



# **CLEANUP COSTS & ENVIRONMENTAL DISPOSAL LIABILITIES**

**EFFECTIVE FISCAL YEAR 2026**

**PREPARED BY:**

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U.S. DEPARTMENT OF THE TREASURY**

Version Number	Date	Description of Change	Effective USSGL TFM
1.0	10/01/2001	Original	-
2.0	04/01/2026	<p data-bbox="598 284 1570 316">Updated per TFM Bulletin Guidance and FASAB clarifying guidance from:</p> <ul data-bbox="646 321 1495 500" style="list-style-type: none"> <li data-bbox="646 321 1495 386">▪ Interpretation 9, <i>Cleanup Cost Liabilities Involving Multiple Component Reporting Entities</i>;</li> <li data-bbox="646 391 1495 456">▪ Technical Bulletin 2006-01, <i>Recognition and Measurement of Asbestos-Related Cleanup Costs</i>; and</li> <li data-bbox="646 461 1495 500">▪ SFFAS 55, <i>Amending Inter-entity Cost Provisions</i>.</li> </ul>	TFM Bulletin No. 2026-03

## **Background**

Cleanup costs are the 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 Property, Plant, and Equipment (PP&E.) Cleanup may include, but is not limited to, decontamination, decommissioning, site restoration, site monitoring, closure, and post-closure costs.

Federal entities' operations sometimes result in hazardous waste that the U.S. government is required to remove, contain, or dispose of under federal, state, or local statutes, or other approved regulations, in effect as of the Balance Sheet date (regardless of the statute's effective date.) These cleanup costs meet the definition of liability provided in SFFAS 5, *Accounting for Liabilities of the Federal Government*. SFFAS 6, *Accounting for Property, Plant, and Equipment*, describes specific requirements for cleanup associated with PP&E, because that cleanup cannot occur until the end of the PP&E's useful life, or at regular intervals during that life. See SFFAS 6, Pars. 85-111 for complete reporting and disclosure requirements.

Other cleanup costs, such as those resulting from accidents or where cleanup is an ongoing part of operations, are accounted for under SFFAS 5 Liability standards since cleanup efforts would not be deferred until the associated PP&E ceases operations. These include government-related events, government-acknowledged events, and other instances in which the government assumes cleanup responsibility (i.e., natural disasters.)

## **Recognition and Measurement**

“Estimated total cleanup cost” should be appraised at the same time the associated PP&E is placed into service. Entities should record the estimated amount of liability for projected future cleanup costs (not yet due and payable) directly related to cleanup costs within SGL 299500 “Estimated Cleanup Cost Liability.”

***Estimated cleanup costs that are part of pending/threatened litigation, administrative or judicial proceedings, lawsuits, and/or other legal actions are instead reported in SGL 292000 "Contingent Liabilities."***

When estimating cleanup costs, entities should apply professional judgement and consider:

- The cleanup plan, including
  - level of restoration to be performed,
  - current legal or regulatory requirements, and
  - current technology; and
- The amount that would be paid if all equipment, facilities, and services included in the estimate were acquired during the current period.

## **Periodic Re-Estimates of Total Cleanup Costs**

Estimates shall be revised periodically to account for material changes due to inflation or deflation and changes in regulations, plans and/or technology. New cost estimates should be provided if there is evidence that material changes have occurred; otherwise estimates may be revised through indexing.

- If re-estimates are necessary, the cumulative effect of changes in total estimated cleanup costs should first be recognized as expense in the period of the change in estimate, with a corresponding change to estimate cleanup liability. (SFFAS 6, Par. 99)

## **Deferred Cleanup Costs – PP&E**

### **General PP&E (Including Land, Permanent Land Rights, and Multi-Use Heritage Assets)<sup>1</sup>**

During each period that general PP&E is in operation, a portion of estimated total cleanup costs should be recognized as expense. (If these accrued cleanup expenses are required to be funded from future-year appropriations, entities would recognize a Future Funded Expense in SGL 680000.) Similar to cost accounting, entities should apply a systematic and rational accrual methodology based on use of the physical capacity of the associated PP&E (e.g., expected usable landfill area) whenever possible. If physical capacity is not applicable or estimable, the estimated useful life of the associated PP&E may also be used as the basis for systematic and rational recognition.

- Expense recognition and liability accrual should begin on the date that the PP&E is placed into service, continue in each period that operation continues, and be completed when the PP&E ceases operation;
- As cleanup costs are paid, payments shall be recognized as a reduction in the liability for cleanup costs. These include the cost of PP&E or other assets acquired for use in cleanup activities.

### **Stewardship PP&E**

Consistent with the treatment of the acquisition cost of stewardship PP&E (i.e., expensing in the period placed in service), the total estimated cleanup cost shall be recognized as an expense in the period that the stewardship asset is placed in service and a liability established.

- The liability shall be adjusted when the estimated total cleanup costs are re-estimated; Any adjustments to the liability should be recognized as an expense in “changes in estimated cleanup costs from prior periods.”

### **Asbestos-Related Cleanup Costs**

Technical Bulletin (TB) 2006-01 clarifies that the term “hazardous waste” as defined in SFFAS 6 also includes asbestos for accounting and disclosure purposes. Asbestos-related cleanup costs are the costs of removing, containing, and/or disposing of (1) asbestos-containing materials from property, or (2) material and/or property that consists of asbestos-containing material at permanent or temporary closure or shutdown of associated PP&E. Along with other estimated cleanup costs, asbestos-related cleanup costs should be estimated when the associated PP&E is placed in service. Certain types of asbestos may be excluded from estimated cleanup costs- See TB 2006-01, Pars. 29-30 for additional information.

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<sup>1</sup> TB 2006-01 notes: “Although not explicitly stated, staff believes that it was the intent of the previous Board that the cleanup cost standards for general PP&E apply to all assets classified as general PP&E, including multi-use heritage assets.” (TB 2006-01, Par. A22.) While Land and Permanent Land Rights are reported at \$0 book value, they are still classified in SFFAS 59 as General PP&E. Thus, Cleanup Costs for Land and Land Rights should continue to be reported like General PP&E, rather than Stewardship PP&E.

### **Government-Related Events**

Government-related events include: (1) cleanup from federal operations resulting in hazardous waste that the federal government is required by statutes and/or regulations, that are in effect as of the Balance Sheet date, to clean up (i.e., remove, contain, or dispose of); (2) accidental damage to nonfederal property caused by federal operations; and (3) other damage to federal property caused by such factors as federal operations or natural forces.

- Government-related events resulting in a liability should be recognized in the period the event occurs if the future outflow or other sacrifice of resources is probable and the liability can be measured, or as soon thereafter as it becomes probable and measurable. (SFFAS 5, Pars. 28-29)

### **Government-Acknowledged Events – Federal Government Assumes Cleanup Responsibility**

Government-acknowledged events are nontransaction-based events that are of financial consequence to the federal government because it chooses to respond to the event. Since the federal government has broad responsibility to provide for the public’s general welfare, costs from many events, (toxic waste damage caused by nonfederal entities and natural disasters) may ultimately become the responsibility of the federal government. However, these costs do not meet the definition of a “liability” until, and to the extent that, the government formally acknowledges financial responsibility for the cost from the event and an exchange or nonexchange transaction has occurred.

- 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. (SFFAS 5, Pars. 30-32)

### **Government-Acknowledged Events – An Entity’s Ongoing Operations**

Some government-acknowledged events are unique in that hazardous waste is cleaned up as soon as it is created. The events might directly relate to the entity’s ongoing operations or be the type of activities for which budget authority is routinely provided.

The probability of a future outflow or other sacrifice of resources is assessed on the basis of current facts and circumstances. “Probable” refers to that which can reasonably be expected or is believed to be more likely than not on the basis of available evidence or logic, except for pending or threatened litigation and unasserted claims. These current facts and circumstances include the law that provides general authority for federal entity operations and specific budget authority to fund programs.

- If budget authority has not yet been provided, a future outflow or other sacrifice of resources might still meet the probability test if (1) it directly relates to ongoing entity operations and (2) it is the type for which budget authority is routinely provided. Therefore, the definition applies both to liabilities covered by budgetary resources and to liabilities not covered by budgetary resources. (SFFAS 5, Par. 33)
- Since the hazardous waste is cleaned up as soon as it is created, costs are expensed when cleanup services are rendered and an estimated future cleanup liability is not reported.

### **Cleanup Cost Liabilities Involving Multiple Component Reporting Entities**

SFFAS 6 guidance is based on the assumption that the cleanup cost and the associated general PP&E would be recognized by the same component reporting entity. However, in some cases, the component reporting entity that recognized the general PP&E during its useful life may not be responsible for future outflows or other sacrifices of resources to settle the liability for cleanup costs. Instead, the component reporting entity receiving the general PP&E for the cleanup has or assumes that responsibility because it was designated by law, rule, or administrative regulation to fund the liability.

Some component reporting entities settle liabilities by transferring general PP&E to another component reporting entity designated by law, rule, or administrative regulation to fund the liabilities. In such cases, a component reporting entity that recognizes general PP&E during its useful life may differ from the component reporting entity that will eventually be responsible for the future outflows or other sacrifices of resources required for cleanup costs or funding the cleanup liability. Instead, the component reporting entity receiving the asset upon its removal from service will be responsible for funding the cleanup cost.

- The criteria for liability recognition to determine whether "a future outflow or other sacrifice of resources is probable" can be considered met as long as the liability is reported with the general PP&E until the general PP&E is removed, contained, or disposed of. At that time, the liability would be transferred with the related general PP&E to the component reporting entity responsible for the liability. The entity transferring the general PP&E should ensure supporting documentation for the estimated cleanup costs is provided to the receiving entity.

When multiple component reporting entities have distinct responsibilities regarding general PP&E and related cleanup costs, information needed to monitor and update cleanup cost liabilities would typically be more readily available to the component reporting entity that reports the general PP&E.

- Until the component reporting entity recognizing the general PP&E transfers the general PP&E, it should continue to recognize the liability. Upon transferring the general PP&E, it should also transfer the associated liability.
- The liability should be reported by the component reporting entity recognizing the general PP&E, until that respective PP&E and associated liability are transferred to another entity for cleanup. At that time, the PP&E and the liability should be de-recognized by the component reporting entity that recognized them during the general PP&E's useful life and recognized by the component reporting entity that will liquidate the liability. (Interpretation 9, Pars. 9-11)
- This guidance only applies to component reporting entities designated by law, rule, or administrative regulation to fund liabilities, not from those component reporting entities that may receive excess property and are not responsible for settling the liability.

