

Chapter 9 – Advanced Accounting, 1st edition by Hamlen, Huefner, and Largay

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 the:

- a. General fund
- b. Internal service fund
- c. Special revenue fund
- d. 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:

	Dr (Cr)
Cash	\$ 42,000
Fund balance—unreserved	(42,000)
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 the fund balance—unreserved account?

- 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—unreserved?
- 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