

# Shishmaref Activity Report

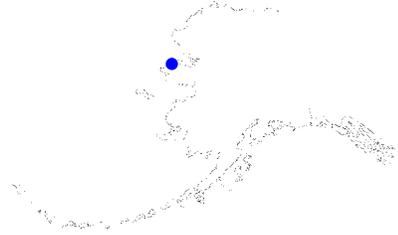
## Community Overview

Lead RUBA Staff: Leroy Seppilu, Nome Office

2001 Population: 562

Region: Bering Straits

Local Governments: Second Class City



The City of Shishmaref operates a central watering point, a water truck delivery service, multiple watering points and the washeteria. They also provide a honeybucket haul service. The City Council is the policy making board for the utility.

Water is derived from a surface source, is treated and stored in a new tank. Shishmaref is undergoing major improvements, with the construction of a flush/haul system and household plumbing. 19 HUD homes have been completed, and 71 homes remain. The new system provides water delivery, but the unserved homes continue to haul water. Honeybuckets and the new flush tanks are hauled by the City. The school, clinic, Friendship Center, City Hall and fire hall are connected to a sewage lagoon. A new landfill is planned for the City; an access road is under construction.



## General Information

We made some headway with the past due payroll tax reports (up to 3<sup>rd</sup> quarter, 2001). However, no payments have been made yet on the total due. The total due is growing fast and may hit six-figures when fourth quarter ends. The City Council was warned by RUBA staff of the impending tax crises and recommendations were made to cut back on payroll for now.

The washeteria is spending money at the rate of \$369 a day while \$299 a day is earned. The loss is partially due to \$40,000 annually spent on personnel (mainly two washeteria attendants). RUBA suggested that washeteria operation hours be cut back. Most of the recommendations were implemented and washeteria hours were cut back. It is too soon to see what the effects may be.

## Observations and Recommendations

Finances — The City owes vendors at least \$165,000 and that is growing. RUBA staff made some recommendations to lower the debts. Mainly to lower the payroll and payroll taxes. The City averages close to \$80,000 in gross wages a quarter. Close examination showed that about half of the payroll is for miscellaneous payroll. The City Clerk and Utility Clerk agreed that the City does not have to take taxes out of temporary employees that earn less than \$600 a year. However, Employment Security Division requires that ESC taxes be taken out of employee who are paid \$50 or more in a quarter. The City has about \$68,000 in Juneau. The Council passed the PILT and SRS resolutions but Leroy thinks the City Clerk may have misplaced them.

Accounting Systems — QuickBooks Pro is NOT used anymore. The Utility Clerk wanted Leroy to help her set it up. So he worked with her in setting it up and warned her that we should have the CD disks to install it or we would have problems once payroll tax update is needed. She couldn't find the CDs that the previous Clerk had used. Leroy helped her set up a chart of accounts. Sure enough, she lost the program a couple of days after he left. Leroy recommended the City buy the most current QuickBooks Pro.

Tax Problems — The City owes close to \$100,000 (base, interests & penalties not included) in back taxes and the amount is growing. Leroy has recommended to the Council that it cut back on payroll. This is the biggest expense for the City. Leroy also has recommended that payroll taxes be deposited immediately after payroll is made. They need to keep current with present taxes, as this will be a key indicator in any repayment agreement.

Personnel System — Leroy asked one of the Council members to pressure the City Clerk to complete the State FY02 budget since the City Clerk was not following through with my recommendations. Instead, the Council decided to fire him since many things were not being done at the office. Leroy suggested to them to be very careful since there is a pending lawsuit by a former employee who felt she was fired wrongly. This former employee had written several bad checks to the City for cash. The City had sent several reminders to the employee to pay back the City.

Organizational Management — The City Clerk's position is now vacant and the Council has post notices advertising for applicants.

Operation of Utility — The Utility Clerk is slowly learning her duties. She is forgetful and Leroy has had to remind her to lock the utility's safe for the evening a couple of times. She does send out the utility bills in a timely manner and customers do come in to pay their utility bills. Leroy has not spent as much time as he would like to with the Utility Clerk since he has been working with the City Clerk on the tax reports and the budget.

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

Leroy expects to make a couple of more trips to this community in the next quarter to wrap up tax reports and end-of-the-year reports. He had recommended to the Council to rehire a previous City Clerk fired for unknown reasons. She was the one that was trained with QuickBooks Pro. She has refused to come back because she feels that it's too political for her. A new Clerk will need training.