

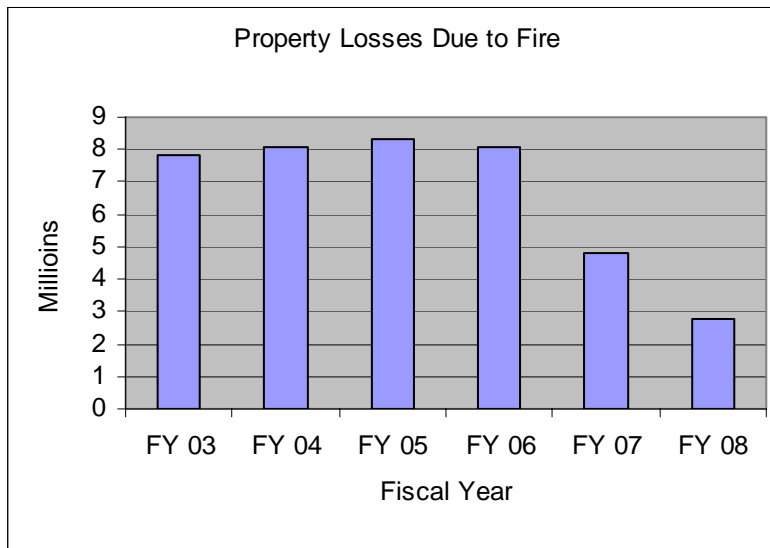
## AGA CGFM Examinations Sample Questions

### Governmental Environment Examination

1. According to the AGA Code of Ethics, a government agency contract manager using a vendor as a personal reference would constitute
  - (A) fraud.
  - (B) professional incompetence.
  - (C) a conflict of interest.
  - (D) nepotism.
  
2. A government agency's mission statement should include
  - (A) services and accomplishments.
  - (B) organizational structure and hierarchy.
  - (C) major functions and goals.
  - (D) performance measures and reports.
  
3. One way in which federal and state governments influence local governments is by
  - (A) providing block grants.
  - (B) issuing ordinances.
  - (C) authorizing debt.
  - (D) setting budget authority.
  
4. A method used to assess accountability of state agencies includes
  - (A) a bond rating review.
  - (B) program evaluation.
  - (C) judicial review.
  - (D) an ordinance compliance audit.
  
5. A discretionary grant is characterized by a
  - (A) transfer of funds based upon a formula.
  - (B) transfer of funds for broadly-defined purposes.
  - (C) transfer of funds for specific purposes.
  - (D) voluntary contribution that confers no rights nor benefits to the giver.

6. A formal estimate of the resources a government or government unit plans to expend in a given period is a
- (A) PAR.
  - (B) CAFR.
  - (C) budget.
  - (D) cost benefit analysis.
7. Under the AGA Code of Ethics, which of the following activities require employer approval?
- (A) completing tax returns for remuneration
  - (B) making deposits for a church
  - (C) serving as treasurer for a professional organization
  - (D) quoting tax regulations as advice for a friend
8. Debt refunding proceeds would be reported as
- (A) a revenue.
  - (B) a liability.
  - (C) an other financial use on the operating statement.
  - (D) an other financing source on the operating statement.
9. A program accountability study can be used to determine all of the following EXCEPT
- (A) the extent to which a program has been correctly implemented.
  - (B) whether program funds are being expended properly.
  - (C) whether the program is reaching its intended goal.
  - (D) if budgets were allocated equitably.

10. Based upon the performance measures report below provided to a local governmental oversight committee, what conclusions may be made?



- (A) More fire engines and fire companies are needed.  
(B) The arson task force fielded in FY07 is having a significant impact.  
(C) A fire engine bond issuance is needed.  
(D) State fire marshal mandates are being met.
11. A successfully integrated technology solution for a CFO ties an organization's activities together and
- (A) requires highly customized application software.  
(B) optimizes a specific function or activity.  
(C) makes consistent information available agency-wide.  
(D) eliminates waste, fraud and abuse.
12. The CFO Act of 1990 mandates all of the following EXCEPT
- (A) establishment of a leadership structure.  
(B) provision for long-range planning.  
(C) strengthening accountability reporting.  
(D) unqualified audited financial statements.

## AGA CGFM Examinations Sample Questions

### Governmental Accounting, Financial Reporting and Budgeting Examination

1. GASB has responsibility for
  - (A) researching and developing accounting and reporting principles for state and local governments.
  - (B) ensuring that FASB standards are implemented by state and local governments.
  - (C) developing standards for federal and state governments.
  - (D) ensuring that federal and state governments implement FASB standards.
  
