

Town of Orange, Connecticut



FINANCE DIRECTOR'S BUDGET MESSAGE

May 2015

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, 2016. 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 2016 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 have been reduced, or eliminated entirely. The October 1, 2014 net Taxable Grand List reflects an increase of 0.363%. 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 some 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 unanticipated 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 June 30, 2015 to be approximately 8.3 million dollars, or 12.8% of the 2015-2016 operating budget.

Revenue

The net taxable grand list for October 1, 2014 equaled \$1,922,639,080 which is compared to the October 1, 2013 net taxable grand list as below:

<u>Category</u>	<u>2014 Net Grand List</u>	<u>2013 Net Grand List</u>	<u>Change</u>
Real Estate	\$1,667,157,110	\$1,666,174,180	\$982,930
Personal Property	130,983,620	130,166,460	817,160
Motor Vehicles	<u>124,498,350</u>	<u>119,340,228</u>	<u>5,158,122</u>
	\$1,922,639,080	\$1,915,680,868	\$6,958,212

Residential real property comprises 63.9% of the net taxable grand list as compared to 22.9% commercial and industrial, 6.5% business property and 6.8% for motor vehicles.

Departmental Operating Expenditure:

The budget for general town operations has increased by 2.69% or \$608,281 while our share of the Amity budget increased by \$644,407 or 2.96%. The Orange Board of Education costs increased by 2.44%, or \$458,822. The aggregate increase in the budget for the fiscal year ended 6/30/2016 is \$1,103,229 or 2.70%.

Capital Replacements and Expenditure:

Budgetary capital replacements and expenditure include vehicles, building repairs and improvements Please refer to the attached analysis for detail.

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 handwritten signature in black ink, appearing to read 'A. W. Chiarenzelli', written in a cursive style.

A. W. Chiarenzelli
Director of Finance and Administration

**Members of the
Orange Board of Finance**

Kevin Houlihan, CPA – Chairman

James Leahy - Vice Chairman

Debra Marino, Esq.

P. J. Shanley

Joseph Nuzzo

Kevin T. Moffett

_____ **(alternate)**