

Preliminary Official Statement Dated July 11, 2018

REFUNDING / NEW ISSUE: Book-Entry-Only

RATINGS: See "Ratings" herein.

In the opinion of Bond Counsel, based on existing statutes and court decisions and assuming continuing compliance with certain covenants and procedures relating to requirements of the Internal Revenue Code of 1986, as amended (the "Code"), interest on the Bonds is excluded from gross income for federal income tax purposes and is not treated as an item of tax preference for purposes of computing the federal alternative minimum tax. Interest on the Bonds may be includable in the calculation of certain taxes under the Code, including the federal alternative minimum tax imposed on certain corporations for tax years beginning before January 1, 2018. In the opinion of Bond Counsel, based on existing statutes, interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax. See "Tax Matters" herein.



Town of Orange, Connecticut **\$4,500,000** **General Obligation Bonds, Issue of 2018, Series A** **(Book-Entry-Only)**

Dated: Date of Delivery

Due: July 15, 2019-2038,
As shown on the inside cover:

The Series A Bonds will bear interest payable January 15, 2019 and semiannually thereafter on July 15 and January 15 in each year until maturity or earlier redemption. The Series A Bonds are issuable only as fully registered bonds, without coupons, and, when issued, will be registered in the name of Cede & Co., as bondowner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Series A Bonds. Purchases of the Series A Bonds will be made in book-entry-only form, in the denomination of \$5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their ownership interest in the Series A Bonds. So long as Cede & Co. is the Bondowner, as nominee of DTC, reference herein to the Bondowner or owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners (as defined herein) of the Series A Bonds. See "Book-Entry-Only System" herein.

The Series A Bonds are subject to redemption prior to maturity as herein provided. See "Optional Redemption" herein.

Electronic bids via PARITY® will be received until 11:00 A.M. (E.D.T.) for the Series A Bonds on Wednesday, July 18, 2018 at the Office of the First Selectman, Town of Orange, Town Hall, 617 Orange Center Road, Orange, Connecticut 06477, as described in the official Notice of Sale dated July 11, 2018. See "Appendix D" herein.

\$3,120,000* **General Obligation Refunding Bonds, Issue of 2018, Series B** **(Book-Entry-Only)**

Dated: Date of Delivery

Due: August 15, 2019-2025,
As shown on the inside cover:

The Series B Bonds will bear interest payable August 15, 2018 and semiannually thereafter on February 15 and August 15 in each year until maturity.

The Series B Bonds are NOT subject to redemption prior to maturity as herein provided. See "Optional Redemption" herein.

Electronic bids via PARITY® will be received until 11:30 A.M. (E.D.T.) for the Series B Bonds on Wednesday, July 18, 2018 at the Office of the First Selectman, Town of Orange, Town Hall, 617 Orange Center Road, Orange, Connecticut 06477, as described in the official Notice of Sale dated July 11, 2018. See "Appendix D" herein.

The Series A and Series B Bonds (collectively, the "Bonds") will be general obligations of the Town of Orange, Connecticut (the "Town") and the Town will pledge its full faith and credit to pay the principal of and the interest on the Bonds when due. See "Security and Remedies" herein.

The Registrar, Transfer Agent, Paying Agent, and Certifying Agent for the Bonds will be U.S. Bank National Association of Hartford, Connecticut.

The Bonds are offered for delivery when, as and if issued, subject to the approving opinion of Robinson & Cole LLP, Bond Counsel, of Hartford, Connecticut and certain other conditions. It is expected that delivery of the Bonds in book-entry-only form will be made to DTC on or about July 30, 2018.

