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CLARK COUNTY
WASHINGTON

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Clean Water Program Audit:

Interim Report – Billing and Collection System

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Clean Water Program Audit Interim Report – Billing and Collection System

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Executive Summary

The Clean Water Program, managed by Public Works, with support from the Treasurer's Office, the Office of Assessment and GIS, and the Office of Budget and Information Systems, has begun the process of planning for the third billing cycle of the Clean Water Program fee. Our audit of the Clean Water Program was designed to review the fee billing process, delinquent account collection process and the management of the program components. This is an interim report on the first two objectives and our final report will cover all our audit objectives. Our comments and observations may be pertinent to improving the billing process and we offer them for that purpose.

Specifically, the first two objectives of our audit were:

- to determine whether the Clean Water Program fee assessments are computed and invoiced in accordance with Clark County ordinances, and
- to assess the effectiveness and timeliness of collection procedures for delinquent fees.

To make these determinations, we interviewed officials and staff in Public Works (PW), the Office of Budget and Information Systems (OBIS), the Prosecuting Attorney's Office (PA), the Treasurer's Office, and the Office of Assessment and GIS. We performed limited testing of the fees to determine if they were being accurately calculated in accordance with the specifications of the county ordinance. We collected and reviewed a variety of documents related to the billing process, revenues collected, and delinquent accounts. Our methodology is described in more detail in appendix A.

Results in Brief

We found that Clean Water Program fees are calculated in accordance with Clark County's ordinances. However these fees are based on available land-use data as contained in the County Assessor's and Treasurer's System (CATS), which does not contain some of the detailed data necessary for accurately computing the Clean Water fees. As a consequence, about one percent of the total bills for the first two billing cycles have been logged as disputes and an unknown amount of staff resources have been employed to obtain accurate data to adjust these bills and/or resolve the disputes. Of the 1,135 logged disputes, 23 remain unresolved as of March 16, 2002.

We found that the county has collected about 95 percent of the adjusted revenue billed for the Clean Water Program¹. All delinquent year 2000 accounts have been sent to collections and as of March 1, 2002 there was approximately \$172,000 outstanding of the approximately \$4.6 million initially billed. Of the approximately \$4.3 million initially billed for 2001, about \$490,000 remains outstanding at March 1, 2002. The Treasurer's Office has issued Notice of Delinquency (30-day) letters for all outstanding year 2001 accounts but has decided that no further collection activity will be done on these accounts until September 2002, when year 2002 outstanding accounts will be eligible to be sent to collections².

The billing process for the Clean Water Program was implemented by modifying an existing billing and receipting system that was originally designed for Local Improvement Districts. Billing for these districts has not required the types of management reports and statistical data that would be helpful in the billing and collection process for the Clean Water Program.

The modified billing system does not generate an adequate audit trail of consistent management information, nor does it produce reports that contain data elements useful in managing collection efforts. For example, on every report, as payments are made and adjustments are processed, the total revenue amount billed and the number of bills generated changes. As a result, we were not able to determine with assurance the number of initial bills sent out for either of the first two billing cycles. We were able to verify the amount of revenue that was initially billed from reconciliations performed by the Treasurer's Office, but not from system documents. In addition, reports used by managers do not provide statistics on the number of accounts by parcel type, or age of delinquency. Without such information it is difficult to focus collection efforts and to assess the effectiveness of collection procedures.

Overall, while the process has improved over time, there are additional steps that can be taken to improve the accuracy of billings and provide more useful information for collection efforts.

- Documenting decisions that interpret and clarify ordinance requirements is essential to ensuring that the process works smoothly and effectively. This will also result in more accurate billings because the "rules" will be consistently applied to all billings.
- Reports that provide additional financial and statistical information on delinquent accounts are needed to help manage the collection process. This will allow managers to focus their collection efforts more efficiently.

¹ The percent of revenue billed is based on collections as of March 30, 2002 for year 2000 and 2001 billings to the estimated amount of revenue initially billed.

