A Roundtable Discussion with GASB Board Members Past and Present

Edited by Dean Michael Mead

The events commemorating the Governmental Accounting Standards Board’s (GASB) twenty-fifth anniversary in June featured a roundtable discussion with all but two of the surviving former members of the GASB and all seven of the current members, including all three of the GASB’s chairmen. The discussion was moderated by Dave Bean, director of research and technical activities for the GASB since 1990.

The answers to the first question posed for discussion were published in the Fall 2009 issue of the Association of Government Accountants’ Journal of Government Financial Management, which was devoted to the GASB’s anniversary (http://www.agacgfm.org/publications/journal/). The following is a continuation of the proceedings of that roundtable.

The opinions expressed in this edited transcript by the current and former Board members are their own; official positions of the GASB are established only after extensive due process and deliberation.

Bean: What was the Board’s greatest accomplishment during your term, and what are your most vivid memories of your relationships with fellow Board members and the GASB staff?

Bob Freeman (member, 1990–2000): When I came on the Board, there was a common majority theme going around that “We ought to do it in government like we do it in business. Government’s just a big business.” So I think many of us did struggle to make people realize there is a business of government, but government is not a business. I thought that getting that point across was an accomplishment. I am sure many of us will list Statement 34, which was almost a lifetime achievement for some of us.

One particular memory of the staff was a package of papers that, if I had brought it with me, I’d have had to check it and pay $25, because it was probably 5 or 6 reams of paper. They called it a brick, but I called it the cinder block. I’ll never forget that.

Tony Mandolini (member, 1990–1992): As a brief member of the GASB, it was wonderful. In reflecting on the greatest accomplishment, I was pleased with the
movement we made on almost every one of the agenda items, and particularly in the pensions area. I had devoted a lot of time to working with public pension funds around the country, but the need for clarification in this area was great. I can’t say enough about Penny [Wardlow, former research manager] and what she did in terms of research to assist the Board.

As far as Board chemistry and staff chemistry, it was excellent. We became respectful colleagues and friends and the staff does more than just support, they also occasionally would inspire me to do some things to alleviate the tension in the room during discussions. Jay [Fountain, former assistant director of research], the research you did on SEA was fantastic. I wish I could have stayed on, but it just wasn’t right for me to do that.

**Paul Reilly (member, 1995–2005):** It’s easy to point at the financial reporting model for an accomplishment, especially a 7–0 vote. Before leaving home, I looked at some of my old calendars. In 1996, which was my first year on the Board, I spent 75 days away from home on GASB business, and in 1997 more. We were meeting every month, we were going to user groups, public hearings, and constituent meetings, and so it was a major effort.

In terms of chemistry, I don’t know if the chemistry on this Board was any different than any other organization. I think it’s the human nature part of our makeup that we tend to relate to some people differently—I won’t say better or worse, just differently—than we do others. When I came on the Board it was a five-member board, and I knew Bob and Barbara Henderson [member, 1991–1999] from previous times. I knew Ed Klasny [member, 1992–2002] a little bit from attending GASAC [Governmental Accounting Standards Advisory Council] meetings. I did not know Tom, but it was a great experience getting to know and working with him. Two years later the Board was expanded and we got two members who weren’t bashful coming in, and we went through an interesting period initially when there was some rough chemistry. Cindy sat on my right two years in the GASAC and eight years on the GASB, and the reason she was put on my right was that she was far more conservative than I am. [laughter] I like to think as time went by, Cindy and I may not have agreed more, but we respected each other’s opinions greatly and worked through the issues.

**Cindy Green (member 1997–2007):** The chemistry was a little rough, as Paul said, in the beginning. But we started talking and we got along. A lot of the chemistries started to change, but it was a strange situation until then and I just thought, “Why am I doing this?” I didn’t have a one syllable name—Tom, Bob, Ed, Paul, Jim...CINDY! It was bizarre. [laughter] I always thought the staff did such good work, and they were so hard working
and dedicated and the quality was so high. I respected them even though I didn’t always agree with them.