#### **Disclaimer**

The intent of this scenario is to illustrate the main concepts for the use of the accrual of cleanup cost liabilities through basic transactions. The scenario is not intended to be all inclusive of the different types of revenues and/or expenses that may be recorded.

Budgetary and financial reports reflect the pertinent lines to be reported based on the main concepts illustrated. For full presentations of the reports and line descriptions, refer to the appropriate authoritative guidance (i.e. OMB Circular A-136: *Financial Reporting Requirements*, OMB Circular No. A-11: *Preparation, Submission, and Execution the Budget*, Treasury Financial Manual references.)

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**Listing of USSGL Accounts Used in This Scenario:**

<b>Account Number</b>	<b>Account Title</b>
<b><u>Budgetary</u></b>	
411900	Other Appropriations Realized
420100	Total Actual Resources - Collected
445000	Unapportioned - Unexpired Authority
451000	Apportionments
461000	Allotments - Realized Resources
480100	Undelivered Orders - Obligations, Unpaid
490100	Delivered Orders - Obligations, Unpaid
490200	Delivered Orders - Obligations, Paid
<b><u>Proprietary</u></b>	
101000	Fund Balance With Treasury
175000	Equipment
175900	Accumulated Depreciation on Equipment
199500	General Property, Plant, and Equipment Permanently Removed but Not Yet Disposed
211000	Accounts Payable
299500	Estimated Cleanup Cost Liability
310000	Unexpended Appropriations - Cumulative
310100	Unexpended Appropriations - Appropriations Received
310700	Unexpended Appropriations - Used - Accrued
310710	Unexpended Appropriations - Used - Disbursed
331000	Cumulative Results of Operations
570000	Expended Appropriations - Used - Accrued
570010	Expended Appropriations - Disbursed
572000	Financing Sources Transferred In Without Reimbursement
573000	Financing Sources Transferred Out Without Reimbursement
610000	Operating Expenses/Program Costs
671000	Depreciation, Amortization, and Depletion
680000	Future Funded Expenses
690000	Nonproduction Costs
729000	Other Losses
880100	Offset for Purchases of Assets
880200	Purchases of Property, Plant, and Equipment

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**Deferred Cleanup Costs – General PP&E**  
**Year 1**

1. The federal entity records the enactment of appropriations of \$300,000 for the purchase of equipment.			
	<b>Debit</b>	<b>Credit</b>	<b>TC</b>
<b><u>Budgetary Entry</u></b> 411900 Other Appropriations Realized 445000 Unapportioned - Unexpired Authority	300,000	300,000	A104
<b><u>Proprietary Entry</u></b> 101000 (G) Fund Balance With Treasury 310100 (G) Unexpended Appropriations - Appropriations Received	300,000	300,000	
2. The federal entity records budget authority apportioned by the Office of Management and Budget and available for allotment.			
	<b>Debit</b>	<b>Credit</b>	<b>TC</b>
<b><u>Budgetary Entry</u></b> 445000 Unapportioned - Unexpired Authority 451000 Apportionments	300,000	300,000	A116
<b><u>Proprietary Entry</u></b> None			
3. The federal entity records the allotment of authority.			
	<b>Debit</b>	<b>Credit</b>	<b>TC</b>
<b><u>Budgetary Entry</u></b> 451000 Apportionments 461000 Allotments - Realized Resources	300,000	300,000	A120
<b><u>Proprietary Entry</u></b> None			

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4. The federal entity records current-year undelivered orders without an advance for the purchase of equipment.			
	Debit	Credit	TC
<u><b>Budgetary Entry</b></u> 461000 Allotments - Realized Resources 480100 Undelivered Orders - Obligations, Unpaid	300,000	300,000	B306
<u><b>Proprietary Entry</b></u> None			

5a. The federal entity records the delivery of equipment and places it into service.			
	Debit	Credit	TC
<u><b>Budgetary Entry</b></u> 480100 Undelivered Orders - Obligations, Unpaid 490100 Delivered Orders - Obligations, Unpaid	300,000	300,000	B402
<u><b>Proprietary Entry</b></u> 175000 Equipment 211000 Accounts Payable	300,000	300,000	B402
310700 Unexpended Appropriations - Used - Accrued 570000 Expended Appropriations - Used - Accrued	300,000	300,000	B134

5b. As part of the purchase of equipment, the federal entity records activity for current-year purchases of property.			
	Debit	Credit	TC
<u><b>Budgetary Entry</b></u> None			
<u><b>Proprietary (Memorandum) Entry</b></u> 880200 (N) Purchases of Property, Plant, and Equipment 880100 (N) Offset for Purchases of Assets	300,000	300,000	G120

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6. At the end of Year 1, the entity records the equipment's annual depreciation expense of \$100,000. (\$300,000/ 3 years useful life with no salvage value = \$100,000 annual expense.)			
	<b>Debit</b>	<b>Credit</b>	<b>TC</b>
<b><u>Budgetary Entry</u></b> None			
<b><u>Proprietary Entry</u></b> 671000 Depreciation, Amortization, and Depletion 175900 Accumulated Depreciation on Equipment	100,000	100,000	E120
7. The acquired equipment is known to produce hazardous waste, and the estimated cleanup cost is estimated to be \$120,000. Cleanup will start when the equipment ceases its operation, at the end of the 3-year useful life. The federal entity has not yet received budgetary resources to fund the cleanup. It recognizes an estimated environmental disposal liability and a Future Funded Expense for \$40,000. (\$120,000 estimated cleanup costs / 3 years equipment useful life = \$40,000)			
	<b>Debit</b>	<b>Credit</b>	<b>TC</b>
<b><u>Budgetary Entry</u></b> None			
<b><u>Proprietary Entry</u></b> 680000 Future Funded Expenses 299500 Estimated Cleanup Cost Liability	40,000	40,000	B420
8. The federal entity records a disbursement for unpaid delivered orders previously accrued by the purchase of equipment.			
	<b>Debit</b>	<b>Credit</b>	<b>TC</b>
<b><u>Budgetary Entry</u></b> 490100 Delivered Orders - Obligations, Unpaid 490200 Delivered Orders - Obligations, Paid	300,000	300,000	B110
<b><u>Proprietary Entry</u></b> 211000 Accounts Payable 101000 Fund Balance With Treasury	300,000	300,000	B110
310710 Unexpended Appropriations - Used - Disbursed	300,000		B235
570000 Expended Appropriations - Used - Accrued	300,000		
310700 Unexpended Appropriations - Used - Accrued		300,000	
570010 Expended Appropriations - Disbursed		300,000	

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<b>YEAR 1 PRE-CLOSING TRIAL BALANCE</b>			
<b>Account</b>	<b>Description</b>	<b>Debit</b>	<b>Credit</b>
<b>Budgetary</b>			
411900	Other Appropriations Realized	300,000	-
445000	Unapportioned - Unexpired Authority	-	-
461000	Allotments - Realized Resources	-	-
480100	Undelivered Orders - Obligations, Unpaid	-	-
490100	Delivered Orders - Obligations, Unpaid	-	-
490200	Delivered Orders - Obligations, Paid	-	300,000
<b>Total</b>		<b>300,000</b>	<b>300,000</b>
<b>Proprietary</b>			
101000 (G)	Fund Balance With Treasury	-	-
175000	Equipment	300,000	-
175900	Accumulated Depreciation on Equipment	-	100,000
211000 (N)	Accounts Payable	-	-
299500	Estimated Cleanup Cost Liability	-	40,000
310100 (G)	Unexpended Appropriations - Appropriations Received	-	300,000
310710 (G)	Unexpended Appropriations - Used - Disbursed	300,000	-
570010 (G)	Expended Appropriations - Disbursed	-	300,000
671000	Depreciation, Amortization, and Depletion	100,000	-
680000	Future Funded Expenses	40,000	-
880100 (N)	Offset for Purchases of Assets	-	300,000
880200 (N)	Purchases of Property, Plant, and Equipment	300,000	-
<b>Total</b>		<b>1,040,000</b>	<b>1,040,000</b>

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**Year 1 Closing Entries:**

9. The federal entity records the closing of expenses to cumulative results of operations.			
	Debit	Credit	TC
<b><u>Budgetary Entry</u></b>			
None			
<b><u>Proprietary Entry</u></b>			
331000 Cumulative Results of Operations	140,000		F336
671000 Depreciation, Amortization, and Depletion		100,000	
680000 Future Funded Expenses		40,000	
570010 Expended Appropriations - Disbursed	300,000		F336
331000 Cumulative Results of Operations		300,000	
310000 Unexpended Appropriations - Cumulative	300,000		F342
310710 Unexpended Appropriations - Used - Disbursed		300,000	
310100 (G) Unexpended Appropriations - Appropriations Received	300,000		F342
310000 Unexpended Appropriations - Cumulative		300,000	

10. The federal entity records the closing of memorandum accounts for asset purchases.			
	Debit	Credit	TC
<b><u>Budgetary Entry</u></b>			
None			
<b><u>Proprietary (Memorandum) Entry</u></b>			
880100 (N) Offset for Purchases of Assets	300,000		F370
880200 (N) Purchases of Property, Plant, and Equipment		300,000	

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11. The federal entity records the closing of paid, delivered orders to total actual resources.			
	Debit	Credit	TC
<b><u>Budgetary Entry</u></b> 490200 Delivered Orders - Obligations, Paid 420100 Total Actual Resources - Collected	300,000	300,000	F314
<b><u>Proprietary Entry</u></b> None			

12. The federal entity records the consolidation of actual net-funded resources.			
	Debit	Credit	TC
<b><u>Budgetary Entry</u></b> 420100 Total Actual Resources - Collected 411900 Other Appropriations Realized	300,000	300,000	F302
<b><u>Proprietary Entry</u></b> None			

YEAR 1 POST-CLOSING TRIAL BALANCE			
Account	Description	Debit	Credit
<b>Budgetary</b>			
		-	-
<b>Total</b>		-	-
<b>Proprietary</b>			
175000	Equipment	300,000	-
175900	Accumulated Depreciation on Equipment	-	100,000
299500	Estimated Cleanup Cost Liability	-	40,000
331000 (G)	Cumulative Results of Operations	-	160,000
<b>Total</b>		<b>300,000</b>	<b>300,000</b>

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**Deferred Cleanup Costs with PP&E - Year 2**

1. At the end of Year 2, the entity records the equipment's annual depreciation expense of \$100,000. ( $\$300,000 / 3$ years useful life with no salvage value = \$100,000 annual expense)			
	<b>Debit</b>	<b>Credit</b>	<b>TC</b>
<b><u>Budgetary Entry</u></b> None			
<b><u>Proprietary Entry</u></b> 671000 Depreciation, Amortization, and Depletion 175900 Accumulated Depreciation on Equipment	100,000	100,000	E120

