

Memorandum

Omnibus Amendments 202X

October 6, 2023

To: Members of the Board
From: Sherry Lee and Domenic Savini
Thru: Monica R. Valentine, Executive Director
Subject: **Omnibus Amendments 202X ED Comment Letters** (Topic A)

INTRODUCTION

The agenda session will consider the comment letters, staff analysis, and staff's recommendations on the proposed Statement of Federal Financial Accounting Standards (SFFAS) titled *Omnibus Amendments: Amending Statements of Federal Financial Accounting Standards 38, 49 and Technical Bulletin 2011-1*. Staff analysis and recommendations are intended to support the Board's review of comment letters.

REQUEST FOR FEEDBACK BY OCTOBER 16, 2023

Prior to the Board's October meeting, please review the briefing materials and respond to the staff questions no later than October 16, 2023. Please provide responses to Sherry Lee at LeeSL@fasab.gov and Domenic Savini at SaviniD@fasab.gov with a cc to Ms. Valentine at ValentineM@fasab.gov.

NEXT STEPS

Pending Board member feedback, staff will finalize a pre-ballot omnibus statement incorporating the changes to SFFAS 38 and SFFAS 49, as appropriate.

ATTACHMENTS

1. Staff Analysis, including Table of Responses and Staff Notes
2. Respondent Table of Content and Individual Comment Letters
3. Original Exposure Draft

Staff Analysis

Omnibus Amendments 202X

October 6, 2023

Attachment 1

CONTEXT

As part of the reexamination of existing standards project, the omnibus amendments project reexamines existing standards to assess their current relevance and to identify opportunities to streamline authoritative guidance. Specifically, the proposal would (1) retain the information required in Statement of Federal Financial Accounting Standards (SFFAS) 38 and Technical Bulletin (TB) 2011-1 in Required Supplementary Information (RSI), and (2) remove the “where available” exception in paragraph 24b of SFFAS 49 to require disclosure of the amounts of non-federal partner funding in all circumstances.

FASAB issued the exposure draft (ED), *Omnibus Amendments: Amending Statements of Federal Financial Accounting Standards 38, 49, and Technical Bulletin 2011-1* on August 22, 2023, with comments requested by September 21, 2022. Upon release of the ED, FASAB notified constituents through the FASAB website and listserv, the Federal Register, and FASAB newsletter. FASAB also provided news releases to its press contacts, including various news organizations and committees of professional associations generally commenting on EDs in the past. To encourage responses, a reminder notice was provided to FASAB’s listserv near the comment deadline. Staff also provided copies of the ED directly to agencies that were directly impacted by the particular issue in prior years.

FASAB received 12 responses from the following sources:

	FEDERAL	NON-FEDERAL
Users, academics, & others		4
Auditors		
Preparers and financial managers	8	

The full text of the comment letters is provided as **Attachment 2- Respondent Table of Content and Individual Comment Letters**. Attachment 2 includes a table of contents and identifies respondents in the order their responses were received. The comment letters appear as an attachment to facilitate compilation and pagination. However, staff encourages you to read the letters in their entirety before you read the staff analysis and recommendation for each question and other responses below.

SUMMARY OF RECOMMENDATIONS AND ANALYSES

In summary, the majority of respondents generally supported the exposure draft and generally agreed with the proposed guidance. As a result, staff made no changes to the proposed omnibus statement. Staff analysis, discussion and recommendations are summarized for each Question for Respondents below. Please see the **Table of Responses and Staff Notes** that follows for a chart that contains all responses by question, including staff notes of disposition. As noted, **Attachment 2- Respondent Table of Content and Individual Comment Letters** provides the full comment letters.

Analysis of Responses to Question for Respondents #1:

QFR #1: Federal Financial Accounting Standards (SFFAS) 38, Accounting for Federal Oil and Gas Resources, requires the value of the federal government's estimated petroleum royalties from the production of federal oil and gas proved reserves be reported as required supplementary information (RSI) in a schedule of estimated federal oil and gas petroleum royalties by the component entity that is responsible for collecting royalties. TB 2011-1, *Accounting for Federal Natural Resources Other than Oil and Gas*, applies the reporting requirements in SFFAS 38 to federal natural resources other than oil and gas and requires reporting as RSI 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. It was the Board's intent when issuing SFFAS 38 and TB 2011-1 that the information required would eventually transition from presentation as RSI to basic information after three years. The Board is now proposing that the information required in SFFAS 38 and TB 2011-1 continue to be reported as RSI. Please refer to basis for conclusions paragraphs A1-A15.

Do you agree, partially agree, or disagree with the Board's decision? Please provide the rationale for your answer.

Analysis of Responses and Staff Recommendation

#	Agrees	Partially Agrees	Disagrees	N/A
1 - Ravnitzky	X			
2 – HUD/GNMA				X
3 – EPA	X			
4 – SSA	X			
5 – NASA				X
6 – AGA	X			
7 – DOD				X
8 – VA	X			
9 – GWSCPA	X			
10 – DOC				X
11 – DOI	X			
12 - Checco				X
Total	7	0	0	5

- **Seven or the majority of respondents (7 out of 12) agreed with QFR #1.**
 - Respondent #1 did not explicitly agree or disagree with QFR #1. The respondent commented that the proposed amendments to SFFAS 38 and TB 2011-1 are inadequate because they do not address the environmental impact and cost related to oil and gas and fossil fuels and suggested additional amendments to SFFAS 38. Staff considered the response as agreement with QFR #1.
- **Five respondents (5 out of 11) were ‘N/A’ for QFR #1.** This means the respondent either did not answer QFR #1 or staff considered the response as unspecified agreement. As note on **Table of Responses and Staff Notes**,
 - Respondents #5 and #7 were “not applicable” (N/A),
 - Respondent #10 stated that no feedback was submitted,
 - Respondent #2 stated that it was unable to provide feedback due to agency having no activity subject to accounting for federal oil and gas resources, and
 - Respondent #12 did not respond to QFR #1.

Recommendation

As noted above, the majority of respondents agreed with, and the remaining respondents did not oppose to the proposed amendments to SFFAS 38 and TB 2011-1. Staff does not recommend any change based on responses to QFR #1.

Question for the Board 1: Do members agree with staff's analysis and recommendation of response to QFR #1?

Analysis of Responses to Question for Respondents #2:

QFR #2: The Board proposes removing the “where available” exception in paragraph 24b of SFFAS 49, *Public-Private Partnerships: Disclosure Requirements*. The Board intended for paragraph 24b to allow exclusion of the amounts of non-federal partner funding in situations where such information was not available. The Board proposes revising SFFAS 49 to require disclosure of the amounts of non-federal partner funding in all circumstances and to avoid potential misapplication of paragraph 24b to the amounts of federal funding and other cash flow disclosure requirements. Please refer to basis for conclusions paragraphs A16-A19.

Do you agree, partially agree, or disagree with the Board’s proposal to remove the exception in paragraph 24b? Please provide the rationale for your answer.

Analysis of Responses and Staff Recommendation

#	Agrees	Partially Agrees	Disagrees
1 - Ravnitzky	N/A	N/A	N/A
2 – HUD/GNMA			X
3 – EPA	X		
4 – SSA			X
5 – NASA			X
6 – AGA	X		
7 – DOD		X	
8 - VA			X
9 - GWSCPA	X		
10 – DOC			X
11 – DOI		X	
12 - Checco	X		
Totals	4	2	5

Five of the twelve respondents (5 out of 12) disagreed with the Board’s proposed amendment to SFFAS 49, paragraph 24b. These respondents noted the following:

1. The proposed amendment would require reporting entities to disclose the estimated amount of the funding of the P3 over the expected life when the federal and/or non-federal funding information is not available.
2. There can be numerous complexities and difficulties when estimating federal and/or non-federal funding when the information is not available.
3. Audit implications will arise when information is not reasonably available.
4. Without the current flexibility, the amendment will place more of an administrative and/or operational burden on the agency.
5. Disclosed amounts should be based on the contractual arrangement/transaction contained within the government’s contractual documentation.
6. The current language affords federal agencies the flexibility to tailor their responses based on their specific circumstances. If auditors have inquiries about information provided by agencies, recommend they seek further clarification from management during the audit process. Implementation of the proposed language fails to address the issue where non-federal partners might

operate on different reporting cycles than federal partners creating timing differences and impacting the availability of funding information. Without the current flexibility, it will place more of an administrative and/or operational burden on the agency.

The remaining six respondents either agreed (4) or partially agreed (2) with the Board's proposed amendment noting the following:

Agree

1. We believe such estimates would be necessary for management to negotiate and evaluate the P3 arrangements, be a corollary to understanding the contract terms, and be a corollary to identifying balances and transactions arising from the arrangements for accounting purposes. Thus, we think reasonable estimates should be available for disclosure. We are not aware of any instances where it would be infeasible to obtain, estimate or disclose funding information for non-federal partners.
2. The Bureau of Safety and Environmental Enforcement and the Bureau of Oceanic Energy Management: "The changes to the paragraph does provide more clarity for the requirement."
3. The U.S. Bureau of Reclamation agrees with the Board's proposal.
4. Department of the Interior Departmental Offices agree stating, "Overall, we agree with this assessment, if the amount is material enough to disclose in the financial reporting package, then it should include all funding available federal and non-federal even if it's a funding estimate. It's more transparent to the end user if all funding is disclosed instead of bits and pieces of it and if the numbers are coming from a funding estimate it can be noted in the text portion."
5. Even if the Board were to adopt a higher-threshold, as some respondents have noted, once it is established that it is the Board's intention to not only permit, but continue such a loophole, it will proliferate without restraint to the balance of the SFFAS 49 requirements and in essence fundamentally weaken—if not over time—totally eviscerate standard 49, which the P3 task force and many of its original members have worked so long and hard to help create.
6. Two respondents agreed with the rationale as noted in the Exposure Draft.

Partially Agree

1. We agree that the exclusion language should not be utilized to circumvent the intent of the SFFAS 49 disclosures. We do not fully agree with complete removal of language that address circumstances where information is not readily available to the federal entity. Not all non-federal or federal funding is estimable. We recommend adding the following language as the 2nd sentence:

“For any amounts that are not readily available, the federal reporting entity should make its best effort to estimate such amounts or indicate the reasons why such an effort is not feasible.”

One respondent did not specifically address the Board’s question concerning paragraph 24b. but noted that SFFAS 49 Disclosures should be expanded to include estimated greenhouse gas emissions and costs/benefits from fossil fuels consumption.

Staff Recommendation – proceed with amendment, as exposed.

This paragraph amends paragraph 24b of SFFAS 49 as follows:

24b. A description of federal and non-federal funding of the P3 over its expected life, including the mix and, ~~where available,~~ the amounts of such funding. ~~For any amounts that are not available, the disclosures should indicate such.~~

Background

Please note that the fundamental problem is not solely limited to the 24b. “where available” exception, but as noted during the August 2023 meeting, it is the extension of this exception to the other paragraph 24 disclosures.

