



COUNTY *of* NAPA

PAMELA A. KINDIG
Auditor-Controller

RODNEY CRAIG GOODMAN, JR., CPA
Assistant Auditor-Controller

ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Directors
Napa-Vallejo Waste Management Authority
1195 Third Street, Room 101
Napa, CA 94559

We have performed the procedures enumerated in the engagement letter, which was agreed to by the Manager of Napa-Vallejo Waste Management Authority (NVWMA) on behalf of the Board and Manager of the Devlin Road Transfer Station, hereafter known as DRTS. These procedures are solely to assist the designated parties with respect to the documents obtained in Step I of the Agreed-Upon Procedures as they pertain to the Revenues, Accounts Receivable and Allied Waste's, hereafter known as Allied, fees for the DRTS for the six months ended June 30, 2005. This engagement to apply agreed-upon procedures was performed in accordance with the standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. A partial summary of our report dated September 27, 2006, as it pertains to the exhibits and the exceptions is as follows:

Summary of Exhibits

1. Summary of Accounts Receivable by Account Type (fees and interest not included):

Account Type	June 30, 2005	March 31, 2005	December 31, 2004	September 30, 2004
500	\$ 202,552.57	\$ 170,450.45	\$ 197,774.86	\$ 189,286.84
500B	206.48	597.06	556.16	598.84
500C	1,753.30	2,904.92	2,080.96	1,786.66
Subtotal	204,512.35	173,952.43	200,411.98	191,672.34
Lemon Street Hauls	2,387.88	-	-	65,688.84
Total FY 2004/05	\$ 206,900.23	\$ 173,952.43	\$ 200,411.98	\$ 257,361.18
Accounts Receivable	\$ 304,239.81	\$ 230,052.12	\$ 140,142.53	\$ 219,511.57
Lemon Street Hauls	60,304.36	53,658.18	145,773.54	94,944.42
Total FY 2003/04	\$ 364,544.17	\$ 283,710.30	\$ 285,916.07	\$ 314,455.99

2. Accounts Receivable over 90 days by Account (fees and interest not included):

Account Type	June 30, 2005	March 31, 2005	December 31, 2004	September 30, 2004
500	\$ 5,482.74	\$ 16,276.36	\$ 16,392.52	\$ 20,916.75
500B	88.56	544.88	529.22	432.62
500C	1,269.10	1,868.96	1,733.66	1,368.74
Total FY 2004/05	\$ <u>6,840.40</u>	\$ <u>18,690.20</u>	\$ <u>18,655.40</u>	\$ <u>22,718.11</u>
Total FY 2003/04	\$ <u>22,284.27</u>	\$ <u>22,471.89</u>	\$ <u>14,957.89</u>	\$ <u>14,160.86</u>

3. Revenue Activity per the "General Ledger Transactions"

Deposit Type	Year-to-Date	Jun-30, 2005	Mar-31, 2005	Dec-31, 2004	Sep-30, 2004
Cash	\$ 2,941,350.65	\$ 806,631.13	\$ 650,683.60	\$ 659,785.72	\$ 824,250.20
Credit Card	564,953.09	165,563.71	136,550.55	124,474.64	138,364.19
Accts Receivable	9,333,764.15	2,376,606.90	2,129,930.15	2,294,374.13	2,532,852.97
Keller Canyon	266,821.16	11,102.40	30,029.94	135,359.78	90,329.04
Bank Adj & Other	10,970.38	12,515.94	(1,874.71)	2,319.43	(1,990.28)
Total FY 2004/05	\$ <u>13,117,859.43</u>	\$ <u>3,372,420.08</u>	\$ <u>2,945,319.53</u>	\$ <u>3,216,313.70</u>	\$ <u>3,583,806.12</u>
Total FY 2003/04	\$ <u>12,589,560.89</u>	\$ <u>3,224,879.87</u>	\$ <u>2,926,416.37</u>	\$ <u>3,145,294.79</u>	\$ <u>3,292,969.86</u>

4. Cash Overages (Shortages):

For the Quarter Ended	FY 2004/05	FY 2003/04
June 30	\$ (1,860.26)	\$ (522.07)
March 31	(407.41)	371.85
December 31	(146.49)	(390.04)
September 30	<u>(770.43)</u>	<u>(4,071.87)</u>
Year-to-Date	\$ <u>(3,184.59)</u>	\$ <u>(4,612.13)</u>

Accounts Receivable

We compared the “Accounts Receivable by Name” reports as of March 31, 2005 and June 30, 2005, to the activity in each client’s account for each of the respective quarters from the “Invoice Register-Summary by Customer Account Name” and “Transaction Register”. We summarized the “Accounts Receivable by Name” report as of June 30 2005 and adjusted the report for the exceptions noted in prior reports for Cello Maudru (\$91.80) and Art Tech Roofing (86 cents), in addition to the following exception:

Exception: April 2005 Brownwell Construction \$340.20
A bill of \$340.20 on the April 2005 Invoice Register did not appear on the Transaction Register as of April 29, 2005. The amount was subsequently posted to the Transaction Register as of May 5, 2005.

Exception: Administration fees and interest of \$193.11 is owed by NVWMA’s “Landfill Fee” trust to the Treasurer’s “Central Collection” trust as of June 30, 2005. The composition of this balance has been identified and journal entries posted as of June 30, 2006 have corrected this position.

