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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 March 31, 2007. 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 August 22, 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	Mar. 31, 2007	Dec. 31, 2006	Sep. 30, 2006
500	\$ 64,639.48	\$ 436,273.33	\$ 470,141.58
500B	-	-	-
500C	2,348.51	8,382.53	7,741.45
Subtotal	66,987.99	444,655.86	477,883.03
Lemon Street Hauls	-	-	15,906.24
Total FY 2006/07	\$ 66,987.99	\$ 444,655.86	\$ 493,789.27
Accounts Receivable	\$ 65,205.18	\$ 80,452.68	\$ 277,831.20
Lemon Street Hauls	-	-	-
Total FY 2005/06	\$ 65,205.18	\$ 80,452.68	\$ 277,831.20

#### AUDITOR-CONTROLLER'S OFFICE

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

Account Type	Mar. 31 2007	Dec. 31, 2006	Sep. 30, 2006
500	\$ 914.46	\$ 1,000.62	\$ 2,286.28
500B	-	-	-
500C	1,851.87	7,716.45	1,046.13
Total FY 2006/07	\$ <u>2,766.33</u>	\$ <u>8,717.07</u>	\$ <u>3,332.41</u>
Total FY 2005/06	\$ <u>3,663.01</u>	\$ <u>7,668.32</u>	\$ <u>8,053.82</u>

3. Revenue Activity per the "General Ledger Transactions"

Deposit Type	Year-to-Date	Mar-31, 2007	Dec-31, 2006	Sep-30, 2006
Cash	\$ 2,020,443.42	\$ 588,874.25	\$ 625,405.80	\$ 806,163.37
Credit Card	574,350.80	171,368.21	188,051.40	214,931.19
Accts Receivable	7,568,714.35	2,647,118.28	2,621,561.01	2,300,035.06
Lemon Street	15,906.24	15,906.24	-	-
Bank Adj & Other	495.51	4,503.81	2,492.38	(6,500.68)
Total FY 2006/07	\$ <u>10,179,910.32</u>	\$ <u>3,427,770.79</u>	\$ <u>3,437,510.59</u>	\$ <u>3,314,628.94</u>
Total FY 2005/06	\$ <u>10,469,086.87</u>	\$ <u>3,373,399.20</u>	\$ <u>3,473,718.63</u>	\$ <u>3,621,969.04</u>

4. Cash Overages (Shortages):

For the Quarter Ended	FY 2006/07	FY 2005/06
March 31	\$ 201.44	\$ 59.70
December 31	(117.57)	(486.59)
September 30	<u>(876.35)</u>	<u>(177.33)</u>
Year-to-Date	\$ <u>(792.48)</u>	\$ <u>(604.22)</u>

## Accounts Receivable

We compared the “Accounts Receivable by Name” reports as of March 31, 2007, to the activity in each client’s account for the quarter ended March 31, 2007, from the “Invoice Register-Summary by Customer Account Name” and “Transaction Register”. We summarized the “Accounts Receivable by Name” report as of March 31, 2007 and adjusted the report for the exceptions noted in prior reports for Norman Wells (\$266.56), and Mark Edwards Construction (\$6.40).

## 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:** We examined the Customer Detail - Customer Activity Reports for the quarter ended March 31, 2007. As noted in previous reports, loads weighed at 0.34 tons to 0.39 tons (680 – 780 pounds) have been charged at the \$24 flat rate. This pricing is not in line with the wording of the schedule of fees adopted by Authority Resolution #06-01 which became effective June 1, 2006. The resolution as it applies to non-franchised vehicles stipulates that weighed loads of more than 660 pounds will be charged at \$60 per ton or fraction thereof. At that rate, a load of 0.34 tons would be charged \$20.40 and a load of 0.39 tons would be charged \$23.40. We have calculated an undercharge for all cash and invoice customers of \$8,664.60 during the quarter ended March 31, 2007.

**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 Date” to the deposit slips and credit card charges, as maintained in the files of the Napa County Department of Environmental Management’s Office.

**Exception:** Forty-three (43) exceptions and a net cash shortage of \$79.81 were noted for the quarter ended March 31, 2007. As of March 31, 2007, there was a year to date net cash shortage of \$1,314.13 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 reconciliation sheets not footing, credit cards not accounted for accurately and amounts noted as unknown.

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

**Exception:** Two (2) exceptions were noted out of the eighty-nine (89) summary charge slips for the quarter ended March 31, 2007. Credit card charges posted to the General Ledger were \$51.00 more than Allied’s records for the quarter ended March 31, 2007.

**Recommendation:** Continued effort should be made by scale house staff to verify payment type before closing a ticket. It is recommended that management acknowledge the scale house staff for the marked improvement. The staff has brought the number of exceptions per quarter from 32 in the quarter ended June 30, 2006, 17 in the quarter ended September 30, 2006, and has remained consistent with the two (2) in the quarter ended December 31, 2006 to two (2) in the quarter ended March 31, 2007.

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

**Exception:** There were two (2) bank adjustments processed through the General Ledger during the quarter ended March 31, 2007 for a net aggregate amount of \$281.25.

**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 five (5) instances during the quarter ended March 31, 2007 where the deposit information was not faxed timely by DRTS to NVWMA representatives in Napa County Treasurer’s office. \$12,236.70

**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 cursive script that reads "Karen Dotson-Querin".

KAREN DOTSON-QUERIN, CPA  
Internal Audit Manager  
August 22, 2007