



DEPARTMENT OF HUMAN RESOURCES

Study Guide **Professional Financial Series Written Examination**

- The Professional Financial Series exam is required for the following classifications: Assistant Environmental Services Financial Manager, Assistant Library Business Manager, Assistant Police Business Manager, Central Garage Business Officer, DHDS Accounting Section Supervisor, and EMS Billing Manager.
- This booklet contains **SAMPLE QUESTIONS ONLY**. Studying this booklet will not necessarily improve your exam score.

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PURPOSE AND CONTENT OF THIS STUDY GUIDE

This guide was developed to help you prepare to take the written exam for the jobs within the Professional Financial Series. It contains general exam-taking advice and also provides specific information related to the exam content. This information includes the subject areas covered by the exam, the kinds of questions to expect, strategies for approaching the questions, and sample questions. Though this information cannot guarantee a higher exam score, it can give you direction for your exam preparation that will assist you in doing your best.

PREPARING TO TAKE THE EXAM

Before the Day of the Exam

- Review this guide to get familiar with the content of the exam. Knowing about the topics and kinds of questions that will be in the exam will ensure that you will not be surprised by the content of the exam or the manner in which it is presented. This can improve your ability to demonstrate your job potential.
- Make sure that you know where the exam will be administered and all of the relevant details, such as where to park, where to report for the exam, and what identification is required.

On the Day of the Exam

- Make sure that you are well rested and have eaten. These things will help your concentration during the exam.
- Plan your day to allow plenty of time to get yourself prepared and get to the exam site. Allow enough time to cope with weather, traffic, parking, etc. Hurrying creates anxiety, so do not put yourself in the position of having to hurry.
- Listen carefully to all instructions from the exam administrator. Make sure that you understand the instructions and carry them out correctly. Ask questions at the proper time before the exam begins if you are unsure of any aspect of what you should do during the exam.

GENERAL EXAM TAKING TIPS

- Use your time carefully. The time limit should provide you with more than enough time if you move through the exam steadily and do not spend too much time on any one question.
- Read the questions and answer choices carefully. Read all of the answer choices before you select an answer.
- If you come to a question that is especially difficult, skip that question and come back to it later if you have time.
- Answer every question. Scores are based on the number of correct answers. You will receive no credit if you leave an answer space blank and there is no penalty for wrong answers. It is to your advantage to use your best judgment to make a choice among the answer choices provided.

THE PROFESSIONAL FINANCIAL SERIES WRITTEN EXAM

The written exam for the Professional Financial Series is based upon a job study that identified the most important knowledge, skills, and abilities required to perform the job successfully. These areas include:

- your knowledge of financial principles.
- your skill in applying financial concepts and making calculations.
- your ability to read, interpret, and apply written information.
- your skill in communicating with others including effective writing and knowledge of how to work effectively with others.

All of the exam questions are presented in a multiple-choice format. Each question is identified by a question number that is followed by a question statement. After the question statement, there are between two and four answer choices. You should read all of the answer choices and then choose the best answer. **Each question has only one correct answer.**

EXAM SECTION 1: FINANCIAL PRINCIPLES

This exam section contains twenty-five (25) questions designed to assess your understanding of governmental financial systems. Question content includes accounting system components and fiscal management concepts. A good strategy for answering questions in this section is to prepare before the exam by reviewing the areas described above. Then, when taking the exam, identify the issue or area addressed by the question, such as assets, liabilities, revenue, expenses, reporting, etc. When you have clarified the concept, you should be better able to draw upon your knowledge base and thoughtfully consider the response choices.

Examples of these types of questions are shown below. Each question is followed by a brief explanation of the correct answer.

1. All of the following are fund categories used in financial reporting for government entities **except**:
 - A. liability funds.
 - B. debt service funds.
 - C. capital projects funds.
 - D. special revenue funds.

Answer: The correct answer to sample question #1 is response choice "A". The concept requires identification of fund categories used by government entities. Thus, by considering how governments acquire and use financial resources, one may recognize legitimate fund types and determine that liability funds do not fit in with the group. The Governmental Accounting Standard Series identifies all of the response choices, except choice A, as categories to be used for governmental financial reporting.

2. Which of the following resources should be consulted in order to review an entire accounting transaction recorded in one location?
 - A. Journal.
 - B. Audit report.
 - C. Balance sheet.
 - D. General ledger.

Answer: The correct answer to sample question #2 is response choice "A". One should first note what elements are required to form a complete accounting transaction and then compare this to the information provided by each of the resources.

3. Purchases of physical assets, such as structures and large equipment, are referred to as:
- A. hard assets.
 - B. capital gains.
 - C. permanent assets.
 - D. capital improvements.

Answer: The correct answer to sample question #3 is response choice "D". This question requires recognition of the correct term to use to describe an asset. The descriptive information provided in the question should lead one with knowledge of how assets are described and categorized to the correct response.

