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## AGA GAFRB Exam Syllabus Topics:

Topic	Details
Topic 1	<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>
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>• 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>

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## AGA Examination 2: Governmental Accounting, Financial Reporting and Budgeting (GAFRB) Sample Questions (Q21-Q26):

### NEW QUESTION # 21

Who is responsible for making apportionments and allotments?

- A. apportionments are made by OMB, agencies make allotments
- B. apportionments are made by Congress, OMB makes allotments
- C. apportionments are made by committees, OMB makes allotments
- D. apportionments are made by agencies, Congress makes allotments

**Answer: A**

Explanation:

In the federal budget execution process:

The Office of Management and Budget (OMB) makes apportionments. These divide appropriated funds into quarterly or program-specific portions to prevent premature spending.

Agencies then make allotments, which further subdivide apportioned funds internally by responsibility centers or programs.

Relevant References:

OMB Circular A-11 - Section 120: Apportionments

Treasury Financial Manual - Fund Control

GAO Red Book - Budget Execution Terminology

B). apportionments are made by OMB, agencies make allotments

### NEW QUESTION # 22

A legally separate organization for which the elected officials of the primary government are financially accountable describes a

- A. fiscally dependent organization.
- B. joint venture entity.
- C. jointly governed organization.
- D. component unit.

**Answer: D**

Explanation:

A component unit is a legally separate entity for which the elected officials of the primary government are financially accountable.

This accountability may arise if the primary government:

Appoints a majority of the governing board, and

Is able to impose its will or has the potential to receive financial benefits or bear financial burdens.

Component units are reported in the financial statements of the primary government, either as blended or discretely presented entities.

Relevant Standards and References:

GASB Statement No. 14, The Financial Reporting Entity

GASB Statement No. 61, The Financial Reporting Entity: Omnibus

GASB Codification Section 2100: Defining the Financial Reporting Entity Therefore, Option B is correct.

### NEW QUESTION # 23

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

- A. inform users about the ability of the entity to generate revenue
- B. provide users with decision support

- C. provide users with the current status of the entity
- D. demonstrate the nature of cash receipts and disbursements

**Answer: B**

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 # 24**

Which one of the following statements is true with regard to external reporting of major funds for state and local governments?

- A. Internal service funds that have assets and deferred outflows of resources in excess of 10% of total proprietary assets and deferred outflows of resources are required to be reported as major funds.
- B. Management can elect to present any governmental or enterprise fund as a major fund.
- C. The general fund is presented as major only if it meets the major fund criteria.
- D. Special revenue funds that have expenditures in excess of 5% of total governmental expenditures are required to be reported as major funds.

**Answer: B**

Explanation:

GASB Statement No. 34 provides the criteria for determining major funds, primarily based on quantitative thresholds (e.g., 10% of total assets, liabilities, revenues, or expenditures/expenses).

However, GASB also allows management to designate any governmental or enterprise fund as a major fund if, in its judgment, it is particularly important to users of the financial statements-even if it doesn't meet the quantitative criteria.

Other options are incorrect:

The general fund is always presented as a major fund regardless of criteria.

Internal service funds are never reported as major funds in the fund financial statements.

Relevant References:

GASB Statement No. 34 - Paragraph 76

GASB Codification Section 2200 - Fund Reporting Requirements

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C). Management can elect to present any governmental or enterprise fund as a major fund

**NEW QUESTION # 25**

The capitalization of interest begins when all of the following conditions are met EXCEPT

- A. activities are in progress to get the asset ready for its intended use.
- B. interest cost is being incurred.
- C. the contract is signed for purchasing the asset.
- D. outlays for the asset have been made.

**Answer: C**

Explanation:

Comprehensive Detailed Explanation:

Capitalization of interest begins when three conditions are met:

Expenditures for the asset have been made (i.e., costs are being incurred) Activities necessary to prepare the asset for use are in progress Interest cost is being incurred Signing a contract does not trigger capitalization - the actual incurrence of costs and activities must begin.

This rule is based on GAAP and FASB/GASB guidance for capital asset construction.

### Relevant References:

GASB Statement No. 62 - Capitalization of Interest  
FASB ASC 835-20 - Interest Capitalization  
GFOA - Capital Asset Accounting Guidelines  
A). the contract is signed for purchasing the asset

## NEW QUESTION # 26

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