



Date: October 30, 2014

To: Patrick H. West, City Manager

From: Laura L. Doud, City Auditor *ld*

Subject: Audit of Hauler Fee Payments – Athens Services and CalMet Services

Our office retained the firm of HF&H Consultants, LLC (HF&H) to audit two refuse haulers to verify that payment of AB939 fees and franchise fees were remitted to the City in accordance with the associated contracts, which are overseen and managed by the Department of Public Works (Department). The scope of the audit was calendar year 2011, 2012, and 2013. Results of the audit are detailed in Attachments 1 and 2.

As illustrated in Table 1, Arakelian Enterprises (Athens Services) owes the City \$34,051 in under paid fees and associated late charges and CalMet Services made a net overpayment of \$754 to the City for AB939 fees and franchise fees. Athens Services' response to the audit is attached and has been reviewed by both our office and HF&H. Their requests appear to be outside of industry norms and inconsistent with arrangements made for other haulers. CalMet concurred with the audit findings via email.

Table 1
Athens Services and CalMet
Total Fees Due To (From) the City
2011, 2012 and 2013

Attachment	Hauler	Total Fees Due To (From) the City
1	Athens Services**	\$ 34,051
2	CalMet Services	(754)
	Total Net Fees Due to the City	\$ 33,297

** Athens Services fees due includes reimbursement for the cost of the audit per Section 10.2.6 of the related contract.

We recommend the City manage all hauler contracts more closely and enforce all payment terms, including late payment charges to the maximum amount allowed under the associated contract and pursue collection immediately.

cc: Robert Garcia, Mayor
City Council Members
Ara Maloyan, Department of Public Works, Director
James R. Kuhl, Environmental Services Bureau, Manager

ARAKELIAN ENTERPRISES INC., DBA, ATHENS SERVICES

Review of City of Long Beach fee payments for the 36 months ended December 31, 2013

Summary of Findings

Athens Services owes a total of \$34,051.12 to the City for underpaid fees, late payment charges and City audit cost, as shown in Table 1.

Table 1: Summary of Unpaid City Fees, Late Payment Charges, Interest and City Audit Cost

Description	Total City Fees and Late Payment Charges ⁽¹⁾	City Audit Cost ⁽²⁾	Total City Fees, Late payment Charges and Audit Cost Due to the City
Underpaid City Fees	\$ 10,075.91		\$ 10,075.91
Late Payment Charges and Interest	4,075.21		4,075.21
City Audit Cost		\$ 19,900.00	19,900.00
Total Amount Due to the City	\$ 14,151.12	\$ 19,900.00	\$ 34,051.12

⁽¹⁾ Exhibit 1

⁽²⁾ Per Section 10.2.6 City Audit, if the City's audit demonstrates that the Fees paid by Franchisee were understated by more than five thousand dollars (\$5,000) or two percent (2%), whichever is less, the Franchisee will be required to reimburse the City for the cost of conducting the audit.

Procedures Performed

As reflected in Table 2, Athens Services reported \$2,484,302.58 in gross receipts and remitted \$434,731.75 in AB 939 and franchise fees to the City for the 36 months ended December 31, 2013. In order to verify the City fees remitted, HF&H:

- Agreed the receipts reported to the City for each of the 36 months to Athens Services' underlying system customer receipts report and verified the mathematical accuracy of the amounts reported;
- Determined whether fee payments remitted to the City were remitted on or before the due date;
- Selected a sample of 25 accounts for each year, 75 in total, for the 3 years ending December 31, 2013. For each account, we verified that its location was within the City of Long Beach and confirmed the proper inclusion of the selected payments in the gross receipts reported to the City.

Table 2: Summary of Gross Receipts and AB 939 Fee and Franchise Fee Due to the City

Description	CY 2011	CY 2012	CY 2013	Total 36 Months Ended December 2013
Gross Receipts				
Refuse Routes	\$ 677,680.22	\$ 809,415.96	\$ 997,206.40	\$ 2,484,302.58
Total Gross Receipts as Reported	\$ 677,680.22	\$ 809,415.96	\$ 997,206.40	\$ 2,484,302.58
Adjustments to Gross Receipts:				
Recycling Receipts Adjustment	\$ 5,112.49	\$ 9,028.12	\$ 14,904.55	\$ 29,045.16
Rolloff Receipts Adjustment	18,317.54	9,935.28	2,962.93	31,215.75
Total Adjustments	23,430.03	18,963.40	17,867.48	60,260.91
Total Adjusted Gross Receipts	\$ 701,110.25	\$ 828,379.36	\$ 1,015,073.88	\$ 2,544,563.49
City Fees Recalculated on Adjusted Receipts				
AB 939 Fee	\$ 56,088.82	\$ 66,270.34	\$ 81,205.89	\$ 203,565.05
Franchise Fee	56,897.27	82,837.95	101,507.39	241,242.61
Total City Fees	112,986.09	149,108.29	182,713.28	444,807.66
Total City Fees Remitted	109,539.73	145,694.87	179,497.15	434,731.75
City Fees Underpaid Before Late Fees	\$ 3,446.36	\$ 3,413.42	\$ 3,216.13	\$ 10,075.91
Late Payment Charges				
Basic Penalty (10% on Late or Underpaid City Fees)	\$ 345.56	\$ 341.36	\$ 321.61	\$ 1,008.53
Late Payment Interest (1.5% per Month) ⁽¹⁾	1,718.06	1,085.40	263.22	3,066.68
Total Late Payment Penalty	2,063.62	1,426.76	584.83	4,075.21
Total City Fees and Late Payment Charges Due to the City	\$ 5,509.98	\$ 4,840.18	\$ 3,800.96	\$ 14,151.12

⁽¹⁾ The late payment interest of 1.5% per month is calculated through December 2013. See Exhibit 1 for the calculation of the interest charge.

Gross Receipts Recognition

Athens Services calculates franchise fees at the account level. Each account is assigned a code that applies the fee percentage from a table based on the customer location and account or service type. For most accounts, the system defaults each account to the current fee percentage (16% through November 2011, and 18% currently) and applies the fee to the incoming cash receipts per the company's *Cash Receipts Register*. There is an override feature in the billing system that allows an account to have fees calculated at a fixed percentage or not at all.

Athens Services' *Cash Receipts Register* is a report that compiles monthly payments by customer and includes the total payment and applicable fee based on how the account is set up in the system. The register shows all incoming customer payments; however, only customers that have already received or are currently receiving the service from the invoiced payment are included in the fee calculation on that month's report. The remaining "prepaid" receipts are re-allocated and the fee(s) paid in the following month(s) when the service is provided to the customer.

A result of how cash receipts are applied and recognized on the register, gross cash receipts for monthly reporting and fee payment are calculated on the total fees paid per that month's register. For example, if the register shows \$10,000 in fees for a given month and the fee is 18%, Athens calculates the monthly gross receipts as \$10,000 divided by 18%, or \$55,555.56 and includes this as the gross receipts basis for the fee payment on the monthly remittance to the City.

This method of calculating the gross receipts does not factor correctly for accounts with services that are not associated with fees in the billing system or accounts that have an override to limit the amount of fees calculated on the receipts register. This resulted in the adjustments described below.

Commercial Recycling Receipts Adjustment

Athens Services provides commercial and recycling collection to commercial customers in the City of Long Beach. Some of the customers are charged a separate rate for the recycling portion of their services that Athens Services has excluded from their City fee calculation and remittance, resulting in fees that were underpaid on \$29,045.16 of gross receipts.

The non-exclusive franchise agreement, section 4.1.3, for the City of Long Beach includes commercial recycling under the scope of franchised services. Athens is using an old reporting form to remit monthly fees to the City. The form was revised for the current franchise agreement and no longer excludes recycling services receipts from the fee calculation. While Athens used the incorrect form, they did not report a deduction for recycling receipts. Rather, some recycling receipts were omitted from the total gross receipts. A copy of an Athens submitted form and the current reporting form in the franchise agreement are included as Attachment 1.

Exhibit 2 shows a detailed analysis of customers included in the adjustments for underpayment of recycling receipts.

Rolloff Receipts Adjustment

Some of Athens Services rolloff customers had system overrides that incorrectly calculated the fees on \$31,215.75 of rolloff receipts. The override was corrected on most of the accounts by the end of 2012, but Athens did not go back and remit the unpaid fees for the period prior to the correction.

Exhibit 2 shows the detailed listing of rolloff customer receipts that were underpaid during the 36 months ending December 31, 2013.

As a result of the audit, Athens provided additional details to support the following charges that we excluded from the final calculation of unpaid rolloff receipts:

- \$4,199.00 for pressure washing and steam cleaning a customer building and facility in 2012.
- \$2,528.05 and \$142.86 for the repair and transporting of a customer owned rolloff compactor in 2013.

Definition of Gross Revenue

As defined in Exhibit 1 of the Non-Exclusive Franchise Agreement between the City of Long Beach and Arakelian Enterprises, Inc. dba, Athens Services:

Gross Revenues means any and all compensation received by Franchisee in connection with the collection, transportation, and/or disposal of solid waste produced, kept or accumulated in the City plus any and all such compensation received by Franchisee's subcontractor(s), without any deduction for local agency fees, fuel surcharges, disposal, AB 939 fees, or any other items.

