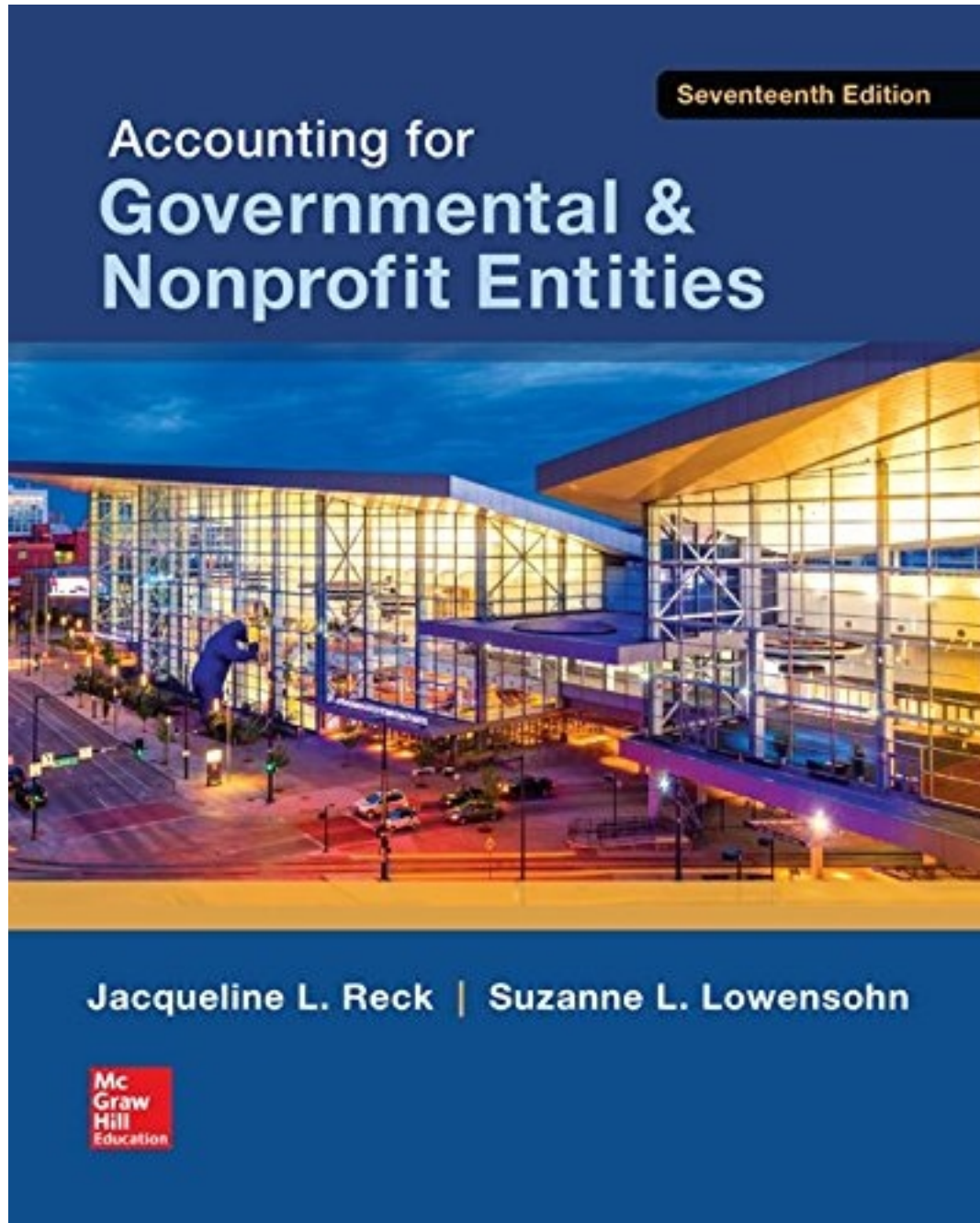


# Solutions for Accounting for Governmental and Nonprofit Entities 17th Edition by Reck

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# Solutions

## CHAPTER 2: PRINCIPLES OF ACCOUNTING AND FINANCIAL REPORTING FOR STATE AND LOCAL GOVERNMENTS

| <u>Number</u>              | <u>Topic</u>                                                          | <u>OUTLINE</u> | <u>Type/Task</u>    | <u>Status<br/>(re: 16/e)</u>                      |
|----------------------------|-----------------------------------------------------------------------|----------------|---------------------|---------------------------------------------------|
| <b>Questions:</b>          |                                                                       |                |                     |                                                   |
| 2-1                        | Service activities categories                                         |                | Identify            | New                                               |
| 2-2                        | Reporting objectives                                                  |                | Describe            | New                                               |
| 2-3                        | Modified accrual accounting                                           |                | Explain             | New                                               |
| 2-4                        | Fund categories                                                       |                | Identify            | Revised                                           |
| 2-5                        | Purpose of funds                                                      |                | Explain             | New                                               |
| 2-6                        | Deferred inflows and outflows of resources                            |                | Define              | New                                               |
| 2-7                        | Expenses/Expenditures                                                 |                | Identify            | New                                               |
| 2-8                        | Proprietary fund accounting                                           |                | Explain             | New                                               |
| 2-9                        | Fund balance classifications                                          |                | Identify            | New                                               |
| 2-10                       | Major fund criteria                                                   |                | Identify            | Same                                              |
| <b>Cases:</b>              |                                                                       |                |                     |                                                   |
| 2-11                       | Accounting and reporting principles                                   |                | Analysis            | Revised                                           |
| 2-12                       | Evaluation of basic financial statements                              |                | Evaluate            | Same                                              |
| 2-13                       | Fund balance classifications                                          |                | Describe            | New                                               |
| <b>Exercises/Problems:</b> |                                                                       |                |                     |                                                   |
| 2-14                       | Examine the CAFR                                                      |                | Examine             | Revised                                           |
