

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

Certified Government Financial Manager

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#### QUESTION 1

Cash management program has all of the following components EXCEPT: A. Trained personnel

- B. A cash management policy
- C. Sound investment practices
- D. None of these

Correct Answer: D

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#### QUESTION 2

The IFB should:

- A. be issued only to vendors with a history of acceptable bid performance
- B. include only related items
- C. Specify the delivery conditions and stipulate that bids will be opened publicly
- D. All of these

Correct Answer: D

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#### QUESTION 3

Governmental funds, by comparison, focus on current financial resources, asking:

- A. What is the statement of changes in fiduciary assets?
- B. What transaction and events increased or decreased the resources available for spending in the near future?
- C. What is government-wide statement of activities?
- D. Both A and C

Correct Answer: B

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#### QUESTION 4

\_\_\_\_\_ have no donor-imposed restrictions as compared to permanently restricted assets (include endowments and assets such as land and artwork) that are restricted as long as the organization as the organization has custody of them.

- A. Net Assets
- B. Temporarily rusticated assets

- C. Unrestricted assets
- D. There are no assets

Correct Answer: C

**QUESTION 5**

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.

Correct Answer: C

**QUESTION 6**

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

Correct Answer: C

**QUESTION 7**

The principal advantage of a CIP (Capital improvement Program) is that \_\_\_\_\_, including their project designs, land acquisition, permitting, and acquiring financing.

- A. It provides for sufficient lead time to plan for projects.
- B. ensures the orderly replacement of capital facilities
- C. Minimal costs of putting the asset in operating conditions
- D. None of these

Correct Answer: A

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### QUESTION 8

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.

Correct Answer: B

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### QUESTION 9

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 10

\_\_\_\_\_ generally protects the organization, its employees, governing board members, other board members, and volunteer from third-party claims alleging property damage, bodily injury, and personal injury.

- A. Commercial General Liability (CGL)
- B. Police professional Liability

- C. Excess Liability
- D. All of the above

Correct Answer: A

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#### QUESTION 11

The local car dealer in town can provide the 10 new cars the city needs at cost of \$150,000. If local preferences were given, what would the preference margin (PM) be, assuming the dealer pays \$50,000 in local property and sales taxes and that the total sales by the dealer are \$2,000,000?

- A. \$325 per vehicle
- B. \$375 per vehicle
- C. \$370 per vehicle
- D. \$380 per vehicle

Correct Answer: B

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#### QUESTION 12

\_\_\_\_\_ extends the limits of general liability, automotive liability. And employers\' liability, usually in \$1 million blocks.

- A. Professional Liability
- B. Excessive Liability
- C. Police Professional Liability
- D. Public Officials and Employment Practices Liability

Correct Answer: B

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#### QUESTION 13

The Financial institution should adjust the collateral (related to securities) daily in response to market value changes known as:

- A. Marketing to market
- B. Market to market
- C. Marketing securities
- D. None of these

Correct Answer: A

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**QUESTION 14**

If a building originally valued at \$160,000 appreciates to \$300,000 and is insured by an 80% coinsurance clause, then 80% of the value (\$320,000) must be insured. If the building is still insured at only \$160,000 and a \$100,000 loss occurs, the loss would be:

- A. \$ 40,000
- B. \$50,000
- C. \$44,000
- D. \$60,000

Correct Answer: A

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**QUESTION 15**

The government finance association recommends public sale, but under which of the following condition:

- I. The issue has on uninsured credit rating of A or above
- II. The issue is not so large that it cannot be absorbed by the market.
- III. The issue is not so small as to attract too few investors

IV.

Interest rates are stable and market demand is strong

V.

The market view the issue as warily complex or innovation.

VI.

The issue is backed by full faith and credit or by a strong revenue system.

A.

I, II, III

B.

I, II, III

C.

I, II, III, IV, V

D.

All EXCEPT V

Correct Answer: D

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