

ENVIRONMENTAL CLEAN UP COST

The entries illustrated in this case study are to address environmental clean up cost as promulgated by the FASAB Statements of Federal Financial Accounting Standard Numbers Five and Six, Accounting for Liabilities of the Federal Government and Accounting for Property, Plant, and Equipment. This is not authoritative guidance but an illustration of clean up cost transactions using US Standard General Ledger accounts. This case study does not include all situations.

Clean up cost is defined in the FASAB Statement of Federal Financial Accounting Standards, Number 6, Accounting for Property, Plant and Equipment, paragraph 85 as “costs of removing, containing, and/or disposing of 1) hazardous waste from property, or 2) material and/or property that consists of hazardous waste at permanent or temporary closure or shutdown of associated PPE”.

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Case study II Clean up associated with purchasing storage facility

Case study III Government Related Event - Accidents

Case study IV Government Related Event - On going part of operations

Case study V Government Acknowledged Event

Liability attributes:

- **NC** Not Covered by Budgetary Resources
- **C** Covered by Budgetary Resources

Please note that Funded liabilities and Unfunded liabilities are not the same as Liabilities Covered by Budgetary Resources and Liabilities Not Covered by Budgetary Resources (Statement of Financing vs. Balance Sheet). For more information on the Liabilities Covered/Not Covered by Budgetary Resources, refer to OMB 97-01 and AAPC draft definition of Liabilities Covered by Budgetary Resources.

I - DEFERRED CLEAN UP COST

This section illustrates clean up cost that is deferred until the end of the useful life of PPE. It is divided into two categories of PPE, general PPE and stewardship PPE. The clean up cost associated with general PPE should be recognized over its useful life, similar to how the depreciation expense is recorded. The clean up cost associated with stewardship PPE is expensed in the period the stewardship PPE is placed in service, similar to how the acquisition cost is recorded.

In addition, if the PPE was used to produce goods and service, the associated clean up cost should be recognized as production cost. Otherwise, the cost is recorded as non-production.

*Please **NOTE** that in some agencies' systems, the Estimated Cleanup cost Liability is recorded at the end of the year and reversed in the beginning of the subsequent year. The net financial impact of reversing the cleanup liability will be the same as what is presented on the Deferred Cleanup Cost case study.*

EVENT DESCRIPTION	Y R	GENERAL PPE	REF ¹	STEWARDSHIP PPE	REF
1) Assume a PPE with a useful life of 3 years is acquired and it is known to produce hazardous waste. The estimated clean up cost is \$120,000. Assume clean up will start when PPE cease its operation.	1	<u>Proprietary</u> 6800 Future funded cost 40,000 2995 Est cleanup cost liab- NC 40,000 <u>Budgetary</u> None	VI ¶97	<u>Proprietary</u> 6800 Future funded cost 120,000 2995 Est cleanup cost liab - NC 120,000 <u>Budgetary</u> None	VI ¶101
2) Reestimate of the cleanup cost indicated that the cost will be more that what was originally estimated by \$60,000. \$60,000/3=20,000x2=40,000 40,000 + 40,000 = 80,000	2	<u>Proprietary</u> 6800 Future funded cost 80,000 2995 Est cleanup cost liab - NC 80,000 <u>Budgetary</u> None	VI ¶99	<u>Proprietary</u> 6800 Future funded cost 60,000 2995 Est cleanup cost liab - NC 60,000 <u>Budgetary</u> None	VI ¶102
3) To record estimated clean up cost.	3	<u>Proprietary</u> 6800 Future funded cost 60,000 2995 Est cleanup cost liab - NC 60,000 <u>Budgetary</u> None		<u>Proprietary</u> None <u>Budgetary</u> None	

¹ REF - Represents reference from FASAB Standad. The Roman numerals represents the standard numbers

