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### AGA GAFRB Exam Syllabus Topics:

| Topic   | Details  |
|---------|--|
| Topic 1 | <ul style="list-style-type: none"><li>• 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.</li></ul> |
| Topic 2 | <ul style="list-style-type: none"><li>• 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.</li></ul>  |

|         |   |
|---------|---|
| Topic 3 | <ul style="list-style-type: none"> <li>• 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.</li> </ul> |
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## **AGA Examination 2: Governmental Accounting, Financial Reporting and Budgeting (GAFRB) Sample Questions (Q44-Q49):**

### **NEW QUESTION # 44**

Government, public, private and not-for-profit entities all share which common goal of financial reporting?

- A. demonstrate the nature of cash receipts and disbursements
- B. inform users about the ability of the entity to generate revenue
- C. provide users with the current status of the entity
- D. provide users with decision support

### **Answer: D**

Explanation:

Despite differences in sector goals, all entities-public, private, nonprofit, or government-use financial reporting to provide information that assists stakeholders in making informed decisions.

While private-sector entities focus on profitability and governmental entities focus on accountability and stewardship, both require decision-useful financial data.

Relevant References:

FASAB SFFAC No. 1 - Objectives of Federal Financial Reporting  
 GASB Concepts Statement No. 1 - Objectives of Financial Reporting  
 FASB Statement of Financial Accounting Concepts No. 1  
 A). provide users with decision support

### **NEW QUESTION # 45**

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

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

### **Answer: D**

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 # 46

The PAR includes all of the following elements EXCEPT the

- A. agency-head message.
- **B. demographic section.**
- C. financial section.
- D. performance section.

#### Answer: B

Explanation:

Comprehensive Detailed Explanation:

The Performance and Accountability Report (PAR) is a consolidated report that federal agencies are required to submit. It typically includes:

Agency Head's Message

Performance Section (performance goals/results)

Financial Section (financial statements, audit report, notes)

Other Accompanying Information (e.g., improper payments, internal control reports) There is no "demographic section" required or defined in the structure of a PAR.

Relevant References:

OMB Circular A-136 - Financial Reporting Requirements

GPRA Modernization Act of 2010

CFO Act of 1990

D). demographic section

#### NEW QUESTION # 47

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

#### Answer: A

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 # 48

To capitalize a research and development asset, it must

- A. be used for a federal research project.
- B. have acquisition value of at least \$100,000.
- C. be approved by the agency head.
- **D. have alternative future use.**

#### Answer: D

Explanation:

Research and development (R&D) costs are generally expensed when incurred. However, capitalization may occur only if the asset has an "alternative future use." This means it can be used in other projects or for other purposes beyond the specific R&D effort.

This principle aligns with both federal and private-sector accounting under FASAB and FASB standards.

### Relevant References:

FASAB SFFAS No. 10 - Accounting for Internal Use Software

FASB ASC 730 - Research and Development

GAO Red Book - Capitalization Guidelines

D). have alternative future use

## NEW QUESTION # 49

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