

## BUDGET QUESTIONS

1. A group of employees earning from \$14,000 to \$19,000 a year for a 48 hour work week request a change to a 40 hour work week without any reduction in pay. If this request is granted it represents an increase in hourly wage of most nearly

- (A) 10%
- (B) 15%
- (C) 20%
- (D) 25%
- (E) 30%

2. Of the following which formula is used to determine staffing requirements?

- (A)  $\frac{\text{Hours per man-day}}{\text{Volume} \times \text{Standard}} = \text{Employees Needed}$
- (B)  $\frac{\text{Hours per man day} \times \text{Standard}}{\text{Volume}} = \text{Employees Needed}$
- (C)  $\frac{\text{Hours per person day} \times \text{Volume}}{\text{Standard}} = \text{Employees Needed}$
- (D)  $\frac{\text{Volume} \times \text{Standard}}{\text{Hours per man day}} = \text{Employees Needed}$

3. Of the following which formula is used to determine the number of days required to process work?

- (A)  $\frac{\text{Employees} \times \text{Daily Output}}{\text{Volume}} = \text{Days to Process Work}$
- (B)  $\frac{\text{Employees} \times \text{Volume}}{\text{Daily Output}} = \text{Days to Process Work}$
- (C)  $\frac{\text{Volume}}{\text{Employees} \times \text{Daily output}} = \text{Days to Process Work}$
- (D)  $\frac{\text{Volume} \times \text{Daily Output}}{\text{Employees}} = \text{Days to Process Work}$

4. Which of the following is *NOT* an advantage of a program budget over a line-item budget?  
A program budget

- (A) allows us to set up priority lists in deciding what activities we will spend our money on.
- (B) gives us more control over expenditures than a line- item budget.
- (C) is more informative in that we know the broad purposes of spending money.
- (D) enables us to see if one program is getting much less money than the others.

5. Of the following statements which relate to the budget process in a well-organized government, select the one that is *MOST* nearly correct

- (A) The budget cycle is the step-by-step process which is repeated each and every fiscal year.
- (B) Securing approval of the budget does not take place within the budget cycle.
- (C) The development of a new budget and putting it into effect is a two-step process known as the cycle.
- (D) The fiscal period, usually a fiscal year, has no relation to the budget cycle.

Questions 6 & 7

DIRECTIONS: Answer Questions 6 & 7 on the basis of the following information.

Sample Budget

| <u>Refuse Collection</u> | <u>Amount</u>   |
|--------------------------|-----------------|
| Personal Services        | \$30,000        |
| Contractual Services     | \$ 5,000        |
| Supplies and Materials   | \$ 5,000        |
| Capital Outlay           | <u>\$10,000</u> |
|                          | \$50,000        |

| <u>Residential Collections</u>    |         |
|-----------------------------------|---------|
| Dwellings - one pick up per week  | 1,000   |
| Tons of refuse collected per year | 375     |
| Cost of collections per ton       | \$ 8    |
| Cost per dwelling pickup per year | \$ 3    |
| Total annual cost                 | \$3,000 |

6. The sample budget shown is a simplified example of a  
(A) factorial budget (B) performance budget  
(C) qualitative budget (D) rational budget
7. The budget shown in the sample *DIFFERS* chiefly from line-item and program budgets in that it includes  
(A) objects of expenditure but not activities or functions  
(B) only activities, functions and control  
(C) activities and functions but not objects of expenditure  
(D) levels of service
8. After a budget has been developed it serves to  
(A) assist the accounting department in posting expenditures.  
(B) measure the effectiveness of department managers.  
(C) provide a yardstick against which actual costs are measured.  
(D) provide the operating department with total expenditures.

ANSWER KEY

1. - C  
2. - D  
3. - C  
4. - B  
5. - A  
6. - B  
7. - D  
8. - C

BUDGET QUESTIONS FOR STAFF ANALYST TRAINEE

1. A properly administered budget should provide assurance that certain conditions will prevail. Which of the following is NOT appropriate to this statement?
  - a) all agency heads will express their financial assumptions in the same terms
  - b) diverse statements of expenses will be reviewed and coordinated by responsible officials
  - c) the agency head will be able to look to the budget director, after final acceptance of the budget, to defend and support his individual role and contribution to the overall budget plan
  - d) it will be possible to review and analyze variances between anticipated and actual financial results to determine what went wrong
2. The major value of performance budgeting is that it
  - a) distinguishes between programs and performance
  - b) enables program planning
  - c) relates output to input
  - d) requires the participation of top officials
3. The most important phase of the budget cycle, from a legal point of view is
  - a) appropriation
  - b) classification
  - c) execution
  - d) formulation
4. The success of a budget allotment program depends primarily on the budget examiner's knowledge of
  - a) departmental accounting procedures
  - b) departmental budget codes
  - c) seasonal patterns of departmental expenditures
  - d) work flow charts of departmental activities

1. b   2. c   3. a   4. c