Arakelian Enterprises (Athens Services)
City of Long Beach
Gross Receipts and City Fees - 36 Months Ended December 31, 2013

Description	CY 2011												
	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Total
Gross Receipts													
Refuse Routes	\$ 49,119.06	\$ 60,166.44	\$ 55,934.50	\$ 44,912.44	\$ 67,189.69	\$ 50,430.50	\$ 58,775.06	\$ 61,796.06	\$ 55,036.69	\$ 67,466.00	\$ 51,309.06	\$ 55,544.72	\$ 677,680.22
Total Gross Receipts	49,119.06	60,166.44	55,934.50	44,912.44	67,189.69	50,430.50	58,775.06	61,796.06	55,036.69	67,466.00	51,309.06	55,544.72	677,680.22
Adjustments to Gross Receipts													
Recycling Receipts Adjustments	\$ 128.03	\$ 186.01	\$ 390.01	\$ 364.09	\$ 667.59	\$ 245.81	\$ 388.67	\$ 388.66	\$ 430.03	\$ 628.83	\$ 539.31	\$ 755.47	\$ 5,112.49
Rolloff Receipts Adjustments	1,713.33	1,524.75	1,432.10	810.11	2,358.79	1,214.33	288.65	2,618.00	1,929.31	1,803.83	1,547.82	1,076.54	18,317.54
Total Adjustments to Gross Receipts	1,841.35	1,710.76	1,822.11	1,174.20	3,026.38	1,460.14	677.32	3,006.66	2,359.34	2,432.65	2,087.12	1,832.01	23,430.03
Total Adjusted Gross Receipts	\$ 50,960.41	\$ 61,877.20	\$ 57,756.61	\$ 46,086.64	\$ 70,216.07	\$ 51,890.64	\$ 59,452.38	\$ 64,802.72	\$ 57,396.03	\$ 69,898.65	\$ 53,396.18	\$ 57,376.73	\$ 701,110.25
City Fees													
AB 939 Fee	\$ 4,076.83	\$ 4,950.18	\$ 4,620.53	\$ 3,686.93	\$ 5,617.29	\$ 4,151.25	\$ 4,756.19	\$ 5,184.22	\$ 4,591.68	\$ 5,591.89	\$ 4,271.69	\$ 4,590.14	\$ 56,088.82
Franchise Fee	4,076.83	4,950.18	4,620.53	3,686.93	5,617.29	4,151.25	4,756.19	5,184.22	4,591.68	5,591.89	4,271.69	4,590.14	57,236.35
Franchise Fee Rolloff Credit ⁽¹⁾												(339.08)	(339.08)
Total City Fees	\$ 8,153.66	\$ 9,900.36	\$ 9,241.06	\$ 7,373.86	\$ 11,234.58	\$ 8,302.50	\$ 9,512.38	\$ 10,368.44	\$ 9,183.36	\$ 11,183.78	\$ 8,543.38	\$ 9,988.73	\$ 112,986.09
City Fees Initially Remitted	\$ 7,859.05	\$ 9,626.63	\$ 8,949.52	\$ 7,185.99	\$ 10,750.35	\$ 8,068.88	\$ 9,404.01	\$ 9,887.37	\$ 8,805.87	\$ 10,794.56	\$ 8,209.45	\$ 9,998.05	\$ 109,539.73
Fees Due to City Before Late Payment Charges	\$ 294.61	\$ 273.73	\$ 291.54	\$ 187.87	\$ 484.23	\$ 233.62	\$ 108.37	\$ 481.07	\$ 377.49	\$ 389.22	\$ 333.93	\$ (9.32)	\$ 3,446.36
Late Payment Charges													
Basic Penalty (10% on Late or Underpaid City Fees)	\$ 29.46	\$ 27.37	\$ 29.15	\$ 18.79	\$ 48.42	\$ 23.36	\$ 10.84	\$ 48.11	\$ 37.75	\$ 38.92	\$ 33.39	\$ -	\$ 345.56
Late Payment Interest (1.5% per Month)	170.14	153.56	158.74	99.20	247.68	115.64	51.86	230.19	174.40	173.40	143.25	-	1,718.06
Late Payment Charges	199.60	180.93	187.89	117.99	296.10	139.00	62.70	278.30	212.15	212.32	176.64	-	2,063.62
Total City Fees and Late Payment Charges Due to the City	\$ 494.21	\$ 454.66	\$ 479.43	\$ 305.86	\$ 780.33	\$ 372.62	\$ 171.07	\$ 759.37	\$ 589.64	\$ 601.54	\$ 510.57	\$ (9.32)	\$ 5,509.98

City Fee %

AB 939 Fee
Franchise Fee

8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	10%
8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	10%

Calculation of Late Payment Charges

Late Payment Charges on HF&H Adjustments:													
Basic Penalty (10% on Underpayment of City Fees)	29.46	27.37	29.15	18.79	48.42	23.36	10.84	48.11	37.75	38.92	33.39	-	345.56
Late Payment Interest (1.5% per month)	170.14	153.56	158.74	99.20	247.68	115.64	51.86	230.19	174.40	173.40	143.25	-	1,718.06
Total Late Payment Penalty	199.60	180.93	187.89	117.99	296.10	139.00	62.70	278.30	212.15	212.32	176.64	-	2,063.62
Total Due to City	199.60	180.93	187.89	117.99	296.10	139.00	62.70	278.30	212.15	212.32	176.64	-	2,063.62
Total Late Payment Charges:													
Basic Penalty (10% on Late or Underpaid City Fees)	29.46	27.37	29.15	18.79	48.42	23.36	10.84	48.11	37.75	38.92	33.39	-	345.56
Late Payment Interest (1.5% per month)	170.14	153.56	158.74	99.20	247.68	115.64	51.86	230.19	174.40	173.40	143.25	-	1,718.06
Total Late Payment Penalty	199.60	180.93	187.89	117.99	296.10	139.00	62.70	278.30	212.15	212.32	176.64	-	2,063.62

Check Information

Check Number	149864	151374	153170	154638	155976	157473	158979	160883	162189	163874	165498	167121	
Check Date	2/4/2011	3/4/2011	4/11/2011	5/10/2011	6/7/2011	7/8/2011	8/4/2011	9/12/2011	10/6/2011	11/8/2011	12/8/2011	1/11/2012	
First Day of Month	1/1/2011	2/1/2011	3/1/2011	4/1/2011	5/1/2011	6/1/2011	7/1/2011	8/1/2011	9/1/2011	10/1/2011	11/1/2011	12/1/2011	
Payment Days Requirement	60	60	60	60	60	60	60	60	60	60	60	60	
Due Date	3/2/2011	4/2/2011	4/30/2011	5/31/2011	6/30/2011	7/31/2011	8/30/2011	9/30/2011	10/31/2011	11/30/2011	12/31/2011	1/30/2012	
Days Late	-	-	-	-	-	-	-	-	-	-	-	-	

Conclusion: Athens Services remitted its monthly payment on or before the due date.

Interest Calculation

Basic Penalty (10% of Late or Underpaid City Fees)	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	
Late Payment Interest Per Month	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	
Number of Months Late through December 2013	35	34	33	32	31	30	29	29	28	27	26	25	
Total Interest Based on the Number of Months Late	52.5%	51.0%	49.5%	48.0%	46.5%	45.0%	43.5%	43.5%	42.0%	40.5%	39.0%	37.5%	
City Fees Late or Underpaid plus Basic Penalty on HF&H Adjustment	\$ 324.07	\$ 301.10	\$ 320.69	\$ 206.66	\$ 532.65	\$ 256.98	\$ 119.21	\$ 529.18	\$ 415.24	\$ 428.14	\$ 367.32	\$ -	\$ 3,801.24
Total Interest on Late Payment of City Fees Based on the Number of Days Late ⁽²⁾	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Interest on City Fees Underpaid Based on the Number of Months Late ⁽³⁾	\$ 170.14	\$ 153.56	\$ 158.74	\$ 99.20	\$ 247.68	\$ 115.64	\$ 51.86	\$ 230.19	\$ 174.40	\$ 173.40	\$ 143.25	\$ -	\$ 1,718.06

⁽¹⁾ Rolloff customers are billed in arrears. The December 2011 fee payment for billing of November 2011 services was credited for the 2% fee increase on December 2011 Rolloff receipts.

⁽²⁾ Based on 18% per year, 360 days/year and the number of days between the date due and the date of the payment.

⁽³⁾ Based on 1.5% per month for each month after the due date through December 2013.

Arakelian Enterprises (Athens Services)
City of Long Beach
Gross Receipts and City Fees - 36 Months Ended December 31, 2013

Description	CY 2012												Total
	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	
Gross Receipts													
Refuse Routes	\$ 49,975.78	\$ 62,682.17	\$ 54,105.39	\$ 57,771.17	\$ 74,340.39	\$ 61,299.89	\$ 84,501.56	\$ 69,459.17	\$ 58,888.22	\$ 84,309.94	\$ 72,991.17	\$ 79,091.11	\$ 809,415.96
Total Gross Receipts	49,975.78	62,682.17	54,105.39	57,771.17	74,340.39	61,299.89	84,501.56	69,459.17	58,888.22	84,309.94	72,991.17	79,091.11	809,415.96
Adjustments to Gross Receipts													
Recycling Receipts Adjustments	\$ 605.24	\$ 500.50	\$ 630.47	\$ 510.29	\$ 794.04	\$ 1,881.38	\$ (192.59)	\$ 759.20	\$ 769.47	\$ 918.90	\$ 1,187.67	\$ 663.54	\$ 9,028.12
Rolloff Receipts Adjustments	920.31	1,887.59	1,208.69	2,227.49	2,199.11	163.01	630.19	166.11	0.20	272.84	259.67	0.07	9,935.28
Total Adjustments to Gross Receipts	1,525.55	2,388.09	1,839.16	2,737.78	2,993.15	2,044.39	437.60	925.31	769.68	1,191.74	1,447.34	663.61	18,963.40
Total Adjusted Gross Receipts	\$ 51,501.33	\$ 65,070.26	\$ 55,944.55	\$ 60,508.95	\$ 77,333.54	\$ 63,344.28	\$ 84,939.16	\$ 70,384.48	\$ 59,657.90	\$ 85,501.68	\$ 74,438.51	\$ 79,754.72	\$ 828,379.36
City Fees													
AB 939 Fee	\$ 4,120.11	\$ 5,205.62	\$ 4,475.56	\$ 4,840.72	\$ 6,186.68	\$ 5,067.54	\$ 6,795.13	\$ 5,630.76	\$ 4,772.63	\$ 6,840.13	\$ 5,955.08	\$ 6,380.38	\$ 66,270.34
Franchise Fee	5,150.13	6,507.03	5,594.46	6,050.90	7,733.35	6,334.43	8,493.92	7,038.45	5,965.79	8,550.17	7,443.85	7,975.47	\$ 82,837.95
Franchise Fee Rolloff Credit ⁽¹⁾													-
Total City Fees	\$ 9,270.24	\$ 11,712.65	\$ 10,070.02	\$ 10,891.62	\$ 13,920.03	\$ 11,401.97	\$ 15,289.05	\$ 12,669.21	\$ 10,738.42	\$ 15,390.30	\$ 13,398.93	\$ 14,355.85	\$ 149,108.29
City Fees Initially Remitted	\$ 8,995.64	\$ 11,282.79	\$ 9,738.97	\$ 10,398.81	\$ 13,381.27	\$ 11,033.98	\$ 15,210.28	\$ 12,502.65	\$ 10,599.88	\$ 15,175.79	\$ 13,138.41	\$ 14,236.40	\$ 145,694.87
Fees Due to City Before Late Payment Charges	\$ 274.60	\$ 429.86	\$ 331.05	\$ 492.81	\$ 538.76	\$ 367.99	\$ 78.77	\$ 166.56	\$ 138.54	\$ 214.51	\$ 260.52	\$ 119.45	\$ 3,413.42
Late Payment Charges													
Basic Penalty (10% on Late or Underpaid City Fees)	\$ 27.46	\$ 42.99	\$ 33.11	\$ 49.28	\$ 53.88	\$ 36.80	\$ 7.88	\$ 16.66	\$ 13.85	\$ 21.45	\$ 26.05	\$ 11.95	\$ 341.36
Late Payment Interest (1.5% per Month)	108.74	163.13	120.17	170.76	177.79	115.37	22.10	43.97	34.29	49.55	55.88	23.65	1,085.40
Late Payment Charges	136.20	206.12	153.28	220.04	231.67	152.17	29.98	60.63	48.14	71.00	81.93	35.60	1,426.76
Total City Fees and Late Payment Charges Due to the City	\$ 410.80	\$ 635.98	\$ 484.33	\$ 712.85	\$ 770.43	\$ 520.16	\$ 108.75	\$ 227.19	\$ 186.68	\$ 285.51	\$ 342.45	\$ 155.05	\$ 4,840.18

