, I have expertise in a diverse range of roles while navigating the federal landscape in Alaska and Washington, DC. Apart from my most recent federal service as the Deputy Administrator of the Pipeline and Hazardous Waste Safety Administration (PHMSA) at the US Department of Transportation (USDOT), I have focused exclusively on Alaska and Arctic issues.

My approach to lobbying combines substantial expertise, strong Hill and executive branch relationships, and the development and implementation of specific strategies. I believe it is important to work closely with clients to understand their priorities and tailor lobbying goals to current legislative and political conditions. I prefer to build long-term relationships with clients to allow for more effective pursuit of annual and multi-year initiatives. My extensive knowledge of regulatory processes and stakeholders gives me invaluable insight into the critical issues that affect clients.

I have experience working for municipal and state government entities as well as private sector clients. I believe I can best serve individual clients that do not have competing priorities. In my experience, a lobbyist who goes to the Delegation with a myriad of requests for several municipalities is inevitably asked to prioritize his or her requests. I do not want to put Kotzebue in that position and would not pursue another Alaska city or borough client without consultation with the City of Kotzebue.

As my attached resume makes clear, I have unique experience and perspective with issues involving federal and state lands management, responsible resource development, ANCs and Alaska Natives and Tribal governments, and Arctic issues.

Holland & Hart has offices in both Anchorage and DC; I divide my time between the two as necessary to best serve my clients.

Past and present clients include the North Slope Borough Mayor, the Alaska Gasline Development Corporation, AIDEA, the State of Alaska, a major oil and gas corporation, and an international transportation project. During my 17 years of elected service in the Alaska Legislature, my constituents in West Anchorage were my clients.

COMPENSATION STRUCTURE

I propose that we maintain the \$4,500 flat retainer per month for Calendar Year 2023. I would also expect out-of-pocket travel expenses, as needed and approved in advance by the city.

I am excited about the prospect of partnering again on behalf of Holland & Hart with the City of Kotzebue and thank you again for your consideration. We would welcome an opportunity to discuss this proposal with you at a time convenient to you. In the meantime, please call me at 907.230.8558 if you have any questions. I can also be reached at DPearce@hollandhart.com.

DRUE PEARCE

Government Affairs Director
907.865.2600 AK
202.393.6500 DC



**CITY OF KOTZEBUE
RESOLUTION NO. 24-11**

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KOTZEBUE AUTHORIZING NUNC PRO TUNC THE CITY MANAGER TO EXECUTE A CONTRACT WITH THE MULDER COMPANY FOR STATE LOBBYING SERVICES FOR CY2024 IN THE AMOUNT OF FIFTY THOUSAND DOLLARS (\$50,000.00) EFFECTIVE JANUARY 1, 2024.

- WHEREAS,** the City of Kotzebue is in need State Lobbying Services for Calendar Year 2023;
- WHEREAS,** Eldon Mulder of The Mulder Company has provided those services to the City of Kotzebue for the past several years as has Ben Mohr more recently;
- WHEREAS,** Mr. Mulder’s and Mr. Mohr’s work for the City of Kotzebue has been of the highest caliber and their efforts on behalf of the City of Kotzebue have greatly benefitted the residents of our community;
- WHEREAS,** Mr. Mulder has proposed a contract for Calendar Year 2024 as set forth in Exhibit “A” attached hereto and incorporated by reference herein; and,
- WHEREAS,** Kotzebue Municipal Code 3.16.090, “*Professional and unique service contracts,*” provides for the award of such contracts with approval of the City Council.

NOW, THEREFORE, BE IT RESOLVED, that the City Council of the City of Kotzebue, authorizes the City Manager to execute a contract with Eldon Mulder/The Mulder Company *nunc pro tunc* as set forth in Exhibit “A” attached hereto for CY2024 in the amount of \$50,000, effective January 1, 2024.

PASSED AND APPROVED by a duly constituted quorum of the City Council of the City of Kotzebue, Alaska, this 22nd day of February 2024.

CITY OF KOTZEBUE

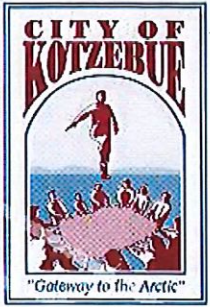
Saima Chase, Mayor

[SEAL]

ATTEST:

Rosie Hensley, City Clerk

Attachment: Exhibit "A" – Mulder Contract for CY2024



**CITY OF KOTZEBUE
AMENDED RESOLUTION NO. 24-11**

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KOTZEBUE AUTHORIZING *NUNC PRO TUNC* THE CITY MANAGER TO NEGOTIATE A CONTRACT WITH THE MULDER COMPANY FOR STATE LOBBYING SERVICES FOR CY2024 IN THE AMOUNT OF FIFTY THOUSAND DOLLARS (\$50,000.00) EFFECTIVE JANUARY 1, 2024.

- WHEREAS,** the City of Kotzebue is in need State Lobbying Services for Calendar Year 2024;
- WHEREAS,** Eldon Mulder and Ben Mohr of The Mulder Company have provided those services to the City of Kotzebue for the past several years;
- WHEREAS,** Mr. Mulder’s and Mr. Mohr’s work for the City of Kotzebue has been of the highest caliber and their efforts on behalf of the City of Kotzebue have greatly benefitted the residents of our community;
- WHEREAS,** a contract for the last Calendar Year 2023 was executed as set forth in Exhibit “A” attached hereto and incorporated by reference herein; and,
- WHEREAS,** Kotzebue Municipal Code 3.16.090, “*Professional and unique service contracts,*” provides for the award of such contracts with approval of the City Council.

NOW, THEREFORE, BE IT RESOLVED, that the City Council of the City of Kotzebue, authorizes the City Manager to negotiate a contract for CY2024 in the amount of \$50,000, effective January 1, 2024 with Eldon Mulder/The Mulder Company *nunc pro tunc* similar to that for CY2023 as set forth in Exhibit “A” attached hereto.

PASSED AND APPROVED by a duly constituted quorum of the City Council of the City of Kotzebue, Alaska, this 22nd day of February 2024.

CITY OF KOTZEBUE

Saima Chase, Mayor

[SEAL]

ATTEST:

Rosie Hensley, City Clerk

Attachment: Exhibit "A" – Mulder Contract for CY2023 [3 pages]

CONTRACTUAL AGREEMENT

between

The City of Kotzebue

and

Eldon Mulder/The Mulder Company

for

State Lobbying Services

This Agreement made the 1st day of January 2023 by and between the City of Kotzebue and Eldon Mulder, dba the Mulder Company (hereinafter referred to as “Contractor”) for the provision of state governmental lobbying and consulting services. The Contractor agrees to provide professional services on behalf of the City of Kotzebue in the performance of the Duties of Contractor under this Agreement.

ARTICLE I DUTIES OF CONTRACTOR

The Mulder Company agrees to provide state lobbying services to the City of Kotzebue and to represent the City before the Alaska State Legislature and the Dunleavy Administration in all areas of interest to the City of Kotzebue. The contractor will assist the City with projects and strategic planning as identified and assigned. Specifically, the Contractor will pursue:

- A. Completion of the Cape Blossom Road and funding for the development of a Deep Draft Port;
- B. Funding for other transportation infrastructure (road paving) as identified by the City Council;
- C. Funding for water and sewer infrastructure;
- D. Operational and capital funding for public safety infrastructure (City Jail);
- E. Funding for environmental sustainability, specifically a biomass-fired energy plant;
- F. Funding for other City projects and priorities as identified by the Council; and
- G. Meetings with members of the Alaska Legislature and the Dunleavy Administration as appropriate;

ARTICLE II PERIOD OF PERFORMANCE

The performance of this Agreement will commence on January 1st, 2023 and will continue until December 31st, 2023.

ARTICLE III COMPENSATION

In consideration of the performance of services described in this Agreement, the City of Kotzebue will pay the Contractor Fifty Thousand Dollars (\$50,000) a year, paid monthly at four thousand dollars (\$4,000), except for January and December wherein the Contractor will be paid five thousand dollars (\$5,000.) The Contractor shall submit monthly invoices electronically to the City Manager once the contract is signed.

In addition, the City of Kotzebue agrees to pay or to reimburse expenses directly related to the conduct and performance of this Agreement, including registration fees with the Alaska Public Offices Commission, subject to prior approval by the City Manager. Contractor agrees to comply with the City of Kotzebue’s travel and expense reimbursement policies and to furnish adequate documentation in support of each claim.

ARTICLE IV TERMINATION OF AGREEMENT

This Agreement shall remain in full force and effect for the term herein specified, unless terminated or annulled by either party with 30 days written notification. If the City of Kotzebue terminates the contract after August 1st of a calendar year, however, the remaining portion of the annual contract (\$50,000) shall be made to the Contractor within 30 days of final billing.

ARTICLE V NON-ASSIGNABILITY

This Agreement is solely with the Contractor and, accordingly, Contractor shall have no right to assign, transfer, pledge or otherwise affect the Agreement, nor any interest there under, unless mutually agreed to by the parties.

ARTICLE VI REPORTING REQUIREMENTS

For purposes of this agreement, the City Manager will act as the contract supervisor and the Contractor agrees to consult with the City Manager and provide verbal and email reports as appropriate. Contractor also agrees to register with the Alaska Public Offices Commission (APOC) as required and reflect the amounts paid for lobbying services.

ARTICLE VII INDEPENDENT CONTRACTOR

Neither this Agreement, nor anything contained herein, shall be construed to extend to the Contractor the right to powers for the City of Kotzebue. Contractor shall remain throughout the performance of the agreement an independent contractor. Contractor is solely liable for any and all taxes owed by the Contractor for work performed through this Agreement and accepts no other tax liability beyond his own.

ARTICLE VIII CONFIDENTIALITY

All information provided by the City of Kotzebue to the Contractor is confidential and proprietary to the City and shall not be provided to any third party without prior written consent of the City Manager.

ARTICLE IX CONFLICTS OF INTEREST

The Contractor represents that there is no and will be no conflicts of interest between his performance under this agreement and his engagement as an independent contractor by others. In the event that the Contractor believes that there may be a conflict of interest, the Contractor will notify the City Manager immediately.

ARTICLE X CONTRACT EXTENSIONS

This contract may be extended for up to an additional four years upon agreement by both parties by duly passed City of Kotzebue Resolutions on a year-by-year basis. (This one-year contract for CY2023 has been approved pursuant to Resolution 22-48, November 17, 2022.)

Signed this _____ day of _____, 2022.

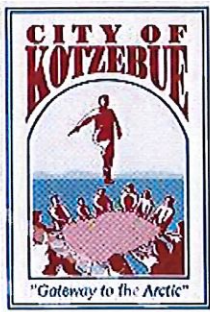
The City of Kotzebue

ELDON MULDER



Interim Co-City Manager(s)
City of Kotzebue
PO Box 46
Kotzebue, Alaska 99752

Eldon Mulder
The Mulder Company
PO Box 140711
Anchorage, AK 995114
(907) 223-3262



**CITY OF KOTZEBUE
RESOLUTION 24-12**

“A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KOTZEBUE AUTHORIZING THE CITY MANAGER OR HER DESIGNEE TO COMPLETE THE STATE OF ALASKA FY25 CAP APPLICATION”

WHEREAS, the State of Alaska, DCCED, has a Community Assistance Program (“CAP”) in which the City of Kotzebue has participated for many years; and,

WHEREAS, the applications for this CAP are due on or before June 1, 2024 for FY2025.

NOW, THEREFORE, BE IT RESOLVED, that the City Council of the City of Kotzebue authorizes the City Manager or her designee to complete the CAP application process on or before June 1, 2024 for the FY2025 CAP funds for the City of Kotzebue.

PASSED AND APPROVED by a duly constituted quorum of the City Council of the City of Kotzebue, Alaska, this 22nd day of February 2024.

CITY OF KOTZEBUE

Saima Chase, Mayor

[SEAL]

ATTEST:

Rosie Hensley, City Clerk

Attachment: Exhibit "A" – SOA DCCED CAP [5 Pages]

**Department of Commerce,
Community and Economic
Development
FY25 Community Assistance Program
(CAP)**

**APPLICATION DUE NO LATER THAN
JUNE 1, 2024**



**State of Alaska
Mike Dunleavy, Governor**

**Department of Commerce, Community,
and Economic Development
Julie Sande, Commissioner**

**Division of Community and Regional Affairs
Sandra Moller, Director**



**Instructions for FY 25 Community Assistance Program
City Application**

Due June 1, 2024:

The city is required to submit the following documents in order to apply for the FY25 CAP payment. All documents must be received no later than 4:30PM on June 1, 2024. Email is the preferred method for receiving the forms. Email forms to: caa@alaska.gov (See special instructions for submitting by email below.)

- ✓ Requirements and Certifications Application form (included in this packet). Check or initial each box indicating the city understands the requirements for payment. Be certain the form is signed and dated before submitting.
- ✓ Statement of Expenditures (included in this packet) of the prior year’s CAP payment.
- ✓ Proposed CAP budget (included in this packet) for the coming year’s CAP payment.

Due prior to CAP Payment:

The following documents are not subject to the June 1st deadline however, the required forms should be submitted at the earliest opportunity as they become available. Community assistance payment will not be distributed until the following required documents have been received to the following email:

<p>CAA@alaska.gov, provide email, hard copy, or website link of:</p>	<p>StateAssessor@alaska.gov, forms for the most recently completed annual budget cycle as of July 1:</p>	<p>LBC@alaska.gov: For all changes in FY24</p>
<ul style="list-style-type: none"> ✓ FY25 Annual Budget, including non-code ordinance adopting the budget ✓ FY23 Annual Audit/CFS 	<ul style="list-style-type: none"> ✓ Municipal Tax Report ✓ Municipal Debt Report ✓ Copy of taxpayer notice 	<ul style="list-style-type: none"> ✓ Maps and descriptions of all annexed or detached territory

Second class cities only: a Certified Financial Statement (CFS) is allowable in lieu of an audit only if the city has not otherwise met the audit threshold criteria. This must include a resolution approved by the governing body certifying the CFS.

Special instructions for email submission: Use the above email to provide the corresponding documents. Subject line: “Entity name – CAP – FY Document Name” Example: “Icy Borough – CAP – FY25 Application”.

If unable to email, mail to: DCCED DCRA, 550 W. 7th Ave Ste 1650 Anchorage, AK 99501 or Fax: (907) 269-4539

State Assessor forms can be found at:
<https://www.commerce.alaska.gov/web/dcra/OfficeoftheStateAssessor/ReportsandForms.aspx>.

If there are questions, contact Lindsay Reese at (907) 269-7906 or email caa@alaska.gov.

Statutes, regulations, and forms are available at:
<https://www.commerce.alaska.gov/web/dcra/GrantsSection/CommunityRevenueSharing.aspx>

Department of Commerce, Community, and Economic Development

FY 2025 COMMUNITY ASSISTANCE PROGRAM
REQUIREMENTS AND CERTIFICATION

CITY APPLICATION
DEADLINE: JUNE 1, 2024

Table with 2 columns: City Information and Contact Information. Rows include Name of City (City of Kotzebue), Mailing Address (PO Box 46), City/State/Zip Code (Kotzebue, AK 99752), Contact Name (Teresa Baldwin), Contact Email Address (tbaldwin@kotzebue.org), and Contact Phone & Fax Number (907-442-3401 / 907-442-3742).

ACKNOWLEDGE THE REQUIREMENTS BY CHECKING OR INITIALING EACH BOX:

- Four checkboxes with corresponding text requirements regarding public purpose, record keeping, expenditure statements, and report releases.

Reports to CAA@alaska.gov:

- Two checkboxes for FY23 Annual Audit/CFS and FY25 Annual Budget.

Reports to StateAssessor@alaska.gov:

- Three checkboxes for FY24 Tax assessment and tax levy figures, Summary of optional property tax exemptions and estimate of revenue lost to exemptions, and Copy of taxpayer notice.

Reports to LBC@alaska.gov:

- One checkbox for Maps and descriptions of all annexed or detached territory.

CERTIFICATION:

As the highest ranking official, I certify the City of Kotzebue understands the requirements for receiving the community assistance payment and agrees to comply with all laws and regulations (AS 29.60.850 - 879; 3 AAC 180.010 - 900) governing the community assistance funds.

Signature: Teresa Baldwin, City Manager

Date: 2/8/2024

Printed Name and Title: Teresa Baldwin, City Manager

**FY 2025 PROPOSED
COMMUNITY ASSISTANCE PROGRAM CAP BUDGET**

City of Kotzebue

Name of City

Please describe below how your organization proposes to utilize the estimated FY 2025 Community Assistance Program payment.

FUEL	\$ _____
ELECTRICITY	\$ _____
INSURANCE	\$ <u>836,849.00</u>
EDUCATION	\$ _____
EMS	\$ _____
WATER/SEWER	\$ _____
PUBLIC SAFETY	\$ _____
FIRE	\$ _____
ROAD MAINTENANCE	\$ _____
HARBORS	\$ _____
HEALTH	\$ _____
GENERAL ADMINISTRATION	\$ _____
OTHER _____	\$ _____
OTHER _____	\$ _____
OTHER _____	\$ _____
FY 2025 ESTIMATED PAYMENT	\$ <u>836,849.00</u>

FY 2024 COMMUNITY ASSISTANCE PROGRAM
Statement of Expenditures for Prior Year Payment
City of Kotzebue

Name of City

Please detail below how your organization utilized the FY 2024 Community Assistance Payment.

FUEL	\$ _____
ELECTRICITY	\$ _____
INSURANCE	\$ <u>75,552.21</u>
EDUCATION	\$ _____
EMS	\$ _____
WATER/SEWER	\$ _____
PUBLIC SAFETY	\$ _____
FIRE	\$ _____
ROAD MAINTENANCE	\$ _____
HARBORS	\$ _____
HEALTH	\$ _____
GENERAL ADMINISTRATION	\$ _____
OTHER _____	\$ _____
OTHER _____	\$ _____
OTHER _____	\$ _____
OTHER _____	\$ _____
OTHER _____	\$ _____
SAVINGS/NOT SPENT	\$ _____
FY 2024 TOTAL PAYMENT	\$ <u>75,552.21</u>



**CITY OF KOTZEBUE
RESOLUTION NO. 24-13**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KOTZEBUE
ESTABLISHING AN UPDATED CHECK SIGNATURE LIST FOR KEY BANK.**

WHEREAS, the City of Kotzebue has invested a portion of its funds in the Alaska Municipal League Investment Pool, Inc. (“AMLIP”);

WHEREAS, AMLIP investments are handled by/administered by Key Bank;

WHEREAS Key Bank requires updated check signature cards for the City’s AMLIP account; and,

WHEREAS the AMLIP Signature Card Revision Form is attached hereto as Exhibit “A” and must be completed and returned to Key Bank.

NOW, THEREFORE, BE IT RESOLVED, that the City Council of the City of Kotzebue directs the City Administration to complete Exhibit “A” attached hereto with the appropriate information and obtain the required signatures and return such to Key Bank.

PASSED AND APPROVED by a duly constituted quorum of the City Council of the City of Kotzebue, Alaska, this 22nd day of February 2024.

CITY OF KOTZEBUE

Saima Chase, Mayor

[SEAL]

ATTEST:

Rosie Hensley, City Clerk

Attachment: Exhibit "A" – AMLIP Signature Card Revision Form 3 pages

ACCOUNT APPLICATION / SIGNATURE CARD

AMLIP SERIES I AMLIP SERIES II

Check only one box above. A separate first page is needed for each Series. The Certificate of Authority page can be used for multiple accounts.



Account Number (and underlying portfolios): City of Kotzebue

1. ACCOUNT REGISTRATION

Government Entity Name: City of Kotzebue
Mailing Address: PO Box 46
City: Kotzebue
State: AK Zip Code: 99752

Primary Contact: Teresa Baldwin
Phone Number: 907-442-3401
Email Address: tbaldwin@kotzebue.org

Secondary Contact: Donna McConnell
Phone Number: 907-442-3401
Email Address: dmcconnell@kotzebue.org

2. TAX AND INVESTMENT CERTIFICATION

I certify that 92-6001350 is the correct Tax Identification Number and that the government entity is an exempt recipient. Additionally, I acknowledge the selection of Pool Series I or II in above field.

Under the penalties of perjury, I certify that the information provided on this application is true, correct and complete, and agree to the terms thereof.

Signature: _____ Date: _____

Title: City Manager

[If you are unable to certify your status as an exempt recipient, or have any questions, please contact Alaska Permanent Capital Management at 907-272-7575.]

3. CERTIFICATE OF AUTHORITY

It is necessary for you to provide a certified copy of a Certificate of Authority identifying those individuals who may authorize transactions. The attached form needs to be used for this purpose. A certified copy of a resolution can be included. It is understood that the Pool and KeyBank N.A. may rely upon these authorizations until revoked or amended by written notices delivered to KeyBank.

