

# GOVERNMENT & NONPROFIT NEWS

American Accounting Association

Volume 27 Number 2 \* Summer 2003

## PRESIDENT'S MESSAGE

**Susan C. Kattelus**  
Eastern Michigan University

I hope that we'll see many of you at the annual meeting in Hawaii this August, although I know university budgets are tight this year and this is an expensive conference. But if you can arrange it, you won't be disappointed. The GNP section has two continuing education programs on Sunday, August 3, 2003, several sessions on the main program, papers in the research forum, and a luncheon on Monday, August 4, 2003 at noon. Dr. William Holder, GASB Board member, USC professor, and long-time GNP section member will be our luncheon keynote speaker. Vijay and Smitty, as always, did an excellent job in arranging for the research and teaching content of the annual meeting.

We will not be having the annual business meeting because that took place at our midyear meeting in Washington DC in February 2003. President-elect Rich Brooks will help determine whether that is a one time switch or a permanent move. Be sure to give him your input on that question.

In other news, Rich has plans underway for the 2004 midyear meeting which is described elsewhere in this newsletter. I'll be attending the second GASAC meeting of this year to be held in Philadelphia in August in conjunction with the National Association of State Auditors, Controllers and Treasurers (NASACT) meeting. John Engstrom is compiling a history of the GNP section and we plan to post much of this on the website at <http://coborgs.isu.edu/aaagnp>. We appreciate Kitty Pumphrey's work in keeping our website a source of information for us and those who visit the site, as well as Teresa Gordon's good work on this newsletter.

I spoke at the National Grants Management Association Professional Development meeting in Washington DC in April on the topic Sarbanes-Oxley lessons for nonprofits and educators. This has been a year in which accounting educators have played a critical role in helping the public understand accountability, the value of GAAP financial statements, and the role of auditors.

There is much our GNP section can contribute to those discussions from our vantage point of working with the public and nonprofit sectors.

You'll hear from our next President, Rich Brooks from West Virginia University, in the Fall 2003 newsletter. I've been honored to serve in this role during the current year, and appreciate more than ever the collegiality and friendship that we offer to each other in the GNP section. The section history that we are compiling will show that we benefit from the vision and example of many great GNP educators who built the section. I urge you to invite a few of your colleagues to join us, as well as to extend the hospitality of our section to new doctoral students with an interest in the public and nonprofit sectors.

Aloha!



**AAA Annual Meeting**  
**August 3-6, 2003**  
**Join us in Hawaii !!**

This year, thanks to the large number of submissions received, our section has been awarded **FIVE** concurrent sessions devoted to government and nonprofit topics, in addition to several other papers being presented in the research forums. You can also sign up for morning and afternoon government and not-for-profit continuing education sessions on Sunday August 3. And don't forget to sign up for the section's luncheon on Monday, August 4.

# *Sign up for Continuing Professional Education in Hawaii*

**CPE Session 13:  
Sunday, August 3, 8:00 – 11:00 AM**

## **Teaching Governmental and Nonprofit Accounting: The New “Hot Topics”**

### **Description/Objectives:**

The biggest thing to hit governmental accounting and reporting instruction in the last 20 years has been GASB Statement No. 34. But now the GASB has moved on, and people who teach governmental accounting must as well. This workshop will examine the new “hot topics” of governmental and nonprofit accounting and reporting, including affiliated organizations, reporting investment risks, impairment of assets, budgetary reporting, environmental issues, and other post-employment benefits. The session will also include an update on the GASB’s activities. To meet these objectives, section members familiar with the topics will be making presentations on them, exploring what the GASB is doing or has done in the area, and what we need to include in our classroom discussions. There will be plenty of time for questions, so plan ahead and come with things in mind.

### **Tentative Topics and Presenters:**

#### **GASB Update**

Robert G. Smith Jr. (Smitty), Middle Tennessee State University

#### **Teaching MFBA**

Kitty Pumphrey, Idaho State University

#### **Highlights of Governmental Budgeting and Accounting in Europe**

Rowan Jones

#### **A "Hybrid" Governmental Accounting Course**

Rita Cheng, University of Wisconsin-Milwaukee

#### **Governmental and NFP Auditing Issues**

John Engstrom, Northern Illinois University

**CPE Session 32:  
Sunday, August 3, 1:00 – 4:00 PM**

## **Contemporary Issues Relating to Performance, Performance Reporting, and Performance Measurement in Government and Nonprofit Research**

### **Description/Objectives:**

The focus of this workshop will be on research issues concerning measuring, reporting, and analyzing performance in the Government and Nonprofit sector. Presenters will provide an overview of the state of current research in areas pertaining to state, local, and federal government entities, health care, and other not-for-profit entities. In addition, presenters will discuss their own current research projects and findings in these areas and provide frameworks for future research. Topics to be covered include a description of current practices of performance measures in governmental entities, and developments by standard-setting bodies and other organizations (GFOA, ICMA, Urban Institute, GAO, etc). In addition, presenters will discuss issues concerning the quality and transparency of financial reporting about performance, and discuss findings about current budgeting, analytical, and financial systems in state departments to determine if the current state of the art provides information relevant to measuring performance in various areas. In the health care sector, an overview of the accounting and economic research that uses agency theory to study contracting behavior will be discussed, and that perspective applied to assess the benefits/costs of Medicare's hospital payment systems. Specifically, the implications of cost reimbursement versus prospective (fixed-fee) hospital payments, under the assumptions of both competitive and monopolistic environments will be analyzed.

