Fiscal Administration 10th edition Mikesell Test Bank

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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