

**RCRA SUBTITLE D FINANCIAL ASSURANCE CHECKLIST
LOCAL GOVERNMENT FINANCIAL TEST**

Facility Name: City of Little Rock Municipal Landfill Permit No. 0031-SCYW

FINANCIAL TEST: An owner or operator with the financial assets to absorb the costs of closure, post-closure care, and corrective action may comply with financial assurance requirements by using the financial test.

TEST COVERS: X Closure X Post-Closure Care

 Corrective Action

Facility/Government Name: City of Little Rock Municipal Landfill

Address: 10803 Ironton Cutoff

Contact Person/Title: Warren Atkins; SW Service Manager

Contact Phone No.: 501-888-4299

Government's Fiscal Year Ends: December 31, 2017

Closure Cost Estimate (Agency Approved): COMPOST: \$176,458

Source Document / Date: Class CY@L / March 2018

Post-Closure Cost Estimate (Agency Approved): _____

Source Document / Date: _____

Corrective Action (Agency Approved): _____

Source Document / Date: _____

Reviewed by: *Shia Lenehan*

Date: 3/28/18

15010 1001 1001
10010 1001 1001
8105 5 0 19A
10010 1001 1001

SCANNED
APR 02 2018
MAILROOM

Handwritten: 8/10/18

AFIN: 100-01071
PMT#: 0031-SCYW

APR 02 2018

DOC ID#: 73511
TO: SSS F.L.C (SW)

FINANCIAL COMPONENT

Facility Name: City of Little Rock Municipal Landfill Permit No. 0031-SCYW; 0266-S1; 0266-S4J

YES	NO	QUESTION										
X	<input type="checkbox"/>	Does the local government owner or operator pass one of the financial tests outlined on below?										
X	<input type="checkbox"/>	BOND RATING REQUIREMENT Is the current bond rating of the owner or operator adequate? Indicate the appropriate Bond Rating and the source: <table border="0"> <tr> <td align="center"><u>X Standard and Poor's</u></td> <td align="center"><u>X Moody's</u></td> </tr> <tr> <td><input type="checkbox"/> AAA</td> <td><input type="checkbox"/> Aaa</td> </tr> <tr> <td><input checked="" type="checkbox"/> AA-</td> <td><input checked="" type="checkbox"/> Aa2</td> </tr> <tr> <td><input type="checkbox"/> A</td> <td><input type="checkbox"/> Aa3</td> </tr> <tr> <td><input type="checkbox"/> BBB</td> <td><input type="checkbox"/> Baa</td> </tr> </table>	<u>X Standard and Poor's</u>	<u>X Moody's</u>	<input type="checkbox"/> AAA	<input type="checkbox"/> Aaa	<input checked="" type="checkbox"/> AA-	<input checked="" type="checkbox"/> Aa2	<input type="checkbox"/> A	<input type="checkbox"/> Aa3	<input type="checkbox"/> BBB	<input type="checkbox"/> Baa
<u>X Standard and Poor's</u>	<u>X Moody's</u>											
<input type="checkbox"/> AAA	<input type="checkbox"/> Aaa											
<input checked="" type="checkbox"/> AA-	<input checked="" type="checkbox"/> Aa2											
<input type="checkbox"/> A	<input type="checkbox"/> Aa3											
<input type="checkbox"/> BBB	<input type="checkbox"/> Baa											
<input type="checkbox"/>	<input type="checkbox"/>	<p>[Reg.22.1405 (f)(1)(i)(A)]</p> <p align="center">OR</p> <p align="center">FINANCIAL RATIO ALTERNATIVE</p> <p>Does the owner or operator satisfy each of the following financial ratios based on the owner or operator's most recent audited annual financial statements:</p> <p><input type="checkbox"/> <u>Cash + Marketable securities</u> > or = 0.05 Total Expenditures</p> <p><input type="checkbox"/> <u>Annual Debt Service</u> < 0.20 Total Expenditures</p> <p>[Reg.22.1405 (f)(1)(B) (a) and (b)]</p>										
X	<input type="checkbox"/>	Has the local government owner or operator prepared its financial statements to conform with Generally Accepted Accounting Principles for governments and have its financial statements audited by an independent certified public accountant (or appropriate State Agency)? [Reg.22.1405 (f)(1)(ii)]										
<input type="checkbox"/>	X	Is the local government currently in default on any outstanding general obligation bond? [Reg.22.1405 (f)(1)(iii)(A)]										
<input type="checkbox"/>	X	Does the local government have any outstanding general obligation bonds rated lower than Baa as issued by Moodys or BBB as issued by Standard and Pooers? [Reg.22.1405 (f)(1)(iii)(B)]										
<input type="checkbox"/>	X	Has the local government operated at a deficit equal to five percent or more of total annual revenue in each of the past two fiscal years? [Reg.22.1405 (f)(1)(iii)(C)]										
<input type="checkbox"/>	X	Has the local government received an adverse opinion, disclaimer of opinion, or other qualified opinion from the independent certified public accountant (or appropriate State agency) auditing its financial statement as required under paragraph Reg.22.1405(f)(1)(ii). [Reg.22.1405(f)(1)(iii)(D)]										