² These actions clarified and established dates for the billing cycle. Statements are sent out in June, delinquency letters on outstanding accounts go out in August, followed by accounts sent to collections in September.

- Public Works staff should be more actively involved in the billing and collection process by being included in the distribution of reports related to account activity. By using these reports in conjunction with the work they are doing in response to citizen concerns and questions, they will be better able to assist in collection efforts.
- The County should consider alternatives to the current billing and receipting system. The existing system, now 16 years old, is supported by the county's mainframe. OBIS indicates that the mainframe may not be supported by the vendor after 2006. Additional modifications or enhancements could be costly, especially since they would be short-lived due to the scheduled obsolescence of the hardware.

We provided our observations and suggestions for improvement to department officials and staff during the course of our work, as detailed below. We performed our work between September 2001 and May 2002 in accordance with generally accepted government auditing standards.

The Board Adopts a Fee To Fund Required Clean Water Activities

The Clean Water Act requires counties and cities with a population greater than 100,000 in the 1990 census, to reduce the discharge of pollutants from its stormwater system to the "maximum extent practicable." Under this Act and state law, the State of Washington Department of Ecology has issued Clark County a NPDES permit that requires the County to develop and implement a stormwater management program. Clark County's stormwater management program identifies activities that the County has historically engaged in to manage stormwater discharges. It also identifies "additional activities" that are required under the terms of the NPDES permit.

In order to pay for the "additional activities" required by the permit, the Board established a task force to review and recommend a funding plan. In May 1999, when the task force began work examining how to fund the county's new stormwater program, it was believed that the cost of undertaking "the additional activities" would be at least \$3 million per year. However, by the time the task force submitted its final report to the Board in September, estimates of the cost had risen by \$1 million to \$4 million per year.

Adopted Fee Uses Available Records

The Clark County Board of Commissioners (the Board) enacted Ordinance No. 1999-11-09 on November 8, 1999, creating the Clean Water Program fees for

Clark County³. The county's fee is assessed against all developed parcels within unincorporated areas of the county with improvements having a value of \$10,000 or more. There are set fees for single family residences, which vary depending upon lot size. The fees for multifamily, commercial, retail and industrial uses are based upon the amount of impervious surface present on the parcel. Generally, the ordinance specifies that the county's Assessor's records, and other records as necessary, are to be used to measure property as the basis for the fee billing. The County Assessor's and Treasurer's System, known as CATS, is the system containing this data. However, in some cases, the data is not in a format readily available for the Clean Water billing process.

Treasurer's Office Becomes the Billing Agent

The logical choice for a billing agent was the Treasurer's Office as they already handled property taxes and assessments, which are also based on the land use information kept by the Office of Assessment and GIS. In fact, the task force recommended that the Program make use of the county's Local Improvement District (LID) billing system⁴, a system the Treasurer's Office had used as the billing and receipting system for Burnt Bridge Creek fees. As a result, and prior to the adoption of the fee, the Program entered into a Memorandum of Understanding (MOU) with the Treasurer's Office to provide these billing and collection services. This MOU was signed in December 1999.

Enhancement of LID Required

Under the MOU, the Treasurer's Office stipulated that improvements would be needed to the billing and receipting system so that the Clean Water Program bills could be accurately calculated, receipted, and funds appropriately distributed and posted to the accounts. This re-programming was performed by the County's Office of Budget and Information Systems at a cost of approximately \$110,000. The first billing date of June 2000 was selected because it was the earliest timeframe in which the system could be modified to provide for the Clean Water Program billings.

To help better understand the billing process, we prepared a flow diagram of the Clean Water Program annual billing process. This can be found in appendix C.

³ The Ordinance was amended in April 2000 and again in August 2001. Among other things, these amendments clarified application of the base unit to commercial, industrial or other non-residential lots, applied the fee to the number of residential units in a multi-family dwelling, as well as establishing contingencies for hardship cases, and setting timeframes for appeals.

⁴ Treasurer's Office staff did acknowledge that the LID system had limited management reporting tools and that maintenance of the system would be time intensive.

