

**NEW JERSEY STATE BOARD OF ACCOUNTANCY**

**REGISTERED MUNICIPAL ACCOUNTANT**

**EXAMINATION**

**DECEMBER 1, 2017**

**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 1, 2017**

**MULTIPLE CHOICE QUESTIONS**

1. According to OMB's Uniform Administrative and Audit Requirements for Federal Awards, a municipality must meet all of the following criteria for each of the two preceding years to be considered a low-risk auditee except for:
  - A. No auditor reporting of a going concern problem
  - B. No operating deficits in the current fund
  - C. No material weakness in internal control
  - D. Unmodified opinion on the financial statements
  
2. Per State of New Jersey's OMB Circular No: 15-08, state single audit reports are due how many months after the end of the audit period?
  - A. Three months
  - B. Six months
  - C. Nine months
  - D. One month after filing annual audit with the municipal clerk
  
3. When a county is required to have a state single audit in accordance with NJ OMB No: 15-08, risk assessment of Type B state programs are not required when:
  - A. There are no low-risk Type A state programs
  - B. Type B state programs are less than \$200,000.00
  - C. Type B state programs are in excess of \$200,000.00
  - D. There are high-risk Type A state programs in excess of \$750,000.00
  
4. You are auditing a municipality that is required to have a state single audit. What percentage of total state financial assistance must be covered if the municipality is considered low-risk?
  - A. 20%
  - B. 25%
  - C. 40%
  - D. 50%

5. When is the registered municipal accountant required to utilize generally accepted government auditing standards (Yellow Book) in performing the annual statutory audit?
  - A. Only on high-risk auditees
  - B. Only when the auditee has high-risk state financial assistance programs
  - C. Only when the auditee has high-risk federal financial assistance program.
  - D. Always
  
6. Per N.J.S.A. 40A: 11-3, the bid threshold shall be adjusted every fifth year and take effect July 1, in the year of adjustment. This bid threshold adjustment is established by the:
  - A. Local Finance Board
  - B. Director of the Division of Local Government Services
  - C. United States Department of Commerce, Bureau of Economic Analysis
  - D. Governor of the State of New Jersey
  - E. None of the above
  
7. Any contract which exceeds the bid threshold may be awarded by the governing body without public advertising for bids when the contract is for:
  - A. Repairs of police vehicles
  - B. Maintenance of fire rescue vehicles
  - C. Furnishing of a tax map
  - D. Foods for use in the swim utility pool concession
  
8. A municipality has received three quotations for the purchase of public works equipment where the lowest quotation was 10% below the state contract price. The governing body may award a contract for this equipment without public advertising only upon adoption of a resolution passed by:
  - A. Simple majority
  - B. Majority of the full membership
  - C. Two-thirds majority of the full membership
  - D. Majority of the full membership with approval of the Director of the Division of Local Government Services

9. Any contract for the performance of professional services shall be awarded for a period not to exceed:
- A. 12 consecutive months
  - B. 24 consecutive months
  - C. Three years
  - D. Five years
10. The chief financial officer of a municipality contacts you regarding a contract for the repair of the municipal building in excess of \$100,000.00. When the repair bills are submitted, she would like to know what percentage of each partial payment should be withheld?
- A. 1%
  - B. 2%
  - C. 3%
  - D. 5%
11. A premium received from the sale of general obligation serial bonds shall be recorded in the general capital fund as a:
- A. Decrease of deferred charges unfunded
  - B. Increase of deferred charges funded
  - C. Increase in general capital fund balance
  - D. Increase in reserve for the payment of bonds
12. Emergency appropriations for capital purposes may be funded by an authorization for the issuance of bond provided that the:
- A. Bonds are issued within six months of the emergency
  - B. Bond ordinance is adopted the same year as the emergency
  - C. Emergency does not exceed 3% of operating budget
  - D. Emergency has been approved by the Director of the Division of Local Government Services

13. Infrastructure fixed assets, such as roads, bridges, curbs and sidewalks, should be capitalized and values at:
  - A. Historical cost
  - B. Historical cost minus depreciation
  - C. Present values of the funding debt instruments
  - D. Are not required to be capitalized and reported in the financial statements
  
