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AGA GAFRB Exam Syllabus Topics:

| Topic | Details |
|---------|---|
| Topic 1 | <ul style="list-style-type: none">• State and Local Financial Accounting and Reporting: This section of the exam measures skills of public sector accountants and focuses on applying GASB standards to define reporting entities and component units. It explores the structure and purpose of various fund types and the basis of accounting for each. Candidates must understand the format and content of the Annual Comprehensive Financial Report and the purpose of popular reports for public transparency. |
| Topic 2 | <ul style="list-style-type: none">• Federal Financial Accounting and Reporting: This section of the exam measures skills of government financial analysts and covers the roles of FASAB, OMB, Treasury, and GAO in federal accounting. It includes an understanding of federal budgetary terminology and the federal budgetary equation. The section differentiates between budgetary and proprietary accounting and outlines the structure and use of various federal fund types. It explains how to record key budgetary transactions like appropriations and obligations and proprietary transactions such as payroll and depreciation. |

| | |
|---------|--|
| Topic 3 | <ul style="list-style-type: none"> • Governmental Financial Accounting, Reporting and Budgeting: General Knowledge: This section of the exam measures skills of government financial analysts and covers the unique aspects of governmental accounting that distinguish it from private sector practices, such as service over profit and the critical role of the budget. It emphasizes the objectives of financial reporting in the public sector, the role of standard-setting bodies like GASB, FASB, FASAB, and IPSASB, and the due process for setting accounting standards. It also includes knowledge of interperiod equity, budgetary compliance, sustainability, and the characteristics of quality financial information. |
|---------|--|

AGA Examination 2: Governmental Accounting, Financial Reporting and Budgeting (GAFRB) Sample Questions (Q60-Q65):

NEW QUESTION # 60

What is the term used to describe categories that present obligations by the items or services purchased by the federal government?

- A. object classes
- B. general ledger accounts
- C. treasury fund accounts
- D. programs

Answer: A

Explanation:

Comprehensive Detailed Explanation:

Object classes categorize federal government obligations by the type of goods or services purchased, such as personnel compensation, equipment, travel, etc. These are standardized in OMB Circular A-11, Section 83.

This classification supports budgeting, analysis, and reporting.

Relevant References:

OMB Circular A-11, Section 83 - Object Classification

USSGL (U.S. Standard General Ledger) Glossary

GAO Glossary of Budget Terms

B). object classes

NEW QUESTION # 61

A state had problems with its cash reconciliation resulting in a difference between the total cash per books versus cash balance with banks. The possible loss could only be estimated within a range of \$100 million to \$300 million with no amount within the range considered a better estimate than any other. The state should recognize a minimum liability of

- A. \$200 million and disclose in the notes the exposure to an additional \$100 million loss.
- B. \$300 million with no additional disclosure required.
- C. an amount to be determined by external auditors.
- D. \$100 million and disclose in the notes the exposure to an additional \$200 million loss.

Answer: D

Explanation:

GASB Statement No. 62 (based on FASB ASC 450-20) provides guidance on recognizing loss contingencies.

If a loss is probable and the amount can only be estimated as a range, and no single amount within the range is better, the minimum amount in the range should be accrued.

The remainder of the range should be disclosed in the notes to the financial statements.

Thus:

Accrue: \$100 million

Disclose: Additional exposure up to \$200 million

Relevant References:

GASB Statement No. 62 - Paragraph 96

GAAP Implementation Guide - Loss Contingencies

AICPA Audit Guide - Government Auditing Standards

A). \$100 million and disclose in the notes the exposure to an additional \$200 million loss

NEW QUESTION # 62

An agency operates out of a building that is on the Register of Historic Places; the building is classified as a multi-use federal asset. If the agency recently paid to renovate the office space in the building, the cost for the renovation should be treated as a

- A. mission property.
- B. heritage asset.
- C. stewardship investment.
- **D. general property, plant and equipment expense.**

Answer: D

Explanation:

Although the building is listed on the National Register of Historic Places (a heritage asset), renovations that support current operations and serve general purposes (e.g., office upgrades) are considered capitalizable or expensed under general property, plant, and equipment (G-PP&E), not stewardship or heritage classifications.

Stewardship or heritage classifications apply to assets whose primary purpose is historical preservation, not ongoing operations.

Relevant References:

FASAB SFFAS No. 29 - Heritage Assets and Stewardship Land

FASAB SFFAS No. 6 - General PP&E Accounting

OMB Circular A-136 - Capital Asset Guidance

D). general property, plant and equipment expense

NEW QUESTION # 63

For state and local governments, a fund that is legally restricted to the use of earnings with the principal protected is

- A. an internal service fund.
- B. a general fund.
- C. an enterprise fund.
- **D. a permanent fund.**

Answer: D

Explanation:

A permanent fund is a governmental fund used to report resources that are legally restricted so that only earnings (not principal) may be used to support government programs. These are typically endowments where the corpus is preserved in perpetuity.

According to GASB Statement No. 34, permanent funds are classified under governmental funds and must be used to benefit the government or its citizenry.

Relevant Standards and References:

GASB Statement No. 34, Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments

GASB Codification Section 1300, Fund Types GFOA Budgeting & Fund Balance Guidance Therefore, Option B is correct.

NEW QUESTION # 64

Congress plans to set up an activity within an agency that would:

* provide procurement services to other agencies;

* reimburse fees to the providing agency at a level that would cover the total estimated costs of the services.

The fees would be deposited in the providing agency's accounts and would remain available until expended, to carry out the purposes of the fund. This arrangement describes a

- A. general fund.
- **B. revolving fund.**
- C. trust fund.
- D. special fund.

Answer: B

Explanation:

A revolving fund is a fund established to finance a continuing cycle of operations where the receipts (e.g., fees or reimbursements) are used to finance future operations. These funds are usually self-sustaining and are designed to recover full costs of providing

