



GARLAND

INTERNAL AUDIT

**Environmental Waste Services
Revenue Audit**

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Authorization

We have conducted an audit of Environmental Waste Services Revenue. This audit was conducted under the authority of Article VII, Section 5 of the Garland City Charter. This audit was requested by the Environmental Waste Services (EWS) Managing Director. Discussions were held with and approval was given by the Audit Committee Chairwoman to add this audit to the FY2015 Audit Plan.

Objective

1. Determine the efficiency and effectiveness of fee collection policies and procedures.
2. Determine if EWS is charging its customers in accordance with the City Directive and/or the contract that is currently in place.

Scope and Methodology

Internal Audit (IA) conducted this performance audit in accordance with the Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. The scope of our audit was from FY2013 – July 31, 2015. However, due to concerns over billing, we expanded the scope for University Park to January 1, 1999 and MPI to October 1, 2012. In addition, we excluded Residential & Commercial Pickup and the Wood Recycling Facility from the scope.

To adequately address the audit objectives and to describe the scope of our work on internal controls, IA performed the following:

- Reviewed deposits for appropriateness (Obj. 1)
- Performed surprise cash counts (Obj. 1)
- Interviewed employees regarding efficiency and effectiveness of their fee collections duties and processes (Obj. 1)
- Reviewed Cycle 25 Aging Reports, Customer Set-up and Billing and Written Off Balances (Obj. 1)
- Met with Customer Service and EWS to discuss process synergies between the two departments. (Obj. 1)
- Reviewed transactions in the EWS System for voids and obtained the related supporting documentation (Obj. 1, 2)
- Conducted walkthroughs of the Landfill and Transfer Station (Obj. 1, 2)
- Obtained a listing of contract customers and related contracts (Obj. 2)
- Reviewed and reconciled contracts to monthly invoices sent to customers (Obj. 2)
- Reviewed City Ordinance for general policies and user fees (Obj. 2)

- Developed Crystal Reports to review for timeliness and appropriateness of payments by contract customers and waste haulers (Obj. 1, 2)
- Interviewed the City Attorney's Office to verify appropriateness of tax charged and confirm liability of credit card concerns (Obj. 1, 2)
- Interviewed Finance Department management regarding the University Park Contract (Obj. 2)

To assess the reliability of reports produced by EWS's System, IA interviewed multiple individuals in the EWS Department regarding their processes, reviewed source receipts, voids and reports and conducted a surprise cash count. To assess the reliability of reports produced by Finance's System and the Utility Billing System, IA interviewed multiple individuals in the Finance and Customer Service Departments and reviewed the system entries and supporting documentation such as applications, physical assets and delinquency support. As a result of our testing, IA determined that all of the above data was sufficiently reliable for the purposes of this report.

Based on the audit work performed, any deficiencies in internal control that are significant within the context of the audit objectives are stated in the Opportunities for Improvement section on page 7.

Overall Conclusion

IA has some concerns over the efficiency and effectiveness of monthly fee collection policies and procedures at both the Transfer Station and Landfill. There are opportunities for improvement related to customer set up, billing and collections. In addition, changes can be made to increase the overall efficiency of payment collection at both the Landfill and the Transfer Station.

Overall, the EWS Department charged customers the gate rate in accordance with the City Directive. However, there were instances where the EWS Department was not appropriately charging its contract customers in accordance with the fees listed in their contracts.

Management was also provided with additional Opportunities for Improvement to enhance internal controls over the revenue process. These were not considered significant to the objectives of the audit, but warrant the attention of Management. Consequently, they do not appear in this report.

Background

Garland's EWS Department provides local residents, businesses, construction/demolition contractors and other Garland City departments with quality solid waste collection and disposal service to maintain a clean and healthy City, promote recycling of reusable materials, and minimize the costs of collection and disposal.

Services include residential collection, brush and bulky goods, commercial, recycling, wood waste and transfer station/landfill drop-off.

