

**NEW JERSEY STATE BOARD OF ACCOUNTANCY**

**REGISTERED MUNICIPAL ACCOUNTANT**

**EXAMINATION**

**DECEMBER 4, 2015**

**PART I**

**MULTIPLE CHOICE QUESTIONS**

**ESSAY/SHORT ANSWER QUESTIONS**

PREPARED BY  
NEW JERSEY STATE BOARD OF ACCOUNTANCY  
124 HALSEY STREET, 6TH FLOOR  
NEWARK, NEW JERSEY  
**INSTRUCTIONS TO CANDIDATES**

**PART I**

1. Record your candidate number in the upper right-hand corner on ALL answer sheets.
2. **MULTIPLE CHOICE QUESTIONS:** On the Multiple Choice Answer Sheet provided, select the best answer for each of the thirty (30) questions. Use a pencil to clearly mark and indicate your selection. Mark only one answer for each item. Answer all questions; your grade is based on the number of correct answers.
3. **SHORT ANSWER QUESTIONS:** On the QUESTION and ANSWER SHEETS PROVIDED, answer all five (5) short answer questions. Answer all questions; your grade is based on the number of correct answer. Do not answer these questions on the legal pads provided.
4. **AT THE END OF THIS SESSION, PLEASE TURN IN THE FOLLOWING:**
  - A. Multiple Choice Answer Sheet
  - B. Short Answers on Answer Sheets Provided
  - C. Any Unused Examination Material

**MULTIPLE CHOICE**

**QUESTIONS**

**TOTAL POINT VALUE THIS SECTION**  
**30 POINTS**

**REGISTERED MUNICIPAL ACCOUNTANTS EXAMINATION**

**DECEMBER 4, 2015**

**MULTIPLE CHOICE QUESTIONS**

Questions #1, #2 and #3 are based on the following:

- The 2015 certified tax rates were as follows:

Local Municipal Tax	\$ .50
County Tax	1.00
Local School Tax	<u>1.50</u>
	<u>\$3.00</u>

- Net Valuation Taxable as of January 15, 2015 was \$50,000,000.00.
- Pro-rated assessments certified as of October 1, 2015 was \$20,000,000.00.
- Equalized valuation for county purposes was \$75,000,000.00.

1. What is the amount of added taxes due to the Local School District for 2015?  
  
A. -0-  
B. \$300,000.00  
C. \$600,000.00  
D. \$750,000.00
  
2. What is the date county added taxes have to be paid before any interest is assessed a municipality?  
  
A. November 1, 2015  
B. November 15, 2015  
C. February 1, 2016  
D. February 15, 2016
  
3. When county taxes are paid past their statutory due date, what is the rate of interest that shall be assessed by a county?  
  
A. 2%  
B. 4%  
C. 6%  
D. Interest is not charged on delinquent added county taxes.

4. What is the maximum amount of years that a municipality has to raise a special emergency for contractually required severance liabilities?
  - A. 1 year
  - B. 3 years
  - C. 5 years
  - D. 10 years
  
5. Per N.J.A.C. 5:30-3.8, a municipality is required to submit a user-friendly budget to the Division of Local Government Services for their:
  - A. Introduced budget
  - B. Approved budget
  - C. Adopted budget
  - D. Introduced and adopted budgets
  - E. None of the above – user-friendly budgets are optional.
  
6. Expenditures resulting from a governor declared state of emergencies are treated as an exception to the:
  - A. 1977 appropriation cap
  - B. 2010 tax levy cap
  - C. Both the 1977 appropriation and 2010 tax levy caps
  - D. Are exempt only if a debt instrument is issued as a financing mechanism
  
7. Under the mayor/council Faulkner Act form of government, an executive budget must be transmitted to the governing body by:
  - A. January 15
  - B. January 26
  - C. February 10
  - D. February 28
  
8. Mandatory Health Insurance contributions from municipal employees are treated in the annual municipal budget as:
  - A. Anticipated revenue from local sources
  - B. Special items of anticipated revenue with permission of the direction of local government services
  - C. Revenue offset with appropriations
  - D. Dedication by budget
  - E. None of the above

9. Which of the following section(s) of the Division of Local Government Services Best Practices Inventory must be completed and certified by the registered municipal accountant?
- A. Finance and accounting
  - B. Internal control
  - C. Budget preparation
  - D. Compliance – Federal and State Programs
  - E. All of the above
  - F. None of the above
10. What is the maximum amount of total state aid payments that can be withheld from a municipality based on the results of the Best Practices Inventory?
- A. None – The Best Practices Inventory is for informational purposes only
  - B. 2.0%
  - C. 3.5%
  - D. 5.0%
  - E. 7.0%
11. A two-third majority vote of the full membership of the governing body is required for:
- A. Adoption of a bond ordinance
  - B. Amendments of the introduced budget
  - C. Authorization for the sale of bonds
  - D. Authorization for the sale of utility revenue notes
  - E. None of the above
12. Per N.J.S.A. 40A:5A-12.1, a municipality may anticipate a revenue in its annual budget a transfer of funds from a local authority that is not in excess of:
- A. 2% of the authority unreserved retained earnings
  - B. 2% of the authority's unrestricted net assets
  - C. 5% of the authority's annual costs of operations
  - D. 5% of the authority's undesignated fund balance
13. Per N.J.S.A. 40A:11-3 and effective July 1, 2015, a municipality that does not have a qualified purchasing agent, the maximum bid threshold is:
- A. \$17,500.00
  - B. \$26,000.00
  - C. \$36,000.00
  - D. \$40,000.00

14. Per N.J.S.A. 40A:11-6.1(a) and effective July 1, 2015, a county with a qualified purchasing agent, the informal receipts of quotation threshold is:
  - A. \$2,625.00
  - B. \$4,350.00
  - C. \$6,000.00
  - D. \$7,250.00
  - E. Remains the same as its previous year.
  
