

1. Award: 1.00 point

The Governmental Accounting Standards Board sets financial reporting standards for all units of government: federal, state, and local.

- True
- False

The GASB sets standards for state and local governments but not the federal government. GASB also sets standards for governmentally related not-for-profit organizations, health care entities, museums, libraries, and performing arts organization owned or controlled by governments.

References

True / False

Learning Objective:
01-02 Distinguish
between private and
public sector
organizations.

2.

Award: 1.00 point

Fund accounting exists primarily to provide assurance that resources are used according to legal or donor restrictions.

- True
 False

Fund accounting allows governments to segregate resources that have restrictions or limitations on the use of those resources. Each fund can account for the receipt and use of resources to provide assurance of compliance with legal restrictions or limitations.

References

True / False

Learning Objective:
01-04 Define the 11
fund types used by
state and local
governments.

3.

Award: 1.00 point

The Financial Accounting Standards Board sets financial reporting standards for profit-seeking businesses and nongovernmental, not-for-profit organizations.

- True
 False

Accounting and financial reporting standards for profit-seeking businesses and for nongovernmental not-for-profit organizations are set by the FASB.

References

True / False

Learning Objective:
01-03 Identify the
sources of
authoritative
accounting
standards for
various public and
private sector
organizations.

4.

Award: 1.00 point

FASAB, GASB and FASB standards are set forth primarily in documents called statements.

- True
 False

GASB standards are set forth in documents called Statements of Financial Accounting Standards.

References

True / False

Learning Objective:
01-03 Identify the sources of authoritative accounting standards for various public and private sector organizations.

5.

Award: 1.00 point

FASAB, GASB and FASB standards are set forth primarily in documents called concept statements.

- True
→ False

Standards are set forth in documents called "Statements", not concept statements.

References

True / False

Learning Objective:
01-03 Identify the sources of authoritative accounting standards for various public and private sector organizations.

6.

Award: 1.00 point

The FASAB was established to recommend accounting and financial reporting standards for the federal government.

→ True

False

Accounting and financial reporting standards for the federal government are published by the FASAB. The standards are technically "recommendations" since, as a sovereign nation, the federal government cannot relegate authority to an independent board.

References

True / False

Learning Objective:
01-03 Identify the sources of authoritative accounting standards for various public and private sector organizations.

7.

Award: 1.00 point

The GASB does **not** require supplementary information to be reported with its financial statements even if it is essential to establish appropriate context for the financial statements and notes.

- True
- False

Occasionally, the GASB determines that additional information is necessary to provide context and understanding of information in the statements or notes. In such cases, the GASB requires the presentation of required supplementary information (RSI).

References

True / False

Learning Objective:
01-03 Identify the sources of authoritative accounting standards for various public and private sector organizations.

8.

Award: 1.00 point

The Financial Accounting Standards Board sets financial reporting standards for private not-for-profits and investor-owned businesses.

→ True

False

Accounting and financial reporting standards for profit-seeking businesses and for nongovernmental not-for-profit organizations are set by the FASB.

References

True / False

Learning Objective:
01-03 Identify the sources of authoritative accounting standards for various public and private sector organizations.

9.

Award: 1.00 point

An organization is presumed to be governmental if it has the ability to issue directly debt that is exempt from federal taxes.

- True
 False

Organizations are presumed to be governmental if they have the ability to issue directly (rather than through a state or municipal authority) debt that pays interest exempt from federal income taxes.

References

True / False

Learning Objective:
01-03 Identify the sources of authoritative accounting standards for various public and private sector organizations.

10.

Award: 1.00 point

The Financial Accounting Standards Board and the Governmental Accounting Standards Board are parallel bodies under the oversight of the Financial Accounting Foundation.

- True
 False

The GASB and FASB are parallel bodies under the oversight of the Financial Accounting Foundation (FAF). The FAF appoints members of the two boards and provides financial support to the boards.

References

True / False

Learning Objective:
01-03 Identify the sources of authoritative accounting standards for various public and private sector organizations.

11.

Award: 1.00 point

The Federal Accounting Standards Advisory Board requires less extensive reports than does the FASB or GASB.

- True
- False

FASAB requires more financial statements than are typically required of state and local governments, public and private not-for-profits and investor-owned businesses.

References

True / False

Learning Objective:
01-03 Identify the sources of authoritative accounting standards for various public and private sector organizations.

12.

Award: 1.00 point

The FASAB requires more financial statements than are typically required of state and local governments.

- True
 False

The Federal Accounting Standards Advisory Board requires a greater number of financial statements than does the FASB or GASB.

References

True / False

Learning Objective:
01-03 Identify the sources of authoritative accounting standards for various public and private sector organizations.

13.

Award: 1.00 point

The only objective of the Governmental Accounting Standards Board is to help users determine compliance with finance-related laws, rules, and regulations.

True

→ False

The GASB has multiple objectives and has issued six concept statements to assist in meeting these objectives which addresses the needs of users of government: accounting information, service efforts and accomplishments, presentation of financial information, required supplementary information and disclosures, definitions and asset measurement.

References

True / False

Learning Objective:
01-03 Identify the sources of authoritative accounting standards for various public and private sector organizations.

14. Award: 1.00 point

Governments must have as many funds as necessary to fulfill legal requirements and sound financial administration but must have at a minimum a General Fund.

- True
 False

Every government will have a single General Fund but may have multiple funds in each of the other categories.

References

True / False

Learning Objective:
01-04 Define the 11
fund types used by
state and local
governments.

15. Award: 1.00 point

A Management's Discussion and Analysis is required for state and local governmental units, and the federal government.

- True
 False

The GASB requires MD&A for state and local governments and the FASAB requires MD&A for the federal government.

References

True / False

Learning Objective:
01-03 Identify the
sources of
authoritative
accounting
standards for
various public and
private sector
organizations.

16.

Award: 1.00 point

The GASB Concept Statement on Service Efforts and Accomplishments Reporting encourages state and local governments to include inputs of nonmonetary resources in their financial reporting.

→ True

False

Governments have difficulty in meeting the information needs of citizens. Traditional financial statements, which measure events in dollars, are not well designed to evaluate a government's effectiveness in delivering services. Nonfinancial measures are better indicators of performance. GASB's Concept Statements No. 2 and No. 5 address service efforts and accomplishments.

References

True / False

Learning Objective:
01-03 Identify the sources of authoritative accounting standards for various public and private sector organizations.

17.

Award: 1.00 point

Although certain supplementary information may not be required, if presented, it must follow GASB guidance regarding its format and content.

- True
 False

The GASB requires required supplementary information (RSI) if such information is necessary to provide context and understanding. Concepts Statement No.3 defines the methods of presenting RSI.

References

True / False

Learning Objective:
01-03 Identify the sources of authoritative accounting standards for various public and private sector organizations.

18.

Award: 1.00 point

The GASB Concept Statement on Service Efforts and Accomplishments Reporting requires state and local governments to include inputs of nonmonetary resources in their financial reporting.

True

→ False

Occasionally the GASB determines that additional information is necessary to provide context and understanding of information in the statements or notes. In such cases, the GASB requires the presentation of required supplementary information (RSI).

References

True / False

Learning Objective:
01-03 Identify the sources of authoritative accounting standards for various public and private sector organizations.

19.

Award: 1.00 point

The format and content of supplementary information which is **not** required by GASB is up to the discretion of the reporting entity.

True

→ False

GASB Concepts Statement #3 defines methods of presenting information in financial reports including supplementary information that is not required by GASB.

References

True / False

Learning Objective:
01-03 Identify the sources of authoritative accounting standards for various public and private sector organizations.

20. Award: 1.00 point

GASB and FASB Concept Statements establish accounting standards that must be complied with to receive an unqualified audit opinion.

- True
- False

Concept statements do not establish accounting standards but primarily serve to guide standard setting bodies. Governments must comply with GAAP (as established by Statements) to receive unqualified audit opinions.

References

True / False

Learning Objective:
01-03 Identify the sources of authoritative accounting standards for various public and private sector organizations.

21.

Award: 1.00 point

FASAB, GASB and FASB standards are set forth primarily in documents called interpretations.

- True
- False

The GASB issued interpretations in the past to provide guidance on previously issued statements but no longer does so.

References

True / False

Learning Objective:
01-03 Identify the sources of authoritative accounting standards for various public and private sector organizations.

22.

Award: 1.00 point

Fund-basis statements are presented for three categories of government activities: governmental, proprietary, and fiduciary.

- True
- False

The 11 government funds used by state and local governments are split into three categories; fiduciary, proprietary and governmental.

References

True / False

Learning Objective:
01-04 Define the 11 fund types used by state and local governments.

23. Award: 1.00 point

State and local governments may use as many as twelve different fund types.

- True
- False

There are eleven fund types.

References

True / False

Learning Objective:
01-04 Define the 11
fund types used by
state and local
governments.

24. Award: 1.00 point

The economic resource measurement focus and accrual basis is an important feature of government-wide financial statements.

- True
- False

The government-wide statements and the fund statements for proprietary funds and fiduciary funds use the economic resource measurement focus and the accrual basis of accounting.

References

True / False

Learning Objective:
01-04 Define the 11
fund types used by
state and local
governments.

