

## Memorandum

### SFFAS 38 Omnibus

November 22, 2022

To: Members of the Board  
From: Sherry L. Lee, Senior Analyst  
Thru: Monica R. Valentine, Executive Director  
Subject: **SFFAS 38 Omnibus Amendments** (Topic F)

#### INTRODUCTION

The Board reviewed the SFFAS 38 reporting requirements during the August 2022 meeting and agreed that the reporting requirements should not transition to basic information and instead remain in Required Supplementary Information. As directed by the Board, staff drafted the amendments to SFFAS 38 and Technical Bulletin 2011-1 titled “Omnibus Amendments 2023” and “Technical Bulletin 2023-X”, respectively, based on the Board’s review and deliberation of the SFFAS 38 reporting requirements during the August 2022 meeting. Staff is seeking the Board’s feedback on the draft exposure drafts.

#### REQUEST FOR FEEDBACK BY DECEMBER 6, 2022

Please review the attached Staff Analysis, Omnibus Amendments 2023 Exposure Draft, and Technical Bulletin 2023-X Exposure Draft. Staff requests responses to the ensuing question in the Staff Analysis by **December 6, 2022**.

Please submit responses to Sherry L. Lee at [LeeSL@fasab.gov](mailto:LeeSL@fasab.gov) with a cc to Monica Valentine at [ValentineM@fasab.gov](mailto:ValentineM@fasab.gov).

#### NEXT STEPS

Staff will update the draft Omnibus Amendments 2023 and Technical Bulletin 2023-X exposure drafts as appropriate based on Board discussions at the December meeting.

#### ATTACHMENTS

Attachment 1: Staff Analysis

Attachment 2: Omnibus Amendments 2023 Exposure Draft

Attachment 3: Technical Bulletin 2023-X Exposure Draft

# Staff Analysis

## SFFAS 38 Omnibus

November 22, 2022

### CONTEXT

On April 13, 2010, the Board issued Statement of Federal Financial Accounting Standards (SFFAS) 38: *Accounting for Federal Oil and Gas Resources*<sup>1</sup>. SFFAS 38 requires federal entities to report the value of the federal government's estimated petroleum royalties from the production of federal oil and gas proved reserves in Required Supplementary Information (RSI), as part of a discussion of all significant federal oil and gas resources under the entity's management.

On July 6, 2011, the Board issued Technical Bulletin (TB) 2011-1: *Accounting for Federal Natural Resources Other Than Oil and Gas*. TB 2011-1 applies the requirements in SFFAS 38 to natural resources other than oil and gas by requiring federal entities to report the federal government's estimated royalties and other revenue from federal natural resources that are under lease, contract, or other long-term agreement and are reasonably estimable as RSI. SFFAS 38, as amended, and TB 2011-1 were effective for periods beginning after September 30, 2012 and September 30, 2013, respectively.

At the time SFFAS 38 and TB 2011-1 were issued, it was the Board's intent that the required information would transition to basic information after being reported as RSI for a period of three years. Prior to the conclusion of the three-year RSI period, the Board planned to make a determination as to whether the information would transition to basic information as financial statement recognition or note disclosure. The Board also acknowledged that new information might become available that would warrant continued reporting as RSI.

The reassessment of the SFFAS 38 reporting requirements was moved to a Board research project status in 2012. In 2014, the project was changed to a potential Board project due to other priorities. In August 2022, the Board reviewed and deliberated on the pre-research topic, SFFAS 38 requirements review, to determine if a research project is appropriate.

