Full Cost Accounting For Non-accountants

How can it help your program?

What does it take to manage solid waste?
What does it **take cost** to manage solid waste?

Why do full cost accounting?
Why is this important?

- To know what MSW management actually costs
- To clearly explain MSW rates to citizens, political leaders
- To have a sustainable program
- To be less dependent on outside funding
- To better manage cash flow
- To decide on the appropriate mix of MSW services
- To improve efficiency of MSW programs

How do you do full cost accounting?
Outlay vs. Cost

- Full cost accounting accrues (recognizes) costs as resources are used or committed, regardless of when money is spent
Outlay vs. Cost

- Outlay
- Cost
What are indirect costs?

- Overhead, non-direct, or shared costs
  - Support services
    - Billing
    - Clerical
    - Human resources
    - Legal
    - Maintenance
    - Payroll
    - Purchasing
    - Training
  - Oversight
    - Manager salaries and benefits
    - Advisory committees

- Hidden costs
  - Costs of activities or resources that appear to be free
Upfront costs

Direct Costs

Indirect Costs

Operating Costs

Direct Costs

Indirect Costs
Diversion also has avoided costs

- Disposal / tip fees
- Landfill replacement costs

Then what?

- Publicize the actual cost to manage solid waste and recycling
- Set rates and fees based on actual costs
- Plan for upcoming expenses
- Decide on changes to programs
- Compare costs for solid waste vs. diversion
- Feel confident that you will have a sustainable program!
Resources

www.epa.gov/nscep
530R95041
http://www.dep.state.fl.us/waste/categories/fca/

The Full Cost Accounting Rule, 62-706, F.A.C., requires local governments to annually calculate the full cost of their solid waste management services. The calculations are to be submitted to the public upon request. As a result of the rule revision on February 16, 2012, local governments are no longer required to submit to the state their full cost accounting calculations and documentation of public disclosure.

Solid Waste Full Cost Accounting Rule

July 26, 2011, F.A.C. - Full Cost Accounting for Solid Waste Management (Revised 02/16/12)

General Information

Full Cost Accounting Workshop

The U.S. Environmental Protection Agency and DEP teamed up to offer training on Full Cost Accounting to local government training sessions were held in order to provide an opportunity for local governments to develop an independent understanding. Although we are not currently planning on holding any additional workshops, we have provided a copy of the overheads from workshops, in order to assist you in implementing FCA.

Related Documents

- Full Cost Accounting Information
- Full Cost Accounting Workbook
- This FCA software may only work with Windows XP. Download FCA software

If you have questions, please contact a local government for assistance. DEP staff do not have further information about Full Accounting.

http://p2pays.org/localgov/FullCostAccounting.asp

Full Cost Accounting

North Carolina Department of Environment and Natural Resources

LOCAL GOVERNMENT

Full Cost Accounting

- DPSEA Full Cost Accounting Workbook - This workbook can be used by local governments in conducting a full cost analysis. Accounting of these expenditures assists with cost recovery efforts and improving program efficiency.
- DPSEA Full Cost Accounting Plan - A plan is required to be submitted by DPSEA to gather financial data on the cost of solid waste collection, disposal and recycling services for North Carolina's local governments.
- N.C. Division of Pollution Prevention and Environmental Assistance
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- EPFA Full Cost Accounting Resource Guide - This guide contains listings of federal, state and local government documents, as well as publications produced by trade and professional groups. Most of the documents specifically address full cost accounting, although some cover topics, such as enterprise funds and activity-based costing. The guide also provides names of individuals in communities that are in various stages of implementing full-cost accounting.
- EPFA's Full Cost Accounting for Municipal Solid Waste Management: A Handbook intended to help communities understand the concepts of full cost accounting.
- EPFA's Full Cost Accounting for Municipal Solid Waste Management: A Handbook intended to help communities understand the concepts of full cost accounting.
- Questions and Answers About Full Cost Accounting

Full Cost Accounting Workbook and Full Cost Accounting Workbook - Developed by the Florida Department of Environmental Protection to assist in explaining FCA to solid waste managers may be referred to by local leaders.

Article: Understanding Your Full System Costs - Resource Recycling December 2001 - An article by companies representing the paper, aluminum and glass industries, as well as a consumer product company to point out the importance of evaluating full system costs and to identify the program components needed to worldwide and voluntary recycling program costs.
Questions?

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