EXAM SECTION 2: APPLIED FINANCIAL CONCEPTS

This exam section contains twenty-five (25) questions that evaluate your skill in applying financial concepts and making calculations. Questions will be presented in a situational format and require you to determine the calculation required to answer the question and, then, to correctly perform the calculation. The most common errors made when responding to this type of question are setting up the calculation incorrectly or making simple arithmetic errors. Therefore, a good strategy to use in answering this type of question is to confirm what information is being asked for, consider whether your calculation plan correctly takes all elements into account, carefully perform each step, and check your work. When answering questions that involve arithmetic, it is always best to check your work to be sure that you have not made a careless mistake. For example, be sure that you have put a decimal point in the correct place.

Examples of the types of questions in this exam section are shown below. Each question is followed by an explanation of the correct answer.

4. You are computing the annual taxable salary for an employee whose base salary is \$6,250 per month. If the employee contributes \$3,500 annually to a pre-tax medical flexible spending program and 3 percent of the base salary to a deferred compensation program, what is the employee's annual taxable salary?
- A. \$68,250.
 - B. \$69,250.
 - C. \$71,250.
 - D. None of the above.

Answer: The correct answer to sample question #4 is response choice "B". This question asks for the employee's annual taxable salary. This requires converting monthly pay to annual and correctly deducting two items. If the base monthly pay is \$6,250, then multiplying this amount by 12 produces the annual salary amount ($12 \times \$6,250 = \$75,000$). The two deductions are \$3,500 for the medical flexible spending program and three percent of the base pay ($\$75,000 \times .03 = \$2,250$). Therefore, the calculation is $\$75,000 - (\$3,500 + \$2,250)$, or $\$75,000 - \$5,750 = \$69,250$.

5. You are determining the amount to budget for a new full-time staff position being added to a department in the upcoming fiscal year. The annual salary for the position is \$65,000. Monthly health and dental premiums are \$600 and \$100, respectively. Additional expenses include 13.25% of the annual salary for retirement and 1.75% of the annual salary for social security. What is the total amount that must be budgeted to fully fund the position based on the above requirements?
- A. \$74,660.
 - B. \$75,450.
 - C. \$81,600.
 - D. \$83,150.

Answer: The correct answer to sample question #5 is response choice "D". The two monthly premiums for health and dental ($\$600 + \$100 = \$700$) must be multiplied by 12 to get an annual amount ($12 \times \$700 = \$8,400$). The additional expenses that are a percentage of the base pay must also be determined ($13.25\% + 1.75\% = 15\%$; $\$65,000 \times 0.15 = \$9,750$). Therefore, the total amount to budget is $\$65,000 + \$8,400 + \$9,750 = \$83,150$.

Instructions: Use the information in the table below to answer the question that follows.

Monthly License Revenues

July	August	Sept.	October	November	December
\$10,250	\$17,820	\$19,550	\$20,200	\$15,630	\$11,170

6. Based on the information in the table, the best estimate of total revenue likely to be generated over the next three months of the year is:
- A. \$47,310.
 - B. \$57,620.
 - C. \$74,310.
 - D. \$94,620.

Answer: The correct answer to sample question #6 is response choice "A". The question is asking for a projected estimate for the next three month period. This is achieved by first determining the average revenue per month by computing the sum of the monthly revenues and dividing it by the number of months ($\$94,620/6 = \$15,770$). The average revenue per month should then be multiplied by three to obtain the three month projection: ($\$15,770 \times 3 = \$47,310$).

EXAM SECTION 3: READING WITH UNDERSTANDING

This exam section contains twenty (20) questions that assess your skill in understanding, interpreting, and applying information provided in written form, such as policies, procedures, or correspondence. A good strategy to use for this type of question is to read through the entire reading passage, then read each of the questions, and finally refer back to the passage as you answer each question. When reading each question, determine what information the question is specifically looking for by giving careful consideration to each of the words used to convey meaning. Does the question ask about a cause or effect? Does it ask to identify something that is strongest or weakest?

It is important that you select your answer solely based upon the information provided. The exam questions are designed to assess your ability to correctly interpret what is provided, not to assess your knowledge of the subject area addressed by the reading passage.

Examples of the types of questions in this exam section are shown below. Each question is followed by a brief explanation of the correct answer.

Instructions: Use the information below to answer the three (3) questions that follow.

Fraud may result from a variety of individual and organizational factors. On an individual level, circumstances such as financial stress, substance abuse, or anger at an employer may underlie the decision to commit fraud. However, the most significant motivating factor is opportunity. When management fails to establish and maintain a sound and comprehensive framework of internal controls, the opportunity to commit fraud is created. In such situations, people commit fraud simply because it feels “irresistible”. Therefore, in essence, opportunity not only allows fraud to occur, but in a manner, promotes it.

