



**American  
Accounting  
Association**

Government and  
Nonprofit

# Government & Nonprofit News

Volume 41 Number 1 ■ Fall 2020

## Message from Robert J. Eger III , Naval Postgraduate School AAA GNP Section President

Dear GNP Section Members,

I am thrilled to serve as your President for the 2020-2021 year. I began attending the GNP with the San Antonio, TX midyear meeting, where I was welcomed into this very friendly Section. The GNP has been my academic home since my first midyear attendance in beautiful San Antonio. Our warm and inviting Section has provided me the privilege to work with incredible colleagues that have enhanced my development as an academic.

As your Section President, my goal is to continue the vital work of past GNP leadership teams and continue strengthening the Section. I want to specifically thank Dan Neely, Tammy Waymire, Kathy Jervis, and Linda Parsons for all their guidance and leadership as I embark into the Section President. They have all been available for all questions. Thank you, Dan, Tammy, Kathy, and Linda!

In looking ahead, I would like to follow in Dan's footsteps and continue our efforts to increase our section journal's visibility and submissions, Journal of Governmental & Nonprofit Accounting (JOGNA). The editor of JOGNA, Vaughan Radcliffe, has done an incredible job with submissions and digital downloads during his tenure. To further increase submissions and visibility, I would like to ask you to read and cite our journal in your research. I firmly believe that Vaughn has made JOGNA accessible to all and has reinforced that this is our journal. Supporting JOGNA is essential to our Section.

I want to encourage all of our members to focus on our future, with that future dependent on introducing young scholars to all that GNP has to offer. From our friendly atmosphere to our serious research focus, young scholars will benefit from the GNP section, just like all of us have. I encourage you to speak to young scholars about your experience with the GNP section.

I know that the GNP Section work could not happen without all of the members who volunteer their time and efforts. I want to thank all executive committee members, specifically those who will volunteer for the 2021 Virtual GNP Midyear Meeting and 2021 Annual Meeting. Those that serve as moderators, reviewers, discussants, and section volunteers serving on committees a big Thank you for all you do. I encourage everyone to attend the Virtual GNP Section Mid-Year Meeting online on February 26 & 27. We plan to have a dynamic set of research panels and speakers for both the Friday and Saturday sessions. A special thank you to Erica Harris, who is this year's Mid-Year Meeting coordinator. Thank you, Erica!

## Contents

1
Section President's Message
2
Annual Meeting Recap
5
JOGNA Call for Papers
6
GASAC Update
7
Have You Seen?
9
Midyear Meeting- Update
10
Section Officers

Finally, I want to acknowledge the generous financial support from KPMG and the contributions of our Vice President of Practice, Mandy Nelson. Mandy has been instrumental in securing guest speakers for Section events and helping us in outreach efforts. Thank you, Mandy!

I wish everyone a great academic year in these unprecedented times, and I look forward to collaborating with you to continue the GNP Section's outstanding work. I will see you online in February and hopefully in person at the AAA Annual in Chicago!

Wishing you the best,

Robert J. Eger III  
[rjeeger@nps.edu](mailto:rjeeger@nps.edu)



---

## 2020 Annual Meeting Recap

---

by Brian McAllister, Secretary/Treasurer

This was an annual meeting like no other!

The AAA formally announced the virtual format for the Annual Meeting on May 28, 2020. In converting the meeting to a virtual format, the AAA created two different modes for paper presentations—concurrent and dialog sessions. A total of 11 papers were presented across three total sessions:

- Concurrent Session: Financial Reporting and Management in Governments and Not-For-Profits
- Concurrent Session: Not-For-Profit Governance
- Dialog Session: Accountability in Governments and Not-For-Profit Organizations

The sessions would not have been possible without the volunteer support from discussants and moderators at the virtual meeting. Also, thanks to the 45 paper reviewers for sharing their expertise in the paper submissions.

