

<p style="text-align: center;">SUMMARY OF MAJOR CHANGES TO DOD 7000.14-R, VOLUME 4, CHAPTER 13 “ENVIRONMENTAL AND NONENVIRONMENTAL LIABILITIES”</p> <p style="text-align: center;">Substantive revisions are denoted by a ★ preceding the section, paragraph, table or figure that includes the revision.</p>		
PARA	EXPLANATION OF CHANGE/REVISION	EFFECTIVE DATE
	<p>This chapter is a consolidation of the former Chapters 13 and 14 of this volume. These chapters were consolidated to appropriately reflect the applicable provisions of various Statements of Federal Financial Accounting Standards (SFFAS) as they relate to environmental liabilities.</p>	

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ENVIRONMENTAL AND NONENVIRONMENTAL LIABILITIES

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★ CHAPTER 13 ★

ENVIRONMENTAL AND NONENVIRONMENTAL LIABILITIES1301 GENERAL130101. Purpose

A. This chapter prescribes the accounting policy for measuring, recognizing, and disclosing environmental liabilities, and the procedures to record Department of Defense (DoD) environmental liabilities. The policies and procedures prescribed in this chapter apply to all environmental liabilities regardless of the funding source and whether the funding is available.

B. This chapter implements applicable provisions of Statements of Federal Financial Accounting Standards ([SFFAS Number 5](#), “Accounting for Liabilities of the Federal Government;” [SFFAS Number 6](#), “Accounting for Property, Plant, and Equipment (PP&E);” [SFFAS Number 23](#) “Eliminatng the Category National Defense Property, Plant and Equipment;” Statement on Auditing Standards ([SAS](#)) Number 57/AU Section 342, “Auditing Accounting Estimates;” and Federal Financial Accounting and Auditing Technical [Release Number 2](#), “Determining Probable and Reasonably Estimable for Environmental Liabilities in the Federal Government.”

C. This chapter does not address budget formulation for environmental liabilities, describe the different types of PP&E recorded within the DoD accounting records, or provide technical environmental guidance.

1. Refer to [Volumes 2A](#) and [2B](#) of this Regulation for guidance on budget formulation.

2. Refer to [Chapter 6](#) of this volume for descriptions of the different types of PP&E discussed in this chapter.

3. Refer to the following management guidance issued by the Office of the Deputy Under Secretary of Defense (Installation and Environment) for technical guidance: “[Management Guidance for the Defense Environmental Restoration Program](#),” and “Guidance for Recognizing, Measuring, and Reporting Environmental Liabilities not Eligible for Defense Environmental Restoration Program (DERP) Funding.”

130102. Definitions

A. Current Liabilities. Liabilities of an entity for which the financial statements are prepared, and for which the entity expects to outlay the resources within 1 year of the reporting date. The current liabilities are not budget driven and ideally the current liability

should be computed by reviewing each open project and determining the expected outlays for each project during the next year; however, this is not possible until we have modernized business systems. Pending the implementation of modernized business systems the DoD Components should compute the current liability as the sum of the expected outlays from the following sources:

1. Unliquidated obligations from the current and prior years.
2. Unobligated balances that are available for execution.
3. Budget authority from expected appropriations.

B. Disclosures. For the purposes of financial statement reporting, the term “disclosure” means to report the information in the narrative of the notes to the financial statements. The notes are an integral part of the financial statements and should withstand audit scrutiny.

C. Environmental Cleanup Costs. For financial statement reporting purposes, the term “environmental cleanup costs” includes costs associated with environmental restoration of environmental sites funded under the DERP, corrective actions, and environmental costs associated with the future disposal of facilities, equipment, munitions, or closure of facilities. These costs include the costs of researching and determining the existence of hazardous waste, removing, containing, and/or disposing of hazardous waste from property, or material and/or property that consist of hazardous waste at the time of shutdown or disposal of the asset. Cleanup costs may include, but are not limited to, decontamination, decommissioning, site restoration, site monitoring, closure, and post closure costs related to DoD operations that result in hazardous waste. Environmental cleanup costs apply only to cleanup costs from DoD operations known to result in hazardous waste which the DoD is required by federal, state, and/or local statutes and/or regulations that have been approved as of the financial statement reporting date.