### **Presenters:**

Rita H. Cheng, University of Wisconsin–Milwaukee  
Dana A. Forgione, Florida International University  
Sarah E. Nutter, George Mason University  
Ken Smith, Pepperdine University  
Krishnamurthy Surysekar, Florida Intl University  
Kitty Pumphrey, Idaho State University

## **Concurrent Session 1.7**

Monday, August 4, 2003 - 10:15 a.m.-11:45 a.m.

**Reporting and Measurement Issues in Government and Nonprofit Research**

**Moderator:** Lela Pumphrey, Idaho State University

What is "Operating Income"? An Analysis of the Financial Statements of Private Colleges and Universities.

Mary Fischer, The University of Texas at Tyler;  
Teresa Gordon, University of Idaho; Janet Greenlee, University of Dayton; Elizabeth Keating, Harvard University;

**Discussant:** Susan B. Hughes, Butler University

Are Donations Affected by the Financial Stability of Not-for-Profit Organizations?


Linda M Parsons, George Mason University; John M. Trussel, Pennsylvania State University at Harrisburg;

**Discussant:** Charles A. Barragato, Long Island University, C.W. Post Campus

City Performance Reporting: A Test of Political and Economic Incentives.

Ken A. Smith, Pepperdine University;

**Discussant:** John Engstrom, Northern Illinois University



**EXECUTIVE COMMITTEE MEETING**  
**Government and Nonprofit Section**  
at the ANNUAL AAA MEETING

Monday, August 4, 2003  
5:30 – 6:30 pm  
Room to be announced  
**As always, open to all members.**

**Concurrent Session 3.8**  
Monday, August 4, 2003 - 4:00 p.m.-5:30 p.m.

**Auditing Issues Relating to Governments and NonProfits**

**Moderator:** Dana Forgione, Florida International University

The Value of Auditing as a Monitoring Tool: An Analysis of Public School Operations.

Yoshie Saito Lord, Temple University;  
Christopher S. McIntosh, University of Idaho at Idaho Falls;

**Discussant:** Ehsan H. Feroz, University of Minnesota-Duluth

Government versus Private Sector Audit Fees: An Empirical Comparison.

Jeffrey R. Casterella, Colorado State University;  
Stephen . Davies, Colorado State University;  
Laurence E. Johnson, Colorado State University; Barry L. Lewis, University of Colorado at Boulder;

**Discussant:** Linda M. Parsons, George Mason University

The Relation between Auditor Selection and Adverse Audit Findings: Examination of Nonprofits Subject to the Single Audit Act.

Elizabeth K. Keating, Harvard University; Janet Greenlee, University of Dayton; Teresa Gordon, University of Idaho; Mary Fischer, The University of Texas at Tyler;

**Discussant:** Suzanne L. Lowensohn, Colorado State University



**Concurrent Session 6.7**

Tuesday, August 5, 2003 - 4:00 p.m.-5:30 p.m.

**Empirical Research in the  
Government and Nonprofit Sector**

**Moderator:** Sarah Nutter, George Mason University

On the Role and Impact of Financial Advisors in the  
Market for Municipal Bonds

Kenneth N Daniels, Virginia Commonwealth  
University; Jayaraman Vijayakumar, Virginia  
Commonwealth University;

**Discussant:** Byron Henry, Howard University

Simultaneous Equations Bias in Government and  
Nonprofit Accounting.

Edward B. Douthett, George Mason University;  
Linda M. Parsons, George Mason University;

**Discussant:** Delano Howard Berry, Florida  
International University

Investigating the Audit Fee Structure of British Local  
Governments

Gary Giroux, Texas A&M University; Rowan  
Jones, University of Birmingham (U.K.);

**Discussant:** Laurence Johnson, Colorado State  
University

**Concurrent Session 8.16**

Wednesday, August 6, 2003 - 2:00-3:30 pm

**Regulation, Reporting, and  
Disclosure in the Nonprofit Sector**

**Moderator:** William Stout, University of Louisville

The Influence of Voluntary, Nonfinancial Disclosures  
on Individual Charitable Donations.

