What tools are available

Should we stop all projects to wait out the storm?

Should we continue ahead with the existing plan?

What does it mean for your community?

NEW CAPS, NEW RULES, NO MONEY

• What does it mean for your community?
• Should we stop all projects to wait out the storm?
• Should we continue ahead with the existing plan?
NEW CAPS, NEW RULES, NO MONEY

• Even if you stopped all capital projects today, you most likely would not see any tax relief until 5 to 10 years into the future unless you are already in a “Pay as you Go” position
• Postponing or canceling capital projects will come back to bite you in the future as infrastructure starts failing

Municipal infrastructure needs constant attention and maintenance
• Failure to maintain your infrastructure will put your community at risk in future years
• Kicking the can down the road is not a plan
• This is what the State of New Jersey has been doing and look where we are today

If you haven’t developed a formal capital plan, now is a good time to start
• Proactive versus reactive planning is a must
• Realize that this is only a plan and is absolutely subject to change
• When planning you should allow for the unexpected

CAPITAL PLANNING
**Restrictions to Deal With**

- We are working within a 2.0% Levy CAP
- Capital and Debt are an exception to the CAP, however, the last thing we want to do is raise taxes more than we need to
- Local Finance Board is now scrutinizing non-conforming debt schedules
- Level Debt payments are not a good enough reason on its own to get approval

**Long Range Debt Planning**

- One way to deal with all of the restrictions is to develop a long range plan for your capital needs
- Should include not only what you want to spend on but also how you will be able to afford the debt and its impact on your budget
- The creation of a debt plan allows you to detect spikes in debt service
- Seeing these types of issues far in advance allows you to deal with the issues early on

**Capital Planning**

- This is not a 1 or even a 6 year plan
- This is something that you need to look out 20 or more years
- A community needs to establish what its plan is and what level of attention your infrastructure requires
- An example of this could be how much road paving should you be taking on in each year
  - Useful life of a road is anywhere from 20-30 years
  - Take your total road miles and divide them by 30
  - This is what you should be looking at for road improvements
Don't be afraid to steal someone else's ideas. Especially if they are good ones.

Source: City of Ocean City
http://www.ocnj.us/Capital-Projects-Roads-and-Drainage/
DEBT PLANNING

• Do you have a debt plan?
  • If not, you should consider establishing one
  • It does not have to be fancy, however, you need to start planning

DEBT PLANNING — WHERE TO START?

• Establish your base
  • This can be done by combining the current debt service and capital appropriations in the current fund budget
  • Determine whether or not you will allow this amount to grow in each future year and if so at what rate
  • This combined total will be used to meet your current obligations and also for providing down payments on improvements or even fully funding improvements depending upon your goals

DEBT PLANNING — WHERE TO START?

• Next, determine your community's annual spending level
  • Realize that grants and other sources of funding may impact your plan
  • Work around exceptions
  • If you have a year that exceeds your plan, then the next year may call for a reduction in projects to compensate for the previous year
TRENDS TO TRACK

- Debt per Capita
- Total Capital and Debt per Capita
- Debt Ratio
- Debt as a % of Budget

- Consistency and predictability should be your primary focus

RECAP

- The single most important thing that you can do is to begin the planning process as early as possible
- The second most important thing to remember is to maintain the plan and track your progress
- A plan is only good if you use it

PROPERTY TAX BASICS

The Twilight Zone
**TAX POINT**

- Everyone talks about what their tax point is. What is it?
- This is also referred to as a cent or penny on the tax rate
- A Tax Point is one Ten-Thousandths of the total amount of Assessed Valuations for a municipality
- Assessed Valuations are also referred to as Ratables or the NVT
- Mathematically stated it is .0001

---

**TAX POINT**

- Can you compare a tax point from one community to another?
- Each community tracks its Market to Assessed Ratio
  - This is the ratio that approximates the difference between market values to those that are reflected as assessed valuations in the Assessor's records.
  - Unless everyone is at 100% you are not comparing like communities

---

<table>
<thead>
<tr>
<th>Community</th>
<th>Ratables</th>
<th>Tax Point</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community A</td>
<td>$844,280,775</td>
<td>$84,428.08</td>
</tr>
<tr>
<td>Community B</td>
<td>$352,012,836</td>
<td>$35,201.28</td>
</tr>
</tbody>
</table>

---
When you look at the actual change from 2017 to 2018 you see that the residential changed in line with the overall factor.

The average household is calculated as:

\[
\frac{567,671,400}{1,692} = \$335,503.19
\]
2017 TAX BILL CALCULATION

• Your Tax Rate is: $4.629 per $100 Assessed Value.
• You own a home assessed at 138,088.41
• How do you calculate what your tax bill will be?
  • Assessed Valuation: $ 138,088.41
  • x Tax Rate 4.629
  • / (Converts Tax Rate to %) 100.00
  • $ 6,392.11

2018 TAX BILL CALCULATION

• Your Tax Rate is: $2.073 per $100 Assessed Value.
• You own a home assessed at 335,503.19
• How do you calculate what your tax bill will be?
  • Assessed Valuation: $ 335,503.19
  • x Tax Rate 2.073
  • / (Converts Tax Rate to %) 100.00
  • $ 6,954.98

TAX BILL CALCULATION

<table>
<thead>
<tr>
<th>Tax Breakdown</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>County</td>
<td>1,664,569.26</td>
</tr>
<tr>
<td>County Open Space</td>
<td>375,236.47</td>
</tr>
<tr>
<td>District School</td>
<td>7,383,968.00</td>
</tr>
<tr>
<td>Regional School</td>
<td>4,414,111.14</td>
</tr>
<tr>
<td>Municipal Open Space</td>
<td>138,642.12</td>
</tr>
<tr>
<td>Special District</td>
<td>912,948.59</td>
</tr>
<tr>
<td>Municipal Tax</td>
<td>3,724,444.95</td>
</tr>
<tr>
<td>Total Levy</td>
<td>17,501,257.63</td>
</tr>
</tbody>
</table>
### TAX BILL CALCULATION

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount/Value/%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assessed Value of Your Property</td>
<td>335,503.19</td>
</tr>
<tr>
<td>Assessed Value of All Properties</td>
<td>844,280,775</td>
</tr>
<tr>
<td>Your Property as a % of Total</td>
<td>.03973834297%</td>
</tr>
<tr>
<td>Total Taxes to be Raised</td>
<td>17,501,937.63</td>
</tr>
<tr>
<td>Tax Rate</td>
<td>2.073 / $100 AV</td>
</tr>
<tr>
<td>Your Share of Taxes</td>
<td>.03973834297%</td>
</tr>
<tr>
<td>Your Tax Bill</td>
<td>$6,954.98</td>
</tr>
</tbody>
</table>

### IMPACT OF NEW RATABLES

- A new project is being built in town.
- The value of the project is estimated at $100,000,000.
- Assume that the ratable base and tax rate are from the previous example.
- What is the benefit to the town?
- How much new money will be available for local services?

### TAX BILL CALCULATION (REVISED)

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount/Value/%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assessed Value of Your Property</td>
<td>335,503.19</td>
</tr>
<tr>
<td>Old Assessed Value of All Properties</td>
<td>844,280,775</td>
</tr>
<tr>
<td>New Project Estimated Value</td>
<td>100,000,000</td>
</tr>
<tr>
<td>New Assessed Value of All Properties</td>
<td>944,280,775</td>
</tr>
<tr>
<td>Your Property as a % of Total</td>
<td>.03553002443%</td>
</tr>
<tr>
<td>Total Taxes to be Raised</td>
<td>17,501,937.63</td>
</tr>
<tr>
<td>Tax Rate</td>
<td>1.853 / $100 AV</td>
</tr>
<tr>
<td>Your Share of Taxes</td>
<td>.03553002443%</td>
</tr>
<tr>
<td>Your Tax Bill</td>
<td>$6,218.44</td>
</tr>
</tbody>
</table>
**BENEFITS OF RATABLE GROWTH**

- Residents and other businesses are provided relief through the redistribution of the tax base.
- The CAP laws allow towns to exceed their CAP amounts by the tax impact of the new ratable amount.
- However, when preparing or evaluating the budget the focus needs to be on the impact to average residential property rather than the amount of taxes being raised.

**PITFALLS OF RATABLE GROWTH**

- Failure to account for the additional pressure on municipal services.
- Will take service levels and response time away from other areas of town resulting in decrease in service to existing residents and businesses.

**PILOTS**
**WHAT IS A PILOT?**

- An Annual Service Charge (ASC) is the statutory term for a Payment in Lieu of Taxes (PILOT).
- An ASC replaces the conventional tax on improvements, and in the case of residential projects, may replace the conventional tax on land.
- ASC are a critical tool in the municipal toolkit to effectuate redevelopment of underutilized and unproductive properties.
- ASC are permitted pursuant to the Long Term Tax Exemption Law.
- Available since 1992, ASC are used State-wide to effectuate billions of dollars worth of redevelopment projects.

**WHAT IS A FINANCIAL AGREEMENT?**

- An agreement between the municipality and the Redeveloper that memorializes the terms of an Annual Service Charge.
- It includes:
  - The amount of the ASC to be paid annually.
  - Limitation on profits of the Redeveloper.
  - Exemption of improvements and, in residential projects, land from traditional taxation.
  - Requirement that the Redeveloper submit annual audits to the municipality.
  - Municipal charge of an annual Administrative Fee.

**ANNUAL SERVICE CHARGE AMOUNT**

- The ASC is determined as follows:
  - At least 10% of annual gross revenue or 2% of the total project costs.
  - Increases in stages as a percentage of otherwise applicable taxes.
  - 95% of the ASC goes to the municipality and 5% goes to the county.
  - Maximum term of 30 years from completion of the project.
WHY CONSIDER AN ASC FOR A PROPERTY?

- Under conventional taxation, the redevelopment project might not be economically feasible for anyone to build.
- Incentivizes Redevelopers to invest in a property that might otherwise be unattractive.
- Generates more tax revenue for the town than traditional taxation.

TAXES PRIOR TO IMPROVEMENT

<table>
<thead>
<tr>
<th>Entity</th>
<th>Tax Rate</th>
<th>Taxes</th>
</tr>
</thead>
<tbody>
<tr>
<td>County Tax</td>
<td>0.254</td>
<td>4,247</td>
</tr>
<tr>
<td>County Open Space</td>
<td>0.009</td>
<td>190</td>
</tr>
<tr>
<td>School – Local</td>
<td>1.378</td>
<td>23,040</td>
</tr>
<tr>
<td>School – Regional</td>
<td>0.627</td>
<td>10,483</td>
</tr>
<tr>
<td>Muni Open Space</td>
<td>0.015</td>
<td>251</td>
</tr>
<tr>
<td>Library</td>
<td>0.033</td>
<td>552</td>
</tr>
<tr>
<td>Special District</td>
<td>0.167</td>
<td>2,392</td>
</tr>
<tr>
<td>Municipal Tax</td>
<td>0.572</td>
<td>9,564</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>3.955</strong></td>
<td><strong>51,080</strong></td>
</tr>
</tbody>
</table>

- Assessed value (Land) - $1,672,000
- Fenced in property protecting an old mine shaft
- Property was an eyesore

TAXES AFTER IMPROVEMENT

<table>
<thead>
<tr>
<th>Entity</th>
<th>Tax Rate</th>
<th>Taxes</th>
</tr>
</thead>
<tbody>
<tr>
<td>County Tax</td>
<td>0.254</td>
<td>4,392</td>
</tr>
<tr>
<td>County Open Space</td>
<td>0.009</td>
<td>195</td>
</tr>
<tr>
<td>School – Local</td>
<td>1.378</td>
<td>23,826</td>
</tr>
<tr>
<td>School – Regional</td>
<td>0.627</td>
<td>10,841</td>
</tr>
<tr>
<td>Muni Open Space</td>
<td>0.015</td>
<td>259</td>
</tr>
<tr>
<td>Library</td>
<td>0.033</td>
<td>571</td>
</tr>
<tr>
<td>Special District</td>
<td>0.167</td>
<td>2,887</td>
</tr>
<tr>
<td>Municipal Tax</td>
<td>0.572</td>
<td>9,890</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>3.955</strong></td>
<td><strong>52,821</strong></td>
</tr>
</tbody>
</table>

- Assessed value (Land) - $1,729,000
- Eyesore is gone
- New residential project is built in its place

2/19/2020
### Taxes Before and After (Land)

<table>
<thead>
<tr>
<th>Entity</th>
<th>Tax Rate</th>
<th>Old Taxes</th>
<th>New Taxes</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>County Tax</td>
<td>0.254</td>
<td>4,392</td>
<td>4,392</td>
<td>145</td>
</tr>
<tr>
<td>County Open Space</td>
<td>0.009</td>
<td>186</td>
<td>186</td>
<td>5</td>
</tr>
<tr>
<td>School – Local</td>
<td>1.376</td>
<td>23,826</td>
<td>23,826</td>
<td>785</td>
</tr>
<tr>
<td>School – Regional</td>
<td>0.627</td>
<td>10,841</td>
<td>10,841</td>
<td>367</td>
</tr>
<tr>
<td>Misc Open Space</td>
<td>0.015</td>
<td>289</td>
<td>289</td>
<td>9</td>
</tr>
<tr>
<td>Library</td>
<td>0.033</td>
<td>571</td>
<td>571</td>
<td>19</td>
</tr>
<tr>
<td>Special District</td>
<td>0.187</td>
<td>2,887</td>
<td>2,887</td>
<td>35</td>
</tr>
<tr>
<td>Municipal Tax</td>
<td>0.572</td>
<td>9,880</td>
<td>9,880</td>
<td>320</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>3.055</strong></td>
<td><strong>52,821</strong></td>
<td><strong>52,821</strong></td>
<td><strong>1,741</strong></td>
</tr>
</tbody>
</table>

### Pilot and Conventional Land Tax

<table>
<thead>
<tr>
<th>Entity</th>
<th>Tax Rate</th>
<th>New Taxes</th>
<th>PILOT &amp; Land Tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>County Tax</td>
<td>0.254</td>
<td>4,392</td>
<td>31,772</td>
</tr>
<tr>
<td>County Open Space</td>
<td>0.009</td>
<td>186</td>
<td>156</td>
</tr>
<tr>
<td>School – Local</td>
<td>1.376</td>
<td>23,826</td>
<td>23,826</td>
</tr>
<tr>
<td>School – Regional</td>
<td>0.627</td>
<td>10,841</td>
<td>10,841</td>
</tr>
<tr>
<td>Misc Open Space</td>
<td>0.015</td>
<td>289</td>
<td>289</td>
</tr>
<tr>
<td>Library</td>
<td>0.033</td>
<td>571</td>
<td>571</td>
</tr>
<tr>
<td>Special District</td>
<td>0.187</td>
<td>2,887</td>
<td>2,887</td>
</tr>
<tr>
<td>Municipal Tax</td>
<td>0.572</td>
<td>9,880</td>
<td>603,668</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>3.055</strong></td>
<td><strong>52,821</strong></td>
<td><strong>635,440</strong></td>
</tr>
</tbody>
</table>

### Pilot Versus Conventional Land Tax

<table>
<thead>
<tr>
<th>Entity</th>
<th>Tax Rate</th>
<th>Conventional Taxes</th>
<th>PILOT &amp; Land Tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>County Tax</td>
<td>0.254</td>
<td>81,434</td>
<td>36,164</td>
</tr>
<tr>
<td>County Open Space</td>
<td>0.009</td>
<td>2,885</td>
<td>156</td>
</tr>
<tr>
<td>School – Local</td>
<td>1.376</td>
<td>441,795</td>
<td>33,206</td>
</tr>
<tr>
<td>School – Regional</td>
<td>0.627</td>
<td>201,020</td>
<td>10,841</td>
</tr>
<tr>
<td>Misc Open Space</td>
<td>0.015</td>
<td>4,030</td>
<td>289</td>
</tr>
<tr>
<td>Library</td>
<td>0.033</td>
<td>10,580</td>
<td>571</td>
</tr>
<tr>
<td>Special District</td>
<td>0.187</td>
<td>53,341</td>
<td>2,887</td>
</tr>
<tr>
<td>Municipal Tax</td>
<td>0.572</td>
<td>183,387</td>
<td>613,958</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>3.055</strong></td>
<td><strong>979,451</strong></td>
<td><strong>688,261</strong></td>
</tr>
</tbody>
</table>
How well situated is your organization to deal the financial slings and arrows that are constantly being thrown at you from a variety of sources?

- CAP Laws (Levy, Appropriation, and maybe more)
- Increased Regulations
- Lack of Financial Flexibility (Rigid Policy Enforcement from LFB)
- Rating Agencies are looking into our ongoing financial viability given the economic constraints in place

The world around us

- Revenue
- Accountability
- Fiscal Oversight
- Municipal Consolidation!
- Transparency
- Do more with less!
WHAT IS TREND ANALYSIS?
• Simplifies how we look at financial statements
• Boils down financial information for an audience that may not be financially astute
• Allows us to track our performance over a given period of time
• Is a measure of past performance which can be a useful tool for future planning
• Allows us to learn from our mistakes as well as good decisions

BENEFITS OF PREPARING A TRENDS ANALYSIS
• Establish and maintain favorable bond rating conditions
• Identify areas of financial concern
• Assist management and governing body in financial planning and forecasting
• Educate taxpayers on the forces impacting the decisions of elected officials
• The ability to see what decisions worked and which ones did not
• Provides a graphic representation of historic performance

FINANCIAL TREND ANALYSIS
• You need to look no further than your audit or budget to begin
• Let's take a look at some indicators that you can follow and how to interpret their meaning
Operating Revenue Per Capita

- As population increases, it is expected that revenue and the need for staff to support services would increase proportionally.
- Per capita revenue shows changes in revenue relative to the population.
- For a municipality to remain financially stable, revenue per capita should remain at least constant.
- Revenue per capita should be examined relative to expenditure per capita.

Tax Revenue as a % of Total Operating Revenue

- This indicator shows changes in the revenue structure.
- Strong shifts in the percentage of any revenue source may be a warning of financial problems.
- It is also an indicator that the revenue replacement aid, "so-called state aid" that is being distributed by the State of NJ has not kept pace.

Tax Revenue as a % of Total Operating Budget

- The more stable the trend, the better off we will be with that trend.
- Any single revenue source as a percentage of the total budget should be kept lower than 60%.
- As you can see above, we are close to that level, slightly under.
- The rise since 2009 is directly attributable to the State of New Jersey reducing state aid to local government while pushing down pension costs.
- State Aid includes: Legislative Initiative Municipal Block Grant, Consolidated Municipal Property Tax relief Aid, and Energy Receipts Tax
- This revenue is intended to be used to reduce the tax burden to the residents and as such is not earmarked or directed to be used for a specific purpose.
- Decreasing state aid revenue may create financial inflexibility and may signal an immediate financial weakness.

- An overdependence may indicate future hardship if state aid revenue continues to decline.

Grants include such programs as Clean Communities, Municipal Alliance, Drunk Driving Enforcement, Body Armor Replacement, Emergency Management Programs, and other various programs for police or other services.

- These programs are not guaranteed from year to year and are subject to termination in any year.
- These grant funds are directed to a specific purpose and may not be used to reduce municipal taxes.
Fluctuations in Property Tax Revenue can be caused by many factors including new development, decline or rise in property values, age of properties, or a general decline in the regional economy. Communities that rely heavily on Property Tax Revenue are susceptible to serious economic disruption. The introduction of the Levy Cap by the State of New Jersey has put additional pressure on our ability to use Property Tax as a revenue source.

This indicator is a measure of how well a community is able to manage its tax levy cap. Growth in the range of 3% or higher would enable a community to manage its tax burden along with budget growth. It will require significant management going forward as we see the impacts of property value growth slow down and tax appeals increase.

Per capita property taxes show changes relative to population. For a municipality to remain financially stable, losses in property tax should be offset by increases in other forms of revenue. Variations may also be the result of sudden growth or reduction in population.
OUTSTANDING PROPERTY TAXES
(TAXES RECEIVABLE)

- Increases in the % of property tax not collected may indicate a serious problem decreasing liquidity and the ability of the municipality to meet its current bills and liabilities.
- Increases in uncollected taxes become a burden on all of the other taxpayers by increasing the amount needed to be funded in the "Reserve for Uncollected Taxes" account.
- However, the benefit of having a manageable level of delinquent taxes is the additional delinquent interest revenue that is used to offset traditional property tax.

EXEMPLARY PROPERTY TAXES
(TAXES RECEIVABLE) CHART

- Fluctuations in expenditures can be caused by many factors including new development, debt service, contractual obligations, changes in health and/or liability insurance, State mandates, cost of living factor, etc.
- Ideally we would want to see a constant trend with this indicator.
- Extreme fluctuations should be documented and explained in a narrative.

NET DEBT AS A % OF 3-YEAR AVERAGE EQUALIZED VALUATION

- N.J.S.A. 40A:4.5 allows a municipality to incur debt up to a maximum of 3.5% of the three-year average equalized valuation in any year.
- A community's ability to manage that debt can be measured by how well it is able to control the debt level as a percentage of the three-year average equalized valuation.
- Note that the Utility debt is not reflected in these figures as long as the utility is considered to be self liquidating.
**DEBT SERVICE AS A % OF TOTAL REVENUE**

- Less than 5% is exceptional.
- Greater than 15% is considered a high level and may indicate an undue burden on the taxpayers.

**DEBT SERVICE AS A % OF BUDGET APPROPRIATIONS**

- The more unreserved (Non Utilized) fund balance we have on hand enables us to deal with unexpected issues.
- This allows us to better deal with the ongoing changes in legislation that is handed down by the State of New Jersey.
- An amount that is greater than 8% is exceptional, less than 2% is very risky.

**NON UTILIZED FUND BALANCE AS A % OF BUDGET**

- The more unreserved (Non Utilized) fund balance we have on hand enables us to deal with unexpected issues.
Increased debt per capita presents a threat to the ability of tax payers to pay their taxes. This may lead to an increase in outstanding property tax.

Debt per capita is a measurement of how well management controls the issuance and authorization of debt for the community.

A level debt per capita amount indicates that a capital plan is in place and that a managed program is in place and is being maintained.

Fund Balance is used to stabilize the tax impact on a community during economic changes. It serves as a savings account that also generates interest revenue.

A decline in fund balance over time will limit a community’s ability to buffer its taxpayers from spikes in tax rates.

A rising fund balance position in excess of the requirements of the community may be perceived as poor management.

Liquidity determines a community’s ability to meet its short term obligations.

Poor levels of liquidity may be a sign of future economic disaster.

The decrease in fund balances from prior years will ultimately reduce free cash balances and ultimately the ability to generate investment income.
CASH FLOW  
(CHANGE IN CASH BALANCES)
- Liquidity determines a community's ability to meet its short-term obligations.
- Poor levels of liquidity may be a sign of future economic disruption.

![Cash Flow Chart]

REVENUE AND EXPENDITURES PER CAPITA
- Revenue Per Capita should exceed Expenditures Per Capita.
- The narrowing margin indicates leaner budgets.
- However, the smaller the margin becomes, the harder it is to reposition Fund Balance with lapsed appropriation reserves.

![Revenue and Expenditures Chart]

FUND BALANCE AS A % OF BUDGET
- This indicator is used to measure how responsibly Fund Balance is being utilized.
- Fund Balance utilization should not experience large swings unless there's been a plan developed to redeploy the Fund Balance into the budget for a specific purpose.
- As a rule of thumb, the amount of Fund Balance utilized or anticipated in a budget should not exceed what can be replenished in each year.

![Fund Balance Chart]
**Fund Balance as a % of Prior Year Result of Operations**

- This indicator is used to measure how responsibly Fund Balance is being utilized.
- Fund Balance as a % of Prior Year Operations should be less than 100%.
- Utilization rates greater than 100% may be an indication that the dependence on Fund Balance may not be reasonable.
- Usage of greater than 100%, when monitored and planned for, is acceptable as long as the dependence is not permanent.

**Reserve for Uncollected Taxes as a % of Total Tax Levy**

- This indicator is used to measure whether the Reserve for Uncollected Taxes Account is maintained at a constant in relation to the total tax levy.
- A decreasing trend may indicate that the account is being underfunded. The ideal position would be to have this account remain level from year to year.
- An increasing trend could be an indication that it is overfunded or possibly to correct a declining fund balance position through the Reserve for Uncollected Taxes account.

**Additional Factors to Consider**

- Unfunded Accumulated Absences
  - What portion of your workforce is eligible to retire in the next couple of years?
  - What should be the goal for funding this reserve?
- Taxpayer Concentration
  - How much of the total assessed value lies within just the top 10 taxpayers?
- Ratable Concentration
  - How much of the total assessed value is concentrated in one type of category?
WHAT YOU WILL NEED

All of the data you will need is contained in the following sources:
- Audit Report
- Annual Financial Statements
- Annual Debt Statement
The tool used to calculate the Financial Trends was a cooperative effort of members of the GFOA of NJ.

The Excel file along with the Word narrative will be made available through the GFOA of NJ website for all of our members to take advantage of.