

# Local Government Information Tutorial

## O&M Best Practices: Financial Capacity – Budgets & Revenue



Gabriel Gonzales, LGS 3

DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT

11/20/2025

State of Alaska

Department of Commerce, Community, and Economic Development

- Division of Community and Regional Affairs



## Goals of the RUBA program

Increase the managerial and *financial* capacity of rural water and wastewater utility providers through training and advisement.

- Travel to communities for advice and assistance
- Train utility staff, managers, and governing board members
- Sponsor a QuickBooks Help Line for accounting issues
- Collect, analyze, and score documentation from utilities for O&M Best Practices
- Follow-up assistance to help improve a utility's score for project funding



# Scoring of Best Practices is done by evaluating three components of the utility:

## **Technical Capacity (45 possible points)**

- Operator Certification
- Preventative Maintenance Plan
- Compliance

## **Managerial Capacity (10 possible points)**

- Management/ staff training
- Meetings of the Governing Body

## **Financial Capacity (45 possible points)**

- Worker's Comp. Insurance
- Payroll Liability Compliance
- Budget
- Revenue







## Scoring Criteria for a portion of **Financial Capacity**

<b>Budget</b>	Utility owner and the Utility have each adopted a realistic budget and budget amendments are adopted as needed; Accurate monthly budget reports are prepared and submitted to the governing body	15	
	Either the Utility or the Utility owner has adopted and implemented a budget, the other has not	13	
	Either the Utility or the Utility owner has adopted a budget, but it is not being implemented	10	
	Utility owner and the Utility have not adopted a budget	0	
<b>Revenue</b>	Utility is collecting revenue sufficient to cover the Utility's operating expenses and to contribute to a repair and replacement account	20	
	Utility is collecting revenue sufficient to cover expenses	15	
	Utility has a fee schedule and a collection policy that is followed	5	
	Utility has no fee structure or collection policy	0	



# Scoring the Budget section of Financial Capacity

Budget	Utility owner and the Utility have each adopted a realistic budget and budget amendments are adopted as needed; Accurate monthly budget reports are prepared and submitted to the governing body	15	
	Either the Utility or the Utility owner has adopted and implemented a budget, the other has not	13	
	Either the Utility or the Utility owner has adopted a budget, but it is not being implemented	10	
	Utility owner and the Utility have not adopted a budget	0	



## Best Practices: Model Budget – 15 points

- ✓ “Overall Budget” – must cover both utility & the overall organization.
- ✓ Budget must be adopted by the governing body.
- ✓ Budget must be balanced (revenues ≥ expenses).
- ✓ Budget must be realistic (consider past budgets, current situations, business plans, etc.).
- ✓ Income & expenses must be detailed.
- ✓ Utility enterprise shown separate from other functions of the owner.
- ✓ If subsidies are depended upon, they must be identified and documented, and tracked in monthly financial reports.
- ✓ Budget must be tracked via monthly financial reports.
- ✓ Monthly financial reports must be in cash basis, and compare budget-to-actual year-to-date.
- ✓ Governing body’s meeting minutes must show that reports are received & reviewed.
- ✓ Budget amendments as needed.

CITY OF RUBAVILLE BUDGET AND MONTHLY FINANCIAL STATEMENT	FY22 Budget Amendment	FY23 Budget
<b>WATER &amp; SEWER INCOME</b>		
School	99,000	120,496
Commercial Piped	100,000	125,000
Residential Piped	120,000	100,000
ARPA Subsidy Donation		25,000
<b>TOTAL WATER &amp; SEWER INCOME</b>	<b>319,000</b>	<b>370,496</b>
<b>WATER &amp; SEWER EXPENSES</b>		
Salaries	142,500	170,000
Payroll Taxes	14,975	18,700
Worker's Comp. Insurance	6,000	8,000
Heating Fuel / Diesel	40,811	55,000
Electricity	43,000	45,000
Hazmat/Chemicals	15,000	15,000
Building Repair or Maintenance	10,000	12,000
Equipment Parts and Tools	5,000	5,000
Repair and Replacement (R&R Fund)	15,600	15,600
Postage and Freight	20,000	20,000
Water Testing Fees	3,500	3,500
Phone and Internet	1,500	1,500
<b>TOTAL WATER &amp; SEWER EXPENSES</b>	<b>317,886</b>	<b>369,300</b>
<b>WATER &amp; SEWER NET</b>	<b>1,114</b>	<b>1,196</b>





