

NEW JERSEY STATE BOARD OF ACCOUNTANCY

REGISTERED MUNICIPAL ACCOUNTANT

EXAMINATION

DECEMBER 3, 2021

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 four (4) 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 3, 2021**

**MULTIPLE CHOICE QUESTIONS**

1. The payment of bond principal on assessment trust bonded debt would be recorded as an expenditure in the:
  - A. Assessment trust fund
  - B. Debt service fund
  - C. General capital fund
  - D. Current fund
  
2. Per Local Finance Notice 2020-14R and effective July 1, 2020, a county with a qualified purchasing agent, the informal receipts of quotation threshold is:
  - A. \$2,725.00
  - B. \$4,350.00
  - C. \$6,600.00
  - D. \$7,250.00
  
3. All county budgets shall be introduced, approved, amended and adopted by a resolution passed by the governing body by not less than a:
  - A. 2/3 majority
  - B. 2/3 majority of full membership
  - C. Simple majority
  - D. Majority of full membership
  
4. 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

5. Refunds of prior year revenues are reported in the financial statements of a county as:
- A. Prior period adjustments to opening fund balance
  - B. Adjustments to current year revenues
  - C. Expenditures
  - D. Other credits to income
6. Which of the following appropriation(s) is considered an exemption to the "Spending Cap Limitation" under the local government budget law?
- A. Public Defender
  - B. Municipal Prosecutor
  - C. Municipal Services Act
  - D. First Aid Squad Contributions
  - E. All of the above
  - F. None of the above
7. 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

Questions #8, #9 and #10 are based on the following:

- The 2020 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 14, 2020 was \$50,000,000.00
- Pro-rated assessments certified as of October 1, 2020 was \$20,000,000.00.
- Equalized valuation for county purposes was \$75,000,000.00

8. What is the amount of added taxes due to the Local School District for 2020?
- A. -0-
  - B. \$300,000.00
  - C. \$600,000.00
  - D. \$750,000.00
9. What is the date county added taxes have to be paid before any interest is assessed a municipality?
- A. November 1, 2020
  - B. November 15, 2020
  - C. February 1, 2021
  - D. February 15, 2021
10. 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.
11. 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. 2.0% of the previous year's tax levy
  - B. 2.0% 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".

12. A municipality can sell its personal property not needed for public use at public auction when the estimated fair value exceeds:
- A. \$2,675.00
  - B. \$3,500.00
  - C. \$5,000.00
  - D. \$6,600.00
  - E. None of the above
13. The estoppel period for a bond ordinance for capital improvements wherein debt is authorized is:
- A. 5 days
  - B. 10 days
  - C. 20 days
  - D. 30 days
14. Appropriation transfers during the last two months of a municipality's fiscal year require a minimum affirmative vote of at least:
- A. Simple majority
  - B. Two-thirds of full majority
  - C. Majority of full membership
  - D. An unanimous vote
15. Which of the following municipal budget appropriation is limited by state budget statutes?
- A. Capital Improvement Fund
  - B. Debt service
  - C. Contingent expense
  - D. Reserve of uncollected taxes

16. Which of the following debt instruments would be included in gross debt when filing the annual debt statement?
- A. Tax anticipation notes
  - B. Special emergency notes
  - C. Bond anticipation notes
  - D. Utility revenue notes
  - E. All of the above
17. Under New Jersey's Other Comprehensive Basis of Accounting (OCBOA), current year property taxes are recognized as a revenue when collections occur within:
- A. The current year only
  - B. Thirty (30) days following year end
  - C. Sixty (60) days following year end
  - D. Ninety (90) days following year end
18. 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
19. According to Government Auditing Standard (GAGAS) 2018 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

20. A municipality's year end liability for the Cost of Other Post-Employment Benefits (OPEB) is:
- A. Limited to note disclosure
  - B. Financed by the issuance of debt
  - C. Provided for by the creation of a trust fund
  - D. Accrued and charged to the current year operations
21. N.J.A.C. 5:30-8 "Financial Administration" establishes minimum surety bond coverage requirements for municipal officials, EXCEPT FOR:
- A. Chief Financial Officer
  - B. Tax Collector
  - C. Municipal Court Administrator
  - D. Collector of Utility Rents
22. Which of the following budget conditions would NOT require a public hearing prior to adoption?
- A. Tax levy that is less than the 2% of tax levy cap
  - B. Tax levy that is greater than the 2% tax levy cap
  - C. Appropriations that are in excess of the cost of living adjustment
  - D. Appropriations that are in excess of 1% of the total prior year's approved budget
  - E. None of the Above

