



CITY OF NORTH POLE *Alaska*

REGULAR CITY COUNCIL MEETING Monday, June 20, 2016

Committee of the Whole – 6:30 p.m.
Regular City Council Meeting – 7:00 p.m.

MAYOR

Bryce Ward
888-4444

CITY CLERK

Kathy Weber, MMC
488-8583

COUNCIL MEMBERS

Kevin McCarthy- Mayor Pro Tem	590-0800
Preston Smith – Dep Mayor Pro Tem	488-8824
Elizabeth Holm – Alt Dep Mayor Pro Tem	488-6125
Santa Claus	388-3836
Elyse Dawson	520-221-1340
Thomas McGhee	455-0010

1. **Call to Order/Roll Call**
2. **Pledge of Allegiance to the US Flag**
3. **Invocation**
4. **Approval of the Agenda**
5. **Approval of the Minutes**
6. **Communications from the Mayor**
Proclamations
 - **Student of the Month –**
NPMS – Isaiah Harding

- FMATS presentation on the Freight Mobility Plan by Alicia Giamichael and Donna Gardino
- Presentation of 2015 draft audit by Kohler, Schmitt, and Hutchison

7. Council Member Questions of the Mayor

8. Communications from Department Heads, Borough Representative and the City Clerk

9. Ongoing Projects Report

10. Citizens Comments (Limited to Five (5) minutes per Citizen)

11. Old Business.

- a. Ordinance 16-11, an Ordinance amending Title 4, Revenue and Finance, adding Chapter 4.26, Classification of Debtors to the City.
- b. Ordinance 16-12, an Ordinance amending Title 15, Building and Construction, Chapter 15-15-060, Local Amendments to the International Building Code
- c. Ordinance 16-13, an Ordinance of the North Pole City Council amending Chapter 12.04, Obstruction or Alteration of Streets, Road Rights-of-Way, Sidewalks or City Property establishing Permits for Parades and Special Events
- d. Ordinance 16-14, an ordinance of the City of North Pole, Alaska to amend the 2016 Budget to accept funding for economic development in North Pole to include work for the Business Retention and Expansion Project (BR&E)

12. New Business

- a. Request from Antler Academy to file sales tax from monthly to quarterly
- b. Request from Warkentine Inc. dba Computer Rx to file sales tax from monthly to annually
- c. Fairbanks North Star Borough and City of North Pole Emergency Medical services/Ambulance Contract and Renewal Amendment No.1
- d. Recommendation to award IFB 2016-01, Auctioneering Services, to Great North Auction, LLC
- e. Ordinance 16-15, an Ordinance of the City of North Pole, Alaska to amend the 2016 budget by allocating \$5,080 from the general fund balance to pay Tekmate for unpaid charges
- f. Resolution 16-06, A Resolution acknowledging that the City of North Pole is authorized to apply to the Alaska Department of Environmental Conservation (ADEC) for an Alaska

Clean Water Fund loan for the purpose of constructing an extension to the wastewater treatment plant discharge sewer main in response to and ADEC Notice of Violation

- g. Resolution 16-07, A Resolution establishing the Wastewater Effluent Discharge Project, Phase 1, as the City of North Pole's number one priority capital project in state FY 2018

14. Executive Session

- a. To discuss personnel issues in the Fire Department concerning pay for an employee

15. Council Comments

16. Adjournment

The City of North Pole will provide an interpreter at City Council meetings for hearing impaired individuals. The City does require at least 48 hours' notice to arrange for this service. All such requests are subject to the availability of an interpreter. All City Council meetings are recorded on CD. These CD's are available for listening or duplication at the City Clerk's Office during regular business hours, Monday through Friday, 8:00 a.m. to 5:00 p.m. or can be purchased for \$10.00 per CD. The City Clerk's Office is located in City Hall, 125 Snowman Lane, North Pole, Alaska.



**Committee of the Whole – 6:30 P.M.
Regular City Council Meeting – 7:00 P.M.**

A regular meeting of the North Pole City Council was held on Monday, June 6, 2016 in the Council Chambers of City Hall, 125 Snowman Lane, North Pole, Alaska.

CALL TO ORDER/ROLL CALL

Mayor Ward called the regular City Council meeting of Monday, June 6, 2016 to order at 7:02 p.m.

There were present:

**Mr. McCarthy – Mayor Pro Tem
Mr. Smith – Deputy Mayor Pro Tem
Ms. Holm – Alt. Deputy Mayor Pro Tem
Ms. Dawson
Mr. McGhee
Mr. Claus
Mayor Ward**

Absent/Excused

Excused

PLEDGE OF ALLEGIANCE TO THE U.S. FLAG

Led by Mayor Ward

INVOCATION

Invocation was given by Elizabeth Holm

APPROVAL OF AGENDA

Mr. McGhee *moved to Approve the Agenda of June 6, 2016*

Seconded by Mr. Claus

Mr. McGhee *moved to Amend the Agenda to Consent the following items:*

New Business

- b. Ordinance 16-11, an Ordinance amending Title 4, Revenue and Finance, adding Chapter 4.26, Classification of Debtors to the City.
- c. Ordinance 16-12, an Ordinance amending Title 15, Building and Construction, Chapter 15-15-060, Local Amendments to the International Building Code

- d. Ordinance 16-13, an Ordinance of the North Pole City Council amending Chapter 12.04, Obstruction or Alteration of Streets, Road Rights-of-Way, Sidewalks or City Property establishing Permits for Parades and Special Events
- e. Ordinance 16-14, an ordinance of the City of North Pole, Alaska to amend the 2016 Budget to accept funding for economic development in North Pole to include work for the Business Retention and Expansion Project (BR&E)

Seconded by Mr. Claus

Discussion

None

On the Amendment

PASSED

Yes: 6 –McCarthy, McGhee, Dawson, Claus, Holm, Ward

No: 0

Absent: 1 - Smith

On the Agenda as amended

Discussion

None

PASSED

Yes: 6 –McCarthy, McGhee, Dawson, Claus, Holm, Ward

No: 0

Absent: 1 - Smith

APPROVAL OF MINUTES

Mr. McGhee moved to Approve the Minutes of May 16, 2016

Seconded by Mr. Claus

Discussion

None

PASSED

Yes: 6 –McCarthy, McGhee, Dawson, Claus, Holm, Ward

No: 0

Absent: 1 - Smith

COMMUNICATIONS FROM THE MAYOR

- 4th of July Meetings are ongoing and we are in need of help from the community. The next meeting will be June 13th here at City Hall at 6pm. The Committee chose a theme for this year's parade and festival. Freedom in Motion! We are in need of help and sponsorship for this event!
- The Strategic Planning effort is ongoing and we need residents and community members to review the draft and take the survey. The survey is available on the website, Northpolealaska.com.
- The Borough Parks and Rec Dept. is asking if there is support to keep the flags at the 5th Avenue Park. My initial response was that the community would notice and not want to lose the flags. I am looking for council response.
- I gave a presentation to the Charter Review Committee in regards to Chapter 6 of the Charter, Budgets. I look forward to the Charters presentation and recommendations to the council and being able to discuss the recommended changes.
- The Mayors Awards show was last Friday at the Centennial Building (Pioneer Park). The Three Interior Mayors were present to give out the awards to the deserving recipients.

COUNCIL MEMBER QUESTIONS OF THE MAYOR

- Mr. Claus asked if the Mayor could publicize what the levels of donations are for the 4th of July.

COMMUNICATIONS FROM DEPARTMENT HEADS, BOROUGH REPRESENTATIVE AND THE CITY CLERK

Police Department, Chief Dutra

- Our new cars are finally in Anchorage
- Officer Fisher is off to EVOC school in June. (paid for by APSC)
- Sneed foundation made a \$25,000 donation to Trooper Gabe Rich and Trooper Scott Johnson Memorial Park
- APOA awards.
- Lt. Rathbun received Commander of the Year

- Terri Nelson received Support person of the Year
- Lantz Dahlke received Investigator of the Year
- Glen Weber received Citizen of the Year
- Det. Gibson was awarded Officer of the Year for NPPD
- Ofc. Jed Smith was awarded Employee of the Year for NPPD
- Pavillion has arrived for memorial park
- NPPD attended 8 hours of range training at Eielson AFB.
- Radio installed on Motorcycle
- Bidding process for Auction services has started,
- Website for reserve store is in the works.

Fire Dept., Deputy Chief Coon

- Thanked everyone for coming out to the Volunteer Fire Department Dinner.
- Firefighter II class is now going on.
- Hose testing is going on right now. Hydrant testing will be going on next and a notice will go out to all residents.
- NPPD did joint training on continuous CPR.

Finance, Tricia Fogarty

- Auditor will have a presentation at next meeting. They are waiting for the State of Alaska to give the final numbers on PERS.
- April financials are before council tonight.

Director of City Services, Bill Butler

Building Department

- No new permit applications or permits issued since last Council meeting.
- Code change to amend Building Code to adopt regulations about oil and gas industry is before the Council this evening.

Public Works

- Three summer hires in place—all with at least one year experience working for our Public Works Department.
- Work on summer projects update:
 - Flowers have been planted in the roundabouts, flower boxes out, benches and trash cans installed on Santa Claus Lane.
 - Samples of wayfinding signs outside for your inspection.
 - FMATS project has gone to bid for sidewalk and road paving and crack sealing.
 - Work to be completed no later than October 2016

- Code amendment to clarify Chapter 12.04 inserting reference to parades and events as activities requiring a permit is before the Council this evening.

Utility Department

- Lift Station Rehabilitation Project: Phase 3.
 - Issued Notice to Proceed to Central Environmental, Inc. for Sewer Lift Station Phase 3 project.
 - Contractor's current plan is to begin excavation work the last week of June.
- Request is before Council this evening to place a question on the October 4 ballot authorizing the Utility to borrow up to \$2 million from the state for an Alaska Clean Water Fund loan for the Sewer Outfall Project.
- Begun work on request for a \$1 million Municipal Matching Grant for the Sewer Outfall Project.
 - ADEC limits requests to \$1 million.
 - Submissions due July 15.
 - Will be submitting a resolution to Council at the June 20 meeting to identify the Sewer Outfall Project as the City's #1 capital project for State Fiscal Year 2018. Such a resolution will give our application 50 extra points and make the Utility more competitive.

Natural Gas Utility Board

- IGU continues negotiations with ADIEA and gas supplier Salix to secure a gas supply.

Other

- Code amendment before the Council this evening providing the City an additional means to collect delinquent debts owed the City by denying some services until the debt is repaid.

Borough Representative

- There is an ordinance before the FNSB – Ordinance # , this would change the ordinance so that it would stay with the FNSB and not the Cities. However, it would give us a seat at the table and allow one of our council member to sit on the planning commission.

City Clerk's Office, Kathy Weber

- New countertops in Admin. Many thanks to the PW department. They continue to repaint the Admin office when they have time.
- The recording system is working properly right now.
- Received notice from Chief Lane that he was retiring. His last day will be July 29th.

- Aaron continues to work diligently on the litigation information and putting it into Concordance. This is a frustrating function as everything needs to be formatted that comes from the State of Alaska, Williams Alaska Petroleum and Flint Hills Resources.
- Aaron is working with AAMC and the State of Alaska Archives to update the record retention schedule.
- Later this week we will be wrapping up the North Pole code reformat project. The online code will be updated to reflect all of the style changes and corrections made with the reformat, and a new printed version will be prepared.
- The Charter Commission will have a resolution before council on the meeting of June 20th with an initiative
- Public Works did an awesome job on the countertops in the main office.

ONGOING PROJECTS

- None

CITIZENS COMMENTS

Francie Cork, 401 Holiday Rd.

Ms. Cork said she has come to the Mayor, the NP Police, and the administration with complaints concerning the property located at 303 W 4th Ave. She referred to NPMC 8.04.010 (8.04.010 *Garbage and rubbish – Accumulation – When prohibited. No person shall permit or suffer to accumulate, in or upon any yard, lot, place or premises, or upon any street or sidewalk adjacent to or abutting upon any lot, block, place or premises, owned or occupied by him for which he may be the agent, within the City limits, any stagnant or impure water, refuse, vegetables, decayed or decaying substances, garbage, swill, offal, fecal matter, urine or filth of any kind nor suffer such yard, lot, place or premises to be or remain in such condition as to cause or create a noisome or offensive smell or atmosphere, or thereby to be, become, cause or create a public nuisance.*), and stated that the residents is vacant and in deplorable condition. The property is managed by an agent of Wells Fargo and she has contacted them. She said she doesn't like the fact that we have laws in NPMC and are not enforcing them. She has done everything she knows of and doesn't know what else to do.

NEW BUSINESS

RENEWAL OF THE 2016-2017 CITY OF NORTH POLE HEALTHCARE

The City of North Pole health renewal is before council and there are no changes this year except to increase the stop loss from \$35,000 to \$40,000.

Public Comment

None

Mr. McGhee moved to Approve the renewal of the 2016-2017 City of North Pole Healthcare Contract

Seconded by Mr. McCarthy

Discussion

None

Mr. McGhee moved to Amend by changing the stop loss from \$35,000 to \$45,000.

Seconded by Mr. Claus

Discussion

None

PASSED

Yes: 6 –McCarthy, McGhee, Dawson, Claus, Holm, Ward

No: 0

Absent: 1 – Smith

On the main motion as amended

PASSED

Yes: 6 –McCarthy, McGhee, Dawson, Claus, Holm, Ward

No: 0

Absent: 1 – Smith

RESOLUTION 16-05, A RESOLUTION TO PLACE AN INITIATIVE ON THE OCTOBER 4, 2016 CITY OF NORTH POLE BALLOT AUTHORIZING THE CITY TO INCUR \$2,000,000 OF DEBT IN THE FORM OF A LOW INTEREST ALASKA DEPARTMENT OF ENVIRONMENTAL CONSERVATION (ADEC) LOAN FOR THE PURPOSE OF CONSTRUCTING AN EXTENSION TO THE WASTEWATER TREATMENT PLANT DISCHARGE SEER MAIN IN RESPONSE TO AN ADEC NOTICE OF VIOLATION

Mr. Butler informed council of the need to pass this resolution and putting it on the fall ballot. He said this would be paid by the Utility Department and would not raise property taxes. The City of North Pole scored the highest in the State for the Clean Water Fund.

Public Comment

None

Mr. McGhee moved to Approve Resolution 16-05, A Resolution to place an initiative on the October 4, 2016 City of North Pole ballot authorizing the City to incur \$2,000,000 of debt in the form of a low interest Alaska Department of Environmental Conservation (ADEC)

loan for the purpose of constructing an extension to the wastewater treatment plant discharge sewer main in response to an ADEC Notice of Violation

Seconded by Mr. McCarthy

Discussion

Ms. Holm said she went over Title 46 and didn't see any statute regarding clean water. She said that there needs to be more evidence as to whether the EPA has the authority to force the City into putting in a new pipe and has been accused of being unconstitutional and forcing us to spend \$2,000,000.

Ms. Holm moved to postpone the Resolution until the June 20th to find out how the Supreme Court ruled and if this is constitutional.

Failed for lack of a second.

Mr. McCarthy said he approves putting this to the voters. He finds it unusual that we have been talking about this for 4 years and now we're talking about whether or not its constitutional.

Ms. Holm said she came across an article concerning the EPA and did not feel that they had the authority to make the City do this. She also said she had spoken with Senator Coghill and Congressman Don Young and neither of them had heard of this.

Mayor Ward called information point of order.

Mayor Ward said they have been talking about this for many years. The idea of spending this kind of money on this kind of problem he would not be wanting to spend \$2,000,000 of putting a pipe into the Tanana River. Given a choice would not want to spend money on this project. However, he will support this going to the people for a vote.

PASSED

Yes: 5 –McCarthy, McGhee, Dawson, Claus, Ward

No: 1 - Holm

Absent: 1 – Smith

Mr. McGhee moved to put council comments before the Executive Session.

Seconded by Ms. Holm

COUNCIL COMMENTS

Ms. Holm – interesting to hear that the borough was wondering if the City of North Pole was wanting to keep the American flag at the 5th Ave Park. She just read a news article where a City and its residents were rebelling because a fire truck was carrying an American flag. She is so happy that we live in a community that is Patriotic.

Mr. Claus – enjoying longer hours of daylight and hopes that younger people will keep the noise down for older folks so they will be able to sleep.

Mr. McCarthy – so sorry to see pictures of that yard on W 4th. He said there are so many other properties in the area that also are like that.. There is a lack of enforcement and no one wants to see that and really nothing that can be done. He feels sorry for her and doesn't think there is any ordinance with teeth that will help her out. He said that hopefully this will shame Wells Fargo to do something.

Mr. McGhee – thanked the Mayor and City Clerk for bringing forward a sound healthcare plan. They didn't even fill the house with employees. He thanked Ms. Cork for bringing information on the eyesore and said hopefully we can hold the property owner responsible. With 4th of July coming up, he asked everyone to be careful on the roads and City streets.

Ms. Dawson – no comment

Mayor Ward – has had Ms. Corks issue on the top of his priorities. He will look into it and see what the City can do.

EXECUTIVE SESSION

- To discuss legal issues concerning Flint Hills that could be detrimental to the City's financial welfare if made public.

ADJOURNMENT

Mr. McGhee *moved to Adjourn the meeting at 8:20 p.m.*

Seconded by Mr. Claus

The regular meeting of June 6, 2016 adjourned at 8:20 p.m.

These minutes passed and approved by a duly constituted quorum of the North Pole City Council on Monday, June 20, 2016.

Bryce J. Ward, Mayor

ATTEST:

Kathryn M. Weber, MMC
North Pole City Clerk

Office of the Mayor
City of North Pole

Proclamation

WHEREAS, Isaiah Harding has completed 8th grade at North Pole Middle School and is the son of Russell and Danielle Roggenbuck; and

WHEREAS, Isaiah's teachers report that he is a pleasure to work with and is respectful, has a positive attitude and is a good role model for others; and

WHEREAS, Isaiah was an Honor Roll student and was a member of the school wrestling team; and

WHEREAS, Isaiah wants to apply his focus on health and fitness and become a personal trainer; and

WHEREAS, Isaiah always strives to be the best that he can be; and


WHEREAS, the City of North Pole desires to recognize the outstanding students in the community.

