

Koyuk Activity Report

Josie Morrow, LGS/RUBA, Nome Regional Office

General Information:

Nome RUBA/LGS Josie Morrow provided assistance via the phone and fax this quarter as follows:

- Explained late payment penalties by IRS to the Utility Clerk and how to avoid them.
- Contacted the temporary City Clerk regarding the completion of the City's payroll reports for the 1st quarter 2000. Followed up with a letter to the Mayor and Council regarding these outstanding reports, because they were not being completed. (The Utility Clerk filed the Utility payroll reports were timely.)
- Advised the temporary City Clerk that Gaming employees and Clinic employees must be included in the payroll reports. She said she would redo the reports.
- Had the Utility Clerk contact IRS/Fairbanks regarding a late filing penalty for 1996 Forms W-2. The agent waived the \$3,600 penalties because the Utility Clerk proved the W-2's were completed and filed.
- Completed the FY01 Shared Revenues application with the Utility Clerk and provided the Council with a resolution needed for Shared Fisheries revenues.
- Fielded numerous telephone calls and faxes with complaints about the temporary City Clerk. Wrote a letter to the Mayor and Council members advising them of the problems observed and encouraging them to hire a qualified individual as soon as possible for City Clerk.
- Helped the new City Clerk find information for FY00 financial reports and answered questions she had concerning categorization of expenses. Ran through some payroll calculations with the new City Clerk and reviewed with her the personnel ordinance concerning overtime and leave accruals.
- Reviewed the FY01 Utility budget prepared by the Utility Clerk. Recommended she contact Alaska Native Tribal Health Consortium (ANTHC) for O&M costs that would be the responsibility of the City in FY01.
- Completed the City's FY98 Certified Financial Reports, once the new City Clerk found some missing information.
- Proofed leave accruals on Utility employees and made corrections. Reviewed these with the Utility Clerk. Also reviewed payroll liability worksheets prepared by the Utility Clerk with each payroll and assisted her with corrections to formulas she was using on Excel spreadsheets.
- Gave the new City Clerk a list of tasks that needed immediate attention, including preparation of the FY01 budget and oversight of the Gaming activities.
- Had the Utility Clerk contact the vendor regarding her new printer, which she could not get operational.
- Completed the 1999 Consumer Confidence Report on water quality.

The City sent its Utility Clerk to the Sanitation Planning Workshop in Nome in April. The City also sent the Utility Clerk and Vice-Mayor to the week long Introduction to City/Utility Financial Management Workshop in Nome at the end of May. Both workshops were

sponsored by DCED's RUBA Program and Norton Sound Health Corporation, Office of Environmental Health.

Observations and Recommendations:

Finances — At the end of last quarter, the City has back debts of \$23,090, which included a FY 99 fuel loan balance of \$10,299. The Utility had back debts of \$21,920, which included a FY 97 fuel loan balance of \$7,076. Payment of debt was provided for in the FY 00 Budget, but current revenues budgeted from Gaming net proceeds have not been adequate to pay these debts. The FY01 Budget will provide for debt repayment.

The Utility Clerk bills customers monthly and is diligent in cutting off water/sewer services where provided for in the City's collection policy. However, 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 are \$1,122; and past due bills for Garbage collection are \$19,158. Also on the Utility books are returned checks for non-sufficient funds. These checks total \$1,059. The Nome RUBA has advised the Utility Clerk to apply these checks against the Utility account for which they were tendered.

The Utility Clerk has been submitting monthly financial reports, but none have been completed by the City Clerks. The City Clerk position was filled at the beginning of June, and the new Clerk was trying to catch up with the FY00 financial reports by the end of this 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. This past quarter there was a turnover in Bingo/Pulltabs supervising personnel and no net proceeds were donated to the City. Of great concern to Josie, Nome RUBA, is a check in March from the City General Fund account to the Bingo account to cover costs for winners and start up funds. This past year the Bingo account has not been reimbursing the City General Fund for payroll taxes paid on its behalf. The City Council ignores all suggestions by the Nome RUBA for more specific oversight of the Gaming activities. The new City Clerk is cognizant of the seriousness of this situation, and is going to take a more active role in supervising this department.

