

Shishmaref Activity Report

Community Overview

Lead RUBA Staff: Leroy Seppilu, Nome Office

2003 Population: 594

Region: Bering Straits

Local Governments: 2nd Class City



The City of Shishmaref operates a central watering point, a water truck delivery service, multiple watering points and a washeteria. They also provide a honey bucket service. The City Council is the policy making body for the utilities. Water is derived from a surface source; it is treated and stored in a new tank. Shishmaref is undergoing major improvements, with the construction of a flush/haul system and household plumbing. Nineteen HUD homes have been completed, and 71 homes remain. The new system provides water delivery, but the unserved homes continue to haul their own water. The City hauls honeybuckets and the new flush tanks. The school, clinic, friendship center, city hall and fire hall are connected to a sewage lagoon.

RUBA Activity This Quarter

An on-site visit was made to the community by RUBA staff during early October to review the washeteria's and city's finances and to meet with the new city council to discuss various city issues. RUBA met with the new city council and the city's debts were discussed. More recommendations were made to reduce the debts owed by the city. Payroll reduction has always been an issue that the previous councils have refused or ignored to make cut backs. The city bookkeeper has made a listing of all debts owed by the city and has been updating them on bi-weekly basis. Some of the biggest debts are for an insurance company, IRS, electric bills, payroll and fuel vendors. In the past, RUBA had recommended that the city negotiate with the electricity provider to make monthly payments with the past due electric bills and try to keep current with the present electric bills. The biggest electricity bill is for the washeteria. In the 2nd quarter '04 quarterly tax report, it shows that the total payroll was over \$100,000, with about \$20,000 in tax liabilities. The surge may be due to an airport project that the city administered during the summer. The project administrator insisted that the city pay the payroll taxes when employee pay was issued.

Capacity Indicators

Finances

Essential Indicators

- | Yes | No | |
|-------------------------------------|-------------------------------------|--|
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | All revenue and expenses for the utility are listed in the utility budget. |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | The utility has adopted a balanced realistic budget. |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Monthly financial reports are prepared and submitted to the policy making body. |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | The utility is receiving revenues (user fees or other sources) sufficient to cover operating expenses. |

Sustainable Indicators

- | | | |
|--------------------------|-------------------------------------|---|
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | The utility is receiving revenues (user fees or other sources) sufficient to cover operating expenses and Repair & Replacement (R&R) costs. |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | YTD revenues are at a level equal to or above those budgeted. |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | YTD expenditures are at a level equal to or below those budgeted. |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | A monthly manager’s report is prepared. |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | Budget amendments are completed and adopted as necessary. |

Finances Comments:

The city made a very small headway with its debts owed to the various vendors. The debts actually went down as the bookkeeper continues to make payments with what she can. The council is still having a difficult time trying to live within its means. RUBA had recommended that washeteria and attendant hours be cut. Payroll is one of the biggest expenses for the washeteria. RUBA had made a recommendation that the washeteria attendants be laid off and sell the tokens for the washers at the city office during business hours. The council considered this and did not take action on it. Its concern is that it wants to provide employment to the community.

Accounting Systems

Essential Indicators

- | Yes | No | |
|-------------------------------------|-------------------------------------|--|
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | The utility has adopted a collection policy and actively follows it. |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> The utility bills customers on a regular basis. |
| <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> An accounts receivable system is in place which track customers and reports past due accounts and amounts. |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | An accounts payable system is in place. |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | The payroll system correctly calculates payroll and keeps records |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | A cash receipt system is in place that records incoming money and what it was for. |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | The Utility has a cash disbursement system that records how money was spent. |

Sustainable Indicators

- | | | |
|-------------------------------------|--------------------------|---|
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | A chart of accounts is used that identifies categories in a reasonable, usable manner. |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Monthly bank reconciliations have been completed for all utility accounts. |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | The utility has a purchasing system that requires approval prior to purchase, and the approval process compares proposed purchases to budgeted amounts. |

Accounting System Comments:

The bookkeeper was not able to sit in on the Quickbooks Pro training provided by a Kawerak, Inc. contractor. RUBA had recommended to her that she attend the training to learn more about QBP. Immediately after the training, the bookkeeper called to say that she needed help with transferring back-ups to the new computer. If she had attended the training, she would not be calling RUBA for assistance.

Tax Problems

Essential Indicators

Yes	No	NA	
<input checked="" type="checkbox"/>	<input type="checkbox"/>		The utility has a system to accurately calculate, track, and report payroll tax liabilities.
<input checked="" type="checkbox"/>	<input type="checkbox"/>		The utility is current on filing tax reports.
<input type="checkbox"/>	<input checked="" type="checkbox"/>		The utility is current on making tax deposits.
<input type="checkbox"/>	<input checked="" type="checkbox"/>		If there are any past tax liabilities, a repayment agreement has been signed and repayments are current.

