

Koyuk Activity Report

Josie Morrow, LGS/RUBA, Nome Regional Office

General Information:

There were two field trips to the City Utility this quarter that were primarily QuickBooks Pro implementation and training. Anchorage RUBA, Scott Ruby, accompanied the contractor to the City in January, and the contractor went on her own in February. The implementation started out very strong, with all accounts, reports, and billings reconciled as of the end of January. The Utility Clerk was able to print off the year 2000 W-2's from the new system, and was experiencing little difficulty with the software and accounting.

While Scott was at the City, he helped the acting City Clerk with the 2000 payroll detail that was needed for preparation of the City's W-2's. He also reviewed the status of open grants and gave the Mayor and Council recommendations for immediate action.

Nome RUBA Josie Morrow assisted the City and Utility this quarter over phone and fax in the following matters:

- Gave direction to the Utility Clerk concerning steps the Council must go through to change rates or to institute incentive programs for payment utility bills.
- Assisted the Utility Clerk with leave calculations for the AVEC operator. Had her read the appropriate ordinance to determine when he became eligible for leave benefits. She has gained confidence with this latter determination, but still has difficulties with the calculation of the accrual.
- Advised Utility Clerk on budget matters and gave her recommendations for the Mayor on the matter.
- Advised the acting City Clerk that the wishes of the Council to institute an emergency ordinance must follow the provisions in the City's Code of Ordinances: Because there was really no emergency, there needs to be an orderly introduction of an amending ordinance. Josie offered to assist the City when they decided what parts of the Dog and Curfew Ordinances they want to change.

The City Clerk was on maternity leave this quarter, returning to her office March 19th.

The City sent its Vice-Mayor and Utility Clerk to the Utility Planning Management workshop in Nome the week of January 29th.

Observations and Recommendations:

Finances — The City and Utility continue to carry back debt to the Alaska Energy Authority for 1998 and 1997 fuel loans in the amount of \$6,900 and \$7,100, respectively. The Utility will try to pay their debt off with monthly payments of \$500. They made their first payment at the end of this quarter.

In addition, the City owes back premiums to AML/JIA in the amount of \$7,487. AML/JIA discontinued its coverage on the City last fiscal year; and the City is not currently carrying any insurance (including workers compensation). The City's FY01 shared revenues have been levied for these past due premiums.

At the end of last quarter, the Utility had no bills outstanding to vendors. The City Clerk reports that she too is current with all vendor bills.

The Utility Clerk continues to bill monthly and is diligent in cutting off water/sewer services where provided for in the City's collection policy. At the end of this quarter there were 13 water/sewer customers who owed \$92 each. Twelve of the customers paid off their accounts before the disconnect date. The remaining one customer was disconnected. There are three older water/sewer accounts from 1998 disconnects that remain unpaid in the amount of \$385.

There still remain large past due balances for cable and garbage, which the Council is not willing to pursue. Past due accounts at the end of this quarter for Cable TV were approximately \$2,100; and past due bills for garbage collection were \$22,000. The Utility Clerk is disconnecting the cable service when the customer does not comply with the ordinance, but she is not getting support from the Council for any kind of subsequent collections efforts.

The Utility Clerk has been submitting monthly financial reports, but none have been completed by the City Clerk this past and current fiscal year. The City Clerk position was filled in late June, but the new Clerk does not know how to do financial reports. She is also having difficulty with quarterly payroll reports. The Nome RUBA will help her with these issues when she visits the City next quarter.

The City and Utility are in a fragile financial position. The Bingo/Pulltabs net receipts could support the City and Utility, but not at a level that provides a stable monthly income. There has been very little support from gaming to the General Fund these past two years. This past fiscal year the Bingo account had not been reimbursing the General Fund for payroll taxes paid on its behalf nor for advances made by the General Fund to cover Bingo prizes and payroll in March 2000. The City Council ignores all suggestions for more specific oversight of the gaming activities. The new City Clerk is cognizant of the seriousness of this situation and had indicated she would take a more active role in supervising this function. This oversight has not happened as of the end of this quarter.

The City's Water/Sewer rates are some of the lowest in the region. All attempts by the Nome RUBA and Alaska Native Tribal Health Consortium (ANTHC) engineers to have the City Council and former Utility Board consider rate increases have been ignored. An increase in rates is of the highest priority with the Nome RUBA; and a study will be done this fiscal year, once better costs and customer information are documented. The City took over the new water/sewer system in December 2000, and provisions for repairs, unexpected breakdowns, and critical parts must be included in the FY02 Budget. Up to this time, ANTHC has been generous in providing personnel, equipment, and parts to

carry the system through its early years of operation. This support cannot be expected in the following years.