As reported to staff and the task force, certain preparers and their auditors have used the 24b. exception as a basis to not disclose specifically, the remote risks underlying the P3 arrangement/transaction. Their rationale is that the Board’s logic in paragraph 24b. is in essence allowing an exception whenever any disclosure element is not available. As discussed in August, this was not the intent, and any exception would be limited to paragraph 24b; private partner funding amounts. Moreover, it is also apparent that as written, the exception can apply to federal amounts as well.

Basis for Staff’s Recommendation

Ensure Consistency with SFFAS 49 Intent – The Board never intended that the 24b. exception be used to not report (1) an agency’s estimate of the private partner funding when the private partner funding provided information was not available; (2) the federal entity’s funding amounts; and (3) other paragraph 24 disclosure requirements. Source: SFFAS 49, *Public-Private Partnerships: Disclosure Requirements*.

Relevance and Fair Presentation – given the importance of public-private partnerships in financial reporting, federal and non-federal funding amounts are highly relevant to fair presentation. That is, when P3s are material to an entity, the financial statements and notes could not be considered fairly presented if the funding information is missing or materially misstated. Source: SFFAC 1, *Objectives of Federal Financial Reporting* and SFFAC 2, *Entity and Display*.

Operating Performance - financial reporting should assist report users in evaluating the service efforts, costs, and accomplishments of the reporting entity and the way

these efforts and accomplishments have been financed. Absent P3 funding information, users would be unable to satisfactorily answer those questions. Source: SFFAC 1, *Objectives of Federal Financial Reporting*.

Stewardship - financial reporting should help readers determine whether the entity's financial position improved or deteriorated over the period and if future budgetary resources will likely be sufficient to sustain public services and to meet obligations as they come due. Absent P3 funding information, users would be unable to satisfactorily answer those questions. Source: SFFAC 1, *Objectives of Federal Financial Reporting*.

Question for the Board 2 - Do members agree with staff's analysis and recommendation of response to QFR #2? If not, please provide your rationale and any changes or edits you would propose making.

Table of Responses and Staff Notes

Question 1

EXPOSURE DRAFT QUESTION 1: Federal Financial Accounting Standards (SFFAS) 38, *Accounting for Federal Oil and Gas Resources*, requires the value of the federal government's estimated petroleum royalties from the production of federal oil and gas proved reserves be reported as required supplementary information (RSI) in a schedule of estimated federal oil and gas petroleum royalties by the component entity that is responsible for collecting royalties. TB 2011-1, *Accounting for Federal Natural Resources Other than Oil and Gas*, applies the reporting requirements in SFFAS 38 to federal natural resources other than oil and gas and requires reporting as RSI 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. It was the Board's intent when issuing SFFAS 38 and TB 2011-1 that the information required would eventually transition from presentation as RSI to basic information after three years. The Board is now proposing that the information required in SFFAS 38 and TB 2011-1 continue to be reported as RSI. Please refer to basis for conclusions paragraphs A1-A15.

Do you agree, partially agree, or disagree with the Board's decision? Please provide the rationale for your answer.

KEY: Agree, Disagree, Partial (agreement), NA (unspecified agreement or no answer)

Ref Number	Respondent Name/Organization	Agreement type	Response	Staff Notes
1	Ravnitzky	Agree	<p>Suggest the following revisions to the proposed amendments:</p> <ul style="list-style-type: none"> Define oil and gas as natural resources that have environmental impacts in SFFAS 38, Require disclosure of estimated gas emissions from oil and gas production in RSI in SFFAS 38, Require disclosure of estimated environmental costs and benefits from oil and gas production in RSI in SFFAS 38. 	Staff considered the respondent's response as agreement to QFR #1 because the respondent did not disagree with the proposed amendments to SFFAS 38. Staff noted the suggested revisions related to environmental impact and cost of oil and gas and fossil fuel and seized and forfeited oil and gas but believe they may be more appropriate for consideration in other projects, such as the climate project.

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Do you agree, partially agree, or disagree with the Board's decision? Please provide the rationale for your answer.

KEY: Agree, Disagree, Partial (agreement), NA (unspecified agreement or no answer)

Ref Number	Respondent Name/Organization	Agreement type	Response	Staff Notes
			<ul style="list-style-type: none"> Require disclosure of seized and forfeited oil and gas in SFFAS 3, Require valuation of seized and forfeited oil and gas at net realizable value or fair value in SFFAS 3, Require disclosure of estimated environmental impacts from seized and forfeited oil and gas in RSI in SFFAS 3, Require disclosure of estimated greenhouse gas emissions from fossil fuel consumption by federal entities in SFFAS 49, Require disclosure of estimated environmental costs and benefits from fossil fuel consumption by federal entities in RSI in SFFAS 49, and 	

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			<ul style="list-style-type: none"> Require disclosure of alternative energy sources and efficiency measures adopted by federal entities to reduce fossil fuel dependence in RSI in SFFAS 49. 	
2	HUD/GNMA	N/A	The US Department of Housing and Urban Development (HUD), along with HUD's Office of Government National Mortgage Association (GNMA) and HUD's Office of the Federal Housing Administration (FHA) do not have activity subject to the accounting for the federal oil and gas resources. As such, we are unable to provide feedback and rationale to the Board's proposal on this item.	N/A.
3	EPA	Agree	The additional costs to report this activity as basic information outweighs the benefits.	Respondent is in agreement.
4	SSA	Agree	SSA agrees that due to the uncertainties and unreliability of estimating future royalties, as well as the cost burden versus benefit of reporting these estimates, the appropriate	Respondent is in agreement.

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			accounting would be to continue reporting this activity as RSI and not reflect it on the face of the financial statements. However, as SSA does not have oil, gas, or other natural resource reserves, we defer to the judgment of agencies directly affected by the standard.	
5	NASA	N/A	N/A for NASA.	N/A
6	AGA	Agree	We agree that RSI is the best location for this information, due to the level of measurement uncertainty regarding these future revenues. This allows for users to be aware of the existence of the asset and its relative size without an inappropriate level of assurance regarding the estimated value.	Respondent is in agreement.
7	DOD	N/A	Not applicable.	N/A.
8	VA	Agree	Until there is a reliable valuation method to report on the federal government's estimated petroleum royalties from the production of federal oil and gas along with	Respondent is in agreement.

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Do you agree, partially agree, or disagree with the Board's decision? Please provide the rationale for your answer.

KEY: Agree, Disagree, Partial (agreement), NA (unspecified agreement or no answer)

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			coal, it is recommended that information in SFFAS 38 be reported as RSI rather than basic information.	
9	GWSCPA FISC	Agree	The FISC agrees with the Board's decision for the reasons stated in the ED.	Respondent is in agreement.
10	DOC	N/A	No feedback submitted.	N/A.
11	DOI	Agree	<p>Considering the significant uncertainties with measurement and other associated challenges outlined in previous work, Interior agrees with the board's decision to continue the required disclosure, recognition, and measurements required by SFFAS 38 and TB 2011-1 be contained in RSI.</p> <p>The below captures DOI entities responses to the ED.</p> <ul style="list-style-type: none"> • ONRR: The Office of Natural Resources Revenue agrees with the Board's decision to 	Respondent is in agreement.

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			<p>retain estimates on royalties for future potential production of federal oil and gas proved reserves and that of other natural resources other than oil and gas, as required supplementary information based on the Board's findings as discussed in the "Omnibus Amendments: Amending Statements of Federal Financial Accounting Standards 38, 49 and Technical Bulletin 2011-1".</p> <ul style="list-style-type: none"> • BOEM & BSEE: Agree, all of our concerns related to moving the disclosure from RSI to basic information is addressed in project summary sections A9, A10, A12, A14 and A15. • BLM: The BLM agrees with the Board's decision to continue reporting as RSI. • USBR: Agree. The measurement uncertainties and associated challenges seem to preclude reporting the information as basic. • DO: Agree, after sitting on multiple calls between FASAB and DOI Oil and Gas 	

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			<p>components it is clear we wanted it to remain as RSI and not be moved to a financial Statement recognition since a lot of the data is based on estimates and hard to provide audit evidence. DO will also defer the actual decision to those bureaus who do the oil and gas reporting. (ONRR, BLM, BOEM etc.).</p> <ul style="list-style-type: none"> • NPS: Agree. The justification for continuing to report as RSI is supported by the Basis for Conclusions. • FWS: Nothing submitted. • OSMRE: Nothing submitted. • IA: Nothing submitted. • USGS: Nothing submitted. 	
12	Checco	N/A	No response	N/A.

Table of Responses and Staff Notes

Question 2

EXPOSURE DRAFT QUESTION 2

The Board proposes removing the “where available” exception in paragraph 24b of SFFAS 49, Public-Private Partnerships: Disclosure Requirements. The Board intended for paragraph 24b to allow exclusion of the amounts of non-federal partner funding in situations where such information was not available. The Board proposes revising SFFAS 49 to require disclosure of the amounts of non-federal partner funding in all circumstances and to avoid potential misapplication of paragraph 24b to the amounts of federal funding and other cash flow disclosure requirements. Please refer to basis for conclusions paragraphs A16-A19.

Do you agree, partially agree, or disagree with the Board’s proposal to remove the exception in paragraph 24b? Please provide the rationale for your answer.

KEY: Agree, Disagree, Partial (agreement), NA (unspecified agreement or no answer)

Ref Number	Respondent Name/Organization	Agreement type	Response	Staff Notes
1	Ravnitzky	N/A	Require additional climate related disclosures.	Comments regarding additional climate related SFFAS 49 disclosures are noted. Requested disclosures may be provided via existing SFFAS 49 requirements to the extent an entity enters into a P3 incurring such costs or accruing said benefits (e.g., emissions and alternative energy sources).
2	HUD/GNMA	Disagree	GNMA disagrees with the Board’s proposal noting that excluding amounts of funding not available would be a prudent exception and allow agencies to avoid unnecessary and research.	As noted in its Basis for Conclusions, the Board believes that disclosure of such information is important to inform users as to the amount of funding attributable to each partner within a P3. The Board recognizes that non- federal funding information may not always be readily available from the non-federal partners, but reporting entities should be able to estimate such amounts if material.