15. Per N.J.S.A. 40A:5-4, each municipality shall adopt a cash management plan for addressing the deposits and investments of its funds. The cash management plan shall include:
  - A. Only investments approved by the Department of Treasury, Division of Investments
  - B. A requirement that a monthly report is filed with the governing body summarizes all investments made since the last governing body meeting.
  - C. The designation of investments with a maturity date not more than 365 days from date of purchase.
  - D. All underlying securities where the custody of collateral is transferred to a third party as stipulated by the State of New Jersey Cash Management Fund.
  
16. A municipality may issue notes to finance debt obligations created from successful tax appeals provided that the municipality:
  - A. Does not exceed its statutory debt limit
  - B. Ended the previous budget year with a deficit in operations created from tax appeals.
  - C. Only gives tax credits as authorized by resolution of the governing body
  - D. None of the above – Tax appeals cannot be financed through issuance of debt.
  
17. In preparation of its budget, a county may not increase the county tax levy to be apportioned among its constituent municipalities in excess of:
  - A. 2.5% of the previous year's tax levy
  - B. 2.5% of the previous year's budget appropriations
  - C. 3.5% of the previous year's tax levy
  - D. 3.5% of the previous year's budget appropriations
  - E. None of the above – A county tax levy is not subject to any "cap".
  
18. What is the minimum contribution that a municipality has to make to a qualified volunteer when administering a Length of Service Awards Program (LOSAP)?
  - A. \$100.00
  - B. \$500.00
  - C. \$1,150.00
  - D. \$1,500.00
  - E. None of the above – There is no minimum only a maximum.

19. According to LFN 2009-13R, a municipality or county that provides its employees with "other post-employment benefits" (OPEB), such a health insurance, must report and/or provide the costs as a:
- A. Liability on the current fund balance sheets
  - B. Minimum contribution in their annual budget
  - C. Notes to the Financial Statements
  - D. All of the above
20. A municipality is required to sell its personal property not needed for public use at public auction when the estimated fair value exceeds:
- A. \$1,500.00
  - B. \$1,625.00
  - C. \$2,000.00
  - D. \$2,650.00
  - E. None of the above
21. Except in certain instances, no county bond ordinance shall be finally adopted if it appears from the supplemental debt statement that the percentage of net debt as stated therein exceeds:
- A. 2.0%
  - B. 2.5%
  - C. 3.0%
  - D. 3.5%
22. What amount of revenue from federal and state grants should be realized in the Current Fund – Statement of Operations and Change in Fund Balance?
- A. Only amounts earned
  - B. Only amounts collected in cash
  - C. Only budgeted amounts
  - D. All budgeted amounts plus any deferred grants earned in the current year
23. When a Registered Municipal Accountant signs the annual municipal budget, the RMA certifies which of the following:
- A. That the 2010 tax levy cap calculation is correct
  - B. All anticipated revenues are within their statutory limits
  - C. That the total anticipated revenues equal total of appropriations
  - D. That all approved dedications by riders are listed in the budget document
  - E. All of the above



24. A municipality must meet certain criteria to be eligible for the local budget examination program. Which criteria is required to be eligible to participate in the program?
- A. A municipality maintained a current fund general ledger
  - B. There was no operating deficit for the previous fiscal year
  - C. The tax collection rate exceeded 90%
  - D. The outstanding indebtedness of the previous fiscal year is not in excess of 3.5 percent
  - E. All of the above
25. According to Government Auditing Standard (GAGAS) 2011 Revision (Yellow Book), there are additional requirements for reporting on financial audits. Which of the following would be considered an additional reporting requirement?
- A. An opinion on the performance of grant objectives
  - B. A report on the internal control over financial reporting
  - C. An opinion on the financial statements
  - D. An opinion on compliance with provision of laws and regulations
  - E. All of the above
26. When performing a financial audit in accordance with Government Auditing Standards (GAGAS), which of the following is required to be communicated in the auditor's reports?
- A. Significant deficiencies in internal control
  - B. Material weaknesses in internal control
  - C. All instances of fraud that have a material effect on the audit
  - D. Noncompliance with provisions of grant agreements that have a material effect on the audit
  - E. All of the above
27. When performing a federal single audit in accordance with FEDERAL AUDIT REQUIREMENTS, there is a minimum amount of federal awards programs that must be subject to audit and is based on:
- A. A percentage of coverage rule
  - B. A determination by the cognizant agency
  - C. Auditor's judgement
  - D. Current and prior audit experiences
  - E. A determination by the federal oversight agency

