

Liability Requirements for Transport, Storage, and Land Application of Biosolids

Form VII – Local Government Financial Test

**Wording of the Local Government Letter from Chief Financial Officer**

I am the chief financial officer of (insert: name and address of local government permit holder or applicant). This letter is in support of the use of the financial test to demonstrate financial responsibility for liability coverage as specified in 9 VAC 25-32 arising from clean up costs, personal injury, and/or property damage resulting from the transport, storage, and land application of biosolids in Virginia.

This permit holder or applicant's financial statements were prepared in conformity with Generally Accepted Accounting Principles for governments and have been audited by ("an independent certified public accountant" "Auditor of Public Accounts"). The permit holder or applicant has not received an adverse opinion or a disclaimer of opinion from ("an independent certified public accountant" "Auditor of Public Accounts") on its financial statements for the latest completed fiscal year.

This permit holder or applicant is not currently in default on any outstanding general obligation bond. Any outstanding issues of general obligation, if rated, have a Moody's rating of Aaa, Aa, A, or Baa or a Standard and Poor's rating of AAA, AA, A or BBB; if rated by both firms, the bonds have a Moody's rating of Aaa, Aa, A or Baa and a Standard and Poor's rating of AAA, AA, A, or BBB.

The fiscal year of this permit holder or applicant ends on (month, day). The figures for the following items marked with the asterisk are derived from this permit holder's or applicant's independently audited, year-end financial statements for the latest completed fiscal year ended (date).

(Please complete Alternative I or Alternative II.)

(Fill in Alternative I if the criteria in 9VAC25- 32-820 B 1 are used. Fill in Alternative II if the criteria of 9VAC25-32-820 B 2 are used.)

**ALTERNATIVE I – BOND RATING TEST**

The details of the issue date, maturity, outstanding amount, bond rating, and bond rating agency of all outstanding general obligation bond issues that are being used by (name of local government permit holder or applicant, or guarantor) to demonstrate financial responsibility are as follows: (complete table):

<u>Issue Date</u>	<u>Maturity Date</u>	<u>Outstanding Amount</u>	<u>Bond Rating</u>	<u>Rating Agency</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

Any outstanding issues of general obligation bonds, if rated, have a Moody's rating of Aaa, Aa, A, or Baa or a Standard and Poor's rating of AAA, AA, A or BBB; if rated by both firms, the bonds have a Moody's rating of Aaa, Aa, A or Baa and a Standard and Poor's rating of AAA, AA, A or BBB.

- 1) Sum of annual aggregate liability coverage to be demonstrated) \$ \_\_\_\_\_
- 2) Operating Deficit

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(a) Latest completed fiscal year (insert year) \$ \_\_\_\_\_

(b) Previous fiscal year (insert year) \$ \_\_\_\_\_

3) Total Revenue

(a) Latest completed fiscal year (insert year) \$ \_\_\_\_\_

(b) Previous fiscal year (insert year) \$ \_\_\_\_\_

4) Other self-insured environmental costs

(a) Amount of aggregate underground injection control systems financial assurance insured by a financial test under 40 CFR 144.62 \$ \_\_\_\_\_

(b) Amount of annual underground storage tank aggregate coverage insured by a financial test under 9 VAC 25-590-10 et seq. \$ \_\_\_\_\_

(c) Amount of aggregate costs associated with PCB storage facilities insured by a financial test under 40 CFR Part 761 \$ \_\_\_\_\_

(d) Amount of annual aggregate hazardous waste financial assurance insured by a financial test under 9 VAC 20-60-12 et seq. \$ \_\_\_\_\_

(e) Total of lines 4(A) through 4(d) \$ \_\_\_\_\_

YES NO

5) Is (line 2a ÷ line 3a) < 0.05? \_\_\_\_\_

6) Is (line 2b ÷ line 3b) < 0.05? \_\_\_\_\_

7) Is (line 1 + line 4e) ≤ (line 3a x 0.43)? \_\_\_\_\_

I hereby certify that the wording of this letter is identical to the wording in 9VAC25-32-770 et seq. of the Virginia Pollution Abatement (VPA) Permit Regulations as such regulations were constituted on the date shown immediately below.

(Signature)

(Name of person signing)

(Title of person signing)

(Date)

ALTERNATIVE II – FINANCIAL RATIO TEST

1) Sum of annual aggregate liability coverage to be demonstrated \$ \_\_\_\_\_

2) Operating Deficit

(a) Latest completed fiscal year (insert year) \$ \_\_\_\_\_

(b) Previous fiscal year (insert year) \$ \_\_\_\_\_

3) Total Revenue

(a) Latest completed fiscal year (insert year) \$ \_\_\_\_\_

(b) Previous fiscal year (insert year) \$ \_\_\_\_\_

4) Other self-insured environmental costs

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(a) Amount of aggregate underground injection control systems financial assurance insured by a financial test under 40 CFR 144.62 \$ \_\_\_\_\_

(b) Amount of annual underground storage tank aggregate coverage insured by a financial test under 9VAC25-590-10 et seq. \$ \_\_\_\_\_

(c) Amount of aggregate costs associated with PCB storage facilities insured by a financial test under 40 CFR Part 761 \$ \_\_\_\_\_

(d) Amount of annual aggregate hazardous waste financial assurance insured by a financial test under 9VAC20-60-12 et seq. \$ \_\_\_\_\_

(e) Total of lines 4(a) through 4(d) \$ \_\_\_\_\_

5) Cash plus marketable securities \$ \_\_\_\_\_

6) Total Expenditures \$ \_\_\_\_\_

7) Annual Debt Service \$ \_\_\_\_\_

YES NO

8) Is (line 2a ÷ line 3a) < 0.05? \_\_\_\_\_

9) Is (line 2b ÷ line 3b) < 0.05? \_\_\_\_\_

10) Is (line 1 + line 4e) ≤ (line 3a x 0.43)? \_\_\_\_\_

11) Is (line 5 ÷ line 6) ≥ 0.05? \_\_\_\_\_

I hereby certify that the wording of this letter is identical to the wording in 9VAC25-32-770 et seq. of the Virginia Pollution Abatement (VPA) Permit Regulations as such regulations were constituted on the date shown immediately below.

(Signature)

(Name of person signing)

(Title of person signing)

(Date)

The permittee or applicant shall satisfy a third-party liability claim only on receipt of one of the following documents:

(a) Certification from the Principal and the third-party claimant(s) that the liability claim should be paid. The certification must be worded as follows, except that instructions in brackets are to be replaced with the relevant information and the brackets deleted:

Certification of Valid Claim

The undersigned, as parties [insert Principal] and [insert name and address of third-party claimant(s)], hereby certify that the claim of clean up costs, personal injury, and/or property damage arising from the transport, storage, and land application of biosolids in Virginia should be paid in the amount of \$ \_\_\_\_.

[Signatures] \_\_\_\_\_

Principal \_\_\_\_\_

(Notary) Date \_\_\_\_\_

[Signatures] \_\_\_\_\_

Claimant(s) \_\_\_\_\_

(Notary) Date \_\_\_\_\_

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(b) A valid final court order establishing a judgment against the Principal for clean up costs, personal injury, and property damage resulting from the transport, storage, and land application of biosolids in Virginia.

Effective date:\_\_\_\_\_

[Name of guarantor]\_\_\_\_\_

[Authorized signature for guarantor]\_\_\_\_\_

[Name of person signing]\_\_\_\_\_

[Title of person signing]\_\_\_\_\_

Signature of witness or notary:\_\_\_\_\_