Steve Buchheit, Texas Tech University; Linda  
M. Parsons, George Mason University

**Discussant:** Rita Hartung Cheng, University of  
Wisconsin-Milwaukee

The Impact of Accounting Regulation on Nonprofit  
Revenue Recognition.

Charles A. Barragato, Long Island University,  
C.W. Post Campus

**Discussant:** Douglass E Ziegenfuss, Old Dominion  
University

Financial Disclosure Management by Nonprofit  
Organizations.

Ranjani Krishnan, Michigan State University;  
Michelle Higgins Yetman, The University of  
Iowa; Robert J. Yetman, The University of Iowa

**Discussant:** Angela Gore, University of Oregon

**GNP Archives**

John Engstrom, Historian, is well on his way to  
collecting information for the GNP Archives. If you  
have any information on the section from years past,  
contact John at [jengstrom@niu.edu](mailto:jengstrom@niu.edu) before you toss it.  
In particular, John reports that he is missing the GNP  
Newsletter from Fall 1982 (Volumne7, No.1)

**Stay in Touch with the GNP Section**

Do you know Smitty? Well, he wants to know  
you; or, more precisely, he wants to know your e-mail  
address. Smitty is the person responsible for sending  
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](mailto:smitty@mtsu.edu)

**Concurrent Session 9.16**  
Wednesday, August 6, 2003 - 4:00-5:30 pm

**Research Examining Incentives in Nonprofit Organizations, and Methodological Issues**

**Moderator:** G. Smith, Middle Tennessee State University

Detecting Earnings Management in Not-for-Profit Entities: An Experiment.

Saleha B Khumawala, University of Houston;  
Linda M. Parsons, George Mason University;  
Teresa P Gordon, University of Idaho

**Discussant:** Kathryn Jervis, Washington & Lee University

Incentive Compensation Systems in Nonprofit Organizations: An Analysis of the Relationship with Executive Pay and Organizational Performance.

Sandra B. Richtermeyer, University of Wyoming;  
Kenton B. Walker, University of Wyoming

**Discussant:** Ken Smith, Pepperdine University

Determinants of Charitable Donations to U.S. Nonprofit Organizations: New Evidence from Panel Data.

Nicholas P. Marudas, Auburn University at Montgomery;  
Fred A. Jacobs, Georgia State University

**Discussant:** Kenneth R. Henry, Florida International University

**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.

**Other Government and Nonprofit Papers**

**Research Forum**

Wednesday, August 6, 2003, 10:15-11:45 am

**Table 26:** *Municipal Financial Reporting on the World Wide Web: A Survey of Financial Data Displayed on the Official Websites of the 100 Largest U.S. Municipalities.*

James E. Groff, The University of Texas at San Antonio; Marshall K. Pitman, The University of Texas at San Antonio

**Table 27:** *Boardroom Operational and Financial Control: An Insider View.*

Lee D. Parker, University of Adelaide, South Australia

**Research Forum**

Wednesday, August 6, 2003, 2:00-3:30 pm

**Table 21:** *Derivative Financial Instruments and US Nonprofit Health Care Providers.*

Louis J. Stewart, New York University; Vincent Owoso, Bentley College

**Table 22:** *American Outsourced Accounting Society: Consolidated Financial Statements in a Not-for-Profit Environment.*

Douglas A. Boedeker, Tate & Tryon CPAs and Consultants; Susan B. Hughes, Butler University;

*Plan Ahead!*



**2004 Annual Meeting**  
**Orlando, Florida**  
**August 8-11, 2004**

## CALL FOR PAPERS

### 2004 Midyear GNP Section Conference

GNP researchers, while it's time to meet in Hawaii, it's also time to gear up for submissions to our Annual Midyear Government and Nonprofit (GNP) Section Conference to be held in Houston, D.C. during late January or early February 2004. 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 2004 Midyear Government and Nonprofit Section Conference can also be submitted for presentation at the AAA Annual Meeting for 2004.

#### Submission Deadline

Four copies of submissions must be received by October 15, 2003, 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](mailto:jvijayak@vcu.edu)

#### Watch for an Upcoming Issue of the

#### Journal of Public Budgeting, Accounting, and Financial Management (JPBAFM)

Special Symposium section of *Journal of Public Budgeting, Accountability and Financial Management* on "The Evolution of Governmental and Nonprofit Accounting Education."

