

## CGFM<sup>Q&As</sup>

Certified Government Financial Manager

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**QUESTION 1**

"A cash received as a loan is shown as revenue not as a liability, on the balance sheet. To correct for such cases, most cash accounting systems recognize not only cash but also other assets and liabilities arising through prior cash transactions. This adjustment, though, does not alter the fact that outstanding obligations have been incurred but not accounted for, thus overstating the available balance." This is an example of possible mishandlings after the selection of \_\_\_\_\_.

- A. Cash basis of accounting
- B. Accrual basis of accounting
- C. Modified basis of accounting
- D. None of these

Correct Answer: A

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**QUESTION 2**

General obligation (Go) bonds are typically repaid over 20 years and are usually sold:

- A. Publicly to the lowest bidder
- B. Privately to the lowest bidder
- C. Publicly to the highest bidder
- D. Privately to the highest bidder

Correct Answer: A

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**QUESTION 3**

In claim management, insurance policies should specify what should be reported, including the nature of the alleged wrongful act, the alleged damages, and the names of claimants. Which of the following steps is included in this?

- A. Record the names, addresses, and phone numbers of all involved in the incident.
- B. Express concern for the individual, but not offer to pay any damages
- C. Take snapshots of the area, if possible
- D. All of these

Correct Answer: D

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**QUESTION 4**

Other factors being equal, when the cost of inventory has increased over several financial statement periods, an agency using LIFO will:

- A. need to restate their financial statements after five years of cost increases.
- B. show a higher value of ending inventory than a similar agency that uses FIFO.
- C. need to increase the audit frequency.
- D. reflect lower net income than an agency that uses the average cost inventory method.

Correct Answer: D

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## QUESTION 5

If a reportable condition might result in a material misstatement of financial statements, then it must be noted as a:

- A. Material weakness
- B. Unqualified report
- C. Revised situation
- D. Adverse condition

Correct Answer: A

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