

Town of Orange, Connecticut



FINANCE DIRECTOR'S BUDGET MESSAGE

May 2016

On behalf of the Honorable James M. Zeoli - First Selectman, and the Orange Board of Finance, I submit our recommended Town of Orange General Fund Budget for the fiscal year ending June 30, 2017. This document is the result of many hours of careful consideration by the Board of Finance, Department Heads, Town Boards and Commissions, and Management and Staff. The focus of the 2017 budget is to continue to offer the level of services to which our citizens have become accustomed, tempered by the ability of our taxpayers to pay for those services.

Again Federal pass-through funds and State initiated funding have remained frozen, or in some cases, have been reduced, or eliminated entirely. The October 1, 2015 Grand List reflects an increase of 1.02%. However, significantly reduced interest investment earnings, and the current State and National economic conditions have again resulted in the lower non tax revenue projections. We have carefully designed this financial plan to balance the growing request for municipal services, the needs of the Town's infrastructure, public safety, and community health and welfare while maintaining our commitment to the education of our children: the leaders of tomorrow.

The Budget Process

The budget process begins in early November with the preparation and submission of departmental budgets to the Director of Finance. Each departmental request is reviewed and evaluated together with the First Selectman for submission of a recommended budget to the Board of Finance. The Board of Finance then conducts individual hearings and discussions with department management as required. There are inevitably unanticipated costs that occur when projecting expenditure some eighteen months into the future. Toward that end, it is incumbent on the administration of any municipality to maintain a sufficient undesignated fund balance to provide for such unforeseen events and circumstances.

Fund Balance

The Town's Fund Balance is a measure of its capacity to withstand financial emergencies or to provide for unforeseen emergent projects and expenditure. I am projecting the undesignated portion of the fund balance at July 1, 2016 to be approximately 9.1 million dollars, or 13.7% of the 2016-2017 operating budget.

Revenue

The net taxable grand list for October 1, 2015 equaled \$1,941,613,420 which is compared to the October 1, 2014 net taxable grand list as below:

<u>Category</u>	<u>2015 Net Grand List</u>	<u>2014 Net Grand List</u>
Real Estate	\$1,674,020,100	\$1,667,157,110
Motor Vehicles	132,709,230	124,498,350
Business Personal Property	<u>134,884,090</u>	<u>130,983,620</u>
	\$1,941,613,420	\$1,922,639,080

Real Estate valuation increased by 4.12% from 10/1/2014, while Motor vehicle valuation increased by 1.317% Business Equipment & Fixtures increased by 8.342%. for a net overall increase in the net grand list of \$18,974,340 or .987%

Residential real property has remained substantially constant at approximately 63.5% of the grand list as compared to 23.2% commercial and industrial, 6.9% business property and 6.4% for motor vehicles. The growth in the real estate section of the October 1, 2015 grand list reflects modest increases in new construction and the completion of the United Illuminating property.

Departmental Operating Expenditure:

The budget for general town operations has increased by 1.54% or \$358,319 while our share of the Amity budget increased by \$160,644 or .72%. The Orange Board of Education costs increased by 3.73%, or \$719,333. The aggregate increase in the budget for the fiscal year ended 6/30/2017 is \$1,238,296 or 1.91%.

It should be noted that the Board of Finance authorized a supplemental appropriation to the Orange Board of Education as a result in an unanticipated increase in student population for the fiscal year ended 6/30/2016. While the budgetary increase in departmental operating costs (2016 adopted budget to 2017 approved budget) is shown as 3.73% the actual increase over actual adjusted budget is 1.99%.

Capital Replacements and Expenditure:

Budgetary capital replacements and expenditure include vehicles, building repairs and improvements to the Police Department, High Plains Community Center, the Case Memorial Library, and various small repair and improvement projects to the Board of Education buildings and grounds.

The annual budget development is an intensive task that requires a concerted and coordinated effort on the part of all. I want to express my personal gratitude for the support and cooperation from all of our professional department managers and their dedicated staff. On behalf of First Selectman Zeoli, and the Board of Finance I want to acknowledge the many committed professionals who selflessly serve on our Boards and Commissions without compensation. It is that kind of public spirit that makes Orange a unique and special community in which to live.

Respectfully Submitted,



A. W. Chiarenzelli
Director of Finance and Administration

Members of the
Orange Board of Finance

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