

Shaktoolik Activity Report

Josie Morrow, LGS/RUBA, Nome Regional Office

General Information:

In late July, Nome RUBA/LGS Josie Morrow traveled to the City after an appeal from the Council and Mayor to help them with some serious personnel issues. Josie met with the Council and the staff involved, and a resolution of the situation was handled confidentially. During this same field trip, Josie was able to assist both the City Clerk and Utility Clerk with the formatting of their financial reports on Excel spreadsheets. Josie spent some time at the regular Council Meeting reviewing the financial reports and answering Council Members' questions. Josie reviewed the FY01 draft budget for the Utility and made a few suggestions.

Other assistance by the Nome RUBA through phone and fax were as follows:

- Sent a Certificate of Compliance for the 1999 Water Quality Report to the Utility Clerk. She had overlooked the original one that was completed at the May workshop.
- Corrected the City's Notice of Election and explained changes to the City Clerk.
- Wrote an explanation to the Mayor, Council, and City Clerk regarding Council Seats vs. Officers. The City had been tying an office (Mayor, Vice-Mayor, Secretary/Treasurer) to specific Council Seats. The ordinances do not support this unusual treatment.
- Provided the Mayor with a list of information needed to develop a rate schedule for heavy duty equipment rentals. The Council were requesting a more formal arrangement than what the City had been practicing with contractors.

Observations and Recommendations:

Finances — The Water/Sewer Utility has 60 active customers: 54 residential, 5 commercial, and the School District. Currently, there are 5 inactive accounts that have past due amounts totaling \$1,072. This is less than 1.2% of current revenues, or 8% of current customers. The City is pursuing repayment on the 5 past due accounts, and it is expected that most of the amounts will be recovered this next fiscal year.

The Utility Clerk posts customers' payments daily on a wall chart. The Mayor and other Council Members use this chart to keep abreast of customers who are falling behind in payments. Quite often the Mayor will contact the customer to find out what the problem is with payment; and, as a result, there are very few customers who are more than a month past due in their payments.

This community also has a drawing each month for the customers who are current on their accounts. Winner of the drawing gets a free month of service.

The City has disconnects for nonpayment twice a year: June and September. This June there were only 2 disconnects. September there were no disconnects. A reconnect fee of \$100 is assessed when the customer pays off his past due account and requests reinstatement of service.

It was previously reported that the City was up-to-date with insurance premiums and that its carrier is AML/JIA. This information was obtained from the City Clerk, who thought this was the case. However, the Nome RUBA has now found out, after a query to AML/JIA, that the City has an outstanding balance of \$23,560, dating back to sometime before 1997. AML/JIA cancelled all insurance coverage with the City in 1997.

The City did complete its FY01 Budget this quarter and were able to pay its Summer bulk fuel shipment from FY01 Shared Revenues.

This City is one of the two cities in the Bering Strait Region who do not have any gaming activities within the City limits. The City government relies on sales tax, building and equipment rentals, and shared revenues to support its general fund activities. The Utility is subsidized through heavy equipment rentals. At the end of FY00, these rentals provided \$15,770 to the Water/Sewer utility. The Nome RUBA did make the Council cognizant of the subsidy, and that the Council needs to consider utility rate increases this next fiscal year.

The heavy equipment rental is dependent on construction projects and cannot be expected every year. Also, the rental rates for heavy duty equipment need to be more consistent with industry standards, and an agreement should be signed between the City and the contractor. Currently, the Mayor is making agreements with a handshake and his best estimate as to what he thinks the rent should be. There have been instances where the repairs to the equipment far exceeded the revenues from rentals, and the Council has asked the Mayor to stop this practice. The Nome RUBA did fax to the Mayor a list of information she needed to research the blue book rental rates, but he has not returned the completed schedule to her as of the end of this quarter.

The Utility needs to start a sinking fund for renewals and replacements. This will be discussed with the Council once the Nome RUBA has some final FY00 cost information from the City and a copy of their FY01 Budget.