Three awards were presented during the section's virtual business meeting on Tuesday morning of the annual meeting. Best Paper, Outstanding Dissertation, and Enduring Lifetime Contribution. The winners of these awards are presented below.

---

### Best Paper

---

The Best Paper Award was awarded to *Are Hurricanes Extraordinary or Simply Special?*

*Determinants of Nonrecurring Items in The Government Setting* by Xiangpei Chen, George Washington University; Angela K. Gore, George Washington University; and James Potepa, American University.



Xiangpei Chen, Angela Gore & James Potepa

Their paper explores the determinants of reporting common nonrecurring items found in governmental financial statements, such as gains and losses from natural disasters, legal settlements, and asset sales. They investigate the incidence, economic magnitude, and types of nonrecurring items and conclude that local governments strategically report these in their financial statements.

The volunteer selection committee, consisting of Arthur Allen and Nancy Feng, believes the paper pursues an original topic because it investigates an issue of wide importance in the corporate setting, but that hasn't yet been studied in the government setting. They also believe the results carry policy implications for governmental financial reporting.

---

### Dissertation Grant

---

The Outstanding Dissertation Award was awarded to Julie Mercado for her dissertation titled: *Donors, Distance, and the Influence of Accounting Information*. Mercado defended her dissertation in March 2020 and received her doctorate from the University of Alabama in May 2020. She joined Boise State's College of Business and Economics faculty in August 2020.

Julie's dissertation presents theoretical and experimental evidence to show that donations to a not-for-profit organization with a low program ratio are higher if explanatory information is provided, and this effect is greater when the presentation of that information (concrete vs. abstract) is congruent with a donor's distance (near vs. far). Additionally, donors whose distance is far from an organization are more likely to be influenced by favorable desirability (goal-related) information than those whose distance is near. In other words, if donors are provided with unfavorable desirability information, they tend not to further penalize a not-for-profit organization with a low program ratio if they are also provided with favorable feasibility (process-related) information (e.g., explanatory information).

The grant selection committee consisted of the following volunteers: Robert Eger, Nancy Feng, Renee Flasher, Dana Forgione, Erica Harris, Andy McLelland, Daniel Tinkelman, Tom Vermeer, and Paul Wong.



Julie Mercado

---

### Enduring Lifetime Contribution

---

The GNP Enduring Lifetime Contribution Award was presented to Jacqueline (Jackie) Reck, Professor and Associate Dean for Financial Management and Academic Affairs at the University of South Florida.

Jackie researches government accounting, auditing, accounting information systems and the reporting and use of non-financial information. She is also a frequent presenter at academic and practitioner conferences. A licensed CPA, Jackie is a member of the American Institute of CPAs, the Association of Government Accountants, the Government Finance Officers Association and Beta Gamma Sigma. She is also a coauthor on the 18<sup>th</sup> edition of *Accounting for Governmental and Nonprofit Entities* published by McGraw Hill-Irwin.

Jackie has distinguished herself within our GNP section and in governmental accounting, including as president from 2012-2013. Jackie also serves on the editorial board of our section journal, *Journal of Governmental and Nonprofit Accounting*. She was a member of the Governmental Accounting Standards Advisory Council from 2011-2017 and serves on the GASB Financial Reporting Model Task Force.

Earl Wilson recently penned a letter of tribute for Jackie that is printed below in our newsletter. His letter eloquently describes Jackie's contributions to the section and to governmental accounting.



Jackie Reck

August 3, 2020

Re: Jacqueline Reck, 2020 AAA GNP Section  
Enduring Lifetime Contribution Award

It was a distinct pleasure to learn that Jackie Reck will be the 2020 recipient of the AAA GNP Section Enduring Lifetime Contribution Award. Her selection for this prestigious award is well deserved and is of no surprise to me.

I worked closely with Jackie throughout her doctoral studies at the University of Missouri, beginning in the early 1990's. During that period, I developed a strong appreciation for her exceptional research and teaching abilities, particularly her skillful writing. When, upon graduation, she accepted a position at the University of South Florida, I knew she was destined to excel in her academic career.

