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## AGA GFMC Exam Syllabus Topics:

Topic	Details
Topic 1	<ul style="list-style-type: none"> <li>• Performance Measurement</li> <li>• Metrics</li> <li>• Service Efforts and Accomplishments: This section of the exam measures the ability of program managers and strategic planners to align performance indicators with organizational outcomes. It covers the integration of financial and non-financial metrics with strategic goals, the importance of transparency and accountability, and how performance data informs budgetary decisions. Candidates must understand stakeholder engagement, baseline setting, legal compliance, and benchmark creation.</li> </ul>
Topic 2	<ul style="list-style-type: none"> <li>• Financial Management Functions: This section of the exam measures the competencies of public sector finance officers and treasury analysts in managing financial operations in government environments. It covers essential areas such as cash flow practices, investment strategy, debt recovery, and procurement processes. Candidates are expected to understand property and inventory systems, evaluate IT-based financial systems, and apply emerging technologies. Shared services and project management principles are also included as foundational knowledge areas.</li> </ul>
Topic 3	<ul style="list-style-type: none"> <li>• Financial and Managerial Analysis Techniques: This section of the exam measures the skills of budget analysts and financial managers in using quantitative tools and data to assess financial decisions. It includes techniques like trend and ratio analysis, forecasting, regression, and data analytics. It also tests understanding of data sources, reliability, and how forensic auditing can be used for deeper insight into financial activities.</li> </ul>
Topic 4	<ul style="list-style-type: none"> <li>• Internal Control: This section of the exam measures the capabilities of compliance officers and internal auditors in implementing and evaluating internal control systems. It includes knowledge of COSO frameworks, OMB standards, and audit procedures aimed at fraud prevention and legal compliance. Candidates must understand roles and responsibilities related to internal control, risk assessment, reporting mechanisms, and enterprise risk management frameworks.</li> </ul>

Topic 5	<ul style="list-style-type: none"> <li>• <b>Auditing:</b> This section of the exam measures the auditing knowledge of financial controllers and government auditors. It focuses on audit standards, types of audits, the audit process, and the responsibilities of both auditors and auditees. Key topics include audit preparation, follow-up, independence, materiality, and the scope of the Single Audit Act. Candidates are also expected to be familiar with fieldwork, reporting, and confidentiality concerns relevant to public sector audits.</li> </ul>
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## Exam GFMC Success & New GFMC Exam Topics

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### AGA Examination 3: Governmental Financial Management and Control (GFMC) Sample Questions (Q76-Q81):

#### NEW QUESTION # 76

A state transfers cash to a broker and the broker transfers securities to the state, promising to repay the cash plus interest in exchange for the return of the same securities. This transaction is an example of

- A. a mutual buy-sell agreement.
- B. a reverse repurchase agreement.
- C. an arbitrage agreement.
- **D. a repurchase agreement.**

**Answer: D**

Explanation:

\* Definition of a Repurchase Agreement (Repo): A repurchase agreement is a short-term financial transaction where one party sells securities to another with an agreement to repurchase them at a later date for a specified price, which includes interest. It functions as a secured loan.

\* Transaction Description:

\* The state transfers cash to a broker.

\* The broker provides securities as collateral and agrees to repay the cash plus interest in exchange for the return of the same securities. This arrangement matches the definition of a repurchase agreement.

\* Explanation of Answer Choices:

\* A. Arbitrage agreement: Arbitrage involves exploiting price differences in markets, unrelated to this transaction.

\* B. Repurchase agreement: Correct, as it fits the definition.

\* C. Mutual buy-sell agreement: This involves agreements to buy and sell assets, unrelated to this financial transaction.

\* D. Reverse repurchase agreement: Incorrect, as the state would be the borrower, not the lender, in a reverse repo.

:

U.S. Department of the Treasury, Guide to Federal Investments.

Financial Accounting Standards Board (FASB), Accounting for Repurchase Agreements.

#### NEW QUESTION # 77

An evaluation of an entity's single year financial statements would use which of the following analyses?

- A. horizontal
- B. trend
- **C. vertical**
- D. comparative

**Answer: C**

Explanation:

What Is Vertical Analysis?

