1. In the public sector, there are commonly separate pension plans covering:
   a) general employees.
   b) public safety employees (police and fire).
   c) public works employees.
   d) (a) and (b)

2. According to a GFOA Best Practice on “Investment Policies Governing Assets in Deferred Compensation Plan”, investment options should:
   a) include a broad range of investment options.
   b) be limited to fixed income investments.
   c) have unlimited investment options.
   d) have no more than 10 investment options.

3. In which type of retirement plan is the annual funding or contribution fixed each year?
   a) Defined contribution plan
   b) Defined benefit plan
   c) Cash balance plan
   d) (a) and (c)

4. In a defined benefit plan, a formula determines the level of the retirement benefit to a retired employee. The components of the formula are commonly:
   a) annual multiplier for each year of service.
   b) years of service.
   c) final average salary of an employee.
   d) All of the above

5. What is the most common type of retirement plan in the public sector?
   a) Defined contribution (DC) plans
   b) Defined benefit (DB) plans
   c) Hybrid plans
   d) 401(k) plans

6. Which of the following is true?
   a) In a defined benefit plan, the retirement benefit is fixed, according to a formula
   b) In a defined contribution plan, the retirement contribution is determined annually by an actuarial study
   c) A defined contribution plan requires an equal contribution by the employee
   d) A defined benefit plan is usually portable to other employers

7. Compared to a defined benefit plan, what are the advantages of a defined contribution plan from the employer’s point of view?
   a) Costs are more predictable
   b) The employer faces no investment risk
   c) Helpful in recruitment due to portable feature
   d) All of the above

8. State law allows pensions to invest under various forms of authorization. Which has become more popular in recent years?
   a) Legal lists
   b) Insurance company clause
   c) Prudent investment clause
   d) None of the above

9. Pension funds commonly invest in which of the following asset classes?
   a) Cash and cash equivalents
   b) Bond/fixed income securities
   c) Stocks
   d) All of the above

10. Asset allocation:
    a) is the process of investing in specific securities.
    b) is the process of determining which asset classes to invest in.
    c) determines the vast majority of a portfolio’s investment returns.
    d) (b) and (c)
11. Investment risk is typically measured by:
   a) the standard deviation (statistical variation in investment return)
   b) the frequency that actual investment returns fail to exceed a benchmark
   c) audits of the companies in which the pension fund invests
   d) all of the above

12. Which of the following is NOT an advantage of defined contribution plan?
   a) Portability
   b) Budget stability
   c) Employer risk is reduced
   d) Incentive for longer service

13. A pension fund that assumes, for actuarial purposes, a 10 percent return is:
   a) typical of most pension plans.
   b) relatively pessimistic.
   c) relatively optimistic.
   d) (a) and (c)

14. For other post-employment benefit (OPEB) plans with 250 or more participants, actuarial valuations are required:
   a) every year.
   b) every two years.
   c) every three years.
   d) every five years.

15. Under GASB Statement No.75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, which of the following is true about reporting an expenditure in a governmental fund for other post-employment benefit (OPEB)?
   a) It equals the amount of actuarially determine contribution to the plan
   b) It is the same amount that is reported as an expense in the government-wide financial statements
   c) It represents the amount paid by the employer to the OPEB plan, including amounts paid for OPEB as the benefits come due.
   d) None of the above

16. In the long run, which is the biggest factor in determining the investment return of a pension portfolio?
   a) Selection of the asset allocation
   b) Selection of investment advisor
   c) Selection of individual securities
   d) Market timing

17. Which type of fixed-income investment will typically have both the highest risk and return over the long run (assume a normal yield curve)?
   a) Commercial paper
   b) Treasury bills
   c) Long-term government bonds
   d) Long-term corporate bonds

18. Which of the following is true regarding GASB Statement No.75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, on other post-employment benefits (OPEB)?
   a) It requires governments to advance fund OPEB
   b) As long as retirees pay the full blended healthcare premium, there are no OPEB costs to report
   c) A net OPEB liability will be reported if the total OPEB liability exceeds the plan’s net position
   d) It only applies to formal written OPEB plans

19. Which of the following is NOT a reason that a government may have a net liability related to defined benefit pension benefits?
   a) Actuarial losses
   b) An increase in employees
   c) Change in benefit formula
   d) Transitional liability for past service costs

20. In a government’s financial statements, where would a net pension liability be reported?
   a) Pension trust fund statement of net position
   b) Government-wide statement of net position
   c) Governmental funds balance sheet
   d) All of the above

21. The total pension liability for a pension plan is:
   a) Reported in the government-wide statement
   b) The present value of pension benefits attributable to past service.
   c) Reported in the pension trust fund.
   d) The amount of future benefit payments

22. Low-severity, low-frequency risks should be:
   a) self-insured (paid out of pocket).
   b) insured through an intergovernmental risk pool.
   c) insured through a commercial insurance carrier.
   d) avoided by discontinuing activities or services that result in such risks.
23. The practice of risk management consists of:
   a) risk identification and evaluation.
   b) development and implementation of risk treatment tools/techniques.
   c) implementation of the risk management program.
   d) All of the above

24. It is common for a government to account for their risk-financing activities in which of the following funds?
   a) Special revenue fund
   b) Enterprise fund
   c) Internal service fund
   d) Trust fund

25. Which of the following can be used to reduce insurance costs without risking severe financial losses?
   a) Keep the policy limits low
   b) Increase deductibles
   c) Bid insurance coverage yearly
   d) Reduce the number of perils covered in each insurance policy

26. A local government typically spends the majority of its resources on financial protection from
   a) General liability
   b) Workers’ compensation
   c) General property
   d) Crime and fidelity loss

27. Which of the following techniques is often not available to governments in managing risks?
   a) Loss prevention and control
   b) Risk transfer
   c) Risk retention
   d) Risk avoidance

28. The purchase of insurance coverage by a government is know as:
   a) loss prevention and control.
   b) risk transfer.
   c) risk retention.
   d) risk avoidance.

