



BIRZEIT UNIVERSITY
 FACULTY OF BUSINESS & ECONOMICS
 Mid-Term Exam
ACCT 338

27

Student Name: _____ Student Number: _____
 Section #: _____

M/C	
1.	D
2.	B
3.	A
4.	A
5.	B
6.	B
7.	D
* 8.	D
9.	A
10.	C
11.	C
12.	C
13.	A
14.	A
15.	A

T/F	
1.	T
2.	T
3.	F
4.	F
5.	F
6.	F
7.	T
8.	F
9.	F
10.	T
11.	F
12.	F
13.	T
14.	F
15.	F

7

Question 3.

(1) Cr. Cash Receipt

(2) Cr. increased from 100000 to 250000

(3) Cr. Reserve for Contingencies 3000

(4) Cr. Appropriation 35000

Cr. Ret. Balance 10

Question 1: Choose the correct answer

1) Which of the following lead to the use of fund accounting by a governmental organization?

	<u>Financial control</u>	<u>Legal Restriction</u>
<input checked="" type="radio"/> a-	Yes	<u>Yes</u>
b-	Yes	No
c-	No	No
<input checked="" type="radio"/> d-	No	<u>Yes</u>

2) The measurement focus of governmental type fund is on the determination of:

	<u>Current Resources</u>	<u>Financial Position</u>
a-	Yes ✓	Yes
<input checked="" type="radio"/> b-	Yes ✓	No
c-	No	No
d-	No	Yes

3) The primary emphasis in accounting and reporting for governmental fund is on:

- a- Sources
- b- Income ✓
- c- Capital ✓
- d- Transfer between fund

4) Which of the following funds of a government unit recognizes revenue only in the ^{Cash} accounting period in which they become available and measurable in their fund financial statement:

- a- General fund *modified Cash Basis*
- b- Enterprise fund *full ACCRUAL BASIS*
- c- None
- d- Both

5) Sig city used the following funds for financial reporting purposes:

General^x (internal service), airport enterprise, special revenue (pension trust), capital project, debt service

How many funds use the accrual basis of accounting?

- a- Two
- b- Three ✓
- c- Four
- d- Five

6) During the current year, X country levied \$2,000,000 property tax, 1% expected to be uncollectable. During the year, the country collected \$1,800,000 and wrote off \$15,000, what amount would country X report in its government-wide statement?

- a- \$1,800,000 *Actual*
- b- \$1,980,000 $[2,000,000 - (2,000,000 \times 1\%) - 15,000]$ ✓
- c- \$1,985,000 $[2,000,000 - 15,000]$
- d- \$2,000,000 ✗

7) Roy city received a gift, the principal of which is to be invested with the income used to support library, in which fund should this gift be recorded?

- a- Permanent fund ✓
- b- Investment trust fund
- c- Private fund
- d- Special fund

11) To record the \$20,000 budgeted excess of estimated revenue over appropriation, this district should:

Dr. Est Rev 20,000 X

- a-Credit estimated excess revenue control
- b-Debit estimated excess revenue control
- c-Credit budgetary fund balance
- d-Debit budgetary fund balance

*Cr. Approp - 20,000
c. bal.*

12) General fund expect the following inflow of resources:

	<i>Dr</i>	
✓ Property taxes and licenses	<u>\$9,000,000</u>	
<i>902,000</i> Proceeds of debt issue	5,000,000	
Interfund transfer for debt service	1,000,000	

*Dr. Cash 10,000,000
Cr. Rev. 9,000,000
Cr. Proceed 5,000,000
Dr. Cash 1,000,000
Cr. Transfer in 1,000,000*

What amount should we record for estimated revenue (not other financing sources):

a- \$9,000,000

b- \$10,000,000 X

c- \$14,000,000

d- \$15,000,000 X

13) CLXFF company issued purchase order totaling \$5,000,000, which were properly charged to encumbrances. CLXFF received all goods that were ordered and paid \$4,500,000. What amount of encumbrances will be outstanding?

a- 0 *zero*

b- \$300,000

c- 500,000

d- \$800,000

*Dr. Exp 5,000,000
Cr. PO 5,000,000*

*Dr. Exp 4,500,000
Cr. A/P 4,500,000*

*Dr. Reserve 4,500,000
Cr. Exp. 4,500,000*

14) Powell atg purchased a piece of equipment to be used by a ^{dept} department financed by the general fund, how should Powell report the acquisition?

DF-Exp

- a. As an expenditure
- b-Capitalize, depreciation is optional
- c-Capitalize, depreciation is required
- d-Capitalize, depreciation is permitted

15) Encumbrances wouldn't appear in which fund?

- a- Capital
- b-Special revenue
- c-General
- d-Enterprise // Account

Enc. P.S.
Exp Alp?
Revenue
Enc.

D

Question 2: True/False

1_ The key objective of financial reporting is to provide information about the entity's performance. ✓ *jis F (credit hours)*

2_ G&NP establish the level of services that they will provide, calculate their cost, and then set tax rates and other fees to generate the revenues required to pay for the services. ✓

3_ ^{Budget} financial statement shows how much will be spent on a particular activity and what the activity will achieve. ✗

4_ If organizations fail to balance their budgets, and borrow to cover operating deficits, then the cost of benefits enjoyed by the citizens of today must be borne to those of tomorrow. ✗

5_ ^{like} like business, G & NP make significant investment in assets that neither produce revenue nor reduce expenditures. ✗

6_ G&NP need ^(not) to show in their financial reports that restricted resources are unavailable for purposes other than those specified. ✗

7_ For the purposes of internal management and control, NP may adopt a modified accrual basis of accounting, FASB requires that they prepare their general-purpose external reports on a full accrual basis. ✓

8_ maintenance expenditure can be easily estimated for the next year. ✓

9_ Funds divide the government into categories of functional departments. ✗

10_ ^{permanently} endowment used to report resources provided by trust in which the earnings but not the principal must be used. ✗

11_ long term assets can be expected to last for many years. Therefore, in the interest of interperiod equity, they will be financed with taxes of a single year. ✗

12_ Appropriation budget which relate costs to outputs and are thereby intended to help control costs, especially those of business-type activities. ✗

13_ Activity: is line of work contributing to a function or program such as highway patrol, crime investigation, vice patrol. ✓

14_ Object budget Promotes up bottom budgeting. ✗

15_ ^{classical} estimating revenue for the next year is easier than estimating expenditures. ✗

Question 3:

For each of the following determine just the credit amount for the transaction related to the government.

No defect

- It lost a lawsuit filed by one of its renters and was ordered to pay \$1 million in damages over 5 years. It made its first cash payment of \$200,000.

Dr. lawsuit expenditure 200,000
Cr. Cash 200,000

- The Authority issues \$2.5 million in long-term bonds.

Dr. Cash 2.5m
Cr. PRKSec 2.5m

- at the start of year two, the university had \$3,000 of outstanding commitments for repairs.

Dr. Commitments 3000
Cr. Reserve for Commitments 3000

- It adopts a budget calling for total revenues of \$400 m and total expenditure of \$390 m.

Dr. Est Revenue 400
Cr. Fund Balance 400

Dr. Fund Balance 390
Cr. Appropriation 390

Dr. Est 400
Cr. App. 390
Cr. Fund Balance 10