City Fee %

AB 939 Fee	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	
Franchise Fee	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	

Calculation of Late Payment Charges

Late Payment Charges on HF&H Adjustments:													
Basic Penalty (10% on Underpayment of City Fees)	27.46	42.99	33.11	49.28	53.88	36.80	7.88	16.66	13.85	21.45	26.05	11.95	341.36
Late Payment Interest (1.5% per month)	108.74	163.13	120.17	170.76	177.79	115.37	22.10	43.97	34.29	49.55	55.88	23.65	1,085.40
Total Late Payment Penalty	136.20	206.12	153.28	220.04	231.67	152.17	29.98	60.63	48.14	71.00	81.93	35.60	1,426.76
Total Due to City	136.20	206.12	153.28	220.04	231.67	152.17	29.98	60.63	48.14	71.00	81.93	35.60	1,426.76
Total Late Payment Charges:													
Basic Penalty (10% on Late or Underpaid City Fees)	27.46	42.99	33.11	49.28	53.88	36.80	7.88	16.66	13.85	21.45	26.05	11.95	341.36
Late Payment Interest (1.5% per month)	108.74	163.13	120.17	170.76	177.79	115.37	22.10	43.97	34.29	49.55	55.88	23.65	1,085.40
Total Late Payment Penalty	136.20	206.12	153.28	220.04	231.67	152.17	29.98	60.63	48.14	71.00	81.93	35.60	1,426.76

Check Information

Check Number	168523	170312	171782	173334	175125	176825	178676	179606	181220	182780	184479	185904	
Check Date	2/8/2012	3/13/2012	4/10/2012	5/8/2012	6/12/2012	7/16/2012	8/21/2012	9/10/2012	10/9/2012	11/8/2012	12/10/2012	1/11/2013	
First Day of Month	1/1/2012	2/1/2012	3/1/2012	4/1/2012	5/1/2012	6/1/2012	7/1/2012	8/1/2012	9/1/2012	10/1/2012	11/1/2012	12/1/2012	
Payment Days Requirement	60	60	60	60	60	60	60	60	60	60	60	60	
Due Date	3/1/2012	4/1/2012	4/30/2012	5/31/2012	6/30/2012	7/31/2012	8/30/2012	9/30/2012	10/31/2012	11/30/2012	12/31/2012	1/30/2013	
Days Late	-	-	-	-	-	-	-	-	-	-	-	-	

Conclusion: Athens Services remitted its monthly payment on or before the due date.

Interest Calculation

Basic Penalty (10% of Late or Underpaid City Fees)	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	
Late Payment Interest Per Month	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	
Number of Months Late through December 2013	24	23	22	21	20	19	17	16	15	14	13	12	
Total Interest Based on the Number of Months Late	36.0%	34.5%	33.0%	31.5%	30.0%	28.5%	25.5%	24.0%	22.5%	21.0%	19.5%	18.0%	
City Fees Late or Underpaid plus Basic Penalty on HF&H Adjustment	\$ 302.06	\$ 472.85	\$ 364.16	\$ 542.09	\$ 592.64	\$ 404.79	\$ 86.65	\$ 183.22	\$ 152.39	\$ 235.96	\$ 286.57	\$ 131.40	\$ 3,754.78
Total Interest on Late Payment of City Fees Based on the Number of Days Late ⁽²⁾	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Interest on City Fees Underpaid Based on the Number of Months Late ⁽³⁾	\$ 108.74	\$ 163.13	\$ 120.17	\$ 170.76	\$ 177.79	\$ 115.37	\$ 22.10	\$ 43.97	\$ 34.29	\$ 49.55	\$ 55.88	\$ 23.65	\$ 1,085.40

⁽¹⁾ Rolloff customers are billed in arrears. The December 2011 fee payment for billing of November 2011 services was credited for the 2% fee increase on December 2011 Rolloff receipts.

⁽²⁾ Based on 18% per year, 360 days/year and the number of days between the date due and the date of the payment.

⁽³⁾ Based on 1.5% per month for each month after the due date through December 2013.

Arakelian Enterprises (Athens Services)
City of Long Beach
Gross Receipts and City Fees - 36 Months Ended December 31, 2013

Description	CY 2013													Total 36 Months Ended December 2013
	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Total	
Gross Receipts														
Refuse Routes	\$ 78,032.67	\$ 72,581.78	\$ 88,371.39	\$ 77,688.33	\$ 81,143.78	\$ 79,646.17	\$ 83,668.78	\$ 83,831.11	\$ 91,381.06	\$ 84,041.61	\$ 105,374.00	\$ 71,445.72	\$ 997,206.40	\$ 2,484,302.58
Total Gross Receipts	78,032.67	72,581.78	88,371.39	77,688.33	81,143.78	79,646.17	83,668.78	83,831.11	91,381.06	84,041.61	105,374.00	71,445.72	997,206.40	2,484,302.58
Adjustments to Gross Receipts														
Recycling Receipts Adjustments	\$ 786.81	\$ 483.00	\$ 2,312.16	\$ 1,026.47	\$ 1,093.89	\$ 292.33	\$ 900.29	\$ 1,405.94	\$ 745.09	\$ 2,121.38	\$ 2,039.41	\$ 1,697.79	\$ 14,904.55	\$ 29,045.16
Rolloff Receipts Adjustments	119.70	392.48	773.00	19.80	339.52	-	119.70	419.64	19.78	239.69	519.62	-	2,962.93	31,215.75
Total Adjustments to Gross Receipts	906.51	875.47	3,085.16	1,046.28	1,433.41	292.33	1,019.99	1,825.58	764.88	2,361.06	2,559.02	1,697.79	17,867.48	60,260.91
Total Adjusted Gross Receipts	\$ 78,939.18	\$ 73,457.25	\$ 91,456.55	\$ 78,734.61	\$ 82,577.19	\$ 79,938.50	\$ 84,688.77	\$ 85,656.69	\$ 92,145.94	\$ 86,402.67	\$ 107,933.02	\$ 73,143.51	\$ 1,015,073.88	\$ 2,544,563.49
City Fees														
AB 939 Fee	\$ 6,315.13	\$ 5,876.58	\$ 7,316.52	\$ 6,298.77	\$ 6,606.17	\$ 6,395.08	\$ 6,775.10	\$ 6,852.54	\$ 7,371.67	\$ 6,912.21	\$ 8,634.64	\$ 5,851.48	\$ 81,205.89	\$ 203,565.05
Franchise Fee	7,893.92	7,345.73	9,145.65	7,873.46	8,257.72	7,993.85	8,468.88	8,565.67	9,214.59	8,640.27	10,793.30	7,314.35	101,507.39	241,581.69
Franchise Fee Rolloff Credit ⁽¹⁾													-	(339.08)
Total City Fees	\$ 14,209.05	\$ 13,222.31	\$ 16,462.17	\$ 14,172.23	\$ 14,863.89	\$ 14,388.93	\$ 15,243.98	\$ 15,418.21	\$ 16,586.26	\$ 15,552.48	\$ 19,427.94	\$ 13,165.83	\$ 182,713.28	\$ 444,807.66
City Fees Initially Remitted	\$ 14,045.88	\$ 13,064.72	\$ 15,906.85	\$ 13,983.90	\$ 14,605.88	\$ 14,336.31	\$ 15,060.38	\$ 15,089.60	\$ 16,448.59	\$ 15,127.49	\$ 18,967.32	\$ 12,860.23	\$ 179,497.15	\$ 434,731.75
Fees Due to City Before Late Payment Charges	\$ 163.17	\$ 157.59	\$ 555.32	\$ 188.33	\$ 258.01	\$ 52.62	\$ 183.60	\$ 328.61	\$ 137.67	\$ 424.99	\$ 460.62	\$ 305.60	\$ 3,216.13	\$ 10,075.91
Late Payment Charges														
Basic Penalty (10% on Late or Underpaid City Fees)	\$ 16.32	\$ 15.76	\$ 55.53	\$ 18.83	\$ 25.80	\$ 5.26	\$ 18.36	\$ 32.86	\$ 13.77	\$ 42.50	\$ 46.06	\$ 30.56	\$ 321.61	\$ 1,008.53
Late Payment Interest (1.5% per Month)	29.62	26.00	82.46	24.86	29.80	5.21	15.15	21.69	6.81	14.02	7.60	-	263.22	3,066.68
Late Payment Charges	45.94	41.76	137.99	43.69	55.60	10.47	33.51	54.55	20.58	56.52	53.66	30.56	584.83	4,075.21
Total City Fees and Late Payment Charges Due to the City	\$ 209.11	\$ 199.35	\$ 693.31	\$ 232.02	\$ 313.61	\$ 63.09	\$ 217.11	\$ 383.16	\$ 158.25	\$ 481.51	\$ 514.28	\$ 336.16	\$ 3,800.96	\$ 14,151.12

City Fee %

AB 939 Fee
Franchise Fee

8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%
10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%

Calculation of Late Payment Charges**Late Payment Charges on HF&H Adjustments:**

Basic Penalty (10% on Underpayment of City Fees)	16.32	15.76	55.53	18.83	25.80	5.26	18.36	32.86	13.77	42.50	46.06	30.56	321.61	1,008.53
Late Payment Interest (1.5% per month)	29.62	26.00	82.46	24.86	29.80	5.21	15.15	21.69	6.81	14.02	7.60	-	263.22	3,066.68
Total Late Payment Penalty	45.94	41.76	137.99	43.69	55.60	10.47	33.51	54.55	20.58	56.52	53.66	30.56	584.83	4,075.21
Total Due to City	45.94	41.76	137.99	43.69	55.60	10.47	33.51	54.55	20.58	56.52	53.66	30.56	584.83	4,075.21
Total Late Payment Charges:														
Basic Penalty (10% on Late or Underpaid City Fees)	16.32	15.76	55.53	18.83	25.80	5.26	18.36	32.86	13.77	42.50	46.06	30.56	321.61	1,008.53
Late Payment Interest (1.5% per month)	29.62	26.00	82.46	24.86	29.80	5.21	15.15	21.69	6.81	14.02	7.60	-	263.22	3,066.68
Total Late Payment Penalty	45.94	41.76	137.99	43.69	55.60	10.47	33.51	54.55	20.58	56.52	53.66	30.56	584.83	4,075.21

Check Information

Check Number	187307	188798	190303	191634	193099	194616	196098	197764	199350	200987	202615	203976		
Check Date	2/8/2013	3/8/2013	4/8/2013	5/8/2013	6/7/2013	7/10/2013	8/8/2013	9/10/2013	10/8/2013	11/8/2013	12/10/2013	1/10/2014		
First Day of Month	1/1/2013	2/1/2013	3/1/2013	4/1/2013	5/1/2013	6/1/2013	7/1/2013	8/1/2013	9/1/2013	10/1/2013	11/1/2013	12/1/2013		
Payment Days Requirement	60	60	60	60	60	60	60	60	60	60	60	60		
Due Date	3/2/2013	4/2/2013	4/30/2013	5/31/2013	6/30/2013	7/31/2013	8/30/2013	9/30/2013	10/31/2013	11/30/2013	12/31/2013	1/30/2014		
Days Late	-	-	-	-	-	-	-	-	-	-	-	-		

Conclusion: Athens Services remitted its monthly payment on or before the due date.

