

GOVERNMENT & NONPROFIT NEWS

American Accounting Association

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PRESIDENT'S MESSAGE

Donald Deis

Louisiana State University

I look forward to meeting you in San Antonio—site of this year's annual meeting. The section has a lot of activities on the program this year. We have a full day of CPE on Wednesday, August 14th and, I believe, a record number of GNP papers will be presented in concurrent sessions (see details elsewhere in this newsletter). As I wrote in the previous issue of this newsletter, the executive committee of AAA used times previously set aside for section business meetings for concurrent sessions. Hence, this year our business meeting will be held during the section luncheon (Thursday, August 15th from 12:00 noon to 1:45 pm). Please make the section luncheon part of your plans for the meeting.

Sue Kattelus is working on plans for the 2003 GNP Section midyear conference to be held in Washington D.C. Please see her announcement in this newsletter and look for more details from Sue at the section luncheon in San Antonio.

See you in The Alamo City in August!

Government and Nonprofit Section Objectives

1. To foster basic and applied research in financial and managerial accounting, as well as auditing, for government and nonprofit organizations; and
2. To improve the quality of accounting, financial reporting, and auditing in these organizations through advances in teaching, research, and service.



ANNUAL MEETING GNP EVENTS

This year there are two concurrent sessions devoted to government or nonprofit accounting issues. In addition to these six papers, another three papers will be presented at multi-disciplinary sessions and four papers will be included in the forum sessions. Both morning and afternoon GNP workshops will also be available.

GNP BUSINESS MEETING

The Government Nonprofit Section Business Meeting will be 12:00 - 1:45 PM Thursday August 15. The cost of the meal is \$30.00, which can be paid with your registration. Register on-line at

<http://accounting.rutgers.edu/raw/aaa/2002annual/meetinginfo.htm>

SIGN UP NOW FOR CPE!

CPE SESSION NO. 16
GNP Education Workshop
Wednesday, August 14, 2002
8:00 AM - 12:00 PM

Title: Proactive Classroom Approaches to GNP Topics

Description: This workshop will present an overview of new GNP accounting issues together with alternative pedagogical approaches to their integration into the curriculum and classroom. The discussion will include proactive learning and communication techniques in addition to evaluation and assessment tools.

Terry Patton from the GASB will present an update of GASB activities

Robert ‘Smitty’ Smith from Middle Tennessee State University will present and explain an alternate teaching method to convert government fund data into the required government-wide display.

Don Raux from Siena College will present a proactive approach to teaching government and not-for-profit accounting that includes materials on critical thinking and second-level skills such as communication, interpersonal and technical/analytical.

Handouts and illustrations will be distributed to those attending the session. An extensive question-and-answer period will follow each presentation.

Intended Audience: Those professors who currently instruct Government and Not-for-Profit or Advanced Accounting with a GNP component will gain valuable information by attending this workshop. Those who wish to expand their knowledge of Government and Not-for-Profit Accounting will also benefit by attending the workshop.

Presenters: Terry Patton, GASB; G. Robert Smith, Jr., Middle Tennessee State University; Donald J. Raux, Siena College; Mary Fischer, The University of Texas at Tyler.

CPE SESSION NO. 37
GNP Research Workshop
Wednesday, August 14, 2002
1:30 - 5:00 p.m.

Title: Auditing Research Involving Government and Nonprofit Organizations

Description: Government and not-for-profit organizations are a fertile area of auditing research for auditing, financial accounting, and government and not-for-profit researchers. This workshop will focus on auditing research opportunities involving all levels of government and types of not-for-profit organizations, including data sources and analysis techniques. This session is ideal for researchers seeking to begin research in this area, and share or evaluate research ideas.

Structure of Workshop: Presentation of research ideas, data sources and methods of analysis for audit research involving government and nonprofit organizations. Workshop participants can ask questions, and also discuss their own research ideas and interests.

Intended Audience: Researchers interested in auditing issues involving government and not-for-profit entities.

