

# Ekwok Activity Report

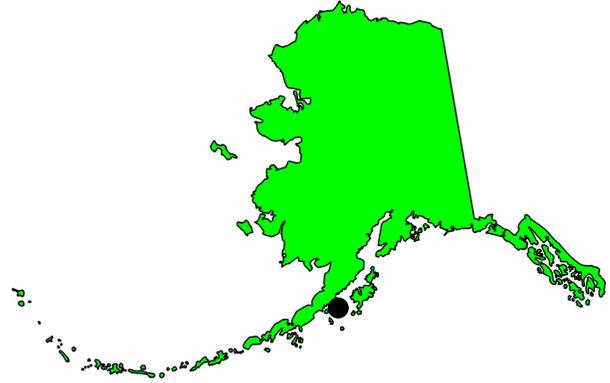
## Community Overview

Lead RUBA Staff: Ralph Andrew, Dillingham Office

2003 Population: 128

Region: Dillingham

Local Governments: 2<sup>nd</sup> Class City



Individual wells provide water for the majority of the community. Approximately 20 HUD homes have individual wells and a piped septic system. The City operates a piped sewage system with sewage lift station which connects to approximately 16 additional residences. The remaining homes use septic systems or a flush/haul system; a sewage pumper is available. 36 of 42 homes have complete plumbing. The community needs a washeteria with a water source and treatment system. Landfill services are available at no charge. Electricity is provided by Ekwok Electric.

## RUBA Activity This Reporting Period

Dillingham Regional Office RUBA staff traveled to Ekwok to conduct a reassessment of management indicators on May 10-12, 2006. The City of Ekwok, a recipient of Village Safe Water (VSW) funding for a water/sewer renovation project, must maintain compliance with RUBA assessment indicators. RUBA found several deficient indicators. After city review, RUBA produced a final RUBA Assessment report June 12, 2006. RUBA made recommendations and offered assistance to the city administrator, highlighting payroll tax debt repayment and utility budgeting. The city balanced the water/sewer budget and is making progress on other Assessment deficiencies including billing for sewer services. The city council opted to resume billing for the \$5/month sewer service connection service, a service and fee that's been present in the water/sewer ordinance for some years. Concerning payroll, RUBA reviewed payroll records, made suggestions to improve accuracy, and requested evidence of resolution of federal tax debt and any state DOL (ESC) tax debt, both of which appear associated with payroll calculation errors the city made in the last quarter of 2005. RUBA provided input into the draft water/sewer business plan being assembled by a consultant hired by the VSW project. The business plan, a grant condition, is said to be in review at VSW. Concerning the water/sewer project, the city is exploring expansion concepts not included in the initial design and may apply for additional funding to expand the piped sewer system. Concerning water/sewer utility operations, the bulldozer used to pull the septic pumper is under repair. The electric utility manager continues to serve as the water operator. In April, the city administrator / city council member and the city bookkeeper successfully completed the RUBA Financial Management training event in Dillingham. During the quarter, however, the bookkeeper left employment of the city. In other matters, the city continues to finalize financial reports and will seek payment in lieu of taxes and other state monies. The city's cash position continues to appear satisfactory at least in part due to recent gravel sale revenues. Based on a June 8, 2006 report from DCA, the City of Ekwok has not accessed \$44,791.67 in available Small Municipal Energy Assistance Program energy funds from the state. RUBA urged action on the funding before funds expire at the end of June. City reportedly has sufficient fuel supplies through summer. The Mayor continues reviewing personnel and land management matters and contacts RUBA from time to time for general assistance. RUBA will continue to offer ongoing assistance as the city resolves deficient Assessment indicators.

