

**NEW JERSEY STATE BOARD OF ACCOUNTANCY**

**REGISTERED MUNICIPAL ACCOUNTANT**

**EXAMINATION**

**DECEMBER 1, 2023**

**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, 2023**

**MULTIPLE CHOICE QUESTIONS**

1. Which of the following is necessary to compute the required appropriation reserve for uncollected taxes for a current year's budget?
  - A. Regional School Taxes
  - B. Surplus utilized in prior year budget
  - C. County Added Taxes
  - D. State Tax Appeals Realized
  - E. Excess Delinquent Taxes and Liens
  
2. Pursuant to Local Finance Notices 2023-15, the public bidding threshold for the cost of constructing of municipal roads is:
  - A. \$17,500
  - B. \$22,400
  - C. \$32,000
  - D. \$44,000
  
3. When authorized by a cash management plan pursuant to N.J.S.A. 40A:5-14, a county may purchase which type of securities?
  - A. Governmental money market mutual funds
  - B. Stocks guaranteed by the United States of America
  - C. Bonds having a maturity date in excess of five years and approved by the Division of Local Government Services
  - D. Investment instruments guaranteed by a third party custodial agreement
  
4. The statutory deadline for the submission of the Annual Financial Statement of a municipality to the Division of Local Government Services is:
  - A. January 26
  - B. February 10
  - C. February 28
  - D. March 31

5. According to N.J.S.A. 40A:4-4, the budget amendment process cannot begin until after:
- A. The budget has been posted to the municipal website
  - B. The public hearing has been held
  - C. The value of employee health benefits contributions and waivers are known
  - D. All pending tax appeals are adjusted

6. Which of the following is not considered a spending appropriation in a municipal budget?
- A. Judgements
  - B. Interest on Bonds
  - C. Transferred to Board of Education
  - D. Reserve for uncollected taxes

7. The City of Union issued the following general obligation bonds on July 1, 2023:

Terms of Bonds	15 years
Face Amount	\$3,000,000.00
Amount of first maturing bonds	2,996,000.00
Premium on Bonds Issued	975.00
Stated Interest Rate	4.50%

Interest is payable January 1 and July 1. What amount of bond premium should be amortized by the City's General Capital Fund for the year ended December 31, 2023?

- A. \$975.00
- B. \$487.50
- C. \$ 65.00
- D. \$ -0-

8. The following information pertains to Grove City's recent sale of \$5,000,000.00 in general obligation bonds dated August 1, 2023:

<u>Bidder</u>	<u>Price Offered</u>	<u>Proposed Interest Rate</u>	<u>Amount of First Maturing Bonds</u>
United Trust Company	\$5,000,503.50	4.95	\$5,000,000.00
First National Bank	\$5,000,301.50	5.00	\$5,000,000.00
National Trust Company	\$5,000,001.00	4.95	\$4,999,000.00
Prudential Securities, Inc.	\$5,000,900.00	4.98	\$4,998,000.00

Which bid should the RMA recommend to the governing body?

- A. United Trust Company
- B. First National Bank
- C. National Trust Company
- D. Prudential Securities, Inc.

9. The following information was abstracted from the Township of Cobb's 2022 Annual Financial Statement:

Additional Amount of Notes Issued December 31, 2021	\$200,000.00
Bond Anticipation Note Outstanding December 31, 2022	1,000,000.00
Original Amount of Notes Issued	800,000.00
Original Date of Issue	September 1, 2020
Date of Maturity	September 1, 2023
Maximum period of usefulness	10 years

Since it is contemplated that this note will be renewed in 2023, calculate the first legally payable installment to be budgeted.

- A. \$ 42,106.00  
B. \$ 50,000.00  
C. \$ 80,000.00  
D. \$100,000.00
10. Which of the following debt instruments would not be included in gross debt when filing the Annual Debt Statement?
- A. Regional School District Bonds  
B. Type I School Bonds  
C. Utility Assessment Notes  
D. Special Emergency Notes
11. Municipalities operating a Length of Service Awards Program (LOSAP) are required to have which of the following:
- A. An audit of all program funds when a contractor is retained to administer and invest all or part of the program funds.  
B. An audit of all program funds when employee contributions exceed \$1,000.00  
C. A review of all program funds when a contractor is retained to administer and invest all or part of the program funds  
D. A review of all program funds when the program is self-administered and funds are in excess of \$500,000.00
12. Which of the following is not considered an exception to the "Cap Limitation" under the local government cap law?
- A. Capital expenditures  
B. Expenditures for assuming a function of a utility  
C. Increase in fees imposed by state law  
D. Implementation of Fair Share Housing Plan

13. The following information was available from Duke City's Tax Assessor's office:

<u>Tax Rate Certifications</u>		
	<u>2023</u>	<u>2022</u>
Local Municipal Purposes	3.10	3.00
County	.86	.82
Local District School	3.41	3.02
Local District School Purpose in Municipal Budget	<u>.15</u>	<u>.11</u>
Total Tax Rates (per \$100.00 of assessed valuation)	7.52	6.95
Valuation of New Construction and Improvements for 2023		\$3,000,000.00
Valuation of New Construction and Improvements for 2022		\$2,500,000.00

Which amount would be added to Duke City's 2023 Cap base in computing its 2023 budget?

