

NEW JERSEY STATE BOARD OF ACCOUNTANCY

REGISTERED MUNICIPAL ACCOUNTANT

EXAMINATION

DECEMBER 7, 2018

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 7, 2018

MULTIPLE CHOICE QUESTIONS

1. What account(s) would offset the Deferred Charges to Future Taxation - Funded account of the General Capital Fund of a municipality?
 - A. Bond Anticipation Notes
 - B. General Serial Bonds
 - C. Prospective Assessments Raised by Taxation
 - D. Improvement Authorizations Funded
 - E. None of the above

2. Proceeds from the sale of Assessment Serial Bonds are required to be deposited in the:
 - A. Assessment Trust Fund
 - B. Debt Service Fund
 - C. General Capital Fund
 - D. Long-Term Debt Account Group

3. General Capital Fund Surplus can be anticipated as a revenue in the Current Fund annual budget, but is limited to:
 - A. the amount pledged to unfunded improvement authorizations
 - B. the amount of debt service appropriated in the current fund budget
 - C. an amount not in excess of the 2% levy cap exemption
 - D. There is no limitation of the amount that can be anticipated in the Current Fund budget.

4. A claimant or vendor certification is a certification from a party claiming payment that the bill or demand is correct and should be paid. A claimant certification may be executed by:
 - A. signature stamp
 - B. facsimile signature
 - C. electronic signature
 - D. "wet" signature only
 - E. All of the above

5. A municipality cannot waive the requirement for obtaining a claimant certification from which of the following:
 - A. Services are provided by a sole proprietor
 - B. Payments are to be by EFT technologies
 - C. Transactions authorized by the Automated Clearing House
 - D. Only wire transfers authorizations
 - E. None of the above

6. The statutory budget deadline for the introduction of a municipal budget is:
 - A. January 15
 - B. January 26
 - C. February 10
 - D. February 28

7. When excess public library fund balance is transferred to a municipality, it must be used exclusively for:
 - A. dedicated library purposes
 - B. improvements to the library facility
 - C. property tax relief
 - D. any public safety purpose
 - E. All of the above

8. Per N.J.S.A. 40A:5-15.1 of the Local Fiscal Affairs Law, a local municipality is only permitted to invest in short-term debt obligations issued by New Jersey:
 - A. Fire districts within the local unit
 - B. Local authorities
 - C. School districts
 - D. Municipalities
 - E. All of the above
 - F. C and D only

9. At the completion of the statutory audit, the registered municipal accountant shall file a certified copy of the audit with the Director of the Division of Local Government Services along with the following additional report(s):
- A. UCC Enforcement Fee Report
 - B. Secondary Market Disclosure Report
 - C. Cash Management Plan
 - D. Status of Annual Debt Report
 - E. All of the above
10. The cost of living (COLA) adjustment for the 2018 municipal budgets was calculated at:
- A. 1.5%
 - B. 2.0%
 - C. 2.5%
 - D. 3.5%
11. When authorized by resolution, the governing body of a municipality may authorize the tax collector to cancel any tax delinquency without further action of the governing body for amounts less than:
- A. \$5.00
 - B. \$10.00
 - C. \$50.00
 - D. \$100.00
12. Which of the following appropriation(s) is not considered an exception to the "1977 Cap Limitation" under the local government cap laws?
- A. Municipal Library
 - B. Municipal Prosecutor
 - C. Municipal Fair Share Housing Plan
 - D. Municipal Length of Service Award Program

13. A municipality has advertised, on two occasions, for goods and services for which a State contract has been issued. What percentage below the State contract amount can a municipality purchase the goods or services without further advertising?
- A. 5.00%
 - B. 7.50%
 - C. 10.00%
 - D. None of the above
14. Added school taxes of the current year are reported in the Current Fund Statement of Operations and Change in Fund Balance as:
- A. an element of expenditures
 - B. a reduction of tax collection on a cash basis
 - C. a miscellaneous charge to budget operations
 - D. Are not reported in this statement
15. Which of the following is not deducted when the calculation of self-liquidating purpose of a utility is made?
- A. payment of refunding bond
 - B. deficit in dedicated utility assessment budget
 - C. capital outlay expenditures
 - D. contribution to Public Employee Retirement System
 - E. None of the above
 - F. All of the above
16. 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 exceeds:
- A. 2.0%
 - B. 2.5%
 - C. 3.0%
 - D. 3.5%

