



From the Desk of Mayor Andy Skibitsky

September 25, 2017

Dear Neighbor:

Enclosed is your certified property tax statement. Your 4th quarter taxes are due on November 1, 2017 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 by law with the responsibility of collecting all property taxes, the Town does not keep, nor does it have control over, all that it collects. In fact, the Town of Westfield only keeps 16% of the property taxes it collects (16.12% to be exact) to pay for municipal operations, including:



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| ✓ police protection | ✓ electricity for street lighting | Statutory functions such as |
| ✓ firefighting 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 |

The remaining 83.88% of your property taxes are determined by and distributed to other governing entities:



1.48% 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.



24.05% 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) and includes the net County taxes apportioned and the County open space, recreation, and historic preservation tax. The County of Union budget is posted on its website at: <http://ucnj.org/wp-content/uploads/2017/02/2017-Adopted-Union-County-Budget.pdf>



58.35% 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

On September 15, 2017, Standard and Poor's Global Ratings ("S&P") assigned its "AAA" long term rating to Westfield's general obligation (GO) general improvement bonds and affirmed its "AAA" rating on the Town's GO bonds outstanding. 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 health and management practices from an impartial source is welcome news.

Great News...

- ✓ **AAA rating** – Just this month, S&P assigned its "AAA" long term rating to Westfield's general obligation (GO) general improvement bonds, a reflection of the Town's judicious and effective fiscal management.
- ✓ At the same time, S&P affirmed its "AAA" rating on the Town's GO bonds outstanding.
- ✓ For 2017, municipal debt service represents a very low 5.6% of budgeted expenditures.
- ✓ On the average assessed home, the municipal portion of the property tax bill increased just under \$3.17 per month.
- ✓ The 2017 municipal purpose property tax rate increased a very low 1.43%.
- ✓ Non-property tax revenues account for 35.4% of total budgeted revenues.
- ✓ 64.6 % of anticipated total budgeted revenue is derived from the municipal purpose property tax levy.
- ✓ The municipal purpose tax levy increased just 1.77% and is under the cap mandate of 2%.
- ✓ Though the law allows certain exclusions to fall "outside of the 2% cap", the Town did not apply any such allowances. All allowable exclusions are within the cap.

Earning the highest credit rating has a direct, favorable impact on the municipal portion of property taxes and an equally important impact on the delivery of municipal services and the improvement of public infrastructure. Municipalities necessarily issue bonds to pay for major capital purchases, such as fire trucks and heavy equipment, as well as capital improvement projects, such as the restoration of Mindowaskin Pond and roadway resurfacing. The top credit rating results in much lower interest rates and, therefore, less debt service costs in the operating budget. Further, capital funding plays an important role in the municipal finance framework that provides the resources for optimal municipal operations and progress.

Let's take a look at the Conservation Center as a case in point. One of the Town's ongoing initiatives is to expand recycling and repurposing opportunities for Westfield residents. In order to do so, the public access area of the Center had to be reconfigured. With funding assistance from a \$20,000 Sustainable Jersey grant, the reconfiguration work at the Center was undertaken and recycling opportunities were expanded to include electronics, textiles, and scrap metal. Then, with capital funds, the Town was able to acquire industrial mulching machinery and wood chopping equipment. Now, instead of having to transport the plant material and tree stumps elsewhere to be disposed and pay hefty disposal fees, the material is mulched and the wood chopped on site. The mulch and fireplace logs produced are made available free of charge to residents. In addition, the mulch is used around town by Public Works crews and is sold to interested commercial landscapers.

It is important to pause here to affirm that even with low interest rates, when it comes to issuing bonds, we always strive to prudently balance the need to fund capital improvement projects with the need to control outstanding debt and related service costs.

In any discussion about property taxes, it is essential to recognize that there are two sides to the budget – the revenue side and expenditure side. On the revenue side, the property tax levy is reduced dollar for dollar by every non-property tax source of revenue such as grants and shared services agreements. For 2017, 35.4% of the budget is funded from non-property tax revenues. On the expenditure side, controlling costs is key. Efforts to bring spending down and keep it at sustainable levels are ongoing and transcend any single budget year.

Let's take a look at Salaries and Wages ("S&W") as a case in point. Back in 2006, the largest chunk of the budget (47.8%) was allocated to S&W, so one of the first steps to sustainability had to be reining in the largest expense. Today, S&W represent 39.3% of the budget and, in the aggregate, are below 2008 levels. Even so, the Town's strong financial position has allowed for the continued enhancement of public safety staffing, always a key priority.

The 2017 Town of Westfield municipal budget governs 16.12% of the property taxes that you pay. The municipal budget in its entirety along with the User Friendly version in the formats required by the State of New Jersey is available for viewing on the Town's website, www.westfieldnj.gov. When formulating the budget – knowing that we are working with finite resources and a myriad of municipal finance laws and 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 over fifty crossing guards), and the desired (those amenities that enhance our residents' quality of life, such as recreational programs and facilities and senior transportation services) for the benefit of our residents.

I realize 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