My most vivid feeling about the accomplishments was that I really did come to the Board because I wanted to try to further the Board’s mission—useful information for people who use financial information. I thought the GASB was doing a lot of great work, but I thought it was falling short on “useful for the users” and I was hopeful that that could change a bit. I was hopeful that we could bring Statement 34 to fruition and I was hopeful that we could do SEA [service efforts and accomplishments] Reporting. So I felt some sense of accomplishment when we got the SEA Reporting project on the current agenda before my term was over.

**Jan Sylvis (member, 2007–present):** I don’t know if I can identify a greatest accomplishment just yet, although I am pretty proud of the fund balance Statement that we put out [Statement 54]. Probably one of the things that is going to be very important, that we haven’t finished, is recognition and measurement [concepts statement project]. In some ways that’s important like a root canal—it’s very painful, but it’s going to be very important.

One of the things about relationships with fellow Board members is that I was real concerned when I first came on, because I thought these people are going to be stodgy geeks that don’t know how to have fun. But I was wrong, really. The conversations that we have, the real helpful attitudes that the other Board members have, really put me at ease early on, and I appreciated that. I don’t have a bit of a problem going to any of them and asking them for advice about a certain thing and trusting them to not steer me wrong.

**Bill Holder (member, 2000–present):** In terms of accomplishments, I believe the conceptual framework advances that we have made will have long-term benefits. Short term, with the OPEB standards we certainly have managed to put our finger on something relevant. What I love about the Board is all the different personalities, from Dick’s [Tracy] gentlemanly but firm approach, which makes me feel most of the time overly aggressive and slightly crude; to Ed Mazur cloaking all his arguments as motherhood and apple pie, making it so hard to dissent; to Jim [Williams], who I love to pieces, despite the impenetrable metaphors and analogies. As for the staff, Dean Mead [research manager] and I haven’t had a really good go at it in several years, but I loved the way you pushed back. Maybe it’s your academic background that propelled those great debates.
Those are the things I’ll remember most, and I’ll remember the good faith in which all of the arguments and all the different styles and all the different viewpoints were put forward, so that you could go out of this room after disagreeing rather profoundly and when it’s time for dinner you can talk about the Redskins [mentioned by Marty Ives in the AGA article] or whatever else. I’ll cherish all those relationships for the rest of my life.

**Dick Tracy (member, 1999–2009):** I think of three accomplishments that I regard the most. Statements 43 and 45 [on OPEB] were probably the biggest things that happened in my time on the Board. In the long term I think the fund balance Statement will have a big impact on how users assess information. And I think SEA, even though it is only suggested guidelines for voluntary reporting, hopefully the experimentation with them will further the idea of additional information for understanding how a government has performed.

Thinking about Board memories, “vivid” is not the word I would use to describe our deliberations. I was thinking about my first couple of meetings, and the projects that we were discussing, and wondering how I was going to last the first year, let alone five or ten years. I have found the Board amazingly collegial and the staff is unparalleled in terms of its ability. I’ve had to work hard to bring certain staff like Dean out of their shell, and to help Ken [Schermann, senior technical advisor] with his sense of humor, so I think I did a good job with that.

**Jim Williams (member, 2002–present):** In terms of Board relationships, I feel we are very collegial. Everybody has their say, you vote, and win or lose you go on and you don’t take it personally. I don’t know if “have fun” is quite the term, but it’s really great to be around. We’ve got a wonderful staff, very competent, very hard working, and the turnover has been unbelievably light. It’s just amazing that morale is very high—working with us, I’m not sure exactly how that happened. It’s really a wonderful thing. Really, I can’t say enough about how it is to work with the staff.