17. A municipality may establish a dedicated tax for which of the following purposes:
- A. Maintenance of waste water treatment facilities
 - B. Acquisition and development of lands for recreational purposes
 - C. Payment of debt service for general obligation bonds
 - D. Acquisition of structures, land, or facilities for law enforcement purposes
18. A capital ordinance funded entirely by a dedicated reserve in the General Capital Fund shall take effect:
- A. 20 days after adoption
 - B. 20 days after first publication after final adoption
 - C. no sooner than 10 days after first publication
 - D. immediately upon final adoption
19. The governing body of a local unit may charge a penalty on delinquent taxes in excess of \$10,000.00 which does not exceed:
- A. 2%
 - B. 6%
 - C. 8%
 - D. 18%
20. Revenue derived from interest on utility assessments receivable that are pledged to assessment bonds becomes a revenue of the:
- A. Current Fund
 - B. Utility Operating Fund
 - C. Utility Capital Fund
 - D. Utility Assessment Fund
21. The Local Budget Law allows for an appropriation for contingent expenses in an amount not in excess of:
- A. 2% of total appropriations for operating expenses
 - B. 3% of total appropriations for operating expenses
 - C. 3.5% of total appropriations for operating expenses
 - D. None of the above

22. Appropriations made for specific capital purposes in the annual budget may include only those items that have a minimum period of usefulness of:
- A. not less than 3 years
 - B. not less than 5 years
 - C. not less than 10 years
 - D. period of usefulness is not applicable
23. According to N.J.S.A. 40A:4-38, every dedicated assessment budget shall contain an appropriation for:
- A. salaries and wages
 - B. bond issuance costs
 - C. payment of bonds maturing
 - D. interest of notes
 - E. All of the above
24. When authorized by a cash management plan, a municipality can invest in certificates of deposit, but are subject to which condition(s)?
- A. Total certification of deposits outstanding cannot exceed 2 million
 - B. The certificates were not purchased with proceeds of general serial bonds
 - C. 100% of the principal and interest of each certificate is FDIC insured
 - D. The certificates shall mature within the local unit fiscal year
25. Which of the following items would affect a municipality's percentage of tax collection calculation?
- A. abated taxes
 - B. levy of special district taxes
 - C. discount allowed
 - D. transfer to tax title liens
26. Which of the following items would have an effect on a county's reserve for uncollected taxes calculation?
- A. surplus anticipated
 - B. added taxes
 - C. State court tax appeals granted
 - D. County board of taxation appeals
 - E. All of the above
 - F. None of the above

27. When analyzing the balance of Current Fund Surplus at year end, which of the following are pledged to surplus?
- A. taxes receivables
 - B. interfunds advanced
 - C. prepaid bond principal
 - D. prepaid local district school taxes
 - E. None of the above
28. Which of the following statements is generally true relative to temporary appropriations?
- Temporary appropriations shall:
- A. not exceed 25% of proceeding year appropriations
 - B. provide for debt services during the 15 days of the preceding year
 - C. not exceed 1/12 of the preceding year's budget on a month-to-month basis
 - D. be provided for within 30 days of the beginning of the current fiscal year
29. Which of the following contract/purchase would be subject to the public advertising for bid requirements of N.J.S.A. 40A:11-4?
- A. Lease of a fire vehicle
 - B. Expenses for travel and conferences
 - C. A contract with the County of Mercer
 - D. Library goods and services
 - E. All of the above
 - F. None of the above
30. The statutory net debt of a municipality is calculated on a percentage of which of the following:
- A. Valuations Taxable
 - B. Net Valuations Taxable
 - C. Gross Equalized Valuations of Real Property
 - D. Net Equalized Valuations of Real Property
 - E. Equalized Valuation Basis

**REGISTERED MUNICIPAL ACCOUNTANTS EXAMINATION
DECEMBER 7, 2018
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 7, 2018

ESSAY/SHORT ANSWER - QUESTION and ANSWER SHEETS

1. The Local Budget Law authorizes appropriation transfers during the last two months of a fiscal year. List the required vote of the governing body to approve the transfers and list the appropriations for which no transfers may be made to during the last two months of a fiscal year.