CERTIFICATE OF AUTHORITY

The undersigned hereby certifies and affirms that he/she is the duly elected/delegated/appointed Teressa Baldwin of City of Kotzebue (herein "Investor"), a government municipality, organized under the laws of the State of Alaska. The Undersigned hereby certifies that the Council Members of the Investor are authorized to open an account in the name of the Investor in the Alaska Municipal League Investment Pool and to invest such funds of the Investor in this account as they may deem necessary; that the persons authorized below may endorse transaction requests and other instruments for investment in said account and that requests withdrawing said funds must be signed by 8 of the persons authorized below.

The undersigned further certifies that the Pool and KeyBank, shall be held harmless and fully protected in relying from time to time upon any certifications by the secretary or clerk of the Investor as to the names of the individuals occupying such offices and in acting in reliance upon the foregoing certification until actual receipt by them of a Certificate of Authority issued by the secretary or clerk of the Investor modifying or revoking any or all such resolutions.

The undersigned further certifies that the following individuals occupy the offices designated

Name: Teressa Baldwin
Title: City Manager
Phone: 907-442-3401
Signature: _____

Name: Ernest Norton
Title: Seat A
Phone: 907-995-2212
Signature: _____

Name: Derek Haviland-Lie
Title: Seat B
Phone: 907-412-1725
Signature: _____

Name: Joshua Hadley
Title: Seat C
Phone: 907-203-2676
Signature: _____

Name: Saima Chase
Title: Seat D
Phone: 907-885-9852
Signature: _____

Name: Kathleen Sherman
Title: Seat E
Phone: 907-412-3345
Signature: _____

Attach an additional certificate of authority page to include additional names if necessary.

Government Entity Name: City of Kotzebue

Authority Officer Signature:

{SEAL}

City Manager

Government Entity's Seal Date: _____

See the Common Investment Agreement for the differences in Series I & Series II and the Investment Circular for Municipal Advisor information.

CERTIFICATE OF AUTHORITY

The undersigned hereby certifies and affirms that he/she is the duly elected/delegated/appointed Teressa Baldwin of City of Kotzebue (herein "Investor"), a government municipality, organized under the laws of the State of Alaska. The Undersigned hereby certifies that the Council Members of the Investor are authorized to open an account in the name of the Investor in the Alaska Municipal League Investment Pool and to invest such funds of the Investor in this account as they may deem necessary; that the persons authorized below may endorse transaction requests and other instruments for investment in said account and that requests withdrawing said funds must be signed by 8 of the persons authorized below.

The undersigned further certifies that the Pool and KeyBank, shall be held harmless and fully protected in relying from time to time upon any certifications by the secretary or clerk of the Investor as to the names of the individuals occupying such offices and in acting in reliance upon the foregoing certification until actual receipt by them of a Certificate of Authority issued by the secretary or clerk of the Investor modifying or revoking any or all such resolutions.

The undersigned further certifies that the following individuals occupy the offices designated

Name: Ariana Erlich
Title: Seat F
Phone: 907-230-8686
Signature: _____

Name: Johnson Greene
Title: Seat G
Phone: 907-412-0699
Signature: _____

Name: [Click to enter name](#)
Title: [Click to enter title.](#)
Phone: [Click to enter number](#)
Signature: _____

Name: [Click to enter name](#)
Title:
Phone: [Click to enter number](#)
Signature: _____

Name: [Click to enter name](#)
Title:
Phone: [Click to enter number](#)
Signature: _____

Name: [Click to enter name](#)
Title:
Phone: [Click to enter number](#)
Signature: _____

Attach an additional certificate of authority page to include additional names if necessary.

Government Entity Name: City of Kotzebue

Authority Officer Signature: _____ {SEAL}

City Manager

Government Entity's Seal Date: _____

See the Common Investment Agreement for the differences in Series I & Series II and the Investment Circular for Municipal Advisor information.



**CITY OF KOTZEBUE
RESOLUTION NO. 24-14**

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KOTZEBUE AUTHORIZING THE CITY MANAGER AND/OR HER DESIGNEE(S) TO APPLY TO THE STATE OF ALASKA, STATE REVOLVING FUND (“SRF”) IN THE AMOUNT OF TWO MILLION, FIVE HUNDRED THOUSAND DOLLARS (\$2,500,000) FOR THE BEGINNING PHASES OF THE REPLACEMENT OF SWAN LAKE LOOP AND LAGOON LOOP

- WHEREAS,** the State of Alaska, Department of Environmental Conservation, Division of Water (“DEC/DW”), has offered the City of Kotzebue (“City”) the option of applying to the State Revolving Fund (“SRF”) in the amount of \$2,500,000 for the beginning phases of the replacement of the Swan Lake Loop and Lagoon Loop as set forth in the email string attached hereto a Exhibit “A” and DEC/DW Table attached hereto as Exhibit “B” and incorporated by reference herein;

- WHEREAS,** this SRF loan application would be for the planning and design of Swan Lake Loop and Lagoon Loop replacement projects;

- WHEREAS,** this is a forgivable loan in the amount of \$2,500,000 with \$12,500 withheld from the forgivable \$2,500,000 loan amount for the 0.05% loan fee;

- WHEREAS,** this SRF loan application is due on or before April 1, 2024 as set forth in the Table attached hereto as Exhibit “B” but the City intends to submit this application as soon as possible; and,

- WHEREAS,** this SRF loan application is part of a forgivable loan program as set forth in Exhibits “A” and “B” attached hereto and therefore will not require General Fund monies from the City and will not require the City to take out a loan for these SRF monies, ergo no public vote is necessary to apply for and repay these SRF monies.

NOW, THEREFORE, BE IT RESOLVED, that the City Council of the City of Kotzebue, authorizes the City Manager and/or her designee(s) to apply for a SRF forgivable loan in the amount of \$2,500,000 for the beginning phases of the replacement of the Swan Lake Loop and Lagoon Loop as set forth in the email string attached hereto a Exhibit “A” and DEC/DW Table attached hereto as Exhibit “B” with all due haste.

PASSED AND APPROVED by a duly constituted quorum of the City Council of the City of Kotzebue, Alaska, this 22nd day of February 2024.

CITY OF KOTZEBUE

Saima Chase, Mayor

[SEAL]

ATTEST:

Rosie Hensley, City Clerk

Attachment: Exhibit "A" – Email string February 9-16, 2024 [5 pages]
 Exhibit “B” – DEC Table [1 page]

Project	VSW Planning	Possible VSW CIP Actions	VSW Design & Construction	SRF Planning & Design	SRF Construction	Possible SRF Action	Recommended Action
Swan Lake Loop Replacement	Funding awarded but insufficient to cover the full scope	Reduce scope of CIP funded planning project or non-fundamental CIP projects.	Final design and planning project is complete and approved	Project is on the Project Priority List with up to \$2.5M in available loan forgiveness.	The maximum amount of loan forgiveness currently available to Kotebebe for drinking water loans in a given year is \$2.5M. It would be more advantageous to pursue full grant funding for construction through CIP as soon as the planning document is complete and approved.	Submit SRF loan application for planning and design of Swan Lake and Lagoon Loop replacement projects. Apply for \$2.5M in forgiven loan with \$12,500 in reimbursements withheld for 0.05% loan fee. Apply by April 1, 2024.	Submit SRF loan application for planning and design of Swan Lake and Lagoon Loop replacement projects. Apply for \$2.5M in forgiven loan with \$12,500 in reimbursements withheld for 0.05% loan fee. Apply by April 1, 2024.
Lagoon Loop Replacement			Final design and planning project is complete and approved				
Lift Station B Rehabilitation and I&I Investigation			Final design and planning project is complete and approved	This project is not currently included in the SRF Project Priority List.	The maximum amount of loan forgiveness currently available to Kotebebe for wastewater water loans in a given year is \$1M. It would be more advantageous to pursue full grant funding for construction through CIP as soon as the planning document is complete and approved.	Submit a project questionnaire for planning and design funding with the potential for up to \$1M in loan forgiveness.	Rescope CIP funding to focus solely on wastewater planning efforts. Pursue CIP grant funds for design and construction when planning project is complete and approved.
Sewer Main Replacement			Final design and planning project is complete and approved				
Vertac Lake Dam Repair or Replacement	Not applicable. Needs planning project to complete.	Wait for completion of final design and planning project before submitting CIP for planning funds.	Final design and planning project is complete and approved	This project is not currently included in the SRF Project Priority List.	This project is not currently included in the SRF Project Priority List.	Submit SRF Project Questionnaire for planning, design and construction by February 29, 2024. If insufficient loan forgiveness is available, pursue CIP construction funds when planning document is complete and approved.	Submit SRF Project Questionnaire for planning, design and construction by February 29, 2024. If insufficient loan forgiveness is available, pursue CIP construction funds when planning document is complete and approved.

Replacement of Swan Lake Loop and Lagoon Loop

Tessa Baldwin <TBaldwin@Kotzebue.org>

Fri 2/16/2024 5:48 PM

To: City Council <CityCouncil@Kotzebue.org>

Cc: Joe Evans <Joe@jwevanslaw.com>; Russ Ferguson <RFerguson@Kotzebue.org>; Samuel Atkinson <SAtkinson@Kotzebue.org>; Chelsea Sieh <CSieh@Kotzebue.org>; Eldon Mulder <muldereldon@gmail.com>; Eldon Mulder <eldon.mulder@icloud.com>; Benjamin Mohr <benmohr@gmail.com>

📎 1 attachments (11 KB)

Kotzebue Funding Recommendation 02.15.24.xlsx;

Dear Members of the City Council and Administration,

Our team was approached by the State revolving fund (SRF) for the beginning phases of the replacement of Swan Lake Loop and Lagoon Loop.

The option that was presented was to us does **not use any public dollars**. This would be for us to apply for the State Revolving Fund, which acts as a loan in most cases, however only for the amount in which we are eligible for reimbursement. This means we would not use any public tax payer dollars for the first phase of the project which would set us up for construction as early as next year and allow us to be eligible for grant funding for the replacement.

Please see attached the Kotzebue funding recommendation that lays out the pressing necessary steps to start these phases. Please note, that since this is a recommendation that we are planning on putting this on the agenda by resolution for your review. The transparency in this is that usually with a loan we would have to go out to public vote, however, we were reassured that since we are only applying for the amount we are eligible for reimbursement that this would act more like a grant. The pressing part is, is that if we do not apply for this action before the end of this month, we will jeopardize the project funding this year and will have to wait a whole additional year to apply for funding for any beginning phase pushing the replacement of the line to 2026 or 2027.

We have this on the agenda for next week but would like have some food for through this weekend. Eldon, Chelsea and I would act as a team to push this application forward however, we need direction and okay from the council to do this. Please review documents as you are able and we will present this information in person during the city Council meeting.

Thank you,

Tessa Baldwin
City Manager
City of Kotzebue
258A Third Avenue
PO Box 46, Kotzebue, AK 99752
Work: 907-442-5101
Cell: 907-412-3571
Fax: 907-442-3742



From: Bohan, Carrie D (DEC) <carrie.bohan@alaska.gov>
Sent: Friday, February 16, 2024 2:24 PM
To: Tessa Baldwin <TBaldwin@Kotzebue.org>
Cc: Ben Mohr <benmohr@gmail.com>; emulder@gci.net; Hodges, Elizabeth <ehodges@anthc.org>; Hancey, Derek <dhancey@anthc.org>; Ha, Young (DEC) <young.ha@alaska.gov>; Ulman, Peggy L (DEC) <peggy.ulman@alaska.gov>; Charlie Santos <CSantos@Kotzebue.org>
Subject: RE: Phone Call

I truly hope third time is the charm. The attached spreadsheet has all references to the fee amount corrected. I apologize for the repeated messages.

From: Bohan, Carrie D (DEC)
Sent: Friday, February 16, 2024 2:18 PM
To: Tessa Baldwin <TBaldwin@Kotzebue.org>
Cc: Ben Mohr <benmohr@gmail.com>; emulder@gci.net; Hodges, Elizabeth <ehodges@anthc.org>; Hancey, Derek <dhancey@anthc.org>; Ha, Young (DEC) <young.ha@alaska.gov>; Ulman, Peggy L (DEC) <peggy.ulman@alaska.gov>; Charlie Santos <CSantos@Kotzebue.org>
Subject: RE: Phone Call

My apologies; the previous attachment included the incorrect loan fee information. Please refer to this attachment which has been corrected.
 Carrie

From: Bohan, Carrie D (DEC)
Sent: Friday, February 16, 2024 2:07 PM
To: Tessa Baldwin <TBaldwin@Kotzebue.org>
Cc: Ben Mohr <benmohr@gmail.com>; emulder@gci.net; Hodges, Elizabeth <ehodges@anthc.org>; Hancey, Derek <dhancey@anthc.org>; Ha, Young (DEC) <young.ha@alaska.gov>; Ulman, Peggy L (DEC) <peggy.ulman@alaska.gov>; Charlie Santos <CSantos@Kotzebue.org>
Subject: RE: Phone Call

Tessa,

The City of Kotzebue would like to pursue replacement of the Swan Lake Loop as soon as possible. The City currently has a Village Safe Water (VSW) Capital Improvement Project (CIP) funded planning effort to evaluate the best path towards replacement, however that project is bundled with planning efforts for several other needed projects and there is not sufficient funding for the full scope. The City must either reduce scope or request additional funding to proceed with the CIP funded project.

The City has also previously submitted project questionnaires (letters of interest) to the State Revolving Fund (SRF) Program for low interest loans for design and construction of the Swan Lake and Lagoon Loops. The SRF is offering the City up to \$2.5M in loan forgiveness on these loans if the City applies by April 1, 2024. The City could consider

applying for a \$2.5M loan for planning and design of the Swan Lake and Lagoon Loops. This would result in a fully forgiven loan with up to \$12,500 (0.05% of disbursed funds) in fee withheld from reimbursements (note that my math was bad yesterday when I said \$125,000 in fees). Once the planning effort is complete and the funding agencies have reviewed and approved the selected alternative, the City could initiate design immediately. Then, the City could apply for VSW CIP funding for construction the following spring, even if design is ongoing. This method is likely to result in a complete design and initiation of construction more quickly than using CIP funding alone. Additionally, this would allow for the current CIP funded planning project to be rescoped to focus solely on the wastewater aspects and a supplemental funding request will not be necessary.

On a related note, the City has an interest in pursuing improvements to the Vortac Lake dam. The City could submit a project questionnaire to the SRF program by February 29, 2024 for planning, design, and construction of this project. The SRF Program will publish a new Project Priority List in June 2024 which will include allocation of new subsidy. It is possible that the City may be eligible for up to \$2.5M in loan forgiveness for this project as well. Once the new Priority List is available, we could regroup to discuss how the City might proceed with this project. If the City does not submit a questionnaire by the end of February, they are still welcome to do so, however the likelihood that substantial loan forgiveness will be available is very small until as it is allocated in the spring each year.

I've attached a table containing this same information in a different format that I hope will be easy to digest. Our teams are available to answer additional questions or discuss options, so please let us know how we can be most helpful.
Carrie

From: Tessa Baldwin <TBaldwin@Kotzebue.org>
Sent: Wednesday, February 14, 2024 5:35 PM
To: Bohan, Carrie D (DEC) <carrie.bohan@alaska.gov>
Cc: Ben Mohr <benmohr@gmail.com>; emulder@gci.net; Hodges, Elizabeth <ehodges@anthc.org>; Hancey, Derek <dhancey@anthc.org>; Ha, Young (DEC) <young.ha@alaska.gov>; Ulman, Peggy L (DEC) <peggy.ulman@alaska.gov>; Charlie Santos <CSantos@Kotzebue.org>
Subject: Re: Phone Call

You don't often get email from tbaldwin@kotzebue.org. [Learn why this is important](#)

Let's do 3PM! Charlie, can you send out the calendar invite to the group with a zoom link?

From: Bohan, Carrie D (DEC) <carrie.bohan@alaska.gov>
Sent: Wednesday, February 14, 2024 5:24:51 PM
To: Tessa Baldwin
Cc: Ben Mohr; emulder@gci.net; Hodges, Elizabeth; Hancey, Derek; Ha, Young (DEC); Ulman, Peggy L (DEC)
Subject: RE: Phone Call

Unfortunately, I don't think time works for our group. We are available tomorrow (Thursday) from 3pm – 430pm, or Friday from 130pm-300pm.

From: Tessa Baldwin <TBaldwin@Kotzebue.org>
Sent: Wednesday, February 14, 2024 5:16 PM
To: Bohan, Carrie D (DEC) <carrie.bohan@alaska.gov>
Cc: Ben Mohr <benmohr@gmail.com>; emulder@gci.net; Hodges, Elizabeth <ehodges@anthc.org>; Hancey, Derek <dhancey@anthc.org>; Ha, Young (DEC) <young.ha@alaska.gov>; Ulman, Peggy L (DEC) <peggy.ulman@alaska.gov>
Subject: Re: Phone Call

You don't often get email from tbaldwin@kotzebue.org. [Learn why this is important](#)

How does tomorrow at 11AM work for you?

Thank you,

From: Tessa Baldwin
Sent: Wednesday, February 14, 2024 1:02:22 PM
To: Bohan, Carrie D (DEC)
Cc: Ben Mohr; emulder@gci.net; Hodges, Elizabeth; Hancey, Derek; Ha, Young (DEC); Ulman, Peggy L (DEC)
Subject: Re: Phone Call

Absolutely! I would very much appreciate this call. I am cc'ing Charlie to find a time for all of us to meeting I'll also extend the invite to you all for our emergency operations which Charlie can forward to you as well.

Thank you!

From: Bohan, Carrie D (DEC) <carrie.bohan@alaska.gov>
Sent: Wednesday, February 14, 2024 11:50:16 AM
To: Tessa Baldwin
Cc: Ben Mohr; emulder@gci.net; Hodges, Elizabeth; Hancey, Derek; Ha, Young (DEC); Ulman, Peggy L (DEC)
Subject: RE: Phone Call

Good morning Tessa,

I had the opportunity to speak with Elizabeth Hodges of ANTHC this morning to brainstorm about potential paths for the City of Kotzebue to pursue funding for replacement of the Swan Lake and Lagoon loops, as well as Vortac Lake. We do have some suggestions that could move these projects along more quickly than the usual process. There are some upcoming deadlines at the end of February and it would be helpful to meet before then.

Would you be interested in meeting with us via phone or video call (Teams or Zoom) later this week? We are available tomorrow (Thursday) from 3pm – 430pm, or Friday from 130pm-300pm. If these times don't work, we can look to next week sometime. I know you have quite a lot to deal with at the moment!

Carrie



Carrie Bohan
 Facilities Programs Manager
 DIVISION OF WATER
 OFFICE 907.465.5143
CARRIE.BOHAN@ALASKA.GOV
 PO BOX 111800
 JUNEAU, AK 99811

From: Bohan, Carrie D (DEC)
Sent: Friday, February 9, 2024 1:52 PM
To: emulder@gci.net; Tessa Baldwin <TBaldwin@Kotzebue.org>
Cc: Ben Mohr <benmohr@gmail.com>
Subject: RE: Phone Call

Good afternoon,
I am going to be out of the office starting at about 2pm today, but I am still happy participate in a call anytime this afternoon. My calendar is also completely open on Monday so I can be available to meet whenever best fits your schedules.
Carrie

From: emulder@gci.net <emulder@gci.net>
Sent: Friday, February 9, 2024 1:43 PM
To: Bohan, Carrie D (DEC) <carrie.bohan@alaska.gov>; Tessa Baldwin <TBaldwin@Kotzebue.org>
Cc: Ben Mohr <benmohr@gmail.com>
Subject: Phone Call

CAUTION: This email originated from outside the State of Alaska mail system. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Good afternoon, Tessa and Carrie. As I mentioned on our call, Carrie, Tessa is the City Manager for Kotzebue (I believe you met last year). As I suspected, Tessa would greatly appreciate visiting with you directly, Carrie, regarding funding options. What is your earliest availability? Perhaps even this afternoon?? (I've also included my business partner, Ben Mohr, on this email.)

Also, I mentioned it might be possible to deploy a person to Kotzebue for assistance and Tessa is also interested in that opportunity if available.

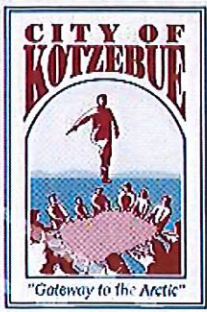
Anyway, perhaps we can get the two of you together in the very near future. Carrie, many thanks for your willingness to talk about options.

Take care and hope to hear from both of you soon.