NOW, THEREFORE, I, Bryce J. Ward, Mayor of the City of North Pole, do hereby proclaim Isaiah Harding the:

*North Pole City Council
Middle School Student of the Month
for June 2016.*


Bryce J. Ward, Mayor

ATTEST:


Kathryn M. Weber, MMC
North Pole City Clerk



CITY OF NORTH POLE, ALASKA

ANNUAL FINANCIAL REPORT

December 31, 2015

DRAFT 6-14-16

CITY OF NORTH POLE, ALASKA

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CITY OF NORTH POLE
STATEMENT OF NET POSITION
December 31, 2015

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equity	\$ 2,641,799	1,409,430	4,051,229
Receivables, net of allowance for doubtful accounts of \$45,959	547,868	283,001	830,869
Special assessments, net of allowance for doubtful accounts of \$25,520	636,854	-	636,854
Restricted cash	-	129,541	129,541
Capital Assets			
Land and construction in progress	370,316	1,466,703	1,837,019
Other capital assets, net of depreciation	3,508,084	19,188,890	22,696,974
Total assets	<u>7,704,921</u>	<u>22,477,565</u>	<u>30,182,486</u>
DEFERRED OUTFLOWS OF RESOURCES			
	-	-	-
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 7,704,921</u>	<u>22,477,565</u>	<u>30,182,486</u>
LIABILITIES			
Accounts payable	168,467	111,858	280,325
Accrued liabilities	70,951	17,241	88,192
Healthcare payable	70,775	-	70,775
Customer deposits	-	34,834	34,834
Unearned revenue	25,406	53,799	79,205
Due within one year			
Accrued vacation and sick leave	184,884	29,833	214,717
Bonds and notes payable	78,942	63,540	142,482
Capital leases	43,225	-	43,225
Due in more than one year			
Notes payable	-	913,718	913,718
General obligation bond	755,000	-	755,000
Special assessment bonds	48,107	-	48,107
Revenue bonds	-	488,133	488,133
Unamortized bond premium	58,954	-	58,954
Total liabilities	<u>1,504,711</u>	<u>1,712,956</u>	<u>3,217,667</u>
DEFERRED INFLOWS OF RESOURCES			
	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION			
Net investment in capital assets	2,894,172	19,190,202	22,084,374
Restricted for:			
Public safety	130,847	-	130,847
Unrestricted	3,175,191	1,574,407	4,749,598
Total net position	<u>6,200,210</u>	<u>20,764,609</u>	<u>26,964,820</u>
Total liabilities, deferred inflows and net position	<u>\$ 7,704,921</u>	<u>22,477,565</u>	<u>30,182,486</u>

See notes to financial statements.

CITY OF NORTH POLE
STATEMENT OF ACTIVITIES
Year ended December 31, 2015

Functions/programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services and Other	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities
Governmental activities:						
General government	\$ 1,282,183	295,204		109,193	(877,786)	-
Public safety	3,853,808	661,080	114,551	61,126	(3,017,051)	-
Public works	738,501	-	-	72,000	(666,501)	-
Debt service:						
Interest	16,436	-	-	-	(16,436)	-
Total governmental activities	5,890,928	956,284	114,551	242,319	(4,577,774)	-
Business-type activities:						
Water and sewer utility	2,862,901	1,603,143	-	363,556	(896,202)	(896,202)
Total business-type activities	2,862,901	1,603,143	-	363,556	(896,202)	(896,202)
General revenues:						
Taxes, grants and revenues not restricted to specific purposes:						
Sales tax					3,282,559	-
Property tax					819,274	-
Bed tax					83,100	-
Grants					313,781	-
Interest					36,579	-
Other					6,626	31,763
Total general revenues					4,541,919	31,763
Changes in net position					(35,855)	(864,439)
Beginning net position, as restated					6,236,066	21,629,048
Ending net position					\$ 6,200,210	20,764,609

See notes to financial statements.

CITY OF NORTH POLE
GOVERNMENTAL FUNDS
BALANCE SHEET
December 31, 2015

ASSETS

	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
Cash and cash equity Receivables (net)	\$ 1,974,594	257,348	(10,935)	420,792	2,641,799
Accounts, net of allowance for doubtful accounts of \$0-	458,508	-	60,965	24,716	544,189
Special assessments, net of allowance for doubtful accounts of \$25,520	-	617,569	-	-	617,569
Other governments	3,679	-	-	-	3,679
Total assets	\$ 2,436,782	874,917	50,030	445,508	3,807,237

LIABILITIES

Accounts payable	140,000	44	17,738	7,644	165,426
Accrued liabilities	56,426	-	-	-	56,426
Healthcare payable	70,775	-	-	-	70,775
Unearned revenue	-	-	25,406	-	25,406
Total liabilities	267,201	44	43,144	7,644	318,033
Deferred inflows - deferred assessments	-	558,072	-	-	558,072

FUND BALANCES

Fund balances:	-	-	-	130,847	130,847
Restricted-public safety	-	-	-	-	-
Committed	-	-	-	-	-
Debt service	-	316,798	-	-	316,798
General government	178,196	-	-	-	178,196
Public safety	110,382	-	-	-	110,382
Public works	-	-	-	-	-
Assigned:	-	-	-	-	-
General government	-	-	6,885	277,178	284,063
Public safety	-	-	-	9,592	9,592
Community services	-	-	-	20,248	20,248
Unassigned	1,881,011	-	-	-	1,881,011
Total fund balances	2,169,589	316,798	6,885	437,867	2,931,137
Total liabilities, deferred inflows, and fund balances	\$ 2,436,782	874,917	50,030	445,508	3,807,237

See notes to financial statements.

CITY OF NORTH POLE
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
December 31, 2015

Total fund balances for governmental funds \$ 2,931,137

Total net position reported for governmental activities in the
Statement of Net Position is different because:

Capital assets used in governmental activities are not financial resources
and therefore are not reported in the funds. These assets and related
accumulated depreciation are as follows:

Land, land improvements and construction in process	\$	370,316	
Buildings		4,020,757	
Office furniture and equipment		1,991,260	
Vehicles and equipment		3,931,101	
Infrastructure		1,733,206	
Accumulated depreciation		<u>(8,168,238)</u>	
			3,878,401

Other long-term assets are not available to pay for current period
expenditures and therefore are deferred in the funds. These assets
consist of deferred assessments receivable. 574,316

Long-term liabilities are not due and payable in the current period and
therefore are not reported as fund liabilities.

These liabilities consist of:

Bonds payable	\$	(882,057)	
Capital leases		(43,225)	
Unamortized bond premium		(58,954)	
Accrued interest on bonds		(14,525)	
Accrued leave		<u>(184,884)</u>	
			<u>(1,183,645)</u>

Net assets of governmental activities \$ 6,200,210

See notes to financial statements.

CITY OF NORTH POLE
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Year ended December 31, 2015

	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 4,101,833	-	-	-	4,101,833
Special assessments	-	123,897	-	-	123,897
Intergovernmental	976,592	-	242,319	114,551	1,333,462
Charges for services	515,985	-	-	267,895	783,880
Interest income	2,609	36,579	-	-	39,188
Other	169,795	-	-	89,725	259,520
	<u>5,766,814</u>	<u>160,476</u>	<u>242,319</u>	<u>472,171</u>	<u>6,641,780</u>
EXPENDITURES					
Current:					
General government	904,072	-	-	-	904,072
Public safety	3,425,098	-	-	-	3,425,098
Public works	605,763	-	-	-	605,763
Debt service	-	-	-	-	-
Principal	42,967	78,318	-	-	121,285
Interest	3,978	41,747	-	-	45,725
Legal Fees	-	1,663	-	-	1,663
PERS on-behalf	662,811	-	-	-	662,811
Special revenue	-	-	-	279,875	279,875
Capital outlay	-	-	239,704	-	239,704
	<u>5,644,689</u>	<u>121,728</u>	<u>239,704</u>	<u>279,875</u>	<u>6,285,996</u>
Excess (deficiency) of revenues over expenditures	122,125	38,748	2,615	192,296	355,784
OTHER FINANCING SOURCES (USES)					
Transfers (to) from other funds	25,565	-	-	(25,565)	-
Total other financing sources (uses)	<u>25,565</u>	<u>-</u>	<u>-</u>	<u>(25,565)</u>	<u>-</u>
Net changes in fund balances	147,690	38,748	2,615	166,731	355,784
Beginning fund balances	2,021,899	278,050	4,270	271,136	2,575,355
Ending fund balances	<u>\$ 2,169,589</u>	<u>316,798</u>	<u>6,885</u>	<u>437,867</u>	<u>2,931,137</u>

See notes to financial statements.

CITY OF NORTH POLE
RECONCILIATION OF THE GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
Year ended December 31, 2015

Net change in fund balances - total governmental funds	\$ 355,784
The change in net position reported for governmental activities in the Statement of Activities is different because:	
Governmental funds report capital outlays as expenditures. However, on the Statement of Activities, depreciation expense is recognized to allocate the cost of these items over their estimated useful lives. This is the amount by which depreciation exceeded capital outlays.	(367,239)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. This is the amount of the decrease in deferred assessments.	(126,944)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has an effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas, these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items:	
Payments on bonds	\$ 78,318
Payments on capital leases	42,967
Amortization of bond premium and loss on refunding	<u>(22,018)</u>
	99,267
Interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. This amount is the increase in accrued interest payable.	15,125
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This amount represents the net increase in accrued leave.	<u>(11,848)</u>
Changes in net position of governmental activities	<u>\$ (35,855)</u>

See notes to financial statements.

CITY OF NORTH POLE
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
Year ended December 31, 2015

	Budget			Variance
	Original	Final	Actual	Favorable (Unfavorable)
Revenues:				
Taxes	\$ 4,178,514	4,109,764	4,101,833	(7,931)
Licenses and permits	16,000	16,000	16,460	460
Charges for services - ambulance service	496,000	501,637	515,985	14,348
Intergovernmental:				
Federal government	106,500	103,000	86,888	(16,112)
State of Alaska	587,283	253,434	889,704	636,270
Investment income	2,750	2,750	2,609	(141)
Other revenues	147,500	142,700	153,335	10,635
Total revenues	<u>5,534,547</u>	<u>5,129,285</u>	<u>5,766,814</u>	<u>637,529</u>
Expenditures:				
General government	877,701	876,373	904,072	(27,699)
Public safety	3,900,482	3,644,161	3,425,098	219,063
Public works	622,341	606,641	605,763	878
Debt service:				
Capital lease principal	46,945	46,945	42,967	3,978
Capital lease interest	-	-	3,978	(3,978)
PERS on-behalf	-	-	662,811	(662,811)
Total expenditures	<u>5,447,469</u>	<u>5,174,120</u>	<u>5,644,689</u>	<u>(470,569)</u>
Excess of revenues over (under) expenditures	<u>87,078</u>	<u>(44,835)</u>	<u>122,125</u>	<u>166,960</u>
Other financing sources (uses):				
Transfers out	(60,000)	-	(28)	(28)
Transfers in	5,000	5,000	25,593	20,593
Net other financing sources (uses)	<u>(55,000)</u>	<u>5,000</u>	<u>25,565</u>	<u>20,565</u>
Net change in fund balance	<u>\$ 32,078</u>	<u>(39,835)</u>	<u>147,690</u>	<u>187,525</u>
Beginning fund balance			<u>2,021,899</u>	
Ending fund balance			<u>\$ 2,169,589</u>	

See notes to financial statements.

CITY OF NORTH POLE
WATER AND SEWER ENTERPRISE FUND
STATEMENT OF NET POSITION
December 31, 2015

<u>ASSETS</u>	
CURRENT ASSETS	
Cash and cash equity	\$ 1,409,430
Receivables	
Grants	92,063
Accounts	236,897
Allowance for doubtful accounts	(45,959)
Total current assets	<u>1,692,431</u>
NONCURRENT ASSETS	
Property, plant and equipment	49,472,805
Less accumulated depreciation	(28,817,212)
Total property, plant and equipment	<u>20,655,593</u>
Restricted cash	<u>129,541</u>
Total assets	<u>\$ 22,477,565</u>
<u>LIABILITIES</u>	
CURRENT LIABILITIES	
Accounts payable	111,858
Accrued liabilities	47,073
Customer deposits	34,834
Unearned revenues	53,799
Current portion of bond and note payable	63,540
Total current liabilities	<u>311,104</u>
BOND AND NOTES PAYABLE, less current portion	<u>1,401,852</u>
Total liabilities	<u>1,712,956</u>
<u>NET POSITION</u>	
Net investment in capital assets	19,190,202
Unrestricted	1,574,407
Total net position	<u>20,764,609</u>
Total liabilities and net position	<u>\$ 22,477,565</u>

See notes to financial statements.

CITY OF NORTH POLE
WATER AND SEWER ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Year ended December 31, 2015

OPERATING REVENUES - charges for services	\$ <u>1,603,143</u>
OPERATING EXPENSES	
Water	
Salaries and benefits	209,937
Other operating expenses	267,565
Depreciation	616,022
	<u>1,093,524</u>
Sewer	
Salaries and benefits	260,006
Other operating expenses	322,370
Depreciation	1,144,041
	<u>1,726,417</u>
Operating loss	<u>(1,216,798)</u>
NONOPERATING REVENUES (EXPENSES)	
Alaska Clean Water Loan debt forgiveness	31,763
State of Alaska PERS relief	38,860
State of Alaska PERS on-behalf payment	(38,860)
Interest expense	(42,960)
	<u>(11,197)</u>
Loss before contributions and transfers	(1,227,995)
Interfund transfer in (out)	-
Capital contributions	<u>363,556</u>
Changes in net position	(864,439)
Beginning net postion	<u>21,629,048</u>
Ending net position	\$ <u><u>20,764,609</u></u>

See notes to financial statements.

CITY OF NORTH POLE
WATER AND SEWER ENTERPRISE FUND
STATEMENT OF CASH FLOWS
Year ended December 31, 2015

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from customers	\$ 2,092,034
Cash paid to suppliers	(1,320,005)
Cash paid to employees	-
Net cash provided (used) by operating activities	<u>772,029</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Transfers in	<u>-</u>
	<u>-</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Additions to property, plant, and equipment	(412,975)
Proceeds of long term debt	18,644
Capital contributions received	363,556
Payment of revenue bond principal and interest	(105,530)
Net cash provided (used) by capital and related financing activities	<u>(136,305)</u>

Net increase (decrease) in cash 635,724

CASH AND CASH EQUIVALENTS, January 1 903,247

CASH AND CASH EQUIVALENTS, December 31 \$ 1,538,971

Cash and cash equivalents at end of year:

Cash and cash equity	1,409,430
Restricted cash	<u>129,541</u>
	<u>\$ 1,538,971</u>

Operating loss (1,216,798)

Adjustments to reconcile operating loss to net cash provided (used) by operating activities:

Depreciation	1,760,063
Loss on disposal of assets	2,806
Decrease (increase) in:	
Receivables	488,891
Increase (decrease) in:	
Accounts payable	(244,149)
Accrued liabilities	3,790
Customer deposits	1,907
Unearned revenues	<u>(24,481)</u>

Net cash provided (used) by operating activities \$ 772,029

NONCASH FINANCING ACTIVITIES

Loan debt forgiveness \$ 31,763

See notes to financial statements.

CITY OF NORTH POLE, ALASKA

Notes to Basic Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity - The City of North Pole, Alaska (City) was incorporated as a Home Rule Charter on January 16, 1953, under the provisions of Alaska Statute, Title 29, as amended. The legislative branch of the government is comprised of a mayor and six council members. Individual departments are under the direction of the mayor, with the exception of the city clerk, who is under the direction of the City Council. There are no other entities considered for possible inclusion in the City's financial reporting entity.

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 segment is 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. Sales taxes, property taxes and other items not included among program revenues are reported instead as *general revenues*.

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation - The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Governmental fund financial statements are reported using the current financial resources measurement focus and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days after year end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only to the extent they have matured.

CITY OF NORTH POLE, ALASKA

Notes to Basic Financial Statements, Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

The City reports the following major funds:

Major governmental funds:

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

The *Debt Service Fund* accounts for the proceeds from water and sewer special assessments and the payment of general obligation and special assessment debt principal and interest.

The *Capital Projects Fund* is used to account for the City's various capital improvement projects that are not included in the Water and Sewer Enterprise Fund.

Major proprietary fund:

The *Water and Sewer Enterprise Fund* is used to account for the operations of the City water and sewer systems.

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 Water and Sewer Enterprise Fund are charges to customers for sales and services. Operating expenses for the Enterprise Fund 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.

Budgets - The annual City operating budget for the subsequent year is prepared by management eight weeks before the end of the current fiscal year. The budget is then submitted to the City Council for review and approval. Amendments to the budget can occur any time during the fiscal year through City Council action. The legal level of budgetary control for all funds is at the function or activity level. Unencumbered funds remaining at the end of the current fiscal year may be reallocated for the purposes set forth in the budget proposal. The Capital Projects Fund has project-length budgets.

CITY OF NORTH POLE, ALASKA

Notes to Basic Financial Statements, Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

An annual budget for the General Fund is legally adopted on the same modified accrual basis used to reflect actual revenues and expenditures.

Annual budgets are also adopted for the Water and Sewer Enterprise Fund. However, generally accepted accounting principles do not require the adoption of budgets for Enterprise Funds, and budgetary comparisons are not included for this fund since the measurement focus is upon determination of net income and financial position.

Central Treasury - A central treasury is used to account for cash from the funds of the City to maximize interest income. Investments are stated at fair value.

Cash and Cash Equivalents - For purposes of the statement of cash flows, the Water and Sewer Enterprise Fund considers 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.

Interfund 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."

Receivables - In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include sales taxes, special assessment receivables, and state and federal grants. Business-type activities report fees for water and sewer services and other receivables from customers as their major receivables.

In the fund financial statements, material receivables in governmental funds include revenue accruals for sales taxes, special assessment receivables, and grants and other similar intergovernmental revenues, since they are usually both measurable and available. Nonexchange transactions measurable but not available are deferred in the fund financial statements in accordance with the modified accrual basis, but not deferred in the government-wide financial statements in accordance with the accrual basis. Proprietary fund material receivables consist of all revenues earned at year-end and not yet received. Fees for water and sewer services and other receivables from customers compose the majority of proprietary fund receivables. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

CITY OF NORTH POLE, ALASKA

Notes to Basic Financial Statements, Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

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

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

Capital Assets - Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Infrastructure assets (e.g., roads, sidewalks, etc.) have been capitalized on a prospective basis. 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 if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

Buildings	15 - 37 years
Vehicles	5 - 20 years
Equipment	5 - 20 years
Infrastructure	20 years
Sewer and water system	20 - 30 years

CITY OF NORTH POLE, ALASKA

Notes to Basic Financial Statements, Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

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

Fund Equity - In the government-wide and proprietary fund financial statements, fund equity is classified as "net position". Net position is further classified as invested in capital assets, restricted funds, or unrestricted funds.