Accounting Systems — Both City and Utility Clerks use manual check registers and cash receipts journals to track expenditures and revenues. Both Clerks are meticulous in maintaining these manual records and reconciling all bank accounts to the registers and journals.

In addition, the Utility Clerk uses a manual customer accounts receivable card system that is up to date at the end of each day. The Utility Clerk has only been working at the City for a year, but she has an outstanding set of books. She has also instituted a daily Safe Audit Worksheet, where she can account for all cash in the safe, daily, and can tie all the money into bank deposits and the NEBS receipt journal. These cash audit sheets are also used by

the Water Plant Operator in transmittal of receipts from the Washeteria, and are incorporated into the Utility Clerk's daily cash counts and Safe Audit Worksheets.

The only problem encountered by the Utility Clerk is the monthly financial report on the Excel spreadsheets. She does not have much experience with Excel and had requested assistance from the Nome RUBA with the formulas and format of her reports. Josie did correct all the formulas in the spreadsheet, maintaining the same format. However, it was obvious that both the City and Utility Clerk need additional training on the Excel worksheets and a better understanding of the reports themselves. Most of the financial report preparation is done by rote. The Nome RUBA did advise the City Clerk that she should be including grant reports with the monthly financial reports. The City Clerk started this practice in July.

Nome RUBA Josie Morrow spent time with the Council reviewing the most recent financial reports and answering questions. They were desirous of additional training on her next field trip.

Josie is currently working with the Mayor to identify a funding source for new computers and accounting software for the two business offices. The computers that are being used by the Clerks are very old and have limited memory. Neither one will support an accounting software.

Tax Problems — The City Clerk is responsible for payroll tax deposits and filing of quarterly and annual tax reports. The City Council will not sign payroll checks unless they see a check to the depository for the payroll taxes. As a result, the City is always up to date on payroll tax deposits; and all forms are usually completed and filed within the first week following the end of a tax quarter.

Personnel System — The Mayor and Council and staff have requested the Nome RUBA to conduct training sessions on the current personnel ordinance and to help them with the development of personnel policies

Organizational Management — The City has a fairly new Code of Ordinances (1997 updated).

It is very clear that the City is operating successfully under the current organization structure. Both City and Utility Clerks have clearly defined areas of responsibility. The City Clerk is currently organizing her files and using the records retention schedule provided her by the Nome RUBA to organize her work area better. The Utility Clerk's office is so clean it hurts the eyes. Josie did recommend to her that she should help the City Clerk with file maintenance, as time permits. The City Clerk's office does have a lot of paper stacked in it, and archiving of records should be included in the RUBA work plans.

There are very clear lines of supervision within the City structure. The Mayor is accessible at his offices in the adjoining IRA building, and he walks through the various City buildings numerous times during the day to check up on daily activities. All employees communicate well with each other and the public, and the respect and politeness they show to one another is one of the reasons for the success of this City.

Leadership/Governance — This City is a good example of the strong Mayor form of government working well within a small community. The Mayor has held his position for the past 20 years. He is also the current President of the IRA and works hard to keep the three major organizations (City, IRA, and Native Corporation) pulling together.

The Mayor is strict about Council meetings not lasting more than two hours. He is well organized for each meeting and keeps the other members on tract. There are very few Special Meetings during the year, and the annual expenditures for stipends certainly reflect the Mayor’s and Council’s efficiency.

One recommendation that the Nome RUBA did have was that the VPSO/VPO make a monthly report to the Council at its regular meeting.

Operation of Utility — There is one Water Plant Operator and he is OIT certified. Ideally, the City needs to hire an alternate Operator for backup.

During this quarter, the water holding tank developed a serious structure failure, and a team from ANTHC and the RMW for the region made emergency repairs to the tank. A replacement tank is now a high priority for the community. The Water Plant Operator was commended for his participation in the emergency repairs.

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	