

# Koyuk Activity Report

Josie Morrow, LGS/RUBA, Nome Regional Office

## General Information:

Nome RUBA/LGS Josie Morrow made many assists through the phone and fax this quarter, and they can be summarized as follows:

- Obtained information on all open or outstanding grants and explained the status to the City and Utility Clerks. Emphasized to the City Clerk the importance of catching up on all FY00 financial reports so that reimbursement requests could be sent in to the grant agency.
- Contacted the City Clerk for outstanding information needed to complete the FY99 certified financial reports. The Gaming information was still outstanding at the end of this quarter.
- Helped the City Clerk interpret overtime on the Airport Maintenance employee's timesheets at the beginning of the year. The Clerk was sure he had accrued a lot of overtime that he was not paid for. Explained the Fair Labor Standards Act to her and had her read the personnel ordinance. Also had her understand the importance of the definition of a workweek. It was determined that there was only one pay period with overtime and she back paid the employee for 4 overtime hours.
- Advised the City Council on a number of questions they had concerning outside employment, hiring back previously fired employees, use of illegal drugs on the job, conflict of interest, and changing utility rates. Also provided the Council and Clerks with a list of items that needed to be addressed immediately.
- Provided the City Clerk with a schedule of Council Seats, Incumbents, Terms, and Term Expiration.
- Explained to both Clerks the State requirements for reporting of injuries occurring on the job. Gave both Clerks the contact number for the Department of Labor, Workers Compensation Division, and told them to work with that agency and their insurance company concerning the questions they were calling about.
- While reviewing customers and rates assessed for each type of utility, determined that the School District was being undercharged for both water/sewer and solid waste. Assisted the Utility Clerk to prepare a letter of explanation to the School District concerning the proper rates and revised bill.
- Sent more information to the Clerks and Council concerning conflict of interest and the fact the Mayor must vote on every question. Advised them on their most recent situation.
- Helped the City Clerk calculate payroll tax burdens on gross payroll for financial reporting purposes.
- Helped the Utility Clerk draft a warning letter for the Mayor's signature.
- Gave the Utility Clerk direction for filling out the Village Safe Water Questionnaire and had her contact the ANTHC engineer for further assistance.
- Showed the Utility Clerk how to handle a credit on the third quarter Form 941.
- Answered questions from the Mayor and Clerks concerning rental of Utility Equipment.

- Reviewed a first draft of the City Budget for FY01 and recommended additional information that the City and Utility must obtain to complete the document.
- Provided the IRA and City with a resolution and information regarding a pilot project for an outside agency to do utility billings for the City. This was the third attempt to include the City in this contract. Both Clerks said they would talk to the Council at its next meeting in support of the project.
- Reviewed with both Clerks the City Ordinance regarding the next municipal election date and Council seats. The City has a November election, and recommended that the Clerk read all of the ordinances pertaining to elections and prepare an election calendar. She did follow this suggestion and presented the information to the Council at its last meeting in September.

## Observations and Recommendations:

Finances — At the end of this quarter, the City has a 1998 fuel loan from the Alaska Energy Authority with a past due balance of \$6,866. The Utility also has a fuel loan from the Alaska Energy Authority with a past due balance of \$7,076. This fuel loan dates back to 1997. The City's outstanding balance for its fuel order from FY00 and its current summer fuel shipment were paid in full this quarter with FY00 Shared Revenues.

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

At the end of this quarter, the Utility had bills outstanding to other vendors in the amount of \$10,043. This is a decrease from last quarter's accounts payable of \$14,844. The City did not provide its accounts payable list for this quarter, but it is estimated to be approximately the same as last quarter's \$12,791.

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. 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 last quarter for Cable TV were \$1,122; and past due bills for Garbage collection were \$19,158. A more updated list will be available next quarter. The Utility Clerk did collect all but \$25 of the \$1,059 that was outstanding last quarter for customers' checks returned by the bank for non-sufficient funds.

The Utility Clerk has been submitting monthly financial reports, but none have been completed by the City Clerks this past and current fiscal year. The City Clerk position was filled in late June, and the new Clerk was trying to catch up with the FY00 financial reports by the end of last quarter. It became apparent this quarter that the new City Clerk does not know how to do the financial reports and will need some assistance from the Nome RUBA and Utility Clerk.

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. Last quarter there was a turnover in Bingo/Pulltabs supervising personnel and no net proceeds were donated to the City. This quarter there was very little support from Gaming to the City General Fund. Of great concern is a check from City General Funds in March 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 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, and a rate study is a priority for the Council. All attempts by the Nome RUBA and ANTHC engineers to have the City Council and former Utility Board consider rate increases have been ignored. However, an increase in rates is of the highest priority with the Nome RUBA; and a study will be done this fiscal year by Josie, once some better costs and customer information are documented. Last quarter it had been requested of 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. This quarter the Nome RUBA did discuss the need of this information with ANTHC engineers, but the information had not yet been compiled. The City is expected to take over the new water/sewer system in December of this year, 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 manual bookkeeping systems. Both need to convert to a computerized system. Last quarter, the ANTHC engineer purchased a PC and printer for the Utility. The Utility books will be converted to QuickBooks Pro, beginning next 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 position has turned over continuously these past three years, and there had been a real break down in the receipting of cash receipts and detailed costs through the check register. Early in the new year, 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 three weeks to open all mail and try to bring some order in the files. She deposited all checks found in this manner, and at the end of this quarter had reconciled all cash receipts with bank deposits in order to reconstruct FY00 revenues.

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 City made very few payroll tax deposits in the first two quarters of this calendar year, and the new City Clerk is trying to recapture the amounts due. The Utility Clerk filed the Form 941 for the City for the second quarter. The new City Clerk did not remember how to do these quarterly payroll reports, but she has caught up on amounts due IRS through this third quarter. The Utility Clerk reports that the City still needs to correct its first quarter payroll reports and that some money will be due IRS.

The Utility is up to date in with all deposits and tax reports.

**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 completed the reconstruction of the City employee files this current quarter.

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. It is hoped that a new Mayor is elected this next quarter who has some personnel management skills or, at least, is willing to learn.

**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 Council made an appointment this quarter to the remaining vacant seat. With the hiring of a City Clerk at the end of June, a lot of the turmoil that was occurring with Council and staff the prior quarters has stopped.

The Mayor and Council remain hesitant to make any kind of decision on anything; and Josie reports 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 in the very near future.

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.

The Remote Maintenance Worker (RMW) reported one trip late this quarter in order to assist with emergency boiler repairs. There continues to be inadequate coverage for the Water Plant Operator when he needs to take time off. The alternate operator preferred to go hunting or boating rather than fill in for the primary WPO, which resulted 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.

The City will be responsible for the new water/sewer system sometime before the end of this calendar year. 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.

ANTHC personnel are pursuing additional funding for the solid waste site.

(Continued on next page.)

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

<b>Category</b>	<b>1</b>	<b>4</b>	<b>7</b>
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>