



Course No: BGAS3202
Course title: Governmental Accounting
Date: __/01/2017
No. of Questions: (4)
Time: 2 hours
Using Calculator (Yes)

Final Exam
First Semester
2016/2017
Total Grade: (60)

Instructor: Dr. Ahmed A. M. Al-Afifi
Student No.: _____
Student Name: _____
College Name: Business and Finance
Dep. / Specialist: Accounting-English
Using Dictionary (No)

Question One: Choose the best answer

(15 marks)

1. Which of the following capital assets would not be depreciated?

- a) The city's streetlights.
- b) Purchased computer software.
- c) The partially completed city hall.
- d) The artwork owned and displayed in the city parks.

2. Which of the following would be reported as a general capital asset?

- a) A garbage truck purchased and used by the city's Solid Waste Disposal Fund, an enterprise fund.
- b) An off-set printer purchased and used by the city's Central Duplicating Fund, an internal service fund.
- c) A computer purchased and used by the Finance Department, a function of the General Fund.
- d) All of the above are general capital assets.

3. Budgetary Accounts in DSF:

- a) Estimated Revenues
- b) Estimated Other Financing Sources,
- c) Appropriations
- d) All of them.

4. When a police car is received by a governmental unit, the entry on the books of the General Fund should include a debit to which of the following?

- a) Appropriations - police cars.
- b) Expenditures - police cars.
- c) Encumbrances - police cars.
- d) Fund balance.

5. Goods for which a purchase order had been placed at an estimated cost of \$1,000 were received at an actual cost of \$985. The journal entry in the General Fund to record the receipt of the goods will include a:

- a) Debit to Reserve for Encumbrances for \$1,000.
- b) Credit to Vouchers Payable for \$985.
- c) Debit to Expenditures for \$985.
- d) All of the above are correct.



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6. Which of the following revenues would be classified as an imposed non-exchange revenue?

- a) Sales taxes.
- b) Federal and state grants.
- c) Property taxes.
- d) Income taxes.

7. The type of bond that its first installment is delayed for a period of more than one year after the date of the issue but thereafter installments fall due on a regular basis is:

- a) Regular serial bond.
- b) Deferred serial bonds.
- c) Irregular serial bonds.
- d) b + c

8. How should a capital lease for a general capital asset be recorded in the governmental activities accounts at the inception of the lease?

- a) Debit to a capital asset account.
- b) Debit to a capital expense/expenditure account.
- c) Credit to Capital Lease Obligations Payable.
- d) Both A and C are correct.

9. Expenditures and other financing Uses when closed. It will:

- a) Decrease fund balance.
- b) Increase fund balance.
- c) It will not affect.
- d) Both b and c.

10. Which of the following items would be reported as a program revenue on the government-wide statement of activities? (p122)

- a) Sales taxes.
- b) Unrestricted federal grants.
- c) Fines and forfeits.
- d) Interest and penalties on taxes.

11. The issuance of bonds to provide resources to construct a new courthouse should be recorded in a Capital Projects Fund by crediting which of the following accounts?

- a) Bonds payable.
- b) Revenues – bonds.
- c) Fund balance.
- d) Other financing source - long term debt issued.



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12. If the town of Brighton receive donated assets as a gift. This asset should be amounted by:

- a) Invoice cost or historical cost.
- b) Fair value.
- c) Estimated cost.
- d) None of them.

13. Debt service funds may be used to account for all of the following except:

- a) Lease payments under capital leases.
- b) Repayment of debt principal.
- c) The proceeds of refunding bond issues.
- d) Amortization of premiums on bonds payable.

14. An investment trust funds is type of:

- a) Governmental funds.
- b) Fiduciary funds.
- c) Proprietary funds.
- d) Both a and b.

15. When equipment was purchased with General Fund resources, which of the following accounts would have been debited in the General Fund?

- a) Expenditures.
- b) Equipment.
- c) Encumbrances.
- d) No entry should be made in the General Fund.