**Mike Belsky (member, 2009–present):** This question is kind of difficult because I came in on most of the projects that are coming to fruition, in the middle or towards the tail end. I was here as we came to closure on fund balance and I think that’s going to be a big benefit to analysts, so municipal bond markets know what’s truly available. Also, the work on Statement 14 that we’re doing now, and SEA. As we get into fiscal stress, people really start to question what government’s doing. When they pay their taxes at a time when their income is down, they start to ask questions. I’m seeing it now and I think the idea of having that sort of transparency in a way that the general public can understand is going to be important.
Being new to the Board I felt very welcome. I respect every one of the Board members; they’re very bright, capable people. I think the chairman does a great job of keeping us reined in. What I have surmised is the staff is composed of excellent people. They are incredibly capable and bright. I don’t think we’d be nearly as effective without the staff. And I would say also that David Bean sets a tone for the staff that is very open and friendly.

**Marcia Taylor (member, 2005–present):** I think one of my biggest accomplishments was actually walking into the middle of the derivatives project and surviving. It was obviously one of the biggest learning curves that we had. I have to echo what has been said on fund balance. I think it’s not only going to address user needs, but I think it’s really going to provide preparers with a real solid framework in which to make some decisions.

I think it is fascinating that you can almost predict—after you’ve been doing this for a few years and I’ve been here now four—what projects are going to light fires under people. We all have to respond to every project, but the enthusiasm level of some people for certain topics—they just want to take over and it’s actually fascinating to watch. I have absolute, utmost respect for the staff; the full-time, permanent staff, I think, is without peer. I believe that the temporary staff, the one- and the two-year people that we have gotten, have truly restored my faith in young people, and I can’t just chalk that up to Bob [Atmore] and Dave’s [Bean] incredibly strong recruiting. These young people are dedicated, incredibly bright and articulate, and hard workers. I see that so seldom in other professions I work with that it’s gratifying to see the level of talent that we have gotten.

I used to have a police chief who’d come into my office when I was a finance director and stand there and, I can’t say ripped me into shreds because he was a bit more gentlemanly than that, but when it was all said and done, whatever the topic was, he’d say, “Have a nice day,” and walk out, and that would be the end of it. Working with this group of people is like that. The staff doesn’t take it personally, the Board doesn’t take it personally, and therefore we all get along, and I think that’s very, very important in developing something that progresses.

**Ed Mazur (member, 1997–2007):** Some of you may not realize that the GASB has a very rigorous annual performance evaluation process. In my first evaluation it was noted that I was long-winded. So to show you that that searing criticism never left my mind, I am going to give the shortest answer Ed Mazur has ever given. Three great accomplishments: Concepts Statement No. 3 on communications methods, Statement 34 on the reporting framework, and OPEB [other postemployment benefits]. I would
characterize my vivid memories of my relationships with the Board and the staff as vigorous debate, followed by vigorous friendship. I hope that the staff will always remember and be proud of the fact that they are an extraordinary and effective national resource on behalf of the mission of this Board.

**Gary Harmer (member, 1984–1991):** When it comes to greatest accomplishments, I’d look back into more of what we didn’t accomplish than what we did accomplish, because so many of the things we did were on the agenda carried over from the old NCGA [National Council on Governmental Accounting] days. I often left here thinking, “Gee, if they just left us alone at the NCGA we’d have gotten this done!” I think the greatest contribution as far as Statements approved during the time that I was there was Concepts Statements 1 and 2.

As far as relationships go, Elmer [Staats, member 1984–1990] and I were the only ones who had to stay in the hotel—the others could commute in at the time I was here. So I enjoyed a lot the evenings when I would have dinner with Elmer. His vast experience in the federal government, his war stories, they were a lot of fun. I enjoyed the sense of family here and felt like I was a part of it. There was great respect, like Ed [Mazur] said—fierce debate, but great respect and great friendliness. I would count the members of the Board as my lifelong friends and was grateful to have that opportunity.