In the fund financial statements, governmental funds report fund equity as "fund balance", and aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources.

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 the 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 resolutions, or ordinances of the City Council - the government's highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the City Council removes the specified requirement by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned fund balance. This classification reflects the amounts constrained by the City's "intent" to be used for specific purposes, but are neither restricted nor committed. The City Council and Mayor 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.

CITY OF NORTH POLE, ALASKA

Notes to Basic Financial Statements, Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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. Any encumbrances outstanding at year end are reported as appropriate constraints of fund balances if they meet the definitions and criteria as outlined above.

Deferred inflows and outflows- A *deferred outflow* represents the consumption of the government's net assets or fund balance that is applicable to a future reporting period. A *deferred inflow* represents the acquisition of net assets or fund balance that is applicable to a future reporting period. For example, revenues that have been earned but are not yet available in the governmental funds are now reported as *deferred inflows*.

Pension Plan - Substantially all employees of the City participate in the Public Employees' Retirement System (PERS) administered by the State of Alaska.

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

New Accounting Pronouncements - The Governmental Accounting Standards Board has passed several new accounting standards with upcoming implementation dates. Management has not fully evaluated the potential effects of these statements, but believes GASB Statement 75 will result in the biggest reporting change.

GASB 72- Fair Value Measurement and Application- Effective for year ended December 31, 2016- This statement establishes general principles for measuring fair value and standards of accounting and financial reporting for assets and liabilities measured as fair value.

GASB 73- Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement 68- Effective for year-end December 31, 2016- This statement will establish a single framework for the presentation of information about pensions.

GASB 75 -Accounting and Financial Reporting for Post-employment Benefits other than Pensions- Effective for year-end December 31, 2018- This standard will improve the usefulness of information about postemployment benefits.

CITY OF NORTH POLE, ALASKA

Notes to Basic Financial Statements, Continued

2. CHANGE IN ACCOUNTING PRINCIPLE

As discussed in Note 11 to the financial statements, the City participates in the Alaska Public Retirement System (PERS) plan. In 2015, the City adopted the provisions of GASB No. 68 *Accounting and Financial Reporting for Pensions* and GASB No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, which, among other accounting and reporting criteria, requires the City to recognize its proportionate share of the Net Pension Liability (and related deferred inflow/outflow accounts), as of the beginning of the fiscal year. As a result of the implementation of this statement, the City has recorded opening balance adjustments to increase assets and liabilities and to decrease opening net position as follows:

		Opening net position, as originally presented	Change in accounting principle adjustment	Opening net position, as restated
City of North Pole				
Governmental Activities	\$	6,236,066	(2,784,691)	3,451,375
Business-type Activities		21,629,048	(163,263)	21,465,785

3. CASH AND CASH EQUITY

The City of North Pole 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 cash equity."

Investment Policy - The City does not have formal policies governing the types of investments it is authorized to hold.

Reconciliation of Deposit and Investment Balances - The following is a reconciliation of the City's deposit and investment balances to the financial statements as of December 31, 2015.

Bank deposits and certificates	\$ 4,180,570
Other	<u>200</u>
	<u>\$ 4,180,770</u>

Reconciliation of cash and cash equity to the basic financial statements:

	Governmental Activities	Business-type Activities	Totals
Cash and cash equity	\$ 2,641,798	1,409,430	4,051,229
Restricted cash	<u>-</u>	<u>129,541</u>	<u>129,541</u>
	<u>\$ 2,641,798</u>	<u>1,538,971</u>	<u>4,180,770</u>

Custodial credit risk - Custodial credit risk for deposits is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. To limit its exposure to custodial credit risk, City policy requires that all deposits be fully insured or collateralized.

CITY OF NORTH POLE, ALASKA

Notes to Basic Financial Statements, Continued

4. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2015 was as follows:

	Balance January 1, 2015	Additions	Deletions and Transfers	Balance December 31, 2015
Governmental activities				
<i>Capital assets not being depreciated:</i>				
Construction in progress	\$ 5,000	-	-	5,000
Land and land improvements	365,316	-	-	365,316
Total assets not being depreciated	370,316	-	-	370,316
<i>Capital assets being depreciated:</i>				
Buildings	3,952,682	68,075	-	4,020,757
Office furniture and equipment	1,915,662	75,598	-	1,991,260
Vehicles and equipment	3,872,933	58,168	-	3,931,101
Infrastructure	1,733,206	-	-	1,733,206
Total assets being depreciated	11,474,483	201,841	-	11,676,324
Less accumulated depreciation for:				
Buildings	2,841,792	107,041	-	2,948,833
Office furniture and equipment	1,359,218	126,067	-	1,485,285
Vehicles and equipment	2,724,235	249,312	-	2,973,547
Infrastructure	673,915	86,660	-	760,575
Total accumulated depreciation	7,599,159	569,080	-	8,168,239
Total capital assets being depreciated, net	3,875,323	(367,239)	-	3,508,084
Governmental activity capital assets, net	\$ 4,245,639	(367,239)	-	3,878,400
Business-type activities				
<i>Capital assets not being depreciated:</i>				
Land and land improvements	507,815	-	-	507,815
Construction in progress	3,723,108	412,977	3,177,197	958,888
Total capital assets not being depreciated	4,230,923	412,977	3,177,197	1,466,703
<i>Capital assets being depreciated:</i>				
Sewer and water system	43,357,221	3,177,197	-	46,534,418
Machinery and equipment	1,794,634	-	322,949	1,471,685
Total assets being depreciated	45,151,855	3,177,197	322,949	48,006,103
Less accumulated depreciation for:				
Sewer and water system	26,425,866	1,655,982	-	28,081,848
Machinery and equipment	951,425	104,082	320,144	735,363
Total accumulated depreciation	27,377,291	1,760,064	320,144	28,817,211
Total capital assets being depreciated, net	17,774,563	1,417,133	2,805	19,188,891
Business-type activity capital assets, net	\$ 22,005,487	1,830,110	3,180,002	20,655,595

CITY OF NORTH POLE, ALASKA

Notes to Basic Financial Statements, Continued

4. CAPITAL ASSETS, CONTINUED

Depreciation expense was charged to the functions as follows:

Governmental activities	
General government	\$ 25,317
Public safety	402,560
Public works	132,738
Community services	<u>8,465</u>
Total depreciation - governmental activities	<u>\$ 569,080</u>
Business-type activities	
Water	616,022
Sewer	<u>1,144,041</u>
Total depreciation expense - business-type activities	<u>\$ 1,760,063</u>

5. LONG-TERM DEBT

Advance Refunding - In 2012, the City issued \$835,000 in 2012 Series II General Obligation Refunding Bonds with interest rates of 2 percent to 5 percent to advance refund General Obligation Bonds of \$835,000, which was a portion of the remaining 2005 Series B general obligation bonds. The new bonds were issued at a premium of \$137,568 and after paying issuance and other costs of \$20,438, the net proceeds were \$952,130. The net proceeds from the issuance were deposited into an irrevocable trust with an escrow agent to provide debt service payments on the old bonds. The advance refunding met the requirements of an in-substance defeasance of a portion of the old bonds and \$835,000 was removed from the City's government-wide financial statements. The remaining 2005 Series B general obligation bonds at December 31, 2015 is \$-0-. At December 31, 2015, \$820,000 of the deferred bonds remain outstanding and payable by the escrow account paying agent. As a result of the advance refunding in 2012, the City recorded a deferred loss of \$110,742. The balance remaining in the deferred loss as of December 31, 2015 is \$-0-.

Alaska Clean Water Loan - In 2013, the City entered into an additional loan agreement with the Alaska Department of Environmental Conservation for \$302,500 with a loan term of 20 years at a rate of 1.5 percent per annum. The project will provide funding for three new emergency generators to be used by the City's wastewater utility in the event of a power failure. This project was still in progress at December 31, 2015, so no repayment schedule for this debt has been determined. The note payable at December 31, 2015, consists of loan advances received by the City in the amount of \$191,580, and the City received debt forgiveness in the amount of \$31,763.

CITY OF NORTH POLE, ALASKA

Notes to Basic Financial Statements, Continued

5. LONG-TERM DEBT, CONTINUED

The following is a summary of long-term debt transactions of the City for the year ended December 31, 2015:

	Balance January 1, 2015	Additions	Retired	Balance December 31, 2015	Due Within One Year
Governmental activities					
General Obligation Bonds -					
\$1,350,000 2005 Series B bonds, due in annual installments of \$55,000 to \$105,000 through May 1, 2015; including interest at 5 percent.	\$ 65,000	-	65,000	-	-
General Obligations Refunding Bonds -					
\$835,000 2012 Series 2 bonds, due in annual installments of \$5,000 to \$100,000 through September 1, 2025; plus variable interest at 2 percent to 5 percent.	820,000	-	-	820,000	65,000
Special Assessment Bonds -					
\$300,000 2002 utility special assessment bonds, due in annual installments of \$16,890 through June 20, 2019; including interest at 4.75 percent.	75,367	-	13,318	62,049	13,942
Capital Lease					
Obligation for a fire pumper truck, payable in annual installments of \$46,944 through 2016 including interest at 4.615 percent.	86,192	-	42,967	43,225	43,225
Accrued leave	173,036	239,781	227,933	184,885	184,884
Total governmental activities	1,219,595	239,781	349,218	1,110,159	307,051
Unamortized bond premium	73,850		14,896	58,954	
	<u>\$ 1,293,445</u>			<u>1,169,113</u>	

CITY OF NORTH POLE, ALASKA

Notes to Basic Financial Statements, Continued

5. LONG-TERM DEBT, CONTINUED

	Balance January 1, 2015	Additions	Retired	Balance December 31, 2015	Due Within One Year
Business-type activities					
Revenue bonds -					
\$647,600 1998 utility revenue bonds, due in semi-annual installments of \$18,483 including interest at 4.875 percent through March 1, 2036. \$	512,916	-	12,098	500,818	12,685
Note payables -					
\$500,000 2007 Water Utility Alaska Drinking Water loan, due in annual installments of \$25,000 plus interest at 1.5 percent through April 1, 2026.	300,000	-	25,000	275,000	25,000
\$580,326 Alaska Clean Water loan, due in annual installments of \$33,801 including interest at 1.5 percent through October 1, 2033.	555,229	-	25,473	529,756	25,855
Note payable - construction in progress, \$302,500 Alaska Clean Water Loan	172,936	18,644	31,763	159,817	-
Accrued leave	28,649	31,162	29,978	29,833	29,833
Total business-type activities \$	<u>1,569,730</u>	<u>49,806</u>	<u>124,312</u>	<u>1,495,224</u>	<u>93,373</u>

CITY OF NORTH POLE, ALASKA

Notes to Basic Financial Statements, Continued

5. LONG-TERM DEBT, CONTINUED

Governmental activities

The annual debt service requirements of the general obligation bonds and notes payable at December 31, 2015 that are in repayment status follow:

Year Ending December 31,	General Obligation Bonds			Special Assessment Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2016	\$ 65,000	36,550	101,550	13,942	2,948	16,890
2017	70,000	33,950	103,950	14,605	2,285	16,890
2018	70,000	31,150	101,150	15,298	1,592	16,890
2019	75,000	27,650	102,650	18,204	865	19,069
2020	80,000	23,900	103,900	-	-	-
2021-2025	460,000	58,650	518,650	-	-	-
	<u>\$ 820,000</u>	<u>211,850</u>	<u>1,031,850</u>	<u>62,049</u>	<u>7,690</u>	<u>69,739</u>

Business type activities

Year Ending December 31,	Revenue Bonds			Notes Payable		
	Principal	Interest	Total	Principal	Interest	Total
2016	\$ 12,685	24,280	36,965	50,855	12,071	62,926
2017	13,310	23,655	36,965	51,243	11,309	62,552
2018	13,967	22,998	36,965	51,637	10,540	62,177
2019	14,656	22,309	36,965	52,036	9,765	61,801
2020	15,380	21,585	36,965	52,442	8,985	61,427
2021-2025	89,060	95,766	184,826	268,508	33,000	301,508
2026-2030	113,310	71,515	184,825	179,599	14,784	194,383
2031-2035	144,164	40,661	184,825	98,436	2,968	101,404
2036	84,286	3,727	88,013	-	-	-
	<u>\$ 500,818</u>	<u>326,496</u>	<u>827,314</u>	<u>804,756</u>	<u>103,422</u>	<u>908,178</u>

CITY OF NORTH POLE, ALASKA

Notes to Basic Financial Statements, Continued

6. CAPITAL LEASE

The City has entered into a lease agreement as lessee for financing the acquisition of a fire pumper truck. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments. The following is a summary of the asset acquired with the capital lease that has an outstanding balance as of December 31, 2015:

	<u>General Fund</u>
Fire pumper truck	\$ 420,452
Less accumulated depreciation	<u>(378,407)</u>
Carrying value	<u>\$ 42,045</u>

The following is a schedule of future minimum lease payments under this capital lease and the present value of the net minimum lease payments at December 31, 2015:

<u>Year Ending December 31,</u>	<u>General Fund</u>
2016	\$ <u>45,220</u>
Total minimum lease payments	45,220
Less interest portion	<u>1,995</u>
Present value of future minimum lease payments	43,225
Less current portion	<u>43,225</u>
Long-term portion	<u>\$ -</u>

7. INTERFUND BALANCES AND TRANSFERS

There were no interfund balances at December 31, 2015. A schedule of interfund transfers for the year ended December 31, 2015, follows:

Transfers:

From the non-major governmental funds to the general fund	\$ 25,593
From the general fund to the non-major funds	<u>(28)</u>
	<u>\$ 25,565</u>

CITY OF NORTH POLE, ALASKA

Notes to Basic Financial Statements, Continued

8. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

	<u>Budget</u>	<u>Actual</u>	<u>Variances</u>
Administration - General			
Government	\$ 876,373	904,072	(27,699)

9. DEFERRED COMPENSATION PLAN

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

10. 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.

The City is self-insured for employee health benefits and group life insurance. An umbrella policy covers individual claims in excess of \$25,000 and liabilities are recorded for all claims when they are reported to the City. The self-insurance plan is administered by Great West Life and Annuity Insurance Company and the expenditures are recorded in the General Fund. The City accrues estimated costs of health care based on plan maximums.

The City maintains third party insurance coverage for property and liability risks. Coverage for property insurance exceeds \$7.5 million with 90 percent coinsurance and a \$10,000 deductible per incident. Liability coverage includes \$2 million in liability insurance and \$3 million in umbrella insurance with a \$10,000 deductible. Workers compensation insurance is in accordance with Alaska statutes. Additionally, the City has \$4 million in emergency medical services professional liability, \$5 million in law enforcement liability, \$1 million public officials and employment practices liability insurance, and auto and other equipment coverage.

CITY OF NORTH POLE, ALASKA

Notes to Basic Financial Statements, Continued

11. RETIREMENT PLANS

Defined Benefit Pension (DB) Plan

Plan Description

The Public Employees Retirement System (PERS) is administered by the State of Alaska (State) and is established to provide pension, post-employment healthcare, survivor, and disability benefits to eligible employees. Benefit and contribution provisions are established by State law and may be amended only by the State Legislature. Tiers I, II, and III are a defined benefit plan. Effective July 1, 2006, the State Legislature (Senate Bill 141) closed the defined benefit plan of PERS to new members and new employees after that date participate in the Tier IV PERS/TRS Defined Contribution (DC) Plans described later in these notes. Effective July 1, 2008, the State Legislature (Senate Bill 125) converted the PERS plan from an agent multiple-employer to a cost sharing multiple-employer plan.

Employee Contribution Rates

Regular City employees are required to contribute 6.75% of their annual covered salary. Police and firefighters are required to contribute 7.5% of their annual covered salary.

Employer and Other Contribution Rates

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

Employer Effective Rate: This is the actual employer pay-in-rate. Under current legislation, this rate is statutorily capped at 22% of eligible wages for PERS, subject to a wage floor, and other termination events. These rates are applied to PERS participating wages, respectively, including those wages attributable to employees in the defined contribution plan. Contributions, derived from the defined contribution employees are referred to as the Defined Benefit Unfunded Liability or DBUL contribution.

ARM Board Adopted Rate: This is the rate 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. Prior to July 1, 2015, there were no constraints or restrictions on the actuarial cost method or other assumptions used in the ARM Board valuation. Effective, July 1, 2015, the Legislature requires the ARM Board to adopt employer contribution rates for past service liabilities using a level percent of pay method over a closed 25 year term which ends in 2039. This will result in lower ARM Board rates in future years.

On-behalf Contribution Rate: This is the rate paid in by the State as an on-behalf payment as mandated under current statute. Under state law, subject to annual appropriation, the state will contribute an on-behalf payment into the plan in an amount equal to the difference between the ARM Board Rate and the Employer Effective Rate. However, in the period ended June 30, 2015, the State Legislature appropriated a one-time contribution to the plans in the amount of \$1 billion for PERS. As a result, the On-Behalf Contribution Rate for the six months ended June 30, 2015 significantly exceeds the statutory amount. On-behalf contribution amounts are recognized in the fund financial statements in the year they are appropriated by the State.

CITY OF NORTH POLE, ALASKA

Notes to Basic Financial Statements, Continued

11. RETIREMENT PLANS, CONTINUED

Contribution rates for the six months ended June 30, 2015 were determined from the June 30, 2012 actuarial valuation. The contribution rates for the six months ended December 31, 2015 were determined from the June 30, 2013 actuarial valuation.

Six months ended June 30, 2015:

	Employer Effective Rate	ARM Board Adopted Rate	On Behalf Contribution Rate
Pension	12.54%	27.42%	42.41%
Post employment healthcare	9.46%	16.61%	0.00%
Total PERS contribution rate	22.00%	44.03%	42.41%

Six months ended December 31, 2015:

	Employer Effective Rate	ARM Board Adopted Rate	On Behalf Contribution Rate
Defined benefit pension	13.25%	14.43%	1.18%
Post employment healthcare	8.75%	8.15%	-0.60%
Defined contribution pension	0.00%	4.61%	4.61%
Total PERS contribution	22.00%	27.19%	5.19%

In 2015, the City was credited with the following contributions into the pension plan. Employee contributions were \$89,484.