**During Year 2, management re-estimates the total cleanup cost of the equipment. "Estimates shall be revised periodically to account for material changes due to inflation or deflation and changes in regulations, plans and/or technology. New cost estimates should be provided if there is evidence that material changes have occurred; otherwise estimates may be revised through indexing. (SFFAS 6, Par. 96)**

**The entity's re-estimate now indicates total estimated cleanup costs of \$180,000 due to inflation and changes in technology/regulations. This re-estimate exceeds the original estimate by \$60,000. "The cumulative effect of changes in total estimated cleanup costs should be recognized as expense with a corresponding change to estimate cleanup liability in the period of the change in estimate." (SFFAS 6, Par. 99)**

2. In Year 2, management's re-estimate of the cleanup cost now indicates total estimated cleanup costs of \$180,000 due to inflation, changes in technology, and other factors. This re-estimate exceeds the original estimate in Year 1 of \$120,000 by \$60,000.			
The cumulative effect of changes in total estimated cleanup costs related to current and past operations is recognized as an expense and the liability is adjusted in the period of the change in estimate. Accordingly, the entity recognizes a cumulative adjustment to the environmental disposal liability and a Future Funded Expense for \$20,000 ( $\$180,000$ re-estimated costs - $\$120,000$ original costs = $\$60,000$ adjustment. $\$60,000$ re-estimated expense - $\$40,000$ Year 1 expense = $\$20,000$ adjustment necessary)			
	<b>Debit</b>	<b>Credit</b>	<b>TC</b>
<b><u>Budgetary Entry</u></b> None			
<b><u>Proprietary Entry</u></b> 680000 Future Funded Expenses 299500 Estimated Cleanup Cost Liability	20,000	20,000	B420

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In addition to the one-time “catch-up” adjusting entry, the entity updates its annual estimated cleanup cost liability accrual due to the re-estimate.

3. The federal entity has still not yet received budgetary resources to fund the cleanup. It recognizes an estimated environmental disposal liability and a Future Funded Expense for \$60,000, the new accrual rate after the re-estimate of cleanup costs. (\$180,000 estimated cleanup costs / 3 years equipment useful life = \$60,000)

	Debit	Credit	TC
<b><u>Budgetary Entry</u></b> None			
<b><u>Proprietary Entry</u></b> 680000 Future Funded Expenses 299500 Estimated Cleanup Cost Liability	60,000	60,000	B420

YEAR 2 PRE-CLOSING TRIAL BALANCE			
Account	Description	Debit	Credit
<b>Budgetary</b>			
		-	-
<b>Total</b>		-	-
<b>Proprietary</b>			
175000	Equipment	300,000	-
175900	Accumulated Depreciation on Equipment	-	200,000
299500	Estimated Cleanup Cost Liability	-	120,000
331000 (G)	Cumulative Results of Operations	-	160,000
671000	Depreciation, Amortization, and Depletion	100,000	-
680000	Future Funded Expenses	80,000	-
<b>Total</b>		<b>480,000</b>	<b>480,000</b>

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**Deferred Cleanup Costs with PP&E - Year 2 Closing Entries:**

4. The federal entity records the closing of expenses to cumulative results of operations.			
	Debit	Credit	TC
<b><u>Budgetary Entry</u></b> None			
<b><u>Proprietary Entry</u></b> 331000 Cumulative Results of Operations 671000 Depreciation, Amortization, and Depletion 680000 Future Funded Expenses	180,000	100,000 80,000	F336

YEAR 2 POST-CLOSING TRIAL BALANCE			
Account	Description	Debit	Credit
<b>Budgetary</b>			
		-	-
<b>Total</b>		-	-
<b>Proprietary</b>			
175000	Equipment	300,000	-
175900	Accumulated Depreciation on Equipment	-	200,000
299500	Estimated Cleanup Cost Liability	-	120,000
331000 (G)	Cumulative Results of Operations	20,000	-
<b>Total</b>		<b>320,000</b>	<b>320,000</b>

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**Deferred Cleanup Costs with PP&E - Year 3**

In Year 3, the federal entity continues to record straight-line depreciation expense of \$100,000 (Year 2, Transaction #1), accrue for estimated cleanup cost expenses of \$60,000 (Year 2, Transaction #3) and respective closing entries. Entity management determines no adjustments for the estimated cleanup cost are necessary.

YEAR 3 POST-CLOSING TRIAL BALANCE			
Account	Description	Debit	Credit
<b>Budgetary</b>			
		-	-
<b>Total</b>		-	-
<b>Proprietary</b>			
175000	Equipment	300,000	-
175900	Accumulated Depreciation on Equipment	-	300,000
299500	Estimated Cleanup Cost Liability	-	180,000
331000 (G)	Cumulative Results of Operations	180,000	
<b>Total</b>		<b>480,000</b>	<b>480,000</b>

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**Deferred Cleanup Costs with PP&E - Year 4**

1. The federal entity records the enactment of appropriations of \$60,000 for the cleanup of hazardous materials. Cleanup often takes multiple years to complete and the entity receives funding in Year 4 to complete one-third of the total cleanup.			
	<b>Debit</b>	<b>Credit</b>	<b>TC</b>
<b><u>Budgetary Entry</u></b> 411900 Other Appropriations Realized 445000 Unapportioned - Unexpired Authority	60,000	60,000	A104
<b><u>Proprietary Entry</u></b> 101000 (G) Fund Balance With Treasury 310100 (G) Unexpended Appropriations - Appropriations Received	60,000	60,000	
2. The federal entity records budget authority apportioned by the Office of Management and Budget and available for allotment.			
	<b>Debit</b>	<b>Credit</b>	<b>TC</b>
<b><u>Budgetary Entry</u></b> 445000 Unapportioned - Unexpired Authority 451000 Apportionments	60,000	60,000	A116
<b><u>Proprietary Entry</u></b> None			
3. The federal entity records the allotment of authority.			
	<b>Debit</b>	<b>Credit</b>	<b>TC</b>
<b><u>Budgetary Entry</u></b> 451000 Apportionments 461000 Allotments - Realized Resources	60,000	60,000	A120
<b><u>Proprietary Entry</u></b> None			

**CLEANUP COSTS & ENVIRONMENTAL DISPOSAL LIABILITIES**  
**Effective Fiscal 2026**

4. The federal entity records current-year undelivered orders without an advance for the cleanup of hazardous materials.			
	Debit	Credit	TC
<b><u>Budgetary Entry</u></b>			
461000 Allotments - Realized Resources	60,000		B306
480100 Undelivered Orders - Obligations, Unpaid		60,000	
<b><u>Proprietary Entry</u></b>			
None			

5. Cleanup of hazardous materials often takes multiple years to complete and the entity receives funding for one-third of total cleanup services in Year 4. A non-federal contractor completes services for one-third of the cleanup of hazardous materials in the amount of \$60,000. The federal entity records the funded portion of cleanup costs that was previously estimated and reclassifies \$60,000 of Future Funded Expenses to current operating expenses.			
	Debit	Credit	TC
<b><u>Budgetary Entry</u></b>			
480100 Undelivered Orders - Obligations, Unpaid	60,000		B436
490100 Delivered Orders - Obligations, Unpaid		60,000	
<b><u>Proprietary Entry</u></b>			
299500 Estimated Cleanup Cost Liability	60,000		B436
610000 Operating Expenses/Program Costs	60,000		
211000 Accounts Payable		60,000	
680000 Future Funded Expenses		60,000	
310700 Unexpended Appropriations - Used - Accrued	60,000		B134
570000 Expended Appropriations - Used - Accrued		60,000	

**CLEANUP COSTS & ENVIRONMENTAL DISPOSAL LIABILITIES**  
**Effective Fiscal 2026**

6. The federal entity records a disbursement for unpaid delivered orders previously accrued by the services to clean up/dispose of hazardous materials.			
	<b>Debit</b>	<b>Credit</b>	<b>TC</b>
<b><u>Budgetary Entry</u></b>			
490100 Delivered Orders - Obligations, Unpaid	60,000		B110
490200 Delivered Orders - Obligations, Paid		60,000	
<b><u>Proprietary Entry</u></b>			
211000 Accounts Payable	60,000		B110
101000 Fund Balance With Treasury		60,000	
310710 Unexpended Appropriations - Used - Disbursed	60,000		B235
570000 Expended Appropriations - Used - Accrued	60,000		
310700 Unexpended Appropriations - Used - Accrued		60,000	
570010 Expended Appropriations - Disbursed		60,000	

**CLEANUP COSTS & ENVIRONMENTAL DISPOSAL LIABILITIES**  
**Effective Fiscal 2026**

<b>YEAR 4 PRE-CLOSING TRIAL BALANCE</b>			
<b>Account</b>	<b>Description</b>	<b>Debit</b>	<b>Credit</b>
<b>Budgetary</b>			
411900	Other Appropriations Realized	60,000	-
445000	Unapportioned - Unexpired Authority	-	-
461000	Allotments - Realized Resources	-	-
480100	Undelivered Orders - Obligations, Unpaid	-	-
490100	Delivered Orders - Obligations, Unpaid	-	-
490200	Delivered Orders - Obligations, Paid	-	60,000
<b>Total</b>		<b>60,000</b>	<b>60,000</b>
<b>Proprietary</b>			
101000 (G)	Fund Balance With Treasury	-	-
175000	Equipment	300,000	-
175900	Accumulated Depreciation on Equipment	-	300,000
211000 (N)	Accounts Payable	-	-
299500	Estimated Cleanup Cost Liability	-	120,000
310100 (G)	Unexpended Appropriations - Appropriations Received	-	60,000
310710 (G)	Unexpended Appropriations - Used - Disbursed	60,000	-
331000 (G)	Cumulative Results of Operations	180,000	-
570010 (G)	Expended Appropriations - Disbursed	-	60,000
610000	Operating Expenses/Program Costs	60,000	-
680000	Future Funded Expenses	-	60,000
<b>Total</b>		<b>600,000</b>	<b>600,000</b>

