Andrew Young School of Policy Studies  
Georgia State University  

MANAGING PUBLIC MONEY  
PMAP 8501  
Fall 2014  

Course Number: 88675  
Time: Tuesday, 7:15 pm – 9:45 pm  
Location: Classroom South 310  
Prerequisites: PMAP 8161  

Instructor: W. Bartley Hildreth, Ph.D.  
Office: AYSPS 430  
Telephone: 404-413-0271  
Email: BartHildreth@gsu.edu  

INTRODUCTION  

Finance a basic function of management. This linkage is well accepted in profit-seeking organizations. The same acceptance should be the case for public organizations given the constant demand for new and improved programs, tighter resource constrains, and the heightened sense of accountability to a variety of stakeholders.  

The goal of this course is to improve your competency in the financial management of organizations that lack the singular goal of increasing shareholder wealth, specifically governmental entities. Although there are common conceptual and analytical approaches to finance regardless of the sector of the economy examined, there are significant differences that we will explore. Accordingly, we will examine resource management and unique aspects of asset (cash) and liability (debt) management. Because governments rely upon different financial reporting standards than business, we will cover the basics of fund accounting for non-accountants so we can analyze governmental financial statements. Cost accounting tools will be examined. We will focus on capital debt financing, with particular attention to the issuance and management of municipal securities. Cash management and the investment of public funds will be examined as will the basic issues of public pension systems. These, and other, topics will permit us to consider the application of financial management in the formulation and implementation of financial strategy, especially from the viewpoint of the chief financial officer.  

OBJECTIVES  

This course will give you the opportunity to learn how to:  
- Analyze resources;  
- Conduct cost of service;  
- Apply the time value of money;  
- Evaluate cash flows;  
- Read and analyze financial statements;  
- Apply accounting, auditing and financial reporting principles;  
- Determine debt affordability;  
- Analyze basic bond transactions;  
- Explore public pension funding; and,  
- Evaluate financial management policies.  

COURSE PREPARATION  

This course is for advanced and devoted students. Accordingly, it assumes you have taken PMAP 8161. In addition to an understanding of public budgeting, tax structures, and fiscal policy, you are expected to know how to apply present value techniques and discounted cash flow. If you do not feel proficient in the time value of money calculations, then you should do the extra reading (detailed later in this syllabus) by September 9, 2014.  

The course syllabus provides a general plan for the course; deviations may be necessary. With advance notice, we
may need to alter the scheduled topics from time to time. Check Desire2Learn and your university assigned email address frequently (and by noon of each class day) for official notices about the class. All assignments are due at the beginning of the class.

Your constructive assessment of this course plays an indispensable role in shaping education at Georgia State. Upon completing the course, please take time to fill out the online course evaluation.

CLASS ACTIVITY

Instead of a lecture-oriented course, we will ground theory with practice through weekly discussion of the text, exercises, and other assigned readings and case studies. Class participation is required.

You are expected to work through all the examples in the required reading material (proof the text) and to have completed all end-of-chapter exercises in the assigned texts prior to coming to class. Bring the texts and your spreadsheets to class (perhaps in a thumb drive) in case I ask you to work the problems with the entire class (perhaps on the board or via the desk computers) and/or to turn-in the work for grading. New assignments may be given one week ahead. In-class assignments will be used from time to time. Not being in class when called upon or assigned to do work will result in a negative grade impact.

PROJECT: FINANCIAL ANALYSIS REPORT

In this course, you must demonstrate advanced proficiency in analyzing the use of public money by a general purpose local government (i.e., a city or county). Pick a city or county that has at least 5 years of Comprehensive Annual Financial Statements [CAFRs] available on its web site. Submit for my approval the name of the jurisdiction (along with the web address for those CAFRs) no later than September 9, 2014. After receiving my approval, you should get familiar with the jurisdiction’s governance and fiscal affairs. The assignment is for you to focus on fiscal sustainability with evidence that you have applied and integrated the skills learned from each chapter in the required texts. You must synthesize financial data with nonfinancial information as you identify and recommend solutions to the fiscal challenges facing this particular local government. The paper must include an analysis of at least five years of audited financial statements using the financial ratios introduced in the texts. You are to search the EMMA website (http://emma.msrb.org) for the jurisdiction’s recent “Official Statements” on the issuance of that jurisdiction’s debt and its continuing disclosure documents in order to use those documents to learn more about the scope and structure of outstanding debt and fiscal operations. Furthermore, you should examine newspaper stories (available via library electronic access) on the events and politics that help shape the results found in the financial statements. The analytical report should be written in a logical, professional style with extensive tables and charts, as required. I expect this report to meet the document preparation guidelines outlined in the Financial Analysis Checklist, as might be revised during the semester. There is no page limit for this comprehensive financial analysis report. An electronic spreadsheet with tabs for each chapter-based calculation must be submitted along with the printed report. An oral presentation may be required. Additional details of this assignment may be announced as the course progresses. Two classmates may join together in proposing to do the project together by the aforementioned due date and, if approved, will be given the same grade for its submission.