2. A municipality you are auditing requires a single audit to be performed in accordance with the Federal Uniform Guidance and N.J. OMB 15-08. The municipality had \$10,000,000.00 in federal award program expenditures. Please answer the following:

- 1) What is a Type A program?
- 2) What is a Type B program?
- 3) What is the criteria to be considered a low-risk Type A program?

3. The Chief Financial Officer of a local unit has requested your guidance on the completion of the Municipal Budget Tax Levy Cap Calculation Worksheet. The CFO has specifically asked what items are exclusions to the tax levy calculation. List these exclusions.

4. Pursuant to N.J.A.C. 5:30-7.4, there is a list of criteria that if a municipality meets one or more, the municipality will not be eligible for local budget examination. List any four (4) of these criteria that would make a municipality ineligible for local budget examination.

1) _____

2) _____

3) _____

4) _____

5. The Chief Financial Officer of a local government unit has requested your guidance on the implementation of the New Jersey Local Unit Pay-to-Play Law. Please render your advice relative to the following:

A. What are the steps required to award a contract utilizing a "Fair and Open Process?"

B. What are the steps required to award a contract utilizing a "Non-Fair and Open Process?"

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

NEW JERSEY STATE BOARD OF ACCOUNTANCY

REGISTERED MUNICIPAL ACCOUNTANT

EXAMINATION

DECEMBER 7, 2018

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
10 POINTS**

REGISTERED MUNICIPAL ACCOUNTANTS EXAMINATION
DECEMBER 7, 2018
PROBLEM #1

Smith, a Registered Municipal Accountant, accepts an engagement from the City of Telly to assist in the preparation of their 2018 Municipal Budget. Specifically, Smith was required to compute the appropriation "Reserve for Uncollected Taxes." The City's Chief Financial Officer prepared the following worksheets and submitted them to Smith:

1. Budget Data:

<u>Appropriation</u>	<u>Amounts Appropriated</u>		<u>Expended</u>	<u>Reserved</u>
	<u>2018</u>	<u>Final 2017</u>		
Overexpenditure of Appropriations	\$	\$ 10,000	\$ 10,000	
Anticipated Deficit in Utility Operations	40,000	50,000	49,600	\$400
State and Federal Grants	300,000	300,000	300,000	
State Grants Local Match	50,000	100,000	100,000	
Police Department	1,300,000	1,200,000	950,000	250,000
Capital Improvement Fund	50,000	150,000	150,000	
Public Works Department	525,000	500,000	675,000	(175,000)
Deferred Charge - Emergency		200,000	150,000	50,000
Contribution to Sewerage Authority	200,000	150,000	100,000	50,000
Administrative & Executive	535,000	440,000	410,000	30,000
Payment of Bonds	250,000	400,000	400,000	
Social Security	130,000	120,000	110,000	10,000
Pension - PERS	300,000	250,000	240,000	10,000
Contingent	5,000	10,000		10,000
Interest on Notes	100,000	135,000	130,000	5,000
Utilities	130,000	155,000	120,000	35,000
Judgements	885,000			
	<u>\$ 4,800,000</u>	<u>\$ 4,170,000</u>	<u>\$ 3,894,600</u>	<u>\$275,400</u>
Reserve for Uncollected Taxes		<u>530,000</u>	<u>530,000</u>	
		<u>\$ 4,700,000</u>	<u>\$ 4,424,600</u>	

<u>Revenues</u>	<u>2017</u>	
	<u>Anticipated</u>	<u>Realized</u>
Fund Balance	\$ 300,000	\$ 300,000
Miscellaneous Revenue - Local Sources	500,000	600,000
State and Federal Grants	300,000	300,000
Receipts from Delinquent Taxes	1,000,000	1,250,000
Amount to be Raised by Taxation	<u>2,575,000</u>	<u>2,450,000</u>
	<u>\$ 4,675,000</u>	<u>\$ 4,900,000</u>

