

Name: _____ Date: _____

Answer Key: Town Treasurer Quest: A First Grade Money Mission

Solve tricky community puzzles by choosing between building new parks or fixing snowy roads to keep our neighborhood happy and safe.

1. The mayor has \$10 left in the town's piggy bank. A new playground costs \$10, and fixing a broken streetlight costs \$10. If the mayor chooses the playground, what is the 'trade-off'?

Answer: B) The town cannot fix the streetlight

Fiscal policy involves making choices; choosing one project often means there isn't enough money for another.

2. True or False: If the government decides to build a giant library, they might need to collect more tax pennies from the people in town.

Answer: A) True

Governments use taxes to pay for big public projects like libraries and schools.

3. The town leaders are arguing! Some want to spend money on a pool, and others want to save it for an emergency. This plan for spending and saving is called a _____.

Answer: C) Budget

A budget is a formal plan that decides how much money will be spent on different needs.

4. Imagine nobody is buying snacks at the town market. To help the shops, the government gives every family 'snack coupons.' Why did they do this?

Answer: A) To make people go back to the shops and help the economy

This is an example of expansionary policy, where the government encourages spending to boost business.

5. True or False: The government can spend an infinite amount of money without ever running out or needing more taxes.

Answer: B) False

Resources are scarce; governments must balance their spending with the revenue they collect.

6. When the government builds a new bridge, they are using _____ to help people get to work faster.

Name: _____ **Date:** _____

Answer: B) Public Spending

Public spending is when the government uses money to create things that everyone in the community can use.

7. The town has a very big problem: there isn't enough snow equipment for a blizzard! What is the best way for the government to fix this quickly?

Answer: B) Change the budget to spend more on snow plows

Changing how money is allocated in the budget allows the government to solve urgent community needs.

8. True or False: If the town lowers taxes, families have more of their own money to spend at the toy store.

Answer: A) True

Lowering taxes increases 'disposable income,' which means families have more money for their own purchases.

9. A tax on healthy apples is low, but a tax on sugary soda is high. The government does this to _____ people to make healthy choices.

Answer: C) Encourage

Taxes aren't just for money; they can be used as incentives to influence how people behave.

10. If the government spends more money than it collected in taxes this year, what has happened?

Answer: B) They have a budget deficit (they owe money)

Spending more than you earn creates a deficit, which is a key concept in fiscal policy.