**CLEANUP COSTS & ENVIRONMENTAL DISPOSAL LIABILITIES**  
**Effective Fiscal 2026**

**Deferred Cleanup Costs with PP&E - Year 4 Closing Entries:**

7. The federal entity records the closing of expenses to cumulative results of operations.			
	Debit	Credit	TC
<b><u>Budgetary Entry</u></b>			
None			
<b><u>Proprietary Entry</u></b>			
331000 Cumulative Results of Operations	-		F336
680000 Future Funded Expenses	60,000		
610000 Operating Expenses/Program Costs		60,000	
570010 Expended Appropriations - Disbursed	60,000		F336
331000 Cumulative Results of Operations		60,000	
310000 Unexpended Appropriations - Cumulative	60,000		F342
310710 Unexpended Appropriations - Used - Disbursed		60,000	
310100 (G) Unexpended Appropriations - Appropriations Received	60,000		F342
310000 Unexpended Appropriations - Cumulative		60,000	

8. The federal entity records the closing of paid, delivered orders to total actual resources.			
	Debit	Credit	TC
<b><u>Budgetary Entry</u></b>			
490200 Delivered Orders - Obligations, Paid	60,000		F314
420100 Total Actual Resources - Collected		60,000	
<b><u>Proprietary Entry</u></b>			
None			

**CLEANUP COSTS & ENVIRONMENTAL DISPOSAL LIABILITIES**  
**Effective Fiscal 2026**

9. The federal entity records the consolidation of actual net-funded resources.			
	Debit	Credit	TC
<b><u>Budgetary Entry</u></b> 420100 Total Actual Resources - Collected 411900 Other Appropriations Realized	60,000	60,000	F302
<b><u>Proprietary Entry</u></b> None			

YEAR 4 POST-CLOSING TRIAL BALANCE			
Account	Description	Debit	Credit
<b>Budgetary</b>			
		-	-
<b>Total</b>		-	-
<b>Proprietary</b>			
175000	Equipment	300,000	-
175900	Accumulated Depreciation on Equipment	-	300,000
299500	Estimated Cleanup Cost Liability	-	120,000
331000 (G)	Cumulative Results of Operations	120,000	-
<b>Total</b>		<b>420,000</b>	<b>420,000</b>

**CLEANUP COSTS & ENVIRONMENTAL DISPOSAL LIABILITIES**  
**Effective Fiscal 2026**

**Government-Related Events - Accidents**  
**Year 1**

1. In Year 1, an accident involving hazardous materials occurs at an abandoned facility and is caused by federal government operations. The federal entity determines a future outflow is probable and measures the estimated cleanup costs to be \$100,000. Government-related events resulting in a liability should be recognized in the period the event occurs if the future outflow or other sacrifice of resources is probable and the liability can be measured. (SFFAS 5, Par. 29)			
The federal entity has not yet received budgetary resources to fund the cleanup, as funding is not available until the following year. It recognizes an estimated environmental disposal liability and a Future Funded Expense in Year 1 for \$100,000.			
	<b>Debit</b>	<b>Credit</b>	<b>TC</b>
<b><u>Budgetary Entry</u></b> None			
<b><u>Proprietary Entry</u></b> 680000 Future Funded Expenses 299500 Estimated Cleanup Cost Liability	100,000	100,000	B420

2. The federal entity records the closing of expenses to cumulative results of operations.			
	<b>Debit</b>	<b>Credit</b>	<b>TC</b>
<b><u>Budgetary Entry</u></b> None			
<b><u>Proprietary Entry</u></b> 331000 Cumulative Results of Operations 680000 Future Funded Expenses	100,000	100,000	F336

YEAR 1 POST-CLOSING TRIAL BALANCE			
Account	Description	Debit	Credit
<b>Budgetary</b>			
		-	-
<b>Total</b>		-	-
<b>Proprietary</b>			
299500	Estimated Cleanup Cost Liability	-	100,000
331000 (G)	Cumulative Results of Operations	100,000	-
<b>Total</b>		<b>100,000</b>	<b>100,000</b>

**CLEANUP COSTS & ENVIRONMENTAL DISPOSAL LIABILITIES**  
**Effective Fiscal 2026**

**Government-Related Events – Accidents**  
**Year 2**

1. At the start of Year 2, the federal entity receives budgetary resources to fund the cleanup of hazardous materials from the accident that occurred in Year 1. It records the enactment of appropriations of \$100,000 for the cleanup of hazardous materials.			
	<b>Debit</b>	<b>Credit</b>	<b>TC</b>
<b><u>Budgetary Entry</u></b> 411900 Other Appropriations Realized 445000 Unapportioned - Unexpired Authority	100,000	100,000	A104
<b><u>Proprietary Entry</u></b> 101000 (G) Fund Balance With Treasury 310100 (G) Unexpended Appropriations - Appropriations Received	100,000	100,000	
2. The federal entity records budget authority apportioned by the Office of Management and Budget and available for allotment.			
	<b>Debit</b>	<b>Credit</b>	<b>TC</b>
<b><u>Budgetary Entry</u></b> 445000 Unapportioned - Unexpired Authority 451000 Apportionments	100,000	100,000	A116
<b><u>Proprietary Entry</u></b> None			
3. The federal entity records the allotment of authority.			
	<b>Debit</b>	<b>Credit</b>	<b>TC</b>
<b><u>Budgetary Entry</u></b> 451000 Apportionments 461000 Allotments - Realized Resources	100,000	100,000	A120
<b><u>Proprietary Entry</u></b> None			

**CLEANUP COSTS & ENVIRONMENTAL DISPOSAL LIABILITIES**  
**Effective Fiscal 2026**

4. The federal entity records current-year undelivered orders without an advance for the cleanup of hazardous materials.			
	Debit	Credit	TC
<b><u>Budgetary Entry</u></b> 461000 Allotments - Realized Resources 480100 Undelivered Orders - Obligations, Unpaid  <b><u>Proprietary Entry</u></b> None	100,000	100,000	B306

5. A non-federal contractor completes the services for cleanup of the hazardous materials occurring as a result of the accident at an abandoned facility. The federal entity records the funded portion of cleanup costs that was previously estimated and reclassifies Future Funded Expenses to Operating Expenses.			
	Debit	Credit	TC
<b><u>Budgetary Entry</u></b> 480100 Undelivered Orders - Obligations, Unpaid 490100 Delivered Orders - Obligations, Unpaid  <b><u>Proprietary Entry</u></b> 299500 Estimated Cleanup Cost Liability 610000 Operating Expenses/Program Costs 211000 Accounts Payable 680000 Future Funded Expenses  310700 Unexpended Appropriations - Used - Accrued 570000 Expended Appropriations - Used - Accrued	100,000	100,000	B436
	100,000		B436
		100,000	
		100,000	
	100,000		B134
		100,000	

**CLEANUP COSTS & ENVIRONMENTAL DISPOSAL LIABILITIES**  
**Effective Fiscal 2026**

6. The federal entity records a disbursement for unpaid delivered orders previously accrued by the services rendered to clean up/dispose of hazardous materials.			
	<b>Debit</b>	<b>Credit</b>	<b>TC</b>
<b><u>Budgetary Entry</u></b>			
490100 Delivered Orders - Obligations, Unpaid	100,000		B110
490200 Delivered Orders - Obligations, Paid		100,000	
<b><u>Proprietary Entry</u></b>			
211000 Accounts Payable	100,000		B110
101000 Fund Balance With Treasury		100,000	
310710 Unexpended Appropriations - Used - Disbursed	100,000		B235
570000 Expended Appropriations - Used - Accrued	100,000		
310700 Unexpended Appropriations - Used - Accrued		100,000	
570010 Expended Appropriations - Disbursed		100,000	

YEAR 2 PRE-CLOSING TRIAL BALANCE			
Account	Description	Debit	Credit
<b>Budgetary</b>			
411900	Other Appropriations Realized	100,000	-
445000	Unapportioned - Unexpired Authority	-	-
461000	Allotments - Realized Resources	-	-
480100	Undelivered Orders - Obligations, Unpaid	-	-
490100	Delivered Orders - Obligations, Unpaid	-	-
490200	Delivered Orders - Obligations, Paid	-	100,000
<b>Total</b>		<b>100,000</b>	<b>100,000</b>
<b>Proprietary</b>			
101000 (G)	Fund Balance With Treasury	-	-
211000 (N)	Accounts Payable	-	-
299500	Estimated Cleanup Cost Liability	-	-
310100 (G)	Unexpended Appropriations - Appropriations Received	-	100,000
310710 (G)	Unexpended Appropriations - Used - Disbursed	100,000	-
331000 (G)	Cumulative Results of Operations	100,000	-

**CLEANUP COSTS & ENVIRONMENTAL DISPOSAL LIABILITIES**

**Effective Fiscal 2026**

570010 (G)	Expended Appropriations - Disbursed	-	100,000
610000	Operating Expenses/Program Costs	-	100,000
680000	Future Funded Expenses	100,000	-
<b>Total</b>		<b>300,000</b>	<b>300,000</b>

**Government-Related Events – Accidents - Year 2 Closing Entries:**

7. The federal entity records the closing of expenses to cumulative results of operations.			
	Debit	Credit	TC
<b><u>Budgetary Entry</u></b>			
None			
<b><u>Proprietary Entry</u></b>			
331000 Cumulative Results of Operations	-		F336
680000 Future Funded Expenses	100,000		
610000 Operating Expenses/Program Costs		100,000	
570010 Expended Appropriations - Disbursed	100,000		F336
331000 Cumulative Results of Operations		100,000	
310000 Unexpended Appropriations - Cumulative	100,000		F342
310710 Unexpended Appropriations - Used - Disbursed		100,000	
310100 (G) Unexpended Appropriations - Appropriations Received	100,000		F342
310000 Unexpended Appropriations - Cumulative		100,000	

**CLEANUP COSTS & ENVIRONMENTAL DISPOSAL LIABILITIES**  
**Effective Fiscal 2026**

8. The federal entity records the closing of paid, delivered orders to total actual resources.			
	Debit	Credit	TC
<b><u>Budgetary Entry</u></b> 490200 Delivered Orders - Obligations, Paid 420100 Total Actual Resources - Collected	100,000	100,000	F314
<b><u>Proprietary Entry</u></b> None			

9. The federal entity records the consolidation of actual net-funded resources.			
	Debit	Credit	TC
<b><u>Budgetary Entry</u></b> 420100 Total Actual Resources - Collected 411900 Other Appropriations Realized	100,000	100,000	F302
<b><u>Proprietary Entry</u></b> None			

YEAR 2 POST-CLOSING TRIAL BALANCE			
Account	Description	Debit	Credit
<b>Budgetary</b>			
<b>Total</b>		-	-
<b>Proprietary</b>			
331000 (G)	Cumulative Results of Operations	-	-
<b>Total</b>		-	-