D. Environmental Liabilities. An environmental liability is a probable and measurable future outflow or expenditure of resources that exist as of the financial reporting date for environmental cleanup costs resulting from past transactions or events.

E. Environmental Site. An environmental site is a PP&E activity, asset, or facility, either currently or previously used by a DoD Component for which there is an associated environmental liability. Each environmental site is a discrete entity.

F. Hazardous Waste. Per [Title 42](#), Title 42, United States Code (U.S.C.), section 6903(5) the definition of hazardous waste used in conjunction with environmental cleanup costs defined above, is a solid, liquid, or gaseous waste, or combination of these wastes, which because of its quantity, concentration, or physical, chemical, or infectious characteristics, may cause or significantly contribute to an increase in mortality or an increase in serious irreversible, or incapacitating reversible, illness or pose a substantial present or potential threat to human health or the environment when improperly treated, stored, transported, disposed of, or otherwise managed.

G. Measurable Liability. A measurable liability is a liability that can be quantified in monetary units that is reasonably estimable with sufficient reliability. It exists when a dollar value can be estimated for the cleanup costs.

H. Noncurrent Liabilities. A noncurrent liability is a liability of an entity for which the financial statements are prepared, and for which the entity will outlay the resources beyond 1 year of the reporting date.

I. Nonenvironmental Costs. Nonenvironmental costs are the costs of removing, containing, and/or disposing of property, or material and/or property that does not contain hazardous waste. They may include, but are not limited to, the following:

1. Costs of disposing or removing assets that do not contain hazardous waste.

2. Costs associated with shutting down or disposing of the portion of an asset not containing hazardous waste. Costs associated with disposing of the portion of the assets that contains hazardous waste would be considered environmental costs unless it meets the requirements of subparagraph 3, below.

3. Environmental cleanup costs that are considered immaterial to the total costs of removing or disposing of an asset. Materiality depends on the degree to which an omission or misstatement would change or influence the judgment of a reasonable person relying on the information, and requires the application of professional judgment. Each DoD Component is responsible for defending any immateriality determinations.

J. Nonenvironmental Liabilities. A nonenvironmental liability is a future outflow or expenditure of resources for nonenvironmental costs.

K. Past Transaction and Events. A transaction is an event involving the transfer of something of value. An event is a happening that has financial consequences to an entity. An event may be an internal event that occurs within an entity, such as placing an item in service, or an external event that involves interaction between an entity and its environment, such as an act of nature, a theft, vandalism, an injury caused by negligence, or an accident.

L. Probable Event. An event is probable if it is reasonably expected or believed to be more likely than not to occur. A probable environmental liability exists when it is likely that hazardous waste resulted from operations where DoD potentially may have been involved.

M. Recognition. For purposes of financial statement reporting, the term “recognition” means the reporting of a dollar amount on the face of the basic financial statements.

1302 ACCOUNTING POLICY FOR ENVIRONMENTAL LIABILITIES

130201. This section outlines the policy of recognizing, disclosing, and measuring environmental liabilities in accordance with applicable accounting standards.

130202. Environmental Liability Recognition

A. Environmental liabilities are recognized for probable and measurable future outflows or expenditure of resources for environmental cleanup costs that result from past transactions or events. Environmental conditions that result from current operations and require immediate cleanup, e.g. an oil spill, are not considered environmental liabilities and should be recognized as a current operating expense, assuming the DoD Component completes cleanup operations in the current operating period. If the DoD Component does not complete the cleanup operation within the current operating period, then an environmental liability should be recorded for that portion of the cleanup not completed. The DoD Component should record an accounts payable for cleanup costs incurred and not paid in accordance with [Chapter 9](#) of this volume.

B. Environmental liabilities are generally recognized in accordance with the following paragraphs. The diagram in Figure 13-1 at the end of this chapter illustrates the process for recognizing environmental liabilities for PP&E.