<p>4) Assume the agency receives funding for the clean up cost in year 4.</p>	<p>4</p>	<p><u>Proprietary</u></p> <p>1010 FBWT 50,000 3100 Unexp appropriation 50,000</p> <p>2995 Est cleanup cost liab - NC 50,000 2995 Est cleanup cost liab - C 50,000</p> <p><u>Budgetary</u></p> <p>4119 Approp Realized 50,000 4450 Unapportioned auth 50,000 4450 Unapportioned auth 50,000 4510 Apportionments 50,000 4510 Apportionments 50,000 4610 Allotment 50,000</p>		<p><u>Proprietary</u></p> <p>1010 FBWT 50,000 3100 Unexp appropriation 50,000</p> <p>2995 Est cleanup cost liab - NC 50,000 2995 Est cleanup cost liab - C 50,000</p> <p><u>Budgetary</u></p> <p>4119 Approp Realized 50,000 4450 Unapportioned auth 50,000 4450 Unapportioned auth 50,000 4510 Apportionments 50,000 4510 Apportionments 50,000 4610 Allotment 50,000</p>	
<p>5) Contractor A started and completed his portion of the clean up and billed the agency for \$20,000.</p>	<p>4</p>	<p><u>Proprietary</u></p> <p>2995 Est cleanup cost liab - C 20,000 2110 Accounts payable 20,000</p> <p>6100 Operation expense 20,000 6800 Future funded cost 20,000</p> <p>3100 Unexp appropriation 20,000 5700 Appropriation used 20,000</p> <p><u>Budgetary</u></p> <p>4610 Allotment 20,000 4901 Expended auth - unpd 20,000</p>	<p>VI ₱100</p>	<p><u>Proprietary</u></p> <p>2995 Est cleanup cost liab -C 20,000 2110 Accounts payable 20,000</p> <p>6900 Nonproduction cost 20,000 6800 Future funded cost 20,000</p> <p>3100 Unexp appropriation 20,000 5700 Appropriation used 20,000</p> <p><u>Budgetary</u></p> <p>4610 Allotment 20,000 4901 Expended auth - unpd 20,000</p>	<p>VI ₱103</p>

6) The agency makes a partial payment of \$10,000 to contractor A.	4	<u>Proprietary</u> 2110 Accounts payable 10,000 1010 FBWT 10,000 <u>Budgetary</u> 4901 Expended auth - unpd 10,000 4902 Expended auth - pd 10,000	VI ¶100	<u>Proprietary</u> 2110 Accounts payable 10,000 1010 FBWT 10,000 <u>Budgetary</u> 4901 Expended auth - unpd 10,000 4902 Expended auth - pd 10,000	VI ¶103
7) Contractor B was hired to perform additional clean up for \$5,000.	4	<u>Proprietary</u> None <u>Budgetary</u> 4610 Allotment 5,000 4801 Unexpended oblig - unpd 5,000		<u>Proprietary</u> None <u>Budgetary</u> 4610 Allotment 5,000 4801 Unexpended oblig - unpd 5,000	

