

Supporting Statement A for Paperwork Reduction Act Submission

OMB Control # 1024-0029

**Concessioner Annual Financial Report
36 CFR Part 51, Subpart I
Form Nos. 10-356 and 10-356A**

Terms of Clearance: OMB approved this information collection on July 13, 2007 with the following terms: None

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 as required by each concession contract. This information is necessary to comply with the requirements placed on the Secretary of the Interior by Congress.

Title IV, Section 407 of the National Parks Omnibus Management Act of 1998 (P.L. 105-391) requires that “a concessions contract shall provide for payment to the Government of a franchise fee or other such monetary consideration as determined by the Secretary, upon consideration of the probable value to the concessioner of the privileges granted by the particular contract involved. Such probable value shall be based upon a reasonable opportunity for net profit in relation to capital invested and the obligations of the contract.”

36 CFR Part 51, Subpart I requires that concession contracts “provide for payment to the Government of a franchise fee or other monetary consideration as determined by the Director upon consideration of the probable value to the concessioner of the privileges granted by the contract involved.”

2. Indicate how, by whom, and how frequently, and for what purpose the information is to be used. If the information collected will be disseminated to the public or used to support information that will be disseminated to the public, explain how the collection complies with all applicable Information Quality Guidelines.

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 financial information being collected annually by the National Park Service Commercial Services Program is necessary to provide insight into and knowledge of the concessioner's operation so that this authority can be exercised and franchise fees can be determined in a timely manner and without an undue burden on the concessioner.

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 A-1 is a worksheet for calculating the comprehensive income. 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 departmental income and expenses. Schedule H-1 is a continuation worksheet for H providing the detail of departmental income and expenses. Schedule I 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 financial statements audited by an independent certified public accountant and have them express an opinion on the financial statements. 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 (AFR) is essentially one of transcribing figures from the concessioner's financial records to our forms. In 2008, we began the use of the electronic AFR submission process. The electronic process utilizes an Excel file which tracks the paper forms and contains pop-up instructions for essentially every line. Once all data is entered into each worksheet of the AFR form, the report is submitted to the NPS and processed electronically. A concessioner with a MAC computer (not compatible with AFR forms) who does not have access to a PC will need to request permission from the park superintendent to submit a hard copy of the AFR.

4. Describe efforts to identify duplication.

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

5. If the collection of information impacts small business or other small entities, describe any methods used to minimize burden.

The information collected is the minimal information necessary to determine appropriate fees. The AFR short form (Form 10-365A) was developed for use by small entities.

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 National Park Service 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 National Park Service simply could not have assurance as to the required payments, determining 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.

8. Provide 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 (or in response to a PRA statement) and describe actions taken by the agency in response to these comments.

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, addresses, and phone numbers of persons contacted.]

The request for public comments and extension of the collection was published in the Federal Register on January 29, 2010, Volume 75, No. 19, Page 4838, for a 60-day period. The comment period ended on March 30, 2010. The NPS did not receive any comments to the Federal Register notice.

For this latest renewal, we have consulted on several occasions with representatives from the concession businesses who will submit the information. In addition, we had several concessioners test the reports in the electronic format and discussed the development of the information gathering with NPS representatives.

Each of the three concessioners below tested the 2010 AFR forms and electronic submittal process for the NPS and provided feedback. All three expressed an opinion that the revised system will make the process of completing their financial report much easier and the electronic filing process would be more efficient. In addition, they were able to bring to the attention of the NPS several small issues that if addressed would make the process better such as changes in print parameters and revised wording in some of the directions.

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

No payments or gifts are provided 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 (NPS-14 (Concessioner Financial Statement and Audit Report Files). Such information is maintained in a manner which precludes unwarranted intrusions upon an individual's 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.

No sensitive questions are asked.