### SUMMARY OF SFFAS 38 REPORTING REQUIREMENTS REVIEW AND DECISION

During the August 2022 Board meeting, staff presented the pre-research topic, SFFAS 38 requirements review, and asked if the Board believed that a research project to review the reporting requirements of SFFAS 38 was appropriate. The Board agreed that a research project was not necessary. The Board acknowledged the potential cost and

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<sup>1</sup> For the history of the Board deliberations on natural resources, follow this link: <https://fasab.gov/projects/archived-projects/natural-resources/>.

added burden of transitioning the SFFAS 38 requirements to basic information without increased reporting benefits and unanimously agreed that the reporting requirements should remain as RSI. The Board directed staff to draft the amendments to SFFAS 38 and TB 2011-1 to close the open-ended requirement. Accordingly, staff drafted the attached draft Omnibus Amendments 2023 and Technical Bulletin 2023-1 exposure drafts based on member deliberations during the August 2022 Board meeting.

**Question for the Board:**

1. Do members agree with the draft Omnibus Amendments 2023 and Technical Bulletin 2023-X exposure drafts?

## OMNIBUS AMENDMENTS 2023

### **Statement of Federal Financial Accounting Standards **XX**** **Exposure Draft**

Written comments are requested by [date 90 days after issuance]

**Month day, year**

Working Draft – Comments Are Not Requested on This Draft

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## THE FEDERAL ACCOUNTING STANDARDS ADVISORY BOARD

The Secretary of the Treasury, the Director of the Office of Management and Budget (OMB), and the Comptroller General of the United States established the Federal Accounting Standards Advisory Board (FASAB or "the Board") in October 1990. FASAB is responsible for promulgating accounting standards for the United States government. These standards are recognized as generally accepted accounting principles (GAAP) for the federal government.

Accounting standards are typically formulated initially as a proposal after considering the financial and budgetary information needs of citizens (including the news media, state and local legislators, analysts from private firms, academe, and elsewhere), Congress, federal executives, federal program managers, and other users of federal financial information. FASAB publishes the proposed standards in an exposure draft for public comment. In some cases, FASAB publishes a discussion memorandum, invitation for comment, or preliminary views document on a specific topic before an exposure draft. A public hearing is sometimes held to receive oral comments in addition to written comments. The Board considers comments and decides whether to adopt the proposed standards with or without modification. After review by the three officials who sponsor FASAB, the Board publishes adopted standards in a Statement of Federal Financial Accounting Standards. The Board follows a similar process for Statements of Federal Financial Accounting Concepts, which guide the Board in developing accounting standards and formulating the framework for federal accounting and reporting.

Additional background information and other items of interest are available at [www.fasab.gov](http://www.fasab.gov):

1. [Memorandum of Understanding](#) among the Government Accountability Office, the Department of the Treasury, and the Office of Management and Budget, on Federal Government Accounting Standards and a Federal Accounting Standards Advisory Board
2. [Mission statement](#)
3. [Documents for comment](#)
4. [Statements of Federal Financial Accounting Standards and Concepts](#)
5. [FASAB newsletters](#)

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Telephone (202) 512-7350  
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## Federal Accounting Standards Advisory Board

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### ISSUE DATE

TO: ALL WHO USE, PREPARE, AND AUDIT FEDERAL FINANCIAL INFORMATION

The Federal Accounting Standards Advisory Board (FASAB or “the Board”) requests your comments on the exposure draft of a proposed Statement of Federal Financial Accounting Standards, entitled *Omnibus Amendments 2023*. Specific questions for your consideration appear on page **Error! Bookmark not defined.**, but you are welcome to comment on any aspect of this proposal. If you do not agree with specific matters or proposals, your responses will be most helpful to the Board if you explain the reasons for your positions and any alternatives you propose.

Responses are requested by DUE DATE.

All comments received by FASAB are considered public information. Those comments may be posted to [FASAB's website](#) and will be included in the project's public record.

Please provide your comments by email to [fasab@fasab.gov](mailto:fasab@fasab.gov). We will confirm receipt of your comments. If you do not get a confirmation, please contact our office at 202-512-7350 to determine if your comments were received. If you are unable to email your responses, please call (202) 512-7350 to make alternate arrangements.