Residential and Commercial Collection:

EWS provides solid waste collection for residents on a weekly basis and recycling collection on a biweekly basis. In addition, EWS manages service to businesses and residents who need large capacity waste disposal. The employees at the Transfer Station provide customer service related to both the residential and commercial garbage collection accounts.

Source: COG website

Trash Collection Service	Rate Paid	How Paid	Process Flow
Residential & Commercial Customers (with utilities)	Included in Utility Bill	Billed monthly through Utility Billing System	Customer Service sets up customers in the Utility Billing System (along with other services provided such as Garland Power & Light, Water Utilities and Stormwater Management).
Trash-Only Commercial Customers (Cycle 25)	Based on Contract	Billed monthly through Utility Billing System	EWS Department sets up customers in the Utility Billing System.

Source: Meetings with EWS Department

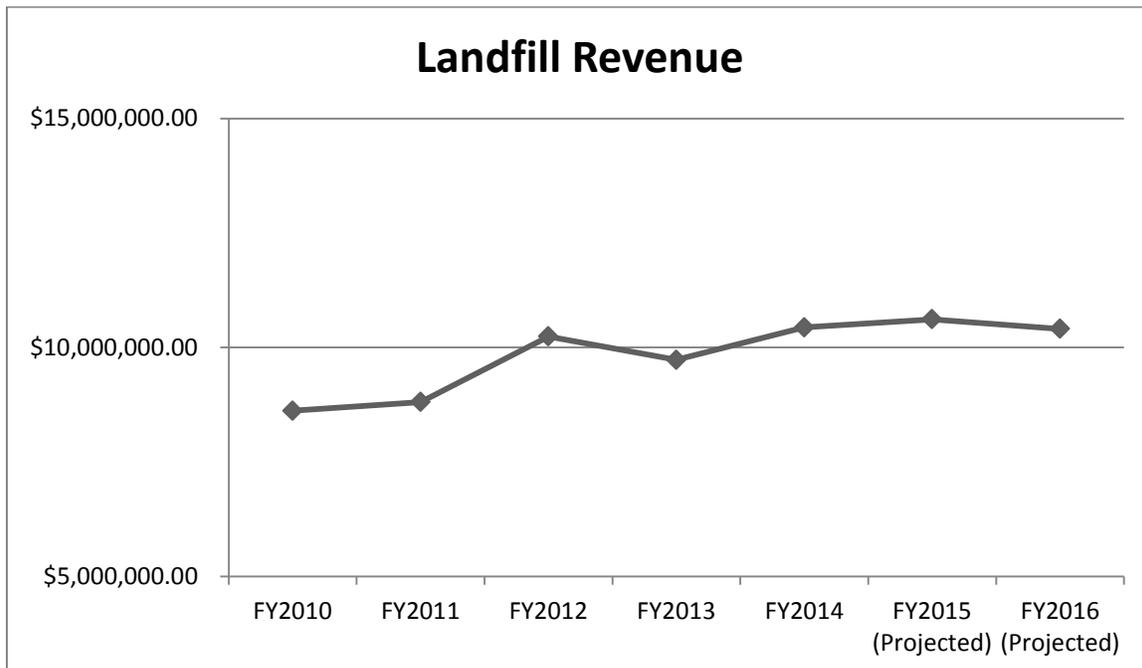
Landfill and Transfer Station Disposal:

The City of Garland EWS Department owns and operates the following solid waste disposal facilities: C.M. Hinton, Jr. Regional Landfill, The Transfer Station and the Wood Recycling Facility. For purposes of this audit, we did not review the processes at the Wood Recycling Facility.

The Landfill, located at 3175 Elm Grove Rd, Rowlett, TX accepts municipal solid waste, construction and demolition waste from residents, private waste haulers and commercial businesses, taking in approximately 1,100 tons of garbage every day.

Payment is accepted at the Scale House for cash customers. Billing and customer service for City of Garland vehicles, contract customers and waste hauler customers is managed by the employees at the Landfill.