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Ref Number	Respondent Name/Organization	Agreement type	Response	Staff Notes
3	EPA	Agree	Agree. My rationale follows the Board’s.	Respondent is in full agreement.
4	SSA	Disagree	We feel it would be more appropriate to revise the wording to reflect the Board’s desire to avoid potential misapplication. Retaining the exception for use in the appropriate circumstances will provide relief in instances when it is truly needed.	Although staff disagrees with the respondent’s suggestion, the Board will consider all respondent recommendations and suggested language or edits. Staff non-concurs because: <ol style="list-style-type: none">1. Lack of data availability is not directly an accounting standard-setters domain. Such issues deal with materiality and scope restrictions that are best handled between preparers and their auditors.2. Lack of funding information can lead to financial statements and notes that are not fairly presented and also inconsistent with the Federal

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KEY: Agree, Disagree, Partial (agreement), NA (unspecified agreement or no answer)

Ref Number	Respondent Name/Organization	Agreement type	Response	Staff Notes
				Reporting Objectives; e.g. budgetary performance and stewardship.
5	NASA	Disagree	Unless the non-federal funding is specifically identified in the arrangement/transaction along with provisions to provide changes to the Federal agency, the Federal agency does not have access, purview, or oversight into a partners funding. Additionally, the government would not have a requirement to cover those non-federal funds and should not be included in the government financial statement information.	<p>Staff notes that “absence of evidence is not evidence of absence.” That is, as noted by a Board member at the August meeting, if the P3 project is large enough to be considered material, entities should have a sense of the project’s expected life and what their estimated total spend will be. Therefore, if we know what the federal funding is, then we also know by definition what the non-federal amount would be.</p> <p>Moreover, the moral hazard associated with P3 risks is at the heart of the standard. Whether they have been called “remote” risks or non-contractual related risks, the entities and ultimately the taxpayers are often called to rescue the program or intervene on the private partner’s behalf.</p>

EXPOSURE DRAFT QUESTION 2

The Board proposes removing the “where available” exception in paragraph 24b of SFFAS 49, Public-Private Partnerships: Disclosure Requirements. The Board intended for paragraph 24b to allow exclusion of the amounts of non-federal partner funding in situations where such information was not available. The Board proposes revising SFFAS 49 to require disclosure of the amounts of non-federal partner funding in all circumstances and to avoid potential misapplication of paragraph 24b to the amounts of federal funding and other cash flow disclosure requirements. Please refer to basis for conclusions paragraphs A16-A19.

Do you agree, partially agree, or disagree with the Board’s proposal to remove the exception in paragraph 24b? Please provide the rationale for your answer.

KEY: Agree, Disagree, Partial (agreement), NA (unspecified agreement or no answer)

Ref Number	Respondent Name/Organization	Agreement type	Response	Staff Notes
6	AGA	Agree	<p>We agree with the Board’s proposed amendment. We believe such estimates would be necessary for management to negotiate and evaluate the P3 arrangements, be a corollary to understanding the contract terms, and be a corollary to identifying balances and transactions arising from the arrangements for accounting purposes. Thus, we think reasonable estimates should be available for disclosure.</p> <p>We are not aware of any instances where it would be infeasible to obtain, estimate or disclose funding information for non-federal partners.</p> <p>However, in the event that the Board were to discover through its due process that a “where available” exception is necessary, we would encourage the Board to at least amend the paragraph to (1) clarify the exception is limited</p>	<p>Staff acknowledges the respondent’s suggested language and notes that lack of data availability is not directly an accounting standard-setters domain. Such issues deal with materiality and scope restrictions that are best handled between preparers and their auditors.</p> <p>Nevertheless, the Board will consider all respondent recommendations and suggested language or edits.</p>

EXPOSURE DRAFT QUESTION 2

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KEY: Agree, Disagree, Partial (agreement), NA (unspecified agreement or no answer)

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			to non-federal partner amounts, (2) set a higher bar than “not available” to better indicate that reasonable efforts should be taken to obtain or estimate amounts and (3) require disclosure of the specific reason for omissions. For example: “24b. A description of federal and non-federal funding of the P3 over its expected life, including the mix and amounts of such funding. For any non-federal amounts that are unable to be reasonably estimated or are legally prohibited from disclosure, a description of the nature of information omitted and specific reason for its omission should be disclosed.”	
7	DOD	Partially Agree	We agree that the exclusion language should not be utilized to circumvent the intent of the SFFAS 49 disclosures. We do not fully agree with complete removal of language that address circumstances where information is not readily available to the federal entity.	Staff acknowledges the respondent’s suggested language and notes that lack of data availability is not directly an accounting standard-setters domain. Such issues deal with materiality and scope restrictions that are best handled between preparers and their auditors.

EXPOSURE DRAFT QUESTION 2

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Do you agree, partially agree, or disagree with the Board’s proposal to remove the exception in paragraph 24b? Please provide the rationale for your answer.

KEY: Agree, Disagree, Partial (agreement), NA (unspecified agreement or no answer)

Ref Number	Respondent Name/Organization	Agreement type	Response	Staff Notes
				Nevertheless, the Board will consider all respondent recommendations and suggested language or edits.
8	VA	Disagree	VA understands it is important for reporting agencies to understand the intent of the standard and avoid potential misapplication of paragraph of 24B. However, it would be a challenge for reporting agencies to report non-federal partner funding in situations when information is not available. It will also be difficult for the reporting entity to come up with a reasonable estimate. For this reason, VA is recommending that FASAB staff elaborate on the standard so that reporting entities do not misinterpret and still give reporting agencies the flexibility not to report on non-federal partner funding when information is not available.	Staff notes that “absence of evidence is not evidence of absence.” That is, as noted by a Board member at the August meeting, if the P3 project is large enough to be considered material, entities should have a sense of the project’s expected life and what their estimated total spend will be. Therefore, if we know what the federal funding is, we then also know by definition what the non-federal amount would be.

EXPOSURE DRAFT QUESTION 2

The Board proposes removing the “where available” exception in paragraph 24b of SFFAS 49, Public-Private Partnerships: Disclosure Requirements. The Board intended for paragraph 24b to allow exclusion of the amounts of non-federal partner funding in situations where such information was not available. The Board proposes revising SFFAS 49 to require disclosure of the amounts of non-federal partner funding in all circumstances and to avoid potential misapplication of paragraph 24b to the amounts of federal funding and other cash flow disclosure requirements. Please refer to basis for conclusions paragraphs A16-A19.

Do you agree, partially agree, or disagree with the Board’s proposal to remove the exception in paragraph 24b? Please provide the rationale for your answer.

KEY: Agree, Disagree, Partial (agreement), NA (unspecified agreement or no answer)

Ref Number	Respondent Name/Organization	Agreement type	Response	Staff Notes
9	GWSCPA	Agree	The FISC agrees with the Board's proposal to remove the exception in paragraph 24b. for the reasons stated in the ED.	Respondent is in full agreement.
10	DOC	Disagree	The Department strongly disagrees with removing the “where available” exception in paragraph 24b. The proposed amendment would require reporting entities to, when the federal and/or non-federal funding information is not available, disclose the estimated amount of the funding of the P3 over the expected life.	Staff non-concurs because: 1. Lack of data availability is not directly an accounting standard-setters domain. Such issues deal with materiality and scope restrictions that are best handled between preparers and their auditors. 2. Lack of funding information can lead to financial statements and notes that are not fairly presented and also inconsistent with the Federal Reporting Objectives; e.g. budgetary performance and stewardship. 3. “Absence of evidence is not evidence of absence.” That is, as noted by a Board member at the August meeting, if the P3 project is large enough to be considered

EXPOSURE DRAFT QUESTION 2

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				material, entities should have a sense of the project’s expected life and what their estimated total spend will be. Therefore, if we know what the federal funding is, we then also know by definition what the non-federal amount would be.
11	DOI	Partially Agree	<u>Financial Reporting Division Disagrees</u> The current language affords federal agencies the flexibility to tailor their responses based on their specific circumstances. <u>BOEM & BSEE: Partially Agrees</u> The changes to the paragraph does provide more clarity for the requirement. <u>USBR: Agrees</u> <u>Departmental Offices Agree</u>	Staff notes that preparer flexibilities should be weighed against criteria such as materiality, user needs, cost/benefit, federal reporting objectives, qualitative characteristics of financial information, etc. As such, these are entity-specific matters that are best handled between preparers and their auditors and not in an accounting standard.

EXPOSURE DRAFT QUESTION 2

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Do you agree, partially agree, or disagree with the Board’s proposal to remove the exception in paragraph 24b? Please provide the rationale for your answer.

KEY: Agree, Disagree, Partial (agreement), NA (unspecified agreement or no answer)

Ref Number	Respondent Name/Organization	Agreement type	Response	Staff Notes
			Overall, we agree with this assessment, if the amount is material enough to disclose in the financial reporting package, then it should include all funding available federal and non-federal even if it's a funding estimate. Its more transparent to the end user if all funding is disclosed instead of bits and pieces of it and if the numbers are coming from a funding estimate it can be noted in the text portion.	
12	Checco	Agree	As a private citizen representing American taxpayers on the FASAB P3 task force, I do not believe taxpayers would—or should—favor anything that represents a “loophole” to private enterprises seeking to do business with the U. S. government in these extremely long-term P3 arrangements. As some respondents have recommended, this would include the Board’s either retaining or altering paragraph 24b, i.e., “exclusion of the amounts of non-federal	Respondent is in full agreement.

EXPOSURE DRAFT QUESTION 2

The Board proposes removing the “where available” exception in paragraph 24b of SFFAS 49, Public-Private Partnerships: Disclosure Requirements. The Board intended for paragraph 24b to allow exclusion of the amounts of non-federal partner funding in situations where such information was not available. The Board proposes revising SFFAS 49 to require disclosure of the amounts of non-federal partner funding in all circumstances and to avoid potential misapplication of paragraph 24b to the amounts of federal funding and other cash flow disclosure requirements. Please refer to basis for conclusions paragraphs A16-A19.

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KEY: Agree, Disagree, Partial (agreement), NA (unspecified agreement or no answer)

Ref Number	Respondent Name/Organization	Agreement type	Response	Staff Notes
			partner funding in situations where such information was not available.”	

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Attachment 2: Respondent Table of Content and Individual Comment Letters

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Comments on:

Exposure Draft Titled Omnibus Amendments: Amending Statements of Federal Financial Accounting Standards 38, 49, and Technical Bulletin 2011-1

I am writing to comment on the proposed rule Omnibus Amendments 2023-2, which amends Statements of Federal Financial Accounting Standards (SFFAS) 38, 49, and Technical Bulletin 2011-1. I believe that the proposed rule is inadequate and irresponsible, as it does not address the urgent environmental impact and cost externalities of oil and gas and fossil fuels, which are extensively used by federal entities and pose significant climate change risks for the United States and the world.

