

**ACG 3501 – Fall 2013**  
**Government Activity – Part Three**  
**Instructions**

Use an Excel spreadsheet to organize the background information provided here in such a manner as to allow you to answer the questions noted under the “Quizzes” tab for “Government Activity 3”. You may find it helpful to actually prepare journal entries and post them to T accounts. Please clearly label all rows and columns in your spreadsheet and show all calculations. Remember, your formulas in a cell may not always be visible when uploaded; therefore, please show all work using the rows and columns approach. Your work will be completed a lot more efficiently if you thoroughly review the questions you are required to answer before attempting to set up your Excel spreadsheet.

Submission of your Excel spreadsheet is a required part of this assignment and is worth 15 points. The remaining 60 points for this assignment are related to the questions (located under the “Quizzes” tab) that you will need to answer using the background information provided here. In order to receive the total 15 points for your spreadsheet, you will need to attach it and then submit it via the “Assignments” tab in Webcourses.

Guidelines for the preparation of your Excel spreadsheet are as follows:

- Use only one “sheet” for your work.
- Your name and ACG 3501 section number should appear at the top of the spreadsheet.
- Order your spreadsheet in the same order as the questions are asked in the “quiz”. Indicate the question number(s) from the “quiz” on your spreadsheet next to the related work.
- Clearly label all columns and rows and show ALL of your work. Please avoid using abbreviations that are not generally accepted in the accounting vernacular.
- Enable the spreadsheet to allow the instructor to view the formulae used in each cells.
- Use commas for all numbers but do not use decimals or places (i.e. one thousand ten dollars and 20 cents should show as 1,010 not \$1,010.20).

The information on your spreadsheet will be used to determine if any partial credit should be awarded for questions that are missed on the “quiz”. Therefore it is very important that you make the information on your spreadsheet easy for someone not familiar with how your brain thinks to follow the work and easily find your answers.

**ACG 3501 – Fall 2013**  
**Government Activity – Part Three**  
**Background Information**

The following information relates to the Town of Johnsonville for the fiscal years ending 9/30/14 and 9/30/15.

Following is selected information from the Statement of Net Position prepared for the Town's Water and Sewer Utility Fund for the year ended 9/30/14.

• Cash and investments	\$ 1,800,000
• Restricted cash and investments	1,700,000
• Accounts receivable – customers	450,000
• Unbilled water and sewer revenues	400,000
• Accrued interest receivable	50,000
• Property, plant and equipment	
○ Land	500,000
○ Buildings	1,500,000
○ Water Plant	5,000,000
○ Sewer Plant	8,000,000
○ Water Lines	15,000,000
○ Sewer Lines	20,000,000
○ Machinery and equipment	700,000
○ Construction in progress – sewer plant upgrade	500,000
• Accumulated depreciation	15,000,000
• Accounts payable	100,000
• Liabilities payable from restricted assets – customer deposits	200,000
• Accrued interest payable	400,000
• Accrued salaries and benefits	105,000
• Bonds payable – current portion	600,000
• Bonds payable – long-term portion	20,000,000
• Net position	
○ Net investment in capital assets	17,100,000
○ Restricted	
▪ Unspent bond proceeds – sewer plant upgrade	1,500,000
○ Unrestricted	595,000

The following transactions occurred in the Town's Water and Sewer Utility Fund during the fiscal year ending 9/30/15.

1. Water and sewer revenues billed to customers throughout the year	\$ 6,000,000
2. Salaries and benefits paid throughout the year - operations	\$ 1,800,000
3. Salaries and benefits paid throughout the year – general/administrative	\$ 400,000
4. Operating expenses paid throughout the year	\$ 600,000
5. General/administrative expenses paid throughout the year	\$ 150,000
6. Investment income received during the year – unrestricted investments	\$ 50,000
7. Investment income received during the year – invested customer deposits	\$ 10,000
8. Recorded estimated depreciation based on actual from prior year	\$ 1,600,000
9. Completed the sewer treatment plant upgrades in progress 9/30/14	\$ 1,500,000
10. Paid interest on bonds	\$ 1,200,000
11. Paid principal on bonds	\$ 600,000
12. Information about water and sewer billings for October and November 2015	
a. Amounts billed	
i. 10/1/15 for water and sewer service 8/11/15 - 9/10/15	\$ 155,200
ii. 10/15/15 for water and sewer service 8/25/15 - 9/24/15	140,500
iii. 11/1/15 for water and sewer service 9/11/15 - 10/13/15	176,550
iv. 11/15/15 for water and sewer service 9/25/15 – 10/27/15	143,000
13. Additional information at 9/30/15:	
a. Interest earned but not received on unrestricted fixed income investments	\$ 15,000
b. Interest incurred but not paid on bonds payable	200,000
c. Accrued salaries and benefits incurred but unpaid at 9/30/15	60,000
d. Unrealized gains due to increase in fair value of	
i. Unrestricted investments	25,000
ii. Restricted investments	35,000
e. Actual depreciation expense	1,700,000
14. Additional background information	
a. During the current year, \$5,800,000 was collected from customers for amounts billed.	
b. There was no net change in the number of utility customers from 9/30/14 to 9/30/15.	
c. All bonds were issued to construct or acquire property, plant, or equipment for the Water and Sewer Utility Fund.	
d. The Town issued \$2,000,000 in bonds in June 2014 to provide funds for sewer system upgrades estimated to cost \$2,000,000.	
e. All investments consist of U.S. Treasury bonds, municipal bonds, and stocks actively traded on U.S. exchanges.	
f. No assets were retired, traded, or sold during the year ended 9/30/15.	
g. The Town is not required to, and therefore does not, allocate/pay interest earned on invested customer deposits to customers.	
h. For purposes of this assignment, ignore the effects of capitalized interest.	
i. Water and sewer services are consumed equally throughout a month.	

The following information relates to the Town's governmental funds.

1. Total fund balance for all governmental funds at 9/30/15 \$ 100,000
2. The following transactions occurred during the year related to governmental funds and government-type activities
  - a. General obligation bonds of \$5,000,000 were issued on 11/1/14 at 105 the proceeds of which were used to purchase park land on 12/15/14.
  - b. An additional \$250,000 of general capital assets was purchased during the year.
  - c. Accounts payable at 9/30/14 amounted to \$50,000 and at 9/30/15 amounted to \$75,000.
  - d. Amounts paid on outstanding general obligation bonds were \$500,000 for principal and \$400,000 for interest.
  - e. Depreciation expense for general capital assets for the year ending 9/30/15 is \$3,000,000.
  - f. At 9/30/15, \$90,000 of property taxes receivable was expected to be collected in the spring of 2016.