



American Accounting Association

Government and Nonprofit Section

GOVERNMENT & NONPROFIT NEWS

American Accounting Association

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PRESIDENT'S MESSAGE

Rita H. Cheng

University of Wisconsin - Milwaukee

As I write the president's message for the Summer issue of the GNP News, I am reminded at how quickly the year has gone by and how much we have collectively accomplished.

This year's mid-year meeting took place in San Antonio, TX. About 40 members of the section attended.

Colleagues spent two pleasant days sharing a strong interest in government and nonprofit accounting issues.

Next year's mid-year meeting will be held at the GAO offices in Washington DC in February 2002 in conjunction with the FASAB meetings. The meeting will include paper sessions focusing on federal regulation and reporting by government and nonprofit entities. A call for papers is included in this newsletter. Continuing with the tradition of our mid-year meetings this meeting promises to be a dynamic combination of research and practice. Contact President-Elect Don Deis for more information.

The GNP sessions at the 2001 annual meeting in Atlanta promise to be very interesting. As in prior years, the section will sponsor education and research continuing education workshops on Sunday, 8/12/01. Mary Fischer has coordinated the education workshop on Sunday morning focusing on integrating the new reporting model into the classroom and the accounting curriculum. Randy Elder has planned a dynamic and informative research forum addressing current research issues for Sunday afternoon. Details on both sessions are included in this newsletter. We are indebted to both Mary and Randy for their work in successfully

planning these workshops for section members. Our section luncheon and business meeting will be held on Monday 8/13/01 and we will have research paper sessions scheduled as part of the concurrent sessions. Our luncheon speaker, William Holder, will give us his views on standard setting as he completes his first year on the GASB. This year we were able to secure three paper sessions for colleagues presenting research on nonprofit, state, local, federal, and international GNP accounting and reporting topics! This is really great news! I hope to see you all in August!

In keeping with our tradition of supporting doctoral students with a research interest in governmental and nonprofit issues, in 2001 we awarded a dissertation scholarship to Linda Parsons, University of Houston, and a travel grant to the midyear meeting to Ana Marques, University of Texas-Dallas. We will also provide a travel grant to the Atlanta meeting. If you know a doctoral student with an interest in GNP issues, please encourage her/him to attend or meetings and apply for support for their dissertation.

In March I attended the AAA spring council meetings. During these meetings section leaders focused on identifying AAA strengths and weaknesses and planning for our future agenda. I came away feeling that the GNP section was a vibrant group and one that was important to the AAA. I also recently attended the AAA Globalization Conference in Berlin along with our section's international committee chair, Saleha Khumawala, and came away from this meeting also convinced that the GNP has much to offer in the ongoing research dialog on international issues.

In order for the section to continue its promotion of the GNP area and to allow the section to provide the services

and relationships that help in fulfilling our objectives, we need all of our members actively engaged in our activities. To better serve our members, we moved our website to <http://coborgs.isu.edu/aaagnp/> with the able help of Kitty Pumphrey and G. Robert Smith. We are now better able to keep the list of our activities, newsletters, and committee reports updated. Contact information for the 2001-02 committee chairs and regional coordinators is available on our website or in

GASAC. Other members are active in task force activities with professional organizations at the national and state level and the list is too long to mention. With the help of these individuals, our section has opportunities for continued interaction with the standard setters at our annual and mid-year meetings. I encourage you all to provide these section members with the same outstanding input you have provided to GNP section discussions.

Since John Engstrom's position on the GASAC is running out at the end of this year, we are seeking nominations for his replacement. As in past appointments, the AAA has asked the Section to forward its nominee to the AAA President for official AAA endorsement. If you are interested in serving on the GASAC, or would like to nominate a colleague, please send a letter to me by August 1 identifying your interest along with an updated CV. The GNP executive committee will select the Section's nominee at our Monday 8/13 early morning meeting.

As I write this letter, I am also aware that the AICPA exposure drafts on the computerized CPA exam proposes changing the GNP coverage to approximately 20% of a new financial reporting section. In addition to the potential for less coverage of GNP topics, the computerized exam may also lead to major changes in the way many teach the material. I encourage members to participate in responding to the AICPA. Kitty Pumphrey is the current chair of the standards committee and will be formulating a section response. She welcomes your input.

Looking back on the year, I am impressed with the many collective contributions of former officers and current committee chairs and would like to thank you all again for this opportunity to serve the membership of the Government and Nonprofit Section. Come to Atlanta with your thoughts and ideas on how we can continue to be an active and vibrant section.

the AAA directory. I urge each of you to visit our website and volunteer to participate in one or more activities that interest you.

