

**THE 2007 ANNUAL CONFERENCE OF THE
NATIONAL ASSOCIATION OF STATE COMPTROLLERS**

**LUNCHEON REMARKS
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**Birmingham, Alabama
March 22, 2007**

Last Saturday, my wife and I joined about 3,000 other residents of Richmond, Virginia to spend two delightful hours in the company of Jim Lehrer of the PBS NewsHour. He was the speaker at an event we call the Richmond Forum.

After the event, all those with whom I spoke identified Jim Lehrer as a person with clear professional integrity, highly defined professional standards guiding his work, and remarkable ethical values. These are the kind of attributes that can, and should be, equally applied to the community of State Comptrollers; are they not?

Of the various topics covered in his remarks of Saturday evening there are two that are particularly relevant to this gathering and to the work in which you will be engaged upon returning home. He described in some detail the plethora of means today by which public information is shared and distributed—you know—IPODs, Blackberrys, 24 hour cable--together with all of the traditional vehicles. And, he described the nature of this information, so as to distinguish between the sharing of opinions through blogs, talking heads, call-in radio,

screaming matches, and the like, as contrasted to the hard-news such as that represented by the investigative press and serious radio and TV reporting.

He argued, quite persuasively I thought, that all of the “opinion” programming would not effectively exist--if there did not first exist--the gathering and reporting of hard-news.

His second point that is relevant to you--which he delivered with the no nonsense passion of a United States Marine that he is—is that the Citizens of our Democracy, our Great Nation, must have, are required to have, and cannot be responsible without—information. Information that is relevant to the needs and requirements of these citizens. Information that is objectively and rigorously gathered. Information that is presented to them in an equitable and unbiased manner.

Information of this sort is the air that a Democracy breaths, it is the water that it drinks, it is the food that it eats. Without it, a Democracy dies.

And now, I want to make a major assertion, an assertion that is perhaps the most important focus of my remarks today.

I wholeheartedly believe that you, the State Comptrollers of this Nation, are the only elected or appointed officials who are fully and consistently tasked with providing information that is essential to the American Public—and without which they cannot hope to serve as responsible citizens!

What makes this so? In some cases, it is your oath of office. In some cases it is your described duty under state law. In some cases, it is the requirements of your profession. In some cases, it is your understanding of your role in an historic sense. In some cases, it is your own, personal common sense and understanding of your duty.

In all cases, however, it is essential that the information that you share, that you provide, that you publish be of such scope, content, clarity, quality, fullness, reliability and timeliness that it will give to your citizens that which is essential in guiding their elected representatives, protecting themselves and their families, and ensuring the continued health and vigor of our nation. That is a tall order, is it not?

It is an order, in my considered view, that you, as individual Comptrollers, and as a collective community of extraordinary and unique officials, have been filling, or substantially filling, or progressively filling for the past 30 years.

Some of you in this room have served for all of those 30 years, while others of you have more recently filled the shoes of your predecessors. Current Comptrollers and their predecessors, as a community, have provided this country with extraordinary vision and leadership. The Chief Financial Officers Act of 1990 emanated principally from imagination and creative insights of the Nation's State Comptrollers, and now there are almost two dozen Federal departments and agencies that prepare GAAP financial statements and receive clean opinions—an achievement that was unimaginable just 13 years ago. And, they publish these audited statements within 45 days of the close of the fiscal year.

For your own states you have created an essential core of financial accountability. The GFOA web-site reports that 43 states for fiscal year 2004 earned the Certificate of Excellence in Financial Reporting—with all that that achievement implies.

In just the last ten years, the states have successfully implemented or are preparing to implement changes required by no less than 17 new GASB Standards, from No. 32 through No. 49. Including, Statement 34—forever burned into our collective consciousness. And, Statements about nonexchange transactions, note disclosures, affiliated organizations, deposit and investment risk, impairment of capital assets, reporting of other postemployment benefits, termination benefits, sales and pledges, and pollution remediation.

Many of these standards required, or will shortly require, adjustments to state or financial administration policies, adjustments to state systems and procedures, training of comptroller and agency staff, and your firm and focused leadership.

You have been creative and visionary very much in your own light. At this meeting Colorado, Massachusetts, and Mississippi have received the first ever Performance Achievement Awards for achieving top-quartile effectiveness in financial operations as measured through NASACT's Benchmarking Program.