**Marty Ives (vice-chairman, 1984–1994):** I think the job of the first Board was to gain credibility. With Jim’s leadership and an incredibly bright Board and the great staff, I think that was our greatest accomplishment. We got a lot done in the first five or six years. In terms of specifics, I think the codification, thanks to Suesan [Patton] and Bob Freeman, was a good accomplishment. Concepts Statement 1 has stood the test of time. Concept Statement 2 as originally drawn. I think the reporting entity has also stood the test of time. I hate to say this, I am going to get a lot of people upset, but GASB Statement 11 was pretty good. We dealt with a number of difficult issues—deposits and investments was a tough thing to write, advance refundings. I think we established credibility with those.

**Jim Antonio (chairman, 1984–1995):** I think the thing I am most proud of and the Board’s greatest accomplishment while I was here, was that when I left there was still a Board. We were still in existence, we had reasonable credibility, we had financial stability, an excellent staff, and we had [AICPA] Rule 203. We had jurisdiction in that if it’s government, it’s GASB. Some of those things seemed pretty small at one time. They kept me up at night. I was very much emotionally involved with those issues.
We had great support over the years, and I am most proud of having been associated with you. The staff is excellent. Having worked in a number of different organizations I am prouder of the people I served with here than any place else.

**Tom Allen** (*member, 1994–1995; chairman, 1995–2004*): Let me second what I think Gary [Harmer] and Marty [Ives] and Jim [Antonio] have all said about the credibility issues. We had it easier—the structural issues were challenging, we had a lot of discussions on funding and all of those issues, but the organization was in place, Concepts Statement 1 was in place. I was blessed to be here to sign off on pensions; that was one of the first documents I voted for, though that work was all done prior to me to getting here. I would say that I am very proud of the Board members that worked on the reporting model. OPEB was a very important standard, but again following the work that had been done on pensions. We made some improvements, but it was structurally the same.

**Bob Attmore** (*chairman, 2003–present*): In spirit of time, I’ll mention a couple of things that haven’t been mentioned. I think renewing the strategic plan early on in my term was important. A big part of what came out of that was something that we refer to as our “white paper,” which was an effort to reduce to writing what a lot of people knew previously about why government was different. I use it frequently in my speeches and communicating with the folks who aren’t familiar with the government environment. The other thing that I will mention that we did, that I think is important, is Concepts Statement 4 on elements of financial statements. Within that Concepts Statement we introduced some things that previously hadn’t been part of the authoritative literature, clearly bringing service capacity into the definition of an asset, introducing the concept of deferrals of inflows and outflows of resources, emphasizing the government environment, and so on. And we’re now issuing standards that are based on and rely on those concepts.

Jim and Tom did all the hard work. The Board relationships in the five years since I’ve been here have been collegial. It doesn’t mean we’re of one mind! I think we’ve gotten to a terrific level of being able to disagree without being disagreeable, and to respect each other’s opinions. It may be tooth-and-nail in the discussions of ongoing issues, but when the meeting is over we have a cocktail, enjoy life, and move on.

**Bean**: I would like to invite our former Board members to address one or more of the following questions: What do you think our greatest environmental challenges are? What important impacts can financial reporting have in the foreseeable future? What is the GASB’s educational role?
Mazur: I continue to believe that the Board’s greatest environmental challenge is the funding issue. It pains me greatly that the decision was made to not continue providing funding to the GASB from the issuance of state and local securities. I think the absence of adequate funding is the greatest and almost shameful weakness that has been visited upon the good work of this Board. If there is one thing that I can encourage, it is to continue to be courageous in your leadership. This is a Board that leads. The decisions you make and the issues you take on, in many cases, require courage.

As far as the most important issues, I think there are two. One is the timeliness of CAFRs. I think the fact that these reports still do not get out within 75 to 90 days works against the standards and guidance issued by the Board. I encourage the Board to look for opportunities to really impact the timely issuance of CAFRs. I recall noting as I was leaving the Board that the biggest unaddressed reporting issue is the size and significance of deferred maintenance. Depreciation accounting has not worked as a way of really demonstrating the condition of governmental fixed assets and infrastructure, and the build up of deferred maintenance at the state and local government level across this country is huge. I hope that you will find a way of getting that issue onto your agenda.

