

Practice Quiz

1. Topic: Governmental reporting entity

LO 1

Which of the following entities is *least* likely to be included as a component unit in a county government's financial statements?

- a. County library, funded by general obligation bonds
- b. County medical center, funded by bonds guaranteed by the county
- c. County water authority, funded by debt secured by water revenues
- d. County building authority, whose board members are appointed by the county

2. Topic: Sources of GAAP for state and local governments

LO 1

The GAAP hierarchy lists which source of authoritative accounting guidance as Level 1?

- a. AICPA *Practice Bulletins*
- b. GASB *Implementation Guides*
- c. GASB *Technical Bulletins*
- d. GASB *Statements and Interpretations*

3. Topic: Fund types and reporting structure

LO 2

Governments often provide goods and services to citizens or other governmental units at a fee. These activities are accounted for in:

- a. the general fund
- b. governmental funds
- c. proprietary funds
- d. special revenue funds

4. Topic: Fund types and reporting structure

LO 2

Which of the following fund types does *not* report the payment of bond principal as an expenditure?

- a. Special revenue fund
- b. Enterprise fund
- c. Debt service fund
- d. General fund

5. Topic: Fund types and reporting structure

LO 2

Payment of salaries and wages to the staff of the county controller's office is typically reported in:

- a. The general fund
- b. An internal service fund
- c. A special revenue fund
- d. An agency fund

Use the following information to answer Questions 6 – 10:

A county's general fund trial balance at the beginning of the year is as follows:

	<u>Dr (Cr)</u>
Cash	\$ 42,000
Fund balance—unassigned	<u>(42,000)</u>
Total	\$ -0-

The following events occur during the year:

- a. The budget is \$1,100,000 in estimated revenues, \$125,000 in estimated other financing sources, and \$1,230,000 in estimated expenditures.
- b. Property tax bills of \$1,150,000 were sent out. Uncollectible taxes were estimated at \$50,000. Cash of \$1,080,000 was collected during the year.
- c. General expenditures for salaries, wages and supplies are \$1,200,000, paid in cash.
- d. The general fund issues general obligation bonds at par, receiving \$120,000 in cash.
- e. Equipment costing \$28,000 was purchased for cash.
- f. It is estimated that 80% of uncollected taxes at year-end are uncollectible.

6. Topic: General fund accounting, budget entry

LO 3

How does the beginning-of-year budget entry affect fund balance—unassigned?

- a. No effect
- b. \$ 5,000 credit
- c. \$ 5,000 debit
- d. \$130,000 debit

7. Topic: General fund accounting, property tax revenues

LO 3

Property tax revenues for the year are:

- a. \$1,100,000
- b. \$1,094,000
- c. \$1,150,000
- d. \$1,106,000

8. Topic: General fund accounting, closing entries

LO 3

What net effect do the general fund's end-of-year closing entries have on fund balance—unassigned?

- a. \$ 9,000 debit
- b. \$11,000 debit
- c. \$16,000 credit
- d. \$37,000 credit

9. Topic: General fund accounting, operating statement

LO 3

The general fund's statement of revenues, expenditures, and changes in fund balances reports total expenditures of

- a. \$1,230,000
- b. \$1,200,000
- c. \$1,250,000
- d. \$1,228,000

10. Topic: General fund accounting, operating statement

LO 3

The general fund's statement of revenues, expenditures, and changes in fund balances reports net other financing sources (uses) of:

- a. \$ 28,000 net other financing uses
- b. \$120,000 net other financing sources
- c. \$ 92,000 net other financing sources
- d. \$-0-