12. Provide estimates of the hour burden of the collection of information.

Approximately 500 concessioners provide this financial information per year. Of these 500, approximately 350 submit the short form (10-356A) and 150 submit the long form (10-356). NPS estimates that approximately 4 hours are required to prepare the short form and 16 hours to prepare the long form.

Business

| Position-Private | Hourly pay rate (\$/hr est.) | Hourly rate including benefits (1.4 x hourly rate)** | Percent of time spent on collection | Cost per hour (\$/hour) |
|------------------|------------------------------|--|-------------------------------------|-------------------------|
| Accountant | \$34.74* | \$48.64 | 100% | \$48.64 |

* Occupational Employment and Wages, May 2008, Bureau of Labor Statistics
<http://www.bls.gov/oes/2008/may/oes111021.htm>
 ** A multiplier of 1.4 was added for benefits in accordance with BLS news release USDL 10-0283, March 10, 2010 (<http://www.bls.gov/news.release/pdf/ecec.pdf>)

Based on these assumptions, the estimate of burden hours for an Accountant is:

1. Total burden hours for an Accountant to prepare the short form AFR (350 AFRs x 4 hours): 1,400 hours
2. Total annual cost (1,400 hours x \$48.64): \$68,096
3. Total burden hours for an Accountant to prepare the long form AFR (150 AFRs x 16 hours): 2,400 hours
4. Total annual cost (2,400 hours x \$48.64): \$116,736

13. Provide an estimate of the total annual [non-hour] cost burden to respondents or recordkeepers resulting from the collection of information.

There are no non-hour cost burdens to respondents.

14. Provide estimates of annualized cost to the Federal Government.

The annual cost to the Federal Government to review AFRs is estimated at \$220,400. An average cost per hour is calculated based on the following assumptions:

AFR (Short form)

1. Total burden hours (short form): Financial Analyst at 1,400 hours per year (350 AFRs x 4 hours): 1,400 hours x \$58: \$81,200

| Position | Grade | Total Annual Hours | Hourly pay rate (\$/hr est.)* | Hourly rate including benefits (1.5 x hourly rate)** | Percent of time spent on processing (1400 hours) | Cost per hour (\$/hr) |
|---|---------------|--------------------|-------------------------------|--|--|-----------------------|
| Financial Analyst | GS-13, step 5 | 1,400 | \$38.92 | \$58.38 | 100% | \$58 |
| *Salary Table 2010-GS http://www.opm.gov/oca/10tables/pdf/g_s_h.pdf ** A multiplier of 1.4 was added for benefits in accordance with BLS news release USDL 10-0283, March 10, 2010 (http://www.bls.gov/news.release/pdf/ecec.pdf) | | | | | | |

AFR (Long Form)

2. Total burden hours (long form): Financial Analyst at 2,400 hours per year (150 AFRs x 16 hours): 2,400 hours x \$58: \$139,200

| Position | Grade | Total Annual Hours | Hourly pay rate (\$/hr est.)* | Hourly rate including benefits (1.5 x hourly rate)** | Percent of time spent on processing (2400 hours) | Cost per hour (\$/hour) |
|---|---------------|--------------------|-------------------------------|--|--|-------------------------|
| Financial Analyst | GS-13, step 5 | 2,400 | \$38.92 | \$58.38 | 100% | \$58 |
| *Salary Table 2010-GS http://www.opm.gov/oca/10tables/pdf/g_s_h.pdf | | | | | | |

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|--|--|
| | ** A multiplier of 1.4 was added for benefits in accordance with BLS news release USDL 10-0283, March 10, 2010 (http://www.bls.gov/news.release/pdf/ecec.pdf) |
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Total annual recurring cost: \$81,200 (short form) + \$139,200 (long form): \$220,400

15. Explain the reasons for any program changes or adjustments

There are no program changes or adjustments.

16. For collections of information whose results will be published, outline plans for tabulation and publication.

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.

The expiration date will be displayed.

18. Certification.

There are no exceptions to the certification statement.