### Why is this important to managing water & wastewater utilities?

- It is the responsibility of the governing body to make decisions regarding how a utility will be funded, how it will spend its money, how it will receive revenue, how will it sustain it over time... *etc.*
- The governing body must communicate this plan in a clear way – a budget is the best way to do this
- A budget shows utility staff how they may spend and receive money
- A budget allows a governing body to make long-term decisions about utility management and operations, such as how much to charge for services, how much to pay staff, and how and when to fund maintenance needs, among many others.





## Budget Requirement Mentioned in Title 29

### Chapter 35. Municipal Powers and Duties.

#### Sec. 29.35.100. Budget and capital program.

(a) *The governing body shall establish the manner for the preparation and submission of the budget and capital program. After a public hearing, the governing body may approve the budget with or without amendments, and shall appropriate the money required for the approved budget.*

#### Sec. 29.35.120. Annual audit.

(a) The governing body shall provide for an annual independent audit of the accounts and financial transactions of the municipality or, in the case of a second class city, an audit or statement of annual income and expenditures. To make the audit the governing body shall designate a public accountant who has no personal interest, direct or indirect, in the fiscal affairs of the municipality. Copies of the audit shall be available to the public upon request.

(b) This section applies to home rule and general law municipalities. (§ 10 ch 74 SLA 1985)



## Budget City Budget Manual:

<https://www.commerce.alaska.gov/web/Portals/4/pub/BudgetManual.pdf>

## City Budget Manual



Michael J. Dunleavy, Governor  
State of Alaska

Julie Sande, Commissioner  
Department of Commerce, Community, and Economic Development

Sandra Moller, Director  
Division of Community and Regional Affairs



## Budget Model Budget Ordinance:

- ☒ Reference to the budget
- ☒ Public hearing
- ☒ Adoption by majority of the governing body



**RUBA**  
RURAL UTILITY  
BUDGET ADVISORY  
MODEL DOCS

**CITY OF RUBAVILLE**

**ORDINANCE NO. 2022-09**

**AN ORDINANCE OF THE CITY OF RUBAVILLE, ALASKA, ADOPTING THE FISCAL YEAR 23 BUDGET AND APPROPRIATING FUNDS FOR SAID BUDGET**

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF RUBAVILLE, ALASKA:

Section 1. Classification. This is a non-code ordinance.

Section 2. The Fiscal Year 23 Budget herein is approved by the Council of the City of Rubaville, Alaska.

Section 3. The appropriations are adopted and authorized for the Fiscal Year period of July 1, 2022, through June 30, 2023.

Section 4. This ordinance shall take effect upon final adoption by the City Council.

Introduction May 30, 2022 | Public Hearing June 11, 2022

**PASSED AND APPROVED BY A DULY CONSTITUTED QUORUM OF THE CITY COUNCIL THIS 11 DAY OF JUNE 2022.**

Minnie Mouse  
Minnie Mouse, Mayor of Rubaville

ATTEST:

Daffy Duck  
Daffy Duck, City Clerk

**Voting:**

<u>Donald Duck</u>	Yea <u>X</u> Nay <u>   </u>
<u>Mike Wazowski</u>	Yea <u>X</u> Nay <u>   </u>
<u>Homer Simpson</u>	Yea <u>X</u> Nay <u>   </u>
<u>Shaggy Rogers</u>	Yea <u>   </u> Nay <u>X</u>
<u>SpongeBob Squarepants</u>	Yea <u>X</u> Nay <u>   </u>
<u>Buzz Lightyear</u>	Yea <u>   </u> Nay <u>   </u>
<u>Minnie Mouse</u>	Yea <u>X</u> Nay <u>   </u>

Scoring the Revenue section of Financial Capacity:

Revenue	Utility is collecting revenue sufficient to cover the Utility's operating expenses and to contribute to a repair and replacement account	20	<input type="checkbox"/>
	Utility is collecting revenue sufficient to cover expenses	15	<input type="checkbox"/>
	Utility has a fee schedule and a collection policy that is followed	5	<input type="checkbox"/>
	Utility has no fee structure or collection policy	0	<input type="checkbox"/>



Revenue scoring is based solely on the financial stability of the utility. Financial reports submitted for this category must show that the utility's actual revenues, including any subsidies, are sufficient to cover actual monthly expenses such as heating fuel, electricity, chemicals, water testing, operator salaries, parts, and equipment purchases. If a subsidy is from the owner of the utility, the owner's budget must be balanced and realistic, and monthly financial reports must show it has sufficient funds to allocate the subsidy.



### Revenue

#### Why is this important to managing water & wastewater utilities?

- Is the utility collecting sufficient revenue to cover all expenses?
- Expenses necessary for a utility to operate include, but are not limited to: heating fuel, electricity, chemicals, water testing, salaries, parts, equipment, and much more.
- If sufficient revenue is not collected, consequences can include:
  - Staff not being paid = staff retention issues = a failed utility.
  - Insufficient funds for day-to-day operations = a failed utility.
  - Insufficient funds for repairs and replacements = a failed utility.
- Monthly financial reports are necessary to track revenue throughout the budget year.



### Revenue

**For maximum 20 points, Monthly Financial Reports must show:**

- ✓ ☒ All revenues and expenses.
- ✓ ☒ Budget versus Actuals.
- ✓ ☒ Year-to-date.
- ✓ ☒ Cash basis.
- ✓ ☒ Show sufficient revenue either from user fees or explicitly identified subsidies or a combination of both.
- ✓ ☒ Contribution made to a Repair and Replacement account (see next slide).





### Revenue

**For maximum 20 points, Monthly Financial Reports must show Repair & Replacement (R&R):**

- ☑ R&R funds are set aside for all parts which need to be replaced every 1-7 years.
- ☑ R&R line-item budget allocation and tracking on monthly financial reports.
- ☑ At least quarterly contributions to the annual budgeted allocation to R&R.
- ☑ The utility may already have sufficient funds designated to meet projected R&R costs – if so, provide evidence.



## Best Practices: Model Financial Report – 20 points

- ✓ All revenues and expenses
- ✓ Budget versus Actual
- ✓ Year-to-date
- ✓ Cash basis
- ✓ Show sufficient revenue either from user fees or explicitly identified subsidies or a combination of both
- ✓ Contributions made to a Repair and Replacement account

CITY OF ALASKA BUDGET AND MONTHLY FINANCIAL STATEMENT	FY22 Budget Amendment	FY23 Budget	Oct 22	Nov 22	Dec 22	Year-to-Date	Balance
<b>WATER &amp; SEWER INCOME</b>							
School	99,000	120,496	10,041	10,041	10,041	60,248	60,248
Commercial Piped	100,000	125,000	10,500	9,090	10,505	62,500	62,500
Residential Piped	120,000	100,000	6,231	6,555	6,343	40,100	59,900
ARPA Subsidy Donation		25,000	25,000			25,000	-
<b>TOTAL WATER &amp; SEWER INCOME</b>	<b>319,000</b>	<b>370,496</b>	<b>51,772</b>	<b>25,686</b>	<b>26,889</b>	<b>187,848</b>	<b>182,648</b>
<b>WATER &amp; SEWER EXPENSES</b>							
Salaries	142,500	170,000	12,207	14,322	11,802	87,000	83,000
Payroll Taxes	14,975	18,700	1,058	1,242	1,023	9,777	8,923
Worker's Comp. Insurance	6,000	8,000				8,000	-
Heating Fuel / Diesel	40,811	55,000	500	1,000	2,200	3,700	51,300
Electricity	43,000	45,000	3,011		7,208	23,000	22,000
Hazmat/Chemicals	15,000	15,000	3,000		2,000	9,000	6,000
Building Repair or Maintenance	10,000	12,000	2,345	1,000	498	6,000	6,000
Equipment Parts and Tools	5,000	5,000	590	2,437	1,069	4,096	904
Repair and Replacement (R&R Fund)	15,600	15,600	1,300	1,300	1,300	8,000	7,600
Postage and Freight	20,000	20,000	826	4,000	20	10,500	9,500
Water Testing Fees	3,500	3,500	292	292	292	1,750	1,750
Phone and Internet	1,500	1,500	115	115	115	345	1,155
<b>TOTAL WATER &amp; SEWER EXPENSES</b>	<b>317,886</b>	<b>369,300</b>	<b>25,243</b>	<b>25,707</b>	<b>27,527</b>	<b>171,168</b>	<b>198,132</b>
<b>WATER &amp; SEWER NET</b>	<b>1,114</b>	<b>1,196</b>	<b>26,529</b>	<b>(21)</b>	<b>(638)</b>	<b>16,680</b>	
<b>Monthly Bank Account Balances:</b>							
GENERAL FUND			88,504	90,222	90,297		
WATER & SEWER R&R SAVINGS			5,200	6,500	7,800		
<b>TOTAL</b>			<b>93,704</b>	<b>96,722</b>	<b>98,097</b>		