Presenters: Ed Douthett, George Mason University; Elizabeth Keating, Northwestern University; Suzanne Lowensohn, Colorado State University; Terry Patton, Governmental Accounting Standards Board; and Andrea Alston Roberts, Boston College.



Government and Nonprofit Section

AAA ANNUAL MEETING GNP SESSIONS

Thursday, August 15, 2002
10:15 - 11:45 a.m.

Title: Government and Nonprofit Market Research

Moderator: Dana Forgione, Florida International University

Paper 1: "Private College and University Audit Fees: Federal Regulation, Auditor Specialization, and Client Wealth Effects." **Authors:** Mary Fischer, University of Texas - Tyler; Laurence Johnson, Colorado State University; and Randal Elder, Syracuse University. **Discussant:** John Engstrom, Northern Illinois University.

Paper 2: "Financial Disclosure and Bond Insurance." **Authors:** Angela Gore, University of Oregon; Kevin Sachs, University of Cincinnati; and Charles Trzcinka, Indiana University. **Discussant:** Barry Marks, University of Houston - Clear Lake.

Paper 3: "Does Underwriter Reputation Matter? Evidence from the Municipal Bond Market." **Authors:** Kenneth Daniels and Jayaraman Vijayakumar, both at Virginia Commonwealth University. **Discussant:** Barry Marks, University of Houston - Clear Lake

MIXED SESSION PAPERS

The following three papers were submitted to the GNP Section and accepted for presentation in interdisciplinary sessions. Please check the Annual Meeting program for further information on these papers.

Paper 1: "The Impact of Financial Information and Voluntary Disclosures on Contributions to Not-for-profit Organizations: A Field-based Experiment." **Author:** Linda Parsons, George Mason University

Paper 2: "Conservatism in Not-For-Profit Organizations." **Authors:** Charles Barragato, Long Island University - C.W. Post Campus; and Sudipta Basu, Emory University.

Paper 3: "When Are Charities' Average Fund-Raising Ratios Informative of their Marginal Fund-Raising Costs?" **Author:** Daniel Tinkelman, Pace University.

Saturday, August 17, 2002
10:15 - 11:45 a.m.

Title: Government Accounting and Reporting

Moderator: Kitty Pumphrey, Idaho State University

Paper 1: "Governance Structures and Accounting at Large Municipalities." **Authors:** Gary Giroux and Andrew McLelland, both at Texas A&M University. **Discussant:** Rita Cheng, University of Wisconsin - Milwaukee.

Paper 2: "Determinants of Intergovernment Grants: An Empirical Analysis of Grants to Municipalities in Ontario." **Authors:** Thomas Matthews, University of Alberta; Sati Bandyopadhyay, University of Waterloo; and Jennifer Kao, University of Alberta. **Discussant:** Kun Wang, Texas A&M University.

Paper 3: Determinants of Voluntary Internet Reporting by Local Government." **Authors:** Fawzi Laswad, Richard Fisher, and Peter Oyelere, all at Lincoln University, New Zealand. **Discussant:** Ken Smith, Pepperdine University.

GNP FORUM PAPERS

Paper 1: "Municipal Accounting in Norfolk, Virginia in the Early 19th Century." **Author:** Laurie Henry, Old Dominion University.

Paper 2: "Are Joint Venture Nonprofit Hospitals For-Profits in Disguise?" **Author:** Pamela Smith, The University of Texas at San Antonio.

Paper 3: "An Investigation of the Effects of Indirect Cost Allocations and the Functional Expense Statement on Form 990 Users' Judgments." **Author:** R. Steven Flynn, Thomas More College.

Paper 4: "A Teaching Case on the Single Audit Act, Compliance, and Generally Accepted Governmental Auditing Standards." **Authors:** Julia Higgs, Florida Atlantic University; John Reisch, East Carolina University; and George Young, Florida Atlantic University.