STATEMENTS FOR YEAR 4

<p>Note: GENERAL PPE and Stewardship PPE will have same financial information in year 4, except for an account 6100 - operating cost, Stewardship PPE will have a debit balance of 6900 - Nonproduction cost.</p>	STATEMENT OF FINANCING																																																																																														
<p><i>Proprietary pre-closing trial balance</i></p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%;">1010</td> <td style="width: 40%;">Fund balance with Treasury</td> <td style="width: 10%; text-align: right;">40,000</td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> </tr> <tr> <td>2110</td> <td>Accounts payable</td> <td></td> <td style="text-align: right;">10,000</td> <td></td> </tr> <tr> <td>2995</td> <td>Est cleanup cost liab - NC</td> <td></td> <td style="text-align: right;">130,000</td> <td></td> </tr> <tr> <td>2995</td> <td>Est cleanup cost liab - C</td> <td></td> <td style="text-align: right;">30,000</td> <td></td> </tr> <tr> <td>3100</td> <td>Unexpended appropriation</td> <td></td> <td style="text-align: right;">30,000</td> <td></td> </tr> <tr> <td>3310</td> <td>Cumulative results</td> <td style="text-align: right;">180,000</td> <td></td> <td></td> </tr> <tr> <td>5700</td> <td>Appropriations used</td> <td></td> <td style="text-align: right;">20,000</td> <td></td> </tr> <tr> <td>6100</td> <td>Operating cost</td> <td style="text-align: right;">20,000</td> <td></td> <td></td> </tr> <tr> <td>6800</td> <td>Future funded expense</td> <td></td> <td style="text-align: right;">20,000</td> <td></td> </tr> </table> <p><i>Budgetary pre-closing trial balance</i></p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%;">4119</td> <td style="width: 40%;">Other appropriation realized</td> <td style="width: 10%; text-align: right;">50,000</td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> </tr> <tr> <td>4610</td> <td>Allotments - realized resources</td> <td></td> <td style="text-align: right;">25,000</td> <td></td> </tr> <tr> <td>4801</td> <td>Unexpended obligations - unpd</td> <td></td> <td style="text-align: right;">5,000</td> <td></td> </tr> <tr> <td>4901</td> <td>Expended authority - unpd</td> <td></td> <td style="text-align: right;">10,000</td> <td></td> </tr> <tr> <td>4902</td> <td>Expended authority - pd</td> <td></td> <td style="text-align: right;">10,000</td> <td></td> </tr> </table>	1010	Fund balance with Treasury	40,000			2110	Accounts payable		10,000		2995	Est cleanup cost liab - NC		130,000		2995	Est cleanup cost liab - C		30,000		3100	Unexpended appropriation		30,000		3310	Cumulative results	180,000			5700	Appropriations used		20,000		6100	Operating cost	20,000			6800	Future funded expense		20,000		4119	Other appropriation realized	50,000			4610	Allotments - realized resources		25,000		4801	Unexpended obligations - unpd		5,000		4901	Expended authority - unpd		10,000		4902	Expended authority - pd		10,000		<table style="width: 100%; border-collapse: collapse;"> <tr> <td colspan="2" style="padding: 5px;">Line 1 Obligation incurred</td> </tr> <tr> <td style="width: 80%; padding: 5px;">4801 E-B</td> <td style="width: 20%; text-align: right; padding: 5px;">5,000</td> </tr> <tr> <td style="padding: 5px;">4901 E-B</td> <td style="text-align: right; padding: 5px;">10,000</td> </tr> <tr> <td style="padding: 5px;">4902 E-B</td> <td style="text-align: right; padding: 5px;"><u>10,000</u></td> </tr> <tr> <td></td> <td style="text-align: right; padding: 5px;">25,000</td> </tr> <tr> <td colspan="2" style="padding: 5px;">Line 2A</td> </tr> <tr> <td style="padding: 5px;">4801 E-B</td> <td style="text-align: right; padding: 5px;">(5,000)</td> </tr> <tr> <td colspan="2" style="padding: 5px;">Line 2D</td> </tr> <tr> <td style="padding: 5px;">2995E-B*, (160,000-180,000)</td> <td style="text-align: right; padding: 5px;">(20,000)</td> </tr> <tr> <td colspan="2" style="padding: 5px;">“OR”</td> </tr> <tr> <td style="padding: 5px;">6800, credit account balance</td> <td style="text-align: right; padding: 5px;"><u> </u></td> </tr> <tr> <td style="padding: 5px;">Net Cost</td> <td style="text-align: right; padding: 5px;">- 0 -</td> </tr> </table>	Line 1 Obligation incurred		4801 E-B	5,000	4901 E-B	10,000	4902 E-B	<u>10,000</u>		25,000	Line 2A		4801 E-B	(5,000)	Line 2D		2995E-B*, (160,000-180,000)	(20,000)	“OR”		6800, credit account balance	<u> </u>	Net Cost	- 0 -
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II. CLEAN UP ASSOCIATED WITH PURCHASING A STORAGE FACILITY.

This section illustrates the recognition of clean up cost related to purchasing a storage facility for hazardous waste from past operations. The guidance from Financial Accounting Standards Board (FASB) Emerging Issues Task Force Issue 90-8, Capitalization of Costs to treat Environmental Contamination was used as generally accepted accounting principles since the FASAB and OMB did not address this specific issue. The FASB Emerging Issues Task Force Issue 90-8 requires the expensing of facilities that treat, store, or dispose of existing waste generated by past operations. Agencies may elect to record these facilities at a net book value of zero (fully depreciated) for purposes of tracking their historical cost.

