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# **AGA**

## **CGFM Exam**

**Certified Government Financial Manager (CGFM)**

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**Questions  
& Answers**

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**Question: 1**

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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.

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**Answer: C**

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**Question: 2**

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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.

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**Answer: C**

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**Question: 3**

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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.

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**Answer: A**

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**Question: 4**

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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.

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**Answer: B**

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**Question: 5**

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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.

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**Answer: C**

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**Question: 6**

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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.

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**Answer: C**

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**Question: 7**

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Managerial accounting helps officials measure the cost-effectiveness of operations by:

- A. forecasting future revenue needs.
- B. controlling expenses under budgetary law.
- C. combining financial and non-financial data.
- D. demonstrating compliance with applicable laws and regulations.

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**Answer: A**

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**Question: 8**

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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.

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**Answer: D**

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**Question: 9**

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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.

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**Answer: D**

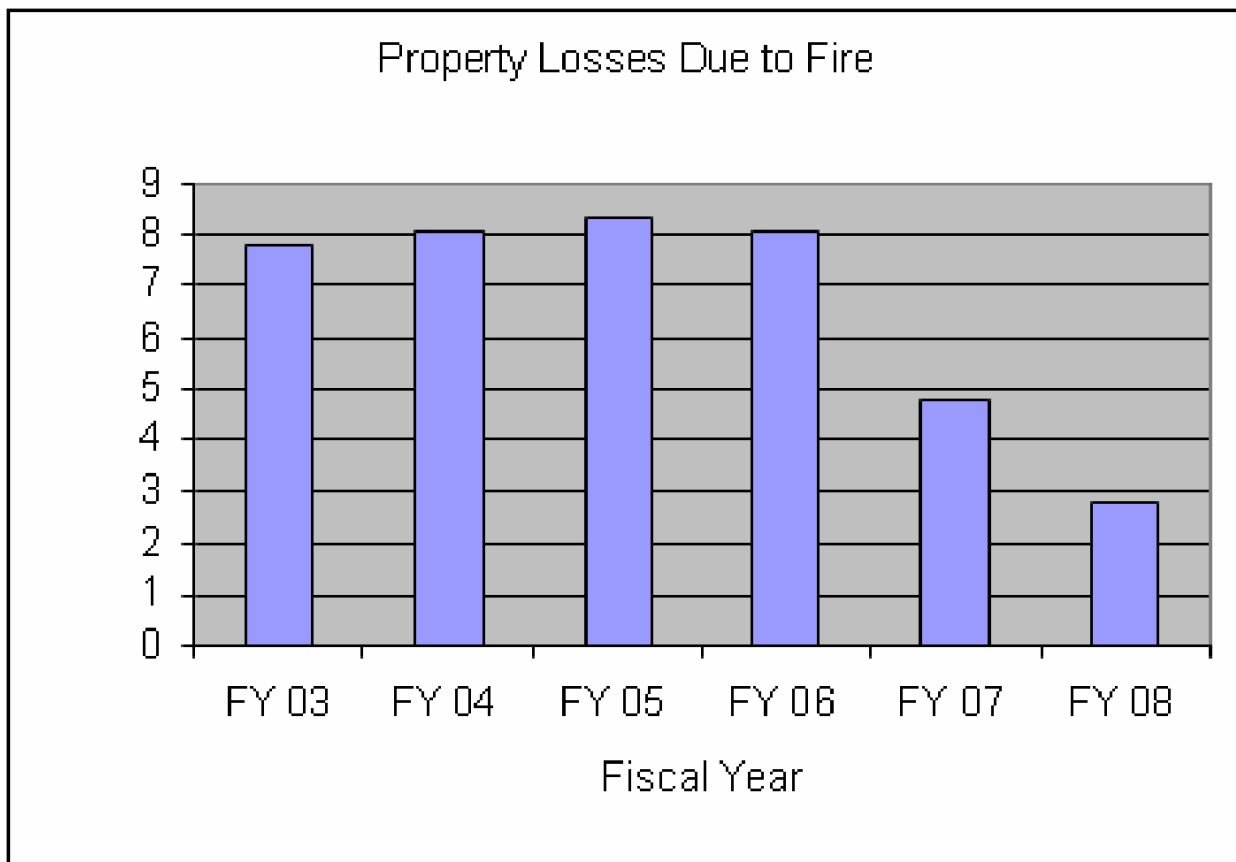
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**Question: 10**

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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.

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**Answer: B**

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**Question: 11**

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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.

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**Answer: C**

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**Question: 12**

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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.

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**Answer: D**

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**Question: 13**

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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.

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**Answer: A**

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**Question: 14**

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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.

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**Answer: B**

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**Question: 15**

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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?

<b>Capital Asset</b>	<b>Asset Life (years)</b>	<b>Years in Service</b>	<b>Acquisition Cost</b>
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

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**Answer: B**

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