FASAB's rules of procedure provide that the Board may hold one or more public hearings on any exposure draft. No hearing has yet been scheduled for this exposure draft. or A public hearing has been scheduled at 9:00 a.m. on Month Day, Year, in Room 7C13 at the Government Accountability Office, 441 G Street, NW, Washington, D.C. 20548.

FASAB will publish notice of the date and location of any public hearing on this document in the Federal Register and in its newsletter.

Sincerely,

George A. Scott  
Chair



## EXECUTIVE SUMMARY

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### WHAT IS THE BOARD PROPOSING?

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The objective of this Statement is to address the open proposal in Statement of Federal Financial Accounting Standards (SFFAS) 38. This proposed Statement would:

- Eliminate the requirement to transition the oil and gas information from Required Supplementary Information (RSI) to basic information by rescinding paragraphs 6 and 31 of SFFAS 38.

### HOW WOULD THIS PROPOSAL IMPROVE FEDERAL FINANCIAL REPORTING AND CONTRIBUTE TO MEETING THE FEDERAL FINANCIAL REPORTING OBJECTIVES?

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SFFAS 38 requires the Board's determination on whether to transition the reporting requirements in SFFAS 38 from RSI to either financial statement recognition or note disclosure, or the information should remain as RSI. The Board determined that the requirements should remain in RSI. This proposal would eliminate the requirement in SFFAS 38 to transition the information to basic information.

### MATERIALITY

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The provisions of this Statement need not be applied to immaterial items. A misstatement, including omission of information, is material if, in light of surrounding facts and circumstances, it could reasonably be expected that the judgment of a reasonable user relying on the information would change or be influenced by the correction or inclusion of the information. Materiality should be evaluated in the context of the specific reporting entity. Determining materiality requires appropriate and reasonable judgment in considering the specific facts, circumstances, size, and nature of the misstatement. Consequently, after quantitative and qualitative factors are considered, materiality may vary by financial statement, line item, or group of line items within an entity.



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## QUESTIONS FOR RESPONDENTS

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The Federal Accounting Standards Advisory Board (FASAB or “the Board”) encourages you to become familiar with all proposals in the Statement before responding to the questions below. In addition to the questions below, the Board also welcomes your comments on other aspects of the proposed Statement. Because FASAB may modify the proposals before a final Statement is issued, it is important that you comment on proposals that you favor as well as any that you do not favor. Comments that include the reasons for your views are especially appreciated.

The Board believes that this proposal would improve federal financial reporting and contribute to federal financial reporting objectives. The Board has considered the perceived costs associated with this proposal. In responding, please consider the expected benefits and perceived costs and communicate any concerns that you may have regarding implementing this proposal.

The questions in this section are available in a Microsoft Word file for your use at <https://www.fasab.gov/documents-for-comment/>. Your responses should be sent to [fasab@fasab.gov](mailto:fasab@fasab.gov). If you are unable to respond by email, please contact us at (202) 512-7350.

All responses are requested by [insert date].

- Q1. SFFAS 38 requires the value of the federal government’s estimated petroleum royalties from the production of federal oil and gas proved reserves be reported in a schedule of estimated federal oil and gas petroleum royalties by the component entity that is responsible for collecting royalties and be presented in required supplementary information (RSI). It was the Board’s intent that the information required by SFFAS 38 transition to basic information after three years as RSI. The Board is now proposing that the information required in SFFAS 38 continue to be reported as RSI. Do you agree with the Board’s decision that the information continues to be reported as RSI? Please explain.
- Q2. The Board believes that SFFAS 38 reporting requirements presented as RSI meets the needs of financial statement users. Do you agree with the Board’s position? Please explain?

## PROPOSED STANDARDS

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### SCOPE

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1. This Statement applies to federal entities that present general purpose federal financial reports (GPFFRs), including the consolidated financial report of the U.S. Government (CFR), in conformance with generally accepted accounting principles (GAAP), as defined by paragraphs 5 through 8 of Statement of Federal Financial Accounting Standards (SFFAS) 34, *The Hierarchy of Generally Accepted Accounting Principles, Including the Application of Standards Issued by the Financial Accounting Standards Board*.