EVENT DESCRIPTION	YR		
1) To record estimated cleanup cost for the hazardous waste that was accumulated from a past operation. A special container will be purchased to store the waste.	1	<u>Proprietary</u> 6800 Future funded cost 100,000 2995 Est cleanup cost liab - NC 100,000 <u>Budgetary</u> None	VI ¶85
2) To record the appropriation received to purchase a storage tank	1	<u>Proprietary</u> 1010 FBWT 70,000 3100 Unexp appropriation 70,000 2995 Est cleanup cost liab - NC 70,000 2995 Est cleanup cost liab - C 70,000 <u>Budgetary</u> 4119 Approp Realized 70,000 4450 Unapportioned auth 70,000 4450 Unapportioned auth 70,000 4510 Apportionments 70,000 4510 Apportionments 70,000 4610 Allotment 70,000	

<p>3) A storage tank was purchased and expensed² immediately</p>	<p>2</p>	<p><u>Proprietary</u></p> <table border="0"> <tr> <td>1740</td> <td>Other structures and facilities</td> <td>70,000</td> <td></td> </tr> <tr> <td>2110</td> <td>Accounts payable</td> <td></td> <td>70,000</td> </tr> <tr> <td>6900</td> <td>Nonproduction cost</td> <td>70,000</td> <td></td> </tr> <tr> <td>6800</td> <td>Future Funded cost</td> <td></td> <td>70,000</td> </tr> <tr> <td>2995</td> <td>Est cleanup cost liab - C</td> <td>70,000</td> <td></td> </tr> <tr> <td>1740</td> <td>Other structures and facilities</td> <td></td> <td>70,000</td> </tr> <tr> <td>1749</td> <td>Accumulated Dep - Othr Struc and facilities</td> <td></td> <td></td> </tr> <tr> <td>3100</td> <td>Unexpended appropriation</td> <td>70,000</td> <td></td> </tr> <tr> <td>5700</td> <td>Appropriation used</td> <td></td> <td>70,000</td> </tr> </table> <p><u>Budgetary</u></p> <table border="0"> <tr> <td>4610</td> <td>Allotment</td> <td>70,000</td> <td></td> </tr> <tr> <td>4901</td> <td>Exp4ended authority - pd</td> <td></td> <td>70,000</td> </tr> </table>	1740	Other structures and facilities	70,000		2110	Accounts payable		70,000	6900	Nonproduction cost	70,000		6800	Future Funded cost		70,000	2995	Est cleanup cost liab - C	70,000		1740	Other structures and facilities		70,000	1749	Accumulated Dep - Othr Struc and facilities			3100	Unexpended appropriation	70,000		5700	Appropriation used		70,000	4610	Allotment	70,000		4901	Exp4ended authority - pd		70,000	<p>FASB EITSI #90-8</p>
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<p>4) The agency made the payment for the PPE it purchased</p>	<p>2</p>	<p><u>Proprietary</u></p> <table border="0"> <tr> <td>2110</td> <td>Accounts payable</td> <td>70,000</td> <td></td> </tr> <tr> <td>1010</td> <td>FBWT</td> <td></td> <td>70,000</td> </tr> </table> <p><u>Budgetary</u></p> <table border="0"> <tr> <td>4901</td> <td>Expended auth - unpd</td> <td>70,000</td> <td></td> </tr> <tr> <td>4902</td> <td>Expended auth - pd</td> <td></td> <td>70,000</td> </tr> </table>	2110	Accounts payable	70,000		1010	FBWT		70,000	4901	Expended auth - unpd	70,000		4902	Expended auth - pd		70,000																													
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² The Financial Accounting Standards Board (FASB) Emerging Issues Task Force Issue 90-8, Capitalization of costs to treat environmental contamination, requires the expensing of facilities that treat, store or dispose of exiting wastes generated by past operations. Agencies may elect to record these facilities at a net book value of zero (fully depreciated) for purposes of tracking their historical cost.