14. Appropriations cancelled by resolution of the governing body are reported in the current fund statement of operations and changes in fund balance:
  - A. As an element of other credits to income
  - B. Are not reported in this statement
  - C. As an adjustment to expenditures before fund balance
  - D. As an element of miscellaneous revenue
  
15. Which fund should account for a municipality's Community Development Block Grant Program?
  - A. Special Revenue Fund
  - B. Trust Other Fund
  - C. Current Fund
  - D. Utility Fund
  
16. Which of the following debt instruments would be included in gross debt when filing the Annual Debt Statement?
  - A. Special emergency notes, tax anticipation notes, and emergency notes
  - B. Special aid notes, utility revenue notes, and utility assessment notes
  - C. Type I school bond and regional school district bonds
  - D. General obligation bonds, Grant-in-Aid anticipation notes, and certificates of participation

17. Which of the following fund(s) would utilize the modified accrual basis of accounting?
- A. Current fund
  - B. Utility operating fund
  - C. General capital fund
  - D. All of the above
18. What is the effect on the current fund financial statements of an unexpended balance in the appropriation of "interest on bonds"?
- A. Increase in fund balance
  - B. Increase in a liability
  - C. Increase in an appropriation reserve
  - D. None
19. Which of the following budget amendments would require a public hearing, advertisement, and approval from the Director of the Division of Local Government Services?
- A. Increase or decrease any item of revenue by more than 1%
  - B. Increase the reserve for uncollected taxes by more than 10%
  - C. Add a new item of appropriation in an amount in excess of 1% of the inside "cap" appropriation
  - D. Decrease the amount to be raised by taxes by more than 5%, unless the same is made to include an emergency temporary appropriation



Items 20 and 21 are based on the following information:

The following pertains to the City of Commerce's current fund for the year ended December 31, 2016:

Current Tax Levy per Duplicate	\$60,000,000.00
Senior Citizens and Veterans Deductions per Duplicate	100,000.00
Amount Levied for Added Taxes	150,000.00
Remitted, Abated, or Cancelled Taxes	450,000.00
Collected in Cash 2015	400,000.00
Collected in Cash 2016	59,000,000.00
Senior Citizens and Veterans Deductions Allowed	49,000.00
Amount to be Raised by Taxation:	
Local District School Tax	40,000,000.00
County Taxes	12,000,000.00
Due County for Added Taxes	25,000.00
Reserve for Uncollected	2,000,000.00

20. What is the percentage of cash collection to the total 2016 levy?
- A. 99.00%
  - B. 98.75%
  - C. 99.75%
  - D. 99.50%
21. How much revenue should be realized in the current fund against the amount to be raised by taxation?
- A. \$7,524,000.00
  - B. \$7,375,000.00
  - C. \$9,524,000.00
  - D. \$9,375,000.00
22. Which of the following is not considered an exception to the "cap limitation" under the 1977 local government cap law?
- A. Capital expenditures
  - B. Expenditures for assuming a function of a utility
  - C. Increase in reserve for uncollected taxes
  - D. Implementation of Fair Share Housing Plan

23. Ridge Township operates a water and sewer utility. During the year ended June 30, 2016, Ridge properly budgeted and paid \$1,000,000.00 in bond principal and \$40,000.00 bond interest. To record the \$1,000,000.00 in bond principal paid, the utility capital fund should:
- A. Debit bonds payable and credit deferred charges to future taxation
  - B. Debit bond expense and credit reserve for amortization
  - C. Debit bonds payable and credit deferred reserve for amortization
  - D. Debit bonds payable and credit fixed assets authorized and uncompleted

24. Under accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which of the following components should be presented as part of the financial statements of a municipality?
- A. Parking utility and fire district
  - B. Self-insurance fund and transfer station utility
  - C. Joint insurance fund and redevelopment agency
  - D. Special improvement district and free public library

25. The selected information pertains to Ridge Township's water and sewer utility fund for the year ended December 31, 2016:

Fixed Capital	\$561,047.00
Fixed Capital Authorized and Uncompleted	50,000.00
Utility Revenue Notes	25,000.00
Serial Bonds Payable	261,000.00
Bond Anticipation Notes	10,000.00
Reserve for Amortization	292,573.00
Reserve for Deferred Amortization	8,250.00
Deferred Changes to be Raised by Future Revenues	224.00

For water and sewer utility capital fund, what is the amount of bonds and notes authorized but not issued?

