UNIVERSITY AT ALBANY  
Rockefeller College of Public Affairs & Policy  
PAD-501 FINANCIAL MANAGEMENT  
Fall 2017  
Draper 313B  

Professor Santiago Guerrero  

YOU ARE RESPONSIBLE FOR MEETING ALL OF THE COURSE REQUIREMENTS SET FORTH IN THIS DOCUMENT  

COURSE OBJECTIVES AND DESCRIPTION  

The primary objective of this course is to teach you how to use financial information to make management decisions in public and not-for-profit organizations. It will also strengthen your spreadsheet skills. You must be familiar with a computer spreadsheet program to successfully complete many of the homework assignments for the course. This course looks at financial management as a process. The process begins with the development of a plan for the future. The plan is then implemented. Actions are taken to control operations to keep to the plan. Results of operations are then reported, and those results are analyzed.  

The first half of the course focuses on developing, implementing and controlling the plan. The course covers an introduction to financial management, the development of operating budgets, tools for short-term decision-making, capital-budgeting decisions, and the analysis of long-term financial options. Management of short-term resources and variance analysis are also covered in this half of the course. The material in the first half of the course is often referred to as managerial accounting.  

The second half of the course focuses on summarizing, reporting on and analyzing an organization’s financial position, and the results of its operations. This section covers the development of financial statements. There is heavy emphasis on how the information in financial statements can be used by managers. You will study theory and practice related to accounting principles, financial statements, financial analysis, and the unique aspects of accounting for not-for-profits, and state and local governments. We will consider how the information is presented, and how it can be used to provide meaningful conclusions about the financial position and performance of public service organizations. At the end of this section, you should be able to use an organization's financial statements to communicate about the financial health of the organization. This half of the course covers material often referred to as financial accounting.  

From time to time, we may wish to communicate to you concerning course assignments or modifications to the syllabus. We will send announcements both by email and post them to Blackboard. Please check your UAlbany e-mail account (or forward your mail to an address you check routinely) and the Blackboard site at least once a week throughout the term. If you miss a lecture, you can either attend the other sections of the course or get a copy of the class notes from another student and download any handouts that were distributed from Blackboard.
Contact Information:
Professor: Santiago Guerrero
Office: To be arranged
Email: sguerrero@albany.edu
Office Hours: Tuesday from 5:30 to 7:30 PM and by appointment

Teaching Assistant: Youngsung Kim
Email: ykim22@albany.edu
Discussion Sessions: Saturday 1:00 to 3:00 PM (Contact the TA by email if you plan to attend.)
Location of Discussion Session: Group study room of the downtown campus library

METHOD OF INSTRUCTION: Lectures will meet for 220 minutes each week. There will also be optional discussion sessions offered each week where you can review assignments that have been submitted and returned to you. The Teaching Assistant will not help you with problems before they are due.

The classes will mix lecture, problems, cases and discussion teaching methods. The lectures will focus primarily on conceptual and analytical material. The book also contains descriptive material. You will be responsible for the descriptive material, even if we do not have enough time to cover it in class. To allow adequate class time to discuss critical and difficult issues, you must read the required chapters prior to class and to be familiar with the descriptive material in the chapters. Don’t wait until Monday evening to prepare for class. You will do much better in this class if you engage the content for shorter time periods every day than if you binge on the material once a week and then ignore it the rest of the week.

The schedule of lectures is as follows:

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<tr>
<th>Class</th>
<th>Mondays at 5:45-9:25 PM in Draper 313B</th>
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<tr>
<td>1</td>
<td>August 28</td>
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<td>2</td>
<td>September 4 – NO CLASS</td>
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<td>October 16</td>
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<td>October 23 – MID TERM EXAM</td>
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<td>16</td>
<td>December 11</td>
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<td>16</td>
<td>December 18 - FINAL EXAM</td>
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TEXTS, CLASS NOTES, CALCULATOR:

Required Text:

Supplemental Materials: Check Blackboard frequently. Supplemental materials will be posted to help you understand key concepts. Thanks to Dr. David Matkin for preparing and sharing these useful resources.