Question Two:

(8 Marks)

1. On March 2, 2010, 20-year, 6 percent, general obligation serial bonds were issued at the face amount of \$3,000,000. Interest of 6 percent per annum is due semiannually on March 1 and September 1. The first payment of \$150,000 for redemption of principal is due on March 1, 2011. Fiscal year-end occurs on December 31. **Required:**
 - a. **What is the interest expense for the fiscal year ending December 31, 2010?**



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b. What is the interest expenditure for the fiscal year ending December 31, 2010?

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2. Assume that a government signs a capital lease agreement on January 1, 2010, the scheduled date of delivery of a truck to be used by an activity accounted for by a special revenue fund. The lease calls for annual payments of \$30,000 at the beginning of each year for 10 years. The borrowing rate the lessee would have incurred to obtain a similar loan over a similar term to purchase the leased asset is 10 percent. (present value factor = 6.7590)

Required:

a) Calculate the minimum lease payment:

b) Make the entries to record the transaction at the inception of the capital lease:



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Question Three:

(17 Marks)

Following are a number of unrelated transactions for K-Town, some of which affect governmental activities at the government wide level. None of the transactions has been recorded yet.

Required: Prepare in general journal form the necessary entries in the governmental activities and appropriate fund journals for each transaction.

- 1) A \$3,000,000 issue of serial bonds to finance a capital project was sold at 103 plus accrued interest in the amount of \$35,000. The accrued interest and the premium were recorded in the debt service fund. Accrued interest on bonds sold must be used for interest payments; the premium is designated by state law for eventual payment of bond principal.

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- 2) The General Fund collected \$700,000 in accrued taxes, which was transferred after three weeks to the debt service fund; \$550,000 of this amount was used to retire outstanding serial bonds and the remainder was used to make the interest payment on the outstanding serial bonds.
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3) A machine is sold for \$500. The asset had originally been purchased for \$8,000 using GF revenues. It is fully depreciated. **Record the accounting entries in GF journal and Governmental activities journal.**

4) Assume that goods and services ordered during 2015 by departments financed by the Town of Brighton General Fund were received as follows:

- i. All supplies ordered at an estimated cost of \$250,000 from the internal service fund were received at an actual cost of \$252,000. (These supplies cost the internal service fund \$190,000).
- ii. A portion of the supplies with outside vendors completed at an actual cost of \$22,000, for which the estimated cost had been \$25,000.

Note: don't register this transaction in Governmental activities journal



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Question Four:

The following transactions occurred during the 2011 fiscal year for the City of Fayette.

1. 1/1 The budget for FY 2011 provided for General Fund estimated revenues totaling \$3,140,000 and appropriations totaling \$3,100,000. other financing uses of \$140,000
2. 1/1 The town council approved the creation of a new Supplies Fund, an internal service fund, effective January 1, 2011, to provide most operating and office supplies used by departments accounted for in the General Fund. The new fund was created by transferring the current inventory of supplies and \$40,000 in cash from the General Fund, general government function.
3. 17/1 Interdepartmental requisitions for supplies with an estimated cost of \$230,000 were submitted to the Supplies Fund, and purchase orders for other supplies by outside vendors for \$40,000. (ignore subsidiary ledger)
4. 24/1 The gross pay of employees of General Fund departments for the month of January 2011 amounted to \$230,000. Deductions from gross pay for the period amount to \$14,300 for employees' share of FICA tax; \$25,200, employees' federal withholding tax; and \$5,000, employees' state withholding tax. **(employees work in 2 department: Public Safety 160,000\$ and Public Works 170,000\$)**
5. 31/1 Payments of the employees' salaries and wages were paid as the following:
 - a) The employer's share of FICA is recorded in the General Fund (14,300\$). **(Public Safety 6,300\$ and Public Works 8,000\$)**
 - b) Payment of the employees' salaries and wages for net pay were paid as a cash.

Required:

Record in general journal form the effect of the above transactions on the General Fund and governmental activities for the year 2011. Do not record subsidiary ledger debits and credits.

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End of Questions
Good Luck