We are fortunate to have GNP members on several major standard setting and advisory bodies. William Holder, University of Southern California, serves on the GASB; James Patton, University of Pittsburgh serves on the FASAB; and John H. Engstrom serves on the

GNP ACTIVITIES AT THE 2001 AAA MEETING IN ATLANTA, GA

CPE SESSION #22 GNP Education Workshop Sunday, August 12, 2001 8:30 a.m. - 12:00 Noon

Title: Integrating the New GASB Reporting Model in the Classroom and the Curriculum

Description: Leading textbook authors and researchers will suggest ways to incorporate the new GASB reporting model for state and local governments into the classroom and curriculum.

Presenters: Terry Patton, GASB; Robert Smith, Middle Tennessee State University; John Engstrom, Northern Illinois University; Susan Kattelus, Eastern Michigan University; and Mary Fischer, The University of Texas at Tyler.

CPE SESSION #37 GNP Research Workshop Sunday, August 12, 2001 1:30 p.m. - 5:00 p.m.

Title: Governmental & Nonprofit Research

Description: Current research ideas, data sources, and analysis techniques in governmental and nonprofit research. This session is appropriate for researchers who would like to develop an interest in government or nonprofit research, as well as researchers currently active in the area.

Structure of Workshop: Presentation of research ideas, data sources and techniques in various areas of government and nonprofit research. Sessions are designed to be interactive, and participants can share research ideas, **Presenters:** Paul Copley, University of Georgia; Janet Greenlee, University of Dayton; and Elizabeth Keating, Northwestern University.

GNP SECTION LUNCHEON

Speaker: Bill Holder
Monday, August 13, 2001
12:00 p.m. - 1:45 p.m.

GNP SECTION BUSINESS MEETING

Monday, August 13, 2001
2:00 p.m. - 3:30 p.m.

GNP PAPER SESSION

Monday, August 13, 2001
4:00 p.m. - 5:30 p.m.

Title: Not-for-Profit Reporting

Moderator: William D. Stout, University of Louisville

Paper 1: "A Financial Risk Rating System for Nonprofit Organizations." **Authors:** John M. Trussel, Pennsylvania State University - Harrisburg; and Janet Greenlee, University of Dayton.

Paper 2: "Exploring Not-for-Profit Annual Reports: What Do Museums Communicate?" **Authors:** Anne L. Christensen, Portland State University; and Roseanne Mohr, Portland State University.

Paper 3: "Reengineering Nonprofit Financial Accountability: Toward a More Reliable Foundation for Regulation." **Authors:** Elizabeth Keating, Northwestern University; and Peter Frumkin, Harvard University.

Discussant: Vaughan S. Radcliffe, Case Western Reserve University.

questions and data availability.

Intended Audience: Individuals with a current or potential interest in government and nonprofit research.

GNP PAPER SESSION

Tuesday, August 14, 2001
10:15 a.m. - 11:45 a.m.

Title: State and Local Government

Moderator: Janet Mosebach, University of Arkansas

Paper 1: "The Impact of Commercial Bank Underwriting on the Borrowing Cost of Municipal Revenue Bonds." **Authors:** Jayaraman Vijayakumar, Virginian Commonwealth University; and Kenneth Daniels, Virginian Commonwealth University. **Discussant:** Barbara Chaney, North Carolina State University.

Paper 2: "Bond Insurance and Governmental Accounting Research." **Authors:** Earl Benson, Western Washington University; and Barry Marks, University of Houston - Clear Lake. **Discussant:** Barbara Chaney, North Carolina State University.

Public Management Practices on Product Costing and Service Pricing Decisions in Dutch Municipalities. **Authors:** Tom Groot, Vrije Universiteit; and Tjerk Budding, Vrije Universiteit. **Discussant:** Laurence E. Johnson, Colorado State University.

GNP PAPER SESSION

Wednesday, August 15, 2001
10:15 a.m. - 11:45 a.m.

Title: Hospital Activities and Reporting

Moderator: Charles A. Barragato, Baruch College - CUNY

Paper 1: "Hospital Cash Flows and Financial, Mission and Operational Factors - A Research Note." **Author:** Susan B. Hughes, Butler University.

Paper 2: "The Impact of a National Health Insurance Program on Hospital Operating Efficiency: Evidence from Taiwan." **Authors:** Wen-Jing Chang, Providence University; Hsihui Chang, University of Texas at Dallas; and Somnath Das, University of Illinois-Chicago.

Paper 3: "Commercial Activities in Nonprofit Organizations: Evidence from Hospitals." **Authors:** Raynolde Pereira, University of Missouri- Columbia; Inder Khurana, University of Missouri-Columbia; and Leslie Eldenburg, University of Arizona.