2. Selected Financial Data:

Delinquent Taxes Receivable	\$2,500,000.00			
Tax Title Liens Receivable	500,000.00			
Percentage of Delinquent Tax Collection is 90%				
Percentage of Cash Collection to Total Levy is:	2017 93%	2015 92%		
	2016 95%	2014 98%		

3. Current Fund Balance Sheet at December 31, 2017

Cash	\$4,000,000.00	
Deferral Charges	200,000.00	
Delinquent Taxes Receivable	2,500,000.00	
Tax Title Fees	500,000.00	
Cash Liabilities		\$3,000,000.00
Revenue for Receivables		3,000,000.00
Fund Balance		<u>1,200,000.00</u>
	<u>\$7,200,000.00</u>	<u>\$7,200,000.00</u>

4. Additional Information

- X An emergency for Police Department was adopted on October 25, 2017, in the amount of \$25,000.00.
- X A budget amendment was adopted on December 25, 2017, in the amount of \$200,000.00 for State and Federal Grants.
- X For 2018, the City Council has decided to anticipate the maximum amount of available revenues and percentages to the extent allowable by state regulation.
- X The City received notification on February 1, 2018, that their application for a \$300,000.00 state grant was approved.
- X School, County and Municipal Open Space Tax Requirements were as follows:

	<u>2017</u>	<u>2018</u>
Municipal Open Space	\$ 75,000.00	\$ 100,000.00 (Actual)
County	2,150,000.00	2,000,000.00 (Estimated)
School	7,000,000.00	6,850,000.00 (Actual)

- The Director of Division of Local Government Services certified the 2018 COLA rate at 2.5%.
- Tax rate for 2017 per \$100 of assessed valuation was:

Local	2.25	School	3.15
County	2.50	Municipal Space	.50
- The City, adopted a resolution to utilize the average method to calculate the percentage of tax collection for use in the 2018 budget.
- Budget introduction was scheduled for June 15, 2018.

Required:

On the answer sheets provided:

- 1) Calculate the Reserve for Uncollected Taxes for the 2018 Budget.

PRACTICE PROBLEM #2

**TOTAL POINT VALUE THIS SECTION
15 POINTS**

REGISTERED MUNICIPAL ACCOUNTANTS EXAMINATION
DECEMBER 7, 2018
PROBLEM # 2

The following data pertains to Commerce City's 2017 assessment trust fund operations:

1. Cash Transactions per tax collector:

Receipts

Assessments Receivable:	
Ordinance #834	\$ 55,800.00
Ordinance #836	17,700.00
Ordinance #837	21,200.00
Ordinance #841	31,600.00
Interest on Assessments:	<u>14,650.00</u>
	<u>\$ 140,950.00</u>

Disbursements

Payment to Treasurer	<u>\$ 140,950.00</u>
----------------------	----------------------

2. Cash Transactions per Treasurer:

Receipts

Proceeds of Assessment Bond Sale	\$ 101,750.00
Investment - U.S. Treasury Bill	105,200.00
Tax Collector	140,950.00
Deficit - Current Budget (Ord. #834)	<u>25,000.00</u>
	<u>\$ 372,900.00</u>

Disbursements

Current Fund - Anticipated Revenue	\$ 43,000.00
Assessment Serial Bonds (Ord. #834)	25,000.00
Due to General Capital Fund	60,000.00
Assessment Serial Bonds (Ord. #820)	<u>10,000.00</u>
	<u>\$ 138,000.00</u>

3. The 2017 Dedicated Assessment Budget was adopted on May 01, 2017:

Revenue:

Assessment Cash (Ord. #820)	\$ 10,000.00
Deficit (Current Budget Ord. #834)	<u>25,000.00</u>
	<u>\$ 35,000.00</u>

Appropriations:

Payment of Bond Principal	<u>\$ 35,000.00</u>
---------------------------	---------------------

