

Good example of  
critical thinking on  
amber city borrowed  
\$1,000,000 that was  
secu...

[Finance](#), [Investment](#)



## Question 1

The cash was used to purchase a building that was to be used for vehicle and equipment maintenance.

## Question 2

Classification of revenues is as shown below:

a) Unrestricted operating grants that can be used by the city council at their discretion: general revenues. These grants are classified as general revenues because they are not specific and can be used at any given time as the council deems appropriate.

b) Capital grants restricted for highway construction: program revenues. These capital grants are specific and are to be used only for the highway construction. The purpose for these grants are specified and the funds cannot be used for any other cause.

c) Charges for building inspections: program revenues. The government charges building inspection fees. All buildings are supposed to be inspected so as to ensure that the safety measures are implemented. Building inspection is a program that enables the government to collect revenue by charging inspection fees.

d) A special assessment for snow removal: program revenues. Special assessments are classified under program revenues.

e) Fines and forfeits: general revenues. Fines are imposed on those businesses or individuals that do not comply with some rules. The total sum to be obtained from such revenues cannot be specified.

f) Motor vehicle fuel taxes restricted for road repair: program revenues.

There are some specifications on these taxes. Revenue from these fuel taxes

<https://assignbuster.com/good-example-of-critical-thinking-on-amber-city-borrowed-1000000-that-was-secured-through-a-5-year-mortgage-note/>

are supposed to fund road repairs only.

g) Unrestricted investment earnings: general revenues. There are no limitations or restrictions on these investment earnings. The earnings can come from multiple investments that are not specific.