Questions #28 and #29 are based on the following information:

The following pertains to the City of Albury's current fund for the year ended December 31, 2014:

Current Tax Levy per Duplicate	\$60,579,375.00
Special District Tax Levy	150,000.00
Amount Levied for Added Taxes	106,437.00
Remitted, Abated, or Cancelled Taxes	470,655.00
Collected in Cash 2013	472,943.00
Collected in Cash 2014	59,191,756.00
Senior Citizen's and Veteran's Deductions Allowed	168,550.00
Amount to be Raised by Taxation:	
Local District School Tax	39,500,000.00
County Taxes	12,188,000.00
Due County for Added Taxes	22,450.00
Special District Taxes	148,700.00
Reserve for Uncollected Taxes	1,800,000.00

28. What is the percentage of cash collection to the total 2014 levy?
- A. 98.83%
  - B. 98.35%
  - C. 98.07%
  - D. 98.49%
29. How much revenue should be realized in the current fund against the amount to be raised by taxation?
- A. \$7,974,099.00
  - B. \$9,605,549.00
  - C. \$9,774,099.00
  - D. \$9,751,649.00
30. On July 1, 2014, a municipality issued Utility Revenue Notes. Pursuant to N.J.S.A. 40A:4-74, these notes may be renewed from time to time, but all such notes and any renewals thereof shall mature:
- A. Within one year of the date of original issuance
  - B. Within 120 days after the beginning of the succeeding fiscal year
  - C. Not later than June 30 of the succeeding fiscal year
  - D. Not later than March 31 of the succeeding fiscal year

**ESSAY/SHORT ANSWER**

**QUESTIONS**

**TOTAL POINT VALUE THIS SECTION**  
**20 POINTS**







4. An Annual Debt Statement must be prepared for each municipality and county, per N.J.S.A. 40A:2-40. Please answer the following relative to this document:

A. What is the filing deadline for the Annual Debt Statement:

---

---

---

B. Who prepares the Annual Debt Statement and where is it filed:

---

---

---

---

C. Define Gross Debt.

---

---

---

---

---

D. What are the deductions, if any, from Gross Debt?

---

---

---

---

---

---





**NEW JERSEY STATE BOARD OF ACCOUNTANCY**

**REGISTERED MUNICIPAL ACCOUNTANT**

**EXAMINATION**

**DECEMBER 4, 2015**

**PART II**

**PRACTICE PROBLEM #1**

**PRACTICE PROBLEM #2**

**PRACTICE PROBLEM #3**

**PREPARED BY  
NEW JERSEY STATE BOARD OF ACCOUNTANCY  
124 HALSEY STREET, 6TH FLOOR  
NEWARK, NEW JERSEY 07102  
INSTRUCTIONS TO CANDIDATES**

**PART II**

1. Record your candidate number in the upper right-hand corner on ALL answer sheets.
2. This section consists of Practice Problems 1,2 and 3 .
3. Complete all problems on the answer sheets provided.
4. Attach all worksheets or schedules that support your answer to the answer sheets provided.
5. All papers should be legible and clearly identified.

**PRACTICE PROBLEM #1**

**TOTAL POINT VALUE THIS SECTION  
15 POINTS**

**REGISTERED MUNICIPAL ACCOUNTANTS EXAMINATION**

**DECEMBER 4, 2015**

**PROBLEM #1**

Smith, a Registered Municipal Accountant, accepts an engagement from the Borough of Commerce, County of Cork to assist in the preparation of a Supplemental Debt Statement for a proposed bond ordinance that will be introduced on December 1, 2015. The Borough's Chief Financial Officer provided Smith with the following relevant information:

1. Proposed Bond Ordinance:

The Borough plans to introduce General Improvement Ordinance #500 on December 1, 2015. The ordinance is for the Purchase of Land in the amount of \$577,500.00. The ordinance calls for the maximum amount of bonds to be authorized and a sum as a down payment, which is not less than 5% of the amount of the bonds authorized. No capital budget amendment is necessary and the down payment is available in the Capital Improvement Fund.

2. Additional Information:

- Information as abstracted from the State of New Jersey Tables of Equalized Valuations:

<u>Year</u>	<u>Agg. Assessed Valuation Real Property</u>	<u>Agg. True Value Real Property</u>	<u>Assessed Value Class II R.R. Property</u>	<u>Assessed Value All Pers. Property</u>	<u>Equalized Valuation</u>
2011	\$108,600,000	\$120,000,000	-0-	\$250,000	\$120,250,000
2012	120,575,000	150,000,000	-0-	265,000	150,265,000
2013	139,500,000	200,000,000	-0-	280,000	200,280,000
2014	158,950,000	250,000,000	-0-	290,000	250,290,000
2015	188,000,000	300,000,000	-0-	300,000	300,300,000

- Sewer Utility Capital Fund debt as of December 31, 2014:

Serial Bonds Payable	\$400,000.00
Bond Anticipation Notes	500,000.00
Authorized But Not Issued Debt	100,000.00

- Current Fund debt as of December 31, 2014:

Tax Anticipation Note	\$100,000.00
Emergency Notes	100,000.00
Special Emergency Note	250,000.00

- General Capital Fund debt information as of December 31, 2014:

Serial Bonds Payable	\$1,000,000.00
Bond Anticipation Notes	1,000,000.00
Authorized But Not Issued Debt	2,000,000.00

- Assessment Trust Fund debt as of December 31, 2014:

Assessment Serial Bonds Payable	\$800,000.00
---------------------------------	--------------

- The Sewer Utility was self-liquidating at December 31 2014 with excess in revenues of \$45,550.00.