Existing Data Used for Fee Computation

Our tests indicated that Clean Water Program fees are being calculated in accordance with the county ordinance. However, because the fee structure is based on existing land-use records, many fees were questioned and disputed in both 2000 and 2001. We learned that the more detailed information on impervious surface and acreage needed for the fee computations is not always available in the county's databases.

Computations Tested in Accordance with the Ordinance

We performed limited testing of randomly selected bills from each of the four major land categories – residential, residential large lot, multi-family, and commercial/industrial. We recalculated the fees based on the geographic data provided by the GIS and the Assessor's Office and determined that each item in our sample had been calculated in accordance with the ordinance. We ran a sample of parcels through the billing system and observed the outcome of the automated fee calculations. We did not find any significant discrepancies in our tests, which indicated that the fees are computed in accordance with the ordinance.

However, in many cases, the existing records do not contain the type of detail on parcel size or impervious surfaces that is required by the ordinance.

Fee Structure Based on Existing Records

The Clean Water Program fee was to be based on the amount of impervious surface measured in square feet. However, the existing records contain land information in acres, rather than square feet. In addition, the valuation of all improvements is not captured in the county records. As a consequence, use of the data has created several challenges for the implementing departments.

- Acreage information (parcel size) is only kept to two decimal places. Many bills were challenged because if measurements were in square footage, or carried out to greater than two decimal points, some parcels would have qualified for a lesser fee.
- Property records contain the known value of structures but not the value or extent of alterations to property, which add to its value. This was especially true for parking lots and for gravel pits or rock quarries.

Parcel Size

The CATS database contains acreage data carried out to two decimal places, but not in square feet. During the first billing cycle many bills were disputed based on the fact that if a parcel measured out to more than two decimal places it would have been eligible for a lesser fee. For example, a parcel equal to or less than .5 acres would be assessed a fee of \$33.00. A parcel greater than .5 acres, but equal to or less than one acre would be assessed a fee of \$29.70. If a parcel measured out to .50063, it should, therefore, be assessed the lesser fee, but based on the Assessor's database would have been assessed the greater fee.

Value of Improvements

In many instances, there are no structures on parcels, but there may be other alterations that add value to the land. Since the database does not record other land improvements some parcels were not initially billed because the database did not disclose other improvements. For year 2000 bills, if a land parcel were being used as a gravel pit or a rock quarry the entire surface of a parcel was considered impervious and was billed accordingly. Several of these billings were disputed. A revised methodology was upheld by the Hearings Examiner and has been and is being applied to these types of parcels. See appendix B for further discussion of how these were resolved.

Calls Necessitate Additional Research

According to county officials, the Clean Water Program fee bills generated thousands of telephone calls from citizens. The Treasurer's Office did not attempt to record the number or nature of calls that came into their offices, but believe that they have received upwards of 4,000 calls in each year of program billing. The Program office kept a log on most of the calls that came in, recording them by the nature of the call.

In the first year, the Program staff estimated that they received about 2,000 calls, with other calls spread out between the Board's office, other offices in Public Works, the Department of Assessment and GIS, or the Treasurer's Office. During the second billing cycle, there were about 900 calls that came into the Program office. Staff reported that while the number of calls had gone down, the amount of work per call has increased.

Many of these calls were simple requests for information on the program itself, or questions related to the logistics of paying the bill. However, other calls questioned the accuracy of the computed fees. Those calls required staff to

perform research into parcel and impervious surface details. In some instances Program staff were able to review aerial photographs to determine the validity of size data. In other cases, citizens had to supply surveys to document acreage or square footage in order to have fees adjusted.

Handling the call load was very time intensive. Under the MOU with the Treasurer's Office, no charges were anticipated for the counter and phone inquiries that came in during the first billing cycle. However, as a result of the volume of calls, staff charged just over \$11,000 to reimbursable work orders for handling calls, answering letters, researching questions, and other customer service related work that they performed related to the Clean Water Program during the first billing cycle. As a consequence, the Treasurer's Office added a \$15,000 service charge under the MOU for handling calls related to the Clean Water Program for the second billing cycle in 2001. We were told that they charged over \$29,000 for responding to customer calls during the second billing cycle. They are estimating it will cost them \$30,000 in 2002 for these same services.