Tax Problems Comments:

The council planned to review a payment plan with IRS for tax liabilities of about \$45,000 so that its bank assets won't be seized by IRS as it has happened in the past. To date, RUBA has not heard from the council or the city administration about it.

Personnel System

Essential Indicators

Yes	No	
<input checked="" type="checkbox"/>	<input type="checkbox"/>	The utility has a posted workers compensation insurance policy in effect.

Sustainable Indicators

<input checked="" type="checkbox"/>	<input type="checkbox"/>	The utility has adopted and uses a Personnel Policy, which has been reviewed by an attorney, AML, or DCED for topics and language.
<input checked="" type="checkbox"/>	<input type="checkbox"/>	The utility has adequate written job descriptions for all positions.
<input type="checkbox"/>	<input checked="" type="checkbox"/>	The utility has adopted and follows a written personnel evaluation process that ties the job description to the evaluation.
<input checked="" type="checkbox"/>	<input type="checkbox"/>	The utility has an adequate written hiring process.
<input type="checkbox"/>	<input checked="" type="checkbox"/>	The utility has personnel folders on every employee that contain at least: I-9, Job Application and Letter of Acceptance.
<input checked="" type="checkbox"/>	<input type="checkbox"/>	The utility has a probationary period for new hires that includes orientation, job-training/oversight, and evaluations.
<input type="checkbox"/>	<input checked="" type="checkbox"/>	The utility provides training opportunities to staff as needed and available.

Personnel System Comments:

The utility clerk was not at work when Nome RUBA staff made an on-site visit in October. When RUBA was busy working with the bookkeeper and other city officials, she did show up and we ran out of time to work with her.

Organizational Management

Essential Indicators

Yes	No	
<input checked="" type="checkbox"/>	<input type="checkbox"/>	The entity that owns the utility is known and the entity that will operate the utility is set.
<input checked="" type="checkbox"/>	<input type="checkbox"/>	The policy making body is active in policy making of the utility.
<input checked="" type="checkbox"/>	<input type="checkbox"/>	The policy making body enforces utility policy.
<input type="checkbox"/>	<input checked="" type="checkbox"/>	The utility has an adequately trained manager.
<input checked="" type="checkbox"/>	<input type="checkbox"/>	The utility has an adequately trained bookkeeper.
<input type="checkbox"/>	<input checked="" type="checkbox"/>	The utility has an adequately trained operator(s).
<input checked="" type="checkbox"/>	<input type="checkbox"/>	The utility has adopted the necessary ordinances (or rules and regulations) necessary to give it the authority to operate.

Sustainable Indicators

<input checked="" type="checkbox"/>	<input type="checkbox"/>	The utility has adopted an organizational chart that reflects the current structure.
<input checked="" type="checkbox"/>	<input type="checkbox"/>	The policy making body meets as required.
<input checked="" type="checkbox"/>	<input type="checkbox"/>	The utility complies with the open meeting act for all meetings.

Organizational Management Comments:

New council members were met at an introductory council meeting that the old mayor and council members held to introduce RUBA to the new council. The city's financial situation was discussed extensively with recommended actions that need to be taken to keep the city from going under and to pay off past due bills. There are some very young new council members that are receptive to new ideas.

Operation of Utility

Essential Indicators

Yes	No	NA	
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	The utility operator(s) are actively working towards necessary certification.
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	The utility has a preventative maintenance plan developed for the existing sanitation facilities.

Sustainable Indicators

<input type="checkbox"/>	<input checked="" type="checkbox"/>	The manager receives a monthly O&M report from the utility operator and routinely "spot checks" the facilities to see that the maintenance items are being completed.
<input type="checkbox"/>	<input checked="" type="checkbox"/>	The utility has a safety manual and holds safety meetings.
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Utility facilities have not suffered any major problems/outages due to management issues that are still unresolved.
<input type="checkbox"/>	<input checked="" type="checkbox"/>	The utility is operating at the level of service that was proposed.
<input type="checkbox"/>	<input checked="" type="checkbox"/>	The operator provides status reports to the manager on a routine basis.
<input type="checkbox"/>	<input checked="" type="checkbox"/>	The utility has completed and distributed its <u>Community Confidence Report (CCR)</u> .
<input type="checkbox"/>	<input checked="" type="checkbox"/>	The utility is not on the <u>Significant Non-Compliance (SNC)</u> list.
<input type="checkbox"/>	<input checked="" type="checkbox"/>	The utility maintains an inventory control list.
<input type="checkbox"/>	<input checked="" type="checkbox"/>	The utility maintains a critical spare parts list.

Operation of Utility Comments:

As previously stated, RUBA was not able to meet with the new utility clerk due to time constraints while on on-site visit.

RUBA Activities For The Coming Quarter

None RUBA staff will be making another assessment of the city and the utilities to train the new utility clerk. The city and utility offices have not made any requests for another visit. RUBA will continue to recommend that payroll expenses be cut, especially miscellaneous day employments.

