NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004

NOTE 12 – LANDFILL CLOSURE AND POST-CLOSURE CARE COSTS

King County is legally responsible for closure and post-closure care costs associated with the County's solid waste landfills. Estimated costs of closure and post-closure care are recognized as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and post-closure care in current dollars. Actual cost may be different due to inflation, changes in technology, or changes in regulations.

State and federal laws and regulations require King County to place a final cover on its Cedar Hills Landfill site when the County stops accepting waste at this location. Performance of certain maintenance and monitoring functions are also required at the sites for 30 years following closure. Enumclaw, Hobart, Duvall, Vashon, and Cedar Falls landfills have been covered. Puyallup, Houghton, Bow Lake, First Northeast, and South Park are custodial landfills which were covered 30 or more years ago and are no longer subject to these laws and regulations.

Although closure and post-closure care costs will be paid only near or after the date that the landfills stop accepting waste, the County reports a portion of these costs as an operating expense in each period. The expense is based on landfill capacity used as of each balance sheet date. The $87.9 million reported as landfill closure and post-closure care liability at December 31, 2004, represents the cumulative amount reported to date based on the amount that each of the landfills has been filled to date as follows:

Landfill	Percent Filled	Estimated Liability (in millions)	Estimated Remaining Liability (in millions)	Estimated Year of Closure
Cedar Hills	74%	$ 53.5	$ 16.5	2012
Covered	100%	24.8		
Custodial	100%	9.6		

Although total tonnage at Cedar Hills Landfill increased in 2004, percent filled decreased from 75% in 2003 to 74% in 2004. This is due to an increase in the estimate for total landfill capacity.

The County is required by state and federal laws and regulations to make annual contributions to a reserve fund to finance closure and post-closure care. The County is in compliance with these requirements. As of December 31, 2004, cash and cash equivalents of $33.4 million were held in the Landfill Reserve Fund. Cash and cash equivalents of $24.9 million were held in the Landfill Post-closure Maintenance Fund, which is a fund designated for these purposes.

The County expects that future cost increases resulting from inflation will be covered by the interest income earned on these annual contributions. However, if interest earnings are inadequate, or additional post-closure care requirements are determined (due to changes in technology or regulations), the County may need to increase future user fees or tax revenues.

The County also established the Environmental Reserve Fund for future investigation and possible remediation of custodial landfills. Cash and cash equivalents total $1.6 million in this fund. The related estimated liability for the custodial landfill costs is $92,447. This estimate includes only those costs that are reasonable and quantifiable and for which schedules can be forecast.