

SECTION PS 3270 solid waste landfill closure and post-closure liability

FOR FUTURE UPDATES RELATED TO THIS SECTION,
see Section PS 3280.

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PURPOSE AND SCOPE

- .01 This Section establishes standards on how to account for and report the liability for closure and post-closure care of a solid waste landfill site in government financial statements. Specifically, it:
 - (a) defines which activities should be included in closure and post-closure care;
 - (b) establishes when to recognize and how to measure the closure and post-closure care liability; and
 - (c) provides the related financial statement presentation and disclosure requirements.
- .02 The Section applies to all operating and closed landfill sites of governments and their organizations.
- .03 This Section does not address accounting and reporting for:
 - (a) opening expenditures, such as those associated with locating a site or constructing a leachate collection system;
 - (b) end-use expenditures, such as those that transform the site into park land, as they would be attributable to that end-use and not to the landfill; and
 - (c) unforeseen or catastrophic events, such as a major leachate collection system failure.

LANDFILL OPERATIONS

- .04 A solid waste landfill site is a defined area of land or excavation that receives waste that may include household waste, commercial solid waste, non-hazardous sludge, and industrial solid waste.
- .05 Government legislation and regulations set out a stringent environmental approval process for landfill sites. That process may establish:
 - (a) how sites are selected and operated;
 - (b) when sites should be closed;
 - (c) for how long into the future the sites should be monitored to determine if environmental damage is being caused; and
 - (d) in some cases, that financial assets be available to satisfy the liability.
- .06 Generally, there is a landfill "footprint" that represents the impression of an entire landfill site and comprises the total expected capacity of the site. The footprint can be divided into individual "phases". Under the environmental approval process, the entire footprint may require approval or each phase may require separate approval. A phase may comprise a series of individual "cells", so that only a portion of each phase would be used at any one time.
- .07 A landfill operator must agree to certain obligations prior to receiving environmental approval and accepting any waste. Those obligations include responsibility for closure and post-closure care of the approved site.

DEFINITIONS

- .08 Certain activities relating to a site or phase are required before it opens, during its operating life and when it stops accepting waste. Only the expenditures relating to those activities required when the site or phase stops accepting waste are included in the closure and post-closure care liability.
- .09 **Closure activities** include all activities related to closing the landfill site. These may include:
 - (a) final cover and vegetation; and
 - (b) completing facilities for:
 - (i) drainage control features;
 - (ii) leachate monitoring;

- (iii) water quality monitoring; and
 - (iv) monitoring and recovery of gas.
- .10 **Post-closure care activities** include all activities related to monitoring the site once it can no longer accept waste. These may include:
- (a) acquisition of any additional land for buffer zones;
 - (b) treatment and monitoring of leachate;
 - (c) monitoring ground water and surface water;
 - (d) gas monitoring and recovery; and
 - (e) ongoing maintenance of various control systems, drainage systems, and final cover.
- .11 Some closure and post-closure care activities may not be listed above, or may not be applicable in every situation. Closure and post-closure care activities may differ depending on the method used for the landfill operations, the type of waste accepted, the environmental conditions within which the landfill is situated, and the environmental requirements needed to comply with regulations. Reference should be made to the environmental approval and legislative or contracted requirements when determining which activities to include in closure and post-closure care.

RECOGNITION AND MEASUREMENT

- .12 Under environmental law, there is a liability for closure and post-closure care. It is not sufficient to disclose the closure and post-closure care liability as a contingency or a contractual obligation as the existence of the liability is known with certainty.
- .13 *Financial statements should recognize a liability for closure and post-closure care as the landfill site's capacity is used. Usage should be measured on a volumetric basis (e.g., cubic metres). [FEB. 1998]*
- .14 The liability for closure and post-closure care begins when the site starts accepting waste. Normally, it would be recognized over the operations of the site, beginning when the site first accepts waste and be fully recognized when the site stops accepting waste. If the site is operated on a phase basis, the closure and post-closure liability associated with that phase would be fully recognized when the phase stops accepting waste.
- .15 The change in the liability and the expense for the site or phase would be calculated as follows:

(Estimated total expenditure)	x	<u>Cumulative capacity used)</u>	-	Expenditures previously recognized
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- .16 The estimated total expenditure represents the sum of the discounted future cash flows associated with closure and post-closure care activities. The government's average long-term borrowing rate, determined on a consistent basis, may be appropriate to use as the discount rate.
- .17 When determining the estimated total expenditure for closure and post-closure care, consideration needs to be given to current technology, the length of the post-closure care period, and the environmental regulations at the time the estimate is made.
- .18 The capacity used would be estimated based on a rational and systematic method and on the best available information. It is important that the basis for estimating the total capacity and the capacity used be applied consistently so that the liability and results are comparable over time. At least once every three years, an assessment of the need for a comprehensive review of capacity would be completed.
- .19 The reported liability may be affected by changes in the estimated total expenditure, capacity used or total capacity. Changes could result from new technology, the demand for landfill space, the settling of waste, inflation rates, interest rates, regulatory requirements, or amendments to the approved size of the site or phase. A change in the estimated total expenditure, capacity used or total capacity would be recognized in accordance with the recognition formula set out in paragraph PS 3270.15.
- .20 Closure and post-closure care disbursements would be deducted from the reported liability when they are made.

DISCLOSURE

- .21 *The notes to the financial statements should disclose:*
- (a) *the nature and source of landfill closure and post-closure care requirements;*
 - (b) *the basis of recognition and measurement of the liability for closure and post-closure care;*
 - (c) *the reported liability for closure and post-closure care at the balance sheet date, the estimated total expenditures for closure and post-closure care, and the amount remaining to be recognized;*
 - (d) *the remaining capacity of the site and the estimated remaining landfill life in years;*
 - (e) *how any requirements for closure and post-closure care financial assurance are being met, e.g., performance bonds;*
 - (f) *the amount of any assets designated for settling closure and post-closure care liabilities; and*
 - (g) *the estimated length of time needed for post-closure care. [FEB. 1998]*

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