

PA 5003 (Section 001), Fall 2015
Introduction to Financial Analysis and Management

Humphrey School of Public Affairs
University of Minnesota

Date and Time: 6:00 pm – 8:45 pm, Tuesday (09/08/2015-10/26/2015)

Class Location: Carlson School of Mgmt 1-135, Twin Cities campus, West Bank

Instructor: Zhirong (Jerry) Zhao

- **Office:** [246 Humphrey Center](#); **Phone:** 612-625-7318
- **E-mail:** zrzha@umn.edu
- **Office Hours:** 10:00 am – noon, Thursday

Textbook:

Required:

[Financial Management in the Public Sector: Tools, Applications, and Cases](#) (3rd E)

Author: Xiaohu Wang; Publisher: ISBN-13: 978-0765636898

Supplemental Readings:

[Financial Management for Public, Health and Not-for-Profit Organizations](#)

Author: Steven A. Finkler; Publisher: Prentice Hall; 2nd edition; ISBN: 0131471988

Other readings are linked to this syllabus and posted on the Moodle course website.

Course Description

Financial management is one of the basic functions of all public and nonprofit organizations. As such, the set of skills and competencies required to budget and manage financial resources effectively are some of the most important that you will learn during your graduate studies.

Understanding how public and nonprofit organizations manage financial resources is vitally important to understanding their health and where they place their priorities. Being able to budget will give you an advantage in securing resources. Being able to read a financial statement of a nonprofit will assist you in understanding the net worth of a nonprofit. Being able to analyze the financial statements of a government will suggest to you the economic vitality of the community.

The financial environments for public and nonprofit organizations are changing. Governments are pressured to “do more with less” and nonprofit organizations are expected to “do better at doing good”. In order to meet these challenges, it is important that managers and employees of public and nonprofit organizations possess the fundamentals of budgeting and financial analysis.

This is an introductory course to budgeting and financial analysis in the context of public and nonprofit organizations. The primary learning objective of this course is how to obtain accurate financial information to make sound management decisions through the analyses of financial documents such as budgets and financial statements. The processes of producing such documents will be introduced but are not the focus of this course. Conceptual frameworks and analytical techniques will be emphasized and applied to analyze real-world financial problems.

Student Learning Outcomes

By the end of the course, students should be able:

- Understand financial management as an integral part of nonprofit/public management
- Obtain basic knowledge, terminology, and skills in nonprofit/public budgeting, accounting, and financial statements
- Develop the capability to perform basic budget and financial analysis of nonprofit/public organizations
- Improve communication and writing skills regarding financial matters

Instructional Methods

This course will be taught primarily through presentations but with the expectation of active student participation, including critical questioning, in-class exercises, supplementary comments, pair/share, group discussion, and team projects. The course schedule will follow the tentative outline at the end of this syllabus, with possible adjustments along the way. Required readings are critical for you to follow the presentations and in-class discussions, so they should be completed prior to class. Optional readings provide additional materials to further assist you in the related topics.

The course website on Moodle will be used as a supplemental channel of communication. Please make sure that you have access to the website, and visit it frequently to see course announcements, to download course materials, to submit assignments, or to engage in on-line discussions.

- Moodle is a course management system that emphasizes online learning communities with its built-in tools, such as wikis, peer-review forums, or glossaries that student build themselves. Along the course I will use basic functions of Moodle course website to provide course materials such as required or suggested readings, assignments, PowerPoint presentations, or case studies, and may explore additional functions to encourage student participation or facilitate online communications.
- If you are not familiar with Moodle, a good way to get started is to watch the “Student Orientation” at <https://umconnect.umn.edu/moodleorientation> provided

by the University's Moodle Support Team, or to visit the support page at <http://umn.edu/moodle>.