Items #23 and #24 are based on the following:

The selected information pertains to Clinton Township's Water Utility Fund for the year ended December 31, 2020:

|  |              |
|--|--------------|
| Fixed Capital                            | \$500,000.00 |
| Fixed Capital Authorized and Uncompleted | \$500,000.00 |
| Utility Revenue Notes                    | \$100,000.00 |
| Serial Bond Payable                      | \$100,000.00 |
| Bond Anticipation Notes                  | \$200,000.00 |
| Reserve for Amortization                 | \$200,000.00 |
| Reserve for Deferred Amortization        | \$200,000.00 |
| Deferred Charges to be Raised            | \$100,000.00 |

23. For the Water Utility Fund, what is the amount of statutory gross debt?
- A. \$300,000.00
  - B. \$400,000.00
  - C. \$600,000.00
  - D. \$700,000.00
24. For the Water Utility Fund, what is the amount of bonds and notes authorized but not issued?
- A. \$300,000.00
  - B. \$500,000.00
  - C. \$600,000.00
  - D. \$700,000.00
25. Which receivable in the Current Fund is not required to have an offsetting reserve for receivables?
- A. Prepaid bonds and interest
  - B. Prepaid local district school taxes
  - C. Amounts due from the Grant Fund
  - D. Revenue accounts receivable
26. Foreclosed property is recorded in the:
- A. Current Fund at historical cost
  - B. Current Fund at assessed valuation
  - C. General Fixed Asset Account Group
  - D. Current Fund at the lien redemption price

27. Reserves for receivables in a Utility Operating Fund are created by:
- A. Interfunds
  - B. Utility liens
  - C. Emergency authorizations
  - D. Operating deficits
28. An overexpenditure of appropriation reserves is considered:
- A. A reduction of a cash liability
  - B. An expenditure in the Statement of Operations
  - C. An asset offset by a reserve
  - D. A charge to the restricted fund balance
  - E. None of the above
29. There are several conditions that may exist at year end that would cause a municipality to be considered in an unsound financial position. Which of the following would be considered such a condition(s)?
- A. Outstanding debt in excess of statutory limitations
  - B. Collections of current year taxes that are less than 70% of the tax levy
  - C. Surplus that is less than 2% of the current operating budget
  - D. Interfunds receivable that are not supported by cash in other funds
  - E. None of the above
30. Which of the following is not considered an exclusion under the local property tax levy cap law?
- A. An increase in bond principal
  - B. An increase in note interest
  - C. An increase in pension costs
  - D. An increase in municipal library contributions

REGISTERED MUNICIPAL ACCOUNTANTS EXAMINATION  
DECEMBER 3, 2021

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**







4. Pursuant to Local Finance Notice 2020-14R, the Public Bidding Thresholds were adjusted for contracting units and is effective for July 1, 2020. Please answer the following:

a. What is the maximum bid threshold for contracting units with a qualified purchasing agent? \_\_\_\_\_

\_\_\_\_\_

b. What is the maximum bid threshold for contracting units without a qualified purchasing agent? \_\_\_\_\_

\_\_\_\_\_

c. What is the political contribution to "pay to play" threshold? \_\_\_\_\_

\_\_\_\_\_

d. What is the percentage of the bid threshold that a contracting unit would utilize when obtaining informal receipts of quotations? \_\_\_\_\_

\_\_\_\_\_

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

NEW JERSEY STATE BOARD OF ACCOUNTANCY

REGISTERED MUNICIPAL ACCOUNTANT

EXAMINATION

DECEMBER 3, 2021

PART II

PRACTICE PROBLEM #1

PRACTICE PROBLEM #2

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 and 2 .
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  
**30 POINTS**

REGISTERED MUNICIPAL ACCOUNTANTS EXAMINATION  
DECEMBER 3, 2021  
PROBLEM #1

Presented below is financial information that pertains to the current fund operation of the Borough of Beal for the year ended December 31, 2020.