- A. \$14,224.00
- B. \$39,448.00
- C. \$39,224.00
- D. \$14,448.00

26. Sea City maintains several fund types. The following were among Sea City's cash receipts during 2016:

Proceeds from the sale of utility assessment bonds	\$2,500,000.00
Premium on utility assessment bonds issued	250.00
Accrued interest on utility assessment bonds issued	3,145.00
Collection of utility assessment liens	1,800.00
Utility assessment overpayments	1,000.00
Interest on delinquent assessments	1,000.00

What amount of these cash receipts should be accounted for in Sea City's utility assessment trust fund?

- A. \$2,800.00
  - B. \$5,945.00
  - C. \$6,195.00
  - D. \$2,500,250.00
  - E. \$2,506,195.00
27. N.J.A.C. 5:30-8, "Financial Administration", established minimum surety bond coverage requirements for each of the following municipal officials except for:
- A. Chief Financial Officer
  - B. Magistrate
  - C. Tax Collector
  - D. Collector of Utility Rents
28. The equalized valuation basis of the County of Jersey was \$500,000,000.00 at December 31, 2016. At that date, what was the maximum amount of the debt that could be authorized by the County?
- A. \$5,000,000.00
  - B. \$10,000,000.00
  - C. \$15,000,000.00
  - D. \$17,500,000.00
  - E. All of the above

29. When auditing a municipality's financial statements in accordance with Government Auditing Standards (Yellow Book), an RMA is required to report on the municipality's compliance with laws and regulations. This report should:
- A. Have an opinion on compliance with any laws and regulations that were tested
  - B. State that an opinion on compliance was not an objective of the audit.
  - C. Define the laws and regulations that the municipality must comply with.
  - D. Indicate that the auditor cannot make legal interpretations of the laws and regulations that were tested.
30. Any county or municipality may make an unrestricted voluntary contribution to first aid, emergency, or volunteer ambulance or rescue squad associations of not more than:
- A. \$35,000.00
  - B. \$50,000.00
  - C. \$70,000.00
  - D. \$90,000.00

**REGISTERED MUNICIPAL ACCOUNTANTS EXAMINATION  
DECEMBER 1, 2017  
ANSWER SHEET  
MULTIPLE - CHOICE QUESTIONS**

<u>Question #</u>	<u>Answer</u>	<u>Question #</u>	<u>Answer</u>
1.	<input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D <input type="checkbox"/> E <input type="checkbox"/> F	16.	<input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D <input type="checkbox"/> E <input type="checkbox"/> F
2.	<input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D <input type="checkbox"/> E <input type="checkbox"/> F	17.	<input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D <input type="checkbox"/> E <input type="checkbox"/> F
3.	<input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D <input type="checkbox"/> E <input type="checkbox"/> F	18.	<input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D <input type="checkbox"/> E <input type="checkbox"/> F
4.	<input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D <input type="checkbox"/> E <input type="checkbox"/> F	19.	<input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D <input type="checkbox"/> E <input type="checkbox"/> F
5.	<input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D <input type="checkbox"/> E <input type="checkbox"/> F	20.	<input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D <input type="checkbox"/> E <input type="checkbox"/> F
6.	<input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D <input type="checkbox"/> E <input type="checkbox"/> F	21.	<input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D <input type="checkbox"/> E <input type="checkbox"/> F
7.	<input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D <input type="checkbox"/> E <input type="checkbox"/> F	22.	<input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D <input type="checkbox"/> E <input type="checkbox"/> F
8.	<input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D <input type="checkbox"/> E <input type="checkbox"/> F	23.	<input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D <input type="checkbox"/> E <input type="checkbox"/> F
9.	<input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D <input type="checkbox"/> E <input type="checkbox"/> F	24.	<input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D <input type="checkbox"/> E <input type="checkbox"/> F
10.	<input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D <input type="checkbox"/> E <input type="checkbox"/> F	25.	<input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D <input type="checkbox"/> E <input type="checkbox"/> F
11.	<input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D <input type="checkbox"/> E <input type="checkbox"/> F	26.	<input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D <input type="checkbox"/> E <input type="checkbox"/> F
12.	<input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D <input type="checkbox"/> E <input type="checkbox"/> F	27.	<input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D <input type="checkbox"/> E <input type="checkbox"/> F
13.	<input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D <input type="checkbox"/> E <input type="checkbox"/> F	28.	<input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D <input type="checkbox"/> E <input type="checkbox"/> F
14.	<input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D <input type="checkbox"/> E <input type="checkbox"/> F	29.	<input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D <input type="checkbox"/> E <input type="checkbox"/> F
15.	<input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D <input type="checkbox"/> E <input type="checkbox"/> F	30.	<input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D <input type="checkbox"/> E <input type="checkbox"/> F