Interest Calculation

Basic Penalty (10% of Late or Underpaid City Fees)	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
Late Payment Interest Per Month	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
Number of Months Late through December 2013	11	10	9	8	7	6	5	4	3	2	1	0		
Total Interest Based on the Number of Months Late	16.5%	15.0%	13.5%	12.0%	10.5%	9.0%	7.5%	6.0%	4.5%	3.0%	1.5%	0.0%		
City Fees Late or Underpaid plus Basic Penalty on HF&H Adjustment	\$ 179.49	\$ 173.35	\$ 610.85	\$ 207.16	\$ 283.81	\$ 57.88	\$ 201.96	\$ 361.47	\$ 151.44	\$ 467.49	\$ 506.68	\$ 336.16	\$ 3,537.74	\$ 11,093.76
Total Interest on Late Payment of City Fees Based on the Number of Days Late ⁽²⁾	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Interest on City Fees Underpaid Based on the Number of Months Late ⁽³⁾	\$ 29.62	\$ 26.00	\$ 82.46	\$ 24.86	\$ 29.80	\$ 5.21	\$ 15.15	\$ 21.69	\$ 6.81	\$ 14.02	\$ 7.60	\$ -	\$ 263.22	\$ 3,066.68

⁽¹⁾ Rolloff customers are billed in arrears. The December 2011 fee payment for billing of November 2011 services was credited for the 2% fee increase on December 2011 Rolloff receipts.

⁽²⁾ Based on 18% per year, 360 days/year and the number of days between the date due and the date of the payment.

⁽³⁾ Based on 1.5% per month for each month after the due date through December 2013.

Arakelian Enterprises (Athens Services)
City of Long Beach
Gross Receipts and City Fees - 36 Months Ended December 31, 2013

Account Number	CY 2011												
	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Total
Recycling Receipts Excluded from Fee Payment.													
													\$ -
397524	\$ 78.05	\$ 78.05	\$ 78.05	\$ 78.05	\$ 156.09	\$ 78.05	\$ 78.05	\$ 78.05	\$ 78.05	\$ 156.09	\$ -	\$ 97.09	\$ 1,033.63
309156	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 31.68	\$ 31.68
397894	\$ 50.01	\$ 50.01	\$ 50.01	\$ 50.01	\$ 50.01	\$ 50.01	\$ 50.01	\$ 50.01	\$ 42.01	\$ 46.01	\$ 46.01	\$ 45.98	\$ 580.07
402171	\$ -	\$ 57.99	\$ 57.99	\$ -	\$ 258.87	\$ (84.88)	\$ 57.99	\$ 57.99	\$ 57.99	\$ 57.99	\$ 57.99	\$ -	\$ 579.89
406136	\$ -	\$ -	\$ 204.00	\$ 102.63	\$ 102.63	\$ 102.63	\$ 102.63	\$ 102.63	\$ 102.00	\$ 102.00	\$ 102.00	\$ 78.71	\$ 1,101.83
440700	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 150.00	\$ 66.75	\$ 233.32	\$ 13.77	\$ 463.82
308630	\$ (0.03)	\$ (0.03)	\$ (0.03)	\$ 133.41	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ -	\$ 200.00	\$ 100.00	\$ 109.97	\$ 943.29
458168	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
461270	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
460230	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
460235	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
467791	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
468229	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
469225	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
470048	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
475003	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
477887	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
486664	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
488383	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
489321	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
219214	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 146.08	\$ 146.08
309006	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 232.20	\$ 232.20
Total Recycling Receipts Adjustment	\$ 128.03	\$ 186.01	\$ 390.01	\$ 364.09	\$ 667.59	\$ 245.81	\$ 388.67	\$ 388.66	\$ 430.03	\$ 628.83	\$ 539.31	\$ 755.47	\$ 5,112.49
Rolloff Receipts Excluded from Fee Payment.													
210357	\$ 70.98	\$ 212.72	\$ 212.66	\$ 141.75	\$ 212.64	\$ -	\$ 141.84	\$ 354.60	\$ 141.90	\$ 141.86	\$ 70.91	\$ 141.86	\$ 1,843.70
210417	\$ 126.07	\$ 189.00	\$ 126.02	\$ -	\$ 189.14	\$ 189.19	\$ 63.01	\$ 315.12	\$ -	\$ 61.76	\$ 315.23	\$ 63.02	\$ 1,637.54
210500	\$ 780.99	\$ 624.87	\$ 1,093.29	\$ -	\$ 936.94	\$ 468.51	\$ -	\$ 923.24	\$ 781.17	\$ 468.62	\$ 390.61	\$ 533.13	\$ 7,001.35
336759	\$ 735.32	\$ 373.38	\$ -	\$ 584.95	\$ 994.77	\$ 473.33	\$ -	\$ 841.08	\$ 660.12	\$ 1,177.36	\$ 687.72	\$ 140.48	\$ 6,668.51
389472	\$ -	\$ 124.79	\$ (0.04)	\$ 83.27	\$ 24.95	\$ 83.31	\$ 83.30	\$ 83.29	\$ 346.12	\$ (46.14)	\$ 83.35	\$ 102.19	\$ 968.37
244762	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100.01	\$ -	\$ -	\$ -	\$ -	\$ 100.01
360288	\$ (0.03)	\$ -	\$ 0.18	\$ 0.14	\$ 0.36	\$ -	\$ 0.50	\$ 0.67	\$ -	\$ 0.36	\$ -	\$ 95.88	\$ 98.06
Total Rolloff Receipts Adjustment	\$ 1,713.33	\$ 1,524.75	\$ 1,432.10	\$ 810.11	\$ 2,358.79	\$ 1,214.33	\$ 288.65	\$ 2,618.00	\$ 1,929.31	\$ 1,803.83	\$ 1,547.82	\$ 1,076.54	\$ 18,317.54

Arakelian Enterprises (Athens Services)
City of Long Beach
Gross Receipts and City Fees - 36 Months Ended Decer

Account Number	CY 2012												
	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Total
Recycling Receipts Excluded from Fee Payment.													
397524	\$ 97.09	\$ 97.09	\$ 97.09	\$ 97.09	\$ 75.48	\$ 115.93	\$ 61.59	\$ 61.59	\$ 61.59	\$ 61.59	\$ 65.53	\$ 77.98	\$ 969.60
309156	\$ 19.34	\$ 36.45	\$ 36.45	\$ 20.95	\$ 74.35	\$ 38.80	\$ 38.43	\$ 35.54	\$ 35.17	\$ 35.54	\$ 35.65	\$ 35.54	\$ 442.23
397894	\$ 45.98	\$ 45.98	\$ 45.98	\$ 45.98	\$ 45.98	\$ 45.98	\$ 45.98	\$ 45.98	\$ 45.98	\$ 45.98	\$ 45.98	\$ 45.98	\$ 551.75
402171	\$ 283.53	\$ 64.95	\$ 64.95	\$ 64.95	\$ 64.95	\$ 64.95	\$ (88.71)	\$ (0.02)	\$ 283.59	\$ (88.71)	\$ 64.95	\$ -	\$ 779.40
406136	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
440700	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
308630	\$ -	\$ 109.97	\$ 109.97	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 219.94
458168	\$ -	\$ -	\$ 129.97	\$ 129.97	\$ 129.97	\$ -	\$ 129.94	\$ 259.97	\$ (13.01)	\$ 23.10	\$ 1.16	\$ 15.22	\$ 806.28
461270	\$ -	\$ -	\$ -	\$ -	\$ 249.97	\$ 249.97	\$ 249.97	\$ 249.97	\$ 249.97	\$ 249.97	\$ 249.97	\$ 249.97	\$ 1,999.75
460230	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 212.39	\$ 53.10	\$ 53.10	\$ 53.10	\$ 53.10	\$ 53.10	\$ 477.87
460235	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 212.39	\$ 53.10	\$ 53.10	\$ 53.10	\$ 53.10	\$ 53.10	\$ 477.87
467791	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 365.55	\$ -	\$ -	\$ 365.55
468229	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 99.98	\$ 299.92	\$ 0.00	\$ 399.91
469225	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 299.94	\$ (0.02)	\$ 299.93
470048	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 127.40	\$ 127.40
475003	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
477887	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
486664	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
488383	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
489321	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
219214	\$ 146.08	\$ 146.08	\$ 146.08	\$ 146.08	\$ 146.08	\$ 146.08	\$ 146.08	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,022.57
309006	\$ 13.23	\$ (0.02)	\$ (0.02)	\$ 5.27	\$ 7.27	\$ 1,219.67	\$ (1,200.64)	\$ (0.02)	\$ -	\$ 19.70	\$ 18.37	\$ 5.27	\$ 88.08
Total Recycling Receipts Adjustment	\$ 605.24	\$ 500.50	\$ 630.47	\$ 510.29	\$ 794.04	\$ 1,881.38	\$ (192.59)	\$ 759.20	\$ 769.47	\$ 918.90	\$ 1,187.67	\$ 663.54	\$ 9,028.12
Rolloff Receipts Excluded from Fee Payment.													
210357	\$ 200.74	\$ 116.69	\$ 132.28	\$ (66.69)	\$ 0.76	\$ -	\$ -	\$ 0.05	\$ 0.15	\$ 0.04	\$ (0.01)	\$ 0.08	\$ 384.09
210417	\$ -	\$ 224.04	\$ -	\$ 153.70	\$ 444.94	\$ (149.51)	\$ 0.02	\$ 0.03	\$ 0.03	\$ 0.09	\$ 0.10	\$ 0.00	\$ 673.44
210500	\$ 370.25	\$ 555.44	\$ -	\$ 925.55	\$ 555.42	\$ (0.00)	\$ (0.08)	\$ 0.04	\$ -	\$ (0.10)	\$ -	\$ (0.12)	\$ 2,406.40
336759	\$ -	\$ 742.23	\$ 615.72	\$ 848.12	\$ 870.61	\$ 292.76	\$ 629.82	\$ 126.32	\$ -	\$ 233.06	\$ 239.61	\$ 0.03	\$ 4,598.28
389472	\$ 49.38	\$ 112.06	\$ (0.01)	\$ 49.40	\$ 49.35	\$ (0.02)	\$ (0.05)	\$ (0.10)	\$ (0.14)	\$ (0.12)	\$ (0.14)	\$ (0.13)	\$ 259.48
244762	\$ 299.95	\$ -	\$ 278.35	\$ 165.27	\$ 64.80	\$ 19.78	\$ -	\$ 39.57	\$ -	\$ 39.64	\$ 19.80	\$ -	\$ 927.16
360288	\$ -	\$ 137.12	\$ 182.35	\$ 152.13	\$ 213.23	\$ -	\$ 0.48	\$ 0.21	\$ 0.17	\$ 0.24	\$ 0.30	\$ 0.20	\$ 686.44
Total Rolloff Receipts Adjustment	\$ 920.31	\$ 1,887.59	\$ 1,208.69	\$ 2,227.49	\$ 2,199.11	\$ 163.01	\$ 630.19	\$ 166.11	\$ 0.20	\$ 272.84	\$ 259.67	\$ 0.07	\$ 9,935.28

