

Governmental Accounting Standards Board

Statement No. 18

Accounting for Municipal Solid Waste Landfill Closure and Post-closure Care Costs

Summary of Governmental Accounting Standards Board Statement No. 18 (Issued 8/93)

This Statement is based on the October 9, 1991, U.S. Environmental Protection Agency (EPA) rule, "Criteria for Municipal Solid Waste Landfills," which establishes closure requirements for all municipal solid waste landfills (MSWLFs) that receive solid waste after October 9, 1991. The EPA rule also establishes thirty-year post-closure care requirements for MSWLFs that accept solid waste after October 9, 1993. The effect of the EPA rule and similar state or local laws or regulations is to obligate MSWLF owners and operators to perform certain closing functions and post-closure monitoring and maintenance functions as a condition for the right to operate the MSWLF in the current period.

This Statement applies to state and local governmental entities that are required by federal, state, or local laws or regulations to incur MSWLF closure and post-closure care costs. Certain of these costs, which result in disbursements near or after the date that the MSWLF stops accepting solid waste and during the post-closure period, should be included in the *estimated total current cost of MSWLF closure and post-closure care*, regardless of their capital or operating nature. The estimated total current cost of MSWLF closure and post-closure care should include:

- a. The cost of equipment expected to be installed and facilities expected to be constructed (based on the MSWLF operating plan) near or after the date that the MSWLF stops accepting solid waste and during the post-closure period.
- b. The cost of final cover (capping) expected to be applied near or after the date that the MSWLF stops accepting solid waste.
- c. The cost of monitoring and maintaining the expected usable MSWLF area during the post-closure period.

The cost components included should be based on federal, state, or local laws or regulations concerning closure and post-closure care that have been approved as of the balance sheet date, regardless of their *effective date*. Current cost is defined as the amount that would be paid if all equipment, facilities, and services included in the estimate were acquired during the current

period. After the initial calculation of estimated total current cost of MSWLF closure and post-closure care, current cost is required to be adjusted annually for the effects of inflation or deflation and other changes. The effect of any changes in estimates that occur before the MSWLF stops accepting solid waste is required to be reported primarily in the period of change.

For MSWLFs that use proprietary fund accounting and reporting, a portion of the estimated total current cost of MSWLF closure and post-closure care is required to be recognized as an expense and as a liability in each period that the MSWLF accepts solid waste. Recognition should begin on the date the MSWLF begins accepting solid waste, continue in each period that it accepts waste, and be completed by the time it stops accepting waste. Estimated total current cost should be assigned to periods based on MSWLF use rather than on the passage of time, using a formula provided in this Statement. MSWLF capital assets excluded from the calculation of the estimated total cost of MSWLF closure and post-closure care should be fully depreciated by the date that the MSWLF stops accepting solid waste. Capital assets used for a single cell should be fully depreciated by the date that each cell is closed.

For MSWLFs that use governmental fund and account group accounting and reporting, the measurement and recognition of the accrued liability for MSWLF closure and post-closure care should be consistent with that for proprietary funds. The MSWLFs should recognize expenditures and fund liabilities using the modified accrual basis of accounting. The remainder of the liability should be reported in the general long-term debt account group.

State and local governments are required to disclose the nature and source of MSWLF closure and post-closure care requirements, the nature of closure and post-closure care estimates, the reported liability at the balance sheet date, the estimated total closure and post-closure care cost remaining to be recognized, the percentage of MSWLF capacity used to date, and the estimated remaining MSWLF life in years. Entities also are required to disclose how closure and post-closure care financial assurance requirements are being met.

The provisions of this Statement are effective for financial statements for periods beginning after June 15, 1993. Earlier application is encouraged.

Unless otherwise specified, pronouncements of the GASB apply to financial reports of all state and local governmental entities, including public benefit corporations and authorities, public employee retirement systems, governmental utilities, governmental hospitals and other healthcare providers, and governmental colleges and universities.