### AMENDMENTS TO SFFAS 38

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2. This paragraph rescinds paragraphs 6 and 31 of SFFAS 38:

~~6. It is the Board's intent that the information required by this Statement transition to basic information after being reported as RSI for a period of three years. Prior to the conclusion of the three-year RSI period, the Board plans to make a determination as to whether the information will transition to basic information as financial statement recognition or note disclosure. This Statement will remain in effect until such time a determination is made.~~

~~31. It is the Board's intent that the information required by this Statement transition to basic information after being reported as RSI for a period of three years. Prior to the conclusion of the three-year RSI period, the Board plans to make a determination as to whether the information will transition to basic information as financial statement recognition or note disclosure. This Statement will remain in effect until such time a determination is made.~~

### EFFECTIVE DATE

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3. The requirements of this Statement are effective upon issuance.

The provisions of this Statement need not be applied to information if the effect of applying the provision(s) is immaterial. Refer to Statement of Federal Financial Accounting Concepts 1, Objectives of Federal Financial Reporting, chapter 7, titled Materiality, for a detailed discussion of the materiality concepts.

## APPENDIX A: BASIS FOR CONCLUSIONS

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This appendix discusses some factors considered significant by Board members in reaching the conclusions in this Statement. It includes the reasons for accepting certain approaches and rejecting others. Individual members gave greater weight to some factors than to others. The standards enunciated in this Statement—not the material in this appendix—should govern the accounting for specific transactions, events, or conditions.

This Statement may be affected by later Statements. The FASAB Handbook is updated annually and includes a status section directing the reader to any Statements that affects this Statement. Within the text of the Statements, the authoritative sections are updated for changes. However, this appendix will not be updated to reflect subsequent changes. The reader can review the basis for conclusions of amending Statements for the rationale for each amendment.

### PROJECT HISTORY

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- A1. FASAB issued SFFAS 38, *Accounting for Federal Oil and Gas Resources*, on April 13, 2010. SFFAS 38 requires the value of the federal government's estimated petroleum royalties from the production of federal oil and gas proved reserves to be reported in a schedule of estimated federal oil and gas petroleum royalties. In addition, the standard requires the value of estimated petroleum royalty revenue designated for other be reported in a Schedule of estimated federal oil and gas petroleum royalties to be distributed to others, as part of a discussion of all significant federal oil and gas resources under management of the entity effective for periods beginning after September 30, 2011.
- A2. On July 6, 2011, FASAB issued SFFAS 41 which deferred the effective date of SFFAS 38 to begin after September 30, 2012.
- A3. At the time SFFAS 38 was issued, the Board believed that the estimated federal royalty share of proved oil and gas reserves should be presented as basic information, since the quantity of the estimated federal proved oil and gas reserves can be reliably estimated and converted to monetary terms. However, members wanted to have more information on the reliability of the valuation methodology before the Board made a final decision on whether the information should be recognized on the face of the financial statements or disclosed in the notes to the financial statements. The Board agreed to require the information to be reported in RSI for three years. Before the end of the three-year RSI period, the Board planned to make a determination as to whether the information would transition to basic information as financial statement recognition or note disclosure. The Board acknowledged that new information may become available that would warrant continued reporting as RSI.
- A4. The reassessment of the SFFAS 38 reporting requirements was moved to a Board research project status in 2012. In 2014, the project was changed to a potential Board project due to other priorities.