Assignment Solutions: We will review all of the assigned problems in class and post solutions to Blackboard. Solutions will be available as a video and excel/pdf document.

Class Notes: Weekly class notes will be posted as PowerPoint files on Blackboard the weekend before the class. If you don’t intend to access the notes online during class, please print these notes and bring them to class with you.

Sample Exams: We will post sample midterm and final exams to Blackboard at least a week before the date of the first scheduled exam.

Calculator: You will need a financial calculator that can do time-value-of-money calculations. If you do not have a calculator that can do time-value-of-money calculations, I recommend a Texas Instruments BAII-plus. You will see functions like PV, N, I, FV on appropriate calculators. You may buy an HP calculator but we do not recommend it. Many students find them difficult to use. Financial calculators are available at locations such as Staples, Office Depot, and at Amazon.com.

COURSE REQUIREMENTS

1. We will not take attendance. However, you will be required to hand in assignments at each class meeting and past experience tells us that class attendance is crucial to your ability to understand and synthesize this material. You are responsible for all material presented and announcements made in all classes.

2. Complete all assignments and examinations on time. Except in rare instances, where arrangements are made in advance, work must be handed in by the due date to receive any credit. If you have to miss a class, you may email the assignment to the professor and TA before the scheduled class begins.

3. Please note that there will not be a make-up midterm or final examination.

4. Please note that there will not be any extra-credit assignments to raise your course grade. Your grade will be based on the requirements discussed in this document.

GRADING

<table>
<thead>
<tr>
<th>Component</th>
<th>Percentage of Grade</th>
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<tr>
<td>Blackboard Quizzes</td>
<td>Combined total 10%</td>
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<tr>
<td>Written assignments</td>
<td>Combined total 20%</td>
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<td>Mid-term examination</td>
<td>25%</td>
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<tr>
<td>Projects</td>
<td>Two projects, 10%</td>
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<tr>
<td>Final examination</td>
<td>25%</td>
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BLACKBOARD QUIZZES: Prior to every instructional class period (not before the mid-term or final exam), you should take the weekly “basic quiz” to demonstrate a minimal level of conceptual understanding. These tests can be completed multiple times and the best score will be recorded. Blackboard quizzes are due the day before class (no later than 11:59 pm the Sunday before every class).

WRITTEN ASSIGNMENTS: There are thirteen written assignments. Make a copy of all assignments. Submit the original AT THE BEGINNING OF CLASS and bring an extra copy to class. You only need to submit the problem(s) specified under the title “Submit for Class”. You may submit your written assignments early if you cannot make the class.

You will not receive credit if your assignments are not turned in on time. Treat them as if they were assignments with a firm deadline at your job. Each of the written assignments is described in the course outline later in this syllabus. The assignments are designed to help you learn the course material and to help you learn how to write and think about financial management topics. Assignments must be typed, printed on 8 ½” x 11” paper, and stapled! We suggest that you compose the verbal parts of your assignments using a word processor and the numerical portion using a spreadsheet program. You should learn how to copy data from a spreadsheet and paste it into a word processing document, so that you submit one integrated document. If you print the assignment directly from a spreadsheet, format it in a way that keeps all related information on one page. Raw, unformatted spreadsheet data will receive no credit.

We will review and return your homework submissions with comments and corrections weekly to both assess whether you have made an honest attempt to complete the entire assignment and identify issues that may not be clear. If you appear to have made a good attempt to complete the assignment, you will receive full credit.

Experience suggests that students learn significantly more in technical finance courses if they do assignments on a regular basis. This is a graduate course and students are expected to use the in-class review and posted solutions to review their own work. We also believe that the process of self-evaluation – comparing your work to the suggested solutions -both speeds and deepens the learning process. You must come to class prepared to participate in the in-class problem reviews. If you don’t understand where you went wrong after reviewing your work against the posted solutions and reading the comments, please come to see your professor or the teaching assistant. Short discussions can save you hours of frustration.