All the best,



Eldon
Eldon Mulder
The Mulder Company
PO Box 140711
Anchorage, AK 99514
(907)223-3262: cell



**CITY OF KOTZEBUE
RESOLUTION NO. 24-15**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KOTZEBUE
AUTHORIZING THE CITY MANAGER AND/OR HER DESIGNEE(S) TO SUBMIT TO
THE STATE OF ALASKA, A STATE REVOLVING FUND (“SRF”) PROJECT
QUESTIONNAIRE FOR PLANNING, DESIGN AND CONSTRUCTION OF THE
VORTAC LAKE DAM REPAIR OR REPLACEMENT**

WHEREAS, the State of Alaska, Department of Environmental Conservation, Division of Water (“DEC/DW”), has recommended that the City of Kotzebue (“City”) submit a State Revolving Fund (“SRF”) Project Questionnaire for the Vortac Lake Dam Repair or Replacement Project as set forth in the email string attached hereto a Exhibit “A” and DEC/DW Table attached hereto as Exhibit “B” and incorporated by reference herein;

WHEREAS, this SRF Questionnaire loan application would be for the planning, design and construction of the Vortac Lake Dam Repair or Replacement Project;

WHEREAS, this Project Questionnaire is due on or before February 29, 2024 as set forth in the Table attached hereto as Exhibit “B”;

WHEREAS, if there is insufficient SRF loan forgiveness available for this Project, the City will pursue CIP construction funds when planning documentation is complete and approved; and,

WHEREAS, this Vortac Lake Dam Repair or Replacement Project is vitally important to health and safety of the City and its residents.

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NOW, THEREFORE, BE IT RESOLVED, that the City Council of the City of Kotzebue, authorizes the City Manager and/or her designee(s) to submit to the State a SRF Project Questionnaire for the planning, design and construction of Vortac Lake Dam Repair or Replacement Project with all due haste.

PASSED AND APPROVED by a duly constituted quorum of the City Council of the City of Kotzebue, Alaska, this 22nd day of February 2024.

CITY OF KOTZEBUE

Saima Chase, Mayor

[SEAL]

ATTEST:

Rosie Hensley, City Clerk

Attachment: Exhibit "A" – Email string February 9-16, 2024 [5 pages]
 Exhibit "B" – DEC Table [1 page]

Replacement of Swan Lake Loop and Lagoon Loop

Tessa Baldwin <TBaldwin@Kotzebue.org>

Fri 2/16/2024 5:48 PM

To: City Council <CityCouncil@Kotzebue.org>

Cc: Joe Evans <Joe@jwevanslaw.com>; Russ Ferguson <RFerguson@Kotzebue.org>; Samuel Atkinson <SAtkinson@Kotzebue.org>; Chelsea Sieh <CSieh@Kotzebue.org>; Eldon Mulder <muldereldon@gmail.com>; Eldon Mulder <eldon.mulder@icloud.com>; Benjamin Mohr <benmohr@gmail.com>

 1 attachments (11 KB)

Kotzebue Funding Recommendation 02.15.24.xlsx;

Dear Members of the City Council and Administration,

Our team was approached by the State revolving fund (SRF) for the beginning phases of the replacement of Swan Lake Loop and Lagoon Loop.

The option that was presented was to us does **not use any public dollars**. This would be for us to apply for the State Revolving Fund, which acts as a loan in most cases, however only for the amount in which we are eligible for reimbursement. This means we would not use any public tax payer dollars for the first phase of the project which would set us up for construction as early as next year and allow us to be eligible for grant funding for the replacement.

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 City of Kotzebue
 258A Third Avenue
 PO Box 46, Kotzebue, AK 99752
 Work: 907-442-5101
 Cell: 907-412-3571
 Fax: 907-442-3742



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 PO BOX 111800
 JUNEAU, AK 99811

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(907)223-3262: cell

Replacement of Swan Lake Loop and Lagoon Loop

Tessa Baldwin <TBaldwin@Kotzebue.org>

Fri 2/16/2024 5:48 PM

To: City Council <CityCouncil@Kotzebue.org>

Cc: Joe Evans <Joe@jwevanslaw.com>; Russ Ferguson <RFerguson@Kotzebue.org>; Samuel Atkinson <SAtkinson@Kotzebue.org>; Chelsea Sieh <CSieh@Kotzebue.org>; Eldon Mulder <muldereldon@gmail.com>; Eldon Mulder <eldon.mulder@icloud.com>; Benjamin Mohr <benmohr@gmail.com>

📎 1 attachments (11 KB)

Kotzebue Funding Recommendation 02.15.24.xlsx;

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Kotzebue, Alaska 99752

City Hall
(907) 442-3401

Police Dept.
(907) 442-3351

Fire Dept.
(907) 442-3404

Public Works
(907) 442-3401

February 5th, 2024

Subject: Request for Proposal – Strategic Planning Services

Dear [Consulting Firm's Name],

I am writing on behalf of the City of Kotzebue, a local government entity dedicated to serving the needs of our community. We are currently seeking proposals from reputable and experienced consulting firms to assist us in developing a comprehensive strategic plan that aligns with our vision of fostering growth and enhancing the quality of life for our residents.

Organizational Overview: City of Kotzebue has a population of approximately 3,200 residents and operates with an average of 90-100 employees across various departments. Our municipal structure comprises the following key departments:

1. Public Works Department
2. Planning Department
3. Parks and Recreation Department
4. City Hall
5. Police Department
6. Fire and Emergency Medical Services
7. Human Resources Department
8. Public Relations Department

Scope of Services: We are seeking a qualified consulting firm to guide us in formulating a strategic plan that addresses our unique challenges and opportunities. The selected firm should possess expertise in municipal governance and strategic planning, demonstrating the ability to tailor their approach to meet the specific needs of our community.

The strategic plan should encompass, but not be limited to, the following key components:

1. Mission and Vision Statements: Define clear and concise statements that articulate our purpose and future aspirations.
2. SWOT Analysis: Conduct a thorough analysis of our internal strengths and weaknesses, as well as external opportunities and threats.
3. Goal Setting: Establish measurable and achievable goals aligned with our mission and vision.

4. Departmental Assessments: Evaluate the efficiency and effectiveness of each department, with a focus on improving service delivery.
5. Community Engagement: Develop strategies for fostering transparent communication and collaboration with our residents.

Proposal Submission: Interested consulting firms are invited to submit their proposals by March 29, 2024 at 5PM. The proposals should include the following elements:

1. Executive Summary
2. Approach and Methodology
3. Relevant Experience
4. Project Timeline
5. Detailed Budget

Evaluation Criteria: Proposals will be evaluated based on the following criteria:

1. Experience and Expertise
2. Methodology and Approach
3. Understanding of Local Government Dynamics
4. Cost-effectiveness

Please submit your proposal to Tessa Baldwin, City Manager at tbaldwin@kotzebue.org no later than March 29, 2024 at 5PM.

We look forward to reviewing your proposal and selecting a consulting firm that will contribute to the growth and development of City of Kotzebue. If you have any questions or require additional information, please contact City Manager Baldwin at 907-442-5101.

Thank you for your consideration.

Sincerely,

Tessa Baldwin
City Manager
City of Kotzebue



THE STATE
of ALASKA
GOVERNOR MIKE DUNLEAVY

Department of Commerce, Community,
and Economic Development

DIVISION OF COMMUNITY AND REGIONAL AFFAIRS
Anchorage Office

550 West Seventh Avenue, Suite 1640
Anchorage, Alaska 99501
Main: 907.269.4581
Fax: 907.269.4539

January 16, 2024

Teresa Baldwin, City Manager
City of Kotzebue
P.O. Box 46
Kotzebue, AK 99752

SUBJECT: Population Determination for FY2025 DCCED Financial Assistance Programs

Dear Ms. Baldwin:

Pursuant to 3 AAC 180.050(d), the Commissioner of the Department of Commerce, Community, and Economic Development annually certifies the population of each municipality, community, and reserve in the State of Alaska for use in various financial assistance programs based upon population determinations made pursuant to 3 AAC 180.030. For the **City of Kotzebue** the following population will be used for all FY25 programs the department administers.

The population of City of Kotzebue has been determined to be 2953

If you do not agree with the population determination, you may request a population adjustment by submitting a written request and substantiate the request by completing either of the two approved methods: Head Count Census Method or Housing Unit Method. The request must include a resolution from the governing body proposing a corrected population total.

If you choose to request a population adjustment, please review the Head Count Census and Housing Unit Method manuals the department has published to assist you with this process. These manuals are available at <https://www.commerce.alaska.gov/web/dkra/MappingAnalyticsandDataResources/PopulationAdjustment.aspx> or you may also contact the department for a copy of the manuals.

The request for adjustment and completed census documentation must be postmarked no later than April 3, 2024, and submitted to:

Department of Commerce, Community, and Economic Development
Division of Community and Regional Affairs
Attn: Grace Beaujean
550 West 7th Avenue, Suite 1640
Anchorage, AK 99501

Please refer to 3 AAC 180.040 for requirements governing requests for adjustments to population determinations.

For additional information, please contact Grace Beaujean, Research Analyst 4, at 907.269.4521 or DCRAResearchAndAnalysis@alaska.gov.

Sincerely,



Sandra Moller
Director

cc: Division of Community and Regional Affairs, Research and Analysis Section
Division of Community and Regional Affairs, Grant & Funding Section

Project Title: Kotzebue - Water Security Phase I- Vortec Lake Dam

TPS Number: 68833

Priority: 1

Agency: Commerce, Community and Economic Development
 Grants to Municipalities (AS 37.05.315)

Grant Recipient: Kotzebue

FY2025 State Funding Request: \$1,000,000

One-Time Need

Brief Project Description:

Vortac Lake Dam is the primary source of back up water for the City of Kotzebue. This dam was inspected by DEC which classified it as life threatening. We are requesting money to ensure the safety of our residents and their access to safe and healthy drinking water.

Funding Plan:

Total Project Cost:	\$1,000,000
Funding Already Secured:	(\$0)
FY2025 State Funding Request:	(\$1,000,000)
Project Deficit:	\$0

Explanation of Other Funds:

At this time, we do not have any funding for this project.

Detailed Project Description and Justification:

Vortac Lake Dam was constructed in 1966. This dam is the primary source of backup water for the City of Kotzebue. Currently, the dam that holds this reservoir in place is failing. Recent safety inspections done by the State of Alaska Department of Environmental Conservation determined that the dam was dangerous and recommended fixing the dam or breaching it.

The City of Kotzebue must find a solution to eliminate risk of a dam break, which would cause catastrophic damage to other infrastructure. The dam, if it were to fail, would demolish the primary water source. Secondly, decommissioning the Vortac Lake dam would leave Kotzebue without a secondary water source.

The City of Kotzebue has made this the top priority for the municipality due to its status as a level two risk deemed by the state. The City of Kotzebue must conduct a bathymetric survey, a terrestrial survey of the embankment, geotechnical drilling and get an estimate for the feasibility of developing the water source at Vortac Lake Dam. This funding request to evaluate and reinstat the dam is a total of \$1,000,000.00.

Project Timeline:

If this project were to be funded we would hire an engineering firm this construction season to reinstate the dam.

Entity Responsible for the Ongoing Operation and Maintenance of this Project:

City of Kotzebue

Grant Recipient Contact Information:

Name:	Teressa K. Baldwin
Address:	258 Third Avenue Kotzebue, AK 99752
Phone Number:	(907)442-5101
Email:	tbaldwin@kotzebue.org

This project has been through a public review process at the local level and it is a community priority.

Project Title: Kotzebue - Swan Lake Watermain Loop

TPS Number: 68839

Priority: 2

Agency: Commerce, Community and Economic Development
Grants to Municipalities (AS 37.05.315)

Grant Recipient: Kotzebue

FY2025 State Funding Request: \$14,500,000

Future Funding May Be Requested

Brief Project Description:

Swan Lake Watermain Loop was constructed in 1990. This watermain services 190 homes in the City of Kotzebue and this year has caused the city to lose 100,000 gallons of water a day due to a crack. In addition, the city declared an emergency disaster due to 42 homes having no water due to a failure in the main. The City of Kotzebue is seeking funding to replace this watermain loop.

Funding Plan:

Total Project Cost:	\$14,500,000
Funding Already Secured:	(\$0)
FY2025 State Funding Request:	(\$14,500,000)
Project Deficit:	\$0

Explanation of Other Funds:

The watermain loop was replaced in 1990. ANTHC can service some funding for this project but only for Alaska Native/ American Indian homes on this loop.

Detailed Project Description and Justification:

Swan Lake Water main loop was constructed over 40 years ago. The February of 2024, the City of Kotzebue declared an emergency disaster due to the failure of this water main loop. conveyed that the warm weather had triggered a change, which resulted in a blockage on Swan Lake water main loop. Due to the failure in the Swan Lake Watermain loop 190 homes have been impacted with over 40 of the homes reporting to have no running water. In addition, a few weeks prior to this emergency, Swan Lake Water Loop had a burst in the pipe causing the City of Kotzebue to lose upwards to 100,000 gallons of water a day from city water tanks. This issue alone was a threat to properly responding to any emergency fire. These instances alone cost the City of Kotzebue \$xxx,xxx.00 to repair the lines and an average of \$xxx,xxx.00 per year.

The City of Kotzebue is working with ANTHC to look for alternative funding for this request but ultimately this funding source can only supply the replacement of the lines for Alaska Native/ American Indian Homes. In order to replace this line with eight-inch HDPE service lines and mains it would cost the City of Kotzebue \$13,400,000.00

Funding Request

\$14,500,000.00

Project Timeline:

An engineered design is being worked on right now to replace the service lines. Once complete, we will be able to start the process of replacing the watermain loop.

Entity Responsible for the Ongoing Operation and Maintenance of this Project:

City of Kotzebue

Grant Recipient Contact Information:

Name: Teresa K. Baldwin

Address: 258 Third Avenue
Kotzebue, AK 99752
Phone Number: (907)442-5101
Email: tbaldwin@kotzebue.org

This project has been through a public review process at the local level and it is a community priority.

Project Title: Kotzebue - Water and Sewer Improvements

TPS Number: 66918

Priority: 3

Agency: Commerce, Community and Economic Development
Grants to Municipalities (AS 37.05.315)

Grant Recipient: Kotzebue

FY2025 State Funding Request: \$18,000,000

One-Time Need

Brief Project Description:

Replace and repair failing water and sewer lines, lift stations, and storm drains for multiple at-risk sites in the Kotzebue community.

Funding Plan:

Total Project Cost:	\$18,000,000
Funding Already Secured:	(\$0)
FY2025 State Funding Request:	(\$18,000,000)
Project Deficit:	\$0

Explanation of Other Funds:

No funding has been acquired for this project. We are looking at avenues for funding through ANTHC.

Detailed Project Description and Justification:

This request includes water and sewer updates to Lagoon Watermain Loop and two lift stations. Improvements on the City of Kotzebue's ageing infrastructure would allow for reduced prevalence of emergency repair by installing modern water and sewer systems to withstand Arctic conditions. Emergency repairs are costly and remove staff from operation and maintenance activities that, if not ignored, could result in additional emergency repairs in the future. In addition to increased repair and maintenance costs, these system failures endanger health and safety due to lack of water and sewer services in homes and sewage spills and flooding in the community.

Swan Lake Watermain loop was installed in 1990 using 4-inch PVC pipe. While approximately one-half of the piping has been upgraded with larger diameter HDPE pipe, the continued replacement of the remaining undersized and deteriorated old 4-inch PVC pipelines is necessary. Leakage and breakage of the old PVC pipe is the main cause for major maintenance on the water loops. Service connections run to each customer in twin pipes which allows for circulation of the water between the pump house and the water main to keep the water service from freezing. Water is circulated using pit orifices installed in the water main and by circulation pumps installed in many of the homes serviced.

Lastly, the City-owned Fire Station has a small residential-style lift station that pumps sewage from the fire station to the gravity main on Bison Street. The lift station is built at-grade into the concrete slab of the fire station, and the force service runs under the building concrete slab and out under the asphalt parking area. Recent failures at the lift station indicate the pumps aren't functioning well, and the force service is in poor condition. The fire station lift station needs to be replaced in place and the force service rerouted in a carrier pipe to avoid failure of sewer service to the fire department because of the crucial nature of the public safety services the department provides to the community. Because the force service is under the foundation slab of the building and the paved parking lot a trenchless technology may be required, making the replacement more costly than a standard residential lift.

The following State CAPSIS request for the City of Kotzebue water and sewer improvement project is as followed:

Lagoon Watermain Loop: \$14,000,000.00

Replacement of Lift Stations 9 and 12: \$4,000,000.00

Project Timeline:

Out of RFP: Fall of 2024
Construction: Spring and Summer of 2025

Entity Responsible for the Ongoing Operation and Maintenance of this Project:

City of Kotzebue

Grant Recipient Contact Information:

Name: Teressa K. Baldwin
Address: P.O. Box 46
Kotzebue, AK 99752
Phone Number: (907)442-5101
Email: tbaldwin@kotzebue.org

This project has been through a public review process at the local level and it is a community priority.



CITY OF KOTZEBUE
DRAFT
SANITATION
UTILITIES
DEVELOPMENT
PLAN

December 10, 2021

DRAFT



DRAFT SANITATION UTILITIES DEVELOPMENT PLAN

Kotzebue, Alaska

Prepared for:

City of Kotzebue
P.O. Box 46
Kotzebue, Alaska 99752

Prepared by:

DOWL
4041 B Street
Anchorage, Alaska 99503
(907) 562-2000

December 2021

DOWL Project No. 1528.50231.02

DRAFT

1.0 INTRODUCTION

1.1 Background

This Sanitation Utilities Master Plan (Plan) for the City of Kotzebue (City) is a living document that is updated every 5 to 10 years. The Plan, along with the special investigation of Alaska Environmental Infrastructure, developed by the Army Corps of Engineers in May of 1999, have been the basis for improvements and the operation of the City Public Works Department. The process of updating the Plan helps the City of Kotzebue (City) assess their current and future needs, and the Plan that results from the updating process provides the City with planning level costs and a schedule to aid in securing funding. The projects identified in the Plan are focused so that the City can continue to provide appropriate sanitation services such as water, sewer and solid waste management at affordable rates to the current and future residents of and travelers to Kotzebue, Alaska. The original version of the Plan was prepared by USKH, Inc. in the early 1990s and was then updated by LCG Inc. in 2000 and 2005; and then by DOWL in 2011 and now 2021.

Since the original Plan was created, many of the projects in the plan have been focused on updating the City's original water and sewer infrastructure that was constructed in the 1960s and 1970s. But it hasn't been until the last two decades (since the last Plan update in 2011) that the City was able to replace an update much of that infrastructure, due to the availability of funding. The majority of the capital improvement projects (CIP) completed were identified in the 2011 master plan. The projects include a new telemetry system to better monitor the state of the sanitation utilities systems, the expansion of Front Street Water Service Loop by incorporating Southern Water Service Loop, the construction of a new Water Treatment Facility (WTF), and the replacement of Lift Stations 1 and 7 (under construction). Projects such as the repair or decommission of Vortac Lake Dam and raising Devil's Lake Road however have not been completed despite inclusion in multiple updates of the Plan. CIPs listed in the 2011 plan that were not completed have either been shelved because they have become obsolete or have been reworked and are included in this update.

Even though a substantial amount of sanitation CIPs were completed, original sanitation infrastructure is still in place that requires updates, new infrastructure is needed to keep pace with the growing population of the City and the region, and new and old infrastructure requires continual upgrades due to the challenges of operating and maintaining sanitation infrastructure in cold regions (above the arctic circle).

The following sections consist of an updated summary of site-specific conditions, descriptions of the identified CIP for 2021 and the estimated planning costs, and the proposed schedule to fund and implement those projects.

1.2 The Planning Process

The planning process used to create the master plan update consisted of the following activities:

- Review of data related to existing water and sewer facilities as well as conditions including socio-economic, environmental, and cultural aspects in Kotzebue.
- A site visit to Kotzebue to discuss needs with the City and personally review the current sanitation infrastructure.

- Assessment of water and sewer facilities and needs.
- Assessment of available resources.
- Formulation of water and sewer CIPs, which could be implemented to meet the identified needs.
- Discussion with City and Public Works Department staff regarding the feasibility and priority of the proposed CIPs identified.
- Preparation of cost estimates for the various projects selected for planning, including alternatives where appropriate.
- Preparation of a schedule for project implementation based on project priority and historical annual funding.

During these activities, the planning team maintained a continuous dialogue with the City Public works staff concerned with the plan. City input to the plan was instrumental in determining the scope and priority of the projects presented in this report.

The final result of this planning process represents a cooperative effort that should be shared with funding agencies such as Alaska Department of Environmental Conservation (DEC), United States Department of Agriculture- Rural Development (USDA-RD), and the United States Environmental Protection Agency (USEPA).

