

Brevig Mission Activity Report

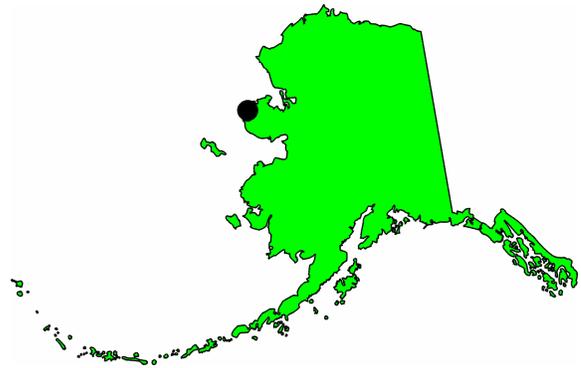
Community Overview

Lead RUBA Staff: Leroy Seppilu, Nome Office

2003 Population: 314

Region: Bering Straits

Local Governments: 2nd Class City



Brevig Mission completed construction of a 4-phase, \$8.5 million piped water and sewer system and new landfill in November 2002. There are 56 residential customers paying \$120 per month, 9 commercial customers paying \$180 per month and Bering Strait School District paying \$4,416.67 per month. The City also operates the trash haul system and sewage lagoon. The fee for trash haul is included in the residential water/sewer utility fee. Water is supplied from Shelmon Creek and is treated and stored in a 100,000-gallon tank at the washeteria. The tank is filled monthly. Water is piped into the school from the washeteria. The City Council is the policy making body for the utility.

RUBA Activity This Reporting Period

The city bookkeeper submitted his resignation in mid-August, 2006. The City Council offered the position to the former bookkeeper, Arlene Day, and she accepted the offer. She started working immediately, and she has been busy reconciling the bank statements with the check register. Nome RUBA staff traveled to the community to train the previous bookkeeper with completing the 941s and ESC quarterly tax reports. He has kept up to date with the ESC reports, but not the 941s. To date, the city is behind by at least two quarterly 941 reports. RUBA staff also traveled to the community to conduct a RUBA re-assessment, but was not able to complete it due to time constraints. However, RUBA reviewed the FY '07 budget at the request of the mayor, and found there were several discrepancies with the revenues and expenditures. RUBA is making recommendations to change some of the estimates. We also reviewed the entries made into the QuickBooks Pro. The city has QBP '04 version. The bookkeeper is catching up on reconciling the check register with the bank statements.

Capacity Indicators

Finances

- | 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 type="checkbox"/> | <input checked="" type="checkbox"/> | Monthly financial reports are prepared and submitted to the policy making body. |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | The utility is current in paying all water/wastewater electric bills. |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | The utility has on hand a year’s adequate fuel supply or it has financial plan to purchase an adequate. |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | The utility is receiving revenues (user fees or other sources) sufficient to cover operating expenses. |
| <hr/> | | |
| <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 checked="" type="checkbox"/> | <input type="checkbox"/> | A monthly manager’s report is prepared. |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Budget amendments are completed and adopted as necessary. |

Finances Comments:

The city's finances have changed dramatically between the time the previous bookkeeper quit and the new one was hired. The previous bookkeeper had not submitted the IRS Form 941 quarterly tax reports, nor had he paid IRS tax deposits, as he was taught by RUBA during the last part of March, 2006. However, he was making monthly financial reports routinely. There has also been accumulation of debts to various vendors. For example, Nome RUBA staff called an office supply vendor to see how much was owed after the bookkeeper made a statement that she can't order office supplies because the city owed 'lots' of money to them. The vendor said the total owed by the city was about \$2,400. We did not total the other bills by vendors because we ran out of time.

Accounting Systems

Essential Indicators

- | Yes | No | |
|-------------------------------------|-------------------------------------|-------------------------------------------------------------------------------------------------------------------|
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | The utility has adopted a collection policy and actively follows it. |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | The utility bills customers on a regular basis. |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | An accounts receivable system is in place which track customers and reports past due accounts and amounts. |
| <input type="checkbox"/> | <input checked="" 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 reconciliation’s 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 preparing to send out the water/sewer utility and cable TV bills while RUBA was there. We reviewed the water/sewer utility ordinance to clarify when the bills should be sent out. The bookkeeper said she usually sends them out by the 2nd of each month. When we reviewed the water/sewer utility ordinance, we found that the bills should be prepared and sent out on or before the last day of the month. RUBA recommended that the bills be prepared by the 28th of each month so that they can be sent out by the 30th. We also reviewed when the bills become delinquent and made a delinquent notice that she can send out to remind customers. The QuickBooks Pro (QBP) accounting software program needs to be updated. RUBA recommended to the bookkeeper to call Intuit to subscribe to monthly payroll updates, as she now has to manually make corrections to the payroll deduction calculations.

Tax Problems

Essential Indicators

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

Tax Problems Comments:

The city is behind with IRS Form 941 quarterly tax reports by at least two quarters. RUBA will monitor the tax problems and provide assistance with the reports.

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 checked="" type="checkbox"/> | <input 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 checked="" type="checkbox"/> | <input 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 checked="" type="checkbox"/> | <input type="checkbox"/> | The utility provides training opportunities to staff as needed and available. |

Personnel System Comments:

The city uses its Payment-In-Lieu-of Taxes (PILT) money to pay for insurance and workers' compensation. The mayor has always made sure to use this money for such purposes.

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 checked="" type="checkbox"/> | <input type="checkbox"/> | The utility has an adequately trained manager. |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | The utility has an adequately trained bookkeeper. |
| <input checked="" type="checkbox"/> | <input 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:

The City Council decided to give the new bookkeeper a pay raise because of her previous work for the city as the bookkeeper. She was hired at \$12.50 an hour, a starting hourly wage for new bookkeeper. The council raised her pay to \$14 an hour. RUBA estimated and informed the city staff that it will cost the city at least \$3,200 a year more with the pay raise.

Operation of Utility

Essential Indicators

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

Sustainable Indicators

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

Operation of Utility Comments:

The city is not on the SNC list and there are no Operation of Utility issues this quarter.

RUBA Activities for the Coming Quarter:

RUBA staff will do a new RUBA re-assessment as we didn't complete one while making a visit. We ran out of time because of other work we had to do. RUBA staff will work with the bookkeeper to total up the bills owed to various vendors. The bookkeeper has been too busy with bank reconciling and billing. RUBA staff will work with the bookkeeper to have the QuickBooks Pro updated. She has to manually make changes to the payroll deductions made by the QBP software since the city has not subscribed to the monthly updates.