**Preliminary, subject to change.*



This Preliminary Official Statement and the information contained herein are subject to completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

Town of Orange, Connecticut
\$4,500,000
General Obligation Bonds, Issue of 2018, Series A
(Book-Entry-Only)

Dated: Date of Delivery

Due: July 15, 2019-2038,
As shown below:

Year	Principal	Coupon	Yield	CUSIP	Year	Principal	Coupon	Yield	CUSIP
2019	\$ 225,000	__%	__%	684184__	2029	\$ 225,000	__%	__%	684184__
2020	225,000	__%	__%	684184__	2030	225,000	__%	__%	684184__
2021	225,000	__%	__%	684184__	2031	225,000	__%	__%	684184__
2022	225,000	__%	__%	684184__	2032	225,000	__%	__%	684184__
2023	225,000	__%	__%	684184__	2033	225,000	__%	__%	684184__
2024	225,000	__%	__%	684184__	2034	225,000	__%	__%	684184__
2025	225,000	__%	__%	684184__	2035	225,000	__%	__%	684184__
2026	225,000	__%	__%	684184__	2036	225,000	__%	__%	684184__
2027	225,000	__%	__%	684184__	2037	225,000	__%	__%	684184__
2028	225,000	__%	__%	684184__	2038	225,000	__%	__%	684184__

\$3,120,000*
General Obligation Refunding Bonds, Issue of 2018, Series B
(Book-Entry-Only)

Dated: Date of Delivery

Due: August 15, 2019-2025,
As shown below:

Year	Principal*	Coupon	Yield	CUSIP	Year	Principal*	Coupon	Yield	CUSIP
2019	\$ 390,000	__%	__%	684184__	2023	\$ 495,000	__%	__%	684184__
2020	385,000	__%	__%	684184__	2024	500,000	__%	__%	684184__
2021	430,000	__%	__%	684184__	2025	495,000	__%	__%	684184__
2022	425,000	__%	__%	684184__					

**Preliminary, subject to change.*

No dealer, broker, salesman or other person has been authorized by the Town to give any information or to make any representations, other than those contained in this Official Statement or any supplement, which may be issued hereto, and if given or made, such other information or representations must not be relied upon as having been authorized by the Town. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

This Official Statement has been prepared only in connection with the initial offering and sale of the Bonds and may not be reproduced or used in whole or in part for any other purpose. The information, estimates and expressions of opinion in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the Bonds shall, under any circumstances, create any implication that there has been no material change in the affairs of the Town since the date of this Official Statement.

The information set forth herein has been obtained by the Town from sources which are believed to be reliable but it is not guaranteed as to accuracy or completeness. Certain information in this Official Statement has been obtained by the Town from other sources. Neither the Town, nor the Municipal Advisor guaranty the accuracy or completeness of such information, however, and such information is not to be construed as a representation of any of the foregoing.

The independent auditors for the Town are not passing upon and do not assume responsibility for the accuracy or completeness of the financial information presented in this Official Statement (other than matters expressly set forth in their opinions in Appendix A), and they make no representation that they have independently verified the same.

The Bonds have not been registered under the Securities Act of 1933, as amended, nor have the Bonds been registered under any state securities law.

The Town deems this Official Statement to be "final" for purposes of Securities and Exchange Commission Rule 15c2-12(b)(1), but it is subject to revision or amendment.

The Town currently files its official statements for primary offerings with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access ("EMMA") system. In accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the Town will enter into a continuing disclosure agreement to provide or cause to be provided (i) annual financial information and operating data, (ii) timely notice of the occurrence of certain events, within 10 business days of the occurrence of such events, and (iii) timely notice of a failure by the Town to provide the required annual financial information and on or before the date specified in the Continuing Disclosure Agreements to be executed in substantially the form attached as Appendix C to this Official Statement.