Employer Contributions (Including DBUL)	\$ 244,181
On-behalf Contributions	701,671
	<u>\$ 945,852</u>

Pension Liabilities, Pension Expense, and Deferred outflows of Resources and Deferred Inflows of Resources Related to Pension-City of North Pole

At December 31, 2015, the City reported a liability of \$XXXXXX for its proportionate share of the employer pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation 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, actuarially determined. At June 30, 2015, the City's proportion was XXXXX% for the employer portion which was a decrease of XXXXX% from its proportion measured as of June 30, 2014.

CITY OF NORTH POLE, ALASKA

Notes to Basic Financial Statements, Continued

11. RETIREMENT PLANS, CONTINUED

For the year ended December 31, 2015, the City recognized pension expense of \$XXXXXX. At December 31, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments including changes in proportion between employer contributions and proportionate share of contributions.	\$ -	XXXXXX
City contributions subsequent to the measurement date.	XXXXXX	-
	\$ -	-

\$XXXXXX reported as deferred outflows of resources resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended December 31, 2016. Amounts recognized as deferred inflows of resources will be recognized in pension expense as follows:

Year ended December 31,	Amount to be recognized:
2016	\$ XXXXX
2017	XXXXXX
2018	XXXXXX
2019	-
2020	-
Thereafter	-

CITY OF NORTH POLE, ALASKA

Notes to Basic Financial Statements, Continued

11. RETIREMENT PLANS, CONTINUED

Actuarial assumptions

The actuarial valuation for the year ended June 30, 2014 was prepared by Buck Consultants. The total in the measurement. The actuarial assumptions used in the June 30, 2014 valuation was based on the results of an actuarial experience study performed as of June 30, 2013.

Investment Return/Discount Rate	8.00% per year (geometric), compounded annually net of expenses.
Salary Scale	Inflation- 3.12% per year. Salary increases graded by age and service, from 9.6% to 3.62%.
Payroll Growth	3.62% per year. (inflation + productivity)
Mortality	Based upon 2005-2009 actual mortality experience. 75% for male rates and 55% for female for pre-termination and 100% for males and 1-year set-forward for females for post-termination in PERS.
Total Turnover	Based upon the 2005-2009 actual withdrawal experience.
Disability	Incidence rates based on 2005-2009 actual experience. Disabilities are assumed to be occupational 55% of the time for Others (Not Peace Officers/Firefighters).
Retirement	Retirement rates based upon the 2005-2009 actual experience. Deferred vested members are assumed to retire at their earliest unreduced retirement date for Others (Non Peace Officer/Firefighter).
Marriage and Age Difference	Wives are assumed to be three years younger than husbands. 80% of male members and 70% of female members are assumed to be married.

CITY OF NORTH POLE, ALASKA

Notes to Basic Financial Statements, Continued

11. RETIREMENT PLANS, CONTINUED

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. The best estimates of arithmetic real rates of return for each major asset class are summarized in the following table (note that the rates shown exclude the inflation component):

Asset Class	Long-Term Expected Real Rate of Return
Domestic equity	5.35%
Global Equity	5.55%
Private Equity	6.25%
Fixed Income Composite	0.80%
Real estate	3.65%
Alternative Equity	4.70%

Discount Rate

The discount rate used to measure the total pension liability was 8 percent. The projection of cash flows used to determine the discount rate assumed that Employer and State contributions will continue to follow the current funding policy which meets State statutes. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Discount Rate Sensitivity

The following presents the Retirement System's net pension liability and the City's proportionate share of the net pension liability calculated using the discount rate of 8.00 percent, 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 one percentage point lower (7.00 percent) or one percentage point higher (9.00 percent) than the current rate:

City-PERS	Proportional Share	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
System Net Pension	100.00%	XXXXX	XXXXX	XXXXX
City's proportionate share of the net pension liability-Employer portion	XXXXX	XXXXX	XXXXX	XXXXX

CITY OF NORTH POLE, ALASKA

Notes to Basic Financial Statements, Continued

11. RETIREMENT PLANS, CONTINUED

Pension plan fiduciary net position

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

Defined Contribution Pension (DC) Plan

Employees hired after July 1, 2006 participate in PERS Tier IV or TRS Tier III, defined contribution plans. These plans are administered by the State of Alaska, Department of Administration as with the defined benefit plans noted above. Benefit and contribution provisions are established by State law and may be amended only by the State Legislature. The Alaska Retirement Management Board may also amend contribution requirements. Included in the Plan, are individual pension accounts, retiree medical insurance plan and a separate Health Reimbursement Arrangement account that will help retired members pay medical premiums and other eligible medical expenses not covered by the medical plan. This Plan is included in the comprehensive annual financial reports for PERS, as noted above.

Employee Contribution Rates

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

Employer Contribution Rates

For the year ended December 31, 2015, the City was required to contribute 5% of covered salary into the plan for PERS.

However, the total employer contribution must equal 22% of covered payroll. After subtracting, the defined contribution (DC) pension rates, ODD, Retiree medical, and the HRA contribution, any residual amount of the 22% is deposited into the defined benefit (DB) plan. Locally known as the defined benefit unfunded liability (DBUL) payment, this amount is intended to mitigate against the declining payroll base that resulted from the creation of the DC plan.

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. The City and employee contributions to PERS for the year ended December 31, 2015 were \$66,636 and \$106,522, respectively. The City contribution amounts were recognized as pension expense.

CITY OF NORTH POLE, ALASKA

Notes to Basic Financial Statements, Continued

11. RETIREMENT PLANS, CONTINUED

Other Post-Employment Benefit (OPEB) Plans

Defined Benefit OPEB

As part of its participation in the PERS DB Plans (Tiers I, II, III for PERS) the City participates in the Alaska Retiree Healthcare Trust (ARHCT). The ARHCT is self-funded and provides major medical coverage to retirees of the System. Benefits vary by Tier level. The plan is administered by the State of Alaska, Department of Administration. Employer contribution rates are established in concert with the Defined Benefit Plan described earlier in these notes. The City was required to contribute 9.46% of covered payroll into the PERS OPEB plans for the period January 1 through June 30, 2015 and 8.75% of covered payroll for the period July 1 through December 31, 2015. In addition during 2015, the State on-behalf contributions for OPEB for the PERS plans were 0% of covered payroll for the period January 1 through July 31, 2015 and 1.56% of covered payroll for the period July 1 through December 31, 2015. Employees do not contribute to the DB OPEB plans. City contributions for the PERS DB OPEB plan was \$172,401 for the year ended December 31, 2015.

Defined Contributions OPEB

Defined Contribution Pension Plan participants (PERS Tier IV) participate in the Occupational Death and Disability Plan (ODD) and the Retiree Medical Plan. Information on these plans is included in the comprehensive annual financial report for the PRS plans noted above. These plans provide for death, disability and post-employment health care. Employees do not contribute to the DC OPEB plan. Employer contribution rates for the DC OPEB plan were 2.72 % for Peace Officers/Firefighters and 1.88% for all others for the period January 1 through June 30, 2015. For the period July 1 through December 31, 2015, DC OPEB rates were 2.73% for Peace Officers/ Firefighters and 1.88% for all others.

In addition, PERS defined contribution members also participate in the Health Reimbursement Arrangement. Per Alaska Statute 39.30.370 this contribution amount is "three percent of the average annual employee compensation of all employees of all employers in the plan". For the period January 1, thru June 30, 2015, for actual remittance, this amount is calculated as a flat rate for each full time or part-time employee and approximates \$1,961 per year for each full-time employee, and \$1.26 per hour for part-time employees. For the period July 1, 2015 through December 31, 2015, for actual remittance, this amount is calculated as \$2,005 per year for each full-time employee and \$1.28 per hour for part-time employees.

For the year ended December 31, 2015, the City contributed \$80,433 in DC OPEB costs. These amounts were recognized as expense.

12. CONTINGENCIES

Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by the grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, would become a liability.

CITY OF NORTH POLE, ALASKA

Notes to Basic Financial Statements, Continued

12. CONTINGENCIES, CONTINUED

PERS Pension Liability

The City has recorded its allocated percentage of the PERS Employer Net Pension Liability. However, there is an additional allocation of the PERS Non-Employer Net Pension Liability which the City has not recorded, because a special funding arrangement exists with the State of Alaska on this portion. If this PERS Non-Employer Net Pension Liability had been recorded, there would have been an additional PERS Non-Employer Net Pension Liability of \$XXXXXX with related deferred inflows of \$XXXXXX as of December 31, 2015.

13. SUBSEQUENT EVENT

DRAFT 6-14-16

REQUIRED SUPPLEMENTARY INFORMATION

DRAFT 6-14-16

SCHEDULE OF THE CITY OF NORTH POLE INFORMATION ON THE NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT SYSTEM
December 31, 2015

EMPLOYER PORTION	2015
City proportion of the net pension liability (asset)	XXXXXX
City proportionate share of the net pension liability (asset)	XXXXXX
State of Alaska proportionate share of the net pension liability	XXXXXX
Total net pension liability	XXXXXX
City's covered employee payroll	XXXXXX
City's proportionate share of the net pension liability as a percentage of covered-employee payroll	XXXXXX
Plan fiduciary net position as a percentage of the total pension liability	63.9690%

Information presented for 2015 is based on Plan Measurement Date. For December 31, 2015 the plan measurement date is June 30, 2015.

This schedule is intended to present 10 years of information. Information for additional years will be included as it becomes available.

The plan is not reporting any changes in benefit terms or assumptions from the prior measurement period.

SCHEDULE OF THE CITY OF NORTH POLE CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT SYSTEM
December 31, 2015

	2015
Contractually required contribution	XXXXXX
Contributions in relation to the contractually required contribution	XXXXXX
Contribution deficiency (excess)	\$ -
City's covered payroll	XXXXXX
Contributions as a percentage of covered- employee payroll	22%

Information in this table reports the City's pension contributions to PERS during fiscal year 2015. These contributions are reported as a deferred outflow on the December 31, 2015 basic financial statements.

This schedule is intended to present 10 years of information. Information for additional years will be included as it becomes available.

SUPPLEMENTARY FINANCIAL INFORMATION

DRAFT 6-14-16

GENERAL FUND

The General Fund is established to account for the revenues and expenditures necessary to carry out basic governmental activities of the City such as police and fire protection, public works, planning, legal services, administrative services, etc. Appropriations are made from the fund annually. The fund will continue to exist indefinitely.

Revenue, for this and other funds, is recorded by source, i.e., taxes, State of Alaska, etc. Expenditures are recorded first by function, then by activity and object of the expenditure.

General Fund expenditures are made primarily for current day-to-day operating expenditures and operating equipment. Capital expenditures for large-scale public improvements, such as buildings, are accounted for elsewhere in the Capital Projects or Enterprise Funds.

CITY OF NORTH POLE
GENERAL FUND
BALANCE SHEET
December 31, 2015
with comparative data for 2014

<u>ASSETS</u>	<u>2015</u>	<u>2014</u>
Cash and cash equity	\$ 1,974,594	2,011,481
Receivables (net of allowance for doubtful accounts of \$-0-)		
Sales taxes	395,544	397,457
Property taxes	7,312	4,444
Business taxes	11,507	14,653
Grants	3,679	5,227
Other	44,146	22,980
	<u>462,188</u>	<u>444,761</u>
Total assets	\$ <u>2,436,782</u>	<u>2,456,242</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
Liabilities		
Accounts payable	140,000	64,506
Accrued liabilities	56,426	166,083
Healthcare payable	70,775	-
Unearned revenue	-	203,762
	<u>267,201</u>	<u>434,351</u>
Fund balance-committed	288,578	148,195
Fund balance-assigned	-	-
Fund balance - unassigned	1,881,011	1,873,704
	<u>2,169,589</u>	<u>2,021,899</u>
Total liabilities and fund balance	\$ <u>2,436,782</u>	<u>2,456,242</u>

CITY OF NORTH POLE
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
Year ended December 31, 2015
with comparative data for 2014

	2015			2014
	Budget Final	Actual	Variance Favorable (Unfavorable)	Actual
REVENUES				
Taxes				
Sales, alcohol, and use taxes	\$ 3,239,764	3,282,559	42,795	3,102,294
Property taxes	870,000	819,274	(50,726)	1,025,108
Total taxes	<u>4,109,764</u>	<u>4,101,833</u>	<u>(7,931)</u>	<u>4,127,402</u>
Business licenses	<u>16,000</u>	<u>16,460</u>	<u>460</u>	<u>19,490</u>
Charges for services - ambulance service	<u>501,637</u>	<u>515,985</u>	<u>14,348</u>	<u>468,245</u>
Federal government				
DOT commercial vehicle safety	-	-	-	2,310
Alaska Highway Safety Office	11,000	-	(11,000)	3,451
Corps of Engineers	82,000	78,370	(3,630)	79,724
FEMA grant	-	7,030	7,030	-
Currency Crimes Task Force and Marijuana Eradication	<u>10,000</u>	<u>1,488</u>	<u>(8,512)</u>	<u>4,077</u>
Total Federal government	<u>103,000</u>	<u>86,888</u>	<u>(16,112)</u>	<u>89,562</u>
State of Alaska				
State shared revenue	253,434	226,893	(26,541)	254,157
PERS relief	-	662,811	662,811	648,397
Total State of Alaska	<u>253,434</u>	<u>889,704</u>	<u>636,270</u>	<u>902,554</u>
Investment Income	<u>2,750</u>	<u>2,609</u>	<u>(141)</u>	<u>2,717</u>
Other revenues				
Citation revenues	94,000	97,890	3,890	85,306
Fingerprinting	12,500	14,335	1,835	10,420
Police reports	1,500	1,100	(400)	950
Other public safety revenues	4,500	17,178	12,678	9,068
Miscellaneous	<u>30,200</u>	<u>22,832</u>	<u>(7,368)</u>	<u>37,710</u>
Total other revenues	<u>142,700</u>	<u>153,335</u>	<u>10,635</u>	<u>143,454</u>
Total revenues	<u>5,129,285</u>	<u>5,766,814</u>	<u>637,529</u>	<u>5,753,424</u>

See notes to financial statements.

CITY OF NORTH POLE
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND - CONTINUED
Year ended December 31, 2015
with comparative data for 2014

	2015			2014
	Budget Final	Actual	Variance Favorable (Unfavorable)	Actual
EXPENDITURES				
General government				
Administration				
Salaries and benefits	\$ 444,123	476,573	(32,450)	518,270
Materials and supplies	56,500	64,650	(8,150)	83,392
Purchased services	286,500	287,670	(1,170)	191,214
Vehicle expenses	2,000	307	1,693	621
Insurance	23,000	20,287	2,713	26,377
Repairs and maintenance	25,000	25,460	(460)	30,937
	<u>837,123</u>	<u>874,947</u>	<u>(37,824)</u>	<u>850,811</u>
Municipal building				
Purchased services	33,750	21,828	11,922	31,980
Repairs and maintenance	5,500	7,297	(1,797)	5,921
	<u>39,250</u>	<u>29,125</u>	<u>10,125</u>	<u>37,901</u>
Total general government	<u>876,373</u>	<u>904,072</u>	<u>(27,699)</u>	<u>888,712</u>
Public safety				
Police department				
Salaries and benefits	1,453,842	1,412,153	41,689	1,585,698
Materials and supplies	41,100	34,100	7,000	32,927
Purchased services	114,975	75,885	39,090	71,216
Vehicle expenses	62,678	43,798	18,880	54,468
Insurance	123,000	106,528	16,472	106,419
Repairs and maintenance	14,000	7,713	6,287	7,460
	<u>1,809,595</u>	<u>1,680,177</u>	<u>129,418</u>	<u>1,858,188</u>
Fire department				
Salaries and benefits	1,609,716	1,532,325	77,391	1,844,653
Materials and supplies	42,250	43,977	(1,727)	46,756
Purchased services	67,600	63,062	4,538	66,177
Vehicle expenses	31,000	25,902	5,098	27,239
Insurance	55,000	50,918	4,082	51,849
Repairs and maintenance	29,000	28,737	263	23,291
	<u>1,834,566</u>	<u>1,744,921</u>	<u>89,645</u>	<u>2,059,965</u>
Total public safety	<u>3,644,161</u>	<u>3,425,098</u>	<u>219,063</u>	<u>3,918,153</u>

See notes to financial statements.

CITY OF NORTH POLE
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND - CONTINUED
Year ended December 31, 2015
with comparative data for 2014

	2015			2014
	Budget Final	Actual	Variance Favorable (Unfavorable)	Actual
EXPENDITURES, CONTINUED				
Public works				
Salaries and benefits	\$ 288,241	288,971	(730)	303,804
Materials and supplies	30,500	30,453	47	44,484
Purchased services	154,423	132,899	21,524	138,843
Vehicle expenses	29,000	56,301	(27,301)	51,697
Insurance	16,000	13,298	2,702	12,841
Repairs and maintenance	88,477	83,841	4,636	71,258
	<u>606,641</u>	<u>605,763</u>	<u>878</u>	<u>622,927</u>
Debt service				
Capital lease principal	46,945	42,967	3,978	54,732
Capital lease interest	-	3,978	(3,978)	6,596
	<u>46,945</u>	<u>46,945</u>	<u>-</u>	<u>61,328</u>
Community services				
North Pole Christmas on Ice	-	-	-	10,503
North Pole Chamber of Commerce	-	-	-	21,005
Convention and Visitors	-	-	-	1,425
North Pole Economic	-	-	-	-
Development Council	-	-	-	35,009
	<u>-</u>	<u>-</u>	<u>-</u>	<u>67,942</u>
PERS on-behalf	-	662,811	(662,811)	-
Total expenditures	<u>5,174,120</u>	<u>5,644,689</u>	<u>(470,569)</u>	<u>5,559,062</u>
Excess of revenues over (under) expenditures	<u>(44,835)</u>	<u>122,125</u>	<u>166,960</u>	<u>194,362</u>
Other financing sources (uses)				
Transfers out	-	(28)	(28)	(4,200)
Transfers in	5,000	25,593	20,593	39,520
Net other financing sources (uses)	<u>5,000</u>	<u>25,565</u>	<u>20,565</u>	<u>35,320</u>
Net change in fund balance	\$ <u>(39,835)</u>	<u>147,690</u>	<u>187,525</u>	<u>229,682</u>
Beginning fund balance		<u>2,021,899</u>		<u>1,792,217</u>
Ending fund balance		\$ <u><u>2,169,589</u></u>		<u><u>2,021,899</u></u>

See notes to financial statements.