Oil and gas and fossil fuels are non-renewable energy sources that are formed from the decomposition of buried carbon-based organisms that died millions of years ago. When they are burned, they release large amounts of carbon dioxide and other greenhouse gases, which trap heat in our atmosphere, causing global warming and climate change. According to the Intergovernmental Panel on Climate Change (IPCC), emissions from fossil fuels are the dominant cause of global warming. In 2018, 89% of global CO₂ emissions came from fossil fuels and industry. Coal is the dirtiest of them all, responsible for over 0.3C of the 1C increase in global average temperatures. Oil releases a huge amount of carbon when burned - approximately a third of the world's total carbon emissions. Natural gas is often promoted as a cleaner energy source than coal and oil. However, natural gas is still a fossil fuel and accounts for a fifth of the world's total carbon emissions.

The proposed rule does not adequately address the environmental impact of oil and gas and fossil fuels, nor does it provide sufficient information or criteria to help practitioners identify and disclose such impacts. The proposed rule only amends SFFAS 38 and Technical Bulletin 2011-1 to align the terminology and presentation requirements for federal natural resources other than oil and gas with SFFAS 38. However, this alignment does not reflect the fact that oil and gas are natural resources that have environmental consequences.

Moreover, the FASAB is also working on another project to reexamine the existing standards for reporting federal oil and gas and other natural resource information. The proposed rule may conflict with or preempt the outcome of that project, which could have implications for reporting on oil and gas and fossil fuels that are derived from or affect natural resources. Furthermore, the proposed rule does not address the environmental impact of seized and forfeited oil and gas and fossil fuels, which are part of another project that the FASAB is considering developing amendments to SFFAS 3, Accounting for Inventory and Related Property. Oil and gas and fossil fuels may have environmental impacts due to their energy consumption, carbon footprint, pollution, waste, water use, land use, habitat destruction, biodiversity loss, health effects, social costs, etc. The

proposed rule does not adequately address these impacts or align with other standards that deal with environmental issues.

I urge the FASAB to reconsider the proposed rule and include environmental impacts as a part of these government accounting standards. Environmental impacts are not only relevant for financial reporting, but also for public health and welfare, clean energy economy, environmental justice, national security, international cooperation, and moral responsibility. The use of oil and gas and fossil fuels by federal entities can have significant effects on climate change and global warming, as well as pollution, noise, water scarcity, waste generation, land degradation, habitat loss, biodiversity decline, health problems, social conflicts, human rights violations, etc. The FASAB should provide clear guidance and disclosure requirements for practitioners to report on these impacts and help users assess the risks and benefits of such technologies. The FASAB should also coordinate with other federal agencies, such as the Environmental Protection Agency (EPA), the Department of Energy (DOE), the Office of Science and Technology Policy (OSTP), etc., to develop potential performance standards and provide tools and resources to reduce negative impacts.

In addition, I suggest these revisions to the proposed rules:

- Define oil and gas as natural resources that have environmental impacts in SFFAS 38.
- Require disclosure of estimated greenhouse gas emissions from oil and gas production in RSI in SFFAS 38.
- Require disclosure of estimated environmental costs and benefits from oil and gas production in RSI in SFFAS 38.
- Require disclosure of seized and forfeited oil and gas in SFFAS 3.
- Require valuation of seized and forfeited oil and gas at net realizable value or fair value in SFFAS 3.
- Require disclosure of estimated environmental impacts from seized and forfeited oil and gas in RSI in SFFAS 3.
- Require disclosure of estimated greenhouse gas emissions from fossil fuel consumption by federal entities in RSI in SFFAS 49.
- Require disclosure of estimated environmental costs and benefits from fossil fuel consumption by federal entities in RSI in SFFAS 49.

- Require disclosure of alternative energy sources and efficiency measures adopted by federal entities to reduce fossil fuel dependence in RSI in SFPAS 49.

Thank you for your attention to this critical issue.

Michael Ravnitzky
Silver Spring, Maryland

Questions for Respondents

Responses Due: September 21, 2023

Exposure Draft Omnibus Amendments: *Amending Statements of Federal Financial Accounting Standards 38, 49, and Technical Bulletin 2011-1*

Please select the type(s) of organization responding to this exposure draft. If you are not responding on behalf of an organization, please select "individual."

Accounting Firm	<input type="checkbox"/>	
Federal Entity (user)	<input type="checkbox"/>	
Federal Entity (preparer)	<input type="checkbox"/>	
Federal Entity (auditor)	<input type="checkbox"/>	
Federal Entity (other)	<input checked="" type="checkbox"/>	If other, please specify: US Dept of Housing and Urban Development
Association/Industry Organization	<input type="checkbox"/>	
Nonprofit organization/Foundation	<input type="checkbox"/>	
Other	<input type="checkbox"/>	If other, please specify: _____
Individual	<input type="checkbox"/>	

Please provide your name.

Name: Ashley Jenkins

Please identify your organization, if applicable.

Organization: US Department of Housing and Urban Development

Please email your responses to fasab@fasab.gov. If you are unable to respond by email, please call (202) 512-7350 to make alternate arrangements.

- Q1.** Federal Financial Accounting Standards (SFFAS) 38, *Accounting for Federal Oil and Gas Resources*, requires the value of the federal government's estimated petroleum royalties from the production of federal oil and gas proved reserves be reported as required supplementary information (RSI) in a schedule of estimated federal oil and gas petroleum royalties by the component entity that is responsible for collecting royalties. TB 2011-1, *Accounting for Federal Natural Resources Other than Oil and Gas*, applies the reporting requirements in SFFAS 38 to federal natural resources other than oil and gas and requires reporting as RSI 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. It was the Board's intent when issuing SFFAS 38 and TB 2011-1 that the information required would eventually transition from presentation as RSI to basic information after three years. The Board is now proposing that the information required in SFFAS 38 and TB 2011-1 continue to be reported as RSI. Please refer to basis for conclusions paragraphs A1-A15.

Do you agree, partially agree, or disagree with the Board's decision? Please provide the rationale for your answer.

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Exposure Draft Omnibus Amendments: *Amending Statements of Federal Financial Accounting Standards 38, 49, and Technical Bulletin 2011-1*

The US Department of Housing and Urban Development (HUD), along with HUD's Office of Government National Mortgage Association (GNMA) and HUD's Office of the Federal Housing Administration (FHA), do not have activity subject to the accounting for the federal oil and gas resources. As such, we are unable to provide feedback and rationale to the Board's proposal on this item.

- Q2. The Board proposes removing the "where available" exception in paragraph 24b of SFFAS 49, *Public-Private Partnerships: Disclosure Requirements*. The Board intended for paragraph 24b to allow exclusion of the amounts of non-federal partner funding in situations where such information was not available. The Board proposes revising SFFAS 49 to require disclosure of the amounts of non-federal partner funding in all circumstances and to avoid potential misapplication of paragraph 24b to the amounts of federal funding and other cash flow disclosure requirements. Please refer to basis for conclusions paragraphs A16-A19.

Do you agree, partially agree, or disagree with the Board's proposal to remove the exception in paragraph 24b? Please provide the rationale for your answer.

HUD and FHA do have comments on this item. However, GNMA disagrees with the Board's proposal to remove the "where available" exception in paragraph 24b. GNMA believes that excluding amounts of funding not available would be a prudent exception and allow agencies to avoid unnecessary costs and research into areas where such information is not attainable.

Exposure Draft Omnibus Amendments: *Amending Statements of Federal Financial Accounting Standards 38, 49, and Technical Bulletin 2011-1*

Please select the type(s) of organization responding to this exposure draft. If you are not responding on behalf of an organization, please select "individual."

Accounting Firm	<input type="checkbox"/>	
Federal Entity (user)	<input checked="" type="checkbox"/>	
Federal Entity (preparer)	<input type="checkbox"/>	
Federal Entity (auditor)	<input type="checkbox"/>	
Federal Entity (other)	<input type="checkbox"/>	If other, please specify: _____
Association/Industry Organization	<input type="checkbox"/>	
Nonprofit organization/Foundation	<input type="checkbox"/>	
Other	<input type="checkbox"/>	If other, please specify: _____
Individual	<input type="checkbox"/>	

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Name:

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Do you agree, partially agree, or disagree with the Board's decision? Please provide the rationale for your answer.

Exposure Draft Omnibus Amendments: *Amending Statements of Federal Financial Accounting Standards 38, 49, and Technical Bulletin 2011-1*

Agree. The additional costs to report this activity as basic information outweighs the benefits.

- Q2. The Board proposes removing the "where available" exception in paragraph 24b of SFFAS 49, *Public-Private Partnerships: Disclosure Requirements*. The Board intended for paragraph 24b to allow exclusion of the amounts of non-federal partner funding in situations where such information was not available. The Board proposes revising SFFAS 49 to require disclosure of the amounts of non-federal partner funding in all circumstances and to avoid potential misapplication of paragraph 24b to the amounts of federal funding and other cash flow disclosure requirements. Please refer to basis for conclusions paragraphs A16-A19.

Do you agree, partially agree, or disagree with the Board's proposal to remove the exception in paragraph 24b? Please provide the rationale for your answer.

Agree. My rationale follows the Board's.

Exposure Draft Omnibus Amendments: *Amending Statements of Federal Financial Accounting Standards 38, 49, and Technical Bulletin 2011-1*

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Accounting Firm	<input type="checkbox"/>	
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Federal Entity (auditor)	<input type="checkbox"/>	
Federal Entity (other)	<input type="checkbox"/>	If other, please specify: <input type="text"/>
Association/Industry Organization	<input type="checkbox"/>	
Nonprofit organization/Foundation	<input type="checkbox"/>	
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Exposure Draft Omnibus Amendments: *Amending Statements of Federal Financial Accounting Standards 38, 49, and Technical Bulletin 2011-1*

SSA response: SSA agrees that due to the uncertainties and unreliability of estimating future royalties, as well as the cost burden versus benefit of reporting these estimates, the appropriate accounting would be to continue reporting this activity as RSI and not reflect it on the face of the financial statements. However, as SSA does not have oil, gas, or other natural resource reserves, we defer to the judgment of agencies directly affected by the standard.

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Do you agree, partially agree, or disagree with the Board's proposal to remove the exception in paragraph 24b? Please provide the rationale for your answer.

SSA response: SSA does not agree with the proposal to remove the “where available” exception in paragraph 24b. While we agree that the original wording of 24b does not clearly indicate the exception should apply only to non-Federal amounts, we feel it would be more appropriate to revise the wording to reflect the Board's desire to avoid potential misapplication. Retaining the exception for use in the appropriate circumstances will provide relief in instances when it is truly needed.

As an example of alternative wording, paragraph 24b could be adjusted to:

A description of Federal funding of the P3 over its expected life, including the mix and the amounts of such funding.

Then a separate paragraph could be added as a new 24c (which would bump the other paragraphs down – existing c to d, existing d to e, and so on):

A description of non-Federal funding of the P3 over its expected life, including the mix and, where available, the amounts of such funding. For any amounts that are not available, the disclosures should indicate such.

