CAMDEN COUNTY
BOARD OF COMMISSIONERS

ANNUAL FINANCIAL ASSURANCES REPORT
For Fiscal Year Ending June 30, 2016

Board of County Commissioners

P.O. Box 99/200 East 4th Street • Woodbine, GA 31569

Phone: (912) 576.5601 • Fax: (912) 576.5647 • www.camdencountyga.gov

December 14, 2016

Mr. Billy Cox
Georgia Environmental Protection Division
Solid Waste Management Program
4244 International Parkway Suite 104
Atlanta, Georgia 30354

RE: Financial Assurance Requirements
EPD Permit # 020-017D (MSWL)
020-019D (C&D),
Camden County-S.R. 110 MSW Landfill
S.R. 110 C&D/Industrial Landfill

Dear Mr. Cox:

I am writing on behalf of Camden County, Georgia, with respect to the Financial Assurance Requirements for Solid Waste Handling and Processing Facilities effective April 9, 1997. The audit firm of Clifton, Lipford, Hardison, & Parker, LLC, applied the necessary financial tests to ensure that we are in compliance with the financial assurance requirements. These tests were applied based on the Audit Report of Camden County, Georgia, fiscal year ended June 30, 2016, which I have enclosed.

The financial statements for Camden County, Georgia, are prepared in conformity with Generally Accepted Accounting Principles for governments. Camden County, Georgia, has not had an operating deficit of 5% or more in each of the past two consecutive years, is not in default of any outstanding general obligation bonds, and does not have any outstanding general obligation bonds that are rated less than investment grade.

The assured costs related to the Camden County Landfill are identified in both the annual operating budget and in the audited financial statements. For costs assured for closure and post-closure care, Camden County, Georgia is in conformance with Governmental Accounting Standards Board Statement 18. Please refer to Note 10 of the Financial Statements for compliance with the public notice component of the financial assurance tests. As of June 30, 2016, assured costs were approximately 19.7% of total revenues, which meets the requirements of the relative financial strength ratio.

A copy of this letter, a letter from the external CPA regarding the financial assurance of the Camden County Landfill, the financial assurance tests applied and their results, and the audited financial statements will be maintained in the operating records of the Camden County Landfill. Should you have any questions, please call me at (912) 576-5601.

Sincerely,

Jimmy Starline
Chairman

"Award-Winning Government"

STEVE L. HOWARD
County Administrator

JOHN S. MYERS
County Attorney

LANNIE BRANT
Commissioner, District 1

CHUCK CLARK
Commissioner, District 2

JIMMY STARLINE
Commissioner, District 3

GARY BLOUNT
Commissioner, District 4

BEN L. CASEY
Commissioner, District 5

December 14, 2016

Mr. Billy Cox
Georgia Environmental Protection Division
Solid Waste Management Program
4244 International Parkway, Suite 104
Atlanta, Georgia 30354

RE: Financial Assurance Requirements
EPD Permit # 020-017D (MSWL) & # 020-019D (C&D),
Camden County-S.R. 110 MSW Landfill, S.R. 110 C&D/Industrial Landfill

Dear Mr. Cox:

We have examined the statements made in the letter of Mr. Starline to you dated December 14, 2016, which was prepared to comply with regulations of the Georgia Department of Natural Resources, Environmental Protection Division concerning financial responsibility solid waste handling facilities.

We performed the June 30, 2016 financial audit for Camden County, Georgia and issued our unmodified opinion dated December 14, 2016. We have confirmed that the aforementioned statements in Mr. Starline's letter are consistent with the 2016 audited financial statements.

During the course of our audit, no matters came to our attention that would cause us to believe the information contained within the letter should be adjusted.

Sincerely,

Clifton, Lipford, Hardison, & Parker, L.L.C.

By

Mark O. Hardison, CPA

MOH:dcm

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December 14, 2016

INDEPENDENT ACCOUNTANT'S REPORT

Board of Commissioners
Camden County, Georgia

We have performed the procedures enumerated below, which were agreed to by the United States Environmental Protection Agency and the Georgia Department of Natural Resources, Environmental Protection Division, solely to assist the users in evaluating management's assertion about Camden County's compliance with the financial assurance provisions of the Municipal Solid Waste Landfill Criteria under Subtitle D of the Resource Conservation Recovery Act during the period ending June 30, 2016. The sufficiency of these procedures is solely the responsibility of the specific users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. Our procedures and findings are as follows:

1a) We computed the financial test alternative 2 ratios. The resulting liquid ratio for Camden County, Georgia was computed at 0.45. Therefore, Camden County, Georgia meets the threshold for the ratio of cash plus marketable securities to total expenditures. Camden County's ratio value of 0.45 is greater than, or equal to the value of 0.05, which is the minimum threshold established by the regulations. Camden County's resulting annual debt to service ratio was computed to be 0.010, which is less than, or equal to 0.20, the minimum threshold established by the regulations.