Arakelian Enterprises (Athens Services)
City of Long Beach
Gross Receipts and City Fees - 36 Months Ended Decer

Account Number	CY 2013													Total 36 Months Ended December 2013
	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Total	
Recycling Receipts Excluded from Fee Payment.														
													\$ -	\$ -
397524	\$ 77.98	\$ 77.98	\$ 77.98	\$ 77.98	\$ 77.98	\$ 155.98	\$ 90.18	\$ 77.98	\$ 77.98	\$ 65.78	\$ (0.03)	\$ 77.98	\$ 935.72	\$ 2,938.95
309156	\$ 35.54	\$ 35.54	\$ 35.65	\$ 71.14	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 177.88	\$ 651.78
397894	\$ 45.98	\$ 45.98	\$ 45.98	\$ 45.98	\$ 94.43	\$ (276.78)	\$ 86.32	\$ -	\$ 172.64	\$ -	\$ 172.64	\$ 86.32	\$ 519.50	\$ 1,651.32
402171	\$ 136.41	\$ 68.21	\$ 68.21	\$ 68.21	\$ 68.21	\$ 68.19	\$ 68.21	\$ 68.21	\$ -	\$ 297.75	\$ (93.13)	\$ -	\$ 818.46	\$ 2,177.75
406136	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,101.83
440700	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 463.82
308630	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,163.23
458168	\$ 71.02	\$ 82.07	\$ -	\$ 27.10	\$ 0.02	\$ 0.04	\$ 104.44	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 284.69	\$ 1,090.98
461270	\$ 249.97	\$ -	\$ 1,509.70	\$ (759.79)	\$ -	\$ -	\$ -	\$ 824.88	\$ -	\$ -	\$ 899.85	\$ 239.97	\$ 2,964.57	\$ 4,964.32
460230	\$ 53.10	\$ 53.10	\$ 53.10	\$ 53.10	\$ 53.10	\$ 53.10	\$ 53.10	\$ 53.10	\$ -	\$ 106.19	\$ 53.10	\$ 53.10	\$ 637.16	\$ 1,115.03
460235	\$ 53.10	\$ 53.10	\$ 53.10	\$ 53.10	\$ 53.10	\$ 53.10	\$ 53.10	\$ 53.10	\$ -	\$ 106.19	\$ 53.10	\$ 53.10	\$ 637.16	\$ 1,115.03
467791	\$ -	\$ -	\$ 404.75	\$ 900.15	\$ 508.35	\$ -	\$ -	\$ -	\$ -	\$ 592.35	\$ 580.45	\$ 638.55	\$ 3,624.60	\$ 3,990.15
468229	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 399.91
469225	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 299.93
470048	\$ 63.70	\$ 63.70	\$ 63.70	\$ 63.70	\$ 63.70	\$ 63.70	\$ -	\$ 63.70	\$ 127.40	\$ 63.70	\$ 63.70	\$ 63.70	\$ 764.43	\$ 891.83
475003	\$ -	\$ -	\$ -	\$ 425.82	\$ 175.00	\$ 175.00	\$ 175.00	\$ 175.00	\$ -	\$ 350.00	\$ 175.00	\$ 175.00	\$ 1,825.81	\$ 1,825.81
477887	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 269.95	\$ 89.98	\$ 0.00	\$ 179.96	\$ 89.98	\$ -	\$ 629.89	\$ 629.89
486664	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 175.91	\$ 44.71	\$ 44.71	\$ 265.34	\$ 265.34
488383	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 367.06	\$ 183.53	\$ 0.03	\$ 0.03	\$ 550.66	\$ 550.66
489321	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 265.33	\$ 265.33	\$ 265.33
219214	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,168.65
309006	\$ 0.01	\$ 3.33	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3.34	\$ 323.62
Total Recycling Receipts Adjustment	\$ 786.81	\$ 483.00	\$ 2,312.16	\$ 1,026.47	\$ 1,093.89	\$ 292.33	\$ 900.29	\$ 1,405.94	\$ 745.09	\$ 2,121.38	\$ 2,039.41	\$ 1,697.79	\$ 14,904.55	\$ 29,045.16
Rolloff Receipts Excluded from Fee Payment.														
210357	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,227.79
210417	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,310.98
210500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,407.75
336759	\$ 99.90	\$ 352.82	\$ 773.00	\$ -	\$ 299.95	\$ -	\$ 99.89	\$ 399.84	\$ -	\$ 200.08	\$ 499.84	\$ -	\$ 2,725.33	\$ 13,992.12
389472	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,227.85
244762	\$ 19.80	\$ 39.66	\$ -	\$ 19.80	\$ 39.57	\$ -	\$ 19.80	\$ 19.80	\$ 19.78	\$ 39.60	\$ 19.78	\$ -	\$ 237.60	\$ 1,264.76
360288	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 784.50
Total Rolloff Receipts Adjustment	\$ 119.70	\$ 392.48	\$ 773.00	\$ 19.80	\$ 339.52	\$ -	\$ 119.70	\$ 419.64	\$ 19.78	\$ 239.69	\$ 519.62	\$ -	\$ 2,962.93	\$ 31,215.75

Attachment 1

CITY OF LONG BEACH

Arakelian Enterprises, Inc., dba ADS

P.O. Box 60009

City of Industry, CA 91716

AB939 FEE PAYMENT
FOR THE MONTH OF JANUARY 2013

GROSS RECEIPTS

Refuse Routes:		\$	0.00
Recycling Routes:	+	\$	0.00
Roll-Off Routes:	+	\$	0.00
Total Gross Receipts:	=	\$	78,032.67
Less Recycling Routes:	-	\$	0.00
Gross Receipts Subject to AB939 Fee:	=	\$	78,032.67
AB939 Fee (18% of Gross Receipts):	=	\$	14,045.88
Late Penalty (1.5% per month):	+	\$	0.00
Deposit Payment (see attached):	+	\$	0.00
Total Amount Due:	=	\$	14,045.88

Remit to:	City of Long Beach Environmental Services Bureau 2929 E. Willow Street Long Beach, CA 90806	Payment due: February 28, 2013
Billing questions - Lisa Harris (562) 570-4694		

Sample of form used by Athens Services for monthly remittance

**AB939 FEE PAYMENT
FOR THE MONTH OF June 2010**

«Hauler_Name»
«Contact_First_Name» «Contact_Last_Name»
«Address»
«City», CA «Zip_Code»

GROSS RECEIPTS

Refuse Routes: \$ _____

Recycling Routes: + \$ _____

Roll-Off Routes: + \$ _____

Total Gross Receipts: = \$ _____

AB939 Fee (16% Gross Receipts): = \$ _____

AB939 Fee (8%)

Refuse Hauler Business Fee (8%)

Late Penalty (1.5% per month): + \$ _____

Total Amount Due: = \$ _____

Remit to:	City of Long Beach	Payment due: July 31, 2010
	For: Environmental Services Bureau	
	2929 East Willow Street	
	Long Beach, CA 90806	
Billing questions – Amy Zeidler (562) 570-2850		

**Sample of current form included in Exhibit 5 of current
Non-Exclusive Franchise Agreement**

CALMET SERVICES, INC.

Review of City of Long Beach fee payments for the 36 months ended December 2013

Summary of Findings

CalMet Services, Inc., made a net overpayment of \$753.78 for AB939 and Franchise Fees during the three years ending December 31, 2013. CalMet calculates and pays their monthly fees based on customer billings for the month rather than paying based on receipts, and periodically records a bad debt charge-off against billings for purposes of calculating City fees. Failure to record the charge-offs in 2011 resulted in the over payment of City fees, partially offset by other minor adjustments.

Exhibit 1 shows a summary analysis and reconciliation of the Long Beach city fees.

Procedures Performed

As shown in Table 1, CalMet reported \$2,336,918.60 in billings and remitted \$406,319.96 in AB 939 fees and franchise fees to the City. In order to verify the City fees remitted, HF&H:

- Agreed the billings reported to the City for each of the 36 months to CalMet's underlying system billing report and verified the mathematical accuracy of the amounts reported;
- Determined whether fee payments remitted to the City were remitted on or before the due date;
- Selected a sample of 25 accounts for each year, 75 in total, for the three years ending December 31, 2013. For each account, we verified that its location was within the City of Long Beach and confirmed the proper inclusion of the selected payments in the billings reported to the City.

Adjustments to Billing

Calmet records an adjustment against billing for bad debt charge-offs in order to calculate City fees owed. CalMet billings for 2012 and 2013 correctly included adjustments for bad debt charge-offs. In 2011, Calmet failed to adjust billings for charge-offs in the amount of \$21,165.15, resulting in an overpayment of City fees. See Table 1, Note 1.

A partially offsetting adjustment was made for unreported receipts in 2011 totaling \$1,488.34. See Table 1, Note 2.