Exposure Draft Omnibus Amendments: *Amending Statements of Federal Financial Accounting Standards 38, 49, and Technical Bulletin 2011-1*

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Federal Entity (preparer)	<input type="checkbox"/>	
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Do you agree, partially agree, or disagree with the Board's decision? Please provide the rationale for your answer.

Exposure Draft Omnibus Amendments: *Amending Statements of Federal Financial Accounting Standards 38, 49, and Technical Bulletin 2011-1*

N/A for NASA

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Do you agree, partially agree, or disagree with the Board's proposal to remove the exception in paragraph 24b? Please provide the rationale for your answer.

Disagree. This would not result in a change. The next sentence allows for amounts that are not available, basically stating the same thing. Refer also to the FASAB request for responses to Reexamination of Existing Standards (due 9/15/2023).

SFFAS 49 is identified as being supplemental information and any disclosed amounts or activity should be based on the contractual arrangement/transaction contained within the government's contractual documentation. Unless the non-federal funding is specifically identified in the arrangement/transaction along with provisions to provide changes to the Federal agency, the Federal agency does not have access, purview, or oversight into a partners funding. Additionally, the government would not have a requirement to cover those non-federal funds and should not be included in the government financial statement information.

Disclosures should be based on the arrangement/transaction and not unsubstantiated amounts perceived by the federal agency. By providing unsubstantiated amounts, the federal agency could open themselves to a lawsuit if the information were to be misused, e.g., further awards being withheld based on that information. Although enhanced use leases (EULs) and energy savings type contracts have been identified as potential P3s, the information provided is simply what is contained in the lease or contracts. Both of these could be identified in the RSI if not provided elsewhere. EUL may become unrelated to P3, except in extreme situations, as it will generally be reported under SFFAS 54.

SFFAS 49 is based upon a subjective review of criteria that is not well-defined nor readily available through the general accounting information used in the financial statements. It requires a federal agency to review for remote risk that is not well defined. Remote risk is not based in actual events and unlike contingent liabilities is not required to have an event occur.

Exposure Draft Omnibus Amendments: *Amending Statements of Federal Financial Accounting
Standards 38, 49, and Technical Bulletin 2011-1*

We propose consideration by the Board of whether SFFAS 49 should be aligned to required supplementary information (RSI) to communicate information relevant and important to the reporting objectives that are other than financial measures, e.g., qualitative rather than as a note disclosure in the statements (considered basic information under SFFAC 6).



Advance. Grow. Accelerate.

September 20, 2023

Federal Accounting Standards Advisory Board
441 G Street NW, Suite 1155
Washington, DC 20548

RE: Comments on FASAB Exposure Draft – *Omnibus Amendments, Amending SFFAS 38, 49 and Technical Bulletin 2011-1*

The Financial Management Standards Board (FMSB) of the AGA appreciates the opportunity to provide comments on the Federal Accounting Standards Advisory Board's proposed standards.

Q1: Do you agree with the Board's decision to continue reporting the value of estimated petroleum royalties as RSI?

We agree that RSI is the best location for this information, due to the level of measurement uncertainty regarding these future revenues. This allows for users to be aware of the existence of the asset and its relative size without an inappropriate level of assurance regarding the estimated value.

Q2: Do you agree with the Board's decision to remove the exception to SFFAS 49 par 24b?

We agree with the Board's proposed amendment. We believe such estimates would be necessary for management to negotiate and evaluate the P3 arrangements, be a corollary to understanding the contract terms, and be a corollary to identifying balances and transactions arising from the arrangements for accounting purposes. Thus, we think reasonable estimates should be available for disclosure.

We are not aware of any instances where it would be infeasible to obtain, estimate or disclose funding information for non-federal partners. However, in the event that the Board were to discover through its due process that a "where available" exception is necessary, we would encourage the Board to at least amend the paragraph to (1) clarify the exception is limited to non-federal partner amounts, (2) set a higher bar than "not available" to better indicate that reasonable efforts should be taken to obtain or estimate amounts and (3) require disclosure of the specific reason for omissions. For example: "24b. A description of federal and non-federal funding of the P3 over its expected life, including the mix and amounts of such funding. For any non-federal amounts that are unable to be reasonably estimated or are legally prohibited from disclosure, a description of the nature of information omitted and specific reason for its omission should be disclosed."



Advance. Grow. Accelerate.

Sincerely,

Scott DeViney, CPA
Chair, Financial Management Standards Board

AGA

Financial Management Standards Board

The FMSB is comprised of the following 22 members with accounting and auditing backgrounds in federal, state, and local government, as well as academia and public accounting. The FMSB reviews and responds to proposed standards and regulations of interest to AGA members. The purpose of the FMSB is to advocate for the improvement of accounting and financial reporting standards at all levels of government and thus advance government accountability. The views of the FMSB do not necessarily represent those of AGA. Local AGA chapters and individual members are also encouraged to comment separately.

Scott DeViney, Chair
Craig Murray, Vice Chair
Crystal Allen
David Arvin
Orinda Basha
Eric Berman
Gerry Boaz
David Cook
Jim Dawson
Robert Garcia
Christopher Goeman

Simcha Kuritzky
Lealan Miller
Mickey Moreno
Audrea Nelson
Cody Papke
Mark Reger
Donna Sandoval
Anthony Scardino
Stacie Tellers
Brittney Williams
Ann Ebberts, CEO, AGA



Department of Defense

Federal-Preparer

OFFICE OF THE UNDER SECRETARY OF DEFENSE
1100 DEFENSE PENTAGON
WASHINGTON, DC 20301-1100

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

Dear Ms. Valentine:

The Department of Defense (DoD) appreciates the opportunity to offer feedback on the Federal Accounting Standards Advisory Board (FASAB) Omnibus Amendments, Amending Statement of Federal Financial Accounting Standard (SFFAS) 38, Accounting for Federal Oil and Gas Resource, SFFAS 49, Public-Private Partnerships, and Technical Bulletin 2011-1, Accounting for Federal Natural Resources Other than Oil and Gas. Enclosed are our comments.

We look forward to our continued partnership with the FASAB. Thank you for considering DoD's input.

Sincerely,

Kim R. Laurance
Assistant Deputy Chief Financial Officer

Enclosure:
As stated

10/03/2023

Page 15 of 31

Exposure Draft Omnibus Amendments: *Amending Statements of Federal Financial Accounting Standards 38, 49, and Technical Bulletin 2011-1*

Please select the type(s) of organization responding to this exposure draft. If you are not responding on behalf of an organization, please select "individual."

Accounting Firm	<input type="checkbox"/>	
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Association/Industry Organization	<input type="checkbox"/>	
Nonprofit organization/Foundation	<input type="checkbox"/>	
Other	<input type="checkbox"/>	If other, please specify: _____
Individual	<input type="checkbox"/>	

Please provide your name.

Name: Kim R. Laurance, Assistant Deputy Chief Financial Officer

Please identify your organization, if applicable.

Organization: Department of Defense

Please email your responses to fasab@fasab.gov. If you are unable to respond by email, please call (202) 512-7350 to make alternate arrangements.

- Q1.** Federal Financial Accounting Standards (SFFAS) 38, *Accounting for Federal Oil and Gas Resources*, requires the value of the federal government's estimated petroleum royalties from the production of federal oil and gas proved reserves be reported as required supplementary information (RSI) in a schedule of estimated federal oil and gas petroleum royalties by the component entity that is responsible for collecting royalties. TB 2011-1, *Accounting for Federal Natural Resources Other than Oil and Gas*, applies the reporting requirements in SFFAS 38 to federal natural resources other than oil and gas and requires reporting as RSI 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. It was the Board's intent when issuing SFFAS 38 and TB 2011-1 that the information required would eventually transition from presentation as RSI to basic information after three years. The Board is now proposing that the information required in SFFAS 38 and TB 2011-1 continue to be reported as RSI. Please refer to basis for conclusions paragraphs A1-A15.

Do you agree, partially agree, or disagree with the Board's decision? Please provide the rationale for your answer.

Exposure Draft Omnibus Amendments: *Amending Statements of Federal Financial Accounting Standards 38, 49, and Technical Bulletin 2011-1*

Not applicable.

- Q2. The Board proposes removing the "where available" exception in paragraph 24b of SFFAS 49, *Public-Private Partnerships: Disclosure Requirements*. The Board intended for paragraph 24b to allow exclusion of the amounts of non-federal partner funding in situations where such information was not available. The Board proposes revising SFFAS 49 to require disclosure of the amounts of non-federal partner funding in all circumstances and to avoid potential misapplication of paragraph 24b to the amounts of federal funding and other cash flow disclosure requirements. Please refer to basis for conclusions paragraphs A16-A19.

Do you agree, partially agree, or disagree with the Board's proposal to remove the exception in paragraph 24b? Please provide the rationale for your answer.

Partially agree. Rationale: We agree that the exclusion language should not be utilized to circumvent the intent of the SFFAS 49 disclosures. We do not fully agree with complete removal of language that address circumstances where information is not readily available to the federal entity. Paragraph 24.b as currently written correctly recognizes that not all non-federal or federal funding is estimable. Specifically, the requirement that the funds outflow from the federal government for the entire period of the Public-Private (P3) arrangement (often 50 years) for the indirect payments to the entities (Basic Allowance for Housing in the case of Military Housing Privatization Initiative (MHPI) entities) and direct payments (Section 603/606 payments also in the case of MHPI entities) is not estimable for a variety of reasons. In order to address circumstances where such information is not readily available, we recommend adding the following language as the 2nd sentence: "For any amounts that are not readily available, the federal reporting entity should make its best effort to estimate such amounts or indicate the reasons why such an effort is not feasible." This would place an added burden on the reporting entities to either make a reasonable effort to estimate an amount or provide reasons for why it cannot estimate the non-federal amount. We believe this would meet the intent as stated by the Board in Comment A19.

Exposure Draft Omnibus Amendments: *Amending Statements of Federal Financial Accounting Standards 38, 49, and Technical Bulletin 2011-1*

Please select the type(s) of organization responding to this exposure draft. If you are not responding on behalf of an organization, please select "individual."

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Federal Entity (preparer)	<input type="checkbox"/>	
Federal Entity (auditor)	<input type="checkbox"/>	
Federal Entity (other)	<input checked="" type="checkbox"/>	If other, please specify: Director – Accounting Policy Service
Association/Industry Organization	<input type="checkbox"/>	
Nonprofit organization/Foundation	<input type="checkbox"/>	
Other	<input type="checkbox"/>	If other, please specify:
Individual	<input type="checkbox"/>	

Please provide your name.

Name: Jennifer Koontz

Please identify your organization, if applicable.

Organization:

Please email your responses to fasab@fasab.gov. If you are unable to respond by email, please call (202) 512-7350 to make alternate arrangements.