- A5. In August 2022, the Board revisited the open-ended reporting requirement in SFFAS 38 paragraphs 6 and 31. The Board acknowledged that the original intent in 2013 to transition oil and gas reporting from RSI was based on the belief that over time there would be improvements towards more certain measurement approaches for valuing oil and gas. However, based on discussions with the Department of the Interior (Interior), those measurement challenges seem to remain.
- A6. Interior is responsible for managing the nation's oil and gas resources and the related revenue on federal lands. Accordingly, Interior reports the SFFAS 38 requirements on behalf of the federal government. Interior's valuation methodology for oil and gas petroleum royalties from federal onshore and offshore oil and gas proved reserves is based on oil and gas proved reserve estimates published by the Energy Information Administration (EIA). Given that the EIA published oil and gas proved reserve estimates are not subject to audit, the Board believes the added cost to Interior to increase the reliability of the oil and gas information for basic reporting would not be cost effective.
- A7. In addition, the EIA oil and gas proved reserve estimates are not separated between federal and non-federal and therefore Interior estimates the federal portion of each state's oil and gas proved reserves using production on federal land. However, production on federal land only provides an indirect correlation in the valuation methodology. The Board believes transitioning the information to basic information may result in audit challenges for Interior.
- A8. The Board also considered the oil and gas price fluctuations that may result in significant changes in the asset value of future royalty revenues between reporting periods.
- A9. The valuation methodology for estimating the federal royalty share of proved oil and gas reserves assumes 100 percent of the oil and gas proved reserves will be produced over time. Given the efforts toward clean energy, the uncertainty of future production of oil and gas may also affect the asset value presented as basic information.
- A10. One objective of the Board's reexamination of existing standards project is to eliminate or revise unnecessary requirements to reduce reporting burden. The Board concluded that changing the reporting requirements under SFFAS 38 to basic information may add to reporting burden without producing increased reporting benefits.
- A11. The Board acknowledged that actual royalties collected and distributed are currently recognized and disclosed in accordance with SFFAS 7, *Accounting for Revenue and Other Financing Sources*. The Board does not believe there is a further benefit to recognize future royalties as basic information. In addition, the Board believes that reporting actual royalty revenue collected and distributed achieves the four objectives of federal financial reporting: (1) budget integrity, (2) operating performance, (3) stewardship, and (4) systems and controls.
- A12. The Board acknowledged that that there would not be a major change in the information reported between RSI and basic information, and the RSI information provides more relevant and useful information to users of the financial statements.

- A13. Research on natural resources reporting revealed that, as of the date of this exposure draft, several accounting standard setters and one regulatory agency<sup>1</sup> either requires supplementary information reporting or does not require reporting of oil and gas reserves quantity or the value of estimated future oil and gas revenues.
- A14. Considering the potential cost and added burden of transitioning the SFFAS 38 reporting requirements to basic information without increased reporting benefits, the Board unanimously agreed that the SFFAS 38 reporting requirements should remain as RSI.

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<sup>1</sup> Financial Accounting Standards Board, Government Accounting Standards Board, International Financial Reporting Standards Foundation, and International Public Sector Accounting Standards Board, and U.S. Securities and Exchange Commission

## APPENDIX B: ABBREVIATIONS

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CFR	Consolidated Financial Report of the U.S. Government
ED	Exposure Draft
FASAB	Federal Accounting Standards Advisory Board
FASB	Financial Accounting Standards Board
GAAP	Generally Accepted Accounting Principles
GAO	Government Accountability Office
GASB	Governmental Accounting Standards Board
GPFFR	General Purpose Federal Financial Report
IPSASB	International Public Sector Accounting Standards Board
OMB	Office of Management and Budget
SFFAC	Statement of Federal Financial Accounting Concepts
SFFAS	Statement of Federal Financial Accounting Standards

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Federal Accounting Standards Advisory Board

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# AMENDMENT TO TECHNICAL BULLETIN 2011-1

ACCOUNTING FOR FEDERAL NATURAL RESOURCES OTHER THAN OIL AND GAS

**Technical Bulletin 2023-X**

**Exposure Draft**

Written comments are requested by Month day, Year

Month day, year

Working Draft – Comments Are Not Requested on This Draft

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## THE FEDERAL ACCOUNTING STANDARDS ADVISORY BOARD

The Secretary of the Treasury, the Director of the Office of Management and Budget (OMB), and the Comptroller General of the United States established the Federal Accounting Standards Advisory Board (FASAB or “the Board”) in October 1990. FASAB is responsible for promulgating accounting standards for the United States government. These standards are recognized as generally accepted accounting principles (GAAP) for the federal government.