NON-MAJOR GOVERNMENTAL FUNDS

Special Revenue Funds are established to finance particular activities and are created from receipts of designated revenues.

Building Department

This fund is used to accumulate moneys from the building permits and inspections.

Fire Department

This fund is used to account for the maintenance and improvement of the fire department.

North Pole Community Ice Rink

This fund accounts for the activities related to the development of the community ice rink project.

North Pole Festival

This fund is used to record donations and expenditures for summer and winter festivals and the Mayor's picnic.

Justice

This fund is used to record federal Department of Justice forfeitures and expenditures for public safety.

State Forfeitures

This fund is used to record state public safety forfeitures and expenditures for public safety.

Treasury

This fund is used to record federal Department of the Treasury forfeitures and expenditures for public safety.

AHSO

This fund is used to account for the Alaska Highway Safety traffic inspection grants.

JAG

This fund is used to account for the State Department of Public Safety JAG grant.

Impound Lot

This fund is used to account for monies collected from impound fees.

Bed Tax Fund

This fund is used to account for monies collected from bed tax.

Buck Nystrom Fund

This fund is used to account for donations for high school football.

CITY OF NORTH POLE
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
December 31, 2015

	Building Department	Fire Department	North Pole Community Ice Rink	North Pole Festival	Justice	State Forfeitures	Treasury	AHISO	JAG	Impound Lot	Bed Tax	Buck Nystrom Memorial	Total
ASSETS													
Cash and cash equity	\$ 260,792	-	10,962	9,479	82,167	8,422	24,029	-	-	9,592	15,349	-	420,792
Accounts receivable	-	-	-	-	21,314	-	-	-	-	-	3,402	-	24,716
	<u>\$ 260,792</u>	<u>-</u>	<u>10,962</u>	<u>9,479</u>	<u>103,481</u>	<u>8,422</u>	<u>24,029</u>	<u>-</u>	<u>-</u>	<u>9,592</u>	<u>18,751</u>	<u>-</u>	<u>445,508</u>
LIABILITIES													
Accounts payable	2,255	-	119	75	635	-	4,450	-	-	-	110	-	7,644
	<u>2,255</u>	<u>-</u>	<u>119</u>	<u>75</u>	<u>635</u>	<u>-</u>	<u>4,450</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>110</u>	<u>-</u>	<u>7,644</u>
FUND BALANCES													
Restricted-public safety	-	-	-	-	102,846	8,422	19,579	-	-	-	-	-	130,847
Assigned													
General government	258,537	-	-	-	-	-	-	-	-	-	18,641	-	277,178
Public safety	-	-	-	-	-	-	-	-	-	9,592	-	-	9,592
Community services	-	-	10,843	9,405	-	-	-	-	-	-	-	-	20,248
Unassigned	-	-	-	-	-	-	-	-	-	-	-	-	-
Total fund balances	<u>258,537</u>	<u>-</u>	<u>10,843</u>	<u>9,405</u>	<u>102,846</u>	<u>8,422</u>	<u>19,579</u>	<u>-</u>	<u>-</u>	<u>9,592</u>	<u>18,641</u>	<u>-</u>	<u>437,867</u>
Total liabilities and fund balances	<u>\$ 260,792</u>	<u>-</u>	<u>10,962</u>	<u>9,479</u>	<u>103,481</u>	<u>8,422</u>	<u>24,029</u>	<u>-</u>	<u>-</u>	<u>9,592</u>	<u>18,751</u>	<u>-</u>	<u>445,508</u>

See notes to financial statements.

CITY OF NORTH POLE
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
Year ended December 31, 2015

	Building Department	Fire Department	North Pole Community Ice Rink	North Pole Festival	Justice	State Forfeitures	Treasury	AIISO	JAG	Impound Lot	Bed Tax	Buck Nystrom Memorial	Total
REVENUES													
Intergovernmental	-	-	-	-	89,551	-	-	-	25,000	-	-	-	114,551
Charges for services	253,303	-	-	-	-	-	-	-	-	14,592	-	-	267,895
Investment income	-	-	-	6,625	-	-	-	-	-	-	-	-	-
Other	253,303	-	-	6,625	89,551	-	-	-	25,000	14,592	83,100	-	89,725
													472,171
EXPENDITURES													
Excess (deficiency) of revenues over expenditures	95,499	-	119	5,657	42,039	3,532	58,456	5,207	25,000	-	43,866	500	279,875
OTHER FINANCING SOURCES (USES)													
Transfers (to) from other funds	157,804	-	(119)	968	47,512	(3,532)	(58,456)	(5,207)	-	14,592	39,234	(500)	192,296
Total other financing sources (uses)	-	28	-	-	-	-	-	-	-	(5,000)	(20,593)	-	(25,565)
Net changes in fund balances	157,804	28	(119)	968	47,512	(3,532)	(58,456)	(5,207)	-	9,592	18,641	(500)	166,731
Beginning fund balances	100,735	(28)	10,962	8,437	55,334	11,954	78,035	5,207	-	-	-	500	271,136
Ending fund balances	258,539	-	10,843	9,405	102,846	8,422	19,579	-	-	9,592	18,641	-	437,867

See notes to financial statements.

DEBT SERVICE FUND

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general obligation bond and special assessment debt principal, interest and related costs for issuances that are not accounted for in the Enterprise Fund.

DRAFT 6-14-16

CITY OF NORTH POLE
DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
Year ended December 31, 2015
with comparative data for 2014

	2015	2014
Revenues		
Special assessments	\$ 123,897	191,546
Investment income	36,579	49,688
	<u>160,476</u>	<u>241,234</u>
Expenditures - debt service		
2005 Series B - G.O. bonds		
Principal	65,000	60,000
Interest	1,625	4,750
Total 2005 Series B-G.O. bonds	<u>66,625</u>	<u>64,750</u>
2002 special assessment bonds		
Principal	13,318	12,707
Interest	3,572	4,183
Total 2002 special assessment bonds	<u>16,890</u>	<u>16,890</u>
2012 Series 2 refunding bonds		
Principal	-	-
Interest	36,550	36,550
Total 2012 Series 2 refunding bonds	<u>36,550</u>	<u>36,550</u>
Legal Fees	<u>1,663</u>	<u>-</u>
Total expenditures	<u>121,728</u>	<u>118,190</u>
Excess of revenues over (under) expenditures	<u>38,748</u>	<u>123,044</u>
Other financing sources (uses)		
Transfers (to) from other funds	<u>-</u>	<u>(36,965)</u>
	<u>-</u>	<u>(36,965)</u>
Net changes in fund balance	38,748	86,079
Beginning fund balance	<u>278,050</u>	<u>191,971</u>
Ending fund balance	<u>\$ 316,798</u>	<u>278,050</u>

MAJOR ENTERPRISE FUND

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

Water and Sewer Enterprise Fund

This fund accounts for the operations of the water and sewer system.

CITY OF NORTH POLE
WATER AND SEWER ENTERPRISE FUND
STATEMENTS OF NET POSITION
December 31, 2015 and 2014

	<u>ASSETS</u>	<u>2015</u>	<u>2014</u>
CURRENT ASSETS			
Cash and cash equity	\$	1,409,430	755,075
Receivables			
Grants		92,063	588,907
Accounts		236,897	202,687
Allowance for doubtful accounts		(45,959)	(19,702)
Total current assets		<u>1,692,431</u>	<u>1,526,967</u>
NONCURRENT ASSETS			
Property, plant and equipment		49,472,805	49,382,778
Less accumulated depreciation		(28,817,212)	(27,377,291)
Total property, plant and equipment		<u>20,655,593</u>	<u>22,005,487</u>
Restricted cash		129,541	148,172
		<u>129,541</u>	<u>148,172</u>
Total assets	\$	<u><u>22,477,565</u></u>	<u><u>23,680,626</u></u>
	<u>LIABILITIES</u>		
CURRENT LIABILITIES			
Accounts payable		111,858	356,007
Accrued liabilities		47,073	43,283
Customer deposits		34,834	32,927
Unearned revenues		53,799	78,280
Current portion of bond and note payable		63,540	62,943
Total current liabilities		<u>311,104</u>	<u>573,440</u>
BOND AND NOTES PAYABLE, less current portion		1,401,852	1,478,138
Total liabilities		<u>1,712,956</u>	<u>2,051,578</u>
	<u>NET POSITION</u>		
Net investment in capital assets		19,190,202	20,464,406
Unrestricted		1,574,407	1,164,641
Total net position		<u>20,764,609</u>	<u>21,629,048</u>
Total liabilities and net position	\$	<u><u>22,477,565</u></u>	<u><u>23,680,626</u></u>

See notes to financial statements.

CITY OF NORTH POLE
WATER AND SEWER ENTERPRISE FUND
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Years ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
OPERATING REVENUES		
Water	\$ 871,492	889,762
Sewer	<u>731,651</u>	<u>772,652</u>
	<u>1,603,143</u>	<u>1,662,414</u>
OPERATING EXPENSES		
Water		
Salaries and benefits	209,937	268,175
Materials and supplies	14,822	14,887
Purchased services	214,455	230,906
Vehicle expense	7,501	4,690
Insurance	17,306	18,870
Repairs and maintenance	353	220
Depreciation	616,022	562,377
Bad debt expense	<u>13,128</u>	<u>7,068</u>
	<u>1,093,524</u>	<u>1,107,193</u>
Sewer		
Salaries and benefits	260,006	314,888
Materials and supplies	39,014	23,973
Purchased services	246,154	261,719
Vehicle expense	6,037	7,608
Insurance	15,230	15,957
Repairs and maintenance	2,807	-
Depreciation	1,144,041	1,044,414
Bad debt expense	<u>13,128</u>	<u>7,033</u>
	<u>1,726,417</u>	<u>1,675,592</u>
Operating loss	<u>(1,216,798)</u>	<u>(1,120,371)</u>
NONOPERATING REVENUES (EXPENSES)		
Alaska Clean Water Loan debt forgiveness	31,763	102,410
State of Alaska PERS relief	38,860	85,215
State of Alaska PERS on-behalf payment	(38,860)	-
Interest expense	<u>(42,960)</u>	<u>(34,233)</u>
	<u>(11,197)</u>	<u>153,392</u>
Loss before contributions and transfers	(1,227,995)	(966,979)
Interfund transfer in (out)	-	36,965
Capital contributions	<u>363,556</u>	<u>2,158,068</u>
Changes in net position	(864,439)	1,228,054
Beginning net position	<u>21,629,048</u>	<u>20,400,993</u>
Ending net position	<u>\$ 20,764,609</u>	<u>21,629,048</u>

See notes to financial statements.

CITY OF NORTH POLE
WATER AND SEWER ENTERPRISE FUND
STATEMENTS OF CASH FLOWS
Years ended December 31, 2015 and 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 2,092,034	1,545,387
Cash paid to suppliers	(1,320,005)	(295,347)
Cash paid to employees	-	(583,063)
Net cash provided (used) by operating activities	<u>772,029</u>	<u>666,977</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers in	-	36,965
	<u>-</u>	<u>36,965</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Additions to property, plant, and equipment	(412,975)	(3,214,390)
Proceeds of long term debt	18,644	178,948
Capital contributions received	363,556	2,158,068
Payment of revenue bond principal and interest	(105,530)	(95,850)
Net cash provided (used) by capital and related financing activities	<u>(136,305)</u>	<u>(973,224)</u>
Net increase (decrease) in cash	635,724	(269,282)
CASH AND CASH EQUIVALENTS, January 1	<u>903,247</u>	<u>1,172,529</u>
CASH AND CASH EQUIVALENTS, December 31	<u>\$ 1,538,971</u>	<u>903,247</u>
Cash and cash equivalents at end of year:		
Cash and cash equity	1,409,430	755,075
Restricted cash	<u>129,541</u>	<u>148,172</u>
	<u>\$ 1,538,971</u>	<u>903,247</u>
Operating loss	(1,216,798)	(1,120,371)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:		
Depreciation	1,760,063	1,606,791
Loss on disposal of assets	2,806	-
Noncash expense - PERS relief	-	85,215
Decrease (increase) in:		
Receivables	488,891	(117,027)
Increase (decrease) in:		
Accounts payable	(244,149)	234,626
Accrued liabilities	3,790	3,221
Customer deposits	1,907	3,078
Unearned revenues	<u>(24,481)</u>	<u>(28,556)</u>
Net cash provided (used) by operating activities	<u>\$ 772,029</u>	<u>666,977</u>
NONCASH FINANCING ACTIVITIES		
Loan debt forgiveness	<u>\$ 31,763</u>	<u>102,410</u>

See notes to financial statements.

SINGLE AUDIT SECTION

DRAFT 6-14-16

**STATE SINGLE AUDIT
REPORTS AND SCHEDULES**

DRAFT 6-14-16

**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
Members of the City Council
City of North Pole, 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 the City of North Pole, Alaska, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise City of North Pole, Alaska's basic financial statements and have issued our report thereon dated June XX, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of North Pole, Alaska's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of North Pole, Alaska's internal control. Accordingly, we do not express an opinion on the effectiveness of City of North Pole, Alaska's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that 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 did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency – 2015-001.

Compliance and Other Matters

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

City of North Pole, Alaska's Response to Finding

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

Purpose of this Report

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

Fairbanks, Alaska
June XX, 2016

DRAFT 6-14-16

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE STATE OF ALASKA
AUDIT GUIDE AND COMPLIANCE SUPPLEMENT FOR STATE SINGLE AUDITS**

Honorable Mayor and
Members of the City Council
City of North Pole, Alaska

Report on Compliance for Each Major State Program

We have audited City of North Pole, Alaska's compliance with the types of compliance requirements described in the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* that could have a direct and material effect on each of City of North Pole, Alaska's major state programs for the year ended December 31, 2015. City of North Pole, Alaska's major state programs are identified in the accompanying schedule of state financial assistance.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major State Program

In our opinion, City of North Pole, Alaska complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs identified in the schedule of state financial assistance for the year ended December 31, 2015.

Report on Internal Control over Compliance

Management of City of North Pole, Alaska is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered City of North Pole, Alaska's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of North Pole, Alaska's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies 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, we did identify a deficiency in internal control over compliance that we consider to be a significant deficiency. (2015-002)

City of North Pole, Alaska's response to the internal control over compliance finding identified in our audit is described in the accompanying corrective action plan. City of North Pole, Alaska's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Fairbanks, Alaska
June XX, 2016

CITY OF NORTH POLE, ALASKA
Schedule of State Financial Assistance
For the year ended December 31, 2015

<u>State Grantor / Pass Through Grantor / Program Title</u>	<u>Grant ID Number</u>	<u>Expenditures</u>
<u>Alaska Department of Administration</u>		
Public employees retirement system on behalf payment*	N/A	\$ 701,671
Total Alaska Department of Administration		
<u>Alaska Department of Commerce, Community & Economic Development</u>		
Community Revenue Sharing Program*	N/A	191,234
North Pole Archival System	14-DC-112	26,625
100 Foot Aerial Platform	14-DC-109	2,202
Public Works Skid Steer Loader*	15-DC-115	72,000
Mixing Zone Compliance Plan*	15-DC-114	221,703
Prepare a Comprehensive Strategic Community Plan*	15-RR-006	50,618
Rehabilitate North Pole Utility Well and Adjustment Control Panel	09-DC-505	24,208
Total Alaska Department of Commerce, Community & Economic Development		588,590
<u>Alaska Department of Environmental Conservation</u>		
Wastewater Plant Rehabilitation Project*	63323	68,972
Lift Station Rehabilitation, Phase III	63324	48,673
Total Alaska Department of Environmental Conservation		117,645
<u>Alaska Department of Revenue</u>		
Electric and Telephone Co-op Tax	N/A	30,459
Liquor Licenses	N/A	5,200
Total Alaska Department of Revenue		35,659
<u>Alaska Department of Public Safety</u>		
Asset Forfeitures	N/A	3,533
Total Alaska Department of Public Safety		3,533
Total State Financial Assistance		\$ 1,447,098

* Denotes Major Program

See notes to schedule of state financial assistance.

CITY OF NORTH POLE, ALASKA
NOTES TO SCHEDULE OF STATE FINANCIAL ASSISTANCE

1. BASIS OF PRESENTATION

The accompanying schedule of state financial assistance (Schedule) includes the state grant activity of City of North Pole, Alaska under programs of the state government for the year ended December 31, 2015. The information in this schedule is presented in accordance with the requirements of *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. Because the Schedule presents only a selected portion of the operations of the City of North Pole, Alaska, it is not intended to and does not present the financial position, changes in net position, or cash flows of City of North Pole, Alaska.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting.

DRAFT 6-14-16

CITY OF NORTH POLE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended December 31, 2015

SECTION 1 - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

Material weaknesses identified?

_____ Yes X No

Significant deficiencies identified that are not considered to be material weaknesses?

 X Yes _____ None Reported

Noncompliance material to financial statements noted?

_____ Yes X No

State Financial Assistance

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

Unmodified

Internal control over major programs:

Material weaknesses identified?

_____ Yes X No

Significant deficiencies identified that are not considered to be material weaknesses?

 X Yes _____ None Reported

Dollar threshold used to distinguish a state major program: \$ 50,000

CITY OF NORTH POLE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
Year ended December 31, 2015

SECTION II - FINANCIAL STATEMENT FINDINGS

2015-001 Year-end accounting for the Capital and certain non-major funds

Condition: The general ledger was not adjusted at year-end in accordance with generally accepted accounting principles (GAAP), resulting in errors in the accounting for the general government and water and sewer capital project funds; and general government and water and sewer fixed asset records. The basic grant accounting requires a comparison of prior year balances with current year expenditures, cash received, and appropriate general ledger adjustments. The fixed asset records require updating the schedules for changes during the year, and calculating and recording the depreciation expense.

Criteria: Management is required to institute an adequate system of internal control over financial reporting.

Context: The financial reports filed with granting agencies were accurate and were substantially the same as the general ledger, however, the proper year-end adjustment were not recorded.

Cause: The City did not have staff available at year-end that had the accounting expertise required to adjust the records.

Effect: The audit identified misstatements in the general ledger that were not identified and corrected by the City's internal control system. This resulted in a less efficient audit process and numerous audit entries.