- Moodle sites can be accessed on any computer that has an Internet connection and a web browser. The University's Moodle Support Team recommends using Mozilla Firefox, which you can download for free at <http://firefox.com>.
- To access the Moodle course website, go to <http://myu.umn.edu> and sign-in with your Internet ID and password. Click on the "my Courses" tab and navigate to the appropriate course section. A link to the course site will appear below.
- For additional questions, you may contact moodle@umn.edu or the instructor.

Student Assessment

Grading will be based on a mid-term exam (25%), a final exam (30%), three individual assignments (15%), a group project (20%), and class participation (10%).

The mid-term exam will assess your understanding of basic fiscal concepts and public/nonprofit financial statements. The final exam is a comprehensive one, testing not only your understanding of course materials but also your skills in basic financial analysis. The individual assignments will be due at the beginning of class meetings as designated in the course schedule below. In the group project, each group of students will be required to review the financial statements of a real government or nonprofit organization, and to conduct a financial condition analysis. The group will make a PowerPoint presentation (not more than 15 minutes) in the last class, and submit a 5+ page report at that class (Excel calculations in appendix, not included in page numbers).

Overall, this is how your final grade will be calculated:

Assignments	15
points	
First Exam	25
points	
Second Exam	30
points	

Grading levels are as follows:

• A	90.0-100.0 Points
• A-	89.9-86.7 Points
• B+	86.6-83.3 Points
• B	83.2-80.0 Points
• B-	79.9-76.7 Points
• C+	76.6-73.3 Points

- C 73.2-70.0 Points
- Below Competence/No Credit <70.0 Points

“I” (Incomplete) may be assigned at the instructor’s discretion if, due to extraordinary circumstances, the student was prevented from completing their course work on time. The assignment of an Incomplete requires the written agreement between the instructor and the student specifying the time and manner in which the student will complete his/her unfinished work.

From the beginning of the class, students are required to collect Comprehensive Annual Financial Reports (CAFR) of a local government (or a large nonprofit organization, to be approved by the instructor) for three consecutive recent years. Electronic documents are preferred as they are easier to be shared with your classmates. Read through these reports, write down your confusions or questions, discuss with your classmates, and consult with instructor and TA as the course proceeds – see how your understanding of them grows along the weeks. In addition, these reports will be used for Assignment 1, Assignment 2, and the group project. *Please post these CAFR on the course website by 09/15.*

Students will be assigned into study groups after the first week of the class. *To encourage group-collaboration even before the group-project starts, this course provides an extra-credit opportunity: if all three members in a group get 87 or higher in the overall grade, each will be awarded 3 extra points.*

Students are expected to turn in assignments and appear for the final exam on the date scheduled. Any legitimate conflict must be discussed in advance with the instructor. For information on conflicts in your final exam schedule, see the [Final Exam Regulations](#) on the university.

Other Course Policies

- Academic Integrity: All students enrolled in University courses are expected to complete coursework responsibilities with fairness and honesty. The University Student Conduct Code defines scholastic dishonesty as follows: submission of false records of academic achievement; cheating on assignments or examinations; plagiarizing; altering, forging, or misusing a University academic record; taking, acquiring, or using test materials without faculty permission; acting alone or in cooperation with another to falsify records or to obtain dishonestly grades, honors, awards, or professional endorsement. Within this course, a student responsible for scholastic dishonesty can be assigned a penalty up to an

including an "F" or "N" for the course. If you have any questions regarding the expectations for a specific assignment or exam, ask."

