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USING THE INTERNET TO PROVIDE COMPARATIVE DATA UNDER THE NEW GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) STATEMENT NO. 34

Bruce W. Chase, Radford University

bchase@radford.edu

Robert H. Phillips, Radford University

rphillip@radford.edu

Robert L. Taylor, Radford University

rtaylor@radford.edu

ABSTRACT

Now that most governments have implemented the new reporting requirements under Governmental Accounting Standards Board (GASB) Statement No. 34, they are faced with the task of explaining the results to citizens, policymakers and government officials. The reporting model under Statement No. 34 provides new information that enables users to assess financial position and results of operations for local government. How can this information be used to gauge financial performance of a government? One important way is to compare information among similar governments. For citizens, policymakers and government officials to use this information, comparative data must be available in an easily accessible manner.

This paper presents the process that Radford University's Governmental and Nonprofit Assistance Center (GNAC) has used to create a Web site that will assist in the evaluation and comparison of financial performance data of local governments in Virginia. The Web site is designed to provide easy to use comparative data from the government-wide statements, as well as several basic financial ratios. Citizens, elected officials, finance officers and auditors will find the site useful in comparing financial information among local governments in Virginia.

A goal of the project was to create a Web site that could be replicated by other states in reporting comparative information for local government. Radford University's Governmental and Nonprofit Assistance Center can assist other states in designing similar sites by sharing information about the design and implementation of this Web site.

INTRODUCTION

The reporting system under GASB 34 provides new information that enable users to determine financial position and assess results of operations for local government. GASB 34 requires two new financial reports: the statement of net assets and the statement of activities. These new financial reports contain information that can be useful in measuring performance of government activities for three main reasons. First, financial information is aggregated for the government entity and not just reported by funds. This is an improvement over the prior reporting model where activities of governments (such as public safety) could be reported in several separate funds. Second, financial information under GASB 34 is reported under the accrual method of accounting. This method uses a business-type approach to measuring the cost of government. And finally, the statements report the net cost or net revenue of functions of governments. The net cost or net revenue information provides an indication of the burden placed on taxpayers for providing the different services of government. The new information contained in the government-wide

statements should permit much more meaningful comparisons among local governments. The financial information will also be useful in developing service efforts and accomplishment measures. Citizens groups, policymakers and government officials can use the financial information to make better comparisons of performance among governments. But, for such comparisons to be made, information contained in the government-wide statements needs to be accumulated in a central location and reported in a user-friendly manner.

THE PROJECT

In late spring 2003, Radford University's Governmental and Nonprofit Assistance Center (GNAC) received a grant from the Alfred P. Sloan Foundation to create a database with key financial information from the new government-wide statements for Virginia counties and cities that had implemented GASB 34 as of June 30, 2002. A further requirement of the grant was that the information be accessible through a series of dynamic Web pages that allow user selection of entities and elements to be compared. The site and related GASB 34 information became available to the general public in September 2003

There are 40 cities and 95 counties in Virginia. As of June 30, 2002, a total of 36 counties and cities had implemented GASB 34, including several smaller governments that implemented early. Financial information was collected from the annual financial statements for these 36 governments. Most of the other governments implemented the new standard in 2003 and the Web site was updated when the 2003 data became available. The 2004 data is currently being collected and will soon be added to the database.

COLLECTING THE DATA

In some ways collecting data from the new government-wide statements can be fairly easy. Information in these statements is often much more aggregated than fund financial statements. Data for the Web site was collected directly from the Comprehensive Annual Financial Statements. Selected data was gathered for governmental activities, business-type activities, and component units. The site captures total assets, total liabilities, and the three components of net assets from the statement of net assets. From the statement of activities, the Web site captures functional expenses and program revenues for governmental activities as well as total expenses and program revenues from business type-activities and component units. It also contains the major sources of general revenue.

BUILDING THE DATABASE

GASB 34 specifies reporting categories for government activities. A database was established to collect historical information with GASB 34 line item reporting data as the central event of interest. Dimensions for reporting category, locality, locality type (city/county/town), and reporting year were also modeled.

To make queries of the database easier and faster a series of views were established that combine data from several related tables. Once the database and associated views were established, Web pages were designed which allow users to designate the data they are interested in as well as the format and order that it should be presented in. When a user submits a request the web server sends a query to the database management system (DBMS). The DBMS processes the query and sends the results back to the web server. The web server formats the results as a Web page and sends that HTML stream over the Internet back to the user's Web browser.