25. Award: 1.00 point

Businesslike activity fund-basis statements must be changed to the accrual basis from the modified accrual basis when preparing government-wide financial statements.

- True
→ False

Proprietary funds are used to account for a government's activities that are businesslike in nature. Proprietary funds use the accrual basis of accounting.

References

True / False	Learning Objective: 01-04 Define the 11 fund types used by state and local governments.
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26. Award: 1.00 point

Governmental-type activity fund-basis statements must use accrual basis when preparing government-wide financial statements.

- True
 False

Governmental funds use the modified accrual basis of accounting and must be adjusted through worksheet entries to reflect an economic resource measurement focus and the accrual basis of accounting before being presented in the government-wide financial statements.

References

True / False	Learning Objective: 01-04 Define the 11 fund types used by state and local governments.
---------------------	---

27.

Award: 1.00 point

Fiduciary funds of a governmental unit use the current financial resources measurement focus and modified accrual basis of accounting.

- True
→ False

Fiduciary funds use the economic resources measurement focus and the accrual basis of accounting.

References

True / False

Learning Objective:
01-04 Define the 11
fund types used by
state and local
governments.

28.

Award: 1.00 point

Under the accrual basis of accounting, revenues are recognized when measurable and available to finance expenditures of the current period.

- True
→ False

The accrual basis of accounting recognizes revenues when they are earned and are expected to be realized, and recognizes expenses when the related goods or services are used up. The modified accrual basis of accounting measures revenues when measurable and available to finance the expenditures of the current period.

References

True / False

Learning Objective:
01-04 Define the 11
fund types used by
state and local
governments.

29. Award: 1.00 point

The government-wide statements and the fund statements for proprietary funds and fiduciary funds use the economic resources measurement focus and the accrual basis of accounting.

- True
 False

The government-wide statements and the fund statements for proprietary funds and fiduciary funds use the economic resource measurement focus and the accrual basis of accounting.

References

True / False	Learning Objective: 01-04 Define the 11 fund types used by state and local governments.
---------------------	---

30. Award: 1.00 point

General fixed assets of the government are reported both in the government-wide financial statements and the governmental fund financial statements.

- True
→ False

Governmental funds are reported using the modified accrual basis of accounting. Governmental-type activities are reported in the government-wide statements using the accrual basis of accounting, including fixed assets and long-term debt.

References

True / False	Learning Objective: 01-04 Define the 11 fund types used by state and local governments.
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31. Award: 1.00 point

Comparison of the legally approved budget with actual results of the General Fund is not part of required supplementary information in the CAFR.

- True
→ False

The budget comparison schedule (or statement) is part of the RSI in the CAFR.

References

True / False	Learning Objective: 01-01 Obtain an overview of financial reporting for nonbusiness entities.
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32. Award: 1.00 point

Comparison of the legally approved budget with actual results of the General Fund is included as part of required supplementary information in the CAFR.

- True
 False

The budget comparison schedule (or statement) is part of the RSI in the CAFR.

References

True / False	Learning Objective: 01-01 Obtain an overview of financial reporting for nonbusiness entities.
---------------------	--

33. Award: 1.00 point

Long-term debt associated with governmental activities (i.e. that is to be paid with tax revenues) is reported in the government-wide statements but not in the governmental fund statements

- True
 False

Governmental activities balances are changed through combining worksheets and journal entries to reflect an economic resource measurement focus and the accrual basis of accounting before being presented in the government-wide statements.

References

True / False

Learning Objective:
01-04 Define the 11
fund types used by
state and local
governments.

34. Award: 1.00 point

Measurement focus refers to those items, such as current and long-term assets, that are being reported on the financial statements.

- True
 False

Measurement focus refers to what items are being reported in the financial statements. An economic resource measurement focus measures both current and long-term assets and liabilities and is the measurement focus used by commercial businesses. Current financial resources measurement focus measures the extent to which financial resources obtained during a period are sufficient to cover claims incurred during that period against financial resources and the net financial resources available for future periods.

References

True / False

Learning Objective:
01-04 Define the 11
fund types used by
state and local
governments.

35. Award: 1.00 point

Infrastructure is capitalized in the fund-basis statements of state and local governmental units.

- True
→ False

Infrastructure, purchased through governmental type funds would not be recorded under the current financial resource measurement focus.

References

True / False Learning Objective:
01-04 Define the 11
fund types used by
state and local
governments.

36. Award: 1.00 point

Fiduciary funds include custodial, pension trust, investment trust, and permanent funds.

- True
→ False

Fiduciary funds include private-purpose trust, investment trust, pension trust and custodial funds.

References

True / False Learning Objective:
01-04 Define the 11
fund types used by
state and local
governments.

37.

Award: 1.00 point

The Financial Accounting Standards Board has authority to establish accounting and financial reporting standards for both private and state universities.

True

→ False

Accounting and financial reporting standards for profit-seeking businesses and for nongovernmental not-for-profit organizations are set by the FASB which includes private universities. The GASB sets standards for governmentally related not-for-profits organizations such as colleges and universities.

References

True / False

Learning Objective:
01-03 Identify the sources of authoritative accounting standards for various public and private sector organizations.

38. Award: 1.00 point

FASB sets the reporting standards for private not-for-for profits.

- True
 False

The FASB sets standards for private not-for-profits and investor-owned businesses.

References

True / False	Learning Objective: 01-03 Identify the sources of authoritative accounting standards for various public and private sector organizations.
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39. Award: 1.00 point

Internal Service funds are treated as governmental activities in the government-wide statements if the principal customers are other departments within the General Fund.

- True
 False

Per Illustration 1-3, most internal service funds are included as governmental activities.

References

True / False	Learning Objective: 01-04 Define the 11 fund types used by state and local governments.
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40. Award: 1.00 point

Permanent funds can be either a governmental fund or a fiduciary fund where only income on donated assets may be spent.

- True
→ False

A permanent fund is a governmental fund. Fiduciary funds are private-purpose trust, investment trust, pension trust or custodial funds.

References

True / False Learning Objective:
01-04 Define the 11
fund types used by
state and local
governments.

41. Award: 1.00 point

Depreciation on capital assets is included as an expense in the Statement of Activities in the governmental fund-basis statements.

- True
→ False

Governmental funds use the current financial resources measurement focus and modified accrual accounting. Under modified accrual accounting, revenues are recognized when measurable and available to finance the expenditures of the current period. Expenditures, not expenses, are recognized in the period in which the fund liability is incurred. Long-term assets are not generally recognized.

References

True / False Learning Objective:
01-04 Define the 11
fund types used by
state and local
governments.

42. Award: 1.00 point

Depreciation on capital assets is included as an expense in the Statement of Revenues, Expenses, and Changes in Fund Net Position in the proprietary fund financial statements.

- True
 False

Proprietary funds are used to account for a government's activities that are businesslike in nature. The financial statements are prepared using the economic resources measurement focus and accrual accounting.

References

True / False

Learning Objective:
01-04 Define the 11
fund types used by
state and local
governments.

43. Award: 1.00 point

Depreciation on capital assets is **not** included as an expense in the Statement of Revenues, Expenses, and Changes in Fund Net Position in the proprietary fund financial statements.

- True
→ False

Proprietary funds are used to account for a government's activities that are businesslike in nature. The financial statements are prepared using the economic resources measurement focus and accrual accounting.

References

True / False

Learning Objective:
01-04 Define the 11
fund types used by
state and local
governments.

44. Award: 1.00 point

According to GASB standards relating to Budgetary Accounting, an annual budget should be adopted by every governmental unit.

- True
 False

GASB standards contain a 3 part budgetary principle which requires annual budgets and budget to actual reporting.

References

True / False	Learning Objective: 01-01 Obtain an overview of financial reporting for nonbusiness entities.
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45. Award: 1.00 point

According to GASB standards relating to Budgetary Accounting, budgetary comparisons should be included in the appropriate financial statements or schedules for governmental funds for which an annual budget has been adopted.

- True
 False

The budget comparison schedule (or statement) is part of the RSI in the CAFR.

References

True / False	Learning Objective: 01-01 Obtain an overview of financial reporting for nonbusiness entities.
---------------------	--

46. Award: 1.00 point

According to GASB standards relating to Budgetary Accounting, budgetary comparisons are required for all funds, even those for which an annual budget has not been adopted.

- True
- False

The budget comparison schedule (or statement) is part of the RSI in the CAFR.

References

True / False	Learning Objective: 01-01 Obtain an overview of financial reporting for nonbusiness entities.
---------------------	--

47. Award: 1.00 point

According to FASB standards relating to Budgetary Accounting, the accounting system should provide the basis for appropriate budgetary control.

- True
- False

GASB standards contain a 3 part budgetary principle which requires the accounting system to provide appropriate budgetary control.

References

True / False	Learning Objective: 01-02 Distinguish between private and public sector organizations.
---------------------	---

48. Award: 1.00 point

For most state and local governments, the budget, when adopted according to procedures specified by state laws, is not binding upon the administrators of a governmental unit.

- True
- False

Government budgets are expressions of public policy and often carry the authority of law, preventing public officials from spending outside their budgetary authority.

References

True / False	Learning Objective: 01-02 Distinguish between private and public sector organizations.
---------------------	--

49. Award: 1.00 point

A fund represents part of the activities of an organization which is separated from other activities in the accounting records to more easily demonstrate compliance with legal restrictions or limitations.