This year the Program office will add one half time temporary staff person to handle calls, along with the partial use of 3 other existing staff. Should the volume of calls exceed the capacity of planned primary staff use, other existing staff will be assigned to help handle the call load.

PA's Interpretations Needed

The PA's Office was called upon to provide interpretations of the ordinance to help resolve those questions that resulted from how existing data was used to calculate the program fee. Staff from GIS and Treasurer's Office, as well as other Public Works staff, turned to the Program office for guidance, and the Program office turned to the PA's office often on a case-by-case basis. Questions related to parcel size and value of improvements were the most frequently, and repeatedly, asked.

Dispute Tracker Designed to Assist Processing Changes

In response to the volume of Clean Water Program fee disputes, as well as the need to create and track changes in the billing system, the GIS Division created the Clean Water Program Dispute Tracker in 2001. This software tool is an Intranet based program that allows county staff to document dispute information in one place so it is accessible to all involved departments. It is a searchable

database that contains standing data from CATS and GIS, with links to the Maps-Online system for viewing parcels.

While this tool was not in place during 2000, county staff did make use of other software tools – for example MS Access and ARC/INFO – to establish a database for tracking disputed billings during 2000. According to one GIS staff member, this information was added to the Dispute Tracker so that it would be in one central location. Currently, the Dispute Tracker contains information on 548 disputes from year 2000 and 568 disputes for year 2001. There are 18 disputes unresolved from 2000 and 5 outstanding for 2001 as of 4/18/02. Only by a case-by-case review can you determine the nature of these disputes.

Dispute Tracker is the only automated resource for tracking cases, but it does not automatically update parcel records in LID. This is a manual process that requires GIS to run specific reports that are forwarded to the Treasurer's Office for data input⁵. This is the only process in place to ensure that changes resulting from disputes are properly reflected in county records. GIS staff forward data on all "complete" cases to the Treasurer's Office, and request action on all "in progress" cases from all persons entering dispute information. However, if a case is not entered into the Dispute Tracker system or is inappropriately marked complete, important data could be lost and the billing system records would not be updated for the next billing cycle.

Effectiveness and Timeliness of Collections For Delinquent Fees Has Improved

The county has collected almost 95 percent of the adjusted revenue billed for the Clean Water Program over the first two billing cycles. While delinquent accounts from the first billing cycle were not sent to collections during that first year, all outstanding year 2000 accounts were sent to collections in September 2001. Procedures are now in place that establish a complete cycle for the billing process. However, the effectiveness of the collections process cannot be readily assessed because there are limited reports available to manage the process. In addition, the roles and responsibilities of the participating departments could be clarified. Finally, we noted that the numbers of incorrect addresses within the database may have had an impact on the collection process.

Collections Now at 95 Percent

For the first billing cycle in June 2000, over 54,300 billing statements were generated and sent out to citizens and businesses in unincorporated Clark

⁵ This is also a manual data entry activity.

County. According to the Treasurer's Office, initial billed revenue amounted to \$4,635,894, which included \$1,736,800 transferred from the county Road Fund. Adjustments of \$163,541 were processed reducing the amount of original billings. Of the approximately \$4.4 million in adjusted revenue, about 86% was collected in that first year. By the end of 2001, however the percent of collection had risen to 95 percent.

No accounts were sent to collections in the first year due to unresolved legal actions. After these actions were resolved, the Treasurer's Office established a well-defined billing cycle that included sending delinquent accounts to collections. Thus, the Clean Water Program fee statements are mailed in June and are payable in July. A notice of delinquency will be sent to any outstanding accounts in August, giving the recipient 30 days to make payment. Accounts remaining outstanding in September are to be sent to a collection agency after the Treasurer's Office places liens against the property.

