## **municipal Solid Waste landfFILL**

## **CORPORATE FINANCIAL TEST & CFO LETTER**

[Enter Date]

Iowa Department of Natural Resources

Land Quality Bureau

Wallace State Office Building

502 East 9th Street

Des Moines, IA 50319

To the Processor OF SOLID Waste Sanitary Landfill Financial Assurance Reports:

I am the Chief Financial Officer for the [Name Facility Owner or Operator], ***hereinafter referred to as*** “Owner”. This letter is in support of the Owner’s use of the Corporate Financial Test to demonstrate financial assurance for closure and/or postclosure care costs as specified in IAC [567] section 113.14(6)(e) .

The Owner is providing a Corporate Financial Test, as specified in IAC [567] section 113.14(6)(e) for:

Facility Name:

Address:

Permit No:

The current closure and/or postclosure care and/or corrective action cost estimate(s), in accordance with IAC [567] section 113.14(6)(e), for each facility to be assured by this Corporate Financial Test are:

Closure Cost Estimate to be assured: $

Postclosure Cost Estimate to be assured: $

Corrective Action Cost Estimate to be assured: $

Total Cost Estimate(s) to be assured $

The Owner meets or exceeds the Corporate Financial Test Criteria as shown in the attached Form, and agrees to comply with the requirements specified in IAC [567] section 113.14(6)(e).

As Chief Financial Officer for the Owner, I hereby certify that the information provided in this letter and attached Form is true to the best of my knowledge, and that this letter and attached Form are being submitted in accordance with IAC [567] section 113.14(6)(e) for the Corporate Financial Test.

Signature:

Name: Date:

The following information comes from the Owner’s independently audited year-end financial statements, or audit report for the latest completed fiscal year, which ended \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

## **Corporate Financial Test Criteria**

|  |
| --- |
| **◆ Basic Data Points** – These Lines A. & B. are referenced throughout the rest of the Form. |
| **A.** **Total** current closure &/or postclosure &/or corrective action **Cost Estimates** being assured as per IAC [567] section 113.14”e”(5):$\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |
| **B.** Owner’s **Tangible Net Worth**, excluding future permitted capacity of the subject landfill as an asset: $\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |
|  |
| **◆Financial Component** - The Corporate Financial Test fails *unless* ***all 3*** *of the Following are met.* |
| 1. At least Oneof the following must be True (check one) **□ a. □ b. or □ c.**
 |
| 1. The Owner’s senior unsubordinated debt is currently rated Either--
 |
|  ⬩by Standard & Poor’s (circle appropriate one) **AAA** **AA** **A** or **BBB**  | **□ Test met** |
|  ⬩*or*by Moody’s (circle appropriate one) **Aaa** **Aa**  **A** or **Baa**  |
| OR if not Test 1.a. or Test 1.c., then… |
| 1. The Owner’s **Total Liabilities**, $\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ *divided* by **Line B.** = \_\_\_\_\_%, which must be LESS than 150% **□ Test met**
 |
| OR if not Test 1.a. or Test 1.b., then… |
| 1. The sum of the Owner’s **[(Net Income** $\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ *plus* depreciation, depletion & amortization $\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**)** *minus* $10 million**]** *divided* by **Total Liabilities** $\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ = \_\_\_\_\_\_\_\_\_%, which

must be Greater than 10% **□ Test met** |
| **AND** |
| 1. The Corporate Financial Test fails *unless* Either: (check one) **□ a. or □ b.**
 |
| 1. **Line B.** must be Greater than $10 million, *plus* the amount of any guarantees that have *not* been recognized as **liabilities** on the financial statements, *provided that* all of the amounts covered by **Line A.** are recognized as **liabilities** on the Owner’s audited financial statements, *and* are subject to the approval of the Iowa Department of Natural Resources. □ **Test met**
 |
| OR if not Test 2.a., then… |
| 1. **Line B.** must be Greater than [**Line A.** *plus* $10 million] = $\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ **□ Test met**
 |
| **AND** |
| 1. The Owner must have **Assets**, (excluding future permitted capacity of the subject landfill), = $\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

―***located in the United States***―*equal* to or exceeding **Line A.** **□ Test met** |

|  |
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| **◆Record-keeping and Reporting Requirements** - The Corporate Financial Test fails unless **All** of the Following Records are submitted with this Form. |
| 1. A **letter** (signed by a certified public accountant & based upon a certified audit), which lists:
 |
| * All the current cost estimates covered in **Line A.** above, and including, but not limited to―

**□** cost estimates required for municipal solid waste management facilities pursuant to 40 CFR Part 258; **□** cost estimates required for UIC facilities under 40 CFR Part 144, if applicable; **□** cost estimates required for petroleum underground storage tank facilities under 40 CFR Part 280, if applicable; **□** cost estimates required for PCB storage facilities under 40 CFR Part 761, if applicable; and **□** cost estimates required for hazardous waste treatment, storage, and disposal facilities under 40 CFR Parts 264 and 265, if applicable. **□ Test met** |
| AND which letter provides: |
| * Evidence demonstrating that the Owner meets the conditions of the **Financial Component** tests above. **□ Test met**
 |
| **and** |
| 1. Becausethe certified public accountant’s letter provides a demonstration that the Owner has assured for environmental obligations as provided in the **Record-keeping and Reporting Requirements** Test 1. above, the **letter** shall also include a **report** from the independent certified public accountant which:

 **□** verifies that all of the environmental obligations covered by a financial test have been recognized as **liabilities** on the **audited** financial statements; **and** which: **□** documents how these obligations have been measured and reported; **and** **□** verifies that **Line B.** above is at least $10 million *plus* the amount of any guarantees provided. □ **Test met** |
| **and** |
| 1. A copy of the independent certified public accountant’s unqualified opinion of the Owner’s financial statements for the latest completed fiscal year. To be eligible to use the Corporate Financial Test, the Owner’s financial statements must receive an unqualified opinion from the independent certified public accountant. **□ Test met**
 |
| **and** |
| 1. **If** the certified public accountant’s letter providing evidence of financial assurance includes financial data which shows that the Owner satisfies the **Financial Component** tests above but which **differs** from data in the audited financial statements referred to in **Record-keeping and Reporting Requirements** Test 3. above, *then* a **special report** from the Owner’s independent certified public accountant to the Owner is required.

The special report shall be: **□** based upon an agreed-upon procedures engagement in accordance with professional auditing standards and  **□** shall describe the procedures performed in comparing the data in the certified public accountant’s letter derived from the independently audited, year-end financial statements for the latest fiscal year with the amounts in such financial statements, the findings of that comparison, and the reasons for any differences. **□ Test met □ not applicable** |