1b) The relative financial strength ratio was computed to be 0.197, a ratio value less than the established threshold value of 0.43. Therefore, Camden County satisfies the requirements to use the financial test to demonstrate financial assurance for the estimated closure and post-closure care costs.

2) We verify that Camden County has not run an operating deficit of 5% or more in the past two (2) consecutive years.

3) We verify that Camden County's annual financial statements were prepared in accordance with generally accepted accounting principles. An unmodified opinion was issued for Camden County's financial statements for the fiscal year ended June 30, 2016.

4) We verify that the assured costs estimated for the solid waste handling facility are identified in Camden County's annual operating budget, and/or the audited financial statements. The County elected to use the assured costs as determined by the County Engineer. The assured costs are the closure, post-closure, and corrective action costs taken from the solid waste handling facility's design and operation plan.

5) We verify the Chairman of Camden County, Georgia has written a letter containing the information specified in the regulations (40CFR 258.74 (f) (3) (I) (A) and has placed a copy of this letter in the operating record of the solid waste handling facility in Camden County.

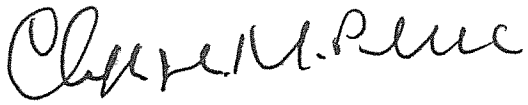
6) We verify Camden County meets the requirements of the Governmental Accounting Standard Board (GASB) statement 18. We also verify that Camden County's audited financial statements disclose the GASB 18 requirements and that a copy has been placed in the operating file at the solid waste handling site.

7) We verify that a copy of the report of the independent certified public accountant on Camden County's financial statements for the year ended June 30, 2016, have been placed in the operating record of the waste handling facility.

8) We have issued a special report on the Board of Commissioners' letter stating that the information in the letter to the operating record is consistent with the County's audited year-end financial statements.

These agreed upon procedures are substantially less in scope than an examination, the objective of which is the expression of an opinion on Camden County's compliance with the financial assurance provisions of the Municipal Solid Waste Landfill Criteria under subtitle D of the Resource Conservation and Recovery Act. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information of the management of Camden County, Georgia, and the parties listed in the first paragraph, and should not be used by those who did not participate in determining the procedures.



GEORGIA DEPARTMENT OF NATURAL RESOURCES
ENVIRONMENTAL PROTECTION DIVISION
SOLID WASTE MANAGEMENT

FINANCIAL ASSURANCE MECHANISM
FOR CLOSURE AND POST-CLOSURE CARE COSTS

FINANCIAL TEST FOR LOCAL GOVERNMENTS

Characteristics

The financial test mechanism has three components:

I. FINANCIAL COMPONENT

II. PUBLIC NOTICE COMPONENT

III. RECORD KEEPING and REPORTING COMPONENT

To pass the financial test, local governments annually must meet the requirements of each of the three components. If the requirements of the financial test are not met, the local government may also demonstrate financial assurance through third-party financial instruments such as a trust fund, performance/financial guarantee bond or letter of credit.

I. FINANCIAL COMPONENT

This component can be satisfied by meeting the criteria of either Alternative 1 or Alternative 2.

II. PUBLIC NOTICE COMPONENT

Conformance with Governmental Accounting Standards Board (GASB) Statement 18 assures compliance with this component. The following must be included in the local government's budget or the annual financial report:

1. costs for closure, post-closure care, or corrective action for all the solid waste handling facilities for which the financial test is being used (assured cost);

2. nature and source of requirements for closure and post-closure care or corrective action;

3. reported total liabilities at the balance sheet date;

4. estimated costs for environmental obligations that remain to be recognized;

5. percentage of landfill capacity used to date; and

6. estimated landfill life in years.

III. RECORD KEEPING and REPORTING COMPONENT

To satisfy the record keeping and reporting component of the test, the local government must:

1. prepare an annual financial report in compliance with generally accepted accounting principles (GAAP) for governments;

2. document its use of the financial test in the operating record of each solid waste handling facility; and

3. submit to the Environmental Protection Division,

   A. a letter from the local government's chief financial officer

   B. a copy of the budget or annual financial report **or** certification that the requirements of GASB Statement 18 have been met

   C. a report from an independent CPA or state agency.

GEORGIA DEPARTMENT OF NATURAL RESOURCES
ENVIRONMENTAL PROTECTION DIVISION
SOLID WASTE MANAGEMENT

I. FINANCIAL COMPONENT: Financial Test for Local Governments

To satisfy the financial component of the test, a local government **MUST**:

1. Meet one of two sets of financial criteria (Alternative 1 **OR** Alternative 2).
Alternative 2 - **A. Resulting Liquid Ratio** & **B. Resulting Annual Debt to Service Ratio**