After basic functionality of the pages was established a Webmaster was added to the design team to help improve the overall look and feel of the site.

GRAPHIC DESIGN OF THE WEB SITE

One of the primary considerations in the design of the Web site was to make the site user friendly and easy to navigate. A primary objective was to not only create attractive pages but also make sure that visitors could navigate instinctively from one page to another. It was also essential that the pages display well at different monitor resolutions and when using different browsers.

The Homepage of the Web site provides a simple, easy to understand and navigate entry point to the Web site. A horizontal menu across the top of the page, linking to the various performance measures, is carried over to all the pages in the site so that visitors can move directly from one performance measure to the next without the need to return to the homepage. Each page also contains a definition or explanation of the data on that page so that non-accountants can more easily understand the meaning and relevance of the data.

THE INFORMATION REPORTED ON THE WEB SITE

The information available on the Web site includes four major categories as follows:

Statement of Net Assets

There are four tables related to the statement of net assets on the Web site that contain information about total assets, total liabilities, and the three components of net assets. The information can be displayed for governmental activities, business-type activities and component units. Information can be displayed in either absolute dollars or on a per capita basis and in some cases, in a common size format.

Statement of Activities

There are four tables related to the statement of activities on the web site that contain information about changes in net assets, expenses, program revenues and general revenues. The information can be displayed for governmental activities, business-type activities and component units. Once again, information can be displayed in either absolute dollars or on a per capita basis and in some cases, in a common size format.

Financial Ratios

Ratios are an effective way to compare organizations of different size and are often used in evaluating financial performance. Ratios are often used to express relationship between two elements of the same statement or for two elements from different statements. These ratios are helpful in understanding certain relationships related to financial performance. The Web site allows for the comparative display of six different ratios. There are three debt ratios that highlight the relative importance of debt to a government. Three additional ratios are available that highlight the relationship of net assets to other financial components.

Comparative Tool

The financial comparison tool allows you to compare the Statement of Net Assets or the Statement of Activities of two localities or the same locality for two different years. Similar to other tables, the information can be displayed in absolute dollars, on a per capita basis or in a common size format. If the common size format is selected for the Statement of Net Assets, total assets are used as the base. For the Statement of Activities, total general revenues are used as the base.

DISPLAYING THE DATA

The financial information from the statement of net assets and the statement of activities can then be displayed in a number of ways. Information can be displayed for all localities or just for cities, counties or towns. Averages are computed and displayed for all items selected. Information can be displayed on an absolute dollar basis or on a per capita basis. In several cases, the site allows for a common size display of information. For example, the major sources of general revenues can be displayed as a dollar amount, per capita amount or as a percent of total general revenues.

Site users can also select the sort order for each table. Localities, which constitute the rows in the table, can be sorted by name, population, or key financial elements in the table, for example expenses.

SUMMARY

Financial statements prepared under GASB 34 provide new information about a government's financial position and results of operations. This Web site was designed to allow citizens, elected officials, finance officers and auditors a tool for comparing this new financial information among local governments in Virginia.

Financial information for local governments can vary from state to state and a goal of the project is to create a Web site that can be replicated by other states in reporting comparative information for local government. Radford University's Governmental and Nonprofit Assistance Center can assist other states in designing similar sites by sharing information about the design and implementation of this Web site.

For more information about the site, contact Bruce Chase at bchase@radford.edu. The site address is www.gnac.radford.edu (Then choose the "Financial Performance Measures for Virginia Governments" link).

ORGANIZATIONAL ENVIRONMENT FOR NONPROFIT ENTREPRENEURSHIP DEVELOPMENT

Mamdouh Farid, Hofstra University
mgbmif@hofstra.edu

ABSTRACT

The paper argues that entrepreneurship in an existing organization (intrapreneurship) is the outcome of the interlocking entrepreneurial activities of multiple participants, entrepreneurship is distributed throughout a structure, not mainly the strategic apex, and appropriate organizational settings are required to promote entrepreneurial behavior among organization members. The paper distinguishes among three types/roles of intrapreneurship in the nonprofit sector: social/human service, fund raising, and venture. A set of research questions is tested empirically to assess organizations' environment in fostering entrepreneurship. Survey result (219 nonprofit managers) shows that nonprofits are likely to develop organizational characteristic attributes of entrepreneurship and that certain organizational characteristics are associated with intrapreneurial behavior as measured by organization members' risk-propensity. Also, the result shows that aspects of organizational culture and management style (more controllable factors) seem to have more influence than the organizational structure and resource aspects (less controllable). Nonprofit managers are advised to establish organizational culture and context of receptive conditions for new ideas and the possibility of failure. This study fills a research gap of how nonprofit organizational characteristics foster entrepreneurship or retard it.