- Q1.** Federal Financial Accounting Standards (SFFAS) 38, *Accounting for Federal Oil and Gas Resources*, requires the value of the federal government's estimated petroleum royalties from the production of federal oil and gas proved reserves be reported as required supplementary information (RSI) in a schedule of estimated federal oil and gas petroleum royalties by the component entity that is responsible for collecting royalties. TB 2011-1, *Accounting for Federal Natural Resources Other than Oil and Gas*, applies the reporting requirements in SFFAS 38 to federal natural resources other than oil and gas and requires reporting as RSI 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. It was the Board's intent when issuing SFFAS 38 and TB 2011-1 that the information required would eventually transition from presentation as RSI to basic information after three years. The Board is now proposing that the information required in SFFAS 38 and TB 2011-1 continue to be reported as RSI. Please refer to basis for conclusions paragraphs A1-A15.

Do you agree, partially agree, or disagree with the Board's decision? Please provide the rationale for your answer.

Exposure Draft Omnibus Amendments: *Amending Statements of Federal Financial Accounting Standards 38, 49, and Technical Bulletin 2011-1*

Agree. Until there is a reliable valuation method to report on the federal government's estimated petroleum royalties from the production of federal oil and gas along with coal, it is recommended that information in SFFAS 38 be reported as RSI rather than basic information.

- Q2. The Board proposes removing the "where available" exception in paragraph 24b of SFFAS 49, *Public-Private Partnerships: Disclosure Requirements*. The Board intended for paragraph 24b to allow exclusion of the amounts of non-federal partner funding in situations where such information was not available. The Board proposes revising SFFAS 49 to require disclosure of the amounts of non-federal partner funding in all circumstances and to avoid potential misapplication of paragraph 24b to the amounts of federal funding and other cash flow disclosure requirements. Please refer to basis for conclusions paragraphs A16-A19.

Do you agree, partially agree, or disagree with the Board's proposal to remove the exception in paragraph 24b? Please provide the rationale for your answer.

Disagree. VA understands it is important for reporting agencies to understand the intent of the standard and avoid potential misapplication of paragraph of 24B. However, it would be a challenge for reporting agencies to report non-federal partner funding in situations when information is not available. It will also be difficult for the reporting entity to come up with a reasonable estimate. For this reason, VA is recommending that FASAB staff elaborate on the standard so that reporting entities do not misinterpret and still give reporting agencies the flexibility not to report on non-federal partner funding when information is not available.

September 21, 2023

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

Dear Ms. Valentine:

The Greater Washington Society of Certified Public Accountants (GWSCPA) Federal Issues and Standards Committee (FISC) appreciates the opportunity to provide comments on the Federal Accounting Standards Advisory Board's (FASAB or "the Board") Exposure Draft (ED) of the proposed Statement of Federal Financial Accounting Standards (SFFAS), *Omnibus Amendments, Amending Statements of Federal Financial Accounting Standards 38, 49, and Technical Bulletin 2011-1*.

The GWSCPA consists of approximately 3,300 members, and the FISC includes nearly 20 GWSCPA members who are active in financial management, accounting, and auditing in the Federal sector. We sincerely appreciate the opportunity by the Board to share our views.

Our responses to the ED questions are listed below.

- Q1. SFFAS 38, *Accounting for Federal Oil and Gas Resources*, requires the value of the federal government's estimated petroleum royalties from the production of federal oil and gas proved reserves be reported as required supplementary information (RSI) in a schedule of estimated federal oil and gas petroleum royalties by the component entity that is responsible for collecting royalties. TB 2011-1, *Accounting for Federal Natural Resources Other than Oil and Gas*, applies the reporting requirements in SFFAS 38 to federal natural resources other than oil and gas and requires reporting as RSI 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. It was the Board's intent when issuing SFFAS 38 and TB 2011-1 that the information required would eventually transition from presentation as RSI to basic information after three years. The Board is now proposing that the information required in SFFAS 38 and TB 2011-1 continue to be reported as RSI. Please refer to basis for conclusions paragraphs A1-A15.

Do you agree, partially agree, or disagree with the Board's decision? Please provide the rationale for your answer.

- A1. The FISC agrees with the Board's decision for the reasons stated in the ED.

- Q2. The Board proposes removing the “where available” exception in paragraph 24b of SFFAS 49, *Public-Private Partnerships: Disclosure Requirements*. The Board intended for paragraph 24b to allow exclusion of the amounts of non-federal partner funding in situations where such information was not available. The Board proposes revising SFFAS 49 to require disclosure of the amounts of non-federal partner funding in all circumstances and to avoid potential misapplication of paragraph 24b to the amounts of federal funding and other cash flow disclosure requirements. Please refer to basis for conclusions paragraphs A16-A19.

Do you agree, partially agree, or disagree with the Board’s proposal to remove the exception in paragraph 24b? Please provide the rationale for your answer.

- A2. The FISC agrees with the Board’s proposal to remove the exception in paragraph 24b for the reasons stated in the ED.



George A. Scott
Chair
Federal Accounting Standards Advisory Board
Washington, D.C.

Dear Mr. Scott:

The Department of Commerce has reviewed the proposed *Omnibus Amendments, Amending Statements of Federal Financial Accounting Standards 38, 49, and Technical Bulletin 2011-1* dated August 22, 2023.

Please find enclosed an answer to the question that was asked of respondents regarding amendments to SFFAS 49, *Public-Private Partnerships: Disclosure Requirements*. If you have any questions, please contact me at (202) 482-2715 or ksalzer@doc.gov.

Sincerely,

Kristin Salzer
Director of Financial Reporting and Policy

Enclosure

cc: Julie Tao
Bruce Henshel
Thomas Mann

Exposure Draft Omnibus Amendments: *Amending Statements of Federal Financial Accounting Standards 38, 49, and Technical Bulletin 2011-1*

Please select the type(s) of organization responding to this exposure draft. If you are not responding on behalf of an organization, please select "individual."

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Federal Entity (auditor)	<input type="checkbox"/>	
Federal Entity (other)	<input type="checkbox"/>	If other, please specify: _____
Association/Industry Organization	<input type="checkbox"/>	
Nonprofit organization/Foundation	<input type="checkbox"/>	
Other	<input type="checkbox"/>	If other, please specify: _____
Individual	<input type="checkbox"/>	

Please provide your name.

Name: Kristin Salzer, Director of Financial Reporting and Policy

Please identify your organization, if applicable.

Organization: Department of Commerce

Please email your responses to fasab@fasab.gov. If you are unable to respond by email, please call (202) 512-7350 to make alternate arrangements.

Q1. Federal Financial Accounting Standards (SFFAS) 38, *Accounting for Federal Oil and Gas Resources*, requires the value of the federal government's estimated petroleum royalties from the production of federal oil and gas proved reserves be reported as required supplementary information (RSI) in a schedule of estimated federal oil and gas petroleum royalties by the component entity that is responsible for collecting royalties. TB 2011-1, *Accounting for Federal Natural Resources Other than Oil and Gas*, applies the reporting requirements in SFFAS 38 to federal natural resources other than oil and gas and requires reporting as RSI 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. It was the Board's intent when issuing SFFAS 38 and TB 2011-1 that the information required would eventually transition from presentation as RSI to basic information after three years. The Board is now proposing that the information required in SFFAS 38 and TB 2011-1 continue to be reported as RSI. Please refer to basis for conclusions paragraphs A1-A15.

Do you agree, partially agree, or disagree with the Board's decision? Please provide the rationale for your answer.

Exposure Draft Omnibus Amendments: *Amending Statements of Federal Financial Accounting Standards 38, 49, and Technical Bulletin 2011-1*

(No feedback submitted.)

- Q2. The Board proposes removing the “where available” exception in paragraph 24b of SFFAS 49, *Public-Private Partnerships: Disclosure Requirements*. The Board intended for paragraph 24b to allow exclusion of the amounts of non-federal partner funding in situations where such information was not available. The Board proposes revising SFFAS 49 to require disclosure of the amounts of non-federal partner funding in all circumstances and to avoid potential misapplication of paragraph 24b to the amounts of federal funding and other cash flow disclosure requirements. Please refer to basis for conclusions paragraphs A16-A19.

Do you agree, partially agree, or disagree with the Board's proposal to remove the exception in paragraph 24b? Please provide the rationale for your answer.

Department of Commerce Response:

The Department strongly disagrees with removing the “where available” exception in paragraph 24b. The proposed amendment would require reporting entities to, when the federal and/or non-federal funding information is not available, disclose the estimated amount of the funding of the P3 over the expected life.

The Department strongly believes and recommends that any preparer inappropriate application of the “where available” exception in paragraph 24b to the SFFAS 49 requirements included in SFFAS 49 paragraphs 24c and 24d rather be addressed by FASAB by including clarifying guidance in amendments to SFFAS 49 and/or in implementation guidance.

The Department also believes and recommends that any preparer lack of reasonable effort to obtain or estimate funding information rather be addressed by FASAB by including clarifying guidance in amendments to SFFAS 49 and/or in implementation guidance.

The exposure draft's Appendix A: Basis for Conclusions did not include discussion of research, analysis, or support for the paragraph A19 assertion that reporting entities should be able to estimate the non-federal partner funding over the P3's expected life in all circumstances, including when information is not available.

Exposure Draft Omnibus Amendments: *Amending Statements of Federal Financial Accounting Standards 38, 49, and Technical Bulletin 2011-1*

P3s can be complex arrangements, transactions, and/or relationships for which either the federal funding or the non-federal funding over the P3's expected life may not be available. For example, the information may not be included in a contractual or other document or otherwise available to the reporting entity.

The expected life of a P3 may be beyond any formal or informal arrangement/transaction/relationship that is currently in place (two possible examples being the expected life is beyond the current contract excluding renewal option period(s) or optional items, or the expected life is beyond the current purchase orders or task orders issued under the current contract). The Department believes that the federal and/or non-federal funding of a P3 may not be reasonably estimable/supportable (e.g., one possible example is where a contract is an indefinite delivery/indefinite quantity contract). The Department believes that there can be numerous complexities and difficulties with a reporting entity being required to estimate federal and/or non-federal funding of all of its disclosed P3s over their expected lives when the information is not available. The Department strongly believes that a reporting entity may not have a sufficient basis and may not have sufficient information to reasonably estimate federal or non-federal funding over the P3's expected life for inclusion in an *audited* P3s note to the financial statements. Furthermore, the Department believes that there can be circumstances where it may be inappropriate for the reporting entity to estimate the federal and/or non-federal funding of a P3 over the expected life.

The Department is very concerned about the cost of this proposed amendment to the reporting entity versus the benefits of the disclosures to the readers of the financial statements.