- True
- False

A fund is a self-balancing set of accounts that separately reports the resources and activities of a part of the government and that is segregated because of the existence of restrictions or limitations on the use of resources.

References

True / False	Learning Objective: 01-02 Distinguish between private and public sector organizations.
---------------------	--

50. Award: 1.00 point

A government may have two or more General Funds.

- True
- False

Every government will have a single General Fund but may have multiple funds in each of the other categories.

References

True / False

Learning Objective:
01-04 Define the 11
fund types used by
state and local
governments.

51. Award: 1.00 point

The GASB published a white paper which identifies five environmental differences between governments and for-profit enterprises.

- True
- False

The white paper identifies five environmental differences between governments and for-profit businesses enterprises and describes how those differences manifest in differences in the objectives and practice of financial reporting.

References

True / False

Learning Objective:
01-02 Distinguish
between private and
public sector
organizations.

52. Award: 1.00 point

The FASB sets accounting and financial reporting standards for governmentally related not-for-profit organizations, such as colleges and universities, health care entities, museums, libraries, and performing arts organizations that are owned or controlled by governments.

- True
- False

The GASB sets accounting and financial reporting standards for governmentally related not-for-profit organizations, such as colleges and universities, health care entities, museums, libraries, and performing arts organizations that are owned or controlled by governments.

References

True / False

Learning Objective:
01-03 Identify the sources of authoritative accounting standards for various public and private sector organizations.

53. Award: 1.00 point

Accounting and financial reporting standards for profit-seeking businesses and for nongovernmental not-for-profit organizations are set by the *Financial Accounting Standards Board*.

- True
 False

The Financial Accounting Standards Board (FASB) sets standards for private not-for profits and investor-owned businesses.

References

True / False

Learning Objective:
01-03 Identify the sources of authoritative accounting standards for various public and private sector organizations.

54. Award: 1.00 point

The *Financial Accounting Foundation (FAF)* has oversight over the GASB but not the FASB.

- True
- False

The GASB and the FASB are parallel bodies under the oversight of the FAF. The FAF appoints the members of the two boards and provides financial support.

References

True / False	Learning Objective: 01-03 Identify the sources of authoritative accounting standards for various public and private sector organizations.
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55. Award: 1.00 point

The information needs of government creditors are vastly different from their counterparts in the corporate world which necessitates different accounting rules.

- True
- False

Like businesses, governments have creditors who are interested in assessing the credit worthiness of the government.

References

True / False	Learning Objective: 01-02 Distinguish between private and public sector organizations.
---------------------	---

56. Award: 1.00 point

GASB utilizes two additional elements that do **not** appear in the balance sheets of nongovernmental organizations: deferred inflows and deferred outflows of resources.

- True
 False

GASB utilizes two additional elements that do **not** appear in the balance sheets of nongovernmental organizations: deferred inflows and deferred outflows of resources. The most common deferred inflows are taxes that have been deferred to a future period when they are expected to be available for operations.

References

True / False

Learning Objective:
01-03 Identify the sources of authoritative accounting standards for various public and private sector organizations.

57.

Award: 1.00 point

The GASB and the FASB are parallel bodies under the oversight of the *Financial Accounting Foundation (FAF)*.

→ True

False

The GASB and the FASB are parallel bodies under the oversight of the FAF. The FAF appoints the members of the two boards and provides financial support.

References

True / False

Learning Objective:
01-03 Identify the sources of authoritative accounting standards for various public and private sector organizations.

58. Award: 1.00 point

Governmental funds include:

- Enterprise funds.
- Internal service funds.
- Custodial funds.
- Special revenue funds.

Government funds include permanent, debt service, capital project, special revenue, and general fund.

References

Multiple Choice Learning Objective:
01-04 Define the 11
fund types used by
state and local
governments.

59. Award: 1.00 point

Which of the following has established a "Hierarchy of GAAP":

- Financial Accounting Standards Board.
- Federal Accounting Standards Advisory Board.
- Governmental Accounting Standards Board.
- All of the choices have established a hierarchy.

The FASB, FASAB and GASB all have hierarchies of GAAP for entities falling within their jurisdictions.

References

Multiple Choice Learning Objective:
01-03 Identify the sources of authoritative accounting standards for various public and private sector organizations.

60. Award: 1.00 point

The term "proprietary funds" applies to:

- all funds that use accrual accounting.
- enterprise and internal service funds only.
- enterprise, internal service, and private-purpose trust funds.
- none of the choices are correct.

Proprietary funds include internal service and enterprise funds.

References

Multiple Choice Learning Objective:
01-04 Define the 11
fund types used by
state and local
governments.

61. Award: 1.00 point

The term "fiduciary funds" applies to:

- enterprise and internal service funds.
- pension, investment trust and enterprise funds.
- enterprise, internal service, and private-purpose trust funds.
- private-purpose trust, investment trust, pension trust and custodial funds.

Fiduciary funds include private-purpose trust, investment trust, pension trust and custodial funds.

References

Multiple Choice Learning Objective:
01-04 Define the 11
fund types used by
state and local
governments.

62. Award: 1.00 point

The GASB sets accounting standards for all of the following except:

- Governmentally related not-for-profit universities.
- State and local governments.
- Nongovernmental not-for-profit hospital.
- Component units owned or controlled by governments.

The GASB sets accounting and financial reporting standards for state and local governments in the U.S., governmentally related not-for-profit organizations, such as colleges and universities, health care entities, museums, libraries, and performing arts organizations that are owned or controlled by governments.

References

Multiple Choice Learning Objective:
01-03 Identify the sources of authoritative accounting standards for various public and private sector organizations.

63. Award: 1.00 point

Which of the following fund types is present in every general-purpose government?

- General
- Permanent
- Capital projects
- Special revenue

Every government will have a single General Fund, but may have multiple funds in each of the other categories.

References

Multiple Choice Learning Objective: 01-04 Define the 11 fund types used by state and local governments.

64. Award: 1.00 point

Which of the following is a proprietary fund?

- Permanent
- Investment trust
- Special revenue
- Internal service

Proprietary funds include internal service and enterprise funds.

References

Multiple Choice Learning Objective: 01-04 Define the 11 fund types used by state and local governments.

65. Award: 1.00 point

Which of the following is **not** a fiduciary fund?

- Pension trust
- Custodial
- Private-purpose trust
- Permanent

Fiduciary funds include private-purpose trust, investment trust, pension trust and custodial funds.

References

Multiple Choice Learning Objective:
01-04 Define the 11
fund types used by
state and local
governments.

66. Award: 1.00 point

Which of the following is a governmental fund?

- Internal service
- Special revenue
- Custodial
- Enterprise

Government funds include permanent, debt service, capital project, special revenue, and general fund.

References

Multiple Choice Learning Objective:
01-04 Define the 11
fund types used by
state and local
governments.

67.

Award: 1.00 point

Which of the following is **not** one of the objectives of Federal Financial Reporting, as outlined in SFFAC 1, which was issued by the FASAB?

- Financial reporting should reveal whether financial systems and controls are adequate.
- Financial reporting should demonstrate accountability with regard to raising and expending money.
- Financial reporting should enable evaluation of the success rate of programs.
- Financial reporting should enable evaluation of the service efforts, costs and accomplishments of the reporting entity.

SFFAC 1 outlines four objectives that should be followed in federal financial reporting. Budgetary integrity, indicates that financial reporting should demonstrate accountability with regard to the raising and expending of moneys. Operating performance, suggests that financial reporting should enable evaluation of the service efforts, costs and accomplishments of the federal custodial. Stewardship, reflects the concept that financial reporting should enable an assessment of the impact on the nation of the government's operations and investments. Systems and controls, indicates that financial reporting should reveal whether financial systems and controls are adequate.

References

Multiple Choice Learning Objective:
01-03 Identify the sources of authoritative accounting standards for various public and private sector organizations.

68. Award: 1.00 point

The FASAB has the authority to establish accounting and financial reporting standards for:

- Public not-for-profits.
- State and local governments.
- Federal government agencies.
- Investor owned business.

Accounting and financial reporting standards for the federal governments are published by the FASAB. The standards are technically "recommendations" since, as a sovereign nation, the federal government cannot relegate authority to an independent board.

References

Multiple Choice Learning Objective:
01-03 Identify the sources of authoritative accounting standards for various public and private sector organizations.

69. Award: 1.00 point

The FASB has the authority to establish accounting and financial reporting standards for:

- Federal government.
- State and local governments.
- Private not-for-profits.
- Public not-for-profits.

Accounting and financial reporting standards for investor-owned businesses and private not-for-profit organizations are set by the Financial Accounting Standards Board (FASB).

References

Multiple Choice Learning Objective:
01-03 Identify the sources of authoritative accounting standards for various public and private sector organizations.

70. Award: 1.00 point

The GASB has the authority to establish accounting and financial reporting standards for:

- State governments.
- Private not-for-profits.
- Federal government.
- None of the choices are correct.

The GASB sets accounting and financial reporting standards for state and local governments in the U.S., governmentally related not-for-profit organizations, such as colleges and universities, health care entities, museums, libraries, and performing arts organizations that are owned or controlled by governments.