During much of her career I have been honored to participate with her in coauthoring several research articles as well as a few editions of our best-selling governmental textbook. Despite her demanding duties as Associate Dean of the USF College of Business and continued teaching of graduate accountancy courses, Jackie has amassed an impressive research record and has served as lead author of several editions of the textbook. Her research has made valuable contributions in the areas of governmental financial reporting, auditing, and information systems. Her textbook authorship has furthered the education of countless accounting students.

Not to be overlooked is Jackie's service to the standards-setting bodies in governmental accounting. She recently completed a four-year term as the AAA representative on the Governmental Accounting Standards Advisory Council (GASAC), a role in which she made important contributions toward improving governmental accounting and financial reporting. She continues to serve on the GASB's Financial Reporting Task Force, as the board strives to further improve standards in those areas. She is also actively involved with a national organization in exploring the potential role of XBRL in governmental financial reporting.

In summary, Jackie Reck has sustained a long and impressive academic career that has made an outstanding contribution to the fields of governmental and nonprofit research and education. She is richly deserving of the GNP Section's Enduring Lifetime Contribution Award.

Sincerely,  
Earl Wilson

## Call for Papers

### Journal of Governmental and Nonprofit Accounting

*By Vaughan S. Radcliffe, Editor*

JOGNA, our section journal, continues to prosper and grow because of your support and willingness to submit high quality manuscripts. In 2019, JOGNA received 21 new submissions and 10 resubmissions for a total of 36 manuscripts available for evaluation. These 21 new submissions represent a 31% increase in submissions from 2018. In 2019, there were 16,636 full-text downloads of JOGNA articles either in the AAA Digital Library or other content aggregators, placing our journal above four other section journals of the AAA.

We are excited about our call for special topics on the future of governmental and nonprofit accounting research. We encourage innovative ideas and papers of a wide range for consideration.

We are looking for your thoughts on the future of GNP research. Potential topics include:

- Future directions for GNP research
- Promising new areas of research
- New questions and new ideas
- Identification of areas that are reaching the end of their usefulness
- Review articles
- Opinion pieces

Longer or shorter pieces are feasible for this issue. We anticipate that there will be pieces of JOGNA's usual length, but we will entertain shorter submissions of 2,000 words or more if they provide meaningful commentary on these themes. **Submissions are due by March 15, 2021.** Earlier submissions are welcome and will be put into the review process. Please submit your manuscript for this special topic via the journal's normal submission process at <https://www.editorialmanager.com/jogna/default.aspx>. Indicate in the opening paragraph of the letter to the editor accompanying the submission that your piece is for the special topic on the future of GNP research.

My overall goal as Editor, aided by Associate Editor Tom Vermeer, is to promote, publish, and build the community of those conducting research in governmental and nonprofit accounting, and to create new knowledge in this field. Thus, please consider JOGNA as an outlet for your research papers. Your papers will be reviewed by fellow members of our section that understand your papers, understand the mission of JOGNA, and want to help you succeed in your research activities.

If you have any questions or concerns regarding JOGNA, please contact me at [vradcliffe@ivey.ca](mailto:vradcliffe@ivey.ca)

Thanks, and I hope your semester is going well in these unusual times.

# Governmental Accounting Standards Advisory Council (GASAC) Update

By Terry Patton, Vice President and Director of Education & Research

## July 2020 GASAC Meeting

The Governmental Accounting Standards Advisory Council (GASAC) held its second meeting of the year on June 15, 2020. The meeting was held via teleconference due to COVID-19. Much of the meeting involved GASAC members providing feedback to the Governmental Accounting Standards Board (GASB) on a number of projects.

GASAC provided feedback on certain aspects of the following technical projects currently on the GASB agenda: financial reporting model reexamination; revenue and expense recognition; compensated absences; and prior-period adjustments, accounting changes, and error corrections.

