

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

Certified Government Financial Manager

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**QUESTION 1**

If the \$20,000 is loaned at a stated interest rate of 10% with the requirement that an 18% minimum compensating balance be kept, the APR (annual percentage rate) is:

- A. 12.07%
- B. 12.00%
- C. 12.2%
- D. 13%

Correct Answer: C

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**QUESTION 2**

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

Correct Answer: C

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**QUESTION 3**

In Government Organizations, a modified approach for depreciation is used. This modified approach expenses maintenance cost and capitalizes additions and improvements, but it does not record depreciation charges. The logic behind the modified approach is:

- A. That buildings have an indefinite useful life, making depreciated charges unnecessary.
- B. Changes in fiduciary assets
- C. Changes in proprietary fund statement of revenues, expenses, and charges in fund assets.
- D. All of these

Correct Answer: A

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**QUESTION 4**

Small local governments and nonprofits use a third accounting basis, the cash basis, unapproved by GAAP. Cash accounting is used because \_\_\_\_\_ accounting, though more accurate, is more complex and costly.

- A. Deferral
- B. Accrual
- C. Modified
- D. Both B and C

Correct Answer: B

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**QUESTION 5**

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.

Correct Answer: D

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