4. On May 10, 2017, assessments were confirmed on Ordinance #834 in the amount of \$105,000.00.
5. The City adopted Local Improvement Ordinance #842 in the amount of \$100,000.00; Debt Authorized \$95,000.00 and Capital Improvement Fund \$5,000.00.
6. The City had a bond sale on June 18, 2017. Assessment Bonds in the amount of \$100,000.00 were sold funding Local Improvement Ordinance #841. A premium of \$750.00 and accrued interest of \$1,000.00 was received on the Assessment Bonds Issue.
7. The City adopted Local Improvement Ordinance #843 in the amount of \$50,000.00 and was funded from the Capital Improvement Fund.
8. On July 1, 2017, assessments were confirmed on Ordinance #842 in the amount of \$100,000.00.
9. On August 1, 2017, assessments were confirmed on Ordinance #841 in the amount of \$95,000.00.

Required:

On the answer sheets provided:

- 1) Complete the assessment trust fund worksheet as of 12-31-17. Formal Journal Entries are not required.
- 2) Complete the analysis of assessment trust fund cash and investments as of 12-31-17.

CANDIDATE NUMBER _____

**REGISTERED MUNICIPAL ACCOUNTANTS EXAMINATION
 PROBLEM # 2 - ANSWER SHEET - DECEMBER 7, 2018
 ANALYSIS OF ASSESSMENT TRUST CASH AND INVESTMENTS**

ACCOUNTS	BALANCE 12-31-16							BALANCE 12-31-17
FUND BALANCE	\$100,000							
ASSESSMENT BONDS	\$10,000							
DUE TO GENERAL CAPITAL FUND	\$15,000							
	\$125,000							

PRACTICE PROBLEM #3

**TOTAL POINT VALUE THIS SECTION
25 POINTS**

REGISTERED MUNICIPAL ACCOUNTANTS EXAMINATION
DECEMBER 7, 2018

PROBLEM #3

Presented below is financial data as it pertains to the Town of Scotchwood's 2017 Water Utility Capital Fund operation:

1. Cash Transactions per Water Utility Capital Fund:

<u>Receipts</u>	<u>Amount</u>
Proceeds of Water Serial Bond Sale	\$1,750,250.00
Capital Improvement Fund	50,000.00
Costs of Improvements Authorized (Ordinance #100)	100,000.00
Bond Anticipation Notes	1,100,000.00
Accrued Interest on Sale of Utility Bonds	10,000.00
Construction of Pumping Station	100,000.00
Due From/To Water Assessment Fund	110,000.00
Bond Anticipation Note (Ordinance #450)	<u>150,000.00</u>
	<u>\$3,370,250.00</u>
 <u>Disbursements</u>	
Bond Anticipation Note	\$1,100,000.00
Due to Water Utility Operating Improvement Authorization:	11,000.00
Ordinance #200	5,000.00
Ordinance #250	290,000.00
Ordinance #300	20,000.00
Ordinance #350	50,000.00
Ordinance #400	75,000.00
Ordinance #450	95,000.00
Bond Anticipation Note	<u>1,100,000.00</u>
	<u>\$2,746,000.00</u>

2. Cash Transactions per Water Utility Assessment Fund:

<u>Receipts</u>	<u>Amount</u>
Proceeds of Water Utility Assessment Bonds	\$200,250.00
Assessment Receivables	30,000.00
Dedicated Water Utility Assessment Deficit	5,000.00
Interest on Delinquent Utility Assessment	<u>1,000.00</u>
	<u>\$236,250.00</u>
 <u>Disbursements</u>	
Due from Water Utility Operating Fund	\$20,000.00
Refund of Assessment Overpayments	3,000.00
Due from Water Utility Capital Fund	<u>110,000.00</u>
	<u>\$133,000.00</u>

