

# Manokotak Activity Report

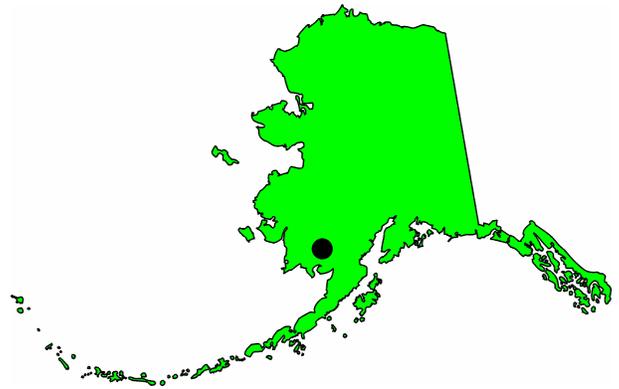
## Community Overview

Lead RUBA Staff: Ralph Andrew, Dillingham Office

2003 Population: 405

Region: Dillingham

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



The city operates two water/sewer systems in Manokotak, one at the village site and another at the Manokotak Heights area. Water is derived from two wells, is treated and stored in a 150,000-gallon water storage tank. A piped water and sewer system, constructed in 1972, serves 68 households and the school with complete plumbing. Two homes and a duplex have individual wells. Manokotak Heights, located 4 miles to the south, is served by a well and treatment system, but water shortages have occurred. New HUD housing units were built in 2000, and additional units are planned. The school, located in the Heights area, operates its own water and sewer system serving the school and one teacher housing unit. A feasibility study to examine water, sewer and landfill improvements was completed in late 2004.

## RUBA Activity This Quarter

Dillingham Regional Office RUBA staff traveled to Manokotak May 2-4, 2006 to assist city staff with deficient RUBA Assessment indicators and to meet with the city council on general matters. In recent months the City made progress on Assessment indicators including adoption of a water/sewer ordinance with collections procedures. Several deficient indicators remain unresolved. Accounts receivable and payable systems are in stages of improvement. Water/sewer collections are falling short of operating costs although collections are said to be improving dramatically. RUBA assisted staff in developing ordinance-compliant disconnection notices and repayment agreement forms. In May 2006 city staff received onsite QuickBooks training from a CPA firm. Staff were satisfied with the training results and expect to more effectively resolve several accounting-related Assessment deficiencies. The city's water systems remain on the Alaska Department of Environmental Conservation (ADEC) Significant Non-Compliance (SNC) list for violations related to Radionuclides Rule sampling. Village Safe Water (VSW) informed RUBA that other grant conditions including the SNC list violations and development of a business plan must be resolved before construction funds next year. During the quarter, the city administrator successfully completed the RUBA Financial Management training event in Dillingham April 3-7, 2006. The administrator, with assistance from regional health corporation staff, completed the Consumer Confidence Report (CCR) report. Concerning city finances, on RUBA's recommendation, staff reviewed higher than average electric operating costs for the water/sewer utility. It was determined a pump house facility heating system consumed an exorbitant amount of energy in the winter months. Staff anticipate using state energy funding in FY 2007 to pay the electric debt that exceeds \$30,000. Gas and heating fuel prices are both over \$6/gallon and the city is contemplating projects that would promote energy efficiency. Based on a June 8, 2006 report from RUBA, the City of Manokotak has not accessed all of their available Small Municipal Energy Assistance Program (SMEAP) energy funds from the state. A balance of \$16,058.97 remains. RUBA urged action before funds expire at the end of June. In other matters, the city administrator will take summer leave starting late June 2006 and the city clerk will maintain city office coverage during that time.

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

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#### 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 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's water/sewer budget for FY 2006 is balanced and lists all revenues and expenses for the utility. The city administrator's monthly reports are satisfactory. RUBA suggests the water operator provide monthly reports to ensure the city council is aware of general operational information. The utility appears current on bills and has fuel supplies sufficient through fall. Water/sewer utility revenues are falling short of expenditures although customer collections are said to be improving and approaching seventy percent.

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

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#### 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 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:**

The city's water/sewer ordinance addresses collections and collections are improving; RUBA is awaiting confirmation of financial standing. The water/sewer ordinance language addresses collections in the billing policy and the city council is making improvements in enforcement. City staff continue gaining proficiency with QuickBooks and participated in training during the quarter. Payroll recordkeeping is satisfactory. Improvements in accounts receivable and payable are anticipated; RUBA awaits accounting reports from staff and will note resolution of the associated deficiencies upon confirmation

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

The city calculates, tracks, and reports payroll tax liabilities with Quickbooks accounting software and reported to RUBA that it has met its state and federal tax obligations. A May 10, 2006 report from the IRS in response to RUBA's request for Authorization to Request Federal Tax Information indicates the city is compliant with federal tax requirements. The city should maintain compliance and ensure state ESC tax submittals are accurate and timely as well.

**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 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:**

Worker's compensation insurance coverage is in effect through July 1, 2006. Personnel System indicators are met. At the mayor's request, RUBA continues to offer recommendations to the city administrator as he drafts improvements to the personnel policy. Staff continue to make improvements to the personnel filing system.

## 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 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 council manages the water/sewer system and adopted a Regulatory Commission of Alaska-approved water/sewer ordinance that includes policy and procedures including billing, collections, customer complaints, and level of service details. The city administrator had customers sign new water/sewer service agreements during the quarter. Consistent efforts to enforce collections are producing results; customer revenues are increasing and expected to continue improving after the commercial fishing season. The city administrator attended QuickBooks training during the quarter. The policy making body meets regularly and expressed a great deal of interest in utility management during RUBA's May 2006 visit.

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

Water operator staff are trained and utilize a preventative maintenance for ongoing operations. Utility facilities have not suffered any major problems according to staff. The city's two water systems remain listed in the ADEC Significant Non-compliance; city staff continue to work towards compliance. The city administrator, with assistance from the regional health corporation, completed and distributed the Consumer Confidence Report.

**RUBA Activities For The Coming Quarter**

RUBA will continue to maintain contact and provide assistance as city staff resolve RUBA Assessment deficiencies, make improvements in accounting and recordkeeping, and consider a water/sewer rate analysis.

