

Goodnews Bay Activity Report

Community Overview

Lead RUBA Staff: Tim Troll, Dillingham Office
 2002 Population: 234
 Region: Dillingham
 Local Governments: City, Village Council, Utility non-profit



The City of Goodnews Bay contracts with the Goodnews Bay Water and Sewer Utility to operate a washeteria and a central watering point, provides for honeybucket haul and has a sewage lagoon. The Goodnews Bay Water & Sewer Utility Board, a non-profit corporation, is the policy making body for the utility? Currently, treated well water is hauled from the new watering point. Honeybuckets are hauled by the City. Most homes are currently not plumbed. A piped water and gravity sewer system, with plumbing for 70 + homes, is under construction.

RUBA Activity This Quarter

There was one trip to Goodnews Bay this quarter and several phone contacts with the utility manager.

Capacity Indicators

Finances

Essential Indicators

- | Yes | No | |
|--------------------------|-------------------------------------|--|
| <input type="checkbox"/> | <input checked="" 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 type="checkbox"/> | <input checked="" type="checkbox"/> | The utility is receiving revenues (user fees or other sources) sufficient to cover operating expenses. |

Sustainable Indicators

- | | | |
|--------------------------|-------------------------------------|---|
| <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 type="checkbox"/> | <input checked="" type="checkbox"/> | A monthly manager's report is prepared. |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | Budget amendments are completed and adopted as necessary. |

Finances Comments: Balancing the budget depends upon continuing direct subsidies from both the City and the Traditional Village Council. Payments from the Village and from the City have been sporadic, but apparently have been enough to keep the utility floating. The village council recently failed to renew its gaming permit and is not operating. Neither entity, however, is keeping up with its initial agreement to subsidize at the rate of \$1400 per month. This development is likely to significantly affect the cash flow of the utility.

Other than sending monthly bills, no real effort is being made to collect past due accounts. The previous Utility Manager also managed the tribal bingo operations and used that position to extract payments from community members who were prizewinners. This practice has been discontinued. Receivables at year-end were \$21,210 with 68% of customer accounts more than 120 days overdue. Seven customers haven't paid for nearly five years. User fees are only \$20 per month.

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 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 checked="" type="checkbox"/> | <input 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 type="checkbox"/> | <input checked="" 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 reconciliations have been completed for all utility accounts. |
| <input type="checkbox"/> | <input checked="" 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 Systems Comments: Utility manager is doing most accounting by hand using an Ekonomik Register and Payroll Book and using worksheets on the computer to track customer accounts and calculate 941 and ESC obligations. The Utility manager is keeping the records current and is reconciling the bank account every month. There are not that many transactions each month and a fully computerized system is not necessary.

The utility is not following a collection policy

Tax Problems

Essential Indicators

| Yes | No | NA | |
|-------------------------------------|--------------------------|----|---|
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | | The utility has a system to accurately calculate, track, and report payroll tax liabilities. |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | | The utility is current on filing tax reports. |
| <input checked="" type="checkbox"/> | <input 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: Utility was behind on 941 reports and deposits and the IRS had levied the utility’s account. During the quarter the RUBA and utility manager reconstructed records and correctly reported amounts due. It was determined the IRS levied too much money and a credit was due. We have been working closely with IRS agent Eldridge Moss. Reports have been submitted through the third quarter and prepared for fourth quarter.

For some reason, the IRS also determined that the utility was also responsible for filing 940 reports and assessments were being made against the utility. Information regarding the non-profit status of the utility was sent to IRS agent Moss and we have been advised that all the charges associated with the 940 determination are or will be removed.

Notice was also received from the SSA regarding discrepancy between 2002 W2’s and 941s. A 941 (c) had been prepared that explained the discrepancy but apparently was never filed.

With the filing of the 4th Quarter 941 and appropriate payment and the filing of the 941(c) and copy sent to SSA all tax problems should be resolved.

Personnel System

Essential Indicators

Yes No

The utility has a posted workers compensation insurance policy in effect.

Sustainable Indicators

- The utility has adopted and uses a Personnel Policy, which has been reviewed by an attorney, AML, or DCED for topics and language.
- The utility has adequate written job descriptions for all positions.
- The utility has adopted and follows a written personnel evaluation process that ties the job description to the evaluation.
- The utility has an adequate written hiring process.
- The utility has personnel folders on every employee that contain at least: I-9, Job Application and Letter of Acceptance.
- The utility has a probationary period for new hires that includes orientation, job-training/oversight, and evaluations.
- The utility provides training opportunities to staff as needed and available.

Personnel System Comments: No evaluations were observed in personnel files. However, given the detachment of the Board from the daily operations of the utility and the close family connections between staff and many of the board, objective assessments of staff may be difficult to obtain. Staff turnover in the office has been frequent and the number of applicants who might bring experience to a position is limited. To the extent there are policies governing the hiring process the reality is that given the limited labor pool the policies become ineffective.

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 type="checkbox"/> | <input checked="" type="checkbox"/> | The utility has an adequately trained manager. |
| <input type="checkbox"/> | <input checked="" 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 utility board meets often and once a month in joint meetings with the City Council and Tribal Council (some serve on one or the other or both of the other bodies). Each member of the utility board generally receives \$50 stipend per meeting. During 2003 more than \$8000 was expended on stipends. The Utility Board meets far too often for the actual business it must conduct. Quarterly meetings with a monthly update from staff should be sufficient, especially since collections are still down and the utility board appears disinclined to take forceful action. Meeting fees should be discontinued or reduced and any fee should first be applied to any past due amounts that a board member owes the utility.

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 type="checkbox"/> | <input type="checkbox"/> | The utility has a preventative maintenance plan developed for the existing sanitation facilities. |

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 type="checkbox"/> | The utility has a safety manual and holds safety meetings. |
| <input 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 type="checkbox"/> | <input checked="" 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</u> (CCR). |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | The utility is not on the <u>Significant Non-Compliance</u> (SNC) list. |
| <input type="checkbox"/> | <input type="checkbox"/> | The utility maintains an inventory control list. |
| <input type="checkbox"/> | <input type="checkbox"/> | The utility maintains a critical spare parts list. |

Operation of Utility Comments: Items left blank indicate specific knowledge is not available to me. RMW should be able to make assessment

RUBA Activities For The Coming Quarter

Travel to community to help with year end matters – W2's, 941's, computer set-up.

Follow-up with IRS to make sure past problems are now resolved.

Check in with manager each quarter to make sure monthly payroll deposits are now being made.

Utility bank account is being automatically charged \$28 / month for American Online Services.

Check with AOL and get this charge dropped

Memo to Utility Board regarding stipends and other management recommendations resulting from visits to community.

Utility Manager to attend Introduction to Utility Management Course in Dillingham in February.