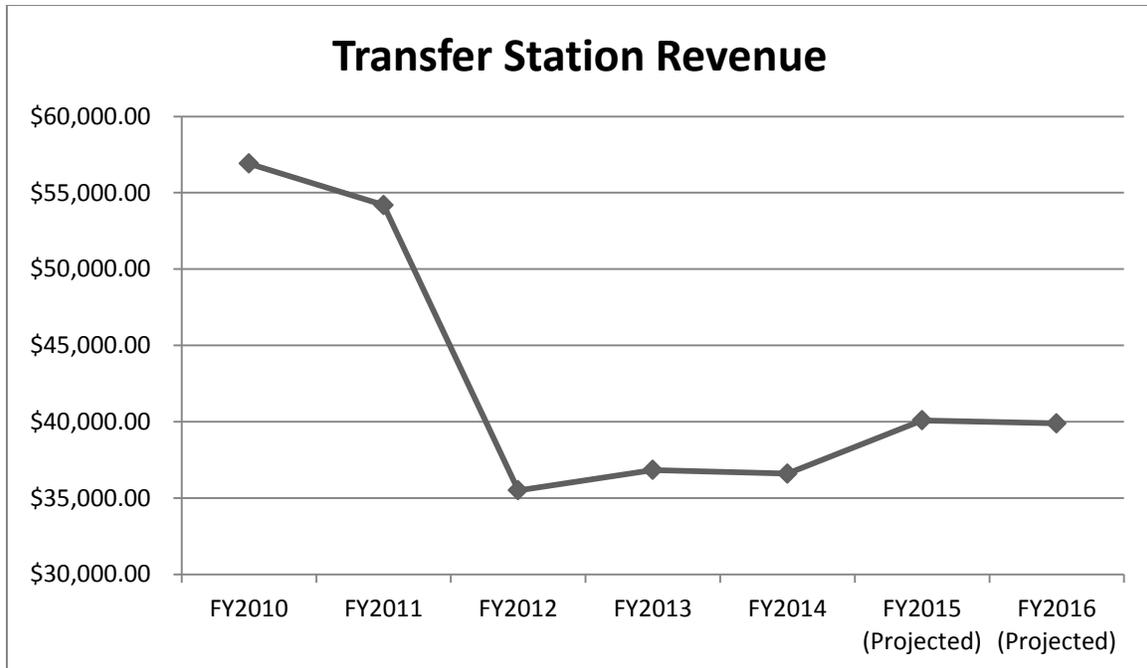
The Landfill Revenue has been increasing from FY 2010 through present:



Source: Budget Department

The Transfer Station is located at 1434 Commerce Street, Garland, TX. This location allows disposal of non-hazardous solid waste. Customers can haul in trash using cars and pickup trucks. Recycling and scrap metal is accepted at the Drop-Off Recycling Center, located next door to the Transfer Station, at 1426 Commerce Street.

Source: COG website



Source: Budget Department

These are the types of customers processed at the Landfill and Transfer Stations:

Landfill & Transfer Station Customer	Rate Paid	How Paid	Process Flow
Residents	Free	N/A	Stop at Scale House upon entrance. Do not stop at Scale House upon exit.
Cash Customers	Gate Rate	Cash, check, credit card	Stop at Scale House upon entrance. New customers: Pay deposit and stop at Scale House upon exit. Old customers: Stop at Scale House and pay upon entrance.
City of Garland	City Rate	Inter-departmental billing	Radio information to Scale House, but do enter the Scale House. Do not stop at Scale House upon exit.
Contract	Gate Rate	Billed Monthly by Finance	Stop at Scale House upon entrance. Do not stop at Scale House upon exit.
Waste haulers	Based on Contract	Billed Monthly by Finance	Stop at Scale House upon entrance. Do not stop at Scale House upon exit.

Source: Meetings with EWS Department

Opportunities for Improvement

During our audit we identified certain areas for improvement. Our audit was not designed or intended to be a detailed study of every relevant system, procedure, and transaction. Accordingly, the Opportunities for Improvement section presented in this report may not be all-inclusive of areas where improvement might be needed.