Since no system of internal controls ensures absolute security, management must have procedures in place to detect fraud that does occur. Analytical reviews should be used to detect problems and tips from all sources, even sources that appear hostile must be investigated. It is essential that transactions be carefully examined and supporting documentation reviewed in order to identify situations in which actual results differ from what might be reasonably expected, given the circumstances. It is important to remember that fraud can take many forms and that anyone can commit fraud. Many individuals become involved in fraud because they naively believe that they are merely borrowing funds for a short period.

7. According to the reading passage, individuals tend to be most encouraged to engage in fraud by which of the following?
- A. The behavior of others.
 - B. Innocent or naive intentions.
 - C. The presence of opportunity.
 - D. Inefficient management practices.

Answer: The correct answer to sample question #7 is response choice "C". The question asks for the choice that "most encourages" people to engage in fraud. The concept of opportunity and how to mitigate it is the primary topic of the passage. Additionally, the third sentence of the first paragraph states that "However, the most significant motivating factor is opportunity."

8. According to the reading passage, which of the following will completely eradicate fraud?
- A. Better control procedures.
 - B. More responsible management.
 - C. More thorough analytical reviews.
 - D. The passage indicates that fraud cannot be completely eliminated.

Answer: The correct answer to sample question #8 is response choice "D". The question is focused on "completely eradicating" fraud, which means the selected choice should have the effect of preventing all future instances of fraud. While the other choices may have some effect, none of them will completely stop fraud from occurring. This is stated in the first sentence of the second paragraph.

9. According to the reading passage, which of the following is accurate with regard to those who commit fraud?
- A. Most fraud happens unintentionally.
 - B. Anyone is capable of committing fraud.
 - C. Only people who are unstable will commit fraud.
 - D. All people will commit fraud if given the opportunity.

Answer: The correct answer to sample question #9 is response choice "B". By reading this question carefully, it is clear that only one choice is true and the other choices are untrue. Response choice B is taken directly from the fourth sentence in the second paragraph, making it the correct answer.

EXAM SECTION 4: COMMUNICATION SKILLS

This exam section contains thirty (30) questions that assess both written communication skills and knowledge of effective interpersonal communication techniques. For the written communication skills questions, you will review sentences and indicate whether they are correct or incorrect with regard to grammar and punctuation. The most effective approach for doing your best in this section is to review basic grammar and punctuation rules prior to taking the exam. Then, when taking the exam, sound each sentence out mentally to be certain that you are actually reading every word as it is presented. Sometimes, our eyes may see something that is incorrect, but our brain interprets it as what it expects to see, rather than what is actually there.

For the interpersonal communications questions, you will be presented with a situation and asked to select the most effective response, given the circumstances. For this type of question, it is important to remember to view the question from the perspective of how a government agency would want its employees to respond to its customers.

Examples of the types of questions in this exam section are shown below. Each question is followed by a brief explanation of the correct answer.

Instructions: Determine whether the sentence below has correct or incorrect punctuation. Read the sentence and then use the answer key below to record your answer on the answer sheet:

KEY

A = The sentence contains correct punctuation.

B = The sentence contains incorrect punctuation.

The kinds of errors you will find include omission of punctuation marks and misuse of commas and apostrophes. There are no intentional errors in spelling or grammar.

10. Each clients' file includes a payment history section.

Answer: The correct answer to sample question #10 is response choice "B". The word "clients" requires possessive punctuation to reflect that the files are for the clients. The word "each" indicates that the punctuation should be singular. However, the punctuation in the sentence is plural. The correct punctuation for the phrase is "Each client's".

Instructions: Determine whether the sentence below is grammatically correct or incorrect. Read the sentence and then use the answer key below to record your answer on the answer sheet:

KEY

A = The sentence is grammatically correct.

B = The sentence is grammatically incorrect.

The kinds of errors you will find include incomplete sentences, incorrect word usage, inappropriate word forms, and subject-verb disagreements. There are no intentional errors in spelling, punctuation, or capitalization.

11. Each of the six reports were reviewed by an auditor from Central Accounting.

Answer: The correct answer to sample question #11 is response choice "B" because there is a subject-verb disagreement. The sentence should read "Each of the six reports was reviewed...". A good way to detect such errors is to sound out the sentence without the words between the subject and verb. For example, mentally sounding out "Each were" and "Each was" would make the error more evident.

12. If you must persuade others to follow a rule that requires them to take an action that they find bothersome, you will be most successful if you provide them with which of the following pieces of information?
- A. Why the action needs to be taken.
 - B. Who created or authorized the rule.
 - C. That others have also been unhappy about the rule.
 - D. Where they can go to file a complaint about the rule.

Answer: The correct answer to sample question #11 is response choice "A". The goal is to get people to comply with the rule. People are most likely to accept a situation when they understand the reason for it. The other response choices either do not help people's understanding or could potentially reinforce the idea that the rule should not be followed.

ADDITIONAL ASSISTANCE

If you feel that you would benefit from more practice, your local library or relevant internet web sites may have reference materials that can be helpful. This is true for all of the subject areas covered by the Professional Financial Series written exam.