

Course No: ACC 3309
Course Title: Governmental Accounting
Date: 26/05/2015
No. of Questions: (5)
Time: 2 hour
Using Calculator (yes)

University of Palestine



Final Exam
2nd Semester 2014/2015
Total Grade: 60

Instructor Name: Dr. Khaled Eissa

Student No.: _____

Student Name: _____

College Name: Business Administration

Dep. / Specialist: Accounting

Using Dictionary (No)

أختر 4 أسئلة فقط من 5 للإجابة عليها
الطلاب المعتذرين عن الإمتحان النصفى: يتم الإجابة عن 5 أسئلة

Question 1:

Joseph Shtrus, owner of a big factory in the Town of Benton, made a cash contribution in the amount of \$1,000,000 to be held as an endowment. To account for this endowment, the town has created the Alex Benton Park Endowment Fund. Under terms of the agreement, the town must invest and conserve the principal amount of the contribution in perpetuity. Earnings, measured on the accrual basis, must be used to maintain Alex Benton Park in an "attractive manner." All changes in fair value are treated as adjustments of fund balance of the permanent fund and do not affect earnings. Earnings are transferred periodically to the Alex Benton Park Maintenance Fund, a special revenue fund. Information pertaining to transactions of the endowment and special revenue funds for the fiscal year ended December 31, 2014, follows:

1. The contribution of \$1,000,000 was received and recorded on June 30, 2014.
2. On June 30, 2014, bonds having a face value of \$800,000 were purchased for \$812,000, plus three months of accrued interest of \$12,000. A certificate of deposit with a face and fair value of \$140,000 was also purchased on this date. The bonds mature on April 1, 2023 (105 months from date of purchase), and pay interest of 6 percent per annum semiannually on April 1 and October 1. The certificate of deposit pays interest of 4 percent per annum payable on March 31, June 30, September 30, and December 31.
3. On July 2, 2014, the town council approved a budget for the Alex Benton Park Maintenance Fund, which included estimated revenues of \$26,800 and appropriations of \$26,000.
4. On September 30, 2014, interest on the certificate of deposit was received by the endowment fund and transferred to the Alex Benton Park Maintenance Fund.
5. The October 1, 2014, bond interest was received by the endowment fund and transferred to the Alex Benton Park Maintenance Fund.
6. On December 31, 2014, interest on the certificate of deposit was received and transferred to the Alex Benton Park Maintenance Fund.
7. For the year ended December 31, 2014, maintenance expenditures from the Alex Benton Park Maintenance Fund amounted to \$5,400 for materials and contractual services and \$20,500 for wages and salaries. All expenditures were paid in cash except for \$900 of vouchers payable as of December 31, 2014. Inventories of materials and supplies are deemed immaterial in amount.
8. On December 31, 2014, bonds with face value of \$200,000 were sold for \$204,000 plus accrued interest of \$3,000. On the same date, 8,000 shares of ABC Corporation's stock were purchased at \$26 per share.

Required

- a. Prepare in general journal form the entries required in the Alex Benton Park Endowment Fund to record the transactions occurring during the fiscal year ending December 31, 2014, including all appropriate adjusting and closing entries. (Note: Ignore related entries in the governmental activities journal at the government-wide level.)
- b. Prepare in general journal form the entries required in the Alex Benton Park Maintenance Fund to record Transactions 1–8.

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Question 3:

During FY 2014, the voters of the Town of Calgary approved constructing and equipping a recreation center to be financed by tax-supported bonds in the amount of \$6,000,000. During 2014, the following events and transactions occurred:

1. Preliminary planning and engineering expenses in the amount of \$120,000 were incurred. No money was immediately available for paying these costs (credit Vouchers Payable).
2. A contract was let under competitive bids for a major segment of the construction project in the amount of \$5,000,000.
3. An invoice for \$3,200,000 was received from a contractor for a portion of work that had been completed under the general contract.
4. The bond issue was sold at par plus accrued interest of \$50,000 (the accrued interest was deposited in the fund that will service the bonded debt).
5. The contractor's bill, less 4 percent retention, was vouchered for payment.
6. All vouchers payable, except \$4,000 (about which there was some controversy), were paid.
7. Fiscal year-end closing entries were prepared.