**CLEANUP COSTS & ENVIRONMENTAL DISPOSAL LIABILITIES**

**Effective Fiscal 2026**

**Government-Acknowledged Events – Federal Government Assumes Cleanup Responsibility**

**Year 1**

1. In Year 1, toxic waste damage is caused by a natural disaster, and the federal government assumes responsibility for the cleanup, even though it has no prior legal obligations. The federal entity receives authorization legislation in Year 1 and records the enactment of appropriations of \$500,000 for the cleanup costs.			
	<b>Debit</b>	<b>Credit</b>	<b>TC</b>
<b><u>Budgetary Entry</u></b> 411900 Other Appropriations Realized 445000 Unapportioned - Unexpired Authority	500,000	500,000	A104
<b><u>Proprietary Entry</u></b> 101000 (G) Fund Balance With Treasury 310100 (G) Unexpended Appropriations - Appropriations Received	500,000	500,000	
2. The federal entity records budget authority apportioned by the Office of Management and Budget and available for allotment.			
	<b>Debit</b>	<b>Credit</b>	<b>TC</b>
<b><u>Budgetary Entry</u></b> 445000 Unapportioned - Unexpired Authority 451000 Apportionments	500,000	500,000	A116
<b><u>Proprietary Entry</u></b> None			
3. The federal entity records the allotment of authority.			
	<b>Debit</b>	<b>Credit</b>	<b>TC</b>
<b><u>Budgetary Entry</u></b> 451000 Apportionments 461000 Allotments - Realized Resources	500,000	500,000	A120
<b><u>Proprietary Entry</u></b> None			

**CLEANUP COSTS & ENVIRONMENTAL DISPOSAL LIABILITIES**  
**Effective Fiscal 2026**

4. The federal entity records current-year undelivered orders without an advance for services to clean up toxic waste damage as a result of the natural disaster.			
	<b>Debit</b>	<b>Credit</b>	<b>TC</b>
<b><u>Budgetary Entry</u></b> 461000 Allotments - Realized Resources 480100 Undelivered Orders - Obligations, Unpaid	500,000	500,000	B306
<b><u>Proprietary Entry</u></b> None			

5. A non-federal contractor completes the services for cleanup of the toxic waste for which the federal government has assumed the responsibility for cleanup. For government-acknowledged events, the federal entity should recognize a liability and expense when Congress has appropriated/authorized resources AND 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). (SFFAS 5, Par. 31) The federal entity recognizes \$500,000 in non-production expenses for the contractor's cleanup services.			
	<b>Debit</b>	<b>Credit</b>	<b>TC</b>
<b><u>Budgetary Entry</u></b> 480100 Undelivered Orders - Obligations, Unpaid 490100 Delivered Orders - Obligations, Unpaid	500,000	500,000	B436
<b><u>Proprietary Entry</u></b> 690000 Nonproduction Costs <sup>2</sup> 211000 Accounts Payable	500,000	500,000	B436
310700 Unexpended Appropriations - Used - Accrued 570000 Expended Appropriations - Used - Accrued	500,000	500,000	B134

<sup>2</sup> Non-production costs include nonrecurring cleanup costs resulting from facility abandonments that are not accrued. (SFFAS 4, Par. 104.) Entity management should apply professional judgement to determine if the costs are related to the production of goods and services or linked to other events. Costs related to the production of goods and services would be reported in SGL 610000, "Operating Expenses/Program Costs" instead.

**CLEANUP COSTS & ENVIRONMENTAL DISPOSAL LIABILITIES**  
**Effective Fiscal 2026**

6. The federal entity records a disbursement for unpaid delivered orders previously accrued by the services to clean up/dispose of the toxic waste.			
	Debit	Credit	TC
<b><u>Budgetary Entry</u></b>			
490100 Delivered Orders - Obligations, Unpaid	500,000		B110
490200 Delivered Orders - Obligations, Paid		500,000	
<b><u>Proprietary Entry</u></b>			
211000 Accounts Payable	500,000		B110
101000 Fund Balance With Treasury		500,000	
310710 Unexpended Appropriations - Used - Disbursed	500,000		B235
570000 Expended Appropriations - Used - Accrued	500,000		
310700 Unexpended Appropriations - Used - Accrued		500,000	
570010 Expended Appropriations - Disbursed		500,000	

YEAR 1 PRE-CLOSING TRIAL BALANCE			
Account	Description	Debit	Credit
<b>Budgetary</b>			
411900	Other Appropriations Realized	500,000	-
445000	Unapportioned - Unexpired Authority	-	-
461000	Allotments - Realized Resources	-	-
480100	Undelivered Orders - Obligations, Unpaid	-	-
490100	Delivered Orders - Obligations, Unpaid	-	-
490200	Delivered Orders - Obligations, Paid	-	500,000
<b>Total</b>		<b>500,000</b>	<b>500,000</b>
<b>Proprietary</b>			
101000 (G)	Fund Balance With Treasury	-	-
211000 (N)	Accounts Payable	-	-
299500	Estimated Cleanup Cost Liability	-	-
310100 (G)	Unexpended Appropriations - Appropriations Received	-	500,000
310710 (G)	Unexpended Appropriations - Used - Disbursed	500,000	-
690000	Nonproduction Costs	500,000	-
<b>Total</b>		<b>1,000,000</b>	<b>1,000,000</b>

**CLEANUP COSTS & ENVIRONMENTAL DISPOSAL LIABILITIES**  
**Effective Fiscal 2026**

**Government-Acknowledged Events – Federal Government Assumes Cleanup Responsibility- Year 1 Closing Entries:**

7. The federal entity records the closing of expenses to cumulative results of operations.			
	Debit	Credit	TC
<b><u>Budgetary Entry</u></b>			
None			
<b><u>Proprietary Entry</u></b>			
331000 Cumulative Results of Operations	500,000		F336
690000 Nonproduction Costs		500,000	
570010 Expended Appropriations - Disbursed	500,000		F336
331000 Cumulative Results of Operations		500,000	
310000 Unexpended Appropriations - Cumulative	500,000		F342
310710 Unexpended Appropriations - Used - Disbursed		500,000	
310100 (G) Unexpended Appropriations - Appropriations Received	500,000		F342
310000 Unexpended Appropriations - Cumulative		500,000	

8. The federal entity records the closing of paid, delivered orders to total actual resources.			
	Debit	Credit	TC
<b><u>Budgetary Entry</u></b>			
490200 Delivered Orders - Obligations, Paid	500,000		F314
420100 Total Actual Resources - Collected		500,000	
<b><u>Proprietary Entry</u></b>			
None			

**CLEANUP COSTS & ENVIRONMENTAL DISPOSAL LIABILITIES**  
**Effective Fiscal 2026**

9. The federal entity records the consolidation of actual net-funded resources.			
	Debit	Credit	TC
<b><u>Budgetary Entry</u></b> 420100 Total Actual Resources - Collected 411900 Other Appropriations Realized	500,000	500,000	F302
<b><u>Proprietary Entry</u></b> None			

YEAR 1 POST-CLOSING TRIAL BALANCE			
Account	Description	Debit	Credit
<b>Budgetary</b>			
<b>Total</b>		-	-
<b>Proprietary</b>			
331000 (G)	Cumulative Results of Operations	-	-
<b>Total</b>		-	-

**CLEANUP COSTS & ENVIRONMENTAL DISPOSAL LIABILITIES**

**Effective Fiscal 2026**

**Government-Acknowledged Events – Ongoing Part of Operations**

**Year 1**

1. Hazardous waste is cleaned up at a government facility as soon as it is created. As a result, an expense is recognized but the estimated future cleanup liability will not be accrued. The federal entity records the enactment of appropriations of \$60,000 for the cleanup costs in Year 1.			
	<b>Debit</b>	<b>Credit</b>	<b>TC</b>
<b><u>Budgetary Entry</u></b> 411900 Other Appropriations Realized 445000 Unapportioned - Unexpired Authority	60,000	60,000	A104
<b><u>Proprietary Entry</u></b> 101000 (G) Fund Balance With Treasury 310100 (G) Unexpended Appropriations - Appropriations Received	60,000	60,000	
2. The federal entity records budget authority apportioned by the Office of Management and Budget and available for allotment.			
	<b>Debit</b>	<b>Credit</b>	<b>TC</b>
<b><u>Budgetary Entry</u></b> 445000 Unapportioned - Unexpired Authority 451000 Apportionments	60,000	60,000	A116
<b><u>Proprietary Entry</u></b> None			
3. The federal entity records the allotment of authority.			
	<b>Debit</b>	<b>Credit</b>	<b>TC</b>
<b><u>Budgetary Entry</u></b> 451000 Apportionments 461000 Allotments - Realized Resources	60,000	60,000	A120
<b><u>Proprietary Entry</u></b> None			

**CLEANUP COSTS & ENVIRONMENTAL DISPOSAL LIABILITIES**  
**Effective Fiscal 2026**

4. The federal entity records current-year undelivered orders without an advance for the cleanup of hazardous waste that is cleaned up as soon as it is created.			
	Debit	Credit	TC
<b><u>Budgetary Entry</u></b>			
461000 Allotments - Realized Resources	60,000		B306
480100 Undelivered Orders - Obligations, Unpaid		60,000	
<b><u>Proprietary Entry</u></b>			
None			

5. A non-federal contractor completes the services for the cleanup of hazardous waste that is cleaned up as soon as it is created. The federal entity recognizes expenses for the contractor's cleanup services and disburses the payment in Year 1 that was not previously accrued.			
	Debit	Credit	TC
<b><u>Budgetary Entry</u></b>			
480100 Undelivered Orders - Obligations, Unpaid	60,000		B107
490200 Delivered Orders - Obligations, Paid		60,000	
<b><u>Proprietary Entry</u></b>			
610000 Operating Expenses/Program Costs	60,000		B107
101000 Fund Balance With Treasury		60,000	
310710 Unexpended Appropriations - Used - Disbursed	60,000		B234
570010 Expended Appropriations - Disbursed		60,000	

YEAR 1 PRE-CLOSING TRIAL BALANCE			
Account	Description	Debit	Credit
<b>Budgetary</b>			
411900	Other Appropriations Realized	60,000	-
445000	Unapportioned - Unexpired Authority	-	-
461000	Allotments - Realized Resources	-	-
480100	Undelivered Orders - Obligations, Unpaid	-	-
490100	Delivered Orders - Obligations, Unpaid	-	-

