

# Native Village of Kongiganak

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## Assessment of Management Capacity Indicators

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# Introduction

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The Native Village of Kongiganak report was completed by Rural Utility Business Advisor program staff Ken Berlin as a requirement for a proposed grant-funded sanitation project. The report was completed with the voluntary assistance of the utility staff and based on information provided to the RUBA program. Specific documents provided by the utility staff are in the Bethel regional office for viewing if requested.

The goal of the RUBA program is to help small communities implement utility management practices that will improve the utility's ability to provide safe drinking water to their communities on a sustainable basis. The RUBA assessment evaluates essential and sustainable indicators necessary for the managerial and financial health of the utility. These indicators are organized under the following sections:

- Utility Finance
- Accounting Systems
- Tax Problems
- Personnel System
- Organizational Management
- Operation of Utility

*Essential Indicators* identify policies and practices that are critical to the short-term operation of a utility. *Sustainable Indicators* identify policies and practices that make a utility cost-effective to operate and increase the likelihood of long-term financial success.

The Essential Recommendations are limited to those items needed to meet deficient essential indicators. Only the essential indicators are required to be met under the grant conditions. The Sustainable Recommendations are intended to improve cost effectiveness and sustainability of the utility.

The Native Village of Kongiganak operates and manages the following utility services:

- Washeteria/water treatment plant/watering point
- 1.5 million gallon water storage tank
- Piped water and sewer system to school
- Sewer lagoon
- Landfill
- Garbage haul
- Puvurna Power Plant

# Capacity Indicators

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On 1/14/2015, RUBA staff Ken Berlin met with Native Village of Kongiganak staff to complete a RUBA Assessment of Management. Native Village of Kongiganak staff provided documentation supporting the conclusions in this report. Specific documents used in this report included:

- Current electric billings November 2014
- Accounts receivables November 2014
- Accounts payables November 2014
- Chart of accounts
- Purchasing system
- IRS tax release dated October 9, 2014
- State DOL/ESC December 2014
- Workers compensation insurance coverage certificate
- Meeting minutes dated October 15, 2014
- Utility operator certificates
- CCR
- SNC October 2014

## Finances

### Essential Indicators

Yes No

- |                                     |                                     |  |
|-------------------------------------|-------------------------------------|--|
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | All revenues 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 board.                                 |
| <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 a financial plan to purchase an adequate supply. |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | The utility is receiving revenues (user fees or other sources) sufficient to cover operating expenses.           |

### Sustainable Indicators

Yes No

- |                          |                                     |   |
|--------------------------|-------------------------------------|---|
| <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) costs. |
|--------------------------|-------------------------------------|---|

- YTD revenues are at a level equal to or above those budgeted.
- YTD expenditures are at a level equal to or below those budgeted.
- A monthly manager's report is prepared.
- Budget amendments are completed and adopted as necessary.

The CY14 budget nor any finance reports have been submitted by Kongiganak. A finance report dated September 11, 2014 showed only what appeared to be revenue figures and no expenditures. Without an adequate 2014 budget and finance reports, RUBA staff could not determine if the utility is receiving revenues sufficient to cover operating expense. The administrator purchased and received 7264 gallons of HF #1 and used Community Revenue Sharing funds to pay for it. Also DEC/VSW gave the tribe 20,000 gallons of heating fuel that was left over from a project. Residents purchase prepaid water from the water treatment plant. They are current on all water/wastewater electric bills.

## Accounting Systems

### **Essential Indicators**

**Yes    No**

- The utility has adopted a collection policy and actively follows it.
- The utility bills customers on a regular basis.
- An accounts receivable system is in place which tracks customers and reports past due accounts and amounts.
- An accounts payable system is in place.
- The payroll system correctly calculates payroll and keeps records.
- A cash receipt system is in place that records incoming money and how it was spent.
- The utility has a cash disbursement system that records how money was spent.

### **Sustainable Indicators**

**Yes    No**

- A chart of accounts is used that identifies categories in a reasonable, usable manner.
- Monthly bank reconciliations have been completed for all utility accounts.

- The utility has a purchasing system that requires approval prior to purchase, and the approval process compares proposed purchases to budgeted amounts.

Kongiganak Traditional Council has on file a revised ordinance which states a fifteen dollar service fee. According to the administrator the fee was discontinued because people dispose of their own honeybuckets at the lagoon site. Tokens are used at the watering point at the washeteria/water treatment plant/watering point. The ordinance specifies handling procedures and the designated site for the honeybuckets at the sewer lagoon. The water and sewer system includes a washeteria/water treatment plant/watering point; 1.5 million gallon water storage tank; and piped system to the school. Residents use honeybuckets and haul their own waste. A piped system is planned for the residents in the future. The school is billed about once per month or when water is pumped to the school. A copy of a billing to the school for water dated October 2014 is on file. The landfill is operated and maintained by the Kongiganak Traditional Council and provides garbage pickup at no charge. The accounting system is managed with QuickBooks. Kongiganak Traditional Council submitted a reconciled account listing which contained fund balances for each department.

