



COUNTY of NAPA

PAMELA A. KINDIG
Auditor-Controller

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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 December 31, 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 November 28, 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	Dec. 31, 2005	Sep. 30, 2005
500	\$ 76,989.77	\$ 275,001.86
500B	280.96	329.68
500C	3,181.95	2,499.66
Subtotal	80,452.68	277,831.20
Lemon Street Hauls	-	-
Total FY 2005/06	\$ 80,452.68	\$ 277,831.20
Accounts Receivable	\$ 200,411.98	\$ 191,672.34
Lemon Street Hauls	-	65,688.84
Total FY 2004/05	\$ 200,411.98	\$ 257,361.18

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

Account Type	Dec. 31, 2005	Sep. 30, 2005
500	\$ 5,040.02	\$ 5,562.56
500B	236.16	88.56
500C	<u>2,392.14</u>	<u>2,402.70</u>
Total FY 2005/06	\$ <u>7,668.32</u>	\$ <u>8,053.82</u>
Total FY 2004/05	\$ <u>18,655.40</u>	\$ <u>22,718.11</u>

3. Revenue Activity per the "General Ledger Transactions"

Deposit Type	Year-to-Date	Dec-31, 2005	Sep-30, 2005
Cash	\$ 1,524,527.27	\$ 686,773.32	\$ 837,753.95
Credit Card	332,366.84	154,371.28	177,995.56
Accts Receivable	5,237,479.03	2,632,458.04	2,605,020.99
Lemon Street	2,387.88	-	2,387.88
Bank Adj & Other	<u>(1,073.35)</u>	<u>115.99</u>	<u>(1,189.34)</u>
Total FY 2005/06	\$ <u>7,095,687.67</u>	\$ <u>3,473,718.63</u>	\$ <u>3,621,969.04</u>
Total FY 2004/05	\$ <u>6,800,119.82</u>	\$ <u>3,216,313.70</u>	\$ <u>3,583,806.12</u>

4. Cash Overages (Shortages):

For the Quarter Ended	FY 2005/06	FY 2004/05
December 31	\$ (486.59)	\$ (146.49)
September 30	<u>(177.33)</u>	<u>(770.43)</u>
Year-to-Date	\$ <u>(663.92)</u>	\$ <u>(916.92)</u>

Accounts Receivable

We compared the "Accounts Receivable by Name" reports as of September 30, 2005 and December 31, 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 December 31, 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 exceptions:

Exception: June 2005 Norman Wells 266.56
An amount of \$266.56 for an invoice customer, was processed as a cash transaction on June 13, 2005, but not paid and not billed on the July Invoice Register. As of December 31, 2005, an adjustment is required to bill Mr. Wells' account.

Exception: October 2005 John Stewart Marina Vista \$20.72
An amount of \$20.72 on the Transaction Register as of October 7, 2005 doubled the October billing for John Stewart Marina Vista. The charge was subsequently written back as of November 18, 2005.

Exception: An amount \$344.53 is owed by NVWMA's "Landfill Fee" trust to the Treasurer's "Central Collection" trust as of December 31, 2005. The composition of this remaining balance has been identified and journal entries posted as of January 9, 2006 and June 30, 2006 have corrected this position.

Revenues

- A. We recalculated the charges on the "Customer Detail – Customer Activity Report" for 200 randomly selected transactions from each of the monthly reports for both quarters.

Exception: During the examination of the Customer Detail - Customer Activity Reports for November and December 2005 we noted that loads weighed at 0.34 tons to 0.37 tons (680 – 740 pounds) have been charged at \$22. This pricing is not in line with the wording of the schedule of fees adopted by Authority Resolution #05-15 which became effective November 1, 2005. The resolution as it applies to non-franchised vehicles stipulates that weighed loads of more than 660 pounds will be charged at \$59 per ton or fraction thereof. At that rate, a load of 0.34 tons would be charged \$20.06 and a load of 0.37 tons would be charged \$21.83. We have calculated an overcharge for all cash and invoice customers of \$329 during November and \$255 during December.

Recommendation: The amounts are immaterial, however if the authority wishes to charge its customers in line with its authorized schedule of fees it will need to either amend the schedule of fees, to stipulate a \$22 minimum for weighed loads, or adjust the formula for calculating the charges for weighed loads.

- B.** 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 net cash shortage of \$218.79 was noted for the quarter ended September 30, 2005 and a net cash shortage of \$698.11 was noted for the quarter ended December 31, 2005. As of December 31, 2005 there was a year to date net cash shortage of \$916.90 before bank adjustments and payments received on “No Pay” customers.

Recommendation: Allied should go over their reconciliation procedures to ensure that the current procedures are effective at minimizing discrepancies such as those listed in Exhibit C.

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

Exception: Sixty-seven (67) exceptions were noted out of the one-hundred and eighty-one (181) summary charge slips for the six months ended December 31, 2005. Credit card charges posted to the General Ledger were \$360.48 less than Allied’s records for the quarter ended September 30, 2005 and \$84.13 more than Allied’s records for the quarter ended December 31, 2005.

Recommendation: 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 DRTS will need to continue providing a copy of the cash reconciliation for the day to the Auditor-Controller’s office to account for the discrepancy.

- 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 three months ended September 30, 2005 for an aggregate amount of \$20.02 and five (5) bank adjustments processed through the General Ledger during the three months ended December 31, 2005 for an aggregate amount of \$118.00.

Recommendation: Scale house staff should continue to compute the deposit slips; however, the staff that prepares 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 December 31, 2005.

Exception: The following exceptions were noted in respect of the Short/No Pay Quarterly Report during the six months ended December 31, 2005:

- On October 10, 2005 ticket #547814 was reported as short paid for \$34.44 on the Quarterly Short/No Pay Report. The amount has been reported to Central Collections and a 500B account of \$34.44 has been established for collection. A repayment of \$49 was noted against this same ticket on the same day on the Quarterly report. However the deposit for October 10, 2005 did not include the \$49 payment.
- Short-paid tickets not recorded on the Short/No Pay Quarterly Report – one (1) exception in the amount of \$10.36.

Recommendation: The payment of \$49 by Customer Luis Montano should be researched by DRTS and if verified the 500B account must be adjusted. Per Management the Short/No Pay Quarterly Report is to be used to record and track short payments and subsequent repayments. All short/no pay, subsequent payments and transmittals to the Treasurer's office should be recorded on the Quarterly report.

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

There were no instances during the six months ended December 31, 2005 where the deposit information was not posted to the GL timely.

Exception: There were eleven (11) instances during the six months ended December 31, 2005 where deposit information was not faxed timely by DRTS to NVWMA representatives in the Napa County Treasurer's office. \$29,119.31

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

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 black ink that reads "Karen Dotson-Querin". The signature is written in a cursive style with a long horizontal stroke at the end.

KAREN DOTSON-QUERIN, CPA
Internal Audit Supervisor

November 29, 2006