Finding # 1 (Obj. 2)

Condition (The way it is)

IA reviewed a sample of Contract Customers (**Exhibit A**):

1. The contract with University Park was not billed and/or managed appropriately. The Cost of Service has not been determined since 1999, resulting in confusion about the current financial situation between the two parties. See **Exhibit B** for more details about this contract.
2. Two contract customers were billed incorrectly:
 - a. Barnes Waste Disposal Service was billed at a lower rate for October and November 2014, resulting in a \$7,393.98 underpayment.
 - b. Allied Waste Services (aka Republic Services) was billed at a higher rate for March 2014, resulting in a \$2,302.88 overpayment.

Criteria (The way it should be)

1. The City should have appropriate contract monitoring in place.
2. Customers should be charged the contracted rate.
3. Review of monthly billing should occur to ensure accuracy of invoices.
4. All charged rates should be reviewed periodically for appropriateness.

Effect (So what?)

1. University Park:
 - a. The City is unable to determine if debts the City owed from 2001 – 2003 have been repaid.
 - b. The City may be not be recovering its true Cost of Service.
2. Billing errors:
 - a. The City lost revenue in the amount of \$7,393.98.
 - b. The City owes Allied Waste Services \$2,302.88.

Cause (Difference between condition & criteria)

1. There was confusion regarding the party responsible for hiring an independent consultant to perform this study and overall management of this contract.

2. Review of monthly billing at the Landfill is currently not in place. One employee prepares and sends the bill directly to the Finance Department for invoicing. In addition, per discussion with EWS staff:
 - a. Barnes Waste - Contract negotiation delayed the change of the rate. The gate rate should have been charged.
 - b. Allied Waste Services - Staff turnover led to confusion about the contracted rates (was charged \$23.50 instead of \$23).

Recommendation

City Management should:

1. University Park:
 - a. Hire an independent consultant to perform a Cost of Service study and inform University Park of the results. Continue to perform a Cost of Service study as deemed necessary based on rate changes.
 - b. Negotiate a Cost of Service rate with University Park for the period prior to 2015 based on the new independent Cost of Service study and make appropriate adjustments in billing.
 - c. Continuously monitor status of prior billing correction until it has been satisfied.

EWS Management should:

2. Contract Customers:
 - a. Negotiate with Barnes Waste to recoup all (or a portion of) \$7,393.98.
 - b. Credit Allied Waste Services for their overpayment of \$2,302.88.
 - c. Establish a review process for monthly bills for contract customers and waste haulers.
3. Review all contract customer and waste hauler rates annually.

Management Response

Environmental Waste Services (EWS) concurs with the Revenue Audit recommendations.

Action Plan

EWS will consult with City Management to determine the appropriate course of action to be taken regarding University Park accounts.

EWS Managing Director will schedule a meeting with Barnes Disposal representatives to recoup all (or a portion of) \$7,398.98 identified by this Revenue Audit finding.

EWS Operations Financial Coordinator will issue a credit to Allied Waste Services for billing overpayment in the amount of \$2,302.88.

EWS Operations Financial Coordinator will review for accuracy all monthly bills disseminated to contract and waste hauler customers.

EWS Operations Financial Coordinator will meet annually with Staff to review contract customer and waste hauler rates.

Implementation Date

November 2015

Finding # 2 (Obj. 1)

Condition (The way it is)

Delinquent Accounts:

1. The City is currently providing service to customers who are delinquent (for up to 3 years) at both the Landfill and Transfer Station.
2. There is over \$86,000 in write-offs and over \$67,000 in current past-due balances for Cycle 25 (or trash-only) customers at the Transfer Station. IA was unable to verify if customer information received for these contracts was appropriate as our sample could not be located with the department's retention files.
3. There is over \$4,000 in past-due balances (exceeding a year) for contract customers at the Landfill.