2003 MID-YEAR MEETING

Plans are being made for the 2003 GNP mid-year meeting to be held in Washington DC in late January or early February. If you cannot attend the 2003 annual AAA meeting in Hawaii, we don't want you to miss this chance to join your GNP colleagues in the heart of our government and home to some of the largest nonprofit entities. Send any suggestions for topics and speakers, location, field trips, as well as interest in being on the program to Sue Kattelus at susan.kattelus@emich.edu

CALL FOR PAPERS

2003 Midyear GNP Section Conference

The Annual Midyear Government and Nonprofit (GNP) Section Conference will be held in Washington, D.C. during late January or early February 2003. Similar to last year, a special research session will be held during the conference. Submission of papers relating to any aspect of Government and Nonprofit accounting is encouraged.

Submission Guidelines

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 2003 Midyear Government and Nonprofit Section Conference can also be submitted for presentation at the AAA Annual Meeting scheduled for August 2003.

Submission Deadline

Four copies of submissions must be received by October 15, 2002, to be considered for the program. Early submission is highly encouraged. Submissions and questions should be addressed to:

Jayaraman Vijayakumar
Department of Accounting
School of Business
Virginia Commonwealth University
1015 Floyd Avenue, Richmond, VA 23284-4000
Phone: (804) 828 7157
Fax: (804) 828 8884
Email: jvijayak@vcu.edu

GET INVOLVED

GFOA Certificate of Achievement

Stephen Gautier of GFOA is interested in having more academics sign on as GFOA Certificate of Achievement reviewers. As of now, we have only nine academics; the number had been up to 20.

John Engstrom says he can think of no better way for a governmental accounting faculty member to learn about the subject than reviewing a financial statement once a month. According to John, it takes several hours to do each report; the time depends on whether it is a state or large city vs. a smaller government, whether it is a new submission, etc. John has been doing the reviews for around 20 years now and says he has a "feel" for what governments are doing that he could get in no other way.

For more information or an application form, contact John Engstrom at M20JHE1@wpo.cso.niu.edu (or see address below).

Message from Our Historian

The Public Sector Section (now GNP Section) was formally created on August 23, 1976. I have been asked to serve as historian of the section and am in the process of gathering documents, including newsletters, meeting minutes, awards, CPE session topics, lists of officers, etc. I already have five boxes full of stuff, but I am missing a number of newsletters, etc. If anyone has documents of this nature, please send them (or copies) to:

John H. Engstrom
Northern Illinois University
Department of Accountancy
DeKalb, IL 60115

GRANTS AVAILABLE

Doctoral Dissertation Grants

The GNP Section sponsors a competitive dissertation grant program to help defray certain costs (up to \$1,500) for individuals conducting dissertation research on governmental and nonprofit topics. An applicant must be a doctoral candidate with a major or emphasis in accounting from any doctoral granting institution. Applications must be received by May 15.

The grant application should include:

1. An application letter explaining 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 the nature of other grants received for the dissertation
2. A budget detailing the items and amounts for which funding is requested;
3. A copy of the dissertation proposal;
4. 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.

Requested funds may be used to defray or reimburse costs directly related to and necessary for completion of the dissertation. Included among the authorized purposes for grant funding is travel to collect data, purchase of data, and preparation and mailing of questionnaires. With adequate justification other costs essential to completion of the dissertation, such as coding of data and data entry, may also be considered for funding. Funds will not be provided for such costs as tuition and fees, computer use charges, word processing, and printing and binding the dissertation. In addition, grant funds will not be provided for purchase of computer hardware or software.

Send the application letter and attachments to Suzanne Lowensohn (see below).

Travel Grants

The GNP Section is sponsoring \$500 travel grants for the midyear GNP section meeting and the 2002 AAA annual meeting. The grants are intended to assist doctoral students interested in GNP research by defraying a portion of the costs of attending these meetings and to allow doctoral students interested in GNP topics to interact with GNP Section members.

In return for the grant, recipients will be expected to attend GNP workshops (at no cost, of course) where they will be introduced to Section members that have similar teaching and research interests.

Applicants should send a letter, which describes their interest in governmental and nonprofit accounting teaching and research and provides support on why they feel they should receive the grant.