1.3 Plan Summary

A total of 16 capital projects are identified (Table 1). The projects range from an estimated planning level cost of \$121,000 for a GIS database to \$38.4 million for the construction of water and sewer utilities at Cape Blossom. The estimates are based on preliminary conceptual level estimates of cost and effort required to complete the projects.

Table 1 presents the estimated CIP funding year, based on historical annual funding of approximately \$2 million to \$3 million for City sanitation utility CIPs. The years for design and construction were then subsequently estimated based on the size and complexity of the project. This resulting plan spans a period of about 25 years and has a total budget estimated at \$96,150,000. Table 2 presents a summary of the estimated amount of funding acquired in each funding year. Detailed cost estimates for each CIP are provided in Appendix A.

The cash flow for funding and schedules should be considered a work in progress that will be refined and modified. The CIP budget does not include yearly allocations for staffing and equipment replacement; these are discussed in Section 6.0.

Project Title: Kotzebue - Cape Blossom Port

TPS Number: 66917

Priority: 4

Agency: Commerce, Community and Economic Development
Grants to Municipalities (AS 37.05.315)

Grant Recipient: Kotzebue

FY2025 State Funding Request: \$5,000,000

One-Time Need

Brief Project Description:

Planning, site confirmation, and development of the design and port authority for a regional deep-water port at Cape Blossom.

Funding Plan:

Total Project Cost:	\$9,500,000
Funding Already Secured:	(\$2,455,000)
FY2025 State Funding Request:	(\$5,000,000)
Project Deficit:	\$2,045,000

Explanation of Other Funds:

2018: \$3.5M to do a U.S. Army Corps of Engineers (USACE) site study.

2022: Governor Dunleavy committed \$27 million for Phase II of Cape Blossom Road project.

2023: \$500,000.00 was allocated by State of Alaska Capital Project funding for the development of Cape Blossom Port Authority. In addition, the City of Kotzebue received the U.S. DOT Port Infrastructure Development Program (PIDP) grant at \$2.45M.

Detailed Project Description and Justification:

Cape Blossom Regional Port has been a goal for the Northwest Arctic since the 1970s. Regional partnerships with the City of Kotzebue, Northwest Arctic Borough, Native Village of Kotzebue, Kikiktaqruk Inupiat Corporation, and NANA Regional Corporation have spearheaded this project. The Cape Blossom Port Project will conduct planning and a feasibility analysis for a new port at Cape Blossom. The purpose of the effort is to improve transportation efficiency and reduce safety risks during loading and unloading freight, eliminate the expense of barge lighterage services, and reduce the overall cost of transporting goods and services to 12 Northwest Arctic Borough (NAB) communities, including Kotzebue.

This project has been broken down into several phases. Phase I of Cape Blossom Road was completed in the summer of 2023; much of the funding was through congressionally directed spending by Senator Murkowski at \$27 million dollars. Phase I was completed with over 5 miles in road ending at Sadie Creek.

Phase II is being funded with State funding at the direction of Governor Mike Dunleavy at \$53 million dollars to build the needed infrastructure to reach the anticipated port location. This funding will also include an estimated 300-foot-long bridge over Sadie Creek and the rest of the road to Cape Blossom Port. The State of Alaska Department of Transportation put this phase of the project out to bid in the Spring of 2024. Construction season and mobilization of Phase II will begin in summer of 2025.

In addition, the City of Kotzebue was allocated \$2.45 million from a United States Department of Transportation Port Infrastructure Development Program (PIDP) grant to start the planning phases of Cape Blossom Port. Several factors go into Phase III of Cape Blossom Port which will include:

Analysis of existing conditions and requirements: Site survey/bathymetry, metocean analysis, and sediment transportation studies that will help determine the safest site for the port. Studies will evaluate vessel navigation, establish vessel requirements, and define

geotechnical and seismic requirements for the future port design stage (i.e., design/construction).

Upland development needs will be established for storage capacity, power, mechanical and electrical requirements, environmental controls, safety, security. Planning will address the port's ability to withstand probable occurrence or recurrence of an emergency or major disaster during operations.

A "rough order of magnitude" (ROM) cost estimate will be developed for the proposed dock, including costs for dock design, pre-construction permitting costs, and construction costs. The ROM cost estimate will be important for the final activity, a Benefit-Cost Analysis, to help determine the cost-effectiveness of building a port at Cape Blossom.

Preliminary design concepts will be developed based on site selection, studies, and planning results.

Lastly, \$500,000.00 was allocated to the City of Kotzebue in state capital funds to develop a port authority. The City of Kotzebue City Council established a Cape Blossom Regional Port committee to extend these efforts. Regional partners include the City of Kotzebue, Northwest Arctic Borough, Native Village of Kotzebue, Kikiktaqruk Inupiat Corporation, and NANA Regional Corporation.

The City of Kotzebue and regional port committee are prioritizing a funding request to complete the planning phases for Cape Blossom Port. This request would allow for the permitting for the Port. This phase of the project would focus on the development of working with regional partners to utilize the land around port site.

Project Timeline:

July 1, 2023: Meet with regional entities to establish port authority.
January 1, 2024: Begin project
July 1, 2024: Begin feasibility study with USACE for alternate site locations: Complete by June 30, 2025. Previous work would allow for a compressed timeline for the feasibility study.

Entity Responsible for the Ongoing Operation and Maintenance of this Project:

City of Kotzebue

Grant Recipient Contact Information:

Name: Teressa Baldwin
Address: P.O. Box 46
Kotzebue, AK 99752
Phone Number: (907)442-5101
Email: tbaldwin@kotzebue.org

This project has been through a public review process at the local level and it is a community priority.



**US Army Corps
of Engineers®**

Planning Assistance to
States Technical Report

Site Conditions in the Vicinity of Cape Blossom Kotzebue, Alaska



September 2021

Planning Assistance to States Technical Report
Site Conditions in the Vicinity of Cape Blossom Technical Assistance
Kotzebue, Alaska
Prepared By:
U.S. Army Corps of Engineers
Alaska District
September 2021

EXECUTIVE SUMMARY

In 2020 a Navigation Improvement Technical Report (USACE 2020) was prepared after a General Investigation (GI) study was terminated because it did not result in an implementable plan at the project location. The GI study identified an average coastal bluff erosion rate at the project area that resulted in a risk of unsustainable future and / or deferred construction cost to maintain access to the dock. The Native Village of Kotzebue, the non-Federal sponsor, requested technical assistance under Section 22, Planning Assistance to States/Tribes (PAS) with the purpose of identifying a deep-water harbor port site that can be connected to the Cape Blossom Road.

This PAS study conducted an analysis of site conditions of the shoreline north and east of Cape Blossom. This analysis included a desktop study evaluation of coastal erosion rates based on historical aerial photography, and potential navigation channel dredge distances to the shoreline across the study area based on available bathymetry data. After the results of the desktop study identified locations with relatively low coastal erosion rates, a field visit was conducted to observe site conditions at these locations.

The study area coastline was divided up in to 7 reaches (Figure ES-1) identified by a relatively consistent erosion rate, and the same strategy was used to evaluate navigation channel lengths (Figure ES-2) assuming a channel starting at minus 26 feet (ft) Mean Lower Low Water (MLLW) and a dock facility at minus 12 ft MLLW. These depths are consistent with the channel design developed during the GI Study (USACE 2020).

The highest erosion rates were found in the reaches labeled EC, ED, EE, and EF (Figure ES1) with 50-year period land losses ranging from 1,079 to 1,951 ft. Based on the relatively lower erosion rates and shorter navigation channel lengths, the three reaches, EA, EC and EG, appeared to warrant further consideration as described below:

- North of Cape Area (NCA) 1: The coastline immediately north of Cape Blossom and the south end of Coastal reach EA appears relatively stable with a 50-yr land loss estimate that was not measurable (see Table 10), however the navigation channel and near-shore connection lengths (see Figure ES-2) are typically longer than locations east of the cape. Also, the shoreline is much less protected from waves making safe access to the coastline more difficult than areas east of the cape.
- East of Cape Area (ECA) 1: The coastline immediately east of Cape Blossom, coastal reach EB extends to the former area included in the former GI study (USACE 2019 and 2020). This reach has a relatively low erosion rate with a 50-yr land loss estimate of 175 ft. The bathymetry is also favorable which results in the shortest navigation channel and near-shore connection lengths of any of the reaches (see Figure ES-2).
- East of Cape Area (ECA) 2: The coastline farthest east within the study area in reach EG has a low erosion rate with a not measurable 50-yr land loss estimate.

The navigation channel and near-shore connection lengths are longer than at ECA1 (see Figure ES-2).

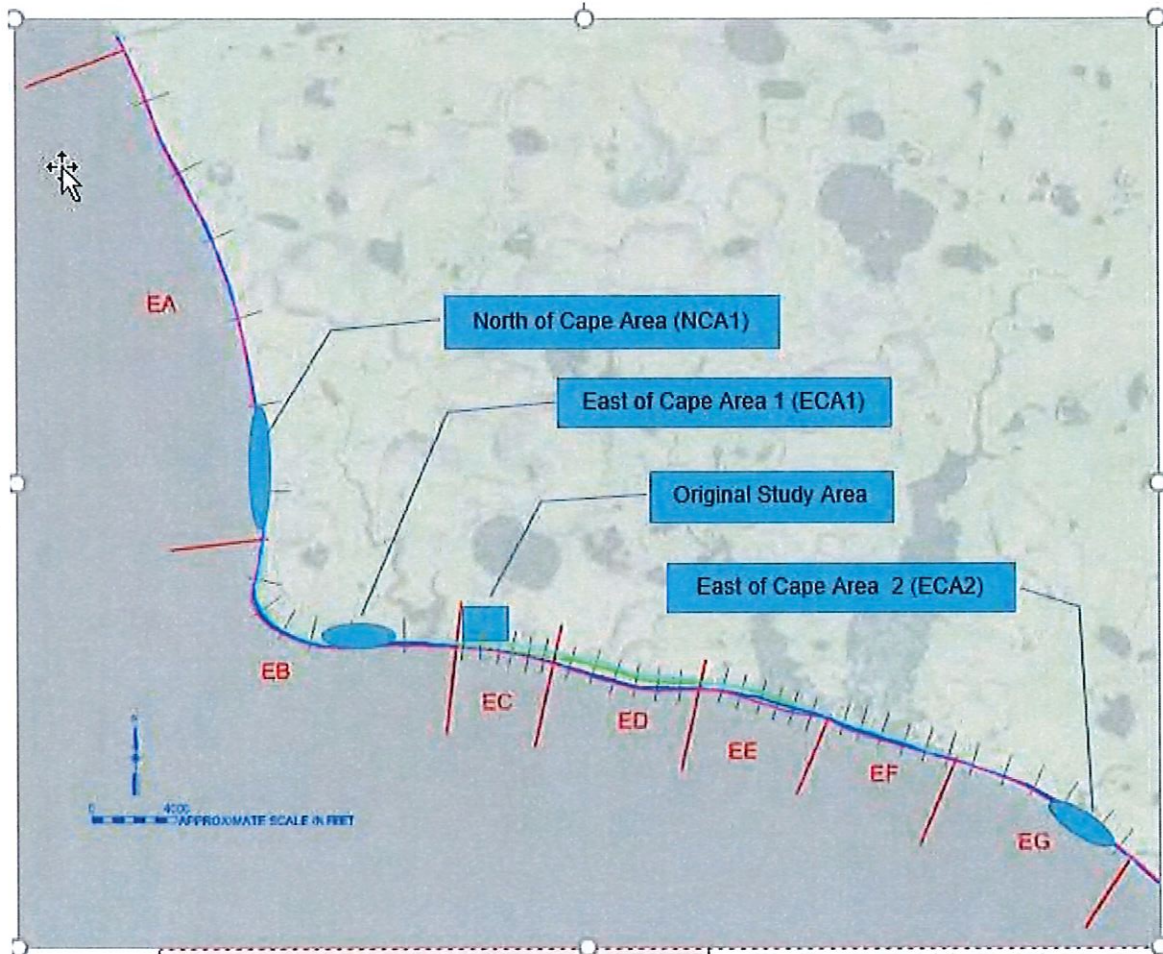
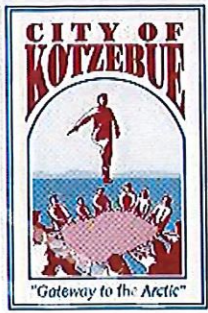


Figure ES1. Erosion Reaches and Potential Locations for Further Study



P.O. Box 46
Kotzebue, AK 99752

City Hall
(907) 442-3401

Police Dept.
(907) 442-3351

Public Works
(907) 442-3401

Internal Use Only

Section X, Item N.

Date Received By:

1/26/24

Donation Request Cover Sheet

Thank you for submitting a donation request to the City of Kotzebue City Council Meeting. Please note that the city council meetings are on the third Thursday of each month unless otherwise stated. Donation letters received between council meetings will be reviewed and submitted at the following council meeting. It is encouraged that residents submit donations letters early in advance to meet their deadlines. In addition, it is encouraged that a representative be present at the city council meeting that will review their request.

Organization Name: Kobuk 440 Racing Association

Address: PO Box 410

Name of Project Lead: Paul Hansen

Email: Kobuk440@gmail.com

Phone Number: 907-947-5598

Project Title or Event: Kobuk 440 (2024)

Brief Description of Project or Event:

Kobuk 440 is a dog sled race to be held April 4-8th. The race and awards banquet are part of the events that make up the annual spring festival.

Document Checklist:

- Cover Letter ✓
- Annual or Project Budget ✓
- Audit and W-9 ✓
- Donations or other funding amounts applied for or received ✓
- Other Supporting Documents

Please Note: The City Council has approved a maximum donation amount of \$500.00 per organization per calendar year.

Form **W-9**
 (Rev. November 2017)
 Department of the Treasury
 Internal Revenue Service

Request for Taxpayer Identification Number and Certification

**Give Form to the
 requester. Do not
 send to the IRS.**

▶ Go to www.irs.gov/FormW9 for instructions and the latest information.

Print or type. See Specific instructions on page 3.	1 Name (as shown on your income tax return). Name is required on this line; do not leave this line blank. Kobuk 440 Racing Association		
	2 Business name/disregarded entity name, if different from above		
	3 Check appropriate box for federal tax classification of the person whose name is entered on line 1. Check only one of the following seven boxes. <input type="checkbox"/> Individual/sole proprietor or single-member LLC <input checked="" type="checkbox"/> C Corporation <input type="checkbox"/> S Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Trust/estate <input type="checkbox"/> Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=Partnership) ▶ _____ <small>Note: Check the appropriate box in the line above for the tax classification of the single-member owner. Do not check LLC if the LLC is classified as a single-member LLC that is disregarded from the owner unless the owner of the LLC is another LLC that is not disregarded from the owner for U.S. federal tax purposes. Otherwise, a single-member LLC that is disregarded from the owner should check the appropriate box for the tax classification of its owner.</small> <input type="checkbox"/> Other (see instructions) ▶ _____		4 Exemptions (codes apply only to certain entities, not individuals; see instructions on page 3): Exempt payee code (if any) _____ Exemption from FATCA reporting code (if any) _____ <small>(Applies to accounts maintained outside the U.S.)</small>
	5 Address (number, street, and apt. or suite no.) See instructions. PO Box 410		Requester's name and address (optional)
	6 City, state, and ZIP code Kotzebue, Alaska 99752		
	7 List account number(s) here (optional)		

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on line 1 to avoid backup withholding. For individuals, this is generally your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the instructions for Part I, later. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN*, later.

Note: If the account is in more than one name, see the instructions for line 1. Also see *What Name and Number To Give the Requester* for guidelines on whose number to enter.

Social security number								
or								
Employer identification number								
4	6		-	1	6	7	2	9
1	5							

Part II Certification

Under penalties of perjury, I certify that:

- The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me); and
- I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding; and
- I am a U.S. citizen or other U.S. person (defined below); and
- The FATCA code(s) entered on this form (if any) indicating that I am exempt from FATCA reporting is correct.

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions for Part II, later.

Sign Here	Signature of U.S. person ▶	Date ▶ 10-10-23
------------------	----------------------------	------------------------

General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Future developments. For the latest information about developments related to Form W-9 and its instructions, such as legislation enacted after they were published, go to www.irs.gov/FormW9.

Purpose of Form

An individual or entity (Form W-9 requester) who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) which may be your social security number (SSN), individual taxpayer identification number (ITIN), adoption taxpayer identification number (ATIN), or employer identification number (EIN), to report on an information return the amount paid to you, or other amount reportable on an information return. Examples of information returns include, but are not limited to, the following.

- Form 1099-DIV (dividends, including those from stocks or mutual funds)
- Form 1099-MISC (various types of income, prizes, awards, or gross proceeds)
- Form 1099-B (stock or mutual fund sales and certain other transactions by brokers)
- Form 1099-S (proceeds from real estate transactions)
- Form 1099-K (merchant card and third party network transactions)
- Form 1098 (home mortgage interest), 1098-E (student loan interest), 1098-T (tuition)
- Form 1099-C (canceled debt)
- Form 1099-A (acquisition or abandonment of secured property)

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN.

If you do not return Form W-9 to the requester with a TIN, you might be subject to backup withholding. See What is backup withholding, later.

Kobuk 440 Racing Association
PO Box 410
Kotzebue, AK 99752



January
26,2024

City of Kotzebue

Dear City Manager,

On behalf of the Kobuk 440 Racing Association, we would like to thank you and your company for your generous sponsorship of the Kobuk 440 Racing Association in 2023.

The Kobuk 440 Racing Association is 501 (C) 3 non-profit organization. Our purpose is to enhance and perpetuate the Inupiaq tradition of distance dog mushing in the Arctic. The Racing Association has no employees, and all 440 races and club activities are put on by hard working volunteers in Kotzebue and the regional villages.

To carry out our mission, we rely on your support. This year, we are again requesting sponsorship from your organization for the 2024 racing season.

In 2023 the Kobuk 440 Racing Association held the Kobuk 440, the Junior Kobuk 440 and sponsored two junior mushers to participate in the Junior Iditarod race. These events were great successes due in a large part to sponsorship through organizations like yours, planning with our communities and the outstanding efforts of our many volunteers on the trails and in the checkpoints. During the past year the Association also conducted a musher support program and supported three veterinary clinics for our communities (Kotzebue, Buckland and Ambler).

For 2024 we are planning to hold at least three races, the Taaqpak 120, Kobuk 440 and Junior Kobuk 440, continue the mushers support program and support veterinary services in our communities.

Last year your organization contributed \$1000. This year we are seeking your support at the same level. You have been a gracious sponsor in the past, and we hope that if you have these

resources available you will consider our request.

If you have specific requests for how your sponsorship could best benefit your organization, we would be interested in hearing your ideas. All sponsorship proceeds go directly into race and checkpoint expenses and prize money.

Thank you for your consideration of this request. If I can provide more information or you would like to discuss this request further, please feel free to contact us at 907-947-5598.

We look forward to another exciting season of world-class racing throughout our region!