**Use a Pencil to completely 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.**

**ESSAY/SHORT ANSWER**

**QUESTIONS**

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

Candidate Number \_\_\_\_\_

**REGISTERED MUNICIPAL ACCOUNTANT'S EXAMINATION**

**DECEMBER 1, 2017**

**ESSAY/SHORT ANSWER - QUESTION and ANSWER SHEETS**

1. **What is the minimum affirmative vote required by statute in order for a governing body to adopt a resolution/ordinance for the following:**

Required Vote

- |                                       |       |
|---------------------------------------|-------|
| A. Amendment of Adopted Budget        | _____ |
| B. Introduction of Bond Ordinance     | _____ |
| C. Transfer of Appropriation Reserves | _____ |
| D. Adoption of Temporary Emergency    | _____ |

2. **Title 40A:4-58 regarding appropriation transfers itemizes several appropriations for which no transfers may be made from during the last two months of a fiscal year. List any four (4) of these appropriations.**

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_

3. **What formal action, if any, is required by the governing body when change orders will exceed 20% of an original existing contract?**

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4. **List the sequence of procedures for the adoption of a budget by a municipality under review of the Division of Local Government Services.**

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5. A municipality developing a Capital Budget and Capital Plan must determine a method of financing that will be appropriate for each particular project. List and briefly describe the various methods that capital projects can be financed.

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\*\*\*\*\*PLEASE TURN THESE SHEETS IN AT THE END OF THE EXAM\*\*\*\*\*

**NEW JERSEY STATE BOARD OF ACCOUNTANCY**

**REGISTERED MUNICIPAL ACCOUNTANT**

**EXAMINATION**

**DECEMBER 1, 2017**

**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 1, 2017  
PROBLEM # 1

Presented below is financial data as it pertains to the Town of Westwood's 2016 general capital fund operation:

1. Cash Transactions per Treasurer:

Receipts

Interest on Investments	\$ 15,000.00
Proceeds of General Serial Bond Sale	1,703,500.00
New Jersey State Department of Transportation Aid	150,000.00
Capital Improvement Fund	100,000.00
Proceeds of Assessment Bond Sale	201,050.00
Bond Anticipation Note (Ord. #1700)	800,000.00
Reserve for Purchase of Rescue Vehicle	50,000.00
2016 Budget Appropriation (Ord. #1700)	200,000.00
Bond Anticipation Note (Ord. #1702)	<u>500,000.00</u>
	<u>\$3,719,550.00</u>

Disbursements

Bond Anticipation Note (Ord. #1700)	\$ 800,000.00
Due to Current Fund	60,000.00
Improvement Authorizations:	
Ord. #1700	600,000.00
Ord. #1697	450,000.00
Ord. #1702	400,000.00
Ord. #1699	42,000.00
Ord. #1698	35,000.00
Preliminary Improvement Costs	<u>2,000.00</u>
	<u>\$2,389,000.00</u>

2. Additional Information:

- o On January 15, 2016, the Bond Anticipation Note against Ordinance #1700 was renewed for one year in the amount of \$800,000.00. A \$100,000.00 payment was charged to the current fund budget appropriations.
- o Preliminary Improvement Costs of \$2,000.00 were authorized by the Borough Council for the construction of a Municipal Building.
- o The Current Fund paid \$100,000.00 in bond principal on April 15, 2016.
- o The Town adopted General Improvement Ordinance #1701 in the amount of \$60,000.00, Debt Authorized \$55,00.00 and Capital Improvement Fund \$5,000.00. The ordinance funded an emergency appropriation in the current fund for \$55,000.00.

