

## **Brevig Mission Activity Report**

**Josie Morrow, LGS/RUBA, Nome Regional Office**

### **General Information:**

Nome RUBA made one field trip to the City/Utility Offices in March. She met with the Mayor and City Council and Staff to review concerns about the conduct and supervision of the Gaming activities. It was decided at the end of the meeting that the Gaming Coordinator would remain the day-to-day supervisor of staff and that there would be a monthly meeting of Gaming employees with the City Council to review the monthly and quarterly gaming reports and to determine dates on which the games would be conducted. It was also decided that Josie would meet with the Coordinator, Administrator, and Mayor during the next quarter's field trip to help the Coordinator understand the organization and supervision of the Gaming Section and the mission of that unit – i.e. subsidy of the annual operating budgets of the City and Utility.

While on-site at the City business offices, Josie reviewed the current financial reports with the Administrator and Mayor and recommended that the current year's budget be amended as soon as possible. Of greatest concern is the drop in net proceeds from Gaming activities.

Josie also provided assistance through phone and fax this quarter in the following matters:

- Met with the newly elected Mayor in Nome and over the phone concerning questions he had about the organization of the City, staff, finances, and job descriptions.
- Reviewed the City Administrator's worksheets reconciling the 1997 payroll files with the W-2's and quarterly reports. There were some large discrepancies in the amounts reported, and last quarter it was determined that payroll histories would have to be created for each employee working at the City for that year. The Administrator came within \$95 of the amount reported on the 941's and at the end of this quarter had corrected all the W-2's that were affected. She now reports that IRS is inquiring about discrepancies with the 1998 reports.
- Assisted the City Administrator with recalculation of employee leave accruals and holiday determinations, where applicable. There was a lot of confusion as to benefits accruing to a regular employee working on the seasonal water/sewer project.
- Reviewed Water/Sewer Cooperative Project Agreement with the Mayor and advised him to compile a list of questions to submit to the project engineer.
- Walked the City Clerk through the routine to save data from the computer onto a disk. Was unable to help her with the printer problems and advised her to see if someone at the school district could look at the equipment.
- Assisted the temporary City Bookkeeper to reconcile the Gaming checking account. A number of checks were being returned for insufficient funds and there were some serious clerical errors in the balance column of the check register.

(Continued on next page.)

## Observations and Recommendations:

Finances — The City continues to carry back debt for fuel and gravel to the local store in the amount of \$27,760. The Mayor received information from the Alaska Native Tribal Health Consortium (ANTHC) engineer that the City still owes \$13,500 on the John Deere tractor that ANTHC helped finance. In addition, there were many FY00 bills outstanding at that fiscal year-end. None of these debts and unpaid bills were included in the FY01 budget. A budget amendment was discussed with the new Mayor this quarter and he directed the City Administrator to prepare the necessary documents

The City has reduced its past due accounts receivable this fiscal year in the amount of \$11,072. The Bookkeeper, who is now the City Administrator, continues to diligently contact customers for payback agreements and voluntary assignments of permanent fund dividends. The new City Administrator says she will pursue the older accounts through small claims court, but that the City's amendment to its collection policies to include gaming winnings has resulted in reduction in some of the past due accounts. There was a fear that this collection policy would negatively affect gaming revenue, but the City Administrator says that gaming activities have actually increased these past four quarters when compared to the same periods in prior years. Balances due on Accounts Receivable at March 31, 2001, were as follows: Trash and Honey Bucket Haul - \$9,237; Cable TV - \$2,818; Rent - \$1,439; Old Electric Utility - \$1,903; Washeteria - \$99; NSF Checks - \$1,225.

Net proceeds from gaming have decreased this quarter. RUBA recommended to the Mayor, Council, and City Administrator that review of expenditures and number of employees on the gaming payroll be examined closely. The City and Utilities are dependent on a steady subsidy from gaming net proceeds and the activity needs to be followed more closely by the Mayor and Council.