Required

- a. Prepare journal entries to record the preceding information in the Town of Calgary Recreation Center Construction Fund and the governmental activities general journal at the government-wide level.
- b. Prepare a Town of Calgary Recreation Center Construction Fund balance sheet for the year ended December 31, 2014.
- c. Prepare a Recreation Center Construction Fund statement of revenues, expenditures, and changes in fund balance for the year ended December 31, 2014.

Question 4:

On January 1, 2012, the first day of its fiscal year, the City of Carter received notification that a federal grant in the amount of \$650,000 was approved. The grant was restricted for the payment of wages to teenagers for summer employment. The terms of the grant permitted reimbursement only after qualified expenditures have been made; the grant could be used over a two-year period in equal amounts of \$325,000 each. The following data pertain to operations of the Summer Employment Grant Fund, a special revenue fund of the City of Carter, during the year ended December 31, 2012. **Show entries in general journal form to record the following events and transactions in the accounts of the Summer Employment Grant Fund:**

1. The budget was recorded. It provided for Estimated Revenues for the year in the amount of \$325,000, and for Appropriations in the amount of \$325,000.
2. A temporary loan of \$325,000 was received from the General Fund.
3. During the year, teenagers earned and were paid \$312,000 under terms of the Summer Employment program. An additional \$5,000 is accrued as payable on December 31. Recognize the receivable and revenue (include the \$5,000 of wages payable).
4. Each month a properly documented request for reimbursement was sent to the federal government; checks for \$298,000 were received.
5. Necessary closing entries were made.

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Question 4:

Following is Adana County's debt service fund pre-closing trial balance for the fiscal year ended June 30, 2015.

Adana COUNTY Debt Service Fund Pre-closing Trial Balance, June 30, 2015		
	Debt	Credits
Cash	\$66,000	
Fund Balance		\$62,600
Budgetary Fund Balance	?	?
Estimated other financing sources	2,912,500	
Estimated Revenue	499,000	
Revenue – Sales Taxes		500,700
Revenue – Investment Earnings		2,700
Other financing sources – Interfund transfers in		412,500
Other financing sources – Proceeds of Refunding bonds		2,500,000
Estimated other financing uses		2,500,000
Appropriations		912,500
Expenditures – Bond Interest	412,500	
Expenditures – Bond Principal	500,000	
Other financing uses – Payment of bonds	2,500,000	

Required

Using information provided by the trial balance, answer the following.

- Assuming the budget was not amended, what was the budgetary journal entry recorded at the beginning of the fiscal year?
- What is the budgetary fund balance?
- Prepare a statement of revenues, expenditures, and changes in fund balance for the debt service fund for the year ended June 30, 2011.
- Prepare Adana County debt service Fund balance sheet for the year ended June 30, 2011.

Question 5:

The following transactions affected various funds and activities of the City of Mooro.

- The General Fund made a long-term loan in the amount of \$75,000 to the Central Stores Fund, an internal service fund that services city departments.
- The Fire Department, a governmental activity, purchased \$200,000 of water from the Water Utility Fund, a business-type activity.
- The Municipal Golf Course, an enterprise fund, reimbursed the General Fund \$3,000 for office supplies that the General Fund had purchased on its behalf and that were used in the course of the fiscal year.
- The General Fund paid its annual contribution of \$125,000 to the debt service fund for interest and principal on general obligation bonds due during the year.
- The \$7,000 balance in the capital projects fund at the completion of construction of a New City Hall was transferred to the General Fund.

Required

Make the required journal entries in the general journal of the General Fund and any other fund(s) affected by the interfund transactions described. Also make entries in the governmental activities journal for any transaction(s) affecting a governmental fund.

<<< Good Luck >>>