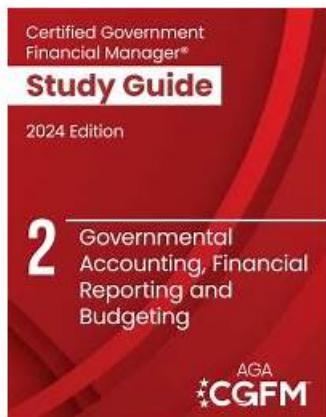


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AGA GAFRB Exam Syllabus Topics:

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 (Q11-Q16):

NEW QUESTION # 11

What role do the U.S. Department of the Treasury, GAO and OMB have in the standard-setting activities of FASAB?

- A. They are all members with authority to veto any standard approved by FASAB.
- B. They are all members whose agencies may be exempt from FASAB standards.
- C. They are all non-voting advisory board members of FASAB.
- D. They are all sponsors and voting members of FASAB.

Answer: D

Explanation:

The Federal Accounting Standards Advisory Board (FASAB) was established in 1990 by the U.S. Department of the Treasury, the Office of Management and Budget (OMB), and the Government Accountability Office (GAO). These three entities are collectively known as the "sponsors" of FASAB. Each has a representative who serves as a voting member of the board.

FASAB is responsible for establishing GAAP for federal entities. The sponsor organizations appoint board members and have authority over standard-setting governance, but do not individually veto standards. Final standards are issued only after due process, including public comment and sponsor approval.

Relevant Standards and References:

FASAB Memorandum of Understanding (MOU) Among Treasury, OMB, and GAO (as amended): "These three agencies are the sponsors of FASAB and each appoints one voting member to the Board." FASAB Governance Manual (2023 Edition), Section 2: Identifies Treasury, OMB, and GAO as sponsors and voting members.

AGA's "CGFM Study Guide 2," Chapter 2: Highlights the role of sponsors in the standard-setting process.

Therefore, Option D is correct.

NEW QUESTION # 12

The Office of Personnel Management provides employee pension benefits for an agency's employees and bills the agency for a

portion of the costs. The portion of costs not billed to the agency is an

- A. inferred cost to be recognized by the agency.
- **B. imputed cost to be recognized by the agency.**
- C. imputed cost to be recognized by the Office of Personnel Management.
- D. inferred cost to be recognized by the Office of Personnel Management.

Answer: B

Explanation:

When a federal agency participates in a pension plan administered by another government entity (such as the Office of Personnel Management, OPM), and OPM bills the agency for a portion of the cost while covering the remainder itself, the portion not billed is considered an "imputed cost" to the agency. This imputed cost represents the agency's share of employee pension benefits that are financed on its behalf by another entity.

Accounting guidance requires that the employing agency recognize both the amount billed and the amount covered by OPM as a pension expense, recording the imputed cost as an expense and as an imputed financing source in its own financial statements. This treatment ensures full recognition of the economic cost of employing personnel, even if part of that cost is not directly paid by the agency.

Key references and standards:

* Federal Accounting Standards Advisory Board (FASAB) SFFAS No. 5, "Accounting for Liabilities of the Federal Government": "Employing entities should recognize the cost of pensions and other postemployment benefits during their employees' active years of service. The cost recognized includes the amount contributed by the employing entity and the portion contributed by other entities on the entity's behalf, which is called an imputed cost."

* FASAB SFFAS No. 4, "Managerial Cost Accounting Standards and Concepts":

"Costs that are incurred by one entity but paid by another entity, and that benefit the reporting entity, should be recognized by the reporting entity as imputed costs and imputed financing."

* OMB Circular A-136, Section II.2.7.3:

"Imputed costs are to be recognized for the costs of goods and services received from other federal entities at no or reduced cost, such as pension and postretirement health benefits..." Therefore, answer choice C is correct: the agency recognizes the imputed cost.

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NEW QUESTION # 13

The Government Management Reform Act of 1994 amended the CFO Act of 1990 to require

- **A. audited financial statements of the executive departments.**
- B. quarterly financial statements of executive departments.
- C. unmodified audit opinions of the executive department financial statements.
- D. OMB approval of executive department financial statements.

Answer: A

Explanation:

The Government Management Reform Act (GMRA) of 1994 amended the Chief Financial Officers (CFO) Act of 1990 to require each executive agency to prepare and submit audited financial statements covering all accounts and associated activities.

This extended the audit requirement beyond the pilot CFO agencies and laid the groundwork for the Financial Report of the U.S. Government.

Relevant References:

Government Management Reform Act of 1994 (Public Law 103-356)

CFO Act of 1990

OMB Circular A-136 - Financial Reporting Requirements

B). audited financial statements of the executive departments

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NEW QUESTION # 14

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. an amount to be determined by external auditors.
- B. \$200 million and disclose in the notes the exposure to an additional \$100 million loss.
- C. \$300 million with no additional disclosure required.
- 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 # 15

A federal agency should recognize an accounts receivable when

- A. taxes are expected to be received at a future date.
- B. orders are accepted for goods that are to be provided.
- C. **claims to cash against other entities are established.**
- D. agreements to provide services are received.

Answer: C

Explanation:

Comprehensive Detailed Explanation:

According to FASAB Statement of Federal Financial Accounting Standards (SFFAS) No. 1, an accounts receivable should be recognized when a legal claim to cash exists - that is, when the federal agency has provided goods or services or an enforceable claim to payment has arisen.

This typically occurs after performance has occurred, not merely when an agreement or order is received.

Relevant References:

FASAB SFFAS No. 1 - Accounting for Selected Assets and Liabilities

Treasury Financial Manual (TFM) - Receivables Accounting

OMB Circular A-136 - Financial Reporting Requirements

A). claims to cash against other entities are established

NEW QUESTION # 16

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