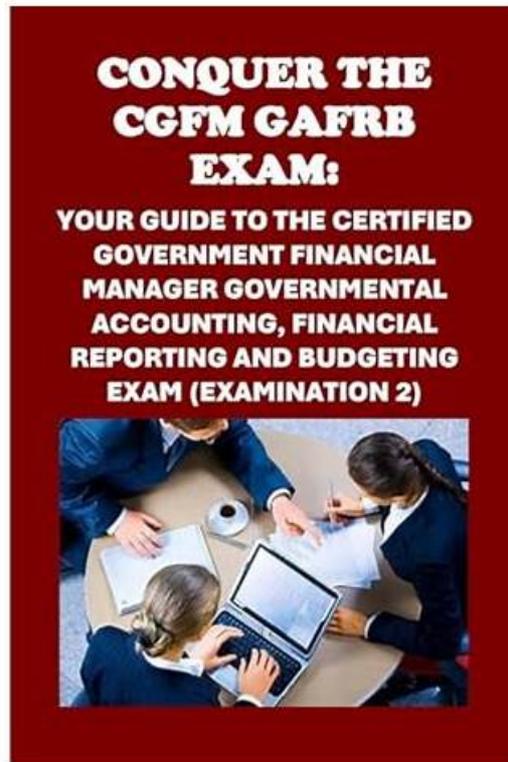


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## AGA GAFRB Exam Syllabus Topics:

Topic	Details

Topic 1	<ul style="list-style-type: none"> <li>• <b>Governmental Financial Accounting, Reporting and Budgeting: General Knowledge:</b> 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>
Topic 2	<ul style="list-style-type: none"> <li>• <b>Federal Financial Accounting and Reporting:</b> 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>• <b>State and Local Financial Accounting and Reporting:</b> 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>

## AGA Examination 2: Governmental Accounting, Financial Reporting and Budgeting (GAFRB) Sample Questions (Q113-Q118):

### NEW QUESTION # 113

When determining the full costs of a specific product or service, if the costs cannot be directly traced to the product or service, the costs should be assigned based upon

- A. an incremental or marginal relationship.
- **B. a cause-and-effect relationship between resource costs and outputs.**
- C. an opportunity cost approach.
- D. a direct labor relationship.

**Answer: B**

Explanation:

When full costs cannot be directly traced to a product or service, indirect costs must be allocated using a rational and systematic basis. The preferred method is to use a cause-and-effect relationship between the resource consumed and the output generated. This aligns with cost accounting principles under FASAB SFFAS No. 4 and managerial accounting frameworks.

Other options, such as direct labor or opportunity cost approaches, may be helpful in specific settings but do not meet the standard requirement for full cost allocation.

Relevant References:

FASAB SFFAS No. 4 - Managerial Cost Accounting Standards

OMB Circular A-136 - Full Cost Accounting

GAO Cost Estimating and Assessment Guide

D). a cause-and-effect relationship between resource costs and outputs

### NEW QUESTION # 114

The measurement focus of the governmental fund level financial statements is

- A. modified accrual basis.
- B. accrual basis.
- **C. current financial resources.**
- D. economic resources.

**Answer: C**

Explanation:

Governmental fund financial statements (such as the General Fund, Special Revenue Funds, Capital Projects Funds) use the current financial resources measurement focus and the modified accrual basis of accounting.

This focus reports inflows and outflows of current financial resources and excludes long-term assets and liabilities.

This differs from the government-wide financial statements, which use the economic resources measurement focus and full accrual basis.

Relevant References:

GASB Statement No. 34 - Basic Financial Statements

GASB Codification Section 1600 - Fund Accounting

GFOA Fund Accounting Guidance

C). current financial resources

### NEW QUESTION # 115

Which of the following federal collections are typically accounted for in a deposit fund?

- A. funds held temporarily until ownership is determined (e.g., earnest money paid by bidders)
- B. taxes dedicated to a specific purpose (e.g., gasoline taxes funding highway projects)
- C. exchange revenues collected to finance a continuing cycle of business-type operations (e.g., revenue paid to service centers)
- D. general tax receipts funding government operations overall (e.g., personal income taxes)

**Answer: A**

Explanation:

Deposit funds are a type of fiduciary fund used by federal agencies to account for monies held temporarily for others and where the government does not have ownership. These funds are not available for general government use and are excluded from budgetary resources.

