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AGA GAFRB Exam Syllabus Topics:

Topic	Details
Topic 1	<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 2	<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 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 (Q100-Q105):

NEW QUESTION # 100

An agency is developing a fee for services to cover all direct operating expenditures. Which of the following should be included in the fee calculation?

- A. staffing, location rent, equipment depreciation
- B. supplies, equipment depreciation, staffing
- C. supplies, equipment depreciation, location rent
- D. staffing, location rent, supplies

Answer: A

Explanation:

When an agency is developing a fee to recover costs for providing a service, it must calculate the full cost of the service. According to cost accounting standards for federal government operations, "full cost" includes:

Direct costs: staffing, supplies, materials directly used in service provision Indirect costs: facility costs (e.g., location rent), equipment depreciation, administrative support, etc.

OMB Circular A-25, "User Charges," requires that user fees for government services be based on the full cost of providing that service unless otherwise mandated by law. Therefore, staffing (a direct cost), location rent (indirect cost), and equipment

depreciation (a capital asset cost) are all appropriate to include.

Relevant Standards and References:

OMB Circular A-25, "User Charges," Section 6(d): "Full cost includes all direct and indirect costs to any part of the Federal Government of providing a good, resource, or service." FASAB SFFAS No. 4, Managerial Cost Accounting Concepts and Standards: Defines full cost components, including depreciation.

GAO "Principles of Federal Appropriations Law," Red Book, Vol. I: Cost recovery practices in federal user fee settings.

Therefore, Option B is correct.

NEW QUESTION # 101

A state grant will reimburse a city for 40% of the architectural, construction and project management costs to build an annex to a city building. A city employee, who is paid salary and benefits of \$10,000 a month, works half-time on the project for six months.

The city reports the following project budgeted and actual costs:

Purpose Budget Actual

Architectural fees \$ 100,000 \$ 90,000

Construction costs \$10,500,000 \$10,000,000

Based upon the above information, what is the amount of allowable costs that the state will reimburse the city on the grant?

- A. \$4,252,000
- B. \$4,048,000
- C. \$4,060,000
- D. \$4,264,000

Answer: B

Explanation:

First, we calculate total eligible project costs:

Eligible categories (architectural, construction, project management):

Architectural (actual): \$90,000

Construction (actual): \$10,000,000

Project management (city employee at 50% time for 6 months):

$\$10,000/\text{month} \times 6 \text{ months} \times 50\% = \$30,000$

Total eligible cost = $\$90,000 + \$10,000,000 + \$30,000 = \$10,120,000$

State reimburses 40% of eligible cost:

$0.40 \times \$10,120,000 = \$4,048,000$

Relevant References:

OMB Uniform Guidance (2 CFR § 200) - Cost Principles

GFOA Best Practices - Grant Compliance

State grant agreements outlining cost-sharing requirements

A). \$4,048,000

NEW QUESTION # 102

At the beginning of the fiscal year a school district held the following capital assets:

What is the depreciation expense for the current year?

\$ 150,000 for cafeteria refrigerators	useful life of 20 years
\$ 500,000 for heating system	useful life of 15 years
\$1,000,000 for buses	useful life of 5 years

- A. \$207,500
- B. \$200,000
- C. \$233,333
- D. \$240,833

Answer: A

Explanation:

We calculate straight-line depreciation for each asset using the formula:

Depreciation = $\text{Cost} \div \text{Useful Life}$

Given:

Refrigerators: $\$150,000 \div 20 = \$7,500$
Heating system: $\$500,000 \div 15 = \$33,333.33$
Buses: $\$1,000,000 \div 5 = \$200,000$

Total Depreciation:
\$7,500 (Refrigerators)
\$33,333.33 (Heating system)
\$200,000 (Buses)
= \$240,833.33

So the correct depreciation expense (rounded to the nearest dollar) is:

D). \$240,833

Note: Option B (\$207,500) is incorrect because it does not reflect total depreciation based on the useful lives provided.

Relevant References:

GASB Statement No. 34 - Capital Asset Reporting

GFOA Best Practices - Capital Assets and Depreciation

FASAB SFFAS No. 6 - Accounting for Property, Plant, and Equipment

D). \$240,833

NEW QUESTION # 103

What fund category traditionally accounts for the general services to the public such as public safety, health, transportation, social services and the administration of the government?

- A. fiduciary
- B. proprietary
- C. general
- D. governmental

Answer: D

Explanation:

The governmental fund category is used to account for the core services of a government that are primarily supported by taxes and other non-exchange revenues. These services include public safety, education, health, transportation, and social services. It includes the general fund, special revenue funds, capital projects funds, debt service funds, and permanent funds.

While option D (general fund) is technically a fund within the governmental category, the broader and more accurate classification is "governmental." Relevant References:

GASB Statement No. 34 - Basic Financial Statements for State and Local Governments GASB Codification Section 1300 - Fund Types GFOA Fund Structure Guidance B). governmental

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NEW QUESTION # 104

When an accounting principle established by GASB conflicts with an accounting principle established by FASB, the preparer of financial statements for a local government should observe

- A. the principle established by FASB.
- B. either the principle established by GASB or FASB, without additional disclosure.
- C. the principle established by GASB.
- D. either the principle established by GASB or FASB, with additional disclosure required if the FASB principle is observed.

Answer: C

Explanation:

For state and local governments, GASB (Governmental Accounting Standards Board) is the authoritative standard-setting body. If a GASB principle exists, it must be followed, even if a FASB (Financial Accounting Standards Board) principle suggests a different approach.

FASB guidance may only be used in the absence of applicable GASB guidance - and even then, only when it does not conflict with governmental accounting objectives.

Relevant References:

GASB Statement No. 76 - The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments GASB Concepts Statements GAO and GFOA Reporting Manuals A). the principle established by GASB

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