References

Multiple Choice Learning Objective:
01-04 Define the 11
fund types used by
state and local
governments.

71.

Award: 1.00 point

In order for a fund to exist, there must be:

- A fiscal entity; assets set aside for a specific purpose.
- A double-entry accounting entity.
- Both are optional and not required
- Both options are required

Two conditions must be met for a fund to exist. First, there must be a fiscal entity; assets set aside for specific purposes and second, there must be a double-entry accounting entity created to account for the fiscal entity.

References

Multiple Choice Learning Objective:
01-04 Define the 11
fund types used by
state and local
governments.

72.

Award: 1.00 point

Which fund category must change from modified accrual to accrual basis when preparing government-wide financial statements?

- Governmental
- Proprietary
- Governmental & Proprietary only
- Fiduciary

Governmental funds are prepared using the current financial resources measurement focus and the modified accrual basis of accounting and must change to accrual basis accounting when preparing the government-wide financial statements.

References

Multiple Choice Learning Objective:
01-04 Define the 11
fund types used by
state and local
governments.

73. Award: 1.00 point

Which of the following use the current financial resources measurement focus?

- Proprietary fund statements
- Internal Service fund statements
- Governmental fund statements
- Fiduciary fund statements

Governmental funds use the current financial resources measurement focus and the modified accrual basis of accounting. Fiduciary and proprietary funds use the economic resources measurement focus and accrual accounting. Internal service is a proprietary fund.

References

Multiple Choice Learning Objective:
01-04 Define the 11
fund types used by
state and local
governments.

74. Award: 1.00 point

Which of the following best describes how many funds a government should use?

- One for each revenue source
- Two at a minimum; the General Fund and one enterprise fund
- As many as necessary to fulfill legal requirements and sound financial administration
- None of the choices are correct

The GASB Summary Statement of Principles states that governmental units should establish and maintain those funds required by law and sound financial administration.

References

Multiple Choice Learning Objective:
01-04 Define the 11
fund types used by
state and local
governments.

75. Award: 1.00 point

Which of the following would **not** be included in FASB Statement of Financial Accounting Concepts #4, which identifies the information needs of the users of non-business financial statements?

- Format and content of financial statements
- Evaluation of an organization's economic resources, obligations, and effects of changes in those net resources
- Assessing services provided by a non-business organization and its ability to continue to provide those services
- Assessing managements' stewardship and performance

In Statement of Financial Accounting Concepts #4, the FASB identifies the information needs of the users of nonbusiness financial statements. These include providing information that is useful to present and potential resource providers in the following; Making decisions about the allocation of resources to those organizations. Assessing the services that a nonbusiness organization provides and its ability to continue to provide those services. Assessing management's stewardship and performance and evaluating an organizations economic resources, obligations, and effects of changes in those net resources.

References

Multiple Choice Learning Objective:
01-03 Identify the sources of authoritative accounting standards for various public and private sector organizations.

76.

Award: 1.00 point

The Governmental Accounting Standards Board has been given authority to establish accounting and financial reporting standards for:

- all governmental units and all not-for-profit organizations.
- all governmental units and agencies.
- state and local governmental entities, and governmentally related utilities, authorities, hospitals, and colleges and universities.
- federal, state, and local governments and governmentally related utilities, authorities, hospitals, and colleges and universities.

The GASB sets accounting and financial reporting standards for state and local governments in the U.S., governmentally related not-for-profit organizations, such as colleges and universities, health care entities, museums, libraries, and performing arts organizations that are owned or controlled by governments.

References

Multiple Choice Learning Objective:
01-03 Identify the sources of authoritative accounting standards for various public and private sector organizations.

77.

Award: 1.00 point

Which of the following characteristics would **not** define an organization as governmental?

- The power to enact and enforce a tax levy.
- The potential for unilateral dissolution by a government with the net resources reverting to a government.
- The receipt of grant money from a state or local government for the purpose of providing services to the public.
- None of the choices are correct.

Public corporations and bodies corporate and politic are governmental organizations. Other organizations are governmental organizations if they have one or more of the following characteristics: (a) Popular elections of officers or appointment (or approval) of a controlling majority of the members of the organization's government body by officials of one or more state or local governments; (b) The potential for unilateral dissolutions by a government with the net resources reverting to a government; or (c) The power to enact and enforce a tax levy. Also, organizations are presumed to be governmental if they have the ability to issue directly debt that pays interest exempt from federal taxation.

References

Multiple Choice Learning Objective:
01-03 Identify the sources of authoritative accounting standards for various public and private sector organizations.

78. Award: 1.00 point

Level "A" GAAP for The University of Virginia, a public institution, would be established by the:

- Financial Accounting Standards Board.
- American Institute of Certified Public Accountants.
- National Association of College and University Business Officers.
- Governmental Accounting Standards Board.

The University of Virginia is a governmentally related university. The Governmental Accounting Standards Board sets accounting and financial reporting standards for state and local governments in the U.S., governmentally related not-for-profit organizations, such as colleges and universities, health care entities, museums, libraries, and performing arts organizations that are owned or controlled by governments. So GASB would establish level "A" GAAP for the University.

References

Multiple Choice Learning Objective:
01-03 Identify the sources of authoritative accounting standards for various public and private sector organizations.

79. Award: 1.00 point

Under the modified accrual basis of accounting, expenditures should be recognized when:

- they are measurable and can be financed by the revenues of the current period.
- the fund liability is incurred.
- they are authorized by the budget ordinance.
- they are paid.

Under the modified accrual basis of accounting, expenditures should be recognized in the period in which the fund liability is incurred.

References

Multiple Choice Learning Objective:
01-04 Define the 11
fund types used by
state and local
governments.

80. Award: 1.00 point

Fiduciary funds use the:

- economic resources measurement focus and modified accrual basis of accounting.
- current financial resources measurement focus and accrual basis of accounting.
- economic resources measurement focus and accrual basis of accounting.
- none of the choices, the fiduciary funds have no revenues.

Fiduciary funds use the economic resources measurement focus and accrual basis of accounting.

References

Multiple Choice Learning Objective:
01-04 Define the 11
fund types used by
state and local
governments.

81.

Award: 1.00 point

Proprietary funds use the:

- economic resources measurement focus and accrual basis of accounting.
- current financial resources measurement focus and modified accrual basis of accounting.
- current financial resources measurement focus and accrual basis of accounting.
- economic resources measurement focus and modified accrual basis of accounting.

Proprietary funds use the economic resources measurement focus and accrual basis of accounting.

References

Multiple Choice Learning Objective:
01-04 Define the 11
fund types used by
state and local
governments.

82.

Award: 1.00 point

Governmental funds use the:

- economic resources measurement focus and accrual basis of accounting.
- current financial resources measurement focus and accrual basis of accounting.
- economic resources measurement focus and modified accrual basis of accounting.
- current financial resources measurement focus and modified accrual basis of accounting.

Governmental funds use the current financial resources measurement focus modified accrual basis of accounting.

References

Multiple Choice Learning Objective:
01-04 Define the 11
fund types used by
state and local
governments.

83. Award: 1.00 point

Government-wide statements use the:

- current financial resources measurement focus and accrual basis of accounting.
- economic resources measurement focus and modified accrual basis of accounting.
- economic resources measurement focus and accrual basis of accounting.
- none of the choices are correct.

Government-wide statements use the economic resources measurement focus and accrual basis of accounting.

References

Multiple Choice Learning Objective:
01-04 Define the 11
fund types used by
state and local
governments.

84. Award: 1.00 point

Governmental funds do **not** include:

- Custodial funds
- Special revenue funds.
- The General fund.
- Debt service funds.

Governmental funds include permanent, debt service, capital project, special revenue, and general fund.

References

Multiple Choice Learning Objective:
01-04 Define the 11
fund types used by
state and local
governments.

85.

Award: 1.00 point

Which of the following organizations has authority to establish accounting and financial reporting standards for the federal government?

- Federal Accounting Standards Advisory Board.
- Office of Management and Budget.
- Governmental Accounting Standards Board.
- None of the choices; no one has been granted authority to set standards for the federal government.

Accounting and financial reporting standards for the federal governments are published by the FASAB. The standards are technically "recommendations" since, as a sovereign nation, the federal government cannot relegate authority to an independent board.

References

Multiple Choice Learning Objective:
01-03 Identify the sources of authoritative accounting standards for various public and private sector organizations.

86.

Award: 1.00 point

Which of the following is most correct with regard to Management's Discussion and Analysis (MD&A)?

- Both state and local governments and federal agencies are required to provide an MD&A.
- Both state and local governments and federal agencies are encouraged, but not required to provide an MD&A.
- State and local governments are required to provide an MD&A.
- Federal custodial financial reports are required to provide an MD&A.

Management's Discussion and Analysis is required by federal (SFFAC 3) and state and local governments (a component of RSI).

References

Multiple Choice Learning Objective:
01-03 Identify the sources of authoritative accounting standards for various public and private sector organizations.

87.

Award: 1.00 point

GASB Concepts Statement No. 3, defines methods of presenting information in financial reports. Concepts Statement No. 3 states that:

- notes to the financial statements may not include management's objective explanations.
- required supplementary information should be objective but may also include predictions or subjective assessments if management deems it necessary for understanding of the financial statements.
- disclosure in the notes is not an adequate substitute for recognition in the financial statements.
- All of the choices are correct.