Blackboard contains EXCEL templates for many, but not all, of the homework problems. The templates will help you to approach and structure your solutions correctly. You should use the templates when they are provided. They will help you to become familiar with the standard formats used in finance. All numerical exercises and problems must be done using a spreadsheet unless you are explicitly directed not to do so.

PROJECTS: You will demonstrate your ability to perform and communicate the skills and abilities that you will learn in this class through the completion of two projects. See Blackboard for instructions.

Project 1: Budgeting and Cost Analysis (Due 10/23)
Project 2: Financial Condition Analysis (Due 12/18)

REQUIRED COURSE COMMITMENT: To learn the material in this course, most of you will have to devote a minimum of ten hours per week to the course including class time. Don’t wait until Monday evening to prepare for class. You will do much better in this class if you engage the content for shorter time periods every day than if you binge on the material once a week and then ignore it the rest of the week. You should try to team up with classmates to prepare for class and for the exams. You will learn a lot by discussing the concepts with your peers.
The second half of this course is considered by many students to contain more difficult material than the first. It is critical that you increase your effort following the midterm exam.

Please keep in mind that the material presented in the course builds cumulatively. Do not fall behind. Most students find it very hard to catch up if they do. If you do not understand any of the concepts in the course, send the professor or the teaching assistant an email before or after class, ask questions in class, go to see the professor, and visit the teaching assistant.

COURSE OUTLINE

CLASS 1: INTRODUCTION TO FINANCIAL MANAGEMENT - BUDGETING.
Class one provides an introduction to accounting and financial management. We will address questions like. What are not-for-profit and government organizations? Why do they exist? What is the role of financial management? We will also talk about mission statements and learn to prepare operating, cash and capital budgets and begin to talk about the skills needed to prepare a budget.

CLASS 2: ADDITIONAL BUDGETING CONCEPTS: We will complete our discussion of the basic budgeting concepts and go on to talk about line-item, responsibility-center and program budgets; performance budgeting, cost/benefit analysis; flexible budgeting; zero-based budgeting, political aspects of budgeting, and other issues related to governmental budgeting.

Reading Due for Class 2: Preface, Chapter 1 (optional: Appendix 1-A), Chapter 2 and Chapter 3. (optional: Appendix 3-A).
Submit for Class 2: Due at the beginning of Class 2: Problems 2-17, 2-21, 2-26, and 3-24.

CLASS 3: ADDITIONAL BUDGETING CONCEPTS (Cont’d) and UNDERSTANDING COSTS: We will complete our discussion of alternative budgeting formats, review of Part I of the Mead Case, talk about basic cost concepts, cost behavior, break-even analysis, marginal costs, relevant costs, cost bases and cost allocation.

Reading Due for Class 3: Chapter 4 up to the last paragraph on the bottom of page 145, Appendix 4-A.
Submit for Class 3: Due at the beginning of Class 3: Problems 4-23, 4-34, 4-43, Meals on Wheels (Questions 1 and 2 – see Blackboard).

CLASS 4: TIME VALUE OF MONEY: We will introduce the time-value-of-money tools that are used for capital budgeting, cost-benefit and financial market analyses.

Reading Due for Class 3: Chapter 5 to page 190, Appendix 5-A, Appendix 5-B.
Submit for Class 4: Due at the beginning of Class 4: Exercises 5-11, Problems 5-21, 5-35, 5-36.

CLASS 5: CAPITAL BUDGETING: We will discuss how time-value-of-money tools are used to make capital asset acquisition decisions.

Reading for Class 5: Chapter 5 from 190.
Submit for Class 5: Due at the beginning of Class 5. Problems 5-22, 5-30, 5-34, 5-37, 5-38, 6-15.
CLASS 6:  **LONG TERM-FINANCING:** We will talk about long-term financing, capital markets, bonds, and mortgages.

