

**STATE OF VERMONT**  
**POLLUTION REMEDIATION OBLIGATION WORKSHEET**  
**JUNE 30, 2022**

**Pollution Remediation Obligation Worksheet – ACFR-10**

**Select Business Unit Number from dropdown and Department Name/Total Ending Beginning Balance will populate.**

1. Please complete the schedule identifying any pollution remediation obligations based on the criteria described below.
2. The beginning balance has been provided for you (Col A – M). Copy Beginning Balance for your Agency/Department from Beginning Balance Tab to ACFR10 Form)
3. Add any new PRO activity on following rows and completing Col A – M.
4. Show change in obligation during current fiscal year (Col N Increase)/(Column O Decrease)
5. The gray shaded areas – contain dropdown menus or formulas and are protected.
6. Enter date prepared, name and phone number of preparer, and name and phone number of alternate contact if applicable.
7. All forms must be approved by an authorized person.
8. Complete the Certification Sheet. By completing this sheet and submitting it electronically from your state email account, it is considered electronically signed and approved by the authorized individual.

**Components of Pollution Remediation:**

A Pollution Remediation Obligation (“PRO”) is an obligation to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities. Pollution remediation activities include the following:

- Pre-cleanup activities, such as the performance of a site assessment, site investigation, and corrective measures feasibility study, and the design of a remediation plan;
- Cleanup activities, such as neutralization, containment, or removal and disposal of pollutants, and site restoration;
- External government oversight and enforcement-related activities, such as work performed by an environmental regulatory authority dealing with the site and chargeable to the government; and
- Operation and maintenance of the remedy, including required monitoring of the remediation effort (post remediation monitoring).

PRO excludes *pollution prevention measures or control* obligations used in current operations or future pollution remediation activities required for retiring assets such as a landfill closure or decommissioning of a power plant.

**Obligating (triggers) Event:**

Departments must recognize and report a liability for a pollution remediation obligation when a site it operates or is responsible for is known to be polluted and any of the following recognition triggers occur:

1. The pollution poses an imminent danger to the public or environment and the department has little or no discretion to avoid fixing the problem.
2. The department is in violation of a pollution prevention-related permit or license.

3. A regulator as identified (or evidence indicates a regulator will identify) the department as responsible (or potentially responsible party/PRP) for cleaning up pollution, or for paying all or some of the cost of the cleanup.
4. The department is named in a lawsuit (or evidence indicates that it will be) to compel it to address the pollution.
5. The department begins or legally obligates itself to begin cleanup or post-cleanup activities.

The Department of Finance & Management has established a reporting threshold of \$100,000 in estimated costs over the life of the pollution remediation activities.

**Liability Reported (Column P on form):**

The measurement of the pollution remediation obligation amount (Column M – P) should include remediation work that the State expects to perform/to perform for other parties. Any recoveries from other parties and/or insurance recoveries, if reasonably estimable, should be used to reduce the expenditures reported as the State's pollution remediation obligation.

Once an obligating event occurs (defined above), the pollution remediation activities listed above (Components of PRO) should be reported when the expenditures become reasonable known. The liability will need to be adjusted as the components of the liability change with the timing of cleanup activities (Columns N and O). Various stages, such as the cost of site investigation may be known prior to the impact of remedial alternatives for cleanup. The liability should be recorded at the current value of the costs the government expects to incur to perform the work. A brief description of the methods and assumption used to estimate the liability is required. For example, the amount may be estimated using the expected cash flow technique, which measures the liability as the sum of probability-weighted amounts in a range of possible estimated amounts—the estimated mean or average.

**Recoveries (Column S on form):**

Expected reimbursements from other responsible parties, and anticipated insurance payouts should be netted against the liability reported (Column P). If the expected recoveries are realized or realizable, they should be recognized separately from the PRO; for example as cash or receivable. An insurance recovery generally is "realizable" when the insurer admits or acknowledges coverage, often times before the cash is received.

**Capital Outlays (Column U on form):**

Most pollution remediation outlays do not qualify for capitalization, for example; a pump-and-treat system installed for pollution remediation purposes would be recorded as an expense at the time the liability is recognized.

Pollution remediation outlays may be capitalized if the outlays are incurred (1) to prepare property for sale in anticipation of a sale, (2) to prepare property for use when the property was acquired with known or suspected pollution that was expected to be remediated, (3) to perform pollution remediation that restores a pollution-caused decline in service utility that was recognized as an asset impairment, or (4) to acquire property, plant, and equipment that have a future alternative use other than remediation efforts.

## **GASB Statement 49 PRO Disclosures**

### **Columns on ACFR-10 include:**

- Column A - Site Number
- Column B - Site Name
- Column C - Site Address
- Column D - Site City
- Column E - Site County
- Column F - Description of the triggering event (Obligating events defined above)
- Column G - The year the event was triggered
- Column H - Category (dropdown) (i.e., "US EPA Superfund Site")
- Column I - Description of other category, if applicable. (Nature / source of PRO)
- Column J - Any other identifying number if it exists
- Column K - Enter "Yes" or "No" whether costs can be estimated (Liabilities Reported defined above for Components of PRO)
- Column L - If "No" entered for column K, include a description why it can't be estimated or any portions of work, and any potential for changes in estimates
- Column M - Obligation amount at start of fiscal year (this should agree with ending balance from prior year) (Liability Reported)
- Column N - Increases in obligation for current fiscal year
- Column O - Decreases as a result of payments and/or other adjustments made in current fiscal year including expected recoveries from PRP/Insurance
- Column P - The obligation balance for current fiscal year-end will be calculated
- Column Q - The amounts that are due within one year (included in the ending balance)
- Column R - Enter "Yes" if the expected recoveries are realizable, or "No" if the expected recoveries are not yet realized (Recoveries defined above)
- Column S - If "Yes" entered in column R, the recovery amount used to reduce the PRO in current year in Column O
- Column T - Methods and assumptions used to estimate outlay amounts in Column P (Obligation) and Column S (Recoveries)
- Column U – Enter "Yes" or "No" whether the outlay qualifies for capitalization (Capital Outlays defined above)
- Column V – Enter the VISION Asset ID number if applicable

If there are any questions, please e-mail [VISION.ACFR](mailto:VISION.ACFR)

The completed form should be e-mailed to [VISION.ACFR](mailto:VISION.ACFR)