| 2-15                       | Various                                                               |                | Multiple Choice     | Items 1,3, 5, and 6 are new; other items are same |
| 2-16                       | Matching fund types with fund categories                              |                | Identify            | 2-4                                               |
| 2-17                       | Matching government-wide and fund financial reporting characteristics |                | Match               | 2-5 revised                                       |
| 2-18                       | Matching transactions with funds                                      |                | Match               | 2-6                                               |
| 2-19                       | Fund balance classifications                                          |                | Analyze             | 9-5 revised                                       |
| 2-20                       | Determination of major funds                                          |                | Analysis; calculate | 2-7                                               |

## CHAPTER 2: PRINCIPLES OF ACCOUNTING AND FINANCIAL REPORTING FOR STATE AND LOCAL GOVERNMENTS

### Answers to Questions

- 2-1. The three categories of broad service activities of a general purpose government are governmental, business-type, and fiduciary. Governmental activities include administrative support and core government services. Business-type activities are activities that are generally intended to be self-supporting, such as public utilities. Fiduciary activities are those where the government acts as a trustee or agent for parties outside the government.

**General Problem Information:** Service activities categories

**Learning Objective:** 2-1

**Topic:** Activities of Government

**Bloom's Taxonomy:** Remember

**Accreditation Skills tag:** AACSB: Communication, AICPA: BB Industry

**Level of Difficulty:** Easy

- 2-2. The primary objective of government-wide financial reporting is to report on the government's operational accountability so that users can evaluate whether the government is covering the cost of its services over the long run. Additionally, recall from Chapter 1 that operational accountability relates to how efficiently and effectively the government is using its resources in meeting its objectives. The objective of governmental fund financial reporting is to report on the government's fiscal accountability. Thus, governmental fund financial reporting helps users evaluate the short run objective of whether financial resources were raised and spent in accordance with legal and budgetary restrictions. As can be seen from the objectives, the focus of the government-wide statements tends to be more long run and related to cost of services; whereas, the governmental fund financial statements tends to be short run and related to whether costs for services were incurred in accordance with restrictions.

**General Problem Information:** Reporting objectives

**Learning Objective:** 2-2

**Topic:** Financial Reporting Model

**Bloom's Taxonomy:** Understand

**Accreditation Skills tag:** AACSB: Communication, AICPA: BB Industry

**Level of Difficulty:** Medium

- 2-3. The modified accrual basis of accounting records revenues when they are measurable and available for use in paying current period obligations, while expenditures are recorded when an obligation has been incurred that will be paid from current financial resources. Because governmental fund financial statements focus on fiscal accountability, this basis of accounting allows for a focus on current sources and uses of financial resources as opposed to the more long-term view provided by accrual accounting.