**CLEANUP COSTS & ENVIRONMENTAL DISPOSAL LIABILITIES**  
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490200	Delivered Orders - Obligations, Paid	-	60,000
<b>Total</b>		<b>60,000</b>	<b>60,000</b>
<b>Proprietary</b>			
101000 (G)	Fund Balance With Treasury	-	-
211000 (N)	Accounts Payable	-	-
299500	Estimated Cleanup Cost Liability	-	-
310100 (G)	Unexpended Appropriations - Appropriations Received	-	60,000
310710 (G)	Unexpended Appropriations - Used - Disbursed	60,000	-
570010 (G)	Expended Appropriations - Disbursed	-	60,000
610000	Operating Expenses/Program Costs	60,000	-
<b>Total</b>		<b>120,000</b>	<b>120,000</b>

**Government-Acknowledged Events – Ongoing Part of Operations- Year 1 Closing Entries:**

6. The federal entity records the closing of expenses to cumulative results of operations.			
	<b>Debit</b>	<b>Credit</b>	<b>TC</b>
<b><u>Budgetary Entry</u></b>			
None			
<b><u>Proprietary Entry</u></b>			
331000 Cumulative Results of Operations	60,000		F336
610000 Operating Expenses/Program Costs		60,000	
570010 Expended Appropriations - Disbursed	60,000		F336
331000 Cumulative Results of Operations		60,000	
310000 Unexpended Appropriations - Cumulative	60,000		F342
310710 Unexpended Appropriations - Used - Disbursed		60,000	
310100 (G) Unexpended Appropriations - Appropriations Received	60,000		F342
310000 Unexpended Appropriations - Cumulative		60,000	

**CLEANUP COSTS & ENVIRONMENTAL DISPOSAL LIABILITIES**  
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7. The federal entity records the closing of paid delivered orders to total actual resources.			
	Debit	Credit	TC
<b><u>Budgetary Entry</u></b> 490200 Delivered Orders - Obligations, Paid 420100 Total Actual Resources - Collected	60,000	60,000	F314
<b><u>Proprietary Entry</u></b> None			

8. The federal entity records the consolidation of actual net-funded resources.			
	Debit	Credit	TC
<b><u>Budgetary Entry</u></b> 420100 Total Actual Resources - Collected 411900 Other Appropriations Realized	60,000	60,000	F302
<b><u>Proprietary Entry</u></b> None			

YEAR 1 POST-CLOSING TRIAL BALANCE			
Account	Description	Debit	Credit
<b>Budgetary</b>			
<b>Total</b>		-	-
<b>Proprietary</b>			
331000 (G)	Cumulative Results of Operations	-	-
<b>Total</b>		-	-

**CLEANUP COSTS & ENVIRONMENTAL DISPOSAL LIABILITIES**

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**Deferred Cleanup Costs Involving Multiple Component Reporting Entities**

**Year 1**

1. The federal entity records the enactment of appropriations of \$1,000,000 for the purchase of equipment.							
Federal Entity Using PP&E Asset in Operations				Federal Entity Responsible for Cleanup Cost Operations			
	Debit	Credit	TC		Debit	Credit	TC
<b><u>Budgetary Entry</u></b> 411900 Other Appropriations Realized 445000 Unapportioned - Unexpired Authority	1,000,000	1,000,000	A104	<b><u>Budgetary Entry</u></b> None			
<b><u>Proprietary Entry</u></b> 101000 (G) Fund Balance With Treasury 310100 (G) Unexpended Appropriations - Appropriations Received	1,000,000	1,000,000		<b><u>Proprietary Entry</u></b> None			

2. The federal entity records budget authority apportioned by the Office of Management and Budget and available for allotment.							
Federal Entity Using PP&E Asset in Operations				Federal Entity Responsible for Cleanup Cost Operations			
	Debit	Credit	TC		Debit	Credit	TC
<b><u>Budgetary Entry</u></b> 445000 Unapportioned - Unexpired Authority 451000 Apportionments	1,000,000	1,000,000	A116	<b><u>Budgetary Entry</u></b> None			
<b><u>Proprietary Entry</u></b> None				<b><u>Proprietary Entry</u></b> None			

**CLEANUP COSTS & ENVIRONMENTAL DISPOSAL LIABILITIES**  
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3. The federal entity records the allotment of authority.							
Federal Entity Using PP&E Asset in Operations				Federal Entity Responsible for Cleanup Cost Operations			
	Debit	Credit	TC		Debit	Credit	TC
<u><b>Budgetary Entry</b></u> 451000 Apportionments 461000 Allotments - Realized Resources  <u><b>Proprietary Entry</b></u> None	1,000,000	1,000,000	A120	<u><b>Budgetary Entry</b></u> None  <u><b>Proprietary Entry</b></u> None			

4. The federal entity records current-year undelivered orders without an advance for the cleanup of hazardous materials.							
Federal Entity Using PP&E Asset in Operations				Federal Entity Responsible for Cleanup Cost Operations			
	Debit	Credit	TC		Debit	Credit	TC
<u><b>Budgetary Entry</b></u> 461000 Allotments - Realized Resources 480100 Undelivered Orders - Obligations, Unpaid  <u><b>Proprietary Entry</b></u> None	1,000,000	1,000,000	B306	<u><b>Budgetary Entry</b></u> None  <u><b>Proprietary Entry</b></u> None			

**CLEANUP COSTS & ENVIRONMENTAL DISPOSAL LIABILITIES**  
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5a. The federal entity records the delivery of equipment and places it into service.							
Federal Entity Using PP&E Asset in Operations				Federal Entity Responsible for Cleanup Cost Operations			
	Debit	Credit	TC		Debit	Credit	TC
<b><u>Budgetary Entry</u></b>				<b><u>Budgetary Entry</u></b>			
480100 Undelivered Orders - Obligations, Unpaid	1,000,000		B402	None			
490100 Delivered Orders - Obligations, Unpaid		1,000,000					
<b><u>Proprietary Entry</u></b>				<b><u>Proprietary Entry</u></b>			
175000 Equipment	1,000,000		B402	None			
211000 Accounts Payable		1,000,000					
310700 Unexpended Appropriations - Used - Accrued	1,000,000		B134				
570000 Expended Appropriations - Used - Accrued		1,000,000					

5b. As part of the purchase of equipment, the federal entity records activity for current-year purchases of property.							
Federal Entity Using PP&E Asset in Operations				Federal Entity Responsible for Cleanup Cost Operations			
	Debit	Credit	TC		Debit	Credit	TC
<b><u>Budgetary Entry</u></b>				<b><u>Budgetary Entry</u></b>			
None				None			
<b><u>Proprietary (Memorandum) Entry</u></b>				<b><u>Proprietary Entry</u></b>			
880200 (N) Purchases of Property, Plant, and Equipment	1,000,000		G120	None			
880100 (N) Offset for Purchases of Assets		1,000,000					

**CLEANUP COSTS & ENVIRONMENTAL DISPOSAL LIABILITIES**  
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6. At the end of Year 1, the entity records the equipment's annual depreciation expense of \$200,000. (\$1,000,000/ 5 years useful life with no salvage value = \$200,000 annual expense.)							
<b>Federal Entity Using PP&amp;E Asset in Operations</b>				<b>Federal Entity Responsible for Cleanup Cost Operations</b>			
	<b>Debit</b>	<b>Credit</b>	<b>TC</b>		<b>Debit</b>	<b>Credit</b>	<b>TC</b>
<b><u>Budgetary Entry</u></b> None				<b><u>Budgetary Entry</u></b> None			
<b><u>Proprietary Entry</u></b> 671000 Depreciation, Amortization, and Depletion 175900 Accumulated Depreciation on Equipment	200,000	200,000	E120	<b><u>Proprietary Entry</u></b> None			

7. The acquired equipment is known to produce hazardous waste, and the estimated cleanup cost is estimated to be \$300,000. Cleanup activities will start when the equipment ceases its operation, at the end of the 5-year useful life. The federal entity has not yet received budgetary resources to fund the cleanup. It recognizes an environmental disposal liability and a Future Funded Expense for \$60,000 (\$300,000 estimated cleanup costs / 5 years equipment useful life = \$60,000.)							
<b>Federal Entity Using PP&amp;E Asset in Operations</b>				<b>Federal Entity Responsible for Cleanup Cost Operations</b>			
	<b>Debit</b>	<b>Credit</b>	<b>TC</b>		<b>Debit</b>	<b>Credit</b>	<b>TC</b>
<b><u>Budgetary Entry</u></b> None				<b><u>Budgetary Entry</u></b> None			
<b><u>Proprietary Entry</u></b> 680000 Future Funded Expenses 299500 Estimated Cleanup Cost Liability	60,000	60,000	B420	<b><u>Proprietary Entry</u></b> None			

**CLEANUP COSTS & ENVIRONMENTAL DISPOSAL LIABILITIES**  
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8. The federal entity records a disbursement for unpaid delivered orders previously accrued by the purchase of equipment.							
Federal Entity Using PP&E Asset in Operations				Federal Entity Responsible for Cleanup Cost Operations			
	Debit	Credit	TC		Debit	Credit	TC
<b><u>Budgetary Entry</u></b>				<b><u>Budgetary Entry</u></b>			
490100 Delivered Orders - Obligations, Unpaid	1,000,000		B110	None			
490200 Delivered Orders - Obligations, Paid		1,000,000					
<b><u>Proprietary Entry</u></b>				<b><u>Proprietary Entry</u></b>			
211000 Accounts Payable	1,000,000		B110	None			
101000 Fund Balance With Treasury		1,000,000					
310710 Unexpended Appropriations - Used - Disbursed	1,000,000		B235				
570000 Expended Appropriations - Used - Accrued	1,000,000						
310700 Unexpended Appropriations - Used - Accrued		1,000,000					
570010 Expended Appropriations - Disbursed		1,000,000					

**CLEANUP COSTS & ENVIRONMENTAL DISPOSAL LIABILITIES**  
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YEAR 1 PRE-CLOSING TRIAL BALANCE					
		Federal Entity Using PP&E Asset in Operations		Federal Entity Responsible for Cleanup Cost Operations	
Account	Description	Debit	Credit	Debit	Credit
<b><u>Budgetary</u></b>					
411900	Other Appropriations Realized	1,000,000	-	-	-
445000	Unapportioned - Unexpired Authority	-	-	-	-
461000	Allotments - Realized Resources	-	-	-	-
480100	Undelivered Orders - Obligations, Unpaid	-	-	-	-
490100	Delivered Orders - Obligations, Unpaid	-	-	-	-
490200	Delivered Orders - Obligations, Paid	-	1,000,000	-	-
<b>Total</b>		<b>1,000,000</b>	<b>1,000,000</b>	-	-
<b><u>Proprietary</u></b>					
101000 (G)	Fund Balance With Treasury	-	-	-	-
175000	Equipment	1,000,000	-	-	-
175900	Accumulated Depreciation on Equipment	-	200,000	-	-
211000 (N)	Accounts Payable	-	-	-	-
299500	Estimated Cleanup Cost Liability	-	60,000	-	-
310100 (G)	Unexpended Appropriations - Appropriations Received	-	1,000,000	-	-
310700 (G)	Unexpended Appropriations - Used - Accrued	-	-	-	-
570000 (G)	Expended Appropriations - Used - Accrued	-	-	-	-
310710 (G)	Unexpended Appropriations - Used - Disbursed	1,000,000	-	-	-
570010 (G)	Expended Appropriations - Disbursed	-	1,000,000	-	-
671000	Depreciation, Amortization, and Depletion	200,000	-	-	-
680000	Future Funded Expenses	60,000	-	-	-
880100	Offset for Purchases of Assets	-	1,000,000	-	-
880200	Purchases of Property, Plant, and Equipment	1,000,000	-	-	-
<b>Total</b>		<b>3,260,000</b>	<b>3,260,000</b>	-	-