- o A bond sale was held on September 30, 2016, funding the following bond ordinances:

	<u>Amount</u>
Local Improvement Ordinance #1698	\$ 200,000.00
General Improvement Ordinance #1699	300,000.00
General Improvement Ordinance #1700	1,400,000.00

- o The Town awarded the bonds to the City Capital Markets Inc. At the bond closing, the Town received \$4,000.00 in Accrued Interest on Bonds. The bid was as follows:

	<u>Amount of First Maturing Bonds</u>	<u>Price Offered</u>
Assessment Bonds	\$ 199,000.00	\$ 200,050.00
General Capital Bond	1,700,000.00	1,700,500.00

- o The Town cancelled the unexpended improvement authorization balance on Ordinance #1697 in the amount of \$50,000.00.
- o Assessments were confirmed on Ordinance #1698 in the amount of \$209,000.00.
- o The Town adopted General Capital Ordinance #1702 in the amount of \$750,000.00. Funding was provided by the Capital Improvement Fund for \$50,000.00, a state grant for \$300,000.00 and bonds and notes authorized for \$400,000.00.

Required:

On the answer sheets provided:

- 1) Complete the general capital fund worksheet as of 12-31-16. Formal Journal Entries are not required.

CANDIDATE NUMBER \_\_\_\_\_

REGISTERED MUNICIPAL ACCOUNTANTS EXAMINATION  
PROBLEM # 1 - ANSWER SHEET - DECEMBER 1, 2017  
GENERAL CAPITAL FUND WORKSHEET

	BALANCE 12-31-15	CASH	JOURNAL ENTRIES	BALANCE 12-31-16
	\$475,000			
	\$10,000			
	\$1,000,000			
	\$200,000			
	\$350,000			
	\$1,700,000			
		\$900,000		
		\$1,000,000		
		\$500,000		
		\$25,000		
		\$200,000		
		\$1,000,000		
		\$10,000		
		\$100,000		
	\$3,735,000			\$3,735,000

**PRACTICE PROBLEM #2**

**TOTAL POINT VALUE THIS SECTION  
10 POINTS**



**REGISTERED MUNICIPAL ACCOUNTANTS EXAMINATION**

**DECEMBER 1, 2017**

**PROBLEM #2**

Presented below is financial data as it pertains to the Town of Scotchwood's 2016 Water Utility Capital Fund operation:

1. Cash Transactions Per Water Utility Treasurer:

<u>Receipts</u>	<u>Amount</u>
Proceeds of Water Utility Bond Sale	\$2,252,000.00
Capital Improvement Fund	200,000.00
Costs of Improvements Authorized (Ordinance #100)	50,000.00
Cost of Improvements Authorized (Ordinance #150)	100,000.00
Bond Anticipation Notes	1,300,000.00
Accrued Interest on Sale of Bonds	20,000.00
Bond Anticipation Note (Ordinance #450)	<u>100,000.00</u>
	<u>\$4,022,000.00</u>
 <u>Disbursements</u>	
Bond Anticipation Note	\$1,300,000.00
Due to Water Utility Operating Improvement Authorizations:	11,000.00
Ordinance #200	5,000.00
Ordinance #250	290,000.00
Ordinance #300	<u>20,000.00</u>
	<u>\$1,626,000.00</u>

2. Water Utility Capital Balances – December 31, 2015

<u>Account</u>	<u>Debit</u>	<u>Credit</u>
Cash - Treasurer	\$ 200,000.00	
Fixed Capital:		
Ordinance #100	600,000.00	
Ordinance #225	20,000.00	
Fixed Capital Authorized & Uncompleted:		
Ordinance #150	800,000.00	
Ordinance #200	310,000.00	
Ordinance #250	1,500,000.00	
Ordinance #300	200,000.00	
Ordinance #350	300,000.00	
Bond Anticipation Notes		\$1,400,000.00
Bonds Payable (Ordinance #150)		500,000.00
Reserve for Amortization:		
Ordinance #100		550,000.00
Ordinance #225		20,000.00
Capital Improvement Fund		200,000.00
Reserve for Deferred Amortization:		
Ordinance #150		200,000.00
Ordinance #200		10,000.00
Ordinance #250		100,000.00
Ordinance #300		50,000.00
Ordinance #350		50,000.00
Improvement Authorizations – Unfunded:		
Ordinance #200		100,000.00
Ordinance #250		300,000.00
Ordinance #300		25,000.00
Ordinance #350		50,000.00
Fund Balance	<u>                    </u>	<u>375,000.00</u>
	<u>\$3,930,000.00</u>	<u>\$3,930,000.00</u>

