



COUNTY of NAPA

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ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES (SUMMARY)

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 quarter ended June 30, 2006. 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 March 21, 2007 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, 2006	March 31, 2006	Dec. 31, 2005 ¹	Sep. 30, 2005
500	\$ 128,559.23	62,943.97	\$ 77,121.09	\$ 275,001.86
500B	377.84	258.20	280.96	329.68
500C	1,671.49	2,003.01	3,181.95	2,499.66
Subtotal	130,608.56	65,205.18	80,584.00	277,831.20
Lemon Street Hauls	-	-	-	-
Total FY 2005/06	\$ 130,608.56	65,205.18	\$ 80,584.00	\$ 277,831.20
Accounts Receivable	\$ 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

¹ December 31, 2005 "500" Accounts Receivable balance has been adjusted to charge back tarp credits wrongly given.

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

Account Type	June 30, 2006	March 31, 2006	Dec. 31, 2005	Sep. 30, 2005
500	\$ 1,458.22	\$ 1,527.71	\$ 5,040.02	\$ 5,562.56
500B	237.84	202.40	236.16	88.56
500C	<u>1,270.75</u>	<u>1,932.90</u>	<u>2,392.14</u>	<u>2,402.70</u>
Total FY 2005/06	\$ <u>2,966.81</u>	\$ <u>3,663.01</u>	\$ <u>7,668.32</u>	\$ <u>8,053.82</u>
Total FY 2004/05	\$ <u>6,840.40</u>	\$ <u>18,690.20</u>	\$ <u>18,655.40</u>	\$ <u>22,718.11</u>

3. Revenue Activity per the "General Ledger Transactions"

Deposit Type	Year-to-Date	Jun-30, 2006	Mar-31, 2006	Dec-31, 2005	Sep-30, 2005
Cash	\$ 2,916,525.42	\$ 779,929.69	\$ 612,068.46	\$ 686,773.32	\$ 837,753.95
Credit Card	716,099.34	215,458.73	168,273.77	154,371.28	177,995.56
Accts Receivable	10,333,786.83	2,503,356.88	2,592,950.92	2,632,458.04	2,605,020.99
Lemon Street	2,387.88	-	-	-	2,387.88
Bank Adj & Other	<u>(636.46)</u>	<u>330.84</u>	<u>106.05</u>	<u>115.99</u>	<u>(1,189.34)</u>
Total FY 2005/06	\$ <u>13,968,163.01</u>	\$ <u>3,499,076.14</u>	\$ <u>3,373,399.20</u>	\$ <u>3,473,718.63</u>	\$ <u>3,621,969.04</u>
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>

4. Cash Overages (Shortages):

For the Quarter Ended	FY 2005/06	FY 2004/05
June 30	\$ (374.42)	\$ (1,860.26)
March 31	59.70	(407.41)
December 31	(486.59)	(146.49)
September 30	<u>(177.33)</u>	<u>(770.43)</u>
Year-to-Date	\$ <u>(978.64)</u>	\$ <u>(3,184.59)</u>

Accounts Receivable

We compared the “Accounts Receivable by Name” reports as of June 30, 2006, to the activity in each client’s account for the quarter ended June 30, 2006, from the “Invoice Register-Summary by Customer Account Name” and “Transaction Register”. We summarized the “Accounts Receivable by Name” report as of June 30, 2006 and adjusted the report for the exceptions noted in prior reports for Norman Wells (\$266.56), Art Tech Roofing (86 cents) and Mark Edwards Construction (\$6.40), in addition to the following exceptions previously reported:

Exception: City of Vallejo and Vallejo Sanitation and Flood \$693.86

Tarp credits of \$410.46 were wrongly credited to City of Vallejo and tarp credits of \$152.08 were wrongly credited to Vallejo Sanitation & Flood during the quarter ended March 31, 2006. Tarp credits of \$131.32 were wrongly credited to City of Vallejo during the quarter ended December 31, 2005. Adjustments to charge back these credits from both quarters were posted January 3, 2007.

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: As noted in previous reports, 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 \$1,782.93 during the quarter ended June 30, 2006. Effective June 1, 2006, the rate for non-franchised vehicles containing more than 660 pounds changed to \$60.00 per ton. The same problem of overcharging still exists. Also, we noted that on June 1, 2006, when the rate changed, six (6) customers went through the scale house at the old rate of \$59.00 per ton.

Recommendation: We note that Resolution 07-01 effective February 1, 2007 increased the weight above which the per ton rate applies from 660 pounds to 740 pounds. However, because the per vehicle charge was also increased from \$22 to \$27 overcharging will continue unless the formula for calculating weighed loads at the scale house is aligned with the schedule of fees outlined in Resolution 07-01 (e.g. per Resolution 07-01 a load of 760 pounds at \$60 per ton should be charged \$22.80). It may be more practical to change item (d) in the fee resolution to read “minimum vehicle charges for non-franchise haulers properly tarped - \$22” and add an item to the fee resolution such as “minimum vehicle charges for non-franchise haulers without properly tarped load - \$27”.

- 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: Fifty-three (53) exceptions and a net cash shortage of \$394.42 were noted for the quarter ended June 30, 2006. As of June 30, 2006 there was a year to date net cash shortage of \$1,523.95 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: Thirty-two (32) exceptions were noted out of the ninety (90) summary charge slips for the quarter ended June 30, 2006. Credit card charges posted to the General Ledger were \$949.79 more than Allied’s records for the quarter ended June 30, 2006.

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 was one (1) bank adjustment processed through the General Ledger during the three months ended June 30, 2006 for a net aggregate amount of \$20.00.

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

Exception: There were fourteen (14) instances during the quarter ended June 30, 2006 where deposit information was not faxed timely by DRTS to NVWMA representatives in Napa County Treasurer's office. \$32,791.03

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.



KAREN DOTSON-QUERIN, CPA
Internal Audit Manager

March 21, 2007