Sincerely,



Kobuk 440 Racing Association Board of Directors

KOBUK 440 RACING ASSOCIATION

Profit and Loss

January - December 2022

	TOTAL
Income	
Donations	
Donations - Corporations	88,400.00
Donations - Individuals	157.75
Total Donations	88,557.75
Race Entry Fees	7,380.00
Sales - Fundraising	
Buy a Mile Sales	2,992.00
Merchandise Sales	6,150.24
Straw and Dog Food Sales	27,657.00
Total Sales - Fundraising	36,799.24
Total Income	\$132,736.99
Cost of Goods Sold	
COGS - Straw and Dog Food	25,680.14
Total Cost of Goods Sold	\$25,680.14
GROSS PROFIT	\$107,056.85
Expenses	
Office/General Administrative Expenses	
Advertising & Marketing	2,005.64
Bank Charges & Fees	445.15
Donations/Charitable Contributions	8,000.00
Fundraising	
Sponsorship Recognition Expense	619.12
Total Fundraising	619.12
Meals & Entertainment	67.67
Office Building Expenses	
Rent & Lease	4,671.42
Total Office Building Expenses	4,671.42
Office Expenses	
Accounting Software	330.00
Office Supplies & Software	57.24
Phone	316.88
Video Conferencing	158.90
Total Office Expenses	863.02
Shipping	214.53
Subcontractors	
Legal & Professional Services	1,420.00
Total Subcontractors	1,420.00
Taxes & Licenses	45.00
Total Office/General Administrative Expenses	18,351.55

KOBUK 440 RACING ASSOCIATION

Profit and Loss

January - December 2022

	TOTAL
Race Expenses	
Checkpoint Supplies	5,012.90
Equipment Rental	
Snowmachine Rentals	5,130.00
Spot Trackers	2,817.00
Total Equipment Rental	7,947.00
Freight	306.06
Fuel and Trail Crew	3,088.47
Lodging	11,718.00
Race Expense Other	2,472.44
Race Prizes	
Musher Purse	73,810.00
Race Prizes Other	1,800.00
Trophies & Tags	1,246.00
Total Race Prizes	76,856.00
Safety and Equipment	
Safety and Equipment - Misc.	1,266.60
Straw	2,186.30
Total Safety and Equipment	3,452.90
Volunteer Expenses	
Banquet Supplies	1,321.65
Easter Basket Expenses	545.24
Total Volunteer Expenses	1,866.89
Total Race Expenses	112,720.66
Total Expenses	\$131,072.21
NET OPERATING INCOME	\$ -24,015.36
Other Income	
Gaming - Raffle Income	2,370.00
Total Other Income	\$2,370.00
Other Expenses	
Gaming - Raffle Prizes & Expenses	1,732.42
Total Other Expenses	\$1,732.42
NET OTHER INCOME	\$637.58
NET INCOME	\$ -23,377.78

KOBUK 440 RACING ASSOCIATION
Profit by Customer
 January - December 2022

	Alaska Native Renewable Industries LLC	Amazon Payments	Ambler Metals LLC	Arctic Backcountry Flying Services (C)	City of Kotzebue (C)	ConocoPhillips	Crowley Fuels LLC (C)
Income							
Donations							
Donations - Corporations	6,500.00		3,500.00	500.00	1,500.00	3,500.00	2,000.00
Donations - Individuals		157.75					
Total Donations	\$ 6,500.00	\$ 157.75	\$ 3,500.00	\$ 500.00	\$ 1,500.00	\$ 3,500.00	\$ 2,000.00
Race Entry Fees							
Sales - Fundraising							
Buy a Mile Sales							
Merchandise Sales							
Straw and Dog Food Sales							
Total Sales - Fundraising	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Total Income	\$ 6,500.00	\$ 157.75	\$ 3,500.00	\$ 500.00	\$ 1,500.00	\$ 3,500.00	\$ 2,000.00

KOBUK 440 RACING ASSOCIATION
Profit by Customer
 January - December 2022

	Cyrus Harris	Drake Construction, Inc.	Golden Eagle Outfitters (C)	Green Zone	Kelly Marcus (C)	Kikiktagruk Inupiat Corporation	Kotzebue Dog Mushers Association
Income							
Donations							
Donations - Corporations		2,500.00	500.00	3,500.00		500.00	1,500.00
Donations - Individuals							
Total Donations	\$ 0.00	\$ 2,500.00	\$ 500.00	\$ 3,500.00	\$ 0.00	\$ 500.00	\$ 1,500.00
Race Entry Fees							
Sales - Fundraising							
Buy a Mile Sales							
Merchandise Sales							
Straw and Dog Food Sales	2,480.00				2,480.00		
Total Sales - Fundraising	\$ 2,480.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 2,480.00	\$ 0.00	\$ 0.00
Total Income	\$ 2,480.00	\$ 2,500.00	\$ 500.00	\$ 3,500.00	\$ 2,480.00	\$ 500.00	\$ 1,500.00

KOBUK 440 RACING ASSOCIATION
Profit by Customer
 January - December 2022

	Kotzebue IRA	Manitlaq Association	Misc. Customers	NANA Regional Corporation	Northwest Arctic Borough	Ruth Iten	Square Inc
Income							
Donations							
Donations - Corporations	600.00	15,800.00		10,000.00	25,000.00		
Donations - Individuals							
Total Donations	\$ 600.00	\$ 15,800.00	\$ 0.00	\$ 10,000.00	\$ 25,000.00	\$ 0.00	\$ 0.00
Race Entry Fees			6,600.00				
Sales - Fundraising							
Buy a Mile Sales			2,992.00				2,585.24
Merchandise Sales			3,565.00				
Straw and Dog Food Sales			10,557.00		4,960.00		
Total Sales - Fundraising	\$ 0.00	\$ 0.00	\$ 17,114.00	\$ 0.00	\$ 0.00	\$ 4,960.00	\$ 2,585.24
Total Income	\$ 600.00	\$ 15,800.00	\$ 23,714.00	\$ 10,000.00	\$ 25,000.00	\$ 4,960.00	\$ 2,585.24

KOBUK 440 RACING ASSOCIATION
Profit by Customer
 January - December 2022

	The North West Company	Not Specified	TOTAL
Income			
Donations		0.00	
Donations - Corporations	11,000.00		88,400.00
Donations - Individuals		157.75	
Total Donations	\$ 11,000.00	\$ 0.00	\$ 88,557.75
Race Entry Fees		780.00	7,380.00
Sales - Fundraising		0.00	
Buy a Mile Sales		2,992.00	
Merchandise Sales		6,150.24	
Straw and Dog Food Sales		7,180.00	27,657.00
Total Sales - Fundraising	\$ 0.00	\$ 7,180.00	\$ 36,799.24
Total Income	\$ 11,000.00	\$ 7,960.00	\$ 132,736.99

Rosie Hensley

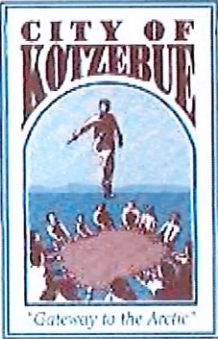
From: Ron Johnson
Sent: Friday, January 26, 2024 10:17 AM
To: Rosie Hensley
Cc: Liliya Boiko
Subject: FW: Parks & rec Advisory Committee

Hi Rosie,

Can submit this letter for consideration at the next RCCM?

Cheers,

Ron
Ron Johnson
Director, Parks and Recreation
City of Kotzebue
258A Third Avenue
PO Box 46, Kotzebue, AK 99752
Work: 907-442-3106
Cell: 907-412-3446



From: Customer Service <CustomerService@Kotzebue.org>
Sent: Thursday, January 25, 2024 8:16 AM
To: Ron Johnson <RJohnson@Kotzebue.org>; Liliya Boiko <lboiko@kotzebue.org>
Cc: Tessa Baldwin <TBaldwin@Kotzebue.org>; Chelsea Sieh <CSieh@Kotzebue.org>; Rosie Hensley <RHensley@Kotzebue.org>
Subject: FW: Parks & rec Advisory Committee

Hey Ron,

Got a letter of interest for the Advisory Committee.

Thanks
Charlie

From: Dr. Lewis Pagel <pagelchirohc@hotmail.com>
Sent: Wednesday, January 24, 2024 4:55 PM

To: Customer Service <CustomerService@Kotzebue.org>

Subject: Parks & rec Advisory Committee

Good afternoon. I hear there is a spot still open on the Parks & Recreation Advisory Committee. Please accept this email as my Letter of Interest for appointment to that committee. I have a lifetime of event planning experience and have been involved in many planning committees over the years. They include, but are not limited to: Kotzebue Ducks Unlimited, Lions Club, Kobuk 440, Kotzebue Racing Association (now called the ACRA), City Council, and the Boys & Girls Club.

Thank you for your consideration, and I hope to hear from you soon.

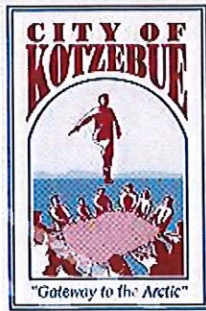
-Lew

Lewis J. Pagel, DC
PO Box 625
Kotzebue, AK 99752
907-412-1785
pagelchirohc@hotmail.com

February 9, 2024

To: Kotzebue Planning Commission
F: Ernest Norton Signed Ernest Norton

My Planning Commission Seat F. is up
March, 2024. I am asking to be re-
appointed for this Seat F. again.
I will my best to serve as a planning
Commissioner for the City of Kotzebue.



P.O. Box 46
Kotzebue, AK 99752

City Hall (907) 442-3401

Police Dept. (907) 442-3351

Fire Dept. (907) 442-3404

Public Works (907) 442-3401

Memorandum

TO: Mayor Saima Chase and Members of the City Council

FROM: The Office of the City Manager, Tessa Baldwin

DATE: February 16th, 2024

Key Accomplishments and Project Updates

- State of Alaska Office of Governor Dunleavy, Northwest Arctic Borough and City of Kotzebue declare emergency for Swan Lake Loop Failure.

Report Narrative

This past month has been hectic with the disaster declaration. We have worked with the borough and the State of Alaska, Office of Governor Dunleavy to declare a disaster for the Swan Lake Loop Failure. We are estimating that 190 homes are affected by the failure, of those 56 of them are frozen without water and 15 are without water and sewer. We brought together our Unified Command center to discuss how to alleviate residential impacts for availability for water and sewer. The borough, tribe and city are working together to provide residents with water. In addition, we are ordering sewer issues. Lastly, we have made it a priority to replace both the lagoon and swan lake loops. We met internally with the State of Alaska State revolving fund.

Contracts and Amendments Signed

- Purchase Order for Drake Construction to start the Swan Lake Loop repairs. Costs unknown but will be reimbursed by the State of Alaska.

Current Open Grants and Funding Opportunities

- Healthy and Equitable Communities- State of Alaska Department of Health and Division of Public Health, **\$94,471.00.**
 - This will be used to update the City of Kotzebue phone system and website that is 30+ years old. Chelsea has requested the quote through ACS.

- Village Improvement Fund- Northwest Arctic Borough Flood Mitigation and Emergency Management Project. **\$280,000.00** and Alaska Community Foundation- Typhoon Merbok Funding, **\$50,000.00**
 - Funding to be used for flood mitigation project- infrastructure, staff training and updating plans. An agreement was signed with DOWL engineering to start working on the East and North Shore Erosion Project. This is being led by Sam Atkinson.
- Village Economic Investment Funding, NANA Regional Corporation, Cape Blossom Road Project, **\$139,480.00**
 - Will be used for Cape Blossom local match for PIDP.
- Village Economic Investment Funding, NANA Regional Corporation, Cudd Hall Renovations, **\$56,289.00**.
 - Met with Brad Reeves who has submitted quotes for needed equipment. Public Works ordered the new equipment.
- Designated Legislative Spending, State of Alaska Legislature, **\$500,000.00**.
 - To be used for supporting Cape Blossom Local Committee in the development of a plan for the port.
- Denali Commission, Washeteria and Local Shower Facility, **\$1,250,000.00**
 - A task order was signed for DOWL Engineering to complete the design of the washeteria.
- Village Improvement Fund, NWAB, Car Crusher, **\$275,000.00**
 - Requested quotes for this car crusher.
- Village Economic Investment, NANA Regional Corporation, Landfill Upgrades, and Infrastructure Project, **\$782,500.00**
- United States Department of Agriculture, Rural Development, Emergency Community Water Assistance Grant, \$139,000.00
 - This has been submitted but not yet awarded. We are working on a second grant through ECWAG for the current Swan Lake Loop Failure at \$150,000.00

Public Notices Posted and Upcoming City Events/ Meetings

- Public Service Announcement 1/26/24: The City of Kotzebue Dept of Public Works won't be operating heavy machinery on Monday Jan 29 due to low temperatures.

- Public Notice 1/29/24: Regular City Council Meeting scheduled
- Public Service Announcement 1/29/24: Reminder of Public Works Heavy Machinery Pause
- Public Service Announcement 1/30/24: City Hall closed in the afternoon due to frozen water line
- Public Notice 1/30/24: Open Gym Closed due to school water shut off
- Public Notice 2/1/24: Planning Commission Meeting scheduled
- Public Service Announcement 2/5/24: Swan Lake loop dislodged manganese, water may be discolored. Mentions community spigot.
- Public Service Announcement 2/5/24: Swan Lake loop on Boil Water Notice. Instructed to turn off circulation pumps.
- Public Service Announcement 2/5/24: Water will be delivered to Elders on Swan Lake loop
- Public Service Announcement 2/6/24: Swan Lake loop being worked on. Has all instructions, but says delivering to elders which confused some citizens as water delivery was for everyone on the loop at the time.
- Public Notice 2/6/24: Regular City Council Meeting rescheduled.
- Public Notice 2/6/24: Public meeting for Hazard Mitigation Plan rescheduled one day.
- Public Service Announcement 2/6/24: working on Swan Lake loop, collaborating for resources.
- Public Service Announcement 2/8/24: working to resolve Swan Lake loop issues, City will be conducting calls to residents.
- Press Release 2/8/24: The City of Kotzebue declares the Swan Lake loop situation an emergency.
- Public Safety Announcement 2/8/24: Road Closure for Ptarmigan Way between Otter and Caribou St due to Swan Lake loop repairs
- Public Service Announcement 2/9/24: Dept of Public Works will be flushing Swan Lake main to prevent freezing, water may be brown.
- Public Service Announcement 2/9/24: Water Treatment Plant adds hours + weekend for public access to spigot while City is closed.

TO: Mayor Chase and Kotzebue City Council Members
City Manager Baldwin

FR: Drue Pearce, Holland & Hart LLP

RE: February 2024 Report from DC

February 15, 2024

Hello, Madame Mayor, Council Members and Manager Baldwin,

Welcome to the Council, Ms. Sherman! As Dr. Martin Luther King so aptly said, “Everybody can be great because everybody can serve.” and “What are you doing for others?” You and the entire Council deserve much appreciation for your willingness to serve the people of Kotzebue.

Unfortunately, it’s easier to recall what hasn’t happened in DC since I wrote the January report than what has happened.

The Senate unveiled and then killed their bipartisan Border Security/Ukraine and Israel Aid bill last week. The House failed to impeach Homeland Security Secretary Alejandro Mayorkas and failed to pass a stand-alone Israel aid bill.

The Senate worked through the weekend and in a rare Sunday session, advanced a bill that has \$95 billion in foreign aid for Ukraine, Israel and the Indo-Pacific after moving forward with procedural votes on Thursday and Friday. They passed the bill on Tuesday, the 13th by a 70-29 vote. But the House does not appear inclined to take up the bill, which would mean that Congress has failed to pass both border security and foreign aid for Israel, Gaza, Ukraine and Taiwan.

A bipartisan group of House Members have been working on an alternative proposal that would send military aid to Ukraine, Israel and Taiwan and secure the border. They plan to unveil this bill today (2/15) and are working to secure support from both sides of the aisle. They were to meet with Speaker Johnson today to explain their ideas.

Congress passed a short-term funding bill to avert a government shutdown on January 18; the President signed it soon after. But that bill merely pushed the proverbial can down the road. Now they again face deadlines, without a clear path forward. They had only six weeks from January 18 to pass a series of appropriation

bills to fully fund the federal government, or risk major cuts triggered by the Fiscal Responsibility Act's 1% across-the-board cuts to discretionary funding that would be effective in April. The upcoming deadlines for passing spending bills are March 1 and March 8. The Senate left town Tuesday, the 13th, and will be in recess through the end of next week. The House will also be out next week. That gives lawmakers just a few days to act to avoid a partial shutdown when they return.

Adding to the tight timetables are the rules of impeachment that haven't been revised since the 1980s. The House voted to impeach Homeland Security Secretary Alejandro Mayorkas Tuesday night. The Senate has to act in some way when the House presents the Articles of impeachment to them, which must happen on the first day they are back in session. It will take them at least two days to deal with the impeachment trial, and this will undoubtedly escalate the level of hostility between the two bodies. That won't help negotiations on budget issues.

While we know that our Congressional Delegation is one of the most effective, even though they number only three, how often do we talk about seniority? Everyone remembers Senator Stevens' (Uncle Ted to all of us) hold on the purse strings, but are you aware that Senator Murkowski's seniority rank is Number 14 in the entire Senate? And that she is second only to Ranking Member Collins on the Minority side of the Senate Appropriations Committee? Senator Sullivan ranks 65th in the Senate. And Congresswoman Peltola, sworn in less than 18 months ago, is already Number 353 of 435 Members.

Senator Murkowski's speech to the legislature was postponed to today. You can watch it at <https://youtu.be/8Y12IfTdbGw>.

Senator Murkowski recently released a statement about Fiscal Year 2025 (FY25) appropriations and Congressionally Directed Spending requests (remember, that's the new name for earmarks). As she says, there is "little clarity" and the outcome of the FY24 budget process – described best as very messy – will determine whether the Senate will entertain new requests. I'll keep you informed as we move forward.

While I know you are consumed with water main and other pressing issues at home, I'm sure the news last week that the Justice Department released the Report of the Special Counsel on the Investigation into Unauthorized Removal, Retention and Disclosure of Classified Documents about President Biden didn't go unnoticed. It certainly took all the oxygen out of every other news story in DC.

The only news that managed to upstage that report was that Taylor Swift had successfully flown from Japan to LAX so that she could attend the Super Bowl and cheer for Travis Kelce and the winning Kansas City Chiefs!

Love wins! I hope you had a wonderful Valentine's Day.



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January 29, 2024

Alaska Legislative Update

The second week of the 33rd Alaska Legislature moved quickly, but with fewer fireworks than we saw in week one. Committees have begun the work of hearing, vetting and modifying bills while groups of constituents begin their annual traditions of fly-ins and legislative receptions.

After heavily modifying Senate Bill 140 in House rules – expanding the bill from a rural broadband for schools bill to an education omnibus – many in Juneau incorrectly expected a quick movement of this bill to the floor for a vote. The vote balance is likely tighter than many expected, but we should see action in the next couple weeks.

School Funding and BSA Debate Timing During a Chamber of Commerce luncheon in Juneau late last week, Governor Dunleavy told the attendees that if he receives a stand-alone BSA bill this year that he plans to veto it. We see this position as indicative of one of the two camps on increasing education spending.

One camp is calling for an increase to the BSA, ideally an amount over \$1,200 per student and one that automatically adjusts for inflation. The idea here is to fully fund the districts, allowing them the discretion on how best to distribute the funding between all the cost drivers and hoping that the net increase results in more money in the classroom (e.g., teacher pay). The other camp appears to be breaking this argument down, modifying the spending bill to address cost drivers like pupil transportation, and hoping that by increasing the money to other costs centers the net result will be more cash staying in the classroom without such a large increase to the BSA. Arguably, both approaches seek to put more money in the classroom and hope to improve student outcomes and retain qualified teachers.

Whichever approach is taken, rural legislators will become increasingly motivated to pass the broadband bill soon. There is a deadline tied to the federal funds accessed by this bill and if the legislature fails to act by around Feb. 23, rural school districts will not be able to access this funding (called E-Rate) until 2025.

As a reminder, SB 140 was originally intended to increase broadband funding in rural Alaska to bring the speed from 25 to 100 mb at a cost of \$20 million. The bill was amended to include:

- \$7.3 million for Pupil Transportation;



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- \$4 million for increased support for boarding schools;
- \$23.5 million for students in correspondence programs;
- \$58 million for incentive bonus payments to teachers; and
- \$77 million for a \$300 increase to the base student BSA.

The bill also allows parents to apply directly to the State Board of Education to create a charter school, bypassing the local school district. Both incentive payments for teachers and charter school amendments were priorities for Gov. Dunleavy.

Governor's Legislative Agenda: The governor has filed additional legislation last week after filing land disposal bills, which builds out his 2024 legislative agenda:

- **HB 294/SB 209** would allow electronic monitoring of fishing vessels in state waters, where previous statute would have only allowed on-board observers. Subject to direction by the Board of Fisheries, electronic monitoring represents another conservation management tool for enforcement.
- **HB 295/SB 210** would make changes to salmon hatchery permits, allowing hatchery operators to sell salmon to authorized individuals for stocking lakes in Alaska.
- **HB 296/SB 211 (CROP Act)** - There are three major components of the CROP Act: Increasing access to and availability of agricultural loans, revising crop insurance premium subsidies, and stimulating state spending on Alaskan agricultural and fisheries products. You can view the [Governor's press release here](#).
- **HB 297/SB 212** Increases fees sportfishing license, with funds going to support angler access to sport fisheries not related to motor or power boat use. These funds would supplement access projects that might not otherwise qualify for federal Dingell-Johnson excise tax funding.

State of the State: The Governor's State of the State address is scheduled for this Monday night at 6:00pm. You should be able to live-stream the address at www.AKLeg.Gov. We expect the Governor to emphasize his efforts in energy security, food security and public safety. We also expect him to renew his call for an education funding package, rather than a standalone BSA.

Artificial Intelligence and Deepfake Fraud: The Senate State Affairs Committee has picked up AI and Deepfake Fraud as an issue of importance to the Committee. A bill has been sponsored by former Senate President Shelly Hughes and we expect more legislation to follow.



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Late last week the Committee heard a presentation from Google Cloud and [Public Citizen](#) to learn more about AI applications and potential for misuse/fraud in political ads. Public Citizen also offered a model bill on anti-fraudulent deepfake legislation, highlighting their critical elements:

- Prohibits the distribution of deepfakes within 90 days of election,
- Sets a standard for what a deepfake is,
- Covers all persons,
- Establishes requirements for disclosure,
- Establishes a right for injunctive relief,
- Establishes enforcement and penalties.