"The Challenges of Cross-Disciplinary Work: Accounting and Financial Reporting for Governments and Nonprofits" by Susan C. Kattelus, Rita H. Cheng, John H. Engstrom

"A Survey of Governmental Accounting Education Studies" by Byron Henry

"Use of Financial Statement Analysis Cases for Teaching the New Governmental Financial Reporting Model" by Barbara Chaney

"Methods and Resources to Increase Student Interest in Governmental Accounting" by Jacqueline Reck and Suzanne Lowensohn

"Using an Innovative Teaching Method to Enhance Student Learning: Governmental Accounting Jeopardy" by Elizabeth Murphy

"An Integrated Nonprofit Management Course Track: Business Concepts and Skills Needed for Careers in Nonprofit Organizations" by Kathryn Jervis and Pamela Sherer

#### On the international scene...

The World Bank held a conference on "Public Pension Fund Management" in May. Public pension funds represent about one third of world-wide pension schemes and, in many countries, public funds command a significant share of the financial system's assets. Public funds pose special issues concerning governance, accountability and transparency. The conference included presentations on these issues and case studies of international best practice. The conference papers are expected to be posted on the World Bank's website in due course:

<http://www1.worldbank.org/finance/html/ppfm2003.html>

One of the case studies was on the governance arrangements for the recently-established New Zealand Superannuation Fund, by GNP member Brian McCulloch. A copy of this paper is available now at

<http://www.treasury.govt.nz/release/super/gppf-nzsf-wb.pdf>.

Submitted by Dr Brian McCulloch  
Principal Advisor, New Zealand Treasury  
[brian.mcculloch@treasury.govt.nz](mailto:brian.mcculloch@treasury.govt.nz)

## GNP Section 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 in the United States of America or foreign country. Applications must be received by May 1.

#### 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, the nature of other grants received for the dissertation, and contact information (phone and e-mail).
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:** Dr. Suzanne Lowensohn (see address at end).

### Travel Grants

The GNP Section is sponsoring \$500 travel grants for the midyear GNP section meeting and the 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. Please include an e-mail address and phone number.

The deadlines for travel grant submissions are:

**May 1** for the **annual AAA meeting**

(Orlando, Florida, in August 2004)

**December 15** for our **midyear meeting**

(Houston, Texas, in February 2004)

#### Send the application letter and attachments to:

Dr. Suzanne Lowensohn (see address at end).  
GNP Doctoral Program Liaison  
Department of Accounting  
College of Business  
Colorado State University  
257 Rockwell Hall  
Fort Collins, CO 80523-1271

If you have further questions regarding either the doctoral or travel grants, you can contact Suzanne at [Suzanne.Lowensohn@business.colostate.edu](mailto:Suzanne.Lowensohn@business.colostate.edu) or (970) 491-7481.

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, 2003. Submit newsletter items (max 350 words per item) to:

Teresa P. Gordon, Editor

Government & Nonprofit News

University of Idaho

P.O. Box 443161

Moscow, Idaho 83844-3161

Phone: 208-885-8960

Fax: 208-885-8939

E-mail: [tgordon@uidaho.edu](mailto:tgordon@uidaho.edu)

6/6/03

**Governmental Accounting Standards  
Board Issues Guidance on Budgetary**

## Comparisons

**Norwalk, CT, May 20, 2003**—The Governmental Accounting Standards Board (GASB) has issued Statement No. 41, *Budgetary Comparison Schedule—Perspective Differences*, that clarifies existing guidance on budgetary comparisons in GASB Statement No. 34, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments*.

This amendment applies to governments with budgetary structures (for example, certain program-based budgets) that prevent them from presenting budgetary comparison information for their general funds and major special revenue funds, as currently required by Statement 34. Under Statement 41, such governments will present budgetary comparison schedules as required supplementary information based on the fund, organization or program structure that the government uses for its legally adopted budget. Generally, governments should present budgetary comparisons for the activities that are reported in the general fund and each major special revenue fund.

The accounting change is being implemented simultaneously with Statement 34. For governments that already have implemented Statement 34, the requirements would be effective for periods beginning after June 15, 2002. The Statement may be obtained by telephoning the GASB Order Department at 800-748-0659 or on-line at:  
<http://accounting.rutgers.edu/raw/gasb/index.html>

## 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.

## 2002–2003 GNP SECTION OFFICERS

### President

Susan C. Kattelus (Eastern Michigan University)  
[susan.kattelus@emich.edu](mailto:susan.kattelus@emich.edu)

### President-Elect

Richard C. Brooks (West Virginia University)  
[rbrooks@wvu.edu](mailto:rbrooks@wvu.edu)

### Vice President for Practice

Andrew Blossom  
KPMG Peat Marwick

### Secretary/Treasurer

Mary Fischer (University of Texas at Tyler)  
[mfischer@uttyl.edu](mailto:mfischer@uttyl.edu)

## 2002–2003 GNP EDITORS

### Government and Nonprofit News

Teresa P. Gordon (University of Idaho)  
[tgordon@uidaho.edu](mailto:tgordon@uidaho.edu)

### Webmaster

Lela M. (Kitty) Pumphrey (Idaho State University)  
[pumplela@isu.edu](mailto:pumplela@isu.edu)



See you in Hawaii!