1. The total estimated cost of environmental liabilities associated with General PP&E placed in service prior to October 1, 1997, shall be recognized as follows:

(a) In the initial year the liability is recorded, unless the costs are intended to be recovered through user charges.

(b) If the costs are intended to be recovered through user charges, then the DoD Components shall recognize a liability for that portion of the asset that has passed since the PP&E was placed into service in the initial year the liability is recorded. The remaining liability shall be systematically recognized over the remaining useful life. Refer to subparagraph 130204.E of this chapter for additional information on systematically recognizing cost estimates.

2. The estimated environmental liabilities associated with General PP&E placed in service after September 30, 1997, that have future environmental closure and/or environmental cleanup requirements shall be systematically recognized over the useful life. The accumulation of the liability and the recognition of the related expense shall commence when it is placed in service, continue in each period that operation continues, and be completed when the General PP&E ceases operation.

3. The estimated environmental liabilities associated with cleanup cost for Stewardship PP&E shall be recognized in the period that the asset is placed into service.

C. The liabilities discussed below are specific in nature and should be recognized as applicable.

1. Operational Ranges. An environmental liability associated with the cleanup and disposal, including disposal of unexploded ordnance, on operational ranges does not exist until a formal decision is made to close the range unless hazardous waste is migrating off of the range. If hazardous waste is migrating off of the range, then the DoD Component will need to recognize a liability.

2. Conventional Munitions. Both environmental and nonenvironmental liabilities for conventional munitions that are determined to be excess and/or obsolete as of the financial reporting date are recognized for the total disposal estimate. Conventional munitions are typically an inventory item intended for consumption; therefore, an environmental liability would exist only when the munitions are considered excess or obsolete because the unused portions could threaten the environment if the disposal was improperly managed.

3. Stockpile and Nonstockpile Chemical Agents and Munitions Inventory, and Buried Chemical Agents and Munitions Inventory. Environmental liabilities and the related expenses for stockpile and nonstockpile chemical agents and munitions inventory, and buried chemical agents and munitions should be recognized for the disposal costs. Per [50 U.S.C. 1521](#), the Department is required to dispose of chemical weapons and materiel contained in the stockpile, as well as the nonstockpile. The stockpile is the chemical weapons and materiel in the inventory. The nonstockpile items are binary chemical weapons, miscellaneous chemical warfare materiel, recovered chemical weapons, and former production facilities. Proper action is needed to mitigate risk to human health and the environment from buried chemical agents and munitions.

4. General PP&E Formally Identified as National Defense PP&E. The [SFFAS Number 23](#), "Eliminating the Category National Defense PP&E," eliminated the National Defense PP&E category and reclassified these assets as General PP&E. This reclassification requires environmental liability recognition in accordance with the rules established for General PP&E. Refer to subparagraph 130202.B of this chapter for recognition rules of General PP&E. As a result of this reclassification, the Components are required to adjust environmental liabilities that were recognized in full for assets placed in service on or after October 1, 1997. The SFFAS Number 23 states that the cumulative effect of adopting this standard should be reported as a change in accounting principle and that adjustment should be made to the beginning balance of the cumulative results of operations in the Statement of Changes in Net Position in the period of the change without restating the prior periods.

5. Preponderant User of Facilities. The DoD Components need to consider whether they are the preponderant user of the facilities for which another DoD Component is the owner. The criteria for determining the preponderant user are outlined in [Volume 4, Chapter 6](#) for this Regulation. Each DoD Component is responsible for recording the environmental and nonenvironmental expenses and liabilities for the facilities of which they are the preponderant user.

6. Overseas Environmental Liabilities. Using available information, DoD Components should estimate environmental compliance costs associated with their operation of installations, basing requirements to be met on the applicable Final Governing Standards (FGS). If no FGS are available, use an Overseas Environmental Baseline Guidance Document or other applicable international agreements. Environmental expenses resulting from on-going operations are considered to be "Government-Related Events" as defined by SFFAS 5. Estimates will also include as a separate category, costs expected to be expended in remediation of installations in accordance with [DoDI 4715.8](#) "Environmental Remediation for DoD Activities Overseas." Environmental liabilities for remediation resulting from past operations are considered "Government Acknowledged Events" and should only be recognized to the extent that Congress has appropriated the funds. DoD Components will also include as separate category, costs expected to be expended in remediation of returned installations when required by an international agreement.