Ch. 2, Answers, Question 2-3 (Cont'd)

**General Problem Information:** Modified accrual accounting

**Learning Objective:** 2-2

**Topic:** Financial Reporting Model

**Bloom's Taxonomy:** Understand

**Accreditation Skills tag:** AACSB: Communication, AICPA: FN Reporting

**Level of Difficulty:** Medium

- 2-4. The three categories of funds are governmental, proprietary, and fiduciary. The fund types included in each category are shown below:

**Governmental**

General Fund

Special revenue funds

Debt service funds

Capital projects funds

Permanent funds

**Proprietary**

Enterprise funds

Internal service funds

**Fiduciary**

Agency funds

Investment trust funds

Pension (and other employee benefit) trust funds

Private-purpose trust funds

The basis of accounting used by governmental funds is modified accrual. Proprietary funds use the accrual basis of accounting as do fiduciary funds.

**General Problem Information:** Fund categories

**Learning Objective:** 2-2

**Topic:** Financial Reporting Model

**Bloom's Taxonomy:** Remember

**Accreditation Skills tag:** AACSB: Communication, AICPA: FN Reporting

**Level of Difficulty:** Easy

- 2-5. Governmental accounting systems must provide both reporting in accordance with GAAP and reporting to determine and demonstrate compliance with finance-related legal and contractual requirements. To ensure that both GAAP and compliance reporting requirements are met, a separate accounting mechanism is used. The mechanism that is used is fund accounting, which makes it possible to ensure that the compliance reporting requirement is met.

A fund is a separate reporting entity that may be established by imposition of grant or contract provisions by external parties, by constitutional provisions or legislation, or by discretionary action of the reporting government.

**General Problem Information:** Purpose of funds

**Learning Objective:** 2-2

**Topic:** Financial Reporting Model

**Bloom's Taxonomy:** Understand

Ch. 2, Answers, Question 2-5 (Cont'd)

**Accreditation Skills tag:** AACSB: Communication, AICPA: FN Reporting

**Level of Difficulty:** Medium

- 2-6. Deferred outflows of resources are resources that have been consumed but are applicable to a future reporting period (e.g., costs related to a debt refunding). Deferred outflows increase net position. Deferred inflows of resources are resources that have been acquired but are applicable to a future period (e.g. resources received but unavailable for use until a future period). Deferred inflows decrease net position. These accounts, used only when required by a GASB standard, represent timing differences between the actual outflow or inflow of cash and the time period to which they apply.

**General Problem Information:** Deferred inflows and outflows of resources

**Learning Objective:** 2-2

**Topic:** Financial Reporting Model

**Bloom's Taxonomy:** Remember

**Accreditation Skills tag:** AACSB: Communication, AICPA: FN Reporting

**Level of Difficulty:** Easy

- 2-7. Expenditures report actual outlays of funds, whether for an operating cost or the purchase of an asset. Expenses focus on costs necessary to generate revenues or fund operations, and may be a result of the using up or expiration of an asset, even if no cash was paid out.

**General Problem Information:** Expenses/Expenditures

**Learning Objective:** 2-2

**Topic:** Financial Reporting Model

**Bloom's Taxonomy:** Remember

**Accreditation Skills tag:** AACSB: Communication, AICPA: FN Reporting

**Level of Difficulty:** Easy

- 2-8. Both enterprise funds and internal service funds are classified as proprietary funds. These two types of funds are operated in a manner similar to for-profit businesses. The reasons they are operated similar to for-profit businesses is because of the types of customers they serve and the fact that they are largely self-supporting. Enterprise funds are used for activities where services are provided to and paid for by the public. Internal service funds are used for centralized types of activities, where services are provided to and reimbursed by other governmental units.

**General Problem Information:** Proprietary fund accounting

**Learning Objective:** 2-2

**Topic:** Financial Reporting Model

**Bloom's Taxonomy:** Understand

Ch. 2, Answers, Question 2-8 (Cont'd)

**Accreditation Skills tag:** AACSB: Communication, AICPA: FN Reporting

**Level of Difficulty:** Medium

- 2-9. The fund balance classifications and an example for each are provided below. There are numerous examples of what could be included in each classification; therefore, consideration should be given to whether the student's answer appropriately fits the definition for the fund balance classification.

