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AGA GAFRB Exam Syllabus Topics:

Topic	Details
Topic 1	<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.
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">• 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.

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AGA Examination 2: Governmental Accounting, Financial Reporting and Budgeting (GAFRB) Sample Questions (Q75-Q80):

NEW QUESTION # 75

What is the maximum period of subscription-based information technology agreement (SBITA), including any options to extend, that is classified as short term?

- A. 18 months
- B. 24 months
- **C. 12 months**
- D. 6 months

Answer: C

Explanation:

According to GASB Statement No. 96 (Subscription-Based Information Technology Arrangements or SBITAs), a subscription agreement is considered "short-term" if the maximum possible term (including renewal options) is 12 months or less.

Short-term SBITAs are not reported as subscription liabilities and are accounted for as outflows (expenses or expenditures) when incurred.

Relevant References:

GASB Statement No. 96 - SBITAs (Issued May 2020)

GASB Implementation Guide No. 2021-1 - Q&A on SBITAs

GFOA Advisory - Cloud Computing and Subscription Agreements

B). 12 months

NEW QUESTION # 76

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

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

Answer: C

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 # 77

Which entity assists the president in overseeing the preparation of the President's Budget?

- **A. OMB**
- B. the U.S. Department of the Treasury
- C. Congressional Budget Office
- D. GAO

Answer: A

Explanation:

The OMB assists the President in preparing the President's Budget, which is submitted annually to Congress.

OMB coordinates budget instructions, evaluates agency requests, and ensures alignment with presidential policies.

Other roles:

GAO: Supports Congress and performs audits

CBO: Provides nonpartisan budget analysis to Congress

U.S. Treasury: Manages federal finances but does not oversee budget preparation Relevant References:

OMB Circular A-11 - Role in Budget Formulation

U.S. Code Title 31 - Role of OMB

GAO Budget Glossary

C). OMB

NEW QUESTION # 78

According to GASB, the costs of which of the following activities associated with internally generated computer software should be capitalized?

- A. converting extra data not needed to make the software work
- B. training employees to use the software
- C. selecting between alternatives for the software project
- D. **testing the software for functionality and ease of use**

Answer: D

Explanation:

According to GASB Statement No. 51 - Accounting and Financial Reporting for Intangible Assets, costs associated with internally generated computer software can be capitalized only during the "application development stage." Activities in this stage that are capitalizable include:

Coding

Software configuration

Testing (for functionality)

Non-capitalizable activities include:

Preliminary project planning (e.g., selecting between alternatives)

Data conversion not necessary for the software to operate

Training employees

Therefore, testing the software for functionality is an activity that should be capitalized.

Relevant References:

GASB Statement No. 51

GFOA Best Practices - Capitalization of Intangible Assets

C). testing the software for functionality and ease of use

NEW QUESTION # 79

If an internal service fund needs to develop an hourly billing rate, the calculation should include

- A. **all materials consumed during the year.**
- B. the replacement cost of equipment purchased during the year.
- C. all materials purchased during the year, even if the materials were not consumed.
- D. the acquisition cost of equipment purchased during the year.

Answer: A

Explanation:

An internal service fund is used to account for goods or services provided by one department or agency to other departments or agencies of the governmental unit, typically on a cost-reimbursement basis.

To establish accurate billing rates (e.g., hourly rates), the fund must use actual costs of providing services.

This includes materials consumed, labor, depreciation, and overhead. Materials purchased but not used should not be included in the rate calculation for the current period.

Relevant Standards and References:

FASAB SFFAS No. 4, Managerial Cost Accounting

GASB Codification Section 1800, Internal Service Funds

GFOA Best Practices - Internal Service Fund Rate Setting
Therefore, Option A is correct.

NEW QUESTION # 80

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