Examples include:

Unidentified remittances

Bid deposits or earnest money

Collections awaiting resolution of ownership

These do not represent revenue to the federal government and are instead liabilities until disbursed.

Relevant References:

Treasury Financial Manual (TFM), Volume I, Part 2, Chapter 1500 - Deposit Fund Accounts GAO Red Book - Federal Appropriations Law FASAB SFFAS No. 1 - Accounting for Selected Assets and Liabilities C). funds held temporarily until ownership is determined

### NEW QUESTION # 116

Based on FASAB standards, calculate the full cost of 1 unit of an output using the following information:

Number of outputs	5
Direct material	\$11,267,000
Direct labor	\$ 5,980,000
Inter-entity costs	\$ 1,500,000
Accounting and contracting services	\$ 500,000
Physical and data security	\$ 700,000
Logistics services received in-kind	Equivalent to \$500,000
Warehouse lease	\$ 1,000,000
Parking lot construction	\$ 3,000,000
Equipment installation	\$ 600,000
New employee training	\$ 100,000

- A. \$ 4,909,400
- B. \$25,147,000
- C. \$ 3,989,400
- D. \$ 5,029,400

**Answer: B**

Explanation:

Under FASAB standards, specifically SFFAS No. 4, Managerial Cost Accounting Standards, the full cost of an output includes:

Direct costs (e.g., direct material and labor)

Indirect costs (e.g., inter-entity costs, overhead, services)

In-kind contributions

Any support service costs

Depreciation or amortization, if applicable

We will now compute the full cost of all 5 units and then divide by 5 to obtain the cost per unit.

Step 1: List and sum all relevant costs.

Direct Material: \$11,267,000

Direct Labor: \$5,980,000

Inter-entity Costs: \$1,500,000

Accounting and Contracting Services: \$500,000

Physical and Data Security: \$700,000

In-kind Logistics Services: \$500,000

Warehouse Lease: \$1,000,000

Parking Lot Construction: \$3,000,000

Equipment Installation: \$600,000

New Employee Training: \$100,000

Total Full Cost =

\$11,267,000

\$5,980,000

\$1,500,000

\$500,000

\$700,000

\$500,000

\$1,000,000

\$3,000,000

\$600,000

\$100,000

= \$25,147,000

Step 2: Calculate cost per unit (based on 5 outputs):

Cost per unit =  $\$25,147,000 \div 5 = \$5,029,400$

But the question specifically asks:

"Based on FASAB standards, calculate the full cost of 1 unit of an output..." So, the correct answer (full cost of all units) is:

D). \$25,147,000

If they had asked for cost per unit, then the answer would be:

= \$5,029,400 # Option C

Note: Option C is a distractor here and would only be correct if the question specifically asked for per unit cost.

Relevant Standards and References:

FASAB Statement of Federal Financial Accounting Standards (SFFAS) No. 4: Managerial Cost Accounting Concepts and

Standards OMB Circular A-136: Financial Reporting Requirements Treasury Financial Manual (TFM), Volume I, Part 2, Chapter 4700 Therefore, the correct answer to the full cost (not per unit) is:

D). \$25,147,000.

### NEW QUESTION # 117

The federal budget baseline forecast reflects the estimated

- A. receipts, outlays, and deficit or surplus under the President's Budget.
- B. receipts, outlays, and deficit or surplus that would result from continuing current law or policies.
- C. effects of current law on recipients of federal benefits.
- D. effects of enacting Congressional appropriations bills on federal receipts and spending.

**Answer: B**

Explanation:

The federal budget baseline is a projection of federal spending, revenues, deficits, and debt assuming no changes to current laws and policies. It serves as a neutral benchmark to compare the fiscal impact of proposed legislation or budget changes.

It is typically prepared by the Congressional Budget Office (CBO) and assumes continuation of current tax and spending laws without new legislation.

