

**FIP 228**  
**LOCAL GOVERNMENT FINANCE**

**COURSE DESCRIPTION:**

Prerequisites: None

Corequisites: None

This course introduces local governmental financial principles and practices. Topics include budget preparation and justification, revenue policies, statutory requirements, taxation, audits, and the economic climate. Upon completion, students should be able to comprehend the importance of finance as it applies to the operation of a fire department. Course Hours Per Week: Class, 3. Semester Hours Credit, 3.

**COURSE OBJECTIVES:**

Upon completion of this course, the student will be able to:

- a. Describe the importance of budgeting.
- b. Understand the budgeting process.
- c. Explain the budgeting cycle.
- d. Understand budget preparation.
- e. Differentiate between line-item budgets and performance budgets.
- f. Describe budget implementation.
- g. Explain the financial reporting system.
- h. Understand the capital budgeting process.
- i. Explain the funding process.
- j. Describe the budget formats.
- k. Understand the legal requirements.
- l. Differentiate between types of funds used by local governments.
- m. Explain the budget submission process.
- n. Understand the timing of the budget process.

**OUTLINE OF INSTRUCTION:**

- I. Introduction
  - a. Role of State and Local Government
  - b. Fiscal Profile of State and Local Government
- II. The Regional Economies of the United States
  - a. Introduction
  - b. People, Jobs, Income, and Construction Trends
  - c. Ranking the states: The Rating Game
  - d. Theories of Regional Economic Development
- III. The Federal System in the United States

- a. Political Theories of Federalism
  - b. Features of American Federalism
  - c. Trends in the American Federal System
- IV. The Journey from Private Markets to Fiscal Federalism
- a. Case for the Private Market
  - b. Activities of the Public Sector
  - c. Delegation of Public Sector Activities
  - d. Allocation Activity Under Fiscal Federalism
- V. State and Local Government Public Service Responsibilities and Expenditures
- a. Guidelines for the Delegation of Service Responsibilities
  - b. State-Local Government Expenditures: An Overview
  - c. A Model of State-Local Government Expenditures Decisions
  - d. The Political Process and the State-Local Expenditure Decision
  - e. Empirical Estimates of the Determinants of State-Local Expenditures
  - f. Issues of State-Local Government Expenditure Decisions
- VI. State and Local Taxation in a Federal System
- a. Principles of Taxation
  - b. Taxation in a Federal System
  - c. State-Local Government Revenues: An Overview
- VII. Proper Taxes
- a. Profile of Property Taxation
  - b. Property Tax: Its Rationale and How it Works
  - c. Property Tax Base
  - d. Property Tax Rate
  - e. Fiscal Impact of Tax Limits
  - f. Incidence of the Property Tax
  - g. Evaluation of the Property Tax
- VIII. Sales Taxes
- a. Profile of Sales Taxes
  - b. Sales Tax: Its Rationale and How it Works
  - c. Sales Tax Base
  - d. Sales Tax Rates
  - e. Incidence of the Sales Tax
  - f. Evaluation of the Sales Tax
- IX. Personal Income Taxes
- a. Profile of Personal Income Tax
  - b. Personal Income Tax Base Issues
  - c. Personal Income Tax Rate Issues
  - d. Link Between Federal and State-Local Personal Income Taxes
  - e. Incidence of the Personal Income Tax

- f. Evaluation of the Personal Income Tax
- X. Spending, Tax, and the Distribution of Personal Income
  - a. Putting Together the Tax Incidence Puzzle
  - b. Expenditures, Taxes, and Net Benefits
  - c. State Perspective on the Redistribution Function
- XI. Grants-In-Aid System
  - a. Rational for a Grants-In-Aid System
  - b. Fiscal History of Federal Grants-In-Aid
  - c. State Grants-In-Aid Programs
  - d. Effect of Grants on State-Local Spending

**REQUIRED TEXTBOOK AND MATERIALS:**

Textbooks to be selected by instructor.

**STATEMENT FOR STUDENTS WITH DISABILITIES:**

Students who require academic accommodations due to any physical, psychological, or learning disability are encouraged to request assistance from a disability services counselor within the first two weeks of class. Likewise, students who potentially require emergency medical attention due to any chronic health condition are encouraged to disclose this information to a disability services counselor within the first two weeks of class. Counselors can be contacted by calling 686-3652 or by visiting the Student Development Office in the Phail Wynn Jr. Student Services Center, room 1309.