



Accounting Academy - EXERCISE

Categorizing Transactions and Events

Classify each transaction as:

- E Exchange or exchange-like transaction
- D Derived tax revenue
- I Imposed nonexchange transaction
- G Government-mandated nonexchange transaction
- V Voluntary nonexchange transaction

1. A municipal police department charges a fine of \$25 for each parking violation that occurs within the Village.
2. A state department of transportation levies a charge of 4 cents on each gallon of fuel purchased within that state.
3. The government receives interest on its deposits at the local bank.
4. An airport commission collects a facility charge fee on each passenger to generate revenue for the airport's capital projects.
5. A large metropolitan city contributes \$10,000 annually to a regional transit authority to provide transportation services for all of its elderly and handicapped citizens at a reduced rate.
6. A county passes a law requiring all government buildings within its jurisdiction to install solar panels to save energy. The county provides a one-time contribution of \$500 for each solar panel installed on a government building.
7. A park district received a donation to establish an endowment fund to pay for improvements to three playgrounds.
8. A car dealership charges its customers a value-added tax (VAT) tax on the sale of each motor vehicle, which it then remits to the state.
9. A water utility charges its customers \$8 for each 1,000 gallons of water used.
10. Every Thursday throughout baseball season, a concession stand at the baseball stadium charges its customers only 25 cents for each hotdog purchased at the ballpark as a way to encourage families to attend baseball games.

11. A state imposes a 3% income tax on its residents, of which 1% is shared with all the counties within the state. How would you classify the transactions from the state's perspective?
12. Given the same scenario as in question #11, how would you classify the transactions from the counties' perspective?
13. A waste disposal service charges \$30 per month to each property owner for waste disposal services, including recycling.
14. The state requires a local school district to provide a daily breakfast to each of its qualifying students. The state will pay for 75% of the cost of providing the breakfasts.
15. A county transit authority levies a 1% tax on the sale of all liquor sold within the county.
16. The Department of Motor Vehicles charges a \$50 fee to renew each person's motor vehicle license.
17. A local library district charges a fine of 25 cents per day for each overdue library book or DVD.
18. A city sells one of its used vehicles, with a fair value of \$4,000, to a neighboring town for \$500. As a part of this sale, the town has agreed to make repairs to a portion of a road that resides within the city's jurisdiction.
19. A village charges a special assessment of \$5,000 on each property within a specific area, in order to fund road improvements within that area. Resulting from the road improvements, the value of each property within the area is expected to increase by approximately the same amount.
20. A park district receives a state grant to cover 100% of the cost to install a skateboard park.
21. A county requires all municipalities within its jurisdiction to provide water services to low-income families at 50% of the normal water rate.