- The Local School District, which a Type II, Kindergarten through Grade 12, provided the following information to Smith as of December 31, 2014:

Serial Bonds Payable	\$1,000,000.00
Bond Anticipation Note	500,000.00
Authorized But Not Issued Bonds	500,000.00
Capital Leases Payable	1,000,000.00

- On March 15, 2015, General Capital Fund serial bonds were paid in the amount of \$500,000.00.
- On April 1, 2015, the School District Paid \$200,000.00 of serial bonds and \$50,000.00 against the capital lease.
- On May 1, 2015, the tax anticipation note of \$100,000.00 was paid and a new note was issued in the amount of \$150,000.00.
- On May 15, 2015, the General Capital Fund bond anticipation note was paid with the proceeds of a \$1,000,000.00 bond sale that was held on May 5, 2015.
- The Borough adopted Sewer Utility Ordinance #200 in the amount of \$790,000.00 on June 1, 2015 debt authorized was \$790,000.00. The project had an estimated useful life of 40 years. Temporary financing in the amount of \$700,000.00 was issued the next day.
- On August 15, 2015, the Board of Education introduced a bond ordinance for school improvements in the amount of \$7,000,000.00.
- \$50,000.00 of the Special Emergency Not was raised in the 2015 Current Fund Budget.

- Assessment Serial Bonds were paid on August 31, 2015 in the amount of \$100,000.00.
- The Borough Council passes a resolution on September 1, 2015 canceling the unexpended-unfunded balance of General Capital Ordinance #150 in the amount of \$50,000.00.
- The Borough adopted General Capital Ordinance #175 in the amount of \$120,000.00 on October 15, 2015. Debt authorized - \$110,000.00 and Capital Improvement Fund \$10,000.00.
- The Borough adopted Sewer Utility Ordinance #201 in the amount of \$409,500.00 on November 20, 2015. Debt Authorized - \$390,000.00 and Capital Improvement Fund - \$19,500.00. The project had an estimated useful life of 20 years.

Required:

On the answer sheets provided:

- 1) Prepare the Supplemental Debt Statement required to be on file for proposed General Improvement Ordinance #500.

# SUPPLEMENTAL DEBT STATEMENT

-OF-

\_\_\_\_\_ of \_\_\_\_\_, County of \_\_\_\_\_

As of \_\_\_\_\_

1. The net debt of the local unit after giving effect to obligations about to be authorized,  
is (page 2, line 4) \$ \_\_\_\_\_

2. Equalized valuation basis - as stated in Annual Debt Statement

(1) \_\_\_\_\_ Equalized Valuations \$ \_\_\_\_\_

(2) \_\_\_\_\_ Equalized Valuations \$ \_\_\_\_\_

(3) \_\_\_\_\_ Equalized Valuations \$ \_\_\_\_\_

3. EQUALIZED VALUATION BASIS \$ \_\_\_\_\_

4. Net debt (Line 1 above) expressed as a percentage of such equalized valuation  
basis (Line 3 above) is:

\_\_\_\_\_ per cent ( \_\_\_\_\_ % )

1. The net debt of the local unit, as stated in the Annual Debt Statement made as of December 31, \_\_\_\_\_, or the revision thereof last filed, with respect to the following classes of bonds and notes, the amount by which each class has been increased by the authorization of additional debt, and the amount by which each class has been decreased by payment of outstanding debt or reduction of the authorization to incur debt, is as follows.

	<i>Net Debt as per Annual Debt Statement</i>	<i>Decrease (Since December 31, Last Past)</i>	<i>Increase</i>	<i>Net Debt</i>
Bonds and notes for school purposes	\$ _____	\$ _____	\$ _____	\$ _____
Bonds and notes for self-liquidating purposes	\$ _____	\$ _____	\$ _____	\$ _____
Other bonds and notes	\$ _____	\$ _____	\$ _____	\$ _____

2. Net debt at the time of this statement is: \$ \_\_\_\_\_

3. The amounts and purposes separately itemized of the obligations about to be authorized, and any deductions which may be made on account of each such item are:

<i>Purpose</i>	<i>Amount</i>	<i>Deduction</i>	<i>Net</i>
_____	\$ _____	\$ _____	\$ _____
_____	\$ _____	\$ _____	\$ _____
_____	\$ _____	\$ _____	\$ _____

4. The net debt of the local unit determined by the addition of the net amounts stated in items 2 and 3 above are: \$ \_\_\_\_\_

NOTES

A. If authorization of bonds or notes is permitted by an exception to the debt limitation, specify the particular paragraph of N.J.S. 40A:2-7 or other section or law providing such exception.