- \* Vertical Analysis evaluates a single year's financial statements by expressing each line item as a percentage of a base amount. For example, in an income statement, each expense may be presented as a percentage of total revenue.
- \* This approach helps users understand the relative size of each financial statement item within the context of the total.

Why Is Vertical Analysis Used for a Single Year?

- \* Vertical analysis focuses solely on relationships within a single set of financial statements, making it the appropriate choice for single-year evaluations.

Why Other Options Are Incorrect:

- \* A. Comparative: Involves comparing financial data across entities or periods, not within a single year.
- \* B. Horizontal: Focuses on changes in financial data over time (year-to-year comparisons).
- \* C. Trend: Examines patterns over multiple periods to identify long-term trends, not a single year.

References and Documents:

- \* GAO Financial Audit Manual: Recommends vertical analysis for single-year financial statement evaluations.
- \* AICPA Financial Statement Analysis Guide: Provides detailed examples of vertical analysis techniques.

### NEW QUESTION # 78

The legislation that expanded the requirements of audits to virtually all federal agencies is the

- A. Federal Financial Management Improvement Act of 1996.
- B. Government Management Reform Act of 1994.
- C. **Accountability for Tax Dollars Act of 2002.**
- D. CFO Act of 1990.

**Answer: C**

Explanation:

What Did the Accountability for Tax Dollars Act Do?

- \* This act expanded the audit requirements to virtually all federal agencies, not just those covered under the CFO Act of 1990.
- \* It mandated that agencies prepare audited financial statements to improve transparency, accountability, and the management of federal funds.

Why Other Options Are Incorrect:

- \* A. CFO Act of 1990: This act required audited financial statements but only applied to the 24 largest federal agencies (those covered under the Chief Financial Officers Act).
- \* C. Federal Financial Management Improvement Act of 1996: Focused on financial system compliance with federal accounting standards, not expanding audit requirements.
- \* D. Government Management Reform Act of 1994: Extended the CFO Act requirements to consolidated government-wide financial statements, not all federal agencies.

References and Documents:

- \* Accountability for Tax Dollars Act of 2002: Specifies the expanded audit requirements for federal agencies.
- \* GAO Guide on Federal Financial Management Laws: Provides a comprehensive overview of key legislation.

### NEW QUESTION # 79

A local government is reviewing the performance of a contractor that is collecting trash for the county.

Performance can be measured based upon the cost

- A. per employee.
- B. per mile travelled.
- C. **per ton of trash collected.**
- D. comparison with closest comparable jurisdiction.

**Answer: C**

Explanation:

Why Measure Performance Based on Cost per Ton of Trash Collected?

- \* Cost per ton of trash collected is a direct, objective, and quantifiable measure of the contractor's performance. It reflects how efficiently the contractor is operating relative to the amount of trash being managed.
- \* This measure aligns with the principle of output-based performance evaluation, which focuses on results (e.g., tons of trash collected) rather than inputs or unrelated factors.

Why Other Options Are Incorrect:

- \* A. Per mile traveled: Mileage is not directly tied to performance; it depends on the route structure and geography, not the quantity of trash collected.
- \* C. Comparison with closest comparable jurisdiction: While this may provide context, it is not a specific performance measure.
- \* D. Per employee: Employee count does not directly measure performance or efficiency in trash collection operations.

References and Documents:

- \* GAO Guide on Contract Performance Evaluation: Recommends using measurable and outcome-based metrics like cost per ton collected for performance reviews.
- \* Best Practices in Local Government Contracting (AGA): Highlights output-based measures for evaluating contractor performance.

### NEW QUESTION # 80

A township wants to buy a new piece of equipment that will reduce costs by \$20,550 at the end of year 2. If the township could invest its funds at a rate of 10%, what is the most the township should spend now to get the return it desires?

- A. \$16,440
- B. \$18,495
- C. \$20,550
- D. \$16,983

**Answer: D**

Explanation:

What Are We Solving For?

- \* We are calculating the present value (PV) of \$20,550 to be received at the end of year 2 using a discount rate of 10%.
- \* The formula for present value is:  $PV = \frac{FV}{(1+r)^n}$

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