YEAR 2

PRE-CLOSING TRIAL BALANCE				CLOSING ENTRIES			
<i>Proprietary</i>				<i>Proprietary</i>			
2995	Est cleanup cost liab - C		30,000	5700	Appropriations used	70,000	
3310	Cumulative result	100,000		6800	Future funded cost	70,000	
5700	Appropriations used		70,000		3310	Cumulative result	140,000
6800	Future funded cost		70,000				
6900	Nonproduction cost	70,000		3310	Cumulative results	70,000	
					6900	Nonproduction cost	70,000
<i>Budgetary</i>				<i>Budgetary</i>			
4119	Appropriations realized	70,000		4201	Total actual resources collected	70,000	
4902	Expended Authority - pd		70,000		4119	Appropriations realized	70,000
STATEMENT OF FINANCING				NET COST			
Line 1	Obligations incurred			6800	Future funded cost	(70,000)	
4902		70,000		6900	Nonproduction cost	<u>70,000</u>	
Line 2D				Net Cost		- 0 -	
2995E-B*, 30,000-100,000		(70,000)					
“OR”							
6800, credit account balance							
Net Cost			- 0 -				
BALANCE SHEET							
Liabilities:							
2995	Est cleanup cost liab		30,000				
Net Position:							
3310	Cumulative results	30,000					

III. GOVERNMENT RELATED EVENT - ACCIDENTS

This section illustrates how to record and recognize cleanup cost that is caused by federal government operations. The cleanup of hazardous material can be caused by accidents from federal operations or from natural disasters on Federal property. (See FASAB Liability Standard)

EVENT DESCRIPTION	YEAR	ALL OTHER ENVIRONMENTAL CLEANUP COST	REF
<p>1) An accident involving hazardous material has occurred which is caused by the government operations. The estimated clean up cost was determined to be \$100,000. However, the funding is not available until the following year.</p>	1	<p><u>Proprietary</u></p> <p>6800 Future funded cost 100,000</p> <p>2995 Est cleanup cost liab - NC 100,000</p> <p><u>Budgetary</u></p> <p>None</p>	<p>V</p> <p>¶27,</p> <p>¶28,</p> <p>¶29</p> <p>VI</p> <p>¶93</p>
<p>2) the agency receives funding to clean up in year 2</p>	2	<p><u>Proprietary</u></p> <p>1010 FBWT 50,000</p> <p>3100 Unexp appropriation 50,000</p> <p>2995 Est cleanup cost liab - NC 50,000</p> <p>2995 Est cleanup cost liab - C 50,000</p> <p><u>Budgetary</u></p> <p>4119 Approp Realized 50,000</p> <p>4450 Unapportioned auth 50,000</p> <p>4450 Unapportioned auth 50,000</p> <p>4510 Apportionments 50,000</p> <p>4510 Apportionments 50,000</p> <p>4610 Allotment 50,000</p>	

<p>3) Contractor C started and completed his portion of the clean up and billed the agency for \$30,000</p>	<p>2</p>	<p><u>Proprietary</u></p> <p>6100 Operating expense 30,000 6900 Nonproduction cost xx,xxx 6800 Future funded cost 30,000</p> <p>2995 Est cleanup cost liab - C 30,000 2110 Accounts payable 30,000</p> <p>3100 Unexpended appropriation 30,000 5700 Appropriations used 30,000</p> <p><u>Budgetary</u></p> <p>4610 Allotment 30,000 4901 Expended Authority - unpd 30,000</p>	
<p>4) The agency makes a partial payment of \$20,000 to contractor C.</p>	<p>2</p>	<p><u>Proprietary</u></p> <p>2110 Accounts payable 20,000 1010 Fund balance with Treasury 20,000</p> <p><u>Budgetary</u></p> <p>4901 Expended Authority - pd 20,000 4902 Expended Authority - unpd 20,000</p>	

