

Supporting Statement for Paperwork Reduction Act Submissions
“Concessioner Annual Financial Reports”
OMB Control Number 1024-0029

Terms of Clearance: The NPS should provide contact information for persons outside of the agency that were consulted with regarding the burden imposed by this ICR.

These Terms will be addressed in Items #8 and #12 of the Supporting Statement.

Specific Instructions

A. Justification

1. Explain the circumstances that make the collection of information necessary. Identify any legal or administrative requirements that necessitate the collection. Attach a copy of the appropriate section of each statute and regulation mandating or authorizing the collection of information.

The Concessioner Annual Financial Report (Form 10-356, 10-356a) provides concessioner financial information to the National Park Service (NPS) as required by each concession contract. This information is necessary to comply with the requirements placed on the Secretary of the Interior by Congress.

Public Law 105-391 requires that the Secretary of the Interior determine franchise fees or other monetary consideration upon consideration of the probable value of the privileges granted by a concession contract and that this probable value is based on the opportunity for net profit in relation to capital invested and the obligations of the contract. The financial information being collected is necessary to provide insight into and knowledge of the concessioner’s operation so that this authority can be exercised and franchise fees determined in a timely manner and without an undue burden on the concessioner.

2. Indicate how, by whom, and for what purpose the information is to be used. Except for a new collection, indicate the actual use the agency has made of the information received from the current collection. [Be specific. If this collection is a form or a questionnaire, every question needs to be justified.]

Form 10-356 is an accumulation of various financial statements commonly used by industry for reporting in conformance with generally accepted accounting principles. The information provides a comprehensive view of the concessioner’s financial situation at the end of its fiscal year and the concessioner’s activity over the preceding year. Careful analysis provides an effective tool in the decision-making process and for the tracking of concessioner and Government contractual obligations for payments and maintenance and construction requirements.

The cover sheet provides identifying information and the concessioner’s certification as to the accuracy of the accompanying report. Schedule A is an income statement summarizing the

financial activity (gross receipts, expenses, and net income) of the period being reported on. Schedule B is a worksheet for calculating the franchise fee due according to the terms of the contract. Schedule C is a balance sheet comparing the sources (liabilities and equity) with the uses (assets) of the capital of the company at the end of the fiscal year. Schedule D is a detail of the fixed assets reported on the balance sheet with a special listing of possessory interest or leasehold improvement assets (potential obligations of the Government). Schedule E is a statement of cash flows. Schedule F is space reserved for explanatory notes to the report. Schedule G is a breakdown of gross receipts by major departments. Schedule H is a detail of general and administrative expenses. Schedule J lists ownership and compensation to officers and owners. Schedule K details the additions and disposals of fixed assets during the year. Schedule L is a supporting schedule for any amounts that need further explanation or detail. Schedule M contains various operational statistics commonplace for the major services provided in parks. Schedule N provides an accounting for those concessioners who have Special Accounts and Schedule O lists expenditures from those accounts. Schedule P provides an accounting for those concessioners who have a contractual repair and maintenance reserve requirement and Schedule Q lists the projects from that reserve.

In order to verify the accuracy of the report and payments of franchise fees, concessioners with gross receipts of over \$1 million are required to have the report audited by an independent certified public accountant and have them express an opinion on the report. Concessioners with gross receipts between \$500,000 and \$1 million must have a review opinion by an independent accountant, a lesser requirement and burden. Concessioners with gross receipts under \$500,000 because of their size and in an attempt to reduce administrative burden, have to submit only a shorter report (Form 10-356A). This “short form” is a simplified income statement, balance sheet, and operation statistics. Concessioners with gross receipts under \$250,000 do not have to submit the balance sheet.

3. Describe whether, and to what extent, the collection of information involves the use of automated, electronic, mechanical, or other technological collection techniques or other forms of information technology, e.g., permitting electronic submission of responses, and the basis for the decision for adopting this means of collection. Also describe any consideration of using information technology to reduce burden [and specifically how this collection meets GPEA requirements].

The burden associated with the completion of the Concessioner Annual Financial Report is essentially one of transcribing figures from the concessioner’s financial records to our forms. The subject forms, as submitted, have been revised to conform with new reporting requirements initiated by the auditing community since the forms were last revised, respond to the new requirements of Public Law 105-391, and to gather additional information, especially concerning the care and maintenance of Government facilities.

In conjunction with this revision, we have designed an electronic submittal process, based on XBRL technology, of both the long and short forms. While concessioners will have the choice of submitting either paper copies or an electronic submission, we expect that the majority of concessioners will take advantage of the lesser burden and ease associated with the electronic submission.