7. Nonenvironmental Liabilities. Nonenvironmental costs associated with the disposition of assets are recognized when a formal decision has been made to remove or dispose of the asset. Nonenvironmental liabilities may also recognize insignificant portions of environmental cleanup costs that are considered immaterial to the total cost of removing or disposing of an asset. Materiality depends on the degree to which an omission or misstatement would change or influence the judgment of a reasonable person relying on the information, and requires the application of professional judgment.

D. Environmental liabilities are generally based on accounting estimates that are discussed in subparagraph 130204 of this chapter. Subparagraphs 1 through 3 below prescribe the recognition of necessary adjustments to the accounting estimates used in establishing environmental liabilities.

1. The cumulative effect of changes in cost estimates are recognized as an expense in the current accounting period and the corresponding liability is adjusted. Pending system modernization, an alternative is to reverse the accumulation entry at the opening of the subsequent fiscal year. In this event, the entire revised estimated liability and related expense would be entered in the current reporting period. These accounting transactions are provided in Table 13-2. Additionally, the related cleanup cost for the current period shall be expensed and accrued as an environmental liability. Refer to the accounting procedures in subparagraph 130302.C of this chapter for the appropriate accounting transactions.

2. The risk of material misstatement of accounting estimates normally varies with the complexity and subjectivity associated with the process, the availability and reliability of relevant data, the number and significance of assumptions that are made, and the degree of uncertainty associated with the assumptions. Therefore, environmental liabilities may be established for estimated costs that are specific amounts or a range of amounts. If some amount within a range is considered a better estimate than any other estimate, that amount should be recognized. If no amount within a range is considered a better estimate than other estimates, then the minimum amount in the range should be recognized. Refer to subparagraph 130203.B of this chapter for disclosure requirements of estimates that are based on uncertainty.

3. Material adjustments, as defined in [Volume 1, Chapter 2](#) of this Regulation, that are required to correct errors related to prior period operations shall be recognized as a prior period adjustment that restates the prior period comparative financial statements. Adjustments to correct errors typically result from mistakes, or the oversight or misuse of facts that would materially misstate the entities financial statements. This type of adjustment is reflected in the statement of changes in net position and omits the expense recognition in the period of implementation. The amounts involved shall be disclosed and to the extent possible, the amount associated with current and prior periods should be noted. Adjustments required for immaterial amounts are recognized as a current period event.

130203. Environmental Liability Disclosures

A. Financial statement disclosures provide pertinent information in notes or narratives about the amounts reported on the face of the financial statements. The recognition of environmental liabilities requires the following disclosures associated with the cleanup cost measurement that must be addressed each reporting period within the financial statement note for environmental liabilities.

1. The sources (list applicable laws and regulations) of cleanup requirements.
2. Amount of operating and capital expenditures used to remediate legacy waste. Legacy waste is the remediation efforts covered by the Defense Environmental Restoration Program.
3. The method for assigning estimated total cleanup costs to current operating periods.
4. The unrecognized amounts of environmental liabilities for assets that require the systematic recognition of the total estimated cleanup costs. The DoD Component should recognize the portion of the total cost that is attributed to the useful life of the asset that has expired since the asset was placed in service. The balance or the total estimated cleanup cost is the unrecognized cost of the liability.
5. Material changes in the total estimated cleanup costs due to changes in laws, technology, or plans.
6. Portion of the changes in estimated costs due to changes in laws and technology that is related to prior periods.
7. The estimated cleanup costs associated with General PP&E placed into service during each fiscal year.
8. The nature of estimates and the disclosure of information regarding possible changes due to inflation, deflation, technology, or applicable laws and regulations.

9. Provide a description of the type of environmental and disposal liabilities identified.

B. Environmental liability estimates that are based on an existing condition, situation, or set of circumstances involving uncertainty that is more likely than not to result in a future expenditure to an entity should be fully disclosed within the financial statement notes for environmental liabilities. Environmental liabilities that only have a remote probability or slight chance of occurring do not require disclosure in the general purpose financial reports, but the law may require disclosure in special purpose reports.

