



**Clerk of the Circuit Court**  
**Board of County Commissioners**  
Marion County

**Internal Audit Division**

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**MEMORANDUM**

TO: Allen F. Ellison, Solid Waste Director

FROM: David R. Ellspermann, Clerk of the Circuit Court

DATE: July 20, 2000

RE: SPECIAL REVIEW OF UNCOLLECTED CUSTOMER ACCOUNTS RECEIVABLE

Pursuant to your request, Wallace Watford, the Internal Auditor, has completed a special review to determine if a significantly past due customer accounts receivable is collectible and, if so, what procedures could be employed. The issue of accounts receivable procedures was part of the present operational review of the Solid Waste Department.

Our review consisted of several meetings with you and your staff to discuss the issues and results of the review, examination of billing documentation and customer invoices, and research of corporation histories. The review also included discussions with Finance Department staff, discussion with the County Attorney's office and discussions with a former operations manager and two former officers of the delinquent company.

A brief summary of this complicated history: Standard Disposal Services of Florida, Inc. was granted in 1993 a garbage franchise through a transfer of an existing franchise. Standard continued operations in Marion County through late 1996. Standard then sold its local operations (assets, routes and customer contracts) to Geowaste, Incorporated (who had just acquired Spectrum Group, dba United Sanitation, an existing franchisee) in or around September 1996. Geowaste continued business as United Sanitation until sold in 1998. Based on document searches in Commission Records, there was no official notification to the County of the terms of any such sale or acquisition involving Standard. This appears to be in violation of Marion County Code, Section 16-21, that states "No franchise may be bought, sold, transferred, assigned or otherwise alienated, in whole or in part, without the prior approval of the board of county commissioners and any attempted sale...shall be null and void without such approval."

Standard owed **\$41,468.52** in landfill fees at September 30, 1996. Collection attempts appear to have been few and were unproductive. In 1998, Geowaste/United Sanitation was acquired by Superior Waste Services of Florida, Inc., who also acquired another franchisee, Kenneth H. Mead, dba Superior Disposal. Based on research of documents in Commission Records, there does not appear to have been official approval by the County Commissioners of these acquisitions.

Based on the Internal Auditor's review, **we have concluded** that collection possibilities appear viable. Collection attempts may require considerable effort and should be instituted immediately. The transactions involving Standard Disposal Services of Florida, Inc. have become quite complicated since its 1996 sale of local operations. Standard was an active Florida corporation in 1999, according to the Florida Secretary of State's database, with its principal office in Orlando. This was preceded by Standard's 1996 ownership selling their corporate stock to Allied Waste Industries in 1998. Allied subsequently sold or otherwise transferred Standard's Florida assets and operations to Florida Recycling Services, Inc. Standard's 1999 corporation annual report filed with the Florida Secretary of State had as its changed mailing address the current mailing address for Florida Recycling shown in its March 2000 corporate registration. We have been unable to obtain any documentation of the terms of the 1996 sale of Standard's local operations. According to the two former Standard officers we spoke with, corporate records pertaining to that sale were transferred to Allied because Allied purchased Standard's corporate stock.

Collection attempts should involve counsel from the County Attorney's office and could include contacting Standard and its successor ownership, in writing and by telephone, with demand for payment. In addition, since there is a close relationship between Geowaste, Spectrum and Superior Waste Services, collection efforts may require demand for payment be made to those companies and their successors. Regardless of any arrangements that Standard and Geowaste/Spectrum dba United may have made, the County was not party to, and did not give prior approval to, the sales transaction or the change in franchisees. We note that there appears to be a four (4) year statute of limitations for collections; therefore, such attempts should be promptly initiated.

We have a finding regarding Superior Waste Services of Florida, Inc. As previously mentioned, that company acquired two existing franchisees in 1998. Our research found no documentation that the franchises of Geowaste/United or Kenneth H. Mead/Superior were formally transferred to Superior Waste Services of Florida, Inc. It is even possible that a separate franchise agreement is required. In addition, it seems appropriate to formally cancel or revoke Standard's franchise, as well as any other current franchisees involved in the non-payment of Standard's account receivable. **We recommend that** these issues be promptly addressed.

We appreciate the opportunity to conduct this special review and trust these results meet your needs and expectations.

c: James L. Lowry, County Administrator  
Gordon B. Johnston, County Attorney  
Janet Y. Tutt, Assistant County Administrator  
Edwin L. Smith, Assistant County Administrator  
John W. Garri, Finance Director