

Kwethluk Activity Report

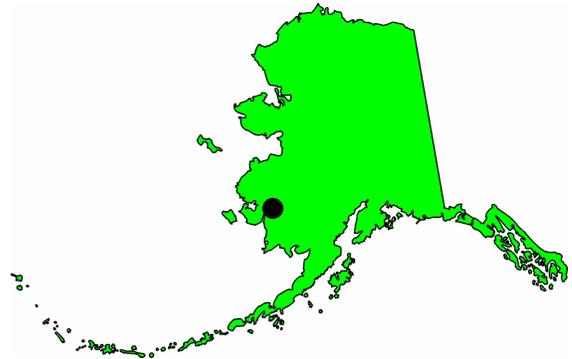
Community Overview

Lead RUBA Staff: Ken Berlin Bethel Office

2003 Population: 730

Region: Lower Kuskokwim

Local Governments: 2nd Class City, IRA Tribal Council



The Kwethluk Utilities Commission (KUC) operates the water treatment plant, washeteria, garbage collection, and the honey-bucket haul system for the community. The Kwethluk Utilities Commission Utility Board is the policy making body for the utility. A new washeteria/water treatment plant is still under construction through Alaska Native Tribal Health Consortium (ANTHC) engineering services. The school and teachers' housing have their own water sewer systems. There are honeybucket bins located sparingly throughout the community for the container haul system, these are hauled to the sewage lagoon on a concurrent basis. Very few homes have running water or plumbing for showers, but many residents have sauna/steambath houses.

RUBA Activity This Reporting Period

On April 5, RUBA staff met with IRS on Kwethluk Utility Commission's (KUC) unpaid payroll taxes and unfiled quarterly reports. The IRS sent a letter of notice to KUC giving them until 4/20/06 to comply. Since then IRS has levied KUC. KUC staff is working with IRS to set up a repayment plan agreement. RUBA staff traveled to Kwethluk on April 6, and met the new KUC manager hired in March 2006. KUC was without a Manager since last October 2005. During this same trip I met with Max Angellan, Richard Long, KUC Board members, Larissa Spein, KUC Manager, Margaret Fitka, City Admin., Chris Kiana, ANTHC and Ken Sun, VSW via phone to discuss the RUBA management report. KUC needs to pass a 2006 budget, do financial reports, negotiate a repayment plan for the electric bill, do honeybucket haul billings for all units, negotiate a repayment plan with IRS, and start enforcing KUC policies. Other business discussed was the Yukon Kuskokwim Health Corporation Rural Utility Cooperative (YKHC RUC) program, gaming revenues, and possible dissolution of KUC. On May 10, Larissa Spein, KUC Manager submitted the financial reports from July 2005 to April 2006. A draft 2006 budget is ready for KUC Board review and adoption. Since Larissa got on board in early March 2006, the RUBA essential deficiencies at the KUC are starting to move forward. She is a hard worker. May 12, the KUC Manager called to discuss the RUBA assessment. The FY 06 budget is adopted and financial reports were submitted up to April 2006. KUC needs to meet with and work out a repayment plan with IRS and State DOL on unpaid payroll taxes. KUC needs to address the unpaid electric bill and payment of current monthly bills. KUC board needs to enforce KUC policies on all residents. KUC Manager needs training on QuickBooks Pro. Kwethluk flooded on May 25h and majority of the town was affected. The honeybucket haul bins tipped over and spread raw sewage all over town. Homeland Security personnel were onsite to inspect damages. June 13, the KUC Manager called with good news. KUC paid off the electric bill and is now current. This was accomplished by the City of Kwethluk, Kwethluk Incorporated, Kwethluk Power House and Kwethluk Utility Commission. Also KUC is thinking about joining the RUC program. On June 27, RUBA staff attended the Kwethluk Joint Group meeting; of particular interest, in the agenda was the resolution 06-06-04 Commitment to

join YKHC RUC, and RUBA essential indicators. The joint group consisted of City of Kwethluk, Organized Village of Kwethluk, Kwethluk Utilities Commission and Kwethluk Incorporated. Seth Smith from YKHC RUC was there to explain the agreement and answer questions. He did a brief overview of the RUC program and after a question and answer period, the joint group participants passed and signed the agreement and resolution. Essentials not met at this time are the IRS and State DOL unpaid payroll taxes, receiving adequate revenues to cover operating expense, not enforcing policies and the new manager needs training.

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 current in paying all water/wastewater electric bills. |
| <input type="checkbox"/> | <input checked="" 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. |

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:

Financial reports can now be generated through the QuickBooks Pro system. Present staff still need training on QuickBooks Pro. Monthly financial reports from July 05 to April 06 were submitted. FY 06 budget was adopted in May 2006.

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 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 checked="" type="checkbox"/> | <input 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 Commission tracks the accounting activities through QuickBooks Pro. The new financial software produces Purchase Orders and they are being utilized. But the newly hired Manager will probably need onsite training by a certified accountant and QuickBooks Pro trainer to effectively utilize system capabilities. The KUC is using the NEBS Cash Receipt System and recorded as data onto their new financial software. ANTHC is doing billings for the Utility. KUC does collections.

Tax Problems**Essential Indicators**

- | Yes | No | |
|-------------------------------------|-------------------------------------|---|
| <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 type="checkbox"/> | <input checked="" type="checkbox"/> | The utility is current on making tax deposits. |
| <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:

KUC needs to work out a payment plan with IRS on past due payroll tax liabilities. KUC also needs to do the same with State DOL for past due ESC contributions.

Personnel System**Essential Indicators**

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

- | | | |
|-------------------------------------|--------------------------|--|
| <input checked="" type="checkbox"/> | <input 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 checked="" type="checkbox"/> | <input 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 checked="" type="checkbox"/> | <input 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 is insured through the Alaska National Insurance effective 7/1/05 to 7/1/06, which includes KUC employees. A copy of the Workers Compensation Policy was received and filed.

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:

KUC just hired a new Utility Manager and needs to be trained. KUC sent both their Water Treatment Operators to OIT training, both got their certificates.

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

Operation of Utility Comments:

Both operators attended the OIT Class and got their certificates.

RUBA Activities For The Coming Quarter

Assist and train new Utility Manager. Enforce Utility Management Services Agreement between the City of Kwethluk, the Organized Village of Kwethluk and Kwethluk Utility Commission. Await YKHC's decision on whether to accept or deny KUC into the YKHC/RUC.