AGA GAFRB Practice Questions

Shared by Maxwell on 10-11-2026

For More Free Questions and Preparation Resources

Check the Links on Last Page

Question 1

Question Type: MultipleChoice

Which of the following government-wide financial statements are required for state and local governments?

Options:

A- balance sheet and operating statement
B- statement of net position and statement of changes in net position
C- statement of net position and statement of activities
D- statement of net position, statement of activities, and statement of cash flows

Answer:

C

Explanation:

The government-wide financial statements required by GASB Statement No. 34 include:

Statement of Net Position (similar to a balance sheet)

Statement of Activities (similar to an income statement)

These financial statements provide a consolidated view of the government's financial position and activities using the economic resources measurement focus and accrual basis of accounting.

There is no requirement under GASB for a government-wide statement of cash flows.

Relevant Standards and Reference:

GASB Statement No. 34, Basic Financial Statements---and Management's Discussion and Analysis---for State and Local Governments

GASB Codification Section 2200: Financial Reporting

GFOA Budgeting Best Practices

Therefore, Option C is correct.

Question 2

Question Type: MultipleChoice

An example of a federal principal financial statement is the

Options:

A- Statement of Operations.
B- Statement of Budgetary Resources.
C- Statement of Cash Flows.
D- Statement of Net Income.

Federal principal financial statements are required under OMB Circular A-136 and FASAB standards. They include:
Statement of Budgetary Resources (SBR)
Balance Sheet
Statement of Net Cost
Statement of Changes in Net Position
Statement of Custodial Activity (if applicable)
There is no ''Statement of Cash Flows'' or ''Statement of Net Income'' in federal accounting --- those are private-sector financial statements.
Relevant Reference:
OMB Circular A-136
FASAB SFFAS No. 53 -- Principal Financial Statements
Treasury Financial Manual (TFM) Volume I
Answer : B. Statement of Budgetary Resources

Answer:

B

Question 3

Question Type: MultipleChoice

The unobligated balance of an appropriation is equal to the total unexpended appropriation, less the total amounts

Options:

A- obligated.
B- allotted.
C- collected.

D- apportioned.

Answer:

A

Explanation:

The unobligated balance of an appropriation refers to the portion of the total appropriation authority that has not yet been committed (obligated) through contracts, purchase orders, or other legally binding agreements.

Formula:

Unobligated Balance = Total Appropriation -- Total Obligations

This is a key control metric in federal and state financial management, used to determine how much funding remains legally available for future obligations.

Relevant Standards and Reference:

OMB Circular A-11, Section 20.3

GAO Principles of Federal Appropriations Law (Red Book)

FASAB SFFAS No. 7: Reporting on Budgetary Resources

Therefore, Option A is correct.

Question 4

Question Type: MultipleChoice

The Department of Health and Human Services prepares a financial statement displaying costs of each major program as they relate to the department's outcomes and outputs. The title of this financial statement is the

Options:

A- Statement of Net Cost.
B- Statement of Budgetary Resources.
C- Statement of Changes in Net Position.
D- Statement of Custodial Activity.
The Statement of Net Cost is the principal financial statement used by federal agencies to

report the total cost of their programs and activities. It aligns the agency's programs, outputs, and strategic objectives with the cost incurred to produce those outputs.
The Department of Health and Human Services, like all federal agencies, uses this statement to display costs by major program or responsibility segment.
Relevant Reference:
FASAB SFFAS No. 4 -- Managerial Cost Accounting Standards
FASAB SFFAS No. 55 -- Amending the Statement of Net Cost
OMB Circular A-136 -- Section on Federal Financial Statements
Answer : A. Statement of Net Cost

Answer:

A

Question 5

Question Type: MultipleChoice

When a rural community creates a fire district to serve an area previously served by the county government, and the fire district receives no money or equipment from the county, this is an example of

Options:

A- a government merger.
B- a government acquisition.
C- a transfer of operations.
D- intergovernmental operations.
According to GASB Statement No. 69 (Government Combinations and Disposals of Government Operations), a transfer of operations occurs when one government relinquishes or ceases operations and another government assumes those operations, but no significant consideration (money, assets, or liabilities) is exchanged.
In this case, the fire district is assuming responsibility for fire protection without receiving funds or assets from the county. That aligns with the definition of a transfer of operations --- not a merger or acquisition.
Relevant Reference:
GASB Statement No. 69 -- Government Combinations and Disposals of Government Operations
GASB Codification Section G60 -- Combinations and Transfers
GFOA Guidance on Intergovernmental Restructuring
Answer : C. a transfer of operations

Answer:

C

Question 6

Question Type: MultipleChoice

In exchange and exchange-like transactions the government

Options:

A- receives value without directly giving up value in return.
B- receives value and gives up essentially the same value.
C- neither gives up nor receives assets.
D- provides service at no cost to the user.
Comprehensive Detailed
In governmental accounting, an exchange transaction occurs when each party receives and gives up essentially equal value. Exchange-like transactions are similar but may lack one or more of the characteristics of a pure exchange (e.g., pricing may not be market-based).
Examples:
A city charges fees for utilities: the user pays for services and the city provides equivalent value.
Grants and taxes are nonexchange transactions because the payer does not receive a direct, equivalent benefit in return.
Relevant Reference:
GASB Statement No. 33 -- Accounting and Financial Reporting for Nonexchange Transactions
GASB Concepts Statement No. 4 -- Elements of Financial Statements
Answer : B. receives value and gives up essentially the same value.

Answer:

B

Question 7

Question Type: MultipleChoice

Management's need for real-time access to data is facilitated when

Options:

A- data is represented visually and includes information that indirectly relates to the subject matter.
B- data supporting dashboards are updated every quarter.
C- the prior year's financial statement data underlies the management reports used to decide on future
expenditures.

D- complex data sets are available on demand, presented with minimal distractions.
Why Does Management Need Real-Time Data Access?
Real-time access to data enables managers to make timely and informed decisions.
Complex data sets presented clearly and concisely (with minimal distractions) allow decision-makers to focus on the critical insights necessary for strategic and operational planning.
Why Is Option D Correct?
On-demand access ensures managers can retrieve updated data whenever needed. Presenting the data in a focused and distraction-free format facilitates quick comprehension and decision-making.
Why Other Options Are Incorrect:
A . Visual representation with indirect information: Including unrelated data can overwhelm users and detract from effective decision-making.
B . Dashboards updated quarterly: Quarterly updates do not meet the need for real-time access.
C . Prior year's financial data: Decisions based solely on historical data are not responsive to real-time needs.
Reference and Documents:
GAO Data Analytics and Visualization Framework: Stresses the importance of real-time, actionable, and distraction-free data for decision-making.
AICPA Dashboard Guidelines: Recommends presenting complex data sets in a clear and accessible format for management use.

Answer:

D

P2P exams

To Get Premium Files for GAFRB Visit

https://www.p2pexams.com/products/gafrb

For More Free Questions Visit

https://www.p2pexams.com/aga/pdf/gafrb