The electronic process utilizes an Excel file which tracks the paper forms and contains pop-up instructions for essentially every line. Once the data is entered on the excel file, the entered data is transmitted to the NPS by an e-mail attachment and processed electronically. The website address is www.concessions.nps.gov/AFRReports.cfm.

4. Describe efforts to identify duplication. Show specifically why any similar information already available cannot be used or modified for use for the purposes described in Item 2 above.

The concessioner Annual Financial Report is unique in that it reflects only operations pursuant to the authorization granted by the NPS. No other agency would be requesting this type of specific information.

5. If the collection of information impacts small business or other small entities (Item 5 of OMB Form 83-I), describe any methods used to minimize burden.

This collection does not pose a burden for small entities. Smaller businesses can use the short form.

6. Describe the consequences to Federal program or policy activities if the collection is not conducted or is conducted less frequently, as well as any technical or legal obstacles to reducing burden.

If the collection were not performed annually, the NPS could not keep abreast of the latest concessioner results in response to changing economic conditions. Since financial records are maintained on an annual basis, we would lose significant portions of the information necessary to administer the authorizations according to Public Law 105-391. The NPS simply could not have assurance as to the required payments, determine the concessioner's opportunity for profit or respond to concessioner requests for relief or assistance.

7. Explain any special circumstances that would cause an information collection to be conducted in a manner:

- ❖ **Requiring respondents to report information to the agency more often than quarterly;**
- ❖ **Requiring respondents to prepare a written response to a collection of information in fewer than 30 days after receiving it;**
- ❖ **Requiring respondents to submit more than an original and two copies of any document;**
- ❖ **Requiring respondents to retain records, other than health, medical, Government contract, grant in-aid, or tax records, for more than 3 years;**
- ❖ **In connection with a statistical survey, that is not designed to produce valid and reliable results that can be generalized to the universe of the study;**
- ❖ **Requiring the use of a statistical data classification that has not been reviewed and approved by OMB;**
- ❖ **That includes a pledge of confidentiality that is not supported by authority**

established in statute or regulation, that is not supported by disclosure and data security policies that are consistent with the pledge, or which unnecessarily impedes sharing of data with other agencies for compatible confidential use; or

- ❖ **Requiring respondents to submit proprietary trade secrets, or other confidential information unless the agency can demonstrate that it has instituted procedures to protect the information's confidentiality to the extent permitted by law.**

There are no special circumstances that require the collection to be conducted in a manner inconsistent with the guidelines in 5 CFR 1320.

8. If applicable, provide a copy and identify the date and page number of publication in the Federal Register of the agency's notice required by 5 CFR 1320.8(d), soliciting comments on the information collection prior to submission to OMB. Summarize public comments received in response to that notice [and in response to the PRA statement associated with the collection over the past 3 years] and describe actions taken by the agency in response to these comments. Specifically address comments received on cost hour and burden.

Describe efforts to consult with persons outside the agency to obtain their views on the availability of data, frequency of collection, the clarity of instructions and recordkeeping, disclosure, or reporting format (if any), and on the data elements to be recorded, disclosed, or reported. [Please list the names, titles address, and phone numbers of persons contacted.]

Consultation with representatives of those from whom information is to be obtained or those who must compile records should occur at least once every 3 years – even if the collection of information activity is the same as in prior periods. There may be circumstances that may preclude consultation in a specific situation. These circumstances should be explained.

A 60-day notice seeking comments on this collection was published in the Federal Register on February 14, 2007 (Page 7074). No comments were received.

For this latest renewal, we have consulted on several occasions with representatives from the concession businesses who will submit the information as well as our statutory created Advisory Board. In addition, we had several concessioners test the reports in the electronic format and discussed the development of the information gathering with our consultant, PricewaterhouseCoopers.

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9. Explain any decision to provide any payment or gift to respondents, other than remuneration of contractors or grantees.

Not applicable. No payments or gifts will be given to respondents.

10. Describe any assurance of confidentiality provided to respondents and the basis for the assurance in statute, regulation or agency policy.

All copies are stored in secure areas and considered confidential information. Only individuals with a need to use the information have access to it. The information collection complies with the Privacy Act of 1974 and OMB Circular A-130. Such information may be exempt from disclosure under the FOIA (5 U.S.C. 552). The financial data collected from concessioners subject to this information collection involves a Privacy Act system of records publicly identified by NPS-14. Such information is maintained in a manner which precludes unwarranted intrusions upon an individual privacy.

11. Provide additional justification for any questions of a sensitive nature, such as sexual behavior and attitudes, religious beliefs, and other matters that are commonly considered private. This justification should include the reasons why the agency considers the questions necessary, the specific uses to be made of the information, the explanation to be given to persons from whom the information is requested, and any steps to be taken to obtain their consent.

Not applicable. No sensitive questions are asked.