2. The modified accrual basis of accounting is characterized by
  - (A) revenues being recognized when realized.
  - (B) revenues being recognized when measurable and available.
  - (C) assets included in the general fixed asset account group.
  - (D) expenditures recorded when warrants are paid.
  
3. An ISF has the following capital equipment in service for the stated time. Based upon the information below, using the straight-line method, what should be charged for depreciation at year-end?

Capital Asset	Asset Life (years)	Years in Service	Acquisition Cost
Tire Changer	8	3	\$ 6,500
Tune-up Computer	5	6	\$10,300
Hydraulic Stand	12	6	\$16,300
Truck Wash	6	6	\$25,600

- (A) \$8,155
- (B) \$6,438
- (C) \$4,267
- (D) \$2,171

4. Based upon the information below, for a governmental fund calculate the amount of revenues for the year using the modified accrual basis of accounting, assuming all deferred revenues are related to receivables.

Beginning accounts receivable	\$ 40,000
Beginning deferred revenues	\$ 22,000
Receipts	\$250,000
Ending accounts receivable	\$ 50,000
Ending deferred revenues	\$ 35,000

- (A) \$278,000  
 (B) \$245,000  
 (C) \$247,000  
 (D) \$253,000
5. 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.
6. A county fire department receives property tax revenue on a 55% (December), 40% (April), 5% (June) basis. The uncollectible portion is .05%. If the department received \$5.1 million in December, the annual property tax revenues will be
- (A) \$10,200,000.  
 (B) \$ 9,272,727.  
 (C) \$ 9,268,091.  
 (D) \$ 8,809,091.
7. The CAFR includes all of the following EXCEPT the
- (A) basic financial statements.  
 (B) MD&A.  
 (C) RSI.  
 (D) PAR.

8. A county government requires that no less than 10% of its capital budget be used on park renovations. This requirement is reflected on the
- (A) special revenue fund statements.
  - (B) capital projects fund statement.
  - (C) basic financial statements.
  - (D) governmental activities fund statements.
9. A payment to the capital projects fund is recorded in the general fund as
- (A) an expense.
  - (B) an operating subsidy.
  - (C) an interfund loan.
  - (D) a transfer out.
10. The general ledger management function of a federal agency's financial system
- (A) must be approved by the Bureau for Program and Policy Coordination.
  - (B) is promulgated by FASAB.
  - (C) must be in full compliance with the U.S. Standard General Ledger.
  - (D) is defined by the CFO Act of 1990.
11. Notes to the financial statements are
- (A) additional disclosures presented immediately following the government-wide and fund financial statements.
  - (B) RSI following the MD&A.
  - (C) supplemental information provided to transmit financial statements.
  - (D) optional disclosures of management analysis at the end of the financial statements.
12. The Federal Credit Reform Act of 1990 requires that the cost of loan defaults and interest subsidies be estimated and recorded
- (A) on a FIFO basis as loans are made.
  - (B) when a defaulted loan is made good by the agency.
  - (C) on a present value basis when the loans are made or guarantees are issued.
  - (D) on a cash basis when the loan is paid.

## AGA CGFM Examinations Sample Questions

### Governmental Financial Management and Control Examination

1. The internal control structure is designed to assist managers in
  - (A) preparing consistent financial statements in accordance with applicable standards.
  - (B) guaranteeing the success of an organization’s program and preventing fraud, waste and mismanagement of resources.
  - (C) ensuring that physical security controls prevent unauthorized individuals from accessing sensitive information.
  - (D) achieving agency program objectives and ensuring that functions are efficiently and effectively performed.

2. An independent auditor has prepared the chart below describing the status of the audit findings requested for an agency over the past four years.

	2008	2009	2010	2011
Beginning Open Recommendations/Finding	47	67	94	108
Newly Issued Findings	20	28	15	13
Closed Findings	0	1	1	0

Based upon these audit findings which of the following conclusions could be drawn on the agency’s internal control framework?

- (A) The agency is addressing audit findings appropriately.
  - (B) Findings in year 2009 reflect policy improvement.
  - (C) There is ineffective management of the agency.
  - (D) The agency internal control staffing is adequate.
  
3. A state legislature wants to determine if the non-profit agency that received revenue from personalized license plates fees used the money appropriately. To make this assessment the legislature should request
  - (A) a financial audit.
  - (B) a performance audit.
  - (C) an attestation.
  - (D) an internal control review.