And critical protections:

- No liability for broadcasters/platforms that make reasonable effort to prevent deepfakes,
- Exceptions for satire,
- Severability.

While the Senate committee is digging into AI, a bill solely built on the framework offered by Public Citizen will face challenges in the house. The majority in that body will be reluctant to trust model language from Public Citizen, due to PC's advocacy in other arenas including energy policy.

That's about all for now. If you have any questions or concerns, don't hesitate to contact either Ben or me.

Take care and have a good week.

All the best,

Eldon Mulder & Ben Mohr



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February 12, 2024

Alaska Legislative Update

The excitement and quick action of the first two weeks of the legislative session seems to have run its course, with the third week in the capitol being notably slower. Last week saw fewer committee meetings, fewer new bills being introduced, with offices settling into a more sustainable, and less frenetic pace. Even with the slower pace, the focus of many conversations in the capitol last was on Energy and Education.

Several deadlines are looming – Executive Orders issued by the Governor will automatically take effect in March unless the Alaska Legislature specifically disapproves of them in a joint vote of the House and Senate; personal bills offered by members of the House must be submitted for legal drafting by Wednesday 2/14, with the final version due to the Clerk by Monday 2/19; and, capital requests must be in to the Capital Project Submission and Information System (CAPSIS) by Friday 2/16.

Education Funding, PFD's and the Budget:

Educators, administrators, activists and union representatives have continued efforts to increase education funding. This has been a major issue for several legislative sessions, and along with Permanent Fund Dividends (PFDs) represents a significant portion of the state budget.

Looking back at the FY2024 budget passed last year, we can see how funding PFDs and increases in education would affect our annual budget surplus. You may recall, when the House sent their operating budget to the Senate last year, the Senate removed all “discretionary” funding – including the PFD, education funding increases, and capital projects. In doing so, the Senate revealed a \$1.4 Billion surplus to Alaska’s general fund.

So what impact would the requested \$1,314 per-student increase in education funding mean to the statewide budget? While there are approximately 129,000 students in Alaska schools, after funding formulas are applied, Alaska’s adjusted student count is approximately 258,500. So every \$100 increase in funding is a \$25.85M impact to the budget; a \$1,413 increase would cost the state roughly \$365M – just under a quarter of last’s years “discretionary” spend (PFDs, capital funding and new legislation.) A BSA increase would go into the education formula, decreasing the available discretionary spend in perpetuity.

Several elected officials have told us that they are contrasting that level of spend with the cries they hear for large PFD checks and capital projects. They point to applying that funding benefits a relatively small portion of the population (students) when nearly every Alaskan qualifies for direct funding from the state through PFDs. PFDs cost approximately \$70M for every \$100 in each check. These legislators have pointed to three big concerns contrasting the PFD to the BSA: 1) Their constituents know what a PFD is – they don’t all know what the



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BSA is; 2) They're concerned that most of any increase will go to feed contract negotiations and not to the appurtenant costs of education (transportation, energy costs, insurance, admin staff, supplies and training, etc.); and, 3) They don't feel there are clear/expected performance outcomes tied to increased education funding.

In the end, the two proposals are about \$140M apart from each other. The current House omnibus education bill would increase education spending by roughly \$226M, and includes policy language important to the Governor; the Senate has been advocating for a standalone BSA which would cost roughly \$365M, but the Governor has said he'd veto such a proposal.

There is a push to have a resolution by the last week of February so the broadband funding could be utilized by school districts--particularly rural ones--next year, but its hard to say whether that artificial deadline can be met. If it's not, the broadband funds would not be available to the school districts until the 2025 school year.

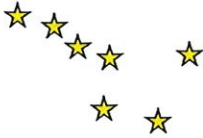
Executive Orders:

Early in the session, Governor Dunleavy introduced 12 Executive Orders, nearly 10% of all the Executive Orders issued in Alaska's history. The Orders are largely focused on eliminating various boards and commissions and transferring the duties of those boards to their associated state agency. The legislature has 60 days from the issuance of an Executive Order to meet in joint session to disapprove an EO by simple majority, otherwise the EO automatically becomes law.

- [No. 124](#) -Grants the commissioner of fish and game the authority to prohibit by regulation the live capture, possession, transport, or release of native or exotic game or their eggs within the state;
- [No. 125](#) – The functions of the Alaska Council on Emergency Medical Services are transferred to the Department of Health, and the council is dissolved;
- [No. 126](#) – The functions of the Wood-Tikchik State Park Management Council are transferred to the Department of Natural Resources and the council is dissolved;
- [No. 127](#) – The Board of Massage Therapists is dissolved, and its authority goes to the Department of Commerce, Community, and Economic Development;
- [No. 128](#) – The boards of the Alaska Energy Authority and the Alaska Industrial Development and Export Authority are split into two separate boards;
- [No. 129](#) – The Board of Barbers and Hairdressers is dissolved, and its authority goes to the Department of Commerce, Community, and Economic Development;
- [No. 130](#) – The Board of Certified Direct-Entry Midwives is dissolved, and its authority goes to the Department of Health;
- [No. 131](#) – Under a 2021 law, the members of the state ferry operations board are appointed by the Speaker of the House of Representatives and Senate President. Those appointments will now be made by the governor;
- [No. 132](#) – The Alaska Chilkat Bald Eagle Preserve Advisory Council is dissolved, and its duties will be taken over by the Department of Natural Resources;



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- [No. 133](#) – The Criminal Justice Information Advisory Board is dissolved, and its duties will be taken over by the Department of Public Safety;
- [No. 134](#) – The Recreation Rivers Advisory Board is dissolved, and its duties will be taken over by the Department of Natural Resources; and
- [No. 135](#) – The Alaska Safety Advisory Council is dissolved, and its duties will be taken over by the Department of Labor and Workforce Development.

EO summary originally posted to [The Alaska Beacon](#)

GO Bonds?

Last year the federal congress appropriated over \$200 million to Alaska to upgrade its utility intertie system. The catch? It requires a state match of an equal amount. With a very limited amount of discretionary funds available, the legislature is scrambling to find the matching funds. Gov. Dunleavy didn't propose a solution in his December budget release so now members are exploring the viability of using general obligation (GO) bonds to fund the match. GO bonds must be voted on and approved by the public in a general election, which could happen later this Fall.

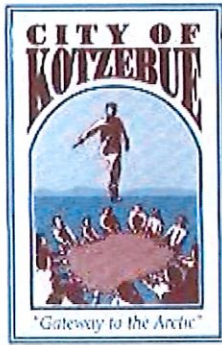
The challenge with a GO bond package is that it tends to get "christmas treed", with a wide variety of projects added to gain statewide support for a public vote. Hence the price tag of a GO bond package is generally quite high. It also saddles future legislatures with annual bond payments.

That's about all for now. If you have any questions or concerns, don't hesitate to contact either Ben or me.

Take care and have a good week.

All the best,

Eldon Mulder & Ben Mohr



Finance Director's Monthly Report

To: Teresa Baldwin, City Manager
CC: Rosie Hensley, City Clerk
From: Chelsea Sieh, Finance Director
Date: February 6, 2024
Re: February 2024 Financial Statements

Good afternoon City Council Members,

Melissa Ivanoff & Mona Norton worked diligently to ensure the W2's and 1099's were completed and postmarked to meet the January 31st deadline.

An ITB (Invitation To Bid) was posted with ADN requesting proposals for the 2023 audit. The ITB deadline is February 9th and we hope to secure an auditing firm to schedule the next audit.

I am excited to introduce two new hires at City Hall. Mona Norton is the new Accounts Payable Clerk and Rachel Belamour is the Human Relations/Public Relations Officer. We are excited and happy to have both employees join our team.

If you have any questions feel free to contact me.

Thank you,
Chelsea Sieh
csieh@kotzebue.org
907-442-3401 ex 120

Section X, Item Q.

Kotzebue City
 Revenues with Comparison to Budget
 For the 2 Months Ending February 29, 2024

GENERAL FUND

	Period Actual	YTD Actual	Budget	Unexpended	Pcnt
<u>GENERAL REVENUE</u>					
100-00-43100 Sales Tax	28,601.87	28,601.87	3,837,500.00	3,808,898.13	.8
100-00-43105 Sale Tax-Bingo/Pull Tabs	.00	.00	280,000.00	280,000.00	.0
100-00-43110 Sales Tax - MUS	7,640.81	7,640.81	206,000.00	198,359.19	3.7
100-00-43115 Alcohol Use Tax	.00	.00	500.00	500.00	.0
100-00-43116 Liquor Store Use Tax	11,977.71	11,977.71	180,000.00	168,022.29	6.7
100-00-43117 Tobacco - Excise Tax	260.90	260.90	330,000.00	329,739.10	.1
100-00-43120 Penalties/Interest	.00	.00	10,000.00	10,000.00	.0
100-00-43125 Municipal Court Fines	.00	.00	3,000.00	3,000.00	.0
100-00-43126 Court Fees for Summons	130.00	130.00	750.00	620.00	17.3
100-00-43130 Interest	.00	.00	10,000.00	10,000.00	.0
100-00-43200 State Revenue Sharing	.00	.00	140,180.00	140,180.00	.0
100-00-43207 State of AK PERS Relief	.00	.00	317,342.00	317,342.00	.0
100-00-43305 Equipment Rental	.00	.00	500.00	500.00	.0
100-00-43315 DOC Jail Contract	.00	.00	1,182,050.00	1,182,050.00	.0
100-00-43330 Rentals/Lease	2,493.22	2,493.22	25,000.00	22,506.78	10.0
100-00-43331 Land Lease	.00	.00	500.00	500.00	.0
100-00-43335 Xerox Copy	5.25	5.25	75.00	69.75	7.0
100-00-43345 Maps	30.00	30.00	180.00	150.00	16.7
100-00-43400 Alarms Monitoring	.00	.00	200.00	200.00	.0
100-00-43415 Animal Control Fees	70.00	70.00	2,000.00	1,930.00	3.5
100-00-43425 Building Permits	10.00	10.00	.00	(10.00)	.0
100-00-43426 Community Activities	.00	.00	4,000.00	4,000.00	.0
100-00-43427 Notary Services	5.00	5.00	200.00	195.00	2.5
100-00-43435 Miscellaneous Permits	.00	.00	15,000.00	15,000.00	.0
100-00-43505 Cash Over/Short-G.F.	.00	.00	50.00	50.00	.0
100-00-43520 Miscellaneous Income	99,692.18	99,692.18	15,000.00	(84,692.18)	664.6
100-00-43522 Gen Fund Admin Overhead	.00	.00	550,000.00	550,000.00	.0
100-00-43523 Electric & Telephone Coop	.00	.00	90,621.00	90,621.00	.0
100-00-43524 OTZ Native Village-Roads	.00	.00	50,000.00	50,000.00	.0
100-00-43525 NSF Check Fee	.00	.00	4,000.00	4,000.00	.0
100-00-43530 Donations	.00	.00	2,500.00	2,500.00	.0
100-00-43534 911 Billing Surcharge	9,182.60	9,182.60	105,000.00	95,817.40	8.8
100-00-43535 Ambulance 3rd Party	49,808.26	49,808.26	275,000.00	225,191.74	18.1
100-00-43536 Maniilaq Ambulance	100,000.00	100,000.00	580,000.00	480,000.00	17.2
100-00-43610 Food	.00	.00	2,000.00	2,000.00	.0
100-00-43615 Building Rental	300.00	300.00	4,000.00	3,700.00	7.5
100-00-43616 Special Events / Misc.	.00	.00	5,200.00	5,200.00	.0
100-00-43800 Operating Transfers In	.00	.00	1,778,344.00	1,778,344.00	.0
Total GENERAL REVENUE	310,207.80	310,207.80	10,006,692.00	9,696,484.20	3.1
Total Fund Revenue	310,207.80	310,207.80	10,006,692.00	9,696,484.20	3.1

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Kotzebue City
Expenditures with Comparison to Budget
For the 2 Months Ending February 29, 2024

GENERAL FUND

	Period Actual	YTD Actual	Budget	Unexpended	Pcnt
<u>ADMINISTRATION DEPT.</u>					
100-10-54125 Salaries & Wages	52,206.95	52,206.95	797,674.00	745,467.05	6.5
100-10-54130 Overtime Salaries	.00	.00	1,500.00	1,500.00	.0
100-10-54140 Employee Benefits	19,393.72	19,393.72	303,117.00	283,723.28	6.4
100-10-54210 Electricity	557.82	557.82	8,500.00	7,942.18	6.6
100-10-54215 Heating Fuel	1,349.35	1,349.35	12,675.00	11,325.65	10.7
100-10-54220 Building Maintenance	.00	.00	3,500.00	3,500.00	.0
100-10-54306 Meals & Entertainment	61.40	61.40	500.00	438.60	12.3
100-10-54312 Books & Publications	.00	.00	200.00	200.00	.0
100-10-54315 Office Supplies & Equip.	3,760.53	3,760.53	18,000.00	14,239.47	20.9
100-10-54325 Office Leased Equipment	2,092.25	2,092.25	30,000.00	27,907.75	7.0
100-10-54400 Service Charges	620.10	620.10	24,500.00	23,879.90	2.5
100-10-54407 Employee Morale & Health	.00	.00	500.00	500.00	.0
100-10-54410 Telephone/Fax	2,608.31	2,608.31	30,000.00	27,391.69	8.7
100-10-54415 Travel/Lodging	.00	.00	25,000.00	25,000.00	.0
100-10-54425 Training	.00	.00	10,000.00	10,000.00	.0
100-10-54434 Ambulance 3rd Party Fees	.00	.00	25,000.00	25,000.00	.0
100-10-54435 Postage	(11.61)	(11.61)	3,000.00	3,011.61	(.4)
100-10-54436 Professional Services	17,183.58	17,183.58	100,000.00	82,816.42	17.2
100-10-54437 Audit Consulting	1,618.75	1,618.75	270,000.00	268,381.25	.6
100-10-54438 Legal	14,010.85	14,010.85	157,000.00	142,989.15	8.9
100-10-54439 Insurance	5,436.86	5,436.86	14,000.00	8,563.14	38.8
100-10-54440 Advertising	.00	.00	1,500.00	1,500.00	.0
100-10-54441 Lobbying	9,250.00	9,250.00	60,000.00	50,750.00	15.4
100-10-54505 Unleaded Gas	284.62	284.62	2,700.00	2,415.38	10.5
100-10-54526 Light Vehicle R & M	.00	.00	2,000.00	2,000.00	.0
100-10-54620 Maintenance/Support Agrmt	2,793.00	2,793.00	75,000.00	72,207.00	3.7
100-10-54625 Computer & DP Equipment	.00	.00	3,000.00	3,000.00	.0
100-10-54901 Miscellaneous	.00	.00	900.00	900.00	.0
Total ADMINISTRATION DEPT.	133,216.48	133,216.48	1,979,766.00	1,846,549.52	6.7
<u>CITY CLERK</u>					
100-20-54110 Council Honorarium	1,050.00	1,050.00	31,000.00	29,950.00	3.4
100-20-54125 Salaries & Wages	5,246.92	5,246.92	80,100.00	74,853.08	6.6
100-20-54130 Overtime	.00	.00	1,000.00	1,000.00	.0
100-20-54140 Employee Benefits	2,360.95	2,360.95	30,400.00	28,039.05	7.8
100-20-54170 Election Expense	.00	.00	2,000.00	2,000.00	.0
100-20-54312 Books & Publications	.00	.00	500.00	500.00	.0
100-20-54315 Office Supplies	46.95	46.95	750.00	703.05	6.3
100-20-54325 Office Leased Equipment	.00	.00	3,000.00	3,000.00	.0
100-20-54410 Telephone	178.71	178.71	2,500.00	2,321.29	7.2
100-20-54415 Travel/Lodging	.00	.00	42,000.00	42,000.00	.0
100-20-54425 Training	.00	.00	2,000.00	2,000.00	.0
100-20-54430 Dues & Memberships	2,002.13	2,002.13	4,750.00	2,747.87	42.2
100-20-54435 Postage	.00	.00	75.00	75.00	.0
100-20-54439 Insurance	1,108.20	1,108.20	3,000.00	1,891.80	36.9
100-20-54440 Advertising (RFB & RFP)	.00	.00	1,500.00	1,500.00	.0
100-20-54500 Council Amenities	.00	.00	500.00	500.00	.0
100-20-54620 Maintenance/Support Agrmt	.00	.00	1,000.00	1,000.00	.0
Total CITY CLERK	11,993.86	11,993.86	206,075.00	194,081.14	5.8

Kotzebue City
 Expenditures with Comparison to Budget
 For the 2 Months Ending February 29, 2024

GENERAL FUND

	Period Actual	YTD Actual	Budget	Unexpended	Pcnt
<u>CAPITAL PROJ/PLANNING</u>					
100-50-54110 Planning Comm Stipend	375.00	375.00	6,300.00	5,925.00	6.0
100-50-54125 Salaries & Wages	6,246.16	6,246.16	90,000.00	83,753.84	6.9
100-50-54130 Overtime	.00	.00	500.00	500.00	.0
100-50-54140 Employee Benefits	2,556.73	2,556.73	34,200.00	31,643.27	7.5
100-50-54315 Office Supplies	.00	.00	1,500.00	1,500.00	.0
100-50-54325 Office Leased Equipment	.00	.00	2,000.00	2,000.00	.0
100-50-54410 Telephone	16.13	16.13	500.00	483.87	3.2
100-50-54415 Travel/Lodging	.00	.00	2,000.00	2,000.00	.0
100-50-54425 Training	.00	.00	2,500.00	2,500.00	.0
100-50-54436 Professional Services	.00	.00	425,000.00	425,000.00	.0
100-50-54439 Insurance	1,310.94	1,310.94	2,800.00	1,489.06	46.8
100-50-54500 Commission Amenities	.00	.00	250.00	250.00	.0
100-50-54505 Unleaded Gas/Diesel	189.74	189.74	1,688.00	1,498.26	11.2
100-50-54526 Light Vehicle R & M	.00	.00	1,500.00	1,500.00	.0
100-50-54620 Maintenance/Support Agrmt	.00	.00	360.00	360.00	.0
Total CAPITAL PROJ/PLANNING	10,694.70	10,694.70	571,098.00	560,403.30	1.9
<u>POLICE DEPT</u>					
100-70-54125 Salaries & Wages	61,544.80	61,544.80	1,127,509.00	1,065,964.20	5.5
100-70-54130 Overtime	1,989.00	1,989.00	50,000.00	48,011.00	4.0
100-70-54140 Employee Benefits	24,518.70	24,518.70	404,301.00	379,782.30	6.1
100-70-54210 Electricity	767.45	767.45	8,500.00	7,732.55	9.0
100-70-54215 Heating Fuel	1,320.89	1,320.89	9,100.00	7,779.11	14.5
100-70-54220 Building Maintenance	.00	.00	2,500.00	2,500.00	.0
100-70-54301 Clothing	.00	.00	4,200.00	4,200.00	.0
100-70-54315 Office Supplies	468.85	468.85	6,000.00	5,531.15	7.8
100-70-54316 Operations Supply	.00	.00	20,000.00	20,000.00	.0
100-70-54317 Community Policing	.00	.00	500.00	500.00	.0
100-70-54325 Office Leased Equipment	320.00	320.00	2,250.00	1,930.00	14.2
100-70-54410 Telephone/Fax	794.49	794.49	9,500.00	8,705.51	8.4
100-70-54415 Travel/Lodging/Per Diem	.00	.00	20,000.00	20,000.00	.0
100-70-54420 Employee Rent	(1,200.00)	(1,200.00)	15,000.00	16,200.00	(8.0)
100-70-54425 Training	.00	.00	35,000.00	35,000.00	.0
100-70-54430 Dues & Membership	65.00	65.00	500.00	435.00	13.0
100-70-54435 Postage	.00	.00	800.00	800.00	.0
100-70-54436 Professional Services	.00	.00	20,000.00	20,000.00	.0
100-70-54439 Insurance	90,058.98	90,058.98	229,000.00	138,941.02	39.3
100-70-54440 Advertising	.00	.00	500.00	500.00	.0
100-70-54505 Unleaded Gas/Diesel	2,924.34	2,924.34	25,000.00	22,075.66	11.7
100-70-54526 Light Vehicle R & M	1,079.99	1,079.99	10,000.00	8,920.01	10.8
100-70-54530 Equipment Maintenance	.00	.00	500.00	500.00	.0
100-70-54620 Maintenance/Support Agrmt	.00	.00	1,500.00	1,500.00	.0
100-70-54630 Animal Control	.00	.00	2,000.00	2,000.00	.0
Total POLICE DEPT	184,652.49	184,652.49	2,004,160.00	1,819,507.51	9.2
<u>JAIL DEPT</u>					
100-75-54125 Salaries & Wages	41,044.13	41,044.13	831,945.00	790,900.87	4.9
100-75-54130 Overtime	6,489.00	6,489.00	70,000.00	63,511.00	9.3
100-75-54140 Employee Benefits	18,275.28	18,275.28	316,139.00	297,863.72	5.8
100-75-54210 Electricity	986.00	986.00	10,000.00	9,014.00	9.9

