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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.

AGA Examination 2: Governmental Accounting, Financial Reporting and Budgeting (GAFRB) Sample Questions (Q55-Q60):

NEW QUESTION # 55

Which federal agency activities would most likely use a trust fund to account for funds received and paid?

- A. business-type operations financed by exchange revenues
- B. grant programs distributing funds awarded in prior years
- **C. provisions of benefits, goods or services financed by specific revenue sources**
- D. general government programs receiving annual appropriations

Answer: C

Explanation:

Comprehensive Detailed Explanation:

Trust funds in the federal government are used to account for assets held in a fiduciary capacity for specific purposes. These funds typically involve revenue dedicated by law for particular programs and purposes, such as:

Social Security Trust Fund

Medicare Trust Fund

Unemployment Trust Fund

These involve collections from earmarked taxes or contributions and are used to provide specific benefits or services.

Relevant References:

FASAB SFFAS No. 27 - Identifying and Reporting Earmarked Funds

Treasury Financial Manual - Trust Fund Accounts

OMB Circular A-11, Section 20 - Federal Fund and Trust Fund Definitions B). provisions of benefits, goods or services financed by specific revenue sources

NEW QUESTION # 56

The Department of the Interior has the following costs associated with the development of a new visitor tracking system.

Research cost determining if system should be internally or externally developed \$100,000 Software configuration and system development \$750,000 Cost of testing the new system for fiscal usage \$225,000 Converting data from old tracking system to new tracking system \$500,000 How much should be capitalized as the cost of the asset?

- A. \$1,475,000
- **B. \$975,000**
- C. \$750,000
- D. \$1,575,000

Answer: B

Explanation:

FASAB SFFAS No. 10 (Accounting for Internal Use Software) provides guidance for capitalizing software development costs. The following costs are capitalized:

Software configuration and development: \$750,000

Testing for functionality (ready for use): \$225,000

These fall within the "software development stage."

The following are not capitalized:

Research costs (e.g., feasibility studies): \$100,000 # Expense

Data conversion costs: \$500,000 # Expense (unless part of application development, which it's not here) Capitalized total = \$750,000 + \$225,000 = \$975,000 Relevant References:

FASAB SFFAS No. 10 - Accounting for Internal Use Software

OMB Circular A-136 - Capitalization Guidance

Treasury Financial Manual (TFM) - Capital Assets

B). \$975,000

NEW QUESTION # 57

The federal budget baseline forecast reflects the estimated

- A. effects of current law on recipients of federal benefits.
- **B. receipts, outlays, and deficit or surplus that would result from continuing current law or policies.**
- C. receipts, outlays, and deficit or surplus under the President's Budget.
- D. effects of enacting Congressional appropriations bills on federal receipts and spending.

Answer: B

Explanation:

The federal budget baseline is a projection of federal spending, revenues, deficits, and debt assuming no changes to current laws and policies. It serves as a neutral benchmark to compare the fiscal impact of proposed legislation or budget changes.

It is typically prepared by the Congressional Budget Office (CBO) and assumes continuation of current tax and spending laws without new legislation.

Relevant References:

Congressional Budget Act of 1974

Congressional Budget Office (CBO) - Baseline Concepts

OMB Circular A-11 - Section 80: Baseline Budget Estimates

C). receipts, outlays, and deficit or surplus that would result from continuing current law or policies

NEW QUESTION # 58

Interest accrued on the public debt is reported as

- A. a tax expenditure.
- **B. an outlay.**
- C. a cost of goods sold.
- D. a receipt.

Answer: B

Explanation:

Interest accrued on the public debt (e.g., Treasury securities) is considered a government expenditure. In federal financial reporting and budgeting, this is classified as an outlay, representing a payment made to meet an obligation.

It is not a receipt (revenues collected), a cost of goods sold (used in commercial accounting), or a tax expenditure (which refers to revenue foregone due to deductions, credits, etc.).

Relevant References:

OMB Circular A-11 - Budgetary Definitions

Treasury Financial Manual (TFM) - Federal Outlay Reporting

GAO Glossary - Public Debt Interest Treatment

B). an outlay

NEW QUESTION # 59

An example of a non-exchange revenue is

- A. bond proceeds.
- **B. investment earnings.**

- C. licensing fees.
- **D. sales taxes.**

Answer: D

Explanation:

Non-exchange revenues are those in which a government gives or receives value without directly receiving or giving equal value in return. Sales taxes are a classic example of a non-exchange revenue because the payer (consumer) does not receive a direct, measurable benefit from the government in exchange for the tax paid.

Other examples of non-exchange revenues include property taxes, grants, and fines. In contrast, licensing fees and investment earnings are exchange or exchange-like revenues, since they involve a mutual benefit or earnings return.

Relevant Standards and References:

GASB Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions GASB Codification Section N50
GFOA Revenue Classification Guidelines

NEW QUESTION # 60

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