

Akhiok Activity Report

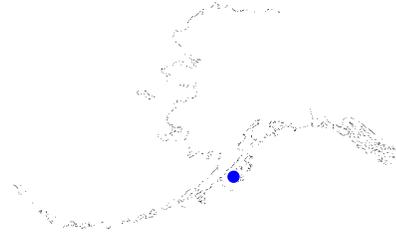
Community Overview

Lead RUBA Staff: Elizabeth Manfred, Anchorage Office

2001 Population: 80

Region: Kodiak Island

Local Government: Second Class City located within the Kodiak Island Borough.



City provided services include piped water, piped sewer, electric, refuse collection, health clinic, dock, fuel oil sales, public safety (VPSO), and a library. The city also maintains the building housing the Village Corporation and the Tribal Government.



Water derived from a dam and reservoir on a small stream is treated and stored. It is not uncommon for the water source to dry up during late summer. Akhiok provides a piped gravity water and sewer system to all homes in the community. The community is not in compliance with DEC water regulations and is boiling all drinking water.

The present landfill site is on church property and is operating without a state permit. DCED issued three grants for a total of \$129,707 for the construction of a new landfill site, however no progress to date has been made for the design or construction. ANTHC is the lead agency to administer a DEC \$150,000 grant for a feasibility study to assess options for repair or replacement of the wastewater outfall and an evaluation of the water source to comply with the surface water treatment rule.

The Denali Commission has awarded a grant of \$25,000 for preliminary work of the design of a consolidated bulk fuel facility.

City administration and utility employees lack the management skills to implement any of the above grants.

General Information

Due to a lack of general funds, Akhiok was unable to purchase fuel in late October and therefore, unable to provide electricity for the community. They owe a substantial bulk fuel loan which forces them to make a cash purchase of fuel. A major source of city revenue is the annual revenue sharing payment. It was being withheld until the city submitted a FY02 City

Budget and an FY00 Certified Financial Statement. The mayor, who was also acting as city clerk, asked for assistance in completing both documents. In November, Anchorage based RUBA staff traveled to Akhiok to provide some on-site budget training. With instruction, the mayor completed both documents, presented them to the council for adoption, and submitted them to DCED.

Observations and Recommendations

Finances — The FY02 City Budget that was adopted was not a balanced budget. Expenditures far exceed revenue sources and will continue to do so until the city begins an aggressive utilities collection program. Providing city services provides the majority of revenue for general funds, or it would if the city adopted a collection program. Only recently did the mayor send residents bills for city services after years of no bills sent or collected.

Accounting Systems — The city does not have a chart of accounts or prepare monthly financial reports. Bank accounts are not reconciled. There is no accounts payable or accounts receivable system in place. The mayor was unable to provide a current listing of vendor names and amounts owed to each. Cash receipts and disbursements were maintained in ledger form correctly and daily. Payroll was done manually with no system in place for employee records. Purchasing is based personal request without regard to budget or prior approval.

Tax Problems — There is an outstanding liability to the IRS. The tax repayment agreement is verbal only and in an amount that financially cripples the city. Presently the city is current on filing tax reports.

Personnel System — Recently both the administrator and the city clerk resigned. Staff turnover is a constant problem in Akhiok. Employees average six months and do not remain long enough to receive proper training. There is no adopted Personnel Policy, no job descriptions, no personnel evaluation process, no personnel folders with required state forms and no organizational chart. Last year AML/JIA dropped Akhiok's Workers Compensation insurance policy due to lack of payment. The city is still unable to provide Workers Compensation insurance.

Organizational Management — The city does not meet the minimum requirements for organizational management. There is no qualified or certified utility staff. The current utility rates require subsidies from general funds annually. A utility ordinance has not been adopted.

Operation of Utility — The health and welfare of Akhiok residents is threatened by the non-compliance of surface water testing. None of the utility personnel are certified operators nor do they generate status reports for the mayor or city council. The landfill site is not on city property and there is no preventative maintenance plan adopted.

| Category | Inadequate | Meets Minimum Requirements | Exceeds Minimum Requirements |
|---------------------------|------------|----------------------------------|------------------------------------|
| Finances | X | | |
| Accounting Systems | X | | |
| Payroll Taxes | X | | |
| Personnel System | X | | |
| Organizational Management | X | | |
| Operation of Utility | X | | |

Anticipated Activity

A trip is planned in early February to complete a utility assessment, meet with the city council, and discuss training for the city clerk and city administrator. Both employees were hired in December and are unfamiliar with municipal government practices or utility management. Based on the utility assessment, a work plan will be drafted and agreed upon by both entities. The immediate issues for city administration to deal with are amending the FY02 City Budget, drafting and adopting a realistic FY03 City Budget, and identifying and negotiating responsible repayment plans with all creditors.