Special Report

# Landfill Closure and Post-Closure Costs
# Baltimore County, Maryland

Independent Accountant's Report On Applying
Agreed-Upon Procedures, Local Government Financial Test
For the Year Ended June 30, 2004

Office of the County Auditor
Baltimore County, Maryland

BALTIMORE COUNTY, MARYLAND
OFFICE OF THE COUNTY AUDITOR

BRIAN J. ROWE, CPA
COUNTY AUDITOR

COURTHOUSE - ROOM 221
TOWSON, MARYLAND 21204
410-887-3193
410-887-4621 (Fax)

MARY P. ALLEN, CPA
DEPUTY COUNTY AUDITOR

# INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Honorable Members of the County Council
Honorable James T. Smith, Jr., County Executive
Baltimore County, Maryland

We have performed the procedures enumerated below, which were agreed to by the management of Baltimore County, Maryland, solely to assist the County in meeting the reporting requirements specified by the U.S. Environmental Protection Agency (EPA) pursuant to 40 CFR § 258, Subpart G, Financial Assurance Criteria with respect to the Local Government Financial Test for the year ended June 30, 2004. The management of Baltimore County is responsible for meeting the financial assurance criteria. This agreed-upon procedures engagement was conducted in accordance with *Government Auditing Standards,* issued by the Comptroller General of the United States. The sufficiency of these procedures is solely the responsibility of those parties specified in this 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.

The agreed upon procedures and associated findings are as follows:

1. Compare the data and statements, as specified in the State Support Document for the Local Government Financial Test (prepared by the EPA), contained in the accompanying letter from the Director of Budget and Finance, dated December 9, 2004, with the audited financial statements of Baltimore County, Maryland as of and for the year ended June 30, 2004.

   No exceptions were noted as a result of our comparisons.

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2. Recompute the totals and percentages used in calculating the conditions of the financial test demonstrated in the Director's letter referred to above.

   No exceptions were noted in the computations used in meeting the financial test demonstrated in the Director's letter. The total of closure and post-closure costs was within 43% of the County's FY 2004 total revenue and the County has not had an operating deficit equal to 5% or more of its total annual revenue for each of the past two fiscal years based on total revenues and total expenditures as defined by the EPA.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on the financial data and statements contained in the accompanying Director's letter. Accordingly, we do not express such an opinion. 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 and use of the management of Baltimore County, Maryland, the U.S. Environmental Protection Agency and the Maryland Department of the Environment and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

Brian J. Rowe, CPA
County Auditor

December 22, 2004

Attachment

**Office of Budget and Finance**

400 Washington Avenue
Towson, Maryland 21204

**Baltimore County**

*James T. Smith, Jr., County Executive*
*Fred Homan, Director*

December 9, 2004

Baltimore County, Maryland
Eastern Sanitary Landfill Operating Record

To the Operating Record:

This letter is in support of Baltimore County's use of the local government financial test to demonstrate financial assurance for closure and/or post-closure costs, as specified in subpart G of 40 CFR part 258. The County is the owner or operator of the following facilities for which financial assurance for closure and/or post-closure care is demonstrated through the financial test. The current closure and/or post closure estimates covered by the test are shown for each facility.

| Name and Address | Permit # | Closure/Post Closure Costs |
|---|---|---|
| Eastern Sanitary Landfill<br>6257 Days Cove Road<br>White Marsh MD 21162 | 1993-WSF-0052-0 | $ 9,552,970 |
| Hernwood Sanitary Landfill<br>Furman Lane<br>Granite MD 21163 | 82-03-02-03A | $ 12,448,435 |
| Parkton Sanitary Landfill<br>800 Stablers Church Road<br>Parkton MD 21120 | 82-03-07-04A | $ 1,244,842 |
| Texas Sanitary Landfill<br>Beaver Dam & Warren Roads<br>Cockeysville MD 21030 | None | $ 1,244,842 |
| | TOTAL | $ 24,491,089 |

The fiscal year for the County ends on June 30. The closure and post-closure costs used above are effective as of June 30, 2004 and are within 43% of the County's total FY04 revenues.

| | Relative Size Threshold |
|---|---|
| Total Revenues | $1,546,977,000 |
| | X 0.43 |
| | $ 665,200,110 |

The County received bond ratings of Aaa from Moody's Investors Service, AAA from Standard and Poor's, and AAA from Fitch, Inc. in February 2004 on general obligation bonds that were issued on February 26, 2004.



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I further certify the following: (1) that the County prepares its financial statements in accordance with Generally Accepted Accounting Principles (GAAP) for governments, (2) that the County's last audit was for the period ended June 30, 2004, and that the independent auditors KPMG, LLP issued an unqualified opinion for that audit, (3) that the County has not had an operating deficit equal to five percent or more of its total annual revenue for each of the past two fiscal years, (4) that the County is not in default on any outstanding general obligation bonds, and (5) does not have any outstanding general obligation bonds rated lower than Baa as issued by Moody's or BBB as issued by Standard & Poor's.

The County acknowledges that it has put information required in 40 CFR part 258.74 (f2) in the Comprehensive Annual Financial Report (CAFR), a copy of which can be found at the Office of Budget and Finance, Room 149, Courthouse, Towson, Maryland 21204.

A copy of the independently audited year-end financial statements for FY04, including the accountant's opinion and the Accountant's Special Report for the County accompany this letter.

I solemnly affirm under the penalties of perjury that the contents of this letter are true to the best of my knowledge, information and belief.

Fred Homan
Director of Budget and Finance

FH/jdo
Enclosures