



Summary of Exam Topics in the CGFO Program

The Exams for the CGFO program offered by the Government Finance Officers Association of Texas (GFOAT) consists of up to five (5) exams designed to test a candidate's knowledge and proficiency within the major disciplines of government finance in the State of Texas.

Study Guide Disciplines include the five categories listed below. In addition, a compiled glossary covering all of these five areas is available to aid in exam preparation.

- **Accounting & Financial Reporting**
- **Budgeting & Capital Planning**
- **Cash Management**
- **Debt Administration**
- **Public Finance (Mandatory)**

Exams meet the following criteria:

- Multiple choice, Matching, or True/False format(s)
- Each exam shall have 100 questions.
- Exams shall be based on study materials, practical knowledge and problem solving.
- Exams shall be offered as often as practical but at a minimum of twice yearly.
- Candidates may take no more than two exams per sitting and each exam sitting period may not exceed two and one-half hours.
- The Public Finance exam is a requirement for all candidates. Other exams are elective and, may be taken in any combination to satisfy the candidate's point requirements.
- Candidates must provide their own laptop to use at testing locations to access the internet and obtain their exam link.
- A grade of 75 must be made on each exam taken in order for the exam points to count toward the 375-point minimum requirement to become a CGFO (point for point awards for 75 and over).

Study materials and exams shall be updated and administered under the supervision of CGFO Committee. Exam Review Sessions may be offered each year to assist candidates in their preparation for exams. Review Session(s) will be posted on the CGFO website calendar in sufficient time to allow for candidates to complete the registration process.

The following pages illustrate, for each Exam in the CGFO Program, a summary of the topics and associated areas of study a candidate will be expected to demonstrate a level of proficiency necessary to achieve a passing score.

Summaries by Exam (with page numbers)

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Budgeting and Capital Planning	6
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Debt Administration	13

Public Finance Exam

Topics	Sub-Topics	Detail
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Revenue

Revenue Basics

- Ad Valorem
- Assessed Value
- Tax Levy
- Tax Exemptions
- Tax Avoidance
- Tax Evasion
- Administrative Feasibility
- Economic Efficiency
- Tax Incidence

Equity

- Benefits- Received Principle
- Ability-To-Pay Principle
- Progressive Tax
- Regressive Tax
- Proportional Tax

Revenue Sources

- Texas Property Tax
 - Central Appraisal Districts
 - Types of Property
 - Method of Appraisal
 - Tax Calendar
 - Appraisal Phase
 - Equalization Phase
 - Assessment Phase
 - Collections Phase
 - Establishing a Tax Rate and Levy
 - Components of a Tax Levy
 - M&O Rate (Maintenance and Operations)
 - I&S Rate (Interest and Sinking)
 - Process for Adopting Tax Rate
 - Senate Bill 2 (2019)
 - Other Property Tax Issues

Public Finance Exam

Topics	Sub-Topics	Detail
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		<ul style="list-style-type: none">▪ Other Taxes<ul style="list-style-type: none">- Texas Sales & Use Tax- General Revenue Sales Tax- Sales Tax for Economic Development- Sales Tax for Property Relief- Sales Tax for Street Maintenance- Sales Tax for Crime Control- Sales Tax for Other Dedicated Purposes- Administration of the Sales Tax- Hotel Occupancy Tax▪ Non-Tax Revenue Sources<ul style="list-style-type: none">- Right of Way (ROW) Rental Fees- User Fees & Charges- Licenses & Permits- Development Impact Fees- Grants<ul style="list-style-type: none">· Categorical Grants· Block Grants▪ Revenue Estimation & Forecasting<ul style="list-style-type: none">- Best Judgement- Trend Analysis- Economic Forecasting
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Purchasing

	Government Purchasing	<ul style="list-style-type: none">▪ Characteristics of Government Purchasing
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Recommended Procedures & Policies

- Vendor Selection
- Bid Structure & Evaluation
- Purchasing
- Material Receipt & Testing
- Cooperative Purchasing

Public Finance Exam

Topics	Sub-Topics	Detail
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Risk Management

Identifying Risk

- Legal Liability to Others
- Property Loss
- Extra Expense
- Loss of Income
- Human Resource Loss
- Crime & Fidelity Loss

Assessing Risk

- Standards for Analysis

Minimizing Risk

- Property Insurance
- Liability Insurance
- Fidelity Bonds
- Worker's Compensation

Internal Controls

- Committee of Sponsoring Organizations (COSO)

Public Pension Fund Administration

- Types of Plans
- Defined Benefit Plans
 - Managing Risks - Defined Benefit Plans
- Texas Municipal Retirement System (TMRS)

* All Exams Include Glossary Terms

Topics	Sub-Topics	Detail
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Budget Basics

Statutory Requirements for Local Government Budgets

- State of Texas Local Government Code
- Required Information for Budgets

Budget - Policy Document

- Basis of Budgeting
- Balancing the Budget
- Debt Issuance & Management
- Operating & Capital Expenditures
- The Budget Process (Calendar)

Budget Elements

Budget - Financial Plan

- Financial Statements
 - Consolidated Financial Schedule
 - Multiple Year Fund Financial Summary
- Description of Major Revenues
- Long-Range Financial Plans

Budget - Operations Guide

- Description of Dept./Program Functions
- Reporting Organization & Dept. Staffing
- Performance Measures

Budget - Communications Device

- Budget Summary
- Document Navigation
- Document Usability

Capital Planning

Capital Assets

- Defining & Assessing Capital Assets
- Policies/Plans - Acquiring, Maintaining, Replacing

Budget & Capital Planning Exam

Topics	Sub-Topics	Detail
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- Developing a Capital Improvement Plan
- Tracking Capital Project Expenditures