The deadlines for travel grant submissions are:

December 31 for our **midyear meeting** (usually held the end of January) and

May 15 for the **annual AAA August meeting**

Please send your letter of application to:

Dr. Suzanne Lowensohn
GNP Doctoral Program Liaison
Andreas School of Business
Barry University
11300 NE Second Avenue
Miami Shores, FL 33161-6695

If you have further questions on either the dissertation grants or the travel grants, you can contact Suzanne at SLOWENSOHN@MAIL.BARRY.EDU or (305) 899-3525.

Advertising Policy

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

GASB Issues New Statement on Component Units

The Governmental Accounting Standards Board (GASB) has issued a new standard on component units.

Statement No. 39, *Determining Whether Certain Organizations Are Component Units*, clarifies existing accounting guidance and provides greater consistency in accounting for organizations that are closely related to a primary government. The standard provides criteria for determining whether certain organizations, such as not-for-profit foundations related to public universities and school districts, should be reported as component units based on the nature and significance of their relationship with a state or local government.

Under the standard, state and local governments that have qualifying fundraising foundations would be required to include, through discrete presentations, the financial activities of those foundations in their financial statements. Previously, many governments did not report the financial activities of those foundations in their financial statements.

In commenting on the new standard, GASB Project Manager Ken Schermann stated, "In the present reporting environment, some entities include in their financial statements the balances and transactions of their related fundraising organizations, **whereas** others either disclose limited information in the notes or provide no information at all. The standard should bring a greater level of comparability to financial reporting."

Statement 39 amends Statement 14 to provide additional guidance to determine whether certain organizations for which the primary government is not financially accountable should be reported as component units based on the nature and significance of their relationship with a primary government.

The standard sets forth criteria on which a government is required to provide a discrete presentation that publishes financial information about its own activities as well as those of the affiliated organization.

Susan C. Kattelus Appointed AAA Representative of GASAC

Norwalk, CT, March 27, 2002—Susan C. Kattelus, Ph.d., Professor of Accounting at Eastern Michigan University, was appointed by the Financial Accounting Foundation (FAF) to replace outgoing American Accounting Association (AAA) member Professor John Engstrom on the Governmental Accounting Standards Advisory Council (GASAC). The GASAC provides counsel on technical projects, priorities and accounting issues to the Governmental Accounting Standards Board (GASB).

The GASB's recently issued Statement 34, which significantly changed the financial reporting of governments, is very much on the minds of counties as they prepare to implement the new requirement of reporting all government assets and liabilities, including capital assets.

Susan's e-mail address is Susan.Kattelus@emich.edu and her phone number is (734) 487-3305. She welcomes input from AAA members regarding issues on the GASB's agenda.

Get the Latest GNP News Faster!

Do you know Smitty? Well, he wants to know you; or, more precisely, he wants to know your e-mail address.

Smitty is the Chair of our Information Technology Committee. Right now, the committee's principle job seems to be to send out e-mails announcing various Section activities. Smitty knows he doesn't have everyone's e-mail address. So, if you are not currently receiving e-mail messages from Smitty, please send him your address. We want the Section's distribution list to be as complete as possible.

Please send your e-mail address to: smitty@mtsu.edu

GASAC Update

Sue Kattelus

The Governmental Accounting Standards Advisory Council (GASAC) met at the GASB offices in Norwalk CT on May 30-31, 2002. Staff provided an update on current agenda projects, such as the recently released GASB Statement No. 39 *Determining Whether Certain Organizations Are Component Units, an amendment of Statement No. 14* (called the “affiliated organizations” project). This statement is dedicated to the memory of Joe Blythe who contributed greatly to this statement and other work on colleges and universities. Staff also presented an Exposure Draft *Deposit and Investment Risk Disclosures, an Amendment of GASB Statement No. 3* which is expected to be released June 28, 2002 with a comment deadline September 27, 2002. Our section is urged to respond.