COURSE WEBSITE AND INTERNET USE

You are expected to monitor contemporary news stories on the course topics. I will post selected articles on the D2L Discussion Board postings on our course web page and I expect you to respond to the questions posed. Part of the course grade will include an assessment of your weekly participation in the Discussion Board and related web-based communication activities.
GRADING

At this time your course grade is expected to be based on three elements: preparation and participation in class meetings (including proofing the text problems and doing the exercises), course website communication activities, class assignments, pop quizzes, and professional courtesy (20%); midterm submission of (up-to-then) chapter-based applications to your assigned local government (15%), project report and its presentation (40%); and, a final exam (25%). If two classmates agree to do the project together, their midterm and project report will be rolled into one grade at the combined weight. Be aware, however, that a passing graduate grade hinges on significant cooperation and timely production of all class activities, including peer group evaluations. Moreover, you must make all due dates and attend all class sessions.

No incompletes or make-up exams or assignment will be given except in dire circumstances and approved in advance by me. A message left for me is insufficient notification; there has to be a direct exchange between us in advance of the due date, and acceptance depends upon my approval of your request.

Failure to meet an exam or assignment due date and time will result in a significant grade reduction of five percent per day, including partial days, weekend days, and holidays. This partial day provision means that the full daily penalty is assignable immediately after an assignment is due. Accordingly, there is no advantage to taking extra time by skipping class.

In all instances, retain a copy of all work turned in to me. The copy can be exchanged later for the graded version since I need to retain a file copy of the primary graded materials.

I may revise the weights if there are significant changes in how we proceed in the course. I will use the following plus/minus system for these grades: 98 to 100=A+; 93 to 97=A; 90 to 92=A−; 87-89=B+; 83-86=B; 80-82=B−; 77-79=C+; 70-76=C.

STUDENTS WITH DISABILITIES

“Students who wish to request accommodation for a disability may do so by registering with the GSU Office of Disability Services. Students may only be accommodated upon issuance by the Office of Disability Services of a signed Accommodation Plan and are responsible for providing a copy of that plan to instructors of all classes in which accommodations are sought.”

ACADEMIC HONESTY AND PROFESSIONAL COURTESY

You are responsible for adhering to the GSU Policy on Academic Honesty (Section 409), which is available online: http://www2.gsu.edu/~wwwfhb/sec409.html.

Our class begins promptly at 7:15 pm and continues until 9:45 pm. Please respect the learning experience of other class members and observe all common courtesies due a classroom setting. You should be seated by the appointed start time of the class and be sure to turn off your cell phone, avoid eating in the classroom, and remain in your seats except for the mid-point 10-minute break. Because this class meets in a room with individual computer stations, you should not check/write emails, browse the Internet, or work on non-class related materials on these or other computers or smart phones. Any lack of professional decorum can result in discharge from the class and/or a grade penalty as necessary to protect the learning environment for others.
AYS CAREER SERVICES AND STUDENT LIFE OFFICE

Career support and leadership development services are available from the AYS office located on the ground floor of the AYS building. I hope you will take advantage of this service.

OFFICE HOURS

I will be in my campus office Tuesday, Wednesday and Thursday afternoons from 2:00-4:00 pm, unless meetings occur elsewhere. For that reason, it is best to call (404-413-0271) or email to confirm an appointment time. I will try to accommodate your schedule. All email correspondence should be directed to the campus email address (BartHildreth@gsu.edu) for timely response instead of the D2L message system which is not checked as frequently. I look forward to getting to know you and your career plans, and what I can do to help advance your knowledge of the professional management of public money.

ASSIGNED READINGS AND MATERIALS

By taking this course you agree to read all assigned materials prior to the class meeting. Any lack of reading and working the weekly assignments will result in significant negative grade impact. As the course evolves, weekly activities and readings may change. These changes will be announced in advance during class, on the course D2L website and/or via email.

The required books to read (and software) are:

- Wang’s book shows you how to apply Microsoft© EXCEL™ data analysis tools, so you will need access to this software package throughout the semester.