GASAC also provided input on pre-agenda research projects. These included investment fees; interim financial reporting; and going concern disclosures and disclosures of subsequent events.

Currently, the GASB has exposure documents on three projects that would benefit from the comments of GNP section members. All three projects are to some degree conceptual in nature although only one should result in a Concepts Statement. The proposed Statement of the GASB on concepts related to *Recognition of Elements of Financial Statements* could have a significant effect on governmental fund accounting. This proposed concepts statement addresses recognition in the financial statements for both the economic resources measurement focus and accrual basis of accounting and the short-term financial resources measurement focus and accrual basis of accounting. However, most of the proposals likely would result in changes to governmental fund accounting and

reporting. The comment deadline is February 26, 2021.

The GASB approved an Exposure Draft (ED) entitled, *Financial Reporting Model Improvements*, in June 2020. An ED is the final due process document issued before a new Statement is finalized. The most significant change proposed in the ED relates to governmental fund reporting. The *short-term financial resources measurement focus* and *accrual basis of accounting* would replace the current financial resources measurement focus and modified accrual basis of accounting currently used in governmental funds. This would result in account balances and inflows and outflows of resources from short-term transactions and other events—where the period from inception to conclusion is one year or less—being reported in the governmental fund financial statements when the transaction or other event occurs. The comment deadline is February 26, 2021.

The GASB approved a Preliminary Views (PV) document entitled, *Revenue and Expense Recognition*, in June 2020. The PV includes a proposal that would change the categorization methodology for revenue and expense transactions away from the current categories—exchange, exchange-like, or nonexchange. Transactions without binding arrangements would be excluded from the project. Otherwise, a transaction would be reported in one of two broad categories. These categories are discussed in detail in the PV. The comment deadline is February 26, 2021.



I encourage you to review these documents and respond to the GASB regarding your views of these proposals. The GASB and its project staff read *all* comments on due process documents. In the past, academics

have been able to provide valuable input on GASB proposals—especially on matters related to concepts.

## Have You Seen?

Check it out---lots of updates have been made to the GNP webpage at [aaahq.org/GNP](http://aaahq.org/GNP). For instance, past GNP newsletters can be found at: <https://aaahq.org/GNP/Publications/Newsletter>.

GNP research is published in a wide range of journals. Since you cannot read them all, this feature of the newsletter highlights a sample of recent research that you may have missed.

**“Customer-Base Concentration, Investment, and Profitability: The U.S. Government as a Major Customer”** by D. Cohen and B. Li. *The Accounting Review*. 2020. **Abridged Abstract:** We examine whether customer-base concentration has a differential impact on profitability for firms contracting with major government customers versus firms contracting with major corporate customers. We document that firm profitability increases with the concentration of major government customers, but decreases with the concentration of major corporate customers. We attribute the contrasting results to the differential impact of major government and corporate customers on demand uncertainty. Specifically, firms contracting with major government customers face lower demand uncertainty that enables them to realize more efficiency gains from customer-specific investments, whereas firms contracting with major corporate customers are exposed to higher demand uncertainty that reduces the efficiency of customer-specific investments.

**“Politically Connected Governments”** by C. Cuny, J. Kim, and M. Mehta. *Journal of Accounting Research*. 2020. **Abstract:** This paper examines the consequences of powerful political connections for local governments. We find that governments located within the constituencies of, and thus connected to, powerful congressional members reduce their stewardship over public resources. Using plausibly exogenous declines in the power of congressional representation, we show that the effect is causal. To better understand why connected local governments can reduce stewardship, we study electoral characteristics. Our

findings suggest that the increased resources that come with powerful congressional representation allow local-government officials to reduce stewardship without material adverse effects on their reelection prospects. In sum, we provide evidence of a cost of political connections: they weaken local governments’ incentives to act in a socially optimal manner.