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Additional background information is available from FASAB or its website:

- [“Memorandum of Understanding among the Government Accountability Office, the Department of the Treasury, and the Office of Management and Budget, on Federal Government Accounting Standards and a Federal Accounting Standards Advisory Board”](#)
- [“Mission Statement: Federal Accounting Standards Advisory Board,” exposure drafts, Statements of Federal Financial Accounting Standards and Concepts, FASAB newsletters](#), and other items of interest are posted on FASAB’s website at: [www.fasab.gov](http://www.fasab.gov)

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## Federal Accounting Standards Advisory Board

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TO: ALL WHO USE, PREPARE, AND AUDIT FEDERAL FINANCIAL INFORMATION

Your comments on the exposure draft of a proposed Technical Bulletin, entitled *Technical Bulletin 2023-X: Amendment to Technical Bulletin 2011-1, Accounting for Federal Natural Resources Other Than Oil and Gas*, are requested. Specific questions for your consideration appear on page 3, but you are welcome to comment on any aspect of this proposal. If you do not agree with the proposed approach, your response would be more helpful to the Board if you explain the reasons for your position and any alternative you propose. Responses are requested by DUE DATE.

All comments received by FASAB are considered public information. Those comments may be posted to FASAB's website and will be included in the project's public record.

Please provide your comments by email to [fasab@fasab.gov](mailto:fasab@fasab.gov). We will confirm receipt of your comments. If you do not get a confirmation, please contact our office at 202-512-7350 to determine if your comments were received. If you are unable to email your responses, please call (202) 512-7350 to make alternate arrangements.

Sincerely,

*Monica R. Valentine*

Monica R. Valentine

Executive Director



## EXECUTIVE SUMMARY

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### WHAT GUIDANCE IS BEING PROPOSED?

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This Technical Bulletin (TB) would address the open-ended reporting requirement in Technical Bulletin 2011-1. This proposed guidance would:

- Eliminate the requirement to transition natural resources other than oil and gas from Required Supplementary Information (RSI) to basic information by rescinding paragraphs 5 and 31 of TB 2011-1.

### HOW WOULD THIS PROPOSAL IMPROVE FEDERAL FINANCIAL REPORTING AND CONTRIBUTE TO MEETING THE FEDERAL FINANCIAL REPORTING OBJECTIVES?

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The Board issued Omnibus Amendments 2023 on **Month Day, 2023**, amending SFFAS 38 by eliminating the requirement to transition the reporting requirements in SFFAS 38 to basic information either as financial statement recognition or note disclosure. This proposal would provide the necessary updates to TB 2011-1 to reflect the changes in the amended SFFAS 38.

### MATERIALITY

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The provisions of this Technical Bulletin need not be applied to immaterial items. A misstatement, including omission of information, is material if, in light of surrounding facts and circumstances, it could reasonably be expected that the judgment of a reasonable user relying on the information would change or be influenced by the correction or inclusion of the information. Materiality should be evaluated in the context of the specific reporting entity. Determining materiality requires appropriate and reasonable judgment in considering the specific facts, circumstances, size, and nature of the misstatement. Consequently, after quantitative and qualitative factors are considered, materiality may vary by financial statement, line item, or group of line items within an entity.

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## QUESTIONS FOR RESPONDENTS

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The Federal Accounting Standards Advisory Board (FASAB or “the Board”) staff encourages you to become familiar with all proposals in the Technical Bulletin before responding to the questions in this section. In addition to the questions below, staff also would welcome your comments on other aspects of the proposed Technical Bulletin. Because the proposals may be modified before a final Technical Bulletin is issued, it is important that you comment on proposals that you favor as well as any that you do not favor. Comments that include the reasons for your views will be especially appreciated.