Discussant: Dana A. Forgone, Florida International University.

GNP FORUM PAPERS
Wednesday, August 15, 2001
2:00 p.m. - 3:30 p.m.

Paper 1: "Fair Value Financial Reporting by UK Pension Fund Managers." **Authors:** Paul Klumpes, University of Warwick; and Stuart Manson, University of Essex.

Paper 2: "Not-for-Profit Financial Reporting at the End of the 20th Century: Environmental Organizations." **Authors:** Saleha Khumawala, University of Houston; Teresa Gordon, University of Idaho; and Marla Kraut; University of Idaho.

GASAC UPDATE
John H. Engstrom
Northern Illinois University

The Governmental Accounting Standards Advisory Council held a meeting in New York on April 1-2 at the Grand Hyatt Hotel. This year, GASAC has only three committees; Executive, Agenda, and Communications and Public Relations. I am on the Executive Committee and I Chair the Agenda Committee.

This meeting was arranged somewhat differently than those of the recent past. On Sunday, April 1, the Agenda and Public Relations Committees each had two hours to lead discussion of the entire GASAC. In the case of the Agenda Committee, we asked for input from all members on possible items for the agenda. Items mentioned 3. The major part of the meeting dealt with an exercise where GASAC members provided their views regarding the priorities of current GASB agenda items. (FASAC had done this for years.) As Chair of the Agenda Committee, I coordinated this process. While the final

included: (1) more frequent disclosure for the secondary market, (2) involvement of GASB in electronic reporting, (3) reporting that helps evaluate the volatility of investments, (4) decommissioning costs of nuclear plants, (5) the possibility of a positive statement regarding whether or not a government meets bond covenants, (6) derivatives, and (7) the possibility of an Emerging Issues Task Force for GASB.

The regular meeting on April 2 was attended by David Walker, the Comptroller General of the United States and member of GASAC. Mr. Walker provided helpful comments on agenda items and spoke to us at lunch. Luncheon comments included the continuing importance of the audit function for governments and the need to be concerned about shifting demographics (in terms of age) and the need to protect social security and other pension plans.

The featured topic of the main meeting was other postemployment benefits (OPEB). GASAC members generally supported the concept of reporting these benefits as liabilities in the financial statements. Some indicated a concern about the negative unrestricted net assets that may result from this change, but even those members felt that the change would reflect reality; a reality that governments should deal with.

The Governmental Standards Advisory Council (GASAC) held another meeting on June 24-25 in Norwalk, Ct. The following issues were addressed:

1. Joe LaGambina, the Executive Vice President of the Financial Accounting Foundation, reported that Gary Schieneman has been appointed to the FASB, effective July 1. This means that the FASB will have three new members (Katherine Schipper and John Wulff are the others) of the seven, making for a major impact. During the meeting, GASB Chairman Tom Allen reported that Ed Klasny will be finishing his term on GASB after this next fiscal year and that Ed Mazur will be up for a second term.
2. A presentation was made on the Deposit and Investment Risk projects by Randy Finden. GASAC members provided suggestions.

results have not been tabulated as of this writing, GASAC members verbally expressed support for those items that complete GASB 34, for the OPEB project, the financial instruments project, and the communications portion of the conceptual framework. The second phase of this project

will take place during the next few months as GASAC members contact members of their organizations to develop new agenda projects and to fit those in a priority listing with the current projects.

I have enjoyed my four years as the AAA GNP GASAC representative. My last meeting will be in Salt Lake City in September. During the August AAA Convention, the Executive Committee will be recommending a new representative, who will serve up to four one-year terms.

The next GASAC meeting will be held on September 23-24 in connection with the annual conference of the International City/County Management Association. I have enjoyed representing the AAA and look forward to the selection of my replacement.

GNP DISSERTATION ABSTRACTS

Kenneth Alan Smith has recently completed his dissertation at the University of Missouri. His dissertation is entitled "Towards an Understanding of the Factors Associated with Municipal Service Efforts and Accomplishments Reporting: An Investigation of Economic and Political Incentives." Dr. Earl Wilson supervised the research project. An abstract of the dissertation follows.

This study examines city governments' reporting of performance measures and tests various political and economic factors that are expected to be associated with the cities' extent of performance reporting. The accounting profession has traditionally focused on performance as measured in units of money; however, the Governmental Accounting Standards Board (GASB) has called for research into the reporting of non-financial measures of performance. Although there has been substantial research in response to the GASB's call, this study is the first to develop entity-wide measures of the extent of governmental performance reporting.