Table of Contents

	<u>Page</u>		<u>Page</u>
Series A Bond Issue Summary.....	1	IV Debt Section.....	20
Series B Bond Issue Summary.....	2	Principal Amount of Bonded Indebtedness	20
I. Bond Information.....	3	Short-Term Debt	20
Introduction.....	3	Annual Bonded Debt Maturity Schedule.....	21
Municipal Advisor.....	3	Debt Statement.....	22
The Series A Bonds.....	3	Current Debt Ratios.....	22
The Series B Bonds.....	4	Legal Requirements for Approval of Borrowing	23
Optional Redemption	4	Temporary Financing.....	23
Authorization and Purpose - Series A Bonds.....	5	Limitation of Indebtedness	23
Authorization and Purpose - Series B Bonds.....	5	Statement of Statutory Debt Limitation.....	24
Plan of Refunding.....	5	Capital Leases	24
Verification of Mathematical Computations.....	6	Overlapping and Underlying Indebtedness.....	24
Sources and Uses of Bond Proceeds - Series B.....	6	Authorized But Unissued Debt.....	25
Book-Entry-Only Transfer System.....	6	Principal Amount of Outstanding General Fund Debt.....	25
DTC Practices.....	7	Ratios of Net Long-Term Debt to Valuation, Population and Income.....	25
Replacement Bonds.....	7	Ratios of Annual Long-Term General Fund Debt Service to Total General Fund Expenditures.....	26
Security and Remedies.....	8	V. Financial Administration	27
Qualification for Financial Institutions.....	8	Accounting Policies	27
Availability of Continuing Disclosure	8	Basis of Accounting.....	27
School Projects	9	Audit.....	27
Ratings.....	9	Budgetary Procedures	27
Bond Insurance.....	9	Employer Pension Systems	27
Tax Matters	9	Other Post-Employment Benefits.....	28
Original Issue Discount	10	Investment Policies & Procedures	29
Original Issue Premium	10	Assessments Practices.....	29
II. The Issuer.....	12	Tax Collection Procedure.....	30
Description of the Town.....	12	Property Tax Levies and Collections	31
Form of Government.....	13	Comparative Assessed Valuations	31
Municipal Officials.....	14	Residential Real Property - Breakdown	32
Municipal Employees.....	14	Exempt Property	32
Municipal Employees Bargaining Organizations.....	15	Ten Largest Taxpayers	33
Educational System.....	16	Intergovernmental Revenues	33
School Enrollments.....	16	Comparative Balance Sheets – General Fund.....	34
School Facilities.....	16	General Fund Revenues and Expenditures.....	35
III. Economic and Demographic Data	17	VI Legal and Other Information.....	36
Population Trends	17	Litigation.....	36
Age Distribution of the Population.....	17	Transcript and Documents Furnished At Delivery.....	36
Income Distribution.....	18	Concluding Statement.....	37
Income Levels	18	Appendix A - 2017 General Purpose Financial Statements	
Educational Attainment.....	18	Appendix B - Form of Opinions of Bond Counsel	
Employment by Industry	19	Appendix C - Form of Continuing Disclosure Agreements	
Labor Force Data.....	19	Appendix D - Notices of Sale	
Building Permits	19		

Series A Bond Issue Summary

The information in this Series A Bond Issue Summary and the front cover page is qualified in its entirety by the detailed information and financial statements appearing elsewhere in this Official Statement. This Official Statement speaks only as of its date and the information herein is subject to change.