29. The most costly portion of the risk management budget is:
   a) loss prevention and control activities.
   b) claims administration.
   c) risk finance.
   d) legal review.

30. Which of following is an objective of a risk management program?
   a) Create a safe workplace.
   b) Prevent catastrophic financial losses.
   c) Provide budget stability.
   d) All of the above.

31. Which of the following is an example of an effective loss prevention and control technique?
   a) Remove the diving board from the community pool
   b) Purchasing worker’s compensation insurance from a commercial insurance carrier
   c) Establish an active, management-supported safety committee
   d) Establish a self-insurance special revenue fund

32. In order to reduce moral hazard caused by the purchase of insurance, the insurance industry uses all of the following options EXCEPT:
   a) canceling existing insurance contracts.
   b) offering incentives.
   c) requiring deductibles.
   d) rewarding government for loss control programs.

33. Which of the following indicators is used for assessing the effectiveness of a risk management program related to worker’s compensation?
   a) Average cost per claim
   b) Number of claims denied
   c) Number of claims processed
   d) Workers’ compensation cost per $100 in payroll

34. The three stages of procurement are:
   a) planning, scheduling, purchasing.
   b) planning and scheduling, vendor (source) selection, contract administration.
   c) budgeting funds, encumbering funds, paying vendor.
   d) budgeting funds, vendor (source) selection, paying vendor.

35. Which of the following is NOT an advantage of a decentralized procurement function?
   a) Expedite procurement process
   b) Volume discounts
   c) Clear project management responsibilities
   d) Access to local supply sources
36. When a government decides to utilize a means of privatization that eliminates the delivery of a certain service, the process is known as:
   a) service contracting.
   b) franchising.
   c) divestiture.
   d) commodity purchasing.

37. Which of the following is not usually a payment term included in a time and materials contract?
   a) Labor
   b) Equipment
   c) Cost escalator
   d) Supplies

38. When may a government forgo competitive solicitations (ITB or RFP)?
   a) For emergency purchases
   b) When precise and clear specifications cannot be developed
   c) When there is only one source for the purchase
   d) (a) and (c)

39. A Request For Proposal (RFP) is which type of a procurement document?
   a) Offer
   b) Contract
   c) Amendment
   d) Solicitation

40. A bidder is considered “responsive” if:
   a. it has the lowest price.
   b. it has the ability to perform the terms of the contract.
   c. it has properly followed all procedures for submitting a bid and its bid meets specification requirements.
   d. it is capable of manufacturing the desired product in the time frame required.
<table>
<thead>
<tr>
<th>Question</th>
<th>Answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>d</td>
</tr>
<tr>
<td>2</td>
<td>a</td>
</tr>
<tr>
<td>3</td>
<td>a</td>
</tr>
<tr>
<td>4</td>
<td>d</td>
</tr>
<tr>
<td>5</td>
<td>b</td>
</tr>
<tr>
<td>6</td>
<td>a</td>
</tr>
<tr>
<td>7</td>
<td>d</td>
</tr>
<tr>
<td>8</td>
<td>c</td>
</tr>
<tr>
<td>9</td>
<td>d</td>
</tr>
<tr>
<td>10</td>
<td>d</td>
</tr>
<tr>
<td>11</td>
<td>a</td>
</tr>
<tr>
<td>12</td>
<td>d</td>
</tr>
<tr>
<td>13</td>
<td>c</td>
</tr>
<tr>
<td>14</td>
<td>b</td>
</tr>
<tr>
<td>15</td>
<td>c</td>
</tr>
<tr>
<td>16</td>
<td>a</td>
</tr>
<tr>
<td>17</td>
<td>d</td>
</tr>
<tr>
<td>18</td>
<td>c</td>
</tr>
<tr>
<td>19</td>
<td>b</td>
</tr>
<tr>
<td>20</td>
<td>b</td>
</tr>
<tr>
<td>21</td>
<td>b</td>
</tr>
<tr>
<td>22</td>
<td>a</td>
</tr>
<tr>
<td>23</td>
<td>d</td>
</tr>
<tr>
<td>24</td>
<td>c</td>
</tr>
<tr>
<td>25</td>
<td>b</td>
</tr>
<tr>
<td>26</td>
<td>b</td>
</tr>
<tr>
<td>27</td>
<td>d</td>
</tr>
<tr>
<td>28</td>
<td>b</td>
</tr>
<tr>
<td>29</td>
<td>c</td>
</tr>
<tr>
<td>30</td>
<td>d</td>
</tr>
<tr>
<td>31</td>
<td>c</td>
</tr>
<tr>
<td>32</td>
<td>a</td>
</tr>
<tr>
<td>33</td>
<td>d</td>
</tr>
<tr>
<td>34</td>
<td>b</td>
</tr>
<tr>
<td>35</td>
<td>b</td>
</tr>
<tr>
<td>36</td>
<td>c</td>
</tr>
<tr>
<td>37</td>
<td>c</td>
</tr>
<tr>
<td>38</td>
<td>d</td>
</tr>
<tr>
<td>39</td>
<td>d</td>
</tr>
<tr>
<td>40</td>
<td>c</td>
</tr>
</tbody>
</table>