YEAR 2

CLOSING ENTRIES			TRIAL BALANCE		
<i>proprietary</i>			<i>Proprietary pre-closing trial balance</i>		
5700	Appropriations used	30,000	1010	Fund balance with Treasury	30,000
6800	Future funded expense	30,000	2110	Accounts payable	10,000
	3310 Cumulative results	60,000	2995	Est cleanup cost liab - NC	50,000
			2995	Est cleanup cost liab - C	20,000
3310	Cumulative results	30,000	3100	Unexpended appropriation	20,000
	6100 Operating expense	30,000	3310	Cumulative results	100,000
			5700	Appropriations used	30,000
<i>budgetary</i>			6100	Operating expense	30,000
4201	Total actual resources collected	50,000	6800	Future funded expense	30,000
	4119 Other appropriations realized	50,000	<i>Budgetary pre-closing trial balance</i>		
4902	Expended authority - pd	20,000	4119	Other appropriations realized	50,000
	4201 Total actual resources collected	20,000	4610	Allotments - realized resources	20,000
4610	Allotments - realized resources	20,000	4901	Expended authority - unpd	10,000
	4450 Unapportioned authority	20,000	4902	Expended authority - pd	20,000
STATEMENT OF NET COST			STATEMENT OF FINANCING		
6100	Operating expense	30,000	Line 1, Obligation incurred		
6800	Future funded expense	<u>(30,000)</u>	4901E-B	10,000	
Net cost		- 0 -	4902	<u>20,000</u>	
				30,000	
			Line 2D		
			2995E-B, 70,000-100,000	(30,000)	
			“OR”		
			6800, Credit account balance	_____	
			Net Cost		- 0 -

BALANCE SHEET			
Assets:			
1010	Fund Balance with Treasury	30,000	
Liabilities:			
2110	Accounts payable		10,000
2995	Est cleanup cost liab		70,000
Net Position:			
3100	Unexpended appropriation		20,000
3310	Cumulative results	70,000	

IV. GOVERNMENT RELATED EVENTS - ON GOING PART OF OPERATIONS

This section illustrates how to record and recognize clean up cost that is related to on going federal government operations. The hazardous waste is cleaned up as soon as it is created. As a result, the estimated future cleanup liability will not be reported.

EVENT DESCRIPTION	YEAR	ALL OTHER ENVIRONMENTAL CLEAN UP COSTS	REF
1) The agency receives funding for \$60,000 for clean up cost that will be used for the year. Assume hazardous waste is cleaned up as it is created.	1	<u>Proprietary</u> 1010 FBWT 60,000 3100 Unexpended appropriation 60,000 <u>budgetary</u> 4119 Approp Realized 60,000 4450 Unapportioned auth 60,000 4450 Unapportioned auth 60,000 4510 Apportionments 60,000 4510 Apportionments 60,000 4610 Allotment 60,000	
2) The clean up is an on going part of the agency's operation and the cost incurred during the year was \$50,000 of which partial payment of \$40,000 was made to the contractor.	1	<u>Proprietary</u> 6100 Operating expense 50,000 1010 FBWT 40,000 2110 Accounts payable 10,000 3100 Unexpended appropriation 50,000 5700 Appropriation used 50,000 <u>Budgetary</u> 4610 Allotment 50,000 4901 Expended authority -un pd 10,000 4902 Expended authority - pd 40,000	V ¶28

PRE-CLOSING TRIAL BALANCE				CLOSING ENTRIES			
<i>Proprietary pre-closing trial balance</i>				<i>proprietary</i>			
1010	Fund balance with Treasury	20,000		5700	Appropriations used	50,000	
2110	Accounts payable		10,000	3310	Cumulative results		50,000
3100	Unexpended appropriation		10,000	3310	Cumulative results	50,000	
5700	Appropriations used		50,000	6100	Operating expense		50,000
6100	Operating expense	50,000					
<i>Budgetary pre-closing trial balance</i>				<i>budgetary</i>			
4119	Other appropriations realized	60,000		4201	Total actual resources collected	60,000	
4610	Allotments - realized resources		10,000	4119	Other appropriations realized		60,000
4901	Expended authority - unpd		10,000	4902	Expended authority - pd	40,000	
4902	Expended authority - pd		40,000	4201	Total actual resources collected		40,000
				4610	Allotments - realized resources	10,000	
				4450	Unapportioned authority		10,000
STATEMENT OF NET COST				STATEMENT OF FINANCING			
6100	Operating expense	<u>50,000</u>		Line 1, Obligation incurred			
Net Cost		50,000		4901 E-B		10,000	
				4902		<u>40,000</u>	
				Net cost		50,000	