RECORDKEEPING AND REPORTING REQUIREMENTS

Facility Name: City of Little Rock Municipal Landfill Permit No. 0031-SCYW; 0266-S1; 0266-S4J

The local government owner or operator must place the following documentation in the facility's operating record and furnish the information to the Director for approval:

YES NO Documentation

X	<input type="checkbox"/>	<p><u>A letter signed by the local government's chief financial officer that:</u> X Lists all the current costs estimates covered by a financial test, as described in Reg.22.1405 (f)(4). X Provides evidence and certifies that the local government meets the conditions of the financial component, as described in Reg.22.1405 (f)(1)(ii), and Reg.22.1405 (f)(1)(iii); and X Certifies that the local government meets the conditions of the public service component and calculation of costs to be assured, as described in Reg.22.1405 (f)(2), and Reg.22.1405 (f)(4). [Reg.22.1405 (f)(3)(i)(A) (a)(b) and (c)]</p> <p><i>An example letter containing requirements above is attached.</i></p>
X	<input type="checkbox"/>	<p>The local government's independently audited year-end financial statements for the latest fiscal year, including the unqualified opinion of the auditor who must be an independent, certified public accountant or an appropriate State agency that conducts equivalent comprehensive audits. [Reg.22.1405 (f)(3)(i)(B)]</p>
<input type="checkbox"/>	<input type="checkbox"/>	<p>08/11/09 Spoke with Susan Speake. She is going to speak with legal about omitting this condition.</p> <p>A report to the local government from the local government's independent certified public accountant or the appropriate State agency based on performing an agreed upon procedures engagement relative to the financial ratios required by Reg.22.1405 (f)(1)(i)(B), if applicable, and the requirements of Reg.22.1405 (f)(1)(ii) and Reg.22.1405 (f)(1)(iii)(C) and (D). The CPA or State agency's report should state the procedures performed and the CPA or State agency's findings. [Reg.22.1405 (f)(3)(i)(C)]</p>
X	<input type="checkbox"/>	<p>A copy of the comprehensive annual financial report (CAFR) used to comply with Reg.22.1405(f)(2) or certification that the requirements of General Accounting Standards Board Statement 18 have been met. [Reg.22.1405 (f)(3)(i)(D)]</p>
<input type="checkbox"/>	X	<p>Has the local government operated at a deficit equal to five percent or more of total annual revenue in each of the past two fiscal years? [Reg.22.1405 (f)(1)(iii)(C)]</p>
<input type="checkbox"/>	X	<p>Has the local government received an adverse opinion, disclaimer of opinion, or other qualified opinion from the independent certified public accountant (or appropriate State agency) auditing its financial statement as required under paragraph Reg.22.1405(f)(1)(ii). [Reg.22.1405(f)(1)(iii)(D)]</p>
X	<input type="checkbox"/>	<p>Has the local government owner or operator updated the information and placed the updated information in the operating record within 180 days following the close of the local government's fiscal year?</p> <p>Date the updated information received by the Department? <u>March 7, 2018</u></p> <p>[Reg.22.1405 (f)(3)(iii)]</p>

PUBLIC NOTICE COMPONENT

X	<input type="checkbox"/>	<p>Has the local government placed a reference to the closure and post-closure care costs assured through the financial test into its next comprehensive annual financial report (CAFR). Disclosure must include the following:</p> <ul style="list-style-type: none"><input type="checkbox"/> Nature and source of closure and post-closure care requirements;<input type="checkbox"/> Reported liability at the balance sheet date;<input type="checkbox"/> Estimated total closure and Post-closure care cost remaining to be recognized;<input type="checkbox"/> Percentage of landfill capacity used to date;<input type="checkbox"/> Estimated landfill life in years.<input type="checkbox"/> Reference to corrective action costs, if applicable; <p><i>(For closure and post-closure costs, conformance with Government Accounting Standards Board Statement 18 assures compliance with this public notice component)</i></p> <p>[Reg.22.1405(f)(2)]</p>
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Reviewed by: Anna Teretian

Date: 3/28/18

Comments: _____



City of Little Rock

Department of Finance

Sara Lenehan – Finance Director
500 West Markham, Room 208
Little Rock, AR 72201-1493
(501) 371-6806
slenehan@littlerock.gov

Director
Arkansas Department of Environmental Quality
5301 Northshore Drive
North Little Rock, Arkansas 72118-5317

I am the chief financial officer of the City of Little Rock. This letter is in support of this government's use of the Local Government Financial Test to demonstrate financial assurance for closure and/or post-closure costs, as specified in Regulation 22, Chapter 14.