Franchise Fee Adjustments:

Due to CalMet's method of calculating fees based on billed rather than received revenue, there are several adjustments to the franchise fee portion of the payment caused by timing differences related to the 2% franchise fee percentage increase implemented by the City in December 2011. See Table 1, note 3 for details.

In order to calculate the net amount due to (from) the City, overpayments were credited at 100% back to the company with no provisions for late or interest fee recovery. Underpayments were calculated at 100% with applicable late and interest fees added to the total.

Exhibit 2 shows a detailed analysis for all account adjustments and over or under payment of fees for each year.

Table 1: Summary of Customer Billing and AB 939 Fee and Franchise Fee Due to (from) the City

Description	CY 2011	CY 2012	CY 2013	Total 36 Months Ended December 2013
<u>Billings</u>				
Refuse Routes	\$ 763,532.90	\$ 768,097.11	\$ 761,792.38	\$ 2,293,422.39
Recycling Routes	\$ -	\$ -	\$ -	\$ -
Rolloff Routes	\$ 12,328.27	\$ 12,170.31	\$ 18,997.63	\$ 43,496.21
Total Gross Billings, As Reported	\$ 775,861.17	\$ 780,267.42	\$ 780,790.01	\$ 2,336,918.60
<u>Adjustments to Billings</u>				
Charge-off Adjustments (Exhibit 2) ⁽¹⁾	\$ (21,165.15)	\$ -	\$ -	\$ (21,165.15)
Customer Coding Adjustments (Exhibit 2) ⁽²⁾	\$ 1,488.34	\$ -	\$ -	\$ 1,488.34
Total Adjustments to Billings	\$ (19,676.81)	\$ -	\$ -	\$ (19,676.81)
Adjusted Billings	\$ 756,184.36	\$ 780,267.42	\$ 780,790.01	\$ 2,317,241.79
<u>City Fees Recalculated on Adjusted Billings</u>				
AB 939 Fee	\$ 60,494.75	\$ 62,421.39	\$ 62,463.20	\$ 185,379.34
Franchise Fee	\$ 61,689.72	\$ 78,026.67	\$ 78,078.93	\$ 217,795.32
Franchise Fee Adjustments ⁽³⁾	\$ 1,336.57	\$ 60.62	\$ 75.66	\$ 1,472.85
Recalculated City Fees	\$ 123,521.04	\$ 140,508.68	\$ 140,617.79	\$ 404,647.51
<u>City Fees Remitted</u>	\$ 125,329.77	\$ 140,448.06	\$ 140,542.13	\$ 406,319.96
Fees Due to (From) City before Late Payment Charges	\$ (1,808.73)	\$ 60.62	\$ 75.66	\$ (1,672.45)
<u>Late Payment Charges</u>				
Basic Penalty (10%)	\$ 157.47	\$ 6.06	\$ 7.57	\$ 171.10
Late Payment Interest (1.5% per month) ⁽⁴⁾	\$ 709.84	\$ 24.00	\$ 13.73	\$ 747.57
Late Payment Charges	\$ 867.31	\$ 30.06	\$ 21.30	\$ 918.67
Total City Fees and Late Payment Charges Due to (from) the City	\$ (941.42)	\$ 90.68	\$ 96.96	\$ (753.78)

⁽¹⁾ In March and April 2011, CalMet recorded customer bad debts of \$1,282.54 and \$19,882.61, respectively, for a total of \$21,165.15 in account charge-off's. The company paid AB939 and franchise fees in the prior year(s) on the billings for those accounts. Once the accounts were determined to be uncollectible, the company did not adjust their payment to the City to allow for the reduction.

⁽²⁾ In February 2011, CalMet incorrectly classified a new customer as open market (not subject to fees) that was in the Long Beach City limits. The customer was corrected in the CalMet billing system in March 2011 and going forward, however, the AB939 and franchise fees remain unpaid on \$1,488.34 of billing for that first month of service.

⁽³⁾ Due to CalMet's method of calculating fees based on billed rather than received revenue, there are several adjustments to the franchise fee portion of the payment caused by timing differences related to the 2% franchise fee increase in December 2011.

a) In November 2011, CalMet billed the 2% fee increase to bin customers to be effective December 1st 2011. Since CalMet pays on billed instead of received revenue, the first month (November 2011 billed) should have been included in the payment for December 2011. This resulted in an underpayment of 2% or \$1,272.17. In December 2011, the company issued a credit memo of \$3,220 and received a deduction to their billed revenue and current fees at the 18% fee rate while the initial fee was paid to the City at the 16% rate. This resulted in an underpayment of \$64.40 in fees.

b) In January of 2012, the company had \$3,030.79 of bad debts that received a deduction in current fees at the 18% rate while the initial fees were paid at the 16% rate resulting in an underpayment of \$60.62 in fees.

c) In February 2013, the company had \$3,783.25 of bad debt expense that was also initially paid at the 16% rate when billed with deduction at the time of write-off at 18%, resulting in an underpayment in fees of \$75.67.

⁽⁴⁾ The late payment interest of 1.5% per month is calculated through December 2013. See Exhibit 1 for the calculation of the interest charge.

CalMet Services, Inc.
City of Long Beach
Gross Billings and City Fees
36 Months Ended December 31, 2013

Description	CY 2011												
	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Total
Gross Billings													
Refuse Routes	\$ 67,678.86	\$ 63,876.91	\$ 65,428.28	\$ 65,516.52	\$ 65,124.36	\$ 63,322.88	\$ 63,253.11	\$ 62,148.22	\$ 59,515.27	\$ 61,572.73	\$ 63,608.25	\$ 62,487.51	\$ 763,532.90
Recycling Routes	-	-	-	-	-	-	-	-	-	-	-	-	-
Rolloff Routes	3,176.15	3,463.01	1,792.27	1,956.54	1,245.40	1,085.00	372.60	1,291.50	312.96	-	368.76	(2,735.92)	12,328.27
Total Gross Billings	\$ 70,855.01	\$ 67,339.92	\$ 67,220.55	\$ 67,473.06	\$ 66,369.76	\$ 64,407.88	\$ 63,625.71	\$ 63,439.72	\$ 59,828.23	\$ 61,572.73	\$ 63,977.01	\$ 59,751.59	\$ 775,861.17
Adjustments													
Adjustments (Exhibit 2)	-	1,488.34	(1,282.54)	(19,882.61)	-	-	-	-	-	-	-	-	(19,676.81)
Total Adjustments	-	1,488.34	(1,282.54)	(19,882.61)	-	-	-	-	-	-	-	-	(19,676.81)
Total Adjusted Billing	\$ 70,855.01	\$ 68,828.26	\$ 65,938.01	\$ 47,590.45	\$ 66,369.76	\$ 64,407.88	\$ 63,625.71	\$ 63,439.72	\$ 59,828.23	\$ 61,572.73	\$ 63,977.01	\$ 59,751.59	\$ 756,184.36
City Fees													
AB 939 Fee	\$ 5,668.40	\$ 5,506.26	\$ 5,275.04	\$ 3,807.24	\$ 5,309.58	\$ 5,152.63	\$ 5,090.05	\$ 5,075.18	\$ 4,786.26	\$ 4,925.82	\$ 5,118.16	\$ 4,780.13	\$ 60,494.75
Franchise Fee	5,668.40	5,506.27	5,275.03	3,807.24	5,309.57	5,152.62	5,090.05	5,075.17	4,786.25	4,925.82	5,118.15	5,975.15	61,689.72
Franchise Fee Adjustment	-	-	-	-	-	-	-	-	-	-	1,272.17	64.40	1,336.57
Total Hauler Fees	11,336.80	11,012.53	10,550.07	7,614.48	10,619.15	10,305.25	10,180.10	10,150.35	9,572.51	9,851.64	11,508.48	10,819.68	123,521.04
Hauler Fees Remitted	11,336.80	10,774.39	10,752.31	10,795.68	10,619.15	10,305.25	10,180.10	10,150.35	9,572.51	9,851.64	10,236.31	10,755.28	125,329.77
Amount (Over) Under Paid	\$ -	\$ 238.14	\$ (202.24)	\$ (3,181.20)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,272.17	\$ 64.40	\$ (1,808.73)
Late Payment Charge													
Basic Penalty (10%)	\$ -	\$ 23.81	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 127.22	\$ 6.44	\$ 157.47
Late Payment Interest ⁽¹⁾	-	137.52	-	-	-	-	-	-	-	-	545.76	26.56	709.84
Total Late Payment Charge	-	161.33	-	-	-	-	-	-	-	-	672.98	33.00	867.31
Total Amount Due To (From) City	\$ -	\$ 399.47	\$ (202.24)	\$ (3,181.20)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,945.15	\$ 97.40	\$ (941.42)

(1) The late payment interest of 1.5% per month is calculated through December 2013.

City Fee %

AB 939 Fee	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	
Franchise Fee	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	10%	

Interest Calculation

Basic Penalty	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	
Late Payment Interest	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	
Months Late	36	35	34	33	32	31	30	29	28	27	26	25	

Check Information

Check Number	50834	51150	51487	51800	51996	52150	52428	52680	52975	53154	53470	53863	
Check Date	2/23/2011	3/25/2011	4/25/2011	5/25/2011	6/27/2011	7/26/2011	8/24/2011	10/15/1927	10/21/2011	11/11/2011	12/20/2011	1/24/2012	
First Day of Month	1/1/2011	2/1/2011	3/1/2011	4/1/2011	5/1/2011	6/1/2011	7/1/2011	8/1/2011	9/1/2011	10/1/2011	11/1/2011	12/1/2011	
Payment Days Requirement	60	60	60	60	60	60	60	60	60	60	60	60	
Due Date	3/2/2011	4/2/2011	4/30/2011	5/31/2011	6/30/2011	7/31/2011	8/30/2011	9/30/2011	10/31/2011	11/30/2011	12/31/2011	1/30/2012	
Days Late	0	0	0	0	0	0	0	0	0	0	0	0	

Late Fee Calculation (1)

10% of Franchise Fee	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1 1/2% Late Fee	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Late Fee	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

CalMet Services, Inc.
City of Long Beach
Gross Billings and City Fees
36 Months Ended December 31, 2013