Accounting Systems — The City Administrator continues to keep monthly financial reports and all bank reconciliations up-to-date. All records are on manual systems, but it is expected that a conversion to QuickBooks Pro will begin in 2001. Implementation and training in the new accounting software will be provided through the Nome RUBA.

Tax Problems — The new City Administrator continues to keep all payroll taxes and reports up-to-date. Last quarter, the Administrator reported that IRS had sent the City a letter requesting explanation for a large discrepancy in the 1997 payroll tax reports with the W-2's filed for that year. The reports were done by the prior City Clerk, and there was little documentation in the City files to work from. The City Administrator did complete a reconciliation of all employee records for 1997 and had reissued corrected W-2's and 941's for calendar year 1997. At the end of this quarter, the City Administrator was in receipt of a letter from IRS inquiring about discrepancies in the 1998 payroll reports and W-2's. She will reconcile those reports this next quarter.

Personnel System — An ordinance prohibiting pay advances was repealed late last fiscal year, and the large number of pay advances have become a serious concern. City staff spend an inordinate amount of time with payroll activities, and the Nome RUBA will discuss this costly practice with the Council and Mayor next quarter.

Organizational Management — The Nome RUBA has recommended that the City Council combine the City Clerk functions with those of the City Administrator and that the City hire a competent, full-time bookkeeper. Up to the end of this quarter, there were three employees in the City business office, the Administrator, City Clerk, and part-time Bookkeeper. The only skilled employee is the Administrator, and she does not have the time during the day to train the other two positions. As a result, daily work is falling behind. At the end of this quarter, the Council did lay off the part-time bookkeeper.

The City Council has deferred its decision on staffing until the beginning of the new fiscal year. They did lay off the temporary bookkeeper this quarter and are pursuing the idea of a training program for recent high school graduates who are interested in City/Utility bookkeeping. The Council and Mayor have requested assistance from the Nome RUBA for development of this pool of trainees for the business office.

The City's Ordinances have been amended over the past two years, but the changes were not incorporated into the Code. RUBA staff will be working with the City this next quarter to review the Code, incorporate changes, and update sections as needed. Development of a Water/Sewer Ordinance will be included in this assistance.

Filing and records management continue to be poor. An office for the City Administrator, was completed this past Fall by the Water/Sewer project, and has provided needed space for records management. The City Administrator is obtaining additional filing cabinets to organize all files over the next fiscal year.

Leadership/Governance — The City Council meets on a monthly basis. Josie has worked with the City Administrator and new Mayor to improve the flow of information to the Council Members before and during meetings. This quarter that the meetings are much improved, and that the Council members seem more informed before making decisions.

Operation of Utility — The City is a model for trash and honey bucket haul. Visitors are always impressed by the cleanliness of the community, and the City is to be commended on the diligence of their employees in this matter. Both Water Plant Operators are Operator In Training (OIT) certified and are current with daily and monthly tests and necessary waivers.

The Water/Sewer project is an Alaska Native Tribal Health Consortium (ANTHC) project and began this past summer with construction of a water treatment plant and well house improvements. Approximately twenty-seven homes are expected to be hooked up next Fall.

**Ranking**    1 = Inadequate  
                   4 = Adequate to meet minimum requirements  
                   7 = Exceeds requirements

Category	1	4	7
Finances	<b>X</b>		
Accounting Systems	<b>X</b>		
Tax Problems		<b>X</b>	
Personnel System	<b>X</b>		
Organizational Management	<b>X</b>		
Leadership/Governance	<b>X</b>		
Operation of Utility			<b>X</b>

**Anticipated Activity:**

The Nome RUBA will begin the QuickBooks Pro implementation with the City Administrator in June. Josie expects to make one trip out to the community next quarter to begin the implementation. Anchorage Office RUBA, Leroy Seppilu, will also be making one trip to the community this next quarter to begin review and update of the City’s Code of Ordinances. Both staff will be available to assist the City Administrator with the preparation of the annual budget.