- A. \$75,000.00
- B. \$77,500.00
- C. \$90,000.00
- D. \$93,000.00

14. The following information pertains to the Borough of Denton's budget appropriations for the Free Public Library:

2022 Budget Appropriation	\$168,608.00
Remitted to Library	168,608.00
Aggregate True Value of Real Property	580,457,900.00
Assessed Value of All Personal Property	574,166.00
Assessed Valuation of Real Property	295,743,300.00

What is the minimum amount that the Borough must appropriate for Library purposes in 2023?

- A. \$ 93,772.00
- B. \$192,486.00
- C. \$193,677.00
- D. \$193,899.00

15. Which of the following events does not require a two thirds majority of the full governing body?

- A. Bond Ordinance Adoption
- B. Emergency Appropriations
- C. Transfer of Appropriations
- D. Budget Adoption

16. N.J.S.A. 40A:4-19 allows temporary appropriations to be established during the beginning of the fiscal year. How many days does the governing body have to establish the temporary budget?
- A. 10 days
  - B. 15 days
  - C. 30 days
  - D. 45 days
17. A bond ordinance adopted by a local unit, in most cases, requires a down payment which is not less than 5% of the amount of obligations authorized. Said sum must have been made available prior to the adoption of the bond ordinance. Which of the following is NOT a permissible source for down payments?
- A. by provision in a previously adopted budget of the local unit
  - B. by capital surplus
  - C. by emergency appropriation
  - D. from monies then held by the local unit and previously contributed for such purpose other than by the local unit
18. On July 1, 2022, the Borough of West Jersey issued Tax Anticipation Notes. Pursuant to N.J.S.A. 40A:4-67, 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
19. Which of the following budget amendments would require advertisement, public hearing and approval of the Director of the Division of Local Government Services prior to adoption?
- A. Adds a new item of miscellaneous revenue in excess of 1% of the total revenues as stated in the approved budget
  - B. Increases the "Amount to be Raised by Taxation" by more than 2.5%
  - C. Decreases an item of appropriation by more than 10%
  - D. Increases the "Reserve for Uncollected Taxes" by more than 5%



20. 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%
21. Which one of the following audits is permitted by The New Jersey Office of Management and Budget's Circular 15-08 for municipalities expending less than \$750,000 but more than \$100,000 in State financial assistance within their fiscal year?
- A. Single audit in accordance with Uniform Guidance
  - B. Single audit in accordance with N.J. OMB 15-08
  - C. Financial statement audit in accordance with Government Auditing Standards
  - D. Single audit in accordance with the Yellow Book
22. The Annual Municipal Budget is required to be signed by certain officials prior to being filed with the Division of Local Government Services. Which of the following signatures are required?
- A. Mayor, Clerk, CFO
  - B. Registered Municipal Accountant, Clerk, Mayor
  - C. Clerk, CFO, Registered Municipal Accountant
  - D. CFO, Mayor, Registered Municipal Accountant
23. A municipality may by ordinance increase the "COLA" percentage up to 3.5% or "bank" the difference between its final appropriation subject to the "CAP" and 3.5%. What is the maximum number of subsequent budget years for which a "banked" amount is available?
- A. One year
  - B. Two years
  - C. Three years
  - D. Never – bank is available in all succeeding budget years

24. "Cash Surplus" may be utilized as an exception to the "Cap Law Limitation" subject to which of the following conditions?
- A. Approval by Local Finance Board
  - B. Approval by Director of Division of Local Government Services
  - C. No approval is required
  - D. Cash surplus is not an exception to the "Cap Law"
  - E. Approval by Local Finance Board and Director of Local Government Services
25. The Local Budget Law allows an appropriation for contingent expenses. This appropriation may not exceed:
- A. 2% of the operating appropriations
  - B. 2% of the total appropriations
  - C. 3% of the operating appropriations
  - D. 3% of the total appropriations
  - E. Amount is only limited by the amount of the "Cap"
26. The minimum amount which shall be annually appropriated and raised by taxes in the municipal budget for library purposes is:
- A. 1/3 of .01 for every dollar of assessable property
  - B. 1/3 of .001 for every dollar of assessable property
  - C. 1/3 of .0001 for every dollar of assessable property
  - D. 15% of the equalized valuations
27. The county share of prior year "added" and "omitted" taxes must be treated as a:
- A. Charge against budget operations in the year of the levy
  - B. Liability of the year of levy
  - C. Liability of the year when the tax is paid
  - D. Charge against budget operations in the year of payment