C. Environmental liabilities not covered by budgetary resources should be disclosed in accordance with [Volume 6B, Chapter 10](#) of this Regulation. Liabilities not covered by budgetary resources are equal to the total liability minus the liabilities covered by budgetary resources. Liabilities covered by budgetary resources are equal to the following:

1. Unliquidated obligations for current and prior years.
2. Unobligated appropriated balances available for execution.
3. Other resources authorized for specified purposes in a given year.

D. Documentation to support the environmental liability recognition and disclosures, including management reviews shall be retained for the life of the liability. Once the liability has been eliminated, the documentation should be retained according to applicable retention and disposal instructions.

130204. Environmental and Nonenvironmental Liability Measurements

A. Environmental liabilities are generally accounting estimates because the extent of the environmental costs can not be determined until completing cleanup/disposal operations. The DoD Component's responsible program management function and accounting function should work together to identify and support the environmental liabilities. The responsible program management function is accountable for generating the cost estimates. The DoD Component's accounting function is responsible for reviewing the cost estimates and ensuring the liability is recognized according to the guidance published in this chapter. The estimates are based on subjective as well as objective factors and, as a result, judgment is required to estimate an amount at the date of the financial statements. Management's judgment is based on its knowledge and experience about past and current events and its assumptions about existing conditions and courses of action it expects to take. The accounting estimates are subject to audit standards of the [SAS Number 57/AU Section 342](#), "Auditing Accounting Estimates" Organizations that prepare accounting estimates must retain adequate documentation of management review as well as documentation that identify the data sources, and estimating method accreditation including the parametric models, and the rationale used. The process of establishing accounting estimates would normally consist of:

1. Identifying situations for which accounting estimates are required.

2. Identifying the relevant factors that may affect the accounting estimate.
3. Accumulating relevant, sufficient, and reliable data on which to base the estimate.
4. Developing assumptions that represent management's judgment of the most likely circumstances and events with respect to the relevant factors.
5. Determining the estimated amount based on the assumptions and other relevant factors.
6. Determining that the accounting estimate is presented in conformity with applicable accounting principles and that disclosure is adequate.

B. The environmental costs that are probable and estimable must be measured based on site specific information using engineering estimates, comparison with similar sites, or equipment or cost models validated in accordance with [DoD Instruction 5000.61](#), "DoD Modeling and Simulation (M&S) Verification, Validation, and Accreditation (VV&A)" The certainty of the cost estimate will depend on the amount of site specific information available, the extent of experience and resemblance with similar sites or assets, and availability of remediation technology. Once the DoD Component generates a cost estimate, the liability should be recognized in accordance with paragraph 130202 of this chapter and any uncertainty disclosed in the notes to the financial statements.

1. Site Specific Study. A cost estimate produced from a site specific study is generally the most reliable estimate because it is based on a thorough investigation and sampling of the environmental conditions at the site. Further, once environmental personnel complete the investigation, they evaluate the alternative corrective actions identified and base the cost estimate, generally an engineering estimate, on the selected alternative.

2. Experience with Similar Site Conditions or Assets. If a comprehensive study has not been completed, then the DoD Component should determine whether the site appears to be similar to other sites where experience has been gained based on the completion of a comprehensive study or actual remediation. If there is no investigation and/or comparable site data available, costs are not considered reasonably estimable. In this case, the DoD Component should recognize the anticipated costs of conducting future studies until they complete the site specific study.

3. Availability of Remediation Technology. If the remediation technology is not available to remediate the site, then the DoD Component should recognize the estimate to contain the hazardous waste and other relevant costs, such as the costs for future studies. The DoD Component should also disclose the range of uncertainty in the notes to the financial statement.