Supplemental Reading

Budget & Capital Planning Exam

Topics	Sub-Topics	Detail
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	Best Practices	<ul style="list-style-type: none">▪ Distinguished Budget Presentation Award Prog.▪ Recommended Budget Practices, a framework for improved State and Local Government Budgeting, 1998, National Advisory Council on State and Local Budgeting
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Accounting & Financial Reporting Exam

Topics	Sub-Topics	Detail
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Accounting & Financial Reporting

Introduction

- GASB 34 - Basic Accounting Principles
- Accrual Method of Accounting
- Modified Accrual Method of Accounting

Funds - Building Blocks of the Accounting System

- Governmental Funds
 - General Fund
 - Special Revenue Funds
 - Debt Service Funds
 - Capital Project Funds
 - Permanent Funds
- Proprietary (Business-Type) Funds
 - Enterprise Funds
 - Internal Service Funds
- Fiduciary Funds
 - Investment Trust Funds
 - Private Purchase Trust Funds
 - Pension Trust Funds
 - Agency Funds

Interfund Activities

- Reciprocal Activities
- Non-Reciprocal Activities

Accounts - Building Blocks of Funds

- Accounting Equation - Governmental Funds
- Accounting Equation - Proprietary Funds
- Accounting Equation - Government-Wide Financial Statements
- Assets
- Deferred Outflows of Resources
- Liabilities
- Deferred Inflows of Resources
- Fund Balance
 - Assigned
 - Restricted
 - Committed
 - Unrestricted

Accounting & Financial Reporting Exam

Topics	Sub-Topics	Detail
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Recording & Reporting

- Recording & Reconciling Budget Transactions
 - Sequence of Accounting Actions
- Measurement Focus
- Annual Comprehensive Financial Report
 - Introductory Section
 - Financial Section
 - Statistical Section

Other Topics

- Other Post Employee Benefits (OPEB)
- Recent GASB Statements

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Cash Management Exam

Topics	Sub-Topics	Detail
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Cash Management and Internal Controls

Cash Management

- Objectives of Cash Management
- Financial Controls
- Cash Forecasting

Internal Control Practices

- Authorizations
- Segregation of Duties
- Safeguarding
- Recording & Depositing
- Reconciliation & Review

Cash Accounting Reporting & Procedures

Cash Accounting & Reporting System

- Accounting for Investments & Interest
- Interest Allocation
- Reconciliation Reports: Purposes & Procedures
- Financial Reporting - Deposits & Investments
 - GASB Statement #31
 - GASB Statement #40
- Internal Management Reports (PFIA)

Financial Management Procedures

- Revenue Receipt Capture
- Internal Cash Management
- Accounts Payable Processing
- Fraud Control & Prevention

Cash Management Exam

Topics	Sub-Topics	Detail
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Banking Services & Procedures

Treasury Management Services

- On-Line Banking System
- Account Reconciliation Services
- Armored Car Services
- Smart Safes
- Automated Clearing House
- Positive Pay
- Reverse Positive Pay
- Automated Clearing House Debit Blocking
- Post No Checks
- Remote Deposit Capture
- Account Analysis Statements
- Lockbox & eLockbox
- Sweep Accounts
- Zero Balance Accounts
- Wire Transfer
- Controlled Disbursement

Banking Selection

- Banking Services, Selection, & Retention
- FDIC Insurance & Collateral Procedures

Investments

Investment Policies & Strategies

- Credit Risk
- Liquidity Risk
- Market Risk
- Volatility Risk
- Extension Risk
- Re-Investment Risk
- Collateral Risk
- Event Risk
- Risk Appropriate Yield
- Investment Strategies
 - Suitability
 - Safety of Principle
 - Marketability
 - Liquidity
 - Diversification
 - Yield
- Investment Economics
 - Yield Curve

Cash Management Exam

Topics	Sub-Topics	Detail
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Investment Instruments

- Public Funds Investment Act (PFIA)
- U.S. Treasury Bills
- U.S. Treasury Notes & Bonds
- Treasury Inflation-Protected Securities (TIPS)
- Zero Coupon Securities & Strips
- Government Sponsored Enterprises Securities
- Collateralized Mortgage Obligations (CMO)
- Municipal Bonds
- Deposit Instruments
- Commercial Paper
- Repurchase Agreements
- Local Government Investment Pools (LGIP)
- Hedging
- Municipal Bonds

Other Investment Tools

- Investment Safekeeping
 - Delivery Vs. Payment
- Short-term Borrowing
- Investment Transactions

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Debt Administration Exam

Topics	Sub-Topics	Detail
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Debt Basics

Tax Exemption

- Brief History of Tax Exemption
- Tax Exempt Debt
 - Secured Debt
 - Unsecured Debt

Types Of Municipal Debt

- General Obligation Bonds
- Certificates of Obligation
- Revenue Anticipation Notes
- Bond Anticipation Notes
- Conditionally Secured Debt

Bond Basics

Bond Team

- Financial Advisor
- Bond Counsel
- Disclosure
- Underwriter
- Gross Spread
- Municipal Securities & Rulemaking Board (MSRB)

Bond Sales

- Competitive Bid
- Negotiated (Direct) Sale
- Private Placement

Bond Structure, Marketing, & Rating

- Bond Denomination
- Bond Maturity
- Serial & Term Bonds
- Call & Put Provisions
- Interest Expense Calculation
 - Net Interest Cost (NIC)
 - Total Interest Cost (TIC)
- Bond Ratings
 - Investment Grade
 - Rating Agencies
 - Rating Criteria
- Bond Refunding

Debt Administration Exam

Topics	Sub-Topics	Detail
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Debt Policies & Financing Techniques

- Establishing Debt Policies
- Creative Financing Techniques
 - TIRZ
 - PID
 - Impact Fees

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