1. The City of Little Rock is the owner or operator of the following facilities in Arkansas for which financial assurance for closure or post-closure care is demonstrated through the financial test specified in Reg.22.1405 (f). The current closure and/or post-closure cost estimates covered by the test are shown for each facility.
 - a. **Class 1**
Name & Permit Number City of Little Rock Municipal Landfill, 0266-S1
AFIN 60-01071
Physical Location 10803 Ironton Cutoff, LR, AR 72206
Closure Cost Estimate \$6,653,031
Post-Closure Cost Estimate \$1,121,678
 - b. **Class 4**
Name & Permit Number City of Little Rock Municipal Landfill, 0266-S4J
AFIN 60-01071
Physical Location 10803 Ironton Cutoff, LR, AR 72206
Closure Cost Estimate \$374,106
Post-Closure Cost Estimate \$3,508
 - c. **Transfer Station**
Name & Permit Number None
AFIN
Physical Location
Closure Cost Estimate
 - d. **Compost Facility**
Name & Permit Number City of Little Rock Municipal Landfill, 0031-SCYW
AFIN 60-01071
Physical Location 10803 Ironton Cutoff, LR, AR 72206
Closure Cost Estimate \$176,458
 - e. **Other Permitted Waste Facility**
Name & Permit Number None
AFIN
Physical Location
Closure Cost Estimate
Post-Closure Cost Estimate
Type (Water, Air, Hazardous Waste, etc.)
2. The fiscal year of this local government ends on December 31, 2017.

3. The City of Little Rock has provided evidence (attached) and certifies that the City of Little Rock meets the conditions of the Financial Component [Reg.22.1405 (f)(1)(i)].

PARAGRAPH A:

BOND RATING REQUIREMENT

Is the current bond rating of the owner or operator adequate?

Indicate the appropriate Bond Rating and the source:

X Standard and Poor's

- AAA
 AA-
 A
 BBB

X Moody's

- Aaa
 Aa2
 Aa3
 Baa

PARAGRAPH B:

FINANCIAL RATIO ALTERNATIVE

Does the owner or operator satisfy each of the following financial ratios based on the owner or operator's most recent audited annual financial statements:

- Cash + Marketable securities > or = 0.05
Total Expenditures
- Annual Debt Service < 0.20
Total Expenditures

4. The City of Little Rock has provided evidence (<https://www.littlerock.gov/media/3065/2016-little-rock-comprehensive-annual-financial-report.pdf>) and certifies that the City of Little Rock has prepared its financial statements in conformity with Generally Accepted Accounting Principles for governments and has had these financial statements audited by an independent certified public accountant (or appropriate State agency). [Reg.22.1405 (f)(1)(ii)].
5. The City of Little Rock has provided evidence (<https://www.littlerock.gov/media/3065/2016-little-rock-comprehensive-annual-financial-report.pdf>) and certifies that City of Little Rock meets the following conditions [Reg.22.1405(f)(1)(iii)]:
- The City of Little Rock is not currently in default on any outstanding general obligation bonds;
 - The City of Little Rock does not have any outstanding general obligation bonds rated lower than Baa as issued by Moodys or BBB as issued by Standard and Poors;
 - The City of Little Rock has not operated at a deficit equal to five percent (5%) or more of total annual revenue in each of the past two years;
 - The City of Little Rock has not received an adverse opinion, disclaimer of opinion, or other qualified opinion from the independent certified public accountant (or appropriate State agency) auditing its financial statement as required under Paragraph Reg.22.1405(f)(1)(ii).
6. The City of Little Rock has provided evidence (attached) and certifies that The City of Little Rock meets the conditions [Reg.22.1405(f)(2)]. **Note 10, pg. 101 of CAFR**

7. The City of Little Rock has provided evidence (attached) and certifies that The City of Little Rock meets the following conditions Reg.22.1405(f)(4):

- a. If the City of Little Rock does not assure other environmental obligations through a financial test, it may assure closure, post-closure care, and corrective action costs that equal up to 43 percent of the local government's total annual revenue.
- b. If the City of Little Rock assures other environmental obligations through a financial test, including those associated with UIC facilities under 40 CFR Part 280, PCB storage facilities under 40CFR Part 761, and hazardous waste treatment, storage, and disposal facilities under 40 CFR Parts 264 and 265, it must add those costs to the closure, post-closure care, and corrective action costs it seeks to assure under this paragraph. The total that may be assured must not exceed 43 percent of the local government's total annual revenue.