3. Additional Information:

- On February 1, 2016, the Town Council declared Water Improvement Ordinance #150 was completed.
- On March 1, 2016, the Bond Anticipation Note pledged to Ordinance #250 was renewed for one year in the amount of \$1,300,000.00. A \$100,000.00 payment was charged to the Water Utility operating budget. The amount of interest to be accrued on note at December 31, 2016 amounted to \$25,000.00.
- The Water Utility Operating Fund paid \$100,000.00 in bond principal on March 15, 2016.
- The Town adopted Water Improvement Ordinance #400 in the amount of \$800,000.00; Debt authorized \$700,000.00; Capital Improvement Fund \$50,000.00 and Capital Surplus \$50,000.00.
- A bond sale was held on May 15, 2016 funding the following ordinances:

	<u>Amount</u>
Water Improvement Ordinance #250	\$1,300,000.00
Water Improvement Ordinance #400	700,000.00
Local Improvement Ordinance #350	<u>250,000.00</u>
	<u>\$2,250,000.00</u>

- The Town received legally acceptable proposals from the following bidders:

Water Capital Bonds

<u>Bidder</u>	<u>Price Offered</u>	<u>Proposed Interest Rate</u>	<u>Amount of First Maturing Bonds</u>
Bear Stearns	\$2,001,000.00	2.50	\$1,995,000.00
Lehman Brothers	2,002,000.00	2.75	2,000,000.00
Uncle Sam Securities	2,002,000.00	2.50	1,999,000.00

Water Assessment Bonds

<u>Bidder</u>	<u>Price Offered</u>	<u>Proposed Interest Rate</u>	<u>Amount of First Maturing Bonds</u>
Bear Stearns	\$250,500.00	2.25	\$249,000.00
Lehman Brothers	250,250.00	2.10	248,000.00
Uncle Sam Securities	251,000.00	2.00	250,000.00

- On July 1, 2016, the Town Council declared Water Improvement Ordinance #250 was completed and directed that the unexpended balance of the improvement be canceled.
- Assessments were confirmed on Ordinance #300 in the amount of \$155,000.00.
- The Town adopted Water Improvement Ordinance #450 in the amount of \$200,000.00 which was finance from bonds and notes authorized.
- The Town canceled a portion of the unexpended improvement authorization balance on Ordinance #200 in the amount of \$5,000.00.
- Assessments were confirmed on Ordinance #225 in the amount of \$15,000.00 and were considered final.

Required:

On the answer sheet provided: Prepare an analysis of Bonds and Notes Authorized But Not Issued as of December 31, 2016.



**PRACTICE PROBLEM #3**

**TOTAL POINT VALUE THIS SECTION  
25 POINTS**

REGISTERED MUNICIPAL ACCOUNTANTS EXAMINATION  
DECEMBER 1, 2017

PROBLEM #3

Presented below is financial information that pertains to the current fund operation of the City of West Pine for the year ended December 31, 2016:

1. Cash Transactions Per City Treasurer:

<u>Receipts</u>	<u>Amount</u>
Tax Collector	\$10,050,000.00
Miscellaneous Revenue Not Anticipated	150,000.00
Miscellaneous Revenue-Local Sources	1,100,000.00
State and Federal Grants	250,000.00
Due From General Capital Fund	115,000.00
Senior Citizen and Veteran Deductions	
Due From State of New Jersey	<u>190,000.00</u>
	<u>\$11,855,000.00</u>
 <u>Disbursements</u>	
Salaries and Wages	\$2,600,000.00
Other Expenses	700,000.00
Anticipated Deficit in Water Utility Operating	80,000.00
Municipal Court-Salaries and Wages	110,000.00
Municipal Court-Other Expenses	30,000.00
State and Federal Grants	325,000.00
Debt Service	200,000.00
Accounts Payable	90,000.00
Local District School Taxes	5,600,000.00
County Taxes	2,500,000.00
Appropriation Reserves	<u>200,000.00</u>
	<u>\$12,435,000.00</u>