Criteria (The way it should be)

1. Policies and procedures address all necessary information involving customer set-up, maintenance, service cut-off, billing, and collection efforts for delinquent accounts.
2. Duties and responsibilities at both the Landfill and Transfer Station are clearly defined.
3. Employees obtain and verify all necessary information from contract and commercial customers and input into Banner during new customer set up.
4. Per the Texas State Library and Archives Commission, section GR 1000-25, contracts should be maintained for a period of 4 years after termination.
5. Customers with past-due accounts are tracked and assets moved based on established policies and procedures. Currently, the policy states that customers have 45 days to pay before service is removed.

Effect (So what?)

1. Providing service to delinquent customers results in wasted resources by the City.
2. Improper collection of information for customer set up results in the inability of the City to collect on past-due accounts. There has been \$86,000 in lost in revenue for the COG and potentially more pending based on the \$71,000 in current past-due accounts.
3. Efforts to collect on past-due accounts may be unsuccessful if proper application information is not appropriately retained.

Cause (Difference between condition & criteria)

1. Policies and procedures are not adequate/not being followed regarding:
 - Credit checks (in the beginning and regularly thereafter)
 - Information needed to set up a new customer (such as SSN, tax ID, verified driver's license/company name) are not being verified during set-up
 - Delinquent Accounts
 - Review and follow-up of Aging reports
2. Credit Checks are not adequate:
 - No credit checks are occurring for Commercial "Cycle 25" customers or large waste haulers.
 - Contract customers only have a credit check performed when they apply, not regularly thereafter.
3. Staff turnover and confusion of responsibilities (setup, monitoring, shutting off service) within EWS at both the Landfill and Transfer Station.

Recommendation

EWS Management should:

1. Consider moving the monthly contract/waste hauler billing into the Utility Billing System for better monitoring of accounts and streamlining of its billing processes.
2. Work with the Customer Service Department to:
 - Manage delinquent accounts
 - Cross-train employees in customer set-up requirements
 - Establish procedural synergies between departments
3. Track past-due accounts and remove assets based on the established policies and procedures.
4. Review and verify all currently active Cycle 25 customers to ensure that proper information is recorded. Contact necessary customers to obtain additional information, if necessary.
5. Policies and procedures should be updated to include additional procedures to address:
 - Uncollectable accounts
 - Occurrence of credit checks
 - Customer set-up
 - Record retention

Management Response

EWS concurs with the Revenue Audit recommendations.

Action Plan

1. EWS is working with the Customer Service Department and Finance Department to assess the feasibility of moving the monthly contract / waste hauling billing into the Utility Billing System for better monitoring of accounts and streamlining of its billing process.
2. EWS will work with the Customer Service Department to manage delinquent accounts, establish cross training sessions with EWS staff in establishing consistent commercial customer set up requirements along with other procedural synergies.
3. EWS in conjunction with Customer Service Department will track past due accounts and enact a timely proactive approach to removing an asset based on revised policies and procedures.
4. EWS is reviewing and verifying currently active Cycle 25 customers to ensure that proper information is recorded.
5. EWS is in the process of updating policies and procedures to include uncollectable accounts, occurrence of credit checks, commercial customer set-up, and records retention.

Implementation Date

October 2015

Finding # 3 (Obj. 1)

Condition (The way it is)

Payment Collection:

1. The process for accepting payment at the Landfill is not efficient. There are three cashiers, but due to the configuration of the lobby, only one can accept payment at a time.
2. Cashiers and Cashier Supervisor are directing traffic when lines become too long.
3. There are no functioning cameras at the Transfer Station and Landfill.

Criteria (The way it should be)

1. Collection should be taken by multiple cashiers to decrease the processing time for customers.
2. Employees should not be directing traffic.
3. Security cameras should be placed in all customer-facing buildings, especially those where cash is accepted.

Effect (So what?)