Recommendation: Additional training is needed for accounting personnel so that these important year-end adjustments can be made.

Grantee response: See corrective action plan

CITY OF NORTH POLE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
Year ended December 31, 2015

SECTION III - STATE AWARD FINDINGS AND QUESTIONED COSTS

Finding **2015-002** impacts all of the major state programs listed below:

Department of Administration

Public Employees Retirement System on Behalf Payment

Department of Commerce, Community & Economic Development

Community Revenue Sharing Program

Public Works Skid Steer Loader, Grant number 15-DC-115

Mixing Zone Compliance Plan, Grant number 15-DC-114

Prepare a Comprehensive Strategic Community Plan, Grant number 15-RR-006

Department of Environmental Conservation

Wastewater Plant Rehabilitation Project- Grant number 63323, 2013

2015-002 Schedule of state financial assistance.

Condition: City personnel were not able to prepare a complete and accurate schedule of state financial assistance.

Criteria: Preparation of the schedule of state financial assistance is the responsibility of management.

Context: The City prepared a report of grant expenditures that was inaccurate and incomplete.

Cause: The City did not have staff available at year-end that had the accounting expertise to prepare a complete and accurate schedule.

Effect: The auditor prepared the schedule of state financial assistance, with the concurrence of management.

Questioned costs: None

Recommendation: The City should ensure that accounting personnel are adequately trained to prepare the schedule of state financial assistance.

Grantee response: See corrective action plan

CITY OF NORTH POLE, ALASKA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year ended December 31, 2015

Finding: 2014-001, Material errors in the general ledger and financial statements.

Improvements were made by City accounting staff in closing the books and adjusting the general ledger records. Significant deficiencies remain with applying generally accepted accounting principles to the records, primarily in the general government capital, and water and sewer capital funds; and with fixed assets.

Finding: 2014-002, Grant reporting.

The City substantially resolved this finding, and grant reports reconciled with the general ledger.

Finding: 2014-003, Schedule of state financial assistance.

The City did not prepare the schedule of state financial assistance in 2014. This finding is reported as a significant deficiency in 2015 since the City provided a report of state grant expenditures that was inaccurate and incomplete.

DRAFT 6-14-16

CITY OF NORTH POLE

Ordinance 16-~~0~~#11

**AN ORDINANCE AMENDING TITLE 4, REVENUE AND FINANCE ADDING
CHAPTER 4.26 CLASSIFICATION OF DEBTORS TO THE CITY**

WHEREAS, changes to the North Pole Municipal Code is a continually changing requirement; and

WHEREAS, the City of North Pole Municipal Code should be amended to conform to the requirements of the City and to clarify questionable areas.

NOW, THEREFORE, BE IT ORDAINED by the Council of the City of North Pole:

Section 1. This ordinance is of a general and permanent nature and shall be codified.

Section 2. Addition of Chapter 4.26 Classification of Debtors to the City

4.29.010 Definitions

For the purposes of this chapter, the following words and phrases have the following meanings:

Business: A commercial operation or company.

Citation: A notice of violation of City Code excluding traffic citations.

Corporation: A legal entity, of any type, created by or under the laws of any state. ~~large company or group of companies authorized to act as a single entity and recognized as such in law.~~

Delinquent debt: A debt owed to the City not paid within 60 calendar days of the required payment date.

Developer: A party that develops real estate for sale ~~on a speculative basis.~~

Fee: A charge for a City service.

License: The permission granted by competent authority to exercise a certain privilege that, without such authorization, would constitute an illegal act.

Party: Any person, corporation, developer or business.

Permit: A document granting permission, license or warrant.

4.26.020 License and permit denial, revocation or suspension; restrictions on hiring and denial of contracting with the City.

~~Any person, corporation, developer or business, hereinafter referred to as the party, that has a~~
~~d~~Delinquent debt with the neglected or refused to pay any lien, local taxes, fees, citations,
~~assessments, betterments or any other municipal charges in excess of 60 or more calendar days~~ City
shall be determined to be ~~delinquent and~~ *Not in Good Standing*, with the City.

The City ~~is hereby authorized to~~ may deny any application for, or ~~to~~ revoke or suspend any City-issued license or permit, including renewals issued by any department of the City for any party determined to be *Not in Good Standing*. In addition, a party determined to be ~~in~~ *Not in Good Standing* shall not be eligible ~~authorized~~ to be hired for a position with the City nor to ~~be a contractor~~ with ~~of~~ the City.

1. The City Accountant shall determine and maintain a list of ~~any all parties~~ that has been determined to be are *Not in Good Standing* with the City.
2. A delinquent debt owed to the City shall be binding on ~~follow the heirs and assigns of any party, as federal and state statues permit,~~ until the delinquency with the City is resolved to the City's satisfaction.
3. The City may deny, revoke or suspend any license or permit, including renewals; enforce restrictions on hiring; or enforce restrictions on being a contractor with the City for any party who has a delinquent debt owed to the City, provided however, that written notice is mailed given to the party by the City Accountant upon the party being placed on the *Not in Good Standing with the City list*. The determination of delinquency shall be prima facie evidence for the denial, revocation or suspension of license or permit; restriction on hiring; or restriction on being a contractor with the City. ~~for any party.~~
4. The process for collection of delinquent debts owed to the City ~~are is~~ defined in Section 4.06.020 Collection of unpaid debts. In addition to the processes detailed in Section 4.06.020, the City of North Pole shall have a lien upon any and all real property for a party with a delinquency for payment of any and all charges with the City consistent to the fullest extent allowed under ~~with~~ State law. In addition, this lien shall be superior to any and all other liens to the maximum extent allowed under State law.
5. Any license or permit denied, revoked or suspended; restriction on hiring; or restriction on being a contractor with the City under this section shall not be lifted until the City Clerk certifies that the party has returned to *Good Standing*. The City Clerk shall certify a party as returning to *Good Standing* only upon notification by the City Accountant that the party has paid in full any and all delinquencies owed to the City or signed a legally binding Confession of Judgment that establishes a payment plan and the party is in full compliance with that plan.
6. ~~All~~ any parties shall be given an opportunity to enter into a Confession of Judgment with the City that establishes a legally binding payment plan for the delinquency, thereby allowing the City to certify that the party has returned to *Good Standing* with the City. Failure to comply with the Confession of Judgment shall be grounds for immediate reclassification of the party as *Not in Good Standing* with the City with all the penalties and restrictions associated with this classification; provided, however, that the party be mailed given notice that they have been reclassified as *Not in Good Standing* with the City.

PASSED AND APPROVED by a duly constituted quorum of the North Pole City Council this ##6th day of June, 2016.

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ATTEST:

North Pole City Clerk

_____ Bryce J. Ward, Mayor

[Grab your reader's attention with a great quote from the document or use this space to emphasize a key point. To place this text box anywhere on the page, just drag it.]
PASSED/FAIL
Yes:
No:
Absent:

CITY OF NORTH POLE

ORDINANCE 16-12

AN ORDINANCE AMENDING TITLE 15, BUILDING AND CONSTRUCTION,
CHAPTER 15.15.060 LOCAL AMENDMENTS TO THE INTERNATIONAL BUILDING
CODE

WHEREAS, changes to the North Pole Municipal Code is a continually changing requirement;
and

WHEREAS, the City of North Pole Municipal Code should be amended to conform to the
requirements of the City and to clarify questionable areas.

NOW, THEREFORE, BE IT ORDAINED by the Council of the City of North Pole:

Section 1. This ordinance is of a general and permanent nature and shall be codified.

Section 2. Amend Title 15, Building and Construction, Chapter 15.12.060 Local amendments to
the International Building Code, 2009 Edition,

15.12.010 Adoption.

The International Building Code (IBC), 2009 Edition, as published by the International
Conference of Building Officials, together with the local amendments as set forth in this chapter,
shall constitute the laws of the City relating to building regulations. Where the *IBC International
Building Code* conflicts with this code this code shall prevail. An electronic copy of the *IBC
International Building Code* and referenced standards is retained at the City offices. (Ord. 12-07
§2(part), 2012)

15.12.060 Local amendments to the International Building Code, 2009 Edition.

The amendments to the International Building Code, 2009 Edition, as published by the
International Conference of Building Officials *and the State of Alaska 13 AAC 50.020 Building
Codes* (see attached) are hereby adopted by the City of North Pole as follows:

A. Section 101.2.1, Appendices. Amend this section to read as follows:

1. Appendices E and H *of the IBC* are hereby adopted.
2. *Appendix L of 13 AAC 50.020 (82) is hereby adopted.*

UUUU. Amend Appendix L Oil and Gas Industrial Processing Buildings to read as follows:

*L102.1 If in the judgment of the building official, an unoccupied, pre-manufactured structure or
component located within an industrial area that is fenced and/or guarded and not open to the
public, the building official may upon review not require a professional engineer's seal or may
accept the seal of an engineer licensed outside the State of Alaska provided the structure or*

*component is in compliance with structural provisions of IBC 1604 as certified by an engineer
licensed within the State of Alaska.*

PASSED AND APPROVED by a duly constituted quorum of the North Pole City Council this
20th day of June, 2016.

Bryce J. Ward, Mayor

ATTEST:

Kathryn M. Weber, MMC
North Pole City Clerk

Appendix of the *IBC* is revised by adding APPENDIX L as follows:

"APPENDIX L OIL AND GAS INDUSTRIAL PROCESSING BUILDINGS"

L101 General. These provisions have been established to provide engineering methods for the design and construction of Hydrocarbon Processing Buildings in this state.

L102 Scope. These standards augment and are used in conjunction with the respective requirements of the 2009 *International Building Code (IBC)*, *International Mechanical Code (IMC)*, *International Fire Code (IFC)*, and *International Fuel Gas Code (IFGC)* as the minimum requirements for occupancies (F, H, S, and U) when designing and constructing hydrocarbon (facilities that are directly connected with the transport or processing of oil and gas or by-products) buildings in this state. These standards apply to industrial occupancies attached to H-2 buildings such as the following: control rooms, offices, break rooms, warehouses, generator enclosures, vehicle storage, and others as approved by the authority having jurisdiction.

L102.2 Small unoccupied remote dedicated structures, shelters, and enclosures, such as a wellhead shelter (any item that is put over the top of the wellhead that totally encloses the wellhead), communications shelters (unoccupied buildings with no hazardous vapors, gases, or products open to the atmosphere within the structure and that is utilized solely for the housing of wires and their components), pigging enclosures, meter building, and shut-down valve enclosures may be classified as a Group U occupancy if the following conditions are met:

1. The building is less than 1,000 square feet;
2. The contents of the building include only meters, valves, or pipe work;
3. The building is not normally occupied more than once during a 12-hour period;
4. If the building exceeds 300 square feet, the building has at least two exits;
5. "Remote" means a location that is secured and has limited or no public access and where no other occupied non-oil and gas related buildings or structures are located within one-half mile of a flare or emergency process safety blow down exhaust termination;
6. "Dedicated" means housing only equipment associated with a single activity such as metering or pigging.

L102.3 Structures that meet the requirements of Section L102.2 must neither require conformance with *IBC* Section 1604.4 nor a professional engineer's registration number or seal on plans if all of the following conditions exist:

1. The building is less than 300 square feet;

144 2. The building is pre-manufactured;

145
146 3. The pre-manufactured building is based on the manufacturer's experience or the
147 building has been load tested for the site location conditions.
148

149 L102.4 Factory fabricated structures of less than 400 square feet in area, singularly or aggregate,
150 that are designed for the specific purpose of providing an enclosure for non-hazardous equipment
151 and not containing hazardous materials in excess of those found in *IBC* Tables 307.1(1) and
152 307.1(2) are exempt from plan review in accordance with *IBC* 105.2. Any structure shall not be
153 occupied for any reason other than maintenance and service of equipment housed within the
154 structure.
155

156 L103 Hydrocarbon processing buildings are considered special industrial occupancies as
157 defined in *IBC* 503.1.1 and are exempt from the height and area limitations of *IBC* Table 503.
158

159 L103.1 Module separation. Elevated pipe ways extending from a building need not be considered
160 projections of the building.
161

162 L103.2.1 Building extensions and service area platforms. Building extensions of Hydrocarbon
163 Processing Buildings into the yard, include landings, platforms, stairs, vessels, vessel enclosures,
164 tanks, and exhaust or intake hoods. Clear and unobstructed access for firefighting is to be no less
165 than 40 feet. Bridging between buildings must be designed to allow access and operation for
166 firefighting.
167

168 L104 Stairs, landings, handrails, and guardrails. Stairs, landings, handrails, and guardrails must
169 meet the minimum requirements of 8 AAC 61, as amended as of October 6, 2002 and as
170 amended from time to time; these regulations supersede the respective requirements of the *IBC*
171

172 L104.1 Landings, floor level at doors. Floors or landings may be more than one inch lower than
173 the threshold of doorways if an attempt is made to minimize the drop through the use of ramps
174 at interior doorways as described in Section 1008.1.6 of the *IBC*.
175

176 L104.2 Industrial areas that are fenced or guarded and not open to the public in group B, F, H, R-
177 1, R-2, or S occupancies, balusters, horizontal intermediate rails, or other construction must not
178 permit a sphere with a diameter of 21 inches (533 mm) to pass through any opening.
179

180 L105 Construction specifics. The construction of Hydrocarbon Processing Buildings
181 must comply with Appendix L105.1 - L105.3 of this Code.
182

183 L105.1 Fire walls. When a fire wall is used to qualify under Section 705 of the *IBC*, the wall
184 must comply with that section. If the fire wall does not extend to the ground, the structural
185 supports for the wall must rest upon, and be completely supported by the pilings.
186

187 L105.2 Tank support fireproofing. Fire proofing requirements for steel tank supports, as
188 described in Section 3404.2.9.2.3 of the *IFC* as adopted by reference, may be waived by the
189 authority having jurisdiction when justified, based on the remoteness of the facility and lack of
190 public access, or analytical or empirical results indicating that sufficient heat could be
191 transmitted to the permafrost to cause foundation settlement.

L105.2.1 Tank venting and relief requirements for tanks and pressure vessels storing class 1B or 1C liquids described in Sections 3404.2.7.3.6 and 3404.2.7.4 of the *IFC (2009 Edition)* may be satisfied by the use of properly sized open vents without flame arrestors. When open vents are utilized, the open vents must be configured to minimize the accumulation of snow and ice.

L105.2.2 Bulk Transfer and Process Transfer Locations. Bulk transfer and process transfer operations must be conducted in approved locations. Tank vehicle transfer facilities shall be separated from buildings and above-ground tanks by a minimum distance of five feet (1524 mm) for Class I, II, and III liquids measured from the nearest position of any tank loading valve and meet the following requirements:

1. Adherence to an approved written company policy for transfer of flammable and combustible liquids;
2. Tank capacity of either the truck or tank must not exceed 15,000 gallons;
3. Tank vehicle must be located a minimum of 20 feet from tank connections, and a minimum distance of 25 feet from tank or building during transfer operations;
4. Tank fill connections must not be utilized to transfer liquids to tank vehicles.

L105.4 Electrical or communication equipment shelters and wellhead shelters. Thermal barrier requirements as described in Section 2603.4 of the *IBC* are not required for fiberglass or metal sheeting used for construction of electrical or communication equipment shelters and wellhead shelters if the following conditions are met:

1. The area of an individual shelter may not exceed 1,000 square feet;
2. Separation between individual shelters must be a minimum of six feet;
3. Each wellhead shelter shall only enclose one wellhead;
4. The electrical or communication shelter or wellhead shelter must normally be unoccupied. It is understood that operators need to spend approximately 10 minutes per day taking readings in wellhead shelters and that maintenance is infrequently required. The most extensive maintenance is well wireline work. This work may extend to a week per well and occur once every several years per well. Most of this work is accomplished from outside the wellhead shelter. All maintenance is strictly controlled with a permit system;
5. With the exception of wellhead shelters, separation between individual shelters shall be a minimum of six feet.

L106 Fire suppression. The provisions in Sections L106.1 - L106.3 establish the standards for fire suppression at Oil and Gas Hydrocarbon Processing Buildings.

L106.1 Fire Extinguishing System. An automatic sprinkler system as specified in *IBC* Section

903.2.5.1 or alternative automatic fire extinguishing system need not be provided in Group H-2 occupancy compressor modules, dehydration modules, metering modules and heater/separator modules if the following conditions are met:

1. The module under consideration primarily handles natural gas and its by-products;
2. The module is located within a secured site with controlled access;
3. The module is normally unoccupied;
4. Significant quantities of Class I or Class II liquids are not present;
5. The aggregate module area under consideration is less than 1,500 square feet;
6. Module construction features panelized type exterior walls that will provide for venting in the event of over pressurization;
7. Combustible gas detection is provided;
8. A mechanical ventilation system capable of providing the following is provided:
 - i. Minimum four air changes per hour operating continuously;
 - ii. Minimum 12 air changes an hour upon detection of combustible or flammable vapors in excess of 20 percent Lower Explosive Limit (LEL);
9. Upon detection of combustible or flammable vapors in excess of 40 percent LEL process safety management features are automatically initiated to reduce or eliminate the fuel load;
10. Module location complies with *IBC* section 705.3.

L106.2 Alternate Automatic Fire-Extinguishing (AAFE). Automatic activation for gas detection (inerting or suppression agent) in areas of Hydrocarbon Processing Buildings where (1) both fire and explosion hazards exist, (2) both fire and gas detection systems are (interconnected or independently, or both) installed, (3) the fire and gas detection devices alarm at a continuously staffed control room and trained operators can quickly respond to the fire and gas alarms following specific fire and gas alarm response procedures, and (4) collateral fire damage is likely to be minimal, the following (AAFE) operating activation mode is acceptable: Automatic activation of the (AAFE) system upon gas detection coupled with manual activation of the same (AAFE) system on fire detection is approved.

L106.3 Manual activation of total flooding fire suppression systems. In areas where (1) the only hazard is fire, not explosion, (2) fire detection devices alarm at continuously staffed control rooms, (3) trained operators can quickly respond to the fire alarms following specific fire alarm response procedures, and (4) collateral fire damage is likely to be minimal, manual activation of the total flooding fire suppression agent is acceptable. These areas also include continuously staffed control rooms.

288

289 L106.4 Platform width. In buildings protected with fire sprinkler systems, any platform that
290 exceeds four feet in width or length is considered an obstruction for the purposes of the
291 installation of sprinkler systems under Section 903.3.1.1 of the *IBC*".