4. The intended purpose of The Single Audit Act is to
- (A) improve financial management of state financial programs.
  - (B) help states schedule federal audits on a grant-by-grant basis.
  - (C) promote cooperation between auditors.
  - (D) perform audits under FASAB standards.
5. Upon completion of a performance audit the auditee will be provided with a report that includes the audit objectives, methodology, results and
- (A) special purpose reports.
  - (B) test of internal controls.
  - (C) audit documentation.
  - (D) audit scope.
6. Internal controls are the primary responsibility of
- (A) the financial systems.
  - (B) internal auditors.
  - (C) management.
  - (D) external auditors.
7. The objective of financial and non-financial performance measures is to
- (A) demonstrate probity and legality in the handling of public funds.
  - (B) demonstrate taxpayer preference in allocation of funds.
  - (C) assess policy and reasonableness of budget allocation.
  - (D) assess government performance and program accountability.

8. What is the present value of \$25,000 to be received 10 years from today if the opportunity rate is 4%, the current tax rate is 1% and the expected future value is 9%?

PRESENT VALUE OF \$1

n	1%	2%	3%	4%	5%	6%	7%	8%	9%	10%
1	.990	.980	.971	.962	.952	.943	.935	.926	.917	.909
2	.980	.961	.943	.925	.907	.890	.873	.857	.842	.826
3	.971	.942	.915	.889	.864	.840	.816	.794	.772	.751
4	.961	.924	.888	.855	.823	.792	.763	.735	.708	.683
5	.951	.906	.863	.822	.784	.747	.713	.681	.650	.621
6	.942	.888	.837	.790	.746	.705	.666	.630	.596	.564
7	.933	.871	.813	.760	.711	.665	.623	.583	.547	.513
8	.923	.853	.789	.731	.677	.627	.582	.540	.502	.467
9	.914	.837	.766	.703	.645	.592	.544	.500	.460	.424
10	.905	.820	.744	.676	.614	.558	.508	.463	.422	.386
11	.896	.804	.722	.650	.585	.527	.475	.429	.388	.350
12	.887	.789	.701	.625	.557	.497	.444	.397	.356	.319
13	.879	.773	.681	.601	.530	.469	.415	.368	.326	.290
14	.870	.758	.661	.577	.505	.442	.388	.340	.299	.263
15	.861	.743	.642	.555	.481	.417	.362	.315	.275	.239

- (A) \$ 9,706  
 (B) \$10,550  
 (C) \$15,295  
 (D) \$16,900
9. An agency receives miscellaneous revenue and investment revenue. The January beginning balance is \$12,000. Monthly revenue is projected to be \$2,000 and monthly expenses are projected to be \$1,800. The agency plans to purchase a \$10,000 90-day bond at par value on January 15. The agency has a \$20,000 90-day bond that matures on February 15. What is the projected cash balance at the end of March?
- (A) \$11,400  
 (B) \$12,600  
 (C) \$22,600  
 (D) \$32,600

10. An audit tool used to examine financial data to detect fraud is
- (A) red flag detection.
  - (B) compiling data.
  - (C) data mining.
  - (D) regression analysis.
11. Using purchasing cards for contract purchases creates efficiencies for all of the following EXCEPT
- (A) detection of fraudulent purchases.
  - (B) savings in transaction costs.
  - (C) improved cash flow for the vendor.
  - (D) streamlining payment in the accounts payable system.
12. The U.S. Standard General Ledger will be used to record financial events for federal agencies, and common data elements shall be used throughout a federal agency for collection, storage and retrieval of financial information records according to OMB circular number
- (A) A-87.
  - (B) A-122.
  - (C) A-127.
  - (D) A-133.

## **AGA CGFM Examinations Sample Questions – Answers**

### **Governmental Environment Examination**

- 1: C
- 2: C
- 3: A
- 4: B
- 5: C
- 6: C
- 7: A
- 8: D
- 9: D
- 10: B
- 11: C
- 12: D

### **Governmental Accounting, Financial Reporting and Budgeting Examination**

- 1: A
- 2: B
- 3: B
- 4: C
- 5: D
- 6: C
- 7: D
- 8: B
- 9: D
- 10: C
- 11: A
- 12: C

### **Governmental Financial Management and Control Examination**

- 1: D
- 2: C
- 3: B
- 4: C
- 5: D
- 6: C
- 7: D
- 8: D
- 9: C
- 10: C
- 11: A
- 12: C