1. Lines can become backed up for hours causing customer dissatisfaction and service delays. See **Exhibit C**.
2. Injury could occur to COG employees when directing traffic.
3. Crimes cannot potentially be deterred; however, if theft (internal and external) occurs, it cannot be recognized.

Cause (Difference between condition & criteria)

1. The volume at the COG Landfill has greatly increased in recent years and a redesign of the lobby layout and the effect on traffic conditions hasn't been considered.
2. There is an ongoing City-wide camera initiative taking place. Repairs/replacement have been pending this change.

Recommendation

EWS Management should:

1. Consider a redesign of the lobby at the Landfill in order to increase customer satisfaction, efficiency of operations and employee safety.

2. Change policies and procedures to not allow EWS employees to direct traffic.
3. Repair/install new security cameras at the Transfer Station and Landfill. Monitor these cameras as needed.

Management Response

EWS concurs with the Revenue Audit recommendations. However, EWS has previously requested and cited the extreme need for the repair/install of security cameras at the Transfer Station and Landfill facility. These requests have been placed on hold until a Request For Proposal (RFP) process can be conducted for an Enterprise (City Wide) Security Camera System.

Action Plan

1. EWS will meet with Facilities Management Department to discuss and consider the redesign of the Hinton Landfill Scalehouse lobby area to increase customer satisfaction, efficiency of operations, and employee safety.
2. EWS Scalehouse Attendants will no longer direct traffic at the Hinton Landfill facility.
3. EWS will meet with Facilities Management Department to discuss a plan of action for the installation of much needed security cameras at the Transfer Station and Hinton Landfill Facility.

Implementation Date

October 2015

Finding # 4 (Obj. 1)

Condition (The way it is)

Credit Card Processing:

1. During the scope of IA's audit, approximately \$30,000 in credit card transaction fees was paid by the EWS Department. These charges were not passed along to the customer.
2. EWS Department (along with several other City Departments):
 - Uses different vendors for credit card processing.
 - Has not upgraded their credit card machines for the rollout of the chip credit cards.

Criteria (The way it should be)

1. The potential for passing along fees to customers paying with credit cards should be assessed periodically.
2. The City of Garland should have a single provider to process credit card payments. In addition:
 - Per Purchasing Directive 1, procurement of all goods and services over \$3,000 should go through the Purchasing Department.
 - Due to the upgrade from strip-based cards to EMV chip credit cards, all credit card machines should include the ability to process these chip credit cards by October 2015.

Effect (So what?)

The City of Garland:

1. Is continuously absorbing credit card transaction fees.
2. Is not taking advantage of economies of scale by using different credit card vendors.

If credit card machines are not upgraded:

1. The City would have to cover any fraudulent charges made on credit cards processed by machines that have not been upgraded.
2. Employees will have to manually key in the credit cards, increasing the time required to process each transaction.

Cause (Difference between condition & criteria)

1. The EWS Department has not considered passing along the credit card fee to customers.

2. Procurement for the EWS Department's credit card machines did not go through the City's Purchasing Department.

Recommendation

EWS Management should:

1. Consider passing along the credit card fee to customers.
2. Work with Finance and Purchasing Departments to:
 - Ensure that the City's vendor is implemented at both the Transfer Station and Landfill. This will allow us to take advantage of economies of scale.
 - Upgrade credit card machines in order to comply with the upcoming EMV credit card switch.

Management Response

EWS concurs with the Revenue Audit recommendations.

Action Plan

1. EWS will consult with City Management to determine the proper course of action regarding credit card fees.
2. EWS will work with the Finance and Purchasing Department to ensure the City's vendor is implemented at the Transfer Station and Landfill. In addition credit card machines at the Transfer Station and Hinton Landfill will be upgraded to comply with the new EMV credit card switch.

Implementation Date

November 2015

Finding # 5 (Obj. 1)

Condition (The way it is)

Cash Handling at the Landfill and Transfer Station:

1. Deposits are not picked up daily via an armored car service.
2. Voids can be performed within the EWS System by all employees, without a secondary review occurring.
3. The supervisor at the Landfill has access to accept payment, void transactions, reconcile daily deposits and record these deposits in the Finance System.
4. Safe passwords have not been updated recently, even though there has been employee turn-over.