Concepts Statement No. 3 states that the notes to the financial statements are intended to enhance the understanding of items appearing in the financial statements but are not a substitute for recognition when a transition or event can be measured with sufficient reliability.

References

Multiple Choice Learning Objective:
01-03 Identify the sources of authoritative accounting standards for various public and private sector organizations.

88.

Award: 1.00 point

According to the GASB, Capital assets:

- must be reported in government-wide statements and in proprietary fund financial statements.
- are to be reported but **not** depreciated in government-wide and fund financial statements.
- must be reported in government-wide statements but are not reported in any of the fund financial statements.
- are **not** to be reported in either government-wide or fund financial statements.

Proprietary and fiduciary funds and government-wide statements are prepared using the economic resource measurement focus and accrual accounting. Statements of Net Position prepared using the economic resource focus reports the balances in capital assets and long-term liabilities.

References

Multiple Choice Learning Objective:
01-04 Define the 11
fund types used by
state and local
governments.

89.

Award: 1.00 point

Long-term debt of a governmental unit would be reported in the:

- notes to the financial statements only.
- government-wide financial statements only.
- debt service funds of governmental fund financial statements and government-wide financial statements.
- government-wide financial statements and proprietary fund financial statements.

Government-wide statements are prepared using the economic resource measurement focus and accrual accounting. Balance sheets prepared using the economic resource focus reports the balances in fixed assets and long-term liabilities.

References

Multiple Choice Learning Objective:
01-04 Define the 11
fund types used by
state and local
governments.

90.

Award: 1.00 point

A city government collects local sales taxes legally restricted to pay for the construction of a new courthouse. Which fund should account for the receipt of the sales taxes?

- Capital projects fund
- Special revenue fund
- Private-purpose trust fund
- General fund

Capital projects funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays. As such, it accounts for the purchase or construction of major capital improvements, except those purchased or constructed by a proprietary or fiduciary fund.

References

Multiple Choice Learning Objective:
01-04 Define the 11
fund types used by
state and local
governments.

91.

Award: 1.00 point

A city government collects local sales taxes legally restricted to pay for the hiring of teachers for hearing impaired school children. Which fund should account for the receipt of the sales taxes?

- Private-purpose trust fund
- Capital projects fund
- General fund
- Special revenue fund

Special revenue funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for a specified purpose other than debt service or capital projects. These include activities funded by federal or state grants or by taxes specifically restricted to certain activities.

References

Multiple Choice Learning Objective:
01-04 Define the 11
fund types used by
state and local
governments.

92.

Award: 1.00 point

A city government makes its semiannual payment of interest on revenue bonds issued to pay for the construction of additional public transit stations. Which fund would account for the payment?

- Debt service fund
- Internal service fund
- Capital projects fund
- Enterprise fund

Enterprise funds are used when resources are provided primarily through the use of sales and service charges to parties external to the government. Examples of enterprise funds include utilities, airports, swimming pools and transit systems.

References

Multiple Choice Learning Objective:
01-04 Define the 11
fund types used by
state and local
governments.

93.

Award: 1.00 point

A city government sells police cars no longer in use. No restrictions have been placed on the proceeds. Which fund should account for the receipt?

- Enterprise fund
- Capital projects fund
- General fund
- Debt service fund

The general fund would account for the proceeds of the sale. The general fund accounts for most of the basic services provided by the government. It accounts for and reports all financial resources not accounted for and reported in another fund. Capital projects funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays. Enterprise funds are used when resources are provided primarily through the use of sales and service charges to parties external to the government. Debt service funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest, other than interest or principal on proprietary or fiduciary activities.

References

Multiple Choice Learning Objective:
01-04 Define the 11
fund types used by
state and local
governments.

94.

Award: 1.00 point

Accrual accounting is used by state and local governments for:

- government-wide, proprietary fund, and fiduciary fund financial statements only.
- government-wide financial statements only.
- government-wide financial statements and proprietary fund financial statements only.
- government-wide and all fund financial statements.

Government-wide, proprietary fund, and fiduciary fund statements are prepared using accrual accounting. Governmental funds use modified accrual accounting.

References

Multiple Choice Learning Objective:
01-04 Define the 11
fund types used by
state and local
governments.

95. Award: 1.00 point

Under GASB, modified accrual accounting would be found in the:

- government-wide financial statements only.
- governmental fund financial statements only.
- governmental and fiduciary fund financial statements only.
- governmental, proprietary, and fiduciary fund financial statements but **not** in the government-wide financial statements.

Governmental funds use modified accrual accounting. Government-wide, proprietary fund, and fiduciary fund statements are prepared using accrual accounting.

References

Multiple Choice Learning Objective:
01-04 Define the 11
fund types used by
state and local
governments.

96. Award: 1.00 point

Which of the following is **not** a fiduciary fund type?

- Investment trust.
- Private-purpose trust.
- Expendable trust.
- Custodial.

Fiduciary funds include private purpose trust, investment trust, pension trust and custodial funds.

References

Multiple Choice Learning Objective:
01-04 Define the 11
fund types used by
state and local
governments.

97.

Award: 1.00 point

Level "A" GAAP for Cook County Hospital, a public hospital, would be established by the:

- Governmental Accounting Standards Board.
- American Institute of Certified Public Accountants.
- Financial Accounting Standards Board.
- Hospital Financial Management Association.

The hospital is a public hospital. The Governmental Accounting Standards Board sets accounting and financial reporting standards for state and local governments in the U.S., governmentally related not-for-profit organizations, such as colleges and universities, health care entities, museums, libraries, and performing arts organizations that are owned or controlled by governments. So GASB would be responsible for level "A" GAAP.

References

Multiple Choice Learning Objective:
01-03 Identify the sources of authoritative accounting standards for various public and private sector organizations.

98.

Award: 1.00 point

Which of the following is correct regarding fund classifications?

- Governmental funds include the general, special revenue, internal service, capital projects, and permanent.
- Proprietary funds include enterprise, internal service, and private-purpose.
- Fiduciary funds include custodial and enterprise funds.
- None of the choices are correct.

Governmental funds include permanent, debt service, capital project, special revenue and general. Proprietary funds include internal service and enterprise. Fiduciary funds include private purpose trust, investment trust, pension trust and custodial.

References

Multiple Choice Learning Objective:
01-04 Define the 11
fund types used by
state and local
governments.

99.

Award: 1.00 point

Notre Dame University, a private institution, has level "A" GAAP established by the:

- Financial Accounting Standards Board.
- Governmental Accounting Standards Board.
- National Association of College and University Business Officers.
- American Institute of Certified Public Accountants.

This is a private not-for-profit. Accounting and financial reporting standards for profit-seeking businesses and for and for nongovernmental not-for-profit organizations are set by the Financial Accounting Standards Board (FASB).

References

Multiple Choice Learning Objective:
01-03 Identify the sources of authoritative accounting standards for various public and private sector organizations.

100. Award: 1.00 point

Long-term debt to be paid from proprietary funds is reported as a liability in:

- the proprietary fund Statement of Net assets (or Net Position).
- the government-wide Statement of Net assets (or Net Position).
- both of the choices are true.
- neither of the choices is true.

Proprietary and government-wide statements are both prepared using the economic resource measurement focus and accrual accounting. Balance sheets prepared using the economic resource focus reports the balances in fixed assets and long-term liabilities. No adjustment is necessary when proprietary funds are combined with other funds in the government-wide statements.

References

Multiple Choice Learning Objective:
01-04 Define the 11
fund types used by
state and local
governments.

101. Award: 1.00 point

Which of the following are the governmental funds?

- General, special revenue, debt service, capital projects, private purpose.
- General, special revenue, debt service, capital projects, permanent.
- General, special revenue, debt service, capital projects, internal service.
- None of the choices are correct.

Governmental funds include permanent, debt service, capital project, special revenue, and general fund.

References

Multiple Choice Learning Objective:
01-04 Define the 11
fund types used by
state and local
governments.

102. Award: 1.00 point

Which of the following is **not** an objective of federal financial reporting?

- Stewardship
- Budgetary Integrity
- Increase Taxpayer Awareness
- Operating Performance

SFFAC 1 Outlines four objectives that should be followed in federal financial reporting; budgetary integrity, operating performance, stewardship and systems and controls.

References

Multiple Choice Learning Objective:
01-03 Identify the sources of authoritative accounting standards for various public and private sector organizations.

103. Award: 1.00 point

Which of the following funds is a Fiduciary Fund?

- Pension Trust Fund
- Enterprise Fund
- Debt Service Fund
- Internal Service Fund

Fiduciary funds include private purpose trust, investment trust, pension trust and custodial funds.

References

Multiple Choice Learning Objective:
01-04 Define the 11
fund types used by
state and local
governments.

104. Award: 1.00 point

Which of the following statement(s) are **not** included in the proprietary funds for a government entity:

- Statement of Revenues, Expenditures, and Changes in Fund Balances.
- Statement of Cash Flows.
- Statement of Net Position.
- All of the choices are included.

Proprietary funds prepare the Statement of Net Position, Statement of Revenues, Expenses and Changes in Fund Net Position and Statement of Cash Flows.