Reading for Class 5:  Chapter 6  
Submit for Class 6:  Due at the beginning of Class 6. Problems 6-13, 6-18, 6-19.

CLASS 7:  **MANAGING SHORT-TERM RESOURCES AND OBLIGATIONS, VARIANCE ANALYSIS:** Implementation of plans; managing the current assets and current liabilities of the organization; controlling results to achieve plans.

Reading for Class 7:  Chapter 7 and Appendix 7-B and Chapter 8. Please note: We will use an alternative, spreadsheet-based approach to flexible variance analysis in class that many students find easier. In addition to the readings in the Finkler text, read the note on the “Matrix Approach to Variance Analysis” that will be posted to Blackboard.  
Submit for Class 7:  Due at the beginning of Class 7. Problems: 7-29, 8-27, 8-28, and Meals on Wheels (Questions 3, 4, and 5 – See Blackboard).

CLASS 8:  **MIDTERM EXAM:** CHAPTERS 1-8. 25% OF COURSE GRADE. Sample midterm exams will be posted to Blackboard.

CLASS 9:  **TAKING STOCK OF WHERE YOU ARE: THE BALANCE SHEET:** Introduction to financial accounting and financial statements. The fundamental equation of accounting - assets, liabilities, and net assets. Recording and reporting results. FASB, GASB and GAAP.

Reading for Class 9:  Chapter 9, Appendix 9-A, and Appendix 9-B.  
Submit for Class 9:  Due at the beginning of Class 9. Problem 9-23 and Class 9 Homework found in Blackboard.

CLASS 10:  **THE BALANCE SHEET CONTINUED; REPORTING THE RESULTS OF OPERATIONS: THE OPERATING STATEMENT:** The operating statement. Transactions that generate revenues or expenses.

Reading for Class 10:  Chapter 10 through page 371.  

CLASS 11:  **REPORTING THE RESULTS OF OPERATIONS, CONTINUED: THE CASH FLOW STATEMENT: AND UNIQUE ASPECTS OF ACCOUNTING FOR NOT-FOR-PROFIT.** We will discuss the cash-flow statement and begin our discussion of nonprofit accounting and reporting requirements.

Reading for Class 11:  Chapter 10 from page 371 to the end of the chapter, Appendices 10-A and 10-C.  
Submit for Class 11:  Due at the beginning of Class 11. Problems 10-14, 10-15, and 10-16.
CLASS 12: **UNIQUE ASPECTS OF ACCOUNTING FOR NOT-FOR-PROFIT AND HEALTH CARE ORGANIZATIONS:** We will complete our discussion of accounting and reporting for not-for-profit organizations, and introduce the concept of fund accounting.

Reading for Class 12: Chapter 11, and Appendix 11-A
Submit for Class 12: Due at the beginning of Class 11. Problem 11-18.

CLASS 13: **UNIQUE ASPECTS OF GOVERNMENT ACCOUNTING:** We will talk about reporting objectives, reporting entities, the modified accrual basis of accounting, and government financial statements.

Reading for Class 13: Chapter 12 and Chapter 13: (Appendix 13-A is optional.)

CLASS 14: **FINANCIAL STATEMENT ANALYSIS:** Financial statement review, audit letter, notes that accompany financial statements, ratio analysis and assessment. Measures of financial condition, liquidity, solvency, efficiency, risk and capacity.

Reading for Class 14: Chapters 14, and Blackboard Cheat Sheet
Submit for Class 14: Due at the beginning of Class 14. Problem 14-11.

CLASS 15: **FINANCIAL CONDITION ANALYSIS:** We will discuss how financial condition analysis differs from financial analysis and discuss appropriate ratios. (Guest lecturer: Youngsung Kim)

Reading for Class 15: Chapter 15
Submit for Class 15: Due at the beginning of Class 15. Problem 15-10.

CLASS 16: **FINAL EXAMINATION, 25% OF COURSE GRADE.** Sample final exams will be posted to Blackboard.