Criteria (The way it should be)

1. Per Finance Directive 1, "Deposits will be picked up daily at designated points via armored car service."
2. Ability to void transactions should be restricted to necessary individuals within the EWS System.
3. Duties related to accepting payment, voiding payments, reconciling daily activities and recording daily deposits within the Finance System should be segregated.
4. Safe passwords should be changed when duties change and/or employees no longer work for EWS.

Effect (So what?)

1. Potential theft and endangerment due to the transferring of daily collection funds.
2. Inappropriate activities could go undetected if voids are not reviewed for appropriateness.
3. Inappropriate activities could go undetected when someone has access to take cash, cancel/void transactions, reconcile drawers within the EWS System and post the deposit to the Finance System.
4. Employees who no longer work for EWS may still have access to open the safe.

Cause (Difference between condition & criteria)

1. Due to the cost of hiring an outside vendor, collection is done by a COG employee.

2. Restriction of duties to necessary individuals was not considered.
3. Resetting of the safe password was not considered.

Recommendation

EWS Management should:

1. Consider scheduling an armored car service to pick up daily deposits.
2. Restrict the rights to void transactions to necessary individuals in the EWS System. All voids should be reviewed by another individual periodically for appropriateness.
3. Segregate access to take payment, void/edit payments, reconcile daily deposits and record daily deposits in the Finance System.
4. Change safe passwords immediately. In addition, passwords should be changed each time there is employee turnover.

Management Response

EWS concurs with the Revenue Audit recommendations.

Action Plan

1. EWS will consult with City Management because at this time an Armored Car Service would be an unbudgeted expense.
2. EWS will restrict the rights to void transactions to Operations Financial Coordinator or management level designee.
3. EWS Operations Financial Coordinator will segregate access to take payment, voided/edit payments, reconcile daily deposits and record daily deposits in the Finance System.
4. EWS will change safe password. In addition, password will be changed each time there is employee turnover.

Implementation Date

October 2015

Finding # 6 (Obj. 1)

Condition (The way it is)

Deposits are being retained in the form of blank checks and physical credit cards for new customers to the Landfill and Transfer Stations.

Criteria (The way it should be)

1. Deposits should be received in cash or by a pending charge on credit cards until a customer comes back to make a final weigh out.
2. Blank checks should only be retained if no other deposit options exist. Checks should be immediately endorsed upon receipt.

Effect (So what?)

The City is immune from suit and liability based on past rulings at the Texas Court of Appeals; however, individual employees could be sued for theft/fraud.

Cause (Difference between condition & criteria)

1. Due to the way that the scale house is set up, customers must weigh at the beginning and pay upon exit. In order to encourage customers to pay, some deposit has to be retained.
2. There has been no consideration given for another alternative, such as a pending charge placed on the customer's credit card.
3. If customers only have checks as a form of payment, this is retained as a deposit.

Recommendation

EWS Management should:

1. Immediately stop holding physical credit cards and begin to implement credit card hold transactions as allowed by the current equipment.
2. Consider limiting deposits to cash and credit card holds.

Management Response

EWS concurs with the Revenue Audit recommendation.

Action Plan

1. EWS will stop holding physical credit cards and implement credit card hold transactions as allowed by apparatus.
2. EWS will limit deposits to cash and credit card holds.

Implementation Date

October 2015

Exhibit A – Sampling Methodology

Contract Customers

IA obtained transactions for all contract/permitted customers from FY2014 – June 30, 2015 from the EWS System and performed subtotals for each customer. From this list, we looked at a range of dollar amounts and customer types in order to judgmentally select a sample of 13/43 (or 30%) of non-COG customers. We wanted to get a variety of large and small customer types (Waste haulers/Contract Customers), but not look at internal COG departments (since there is no contract). The results can be projected to the entire population.