BALANCE SHEET		
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Assets:		
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1010	Fund Balance with Treasury	20,000
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Liabilities:		
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2110	Accounts payable	10,000
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Net Position:		
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3100	Unexpended appropriation	10,000
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V. GOVERNMENT ACKNOWLEDGED EVENTS

This section illustrates clean up cost due to government acknowledged events where hazardous waste was caused by a nonfederal entity or from a natural disaster but due to the federal government's responsibility to provide public welfare, the government assumes financial responsibility for cleaning up the waste.

The FASAB Liability Standard, paragraph 31, “. . . the federal entity should recognize the liability and expense when both of the following two criteria have been met (1) the Congress has appropriated or authorized (i.e. through authorization legislation) resources and (2) an exchange occurs (e.g. when a contractor performs repairs) or nonexchange amounts are unpaid as of the reporting date (e.g. direct payments to disaster victims), whichever applies.”

EVENT DESCRIPTION	YEAR	ALL OTHER ENVIRONMENTAL CLEAN UP COSTS	REF
1) Toxic waste damage was caused by nonfederal entities (or from a natural disaster) and the federal government assumed the clean up responsibility		<u>proprietary</u> None <u>budgetary</u> None	
2) The Congress appropriated money for the clean up cost.		<u>Proprietary</u> 1010 FBWT 40,000 3100 Unexpended appropriation 40,000 <u>budgetary</u> 4119 Approp Realized 40,000 4450 Unapportioned auth 40,000 4450 Unapportioned auth 40,000 4510 Apportionments 40,000 4510 Apportionments 40,000 4610 Allotment 40,000	V ¶31
3) The contractor started and completed the clean up and billed the agency for \$40,000		<u>Proprietary</u> 6100 Operating expense 40,000 6900 Nonproduction cost xxx 2110 Accounts payable 40,000 3100 Unexpended appropriation 40,000 5700 Appropriation used 40,000 <u>Budgetary</u> 4610 Allotment 40,000 4901 Expended authority -un pd 40,000	V ¶31

PRE-CLOSING TRIAL BALANCE			CLOSING ENTRIES		
<i>Proprietary pre-closing trial balance</i>			<i>proprietary</i>		
1010	Fund balance with Treasury	20,000	5700	Appropriations used	40,000
2110	Accounts payable		3310	Cumulative results	40,000
3100	Unexpended appropriation	0			
5700	Appropriations used	40,000	3310	Cumulative results	40,000
6100	Operating expense	40,000	6100	Operating expense	40,000
<i>Budgetary pre-closing trial balance</i>			<i>budgetary</i>		
4119	Other appropriations realized	40,000	4201	Total actual resources collected	40,000
4610	Allotments - realized resources	0	4119	Other appropriations realized	40,000
4901	Expended authority - unpd	20,000	4902	Expended authority - pd	20,000
4902	Expended authority - pd	20,000	4201	Total actual resources collected	20,000
STATEMENT OF NET COST			STATEMENT OF FINANCING		
6100	Operating expense	<u>40,000</u>	Line 1, Obligation incurred		
Net Cost		40,000	4901 E-B	20,000	
			4902	<u>20,000</u>	
			Net cost	40,000	
BALANCE SHEET					
Assets:					
1010	Fund Balance with Treasury	20,000			
Liabilities:					
2110	Accounts payable	20,000			

PROPOSED Changes to SGL Accounts and Definitions

Account Title: Estimated Cleanup Cost Liability

Account Number: 2995

Normal Balance: Credit

Definition: The estimated liability for projected future cleanup costs (not yet due and payable) associated with the removing, containing and/or disposing of 1) hazardous waste from property, or 2) material and /or property that consists of hazardous waste at permanent or temporary closure or shut down of associated PPE.

Justification: To tighten up definition of accrued clean up cost.