Kotzebue City
 Expenditures with Comparison to Budget
 For the 2 Months Ending February 29, 2024

GENERAL FUND

	Period Actual	YTD Actual	Budget	Unexpended	Pcnt
100-75-54215 Heating Fuel	11,574.97	11,574.97	78,000.00	66,425.03	14.8
100-75-54220 Building Maintenance	.00	.00	30,000.00	30,000.00	.0
100-75-54301 Clothing	.00	.00	3,000.00	3,000.00	.0
100-75-54306 Food & Prisoner Supplies	2,142.60	2,142.60	30,000.00	27,857.40	7.1
100-75-54315 Office Supplies	988.66	988.66	3,500.00	2,511.34	28.3
100-75-54316 Operation Supplies	.00	.00	20,000.00	20,000.00	.0
100-75-54410 Telephone	1,150.00	1,150.00	9,000.00	7,850.00	12.8
100-75-54415 Travel/Lodging/Per Diem	2,100.00	2,100.00	15,000.00	12,900.00	14.0
100-75-54420 Employee Rent	(800.00)	(800.00)	15,000.00	15,800.00	(5.3)
100-75-54425 Training	.00	.00	10,000.00	10,000.00	.0
100-75-54430 Dues & Membership	.00	.00	650.00	650.00	.0
100-75-54434 Television	154.98	154.98	1,350.00	1,195.02	11.5
100-75-54435 Postage	47.50	47.50	500.00	452.50	9.5
100-75-54436 Professional Services	.00	.00	10,000.00	10,000.00	.0
100-75-54439 Insurance	60,034.32	60,034.32	133,000.00	72,965.68	45.1
100-75-54505 Unleaded Gas/Diesel	284.62	284.62	2,700.00	2,415.38	10.5
100-75-54526 Vehicle & Equip R & M	.00	.00	1,000.00	1,000.00	.0
100-75-54620 Maintenance/Support	.00	.00	16,723.00	16,723.00	.0
Total JAIL DEPT	144,472.06	144,472.06	1,607,507.00	1,463,034.94	9.0

FIRE/EMT DEPT

100-80-54125 Salaries & Wages	56,446.06	56,446.06	1,029,422.00	972,975.94	5.5
100-80-54130 Overtime	4,164.00	4,164.00	85,500.00	81,336.00	4.9
100-80-54140 Employee Benefits	25,437.71	25,437.71	391,180.00	365,742.29	6.5
100-80-54210 Electricity	843.33	843.33	14,000.00	13,156.67	6.0
100-80-54215 Heating Fuel	9,786.26	9,786.26	71,500.00	61,713.74	13.7
100-80-54220 Building Maintenance	.00	.00	5,000.00	5,000.00	.0
100-80-54301 Clothing	.00	.00	25,000.00	25,000.00	.0
100-80-54315 Office Supplies	468.85	468.85	1,500.00	1,031.15	31.3
100-80-54323 Fire prevention/hydant maint.	.00	.00	7,500.00	7,500.00	.0
100-80-54324 Ambulance Supplies&Equip.	.00	.00	1,500.00	1,500.00	.0
100-80-54325 Office Leased Equipment	320.00	320.00	2,000.00	1,680.00	16.0
100-80-54327 Small Tools	.00	.00	1,500.00	1,500.00	.0
100-80-54407 Fire/EMT Rehabilitation	.00	.00	1,000.00	1,000.00	.0
100-80-54410 Telephone/Fax	362.04	362.04	3,000.00	2,637.96	12.1
100-80-54415 Travel/Lodging	.00	.00	15,000.00	15,000.00	.0
100-80-54425 Training	.00	.00	15,000.00	15,000.00	.0
100-80-54430 Dues & Membership	.00	.00	500.00	500.00	.0
100-80-54435 Postage	.00	.00	500.00	500.00	.0
100-80-54436 Professional Services	.00	.00	6,000.00	6,000.00	.0
100-80-54439 Insurance	6,300.66	6,300.66	16,500.00	10,199.34	38.2
100-80-54505 Unleaded Gas/Diesel	1,328.21	1,328.21	12,000.00	10,671.79	11.1
100-80-54526 Vehicle R & M	.00	.00	22,000.00	22,000.00	.0
100-80-54530 Equipment R & M	.00	.00	10,000.00	10,000.00	.0
Total FIRE/EMT DEPT	105,457.12	105,457.12	1,737,102.00	1,631,644.88	6.1

PUBLIC WORKS DEPT

100-90-54125 Salaries & Wages	69,123.92	69,123.92	1,122,991.00	1,053,867.08	6.2
100-90-54130 Overtime	1,848.00	1,848.00	30,000.00	28,152.00	6.2
100-90-54140 Employee Benefits	27,520.83	27,520.83	426,737.00	399,216.17	6.5
100-90-54201 Street Lighting	5,115.99	5,115.99	80,000.00	74,884.01	6.4
100-90-54202 Sign Replacement	.00	.00	2,500.00	2,500.00	.0

Kotzebue City
Expenditures with Comparison to Budget
For the 2 Months Ending February 29, 2024

GENERAL FUND

		Period Actual	YTD Actual	Budget	Unexpended	Pcnt
100-90-54210	Electricity	911.37	911.37	13,000.00	12,088.63	7.0
100-90-54215	Heating Fuel	17,129.07	17,129.07	131,200.00	114,070.93	13.1
100-90-54220	Building Maintenance	.00	.00	13,000.00	13,000.00	.0
100-90-54300	Cleaning Supplies	.00	.00	500.00	500.00	.0
100-90-54301	Clothing	.00	.00	4,000.00	4,000.00	.0
100-90-54315	Office Supplies	562.62	562.62	3,500.00	2,937.38	16.1
100-90-54325	Office Leased Equipment	320.00	320.00	2,000.00	1,680.00	16.0
100-90-54327	Small Tools	.00	.00	4,500.00	4,500.00	.0
100-90-54410	Telephone/Fax	90.87	90.87	6,000.00	5,909.13	1.5
100-90-54415	Travel/Lodging	.00	.00	5,000.00	5,000.00	.0
100-90-54425	Training	.00	.00	8,500.00	8,500.00	.0
100-90-54430	Dues & Memberships	.00	.00	2,000.00	2,000.00	.0
100-90-54435	Postage	.00	.00	500.00	500.00	.0
100-90-54436	Professional Services	.00	.00	30,000.00	30,000.00	.0
100-90-54439	Insurance	9,755.86	9,755.86	28,000.00	18,244.14	34.8
100-90-54505	Unleaded Gas/Diesel	10,052.27	10,052.27	130,000.00	119,947.73	7.7
100-90-54526	Light Vehicle R & M	(981.32)	(981.32)	22,500.00	23,481.32	(4.4)
100-90-54527	Snow Removal	.00	.00	40,000.00	40,000.00	.0
100-90-54528	Gravel Purchases	.00	.00	50,000.00	50,000.00	.0
100-90-54529	Paved Road Maintenance	.00	.00	50,000.00	50,000.00	.0
100-90-54530	Heavy Equipment R & M	527.32	527.32	85,000.00	84,472.68	.6
Total PUBLIC WORKS DEPT		141,976.80	141,976.80	2,291,428.00	2,149,451.20	6.2
SMALL BOAT HARBOR						
100-94-54125	Salaries & Wages	.00	.00	100,000.00	100,000.00	.0
100-94-54130	Overtime	.00	.00	500.00	500.00	.0
100-94-54140	Benefits	.00	.00	40,000.00	40,000.00	.0
100-94-54210	Electricity	758.70	758.70	13,500.00	12,741.30	5.6
100-94-54225	R&R Docks Annually	.00	.00	6,500.00	6,500.00	.0
100-94-54315	Office Supplies & Equipment	.00	.00	1,000.00	1,000.00	.0
100-94-54439	Insurance	9,755.56	9,755.56	28,000.00	18,244.44	34.8
Total SMALL BOAT HARBOR		10,514.26	10,514.26	189,500.00	178,985.74	5.6
PARKS & REC.						
100-95-54125	Salaries & Wages	14,647.60	14,647.60	296,515.00	281,867.40	4.9
100-95-54130	Overtime	.00	.00	1,000.00	1,000.00	.0
100-95-54140	Employee Benefits	5,518.38	5,518.38	112,676.00	107,157.62	4.9
100-95-54210	Electricity	1,404.01	1,404.01	20,000.00	18,595.99	7.0
100-95-54215	Heating Fuel	2,795.38	2,795.38	15,000.00	12,204.62	18.6
100-95-54220	Building & Equipment Maint.	.00	.00	20,000.00	20,000.00	.0
100-95-54300	Cleaning Supplies	.00	.00	2,500.00	2,500.00	.0
100-95-54306	Food	.00	.00	2,000.00	2,000.00	.0
100-95-54308	Playground & Park Maintenance	.00	.00	5,000.00	5,000.00	.0
100-95-54315	Office Supplies & Equipment	.00	.00	3,000.00	3,000.00	.0
100-95-54410	Telephone/Fax	301.20	301.20	3,000.00	2,698.80	10.0
100-95-54415	Travel/Per Diem	.00	.00	1,000.00	1,000.00	.0
100-95-54425	Training	.00	.00	1,000.00	1,000.00	.0
100-95-54436	Professional Services	55.00	55.00	2,500.00	2,445.00	2.2
100-95-54439	Insurance	3,890.22	3,890.22	9,000.00	5,109.78	43.2
100-95-54505	Gas/Deisel	284.62	284.62	2,700.00	2,415.38	10.5
100-95-54526	Light Vehicle Maintenance	.00	.00	3,000.00	3,000.00	.0
100-95-54530	Program Equip. & Equip. Repair	.00	.00	1,000.00	1,000.00	.0

Kotzebue City
 Expenditures with Comparison to Budget
 For the 2 Months Ending February 29, 2024

GENERAL FUND

	Period Actual	YTD Actual	Budget	Unexpended	Pcnt
100-95-54907 Community Events	.00	.00	4,000.00	4,000.00	.0
Total PARKS & REC.	28,896.41	28,896.41	504,891.00	475,994.59	5.7
<u>Other Agency Contributions</u>					
100-96-54905 Kotzebue Broadcasting, Inc	.00	.00	2,500.00	2,500.00	.0
100-96-54907 July 4th Celebration Comm.	.00	.00	4,500.00	4,500.00	.0
100-96-54908 Miscellaneous Comm. Support	.00	.00	2,500.00	2,500.00	.0
100-96-54909 Kotzebue/Middle High School	.00	.00	40,000.00	40,000.00	.0
100-96-54911 City of Kotz Scholarship Fund	5,500.00	5,500.00	20,000.00	14,500.00	27.5
Total Other Agency Contributions	5,500.00	5,500.00	69,500.00	64,000.00	7.9
<u>NON-DEPT. EXPENSE</u>					
100-98-54407 Employee Morale & Health	.00	.00	10,000.00	10,000.00	.0
Total NON-DEPT. EXPENSE	.00	.00	10,000.00	10,000.00	.0
Total Fund Expenditures	777,374.18	777,374.18	11,171,027.00	10,393,652.82	7.0
Net Revenue Over Expenditures	(467,166.38)	(467,166.38)	(1,164,335.00)	(697,168.62)	(40.1)

Kotzebue City
 Revenues with Comparison to Budget
 For the 2 Months Ending February 29, 2024

Capital Projects

	Period Actual	YTD Actual	Budget	Unexpended	Pcnt
<u>Water Treatment Plant Const.</u>					
467-85-43225	10,424.50	10,424.50	.00	(10,424.50)	.0
Total Water Treatment Plant Const.	10,424.50	10,424.50	.00	(10,424.50)	.0
Total Fund Revenue	10,424.50	10,424.50	.00	(10,424.50)	.0
Net Revenue Over Expenditures	10,424.50	10,424.50	.00	(10,424.50)	.0

Kotzebue City
 Revenues with Comparison to Budget
 For the 2 Months Ending February 29, 2024

AEA Grant Special Revenue Fund

	Period Actual	YTD Actual	Budget	Unexpended	Pct
<u>Source 00</u>					
487-00-43215 Grant Revenue - State	2,875.33	2,875.33	.00	(2,875.33)	.0
Total Source 00	2,875.33	2,875.33	.00	(2,875.33)	.0
Total Fund Revenue	2,875.33	2,875.33	.00	(2,875.33)	.0
Net Revenue Over Expenditures	2,875.33	2,875.33	.00	(2,875.33)	.0

Kotzebue City
Revenues with Comparison to Budget
For the 2 Months Ending February 29, 2024

NANAN VEI GRANT

	<u>Period Actual</u>	<u>YTD Actual</u>	<u>Budget</u>	<u>Unexpended</u>	<u>Pcnt</u>
491-00-43220 Grant Revenue - Local	3,298.29	3,298.29	.00	(3,298.29)	.0
Total Source 00	3,298.29	3,298.29	.00	(3,298.29)	.0
Total Fund Revenue	3,298.29	3,298.29	.00	(3,298.29)	.0
Net Revenue Over Expenditures	3,298.29	3,298.29	.00	(3,298.29)	.0

Kotzebue City
 Revenues with Comparison to Budget
 For the 2 Months Ending February 29, 2024

ENTERPRISE ACCOUNTS

	Period Actual	YTD Actual	Budget	Unexpended	Pcnt	
<u>MUS REVENUE</u>						
601-40-43915	MUS Penalties & Interest	2,423.34	2,423.34	20,000.00	17,576.66	12.1
601-40-43927	Service Equipment Sales	.00	.00	500.00	500.00	.0
601-40-43928	Hydro Flush Service	3,450.00	3,450.00	10,000.00	6,550.00	34.5
601-40-43930	Water Sales-Residential	39,404.37	39,404.37	700,000.00	660,595.63	5.6
601-40-43931	Water Sales-Commercial	90,837.54	90,837.54	1,150,000.00	1,059,162.46	7.9
601-40-43932	Water Delivery	330.30	330.30	10,000.00	9,669.70	3.3
601-40-43940	Sewer Sales-Commercial	43,173.29	43,173.29	500,000.00	456,826.71	8.6
601-40-43941	Sewer Sales-Residential	10,602.75	10,602.75	290,000.00	279,397.25	3.7
601-40-43950	Water Connection Fees	.00	.00	2,000.00	2,000.00	.0
601-40-43951	Sewer Connection Fees	.00	.00	500.00	500.00	.0
601-40-43952	Water Re/Dis/ connect	100.00	100.00	4,000.00	3,900.00	2.5
601-40-43953	Sewer Re/Dis Connect	.00	.00	500.00	500.00	.0
601-40-43985	Miscellaneous	.00	.00	2,500.00	2,500.00	.0
601-40-44107	State of AK PERS Relief	.00	.00	27,035.00	27,035.00	.0
	Total MUS REVENUE	190,321.59	190,321.59	2,717,035.00	2,526,713.41	7.0
	Total Fund Revenue	190,321.59	190,321.59	2,717,035.00	2,526,713.41	7.0

Kotzebue City
 Expenditures with Comparison to Budget
 For the 2 Months Ending February 29, 2024

ENTERPRISE ACCOUNTS

	Period Actual	YTD Actual	Budget	Unexpended	Pcnt
<u>Water & Sewer Expenses</u>					
601-10-54400 Service Charges	2,390.46	2,390.46	17,500.00	15,109.54	13.7
601-10-54434 3rd Party Collection Fees	.00	.00	500.00	500.00	.0
601-10-54435 Postage	293.90	293.90	3,000.00	2,706.10	9.8
601-10-54460 Gen. Fund Admin. Overhead	.00	.00	285,000.00	285,000.00	.0
601-10-54700 Transfer Out	.00	.00	1,907,640.00	1,907,640.00	.0
Total Water & Sewer Expenses	2,684.36	2,684.36	2,213,640.00	2,210,955.64	.1
<u>Water Expenses</u>					
601-20-54125 Salaries & Wages	17,752.84	17,752.84	300,000.00	282,247.16	5.9
601-20-54130 Overtime	3,411.09	3,411.09	27,000.00	23,588.91	12.6
601-20-54140 Employee Benefits	8,588.55	8,588.55	114,000.00	105,411.45	7.5
601-20-54210 Electricity	12,716.82	12,716.82	160,000.00	147,283.18	8.0
601-20-54215 Heating Fuel	7,965.72	7,965.72	100,000.00	92,034.28	8.0
601-20-54216 KEA Waste Heat	.00	.00	100,000.00	100,000.00	.0
601-20-54220 Building Maintenance	.00	.00	5,000.00	5,000.00	.0
601-20-54301 Clothing/Safety Equipment	.00	.00	2,000.00	2,000.00	.0
601-20-54315 Office Supplies	.00	.00	1,000.00	1,000.00	.0
601-20-54327 Small Tools	.00	.00	1,000.00	1,000.00	.0
601-20-54331 Chemicals	.00	.00	170,000.00	170,000.00	.0
601-20-54332 Pipe & Materials	.00	.00	25,000.00	25,000.00	.0
601-20-54410 Telephone	1,072.30	1,072.30	5,700.00	4,627.70	18.8
601-20-54415 Travel/Loding	.00	.00	4,000.00	4,000.00	.0
601-20-54425 Training	.00	.00	8,000.00	8,000.00	.0
601-20-54430 Dues & Membership	.00	.00	4,000.00	4,000.00	.0
601-20-54436 Professional Services	.00	.00	64,000.00	64,000.00	.0
601-20-54439 Insurance	4,408.42	4,408.42	14,000.00	9,591.58	31.5
601-20-54505 Unleaded Gas/Diesel/Oil	284.62	284.62	3,750.00	3,465.38	7.6
601-20-54525 Light Vehicle R & M	.00	.00	1,500.00	1,500.00	.0
601-20-54526 Vehicle & Equipment R & M	.00	.00	3,000.00	3,000.00	.0
601-20-54541 Lab Equipment/Testing	89.78	89.78	20,000.00	19,910.22	.5
Total Water Expenses	56,290.14	56,290.14	1,132,950.00	1,076,659.86	5.0
<u>Sewer Expenses</u>					
601-30-54125 Salaries & Wages	20,804.00	20,804.00	357,914.00	337,110.00	5.8
601-30-54130 Overtime	3,000.00	3,000.00	61,000.00	58,000.00	4.9
601-30-54140 Employee Benefits	8,757.15	8,757.15	154,998.00	146,240.85	5.7
601-30-54210 Electricity	7,501.38	7,501.38	75,000.00	67,498.62	10.0
601-30-54211 Electricity-Sewage Lagoon	158.05	158.05	10,000.00	9,841.95	1.6
601-30-54220 Building Maintenance	.00	.00	30,000.00	30,000.00	.0
601-30-54301 Clothing/Safety Equipment	253.44	253.44	5,000.00	4,746.56	5.1
601-30-54315 Ofc Sup/Equip/Maintenance	.00	.00	500.00	500.00	.0
601-30-54316 Operational Supplies	.00	.00	3,000.00	3,000.00	.0
601-30-54327 Small Tools	.00	.00	4,000.00	4,000.00	.0
601-30-54331 Chemicals	.00	.00	80,000.00	80,000.00	.0
601-30-54332 Pipe & Materials	.00	.00	60,000.00	60,000.00	.0
601-30-54415 Travel/Loding	.00	.00	3,500.00	3,500.00	.0
601-30-54425 Training	.00	.00	8,500.00	8,500.00	.0
601-30-54436 Professional Services	70.00	70.00	35,000.00	34,930.00	.2
601-30-54439 Insurance	2,487.74	2,487.74	6,000.00	3,512.26	41.5

Kotzebue City
Expenditures with Comparison to Budget
For the 2 Months Ending February 29, 2024

ENTERPRISE ACCOUNTS

	Period Actual	YTD Actual	Budget	Unexpended	Pcnt
601-30-54505 Unleaded Gas/Diesel/Oil	3,298.52	3,298.52	35,100.00	31,801.48	9.4
601-30-54525 Light Vehicle R & M	.00	.00	2,000.00	2,000.00	.0
601-30-54526 Vehicle & Equipment R & M	.00	.00	22,500.00	22,500.00	.0
Total Sewer Expenses	46,330.28	46,330.28	954,012.00	907,681.72	4.9
 Total Fund Expenditures	 105,304.78	 105,304.78	 4,300,602.00	 4,195,297.22	 2.5
 Net Revenue Over Expenditures	 85,016.81	 85,016.81	 (1,583,567.00)	 (1,668,583.81)	 5.4

Kotzebue City
Revenues with Comparison to Budget
For the 2 Months Ending February 29, 2024

REFUSE DEPARTMENT

	Period Actual	YTD Actual	Budget	Unexpended	Pcnt
<u>REFUSE ENTERPRISE FUND</u>					
602-40-43915 Penalties & Interest	.00	.00	5,000.00	5,000.00	.0
602-40-43923 Baler Drop Off Charges	987.00	987.00	23,000.00	22,013.00	4.3
602-40-43924 Residential Refuse Collec	32,834.25	32,834.25	335,000.00	302,165.75	9.8
602-40-43925 Commercial Refuse Collect	37,704.14	37,704.14	640,000.00	602,295.86	5.9
602-40-43926 Refuse Equipment Sales	.00	.00	2,000.00	2,000.00	.0
602-40-43927 Residential Refuse Cart	140.00	140.00	1,750.00	1,610.00	8.0
602-40-43928 Commercial Dumpster Rental	2,730.00	2,730.00	40,000.00	37,270.00	6.8
602-40-44107 State of AK PERS Relief	.00	.00	28,496.00	28,496.00	.0
602-40-49987 Miscellaneous Income	.00	.00	5,000.00	5,000.00	.0
Total REFUSE ENTERPRISE FUND	74,395.39	74,395.39	1,080,246.00	1,005,850.61	6.9
Total Fund Revenue	74,395.39	74,395.39	1,080,246.00	1,005,850.61	6.9

Section X, Item Q.