In the second cycle the number of accounts billed decreased, probably due to the clarifications of the ordinance and other adjustments made during the first cycle. Those accounts still under review were not billed initially in the second cycle. As a consequence, there were about 53,600 bills sent out in 2001 amounting to \$4,317,222 in revenue. Most of the collections on year 2001 revenue occurred during that year. Adjustments to the original 2001 billings amounted to a reduction of \$81,579.

About three percent of the total gross revenue amount required adjustment (due to clarifications and resolved disputes) and as of the March 31, 2002 about 95 percent of the adjusted revenue had been collected.

Notice of Delinquency letters have been sent to all outstanding accounts and those from 2000 have now been sent for collections. Under the collection procedures any outstanding year 2001 delinquent accounts will be forwarded to a collection agency in September 2002. Thereafter, the cycle will be contained within a one year period of time.

Table: Revenue Billed and Collected, 2000 through March 31, 2002

	Year 2000	Year 2001	Year 2002	Totals
Number of Accounts Billed ^a	54,363	53,614		
Original Revenue Billed	\$4,635,894	\$4,317,222		\$8,953,116
Adjustments to Original Bills	(\$163,441)	(\$81,579)		(\$245,120)
Revenue Received for Year 2000 billings	\$3,855,747	\$333,323	\$5,842	\$4,194,912
Revenue Received for Year 2001 billings		\$4,006,962	\$54,410	\$4,061,372
Total Revenue Collected (by Year of Collection)	\$3,855,747	\$4,340,285	\$60,252	\$8,256,284
Percent Collected by year and in total for first two billing cycles	86%	95%		95%
Number of 30 day letters sent	3,762	3,422		
Number Delinquent Accounts at 3/30/02	1,625	3,758		
Delinquencies in Dollars	\$172,370	\$285,223		\$457,593

Amounts are as of March 30, 2002, per the Treasurer's Office.

^aGIS reported 52,086 accounts billed in 2000 and 53,780 accounts billed in 2001.

Reporting Could Further Improve Collections

The modified billing and receipting system used for Clean Water Program fee billing does not produce the types of management reports that help focus collection efforts. In addition, information obtained from various systems involved in the billing process is not comparable or consistent.

System Reports Not Readily Available

The billing and receipting system makes use of the LID system that has been in place since August 1986. It was initially designed for billing assessments for local improvement districts. Use of this system as a more generic billing system has resulted in making numerous "enhancements" to it. However, none of these enhancements have included design and production of management reports. The Treasurer's Office had acknowledged that the LID had limited management reporting tools when they took on Clean Water Program billings. For example, the delinquent account report does not "age" the outstanding accounts. While this may not be immediately necessary in the early years of the program, it becomes increasingly important to understand how long an account has been outstanding. This knowledge helps management to determine trends in the delinquencies, as well as efficiently focusing collection efforts.

Interest and penalties owing are not shown with the principle balance on the delinquent account reports, but rather are a separate part of the report, meaning

that to determine how much remains owing on a single account, one must look in more than one section of a complete report.

Information Differs by Report

Consistent, useful, and reliable data is key to monitoring any system. However, we were not able to obtain and confirm consistent information from the various systems that serve to bill for the Clean Water Program fee. For example, we attempted to obtain the total revenue billed from the LID system and found that the fee revenue amount shown on the report changes as payments are made and adjustments are posted to the accounts. We noted that the Treasurer's Office does perform a monthly reconciliation of revenue collected to the adjusted outstanding receivable balance shown in the LID. However, this reconciliation does not always balance. Differences are not believed to be material, and range from under \$500.00 to less than one dollar.

We found that the Treasurer's Office performs an initial reconciliation of data from the GIS system to the data on the OBIS file that is used to generate Clean Water Program billing statements. This reconciliation is the only record of original billed amounts. There is no report produced by the GIS or OBIS files.

We were also unable to determine the total number of accounts billed in either cycle because, as with initial revenue amount, these numbers change on the LID report when changes are input to the system. The Dispute Tracker does not track the number of accounts billed as a comparison.

While the Treasurer's Office does maintain a log of all adjustments entered into the LID system, the number of adjustments in the log does not match the number of disputes logged in the Clean Water Dispute Tracker. We did not attempt to reconcile the differences during the course of our work.