Revenues

- A. We compared payments made to the collection agency reflected on the “Transaction Register” to the “General Ledger Detail Transactions” reports.
- On April 28, 2005, the Treasurer’s office corrected an account coding error for a deposit in the amount of \$3,141.12 received on February 4, 2005. The deposit was recognized in the NVWMA general ledger as of April 1, 2005. NVWMA did not receive interest on these funds from February 4, 2005 to March 31, 2005.
 - On April 28, 2005, the Treasurer’s office corrected a HMS deposit dated March 2, 2005. The deposit of \$14,141.77 was recognized in the NVWMA general ledger on April 1, 2005. NVWMA did not receive interest income on these funds from March 2, 2005 to March 31, 2005.
 - On April 18, 2005, the Treasurer’s office reversed a deposit posted to NVWMA’s general ledger that belonged to another agency. The deposit was originally posted on April 1, 2005 in the amount of \$103.54. There was a minimal impact on interest income.

- B.** We compared credit card charges included in the “DRTS Cash Receipt Journal” to the “General Ledger Transactions” report.

Exception D.1: Sixty-eight (68) exceptions were noted out of the one-hundred and seventy-nine (179) summary charge slips for the six months ended June 30, 2005. Credit card charges in Allied’s “DRTS Cash Receipt Journal” were \$45.74 more than the amount posted to the General Ledger for the quarter ended March 31, 2005 and \$527.09 less for the quarter ended June 30, 2005.

Recommendation D.1: Staff inputs the payment type when the client enters the facility on the inbound scale. However, staff may not be changing the coding if the payment rendered is different at the outbound scale. If a ticket is closed before the payment type is changed, then a copy of the cash reconciliation for the day will need to be provided to the Auditor-Controller’s office to account for the discrepancy.

- C.** We compared the amounts reported on the “DRTS Cash Receipt Journal – Summary by Name” to the deposit slips and credit card charges, as maintained in the files of the Napa County Department of Environmental Management’s Office.

Exception: A cash shortage of \$2,267.67 was calculated for the six months ended June 30, 2005. This compares to a cash shortage of \$916.92 for the six months ending December 31, 2004.

Recommendation: If the self-hauler avoids the second window without paying or fills out a “no pay” sheet at the second window, an open invoice will result in the system. The DRTS staff is researching how these open invoices are currently being accounted for in the system and whether a report can be produced on a daily and monthly basis to assist in the reconciliation of the cash.

- D.** We compared the bank adjustments to the amounts posted in the “General Ledger Transactions” report.

Exception: There were four (4) bank adjustments processed through the General Ledger during the six months ended June 30, 2005 for an aggregate amount of \$34.64.

Recommendation: Scale house staff compute the deposit slips. Staff that prepared the deposits should continue to ensure that deposits are verified and initialed by another employee at the DRTS while in their presence.

- E. We traced the tickets that were not paid at the time the transfer station was used and determined if they were paid at a later date for the six months ended June 30, 2005.

Exception: The following exceptions were noted in respect of the Short/No Pay Quarterly Report during the six months ended June 30, 2005:

- Short payment noted on the Short/No Pay Quarterly Report was not reported to Central Collections for collection action – one (1) exception in the amount of \$291.06.
- Customer payments of previously short-paid tickets not recorded on Short/No Pay Quarterly Report – one (1) exception, in the amount of \$18.
- Short-paid tickets not recorded on the Short/No Pay Quarterly Report – two (2) exceptions in the aggregate amount of \$13.38.

Recommendation: A discussion needs to take place with NVWMA staff, the Auditor’s Office, and management of the Devlin Road Transfer Station to determine if the Short/No Pay Report is practical to continue or if the information can be obtained from the daily cash reconciliations.

- F. We compared the “General Ledger Detail Transactions” report to the information obtained in the detailed break down of General Ledger Activity.

Exception F.1: There were ten (10) instances during the quarter ended June 30 2005 where the deposit information was not posted to the GL timely. \$22,721.72

Recommendation F.1: Continued effort by the Treasury staff should be made to ensure that deposits are posted in a timely manner.

Exception F.2: There were three (3) instances during the six months ended June 30, 2005 where deposit information was not faxed by DRTS to NVWMA representatives in the Napa County Treasurer’s office. \$2,296.06

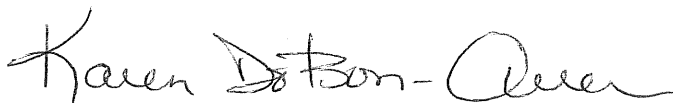
Recommendation F.2: Continued effort by the DRTS staff should be made to fax all deposit information to the County offices.

Exception F.3: It was determined that there were four (4) instances during the six months ended June 30, 2005 where NVWMA transactions were posted incorrectly. \$28,495.26

Recommendation F.3: Continued effort by the Napa County Treasurer’s office staff should be made to record monetary information in an accurate manner.

We were not engaged to, and did not perform an audit, the objective of which would be the expression of an opinion on specified elements, accounts, or items. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board of Directors and the managers of the Napa-Vallejo Waste Management Authority and Devlin Road Transfer Station and is not intended to be used by anyone other than them.

A handwritten signature in cursive script that reads "Karen Dotson-Querin".

KAREN DOTSON-QUERIN, CPA
Internal Audit Supervisor

September 27, 2006