C. Environmental liability cost measurements must be estimated for each environmental site located at an installation or organizational level. The liability cost estimates should include the anticipated costs of the level of effort required to cleanup hazardous wastes, as well as the costs of complying with associated applicable legal and/or regulatory requirements. Such cost estimates are calculated on a current cost basis and based on a current decontamination and/or disposal plan, existing laws, and technology. The cost estimates for both the environmental and nonevironmental portion of the liability should include the following cost elements, as applicable:

1. Compensation and benefits of government personnel expected to devote significant time directly to a disposal effort to include security and surveillance.
2. Efforts to tear down, remove, and dispose of the item(s) to include transportation, demilitarization, and dismantlement.
3. Planning and design efforts to include contract advertisement and document reproduction.
4. Landscaping costs.
5. Permits, licenses, and approval to include State Historic Preservation Officer concurrence and documentation. Also included are screening costs of suitable property for the homeless as established by the McKinney Act in Public Law 101-645.
6. Repair costs if disposed without being demolished.
7. Cost of employing contractors, engineers, and consultants.
8. Cost of dedicated facilities, machinery, and equipment and the related operating and maintenance costs.
9. Research and development costs for alternative remediation technologies.
10. Grants to state and local governments.
11. Payments to state, tribal, and local governments.
12. Payments to regulatory agencies to provide technical support, e.g. document review of planned studies.

D. Environmental cost estimates shall be reviewed annually and revised when there is evidence that significant changes in the cost measurement have occurred, such as changes in scope, ownership, regulation, or technology. As a minimum, long-term cost estimates shall be adjusted upward or downward annually, through indexing, to maintain them on a current cost basis as if acquired in the current period. Once the cost estimates are reviewed and adjusted, the

estimated liability should be reduced by the costs that are paid to reflect the total remaining cleanup costs less any unrecognized portions of a systematically recognized cost estimate. Further, the DoD Component should be able to distinguish between the current and noncurrent portions of the liability estimate.

E. A systematic recognition of the cost estimate is preferably based on the use of physical capacity. If physical capacity is not applicable or estimable, the estimated useful life based on the number of years may serve as the basis for the systematic recognition of expense and accumulation of a liability. A more thorough explanation of the term “useful live” is provided in [Volume 4, Chapter 6](#) of this Regulation. The current period estimate is equal to:

divided by;

1. The total final estimated costs of the disposal or closure effort,
2. The total capacity, multiplied by;
3. The physical capacity used, minus;
4. The amounts previously recognized as an expense.

F. Components shall maintain an inventory of environmental sites and reconcile it with PP&E records at least annually. The purpose of the reconciliation is to ensure that all of the Department’s disposal liabilities both environmental and nonenvironmental are recognized and documented. The reconciliation may identify property records that require recognition of disposal liabilities or instances where there is no inventory record for an existing disposal liability. The Real Property Inventory (RPI) maintained on behalf of DoD by the Military Departments is the official DoD facility inventory. The numbering schema in that RPI used to identify facilities, sites, and installations is the official DoD schema for these data. Any DoD Component that maintains a database of real property related data for its own purpose must reconcile with the official DoD RPI or establish an accurate functional crosswalk to that schema. The DoD Components should use the following process to adequately reconcile to the PP&E Records:

1. Real Property
 - (a) Record in the real property records whether the real property associated with the record has been reviewed for environmental issues.
 - (b) Record whether there are environmental issues related to the property.
 - (c) Record the environmental project number for each project associated with the real property record.
 - (d) The responsible environmental program office maintains records of each project and associates it with all of the applicable real property records. This office also maintains a project file for each environmental project.

2. Weapons Systems. Weapons systems should be reconciled to equipment records.

3. Shop Equipment. Shop equipment should be associated with the liability of the facility containing the equipment.

1303 ACCOUNTING PROCEDURES FOR RECORDING ENVIRONMENTAL LIABILITIES

130301. This section illustrates the use of the applicable United States Standard General Ledger (USSGL) accounts for recording the proprietary and budgetary transactions for environmental liabilities.

130302. Estimated Cleanup Cost Liability (USSGL Account 2995)

A. This account represents the estimated amounts owed for projected future cleanup costs associated with removing, containing, and/or disposing of:

1. Hazardous waste from property; or
2. Material and/or property consisting of hazardous waste at a permanent or temporary closure or shutdown of the associated property, plant, and equipment.