**Nonspendable:** This would include items such as endowments and prepaids (including inventory).

**Spendable-restricted:** This would include items restricted by those outside of government, such as operating and capital grants that can be used only for specific purposes, resources restricted by contractual arrangements such as debt proceeds.

**Spendable-committed:** This would include items that the governing body has set aside as a result of formal action, such as items related to capital acquisition/construction or operations (specific activities).

**Spendable-assigned:** These are items that the government intends to use for specific purposes, and could include items similar to those found under committed fund balances. Additionally, it would include any fund balances in special revenue, capital projects, debt service or permanent funds that have not been identified as nonspendable, restricted or committed.

**Spendable-unassigned:** This would be the balance in the General Fund that has not been identified as nonspendable, restricted, committed or assigned.

**General Problem Information:** Fund balance classifications

**Learning Objective:** 2-2

**Topic:** Financial Reporting Model

**Bloom's Taxonomy:** Remember

**Accreditation Skills tag:** AACSB: Communication, AICPA: FN Reporting

**Level of Difficulty:** Easy

- 2-10. The GASB requires that any fund that meets the following relative size criteria be designated as major:
- Total assets, liabilities, revenues or expenditures/expenses of that governmental or enterprise fund are at least 10 percent of the corresponding element total (assets, liabilities, and so forth) for all funds of that category or type (that is, total governmental or total enterprise funds), *and* (emphasis added)
  - The same element that met the 10 percent criterion in (a) is at least 5 percent of the corresponding element total for all governmental and enterprise funds combined.

In addition to funds that meet these two criteria, the General Fund of a state or local government must always be reported as a major fund. Finally, at its discretion management can report as a major fund any other governmental or enterprise fund that it considers of significant importance to financial statement users.

Ch. 2, Answers, Question 2-10 (Cont'd)

**General Problem Information:** Major fund criteria

**Learning Objective:** 2-3

**Topic:** Major Funds

**Bloom's Taxonomy:** Remember

**Accreditation Skills tag:** AACSB: Communication, AICPA: FN Reporting

**Level of Difficulty:** Easy

Solutions to Cases

- 2-11. A quick look at these financial statements reveals that Ms. Ramirez, while familiar with not-for-profit reporting, has almost no knowledge of GASB reporting requirements. Let's analyze these financial statements from the viewpoint of (a) a local CPA who is considering auditing the town's financial statements and (b) a member of the town council or a citizen.
- a. As a CPA knowledgeable about governmental accounting, you should see many red flags regarding the financial statements. Do the financial statements that Ms. Ramirez has prepared conform to GAAP? The short answer is no. To determine why the statements do not conform you need only analyze them relative to the information in this chapter and the government-wide and fund financial statements prepared by governments conforming to GASB standards, such as those prepared by the City and County of Denver (see Illustrations A2-1 through A2-11). Among the many problems you should detect (although you may miss many of these problems at this early point in the course) are the following.
1. The town does not present separate government-wide and fund financial statements, although with a little work the balance sheet could be converted into a government-wide statement of net position.
  2. Since the government has both governmental and an enterprise fund, activities at the government-wide level are required to be separated into governmental activities and business-type activities. See Illustration A2-1 for an example.
  3. At the fund level the financial statements will need to provide separate columns for the General Fund activity and the major/nonmajor fund activity (in this case the Road Tax Fund). See Illustration A2-3 for an example.
  4. At the government-wide level there would be no net asset information; it would be net position information. Additionally, the net position information would need to identify net position-restricted (there is no temporarily restricted classification) and net position-net investment in capital assets.

Ch. 2, Solutions, Case 2-11 (Cont'd)

