



From the Desk of Mayor Andy Skibitsky

September 25, 2015

Dear Neighbor:

Enclosed is your certified property tax statement. Your 4<sup>th</sup> quarter taxes are due on November 1, 2015 with a ten calendar day grace period.

As a taxpayer myself, I understand how important it is to know how your property tax dollar is distributed. While the Westfield Town government is charged with the responsibility of collecting property taxes, the Town does not keep, nor does it have control over, all that it collects. In fact, to pay for municipal operations, the Town of Westfield only keeps 16.32% of the property taxes it collects. Put another way, less than 17¢ of each dollar collected stays with the Town to fund the numerous municipal services and statutory functions it provides to its residents and just over 83¢ of every dollar is distributed to and determined by other government entities.



- |   |  |                             |
|---|--|-----------------------------|
| ✓ police protection                     | ✓ electricity for street lighting      | Statutory functions such as |
| ✓ fire fighting and prevention services | ✓ snow plowing                         | ✓ tax collection            |
| ✓ pressurized fire hydrants             | ✓ recreational programs and facilities | ✓ tax assessment            |
| ✓ senior transportation                 | ✓ curbside recycling                   | ✓ engineering               |
| ✓ school crossing guards                | ✓ RVSA (sewage & wastewater)           | ✓ building inspection       |
| ✓ public health services                | ✓ stormwater management                | ✓ planning & zoning         |
| ✓ maintenance of 380 roads              | ✓ conservation center                  | ✓ voting                    |
| ✓ leaf collection and disposal          | ✓ town tree maintenance, and           | ✓ vital statistics          |
| ✓ 10 municipal parks                    |  | ✓ municipal court           |

If the Town keeps less than 17¢ on the dollar, where does the remaining 83¢ go?



**1.5%** of the property taxes collected are dedicated to the Westfield Memorial Library. Effective March 21, 2011, the State of New Jersey enacted P.L. 2011, c.38 (S-2068), which transferred the mandatory public library appropriation from being reported as part of the municipal budget to a new and separate line on the certified property tax statement. By state law, the financial management of the Westfield Memorial Library is under the control of the Library Board of Trustees.



**24.03%** of the property taxes collected are sent to the County of Union. This part of your tax bill is determined and managed by your elected representatives on the Union County Board of Chosen Freeholders ([www.ucnj.org/government/freeholders](http://www.ucnj.org/government/freeholders)). The County of Union budget is posted on its website at:

<http://ucnj.org/wp-content/uploads/2015/03/Budget.pdf>



**58.15%** of the property taxes collected are sent to the Westfield School District. This part of your tax bill is determined and managed by your elected representatives on the Westfield Board of Education. The District's budget is posted on its website at:

[www.westfieldnj12.org](http://www.westfieldnj12.org)

## Great News...

- ✓ **AAA rating** - The Town of Westfield's long term credit rating assigned by Standard and Poor's is **AAA**, a reflection of the Town's responsible and effective fiscal management.
- ✓ 16.32% of your property taxes are retained by the Town to fund municipal services and operations.
- ✓ The remaining 83.68% of your property taxes are determined by and distributed to other government entities.
- ✓ On the average assessed home, the municipal portion of the property tax bill increased approximately \$4.17 per month.
- ✓ The 2015 municipal tax levy increased 1.78% which, in accordance with state law, is under the 2% "cap".

The Town recently received great news that will have a favorable impact on the municipal portion of your property taxes as we move forward. As you may know, municipalities issue bonds (borrow the funds) to pay for capital purchases such as heavy equipment and capital improvement projects such as roadway resurfacing. The cost to borrow that money affects the municipal operating budget as "debt service". Logically, lower interest rates equal lower costs to borrow funds equal less debt service costs in the operating budget. In August, Standard and Poor's (S&P) assigned its highest rating, AAA, to the Town's 2015 general obligation bond issuance and reaffirmed its prior AAA long-term rating for Westfield. Such a high rating results in significantly lower borrowing costs. Highlights of the S&P report describing the Town's financial position include, "strong management", "strong budgetary performance", "very strong budgetary flexibility", "very strong liquidity", and "strong debt and contingent liability profile". Such an endorsement of the Town's fiscal management from an impartial source should be welcoming news to property taxpayers.

I'd like to take this opportunity to address the two subjects that I have received the most questions about this year – potholes and paving and the 2% cap. Regarding potholes and paving, Westfield has not been immune to the effects of the extreme weather conditions experienced in recent years or the lasting effect the prolonged "Great Recession" has had on municipal budgets. The expansion and contraction of the pavement, the ensuing cracking, and the corrosiveness of road salt certainly wreaked havoc on our roadways. The good news is the town has acquired new equipment that now allows our "Pothole Patrol" crews to make more effective and more lasting repairs to the potholes that emerge. Regarding paving projects, please keep in mind that there are 380 municipal roadways and over 200 miles of travel lanes in Westfield. As discussed above, municipalities issue bonds to pay for capital improvement projects and, to be sure, paving projects are very expensive. For example, the most recent contract award to the lowest bidder involving paving a section of roadway nine tenths of a mile long and 36–40' feet wide was in the amount of \$380,000. While we would love to fulfill every resident's

request for repaving, this example exemplifies both the high cost and the ongoing challenge to balance the need for capital improvements with the need to manage debt responsibly. Rest assured, the Town has been systematically addressing capital improvements to our roadways to the fullest extent the finite capital funds permit, with the structural integrity of the travel lanes being one of the primary considerations. The good news is that since 2006, over a quarter of our total road surfaces have been repaved while our debt service costs have been kept at reasonable and sustainable levels. For 2015, municipal debt service represents a remarkably low 5.87% of the operating budget.

Regarding the "2% cap law" and its application in Westfield, in its simplest terms, the state law requires that the tax levy cannot be raised more than 2% over the prior year. It is important to keep in mind that the law is applied in the aggregate, not on an individual property taxpayer basis or on a per budget line basis. For 2015, in accordance with the "cap" law, the Town was approved for a maximum aggregate municipal tax levy of \$27,457,694. (Tax levy = anticipated non-property tax revenues - anticipated expenditures.) The Town's 2015 operating budget included an actual tax levy of \$26,652,160, *which is \$805,534 less than the amount permitted by law*. Please be assured, then, that the 2015 Town of Westfield operating budget is under the "cap" and is in full compliance with the State law.

The 2015 Town of Westfield municipal operating budget governs 16.32% of the property taxes that you pay. The municipal budget in its entirety (and in the format required by the State of New Jersey) is available for viewing on the Town's website, [www.westfieldnj.gov](http://www.westfieldnj.gov), as is a PowerPoint budget summary presentation which aims to simplify the myriad of government accounting rules and the complexities of the municipal budget process into a more concentrated, understandable format. When reviewing the budget, it is important to keep in mind that the budget is not just about raw numbers – it's about what it takes to fund the municipal services and governmental functions necessary to keep Westfield the great place to live, work and visit that it is! In formulating the budget, cognizant that we are working with finite resources and multiple regulations, we continuously strive to find the best possible balance between the mandated (what we are required to fund, such as municipal court, public health, and tax collection), the needed (not mandated but locally determined to be needed, such as a paid 24/7 fire department and crossing guards), and the desired (those amenities that enhance our residents' quality of life, such as recreational programs and facilities and senior transportation services) to benefit our residents.

I realize that it is not possible to address all the complexities of municipal budget matters on a single page, so I remain available to personally meet with you during my Saturday morning or evening office hours. If you would like to schedule an appointment, please call my office (908-789-4041) and we will be happy to help you.

I very much appreciate your time in reading this and I look forward to seeing you around town.

