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Examination 2: Governmental Accounting, Financial Reporting and Budgeting (GAFRB) exam tests are a high-quality product recognized by hundreds of industry experts. Over the years, GAFRB exam questions have helped tens of thousands of candidates successfully pass professional qualification exams, and help them reach the peak of their career. It can be said that GAFRB test guide is the key to help you open your dream door. We have enough confidence in our products, so we can give a 100% refund guarantee to our customers. GAFRB Exam Questions promise that if you fail to pass the exam successfully after purchasing our product, we are willing to provide you with a 100% full refund.

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">• 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.
Topic 3	<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.

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AGA Examination 2: Governmental Accounting, Financial Reporting and Budgeting (GAFRB) Sample Questions (Q49-Q54):

NEW QUESTION # 49

GASB establishes standards through a

- A. unanimous vote of the board members, confirming that the standards would improve the usefulness of financial reports.
- B. unanimous vote of the board members, after discussing the results of written and oral comments offered by interested parties on an exposure draft submitted by GASB staff.
- **C. vote of the majority of board members, after discussing the written and oral comments offered by interested parties on an exposure draft of a statement of proposed standards.**
- D. vote of the majority of board members, after discussing the results of a preliminary views document submitted by GASB staff.

Answer: C

Explanation:

The Governmental Accounting Standards Board (GASB) issues accounting standards after a structured due process that includes:
Publication of a Discussion Document (e.g., Preliminary Views)

Publication of an Exposure Draft

Solicitation and analysis of public comments (written/oral)

Deliberation by the full Board

A majority vote (not unanimous) of the GASB board members is required to approve and issue a final standard.

Relevant References:

GASB Rules of Procedure

GASB Due Process Manual

GASB Website - Standard-Setting Process

D). vote of the majority of board members, after discussing the written and oral comments offered by interested parties on an exposure draft of a statement of proposed standards

NEW QUESTION # 50

GAAP requires that the ACFR be accompanied by separate financial statements documenting

- A. annual appropriations.
- B. statistical data on the population.
- C. program goals and objectives.
- **D. fiduciary and proprietary funds.**

Answer: D

Explanation:

The Annual Comprehensive Financial Report (ACFR) includes three categories of fund financial statements:

Governmental funds

Proprietary funds (e.g., enterprise and internal service funds)

Fiduciary funds (e.g., pension trust, custodial funds)

GAAP (specifically GASB Statement No. 34) requires separate financial statements for proprietary and fiduciary funds because they use different accounting bases (full accrual) than governmental funds (modified accrual). These are included in the basic financial statements section of the ACFR.

Relevant References:

GASB Statement No. 34 - Basic Financial Statements

GASB Codification Section 2200 - Financial Reporting

GFOA Governmental Reporting Guidelines

B). fiduciary and proprietary funds

NEW QUESTION # 51

A federal AFR includes all of the following EXCEPT

- A. an audit opinion.
- B. the MD&A.
- C. a standard general ledger trial balance.
- D. the RSI.

Answer: C

Explanation:

An Agency Financial Report (AFR), required by OMB Circular A-136, must include the following core components:

#Management's Discussion and Analysis (MD&A)

#Financial Section (includes basic financial statements and accompanying notes)

#Required Supplementary Information (RSI)

#Auditor's Opinion (if audited)

However, the Standard General Ledger (SGL) trial balance is not included in the AFR itself. While agencies must use the SGL for financial reporting consistency and submit trial balances to Treasury (e.g., via GTAS), the trial balance is not published in the AFR.

Relevant References:

OMB Circular A-136

Treasury Financial Manual (TFM)

FASAB SFFAS No. 53 - Financial Reporting

C). a standard general ledger trial balance

NEW QUESTION # 52

Purchase orders are issued in the amount of \$427,000. The general ledger entry to record the encumbrance should be

- A. Debit Encumbrances \$427,000 Credit Expenditures \$427,000
- B. **Debit Encumbrances \$427,000 Credit Budgetary Fund Balance \$427,000**
- C. Debit Fund Balance \$427,000 Credit Encumbrances \$427,000
- D. Debit Appropriations \$427,000 Credit Encumbrances \$427,000

Answer: B

Explanation:

When a government issues purchase orders, it records encumbrances to reflect commitments against appropriations. This helps track budgetary commitments and avoid overspending.

The entry is recorded in the budgetary accounts (not proprietary accounts) as follows:

Debit Encumbrances: Recognizes the commitment

Credit Budgetary Fund Balance (or Reserve for Encumbrances): Reflects that part of the fund balance is committed. This is consistent with modified accrual accounting and standard governmental fund practice.

Relevant References:

GASB Codification Section 1300 - Budgetary Accounting

GFOA Best Practices - Encumbrance Accounting

GAO Principles of Appropriation Law - Encumbrance Controls

D). Debit Encumbrances \$427,000; Credit Budgetary Fund Balance \$427,000

NEW QUESTION # 53

In exchange and exchange-like transactions the government

- A. provides service at no cost to the user.
- B. neither gives up nor receives assets.
- C. **receives value and gives up essentially the same value.**
- D. receives value without directly giving up value in return.

Answer: C

Explanation:

Comprehensive Detailed Explanation:

In governmental accounting, an exchange transaction occurs when each party receives and gives up essentially equal value.

Exchange-like transactions are similar but may lack one or more of the characteristics of a pure exchange (e.g., pricing may not be market-based).

Examples:

A city charges fees for utilities: the user pays for services and the city provides equivalent value.

Grants and taxes are nonexchange transactions because the payer does not receive a direct, equivalent benefit in return.

Relevant References:

GASB Statement No. 33 - Accounting and Financial Reporting for Nonexchange Transactions GASB Concepts Statement No. 4 - Elements of Financial Statements B), receives value and gives up essentially the same value.

NEW QUESTION # 54

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