References

Multiple Choice Learning Objective:
01-04 Define the 11
fund types used by
state and local
governments.

105. Award: 1.00 point

Capitalized fixed assets may be reported in which of the following fund-basis statements?

- Permanent funds
- Capital project funds
- Proprietary funds
- Special revenue funds

Proprietary and fiduciary funds and government-wide statements are prepared using the economic resource measurement focus and accrual accounting. Balance sheets prepared using the economic resource focus reports the balances in fixed assets and long-term liabilities. Governmental funds are prepared using the current financial resource measurement focus and modified accrual accounting. Long-term assets and long-term debt are not recognized.

References

Multiple Choice Learning Objective:
01-04 Define the 11
fund types used by
state and local
governments.

106. Award: 1.00 point

Which of the following fund types uses modified accrual accounting?

- Enterprise
- Internal Service
- Capital Project
- Pension Trust

Governmental funds use modified accrual accounting. Capital project funds are government funds. Government-wide, proprietary fund, and fiduciary fund statements are prepared using accrual accounting. Enterprise and internal service funds are proprietary funds and a pension trust is a fiduciary fund.

References

Multiple Choice Learning Objective:
01-04 Define the 11
fund types used by
state and local
governments.

107. Award: 1.00 point

Which of the following fund types uses accrual accounting?

- Special Revenue
- Investment Trust
- Permanent
- Debt Service

Government-wide, proprietary fund, and fiduciary fund statements are prepared using accrual accounting. Investment trust is a fiduciary fund. Governmental funds use modified accrual accounting. Debt service, special revenue and permanent funds are all governmental funds.

References

Multiple Choice Learning Objective:
01-04 Define the 11
fund types used by
state and local
governments.

108. Award: 1.00 point

A permanent fund classified under governmental funds:

- Accounts for resources that are legally restricted so only earnings, not principal, may be expended, and for purposes to benefit the government and its citizenry.
- Accounts for financial resources intended for major capital projects.
- Accounts for most of the basic services provided by the governmental unit.
- Accounts for services provided by one department of a government to another.

Permanent funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs.

References

Multiple Choice Learning Objective:
01-04 Define the 11
fund types used by
state and local
governments.

109. Award: 1.00 point

The general fund classified under governmental funds:

- Accounts for most of the basic services provided by the governmental unit.
- Accounts for financial resources intended for major capital projects.
- Accounts for resources that are legally restricted so only earnings, not principal, may be expended, and for purposes to benefit the government and its citizenry.
- Accounts for services provided by one department of a government to another.

The general fund accounts for most of the basic services provided by the government. It accounts for and reports all financial resources not accounted for and reported in another fund.

References

Multiple Choice Learning Objective:
01-04 Define the 11
fund types used by
state and local
governments.

110. Award: 1.00 point

A capital projects fund classified under governmental funds:

- Accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for capital projects.
- Accounts for resources that are legally restricted so only earnings, not principal, may be expended, and for purposes to benefit the government and its citizenry.
- Accounts for services provided by one department of a government to another.
- Accounts for most of the basic services provided by the governmental unit.

Capital projects funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays.

References

Multiple Choice Learning Objective:
01-04 Define the 11
fund types used by
state and local
governments.

111.

Award: 1.00 point

Which of the following funds is not a Fiduciary Fund?

- Permanent Fund
- Pension Fund
- Private Purpose Trust Fund
- Investment Trust Fund

Fiduciary funds include private-purpose trust, investment trust, pension trust and custodial funds. Permanent funds are governmental funds.

References

Multiple Choice Learning Objective:
01-04 Define the 11
fund types used by
state and local
governments.

112. Award: 1.00 point

The _____ sets the accounting and financial reporting standards for both state and local governments and public not-for-profits.

- FASAB
- AICPA
- GASB
- FASB

The GASB sets accounting and financial reporting standards for state and local governments in the U.S., governmentally related not-for-profit organizations, such as colleges and universities, health care entities, museums, libraries, and performing arts organizations that are owned or controlled by governments.

References

Multiple Choice Learning Objective:
01-03 Identify the sources of authoritative accounting standards for various public and private sector organizations.

113. Award: 1.00 point

The _____ is the government's official annual report prepared and published as a matter of public record.

- complete audited financial report
- independent auditor's report
- governmental annual financial report
- comprehensive annual financial report

The Comprehensive Annual Financial Report (CAFR) is the government's official annual report prepared and published as a matter of record.

References

Multiple Choice Learning Objective:
01-04 Define the 11
fund types used by
state and local
governments.

114. Award: 1.00 point

State and local governmental funds are organized into three categories including:

- governmental, proprietary, and restricted.
- governmental, fiduciary, and restricted.
- proprietary, fiduciary, and restricted.
- governmental, proprietary, and fiduciary.

Funds used by state and local governments include fiduciary, proprietary and governmental.

References

Multiple Choice Learning Objective:
01-04 Define the 11
fund types used by
state and local
governments.

115. Award: 1.00 point

The _____ Fund accounts for all resources other than those required to be accounted for in other funds.

- General
- Special revenue
- Enterprise
- Custodial

The general fund accounts for most of the basic services provided by the government. It accounts for and reports all financial resources not accounted for and reported in another fund.

References

Multiple Choice Learning Objective:
01-04 Define the 11
fund types used by
state and local
governments.

116. Award: 1.00 point

The _____ Fund accounts for and reports the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purpose other than debt service or capital projects.

- General
- Special revenue
- Enterprise
- Custodial

Special revenue funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for a specified purpose other than debt service or capital projects. These include activities funded by federal or state grants or by taxes specifically restricted to certain activities.

References

Multiple Choice Learning Objective:
01-04 Define the 11
fund types used by
state and local
governments.

117.

Award: 1.00 point

The _____ Funds are used when resources are provided primarily through the use of sales and service charges to parties external to the government and it is the intent of the government to measure revenues, expenses and changes in net position.

- Special revenue
- Custodial
- General
- Enterprise

Enterprise funds are used when resources are provided primarily through the use of sales and service charges to parties external to the government. Examples of enterprise funds include utilities, airports, swimming pools and transit systems.

References

Multiple Choice Learning Objective:
01-04 Define the 11
fund types used by
state and local
governments.

118. Award: 1.00 point

The _____ Funds are used to account for situations in which the government is acting as a collecting/disbursing agent.

- Enterprise
- Custodial
- General
- Special revenue

Custodial funds are used to account for situations in which the government is acting as a collecting/disbursing agent. An example would be a county tax custodial fund, where the county collects and disburses property taxes for other taxing units within the county, such as independent school districts.

References

Multiple Choice Learning Objective:
01-04 Define the 11
fund types used by
state and local
governments.

119. Award: 1.00 point

What basis of accounting would the Enterprise Fund use?

- Accrual
- Modified Accrual
- Cash
- Expended Accrual

Enterprise funds are proprietary funds and use accrual accounting.

References

Multiple Choice Learning Objective:
01-04 Define the 11
fund types used by
state and local
governments.

120. Award: 1.00 point

What are Enterprise funds used for?

- To account for resources provided primarily through the use of sales and service charges to parties external to the government.
- To account for pension and employee benefit funds for which the governmental unit is the trustee.
- To account for most of the basic services provided by the governmental units.
- To report resources that are legally restricted so only earnings, not principal, may be expended, and for purposes to benefit the government and its citizenry.

Enterprise funds are used when resources are provided primarily through the use of sales and service charges to parties external to the government. Examples of enterprise funds include utilities, airports, swimming pools and transit systems.

References

Multiple Choice Learning Objective:
01-04 Define the 11
fund types used by
state and local
governments.

121. Award: 1.00 point

Which of the following is an environmental difference between governments and for-profit business enterprises?

- Relationship with stakeholders
- Donor restricted assets
- Fiduciary responsibilities
- Both donor restricted assets and fiduciary responsibilities

The GASB published a white paper identifying five environmental differences between governments and for-profit businesses. They are organizational purpose, sources of revenues, potential for longevity, relationship with stakeholders and the role of the budget.

References

Multiple Choice Learning Objective:
01-02 Distinguish
between private and
public sector
organizations.

122. Award: 1.00 point

How many General Funds may a government have?

- One.
- As many as is required to fulfill legal obligations.
- A varying number, depending on the annual needs of the government.
- None of the choices are correct.

Every government will have a single general fund but may have multiple funds in each of the other categories.

References

Multiple Choice Learning Objective:
01-04 Define the 11
fund types used by
state and local
governments.

123. Award: 1.00 point

The Financial Accounting Standards Board (FASB) is the standard setting organization for which of the following reporting organizations?

- Private not-for-profits
- Public not-for-profits
- Investor owned businesses
- Private not-for-profits and investor owned businesses are both correct

Accounting and financial reporting standards for profit-seeking businesses and for nongovernmental not-for-profit organization are set by the FASB.

References

Multiple Choice Learning Objective:
01-03 Identify the sources of authoritative accounting standards for various public and private sector organizations.

124. Award: 1.00 point

The fund basis statements for governmental funds are presented using the:

- Current Financial Resources Measurement focus and the Accrual Basis of Accounting.
- Current Financial Resources Measurement focus and the Modified Accrual Basis of Accounting.
- Economic Resources Measurement focus and the Modified Accrual Basis of Accounting.
- Economic Resources Measurement focus and the Accrual Basis of Accounting.