Harmer: The only thing I’d like to say is about the educational role of this Board. I don’t think standards can be issued, and be accepted, until you’ve had a chance to educate everybody about the issues and develop a consensus out there. I think that’s particularly important on SEA. It’s been here for a long time, you’ve done a lot of educational work in that regard, but I still think that’s a big challenge for the future.

Ives: I have two comments. I’d like to second what Ed said about deferred maintenance. I think one of the better parts of Statement 34 was allowing the reporting of maintenance in lieu of depreciation. I don’t know whether any follow up studies have been done about who actually implemented it. But I’d like to know the extent to which governments are indeed availing themselves of that alternative on reporting on deferred maintenance. I do think that is important.

Antonio: As you can well imagine from my earlier comments on various questions, I am still hung up on the institution and its continuation. And in that sense I continue to be concerned about finances. One never knows what’s going to happen to other organizations, so you always have to be ready to deal on your own, in effect. I would encourage you to continue to remember who brought you to the dance and to stay close. The government, especially states, but also local governments. I think it is important for the long haul and the closer you are and the more stable you are the
more opportunity you have to cover what obviously are a large number of issues that the GASB has to deal with, including SEA.

Allen: I would emphasize the issue of comparability, particularly with regard to cost of service information. I always hear preparers say, “Nobody reads my financial statements, my city council doesn’t read them or understand them.” But I always say, “I tell you what. You take the cost of the services your government provides, find three, four, or five governments that provide the same services, and you give the city council the comparative cost of service information. I’ll buy you a steak dinner if your city council doesn’t want to talk about that, doesn’t want to understand why we’re higher or why we’re lower.” I really believe that is the future of the GASB. The only way that they are going to have meaningful information is it has to be comparable information, and then I think that the citizens can hold their elected officials accountable.

Intergenerational equity is an extremely important issue. Now that I am working with the federal government I see that they try to not have intergenerational equity on purpose. They specialize in passing off to the future. But the GASB has the accounting standards in place to capture this issue. We just need to have something in the reporting model to better capture interperiod equity and cost of service and then I’ll say you’re there. I would agree that SEA is important as well.

Freeman: One, avoid blind convergence with internationals. That’s a popular thing, everybody wants to converge, but it also means we lose control. Also, don’t blindly try to get comparability—comparable but irrelevant information can be misleading, so be sure to get the right information to try to be comparable.

Mandolini: It is pretty clear that the GASB is interested in users and decision making. I don’t think we can ever forget that. You need to reexamine everything in the context of what decisions can be made from these reports that are generated based on the GASB’s standards. And unless it passes that test, it’s not doing its job. The other thing that I think you can benefit from is keep doing your plain-English reviews and make sure that you communicate in a way that people can understand, because unfortunately it gets too confusing.

Reilly: Traditionally there have been two types of churches—those that actively seek out heretics so they can expel them, and those that seek out converts. And when the Board deals with controversial issues you’re going to have a lot of difference of opinion, you’re going to have angry people. Please don’t expel those that disagree with you, don’t write them off as being uninformed; convert them or try to convert them and you do that I think with a little education. It would not bother me if the GASB took 10 or 15 percent of
its resources and devoted it to education, even if it delays some of the projects. It might be well received by preparers, because frankly a lot of them would like a breather right now.

**Green:** The issue that hits me the hardest on the technical agenda is SEA. I think that the current state of that project has some tremendously important aspects, but I think there’s a very significant underlying problem that needs to be addressed. The GASB’s Request for Response states clearly in words and in almost all of its examples that what’s most important is outcomes, the results of providing services. I understand where that comes from and I understand what the value of that is. But I’d like to suggest that it is equally important, to internal managers or to users who want to participate in the process, to connect what governments are doing—what they’re using, what the inputs are, the dollars and the staffing—to the outputs and the outcomes too.