FASAB staff believes this proposal would improve federal financial reporting and contribute to meeting the federal financial reporting objectives. Staff has considered the perceived costs associated with this proposal. In responding, please consider the expected benefits and perceived costs and communicate any concerns that you may have regarding implementing this proposal.

The questions in this section are available in a Microsoft Word file for your use at <https://www.fasab.gov/documents-for-comment/>. Your responses should be sent by email to [fasab@fasab.gov](mailto:fasab@fasab.gov). If you are unable to respond by email, please fax your responses to (202) 512-7366. Alternatively, you may mail your responses to:

Monica R. Valentine, Executive Director  
Federal Accounting Standards Advisory Board  
441 G Street, NW, Suite 1155  
Washington, DC 20548

All responses are requested by **Month day, 2023**.

- Q1. TB 2011-1 applies the reporting requirements in Statement of Federal Financial Accounting Standards (SFFAS) 38, *Accounting for Federal Oil and Gas Resources*, to federal natural resources other than oil and gas. TB 2011-1 requires the value of the federal government’s estimated royalties and other revenue from federal natural resources that are (1) under lease, contract, or other long-term agreement and (2) reasonably estimable as of the reporting date reported in required supplementary information (RSI). It was the Board’s original intent that the information required by SFFAS 38 transition to basic information after three years as RSI. The Board subsequently rescinded the requirement to transition the reporting requirements to basic information by issuing Omnibus Amendments 2023. The Board is proposing to amend TB 2011-1 accordingly. Do you agree with the Board’s decision that the information required in TB 2011-1 continue to be reported as RSI? Please explain.
- Q2. The Board believes that TB 2011-1 reporting requirements presented as RSI meets the needs of financial statement users. Do you agree with the Board’s position? Please explain?

## PROPOSED TECHNICAL GUIDANCE

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### SCOPE

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1. **What reporting entities are affected by this Technical Bulletin (TB)?**
2. This guidance applies to all reporting entities that present general purpose federal financial reports (GPFFRs), including the consolidated financial report of the U.S. Government (CFR), in conformance with generally accepted accounting principles (GAAP) as defined by paragraphs 5 through 8 of Statement of Federal Financial Accounting Standards (SFFAS) 34, *The Hierarchy of Generally Accepted Accounting Principles, Including the Application of Standards Issued by the Financial Accounting Standards Board*.
3. **What accounting practices are addressed in this TB?**
4. This TB rescinds paragraphs 5 and 31 of TB 2011-1.

~~5. It is the Board's intent that the information required by SFFAS 38 transition to basic information after being reported as RSI for a period of three years. Prior to the conclusion of the three-year RSI period, the Board plans to make a determination as to whether the information required by SFFAS 38 will transition to basic information as financial statement recognition or note disclosure. It is anticipated that a similar determination would be made for natural resources other than oil and gas based on agencies' experiences implementing the guidance in this technical bulletin.~~

~~31. It is the Board's intent that the information required by SFFAS 38 transition to basic information after being reported as RSI for a period of three years. Prior to the conclusion of the three-year RSI period, the Board plans to make a determination as to whether the information required by SFFAS 38 will transition to basic information as financial statement recognition or note disclosure. It is anticipated that a similar determination would be made for natural resources other than oil and gas based on agencies' experiences implementing the guidance in this technical bulletin.~~

### EFFECTIVE DATE

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5. The requirements of this TB are effective upon issuance.

<p>The provisions of this Technical Bulletin need not be applied to information if the effect of applying the provision(s) is immaterial. Refer to Statement of Federal Financial Accounting Concepts 1, Objectives of Federal Financial Reporting, chapter 7, titled Materiality, for a detailed discussion of the materiality concepts.</p>
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## APPENDIX A: BASIS FOR CONCLUSIONS

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The Federal Accounting Standards Advisory Board (FASAB or “the Board”) has authorized its staff to prepare Technical Bulletins to provide timely guidance on certain financial accounting and reporting problems, in accordance with the Board’s rules of procedure, as amended and restated through October 2010, and the procedures described in FASAB Technical Bulletin 2000-1, “Purpose and Scope of FASAB Technical Bulletins and Procedures for Issuance.” The provisions of Technical Bulletins need not be applied to immaterial items.