Written Procedures Would Clarify Roles and Responsibilities

Policies and procedures are useful guides for staff because they set out the objectives of a program or process as well as the steps that should be taken to meet those objectives. While the MOUs do set out some goals and objectives, during our review of the process we were unable to find more specific written policies or procedures that would have served as guides for the implementing departments in handling some of the detailed steps in the billing process. Many of the decisions made regarding resolution for disputed cases involved obtaining interpretations from the PA's Office. We did not find any written policies or procedures that document these interpretations for future billing cycles. Nor did

we find any written procedures to follow regarding use of the Dispute Tracker that would require entry of specific information and subsequent follow-up actions for staff.

There are many interpretations and decisions that were made over the first two billing cycles that could be documented in a policy and procedure manual. In this way, all staff involved in the billing process, whether addressing fee calculation methods, answering citizens' questions or responding to questions from county management will have access to, and an understanding of, the decisions that have been made. Such policies and procedures should be documented for use by the staff in all departments involved with the Clean Water Program. They should be reviewed for accuracy by the PA's Office, and agreed to by management in each of the applicable offices involved in the fee billing process.

Effect of Incorrect Addresses Unknown

In addition, hundreds of statements were returned to the county with incorrect addresses. We were unable to determine if these returned statements have had any impact on the number of delinquent accounts because returned items are not routinely compared to delinquent account information. Treasurer's Office staff are not able to tell us how many came back because they count returned mail by the number of "trays" rather than by piece. Officials estimate that a tray contains about 900 statements and for the Clean Water Program, there were about 3 to 4 trays of statements returned – representing about 2,700 to 3,600 items. While returned mail addresses are researched, staff are not able to correct all items.

This year the Treasurer's Office plans to take two specific actions to update addresses. They plan to add one temporary part time staff person through the Private Industry Council (PIC) who will specifically research address information to update CATS. They have already obtained a change of address file from the US Postal Service that they are comparing to existing address records. The Treasurer's Office believes that these two efforts should result in a 60 percent clean up of incorrect addresses. This work is being done in conjunction with the Assessor's Office.

Observations

The billing and receipting process for Clean Water Program fees has continued to improve over the course of the first two billing cycles. However, the process would benefit from actions that document decisions that have been made clarifying correct fee calculations, and provide reports that provide consistent, useful, and relevant information. The Program staff should be actively involved in the process and fully knowledgeable about the revenue and collection activity.

Another point for consideration is that the county's billing and receipting system exists on a system that may cease being supported in 2006. Enhancements to these systems could be costly and short-lived.

Interpretations need to be documented

The accuracy of the fee calculations appears to be dependent on the numerous adjustments necessitated by the interpretations and clarifications of the ordinance. There continues to be exchanges between departments, as questions arise concerning how to apply the requirements of the ordinance in a consistent manner. As these questions are answered the fee calculations will become more consistently applied year to year and case to case. These interpretations and clarifications need to be documented in policies and procedures for staff to be able to follow in the future.

Reports are needed to manage collections

The current billing system is able to produce limited reports for the Treasurer's Office to use in managing account activity. Additional statistical and financial information would allow the staff to more clearly focus their collections activities and manage the billing process more effectively. Information such as aging schedules, trend analysis, and statistics by land use category would be helpful in targeting collections efforts. In addition, report data needs to be consistent from system to system to effect good management controls.

Program staff should be more involved in collection process

Program staff would be better able to assist with collection efforts if they are more involved in the collection process and routinely receive financial and other reports. They are already responsible for researching the variety of questions related to disputes, as well as to confirm clarifications on ordinance specifications. They could participate by reviewing delinquent account or other reports and use that information to target educational presentations, for example, as one way to focus collection efforts.