## Tax Problems

### **Essential Indicators**

**Yes No**

- The utility has a system to accurately calculate, track, and report payroll tax liabilities.
- The utility is current on filing tax reports.
- The utility is current on making tax deposits.
- If there are any past due tax liabilities or recorded tax liens, a lien release has been issued or a repayment agreement has been signed and repayments are current.

The utility uses the QuickBooks to accurately calculate, track, and report payroll tax liabilities. The Alaska Department of Labor deemed the tribal council in compliance on December 12, 2014. IRS deemed Kongiganak Traditional Council compliant to September 26, 2014. They are not on the September-October 2014 lien watch.

## Personnel System

### **Essential Indicators**

**Yes No**

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

## Sustainable Indicators

Yes No

- The utility has adopted and uses a Personnel Policy, which has been reviewed by an attorney, AML or Commerce 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.

Workers compensation insurance coverage is through LM insurance 5/17/14 to 5/17/15. The Bethel regional office has a copy of the personnel policy, which includes job descriptions. This personnel policy is currently being updated. All staff are evaluated each year. The utilities director emphasized that the operators are on a performance based evaluation and their hours are based on their workload. Spot checking one personnel file contained I-9, job application, and letter of acceptance. The personnel policy contains provisions for an employee probation period which is followed. When training opportunities become available for employees, they are allowed to attend.

## Organizational Management

### Essential Indicators

Yes No

- The entity that owns the utility is known; the entity that will operate the utility is set.
- The policy making body is active in policy making of the utility.
- The policy making body enforces utility policy.
- The utility has an adequately trained manager.
- The utility has an adequately trained bookkeeper.
- The utility has an adequately trained operator or operators.

- The utility has adopted the necessary ordinances (or rules and regulations) necessary to give it the authority to operate.

### **Sustainable Indicators**

**Yes No**

- 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.

The utility ordinance is on file in the Bethel regional office but not being enforced at this time due to no services being provided, except for a watering point and piped water and wastewater to the school. The bookkeeper has attended QuickBooks and other trainings. The manager was hired in August 2013. The water operator is certified and experienced. Kongiganak Traditional Council's organizational chart is filed in the Bethel regional office. Meetings are regularly scheduled every month and are open to the public and comply with the open meeting act.

### **Operation of Utility**

#### **Essential Indicators**

**Yes No**

- The utility operator(s) are actively working towards necessary certification.
- The utility has a preventative maintenance plan developed for the existing sanitation facilities.

#### **Sustainable Indicators**

**Yes No**

- 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 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".
- The utility is not on the "Significant Non-Complier" (SNC) list.

- The utility maintains an inventory control list.
- The utility maintains a critical spare parts list.

The utility operator is certified and experienced. The file in the Bethel regional office contains Kongiganak Traditional Council's preventative maintenance plan. The manager works in the washeteria/water treatment plant building and spot checks the utility on a daily basis. The utility's CCR is on record with DEC. Inventory control lists and critical spare parts list have been provided to the Bethel regional office.

## Essential Recommendations

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The Native Village of Kongiganak has not met all of the essential capacity indicators. In order to meet them, the utility must take the following actions:

- Ensure that all revenues and expenses for the utility are listed in the utility budget.
- Adopt a balanced realistic budget.
- Implement a monthly financial report that includes at least a year to date figures for revenues and expenditures compared to the budget.
- Ensure revenues are equal to or above, and expenses are equal to or below those budgeted.
- Adopt a collection policy and actively follow it.
- Ensure that the policy making body actively enforce the utility policy.

## Sustainable Recommendations

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The Native Village of Kongiganak has not met all of the sustainable capacity indicators. The Native Village of Kongiganak can work to improve sustainable indicators as follows:

- Establish a Repair and Replacement account for the utility, and budget for R&R expenses.
- Ensure the YTD revenues are at a level equal to or above those budgeted.
- Ensure the YTD expenditures are at a level equal to or below those budgeted.
- Prepare utility manager reports to the city council on a monthly basis.
- Ensure that the budget amendments are completed and adopted as necessary.

## Conclusion and Next Step

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By implementing RUBA recommendations and working with the RUBA program to continue improving management practices, the Native Village of Kongiganak will put itself into position to better meet unanticipated financial costs and increase the long-term sustainability of all utilities.

The Native Village of Kongiganak staff was open and helpful with providing information to complete this assessment. They realize the importance of community health, financial stability, effective utility management practices and sustainability.

RUBA staff is available to provide ongoing assistance in improving management practices and sustainable utilities.

By implementing the above recommendations, the Kongiganak Traditional Council will put itself into position to better meet unanticipated financial costs and ensure that employees are aware of their conditions of employment. The Kongiganak Traditional Council staff was open and helpful with providing information to complete this assessment. They realize the importance of community health, financial stability, effective utility management practice and sustainability. RUBA staff is available to provide assistance for any capacity indicators that are not being met.