# Best Practices: Monthly Financial Reports Showing Subsidies and R&R set asides



	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P
	CITY OF SNOW BANK BUDGET AND MONTHLY FINANCIAL STATEMENT	FY22 Budget	JUL 21	AUG 21	SEP 21	OCT 21	NOV 21	DEC 21	JAN 22	FEB 22	MAR 22	APR 22	MAY 22	JUN 22	Year to Date Amount	Balance
1	<b>WATER &amp; SEWER INCOME</b>															
2	Labor/Parts Income															
3	Water/Sewer Hookups	4,000	(200)					200					400		400	3,600
4	Water and Sewer User Fees	168,000	16,234	17,980	16,987	15,998	15,880	16,680	16,998	15,576	15,921	16,671	16,571		181,496	(13,496)
5	Donation from Covid Assistance Grant						10,000			10,633					20,633	(20,633)
6	<b>TOTAL WATER &amp; SEWER INCOME</b>	<b>172,000</b>	<b>16,034</b>	<b>17,980</b>	<b>16,987</b>	<b>15,998</b>	<b>25,880</b>	<b>16,880</b>	<b>16,998</b>	<b>26,209</b>	<b>15,921</b>	<b>16,671</b>	<b>16,971</b>	<b>-</b>	<b>202,529</b>	<b>(30,529)</b>
7	<b>WATER &amp; SEWER EXPENSES</b>															
8	Wages & Salaries Expenses											1,927	6,153		60,092	(4,423)
9	Payroll Tax Expenses											426	898		5,563	(748)
10	Worker's Compensation Ins.	3,434	3,434												3,434	-
11	Liability Insurance	3,217	3,217	3,996												(,996)
12	Office Supplies Expense	200		109												(,397)
13	Postage, Freight & MO Fees	6,000		452		493										(,357)
14	Repairs & Maintenance- Building	3,000														(,000)
15	Equipment, Uniforms & Supplies	1,000	15,358	257												(,398)
16	Equipment Maintenance			539												(,539)
17	Electricity	51,000	2,858	2,569	2,182	3,871	3,445	4,756	6,490	8,267		30,220	5,128		68,993	(17,993)
18	Telephone	2,300	211	55	25	40	28	61	160	44	67	56	133		879	1,421
19	Internet			238		120	153	178	186	42	133	102	23		1,175	(1,175)
20	Heating Fuel	15,000											13,000		13,000	2,000
21	Per Diem														-	-
22	Lodging/Airfare														-	-
23	Training & Conference Fees														-	-
24	Water/Sewer Samples	8,000	800		200	100	470	100			100	50	250		2,070	5,930
25	Dues, Fees & Licenses	96					248	25			151				416	484
26	Repair & Replacement Account	15,000	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250		13,750	1,250
27	Vehicle Expense & Gas														-	-
28	<b>TOTAL WATER &amp; SEWER EXPENSES</b>	<b>169,535</b>	<b>31,613</b>	<b>13,209</b>	<b>7,240</b>	<b>8,540</b>	<b>12,561</b>	<b>21,525</b>	<b>17,673</b>	<b>16,307</b>	<b>7,933</b>	<b>37,031</b>	<b>27,130</b>	<b>-</b>	<b>200,761</b>	<b>(31,226)</b>
