

#10

Karen Nakama

Federal - Preparer

>>> On 6/26/2008 at 11:27 PM, <Karen.Nakama@osd.mil> wrote:

Hi Ross,

Appreciate the opportunity to provide comments to the subject Exposure Draft. Attached are our consolidated comments for your consideration.

R,

Karen Nakama

OUSD(C)/FRA

**Comments on the Concepts Exposure Draft Entitled
*Distinguishing Basic Information, Required Supplementary Information, and Other Accompanying Information***

Q: The Statement identifies a process and criteria to consider in deciding whether information should be considered basic information, required supplementary information or other accompanying information (See the section, Distinguishing Basic Information, RSI, and OAI, beginning on page 13.)

- a. Do you agree with the process presented? If note, please explain your reasons.

1st perspective:

The criteria for the determination of required information or other accompanying information is understandable. The criteria for the determination of basic information versus required supplementary information is subject to interpretation. Some reporting entities may include information as basic information that other reporting entities may consider required supplementary information. If consistency or standardization are the desired results, this concept document requires additional clarification. It does not provide succinct criteria to determine the difference between the two types of required information, resulting in different interpretations.

2nd perspective:

Agree with the intent of the process presented but recommend the consolidation of RSI and OAI. Why should additional information be presented in three separate sections? If OAI by definition is "information that accompanies both basic information and required supplementary information, but is not required by a body that establishes GAAP." Why is this information included? It should be submitted as a separate report required by the specific agency (e.g. OMB). The annual financial statements for General Electric is 116 pages in total and includes a section titled "Financial Measures that Supplement Generally Accepted Accounting Principles."

- b. Do you agree with the factors presented for distinguishing basic information from required supplementary information (See Table 1: Factors to Consider in Distinguishing Basic Information from RSI)? Yes. The factors presented are sufficient for a reporting entity to make a distinction between basic information and required supplementary information. However, as mentioned in the response to item a, the determination whether the information is basic information or required supplementary information is subject to the reporting entity's interpretation. One entity's interpretation of high may be interpreted as low by another agency. Therefore, the standardization and consistency between reporting entities are not outcomes.

- c. Are there additional factors that should be considered? If so, what are they, and how would you describe them?
No.
- d. Are there any additional comments or questions?
1. Is the Balance Sheet being renamed as the Statement of Financial Position for reporting entities? The renaming follows the current presentation of Financial statements for private industry (e.g. General Electric).
 2. Both paragraph 19 and 77 state, "In reporting transactions and balances of a Federal reporting entity in its entirety, it is conceptually desirable, although not always practicable, to eliminate the intra-entity transactions and balances." This seems to indicate that intra-entity eliminations are not required, which is in conflict with generally accepted accounting principles. Recommend that this wording be clarified or eliminated.
 3. The Exposure Draft should explicitly state:
 - a. The Required Supplementary Stewardship Information is not required (RSSI)
 - b. The information previously reported in RSSI is now reported in RSI.
 4. Recommend that information currently reported as OAI be submitted as a separate report or consolidated with RSI.
 5. Title heading for paragraph 84 should be Statement of Financial Position.