Description	CY 2012												
	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Total
Gross Billings													
Refuse Routes	\$ 61,569.91	\$ 64,465.45	\$ 65,132.25	\$ 65,420.62	\$ 64,005.81	\$ 65,152.90	\$ 64,221.95	\$ 64,142.32	\$ 64,369.10	\$ 62,108.68	\$ 62,908.80	\$ 64,599.32	\$ 768,097.11
Recycling Routes	-	-	-	-	-	-	-	-	-	-	-	-	-
Rolloff Routes	76.18	869.83	830.09	1,275.36	1,094.87	525.00	2,889.42	525.00	1,554.97	299.97	748.99	1,480.63	12,170.31
Total Gross Billings	\$ 61,646.09	\$ 65,335.28	\$ 65,962.34	\$ 66,695.98	\$ 65,100.68	\$ 65,677.90	\$ 67,111.37	\$ 64,667.32	\$ 65,924.07	\$ 62,408.65	\$ 63,657.79	\$ 66,079.95	\$ 780,267.42
Adjustments													
Adjustments (Exhibit 2)	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Adjusted Billing	\$ 61,646.09	\$ 65,335.28	\$ 65,962.34	\$ 66,695.98	\$ 65,100.68	\$ 65,677.90	\$ 67,111.37	\$ 64,667.32	\$ 65,924.07	\$ 62,408.65	\$ 63,657.79	\$ 66,079.95	\$ 780,267.42
City Fees													
AB 939 Fee	\$ 4,931.69	\$ 5,226.82	\$ 5,276.99	\$ 5,335.68	\$ 5,208.05	\$ 5,254.23	\$ 5,368.91	\$ 5,173.39	\$ 5,273.93	\$ 4,992.69	\$ 5,092.62	\$ 5,286.39	\$ 62,421.39
Franchise Fee	6,164.60	6,533.53	6,596.22	6,669.59	6,510.06	6,567.79	6,711.14	6,466.73	6,592.39	6,240.86	6,365.77	6,607.99	78,026.67
Franchise Fee Adjustment	60.62	-	-	-	-	-	-	-	-	-	-	-	60.62
Total Hauler Fees	11,156.91	11,760.35	11,873.21	12,005.27	11,718.11	11,822.02	12,080.05	11,640.12	11,866.32	11,233.55	11,458.39	11,894.38	140,508.68
Hauler Fees Remitted	11,096.29	11,760.35	11,873.21	12,005.27	11,718.11	11,822.02	12,080.05	11,640.12	11,866.32	11,233.55	11,458.39	11,894.38	140,448.06
Amount (Over) Under Paid	\$ 60.62	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 60.62
Late Payment Charge													
Basic Penalty (10%)	\$ 6.06	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6.06
Late Payment Interest ⁽¹⁾	24.00	-	-	-	-	-	-	-	-	-	-	-	24.00
Total Late Payment Charge	30.06	-	-	-	-	-	-	-	-	-	-	-	30.06
Total Amount Due To (From) City	\$ 90.68	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 90.68

(1) The late payment interest of 1.5% per month is calculated through December 2013.

City Fee %

AB 939 Fee	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	
Franchise Fee	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	

Interest Calculation

Basic Penalty	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	
Late Payment Interest	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	
Months Late	24	23	22	21	20	19	18	17	16	15	14	13	

Check Information

Check Number	54107	54384	54706	55039	55373	55605	55873	56124	56357	56606	56851	57073	
Check Date	2/22/2012	3/27/2012	4/24/2012	5/23/2012	6/21/2012	7/24/2012	8/24/2012	9/25/2012	10/23/2012	11/21/2012	12/19/2012	1/23/2013	
First Day of Month	1/1/2012	2/1/2012	3/1/2012	4/1/2012	5/1/2012	6/1/2012	7/1/2012	8/1/2012	9/1/2012	10/1/2012	11/1/2012	12/1/2012	
Payment Days Requirement	60	60	60	60	60	60	60	60	60	60	60	60	
Due Date	3/1/2012	4/1/2012	4/30/2012	5/31/2012	6/30/2012	7/31/2012	8/30/2012	9/30/2012	10/31/2012	11/30/2012	12/31/2012	1/30/2013	
Days Late	0	0	0	0	0	0	0	0	0	0	0	0	

Late Fee Calculation (1)

10% of Franchise Fee	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1 1/2% Late Fee	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Late Fee	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

CalMet Services, Inc.
City of Long Beach
Gross Billings and City Fees
36 Months Ended December 31, 2013

Description	CY 2013													Total 36 Months Ended December 2013
	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Total	
Gross Billings														
Refuse Routes	\$ 65,322.44	\$ 59,002.86	\$ 61,765.97	\$ 63,218.83	\$ 63,737.99	\$ 63,393.93	\$ 66,020.11	\$ 63,671.39	\$ 63,955.94	\$ 63,859.75	\$ 63,171.05	\$ 64,672.12	\$ 761,792.38	\$ 2,293,422.39
Recycling Routes	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rolloff Routes	1,534.83	(515.05)	2,755.80	2,296.50	-	-	913.86	4,163.93	2,997.80	661.50	4,324.96	(136.50)	18,997.63	43,496.21
Total Gross Billings	\$ 66,857.27	\$ 58,487.81	\$ 64,521.77	\$ 65,515.33	\$ 63,737.99	\$ 63,393.93	\$ 66,933.97	\$ 67,835.32	\$ 66,953.74	\$ 64,521.25	\$ 67,496.01	\$ 64,535.62	\$ 780,790.01	\$ 2,336,918.60
Adjustments														
Adjustments (Exhibit 2)	-	-	-	-	-	-	-	-	-	-	-	-	-	(19,676.81)
Total Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	(19,676.81)
Total Adjusted Billing	\$ 66,857.27	\$ 58,487.81	\$ 64,521.77	\$ 65,515.33	\$ 63,737.99	\$ 63,393.93	\$ 66,933.97	\$ 67,835.32	\$ 66,953.74	\$ 64,521.25	\$ 67,496.01	\$ 64,535.62	\$ 780,790.01	\$ 2,317,241.79
City Fees														
AB 939 Fee	\$ 5,348.58	\$ 4,679.02	\$ 5,161.74	\$ 5,241.23	\$ 5,099.04	\$ 5,071.51	\$ 5,354.72	\$ 5,426.83	\$ 5,356.30	\$ 5,161.70	\$ 5,399.68	\$ 5,162.85	\$ 62,463.20	\$ 185,379.34
Franchise Fee	6,685.72	5,848.78	6,452.17	6,551.52	6,373.80	6,339.40	6,693.39	6,783.52	6,695.37	6,452.12	6,749.59	6,453.55	78,078.93	217,795.32
Franchise Fee Adjustment	-	75.66	-	-	-	-	-	-	-	-	-	-	75.66	1,472.85
Total Hauler Fees	12,034.30	10,603.46	11,613.91	11,792.75	11,472.84	11,410.91	12,048.11	12,210.35	12,051.67	11,613.82	12,149.27	11,616.40	140,617.79	404,647.51
Hauler Fees Remitted	12,034.30	10,527.80	11,613.91	11,792.75	11,472.84	11,410.91	12,048.11	12,210.35	12,051.67	11,613.82	12,149.27	11,616.40	140,542.13	406,319.96
Amount (Over) Under Paid	\$ -	\$ 75.66	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 75.66	\$ (1,672.45)
Late Payment Charge														
Basic Penalty (10%)	\$ -	\$ 7.57	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7.57	\$ 171.10
Late Payment Interest ⁽¹⁾	-	13.73	-	-	-	-	-	-	-	-	-	-	13.73	\$ 747.57
Total Late Payment Charge	-	21.30	-	-	-	-	-	-	-	-	-	-	21.30	918.67
Total Amount Due To (From) City	\$ -	\$ 96.96	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 96.96	\$ (753.78)

(1) The late payment interest of 1.5% per month is calculated through December 2013.

City Fee %

AB 939 Fee	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	
Franchise Fee	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	

Interest Calculation

Basic Penalty	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	
Late Payment Interest	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	
Months Late	12	11	10	9	8	7	6	5	4	3	2	1		

Check Information

Check Number	57267	57599	57862	58141	58425	58655	58904	59128	59384	59639	59955	60176		
Check Date	2/20/2013	3/21/2013	4/24/2013	5/23/2013	6/21/2013	7/24/2013	8/21/2013	9/23/2013	10/23/2013	1/21/2013	12/19/2013	1/24/2014		
First Day of Month	1/1/2013	2/1/2013	3/1/2013	4/1/2013	5/1/2013	6/1/2013	7/1/2013	8/1/2013	9/1/2013	10/1/2013	11/1/2013	12/1/2013		
Payment Days Requirement	60	60	60	60	60	60	60	60	60	60	60	60		
Due Date	3/2/2013	4/2/2013	4/30/2013	5/31/2013	6/30/2013	7/31/2013	8/30/2013	9/30/2013	10/31/2013	11/30/2013	12/31/2013	1/30/2014		
Days Late	0	0	0	0	0	0	0	0	0	0	0	0		

Late Fee Calculation (1)

10% of Franchise Fee	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1 1/2% Late Fee	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Late Fee	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

CalMet
City of Long Beach
Gross Billing Adjustments

Account Number	CY 2011												
	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Total
Billing Adjustments													
Account Charge-Off's													
													\$ -
016447			\$ (72.44)										\$ (72.44)
049738			\$ (801.65)										\$ (801.65)
160502			\$ (10.57)										\$ (10.57)
159635			\$ (397.88)										\$ (397.88)
008254				\$ (243.84)									\$ (243.84)
016121				\$ (906.86)									\$ (906.86)
016292				\$ (574.29)									\$ (574.29)
050080				\$ (354.06)									\$ (354.06)
069596				\$ (7,525.09)									\$ (7,525.09)
069597				\$ (1,473.46)									\$ (1,473.46)
075635				\$ (8,259.83)									\$ (8,259.83)
076247				\$ (151.48)									\$ (151.48)
129740				\$ (393.70)									\$ (393.70)
	\$ -	\$ -	\$ (1,282.54)	\$ (19,882.61)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (21,165.15)
Coded as Open Market													
168395		\$ 1,488.34											\$ 1,488.34
Total Billing Adjustments	\$ -	\$ 1,488.34	\$ (1,282.54)	\$ (19,882.61)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (19,676.81)
Franchise Fee Only Adjustments													
December 2011 Fee Increase Implemented in November 2011													
Commercial Revenue Billed											\$ 63,608.25		\$ 63,608.25
Fee Paid 16%											\$ 10,177.32		\$ 10,177.32
Fee Owed 18%											\$ 11,449.49		\$ 11,449.49
Adjustment - Fee (Over) Under Paid	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,272.17	\$ -	\$ 1,272.17
Credit Memo													
032242												\$ 3,220.00	\$ 3,220.00
Fee Paid 16%												\$ 515.20	\$ 515.20
Fee Deducted 18%												\$ 579.60	\$ 579.60
Adjustment - Fee (Over) Under Paid	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 64.40	\$ 64.40
Account Charge-Off's													
043995													\$ -
071401													\$ -
075639													\$ -
154642													\$ -
165886													\$ -
160415													\$ -
102188													\$ -
015010													\$ -
Total Write-Offs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fee Paid 16%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fee Deducted 18%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Adjustment - Fee (Over) Under Paid	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Franchise Fee Only Adjustments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,272.17	\$ 64.40	\$ 1,336.57

CalMet
City of Long Beach
Gross Billing Adjustments

Account Number	CY 2012												Total
	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	
Billing Adjustments													
Account Charge-Off's													
016447													\$ -
049738													\$ -
160502													\$ -
159635													\$ -
008254													\$ -
016121													\$ -
016292													\$ -
050080													\$ -
069596													\$ -
069597													\$ -
075635													\$ -
076247													\$ -
129740													\$ -
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Coded as Open Market													
168395													\$ -
Total Billing Adjustments													\$ -
Franchise Fee Only Adjustments													
December 2011 Fee Increase Implemented in November 2011													
Commercial Revenue Billed													\$ -
Fee Paid 16%													\$ -
Fee Owed 18%													\$ -
Adjustment - Fee (Over) Under Paid													\$ -
Credit Memo													
032242													\$ -
Fee Paid 16%													\$ -
Fee Deducted 18%													\$ -
Adjustment - Fee (Over) Under Paid													\$ -
Account Charge-Off's													
043995	\$ 1,818.49												\$ 1,818.49
071401	\$ 236.94												\$ 236.94
075639	\$ 409.42												\$ 409.42
154642	\$ 144.40												\$ 144.40
165886	\$ 421.54												\$ 421.54
160415	\$ -												\$ -
102188	\$ -												\$ -
015010	\$ -												\$ -
Total Write-Offs	\$ 3,030.79												\$ 3,030.79
Fee Paid 16%	\$ 484.93												\$ 484.93
Fee Deducted 18%	\$ 545.55												\$ 545.55
Adjustment - Fee (Over) Under Paid	\$ 60.62												\$ 60.62
Total Franchise Fee Only Adjustments	\$ 60.62												\$ 60.62

CalMet
City of Long Beach
Gross Billing Adjustments

Account Number	CY 2013													Total 30 Months Ended June 2012
	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Total	
Billing Adjustments														
Account Charge-Off's														
016447													\$ -	\$ -
049738													\$ -	\$ (72.44)
160502													\$ -	\$ (801.65)
159635													\$ -	\$ (10.57)
008254													\$ -	\$ (397.88)
016121													\$ -	\$ (243.84)
016292													\$ -	\$ (906.86)
050080													\$ -	\$ (574.29)
069596													\$ -	\$ (354.06)
069597													\$ -	\$ (7,525.09)
075635													\$ -	\$ (1,473.46)
076247													\$ -	\$ (8,259.83)
129740													\$ -	\$ (151.48)
													\$ -	\$ (393.70)
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (21,165.15)
Coded as Open Market														\$ -
168395													\$ -	\$ 1,488.34
Total Billing Adjustments							\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (19,676.81)
Franchise Fee Only Adjustments														
December 2011 Fee Increase Implemented in November 2011														
Commercial Revenue Billed													\$ -	\$ 63,608.25
Fee Paid 16%													\$ -	\$ 10,177.32
Fee Owed 18%													\$ -	\$ 11,449.49
Adjustment - Fee (Over) Under Paid													\$ -	\$ 1,272.17
Credit Memo														
032242													\$ -	\$ 3,220.00
Fee Paid 16%													\$ -	\$ 515.20
Fee Deducted 18%													\$ -	\$ 579.60
Adjustment - Fee (Over) Under Paid													\$ -	\$ 64.40
Account Charge-Off's														\$ -
043995	\$ -												\$ -	\$ -
071401	\$ -												\$ -	\$ 1,818.49
075639	\$ -												\$ -	\$ 236.94
154642	\$ -												\$ -	\$ 409.42
165886	\$ -												\$ -	\$ 144.40
160415	\$ 1,837.26												\$ -	\$ 421.54
102188	\$ 903.91												\$ 1,837.26	\$ 1,837.26
015010	\$ 1,042.08												\$ 903.91	\$ 903.91
Total Write-Offs	\$ 3,783.25												\$ 1,042.08	\$ 1,042.08
Fee Paid 16%	\$ 605.32												\$ 3,783.25	\$ 6,814.04
Fee Deducted 18%	\$ 680.98												\$ 605.32	\$ 1,090.25
Adjustment - Fee (Over) Under Paid	\$ 75.66												\$ 680.98	\$ 1,226.53
	\$ 75.66												\$ 75.66	\$ 136.28
	\$ 75.66												\$ 75.66	\$ 1,472.85
Total Franchise Fee Only Adjustments	\$ 75.66												\$ 75.66	\$ 1,472.85



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(626) 336-3636

Mr. Scot Holt
HF&F Consultants, LLC
September 15, 2014

Dear Mr. Holt,

Thank you for providing a copy of the audit findings and your calculations for our review. We have reviewed and discussed the provided documents with our compliance and gov't affairs management teams. There are 4 topics that we have questions on or would like to have further discussions. Athens Services still maintains that recycling cash receipts should not be included in city fee calculations. We have questions on non-waste collection gross receipts that we feel do not belong in the city fee calculations. There are questions regarding the \$5,000 discrepancy amount and the timeframe that it covers. Finally, we would like to request waiving the penalty and interest amounts calculated on the under-payment of city fees. Please see below for our specific discussion points and questions.

1. Recycling

We are still questioning the inclusion of the recycling cash receipts in the calculation of the monthly fee amounts. In our experience, the industry standard regarding recycling services is that cash receipts from recycling are almost always excluded from fee calculations. In the few instances where we do pay fees on recycling cash receipts the contract language is very specific and identifies recycling to be included in the fee calculations. Because the Non-Exclusive Franchise agreement with the City of Long Beach does not specifically state that recycling cash receipts are to be included, Athens defaulted to our industry standard of not including recycling in the city fee calculations.

Additionally we would like to know, how does the city handle fees on 3rd party recycling service haulers that do not operate as waste haulers? Per the contract, we are required to provide recycling bins at customers' requests, but according to California state law, customers can use any recycling service for collection of recycling materials. We do not believe the city of Long Beach charges these 3rd party recycling services the same fees that are charged to the waste haulers. This leads to a competitive disadvantage, and is the basis for the industry standard of not including recycling in the calculation of city fees unless specifically called out in the contract.

Please remove the cash receipts generated from recycling services from the city fee calculations, including recycling services on roll-off accounts.

2. Gross Receipts on Non-Waste Collection Activities

During the audit it was agreed upon that sweeping and other non-waste collection and hauling services were to be excluded from cash receipt amounts used for the calculation of city fee payments. We have

reviewed the Long Beach accounts and found services provided to Long Beach accounts that are related to sweeping, supplies, non-waste transportation, or other services not related to the collection and hauling of the accounts waste stream. Below is a table of these cash receipts that we believe should be excluded from the city fee calculations. We did not include recycling services which is addressed above.

2011		2012		2013	
Cardboard Boxes & Liners	\$ -	Cardboard Boxes & Liners	\$ 1,726.20	Cardboard Boxes & Liners	\$ 1,268.88
Compactor Rental	\$ 1,800.00	Compactor Rental	\$ 1,800.00	Compactor Rental	\$ 1,650.00
Compactor Repair	\$ -	Compactor Repair	\$ 206.63	Compactor Repair	\$ 2,528.05
Demurrage	\$ 1,968.72	Demurrage	\$ 2,012.12	Demurrage	\$ 1,829.20
Lock Lids	\$ 747.15	Lock Lids	\$ 1,062.02	Lock Lids	\$ 1,667.27
Returned Payment Charge	\$ -	Returned Payment Charge	\$ 40.00	Returned Payment Charge	\$ 40.00
Steam/Pressure Cleaning	\$ -	Steam/Pressure Cleaning	\$ 4,199.00	Steam/Pressure Cleaning	\$ -
Tipping Bin Rental	\$ 2,958.96	Tipping Bin Rental	\$ 800.01	Tipping Bin Rental	\$ 275.00
Transportation Services	\$ -	Transportation Services	\$ -	Transportation Services	\$ 142.86
Total	\$ 7,474.83	Total	\$ 11,845.98	Total	\$ 9,401.26

Please remove these charges in the amount of \$28,722.07 from the total gross receipts in order to calculate fees owed. Please let us know if you would like to see the supporting documentation for these charges. This will not completely eliminate the under-payment of city fees but will reduce the amount of under-payment, and potential penalties and interest due to the city of Long Beach by Athens Services.

3. Discrepancy limit of \$5000 or 2% per audit

The next point that we would like to cover is section 8.1.2(b) of the Non-Exclusive Franchise agreement with the City of Long Beach. This section states "If an audit discloses a discrepancy of five thousand dollars (\$5,000) or two percent (2%) whichever is less, Franchisee agrees to pay the cost of the audit." Again we find that the contract is vague as to the timeframe of which the discrepancy amounts apply. We believe these amounts should be applicable based on a contract year. Since this audit covers a 3 year period, the discrepancy amount would be \$5,000 in any discrete contract year and based on your calculations, even with including recycling cash receipts as applicable to city fee, Athens Services did not exceed \$5,000 in under-payments in any of the 3 years tested.

The reason that we believe that the discrepancy amount should be based on a single contract year is that we cannot find any language in the contract that sets out a specific audit period or timeframe. There is nothing to prevent the city from waiting until the end of the contract and requesting an audit of 5 years for example. The longer the audit period the more likely that a franchisee will reach the \$5,000 limit. In addition, many other contract items are measured or discussed on 12-month periods (i.e. city fiscal year, annual rate adjustments, annual insurance certificate renewals, etc.)

Athens Services is requesting removal of the \$19,900 audit cost from the recommendation to the city of Long Beach.

4. Request waiver Penalty and Interest

Athens Services is requesting the audit report waives or recommends waiving all penalty and interest charges as calculated per the audit report. There was no malicious intent to defraud or withhold funds from the City of Long Beach. All monthly city fees were paid promptly and submitted on-time with the calculated

amounts we believed to be correct based on industry standards. If the report cannot recommend all penalty and interest charges be waived, Athens would request that at a minimum the penalty charges to be waived. Again, there was no intent to defraud or withhold funds from the City of Long Beach. Athens Services would then pay the agreed upon under-payment of city fees and interest on those fees based on the contract rate of 1.5% for each month the fees were late.

Thank you for taking the time to review our comments and question and we look forward to your responses.

Sincerely,

A handwritten signature in black ink, appearing to read 'B. Broadwater', with a stylized flourish at the end.

Brian Broadwater
Compliance Manager
Athens Services, Inc.