12. Provide estimates of the hour burden of the collection of information. The statement should:

- ❖ **Indicate the number of respondents, frequency of response, annual hour burden, and an explanation of how the burden was estimated. Unless directed to do so, agencies should not conduct special surveys to obtain information on which to base hour burden estimates. Consultation with a sample (fewer than 10) of potential respondents is desirable. If the hour burden on respondents is expected to vary widely because of differences in activity, size or complexity, show the range of estimated hour burden, and explain the reasons for the variance. Generally, estimates should not include burden hours for customary and usual business practices.**
- ❖ **If this request for approval covers more than one form, provide separate hour burden estimates for each form and aggregate the hour burdens in Item 13 of OMB Form 83-I.**
- ❖ **Provide estimates of annualized cost to respondents for the hour burdens for collections of information, identifying and using appropriate wage rate calories. The cost of contracting out or paying outside parties for information collection activities should not be included here. Instead, this cost should be included in Item 14.**

Approximately 500 concessioners provide this financial information per year. Of these 500, approximately 350 submit the short form (10-356A) and only 150 submit the long form (10-356). Based on our consultations, it is estimated that it takes 4 hours to prepare the short form and 16 hours to prepare the long form. Therefore, the preparation burden is 1,400 hours (350 x 4) for the short form and 2,400 hours (150 x 16) for the long form, for a total of 3,800 hours.

$$350 \times 4 = 1,400 \text{ (short form)} \quad 150 \times 16 = 2,400 \text{ (long form)}$$

$$1,400 + 2,400 = 3,800 \text{ annual burden hours} \times \$30/\text{hour} = \$114,000$$

13. Provide an estimate of the total annual [non-hour] cost burden to respondents or record keepers resulting from the collection of information. (Do not include any hour burden shown in Items 12 and 14).

- ❖ **The cost estimate should be split into two components: (a) a total capital and start-up cost component (annualized over its expected useful life) and (b) a total operation and maintenance and purchase of services component. The estimates should take into account costs associated with generating, maintaining, and disclosing or providing the information [including filing fees paid]. Include descriptions of methods used to estimate major cost factors including system and technology acquisition, expected useful life of capital equipment, the discount rate(s), and the time period over which costs will be incurred. Capital and start-up costs include, among other items, preparations for collecting information such as purchasing computers and software; monitoring, sampling, drilling and testing equipment; and record storage facilities.**
- ❖ **If cost estimates are expected to vary widely, agencies should present ranges of cost burdens and explain the reasons for the variance. The cost of purchasing or contracting out information collection services should be a part of this cost burden estimate. In developing cost burden estimates, agencies may consult with a sample of respondents (fewer than 10), utilize the 60-day pre-OMB submission public comment process and use existing economic or regulatory impact analysis associated with the rulemaking containing the information collection, as appropriate.**
- ❖ **Generally, estimates should not include purchases or equipment or services, or portions thereof; made (1) prior to October 1, 1995, (2) to achieve regulatory compliance with requirements not associated with the information collection, (3) for reasons other than to provide information or keep records for the Government or (4) as part of customary and usual business or private practices.**

There are no non-hour costs.

14. Provide estimates of annualized cost to the Federal Government. Also, provide a description of the method used to estimate cost, which should include quantification of hours, operational expenses (such as equipment, overhead, printing, and support staff), and any other expense that would not have been incurred without this collection of

information. Agencies also may aggregate cost estimates from Items 12, 13, and 14 in a single table.

The estimate of annual cost to Federal Government is \$1,200 for the design and development of the requirement, \$100 for printing of forms and regulations, and \$24,000 for analysis of the information. Annualized over the life of the form (10 years), the design and development costs are \$1,200 per year.

The annual hourly cost to the Federal Government to review the forms is estimated at \$190,000. This is based on the following:

Short form	350 x 4 = 1,400 hours	1,400 x \$50/hour = \$ 70,000
Long form	150 x 16 = 2,400 hours	2,400 x \$20/hour = <u>\$120,000</u>
	Total hourly cost/year	\$190,000

Therefore, the cost to the Federal Government is \$191,200 per year.

15. Explain the reasons for any program changes or adjustments reported in Items 13 or 14 of the OMB Form 83-I.

No program change.

16. For collections of information whose results will be published, outline plans for tabulation and publication. Address any complex analytical techniques that will be used. Provide the time schedule for the entire project, include beginning and ending dates of the collection of information, completion of report, publication dated, and other action.

Not applicable.

17. If seeking approval to not display the expiration date for OMB approval of the information collection, explain the reasons that display would be inappropriate.

Not applicable. Expiration date will be displayed.

18. Explain each exception to the certification statement identified in Item 19, "Certification for Paperwork Reduction Act Submissions," of OMB Form 83-I.

Not applicable. There are no exceptions to the certification statement.