B. This form is also to be used in the bonding of separate (not Type1) school districts as required by N.J.S. 18A:24-16, and filed before the school district election. In such cases pages 4, 5, and 6 should be completed to set forth computation supporting any deduction in line 3 above.



**COMPUTATION OF SCHOOL INDEBTEDNESS AND DEDUCTIONS  
UNDER PROVISIONS OF N.J.S. 18A: 24-17**

\*Note: In a "Consolidated" School District, lines 18 to 24 must first be filled in.  
N.J.S. 18A: 24-17 (Lines 1 to 7)

1. Averaged or equalized valuations (page 1, line 5)		\$ _____
• 2. Gross School District Debt outstanding and authorized and unissued (not including proposed issue)		\$ _____
3. Less: Sinking funds held for payment of School Debt, by Sinking Fund Commission		\$ _____
4. Net debt for school purposes (line 2, minus line 3)		\$ _____
5. Debt deduction for school purposes:      %      (as per line      below)		\$ _____
(a) 2 1/2% Kindergarten or Grade 1 through Grade 6	\$ _____	
(b) 3 % Kindergarten or Grade 1 through Grade 8	\$ _____	
(c) 3 1/2% Kindergarten or Grade 1 through Grade 9	\$ _____	
(d) 4 % Kindergarten or Grade 1 through Grade 12	\$ _____	
(e) Other (insert applicable description)	\$ _____	
(f) Additional State School Building Aid Bonds N.J.S. 18A: 28-25.4 (a) (if included in line 2)	\$ _____	
6. Available debt deduction (excess, if any, of line 5 over line 4 - enter on page 2, line 5 as "Deduction," not exceeding, however, the "Amount" shown in that line.)		\$ _____
• 7. School Bonds about to be authorized		\$ _____
NOTE: Omit line 8 to 13, if line 6 equals or exceeds line 7, or if shown on line 17		
<u>N.J.S. 18A: 24-22 (Lines 8 to 13)</u>		
8. Excess of line 7 over line 6		\$ _____
9. Municipal Debt Limit (3 1/2% of line 1 above)		\$ _____
10. Net Debt (page 2, line 2)		\$ _____
11. Available Municipal Borrowing Margin (excess, if any, of line 9 over line 10)		\$ _____
12. Use of Municipal Borrowing Margin (line 8 not exceeding line 11)		\$ _____
13. Remaining Municipal Borrowing Margin after authorization of proposed School Bonds (line 11 minus line 12)		\$ _____

COMPUTATION AS TO INDEBTEDNESS FOR IMPROVEMENT OR EXTENSION OF AN EXISTING MUNICIPAL UTILITY, N.J.S. 40A:2-7(h); N.J.S. 40A:2-47(a)

Municipal Public Utility \_\_\_\_\_

1. Annual Debt Statement, December 31, 2014, excess in revenues of utility	\$	_____
2. Less: Interest and debt redemption charges computed as provided in N.J.S. 40A:2-47(a) for all obligations heretofore authorized but not issued to the extent not already charged to income in annual debt statement.	\$	_____
3. Excess in revenues remaining prior to authorization of proposed obligations (line 1 minus line 2)	\$	_____
4. Interest and debt redemption charges calculated for the obligations about to be authorized (N.J.S. 40A:2-47(a))		
(a) Interest for one year at 4 1/2%	\$	_____
(b) First installment of serial bonds legally issuable	\$	_____
(c) Total Charges (Items (a) and (b) )	\$	_____

Note: If line 3 equals or exceeds line 4, obligations may be authorized under the provisions of N.J.S. 40A:2-7(h) as limited by N.J.S. 40A:2-47(a).

I, \_\_\_\_\_, Director of the Division of Local Government Services in the Department of Community Affairs of the State of New Jersey DO HEREBY CERTIFY that I have compared this copy of a Supplemental Debt Statement of the above local unit with the original Supplemental Debt Statement filed in the Office of the Director of the Division of Local Government Services in the Department of Community Affairs of the State of New Jersey on \_\_\_\_\_, and that this is a true copy of said Statement and the whole thereof.

IN WITNESS WHEREOF, I have hereunto set my hand as Director of the Division of Local Government Services in the Department of Community Affairs of the State of New Jersey \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

\_\_\_\_\_  
Director

**PRACTICE PROBLEM #2**

**TOTAL POINT VALUE THIS SECTION  
15 POINTS**

**REGISTERED MUNICIPAL ACCOUNTANTS EXAMINATION**  
**DECEMBER 4, 2015**  
**PROBLEM #2**

Presented below is financial information that pertains to the General Capital Fund and Assessment Trust Fund of the Town of Huntsville for the year ended December 31, 2014:

1. The 2014 Dedicated Assessment Budget was adopted as follows:

Revenue:	
Deficit (General Budget)	<u>\$15,000.00</u>
Appropriations:	
Payment of Bond Principal - Ord. #220	<u>\$15,000.00</u>

2. Cash Transactions per Town Treasurer - Assessment Trust Fund:

<u>Receipts</u>	<u>Amount</u>
Assessment Bonds	\$100,000.00
Deficit - Current Budget	10,000.00
Assessments Receivable:	
Ord. #220	50,000.00
Ord. #221	10,500.00
Ord. #222	19,000.00
Ord. #224	<u>25,000.00</u>
	<u>\$214,500.00</u>

