

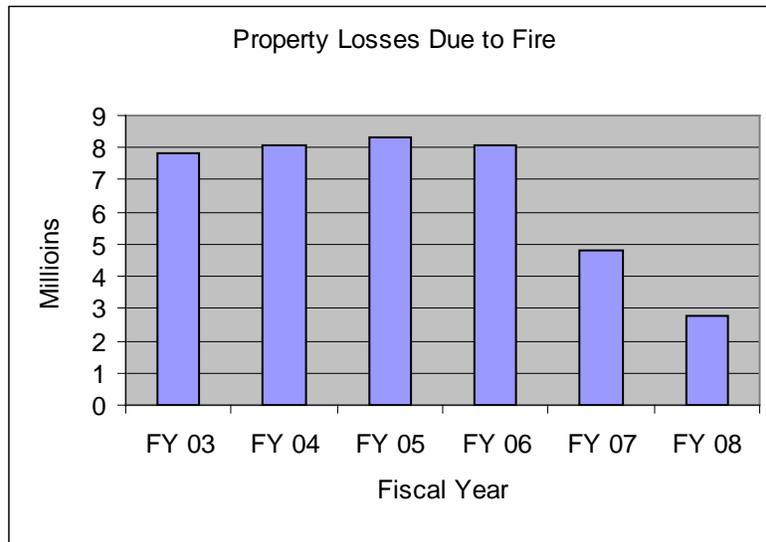
## AGA CGFM Examinations Sample Questions

### Governmental Environment Examination

1. According to the AGA Code of Ethics, a vendor using an agency contract monitor as a personal reference on a resume, would constitute
  - (A) fraud.
  - (B) professional incompetence.
  - (C) a conflict of interest.
  - (D) nepotism.
  
2. A government agency's mission statement should include the agency
  - (A) services and accomplishments.
  - (B) organizational structure and hierarchy.
  - (C) purpose 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. 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) volunteering to serve as treasurer for a professional organization
  - (D) quoting tax regulations as advice for a friend

5. One method used to assess accountability of state agencies is
- (A) a bond rating review.
  - (B) program evaluation.
  - (C) judicial review.
  - (D) an ordinance compliance audit.
6. 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.
7. 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.
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 the entity funds were allocated to the programs 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. 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.
12. All of the following situations are examples of violations of AGA Ethical Standards EXCEPT
- (A) a state controller strongly encourages a governmental entity to hire his nephew.  
(B) a purchasing agent attends a golf tournament with a contractor.  
(C) a state lottery employee's spouse claims a large lottery prize.  
(D) a city manager accepts a box of candy from a local business, which is distributed in the office.

13. The city manager writes a transmittal letter as part of the municipal budget to explain the decision to privatize the city print shop. This letter highlights the budget's role as a
- (A) policy document.
  - (B) financial plan.
  - (C) operations guide.
  - (D) communications device.

## AGA CGFM Examinations Sample Questions

### Governmental Accounting, Financial Reporting and Budgeting Examination

1. The CAFR includes all of the following EXCEPT the

- (A) basic financial statements.
- (B) MD&A.
- (C) RSI.
- (D) PAR.

2. 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

3. Revenues are recorded using the modified accrual basis of accounting when the receipts

- (A) associated with the revenue will be measurable and available.
- (B) are earned and expected to be realized.
- (C) are received and deposited.
- (D) associated with the revenue will be accountable and available.

4. 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.

5. 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.
6. Governmental fund level financial statements are prepared to present
- (A) both a short and long-term perspective on governmental finances.
  - (B) information on financing activities.
  - (C) information that is more narrowly focused than mandated by government standards.
  - (D) a detailed short-term view of government services.
7. 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.
8. A county fire department receives property tax revenue on a 55% (December), 40% (April), 5% (June) basis. The uncollectible taxes are expected to be .05% which will be deducted from the final payment in June for the entire fiscal year. If the department received \$5.1 million in December, the expected annual property tax revenues will be
- (A) \$10,200,000.
  - (B) \$ 9,272,727.
  - (C) \$ 9,268,091.
  - (D) \$ 8,809,091.
9. 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.

10. 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.
11. The fund level financial statement reporting requirements for a special revenue fund are most similar to the reporting requirements of a
- (A) fiduciary fund.
  - (B) capital projects fund.
  - (C) general fund.
  - (D) internal service fund.
12. 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.
13. The mandate for federal agencies to record transactions in conformance with the U.S. Standard General Ledger is found in the
- (A) Federal Financial Management Improvement Act of 1996.
  - (B) CFO Act of 1990.
  - (C) Budget Enforcement Act.
  - (D) Reports Consolidation Act.
14. 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.