1. Transactions and information per the tax collector:

Cash Collections:

|                           |                            |
|---------------------------|----------------------------|
| Current Taxes             | \$ 3,500,000.00            |
| Delinquent Taxes          | 275,000.00                 |
| Tax Title Liens           | 75,000.00                  |
| 2020 Added/Omitted Taxes  | 38,000.00                  |
| Assessments Receivable    | 100,000.00                 |
| Interest on Assessments   | <u>5,000.00</u>            |
|                           | <u>\$ 3,993,000.00</u>     |
| <br>Remitted to Treasurer | <br><u>\$ 3,793,000.00</u> |

- Senior Citizens and Veterans Deduction Allowance per the duplicate were \$200,000.00. During 2020, the tax collector allowed \$10,000.00 in Senior Citizens deductions and disallowed \$7,500.00 in Senior Citizens deduction.
- Overpayments and Prepaid Taxes applied to the 2020 Tax Levy were \$159,500.00.
- Added/Omitted taxes were calculated on a pro-rated assessment of \$10,000,000.00
- The County tax rate was \$.10 per hundred of assessed valuation and the school tax rate was \$1.50 per hundred of assessed valuation.

2. Transactions and information per the Borough Treasurer:

| <u>Revenues/Receipts</u> | <u>Anticipated<br/>Amount</u> | <u>Cash<br/>Collected</u> |
|--------------------------|-------------------------------|---------------------------|
| Tax Collector            |                               | \$ 3,793,000              |
| Fund Balance             | \$ 400,000                    |                           |
| Court Fines              | 150,000                       | 100,000                   |
| Fees & Permits           | 100,000                       | 150,000                   |
| Energy Receipts Taxes    | 200,000                       | 200,000                   |
| State and Federal Grants | 100,000                       | 50,000                    |
| Capital Fund Balance     | 50,000                        |                           |
| Licenses                 |                               | <u>20,000</u>             |
|                          | <u>\$ 1,000,000</u>           | <u>\$ 4,313,000</u>       |

- 2020 Budget Appropriations:

|                                | <u>Adopted<br/>Budget</u> | <u>Emergency</u> | <u>Disbursed</u>   | <u>Reserved/<br/>Cancelled</u> |
|--------------------------------|---------------------------|------------------|--------------------|--------------------------------|
| Salaries & Wages               | \$ 850,000                | \$50,000         | \$875,000          | \$ 25,000                      |
| Other Expenses                 | 450,000                   |                  | 400,000            | 50,000                         |
| Statutory Expenditures         | 100,000                   |                  | 120,000            | (20,000)                       |
| State and Federal Grants       | 100,000                   |                  | 50,000             | 50,000                         |
| Capital Improvement Fund       | 20,000                    |                  | 20,000             | - 0 -                          |
| Debt Service                   | 85,000                    |                  | 80,000             | 5,000                          |
| Cash Deficit of Preceding Year | 40,000                    |                  |                    | 40,000                         |
| Reserve for Uncollected Taxes  | <u>200,000</u>            |                  |                    | <u>200,000</u>                 |
|                                | <u>\$ 1,845,000</u>       | <u>\$50,000</u>  | <u>\$1,545,000</u> | <u>\$ 350,000</u>              |

- The unexpended balance remaining in the other expense appropriation was cancelled.
- County Taxes were apportioned the Borough in the amount of \$1,300,000.

- Analysis of Local School Taxes:

|                                   |            |
|-----------------------------------|------------|
| School Tax Payable 12-31-19       | \$ 100,000 |
| School Taxes Deferred 12-31-19    | 900,000    |
| School Taxes Deferred 12-31-20    | 1,000,000  |
| School Taxes Paid                 | 2,100,000  |
| School Taxes Levied - School Year | 2,000,000  |

- Fund Balance available at 12-31-19 was \$410,000.
- Refunds for prior year tax collections amounted to \$155,000.
- The Treasurer received a state check in the amount of \$196,250 for Senior Citizens and Veterans Deductions.

- 2019 Appropriation Reserves:

|                  | <u>Balance<br/>12-31-19</u> | <u>2020<br/>Expended</u> |
|------------------|-----------------------------|--------------------------|
| Salaries & Wages | \$ 80,000                   | \$ 90,000                |
| Other Expenses   | <u>50,000</u>               | <u>30,000</u>            |
|                  | <u>\$130,000</u>            | <u>\$120,000</u>         |

- A reserve for tax appeals pending was established from current tax collections in the amount of \$100,000.00.
- There was a statutory excess in the Animal Control Trust Fund in the amount of \$20,000.
- There was a statutory excess in the Public Defender Trust Fund in the amount of \$10,000.

Required:

On the answer sheet provided, prepare a formal Statement of Operations and Change in Fund Balance for inclusion in the 2020 audit report. A worksheet is not required.