3. Additional Information:

- In January 20, 2017, the Town Council declared Water Utility Improvement Ordinance #150 was completed.
- On February 1, 2017, the Bond Anticipation Note pledged to Ordinance #250 was renewed for six months in the amount of \$1,100,000.00. A \$200,000.00 payment was charged to the Water Utility operating budget.
- The Water Utility Operating Fund paid \$50,000.00 in bond principal on March 15, 2017.
- The Town adopted Water Utility Improvement Ordinance #400 in the amount of \$750,000.00; Debt authorized \$700,000.00; Capital Improvement Fund \$25,000.00 and Capital Surplus \$25,000.00.
- A bond sale was held on May 15, 2017 funding the following ordinances:

	<u>Amount</u>
General Improvement Ordinance #250	\$1,100,000.00
General Improvement Ordinance #400	650,000.00
Local Improvement Ordinance #350	<u>200,000.00</u>
	<u>\$1,950,000.00</u>

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

Water Utility Capital Bonds

<u>Bidder</u>	<u>Price Offered</u>	<u>Proposed Interest Rate</u>	<u>Amount of First Maturing Bonds</u>
First National Bank	\$1,750,250.00	4.75	\$1,745,000.00
National Trust Co.	1,750,500.00	5.00	1,750,000.00
United Securities, Inc.	1,750,250.00	4.75	1,749,000.00

Water Utility Assessment Bonds

<u>Bidder</u>	<u>Price Offered</u>	<u>Proposed Interest Rate</u>	<u>Amount of First Maturing Bonds</u>
First National Bank	\$200,500.00	5.10	\$199,000.00
National Trust Co.	200,250.00	4.95	199,000.00
United Securities, Inc.	200,250.00	4.85	200,000.00

- On July 1, 2017, the Town Council declared Water Utility 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 \$110,000.00.
- The Town adopted Water Utility Improvement Ordinance #450 in the amount of \$200,000.00 which was financed from bonds and notes authorized.
- The Town canceled the unexpended improvement authorization balance on Ordinance #200 in the amount of 5,000.00.

Required:

On the answer sheets provided:

Complete the Water Utility Capital Fund worksheet as of December 31, 2017.

CANDIDATE NUMBER _____

**REGISTERED MUNICIPAL ACCOUNTANTS EXAMINATION
ANSWER SHEET - PROBLEM #3 - DECEMBER 7, 2018
WATER UTILITY CAPITAL FUND WORKSHEET
SHEET #1**

ACCOUNTS	BALANCE 12-31-16	CASH	JOURNAL ENTRIES	BALANCE 12-31-17
CASH - TREASURER	\$40,000			
FIXED CAPITAL:				
ORDINANCE #100	\$500,000			
FIXED CAPITAL AUTHORIZED & UNCOMPLETED:				
ORDINANCE #150	\$750,000			
ORDINANCE #200	\$210,000			
ORDINANCE #250	\$1,350,000			
ORDINANCE #300	\$100,000			
ORDINANCE #350	\$250,000			
BOND ANTICIPATION NOTES	\$1,300,000			
BONDS PAYABLE (ORDINANCE #150)	\$400,000			
RESERVE FOR AMORTIZATION:				
ORDINANCE #100	\$400,000			
CAPITAL IMPROVEMENT FUND	\$150,000			

CANDIDATE NUMBER _____

**REGISTERED MUNICIPAL ACCOUNTANTS EXAMINATION
ANSWER SHEET - PROBLEM #3 - DECEMBER 7, 2018
WATER UTILITY CAPITAL FUND WORKSHEET
SHEET #2**

ACCOUNTS	BALANCE 12-31-16	CASH	JOURNAL ENTRIES	BALANCE 12-31-17
RESERVE FOR DEFERRED AMORTIZATION:				
ORDINANCE #150	\$300,000			
ORDINANCE #200	\$10,000			
ORDINANCE #250	\$50,000			
ORDINANCE #300	\$10,000			
IMPROVEMENT AUTHORIZATIONS - UNFUNDED:				
ORDINANCE #200	\$10,000			
ORDINANCE #250	\$300,000			
ORDINANCE #300	\$25,000			
ORDINANCE #350	\$50,000			
IMPROVEMENT AUTHORIZATIONS - FUNDED:				
FUND BALANCE	\$195,000			
	\$3,200,000	\$3,200,000		