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**OFFICE OF THE UNDER SECRETARY OF DEFENSE****1 100 DEFENSE PENTAGON  
WASHINGTON, DC 20301-1 100**

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

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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- 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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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 2<sup>nd</sup> 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.