

Kake Activity Report

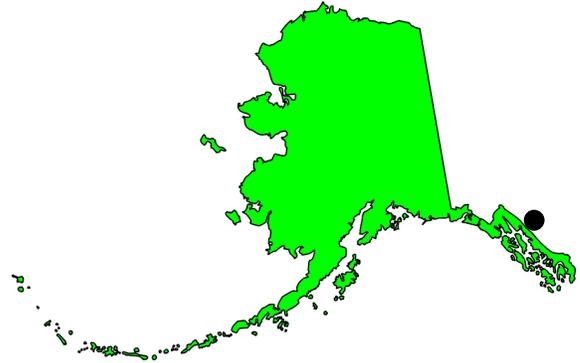
Community Overview

Lead RUBA Staff: Gina Shirey-Potts, Juneau Office

2002 Population: 700

Region: Southeast

Local Governments: First Class City



The City of Kake operates a piped water system. The City Council is the policy making body for the utility.

Water is pumped from a dam at Gunnuck Creek, is treated, stored in a tank, and piped throughout Kake. In July 2000, the dam failed and a make-shift system of pumps supplies water. The City also operates a piped sewer system and a primary treatment plant. Almost all households are fully plumbed. A new dam at Alpine Lake is under development.

RUBA Activity This Reporting Period

On October 7, 2003, RUBA staff sent a letter to Mayor Reese informing him that the City of Kake has been terminated from the RUBA program due to non-performance.

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: The FY04 budget was passed on September 25, 2003. The fiscal year started on July 1, 2003. The budget as written is not a balanced budget. When clerical errors are corrected, there is a budget deficit of over \$350,000. Accounting for misbudgeted raw fish tax, the deficit grows to almost \$400,000. In addition, both enterprise funds are deficit budgeted. The utilities are underfunded by \$2,290 and cable tv is underfunded by \$3,478.84. RUBA staffed called the Bookkeeper on October 8, 2003, to explain the problems with the budget. The Bookkeeper said she would discuss them with the Mayor. The unofficial election results have Mayor Reese being elected for another term of office.

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 checked="" type="checkbox"/>	<input 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 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 System Comments: The only collection policy the City has is in their ordinance. The ordinance contains authorization for late fees and termination of service. The City is working on collecting its past due. It recently sent out Assignment of Rights form for the 2004 Permanent Fund Dividend. The City reports it has had some success with people filling out the form and returning it to City Hall.

The City uses QuickBooks Pro for its accounting system. QuickBooks Pro contains the accounts receivables, accounts payable, and payroll systems. The City has a paper receipt book to track incoming money. The paper receipt book is not reconciled with the amount of cash they have on hand. The Bookkeeper requested assistance with entering petty cash into the QuickBooks Pro system. The City uses QuickBooks Pro checkbook for its cash disbursement system.

QuickBooks Pro has the City’s chart of accounts. The City’s purchasing system requires approval from the City Administrator before purchases are made. It is unclear if the request needs to be in writing. As of July 1, 2003, there will be no budget to compare requested purchases to.

The City Administrator reports that they have received assistance on QuickBooks Pro from their auditors (Mikunda Cotrell) and Tlingit and Haida and that the Bookkeeper is able to retrieve information from the program faster and easier. He said that all past financial information from the conversion to QuickBooks Pro has been entered into the system.

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 type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | If there are any past tax liabilities, a repayment agreement has been signed and repayments are current. |

Tax Problems Comments: The City Administrator reports that the City has caught up on past due payroll taxes. He says they are now current on all payroll taxes and that they are having no financial problems meeting payroll.

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 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 type="checkbox"/> | <input checked="" 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 type="checkbox"/> | <input checked="" 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: RUBA staff contacted Shattuck and Grummett insurance. They renewed their policy effective July 1, 2003. They are scheduled to make monthly payments and are a few months behind on payments, but they are not scheduled for cancellation at this time.

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 type="checkbox"/> | <input checked="" 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

- The utility has adopted an organizational chart that reflects the current structure.
- The policy making body meets as required.
- The utility complies with the open meeting act for all meetings.

Organizational Management Comments: The City owns and operates the utility. The City Council is not active in making utility policy. The rates are not reviewed on an annual basis. The last time the rates were changed was at the beginning of FY92. The FY04 budget was adopted almost three months after the start of the fiscal year. A council member attended a utility management class in December 2001, but the Utility Manager has not attended any utility management classes. The Bookkeeper doesn't have any formal bookkeeping training, other than a few college classes, but she seems to be very quick to pick up new skills. The main operator is OIT certified in water treatment and water distribution and Level I certified in wastewater collection. The City doesn't have a certified back-up operator.

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

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

Operation of Utility Comments: The main operator is certified. The City Administrator said they were waiting to hear from SEARHC about another Introduction to Small Water Systems class for the back-up operator. The City should have a preventative maintenance plan in its Operations and Maintenance Manual. It is unknown if the utility follows the plan. The operator doesn't provide a monthly O&M report; however, the City Administrator does visit the water plant on a regular basis. The utility doesn't hold safety meetings. The CCR for 2001 was posted in three public places.

RUBA Activities For The Coming Quarter

There will be no further RUBA activity at this time. Kake has been terminated from the RUBA program due to non-performance.