<u>Disbursements</u>	<u>Amount</u>
Due to General Capital Fund	\$23,000.00
Assessment Serial Bonds (Ord. #220)	15,000.00
Current Fund - Anticipated Revenue	50,000.00
Refund of Assessment Overpayment (Ord. #221)	<u>500.00</u>
	<u>\$88,500.00</u>

3. Cash Transactions per Town Treasurer - General Capital Fund:

<u>Receipts</u>	<u>Amount</u>
Proceeds of General Serial Bond Sale	\$ 801,000.00
Premium on Sale of Assessment Bond	50.00
Capital Improvement Fund	10,000.00
Bond Anticipation Note	900,000.00
Due From Assessment Trust Fund	23,000.00
Bond Anticipation Note (Ord. #143)	100,000.00
State Aid (Ord. #120)	100,000.00
Improvement Costs(Ord. #120)	100,000.00
Improvement Costs(Ord. #225)	<u>2,500.00</u>
	<u>\$2,036,550.00</u>

<u>Disbursements</u>	<u>Amount</u>
Bond Anticipation Note	\$ 900,000.00
Improvement Authorizations:	
Ord. #119	563,050.00
Ord. #120	803,200.00
Ord. #140	68,600.00
Ord. #143	119,425.00
Ord. #225	52,000.00
Due to Current Fund	5,000.00
Preliminary Expenses	<u>15,000.00</u>
	<u>\$2,526,275.00</u>

4. Additional Information:

- Any amount of State or Federal Aid received should reduce the amount of debt authorized.
- Assessments were confirmed on Ordinance #220 in the amount of \$79,000.00.
- On February 1, 2014 the Bond Anticipation Note of \$900,000.00 (Ord. #120) matured and was renewed for one year.
- The Town of Huntsville adopted General Improvement Ordinance #143 in the amount of \$268,000.00. Debt Authorized - \$253,000.00 and Capital Improvement Fund - \$15,000.00.
- The Current Fund paid \$250,000.00 in bond principal on March 15, 2014.
- The Town adopted Local Improvement Ordinance #225 in the amount of \$50,000.00. Debt Authorized - \$47,500.00 and Capital Improvement Fund - \$2,500.00.

- The Current Fund anticipated capital fund balance as a revenue in the 2014 budget in the amount of \$15,000.00.

- A bond sale was held on September 1, 2014 funding the following improvements:

Local Improvement Ordinance #224	\$100,000.00
General Improvement Ordinance #140	200,000.00
General Improvement Ordinance #120	600,000.00

The Town accepted the bid proposed from FSA Securities Inc. The bid was as follows:

	<u>Price Offered</u>	<u>Interest Rate</u>	<u>Amount of First Maturing Bonds</u>
General Serial Bonds	\$801,000.00	2.45	\$ 799,000.00
Assessment Bonds	100,050.00	2.50	100,000.00

- On September 15, 2014, assessments were confirmed on Ordinance #224 in the amount of \$98,000.00.
- On September 30, 2014, assessments were confirmed on Ordinance #225 in the amount of \$49,500.00.
- The Current Fund paid \$200,000.00 in bond principal on September 30, 2014.
- The Town adopted Local Improvement Ordinance #226 in the amount of \$30,000.00 and was funded from the Capital Improvement Fund.
- On December 1, 2014, the Town canceled an unexpended improvement balance on Ordinance #140 in the amount of \$25,150.00.
- The Town adopted a resolution authorizing a feasibility study for the construction of a new municipal building in the amount of \$20,000.00.

Required:

On the answer sheets provided:

1. Complete the General Capital Fund and Assessment Trust Fund worksheets as of 12-31-14. Formal journal entries are NOT required.

**PRACTICE PROBLEM #3**

**TOTAL POINT VALUE THIS SECTION  
20 POINTS**

**REGISTERED MUNICIPAL ACCOUNTANTS EXAMINATION**  
**DECEMBER 4, 2015**

**PROBLEM # 3**

Presented below is information that pertains to the financial operations of the City of Kent for the year ended December 31, 2014:

1. Cash Transactions for current fund per City Comptroller:

<u>Receipts</u>	<u>Amount</u>
Tax Collector	\$23,245,000.00
Miscellaneous Revenue-Local Sources	125,000.00
State Aid	575,000.00
Due from State of New Jersey -	
Senior Citizen and Veteran Deductions	200,000.00
Miscellaneous Revenue Not Anticipated	<u>25,000.00</u>
	<u>\$24,170,000.00</u>
 <u>Disbursements</u>	 <u>Amount</u>
Appropriations	\$4,085,000.00
Appropriation Reserves	310,000.00
Accounts Payable	20,000.00
Payment of Debt Service - Due 1-1-15	100,000.00
Local District School Taxes	9,100,000.00
Regional High School Taxes	9,650,000.00
County Taxes	2,000,000.00
Tax Overpayment	<u>100,000.00</u>
	<u>\$25,365,000.00</u>