2. Meet a **Relative Financial Strength Ratio.**

3. Meet a **Operating Deficit Requirement.**

4. Not be in default on any **Outstanding General Obligation Debt.**
(stated in the letter from the local government - **III. 3. A. EXAMPLE LETTER** - from local government official to GA EPD (page 19)

5. Not have any outstanding **General Obligation Bonds** that are rated less than investment grade.
(stated in the letter from the local government - **III. 3. A. EXAMPLE LETTER** - from local government official to GA EPD (page 19)

FINANCIAL COMPONENT: Alternative 2 - 5 REQUIREMENTS

1. To pass Alternative 2 of the financial test, the local government must meet the following two ratios:

A. Resulting Liquid Ratio

Cash plus marketable securities (excluding funds designated to satisfy past obligations such as pensions) divided by total expenditures $\geq$ 0.05.

- indicates the extent of a local government's liquidity

- measures the degree to which an entity has cash or other assets that can be converted quickly to cash

- must be greater than or equal to 0.05 to pass the test

(Cash + Marketable Securities) / Total Expenditures $\geq$ 0.05

B. Resulting Annual Debt to Service Ratio

Annual debt service divided by total expenditures $\leq$ 0.20.

- measures a local government's debt service as a percentage of total expenditure
- is designed to ensure that local governments are not overburdened by payments on debt service and therefore unable to obtain funds to meet long-tern obligations

- must be less than or equal to 0.20 to pass the test

Annual Debt Service / Total Expenditures $\leq$ 0.20

2. Relative Financial Strength Ratio

The ratio of assured costs to total revenues:

- ensures that a local government's financial assurance obligations are reasonable, relative to its size

- determines the amount that a local government can assure through the financial test

- **MUST** be less than $\leq$ or equal to **0.43** (43 percent of total revenues) to pass the test

Assured costs in this particular situation include environmental obligations for solid waste facilities.

The same assets may not be used to assure different obligations under different programs.

Calculation for Relative Financial Strength Ratio:

Assured Cost for Closure & Post Closure / Total Revenue $\leq$ 0.43

3. Operating Deficit Requirement

Local governments may not have run an operating deficit of 5 percent or more of its total annual revenues in both of the past two consecutive fiscal years.

EPA believes that negative budget imbalances in two or more consecutive years may indicate financial hardship.

For this mechanism, A deficit is defined as total annual revenues minus total annual expenditures.

Total revenues includes revenues from all taxes and fees but does not include proceeds derived from borrowing or the sale of assets.

All revenues derived from funds that are managed by a local government on behalf of specific third parties may be included in the calculation of total revenues.

Total expenditures do not include expenditures for capital outlays and debt service.

Calculation for Operating Deficit Requirement:

Local governments may not have run an operating deficit of 5 percent or more of its total annual revenues in both of the past two consecutive fiscal years. The Environmental Protection Division believes that negative budget imbalances in two or more consecutive years may indicate financial hardship. The city/county is obligated to include the calculated percentages in the information provided to the Division.

For this calculation,

- A deficit is defined as total annual revenues minus total annual expenditures;
- total expenditures do not include expenditures for capital outlays and debt service; and
- total revenues include revenues from all taxes and fees but do not include revenues derived from borrowing or from the sale of assets.

(Total Annual Revenues - Total Annual Expenditures) / Total Annual Revenues $\leq$ 0.05 for past two years

City/County	1998	1999
Total Annual Revenues	4,500,000	4,750,000
Total Annual Expenditures	4,400,000	4,800,000
T. A. Revenues - T. A. Expenditures	100,000	(-50,000)
TA Revenues - TA Exp. X 100 / TA Revenues	2.2% surplus	1.0% deficit
Results	no deficit	less than 5% deficit

The city/county in this example satisfies the financial components operating deficit requirement.

4. **General Obligation Debt Requirements**

Local governments must not:

- be in default on any outstanding general obligation debt.

5. **General Obligation Bonds**

Local governments must not:

- have any outstanding general obligation bonds that are rated less than investment grade.

Local governments that do not have any outstanding general obligation bonds, or only have general obligation bonds that are not rated, may still qualify to use Alternative 2 of the financial test.