Monthly Billing

From a population of all monthly invoices from FY2014 – June 30, 2015, IA selected a sample of 5 months (out of 21 or 24%) from which to obtain invoices. From this sample, IA looked at the customers billed in each of these months and selected 1 for testing. We judgmentally selected customers based on dollar amount and concerns about billing for Barnes Waste and Republic Waste Services. In addition, we selected larger customers to ensure that the “sliding scale” rates based on their contracts were being charged correctly. The results can be projected to the entire population.

Exhibit B – University Park Contract

A resolution was adopted on July 15, 1997 by the Mayor which authorized the transfer of ownership of a tract of land from University Park to the City of Garland (the City). This land is called the “Brand Road Tract” and is currently used by the City as a landfill. In exchange for this land, the City granted University Park a credit to offset future landfill usage fees.

There are certain stipulations to this agreement:

1. A credit of \$8,295/month applies for a term of 354 months (or 29.5 years).
 - a. The City is currently 190 months into this agreement (54% complete).
 - b. Based on IA’s evaluation, this credit has been appropriately applied.
2. University Park may not bring more than 18,000 tons into the landfill annually (or 1,500 tons/month).
 - a. On average, University Park brought in 1,200 tons/month since October 1, 1999 (inception of the EWS System).
 - b. Although this is in compliance, IA was unable to confirm if this is being monitored.
3. University Park will be billed monthly if the rate times the tonnage exceeds the credit amount.
 - a. University Park has been billed monthly for amounts exceeding the credit, and has paid the City \$1,503,075.31 since 2001.
4. An annual Cost of Service (Independent) study should be conducted at the cost of the City to evaluate the cost per ton that the City is allowed to charge University Park.
 - a. The last independent Cost of Service study was performed in 1999. Based on IA’s analysis, the results of this study do not support the rates that were charged:
 - Rate listed in the 1999 Cost of Service study is \$12.43/ton
 - FY 1999 – 2000, University Park was charged \$13.21/ton
 - FY 2001 – 2003, University Park was charged \$21.82/ton
 - FY 2004 – present, University Park was charged \$13/ton
 - b. According to the City’s Finance records, University Park was charged the City rate of \$21.82 (which includes Landfill and Transfer Station) from 2001 to 2003. However, University Park’s Cost of Service should be for the Landfill only. The overbilled portion was \$250,904.01 (29,141 tons times (\$21.82/ton minus \$13.21/ton)).
 - c. The City tried to correct this error by only charging University Park \$13/ton since 2004. This was believed to be less than the Cost of Service at that time. However, an increase/decrease of the Cost of Service during the following years was not considered in order to properly credit the debt.

The following table illustrates different scenarios based on varying Cost of Service amounts:

January 1, 2001 – July 31, 2015

Average Rate	\$14/ton	\$15/ton	\$16/ton	\$17/ton
Rate Times Ton	\$2,898,756.00	\$3,105,810.00	\$3,312,864.00	\$3,519,918.00
Less Rebate	<u>\$1,451,625.00</u>	<u>\$1,451,625.00</u>	<u>\$1,451,625.00</u>	<u>\$1,451,625.00</u>
Owed by UP	\$1,447,131.00	\$1,654,185.00	\$1,861,239.00	\$2,068,293.00
Amount Paid	<u>\$1,503,075.31</u>	<u>\$1,503,075.31</u>	<u>\$1,503,075.31</u>	<u>\$1,503,075.31</u>
Amount Owed: (By the City)/To the City	\$ (55,944.31)	\$151,109.69	\$358,163.69	\$565,217.69

Source: EWS system (Tonnage and Rate) and Finance system (Amount Paid)

The above table illustrates the importance of conducting a Cost of Service study. If the average Cost of Service were \$14/ton, the City would still owe University Park \$55,944; however, if the average Cost of Service was determined to be \$17/ton, the City would now be owed \$565,217 by University Park.

Exhibit C – Landfill Pictures