## 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 checked="" type="checkbox"/> | <input 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 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 checked="" type="checkbox"/> | <input type="checkbox"/> | The utility is receiving revenues (user fees or other sources) sufficient to cover operating expenses.  |
- 

#### Sustainable Indicators

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

#### Finances Comments:

The city amended its FY 2006 budget and in doing so balanced the water/sewer, electric, and fuel budgets. The water/sewer budget is balanced and realistic. City staff provide monthly financial reports to the city council and are current on paying utility bills. The fuel supply on hand is sufficient through fall 2006 and additional purchases are planned. Utility revenue is sufficient to cover operating expenses and the city has opted to continue subsidizing the utility with general funds. The monthly manager's report can be improved if it is conveyed in writing and includes both financial and operational detail.

### 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 type="checkbox"/>            | <input checked="" 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 checked="" type="checkbox"/> | <input type="checkbox"/>            | An accounts payable system is in place.  |
| <input type="checkbox"/>            | <input checked="" 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 type="checkbox"/>            | <input checked="" type="checkbox"/> | A chart of accounts is used that identifies categories in a reasonable, usable manner.  |
| <input type="checkbox"/>            | <input checked="" 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 utility is not presently billing customers with a sewer line connection however, the city council has decided to reinstitute billing the \$5/month charge based on the existing water/sewer ordinance. An accounts payable and receivable system were implemented with assistance from RUBA staff based on the Model Financial Keeping Record Keeping guide. The payroll system, a spreadsheet based system, was functioning correctly however, staff were using outdated federal and state tax figures. Further, federal taxes were found to be delinquent. When city staff provide evidence of resolution of federal and state ESC tax debt, this indicator will be corrected. The utility's cash receipt and disbursement system is satisfactory and RUBA recommends the improved system be written into policy or procedures. Staff have received training in QuickBooks accounting software and are reviewing sample chart of accounts but have not reconciled accounts.

**Tax Problems**

**Essential Indicators**

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

**Tax Problems Comments:**

According to the Internal Revenue Service, the City of Ekwok was found to be non-compliant and owes back taxes according to May 15, 2006 correspondence. RUBA found inaccuracies in the city's payroll spreadsheet and made recommendations for improvement. City staff reportedly paid the federal tax debt, is reviewing associated state tax for the period in question. Upon written confirmation that federal and state tax debt is resolved, this indicator will be resolved.

**Personnel System**

**Essential Indicators**

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

**Sustainable Indicators**

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

**Personnel System Comments:**

The city purchases Workers Compensation policy through AML/JIA and has coverage through July 1, 2006. The city's personnel policy is incorporated in city code although the policy has not been reviewed by RUBA. The city administrator continues to make improvements to the personnel filing system by adding critical documentation in each file including letters of acceptance. The city's personnel evaluation process is not satisfactory. RUBA offered to assist with personnel policy review and improvement.

**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 type="checkbox"/>	<input checked="" 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 type="checkbox"/>	<input checked="" 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 is the known water/sewer entity in the community and maintains a water/sewer ordinance in city code. However, the sewer service fee noted in code has not been enforced. The city council plans to enforce the fee and upon confirmation of billing, the utility policy enforcement indicator will be resolved. The city administrator serves as utility manager and the electric utility manager serves as the water operator, both of whom are sufficiently trained. RUBA drafted an organizational chart for the city's consideration during this quarter's visit to the community. The council meets regularly and complies with the open meetings act. However, RUBA recommends meeting minutes be more consistently prepared and filed.

**Operation of Utility****Essential Indicators**

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

**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 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 type="checkbox"/>            | <input type="checkbox"/>            | The utility has completed and distributed its <u>Community Confidence Report (CCR)</u> .  |
| <input type="checkbox"/>            | <input 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:**

The city is not required to have a certified water operator or wastewater operator, so that specific indicator is marked yes. The fuel utility manager serves as a council member and as the water operator. The designated operator for the sewage pumping service varies based on personnel available. The preventative maintenance plan identifies operational information based on original system design. The water operator is encouraged to contact the BBAHC RMW in updating the preventative maintenance plan to reflect all existing operations. The city hall watering point is not presented in operational or financial policies and statements. RUBA suggests the watering point be included in policy and budgeting process.

**RUBA Activities For The Coming Quarter**

RUBA will continue to provide assistance upon request to city staff as they work to resolve deficient Assessment indicators.