Date of Sale:	Wednesday, July 18, 2018 at 11:00 A.M. (E.D.T.).
Location of Sale:	The Office of the First Selectman, Town of Orange, Town Hall, 617 Orange Center Road, Orange, Connecticut 06477.
Issuer:	Town of Orange, Connecticut (the "Town").
Issue:	\$4,500,000 General Obligation Bonds, Issue of 2018, Series A (the "Series A Bonds").
Dated Date:	Date of Delivery, July 30, 2018.
Interest Due:	Interest due January 15, 2019 and semiannually thereafter on July 15 and January 15 in each year until maturity or earlier redemption.
Principal Due:	Principal due serially, July 15, 2019 through July 15, 2038 as detailed in this Official Statement.
Authorization and Purpose:	The proceeds of the Series A Bonds will be utilized to finance various general purpose and school projects. See "Authorization and Purpose" herein.
Redemption:	The Series A Bonds are subject to redemption prior to maturity. See "Optional Redemption" herein.
Security and Remedies:	The Series A Bonds will be general obligations of the Town of Orange, Connecticut, and the Town will pledge its full faith and credit to the payment of principal and interest on the Series A Bonds when due.
Credit Rating:	Application for a rating on the Series A Bonds has been made to S&P Global Ratings ("S&P"). The Town's current outstanding credit rating from S&P is "AAA".
Bond Insurance:	The Town does not expect to purchase a credit enhancement facility.
Basis of Award:	Lowest True Interest Cost (TIC) as of the dated date.
Tax Exemption:	See "Tax Matters" herein.
Bank Qualification:	The Series A Bonds <u>shall</u> be designated as qualified tax-exempt obligations by the Town under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for certain interest expense allocable to the Series A Bonds.
Continuing Disclosure:	In accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the Town will enter into a Continuing Disclosure Agreement to provide, or cause to be provided, (i) annual financial information and operating data; (ii) notices of the occurrence of certain events within 10 business days of the occurrence of such events and (iii) timely notice of a failure by the Town to provide the required annual financial information on or before the date specified in the Continuing Disclosure Agreement to be executed by the Town substantially in the form attached as Appendix C to this Official Statement.
Registrar, Transfer Agent, Certifying Agent, and Paying Agent:	U.S. Bank National Association, Goodwin Square, 225 Asylum Street, 23 rd Floor, Hartford, Connecticut 06103.
Legal Opinion:	Robinson & Cole LLP, of Hartford, Connecticut will act as Bond Counsel.
Municipal Advisor:	Phoenix Advisors, LLC of Milford, Connecticut will act as Municipal Advisor.
Delivery and Payment:	It is expected that delivery of the Bonds in book-entry-only form will be made to The Depository Trust Company on or about July 30, 2018 against payment in Federal Funds.
Issuer Official:	Questions concerning the Official Statement should be directed to Mr. John M. Cifarelli, Director of Finance, 617 Orange Center Road, Orange, Connecticut 06477. Telephone: (203) 891-4740 or Matthew A. Spoerndle, Phoenix Advisors, LLC, 53 River Street, Milford, Connecticut. Telephone: (203) 878-4945.

Series B Bond Issue Summary

The information in this Series B Bond Issue Summary and the front cover page is qualified in its entirety by the detailed information and financial statements appearing elsewhere in this Official Statement. This Official Statement speaks only as of its date and the information herein is subject to change.

Date of Sale:	Wednesday, July 18, 2018 at 11:30 A.M. (E.D.T.).
Location of Sale:	The Office of the First Selectman, Town of Orange, Town Hall, 617 Orange Center Road, Orange, Connecticut 06477.
Issuer:	Town of Orange, Connecticut (the "Town").
Issue:	\$3,120,000* General Obligation Refunding Bonds, Issue of 2018, Series B (the "Bonds").
Dated Date:	Date of Delivery, July 30, 2018.
Interest Due:	Interest due August 15, 2018 and semiannually thereafter on February 15 and August 15 in each year until maturity.
Principal Due:	Principal due serially, August 15, 2019 through August 15, 2025 as detailed in this Official Statement.
Authorization and Purpose:	The Series B Bonds proceeds will be used to refinance bonds originally issued to fund various school and general purpose projects.
Redemption:	The Series B Bonds are NOT subject to redemption prior to maturity. See "Optional Redemption" herein.
Security and Remedies:	The Series B Bonds will be general obligations of the Town of Orange, Connecticut, and the Town will pledge its full faith and credit to the payment of principal and interest on the Series B Bonds when due.
Credit Rating:	Application for a rating on the Series B Bonds has been made to S&P Global Ratings ("S&P"). The Town's current outstanding credit rating from S&P is "AAA".
Bond Insurance:	The Town does not expect to purchase a credit enhancement facility.
Basis of Award:	Lowest True Interest Cost (TIC) as of the dated date.
Tax Exemption:	See "Tax Matters" herein.
Bank Qualification:	The Series B Bonds <u>shall</u> be designated as qualified tax-exempt obligations by the Town under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for certain interest expense allocable to the Series B Bonds.
Continuing Disclosure:	In accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the Town will enter into a Continuing Disclosure Agreement to provide, or cause to be provided, (i) annual financial information and operating data; (ii) notices of the occurrence of certain events within 10 business days of the occurrence of such events and (iii) timely notice of a failure by the Town to provide the required annual financial information on or before the date specified in the Continuing Disclosure Agreement to be executed by the Town substantially in the form attached as Appendix C to this Official Statement.
Registrar, Transfer Agent, Certifying Agent, and Paying Agent:	U.S. Bank National Association, Goodwin Square, 225 Asylum Street, 23 rd Floor, Hartford, Connecticut 06103.
Legal Opinion:	Robinson & Cole LLP, of Hartford, Connecticut will act as Bond Counsel.
Municipal Advisor:	Phoenix Advisors, LLC of Milford, Connecticut will act as Municipal Advisor.
Delivery and Payment:	It is expected that delivery of the Series B Bonds in book-entry-only form will be made to The Depository Trust Company on or about July 30, 2018 against payment in Federal Funds.
Issuer Official:	Questions concerning the Official Statement should be directed to Mr. John M. Cifarelli, Director of Finance, 617 Orange Center Road, Orange, Connecticut 06477. Telephone: (203) 891-4740 or Matthew A. Spoerndle, Phoenix Advisors, LLC, 53 River Street, Milford, Connecticut. Telephone: (203) 878-4945.