Using the Statement of Activities, found on page 24, of the 2016 CAFR, the maximum assurance amount allowed the City is $\$297,298,503 \times 43\% = \$127,838,356$. Estimated closure and post-closure costs through the year 2065 are estimated to be \$16,236,222.

- c. For those costs that exceed the limits set in Reg.22.1405 (f)(4)(i) and (ii), the _____ certifies that they have obtained an alternate financial assurance mechanism.
Not applicable as City of Little Rock meets criteria in Reg. 22.1405 (f)(4)(i) and (ii)

I hereby certify that the wording of this letter is in compliance with wording specified in APC&EC Regulation 22.1405 (f)(3)(i)(A)(a) and (b), as such regulations were constituted on the date shown immediately below.

Signature Sara Lenehan

Name Sara Lenehan

Title Finance Director

Date 3/28/18

Table 5.1. Summary of closure and post-closure cost estimates for the Class 1 and Class 4 landfills and the composting facility.

Line Item	Cost
100% of Closure Cost Estimates of Class 1 Landfill	\$6,653,031
20% of Post-Closure Cost Estimates of Class 1 Landfill	\$1,121,678
Total Financial Assurance for the Class 1 Landfill	\$7,774,709
100% of Closure Cost Estimates of Class 4 Landfill	\$374,106
20% of Post-Closure Cost Estimates of Class 4 Landfill	\$3,508
Total Financial Assurance for the Class 4 Landfill	\$377,614
100% of Closure Cost Estimates of the Composting Facility	\$176,458
Total Financial Assurance for the Composting Facility	\$176,458
TOTAL FINANCIAL ASSURANCE	\$8,328,781

City of Little Rock, Arkansas
Statement of Activities
Year Ended December 31, 2016

Functions/Programs	Net (Expense) Revenue and Changes in Net Position							Component Units
	Expenses	Program Revenues			Primary Government			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
Primary Government								
Governmental Activities								
General administration	\$ 28,457,988	\$ 13,329,065	\$ 824,430	\$ 146,210	\$ (14,158,283)	\$ -	\$ (14,158,283)	\$ -
Board of Directors	348,348	-	-	-	(348,348)	-	(348,348)	-
Community programs	5,935,184	29,130	-	-	(5,906,054)	-	(5,906,054)	-
City attorney	1,768,815	100	-	-	(1,768,715)	-	(1,768,715)	-
District court - first division (criminal)	1,306,553	15,748	-	-	(1,290,805)	-	(1,290,805)	-
District court - second division (traffic)	1,375,066	355,399	-	-	(1,019,667)	-	(1,019,667)	-
District court - third division (environment)	625,799	244,442	-	-	(381,357)	-	(381,357)	-
Courts	-	2,396,578	-	-	2,396,578	-	2,396,578	-
Finance	3,557,872	574,582	8,841	-	(2,974,449)	-	(2,974,449)	-
Human resources	1,801,017	59,882	-	-	(1,741,135)	-	(1,741,135)	-
Information technology	5,623,892	1,373	-	-	(5,622,519)	-	(5,622,519)	-
Planning and development	2,472,453	2,376,971	164,438	11,234	80,190	-	80,190	-
Public works	39,423,882	422,907	-	1,406,635	(37,594,340)	-	(37,594,340)	-
Parks and recreation services	13,144,116	2,360,546	292,637	489,114	(10,001,819)	-	(10,001,819)	-
Rivermarket	1,284,327	551,711	-	-	(732,616)	-	(732,616)	-
Golf	2,551,972	1,306,904	-	-	(1,245,068)	-	(1,245,068)	-
Jim Dailey Fitness	1,004,748	455,025	-	-	(549,723)	-	(549,723)	-
Zoo	7,466,778	4,191,378	-	-	(3,275,400)	-	(3,275,400)	-
Fire	51,670,486	2,724,322	23,326	30,907	(48,891,931)	-	(48,891,931)	-
Police	75,772,406	3,622,692	681,883	321,306	(71,146,525)	-	(71,146,525)	-
Education	10,131,712	-	-	-	(10,131,712)	-	(10,131,712)	-
Housing and neighborhood programs	9,149,127	794,696	2,624,020	9,611	(5,720,800)	-	(5,720,800)	-
Fleet	1,918,738	-	-	-	(1,918,738)	-	(1,918,738)	-
Interest expense on long-term debt	4,641,761	-	-	-	(4,641,761)	-	(4,641,761)	-
Bond issue costs	-	-	-	-	-	-	-	-
Agent fees on long-term debt	-	-	-	-	-	-	-	-
Total governmental activities	271,433,041	35,813,451	4,619,575	2,415,017	(228,584,998)	-	(228,584,998)	-
Business-Type Activities								
Waste disposal	14,790,357	17,975,553	-	-	-	3,185,196	3,185,196	-
River Market Garage	2,087,989	2,873,719	-	-	-	785,730	785,730	-
Vehicle storage	1,409,481	1,319,514	-	17,482	-	(72,485)	(72,485)	-
Total business-type activities	18,287,827	22,168,786	-	17,482	-	3,898,441	3,898,441	-
Total primary government	\$ 289,720,868	\$ 57,982,237	\$ 4,619,575	\$ 2,432,499	\$ (228,584,998)	\$ 3,898,441	\$ (224,686,557)	\$ -