You have, over the 26 years of these conferences, had countless sessions amongst yourselves, and with those fine firms and companies from whom you draw support and expertise, in which you have identified dozens of creative solutions—solutions that refined and streamlined transaction processing and operations; solutions that created or identified new tools and technologies by which you increased service levels, reduced important time schedules, and milled staff hours which you were then able to re-direct to other duties; and solutions that permitted you, over time, to raise the levels of education, experience, and professional attainment of your respective staffs and the financial professionals housed in your various state agencies and institutions.

You have assisted one another, unselfishly, to face major systems investment decisions that have, or are in the process of, up-dating and modernizing the massive computer-based systems on which so much of our activities today rely. In taking the risks associated with adopting such new systems, you tested your staff and you tested your own leadership abilities, without which major improvements would have not occurred—improvements which in many cases resulted in access to an enormous treasure of new financial data and insight.

You have understood the importance of policy, not only at the state level but as it relates to the Federal government, which provides over \$450 billion each year of financial support to the states. Your policies, either issued by NASC or in concert with NASACT, have touched on issues as varied as the timely issuance of CAFR's, enhancing investor protections, simplifying and automating Federal grant processes, and expanding the use of e-commerce through lower interchange rate structures.

Where now my friends, where now? Well, at least one of our “distant cousins,” whose focus is on the financial management practices of local governments, believes that it is time for all creative, imaginative, visionary, and progressive leaders to retire from the field and proclaim the battle won; the job complete!

You and I both know better. Until the average citizen is armed with enough facts and knowledge to recite the many services and benefits that he or she, and their families, receive from their state government on a daily basis, until these citizens can readily distinguish between the political demagogue and the political leader who is speaking the truth, and until the citizens can more fully appreciate their collective interests in protecting the future welfare of their children and their children's children, then none of us dare, nor in good conscience can we, retire from the field.

I anticipate that, instead, you will continue to build on the attainments of the past years. You will see your past achievements not as exhausting, but as invigorating. Out of love for your state, its citizens and your own family, you will keep your personal and professional standards at the highest level, and engage in public discourse with your calm demeanor and deep personal knowledge as your aid and shield.

In your quest for continuous improvement, greater accountability, and a truly informed citizenry, you will continue to have a strong ally in the Governmental Accounting Standards Board. We are not done with our job, the financial reports of state and local governments have not yet reached their zenith.

There are significant issues to be studied, subjected to research in the field and in matters of theory, and subjected to the biggest strength and protection for all of us in our respective work, and that is the GASB's "due process," which gives each of you and your organization a significant voice—as it does all of whom ultimately use the financial reports that you prepare.

The future is exciting for all of us who have dedicated our lives to improving the accountability and responsiveness of our state governments. Exciting and challenging subjects abound, to include studying the possible measures of economic condition for governments, thus ultimately being able to place yourselves on a par with the rating agencies and others who deeply analyze our states.

The potential for new methods of electronic reporting will stimulate your staff, especially your younger staff, who will help you build currently unimaginable bridges across which information vital to an informed citizenry will flow.

You will soon come to face individually and together, and assist your Governors and Legislators to face, the risks associated with the massive, material amount of intergovernmental financial dependency that is currently present between and among Federal agencies and departments, and state and local governments.

Yes, you will even progress toward greater use of performance reporting, or, as is alternatively said, the reporting of service efforts and accomplishments, and by doing so you will, with others in your states, make the Statement of Activities come alive with meaning and assist the policy and decision makers in your states as never before.

Finally, I believe that you will over the next several years come to grips with, and call upon GASB to assist in, recognizing the enormous build up of deferred maintenance associated with the critical capital assets of your state. To include: buildings and facilities that are required for essential services, buildings serving our educational and medical institutions, and our roads, bridges, and other essential components of infrastructure.

Deferred maintenance is the next OPEB, a largely unmeasured cost that has quietly built up over many years, where current standards for accounting and disclosure have not been sufficient to draw the required attention. It is a time bomb and there are only so many attractive assets that states will be able to sell off in the short-term under public/private partnership arrangements before they are forced to address deferred maintenance in a more systemic and effective manner.

In conclusion, I encourage you as individual leaders in your respective states, and as members of this remarkable Association, to draw near to future challenges, to embrace them, to meet them with your considerable and already proven strengths, and to ultimately rejoice in the fact that you have done--and done well--the people's work, that you have done your duty, and that you have advanced and protected the cause and future of our beloved Democracy.