



June 5, 2020

To: Tyler Poelstra
Myla Poelstra

RE: Edna Bay QuickBooks file

I opened the Balance Sheet first. I always look at the Balance Sheet as most financial transactions go through that report. If you have a good Balance Sheet, chances are that your file is in good shape.

Edna Bay has a very unusual Balance Sheet. The use of so many subaccounts for the Edna Bay bank account is an approach that requires meticulous accounting and is very hard to reconcile as you need all the paperwork to do it correctly. That said, Myla has been doing an amazing job of keeping track of all of those sub accounts.

Most of the listed subcategories under Revenue Sharing under the City of Edna Bay bank account are usually expense accounts—not bank accounts. In fact, some of them are repeated in the Expense accounts. That is not necessary. You are mixing the types of accounts and the use of them. Because your work is so good, you have been able to get the information you need from the file. I think the more common setup would benefit you greatly. I would be glad to work with you if you want to change your model.

I also see that you are not using the Class feature in QuickBooks. Classes can be set up to reflect all of your Enterprises, Departments, Grants and Projects. This feature allows you to tag any financial transactions with the appropriate department, grant or project. You can then do a Profit and Loss Report and a Budget vs. Actual Report for any of those classes. It also allows you to eliminate Expense accounts such as Fire, Post Office, Roads, Docks, Administration, etc. Those become classes with budgets and Profit and Losses of their own. I have attached I have attached a worksheet to give you examples of specific classes, an example of a community Profit and Loss and a sample Chart of Accounts.

Do you have individual Budgets for Administration & Finance and Fuel Sales? Are there any other departments, Grants or Projects that you have budgets for? Generally villages also have a Council Class to reflect stipends and travel expenses for the Council. Generally your budget is your best guide to developing your own Class List.

I understand that you want a Budget vs Actual report to help the Council make their decisions. QuickBooks has such a report, but it is worthless with your current set-up. Budgets and Budget vs. Actual Reports are generally set up to match your Profit and Loss Report—your Income and Expense line items in your Chart of Accounts. I would love to see your budget to see how we can make QuickBooks reflect your budget better in your income and expense accounts. This would probably involve changes in the file as described in the above paragraph.

It is a good idea to keep bank accounts reconciled. The Bulk Fuel Petty Cash, Bulk Fuel R&R need to be bought current with their reconciliations. Other than the reorganization I suggested, your file is in good shape. I commend Myla for keeping on top of things. All of my help is paid for by the RUBA program, so there would be no expense to you. Please don't hesitate to call me with any questions.

Joanna

What is a Class?

The Class List consists of all of the Departments, Grants and Projects that your organization manages. Here are examples of Classes:

<u>FUND TYPE</u>	<u>FUND NAME</u>	<u>QUICKBOOKS CLASS NAME</u>
GENERAL	Administration and Finance	Admin & Finance
	General Fund	General Fund
	Council	Council
	Fire	Fire
	Search and Rescue	Search & Rescue
	VPSO	VPSO
	Streets and Roads	Streets & Roads
ENTERPRISE	Water/Sewer	Water/Sewer
	Washeteria	Washeteria
	Fuel Sales	Fuel
	Equipment Rental	Equipment
	Electric Utility	Electric
	Garbage	Garbage
	Moorage	Harbor
	Gaming	Gaming or Bingo or Pulltabs
GRANT REVENUE	Clean-up Grant	FY18-DCRA-456-Clean Up
	Library Grant	FY138LOC5378D-Library
	IGAP	FY18—IGAP Grant
CAPITAL REVENUE	Airport Runway Project	Airport Runway COE 5298
	Water Plant Upgrade	VSW 67548-H78

Use the space below to build your community's class list. Get out old budget sheets or get the city staff together and brainstorm every department, grant, or project active in your community right now.

General Fund Departments:

Enterprises:

Grants:

Projects:

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**City of Salmon River
Profit & Loss by Class
July 2013**

Accrual Basis

	Admin & Finance	Fuel	Streets & Roads	Washeteria	Water Sewer	Plant Upgrade	TOTAL
Income							
City Services Income	0.00	6,800.00	0.00	430.00	13,000.00	0.00	20,230.00
Sales Tax Income	17,967.00	0.00	0.00	0.00	0.00	0.00	17,967.00
Total Income	17,967.00	6,800.00	0.00	430.00	13,000.00	0.00	38,197.00
Expense							
Bank Charges	6.00	0.00	0.00	0.00	11.00	0.00	17.00
Chemicals	0.00	0.00	0.00	0.00	480.00	0.00	480.00
Electricity	0.00	1,700.00	0.00	0.00	0.00	0.00	1,700.00
Equipment	504.00	500.00	0.00	0.00	108.00	0.00	1,112.00
Fuel Oil	0.00	800.00	0.00	2,000.00	0.00	0.00	2,800.00
Insurance & Bonding	3,200.00	0.00	0.00	0.00	0.00	0.00	3,200.00
Office Supplies	749.00	0.00	0.00	0.00	39.00	225.00	1,013.00
Payroll Expenses	5,100.00	5,000.00	7,080.00	2,400.00	7,200.00	0.00	26,780.00
Payroll Taxes	850.00	800.00	980.00	400.00	1,200.00	0.00	4,230.00
Per Diem	0.00	0.00	0.00	185.00	0.00	0.00	185.00
Postage & Freight	168.00	0.00	0.00	50.00	80.00	0.00	298.00
Repairs/Maintenace-Bldgs.	0.00	0.00	0.00	2,500.00	0.00	0.00	2,500.00
Telephone	300.00	70.00	0.00	0.00	100.00	0.00	470.00
Vehicle/Equipment Maintenance	0.00	200.00	250.00	3,000.00	100.00	0.00	3,550.00
Workers Compensation	0.00	0.00	0.00	1,100.00	0.00	0.00	1,100.00
Total Expense	10,877.00	9,070.00	8,310.00	11,635.00	9,318.00	225.00	49,435.00
Net Income	7,090.00	-2,270.00	-8,310.00	-11,205.00	3,682.00	-225.00	-11,238.00

Sample Chart of Accounts

Account/Categories

Safe

General Fund Checking

Water/Sewer Savings

Employee Advances

Undeposited Funds

Water/Sewer Accounts Receivable

Accounts Payable

VISA Credit Card

Payroll Liabilities

Salmon River Fund Balance

Income -- City Services

Grant Income

State Income

Federal Income

Interest Income

Salaries

Stipends

Payroll Taxes

Workers Compensation

Retirement/Pension

Airfare

Per Diem

Training, Workshop & Conference Fees

Telephone

Rent

Electricity

Water & Sewer

Fuel Oil

Repairs/Maintenance (Buildings)

Office Supplies

Postage

Copier Supplies

Equipment

Vehicle/Equipment Maintenance

Interest & Late Charges

Insurance & Bonding

Membership, Dues & Fees

Bank Charges

Type

Bank

Bank

Bank

Other Current Asset

Other Current Asset

Accounts Receivable

Accounts Payable

Credit Card

Current Liabilities

Equity

Income

Income

Income

Income

Income

Expense

Expense

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