**CITY OF NORTH POLE
ORDINANCE 16-13**

**AN ORDINANCE OF THE NORTH POLE CITY COUNCIL AMENDING CHAPTER
12.04, OBSTRUCTION OR ALTERATION OF STREETS, ROAD RIGHTS-OF-WAY,
SIDEWALKS OR CITY PROPERTY ESTABLISHING PERMITS FOR PARADES AND
SPECIAL EVENTS**

WHEREAS, changes to the practices, regulations and policies is a continually changing requirement; and

WHEREAS, from time-to-time events and activities by the public and private groups occur on City streets, property and rights of way without authorization or notification of the City; and

WHEREAS, City code states “It is unlawful for any person to...obstruct the free use of or to cause the...obstruction of any public sidewalk, street, or road right-of-way in the City without first having obtained a written permit to do so”, and

WHEREAS, obstructions of public property, sidewalks, streets, or road rights-of-way in the City can hamper the provision of emergency services, routine city business, private business and citizens’ legitimate use of these facilities; and

WHEREAS, current code may be insufficiently clear about regulated actions that require a permit; and

NOW, THEREFORE, BE IT ORDAINED by the City Council of the City of North Pole:

Section 1. This ordinance is of a general and permanent nature and shall be codified.

Section 2. Chapter 12 Streets, Sidewalks and Public Places is amended in the North Pole Code of ordinances as follows—new text in *italicized red* font and deleted text struck through and in ~~*italicized red*~~ font.

12.04.010 Permit required – Exception.

It is unlawful for any person to *conduct a parade or event*, remove, alter, damage or obstruct the free use of or to cause the removal, alteration, damage or obstruction of any *city-owned property*, public sidewalk, street, or road right-of-way in the City without first having obtained a written permit to do so; provided, temporary obstruction for the purpose of loading or unloading merchandise or water delivery shall not be deemed a violation of this section. It is further provided that a bond with good and sufficient sureties may be demanded of any person who has been granted such a permit. (Ord. 15-27 § 2, 2016; Ord. 09-05 § 2, 2009. Code 1962 34 § 16-1)

Section 3, Effective Date. This ordinance shall be effective at 5:00 pm on the first City business day following its adoption.

PASSED AND APPROVED by a duly constituted quorum of the North Pole City Council this
20th day of June 2016.

Bryce J. Ward, Mayor

ATTEST:

Kathryn M. Weber, MMC
North Pole City Clerk

ORDINANCE 16-14

**AN ORDINANCE OF THE CITY OF NORTH POLE, ALASKA TO AMEND
THE 2016 BUDGET TO ACCEPT FUNDING FOR ECONOMIC
DEVELOPMENT IN NORTH POLE TO INCLUDE WORK FOR THE
BUSINESS RETENTION AND EXPANSION PROJECT (BR&E)**

WHEREAS, the 2016 Budget should be amended to conform to the requirements of the City, and

WHEREAS, the Fairbanks North Star Borough has funding available for economic development in North Pole, and

WHEREAS, the City has an interest in aiding in the economic development of the City of North Pole, and

WHEREAS, \$10,000 has been allocated in the Fairbanks North Star Borough for economic development in North Pole, and

WHEREAS, the City desires to use this funding for beautification and repair-replacement of public use items such as park and sports equipment, and

WHEREAS, \$5,000 is available for the BR&E program which North Pole businesses have participated in, and

WHEREAS, the City would be able to use the \$5,000 to fund an analysis of the BR&E,

NOW, THEREFORE, BE IT ORDAINED by the Council of the City of North Pole the City amends the 2016 budget to include \$15,000 in grant funding from the Fairbanks North Star Borough.

Section 1. This ordinance is of a special nature and shall not be included in the North Pole Code of Ordinances.

Section 2. Effective date. This ordinance shall be effective at 5:00 p.m. on the first City business day following its adoption

PASSED AND APPROVED by a duly constituted quorum of the North Pole City Council this 20th day of June, 2016.

Bryce J. Ward, Mayor

ATTEST:

Kathryn M. Weber, MMC
North Pole City Clerk

PASS/FAIL Yes: No: Absent:



City of North Pole, Alaska

Budget Amendment Note

Year: 2016

Ordinance: 16-14

Originator / Sponsor Name: Mayor Ward

Date: June 6, 2016

Does the Ordinance or Resolution have a fiscal impact? Yes

Fund- Dept. Title	Account Description	Account #	Debit	Credit
33 – PW Grant Fund	FNSB Econ Dev Exp	33-06-9-525	10,000	
33 – PW Grant Fund	FNSB Econ Dev Rev	33-00-3-306		10,000
30- Admin Grant Fund	FNSB BR&E Exp	30-03-9-008	5,000	
30- Admin Grant Fund	FNSB BR&E Rev	30-00-3-905		5,000

Prepared By: Tricia Fogarty **Date:** June 6, 2016

Finance Approval: *Tricia Fogarty* **Date:** 6/1/2016

Memo

To: Kathy Weber and City Council
From: Stephanie DeCristo, Sales Tax Administrator/AP/Business License Admin
cc:
Date: 06/09/2016
Re: Change of sales tax filing status Acct # 2725

Good Morning Kathy,

I received a letter from Antler Academy and they are requesting that their sales tax filing status be changed from Monthly to Quarterly. This business is actually owned and operated by the Santa Claus House, who is in good standing with the City of North Pole.

Their account is current and has been current with no issues. I recommend that their status be changed to quarterly filing pending council approval.

Respectfully,

A handwritten signature in black ink, appearing to read 'SDCristo', with a large, stylized loop at the end.

Stephanie DeCristo
Business License/Sales Tax Admin
City of North Pole



Stephanie Decristo

From: Carissa Brown <carissa@santaclaushouse.com>
Sent: Wednesday, June 01, 2016 12:25 PM
To: Stephanie Decristo
Cc: paul@santaclaushouse.com
Subject: Sales Tax Reporting - Antler Academy

Hi Stephanie,

I understand that you typically require monthly sales tax reporting for new businesses in North Pole. However, I'd like to request quarterly sales tax reporting for Antler Academy (North Pole business license #2725). Antler Academy is wholly owned and operated by SCH, Inc., 101 St. Nicholas Drive, North Pole, AK 99705. SCH, Inc. (Santa Claus House) has an established 60+ year history of timely sales tax payments to the city of North Pole. Since we are already preparing quarterly sales tax statements for Santa Claus House, it would be much more efficient for us to prepare and remit sales tax statements for both businesses at the same time. Additionally, Antler Academy will be run as a seasonal summer business for the foreseeable future, so there would likely be no activity from October through April.

Please let me know if this is possible or if you have any questions.

Thank you,
Carissa Brown

Carissa Brown
Business Manager
Santa Claus House
907-488-2200 ext. 29
carissa@santaclaushouse.com
www.SantaClausHouse.com

Memo

To: Kathy Weber and City Council
From: Stephanie DeCristo, Sales Tax Administrator/AP/Business License Admin
cc:
Date: 06/09/2016
Re: Change of sales tax filing status Acct # 2531

Good Morning Kathy,

I received a letter from Warkentine Inc DBA Computer Rx and they are requesting that their sales tax filing status be changed from Monthly to Annual. I have attached a screen shot of their filed tax returns. They have filed a total of \$16.00 for the year of 2015 and they have never been late.

Their account is current and has been current with no issues I recommend that their filing status be changed from monthly to annually pending council approval.

Respectfully,



Stephanie DeCristo
Business License/Sales Tax Admin
City of North Pole



April 19, 2016

City of North Pole
125 Snowman Lane
North Pole City, AK 99705

Re: Account Number 2531

To Whom It May Concern:

Please consider this our official request to change our filing frequency from monthly to annually. I understand that we meet all criteria as we have very few sales to City of North Pole. It is also my understanding that you require a written request to take before the City Council in order for our request to be approved.

Kindly advise us as to when the frequency is to be changed.

Regards,

A handwritten signature in cursive script that reads "Carol Warkentine".

Carol Warkentine
Secretary Treasurer

Account number: 2531
Business activity: SALES
Status: Active

Business name: WARKENTINE INC DBA
Location: 750 SW 24TH
City, state, zip: MOORE OK 73160

Telephone: 405-735-2039
Owner: ROGER WARKENTINE

Account balance: .00
Last payment amount: 8.00-
Last payment date: 10/23/2015

Business Taxes Owners **Tax Returns** Transactions

Summary **Detail**

Display: All returns ▼

Tax Period End Date	Tax Return Type	Return Status	Tax Return Due Date	Tax Amount	Total Return Amount
06/30/2013	Sales Tax - Monthly	Completed	07/31/2013	7.72	7.72
07/31/2013	Sales Tax - Monthly	Completed	08/31/2013	.00	.00
08/31/2013	Sales Tax - Monthly	Completed	09/30/2013	.00	.00
09/30/2013	Sales Tax - Monthly	Completed	10/31/2013	.00	.00
10/31/2013	Sales Tax - Monthly	Completed	11/30/2013	.00	.00
11/30/2013	Sales Tax - Monthly	Completed	12/31/2013	.00	.00
12/31/2013	Sales Tax - Monthly	Completed	01/31/2014	.00	.00
01/31/2014	Sales Tax - Monthly	Completed	02/28/2014	.00	.00
02/28/2014	Sales Tax - Monthly	Completed	03/31/2014	.00	.00
03/31/2014	Sales Tax - Monthly	Completed	04/30/2014	.00	.00
04/30/2014	Sales Tax - Monthly	Completed	05/31/2014	.00	.00
05/31/2014	Sales Tax - Monthly	Completed	06/30/2014	.00	.00
06/30/2014	Sales Tax - Monthly	Completed	07/31/2014	.00	.00
07/31/2014	Sales Tax - Monthly	Completed	08/31/2014	.00	.00
08/31/2014	Sales Tax - Monthly	Completed	09/30/2014	5.16	5.16
09/30/2014	Sales Tax - Monthly	Completed	10/31/2014	.00	.00
10/31/2014	Sales Tax - Monthly	Completed	11/30/2014	14.00	14.00
11/30/2014	Sales Tax - Monthly	Completed	12/31/2014	.00	.00
12/31/2014	Sales Tax - Monthly	Completed	01/31/2015	.00	.00
01/31/2015	Sales Tax - Monthly	Completed	02/28/2015	8.00	8.00
02/28/2015	Sales Tax - Monthly	Completed	03/31/2015	.00	.00
03/31/2015	Sales Tax - Monthly	Completed	04/30/2015	.00	.00
04/30/2015	Sales Tax - Monthly	Completed	05/31/2015	.00	.00
05/31/2015	Sales Tax - Monthly	Completed	06/30/2015	.00	.00
06/30/2015	Sales Tax - Monthly	Completed	07/31/2015	.00	.00
07/31/2015	Sales Tax - Monthly	Completed	08/31/2015	.00	.00
08/31/2015	Sales Tax - Monthly	Completed	09/30/2015	.00	.00
09/30/2015	Sales Tax - Monthly	Completed	10/31/2015	8.00	8.00
10/31/2015	Sales Tax - Monthly	Completed	11/30/2015	.00	.00
11/30/2015	Sales Tax - Monthly	Completed	12/31/2015	.00	.00
12/31/2015	Sales Tax - Monthly	Completed	01/31/2016	.00	.00
01/31/2016	Sales Tax - Monthly	Completed	02/29/2016	.00	.00
02/29/2016	Sales Tax - Monthly	Completed	03/31/2016	.00	.00
03/31/2016	Sales Tax - Monthly	Completed	04/30/2016	.00	.00
04/30/2016	Sales Tax - Monthly	Completed	05/31/2016	.00	.00
05/31/2016	Sales Tax - Monthly	Non-filed	06/30/2016	.00	.00

125 Snowman Lane
North Pole, AK 99705
P: 907-488-8583
F: 907-488-3002
C: 907-388-2728
Email: Kathy.Weber@northpolealaska.org

City of North Pole Office of the City Clerk/HR Mgr

Memo

To: North Pole City Council
From: Kathy Weber
Date: 6/9/2016
Re: Recommendation to award auctioneering services

Recommendation

Accept the bid from Great North Auction, LLC as the lowest and responsive bidder.

Background

Period of Performance

Base contract is June 15, 2016 through June 15, 2017, funded in one-year increments.

The City reserves the right to renew any contract resulting from this solicitation for up to two (2) additional one-year periods, pending Council funding and satisfactory performance by the Contractor.

Specifications

The Contractor shall manage the equipment surplus auction and shall be responsible for providing the following:

- Advertising: The Contractor shall notify the City of any auction including City assets and shall advertise the sale in a newspaper of general circulation in the City at least fifteen days in advance of the date of the sale and post in at least one public place in the City. The Contractor may advertise in additional media at their own discretion.
- Auction Catalog: Printed and available for distribution no later than one day prior to the auction. Contractor shall have staff present for the viewing day (the Friday before the auction) to distribute auction catalogs and field questions from prospective bidders.
- Auction support services and staff shall include, at a minimum, one (1) a lead auctioneer, one (1) ring persons, one (1) cashier/ clerk, sound equipment, and other items or services required to conduct a professional auction.
- A list of registered buyers, list of lot numbers and sales receipts indicating the sale price of each lot; sales receipts must reference buyer registration number(s).
- Collection of payments, including delinquent or disputed payments and bad checks.
- Ability to accept credit card payments from successful bidders. The vendor may assess the card holder with a credit card processing fee. If a fee is to be assessed, the fee shall be, at a minimum, stated in the sale brochure.
- Payment, in the form of a cashier's check, within fifteen (15) working days of the date of the auction for the net amount of the sale.
- Staff as needed following the auction to load pallets and clean the auction area.
- Buyers Premium is not allowed.
- Accept equipment dropped off at the Contractor's facility (up to) once a month, as coordinated between The City of North Pole and the Contractor.



North Pole Fire Department

125 Snowman Lane - North Pole, Alaska 99705

Phone: 907.488.2232 Fax: 907.488.3747

Memo

To: Mayor Ward
From: Chief Lane
Date: 6/14/2016
CC: Kathy Weber
Re: Ambulance Contract

Mayor,

Please Place the new ambulance contract on the agenda for Monday June 20th.



Fairbanks North Star Borough Emergency Operations Department

3175 Peger Road • PO Box 71267 • Fairbanks, AK 99707-1267 (907)459-1481 fax 459-1119

FAIRBANKS NORTH STAR BOROUGH AND CITY OF NORTH POLE EMERGENCY MEDICAL SERVICES/AMBULANCE CONTRACT RENEWAL AND AMENDMENT NO. 1

1. The parties, the Fairbanks North Star Borough and the City of North Pole hereby agree to allow for the first renewal of their Emergency Medical Services/Ambulance contract effective July 1, 2015 through June 30, 2016 for an additional one year period, July 1, 2016 through June 30, 2017.

2. This extension shall be on the same terms and conditions in the current contract and any amendments thereto, with the following amendments:

Section 3 will be modified as follows:

The Borough shall monitor the Contractor's compliance with this contract; however, the Borough shall not otherwise supervise or direct the Contractor. The Contractor is an independent contractor of the Fairbanks North Star Borough.

The Borough shall pay the Contractor for this contract the sum of \$429,000.00, inclusive of amounts necessary to compensate for the use of fire assets required in the course of EMS response.

Section 6C will be modified as follows:

The Borough will make semi-annual contract payments to the Contractor on or about July 15 and January 15. Each payment will be \$214,500.00.

**CITY OF NORTH POLE
EMERGENCY MEDICAL SERVICES/AMBULANCE CONTRACT**

SIGNATURE PAGE

APPROVED: _____ DATE: _____
Mayor
City of North Pole

APPROVED: _____ DATE: _____
Karl W. Kassel, FNSB Mayor

ATTEST: _____ DATE: _____
Nanci Ashford-Bingham, FNSB Clerk

REVIEWED BY: _____ DATE: _____
Fairbanks North Star Borough Legal Department

ORIGINALS FILED WITH: Contractor, Clerk's Office and Emergency Operations Department

ORDINANCE NO. 16-15

**AN ORDINANCE OF THE CITY OF NORTH POLE, ALASKA TO
AMEND THE 2016 BUDGET BY ALLOCATING \$5,080 FROM THE
GENERAL FUND BALANCE TO PAY TEKIMATE FOR UNPAID
CHARGES**

Section 1. This ordinance is of a special nature and shall not be included in the North Pole Code of Ordinances.

WHEREAS, the 2016 Budget should be amended to conform to the requirements of the City; and

WHEREAS, the City of North Pole was under contract with Tekmate to provide services for administration; and

WHEREAS, the contract was for three years or 36 months of service; and

WHEREAS, the City wished to have an IT provided for the entire City and requested proposals; and

WHEREAS, the City chose to go with Alasconnect for IT service. However, the City was still contractually responsible to pay out the contract to Tekmate; and

WHEREAS, during discussions on payoff for the contract there was a misunderstanding and the City did not pay for two months of the full 36 month contract and the amount is still owed to Tekmate; and

WHEREAS, prior to the decision to go with Alasconnect the Fire Department server failed and the Fire Department acquired the services of Tekmate to replace the server; and

WHEREAS, the estimate was given of \$8,000 to replace the server; and

WHEREAS, Tekmate charged the City more than \$8,000 to replace the server and account manager Bruce Witt “credited” the account \$3,000; and

WHEREAS, the City was informed that Bruce Witt could not issues a credit and the City was responsible for the charges; and

WHEREAS, the City disputed the charges and the invoice for the unpaid “credit”, and was then turned into collections against the City of North Pole.

NOW, THEREFORE, BE IT ORDAINED by the North Pole City Council that the City amends the 2016 budget by allocating \$5,080 from the general fund balance to pay Tekmate for unpaid charges.

47 **Section 2.** Effective date.

48 This ordinance shall become effective at 5:00 p.m. on the first City business day following
49 its adoption.

50
51 **PASSED AND APPROVED** by a duly constituted quorum of the North Pole City Council
52 this 5th day of July, 2016.