28. Fees collected by mayors for the performance of civil union ceremonies must be:
- A. Deposited in the current fund as a revenue
  - B. Deposited in the trust other fund and expended only after the approval of a dedication by rider resolution
  - C. Remitted directly to the mayor as those fees are not municipal funds
  - D. None of the above – there are no statutes that provide for these fees so they cannot be legally collected.
29. A municipality would be exempt from the Property Tax Levy Cap Law if their municipal purpose tax rate was:
- A. \$.10 or less for 2023
  - B. Flat for 2023
  - C. Not in excess of 4% of the previous year's tax rate
  - D. Less than the rate of the previous year's tax rate
  - E. None of the above
30. Contracts for Registered Municipal Accountant audit services cannot be awarded for terms in excess of:
- A. One year
  - B. Two years
  - C. Three years
  - D. Five years

REGISTERED MUNICIPAL ACCOUNTANTS EXAMINATION  
DECEMBER 1, 2023ANSWER 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, 2023**

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

1. Under the New Jersey Local Government Cap Law (N.J.S. 40A:45.1 et seq.), certain categories of appropriations contained in the laws are considered exceptions to the cap limitation and placed "Outside of CAP". List at least four (4) of those appropriations that are considered as exceptions.

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2. New Jersey Local Public Contract Law provides for purchases and contracts that may be awarded by a governing body without public advertising for bids. List five (5) of these exceptions.

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3. Pursuant to N.J.A.C. 5:30-7.5, there are a list of conditions that must exist for a municipality to participate in the local budget examination process. List any four (4) qualifying conditions.

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4. There are several conditions which may exist at year end which are considered by the Director of the Division of Local Government Services to indicate a possible unsound financial condition. List these conditions.

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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, 2023**

**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  
20 POINTS**

**REGISTERED MUNICIPAL ACCOUNTANTS EXAMINATION**

**DECEMBER 1, 2023**

**PROBLEM # 1**

Jones, a Registered Municipal Accountant, accepts an engagement from the City of Atlantic, County of Atlantic to assist in the preparation of a Supplemental Debt Statement for a proposed bond ordinance that will be introduced on December 1, 2023. The City's Chief Financial Officer provided Jones with the following relevant information:

1. Proposed Bond Ordinance:

The City plans to introduce General Improvement Ordinance #200 on December 1, 2023. The ordinance is for the Purchase of Equipment in the amount of \$210,000.00. 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>
2019	\$108,600,000	\$80,000,000.	-0-	\$250,000.	\$80,250,000.
2020	120,575,000.	90,000,000.	-0-	265,000.	90,265,000.
2021	139,500,000.	100,000,000.	-0-	280,000.	100,280,000.
2022	158,950,000.	110,000,000.	-0-	290,000.	110,290,000.
2023	188,000,000.	120,000,000.	-0-	300,000.	120,300,000.

- Water Utility Capital Fund debt as of December 31, 2022:

Serial Bonds Payable	\$50,000.00
Bond Anticipation Notes	25,000.00
Authorized But Not Issued Debt	25,000.00

- Current Fund debt as of December 31, 2022:

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

- General Capital Fund debt information as of December 31, 2022:

Serial Bonds Payable	\$1,000,000.00
Bond Anticipation Notes	500,000.00
Deferred Charges to Future Taxation - Unfunded	525,000.00

- Assessment Trust Fund debt as of December 31, 2022:

Assessment Serial Bonds Payable	\$100,000.00
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- The Water Utility was not self-liquidating at December 31, 2022 with a deficit in revenues of \$50,000.00.

- The Local School District, which a Type II, Kindergarten through Grade 12, provided the following information to Jones as of December 31, 2022:

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, 2023, General Capital Fund serial bonds were paid in the amount of \$175,000.00.
- On April 1, 2023, the School District Paid \$200,000.00 of serial bonds and \$50,000.00 against the capital lease.
- On May 1, 2023, 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, 2023, the General Capital Fund bond anticipation note was paid with the proceeds of a \$500,000.00 bond sale that was held on May 5, 2023..
- The City adopted Water Utility Ordinance #200 in the amount of \$250,000.00 on June 1, 2023 debt authorized was \$200,000.00. The project had an estimated useful life of 40 years. Temporary financing in the amount of \$100,000.00 was issued the next day.
- On August 15, 2023, the Board of Education introduced a bond ordinance for school improvements in the amount of \$1,000,000.00.

