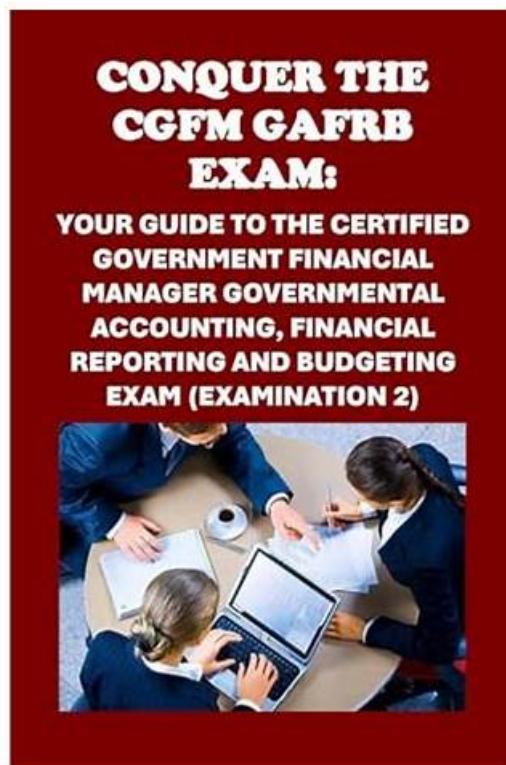


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AGA GAFRB Exam Syllabus Topics:

| 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">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. |

| | |
|---------|--|
| Topic 3 | <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. |
|---------|--|

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AGA Examination 2: Governmental Accounting, Financial Reporting and Budgeting (GAFRB) Sample Questions (Q47-Q52):

NEW QUESTION # 47

An example of a non-exchange revenue is

- A. bond proceeds.
- B. licensing fees.
- **C. sales taxes.**
- D. investment earnings.

Answer: C

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 # 48

An independent school district completed construction on a new high school during the current fiscal year.

The amount paid to the construction manager was \$900,000 and the amount paid to the architect was \$100,000. The entity depreciates buildings over 50 years, using the straight line, half-year depreciation method. What is the amount reported on the Statement of Activities in the current fiscal year?

- A. \$1,000,000
- B. \$9,000
- C. \$10,000
- **D. \$20,000**

Answer: D

Explanation:

The \$900,000 paid to the construction manager and \$100,000 paid to the architect are capitalized as part of the building's total cost,

totaling \$1,000,000.

Using straight-line depreciation over 50 years with the half-year convention:

Annual depreciation = $\$1,000,000 \div 50 = \$20,000$

Since the half-year convention is used in the year the asset is placed in service, only 50% of the full-year depreciation is recorded.

Depreciation for the current year = $\$20,000 \times 0.5 = \$10,000$

However, note: since both amounts ($\$900,000 + \$100,000$) were paid during construction and the school was completed and placed into service this year, the full capitalized amount applies.

GASB and GAAP allow the half-year rule unless the asset was placed into service at the beginning of the year. In this case, since placed during the year, the half-year rule applies.

Correct depreciation for the first year = $\$10,000$

So, the correct answer is:

B). $\$10,000$

Correction Note: While option C ($\$20,000$) may seem valid for full-year depreciation, the use of the "half- year depreciation method" dictates that only half of the full-year amount is expensed in the first year.

Relevant References:

GASB Statement No. 34 - Capital Assets and Depreciation

GFOA Best Practices on Capital Asset Accounting and Reporting

NEW QUESTION # 49

What is the maximum period of subscription-based information technology agreement (SBITA), including any options to extend, that is classified as short term?

- A. 12 months
- B. 24 months
- C. 6 months
- D. 18 months

Answer: A

Explanation:

According to GASB Statement No. 96 (Subscription-Based Information Technology Arrangements or SBITAs), a subscription agreement is considered "short-term" if the maximum possible term (including renewal options) is 12 months or less.

Short-term SBITAs are not reported as subscription liabilities and are accounted for as outflows (expenses or expenditures) when incurred.

Relevant References:

GASB Statement No. 96 - SBITAs (Issued May 2020)

GASB Implementation Guide No. 2021-1 - Q&A on SBITAs

GFOA Advisory - Cloud Computing and Subscription Agreements

B). 12 months

NEW QUESTION # 50

The unobligated balance of an appropriation is equal to the total unexpended appropriation, less the total amounts

- A. allotted.
- B. collected.
- C. obligated.
- D. apportioned.

Answer: C

Explanation:

The unobligated balance of an appropriation refers to the portion of the total appropriation authority that has not yet been committed (obligated) through contracts, purchase orders, or other legally binding agreements.

Formula:

Unobligated Balance = Total Appropriation - Total Obligations

This is a key control metric in federal and state financial management, used to determine how much funding remains legally available for future obligations.

Relevant Standards and References:

OMB Circular A-11, Section 20.3

GAO Principles of Federal Appropriations Law (Red Book)
FASAB SFFAS No. 7: Reporting on Budgetary Resources
Therefore, Option A is correct.

NEW QUESTION # 51

Governmental funds reported \$80 million current expenditures and \$2 million capital outlays. The reconciliation of the Statement of Revenues, Expenditures, and Change in Fund Balance to the Statement of Activities starts with the total net change in fund balances in the governmental fund and

- A. \$80 million in current expenditures is added.
- **B. \$2 million in capital outlays is added.**
- C. \$S2 million in capital outlays is subtracted.
- D. \$80 million in current expenditures is subtracted.

Answer: B

Explanation:

In the reconciliation from the governmental fund financial statements to the government-wide Statement of Activities, capital outlays that were treated as expenditures in the governmental funds are added back. This is because the government-wide financial statements use full accrual accounting, where capital outlays are capitalized as assets and not expensed.

Thus, the \$2 million in capital outlays would be added back to adjust net change in fund balances to arrive at the change in net position for governmental activities.

Relevant References:

GASB Statement No. 34 - Reporting Capital Assets and Reconciliation
GASB Codification Section 2200 - Government-wide Financial Reporting
GFOA Annual Comprehensive Financial Report Guidance
C). \$2 million in capital outlays is added

NEW QUESTION # 52

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