**CLEANUP COSTS & ENVIRONMENTAL DISPOSAL LIABILITIES**  
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**Deferred Cleanup Costs Involving Multiple Component Reporting Entities - Year 1 Closing Entries:**

9. The federal entity records the closing of expenses to cumulative results of operations.							
Federal Entity Using PP&E Asset in Operations				Federal Entity Responsible for Cleanup Cost Operations			
	Debit	Credit	TC		Debit	Credit	TC
<b><u>Budgetary Entry</u></b> None				<b><u>Budgetary Entry</u></b> None			
<b><u>Proprietary Entry</u></b> 331000 Cumulative Results of Operations	260,000		F336	<b><u>Proprietary Entry</u></b> None			
671000 Depreciation, Amortization, and Depletion		200,000					
680000 Future Funded Expenses		60,000					
570010 Expended Appropriations - Disbursed	1,000,000		F336				
331000 Cumulative Results of Operations		1,000,000					
310000 Unexpended Appropriations - Cumulative	1,000,000		F342				
310710 Unexpended Appropriations - Used - Disbursed		1,000,000					
310100 (G) Unexpended Appropriations - Appropriations	1,000,000		F342				
Received							
310000 Unexpended Appropriations - Cumulative		1,000,000					

10. The federal entity records the closing of memorandum accounts for asset purchases.							
Federal Entity Using PP&E Asset in Operations				Federal Entity Responsible for Cleanup Cost Operations			
	Debit	Credit	TC		Debit	Credit	TC
<b><u>Budgetary Entry</u></b> None				<b><u>Budgetary Entry</u></b> None			
<b><u>Proprietary (Memorandum) Entry</u></b> 880100 (N) Offset for Purchases of Assets	1,000,000		F370	<b><u>Proprietary Entry</u></b> None			
880200 (N) Purchases of Property, Plant, and Equipment		1,000,000					

**CLEANUP COSTS & ENVIRONMENTAL DISPOSAL LIABILITIES**  
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11. The federal entity records the closing of paid delivered orders to total actual resources.							
Federal Entity Using PP&E Asset in Operations				Federal Entity Responsible for Cleanup Cost Operations			
	Debit	Credit	TC		Debit	Credit	TC
<u><b>Budgetary Entry</b></u> 490200 Delivered Orders - Obligations, Paid 420100 Total Actual Resources - Collected  <u><b>Proprietary Entry</b></u> None	1,000,000	1,000,000	F314	<u><b>Budgetary Entry</b></u> None  <u><b>Proprietary Entry</b></u> None			

12. The federal entity records the consolidation of actual net-funded resources.							
Federal Entity Using PP&E Asset in Operations				Federal Entity Responsible for Cleanup Cost Operations			
	Debit	Credit	TC		Debit	Credit	TC
<u><b>Budgetary Entry</b></u> 420100 Total Actual Resources - Collected 411900 Other Appropriations Realized  <u><b>Proprietary Entry</b></u> None	300,000	300,000	F302	<u><b>Budgetary Entry</b></u> None  <u><b>Proprietary Entry</b></u> None			

**CLEANUP COSTS & ENVIRONMENTAL DISPOSAL LIABILITIES**  
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<b>YEAR 1 POST-CLOSING TRIAL BALANCE</b>					
		<b>Federal Entity Using PP&amp;E Asset in Operations</b>		<b>Federal Entity Responsible for Cleanup Cost Operations</b>	
<b>Account</b>	<b>Description</b>	<b>Debit</b>	<b>Credit</b>	<b>Debit</b>	<b>Credit</b>
<b><u>Budgetary</u></b>					
		-	-	-	-
<b>Total</b>		-	-	-	-
<b><u>Proprietary</u></b>					
175000	Equipment	1,000,000	-	-	-
175900	Accumulated Depreciation on Equipment	-	200,000	-	-
299500	Estimated Cleanup Cost Liability	-	60,000	-	-
331000 (G)	Cumulative Results of Operations	-	740,000	-	-
<b>Total</b>		<b>1,000,000</b>	<b>1,000,000</b>	-	-

**CLEANUP COSTS & ENVIRONMENTAL DISPOSAL LIABILITIES**  
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**Deferred Cleanup Costs Involving Multiple Component Reporting Entities – Years 2-4**

In Years 2-4, the federal entity continues to record straight-line depreciation expense of \$200,000 (Year 1, Transaction #6), continues to accrue for estimated cleanup cost expenses of \$60,000 (Year 1, Transaction #7) and performs the respective closing entries. Entity management determines no adjustments for the estimated cleanup cost are necessary. See Year 4 Post-Closing Trial Balance below.

<b>YEAR 4 POST-CLOSING TRIAL BALANCE</b>			
<b>Account</b>	<b>Description</b>	<b>Debit</b>	<b>Credit</b>
<b>Budgetary</b>			
		-	-
<b>Total</b>		-	-
<b>Proprietary</b>			
175000	Equipment	1,000,000	-
175900	Accumulated Depreciation on Equipment	-	800,000
299500	Estimated Cleanup Cost Liability	-	240,000
331000 (G)	Cumulative Results of Operations	40,000	-
<b>Total</b>		<b>1,040,000</b>	<b>1,040,000</b>

**CLEANUP COSTS & ENVIRONMENTAL DISPOSAL LIABILITIES**  
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**Deferred Cleanup Costs Involving Multiple Component Reporting Entities – Year 5**

1. During Year 5, the equipment (originally purchased in Year 1) breaks down and entity management decides to permanently remove it from service. The entity maintains documentation to support its decision for permanent removal. The equipment’s acquisition cost and accumulated depreciation are removed from the PP&E account and is reclassified to Other Assets (USSGL 199500) at its net realizable value with an offsetting loss (TR 14, Paragraph 12.) Equipment A’s net realizable value was determined to be \$150,000. The acquisition cost of the equipment in Year 1 was \$1,000,000 and its accumulated depreciation balance at the time of permanent removal was \$800,000. An offsetting loss of \$50,000 is recorded in USSGL 729000, as the equipment has not yet been disposed.

Federal Entity Using PP&E Asset in Operations				Federal Entity Responsible for Cleanup Cost Operations			
	Debit	Credit	TC		Debit	Credit	TC
<b><u>Budgetary Entry</u></b> None				<b><u>Budgetary Entry</u></b> None			
<b><u>Proprietary Entry</u></b> 199500 General Property, Plant, and Equipment Permanently Removed but Not Yet Disposed 175900 Accumulated Depreciation on Equipment 729000 (N) Other Losses 175000 Equipment	150,000  800,000 50,000	    1,000,000	C613	<b><u>Proprietary Entry</u></b> None			

2. The equipment’s remaining estimated cleanup cost is recognized in full. (\$300,000 total estimated cleanup costs at acquisition - \$240,000 accrued Cleanup Cost Liability balance = \$60,000 remaining estimated cleanup cost to be recognized in full at permanent removal from service.) For assets permanently removed from service, the cleanup cost liability of the PP&E should be recognized in full. (TR 14, Par. 15)

Federal Entity Using PP&E Asset in Operations				Federal Entity Responsible for Cleanup Cost Operations			
	Debit	Credit	TC		Debit	Credit	TC
<b><u>Budgetary Entry</u></b> None				<b><u>Budgetary Entry</u></b> None			
<b><u>Proprietary Entry</u></b> 680000 Future Funded Expenses 299500 Estimated Cleanup Cost Liability	60,000	60,000	B420	<b><u>Proprietary Entry</u></b> None			

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The piece of equipment requiring cleanup is transferred to another reporting entity after being removed from service. The original reporting entity that acquired and operated the equipment is not the same reporting entity responsible for funding cleanup costs. Rather, the reporting entity receiving the general PP&E for the cleanup assumes that cleanup responsibility because it was designated by law, rule, or administrative regulation to fund the liability.<sup>3</sup>

3. During Year 5, the equipment requiring cleanup is transferred to another component reporting entity after being removed from service. The reporting entity receiving the equipment assumes the respective cleanup responsibility because it was designated by law, rule, or administrative regulation to fund the liability. Both entities record the transfer-in and transfer-out of equipment, along with the liability balance of estimated cleanup costs, without reimbursement.<sup>4</sup>

Federal Entity Using PP&E Asset in Operations				Federal Entity Responsible for Cleanup Cost Operations			
	Debit	Credit	TC		Debit	Credit	TC
<b><u>Budgetary Entry</u></b> None				<b><u>Budgetary Entry</u></b> None			
<b><u>Proprietary Entry</u></b> 573000 (F) Financing Sources Transferred Out Without Reimbursement (RC 18)	150,000		E510	<b><u>Proprietary Entry</u></b> 199500 General Property, Plant, and Equipment Permanently Removed but Not Yet Disposed	150,000		E606
199500 General Property, Plant, and Equipment Permanently Removed but Not Yet Disposed		150,000		572000 (F) Financing Sources Transferred In Without Reimbursement (RC 18)		150,000	
299500 Estimated Cleanup Cost Liability	300,000		E514	572000 (F) Financing Sources Transferred In Without Reimbursement (RC 18)	300,000		E610
573000 (F) Financing Sources Transferred Out Without Reimbursement (RC 18)		300,000		299500 Estimated Cleanup Cost Liability		300,000	

<sup>3</sup> This example is not applicable to instances in which reporting entities receive excess property and are not responsible for settling the liability.

<sup>4</sup> While the normal balance of SGL 572000 is a credit and SGL 573000 is a debit, it may be acceptable for these SGLs to have a debit/credit balance respectively in certain instances when transferring in/out liabilities using these TCs.