* * *

See Notes to Financial Statements

Component Units

Wastewater Utility	\$ 49,156,456	\$ 53,470,585	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,314,129
National Airport	34,601,031	32,873,009	-	-	-	-	-	(1,728,022)
All other component units	108,097,265	47,639,789	3,117,594	9,754,740	-	-	-	(47,585,142)
Total component units	\$ 191,854,752	\$ 133,983,383	\$ 3,117,594	\$ 9,754,740	-	-	-	(44,999,035)

General revenues				
General property taxes	57,028,881	-	57,028,881	14,982,367
Sales taxes	118,220,534	-	118,220,534	15,992,534
Utility franchise taxes	29,599,082	-	29,599,082	-
Investment income	559,560	47,467	607,027	1,887,636
Grants and contributions not restricted to specific programs	25,055,029	-	25,055,029	30,457,361
Other	-	-	-	12,249,108
Transfers	1,801,106	(1,801,106)	-	-
Total general revenues and transfers	* 232,264,192	(1,753,639)	230,510,553	75,569,006
Change in Net Position	3,679,194	2,144,802	5,823,996	30,569,971
Net Position, Beginning of Year	479,895,929	22,436,353	502,332,282	852,472,228
Net Position, End of Year	<u>\$ 483,575,123</u>	<u>\$ 24,581,155</u>	<u>\$ 508,156,278</u>	<u>\$ 883,042,199</u>

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2016

subsequently sold by the land commissioner. If proceeds from the sale are sufficient to cover all claims, the City will collect on the past due property taxes. Pulaski County is the collecting agent and remits collections to the City, net of a collection fee, on a monthly basis.

In the governmental funds, property taxes are measurable when levied even though not available. As a result, at December 31, 2016, property taxes receivable and related deferred inflows of resources of \$53,058,161 have been recorded in the governmental funds. In the government-wide statement of net position, property taxes are considered earned at the time levied. In addition to property taxes levied, any delinquent taxes are recorded net of amounts considered uncollectible. The appraised value of taxable property upon which the property tax is levied is determined by the county assessor. The assessor estimates full market value of the property and applies the statutory rate of 20% to arrive at assessed value.

Millages available to finance City operations and for other purposes are as follows:

<u>Description</u>	<u>Millage Limit</u>	<u>Levied 2015 for 2016 Collections</u>
General purpose	5.00	5.00
Municipal improvements	3.00	3.00
Library operations	3.30	3.30
Library capital improvement bonds	1.80	1.80
Firemen's relief and pension fund	1.00	1.00
Policemen's pension and relief fund	1.00	1.00
Roads	1.45	1.45
Total	<u>16.55</u>	<u>16.55</u>

Note 10: Landfill Closure and Postclosure Care Cost

Federal and state laws and regulations require the Solid Waste Landfill to close the landfill that began accepting waste after October 9, 1993, by (1) covering the site with an impermeable cap, (2) implementing additional groundwater monitoring, (3) providing a minimum of 30 years of postclosure care and (4) demonstrating financial assurance for the closure and postclosure care. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the City reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The cumulative recognition of this liability of \$4,897,782 is based on 21% use of Class I Waste total constructed capacity, and 35.8% use of Class IV Waste constructed capacity. The Waste Disposal Fund will recognize, as the remaining capacity is filled, an estimated additional \$11,338,440 for final closure and postclosure of the entire landfill, which is expected to close in or about the year 2065. These amounts are based on engineering estimates of what it would cost to perform all closure and postclosure care in 2016. Actual cost may be higher due to inflation, changes in technology, or changes in regulations. The City Waste Disposal Fund demonstrates financial