2. Cash Transactions Per City Tax Collector:

<u>Receipts</u>	<u>Amount</u>
Current Taxes	\$9,700,000.00
Delinquent Taxes	500,000.00
Tax Title Liens	50,000.00
Prepaid Taxes	300,000.00
Miscellaneous Revenue-Local Sources	200,000.00
Tax Overpayments	100,000.00
Senior Citizen Deductions Disallowed-2016	40,000.00
Senior Citizen Deductions Disallowed-2015	10,000.00
2016 Added/Omitted Taxes	<u>50,000.00</u>
	<u>\$10,950,000.00</u>
 <u>Disbursements</u>	
Payments to City Treasurer	<u>\$10,050,000.00</u>

3. Budget Adoption:

<u>Anticipated Revenues</u>	<u>Amount</u>
Fund Balance	\$ 300,000.00
Miscellaneous Revenue-Local Sources	1,000,000.00
State and Federal Grants-Current and Prior Years	200,000.00
Receipts From Delinquent Taxes	500,000.00
Amount to be Raised by Taxation	<u>3,000,000.00</u>
	<u>\$5,000,000.00</u>

<u>Appropriations</u>	<u>Amount</u>
Salaries and Wages	\$3,000,000.00
Other Expenses	800,000.00
Anticipated Deficit in Water Utility Operations	80,000.00
Municipal Court-Salaries and Wages	100,000.00
Municipal Court-Other Expenses	40,000.00
State and Federal Grants	200,000.00
Debt Service	200,000.00
Deferred Charges-Emergencies	80,000.00
Reserve for Uncollected Taxes	<u>500,000.00</u>
	<u>\$5,000,000.00</u>

4. Additional Information:

- Net Valuations Taxable for 2016 were \$220,000,000.00
- The 2016 tax rates, per \$100.00 of assessed valuation, were as follows:

City Tax	\$1.37
Local District School	2.50
County Tax	<u>1.14</u>
	<u>\$5.01</u>

- 2016 Added/Omitted Taxes were based on pro-rated assessments of \$2,000,000.00.
- Local School Taxes Deferred were as follows:

December 31, 2015	\$2,650,000.00
December 31, 2016	\$2,750,000.00
- Local School Taxes requirements for 2016 amounted to \$5,500,000.00.

- County Taxes were apportioned the City in the amount of \$2,500,000.00.
- The actual deficit in revenue from Water Utility Operations amounted to \$50,000.00.
- An other expense emergency appropriation, for road improvements, was adopted in the amount of \$100,000.00.
- Senior Citizen and Veteran deductions per duplicate were \$200,000.00. During the year the tax collector disallowed \$50,000.00 in Senior Citizen deductions.
- Tax Overpayments applied to current year taxes amount to \$100,000.00.
- Delinquent taxes were sold at the December 1, 2016 tax sale to the municipality in the amount of \$200,000.00. Interest and cost of sale was \$10,000.00. Current taxes accruing to tax title lien amounted to \$50,000.00.
- General Capital Ordinance #100, for road improvements, was adopted in the amount of \$110,000.00 and funded the emergency appropriation.
- The City had a bond sale during 2016. All proceeds were deposited in the General Capital Fund. The transactions were as follows:

	Amount of First Maturity <u>Bonds</u>	Price <u>Offered</u>	Proceeds Received at <u>Closing</u>
General Capital Bonds	<u>\$2,000,000.00</u>	<u>\$2,000,200.00</u>	<u>\$2,005,200.00</u>

- Open encumbrances at December 31, 2016 amounted to \$50,000.00 for other expenses.

Required:

On the answer sheets provided:

1. Complete the current fund worksheet as of 12-31-16. Formal journal entries are not required.





CANDIDATE NUMBER \_\_\_\_\_

REGISTERED MUNICIPAL ACCOUNTANTS EXAMINATION  
PROBLEM #3 - ANSWER SHEET - DECEMBER 1, 2017  
CURRENT FUND WORKSHEET  
SHEET #2

	BALANCE 12-31-15	BUDGET	CASH	JOURNAL ENTRIES	BALANCE 12-31-16
	\$400,000				
	\$100,000				
	\$250,000				
	\$125,000				
AY.	\$100,000				
TS:					
	\$150,000				
	\$50,000				
	\$910,000				
	\$570,000				
	\$2,655,000				