- Assessment Serial Bonds were paid on August 31, 2023 in the amount of \$25,000.00.
- The City Council passes a resolution on September 1, 2023 canceling the unexpended-unfunded balance of General Capital Ordinance #150 in the amount of \$25,000.00.
- The City adopted General Capital Ordinance #175 in the amount of \$105,000.00 on October 15, 2023. Debt authorized - \$100,000.00 and Capital Improvement Fund \$5,000.00.
- Water Utility Bonds were due December 15, 2023 in the amount of \$25,000.00. The Chief Financial Officer encumbered the amount and posted it to the appropriation ledger.

Required:

On the answer sheets provided:

- 1) Prepare the Supplemental Debt Statement required to be on file for proposed General Improvement Ordinance #200.

# 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 TypeI) 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: 24-19(Lines 1 to 7)

- 1. Averaged of equalized valuations (page 1, line 3) \$ \_\_\_\_\_
- \* 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) \$ \_\_\_\_\_

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  - (f) Additional State School Building Aid Bonds  
N.J.S. 18A: 58-33.4 (d) (if included in line 2) \$ \_\_\_\_\_
- 6. Available debt deduction (excess, if any, of line 5 over line 4 - enter on page 2, line 3 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  
N.J.S. 18A: 24-22 (lines 8 to 13)
- 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 Water

1. Annual Debt Statement, December 31, 2022, 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  
30 POINTS**

**REGISTERED MUNICIPAL ACCOUNTANTS EXAMINATION**

**DECEMBER 1, 2023**

**PROBLEM #2**

Presented below is financial data as it pertains to the Township of Westwood's 2022 Sewer Utility Capital Fund operation:

1. Cash Transactions per Sewer Utility Treasurer:

Receipts

Proceeds of Sewer Serial Bond Sale	\$1,854,250.00
Capital Improvement Fund	200,000.00
Costs of Improvements Authorized (Ordinance #200)	200,000.00
Bond Anticipation Notes	1,200,000.00
Proceeds of Sewer Assessment Serial Bonds	301,250.00
Construction of Pumping Station	250,000.00
Due From/To Sewer Assessment Fund	110,000.00
Bond Anticipation Note (Ordinance #550)	<u>200,000.00</u>
	<u>\$4,315,500.00</u>

Disbursements

Bond Anticipation Note	\$1,200,000.00
Due to Sewer Utility Operating	5,500.00
Improvement Authorizations:	
Ordinance #300	5,000.00
Ordinance #350	290,000.00
Ordinance #400	22,000.00
Ordinance #450	60,000.00
Ordinance #500	100,000.00
Ordinance #550	200,000.00
Bond Anticipation Note	<u>1,200,000.00</u>
	<u>\$3,082,500.00</u>

2. Additional Information:

- On January 20, 2022, the Township Council declared Sewer Improvement Ordinance #250 was completed.
- On February 1, 2022, the Bond Anticipation Note pledged to Ordinance #350 was renewed for six months in the amount of \$1,200,000.00. A \$200,000.00 payment was charged to the Sewer Utility operating budget.
- The Sewer Utility Operating Fund paid \$50,000.00 in bond principal on March 15, 2022.
- The Township adopted Sewer Improvement Ordinance #500 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 July 15, 2022 funding the following ordinances:

	<u>Amount</u>
Sewer Improvement Ordinance #350	\$1,200,000.00
Sewer Improvement Ordinance #500	650,000.00
Local Improvement Ordinance #450	<u>300,000.00</u>
	<u>\$2,150,000.00</u>

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

Sewer Capital Bonds

<u>Bidder</u>	<u>Price Offered</u>	<u>Proposed Interest Rate</u>	<u>Amount of First Maturing Bonds</u>
First National Bank	\$1,850,250.00	3.75	\$1,845,000.00
National Trust Co.	1,850,500.00	4.00	1,850,000.00
United Securities	1,850,250.00	3.75	1,849,000.00

Sewer Assessment Bonds

<u>Bidder</u>	<u>Price Offered</u>	<u>Proposed Interest Rate</u>	<u>Amount of First Maturing Bonds</u>
First National Bank	\$300,500.00	4.10	\$299,000.00
National Trust Co.	300,250.00	3.95	299,000.00
United Securities	300,250.00	3.85	300,000.00

- On August 1, 2022, the Township Council declared Sewer Improvement Ordinance #350 was completed and directed that the unexpended balance of the improvement be canceled.
- Sewer Assessments were confirmed on Ordinance #400 in the amount of \$110,000.00.
- The Township adopted Sewer Improvement Ordinance #550 in the amount of \$300,000.00 which was financed from bonds and notes authorized.
- The Township canceled the unexpended improvement authorization balance on Ordinance #300 in the amount of \$10,000.00.

Required:

On the answer sheet provided:

1. Complete the Sewer Utility Capital Fund worksheet as of December 31, 2022.
2. Prepare an analysis of Bonds and Notes Authorized But Not Issued.