ANTHC and Norton Sound Environmental Health personnel continue to make it a priority on each of their field trips to the City to hammer home to the Council and staff that all rates must be increased to meet annual costs and to provide for a sinking fund for future renewals and replacements.

The City has numerous grants that could provide for needed Utility equipment repairs; but until the reports are brought up to date, there is no way of being entirely sure of what balances are remaining. The Anchorage RUBA left the City a list of open grants and a rundown of what needed to be completed for each report. He also gave them some recommendations for use of unexpended grant balances and made the point that the Council and Mayor needed to attend to these recommendations as soon as possible.

Accounting Systems — The Utility books were converted to QuickBooks Pro this quarter through a consultant hired by the RUBA Program. The City needs to purchase a computer and printer before plans for their conversion to QuickBooks Pro can be implemented.

The City Clerk needs to complete the FY2000 Certified Financial Reports. The City still needs to adopt a FY01 Budget. The Nome RUBA had been working with the City Clerk since June to complete the budget, but the document remains unfinished at the end of this quarter.

Tax Problems — The City and Utility usually owe money at the end of each quarter. Both entities try to make payroll tax deposits with each payroll, but available funds are quite often not adequate. Constant monitoring of payroll tax deposits is done by the Nome RUBA. Both the Utility and City were up-to-date on payroll reports and taxes at the end of this quarter.

Personnel System — The Personnel Ordinance being used by the City dates back to 1988 and needs to be updated. All City employees and Council Members need a review of the current ordinance. In addition, intensive training needs to happen as soon as possible with the Council concerning their hiring practices. A pay scale, evaluations, and merit increases also need to be considered in the updated ordinance.

The new City Clerk and Utility Clerk are following the Nome RUBA's suggestion that personnel files be prepared for each employee so that employment history can be tracked. Both Clerks completed the reconstruction of the employee files last calendar year. The Gaming employee files are not being included in the City Clerk's employee files, but should be.

There continues to be serious problems between Council members and employees. Council members constantly promote the hiring of family members, even when the individual was fired for cause. Counseling the Mayor, Vice Mayor, and Council Members has not been effective.

Organizational Management — All Utility ordinances are old and poorly written. These need to be updated soon. Collection policies are poor. These too need to be revised.

The Nome RUBA has recommended to the City Council that they consider expanding the Utility Clerk's job description to that of a City Bookkeeper. The City Clerk would then be responsible for the typical City Clerk/Treasurer duties, and would function as a City Administrator. This reorganization would tighten up internal controls over Gaming, City Departments and the Utility. There would be more timely financial reports, more accurate payroll returns, and better supervision of personnel. The Council is considering the suggestion.

Leadership/Governance — The Mayor and Council remain hesitant to make any kind of decision on anything. A new Mayor was elected in December 2000, and the Nome RUBA will be working more closely with him next quarter to provide more direct leadership with the Council members and staff.

Operation of Utility — The trash haul utility has no running equipment and trash continues to build up around town and at the dumpsite. Occasionally the City will pay local residents to haul trash with their personal vehicles, but this is an expensive way to do business. There is money remaining in some of the Capital Matching Grants that could be used to repair the haul truck, and it was recommended to the Mayor that the City make those repairs a priority.

There continues to be inadequate coverage for the Water Plant Operator when he needs to take time off. The alternate operator prefers to go hunting or boating rather than fill in for the primary Water Plant Operator, which results in the Clerks having to spend a lot of time phoning around trying to find a responsible person to cover the system. The Nome RUBA recommended that a more reliable person be hired as the alternate operator, and that the City put the two operators onto a shift arrangement, maybe one week on, one week off.

Only one operator is OIT certified. ANTHC and the RMW are encouraging the City to have a second operator certified as soon as possible so that the required Level 1 certification can be attained sometime in the year 2001.

The Water System is on the Significant Non Compliance (SNC) List for Surface Water Treatment Rule (SWTR) due to no distribution chlorine residual and late operator reports.

(Continued on next page.)

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

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

Anticipated Activity:

The Nome RUBA will be making a field trip to the City/Utility in May with the QuickBooks Pro consultant to complete the Utility Clerk’s training. Josie plans to meet with the Mayor and City Clerk during that visit and set up a schedule of completion for all the items that are outstanding. Josie will also spend some time with the City Clerk to train her in the preparation of financial reports.