**CLEANUP COSTS & ENVIRONMENTAL DISPOSAL LIABILITIES**  
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4. The federal entity legislatively responsible for the cleanup records the enactment of appropriations of \$300,000 for services related to cleanup activities.							
Federal Entity Using PP&E Asset in Operations				Federal Entity Responsible for Cleanup Cost Operations			
	Debit	Credit	TC		Debit	Credit	TC
<b><u>Budgetary Entry</u></b> None				<b><u>Budgetary Entry</u></b> 411900 Other Appropriations Realized 445000 Unapportioned - Unexpired Authority	300,000	300,000	A104
<b><u>Proprietary Entry</u></b> None				<b><u>Proprietary Entry</u></b> 101000 (G) Fund Balance With Treasury 310100 (G) Unexpended Appropriations – Appropriations Received	300,000	300,000	

5. The federal entity records budget authority apportioned by the Office of Management and Budget and available for allotment.							
Federal Entity Using PP&E Asset in Operations				Federal Entity Responsible for Cleanup Cost Operations			
	Debit	Credit	TC		Debit	Credit	TC
<b><u>Budgetary Entry</u></b> None				<b><u>Budgetary Entry</u></b> 445000 Unapportioned - Unexpired Authority 451000 Apportionments	300,000	300,000	A116
<b><u>Proprietary Entry</u></b> None				<b><u>Proprietary Entry</u></b> None			

6. The federal entity records the allotment of authority.							
Federal Entity Using PP&E Asset in Operations				Federal Entity Responsible for Cleanup Cost Operations			
	Debit	Credit	TC		Debit	Credit	TC
<b><u>Budgetary Entry</u></b> None				<b><u>Budgetary Entry</u></b> 451000 Apportionments 461000 Allotments - Realized Resources	300,000	300,000	A120
<b><u>Proprietary Entry</u></b> None				<b><u>Proprietary Entry</u></b> None			

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7. The federal entity records current-year undelivered orders without an advance for the cleanup of hazardous materials.							
Federal Entity Using PP&E Asset in Operations				Federal Entity Responsible for Cleanup Cost Operations			
	Debit	Credit	TC		Debit	Credit	TC
<b><u>Budgetary Entry</u></b> None				<b><u>Budgetary Entry</u></b> 461000 Allotments - Realized Resources 480100 Undelivered Orders - Obligations, Unpaid	300,000	300,000	B306
<b><u>Proprietary Entry</u></b> None				<b><u>Proprietary Entry</u></b> None			

8. A non-federal contractor completes the services for the cleanup of hazardous waste.							
Federal Entity Using PP&E Asset in Operations				Federal Entity Responsible for Cleanup Cost Operations			
	Debit	Credit	TC		Debit	Credit	TC
<b><u>Budgetary Entry</u></b> None				<b><u>Budgetary Entry</u></b> 480100 Undelivered Orders - Obligations, Unpaid 490100 Delivered Orders - Obligations, Unpaid	300,000	300,000	B436
<b><u>Proprietary Entry</u></b> None				<b><u>Proprietary Entry</u></b> 299500 Estimated Cleanup Cost Liability 211000 Accounts Payable <sup>5</sup>  310700 Unexpended Appropriations - Used - Accrued 570000 Expended Appropriations - Used - Accrued	300,000  300,000	300,000  300,000	B436  B134

<sup>5</sup> Component reporting entities should identify the costs of the providing entity that are not fully reimbursed and the general nature of other imputed costs recognized in their financial statements. SFFAS 55 requires component reporting entities to disclose that only certain inter-entity costs are recognized for goods and services received from other federal entities at no cost or at a cost less than the full cost.

**CLEANUP COSTS & ENVIRONMENTAL DISPOSAL LIABILITIES**  
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9. The federal entity records a disbursement for unpaid delivered orders previously accrued for cleanup services.							
Federal Entity Using PP&E Asset in Operations				Federal Entity Responsible for Cleanup Cost Operations			
	Debit	Credit	TC		Debit	Credit	TC
<b><u>Budgetary Entry</u></b>				<b><u>Budgetary Entry</u></b>			
None				490100 Delivered Orders - Obligations, Unpaid	300,000		B110
				490200 Delivered Orders - Obligations, Paid		300,000	
<b><u>Proprietary Entry</u></b>				<b><u>Proprietary Entry</u></b>			
None				211000 Accounts Payable	300,000		B110
				101000 Fund Balance With Treasury		300,000	
				310710 Unexpended Appropriations - Used - Disbursed	300,000		B235
				570000 Expended Appropriations - Used - Accrued		300,000	
				310700 Unexpended Appropriations - Used – Accrued	300,000		
				570010 Expended Appropriations - Disbursed		300,000	

**CLEANUP COSTS & ENVIRONMENTAL DISPOSAL LIABILITIES**  
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<b>YEAR 5 PRE-CLOSING TRIAL BALANCE</b>					
		<b>Federal Entity Using PP&amp;E Asset in Operations</b>		<b>Federal Entity Responsible for Cleanup Cost Operations</b>	
<b>Account</b>	<b>Description</b>	<b>Debit</b>	<b>Credit</b>	<b>Debit</b>	<b>Credit</b>
<b>Budgetary</b>					
411900	Other Appropriations Realized	-	-	300,000	-
445000	Unapportioned - Unexpired Authority	-	-	-	-
461000	Allotments - Realized Resources	-	-	-	-
480100	Undelivered Orders - Obligations, Unpaid	-	-	-	-
490100	Delivered Orders - Obligations, Unpaid	-	-	-	-
490200	Delivered Orders - Obligations, Paid	-	-	-	300,000
<b>Total</b>		-	-	<b>300,000</b>	<b>300,000</b>
<b>Proprietary</b>					
101000 (G)	Fund Balance With Treasury	-	-	-	-
175000	Equipment	-	-	-	-
175900	Accumulated Depreciation on Equipment	-	-	-	-
199500	General Property, Plant, and Equipment Permanently Removed but Not Yet Disposed	-	-	150,000	-
211000 (N)	Accounts Payable	-	-	-	-
299500	Estimated Cleanup Cost Liability	-	-	-	-
310100 (G)	Unexpended Appropriations – Appropriations Received	-	-	-	300,000
310700 (G)	Unexpended Appropriations - Used - Accrued	-	-	-	-
310710 (G)	Unexpended Appropriations - Used - Disbursed	-	-	300,000	-
331000	Cumulative Results of Operations	40,000	-	-	-
570000 (G)	Expended Appropriations - Used - Accrued	-	-	-	-
570010 (G)	Expended Appropriations - Disbursed	-	-	-	300,000
671000	Depreciation, Amortization, and Depletion	-	-	-	-
680000	Future Funded Expenses	60,000	-	-	-
572000 (F)	Financing Sources Transferred In Without Reimbursement (RC 18)	-	-	150,000	-
573000 (F)	Financing Sources Transferred Out Without Reimbursement (RC 18)	-	150,000	-	-
729000 (N)	Other Losses	50,000	-	-	-
<b>Total</b>		<b>150,000</b>	<b>150,000</b>	<b>600,000</b>	<b>600,000</b>

**CLEANUP COSTS & ENVIRONMENTAL DISPOSAL LIABILITIES**  
**Effective Fiscal 2026**

**Deferred Cleanup Costs Involving Multiple Component Reporting Entities - Year 5 Closing Entries:**

10. The federal entity records the closing of expenses and losses to cumulative results of operations.							
Federal Entity Using PP&E Asset in Operations				Federal Entity Responsible for Cleanup Cost Operations			
	Debit	Credit	TC		Debit	Credit	TC
<b><u>Budgetary Entry</u></b>				<b><u>Budgetary Entry</u></b>			
None				None			
<b><u>Proprietary Entry</u></b>				<b><u>Proprietary Entry</u></b>			
573000 (F) Financing Sources Transferred Out Without Reimbursement (RC 18)	150,000		F336	331000 Cumulative Results of Operations	150,000		F336
331000 Cumulative Results of Operations		90,000		572000 (F) Financing Sources Transferred In Without Reimbursement (RC 18)		150,000	
680000 Future Funded Expenses		60,000					
331000 Cumulative Results of Operations	50,000		F340	570010 Expended Appropriations - Disbursed	300,000		F336
729000 Other Losses		50,000		331000 Cumulative Results of Operations		300,000	
				310000 Unexpended Appropriations - Cumulative	300,000		F342
				310710 Unexpended Appropriations - Used – Disbursed		300,000	
				310100 (G) Unexpended Appropriations – Appropriations Received	300,000		F342
				310000 Unexpended Appropriations - Cumulative		300,000	

**CLEANUP COSTS & ENVIRONMENTAL DISPOSAL LIABILITIES**  
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11. The federal entity records the closing of paid, delivered orders to total actual resources.							
Federal Entity Using PP&E Asset in Operations				Federal Entity Responsible for Cleanup Cost Operations			
	Debit	Credit	TC		Debit	Credit	TC
<b><u>Budgetary Entry</u></b> None				<b><u>Budgetary Entry</u></b> 490200 Delivered Orders - Obligations, Paid 420100 Total Actual Resources - Collected	300,000	300,000	F314
<b><u>Proprietary Entry</u></b> None				<b><u>Proprietary Entry</u></b> None			

12. The federal entity records the consolidation of actual net-funded resources.							
Federal Entity Using PP&E Asset in Operations				Federal Entity Responsible for Cleanup Cost Operations			
	Debit	Credit	TC		Debit	Credit	TC
<b><u>Budgetary Entry</u></b> None				<b><u>Budgetary Entry</u></b> 420100 Total Actual Resources - Collected 411900 Other Appropriations Realized	300,000	300,000	F302
<b><u>Proprietary Entry</u></b> None				<b><u>Proprietary Entry</u></b> None			

**CLEANUP COSTS & ENVIRONMENTAL DISPOSAL LIABILITIES**  
**Effective Fiscal 2026**

<b>YEAR 5 POST-CLOSING TRIAL BALANCE</b>					
		<b>Federal Entity Using PP&amp;E Asset in Operations</b>		<b>Federal Entity Responsible for Cleanup Cost Operations</b>	
<b>Account</b>	<b>Description</b>	<b>Debit</b>	<b>Credit</b>	<b>Debit</b>	<b>Credit</b>
<b><u>Budgetary</u></b>					
		-	-	-	-
<b>Total</b>		-	-	-	-
<b><u>Proprietary</u></b>					
199500	General Property, Plant, and Equipment Permanently Removed but Not Yet Disposed	-	-	150,000	-
331000 (G)	Cumulative Results of Operations	-	-	-	150,000
<b>Total</b>		-	-	<b>150,000</b>	<b>150,000</b>