5. Because no fund financial statements are prepared, key information such as nonspendable, restricted, committed, assigned, and unassigned fund balances of the General Fund (see Illustration A2-3, for example) and the Road Tax Fund are not presented.
6. The statement of activities is not in the cost of services format recommended by GASB, where the expenses are adjusted for program revenues (such as charges for services) to determine the net expenses from which general revenues (such as taxes) are deducted (see Illustration A2-2, for example). The change reflected on the statement of activities is a change in net position, not net assets as reported by Ms. Ramirez.
7. Budget and actual comparison information is not presented as required, either as basic statements or required supplementary information schedules (see Appendix B at the end of Chapter 2).
8. Expense detail is lacking. More functional detail is needed under “Government services,” such as general government, public safety, public works, and other relevant functions, so the amounts expended for each service area can be determined. Presumably, this would also reduce the relatively large amount reported as “Miscellaneous.”
9. Why are accounts receivable relating to the Sewer Fund missing from the balance sheet? Since the Sewer Fund is being operated as an enterprise fund, billings that have not been collected at year-end should be reported. In addition, GAAP requires accrual of a receivable and revenue for services provided but unbilled at year-end.
10. Since the Sewer Fund is an enterprise fund, a statement of cash flows is required for that fund.
11. Where are the notes to the financial statements? The notes are an integral part of any set of financial statements.
12. Where is the MD&A—also required by GAAP?

Given the serious reporting deficiencies observed, it is likely the CPA would be required to render an adverse opinion, since it appears that the financial statements do not fairly present financial information in conformity with GAAP. Depending on the quality of the town’s financial records, it is also possible that the CPA would have to issue a disclaimer report due to missing or insufficient financial information. (Note: You may wish to look at Chapter 11 for the meaning of adverse and disclaimed audit reports.)

Ch. 2, Solutions, Case 2-11 (Cont'd)

- b. A member of the town council or a citizen of the town should be concerned as well about several of the issues raised by the CPA in part *a*. Although the treasurer may still be preparing statements of cash receipts and disbursements for each fund, the lack of information about cost of services for governmental functions and sewer operations should be of concern. Moreover, unless the town budgets on a cash basis, the lack of GAAP-based fund statements results in a lack of full information about available financial resources in the General and Road Tax Funds for budgeting purposes. The lack of budget and actual comparison statements or schedules should also be of concern to a member of the town council or a citizen.

**General Problem Information:** Accounting and reporting principles

**Learning Objective:** 2-2

**Topic:** Financial Reporting Model

**Bloom's Taxonomy:** Analyze

**Accreditation Skills tag:** AACSB: Analytical Thinking, AICPA: FN Decision Making

**Level of Difficulty:** Hard

- 2-12. *a*. Based on the description of this city's financial statements in the MD&A, the statements appear to conform very well to GASB standards. Specifically:

**Government-wide Financial Statements**

- Include the two required financial statements—statement of net position and statement of activities.
- Use “accounting methods similar to those used by the private sector,” i.e., economic resources measurement focus and the accrual basis of accounting.
- Report governmental and business-type activities in separate columns.

**Fund Financial Statements**

- Provide detailed information about *major funds*. All nonmajor funds are summarized and presented in a single column.
- Report on three kinds (i.e., categories) of funds—governmental, proprietary, and fiduciary.
- *Governmental funds* are “prepared on a modified accrual basis, which means they measure only current financial resources and uses.” Capital assets and other long-lived assets, along with long-term liabilities, are not presented in the governmental fund statements.
- *Proprietary funds* include both enterprise and internal service funds, prepared on the accrual basis and include all their assets and liabilities, current and long-term.
- *Fiduciary funds* include activities that report trust responsibilities of the city. “These assets are restricted in purpose and do not represent discretionary assets of the city. Therefore, these assets are not presented as a part of the government-wide financial statements.”

Ch. 2, Solutions, Case 2-12 (Cont'd)

- b. This is a straightforward way of saying that the governmental fund information focuses only on current financial resources, not all economic resources. As a result, it is necessary to present a reconciliation of the governmental fund total fund balances to the government-wide governmental activities net position and change in fund balances to change in net position, as explained in Chapter 2 and shown in Illustrations A2-4 and A2-6 for the City and County of Denver.

**General Problem Information:** Evaluation of basic financial statements

**Learning Objective:** 2-2

**Topic:** Financial Reporting Model

**Bloom's Taxonomy:** Evaluate

**Accreditation Skills tag:** AACSB: Analytical Thinking, AICPA: FN Decision Making

**Level of Difficulty:** Easy

- 2-13. There are a variety of reasons for the amounts that have been provided for each fund balance classification appearing on the governmental fund balance sheet for Denver. Following are some of the reasons provided in the 2013 CAFR.

**Nonspendable sources:** The majority of the nonspendable fund balance appears in the Other Governmental Funds column. A large portion of the balance appearing in the Other Governmental Funds column is related to endowment (permanent fund). The remaining nonspendable balance is prepaid assets.

