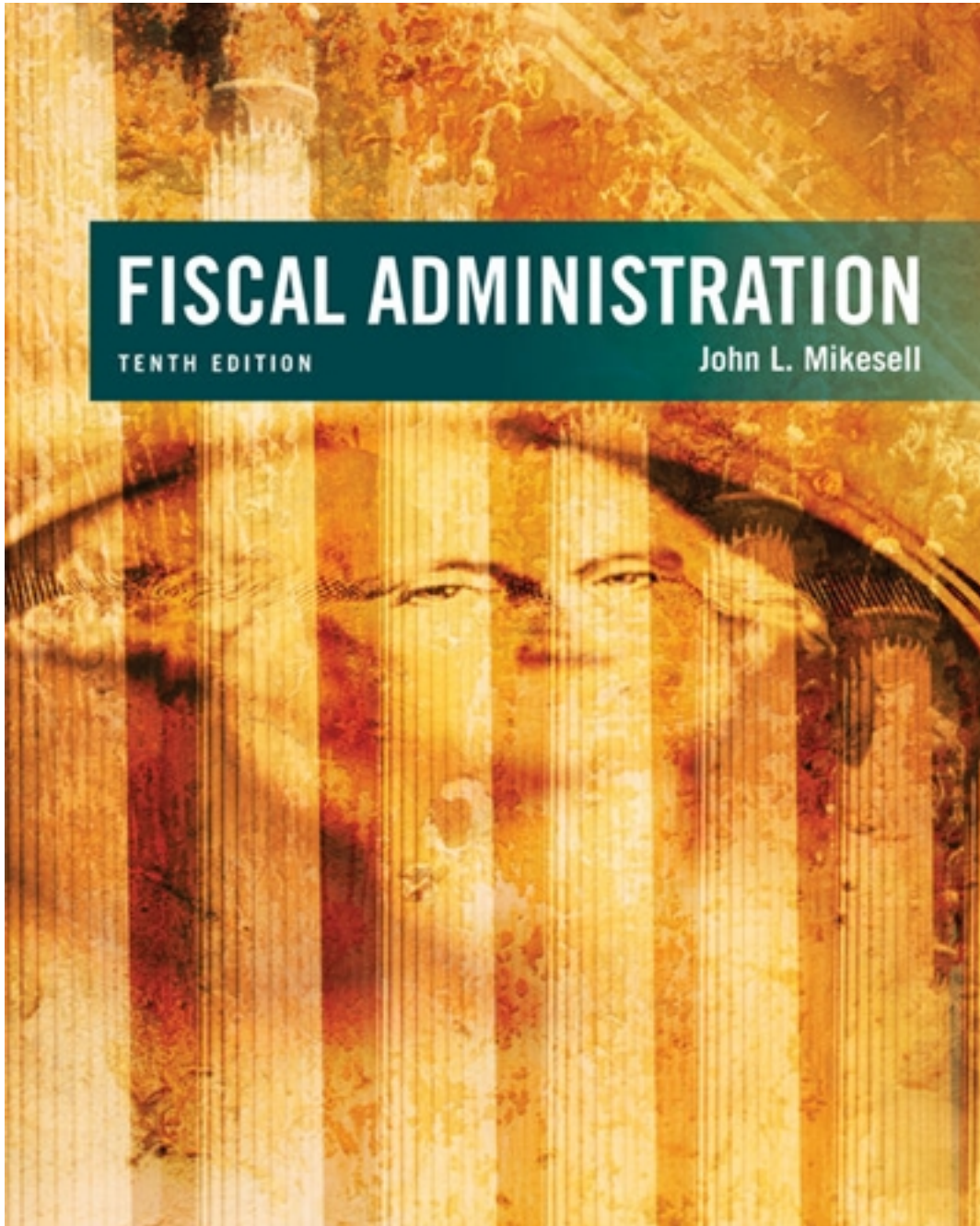


# Test Bank for Fiscal Administration 10th Edition by Mikesell

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# Test Bank

## MULTIPLE CHOICE

1 : Which of the following is an accurate statement about the relative size of government purchases and government spending?

- A : Because spending is the same as purchasing, the measures must be the same.
- B : Purchases will be greater than spending because of deficit and surplus adjustments.
- C : Spending includes transfer payments like social security, but purchases do not.
- D : Neither includes provision of government services by contract with private firms.

Correct Answer : C

2 : Place these stages in the budget cycle in the order in which they normally occur.

- A : Agency request, executive consideration, legislative consideration, audit, service delivery.
- B : Executive consideration, agency request, legislative consideration, service delivery, audit.
- C : Executive consideration, agency request, legislative consideration, audit, service delivery.
- D : Agency request, executive consideration, legislative consideration, service delivery, audit.

Correct Answer : D

3 : Choose the best way to complete the statement: A budget is

- A : a forecast for spending.
- B : a plan for how to deal with problems.
- C : a forecast for revenue collection.
- D : an excuse for a big legislative party.

Correct Answer : B

4 : The purpose of a financial audit includes all of the following EXCEPT:

- A : Assess legality of transactions
- B : Evaluate effectiveness of public resource use
- C : Test internal controls
- D : Examine completeness of financial records

Correct Answer : B

5 : Agency X had an appropriation of \$10 million in 2013 and of \$11.5 million in 2014 (an increase of \$1.5 million or 15%). According to the incrementalist view, what is the 2014 budget base for the agency?

- A : \$10 million
- B : \$13 million (\$11.5 million plus \$1.5 million)
- C : \$13.225 million (\$11.5 million plus 15%)
- D : \$11.5 million

Correct Answer : D

6 : Ubiquitous strategies for supporting budget proposals include

- A : arguing that the program in question pays for itself.
- B : linking the program to a crisis.
- C : proposing that politically popular programs be cut first.
- D : identifying and rallying a loyal clientele.

Correct Answer : D

7 : Use of modified accrual accounting

A : eliminates the need for keeping track of encumbrances during budget execution.

B : records expenditures when contractual payments are made.

C : records expenditures when materials are delivered.

D : requires immediate depreciation of all capital assets.

Correct Answer : C

8 : Which of the following would not be a concern of a financial audit?

A : Whether the Department of Environment Services actually spent the \$150,000 its reports say it did.

B : Whether the 700 gallons of gasoline purchased by the Department were actually delivered.

C : Whether the 14 street cleaners employed by the Department could be replaced by a motorized sweeper to save \$75,000 per year.

D : Whether permit fees collected by the Department are remitted in their entirety to the city Treasurer.

Correct Answer : C