29	<b>WATER &amp; SEWER NET</b>	<b>2,465</b>	<b>(15,579)</b>	<b>4,771</b>	<b>9,747</b>	<b>7,458</b>	<b>13,319</b>	<b>(4,645)</b>	<b>(675)</b>	<b>9,902</b>	<b>7,988</b>	<b>(20,360)</b>	<b>(10,159)</b>	<b>-</b>	<b>1,768</b>	<b>697</b>
30																
31	<b>Monthly Bank and Credit Card Account &amp; Cash On Hand Balances:</b>															
32	GENERAL ACCOUNT 0655		144,543		337,786	334,303	413,759	323,031	323,031		268,084	268,903				
33	GAMING ACCOUNT 1000		123,748		123,234	123,664	144,240	145,328	145,328		145,765	155,263				
34	R&R SAVINGS ACCOUNT 6805		26,150	27,400	28,650	29,900	31,150	32,400	33,650	34,900	36,150	37,400	38,650			
35	CITY CREDIT CARD 5878															
36	<b>TOTAL</b>		<b>294,441</b>	<b>27,400</b>	<b>488,670</b>	<b>487,867</b>	<b>589,149</b>	<b>500,760</b>	<b>502,010</b>	<b>34,900</b>	<b>449,999</b>	<b>461,566</b>	<b>38,650</b>	<b>-</b>		
37																
38																
39	<b>Covid Assistance</b>															
40	State and Federal Revenues			105,850												
41	<b>Covid Assistance TOTAL INCOME</b>	<b>-</b>	<b>-</b>	<b>105,850</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>105,850</b>	<b>(105,850)</b>
42	<b>Covid Assistance EXPENSES</b>															
43	Wages & Salaries Expenses			8,100	8,200	8,330	8,411	9,150	9,050	7,700	8,833		8,901		76,675	(76,675)
44	Payroll Tax Expenses			1,000	932	1,006	946	952	929	870	950		958		8,542	(8,542)
45	Postage, Freight & MO Fees														-	-
46	Donations Expense						10,000			10,633					20,633	(20,633)
47	Heating Fuel														-	-
48	<b>TOTAL Covid Assistance EXPENSES</b>	<b>-</b>	<b>-</b>	<b>9,100</b>	<b>9,132</b>	<b>9,336</b>	<b>19,356</b>	<b>10,102</b>	<b>9,979</b>	<b>19,203</b>	<b>9,783</b>	<b>-</b>	<b>9,859</b>	<b>-</b>	<b>105,850</b>	<b>(105,850)</b>
49	<b>Covid Assistance NET</b>	<b>-</b>	<b>-</b>	<b>96,750</b>	<b>(9,132)</b>	<b>(9,336)</b>	<b>(19,356)</b>	<b>(10,102)</b>	<b>(9,979)</b>	<b>(19,203)</b>	<b>(9,783)</b>	<b>-</b>	<b>(9,859)</b>	<b>-</b>	<b>-</b>	<b>-</b>

Subsidy from Covid Assistance booked as Water and Sewer Income

R&R Budgeted \$15,000 for FY2022  
Monthly amounts of \$1,250 taken out as expenses  
Monthly deposits of \$1,250 made to the R&R Savings Account

Subsidy taken out of Covid Assistance as a Donation Expense

## Quick Plug

### QuickBooks Helpline – Turnagain Press

**The QuickBooks Helpline is open three days a week by calling:  
(907) 440-0242**

**Help Line Hours:**

**Monday: 10am – 3pm**

**Tuesday: 10am – 3pm**

**Thursday: 10am – 3pm**

**[qb.helpline@gmail.com](mailto:qb.helpline@gmail.com)**



# Questions?

*Gabe Gonzales*  
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