**Restricted sources:** Most of the functions of the government (General Government, Public Safety, Public Works, Human Services, Health, Parks and Recreation, among others) have received restricted resources. Fund balances are restricted for a variety of reasons having to do with the many sources from which the amounts were received. The external sources that are contributing to the restricted fund balance amounts include operating (special projects) and capital grants, bond proceeds, special assessments, foreclosed assets (Special Revenue Community Development fund) and restricted loans.

**Committed sources:** A number of governmental funds identify committed fund balances. For the City and County of Denver it is the city council that has the authority to commit funds. Funds have been committed for a variety of capital (fixed asset) projects. Fund balances have also been committed for park maintenance, crime prevention, business incentives and community projects.

**Assigned sources:** The City and County of Denver allows the Budget and Management Office, in addition to the City Council, to assign fund balances. Although the notes identify assigned fund balances by government function (General Government, Public Safety, Public Works, Parks and Recreation, and Cultural Activities), the purpose for which the funds have been assigned is unclear. No specific sources for the amounts listed have been identified as assigned.

Ch. 2, Solutions, Case 2-13 (Cont'd)

**General Problem Information:** Major Fund Criteria

**Learning Objective:** 2-2

**Topic:** Financial Reporting Model

**Bloom's Taxonomy:** Understand

**Accreditation Skills tag:** AACSB: Communication, AICPA: FN Reporting

**Level of Difficulty:** Medium

Solutions to Exercises and Problems

- 2-14. Each student should have a different governmental annual report, so will have different answers to questions in this exercise. We suggest allowing students to discuss their answers, which will give them an idea of the range of the answers of other students.

**General Problem Information:** Examine the CAFR

**Learning Objective:** 2-2

**Topic:** Financial Reporting Model

**Bloom's Taxonomy:** Remember

**Accreditation Skills tag:** AACSB: Communication, AICPA: FN Reporting

**Level of Difficulty:** Easy

- 2-15.    1.    *a.*                                  6.    *d.*  
          2.    *d.*                                  7.    *b.*  
          3.    *c.*                                  8.    *c.*  
          4.    *a.*                                  9.    *c.*  
          5.    *b.*                                  10. *b.*

**General Problem Information:** Various

**Learning Objective:** 2-1

**Learning Objective:** 2-2

**Learning Objective:** 2-3

**Topic:** Various chapter topics

**Bloom's Taxonomy:** Understand

**Accreditation Skills tag:** AACSB: Communication, AICPA: BB Industry

**Level of Difficulty:** Medium

- 2-16.    Agency fund                                  FF  
          Permanent fund                              GF  
          Debt service fund                            GF  
          Internal service fund                        PF  
          Pension (and other employee  
          benefit) trust fund                        FF  
          Special revenue fund                       GF  
          Enterprise fund                             PF  
          General Fund                                GF

Ch. 2, Solutions, Exercise 2-16 (Cont'd)

|                            |    |
|----------------------------|----|
| Investment trust fund      | FF |
| Capital projects fund      | GF |
| Private-purpose trust fund | FF |

**General Problem Information:** Matching fund types with fund categories

**Learning Objective:** 2-2

**Topic:** Financial Reporting Model

**Bloom's Taxonomy:** Remember

**Accreditation Skills tag:** AACSB: Communication, AICPA: FN Reporting

**Level of Difficulty:** Easy

2-17.

- |                                                 |                                                                                                                                                                                            |
|-------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. Governmental funds                           | <i>b, e, f, i</i>                                                                                                                                                                          |
| 2. Proprietary funds                            | <i>a, d, g, h, j</i>                                                                                                                                                                       |
| 3. Fiduciary funds                              | <i>a, c, g, k</i>                                                                                                                                                                          |
| 4. Governmental activities,<br>government-wide  | <i>a, g, h, j</i> (Note: Internal service fund information is typically reported in governmental activities using the same measurement focus and basis of accounting.)                     |
| 5. Business-type activities,<br>government-wide | <i>a, g, h, j</i> (Note: Internal service fund information may be reported as part of business-type activities if the internal service activity primarily supports an enterprise activity) |

**General Problem Information:** Matching government-wide and fund financial reporting characteristics

**Learning Objective:** 2-2

**Topic:** Financial Reporting Model

**Bloom's Taxonomy:** Understand

**Accreditation Skills tag:** AACSB: Communication, AICPA: FN Reporting

**Level of Difficulty:** Medium

2-18.