Participants from the 29 organizations represented on the Council engaged in a lively discussion about two projects: (1) “Other Postemployment Benefits (OPEB)” for which the Board agreed to delay issuing an exposure draft until early 2003 so staff can further study an alternative measurement method for plans with fewer than 50 members and do some field testing of the proposed standards, and (2) Service Efforts and Accomplishments (SEA) in light of the GFOA’s (and likely ASBO’s) public objection to GASB’s study of performance measurements that may lead to standards-setting outside the area of “financial reporting.” Staff reported that there is much “misinformation” about this long-term research project funded by a Sloan Foundation grant, and in response, some Council members urged the staff to communicate the goals and scope of this project more clearly to its constituent groups.

Three other items on the current agenda are Conceptual Framework - Communications, Environmental Liabilities, and Asset Impairment. As GASB faces decreasing revenue and staff and more agenda items than ever, our section members can serve as a valuable resource in studying long-term research agenda items; for example, “economic condition” or “electronic reporting.”

The GASAC’s next meeting will be held October 25-26th in conjunction with the Association of School Business Officials International in Phoenix.

Interested in Not-for-Profit Organizations? Attend the Annual Meeting of ARNOVA!

Each year, the Association of Voluntary Action Scholars, the Association for Research on Nonprofit Organizations and Voluntary Action (ARNOVA) holds an annual conference which brings together researchers, scholars, and practitioners from around the world to present and discuss papers related to issues in nonprofit studies, voluntary action, and philanthropy. This cutting-edge research presented at the conference helps build the body of knowledge about the sector and inform those working in the nonprofit sector.

The 2002 ARNOVA Conference will be held November 14-16 at the Hotel Wyndham Montreal, Montreal, Quebec, Canada. The special focus areas of this year’s conference will be accountability and the public trust, and nonprofits and community. Papers on voluntarism; the nature of the third sector and its place in society; the management of nonprofit organizations; international and comparative studies of the third sector; grassroots organizations and community development; specific types of organizations (e.g., social services, religion, culture, civic benefit, recreation, education, and advocacy); and the teaching of nonprofit studies will also be presented.

The 2003 ARNOVA Conference will be held November 20-22 at the Marriott City Center, Denver, Colorado. You can register on-line at <http://www.arnova.org>. Abstracts for papers to be presented at the 2003 meeting must be submitted by approximately March 15, 2003.

Recent articles:

Vivian Carpenter and Ehsan H. Feroz, "Institutional Theory and Accounting Rule Choice: An Analysis of Four US State Governments' Decisions to Adopt Generally Accepted Accounting Principles," *Accounting, Organizations and Society* 26 (2001) 565-596.

David Coy, Mary Fischer and Teresa Gordon, “Public Accountability: A New Paradigm for College and University Annual Reports,” *Critical Perspectives on Accounting* 12(1) 2001, pp. 1-34.

Creating Interest in Accounting Careers in Government - Join Now!

The AICPA's Members in Government committee and the GNP section are creating a network of academics and professionals interested in enhancing the exposure of students to career opportunities for accountants in government organizations. If you are interested, please fill out the information form below. This information will be made available to professionals and professors involved with governmental accounting in order to create a network of academics and professionals interested in enhancing the exposure of students to career opportunities for accountants in government organizations. Please send responses (surface, fax or e-mail) to:

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 310 Laws Hall
 Miami University
 Oxford, Ohio 45056
 Phone 513-529-3381; Fax 513-529-4740
 E-mail rubinma@muohio.edu

Name
Title
Address
Phone
E-mail
Interests – Indicate all activities of interest: <ul style="list-style-type: none"> <input type="checkbox"/> Class presentations <input type="checkbox"/> Full time job opportunities <input type="checkbox"/> Internships <input type="checkbox"/> Hosting student group visits <input type="checkbox"/> Job shadowing (hosting a student for one or two days of observation) <input type="checkbox"/> Writing cases for instructional purposes <input type="checkbox"/> Research (indicate topics) _____ _____ <input type="checkbox"/> Other (describe) _____ _____

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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, 2002. Submit newsletter items (maximum 350 words per item) to:

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