Alternative 2 - Local Government Work Sheet (page 1 of 4)
for **Closure, Post Closure, and Corrective Action Costs**:

1. Name of County/City Facility Name(s): Camden County, Georgia
S.R. 110, MSWL (Active)

2. GA EPD Permit(s): 020-0217D (MSWL)

3. Fiscal Year Ending: June 30, 2016

4. Closure Costs = 4,022,961.59

5. Post-Closure Costs = 2,037,176.37
(annual cost x 30 yrs.)

6. Corrective Action Costs = -

7. **TOTAL ASSURED COSTS = 6,060,137.96**
(Closure Costs + Post Closure Costs + Corrective Action Costs)

8. Comments:

Alternative 2 - Local Government Work Sheet (page 1 of 4)
for **Closure, Post Closure, and Corrective Action Costs**:

1. Name of County/City Facility Name(s): Camden County, Georgia
S.R. 110 C&D / Industrial Landfill

2. GA EPD Permit(s): 020-0219D (C&D)

3. Fiscal Year Ending: June 30, 2016

4. Closure Costs = 1,175,823.91

5. Post-Closure Costs = 997,816.23
(annual cost x 30 yrs.)

6. Corrective Action Costs = -

7. **TOTAL ASSURED COSTS = 2,173,640.14**
(Closure Costs + Post Closure Costs + Corrective Action Costs)

8. Comments: _____

Alternative 2 - Local Government Work Sheet (page 2 of 4)
for **1. A. Resulting Liquid Ratio & 1. B. Resulting Annual Debt to Service Ratio**

1. A. Resulting Liquid Ratio:

(20,829,453 + -) / 46,373,419 =

Cash | Marketable Securities | Total Expenditures

0.45
Resulting Liquid Ratio

Resulting Liquid Ratio = 0.45 **MUST** be ≥ **0.05**

Cash - found on page D-1 of our government's Annual Financial Statements for fiscal year ending 06/30/2016 .

Marketable Securities - found on page N/A of our government's Annual Financial Statements for fiscal year ending N/A .

Total Expenditures - found on page D-7 & D-13 of our government's Annual Financial Statements for fiscal year ending 06/30/2016 .

1. B. Resulting Annual Debt to Service Ratio:

465,159 / 46,373,419 = 0.010 ≤ 0.20

Annual Debt Service | Total Expenditures | Resulting Debt to Service Ratio

Resulting Debt to Service Ratio = 0.010 **MUST** be ≤ **0.20**

Annual Debt Service - found on page D-7 & D-13 of our government's Annual Financial Statements for fiscal year ending 06/30/2016.

Total Expenditures - found on page D-7 & D-13 of our government's Annual Financial Statements for fiscal year ending 06/30/2016.

Alternative 2 - Local Government Work Sheet (page 3 of 4)

2. Relative Financial Strength Ratio:

8,233,778	/	41,762,545	=	0.197
Total Assured Cost		Total Revenue		Relative Financial Strength Ratio

Relative Financial Strength Ratio = 0.197 **MUST** be ≤ **0.43**

Total Assured Cost (Closure + Post Closure + Corrective Action Care Costs) - found on page D-35 of our government's Annual Financial Statements for fiscal year ending 06/30/2016 .

Total Revenue - found on page D-7 & D-13 of our government's Annual Financial Statements for fiscal year ending 06/30/2016.

Total Assured Cost is (Closure + Post Closure + Corrective Action Care Cost) – These are found on the local government's landfill Design & Operation plan and indicate the environmental estimated obligations for each individual landfill, and after being adjusted for inflation should be shown on these worksheets. These should be totaled to get the total assured cost.

The **Operating Deficit Requirement,** the **Resulting Liquid Ratio,** and the **Resulting Annual Debt to Service Ratio** should also reflect any year-to-year real costs.

Any year-to-year real closure/post-closure/corrective action costs for the landfill can be reported below.

Comments:

3. Operating Deficit Requirement:

(Total Annual Revenues-Total Annual Expenditures) / Revenues ≤ 0.05 for past two years

(41,762,545 - 46,373,419) / 41,762,545

Total Annual Revenues — Total Annual Expenditures — Revenues

= (0.110)

Operating Deficit

(0.110) **MUST** be ≤ **0.05 for past two years**

Operating Deficit

Total Annual Revenues - found on page D-7 & D-13 of our government's Annual Financial Statements for fiscal year ending 06/30/2016.

Total Annual Expenditures - found on page D-7 & D-13 of our government's Annual Financial Statements for fiscal year ending 06/30/2016.

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4. Not be in default on any **Outstanding General Obligation Debt.**
(stated in the letter from the local government - **III. 3. A. EXAMPLE LETTER** - from local government official to GA EPD (page 16)

5. Not have any outstanding **General Obligation Bonds** that are rated less than investment grade.
(stated in the letter from the local government - **III. 3. A. EXAMPLE LETTER** - from local government official to GA EPD (page 16)

Mark O. Hardison
(Type/print name of representative for CPA/auditing firm)

Clifton, Lipford, Hardison & Parker, LLC
(type/print name of CPA/auditing firm)

Mark O. Hardison, CPA
Clifton, Lipford, Hardison & Parker, LLC
(Signature of representative for CPA/auditing firm)

(478) 742-3313
(telephone number of representative for CPA/auditing firm)