Keywords: Nonprofit Entrepreneurship, Risk-Propensity, Intrapreneurial Roles.

REDUCING HEALTHCARE COSTS THROUGH THE IMPLEMENTATION OF HOSPITAL-GOVERNED DISEASE MANAGEMENT PROGRAMS

H. Lee Washington, Troy University

HLeewashington@syrupcity.net

Sue Hatem, Troy University

susan.hatem@hcahealthcare.com

ABSTRACT

Healthcare costs in the United States are on a continual rise with no relief on the horizon. As the population ages and lifestyles differ from one individual to the next, healthcare third party payers such as commercial insurance plans, employee health benefit plans, the Medicare program and state Medicaid programs are searching for strategies to lower the costs associated with providing healthcare benefits to their beneficiaries. Disease management programs are emerging as a way to help decrease the high cost of health care typically associated with chronic illness by coordinating care between the patient and their healthcare provider. By researching how these programs currently being implemented by the third party payer population affect all aspects of a patient's health, the healthcare industry can learn how to effectively reduce costs for both the patient and the care-providing entities of healthcare. There is a multitude of data; both in the current literature as well as within hospital-specific statistical reports that can be abstracted to prove these programs can be successful. While more research is needed on long-term effects of disease management programs over several years to determine if it does indeed reduce costs and improve the health of the patient, the current research being done is a definite start in the right direction.

ECONOMIC DEVELOPMENT INITIATIVES OF AFRICAN-AMERICAN CHURCHES IN TREME: THE OLDEST AFRICAN-AMERICAN NEIGHBORHOOD IN THE UNITED STATES

Kenneth J. Lacho, University of New Orleans

kjlacho@uno.edu

Tammy Parker, University of Louisiana at Monroe

tparker@spock.ulm.edu

Kristie Carter, Carter Memorial Rehabilitation Center, Inc.

kali.7@juno.com

ABSTRACT

The economic condition of inner cities in the United States is one of the most important issues facing us as a nation. The inner city is now a frontier of growth and entrepreneurship. One influence in promoting economic development in the inner-city is the African-American church. This study examines the nature and extent of economic development activities in African-American churches in Treme an inner-city neighborhood in New Orleans, Louisiana. Treme is black, low income, 75% rental and is the oldest African-American neighborhood in the U.S. dating back to the early 1800s. Six of 16 churches in Treme were studied. Churches were more likely to take part in social service activities than entrepreneurial activities (job training, housing, supporting small business start-ups). Two churches (both Catholic) followed different approaches to economic development. St. Peter Claver targets a weakness in Treme, housing and lack of home ownership. St. Augustine's efforts are directed towards tourism and related cottage industries. This strategy plays to Treme's history and the growth of cultural tourism. Further study should be oriented toward church strategy used given the strength and weaknesses of congregations in light of community threats and opportunities.

REDUCING HEALTHCARE COSTS THROUGH IMPLEMENTATION OF MEDICARE SPONSORED PREVENTIVE DISEASE PROGRAMS

H. Lee Washington, Troy University

HLeewashington@syrupcity.net

James P. Murphy, Troy University

murphyj@troy.edu

ABSTRACT

The purpose of this paper is to determine whether Medicare sponsored preventive disease management programs can lead to industry and user acceptance of preventive disease management. Transition to preventive disease management is made more difficult because of society's dependence upon post intervention healthcare systems. Investment into preventive disease management promises recipient longer lives, reduced healthcare cost and improved the quality of life.

This study posits an implementation strategy designed to alter industry and user approaches to healthcare investment. The study explores suitability of Medicare as a conduit of change. Gradual displacement of post intervention healthcare investment while increasing preventive disease management. This will result in reduced healthcare spending. This paper explores the potential benefits of a Medicare driven preventive disease management system.

Empirical research is studied to ascertain benefit and acceptability of a Medicare driven preventive disease investment. Industry, government and users would benefit from lower healthcare spending and improvements in the quality of life.

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