Need to review current billing and receipting systems

The county's billing and receipting system exists on a system that will cease being supported by the vendor in 2006. Enhancements to these systems could be costly and short-lived. While this system has been maintained, it has not been upgraded, and as a consequence it cannot readily produce useful

management reports on revenues and items billed. A cost benefit analysis of continuing to modify and/or update the current system, compared to obtaining another system that provides reporting features might be timely, as changes are considered for this collections process. The Treasurer's Office is currently researching viable alternatives.

Departmental Comments

We provided a copy of the draft of this report to the director of Public Works, and reviewed the draft with officials in both the Treasurer's Office and the Department of Assessment and GIS. These officials generally agreed with our observations and conclusions.

We wish to thank the staff and management in Public Works, the Treasurer's Office, the Department of Assessment and GIS, the Office of Budget and Information Systems, and the Prosecuting Attorney's Office for their assistance in completing this work. We also wish to thank the Clean Water Commission for their time and attention to our project.

Appendix A: Scope and Methodology

Our first objective was to determine whether the Clean Water Program fee assessments are computed and invoiced in accordance with Clark County ordinances. We reviewed the ordinance to determine the specifications for billing. We discussed the process and the strengths and weaknesses of the systems with officials and staff in the departments charged with producing the bills and with the PAs office. Finally, we tested the billing process and the system through which it runs by randomly selecting a sample of billings by parcel category and performing certain auditing tests. Specifically we

- manually re-calculated the billing amount for each item in our sample;
- examined the GIS aerial photographs to determine if the data upon which the billing was based appeared to be correct; and
- ran our sample items through the county's mainframe and created a billing file to determine if the computerized billing and receipting system would produce the same fee amount as it billed in 2001.

With the exception of some minor differences related to cents, we found no discrepancies or billings errors as a result of our tests.

Our second objective was to assess the effectiveness and timeliness of collection procedures for delinquent fees. We interviewed pertinent officials and staff in Public Work's Clean Water Program Office, the Treasurer's Office, the Department of Assessment and GIS, and OBIS. We obtained available data related to the billings, including the number of accounts billed and the amount of revenue billed and collected by year. We obtained and reviewed available management reports that provided information on collections and accounts outstanding, existing written policies or procedures, and other relevant documentation.

We wish to thank the management and staff in the Treasurer's Office, the Office of Assessment and GIS, the Office of Budget and Information Systems, and the Department of Public Works, along with the Prosecuting Attorney's Office. Without their assistance and cooperation, we would not have been able to complete this work.

Our work was conducted between September 2001 and May 2002.

Appendix B: Determination of Improvement Values

- Determination of the value of improvements for gravel pits and rock quarries.
In review of the fee appeal from Bjornsen/English/Columbia Rock and Aggregate, the Hearings Examiner ruled that an improvement is “any alteration to the natural condition of the property that enhances its value, including but not limited to the removal of overburden and construction of access roads which facilitate use of properties and make them more valuable for aggregate extraction.” Using this as a basis, the county Program staff developed a methodology to estimate the value of improvements, using existing aerial photographs, topographic maps, and soils and costing references. Based on site visits for observation of alterations to the land surface and the cost estimates of commonly used units of volume or weight applied to observed alterations, staff were able to determine the value of improvements in line with the Hearing Examiners’ ruling.

However, this is a labor-intensive process, and because this was work in progress at the time the second billings were sent out, no gravel pit or rock quarry owners were billed in 2001. As each pit and quarry is reviewed, manually generated bills are being produced and sent out. GIS staff estimated that while there are only 33 of these parcels in the county, they represent upwards of \$77,000 in revenue.

- Determination of the value of parking lots.
An estimate of the amount of parking lot surface that could be built for \$10,000 was obtained and applied to those parcels being used as parking lots to determine their value. Public Works generated a basic value for parking surfaces that ranged from \$3.00 to \$6.00 per square foot. To be conservative, Public Works used the lesser value of \$3.00 per square foot, applying it to the size of the lot, or impervious surface. This results in an estimate of the value of the improvement. There were more than 500 parcels in this situation within the county. In 2000 they did not receive bills. In 2001 they were to have been billed if the resulting value was determined to be \$10,000 or more.

Appendix C: Clean Water Billing Process