B. Subsidiary ledgers shall be established as necessary to meet external reporting requirements and to provide internal control over amounts owed.

C. The accounting entries depicted in Table 13-1 illustrate the entries that should be used to record transactions for environmental liabilities. The alternative accounting entries depicted in Table 13-2 illustrate the entries that can be used pending system modernization to the Department's business systems.

Table 13-1
ACCOUNTING ENTRIES FOR ACCOUNT USSGL 2995-
ESTIMATED CLEANUP COST LIABILITY

1. Dr 6800 Future Funded Expenses
 Cr 2995 Estimated Cleanup Cost Liability

Record the current period liability for cost to be funded in the future. This entry is also applicable for the systematically recognized portions of environmental liabilities.

2. Dr 2995 Estimated Cleanup Cost Liability
 Dr 6100 Operating Expenses/Program Costs
 Cr 2110 Accounts Payable
 Cr 6800 Future Funded Expenses

And

- Dr 4610 Allotments – Realized Resources
 Dr 4801 Undelivered Orders – Obligations, Unpaid
 Cr 4901 Delivered Orders – Obligations, Unpaid

And (if funded by a direct appropriation)

- Dr 3107 Unexpended Appropriations – Used
 Cr 5700 Expended Appropriations

Record previously estimated cleanup costs that are due and payable for receipt of goods or services that have not been paid.

3. Dr 2110 Accounts Payable
 Cr 1010 Fund Balance with Treasury

And

2. Dr 4901 Delivered Orders – Obligations, Unpaid
 Cr 4902 Delivered Orders – Obligations, Paid

Record payment.

2. Dr 3310 Cumulative Results of Operations
 Cr 6800 Future Funded Expenses
 Cr 6100 Operating Expenses/Program Costs

To record the closing of the expense accounts to cumulative results of operations.

Table 13-2

**ALTERNATIVE ACCOUNTING ENTRIES FOR USSGL ACCOUNT 2995-
ESTIMATED CLEANUP COST LIABILITY
(PENDING SYSTEM MODERNIZATION)**

1. Dr 6800 Future Funded Expenses
Cr 2995 Estimated Cleanup Cost Liability

Record the current period liability for cost to be funded in the future. This entry is also applicable for the systematically recognized portions of environmental liabilities.

2. Dr 2995 Estimated Cleanup Cost Liability
Cr 6800 Future Funded Expenses

Reverse accruals at the beginning of the next accounting period.

3. Dr 6800 Future Funded Expenses
Cr 2995 Estimated Cleanup Cost Liability

Record the total current period revised estimated liability for cost to be funded in the future. This entry is also applicable for the systematically recognized portions of environmental liabilities.

4. Dr 6100 Operating Expenses/Program Costs
Cr 2110 Accounts Payable

And

- Dr 4610 Allotments – Realized Resources
Dr 4801 Undelivered Orders – Obligations, Unpaid
Cr 4901 Delivered Orders – Obligations, Unpaid

And (if funded by a direct appropriation)

- Dr 3107 Unexpended Appropriations – Used
Cr 5700 Expended Appropriations

Record previously estimated cleanup costs that are due and payable for receipt of goods or services that have not been paid.

Table 13-2

**ALTERNATIVE ACCOUNTING ENTRIES FOR USSGL ACCOUNT 2995-
ESTIMATED CLEANUP COST LIABILITY
(PENDING SYSTEM MODERNIZATION) (CONTINUED))**

5. Dr 2110 Accounts Payable
Cr 1010 Fund Balance with Treasury

And

Dr 4901 Delivered Orders – Obligations, Unpaid
Cr 4902 Delivered Orders – Obligations, Paid

Record payment.

6. Dr 3310 Cumulative Results of Operations
Cr 6800 Future Funded Expenses
Cr 6100 Operating Expenses/Program Costs

To record the closing of the expense accounts to cumulative results of operations.

Figure 13-1
RECOGNITION OF ENVIRONMENTAL LIABILITIES
FOR
PROPERTY, PLANT, AND EQUIPMENT