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59 ATTEST:

Bryce J. Ward, Mayor

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Kathryn M. Weber, MMC
North Pole City Clerk



City of North Pole, Alaska

Budget Amendment Note Year: 2016 Ordinance: 16-15

Originator / Sponsor Name: Mayor Ward

Date: June 20, 2016

Does the Ordinance or Resolution have a fiscal impact? **Yes**

Fund- Dept. Title	Account Description	Account #	Debit	Credit
01 – General Fund	Fund Balance	01-00-2-900	5,080.00	
01 – General Fund	Admin IT Services	01-51-2-220		2,080.00
01 - General Fund	FD – IT Services	01-54-2-220		3000.00

Prepared By: Tricia Fogarty Date: June 14, 2016

Finance Approval: *Tricia Fogarty* Date: 6-15-16

Bryce Ward

From: Erica Sharp [TekMate] <erica.sharp@tekmate.net>
Sent: Tuesday, May 31, 2016 6:52 AM
To: Bryce Ward
Subject: City of North Pole
Attachments: Letter to Mayor Ward May 2016.pdf; city of north pole contract invoice 54939.pdf; city of north pole fire dept invoice 48776.pdf; city of north pole contract invoice 54588.pdf

Hi Mayor Ward,

I apologize in the delay in getting this letter to you. Unfortunately combining all invoices into one (per your request) is outside system capabilities when there are invoices on different accounts. I have attached the letter you've requested and copies of all 3 outstanding invoices. Payment of these invoices will clear all the City of North Pole's accounts. Please let me know if you have any questions.

Thank you,

Erica Sharp
Asst. Business Operations Manager
Tel. 907-375-1130 x130
Erica.Sharp@acsalaska.com



From: [Bruce A. Witt \[TekMate\]](#)
To: [Bryce Ward](#)
Cc: [Cindy Christopher \[TekMate\]](#); [Scott McDonald \[TekMate\]](#); [Jason Reopelle \[TekMate\]](#); [Jason Webb \[TekMate\]](#)
Subject: CONP - Cancellation
Date: Friday, November 13, 2015 10:08:46 AM
Attachments: [city of north pole contract invoice 54939.pdf](#)
[city of north pole contract invoice 55334.pdf](#)

Good Morning Mayor Ward,

Attached are the invoices to bring you to the end of your contract. November is included also.

The proactive team included this below and I included your COIT Team Leader Jason W.. You will need a new antivirus solution when you leave. Please pass to your new provider and feel free to give them my contact so I can assist with making this a smooth transition.

Thanks,
Bruce

Good Morning Bruce,

Per our conversation, I am sending you an email with things we need to address for this client ending service. Please bear in mind I am only taking into account proactive related services, and the team lead may have other points of concern. Here is the list of proactive services and any special concerns handing them off:

- Backup: WSB, no need for detailed handoff.
- AV: COIT managed AVG; per policy, this must be uninstalled. The client must find a new AV solution.
- Firewall: Watchguard XTM 33, remove from our management server, give credentials to new IT provider.
- WSUS: no need for detailed handoff.

Thank you for your time today.

Bruce Witt Jr.
Account Manager
TekMate/Alaska Communications
907-375-1145

tekmate
An Alaska Communications Company

Please direct service or support requests to: support@tekmate.net

The information in this email and in any attachment is confidential and may be privileged. If you are not the intended recipient, please destroy this message, delete any copies held on your systems and notify the sender immediately. You should not retain, copy or use this email for any purpose, nor disclose all or any part of its content to any other person.

TekMate, LLC.

Phone: 907-561-6283
Fax: 907-375-1188
600 Telephone Ave. MS#13-TP
Anchorage, AK 99503



tekmate...
An Alaska Communications Company

Invoice

Number: **54588**

Date: **9/15/2015**

For the period from 10/1/2015 thru 10/31/2015

Bill-To

Attn: Kathy Weber
City Of North Pole
125 Snowman Lane
North Pole, AK 99705 U.S.A.

Ship-To

Attn: Kathy Weber
City Of North Pole
125 Snowman Lane
North Pole, AK 99705 U.S.A.

<u>Contract</u>	<u>Start Date</u>	<u>End Date</u>	<u>Contract Type</u>	<u>Reference</u>	<u>Terms</u>	<u>Inv. Batch</u>	<u>A/R Cust. No.</u>	<u>PO No.</u>
1200	9/1/2013	8/31/2016	Data Recurring	Bruce Witt	1st of the Month	24324	City Of North Pole	PO # 14472

Monthly ConstantlyOn IT

\$1,040.00

Item Total: **\$1,040.00**

Total Amount Due: \$1,040.00

INTEREST WILL BE CHARGED AT THE MAXIMUM RATE ALLOWABLE PER MONTH ON ALL ACCOUNTS OVER 30 DAYS.

TekMate, LLC.

Phone: 907-561-6283
Fax: 907-375-1188
600 Telephone Ave. MS 70
Anchorage, AK 99503



tekmate
An Alaska Communications Company

Invoice

Number: **54939**
Date: **10/15/2015**

For the period from 11/1/2015 thru 11/30/2015

Bill-To

Attn: Kathy Weber
City Of North Pole
125 Snowman Lane
North Pole, AK 99705 U.S.A.

Ship-To

Attn: Kathy Weber
City Of North Pole
125 Snowman Lane
North Pole, AK 99705 U.S.A.

<u>Contract</u>	<u>Start Date</u>	<u>End Date</u>	<u>Contract Type</u>	<u>Reference</u>	<u>Terms</u>	<u>Inv. Batch</u>	<u>A/R Cust. No.</u>	<u>PO No.</u>
1200	9/1/2013	8/31/2016	Data Recurring	Bruce Witt	1st of the Month	24397	City Of North Pole	PO # 14472

Monthly ConstantlyOn IT

\$1,040.00

Item Total: **\$1,040.00**

Total Amount Due: \$1,040.00

INTEREST WILL BE CHARGED AT THE MAXIMUM RATE ALLOWABLE PER MONTH ON ALL ACCOUNTS OVER 30 DAYS.

TekMate, LLC.

Phone: 907-561-6283
Fax: 907-375-1188
600 Telephone Ave. MS#13-TP
Anchorage, AK 99503

**Invoice**

Number: **48776**
Date: **10/10/2014**
Source: **SO No. 118003**

Bill-To

Attn: Buddy Lane
City of North Pole - Fire Dept
110 Lewis St
North Pole , Alaska 99705 U.S.A.

Ship-To

Attn: Buddy Lane
City of North Pole - Fire Dept
110 Lewis St
North Pole , Alaska 99705 U.S.A.

Acct. No.	A/R Cust. No.	Customer PO	Reference	Sales Rep	Ship Via	Terms
3584	City of North Pole - Fire Dept			Bruce A. Witt		Net 30

10/02/2014 09:00 AM by Zachary Parker : Restoring Exchange database from backup.
Replaced the old exchange database with the old.
Mounting the database to their Exchange server failed.
Tried mounting the database as a secondary database.
Exchange failed to mount.
Check the status of the database. It is in a dirty shutdown.
Tried to put it into a clean shutdown. Failed.
Repaired the Exchange database.
Compacted the exchange database.
Created the database as a recovery database named "recoverydb"
Mounted the database to Exchange.
Checked the health of the database.
Check the mail boxes within the database.
Created the same mailboxes in 'Mailbox Database'.

10/06/2014 09:00 AM by Zachary Parker :
Rebuilding server from the office.
Downloaded SBS 2011 standard.
Put onto bootable USB drive.
Downloaded RAID Drivers.
Started reinstalling SBS. Added RAID controller drivers to the installation.
Searching and downloading NIC drivers. Installed NIC drivers to the installation.
Started a clean version of SBS.local.
Named the server 'NPFDSERV'
Created npfd.local domain.
Gave the server the IP 192.168.20.10.
Waiting for SBS to finish installing.
Once SBS had finished installing, created 24 user accounts.
Created Mailboxes for the user accounts.
Created share's identical to the previous setup.
Installed printer to the server.
Restored their old Exchange database to my test environment.
Repaired the Exchange database.
Compacted the exchange database.
Created the database as a recovery database named "recoverydb"
Mounted the database to Exchange.
Exported Mailboxes to PST files.
Went onsite.

(* denotes repair item)

TekMate, LLC.

Phone: 907-561-6283
 Fax: 907-375-1188
 600 Telephone Ave. MS#13-TP
 Anchorage, AK 99503



tekmate
 An Alaska Communications Company

Invoice

Number: **48776**

Date: **10/10/2014**

Source: **SO No. 118003**

Acct. No.	A/R Cust. No.	Customer PO	Reference	Sales Rep	Ship Via	Terms
3584	City of North Pole - Fire Dept			Bruce A. Witt		Net 30

*Backed up the users files from their local profile.
 Exported their Outlook data to PST's
 Removed the four computers from the old domain.
 Added computers to the new domain.
 Readded their local files.
 Created Group Policy for Mapped drives.
 Set up their Outlook accounts.
 Imported PST's to Outlook.
 Changed DNS settings on Network Solutions.
 Logged into Router and pointed outside services to new server.
 Checked e-mail flow.
 Verified e-mails are sending.
 let Kalen a note about new user names and passwords.
 E-mailed Bruce on progress.*

*10/07/2014 11:00 AM by Zachary Parker :
 Bruce emailed me stating the e-mails are not going through.
 Logged into server.
 Checked mailboxes he was sending to.
 Recipient policy did not apply old email addresses.
 Verified Recipient policy.
 Forced recipient policy.
 Checked Mailboxes. Addresses are now populating.
 Kalen e-mailed a list of issues.
 Went onsite.
 She was having trouble scanning and missing files.
 Found files on a different 'Scans' folder then she was looking in.
 Recreated shortcuts.
 Setup scanning to new directory she was used to.
 Tested scanning.
 Kalen gave me a list of users that didn't have access.
 Created accounts for the users.
 Gave Kalen a list of all the accounts I created. List was outdated.
 She crossed off the names that they didn't need and I deleted the user accounts and mailboxes.
 Created a staff distribution group for all the employees.
 GAL not updating on clients end.
 Forced the GAL to updated.
 Pushed to GAL out to clients.
 Still not updating.
 Showed Kalen how to download the GAL from Outlook.
 Email to 'Moden' got kicked back to Kalen.
 Checked Exchange. Missed creating the Mailbox when the user was created.
 Added to Mailbox and asked her to check again.
 2 users (Kevin Haywood and Shawn McGilvary) wanted to have their old emails restored.
 Recovered the Mailboxes.*

(* denotes repair item)

TekMate, LLC.

Phone: 907-561-6283
Fax: 907-375-1188
600 Telephone Ave. MS#13-TP
Anchorage, AK 99503



tekmate
An Alaska Communications Company

Invoice

Number: **48776**

Date: **10/10/2014**

Source: **SO No. 118003**

Acct. No.	A/R Cust. No.	Customer PO	Reference	Sales Rep	Ship Via	Terms
3584	City of North Pole - Fire Dept			Bruce A. Witt		Net 30

10/03/2014 11:00 AM by Zachary Parker :
SO 118003, City of north Pole Fire Department
Reason:

Arrived onsite.
With the recoveryDB in place, Migrated to the old mailboxes to the new Mailboxes.
Checked the Mailbox Move queue.
All mailboxes are accounted for.
Checked the Mailboxes on 'Mailbox Database'.
Mailboxes are being populated with the recovered information.
EMC and EMS is starting to give errors.
Access to IIS is denied. EMC will not load.
Logged off and tried to log back in, but password would now not work.
Other users are saying they are unable to log in now.
Tested other known user name and passwords, fireadmin, scanner, blane, dragonslayer.
No account would allow me to log in.
Rebooted into DSRM.
Logged in with local DSRM admin password.
Could not access Active Directory to see what was going on.
Called Bruce and Doug. Asked me to get a hold of Microsoft to work through the issue.
Called Microsoft. Explained the issues.
While in DSRM, we deleted the log files in %SYSTEM%\ntds. Restarted. No access.
Restore ntds.dit from the previous night. Restarted. No access.
Restored the NTDS folder from the previous night. Restarted. NO access
Restored the NTDS from after the migration. Restarted. No access.
Ran dcdiag. Would not run in DSRM.
Tried to access ntds.dit from eseutil. Database was corrupt.
Repaired ntds.dit
Compacted ntds.dit.
Restarted and no access.
Tried restoring system state from backup after migration.
Restore Failed.
Checked event logs.
Started VSS service from command prompt.
Tried restoring again. Error stating that the backup was corrupt.
Microsoft rep said there was nothing else he could try without more backups.
Recommended rebuilding the network.
Called Bruce and Doug. Let them know the outcome.
Informed Buddy of what was happening.
Gathered documentation on the network.
Took server back to the office to rebuild.

Qty.	Item ID	Description	UOM	Ea. Price	Total
20.00	4020001	Labor - Data - Service	EA	\$150.00	\$3,000.00

(* denotes repair item)

TekMate, LLC.

Phone: 907-561-6283

Fax: 907-375-1188

600 Telephone Ave. MS#13-TP

Anchorage, AK 99503

**Invoice**Number: **48776**Date: **10/10/2014****Source: SO No. 118003**

<u>Acct. No.</u>	<u>A/R Cust. No.</u>	<u>Customer PO</u>	<u>Reference</u>	<u>Sales Rep</u>	<u>Ship Via</u>	<u>Terms</u>
3584	City of North Pole - Fire Dept			Bruce A. Witt		Net 30

Item Total: **\$3,000.00**

Assisting with email setup

Total Amount Due: \$3,000.00

INTEREST WILL BE CHARGED AT THE MAXIMUM RATE ALLOWABLE PER MONTH ON ALL ACCOUNTS OVER 30 DAYS.

(* denotes repair item)

invoice.rpt

Printed: 4/19/2016 11:50:46AM

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May 31, 2016

City of North Pole
125 Snowman Lane
North Pole, AK 99705

Attn: Mayor Bryce Ward
RE: Invoices 54588, 54939, 48776

Mayor Ward,

The total outstanding balance on The City of North Pole's Constantly On IT Contract (#1200) is \$2,080.00 to fulfill contract obligation through August 31st, 2016 and will not auto renew per your cancellation request. Of the two additional accounts with TekMate | Alaska Communications; The Fire Department's account has an outstanding balance of \$3,000.00 and the Police Department's account balance is zero. This brings the total balance for the City of North Pole to \$5,080.00.

Thank you for your business and we look forward to serving you again.

Regards,

A handwritten signature in black ink, appearing to read 'Erica Sharp'.

Erica Sharp
Assistant Business Operations Manager

CITY OF NORTH POLE RESOLUTION 16-06

A RESOLUTION ACKNOWLEDGING THAT THE CITY OF NORTH POLE IS AUTHORIZED TO APPLY TO THE ALASKA DEPARTMENT OF ENVIRONMENTAL CONSERVATION (ADEC) FOR AN ALASKA CLEAN WATER FUND LOAN FOR THE PURPOSE OF CONSTRUCTING AN EXTENSION TO THE WASTEWATER TREATMENT PLANT DISCHARGE SEWER MAIN IN RESPONSE TO AN ADEC NOTICE OF VIOLATION

WHEREAS, the City of North Pole created its utility system to provide residents with the sanitation, protection and convenience afforded by a municipal utility system and to promote an improved community environment; and

WHEREAS, the City of North Pole seeks to obtain the necessary financial assistance to construct an extension to its discharge sewer main to resolve a Notice of Violation issued by the Alaska Department of Environmental Conservation (ADEC); and

WHEREAS, the ADEC is able to offer funding through the Alaska Clean Water Fund (ACWF) for wastewater projects; and

WHEREAS, the Utility’s request for a \$2 million ACWF loan was included in the ACWF Point Source Funding Priority Funding List for State Fiscal Year 2017; and

WHEREAS the City wishes to apply for a loan from the ACWF;

THEREFORE BE IT RESOLVED that the City of North Pole is authorized to apply to the ADEC for a loan from the ACWF for the construction of an extension of its discharge sewer main. If the electorate of the City of North Pole at the October 4, 2016 Municipal Election approves accepting \$2 million in debt of an ACWF loan, the North Pole City Council will pass a supporting resolution authorizing the acceptance of the loan from the ADEC. Furthermore, the resolutions will specify that Bryce J. Ward, Mayor City of North Pole is authorized to execute any and all documents that may be required by the ADEC to reflect the indebtedness, the terms of its repayment, and any security therefore, including but not limited to an agreement for the loan and a promissory note.

PASSED by a duly constituted quorum of the North Pole City Council this 20th day of June 2016.

Bryce J. Ward, Mayor

ATTEST

Kathryn M. Weber, MMC
North Pole City Clerk

PASSED/FAILED Yes: No: Absent:

CITY OF NORTH POLE RESOLUTION 16-07

**A RESOLUTION ESTABLISHING THE WASTEWATER EFFLUENT DISCHARGE PROJECT
PHASE 1 AS THE CITY OF NORTH POLE'S NUMBER ONE PRIORITY CAPITAL PROJECT
IN STATE FISCAL YEAR 2018**

WHEREAS, the City of North Pole created its water and sewer utility system to provide residents with the sanitation, protection and convenience afforded by a municipal water and sewer utility system and to promote an improved community environment; and

WHEREAS, the City of North Pole desires to receive funding from the State of Alaska, Federal Government and other external funding sources for local Utility projects; and

WHEREAS, the Alaska Department of Environmental Conservation (ADEC) has issued the Utility a Notice of Violation (NOV) due to the intermittent loss of river flow at the point of wastewater discharge causing the Utility to lose its mixing zone; and

WHEREAS, the estimated cost to construct an extended wastewater discharge sewer main to abrogate the NOV is \$4 million; and

WHEREAS, the Utility is eligible for a \$2 million Alaska Clean Water Fund loan to help finance the discharge sewer main construction; and

WHEREAS, ADEC limits Municipal Matching Grant requests to \$1 million; and

WHEREAS, the Utility collects revenue from utility rate payers to finance capital projects and the Utility estimates it will accumulate \$1 million in capital reserves by 2018; and

WHEREAS, to finance the sewer discharge main project will require a combination of financing from an ACWF loan, MMG and Utility capital reserves.

NOW THEREFORE BE IT RESOLVED, that the North Pole City Council endorses the Wastewater Effluent Discharge Project Phase 1 as the City of North Pole's number one priority capital project in State Fiscal Year 2018.

PASSED AND APPROVED by a duly constituted quorum of the North Pole City Council this 20th day of June, 2016.

PASSED AND APPROVED by a duly constituted quorum of the North Pole City Council this 20th day of June, 2016.

Bryce J. Ward, Mayor

ATTEST:

Kathryn M. Weber, MMC
North Pole City Clerk

PASSED/FAILED Yes: No: Absent:
