

Teller Activity Report

Josie Morrow, LGS/RUBA, Nome Regional Office

General Information:

Nome RUBA/LGS Josie Morrow assisted the interim City Clerk through telephone and fax this quarter with the following:

- Location of FY99 financial records and direction for preparation of the FY99 Certified Financial Reports.
- Provided the City Clerk with a copy of the FY01 Budget to use for doing the FY02 Budget.
- Updated the list of customer accounts receivable for honey bucket/trash haul service.
- Advised Clerk on provisions of Ordinance and Title 29 regarding an appointment to a vacant Council seat and vacancy in Mayor's office. In the wake of Mayor Kenny Hughes' resignation there was some confusion. The Council eventually appointed Carlson Tingook to the council seat, and also elected him Mayor.
- Provided information to the Clerk and new Mayor regarding the City's open grants.
- The Council advised that they changed the newly introduced Code of Ordinances only in the Sales Tax section. They exempted Gaming activities from sales tax.
- There were many phone calls from the acting City Clerk asking for an audit of Gaming and General Government activities. Josie advised the Clerk to present his observations to the City Council and let them make the decision as to whether they would have an audit of the books. Also advised him that the City would have to pay for any audits and that financial audits are conducted by CPA's. Gave him a local CPA name and number to call for a rough estimate of this service.

The City sent its acting City Clerk to the Utility Planning Management workshop in Nome the week of January 29th.

Observations and Recommendations:

Finances — The City remains approximately \$235,000 in debt, with the largest amounts being owed to IRS, AML/JIA, and The Cable Company. IRS and AML/JIA have levied the City's FY01 Shared Revenues in the amounts of \$40,504 and \$37,111, respectively. Last year the City asked for reappropriation of some of its Capital Matching Grants so that the debt with The Cable Company for equipment could be bought out at a negotiated price. This negotiation has not yet happened with The Cable Company.

Almost none of the City's utility customers are current in their payments. Honey Bucket/Trash Haul customer accounts stayed about the same this quarter and total \$95,000. The Cable TV customer accounts receivable were \$9,300 at June 30, 2000. The former Mayor had indicated that all these accounts were being reviewed for accuracy and that the cable hookups to houses were being inventoried. The former Mayor suspected that not all people are being billed for the service and that the actual amount of cable TV accounts receivable may be higher than the June 30th balance. The Nome RUBA did

request a list of outstanding cable customer accounts from the interim City Clerk, but he has not provided her with that list these past three quarters.

The new Mayor and Council seem to assume that the state will bail them out of their financial messes. Numerous communications have been exchanged this past year with the City officials and staff outlining steps that must be taken before the Department can proceed any further with the City. The Department has put a freeze on all City grants until the time the Mayor and Council can demonstrate responsibility and improvement in the operations and control of the City and Utility.

Accounting Systems — The City Clerk had been the bookkeeper for the City and Utility Departments, with the exception of bingo and pulltab activities. All of the record keeping is done through manual registers and journals, with some excel spreadsheets for employee history information. Unfortunately, the City Clerk does not keep the Excel spreadsheets up to date on the employees and has a difficult time completing the payroll tax reports. There have been no financial reports for some time. Josie did remind the interim City Clerk that Certified Financial Reports for FY99 and FY00 are due. The City did hire a bookkeeper last quarter, but at the close of this quarter all reports were still outstanding.

The former Mayor was desirous of automating all accounting at the City, and the City's FY01 Capital Matching Grant request had included the purchase of computers and software. However, the Mayor had the grant's scope changed early last year to pay for capital costs of the cable equipment. The one PC at the City offices crashed this quarter, and all records and reports are being hand generated.

Cash receipts are still not being deposited daily. The former City Clerk was very casual in her handling of money. It has been recommended by Josie, since she began working with this community over a year ago, that the City should deposit all receipts daily. Josie did discuss the mechanics of this procedure with the interim Clerk last quarter and again this quarter, but the Clerk has not institute the procedure. He did meet with Josie in November 2000 and expressed concern over possible missing receipts. Josie reports that she received numerous phone calls from this same Clerk this quarter about missing receipts; but once again, he and the Council have done nothing to remedy the situation.

Tax Problems — The IRS levy on the City's FY01 Shared Revenues in the amount of \$40,504 is for amounts due from 1999 payroll taxes. Gaming employees account for 55% of these amounts due, and the Nome RUBA has provided the Mayor and City Clerk with a breakdown of payroll taxes that the Gaming account needs to remit to the City. Discussions with the IRS last quarter indicated that very few payroll tax deposits had been made for calendar year 2000. These matters were brought to the attention of the former Mayor and City Clerks. The acting City Clerk reports that he paid all outstanding Year 2000 payroll taxes in January, and that the only amounts now due are the ones from 1999.

Personnel System — There continues to be a serious lack of supervision of key employees, primarily the City Clerk and Gaming Coordinator. The former Mayor was exhibiting some really good managerial skills the first three months after he was elected to his office in November of 1999; however, the expected gains that would result from closer supervision

did not materialize. The Council still has not followed through with the recommendation that the Gaming Coordinator have more direct supervision, including approval of expenditures, timesheets, work schedules, reports, and bank deposits. The former Mayor did replace the Gaming coordinator last quarter, but the lack of direct oversight is still a concern.

Organizational Management — The acting City Clerk has not been able to do the bookkeeping and accounting functions expected of him. This is also true of the immediate past City Clerks. The Nome RUBA has recommended that the City either hire a more experienced Clerk, or that the Clerk's position be scaled back to the traditional City Clerk functions, and that a more skilled person be hired to do all bookkeeping and accounting, including Gaming. The City did hire a bookkeeper last quarter, but she has been doing mostly secretarial work and helping out at gaming activities.

The City needs to develop customer files and agreements for services. Collections on old debts must happen in 2001, and the Nome RUBA will be assisting the City with this effort.

Leadership/Governance — The municipal elections in October 2000 resulted in one new face, but there were three resignations (one of which was the Mayor) subsequent to the election; so there is a real concern about the appointees. These vacancies were filled late last quarter and early this quarter. There was another resignation of a Council Member/Secretary Treasurer at the end of this quarter; and the acting City Clerk reports that that seat will be filled in April 2001. He also reports that he is having problems getting a quorum together for meetings.

Operation of Utility — The City still has not distributed the 1998 and 1999 Consumer Confidence Reports on water quality that the Nome RUBA and RMW assisted them with. Josie contacted the Mayor concerning this requirement, and she will follow up with the interim City Clerk to make sure the reports are posted and filed.

The School continues to operate the Water Treatment Plant. Turbidity testing equipment and training will be provided by the RMW, so that violations in this area can be eliminated.

The water system is on the Significant Non Compliance (SNC) List for Surface Water Treatment Rule (SWTR) and Total Coliform Rule. The system will need six consecutive months of bacteria sampling to come off the list. The SWTR violations are because of late reporting.

(Continued on next page.)

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	

Anticipated Activity:

The Nome RUBA will keep in communication with the Mayor and Clerk during April-May-June. The idea of a joint City/IRA/Corporation public meeting in late June to outline the City’s status is being considered.