

GASB STATEMENT NO. 49
ACCOUNTING AND FINANCIAL REPORTING FOR POLLUTION REMEDIATION OBLIGATIONS

For Implementation in FY 2008-09, with Restatement of FY 2007-08

1. Status

- November 2006. GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, was issued.
- June 2007. The Statement was discussed with the Campus Controllers at the June Meeting.
- June 2007. Issues Resolution Memorandum No. 49 (draft), containing the implementation plan and schedule was posted to the IRM website:
<http://www.ucop.edu/dirbf/dep-irms/gasb49/gasb49.html>
- October 2007. Discussion of next steps with Campus Controllers.

2. Description of the Statement and implementation schedule.

- The Statement addresses accounting and financial reporting standards for pollution and contamination remediation obligations, i.e., obligations to address the current or potential detrimental effects of existing polluted or contaminated sites. These obligations will generally require the recognition and reporting of pollution remediation liabilities and, in certain instances, will result in recognition and reporting of capital asset transactions at the time those assets are acquired.
- The requirements of GASB Statement No. 49 are effective for the University's fiscal year beginning July 1, 2008, with restatement of 2007-08.

The University must apply the provisions of this Statement retroactively for all such prior periods presented if it has sufficient objective and verifiable information to apply the expected cash flow technique to measurements in prior periods. Prior periods presented in the 2008-09 statements will include 2007-08, therefore, the University's evaluation of the implementation strategy must include:

- A determination of whether we have sufficient objective and verifiable information to apply the expected cash flow technique to pollution remediation obligations existing as of June 30, 2007 and

- The ability to capture the pollution remediation obligating events and activity that originate in fiscal year 2007-08.

3. Required Action in FY 2007-08.

The implementation of the Statement will require action during FY 2007-08 and FY 2008-09. The following steps are scheduled for completion during FY 2007-08. (For a complete list of Next Steps and Required Actions, please refer to IRM No. 49, at <http://www.ucop.edu/dirbf/dep-irms/gasb49/gasb49.html>):

Step	Responsibility (C, OP)	Required Completion Date	Action Item/Task	Appendix
2	C, OP	01-Jan-08	Campuses to implement ongoing procedures for monitoring and recording pollution and contamination remediation obligations , including procedures to monitor known and potentially polluted sites for obligating events, benchmark events, and cost estimates of pollution remediation activities.	
3	C, OP	15-Jan-08	Complete Steps 1 and 2 of Appendix A, Summary Site Evaluation of Remediation Obligations. This will be a preliminary identification of existing obligations as of June 30, 2007. By February 28, 2008, OP and campuses will complete a review to identify any additional existing pollution remediation obligations. Obligating events will be documented using the worksheet provided in Appendix A.	A
4	C, OP	28-Feb-08	Complete steps 3 through 5 of Appendix A, Summary Site Evaluation of Remediation Obligations, using Appendix B to document the measurement of the costs and liability. This procedure will develop estimates of existing remediation obligations. For each existing obligation, by February 28, 2008, OP and campuses will measure the existing remediation obligations using the worksheet provided in Appendix B. Once the measurement has been completed, Appendix A for each site will be updated and completed. This information will provide the basis for the restatement worksheets. Send the completed Appendix A for each site to UCOP. Discuss as appropriate.	A, B
5	C, OP	28-Feb-08	Complete the restatement worksheet through June 30, 2007 on Appendix D for property and equipment. For each existing obligation, by February 28, 2008, OP and campuses will complete the property and equipment restatement worksheet shown in Appendix D.	D
6	C, OP	28-Feb-08	Complete the restatement worksheet through June 30, 2007 on Appendix E for costs, liabilities and recoveries. For each existing obligation, by February 28, 2008, OP and campuses will complete the costs, liabilities and recoveries restatement worksheet shown in Appendix E.	E

Step	Responsibility (C, OP)	Required Completion Date	Action Item/Task	Appendix
7	OP	31-Mar-08	Assign new accounting codes. Assign new accounting codes to record remediation costs, liabilities and recoveries (Appendix C).	
8	C, OP	30-Apr-08	Establish new accounting codes in campus ledger. Establish new remediation costs, liabilities and recovery accounting codes in campus ledger.	
9	OP	30-Apr-08	Add accounting codes to CFR driver tables. Add new remediation costs, liabilities and recovery accounting codes to CFR driver tables.	
10	C, OP	30-Apr-08	Add a closing step to the closing schedule. Add a closing step to properly identify measure and record any new remediation obligating events, or update any estimates for previously recorded remediation obligations.	
11	OP	31-May-08	Develop footnote reports. Develop CFR footnote report to accumulate annual impairment and recovery information (see Appendix F).	
12	C, OP	15-Jun-08	Update Appendix A, <i>Summary Site Evaluation of Remediation Obligations</i>, using appendix B to document the measurement of the costs and liability. This procedure will identify obligating events that occurred in FY 2007-2008 and develop estimates of the obligations, as well as update former estimates for previously identified obligating events. For each existing obligation, by June 15, 2008, OP and campuses will measure the existing remediation obligations using the worksheet provided in Appendix B. Once the measurement has been completed, Appendix A for each site will be updated and completed. This information will provide the basis for the restatement worksheets. Send the completed Appendix A for each site to UCOP. Discuss as appropriate.	A, B
13	C, OP	15-Jun-08	Update the restatement worksheet through June 30, 2008 on Appendix D for property and equipment. For each new or existing obligation, by June 15, 2008, OP and campuses will update the property and equipment restatement worksheet shown in Appendix D.	D

Additional steps are also required in FY 2008-09.

3a. Steps for completion by February 28, 2008 (to establish the existing remediation obligation at June 30, 2007).

Steps 2 through 6 requires each campus and OP locations to complete Appendices A, B, D and E in order to establish the remediation obligation at June 30, 2007. These Appendices will identify and document the following:

- Appendix A is used to identify known polluted / contaminated sites and the estimated cost of remediation.
- Appendix B is used to document the measurement technique used to estimate the cost of remediation.
- The worksheets in Appendix D are intended to accumulate the restatement information with respect to property and equipment.
- The worksheet in Appendix E is intended to accumulate the restatement information for the costs, revenue, liability and receivables, if any.

The Appendices are available as attachments to IRM No. 49 or as separate Word and Excel documents at: <http://www.ucop.edu/dirbf/dep-irms/gasb49/gasb49.html>.

3b. Steps for completion by June 15, 2008 (to identify the remediation obligation activity during FY 2007-08).

Steps 7 through 11 include steps to prepare the campus and OP locations for the FY 07-08 year-end process and establish new procedures and codes for use in FY 2008-09. Steps 12 and 13 require the campuses and OP to update Appendices A, B, D and E for the period July 1, 2007 through June 30, 2008. (Completed Appendices A, B and D are due on June 15, 2008; Appendix E (Step 14) is due on August 15, 2008.)

Additional steps are scheduled for completion during FY 2008-09 to gather the remediation data for the period July 1, 2008 through June 30, 2009.

4. Consultation with various offices

The identification of potential sites requiring remediation will require coordination and consultation with various campus offices. Some possible offices for consultation include:

- Facilities Department
- Environmental Health and Safety
- Capital Projects
- Legal Counsel
- Medical Center / Hospital Administration

5. Submission of completed Appendices.

The completed Appendices must be reported to Amal Smith (amal.smith@ucop.edu or 510/ 987.0940) in UCOP–Financial Management on the dates listed.