



Town of Orange, Connecticut

Accounting Department

TOWN HALL
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August 16, 2017

Secretary Benjamin Barnes
State of Connecticut
Office of Policy and Management
450 Capital Avenue
Hartford, CT. 06106

Dear Secretary Barnes:

In response to your letter to Mr. Zeoli dated August 7, 2017, the information on our estimated fund balance is attached. Orange has always been a well maintained town. The Board of Finance and the administration have put into place strong fiscal policies. They have always funded our pensions and were one of the first governments in the area to move from a defined benefit to a defined contribution plan for all its workers. The town over the years have balanced our budgets and made the hard choices that come with producing a budget whether it's forgoing an additional police officer or finding the money to add a teacher to lower class size.

The following will help to clarify some details of my response to your request.

The Town of Orange 2018 budget includes the following revenue assumptions:

Special Education Cost Reimbursement – Amity	\$400,000
Revenue Sharing	\$409,337
Mashantucket	\$43,141
College Pilot	\$169,071

Total	\$1,021,549

The Town budget went to referendum with these revenue lines remaining in expecting the funds from the state. The Governor subsequent proposal drops these revenue payments to the Town of Orange. In addition the town did not budget to pay the teachers' pension cost assigned to the town. The feeling we received from our representatives was this would not pass. This amount is \$1,997,989.

The town unlike some neighboring towns decided not to cause more confusion with the taxpayers and sent out auto tax bills. The town raised the mill rate for taxing vehicles from 29 mills in the year 2017 to 33.28 mills for 2018 with the assumption the legislature would raise the mill rate to 37 on auto's.

If the above items are resolved negatively to the town the Board of Finance would face over a \$3,000,000 deficient in the current budget. They would have to decide whether to drain the Fund Balance or send out a supplemental tax bill or a combination of the two.

Sincerely,

A handwritten signature in cursive script that reads "John M. Cifarelli".

John M. Cifarelli

Director of Finance



STATE OF CONNECTICUT
OFFICE OF POLICY AND MANAGEMENT
OFFICE OF THE SECRETARY

August 7, 2017

Dear Selectman Zeoli,

On August 2nd, the Governor directed the Office of Policy and Management to produce a series of reports on the fiscal health of municipalities (please see attached).

To that end, I am requesting updated information on your municipality's fund balance. We have historic data already reported to our office, which we have included below. We are looking for estimates of your General Fund's total fund balance and unassigned fund balance for as of June 30, 2017. In addition, we are requesting projections of your municipality's General Fund total fund balance and unassigned fund balance as of June 30, 2018, based on the assumptions from your adopted FY 18 budget.

ORANGE

General Fund

	<u>Total Fund Balance</u>	<u>Unassigned Fund Balance per GASB 54</u>
FY 15 Actual	10,661,381	9,415,266
FY 16 Actual	11,250,025	9,970,631
FY 17 Estimated	<i>10,340,000</i>	<i>\$ 9,400,000</i>
FY 18 Projected (based on adopted municipal budget)	<i>10,000,000</i>	<i>9,400,000</i>

Finally, please provide any supplemental information about the potential impact of a continuing state budget impasse on your community's finances, such as contingency plans to utilize fund balance, issue supplemental taxes or reduce spending.

Please email the requested information to Michael Izadi on my staff at michael.izadi@ct.gov by August 16, 2017.

Sincerely,

Benjamin Barnes
Secretary

Cc: John Cifarelli, Director Of Finance
Michael Izadi, Office of Policy and Management
Kerry Kelley, Office of Policy and Management