

# Exam GAFRB Dump - GAFRB Exam



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## AGA GAFRB Exam Syllabus Topics:

Topic	Details
Topic 1	<ul style="list-style-type: none"><li>• 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.</li></ul>
Topic 2	<ul style="list-style-type: none"><li>• 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.</li></ul>
Topic 3	<ul style="list-style-type: none"><li>• 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.</li></ul>

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## AGA GAFRB Questions - Perfect Exam Preparation [2026]

Our GAFRB study guide is a very important learning plan to make sure that you will pass the exam successfully and achieve the certification. Our staff will create a unique study plan for you based on the choice of the right version of the GAFRB Exam Questions. In order to allow you to study and digest the content of our GAFRB practice prep more efficiently, we will advise you to

choose the most suitable version based on your time and knowledge.

## **AGA Examination 2: Governmental Accounting, Financial Reporting and Budgeting (GAFRB) Sample Questions (Q44-Q49):**

### **NEW QUESTION # 44**

A municipality would establish an internal service fund to capture the activities of a data processing center, in order to account for

- A. financial resources to be used for acquisition of facilities.
- B. services rendered to the general public on a fee basis.
- **C. financing of services provided to other governmental units on a cost reimbursement basis.**
- D. proceeds of revenue sources restricted to expenditure for specified purposes.

**Answer: C**

Explanation:

Comprehensive Detailed Explanation:

Internal service funds are proprietary funds used to account for the operations of departments or functions that provide goods or services to other departments within the same government on a cost-reimbursement basis.

Examples include:

Centralized IT/data processing

Fleet management

Print shops or mail centers

These are not used for general public services, capital acquisitions, or restricted revenues (which belong in special revenue or capital projects funds).

Relevant References:

GASB Statement No. 34 - Fund Types

GASB Codification Section 1300 - Internal Service Funds

GFOA Fund Accounting Best Practices

D). financing of services provided to other governmental units on a cost reimbursement basis.

### **NEW QUESTION # 45**

What is a law that authorizes the expenditure of funds for a given purpose?

- A. allotment
- B. apportionment
- C. budget authority
- **D. appropriation**

**Answer: D**

Explanation:

An appropriation is a statutory authority from Congress that allows federal agencies to incur obligations and make payments (outlays) for specific purposes. It is the most common and formal type of budget authority.

Other terms:

Budget authority: General term for permission to spend

Allotment: Internal allocation by an agency

Apportionment: Control mechanism used by OMB

Relevant References:

U.S. Code Title 31 - § 1301 et seq.

GAO Red Book - Appropriations Law

OMB Circular A-11 - Budget Authority Definitions

D). appropriation

### **NEW QUESTION # 46**

The Department of the Interior has the following costs associated with the development of a new visitor tracking system.

Research cost determining if system should be internally or externally developed \$100,000 Software configuration and system

development \$750,000 Cost of testing the new system for fiscal usage \$225,000 Converting data from old tracking system to new

tracking system \$500,000 How much should be capitalized as the cost of the asset?

- A. \$1,475,000
- B. \$1,575,000
- C. \$975,000
- D. \$750,000

**Answer: C**

Explanation:

FASAB SFFAS No. 10 (Accounting for Internal Use Software) provides guidance for capitalizing software development costs. The following costs are capitalized:

Software configuration and development: \$750,000

Testing for functionality (ready for use): \$225,000

These fall within the "software development stage."

The following are not capitalized:

Research costs (e.g., feasibility studies): \$100,000 # Expense

Data conversion costs: \$500,000 # Expense (unless part of application development, which it's not here) Capitalized total = \$750,000 + \$225,000 = \$975,000

Relevant References:

FASAB SFFAS No. 10 - Accounting for Internal Use Software

OMB Circular A-136 - Capitalization Guidance

Treasury Financial Manual (TFM) - Capital Assets

B). \$975,000

#### NEW QUESTION # 47

Congress plans to set up an activity within an agency that would:

\* provide procurement services to other agencies;

\* reimburse fees to the providing agency at a level that would cover the total estimated costs of the services.

The fees would be deposited in the providing agency's accounts and would remain available until expended, to carry out the purposes of the fund. This arrangement describes a

- A. special fund.
- B. trust fund.
- C. general fund.
- D. revolving fund.

**Answer: D**

Explanation:

A revolving fund is a fund established to finance a continuing cycle of operations where the receipts (e.g., fees or reimbursements) are used to finance future operations. These funds are usually self-sustaining and are designed to recover full costs of providing goods or services.

The described situation - an agency providing procurement services to other agencies and using collected fees to continue operations - is a classic example of an intragovernmental revolving fund (also called a working capital fund).

Relevant References:

OMB Circular A-11, Section 20 - Fund Classifications

GAO Glossary of Terms - Revolving Fund

FASAB SFFAS No. 7 - Revenue and Other Financing Sources

A). revolving fund

#### NEW QUESTION # 48

An agency's Fund Balance with Treasury is increased by which of the following events?

- A. collection of custodial revenue
- B. a recovery of prior year obligations
- C. receipt of a Treasury warrant
- D. rescission of an appropriation

**Answer: C**