**“A Historical Evaluation of the Single Audit: Thirty Years from Initial Legislation to Uniform Guidance”** by K. Tassin, T. Waymire, and C. Hines. *Journal of Governmental and Nonprofit Accounting*. 2019. **Abstract:** The U.S. government, through federal granting agencies (grantors), awards grants to state/local governments and nonprofit organizations (grantees) to meet national objectives. Since its initial legislation in 1984, the single audit has been used as a mechanism for ensuring accountability with these federal grants. Despite the consistent goal of accountability, concerns with single audit quality (i.e., whether audits reach appropriate conclusions) persist. In this historical evaluation of the single audit, we examine the major legislative and administrative developments associated with the single audit including (1) Single Audit Act of 1984, (2) Single Audit Act Amendments of 1996, (3) National Single Audit Sampling Project in 2007, (4) Improper Payments Initiative in 2009, and (5) administrative consolidation of all single audit circulars with Uniform Guidance issued in 2013. Understanding these developments should be helpful to researchers and policymakers in directing studies designed to better understand and improve single audit quality.

**“XBRL Reporting by State and Local Governments Changes on the Horizon”** by J. Reck, S. Sohl, and T. Waymire. *CPA Journal*. 2020. **Abstract:** The development of Extensible Business Reporting Language (XBRL) in the corporate sector, the demand for better state and local government reporting, legislation at the national and state levels, and increased user interest in XBRL reporting are the factors providing momentum for use of this powerful reporting tool for state and local government financial reports. In 2018, Florida was the first state to pass legislation (<https://www.flsenate.gov/Session/Bill/2018/1073/Analyses/h1073z1.IBS.PDF>) requiring the state’s Chief Financial Officer to create an XBRL taxonomy that would be used by Florida local governments starting in 2022. Other states, including California, Utah, and Illinois, are exploring similar XBRL reporting requirements.

**“Ten Questions on COVID-19 and Charitable Giving”** by L. Yokobosky. *CPA Journal*. 2020 **Abridged Abstract:** The COVID-19 pandemic has raised many questions about charitable giving and on the timing of required filings for many exempt organizations. Many of those questions relate to how a not-for-profit organization can give money to its employees who are impacted by current events, while other questions relate to the timing of filing obligations for exempt organizations. In April, the IRS issued Notice 2020-23, which granted additional relief to taxpayers impacted by COVID-19. Notice 2020-23 amplifies Notice 2020-18 and Notice 2020-20 by postponing the due date of most forms and payments due on or after April 1, 2020, and before July 15, 2020—the Specified Period—until July 15, 2020. This includes filings and payments falling within the Specified Period pursuant to a valid extension. Notice 2020-23 also expands filing relief to exempt organizations that were not previously covered by prior IRS guidance

**“Interlocking Boards in Nonprofit Organizations”** by R. Bloch, E. Harris and A. Peterson. 2020. *Accounting Horizons*. **Abridged Abstract:** A board interlock occurs when a board member from one organization joins the board of a

separate organization. This interlock forms a social network between board members, through which information, knowledge, practices, and policies flow between organizations. Academic research on for-profit entities suggests that interlocks are a conscious strategic choice made by organizations (Hallock 1997). We study board interlocks in the nonprofit sector. In doing so, we shed light on the impact of interlocking boards on nonprofit governance, organizational efficiency, and donations secured. We find that interlocked organizations have better governance practices and run more efficient operations, in line with the diffusion of best practices and shared knowledge and experience between organizations. Furthermore, we find that interlocked organizations report more donations, consistent with the expanded network provided by these relationships.