Governmental funds use the current financial resources measurement focus and the modified accrual basis of accounting.

References

Multiple Choice Learning Objective:
01-04 Define the 11
fund types used by
state and local
governments.

125. Award: 1.00 point

What type of fund is used when resources are provided mainly through business-like transactions to parties external to the government?

- Custodial Funds
- Enterprise Funds
- Internal Service Funds
- Capital Projects Funds

Enterprise funds are used when resources are provided primarily through the use of sales and service charges to parties external to the government. Examples of enterprise funds include utilities, airports, swimming pools and transit systems.

References

Multiple Choice Learning Objective:
01-04 Define the 11
fund types used by
state and local
governments.

126. Award: 1.00 point

Financial reports for state and local governments are well suited for all the following EXCEPT?

- Assessing financial condition and results of operations.
- Measuring the effectiveness of government services such as police and fire protection.
- Assisting in determining compliance with finance-related laws and regulations.
- Comparing actual results with the legally adopted budget.

One difficulty governments have in meeting the information needs of citizens is that traditional financial statements are not designed to evaluate the government's effectiveness in delivering services.

References

Multiple Choice Learning Objective:
01-03 Identify the sources of authoritative accounting standards for various public and private sector organizations.

127. Award: 1.00 point

Which of the following funds is used to account for the payment of principal and interest of general long term debt of a government?

- Capital Projects Fund
- Debt Service Fund
- Internal Service Fund
- Custodial Fund

Debt service funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest, other than interest or principal on proprietary or fiduciary activities.

References

Multiple Choice Learning Objective:
01-04 Define the 11
fund types used by
state and local
governments.

128. Award: 1.00 point

The GASB is under the oversight of:

- FASB.
- GAO.
- FASAB.
- FAF.

The GASB and the FASB are parallel bodies under the oversight of the Financial Accounting Foundation (FAF). The FAF appoints the members of the two boards and provides financial support to the boards.

References

Multiple Choice Learning Objective:
01-03 Identify the sources of authoritative accounting standards for various public and private sector organizations.

129. Award: 1.00 point

Which of the following are nonauthoritative sources that a government may use when the accounting treatment of a transaction is not addressed in one of the authoritative sources?

- GASB Implementation Guides
- GASB Technical Bulletins
- Literature of the American Institute of Certified Public Accountants (AICPA) specifically cleared by the GASB
- GASB Concept Statements

GASB Concept Statements are a non-authoritative source for guidance which may be used if the accounting treatment is not specified within Category A or B sources.

References

Multiple Choice Learning Objective:
01-03 Identify the sources of authoritative accounting standards for various public and private sector organizations.

130. Award: 1.00 point

Which of the following is a Category A source of authoritative GAAP for state and local governments?

- GASB Statements (and Interpretations)
- GASB Implementation Guides
- Literature of the American Institute of Certified Public Accountants (AICPA) specifically cleared by the GASB
- GASB Technical Bulletins

GASB Statements and Interpretations are Category A GAAP. GASB Technical Bulletins, Literature of the American Institute of Certified Public Accountants (AICPA) specifically cleared by the GASB and GASB Implementation Guides are all Category B GAAP.

References

Multiple Choice Learning Objective:
01-03 Identify the sources of authoritative accounting standards for various public and private sector organizations.

131. Award: 1.00 point

In FASB's *Statement of Financial Accounting Concepts No. 4*, the FASB identifies the information needs of the users of nonbusiness financial statements. Which of the following is not one of those needs?

- Assessing the services that a nonbusiness organization provides and its ability to continue to provide those services
- Assessing cash flow and the entity's ability to make current payments
- Evaluating an organization's economic resources, obligations, and effects of changes in those net resources
- Making decisions about the allocation of resources to those organizations

Assessing cash flow was not one of the items identified in Statement #4. The other options deemed as incorrect are all information needs of users of nonbusiness financial statements.

References

Multiple Choice Learning Objective:
01-03 Identify the sources of authoritative accounting standards for various public and private sector organizations.

132. Award: 1.00 point

What does the acronym CAFR stand for?

- Comprehensive Audited Financial Report
- Comprehensive Annual Financial Report
- Consolidated Annual Financial Report
- Consolidated Annual Federal Report

CAFR stands for Comprehensive Annual Financial Report.

References

Multiple Choice Learning Objective:
01-04 Define the 11
fund types used by
state and local
governments.

133. Award: 1.00 point

Which of the following statements is false?

- The CAFR contains introductory material, an auditor's report, certain RSI, schedules necessary to demonstrate legal compliance, and statistical tables.
- A *comprehensive annual financial report (CAFR)* is the government's official annual report prepared and published as a matter of public record.
- A CAFR is not required for entities with only a general fund.
- Governments have two levels of financial statement reporting. The first is the fund-basis financial statements and the second is the government-wide statements.

A CAFR is the government's official annual report prepared and published as a matter of public record. It is required reporting for all state and local government reporting entities.

References

Multiple Choice Learning Objective:
01-04 Define the 11
fund types used by
state and local
governments.

134. Award: 1.00 point

Which of the following statements regarding fund accounting is true?

- Each fund requires its own journal, but all funds post the information to a common general ledger.
- Fund-basis statements are presented for three categories of activities: government-wide, proprietary, and fiduciary.
- A typical town or county government has approximately the same number of funds as cities and states.
- While a business will typically have a single general ledger, the activities of governments are broken down into accounting subunits called *funds*.

Each fund has its own ledger and general journal in comparison with commercial enterprise typically record all activities in a single ledger.

References

Multiple Choice Learning Objective:
01-04 Define the 11
fund types used by
state and local
governments.

135. Award: 1.00 point

Which of the following does not use the economic resources measurement focus?

- Proprietary funds
- Governmental funds
- Fiduciary funds
- Government-wide funds

Governmental funds have a current financial resources measurement focus and the modified accrual basis of accounting. Government-wide, proprietary fund, and fiduciary fund statements have an economic resources measurement focus and accrual basis of accounting.

References

Multiple Choice Learning Objective:
01-04 Define the 11
fund types used by
state and local
governments.

136. Award: 1.00 point

Which of the following is **not** true with respect to a transaction that is nonexchange in nature?

- They are activities heavily financed by taxes and other involuntary contributions from people and organizations who do not receive benefits directionally proportional to the contribution they make.
- They are activities where recipients may pay less than the cost of the goods or service received.
- They are activities where benefits received are in direct proportion to the fees charged for goods or services.
- They are activities undertaken in response to the needs of the public.

Nonexchange transactions are activities undertaken in response to the needs of the public. Activities reported in governmental funds are heavily financed by taxes and involuntary contributions from persons and organizations who do not receive services in direct proportion to the contribution they make.

References

Multiple Choice Learning Objective:
01-04 Define the 11
fund types used by
state and local
governments.

GASB standards provide that accounting systems of governmental funds are designed to measure:

- The extent to which financial resources obtained during a period are sufficient to cover claims incurred during that period against financial resources.
- The acquisition and disposal of net assets.
- The net financial resources available for past periods.
- The receipt of resources. These resources are always restricted to only current assets.

GASB standards provide that accounting systems of governmental funds are designed to measure (a) the extent to which financial resources obtained during a period are sufficient to cover claims incurred during that period against financial resources and (b) the net financial resources available for future periods. Activities of governmental funds are said to be expendable, that is, the focus is on the receipt and expenditure of resources. These resources are generally restricted to current assets and liabilities.

References

Multiple Choice Learning Objective:
01-04 Define the 11
fund types used by
state and local
governments.

138. Award: 1.00 point

Which of the following is an attribute of modified accrual accounting?

- Expenses are recorded on the Statement of Changes in Fund Balance
- Revenues are generally recognized when *measurable* and *available* to finance the expenditures of the current period
- Long-term debt is recorded in the governmental fund balance sheet
- Long-term assets and depreciation are recorded in the governmental fund balance sheet

Under modified accrual accounting, revenues are generally recognized when measurable and available to finance the expenditures of the current period. Expenditures, not expenses, are recognized in the period in which the fund liability is incurred. Long-term assets and long-term debt are generally not recorded, although there are some exceptions.

References

Multiple Choice Learning Objective:
01-04 Define the 11
fund types used by
state and local
governments.

139. Award: 1.00 point

Which of the following is true with respect to the government-wide statements?

- Government-wide statements are prepared using the modified accrual basis of accounting and an economic resource measurement focus.
- Government-wide statements use the current financial resources measurement focus and the accrual basis of accounting.
- Government-wide statements are prepared using the accrual basis of accounting, including the recording of fixed assets and long-term debt.
- Government-wide statements are prepared using the modified accrual basis of accounting and the current financial resources measurement focus.

Governmental-type activities are reported in the government-wide statements using the accrual basis of accounting, including fixed assets and long-term debt.

References

Multiple Choice Learning Objective:
01-04 Define the 11
fund types used by
state and local
governments.

140. Award: 1.00 point

Which of the following are governmental funds?

- Internal Service and Special Revenue
- Custodial and Permanent
- Enterprise and Debt Service
- Debt Service and Capital Project

Governmental funds include permanent, debt service, capital project, special revenue, and general fund.