Kotzebue City
 Expenditures with Comparison to Budget
 For the 2 Months Ending February 29, 2024

REFUSE DEPARTMENT

	Period Actual	YTD Actual	Budget	Unexpended	Pcnt
<u>REFUSE ENTERPRISE FUND</u>					
602-40-54125 Salaries & Wages	29,133.79	29,133.79	579,620.00	550,486.21	5.0
602-40-54130 Overtime	962.10	962.10	10,000.00	9,037.90	9.6
602-40-54140 Employee Benefits	13,325.54	13,325.54	220,256.00	206,930.46	6.1
602-40-54210 Electricity	1,770.62	1,770.62	25,000.00	23,229.38	7.1
602-40-54215 Heating Fuel	10,703.52	10,703.52	60,000.00	49,296.48	17.8
602-40-54220 Building Maintenance	.00	.00	5,500.00	5,500.00	.0
602-40-54300 Operational Supplies	6,201.90	6,201.90	90,000.00	83,798.10	6.9
602-40-54301 Clothing/Safety Equipment	.00	.00	3,000.00	3,000.00	.0
602-40-54307 Spring Cleanup	.00	.00	7,000.00	7,000.00	.0
602-40-54315 Office Supplies	.00	.00	600.00	600.00	.0
602-40-54327 Small Tools	.00	.00	1,000.00	1,000.00	.0
602-40-54410 Telephone	255.92	255.92	2,500.00	2,244.08	10.2
602-40-54415 Travel/Lodging	.00	.00	3,000.00	3,000.00	.0
602-40-54425 Training	.00	.00	7,000.00	7,000.00	.0
602-40-54436 Professional Services	70.00	70.00	30,000.00	29,930.00	.2
602-40-54439 Insurance	15,344.96	15,344.96	90,000.00	74,655.04	17.1
602-40-54448 Bad Debt Expense	.00	.00	5,000.00	5,000.00	.0
602-40-54449 Closure & Post Closure	.00	.00	1,800.00	1,800.00	.0
602-40-54450 Refuse Operating Permit	4,000.00	4,000.00	4,000.00	.00	100.0
602-40-54505 Unleaded Gas/Diesel/Oil	3,667.00	3,667.00	47,250.00	43,583.00	7.8
602-40-54525 Light Vehicle R & M	.00	.00	1,500.00	1,500.00	.0
602-40-54526 Vehicle & Equipment R & M	.00	.00	25,000.00	25,000.00	.0
602-40-54527 Gen. Fund Admin. Overhead	.00	.00	110,000.00	110,000.00	.0
Total REFUSE ENTERPRISE FUND	85,435.35	85,435.35	1,329,026.00	1,243,590.65	6.4
Total Fund Expenditures	85,435.35	85,435.35	1,329,026.00	1,243,590.65	6.4
Net Revenue Over Expenditures	(11,039.96)	(11,039.96)	(248,780.00)	(237,740.04)	(4.4)

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Kotzebue City
 Revenues with Comparison to Budget
 For the 2 Months Ending February 29, 2024

ARCTIC SPIRITS

	Period Actual	YTD Actual	Budget	Unexpended	Pcnt
<u>ARCTIC SPIRITS REVENUE</u>					
603-00-43405 Retail Sales	199,628.27	199,628.27	2,972,500.00	2,772,871.73	6.7
603-00-43407 Retail Sales - Tobacco	4,348.23	4,348.23	61,200.00	56,851.77	7.1
603-00-43408 Retail Sales - Miscellaneous	820.89	820.89	10,200.00	9,379.11	8.1
603-00-43410 Distribution Point Fees	40.00	40.00	1,500.00	1,460.00	2.7
603-00-43425 Permitting Fees	4,610.00	4,610.00	55,000.00	50,390.00	8.4
603-00-44107 State of AK PERS Relief	.00	.00	15,697.00	15,697.00	.0
Total ARCTIC SPIRITS REVENUE	209,447.39	209,447.39	3,116,097.00	2,906,649.61	6.7
Total Fund Revenue	209,447.39	209,447.39	3,116,097.00	2,906,649.61	6.7

Section X, Item Q.

Kotzebue City
 Expenditures with Comparison to Budget
 For the 2 Months Ending February 29, 2024

ARCTIC SPIRITS

	Period Actual	YTD Actual	Budget	Unexpended	Pcnt
<u>ARCTIC SPIRITS EXPENSES</u>					
603-10-54110 LBCB Stipend	.00	.00	5,500.00	5,500.00	.0
603-10-54125 Salaries & Wages	17,090.89	17,090.89	276,585.00	259,494.11	6.2
603-10-54130 Overtime	86.25	86.25	3,000.00	2,913.75	2.9
603-10-54140 Employee Benefits	4,360.43	4,360.43	108,502.00	104,141.57	4.0
603-10-54210 Electricity	384.68	384.68	6,000.00	5,615.32	6.4
603-10-54215 Heating Fuel	4,709.11	4,709.11	30,000.00	25,290.89	15.7
603-10-54220 Building Maintenance	.00	.00	2,000.00	2,000.00	.0
603-10-54300 Cleaning Supplies	.00	.00	500.00	500.00	.0
603-10-54315 Office Supplies & Equip	562.62	562.62	5,000.00	4,437.38	11.3
603-10-54320 Product Acquisition	.00	.00	1,279,000.00	1,279,000.00	.0
603-10-54321 Cash Overs/Shorts - Pkg Store	(19.38)	(19.38)	500.00	519.38	(3.9)
603-10-54400 Service Charges	4,863.87	4,863.87	37,500.00	32,636.13	13.0
603-10-54410 Telephone/Fax	128.95	128.95	2,000.00	1,871.05	6.5
603-10-54415 Travel/Lodging/Per Diem	.00	.00	2,000.00	2,000.00	.0
603-10-54425 Training	.00	.00	1,000.00	1,000.00	.0
603-10-54433 Postage	.00	.00	50.00	50.00	.0
603-10-54434 Freight Charges	11,184.02	11,184.02	475,000.00	463,815.98	2.4
603-10-54436 Professional Services	.00	.00	400.00	400.00	.0
603-10-54438 Legal Fees	735.00	735.00	10,000.00	9,265.00	7.4
603-10-54439 Insurance	28,602.06	28,602.06	63,000.00	34,397.94	45.4
603-10-54450 Permits	.00	.00	500.00	500.00	.0
603-10-54505 Gas/Diesel	284.62	284.62	2,700.00	2,415.38	10.5
603-10-54526 Light Vehicle R & M	.00	.00	2,000.00	2,000.00	.0
603-10-54527 Gen. Fund Admin. Overhead	.00	.00	155,000.00	155,000.00	.0
603-10-54530 Equipment Maint.	.00	.00	1,500.00	1,500.00	.0
603-10-54620 Maintenance/Support Agrmt	.00	.00	500.00	500.00	.0
603-10-54625 Computer Equipment	.00	.00	1,500.00	1,500.00	.0
603-10-54702 Transfer to G.F.-Comm Support	.00	.00	1,137,672.00	1,137,672.00	.0
Total ARCTIC SPIRITS EXPENSES	72,973.12	72,973.12	3,608,909.00	3,535,935.88	2.0
Total Fund Expenditures	72,973.12	72,973.12	3,608,909.00	3,535,935.88	2.0
Net Revenue Over Expenditures	136,474.27	136,474.27	(492,812.00)	(629,286.27)	27.7

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City of Kotzebue, Alaska
Police Department

258B Third Avenue Box 550 Kotzebue, AK 99752-0550
 Office: 907-442-3539 Fax: 907-442-3357
 Roger Rouse, Chief of Police



To: City Manager Tessa Baldwin
 Re: Kotzebue Police and Jail Activity Report

Date: 02/09/2024

Since the Kotzebue Police Department's last activity report, the police department has responded to 430 calls for service (January 2024), a 16% increase from the month of December. Calls of note for the month of January were 18 Disturbances, 6 Criminal Trespass, 3 Intoxicated Person Reports, and 1 Sexual Assault. For a complete list of calls for service see the attached report. Calls for service occurred most frequently on Wednesdays between the hours of 03:00 am to 04:00 am.

The Kotzebue Regional Jail processed 49 prisoners during the month of January, a 48% increase from December.

Community Policing:

- KPD officers had 37 public relations, safety, and assistance contacts with the citizens and business owners of Kotzebue during the month of January.
- KPD officers conducted 185 security checks of businesses, or other locations within the city.
- KPD is in talks with the school administration to allow safety classes to students via.
- Sgt Odom, KPD's trained School Resource Officer, is working with the school to provide safety and informational classes to students.

Staff Development and Training:

- Staff and Officers are in a training cycle from January 2024 – March 2024 taking the following courses, Report Writing 1 and 2, Use of Force, Use of Less Lethal Force, Use of Force Situations, Body Language Skills and Deception Detection, Writing Effective Use of Force Incident Reports, Less Lethal Options, De-escalation and Reasonable Use of Force, Investigating Impaired Driving, Crisis Intervention Training (CIT) Crisis Response.
- Harry Baldwin graduated from the Department of Corrections Municipal Corrections Academy.
- Chief Rouse graduated from the National Institute of Truth Verification (NITV) advanced CVSA-III course.
- Superintendent Cook is taking a course on the Department of Corrections A-COMs computer information database.
- Community Service Officer Carlson is currently attending the National Animal Control Officer 1 course.

Community Service Officers:

- The Community Service Officers responded to 27 calls for service regarding animal complaints, a 6.8% decrease from December.
- The CSOs impounded 8 dogs.
- 0 animal(s) were adopted or rescued. (0 since beginning of the year)
- 1 animal(s) was euthanized in January. (1 since the beginning of the year)
- Served or attempted to serve 6 court documents.

Roger Rouse / Chief of Police

**KOTZEBUE POLICE DEPARTMENT
258B THIRD AVENUE**

PO BOX 550
KOTZEBUE, AK 99752

Date : 02 Section X, Item Q.
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Agency : KPD

Calls For Service Totals By Call Type

01/01/2024 to 01/31/2024

Call Type	Totals
ABAN ABANDONED AUTO	1
AGAS AGENCY ASSIST (NON LAW ENFORCEMENT)...	6
ALAR-U ALARM UNFOUNDED	3
AOFF ASSIST OFFICIAL	4
ASLT ASSAULT	3
BURG BURGLARY	2
CIVIL CIVIL	17
CRIM CRIMINAL MISCHIEF	1
DISC DISORDERLY CONDUCT	5
DIST DISTURBANCE	18
DOGY ANIMAL CONTROL	27
DOMS DOMESTIC	4
DUI DRIVING UNDER THE INFLUENCE	1
DVORDER DV ORDER SERVICE	6
FIGH FIGHT	3
HARA HARASSMENT	3
INTP INTOXICATED PERSON	3
MPER MISSING PERSON	1
MVC-D MOTOR VEHICLE CRASH-DAMAGE ONLY	2
PASS PUBLIC ASSIST	6
PROV PROBATION VIOLATION	1
PSAF PUBLIC SAFETY	2
PUBR PUBLIC RELATIONS	29
SALT SEXUAL ASSAULT	1
SCHOOL SCHOOL PATROL	15
SECU SECURITY	185
SPRP STOLEN PROPERTY	1
SUM/SUB SERVING SUMMONS/SUBPOENA/ORDER TO...	15
THEF THEFT	4
THRE THREATS	1
TITLE-47 TITLE-47 (ALCOHOL, MENTAL, OR...	2
TRAF TRAFFIC	10
TRES CRIMINAL TRESPASS	6
VAND VANDALISM	1
VOCR VIOLATION OF CONDITIONS OF RELEASE	4
WARRANT WARRANT (ARREST, BENCH, DAY, AND...	12
WEAP WEAPONS	2
WELF WELFARE CHECK	23

Grand Total for all calls

430

Section X, Item Q.

City of Kotzebue - Parks and Recreation

January 2024 Report

Staff: Currently, Parks and Recreation consists of a Director, Assistant Director, Program Coordinator, and an attendant. Staffing of after-core-hour activities becomes a challenge if any one person is absent.

Parks and Recreation Advisory Committee (PRAC): An informal PRAC meeting was held on 8 February to introduce the group and distribute necessary paperwork. A formal invitation for the first official meeting will be distributed this week for the first official meeting.

Arctic Circle Spring Festival: A meeting invitation will be distributed for the first planning meeting this week. We are planning the first meeting for next week.

Boat Harbor: Parks and Rec is currently coordinating harbor improvements. A contractor has been selected for improvements to ramp extensions. In addition, we are looking at selecting a loading crane and additional safety equipment if there is funding left for acquisition. These improvements are being coordinated with the City Manager for approval.

Youth Center:

Usage: The Youth Center has been booked many weekends and occasionally with multiple renters on the same day.

Repairs: Moisture damage has been found on the floor under a boiler. We are currently assessing the damage to determine further action.

Armory: The floor installation at the Armory is complete. Parks and Rec repaired, and safety inspected all equipment. The gym is now open for public use.

Toddler Time: Toddler Time continues Tuesdays and Thursdays from 10:00-11:30 am. Both Nikaitchuat School and individual parents / toddlers participate with about an average of about 12 children each session for December. Parks and Rec also opened Toddler Time an additional day (on Friday) on two occasions.

Open Gym {School): Open Gym time re-opened and continues with high participation.

- Sunday, 6:00 PM –9:00 PM (Open)
- Monday, 8:00 PM – 10:00 PM (Open)
- Tuesday, 8:00 PM – 10:00 PM (B League ONLY)
- Wednesday, 8:00 PM – 10:00 PM (Open)

Winter Activities:

Parks and Rec is coordinating ice skating, cross-country skiing, and dog-sled experience activities.

- a. Coordinating with Nana Nordic and locally about establishing a cross-country ski trail on Kotzebue Lagoon. The trails could possibly be a 1-mile trail and a 3-mile trail.
- b. Coordinating locally to establish a skating rink in Swan Lake with a special Winter Solstice skating event.
- c. Coordinating with KOBUK 440 to establish a dog sled experience event.

January 2023

Arctic Spirits Manager's Report

To: Tessa Baldwin – City Manager

CC: Chelsea Sieh, Rosie Hensley

From: Jamie Lambert, Arctic Spirits Manager

Date: February 1, 2024

Re: Arctic Spirits Manager's report and monthly recap comparison.

The following is a calendar recap for January 2023 as compared to January 2024.

Total revenue collected in January of 2023 was \$251,863.12, compared to \$221,733.69 in January of 2024. This is a decrease of \$30,129.43 or almost 12% less revenue than last year. There were 26 sales days in January of 2023 and 25 sales days in January of 2024. We had a weather closure day on Thursday January 11, 2024.

In January of 2023 we had 5,157 customers compared to 4,529 in January of 2024. This is a decrease of 628 customers. The average sale in January of 2023 was \$48.84 compared to \$48.96 in January of 2024 or an average of \$0.12 more spent per customer this year compared to last year.

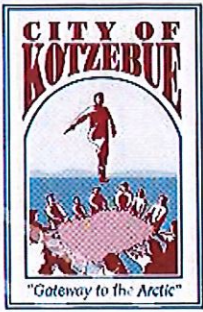
Cigarette sales in January of 2023 were \$4,704.92 as compared to \$4,348.23 in December of 2023. This is a decrease of \$356.69 in tobacco sales compared to this time LY.

The Delivery Site 1 logged transactions.
The number of 10-day permits issued was 116.
The number of 30-day permits issued was 10.
The number of 90-day permits issued was 3.
The number of 180-day permits issued was 7.
The number of one-year permits issued was 42.

At least 32 permits were suspended or revoked due to background checks, public intoxication reports, and COR/judgement paperwork sent from the jail.

Inventory for January 2024 has been completed and filed.

Please feel free to contact me if you have any questions,
Jamie Lambert - Arctic Spirits Store Manager
(907)442-4000 or (907)412-0747



P.O. Box 46
Kotzebue, AK 99752

Phone: (907) 442-3401
Fax: (907) 442-2155

02/15/2024

Planning Director: February Regular City Council Report

- I. Staffing
 - a. Gem Belamour hired as City Planner
 - b. Planning Department (Capital Projects) Staff
 - i. Planning Director: Sam Atkinson
 - ii. City Planner: Gem Belamour
 - iii. Capital Projects Manager: VACANT
 - c. **Goal:** Handle more capital projects in house at City of Kotzebue.
- II. Permits
 - a. Building permits
 - i. None
 - b. Moving permits
 - i. None
 - c. Excavation permits
 - i. None
 - d. Variance Requests
 - i. 1 pending
- III. Building and Request for Zoning Variance Application Revisions
 - a. Building permit application and zoning variance application last updated in 2019.
 - b. Worked with City Lawyer and Public Works Director over the past few months to make improvements.
 - c. Included in the Planning Commission Meeting packet are copies of the finalized City of Kotzebue B.
 - i. **Improvement:** Extra site plan requirements, BP revocation clause, section on altering natural water flow. Also, demolition permit.
 - d. **Goal:** Give applicants a clear understanding of expectations and requirements involved in building permit and zoning variance applications.
- IV. City of Kotzebue Zoning (No Update)
 - a. The City of Kotzebue is without zoning (excluding Historical Use District & City Center Area see accompanying city codes 17.28.100 and 18.035 in meeting packet).

- b. Working with City Lawyer and Public Works Director over the past month to discuss options.
 - c. Most likely this will be a joint project with the Planning Commission and possibly the City Council.
 - d. **Goal:** Establish zoning districts within the City of Kotzebue to protect past, present, and future residential land use, while still allowing for the reasonable operation of already established commercial/industrial entities.
- V. Hazards Mitigation Plan (HMP) Update
- a. UPDATE: Community Engagement Meeting on Tuesday February 13th 6:30pm at Kotzebue Youth Center.
 - b. Working on update with DOWL and project team.
 - i. Gave presentation overview of HMP update at RCCM 12/14/23.
 - ii. Public comment period open 12/2023-01/2024
 - c. **General overview of update:** requires two public comments and an undetermined number of Project Team meetings.
 - d. **Goal:** Update the current City of Kotzebue HMP to aid in the mitigation of new and current hazards faced by the City of Kotzebue.
- VI. Erosion Shore Protection: Flood Mitigation Assistance
- a. Focusing on North Shore (north end of front street to North Tent city) and East Shore (area near and around Swan Lake Boat Harbor).
 - i. Fee Proposal for North and East Shore coastal protection signed.
 - b. Funding through Alaska Community Foundation (ACF) and Village Improvement Fund (VIF).
 - c. Work being done under term contract with DOWL Engineering.
 - d. **Goal:** Mitigate flooding, erosion, and any damage faced by the City of Kotzebue on the Northern and Eastern shores of Kotzebue.
- VII. CAIN Building update (Addressed in Agenda)
- VIII. New online City of Kotzebue Map
- a. Working with DOWL engineering to create multi-layered Global Information System (GIS) map.
 - b. This map will have multiple layers of information about the City of Kotzebue.
 - i. Street Names
 - ii. Property Information
 - iii. Water/Sewer Lines
 - iv. Easements
 - c. First draft completed.
 - d. Waiting for feedback from City of Kotzebue departments, before making map available to public.