The validity of the measures of the extent of reporting is supported by several analyses. The measures have high inter-rater agreement, are strongly correlated amongst themselves, are consistent with prior descriptive research, and regression models using the measures are statistically significant at levels consistent with prior governmental

voluntary accounting choice studies. The descriptive tables indicate that the majority of cities engage in some performance reporting.

This study develops eight hypotheses regarding political and economic factors that theoretically should influence the extent of performance reporting. Six of the variables used to test these hypotheses have been used in prior research: Debt, Median Income (for median voter influence), Fiscal Stress, Chief Financial Officer Salary, Political Competition, and Form of City Government. Two new variables were used to capture the hypothesized influence of Newspapers and Internal Auditors. Population was included as a control variable. The results of the hypotheses tests show support for all of the factors except Debt.

Several opportunities for further research were identified during this research study. Of considerable interest is the influence of reporting performance measures on the borrowing cost for municipalities. The measures developed in this study should be useful as independent variables in such a study. Future research should also attempt to increase the inter-rater agreement on the "types" of performance measures. Finally, there was a general lack of response from cities in the North East. In particular, the states of Massachusetts, New York and New Jersey had a combined response rate of 1.3% (1 out of 72) while the overall study response rate was 19%. Future research should examine reporting differences by geographical region.

CALL FOR PAPERS

2002 Midyear Meeting of the Government and Nonprofit Section of the AAA will focus on federal regulation and reporting by government and nonprofit entities. The meeting will be held in Washington, D.C. in February or March, 2002. The date will be set to coincide with a meeting of the Federal Accounting Standards Advisory Board. In recognition of the important role of federal government regulation on reporting by government and nonprofit entities, a special research session will be held during the conference. Submission of papers that examine the effect of federal government regulation and oversight on financial reporting and auditing for government and nonprofit entities is encouraged.

Submission Guidelines: Research papers submitted for the conference are eligible for consideration in a special section of a forthcoming volume of *Research in Governmental and Nonprofit Accounting (RIGNA)* and should follow the style guidelines of *RIGNA*. Submissions should take an appropriate form to permit review of their originality, quality and usefulness. Submissions are not eligible for consideration if they have been published or accepted for publication. Papers accepted for presentation at the 2002 Midyear Government and Nonprofit Section Conference can also be submitted for presentation at the AAA Annual Meeting scheduled for August 2002.

Submission Deadline: Four copies of submissions must be received by **December 15, 2001**, to be considered for the program. Early submission is highly encouraged. Submissions and questions should be addressed to: Randal J. Elder, School of Management, Syracuse University, Syracuse, NY 13244 (Phone: 315-443-3359; Fax: 315-443-5457; E-mail: rjelder@som.syr.edu).

The Eighth Annual Midyear Auditing Section Conference will be held in **Orlando, Florida** on **January 17-19 2002**. CPE sessions will be held on the afternoon of January 17. The remainder of the conference will consist of keynote, plenary and concurrent sessions dealing with a wide variety of contemporary topics related to audit, attestation and assurance practices, education and research. You are encouraged to contribute to the program through submissions of auditing/attestation/assurance research and education papers, and special session proposals.

The conference will be held at the ***Hotel Royal Plaza in the Walt Disney Resort***. The hotel is located in the highly desirable Downtown Disney Resort area. There is complimentary transportation to all Disney World attractions.

Research papers should follow the style guidelines of *Auditing: A Journal of Practice & Theory*. Other submissions should take an appropriate form to permit review of their originality, quality and usefulness. Submissions are not eligible for consideration if they (1) have been published or accepted for publication, (2) were presented at the 2001 AAA Annual Meeting, or (3) were presented at more than one AAA regional meeting or other academic conference. Papers presented at the Research Forum of the AAA Annual Meeting are eligible for consideration. It should be noted that papers accepted for presentation at the 2002 Midyear Auditing Section

Conference can also be submitted for presentation at the AAA Annual Meeting scheduled for August 2002. Abstracts only will be published in the proceedings' booklet. By December 1, 2001, authors of accepted submissions are expected to provide the designated session discussant with a final printed copy. Instructions for placing accepted papers on the Section's web site will be included in acceptance letters.

Four copies of submissions must be received by **September 1, 2001**, to be considered for the program. Early submission is highly encouraged. Any questions should be addressed to: Jeffrey R. Cohen, Carroll School of Management, Boston College, Chestnut Hill, Ma. 02467 (Phone: 617-552-3165; Fax: 617- 552-2097; E-mail: cohen@bc.edu).