**“State Pension Funds and Corporate Social Responsibility: Do Beneficiaries’ Political Values Influence Funds’ Investment Decisions?”** by A. Hoepner and L. Schopohi. 2020 *Journal of Business Ethics* **Abstract:** This study explores the underlying drivers of US public pension funds’ tendency to tilt their portfolios towards companies with stronger corporate social responsibility (CSR). Studying the equity holdings of large, internally managed US state pension funds, we find evidence that the political leaning of their beneficiaries and political pressures by state politicians affect funds’ investment decisions. State pension funds from states with Democratic-leaning beneficiaries tilt their portfolios more strongly towards companies that perform well on CSR issues, and this tendency is intensified when the state government is dominated by Democratic state politicians. Moreover, we find that funds which tilt their portfolios towards companies with superior CSR scores generate a slightly higher return compared with their counterparts. Overall, our findings indicate that funds align their investment choices with the financial and non-financial interests of their beneficiaries when deciding whether to incorporate CSR into their equity allocations.



## 2021 GNP Midyear-- Update

The 2021 Government and Nonprofit Section Midyear Meeting will be held **Friday, February 26- Saturday, February 27, 2021**.

We are happy to announce our in-person conference will now transfer to a virtual setting while also preserving the key elements of our traditional program. Our members from around the world will be able to attend the meeting, interact with each other, and strengthen the work being shared. To make this a reality, we've designed and built a conference that lets you participate in sessions in a flexible and personalized way.

The meeting will provide an opportunity to network and collaborate with colleagues, remain current on issues in the GNP area, learn about new and emerging GNP research, present your research, case or teaching paper and gain ideas for your classroom.

More information to come at: <https://aaahq.org/GNP>. We look forward to "seeing" you at the Midyear!

**We gratefully acknowledge the KPMG Foundation for their generous support of the 2021 GNP Section Midyear Meeting.**

## Let Us Hear From You

The deadline to submit items for inclusion in the next issue of **Government & Nonprofit News** is tentatively set for **March 15, 2021**. Submit newsletter items (maximum of 350 words per item) to:

Linda G. Ragland, Editor  
University of New Hampshire  
Peter T. Paul College of Business and Economics  
10 Garrison Ave., Durham, NH 03824  
Phone: (603) 862-5286  
**E-mail:** [Linda.Ragland@unh.edu](mailto:Linda.Ragland@unh.edu)

## GNP Section Officers for the 2020-21 Academic Year

### OFFICERS

**President**

Robert J. Eger, Naval Postgraduate School

**President-Elect and Regional Coordinator**

Karen A. Kitching, George Mason University

**Past President**

Daniel G. Neely, University of Wisconsin-Milwaukee

**Secretary/Treasurer**

Brian P. McAllister, University of Colorado-CO Springs

**Vice President for Practice**

Amanda Nelson, KPMG

**Vice President & Director-Education & Research**

Dana A. Forgione, Texas A&M University-Corpus Christi

**AAA Council Representative**

Suzanne Lowensohn, University of Vermont

**Historian**

Barry Marks, University of Houston-Clear Lake

### COMMITTEE CHAIRPERSONS

**Accounting and Auditing Standards**

Dara Marshall, Texas A&M-Central Texas-Killeen

**Doctoral Program Liaison**

Erica Harris, Florida International University

**Education**

Rebecca Bloch, Fairfield University

**Information Technology**

Tharindra Ranasinghe, American University

**Membership**

Amy F. Holmes, Trinity University

**Nominating**

Tammy R. Waymire, Middle Tennessee State University

**Annual Meeting Program Chair**

Nancy Feng, Suffolk University

**Midyear Meeting Program Chair**

Erica Harris, Florida International University

### EDITORS

**JOGNA Editor**

Vaughan Radcliffe, Western University

**Newsletter Editor**

Linda Ragland, University of New Hampshire

### REGIONAL COORDINATORS

**Mid-Atlantic Region:** Hussein Issa, Rutgers University- New Brunswick

**Midwest Region:** Qianhua “Q” Ling, Marquette University

**Northeast Region:** Alfred A. Yebba, SUNY- Binghamton

**Ohio Region:** Brian Mittendorf, The Ohio State University

**Southeast Region:** Amanda W. Beck, Georgia State University

**Southwest Region:** Orry Swift, Lamar University

**International Region:** Denise Juvenal, U. Federal do Estado do Rio de Janeiro