References

Multiple Choice Learning Objective: 01-04 Define the 11 fund types used by state and local governments.

141. Award: 1.00 point

Contrast revenue recognition under the accrual and modified accrual bases of accounting.

The accrual basis of accounting recognizes revenues when they are earned and expect to be realized. Expenses are recognized when the related goods or services are used up. Modified accrual accounting recognizes revenues when measurable and available to finance the expenditures of the current period. Expenditures, not expenses, are recognized in the period in which the fund liability is incurred.

References

Short Answer Learning Objective: 01-04 Define the 11 fund types used by state and local governments.

142. Award: 1.00 point

What is the difference between recording an expenditure under modified accrual accounting and an expense under accrual accounting?

The accrual basis of accounting recognizes revenues when they are earned and expect to be realized. Expenses are recognized when the related goods or services are used up. Modified accrual accounting recognizes revenues when measurable and available to finance the expenditures of the current period. Expenditures, not expenses, are recognized in the period in which the fund liability is incurred.

References

Short Answer	Learning Objective: 01-04 Define the 11 fund types used by state and local governments.
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143. Award: 1.00 point

Identify the accounting standard setting bodies for U.S. commercial, private not-for-profits, public not-for-profits, state and local governments, and the federal government.

The FASAB sets standards for the federal government, GASB sets standards for state and local governments and public not-for-profits, and FASB sets standards for private not-for-profits and investor-owned businesses.

References

Short Answer	Learning Objective: 01-03 Identify the sources of authoritative accounting standards for various public and private sector organizations.
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144. Award: 1.00 point

Which reporting organizations fall under the following standard-setting bodies?

FASAB

GASB

FASB

The FASAB sets standards for the federal government, GASB sets standards for state and local governments and public not-for-profits, and FASB sets standards for private not-for-profits and investor-owned businesses.

References

Short Answer Learning Objective:
01-03 Identify the sources of authoritative accounting standards for various public and private sector organizations.

145. Award: 1.00 point

Contrast the economic resources measurement focus and the current financial resources measurement focus with regard to the accounting treatment of capital assets.

Under the economic resources measurement focus, capital assets are capitalized and depreciated. Under the current financial resources measurement focus, capital assets are not capitalized or depreciated, but are charged to expenditures when received.

References

Short Answer Learning Objective:
01-01 Obtain an overview of financial reporting for nonbusiness entities.

146. Award: 1.00 point

What are the five environmental factors relating to how governments are different from commercial businesses as described by GASB in a white paper entitled: *Why Governmental Accounting and Financial Reporting Is – and Should Be – Different*:

The GASB published a white paper identifying five environmental differences between governments and for-profit businesses. They are organizational purpose, sources of revenues, potential for longevity, relationship with stakeholders and the role of the budget. Organizational Purpose: Governments exist for the well-being of citizens by providing public services. Unlike businesses, profit is not an objective so a measure other than net income is needed. In addition, the stakeholders and the information they require are very different. Governments report information that is far more disaggregated than a commercial enterprise. Sources of Revenue: Governments derive many of their resources from taxes. Individuals and businesses pay taxes because they are legally bound. Since there is no “product or service” being conveyed at the time of payment, it is difficult to determine when to recognize revenue. Potential for Longevity: Governments rarely go out of business, so they have an accounting focus with a long-term view of operations and the sustainability of services and the ability of meet future demand. Relationship with Stakeholders: Governments have an obligation to demonstrate accountability for public funds. Fund accounting is used by governments to provide assurance that resources are used according to legal or donor restrictions. Role of the Budget: Budgets are expressions of public policy and often carry the authority of law. Public officials must stay within their budgets. Required budget vs. actual comparisons indicate the degree of compliance in this area.

References

Short Answer	Learning Objective: 01-02 Distinguish between private and public sector organizations.
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147. Award: 1.00 point

Identify the three basic fund categories, the funds that make up each of them, and the category's basis of accounting.

The three fund categories are governmental, proprietary and fiduciary. Governmental funds include permanent, debt service, capital project, special revenue, and general. Governmental funds use modified accrual accounting. Proprietary funds include internal service and enterprise. Proprietary funds use accrual accounting. Fiduciary funds include private purpose trust, investment trust, pension trust, and custodial. Fiduciary funds use accrual accounting.

References

Short Answer Learning Objective:
01-04 Define the 11
fund types used by
state and local
governments.

148. Award: 1.00 point

Contrast the economic resources measurement focus and the current financial resources measurement focus with regard to the accounting treatment of long-term debt.

An economic resource measurement focus measures both current and long-term assets and liabilities and is the measurement focus used by businesses. With respect to the current financial resources measurement, GASB standards provide that accounting systems of governmental funds are designed to measure (a) the extent to which financial resources obtained during a period are sufficient to cover claims incurred during that period against financial resources and (b) the net financial resources available for future periods. The focus is on the receipt and expenditure of resources. These resources are generally restricted to current assets and liabilities.

References

Short Answer Learning Objective:
01-04 Define the 11
fund types used by
state and local
governments.

149. Award: 1.00 point

The GASB has established a hierarchy of GAAP for financial statements preparers. List one category A and one category B source.

Only GASB Statements and interpretations are Category A GAAP.

References

Short Answer

Learning Objective:
01-03 Identify the sources of authoritative accounting standards for various public and private sector organizations.

150. Award: 1.00 point

What are the four objectives that should be followed with respect to federal financial reporting according to Statements of Federal Financial Accounting Concepts (SFFAC) #1 as issued by the FASAB?

SFFAC 1 outlines four objectives that should be followed in federal financial reporting. 1. Budgetary integrity, indicates that financial reporting should demonstrate accountability with respect to the raising and expending of moneys. 2. Operating performance, suggests that financial reporting should enable evaluation of the service efforts, costs and accomplishments of the federal custodial. 3. Stewardship, reflects the concept that financial reporting should enable an assessment of the impact on the nation of the government's operations and investments. 4. Systems and controls, indicates that financial reporting should reveal whether financial systems and controls are adequate.

References

Short Answer	Learning Objective: 01-03 Identify the sources of authoritative accounting standards for various public and private sector organizations.
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151. Award: 1.00 point

In its Statement of Financial Accounting Concepts #4, the FASB identifies the information needs of the users of non-business financial statements. These include providing information that is useful to present and potential resource providers in which four evaluation areas?

FASB's Statement of Financial Accounting Concepts No. 4, identifies the information needs of the users of nonbusiness financial statements. These include providing information that is useful to present and potential resource providers to make decisions about the allocation of resources to those organizations, assess the services that a nonbusiness organization provides and its ability to continue to provide those services, assess management's stewardship and performance and evaluate an organization's economic resources, obligations, and effects of changes in those net resources.

References

Short Answer	Learning Objective: 01-03 Identify the sources of authoritative accounting standards for various public and private sector organizations.
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152. Award: 1.00 point

Provide the definition of the following terms as outlined by GASB Concepts Statement No. 4, Elements of Financial Statements:

Assets

Liabilities

Net position

Inflows of resources

Outflows of resources

The GASB's Concepts Statement No. 4 provides key definitions of items appearing in financial statements.

References

Short Answer

Learning Objective:
01-01 Obtain an
overview of financial
reporting for
nonbusiness
entities.

153. Award: 1.00 point

What are the fund-basis financial statements for each of the following fund categories?

Fiduciary

Proprietary

Governmental

Fiduciary funds prepare a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position. Proprietary funds prepare a Statement of Net Position, Statement of Revenues, Expenses, and Changes in Fund Net Position and a Statement of Cash Flows. Governmental funds prepare a Balance Sheet and a Statement of Revenues, Expenditures, and Changes in Fund Balances.

References

Short Answer

Learning Objective:
01-04 Define the 11
fund types used by
state and local
governments.

154. Award: 1.00 point

List and define the five classifications of governmental funds.

The 5 governmental funds are: general, special revenue, capital project, debt service and permanent funds. The general fund accounts for most of the basic services provided by the government. Special revenue funds accounts for and reports the proceeds of specific revenue sources that are restricted or committed to expenditure for a specified purpose other than debt service or capital projects. Capital projects fund accounts for and reports financial resources that are committed or assigned to expenditure for capital outlays. It accounts for the purchase or construction of major capital improvements except those purchased or constructed by a proprietary or fiduciary fund. Debt service funds accounts for a reports financial resources that are restricted, committed or assigned to expenditure for principal and interest, other than interest or principal on proprietary or fiduciary activities. Permanent funds accounts for and reports resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs.

References

Short Answer

Learning Objective:
01-04 Define the 11
fund types used by
state and local
governments.

155. Award: 1.00 point

What is the definition of governmental organizations agreed upon by the FASB and GASB?

Public corporations and bodies corporate and politic are governmental organizations. Other organizations are governmental organizations if they have one or more of the following characteristics: Popular election of officers or appointment (or approval) of a controlling majority of the members of the organization's governing body by officials of one or more state or local governments, the potential for unilateral dissolution by a government with the net resources reverting to a government or the power to enact and enforce a tax levy. In addition, organizations are presumed to be governmental if they have the ability to issue directly debt that pays interest exempt from federal taxation.

References

Short Answer	Learning Objective: 01-03 Identify the sources of authoritative accounting standards for various public and private sector organizations.
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