15. An ISF has the following capital equipment in service for the stated time. The truck wash will be retired at the end of the fiscal year. 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	4	\$10,300
Hydraulic Stand	12	6	\$16,300
Truck Wash	6	6	\$25,600

- (A) \$8,498  
 (B) \$4,231  
 (C) \$3,491  
 (D) \$1,894
16. Managerial accounting helps officials measure the cost-effectiveness of operations by
- (A) forecasting future revenue needs.  
 (B) controlling expenses under budgetary law.  
 (C) evaluating performance budget results.  
 (D) demonstrating compliance with applicable laws and regulations.

## AGA CGFM Examinations Sample Questions

### Governmental Financial Management and Control Examination

1. The internal control structure should assist managers in performing all of the following EXCEPT
  - (A) preparing reliable 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) providing assurance that physical security control are adequate to prevent unauthorized individual from accessing sensitive information.
  - (D) achieving agency program objectives and ensuring that functions are efficiently and effectively performed.
  
2. Which of the following identifies the components of an organization's internal control framework?
  - (A) control environment, pay-for-performance, human capital, monitoring, and safeguarding assets
  - (B) control environment, pay-for-performance, fiscal sustainability, monitoring, and safeguarding of assets
  - (C) control environment, monitoring, information and communication, control activities, and fiscal sustainability
  - (D) control environment, monitoring, information and communication, control activities, and risk assessment
  
3. Using purchasing cards for contract purchases creates efficiencies for all of the following EXCEPT
  - (A) improved cash flow for the vendor.
  - (B) savings in transaction costs.
  - (C) detection of fraudulent purchases.
  - (D) streamlining payment in the accounts payable system.

4. A state legislature wants to determine if the non-profit agency that received revenue from personalized license plates fees used the money as appropriated. To make this assessment the legislature should request

- (A) a financial audit.
- (B) a performance audit.
- (C) an attestation.
- (D) an internal control review.

5. Safeguarding of assets provides for all of the following EXCEPT

- (A) prevention or timely detection of unauthorized acquisition.
- (B) reasonable assurance that the agency assets are secure in relation to the material effect on the financial statements.
- (C) elimination of the need to perform physical inventory.
- (D) reconciliation of perpetual to periodic records.

6. 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 inferences 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.

7. Under government audit standards, fieldwork standards for financial audits must include all of the following tasks EXCEPT
- (A) supervising audit staff.
  - (B) obtaining sufficient, competent evidential matter.
  - (C) planning the audit.
  - (D) identifying quality elements for the report.
8. A review of the costs claimed and the current project plan of subrecipients of a federal grant describes which of the following type of engagement?
- (A) financial audit
  - (B) performance audit
  - (C) attestation engagement
  - (D) internal control review
9. Internal controls are the primary responsibility of the
- (A) financial systems.
  - (B) internal auditors.
  - (C) management.
  - (D) external auditors.
10. 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.
11. 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.

12. Today's cost of an asset that will be expensed over the next eight years is determined using
- (A) incremental cost analysis.
  - (B) optimal cash balance.
  - (C) a present value formula.
  - (D) total cost estimation.
13. What is the present value of \$25,000 to be received 10 years from today if the interest rate is 4%, the current tax rate is 1% and the future value is at 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
14. 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.

15. 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
16. The primary purpose of a performance audit is to determine whether government programs are
- (A) over-expending appropriations.
  - (B) following generally accepted accounting principles.
  - (C) fully funding OPEB.
  - (D) meeting goals and objectives.
17. Management's primary responsibility in preventing fraud includes
- (A) auditing all high-dollar value transactions.
  - (B) promoting a culture of accountability and control.
  - (C) providing cross training for sensitive transactions as necessary.
  - (D) implementing an integrated financial system.
18. 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.

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

### **Governmental Environment Examination**

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

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

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

**Governmental Financial Management and Control Examination**

- 1: B
- 2: D
- 3: C
- 4: B
- 5: C
- 6: C
- 7: D
- 8: B
- 9: C
- 10: D
- 11: D
- 12: C
- 13: D
- 14: C
- 15: C
- 16: D
- 17: B
- 18: C