This appendix discusses some factors considered significant by staff in reaching the conclusions in this Technical Bulletin. It includes the reasons for accepting certain approaches and rejecting others. Some factors were given greater weight than other factors. The guidance enunciated in the technical guidance section—not the material in this appendix—should govern the accounting for specific transactions, events or conditions.

This guidance may be affected by later Statements. The FASAB Handbook is updated annually and includes a status section directing the reader to any subsequent Statements that amend this guidance. Within the text of the Statements, the authoritative sections are updated for changes. However, this appendix will not be updated to reflect future changes. The reader can review the basis for conclusions of the amending Statement for the rationale for each amendment.

### PROJECT HISTORY

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- A1. FASAB issued SFFAS 38, *Accounting for Federal Oil and Gas Resources*, on April 13, 2010. SFFAS 38 requires the value of the federal government’s estimated petroleum royalties from the production of federal oil and gas proved reserves to be reported in a schedule of estimated federal oil and gas petroleum royalties. In addition, the standard requires the value of estimated petroleum royalty revenue designated for other be reported in a Schedule of estimated federal oil and gas petroleum royalties to be distributed to others, as part of a discussion of all significant federal oil and gas resources under management of the entity effective for periods beginning after September 30, 2011.
- A2. On July 6, 2011, FASAB issued SFFAS 41 which deferred the effective date of SFFAS 38 to begin after September 30, 2012.
- A3. Also on July 6, 2011, FASAB issued Technical Bulletin 2011-1: *Accounting for Federal Natural Resources Other than Oil and Gas*, which applies the general principles in SFFAS 38 and requires federal entities to report the value of federal government’s estimated royalties and other revenue from other federal natural resources that are (1) under long-term lease, long-term contract or other long-term agreement and (2) reasonably estimable as of the reporting date in RSI effective for periods beginning after September 30, 2013.
- A4. At the time SFFAS 38 was issued, the Board intended that the information required in SFFAS 38 would transition to basic information after being reported as RSI for three years. Prior to the conclusion of the three-year RSI period, the Board would make a

determination as to whether the information would transition to basic information as financial statement recognition or note disclosure. The Board acknowledged that new information might become available that would warrant continued reporting as RSI.

- A5. The reassessment of the SFFAS 38 reporting requirements was moved to a Board research project status in 2012. In 2014, the project was changed to a potential Board project due to other priorities
- A6. In August 2022, the Board revisited the open-ended reporting requirement in SFFAS 38. The Board acknowledged that that there would not be a major change in the information reported between RSI and basic information, and the RSI information provides more relevant and useful information to users of the financial statements.
- A7. Considering the potential cost and added burden of transitioning the SFFAS 38 reporting requirements to basic information without increased reporting benefits, the Board unanimously agreed that the SFFAS 38 reporting requirements remain as RSI.
- A8. In **Month day, 2023**, the Board rescinded the requirement to transition natural resources reporting in SFFAS 38 to basic information with the issuance of Omnibus Amendments 2023.

## APPENDIX B: ABBREVIATIONS

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FASAB	Federal Accounting Standards Advisory Board
SFFAS	Statement of Federal Financial Accounting Standards
TB	Technical Bulletin

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**MEMBER COMMENT FORM**  
**TOPIC F – SFFAS 38 – Omnibus Amendments**  
**December 2022 Board Meeting**

**Member Instructions:**

For each question, please include your name and provide your comments/edits.

**Question for the Board:**

1. Do members agree with the draft Omnibus Amendments 2023 and Technical Bulletin 2023-X exposure drafts?

**Member Name:**

**Comment:**