The Department also is very concerned about the audit implications of removing the "where available" exception including a) the supportability and auditability of any estimated information prepared by the reporting entity; and b) the possible impact(s) to the reporting entity of a circumstance where the reporting entity is considered, by the auditor, to be not in compliance with the proposed paragraph 24b requirements as proposed for what the reporting entity believes is a valid reason(s) for such noncompliance that is deemed by the auditor.

Exposure Draft Omnibus Amendments: *Amending Statements of Federal Financial Accounting Standards 38, 49, and Technical Bulletin 2011-1*

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Federal Entity (auditor)	<input type="checkbox"/>	
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Nonprofit organization/Foundation	<input type="checkbox"/>	
Other	<input type="checkbox"/>	If other, please specify: _____
Individual	<input type="checkbox"/>	

Please provide your name.

Name: Kenneth T. Cason, Chief, Financial Reporting Division
Raymond P. Garcia, Staff Accountant, Financial Reporting Division

Please identify your organization, if applicable.

Organization: U.S. Department of Interior

Please email your responses to fasab@fasab.gov. If you are unable to respond by email, please call (202) 512-7350 to make alternate arrangements.

- Q1. Federal Financial Accounting Standards (SFFAS) 38, *Accounting for Federal Oil and Gas Resources*, requires the value of the federal government's estimated petroleum royalties from the production of federal oil and gas proved reserves be reported as required supplementary information (RSI) in a schedule of estimated federal oil and gas petroleum royalties by the component entity that is responsible for collecting royalties. TB 2011-1, *Accounting for Federal Natural Resources Other than Oil and Gas*, applies the reporting requirements in SFFAS 38 to federal natural resources other than oil and gas and requires reporting as RSI 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. It was the Board's intent when issuing SFFAS 38 and TB 2011-1 that the information required would eventually transition from presentation as RSI to basic information after three years. The Board is now proposing that the information required in SFFAS 38 and TB 2011-1 continue to be reported as RSI. Please refer to basis for conclusions paragraphs A1-A15.

Do you agree, partially agree, or disagree with the Board's decision? Please provide the rationale for your answer.

Exposure Draft Omnibus Amendments: *Amending Statements of Federal Financial Accounting Standards 38, 49, and Technical Bulletin 2011-1*

DOI: Considering the significant uncertainties with measurement and other associated challenges outlined in previous work, Interior agrees with the board's decision to continue the required disclosure, recognition, and measurements required by SFFAS 38 and TB 2011-1 be contained in RSI.

The below captures DOI entities responses to the ED.

- ONRR: The Office of Natural Resources Revenue agrees with the Board's decision to retain estimates on royalties for future potential production of federal oil and gas proved reserves and that of other natural resources other than oil and gas, as required supplementary information based on the Board's findings as discussed in the "Omnibus Amendments: Amending Statements of Federal Financial Accounting Standards 38, 49 and Technical Bulletin 2011-1".
- BOEM & BSEE: Agree, all of our concerns related to moving the disclosure from RSI to basic information is addressed in project summary sections A9, A10, A12, A14 and A15.
- BLM: The BLM agrees with the Board's decision to continue reporting as RSI
- USBR: Agree. The measurement uncertainties and associated challenges seem to preclude reporting the information as basic.
- DO: Agree, after sitting on multiple calls between FASAB and DOI Oil and Gas components it is clear we wanted it to remain as RSI and not be moved to a financial Statement recognition since a lot of the data is based on estimates and hard to provide audit evidence. DO will also defer the actual decision to those bureaus who do the oil and gas reporting. (ONRR, BLM, BOEM etc).
- NPS: Agree. The justification for continuing to report as RSI is supported by the Basis for Conclusions.
- FWS: Nothing submitted.
- OSMRE: Nothing submitted.
- IA: Nothing submitted.
- USGS: Nothing submitted.

Exposure Draft Omnibus Amendments: *Amending Statements of Federal Financial Accounting Standards 38, 49, and Technical Bulletin 2011-1*

- Q2. The Board proposes removing the "where available" exception in paragraph 24b of SFFAS 49, *Public-Private Partnerships: Disclosure Requirements*. The Board intended for paragraph 24b to allow exclusion of the amounts of non-federal partner funding in situations where such information was not available. The Board proposes revising SFFAS 49 to require disclosure of the amounts of non-federal partner funding in all circumstances and to avoid potential misapplication of paragraph 24b to the amounts of federal funding and other cash flow disclosure requirements. Please refer to basis for conclusions paragraphs A16-A19.

Do you agree, partially agree, or disagree with the Board's proposal to remove the exception in paragraph 24b? Please provide the rationale for your answer.

DOI: Disagree. The current language affords federal agencies the flexibility to tailor their responses based on their specific circumstances. If auditors have inquiries about information provided by agencies, recommend they seek further clarification from management during the audit process. Implementation of the proposed language fails to address the issue where non-federal partners might operate on different reporting cycles than federal partners creating timing differences and impacting the availability of funding information. Without the current flexibility, it will place more of an administrative and/or operational burden on the agency.

The below captures DOI entities responses to the ED.

- BOEM & BSEE: Partially agree, the changes to the paragraph does provide more clarity for the requirement.
- BLM: The BLM does not have any P3 arrangements/transactions that meet the disclosure requirements therefore we would defer to PFM and other bureaus for comment
- USBR: Agree.
- DO: Overall, we agree with this assessment, if the amount is material enough to disclose in the financial reporting package, then it should include all funding available federal and non-federal even if it's a funding estimate. Its more transparent to the end user if all funding is disclosed instead of bits and pieces of it and if the numbers are coming from a funding estimate it can be noted in the text portion. However, Departmental Offices (DO) consists mostly of support activities to the DOI bureaus as well as other government agencies. DO has very little in the way of "programs" that other bureaus might have. Thus, DO's risk associated with SFFAS 49 is probably much less than most bureaus. We also don't believe this amendment to SFFAS 49 will have much of an impact on Departmental Offices Financial Reporting.

Exposure Draft Omnibus Amendments: *Amending Statements of Federal Financial Accounting Standards 38, 49, and Technical Bulletin 2011-1*

- NPS: Disagree. It should be sufficient for an entity to state that the amounts of non-federal partner funding are not available. The justification for the proposed exclusion, "to avoid potential misapplication of paragraph 24.." is insufficient to institute such a change to SFFAS No. 49 and does nothing to reduce either administrative or preparer burden; only increases it. The auditors can inquire of management what attempts were made to acquire funding information. Additionally, the non-federal partner may operate on a different reporting cycle than the federal partner creating timing differences and impacting availability of funding information.

Furthermore, Paragraph A.19 in the Exposure Draft states, "The Board recognizes that nonfederal funding information may not always be readily available from the non-federal partners, but reporting entities should be able to estimate it in such circumstances." Introducing an "estimate" introduces uncertainty and may not be auditable. Allowances should be made when the source is non-federal. Skepticism of an entity's inability to provide funding information from the non-federal partner should not be used to justify removal of an exclusion that is justified.

- FWS: Nothing submitted.
- OSMRE: Nothing submitted.
- IA: Nothing submitted.
- USGS: Nothing submitted.

October 2, 2023

Dear Members of the Board,

As an SFFAS 49 Task Force member, I wish to thank you for the opportunity to serve as a citizen representative. Please accept the following comments on behalf of the many hard-working, tax-paying Americans—including yourselves—who may share my views as an "average citizen." And please forgive the fact that these comments come to you a bit late as I wanted to first read the comment letters from the preparers and auditors prior to formulating my thoughts.

As a private citizen representing American taxpayers on the FASAB P3 task force, I do not believe taxpayers would—or should—favor anything that represents a "loophole" to private enterprises seeking to do business with the U. S. government in these extremely long-term P3 arrangements. As some respondents have recommended, this would include the Board's either retaining or altering paragraph 24b, i.e. "exclusion of the amounts of non-federal partner funding in situations where such information was not available."

Even if the Board were to adopt a higher-threshold, as some respondents have noted, once it is established that it is the Board's intention to not only permit, but continue such a loophole, it will proliferate without restraint to the balance of the SFFAS 49 requirements and in essence fundamentally weaken—if not over time—totally eviscerate standard 49, which the P3 task force and many of its original members have worked so long and hard to help create.

As a noun the word standard is defined as "a required or agreed level of quality or attainment." As an adjective it means "used or accepted as normal or average." In support of eliminating the loophole, I was relieved to see that some government agencies are more willing to enforce the SFFAS 49 standards as written and intended for full disclosure than others. I believe that these agencies who hold themselves to a higher bar represent the best in government as opposed to those who search out ways to avoid transparency in financial reporting.

As we are all aware, come tax time, if we cannot, or do not, provide appropriate documentation related to our taxes to the IRS, regardless of whatever "reasonable" efforts we may—or may not—employ to produce such documents, the IRS does not absolve us from paying our taxes. For the sake of transparency and accountability, therefore, private entities and their sponsoring agencies seeking to partner over the long-term should be held to the same standard of compliance. With all due respect, they must be required to comply with the reporting of risk that the taxpayers may have to absorb if things don't turn out as intended—just as we taxpayers must comply with IRS standards.

P3 contracts are proliferating at a rapid pace within the federal government, and the

stakes are high. Billions of taxpayer dollars are at risk. At the very least, we—all of us—deserve transparency and accountability.

Thank you for seriously considering my comments on behalf of all taxpayers, and I sincerely hope that you will amend paragraph 24b's exclusion clause as reflected in the Exposure Draft.

Sincerely,
Larry Checco
U.S. Citizen and Taxpayer

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Attachment 3 – Original Exposure Draft



OMNIBUS AMENDMENTS

AMENDING STATEMENTS OF FEDERAL FINANCIAL ACCOUNTING STANDARDS 38, 49,
AND TECHNICAL BULLETIN 2011-1

Statement of Federal Financial Accounting Standards

Exposure Draft

Written comments are requested by September 21, 2023

August 22, 2023

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:

- [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](#)
- [Documents for comment](#)
- [Statements of Federal Financial Accounting Standards and Concepts](#)
- [FASAB newsletters](#)

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www.fasab.gov



August 22, 2023

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 titled *Omnibus Amendments, Amending Statements of Federal Financial Accounting Standards 38, 49, and Technical Bulletin 2011-1*. Specific questions for your consideration appear on pages 3, 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 September 21, 2023.

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. 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.

We may hold one or more public hearings on any exposure draft. No hearing has yet been scheduled for this exposure draft. 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,

A handwritten signature in dark ink, appearing to read "George A. Scott".

George A. Scott
Chair

441 G Street NW, Suite 1155, Washington, D.C. 20548 ♦ (202) 512-7350 ♦ Fax (202) 512-7366

EXECUTIVE SUMMARY

WHAT IS THE BOARD PROPOSING?