- |              |               |
|--------------|---------------|
| 1. <i>h.</i> | 7. <i>e.</i>  |
| 2. <i>a.</i> | 8. <i>i.</i>  |
| 3. <i>j.</i> | 9. <i>f.</i>  |
| 4. <i>g.</i> | 10. <i>c.</i> |
| 5. <i>d.</i> | 11. <i>k.</i> |
| 6. <i>b.</i> |               |

Ch. 2, Solutions, Exercise 2-18 (Cont'd)

**General Problem Information:** Matching transactions with funds

**Learning Objective:** 2-2

**Topic:** Financial Reporting Model

**Bloom's Taxonomy:** Understand

**Accreditation Skills tag:** AACSB: Communication, AICPA: FN Reporting

**Level of Difficulty:** Medium

2-19.

1. d.
2. c.
3. a.
4. d.
5. b.

**General Problem Information:** Fund balance classifications

**Learning Objective:** 2-2

**Topic:** Financial Reporting Model

**Bloom's Taxonomy:** Analyze

**Accreditation Skills tag:** AACSB: Analytical Thinking, AICPA: FN Decision Making

**Level of Difficulty:** Hard

2-20.

|          |                             |
|----------|-----------------------------|
| DATE:    | xxx                         |
| MEMO TO: | City Manager, Forest City   |
| FROM:    | Independent Auditor         |
| RE:      | Major Special Revenue Funds |

As shown by the blue shading in the calculations provided below, only the Housing and Urban Development Grant must be reported as a major fund. Neither the Gas Tax Revenue Fund nor the Forest City Library Fund meets the GASB threshold for major fund reporting; that is, none of the four elements of those funds (assets, liabilities, revenues, or expenditures) is at least 10% of the corresponding total of all governmental funds *and* at least 5% of the corresponding total of all governmental and enterprise funds. Both total assets and total revenues of the Housing and Urban Development Grant meet the 10 percent of all governmental funds and 5 percent of all governmental and enterprise funds combined criteria. Although the Gas Tax Revenue Fund did not meet the criteria for major fund reporting, rapidly escalating gas taxes tied to the current high price of gasoline might warrant reporting this fund as a major fund to improve accountability to citizens. GASB standards permit government officials to designate any governmental or enterprise fund as a major fund if, in their judgment, the fund is of sufficient importance to warrant designation as a major fund.

Ch. 2, Solutions, Exercise 2-20 (Cont'd)

| <b>Calculation of Major Fund Thresholds</b> |                            |                                          |                                    |                                          |                            |                                          |
|---------------------------------------------|----------------------------|------------------------------------------|------------------------------------|------------------------------------------|----------------------------|------------------------------------------|
| Financial Statement Elements                | Gas Tax Revenue Fund       |                                          | Housing and Urban Development Fund |                                          | Forest City Library Fund   |                                          |
|                                             | >10% of Governmental Funds | >5% of Governmental and Enterprise Funds | >10% of Governmental Funds         | >5% of Governmental and Enterprise Funds | >10% of Governmental Funds | >5% of Governmental and Enterprise Funds |
| Assets                                      | Yes-10.3%                  | No-4.6%                                  | Yes-11.2%                          | Yes-5.01%                                | No-6.5%                    | No-2.9%                                  |
| Liabilities                                 | No-8.4%                    | No-4.9%                                  | No-9.8%                            | Yes-5.7%                                 | No-0.0%                    | No-0.0%                                  |
| Revenues                                    | No-9.0%                    | No-4.6%                                  | Yes-11.1%                          | Yes-5.7%                                 | No-7.8%                    | No-4.0%                                  |
| Expenditures                                | No-8.3%                    | No-4.6%                                  | No-8.7%                            | No-4.9%                                  | No-8.0%                    | No-4.5%                                  |

**General Problem Information:** Determination of major funds

**Learning Objective:** 2-3

**Topic:** Major Funds

**Bloom's Taxonomy:** Apply

**Accreditation Skills tag:** AACSB: Knowledge Application, AICPA: FN Decision Making

**Level of Difficulty:** Hard