This course assumes each student can accurately apply the formulas of time value of money (future value and present value) as covered and tested in my offering of PMAP 8161. Otherwise, you should quickly address the deficiency by working the applicable material from Ross, Westerfield & Jordan, “First Principals of Valuation: The Time Value of Money” and “Bonds and Bond Valuation” (Chapter 5 and part of 6), from Fundamentals of Corporate Finance (1993) that I have posted on D2L. In addition, you might consider accessing the GSU web-based self-paced training programs available at http://gsu.skillport.com/ (e.g., “The Time Value of Money and Investment Decisions for Non-Financial Professionals”). Complete your proficiency before class on September 9, 2014.

In addition, you are required to read the articles and manuscripts listed here and/or posted on the course web site. New readings may be announced during the course of the semester. Readings that are not available on the course web site will be placed on library reserve and/or made available for reproduction.

The following articles and cases are required reading and are listed on the weekly class schedule (^ means an electronic version is available on D2L or on the specified Internet address). Summary title in bold font:


^Ross, Westerfield & Jordan (1993), “First Principals of Valuation: The Time Value of Money” and “Bonds and Bond Valuation” (Chapters 5 and part of 6), from Fundamentals of Corporate Finance.


^Moody’s Investors Service, Adjustments to US State and Local Reported Pension Data [Adjusted Pension Data] (April 17, 2013),


^Pew Charitable Trust, “State’s Use of Cost-Benefit Analysis” (July 2013),


^Video: Intuitive Analytics, Building Excel Model for $100mm Muni Bond Deal http://www.youtube.com/watch?v=bZgqfjFXO18
**WEEKLY CLASS SCHEDULE, ASSIGNMENTS AND READINGS**  
PMAP 8501 – Managing Public Money  
Fall 2014

Legend: * book to purchase, ^ electronic copy available (see syllabus for links to the articles; additional/substitute readings may be announced)

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<tr>
<th>Week</th>
<th>DATE</th>
<th>CLASS TOPICS (and Initial Reading Assignments)</th>
<th>PROJECT</th>
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| I    | August 26  | Introduction and Revenue Forecasting *Wang, Chapter 1 (and chapter case study and exercises) – Be prepared to work the exercises in class  
| II   | September 2| Resource Analysis *Wang, Chapters 2 & 14 (and chapter case study and exercises)  
                                         ^Moody’s, “GO Bond Methodology”                  |                                              |
| III  | September 9| Cost of Service Analysis, including Time Value of Money *Wang, Chapters 3, 4 & 5 (and chapter case study and exercises)  
                                         ^[As needed:] Ross, et. al, “First Principles of Valuation”  
                                         Submission of City/County name for approval |                                              |
| IV   | September 16| Cost-Benefit Analysis *Wang, Chapter 6 (and chapter case study and exercises)  
                                         ^Pew, “State’s Use of Cost-Benefit Analysis” |                                              |
| V    | September 23| Cash Analysis *Wang, Chapter 8 (and chapter case study and exercises)  
                                         ^CASE: Johnson & Mikesell, "Orange County." |                                              |
| VI   | September 30| Financial Reporting *Wang, Chapter 7 (and chapter case study and exercises)  
                                         ^Mead, Parts 1, 2 & 3 (and related appendix material) |                                              |
| VII  | October 7  | Statement of Net Assets *Wang, Chapters 9 (and chapter case study and exercises)  
                                         ^Mead, Parts 4, 5 & 6 (and related appendix material) | MIDTERM submission                          |
| VIII | October 14 | Statement of Activities *Wang, Chapters 10 (and chapter case study and exercises)  
                                         Mead, Parts 7 & 8 (and related appendix material) |                                              |
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<th>IX</th>
<th>October 21</th>
<th>Other Financial Statement Material</th>
<th>*Wang, Chapter 11 (and chapter case study and exercises)</th>
<th>*Mead, Parts 9-13 (and related appendix material)</th>
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<td>X</td>
<td>October 28</td>
<td>Financial Analysis</td>
<td>*Wang, Chapter 12 (and chapter case study and exercises)</td>
<td>*Mead, Part 14 (and related appendix material)</td>
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<td>^Case: Hildreth &amp; Miller, &quot;Riverside.&quot;</td>
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<td>XII</td>
<td>November 11</td>
<td>Debt analysis</td>
<td>*Wang, Chapter 13 (and chapter case study and exercises)</td>
<td>^Video: “Building Excel Model for $100mm Muni Bond”</td>
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<tr>
<td>XIV</td>
<td>December 2</td>
<td>Wrap-up</td>
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<td>Submission</td>
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<td>Exam</td>
<td>December 16</td>
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<td>Final exam</td>
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**Legend:** * book to purchase, ^electronic copy available (see syllabus for links to the articles; additional/substitute readings may be announced)