- Student Conduct: Instructors are responsible for maintaining order and a positive learning environment in the classroom. Students whose behavior is disruptive either to the instructor or to other students will be asked to leave. Students whose behavior suggests the need for counseling or other assistance may be referred to their college office or University Counseling Services. Students whose behavior may violate the University Student Conduct Code may be referred to the Director of the University Counseling Office.
- Accommodations for Students with Disabilities: It is University policy to provide, on a flexible and individualized basis, reasonable accommodations to students who have disabilities that may affect their ability to participate in course activities or to meet course requirements. Students with disabilities are encouraged to contact their instructors to discuss their individual needs for accommodations.
- Mental Health: As a student you may experience a range of issues that can cause barriers to learning, such as strained relationships, increased anxiety, alcohol/drug problems, feeling down, difficulty concentrating and/or lack of motivation. These mental health concerns or stressful events may lead to diminished academic performance or reduce a student's ability to participate in daily activities. University of Minnesota services are available to assist you with addressing these and other concerns you may be experiencing. You can learn more about the broad range of confidential mental health services available on campus via the Student Mental Health Website at <http://www.mentalhealth.umn.edu>.

COURSE SCHEDULE

Date	Topic
09/08	<p>Introduction to the Course (Note: Excel exercise distributed.)</p> <p>Required reading:</p> <ul style="list-style-type: none">• Naomi Caiden (1985): “The Boundaries of Public Budgeting” <p>Optional reading:</p> <ul style="list-style-type: none">• YouTube Video: Tutorial-Excel 2010: 10 Things you must know <p>Governmental Revenues, Expenditures, and Borrowing</p> <p>Required readings:</p> <ul style="list-style-type: none">• Zhirong Zhao (2008): “Expenditures and Revenues in U.S. Governments”• Wang, Chapter 2 <p>Optional reading:</p> <ul style="list-style-type: none">• Zhirong Zhao (2008): “A Lecture Outline for Nonprofit Financial Management”• League of Minnesota Cities, “Local Government in Minnesota” (Revised: 7/07)
09/15	<p>Overview of Public Budgeting System (Note: Excel exercise due; post your CAFR to the discussion board of course website.)</p> <p>Required readings:</p> <ul style="list-style-type: none">• CBPP (2007): “Introduction to the Federal Budget Process”• Office of the Governor, Minnesota (2010): “Minnesota State Budget” <p>Optional reading:</p> <ul style="list-style-type: none">• MPR (2008). “Budget Hero”

Financial Reporting and Analysis: The Statement of Net Assets
(Note: Assignment 1 distributed.)

Required reading:

- Wang, Chapter 9

Optional reading:

- GASB (2007): “[Touring the Financial Report, Part I: The Statement of Net Assets](#)”

09/22

Financial Reporting and Analysis: The Statement of Activities
(Note: Assignment 1 due; assignment 2 distributed.)

Required reading:

- Wang, Chapter 10

Optional reading:

- GASB (2007): “[Touring the Financial Report, Part II: The Statement of Activities](#)”

Financial Reporting and Analysis: Fund-level Statements

Required reading:

- Wang, Chapter 11
- Nonprofit Assistance Fund (2009): “[Managing Restricted Funds](#)”

Optional reading:

- GASB (2007): “[Touring the Financial Report, Part III: The Governmental Funds](#)”

09/29

Mid-term Exam (60 minutes)

Financial Condition Analysis

(Note: Assignment 2 due; group project distributed.)

Required reading:

- Wang, Chapter 7 & 12
- Nonprofit Assistance Fund (2008): “[Analyzing Financial Information Using Ratios](#)”

Optional reading:

- State Office of State Comptroller, NY (2003): “[Financial](#)”

condition analysis”

- San Diego State University, Student Writing Sample (2009): “[Financial Condition Analysis of the County of San Diego](#)”

10/06

Understanding Costs

(Note: Assignment 3 distributed; Please email me the target of analysis for your group project and a tentative task allocation.)

Required reading:

- Wang, Chapter 3

Optional reading:

- Jay Kiedrowski (2007): “[New budget model in University of Minnesota](#)”

Cost Comparison and Incremental Cost Analysis

Required reading:

- Wang, Chapter 4 and 5

Optional reading:

- Studyfinance.com: “[Time Value of Money](#)”

10/13

Group Project Presentations

(Note: Assignment 3 due.)

10/20

Final Exam (6:00 – 8:00 pm)