2. Cash Transactions for general capital fund per City Comptroller:

<u>Receipts</u>	<u>Amount</u>
Proceeds of Bond Sale	\$1,005,500.00
State Aid - D.O.T. Grant	10,000.00
Refunds	2,000.00
Interest on Investments	<u>5,000.00</u>
	<u>\$1,022,500.00</u>
 <u>Disbursements</u>	 <u>Amount</u>
Improvement Authorization	\$500,000.00
Contracts Payable	100,000.00
Retained Percentage Due Contractors	<u>10,000.00</u>
	<u>\$610,000.00</u>



3. Cash Transactions for assessment trust fund per City Comptroller:

<u>Receipts</u>	<u>Amount</u>
Assessments Receivable	\$25,000.00
Interest on Assessments and Liens	2,000.00
Assessment Overpayments	<u>2,000.00</u>
	<u>\$29,000.00</u>

<u>Disbursements</u>	<u>Amount</u>
Payment of Bond Principal	\$15,000.00
Assessment Overpayments	<u>1,000.00</u>
	<u>\$16,000.00</u>

4. Cash Transaction for sewer utility operating fund per City Comptroller:

<u>Receipts</u>	<u>Amount</u>
Sewer Use Charges	\$500,000.00
Interest on Investments	50,000.00
Interest on delinquent water charges	50,000.00
Anticipated Deficit-Current Fund Budget	130,000.00
Due from Sewer Capital Fund	20,000.00
Sewer Connection Fees	<u>20,000.00</u>
	<u>\$770,000.00</u>

<u>Disbursements</u>	<u>Amount</u>
2014 Appropriations	\$600,000.00
Appropriation Reserves	50,000.00
Sewer Charge Overpayment	20,000.00
Investments Purchased	<u>100,000.00</u>
	<u>\$770,000.00</u>

5. Current Fund Budget Transactions per Comptroller records:

<u>Anticipated Revenues</u>	<u>Amount</u>	<u>Realized In Cash</u>
Fund Balance	\$ 800,000.00	
Miscellaneous Revenue - Local Services:		
Fees and Permits	50,000.00	\$55,000.00
Other Licenses	50,000.00	45,000.00
Interest and Cost on Taxes	100,000.00	
Interest on Investments	50,000.00	25,000.00
State Aid	575,000.00	575,000.00
State and Federal Grants - Current and Prior Years	75,000.00	
General Capital Fund Balance	120,000.00	
Receipts from Delinquent Taxes	300,000.00	
Amount to be Raised by Taxation	<u>3,000,000.00</u>	<u>                    </u>
	<u>\$5,120,000.00</u>	<u>\$700,000.00</u>

<u>Appropriations</u>	<u>Budget</u>	<u>Modified Budget</u>	<u>Paid</u>	<u>Encumbrances Open 12/31/14</u>
Salaries and Wages	\$3,000,000.00	\$3,020,000.00	\$2,700,000.00	\$
Other Expenses	905,000.00	885,000.00	705,000.00	50,000.00
Anticipated Deficit in				
Sewer Utility Operations	130,000.00	130,000.00	130,000.00	
State and Federal Grants	75,000.00	75,000.00	50,000.00	
Debt Service	410,000.00	410,000.00	400,000.00	
O.E. Emergencies (40A:4-47)		100,000.00	100,000.00	
Reserve for Uncollected Taxes	<u>600,000.00</u>	<u>600,000.00</u>	<u>                    </u>	<u>                    </u>
	<u>\$5,120,000.00</u>	<u>\$5,220,000.00</u>	<u>\$4,085,000.00</u>	<u>\$50,000.00</u>

Adopted Budget	\$5,120,000.00
Emergency (40A:4-47)	<u>100,000.00</u>
	<u>\$5,220,000.00</u>

6. Cash Transactions per City Tax Collector:

<u>Receipts</u>	<u>Amount</u>
Current Taxes	\$23,000,000.00
Delinquent Taxes	350,000.00
Tax Title Liens	100,000.00
Prepaid Taxes	500,000.00
2014 Added/Omitted Taxes	150,000.00
Senior Citizen Deductions Disallowed - 2014	25,000.00
Senior Citizen Deductions Disallowed - 2013	5,000.00
Interest and Costs on Taxes	<u>125,000.00</u>
	<u>\$24,255,000.00</u>

<u>Disbursements</u>	<u>Amount</u>
Payments to City Comptroller	<u>\$23,245,000.00</u>

Additional Information:

- Net valuations taxable for 2014 were \$300,000,000.00
- 2014 Added/Omitted Taxes were based on pro-rated assessments of \$3,000,000.00
- The Kent County Board of Taxation certified the 2014 tax rates, per \$100.00 of assessed valuation, as follows:

	<u>Rate</u>	<u>Budget Requirements</u>
City Tax	1.00	\$ 3,000,000.00
County Tax	.75	2,200,000.00
Local District School Tax	3.01	9,000,000.00
Regional High School Tax	<u>3.31</u>	<u>9,900,000.00</u>
	<u>8.07</u>	<u>\$24,100,000.00</u>

- Local School Taxes Deferred were as follows:

December 31, 2013	\$4,400,000.00
December 31, 2014	\$4,500,000.00

- Regional High School Taxes Deferred were as follows:

December 31, 2013	\$4,800,000.00
December 31, 2014	\$4,950,000.00

- The actual deficit in revenue from Sewer Utility Operations amounted to \$100,000.00.
- Senior Citizens and Veterans Deductions per duplicate were \$200,000.00. During the year, the tax collector allowed \$50,000.00 in Senior Citizens Deductions and disallowed \$25,000.00 in Senior Citizens Deductions.