This proposal would:

- retain the requirement to report oil and gas and other natural resource information as required supplementary information (RSI) by rescinding paragraphs 6 and 31 of Statement of Federal Financial Accounting Standards (SFFAS) 38, *Accounting for Federal Oil and Gas Resources*, and paragraphs 5 and 31 of Technical Bulletin (TB) 2011-1, *Accounting for Federal Natural Resources Other Than Oil and Gas*, and
- remove the ~~“where available”~~ exception in paragraph 24b of SFFAS 49, *Public-Private Partnerships: Disclosure Requirements*.

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

SFFAS 38 and TB 2011-1 indicate that the Board intended to transition the reporting requirements in SFFAS 38 and TB 2011-1 from RSI to either financial statement recognition or note disclosure at a future time. The Board proposes that the reporting requirements remain as RSI. The Board believes that federal oil and gas resources represent federal assets and accounting for and reporting information as RSI enhances accountability for and stewardship over assets of the federal government.

The ~~“where available”~~ exception provided in paragraph 24b of SFFAS 49, which was meant exclusively for when the amounts of non-federal partner's funding are unavailable, has been inappropriately applied. The Board proposes removing the exception in paragraph 24b to avoid potential misapplication of paragraph 24b to the amounts of federal funding and other cash flow disclosure requirements and to revise SFFAS 49 to no longer allow reporting entities to exclude the amounts of non-federal funding if the information is unavailable. The Board believes that, because of risks involved in entering into public-private partnerships (P3s), disclosures regarding P3s are needed. Such disclosures foster accountability and improve understanding of (1) the general risks inherent in P3 arrangements by revealing their purpose, objective, funding, operational and financial structures; and (2) contractual risks of loss such as early termination requirements.

MATERIALITY

The provisions of this Statement need not be applied to information if the effect of applying the provision(s) is immaterial.¹ 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.

¹ 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.

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

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 for respondents 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. If you are unable to respond by email, please contact us at (202) 512-7350.

All responses are requested by September 21, 2023.

- Q1. Statement of Federal Financial Accounting Standards (SFFAS) 38, *Accounting for Federal Oil and Gas Resources*, ~~requires the value of the federal government's~~ estimated petroleum royalties from the production of federal oil and gas proved reserves be reported as required supplementary information (RSI) in a schedule of estimated federal oil and gas petroleum royalties by the component entity that is responsible for collecting royalties. TB 2011-1, *Accounting for Federal Natural Resources Other than Oil and Gas*, applies the reporting requirements in SFFAS 38 to federal natural resources other than oil and gas and requires reporting as RSI 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. ~~It was the Board's intent~~ when issuing SFFAS 38 and TB 2011-1 that the information required would eventually transition from presentation as RSI to basic information after three years. The Board is now proposing that the information required in SFFAS 38 and TB 2011-1 continue to be reported as RSI. Please refer to basis for conclusions paragraphs A1-A15.

Do you agree, partially agree, or disagree with the Board's decision? Please provide the rationale for your answer.

- Q2. The Board proposes removing the ~~"where available"~~ exception in paragraph 24b of SFFAS 49, *Public-Private Partnerships: Disclosure Requirements*. The Board intended for paragraph 24b to allow exclusion of the amounts of non-federal partner funding in situations where such information was not available. The Board proposes revising SFFAS 49 to require disclosure of the amounts of non-federal partner funding in all circumstances and to avoid potential misapplication of paragraph 24b to the amounts of federal funding and other cash flow disclosure requirements. Please refer to basis for conclusions paragraphs A16-A19.

Do you agree, partially agree, or disagree with the Board's proposal to remove the exception in paragraph 24b? Please provide the rationale for your answer.

PROPOSED STANDARDS

SCOPE

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*.
2. This Statement amends the following guidance:
 - a. SFFAS 38, *Accounting for Federal Oil and Gas Resources*
 - b. Technical Bulletin (TB) 2011-1, *Accounting for Federal Natural Resources Other Than Oil and Gas*
 - c. SFFAS 49, *Public-Private Partnerships: Disclosure Requirements*

AMENDMENTS TO SFFAS 38 AND TB 2011-1

3. 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.~~

4. This paragraph 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 or 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.~~

AMENDMENTS TO SFFAS 49

5. This paragraph amends paragraph 24b of SFFAS 49 as follows:

24b. A description of federal and non-federal funding of the P3 over its expected life, including the mix and, ~~where available,~~ the amounts of such funding. ~~For any amounts that are not available, the disclosures should indicate such.~~

EFFECTIVE DATE

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

<p>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, <i>Objectives of Federal Financial Reporting</i>, chapter 7, titled <i>Materiality</i>, for a detailed discussion of the materiality concepts.</p>
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APPENDIX A: BASIS FOR CONCLUSIONS

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

OIL AND GAS AND OTHER NATURAL RESOURCES REPORTING

- A1. The Federal Accounting Standards Advisory Board (FASAB or **the Board**) 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, SFFAS 38 requires the value of estimated petroleum royalty revenue designated for others 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.
- A2. On July 6, 2011, FASAB issued SFFAS 41, *Deferral of the Effective Date of SFFAS 38*, which deferred the effective date of SFFAS 38 from periods beginning after September 30, 2011, to periods beginning after September 30, 2012.
- A3. Also on July 6, 2011, FASAB issued Technical Bulletin (TB) 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 as required supplementary information (RSI) **the value of the 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.
- A4. At the time SFFAS 38 and TB 2011-1 were issued, the Board believed that the estimated federal royalty share of proved oil and gas reserves and recoverable reserves of other natural resources could be reliably estimated and converted to monetary terms and, therefore, could be presented as basic information. However, members wanted to gather more information about 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 that the information be reported as RSI for three years. Before the end of the three-year RSI period, the Board planned to decide 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. Between 2012 and 2014, FASAB removed the reassessment of the SFFAS 38 reporting requirements as a potential Board project due to other priorities.
- A6. In August 2022, the Board revisited the open-ended reporting requirement in paragraphs 6 and 31 of SFFAS 38 and paragraphs 5 and 31 of TB 2011-1. The Board acknowledged its original intent to transition natural resources reporting from RSI to basic information after three years was based on the belief that over time there would be improvements in certain measurement approaches for valuing royalties from oil and gas proved reserves and recoverable reserves of other natural resources. However, based on discussions with the Department of the Interior, measurement challenges remain.
- A7. **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 Department of Energy's Energy Information Administration (EIA). Because the EIA published national oil and gas proved reserve estimates ~~are developed from well operators' estimated proved reserves and~~ are not subject to audit, verifying the proprietary information would be challenging.
- A8. 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 and thereby increases the uncertainties about the methodology.
- 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. Uncertainties about future production affect this assumption, resulting in additional uncertainties.
- A10. 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 and the resulting diminished meaningfulness of asset value to users.
- A11. Coal is the only significant federal natural resources reported under the requirements of TB 2011-1. The estimation methodology for royalties from federal coal recoverable reserves relies on assumptions that result in uncertainties and challenges:
 - a. The amount of coal in a federal lease is difficult to estimate because the geologic model is based on wide-spaced exploration drilling and necessitates the use of geologic assumptions that may not be accurate.
 - b. Estimates of recoverable reserves change when assumptions, such as price and mining technology, change.

- c. The methodology is based on current year production and projected future production until the reserves are 100 percent depleted, resulting in additional uncertainties.
 - d. Coal price fluctuations may result in significant changes in the asset value of future royalty revenue projections between reporting periods.
- A12. One objective of the **Board's** reexamination of existing standards project is to eliminate or revise unnecessary requirements to reduce reporting burden. The Board believes that changing the reporting requirements under SFFAS 38 and TB 2011-1 to basic information may add to reporting burden without yielding reporting benefits.
- A13. 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 and Concepts for Reconciling Budgetary and Financial Accounting*. The Board does not believe there is a further benefit to recognize future royalties as basic information.
- A14. The Board noted that the Financial Accounting Standards Board and the U.S. Securities and Exchange Commission require reporting of oil and gas reserve quantities and asset value as RSI rather than as basic information.
- A15. Considering the significant measurement uncertainties and associated challenges, the Board believes that the potential benefits do not justify the cost and added burden to increase the reliability of the oil and gas and other natural resources information for basic information presentation; therefore, the Board agreed to propose that the SFFAS 38 and TB 2011-1 reporting requirements remain as RSI.

PUBLIC-PRIVATE PARTNERSHIPS

- A16. At the October 2022 Board meeting, staff briefed the Board concerning SFFAS 49, *Public Private Partnerships: Disclosure Requirements*, implementation challenges requiring attention. The implementation challenges were a result of information gathering meetings with two federal Inspectors General, a public accounting (audit) firm, and two financial policy accountants to help identify challenges they saw requiring attention. Additionally, staff conducted agency one-on-one meetings as well as training and outreach sessions to also help identify potential impediments to SFFAS 49 implementation.
- A17. As a result, staff identified 15 implementation challenges (some of which were deemed ~~beyond the Board's control or overlapping with other~~ noted challenges) that could benefit from additional Board guidance; that is, amendments, interpretations, and/or technical guidance. In December 2022, staff assembled an SFFAS 49 public-private partnership (P3) implementation task force to further study implementation issues, such as preparer or auditor challenges, and related Board action that might be necessary in light of said challenges. At a January 2023 meeting, the task force concluded that an amendment to paragraph 24b might be beneficial.
- A18. **Paragraph 24b requires** "a description of federal and non-federal funding of the P3 over its expected life, including the mix and, where available, the amounts of such

funding. For any amounts that are not available, the disclosures should indicate **such.** Task force representatives noted that paragraph 24b of SFFAS 49, which was meant exclusively to allow reporting entities to exclude the amounts of non-federal **partner's funding** for situations when such information is unavailable, has been inappropriately applied by some reporting entities to exclude reporting of (1) federal partner funding estimates and (2) cash flows required by paragraphs 24c and 24d. Further, task force representatives noted that non-federal partner funding information may have been excluded without reasonable efforts to obtain or estimate the funding information.

- A19. The Board agreed to remove the **"where available"** exception in paragraph 24b to require disclosure of the amounts of non-federal partner funding in all circumstances, regardless of availability, and to avoid potential misapplication of paragraph 24b to the amounts of federal funding and other cash flow disclosure requirements. The Board believes that disclosure of such information is important to inform users as to the amount of funding attributable to each partner within a P3. That is, such amounts invested can affect **a user's understanding** of the relative risks each partner is undertaking, the relative economic incentives they each bear or share, as well as the overall reasonableness of the P3's expected life. The Board recognizes that non-federal funding information may not always be readily available from the non-federal partners, but reporting entities should be able to estimate it in such circumstances.

APPENDIX B: ABBREVIATIONS

EIA	Energy Information Administration
FASAB	Federal Accounting Standards Advisory Board
P3	Public-Private Partnership
RSI	Required Supplementary Information
SFFAS	Statement of Federal Financial Accounting Standards
TB	Technical Bulletin

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