The City's Water/Sewer rates are some of the lowest in the region, and a rate study is a priority for the Council. All attempts by the Nome RUBA to have the City Council and former Utility Board consider rate increases were ignored. However, an increase in rates is of the highest priority with the Nome RUBA; and a study will be done this calendar year by Josie, once some better costs and customer information are documented. It has been requested of Alaska Native Tribal Health Consortium (ANTHC), through the Utility Clerk, that the Engineer provide some detailed cost information of operation and maintenance expenses that are currently being paid through the project. The City is expected to take over the new water/sewer system in December 2000, and the increased costs must be included in the FY01 Budget.

ANTHC and Norton Sound Environmental Health personnel are making 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.

Accounting Systems — The City and Utility are using a manual system for bookkeeping and need to convert to a computerized system. This quarter, the ANTHC engineer purchased a PC and printer for the Utility. The City and Utility books will be converted to QuickBooks Pro at the beginning of the fiscal year.

The City Clerk position has turned over continuously the past three years, and there had been a real break down in the receipting of cash receipts and detailed costs through the check register. Late last quarter, the Council hired a temporary City Clerk who basically did nothing but write payroll checks. When a permanent City Clerk was hired in June, unopened mail with checks were found mixed in with papers and files. The new City Clerk took a week to open all mail and try to bring some order to the files. She deposited all checks found in this manner, and at the end of June was trying to reconcile cash receipts with bank deposits in order to complete the FY00 financial reports.

The Utility Clerk has been with the Utility for two years and is meticulous in her work, once trained. She still needs additional training on bank reconciliations and grant reporting. This will be tied in to the QuickBooks Pro training that is expected to begin in the latter part of this calendar year.

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.

The Utility was up to date through December 31, 1999, with its payroll tax deposits, and did pay amounts due with the quarterly reports this calendar year. The City made very few payroll tax deposits in this calendar year, and the new City Clerk is trying to recapture the amounts due. The City's Form 941 for the first quarter was not done correctly by the temporary City Clerk and will have to be amended. The new City Clerk has stated that she will have to devote another week to organizing the employee payroll files before she can start the Form 941.

Personnel System — The Personnel Ordinance being used by the City dates back to 1988 and needs to be reviewed and 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.

These points will be a priority in the work plans being drawn up next quarter. 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. The Utility Clerk started organizing the Utility employee files last quarter, and the City Clerk says she will do this while organizing materials to complete the Forms 941.

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.

Leadership/Governance — The Council had two resignations in the prior quarter. One seat has been filled, and the Council is recruiting for interested persons for appointment to the second seat. The Mayor and Vice Mayor had indicated in the past that they were willing to work with the Nome RUBA on all issues. However, there have been some very serious interference and misinformation from two other Council members towards employees and the Council these past two quarters. The Nome RUBA feels that it is a constant battle to keep up with the activities of the Council and the situation was so serious this quarter that she wrote the Mayor and Council indicating that she could not continue working with the temporary City Clerk and Mayor, given the particular circumstances outlined in the letter. Subsequently, the Council hired a highly qualified individual as City Clerk in early June, and have requested that the Nome RUBA attend a Council Meeting soon to assist them with resolution of the problems that occurred this quarter. The Nome RUBA has indicated to them that she will be available in August.

The Nome RUBA feels that the only recommendation she can make at this point is that the Council reread the RUBA agreements and give her their personal assurances that they will abide by the agreements and will commit to a work plan.

Operation of Utility — The trash haul utility has no running equipment, and trash is building up around town and at the dumpsite. 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 were no reported problems with the piped water/sewer system this quarter.

The City will be responsible for the new water/sewer system sometime before the end of 2000. Only one operator is OIT certified. The Alaska Native Tribal Health Consortium (ANTHC) Engineer and the RMW are encouraging the City to have both operators certified as soon as possible so that the required Level 1 certification can be attained by 2001. ANTHC personnel are pursuing additional funding for the solid waste site.

The Utility Clerk, along with Steve Shreiber of the National Rural Water Association, completed the 1999 Consumer Confidence Report at a RUBA workshop in Nome in May. The reports were distributed to all City residents, and the Certificate of Compliance was submitted to DEC in a timely manner.

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