- The City had a bond sale during 2014. The transactions were as follows:

	<u>Amount of First Maturing Bonds</u>	<u>Price Offered</u>	<u>Proceeds Received at Closing</u>
General Capital Bonds	<u>\$1,000,000.00</u>	<u>\$1,000,500.00</u>	<u>\$1,005,500.00</u>

- Tax overpayments applied to current year taxes amounted to \$50,000.00. The Tax Collector notified the City Comptroller that \$25,000.00 in tax overpayment remained opened at December 31, 2014.
- Delinquent taxes were sold at the December 15, 2014 tax sale to the municipality in the amount of \$100,000.00. Interest and cost of sale was \$5,000.00. Current taxes accruing to tax title lien amounted to \$200,000.00.
- State Court and County Board tax appeal cancellations amounted to \$200,000.00 for the 2014 taxes.
- The City Comptroller allocated \$200,000.00 for pending tax appeals at December 31, 2014.
- The City Comptroller determined that Compensated Absences amounted to \$125,000.00 at December 31, 2014.
- The balance in the accounts payable was canceled.
- The emergency for other expenses was funded by a general capital fund bond ordinance in the amount of \$105,000.00

Required:

On the answer sheets provided:

Complete the Current fund worksheet as of 12-31-14. Formal journal entries are NOT required.

**REGISTERED MUNICIPAL ACCOUNTANTS EXAMINATION  
ANSWER SHEET - PROBLEM # 2 - DECEMBER 4, 2015  
GENERAL CAPITAL FUND WORKSHEET  
SHEET #1**

ACCOUNTS	BALANCE 12- 31- 13	CASH	JOURNAL ENTRIES	BALANCE 12- 31- 14
CASH - TREASURER	\$1,990,000			
PROSPECTIVE ASSESSMENTS FUNDED :				
ORDINANCE # 224	\$7,000			
DEFERRED CHARGES TO FUTURE TAXATION:				
FUNDED	\$475,000			
UNFUNDED:				
ORDINANCE # 120	\$900,000			
ORDINANCE # 140	\$200,150			
ORDINANCE # 224	\$100,000			
DUE FROM ASSESSMENT TRUST FUND	\$33,000			
GENERAL SERIAL BONDS PAYABLE		\$475,000		
BOND ANTICIPATION NOTE (ORD.# 120)		\$900,000		





**REGISTERED MUNICIPAL ACCOUNTANTS EXAMINATION**  
**ANSWER SHEET - PROBLEM # 2 - DECEMBER 4 ,2015**  
**ASSESSMENT TRUST FUND WORKSHEET**  
**SHEET # 1**

ACCOUNTS	BALANCE 12- 31- 13	CASH	JOURNAL ENTRIES	BALANCE 12- 31- 14
CASH - TREASURER	\$100,000			
PROSPECTIVE ASSESSMENTS FUNDED- CURBS - ORD.# 220	\$80,000			
ASSESSMENTS RECEIVABLE - SEWER - ORD. # 221	\$22,500			
SIDEWALKS - ORD. # 222	\$20,000			



**REGISTERED MUNICIPAL ACCOUNTANTS EXAMINATION  
ANSWER SHEET - PROBLEM # 2 - DECEMBER 4, 2015  
ASSESSMENT TRUST FUND WORKSHEET  
SHEET # 2**

ACCOUNTS	BALANCE 12- 31- 13	CASH	JOURNAL ENTRIES	BALANCE 12- 31- 14
DUE to GENERAL CAPITAL FUND	\$33,000			
ASSESSMENT SERIAL BONDS(ORD.# 220)	\$80,000			
RESERVE for ASSESSMENTS & LIENS(ORD.# 221)	\$22,500			
FUND BALANCE	\$87,000			
	\$222,500	\$222,500		





**REGISTERED MUNICIPAL ACCOUNTANTS EXAMINATION  
 PROBLEM # 3 - DECEMBER 4, 2015  
 CURRENT FUND WORKSHEET  
 SHEET #2**

ACCOUNTS	BALANCE 12- 31- 13	BUDGET	CASH	JOURNAL ENTRIES	BALANCE 12- 31- 14
APPROPRIATION RESERVES	\$300,000				
ACCOUNTS PAYABLE	\$30,000				
PREPAID TAXES(discount allowed \$25,000.)	\$500,000				
TAX OVERPAYMENTS	\$100,000				
LOCAL DISTRICT SCHOOL TAXES PAY.	\$100,000				
REGIONAL H.S. TAXES	\$50,000				
RESERVE FOR STATE & FED. GRANTS:					
UNAPPROPRIATED	\$50,000				
RESERVE FOR RECEIVABLES	\$610,000				
FUND BALANCE	\$1,920,000				
	<b>\$3,610,000</b>				
	<b>\$3,610,000</b>				