Government & Nonprofit News seeks to publish abstracts from completed dissertations related to government and/or nonprofit accounting. If you have chaired a government or nonprofit dissertation please ask your student to consider sharing his/her work by submitting an abstract to *Government & Nonprofit News*. Submissions should be made via e-mail to the Editor (tgordon@uidaho.edu) and should include the title of the dissertation, the student name, the doctoral advisor's name, the name of the school awarding the degree, and an abstract.

Government & Nonprofit News would also like to publish a listing of recently published journal articles of interest to the membership. If you see a published article that may be of interest to our membership please e-mail the complete citation to the Editor (tgordon@uidaho.edu).

GRANTS & AWARDS

GNP Section Doctoral Dissertation Grant: The GNP section offers a \$1,500 doctoral dissertation grant. To apply for the grant an applicant must submit a grant application by May 15, to: Jim Kurtenbach; GNP Doctoral Program Liaison; Iowa State University; 342B Carver Hall; Ames, IA 50011 (Phone: 515-294-9994; E-mail: jmk@iastate.edu).

The grant application consists of a letter that explains the nature of the project, current stage of the project, estimated completion date, how the award of a dissertation grant would contribute to the project, and identify other grants received for the dissertation. The request should be accompanied by: (1) a budget detailing the items and amounts for which funding is requested; (2) a copy of the dissertation proposal; (3) and a letter from the dissertation chairperson stating the proposal has been defended and accepted, or if not yet defended, that a firm commitment exists to permit the applicant to proceed with the proposed dissertation.

GNP Section Doctoral Student Travel Grant:

Applicants for a \$500 travel grant to attend the AAA annual meeting should send a letter that details their interest in GNP teaching and research by May 15, to: Jim Kurtenbach; GNP Doctoral Program Liaison; Iowa State University; 342B Carver Hall; Ames, IA 50011 (Phone: 515-294-9994; E-mail: jmk@iastate.edu).

Outstanding Dissertation Award in Governmental and Nonprofit Accounting.

The Government and Nonprofit Section seeks nominations for the Outstanding Dissertation Award, given to the author of the doctoral dissertation judged to be the best contribution to governmental and nonprofit accounting research for the year. The award will consist of an honorarium and recognition at the annual meeting of the AAA. Membership in the AAA or GNP Section is not necessary for nomination. The review criteria will be consistent with those used by academic accounting journals such as *The Accounting Review*.

One copy of the dissertation and ten copies of a 10-20 page summary addressing the relevance of the study to governmental or nonprofit accounting, the research methods employed and an overview of the findings should be submitted by April 1, 2002. The dissertation must have been successfully defended prior to submission, but must not have been defended before March 1, 2001.

Nominations, by self or others, should be made to the Chairman of the Outstanding Dissertation Award Committee: Professor Randy Elder, Department of Accounting, School of Management, Syracuse University, Syracuse, NY 13244-2130.

Notable Contribution Award in Government and Nonprofit Accounting.

The Government and Nonprofit

Section is soliciting nominations for the Notable Contribution Award. Consideration will be given to books, monographs, and journal articles on research topics and methods in the field of governmental or nonprofit accounting. The specific criteria are: (1) relevance of the subject to theory, practice, or instruction in public sector accounting; (2) potential interest to a large number of accountants, but especially those in the public sector area; (3) originality of the ideas presented, making the nomination a unique contribution to the literature; (4) clarity and organization of the exposition; (5) soundness and appropriateness of the research methodology; and (6) likelihood that the book, monograph, or journal article will encourage further research. Current officers of the GNP Section and members of the current selection committee are not eligible for the award. Recognition of the award will be made at the annual AAA meeting.

Nominations should be accompanied by a short statement of support and must be sent by April 1 to: Professor Randy Elder, Department of Accounting, School of Management, Syracuse University, Syracuse, NY 13244-2130.

THANKS

Thanks to all those section members who have contributed items to the newsletter while I served as editor. Teresa Gordon (University of Idaho) will begin serving as editor of *Government & Nonprofit News* with the Fall 2001 issue. Future submissions should be directed to Teresa (see below). Thanks again. Rich Brooks (Editor 1997-2001).

Advertising Policy

1. Rates: \$300/full page; \$200/half page; \$100/quarter page.
2. Advertising copy must be in submitted in a WordPerfect or MS Word document file.
3. All advertising copy is subject to approval by the advertising committee.



Government and Nonprofit Section

The Government & Nonprofit News is published three times a year (Spring, Summer and Fall) as a service to the GNP Section Members of the AAA. The deadline to submit items for inclusion in the next issue of **Government & Nonprofit News** is September 15, 2001. Submit newsletter items (max 350 words per item) to:

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8/27/01

SEE YOU IN ATLANTA!!

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