*Preliminary, subject to change.

I. Bond Information

Introduction

This Official Statement, including the cover page, inside cover page and appendices, is provided for the purpose of presenting certain information relating to the Town of Orange, Connecticut (the "Town"), in connection with the original issuance and sale of \$4,500,000 General Obligation Bonds, Issue of 2018, Series A (the "Series A Bonds") and \$3,120,000* General Obligation Refunding Bonds, Issue of 2018, Series B (the "Series B Bonds" and together with the Series A Bonds, the "Bonds") of the Town.

This Official Statement is not to be construed as a contract or agreement between the Town and the purchasers or holders of any of the Bonds. Any statement made in this Official Statement involving matters of opinion or estimates are not intended to be representations of fact, and no representation is made that any such opinion or estimate will be realized. No representation is made that past experience, as might be shown by financial or other information herein, will necessarily continue or be repeated in the future. Neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Town since the date hereof.

All quotations from and summaries and explanations of provisions of statutes, charters, or other laws and acts and proceedings of the Town contained herein do not purport to be complete, are subject to repeal or amendment, and are qualified in their entirety by reference to such laws and the original official documents. All references to the Bonds and the proceedings of the Town relating thereto are qualified in their entirety by reference to the definitive form of the Bonds and such proceedings.

The Town deems this official statement to be "final" for purposes of Securities and Exchange Commission rule 15c-12(b)(1), but it is subject to revision or amendment.

The Bonds are being offered for sale at public bidding. Notices of Sale dated July 11, 2018 have been furnished to prospective bidders. Reference is made to respective Notices of Sale for the terms and conditions of the bidding.

U.S. Bank National Association, 225 Asylum Street, Goodwin Square, Hartford, Connecticut 06103 will act as Registrar, Transfer Agent, Paying Agent and Certifying Agent for the Bonds.

Bond Counsel are not passing upon and do not assume responsibility for the accuracy or adequacy of the statements made in this Official Statement (other than matters expressly set forth as their opinion) and they make no representation that they have independently verified the same.

Municipal Advisor

Phoenix Advisors, LLC, of Milford, Connecticut has served as Municipal Advisor to the Town with respect to the issuance of the Bonds (the "Municipal Advisor"). The Municipal Advisor is not obligated to undertake, and has not undertaken, either to make an independent verification of or to assume responsibility for the accuracy, completeness, or fairness of the information contained in the Official Statement and the appendices hereto.

The Municipal Advisor is an independent firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

The Series A Bonds

The Series A Bonds will be dated the date of delivery and mature on July 15 in each of the years as set forth on the inside cover page of this Official Statement. Interest on the Series A Bonds will be payable on January 15, 2019 and semiannually thereafter on July 15 and January 15 in each year until maturity or earlier redemption. Interest will be calculated on the basis of twelve 30-day months and a 360-day year. Interest is payable to the registered owner as of the close of business on the last business day of June and December in each year, by check, mailed to the registered owner at the address as shown on the registration books of the Town kept for such purpose, or so long as the Series A Bonds are registered in the name of Cede & Co., as nominee of DTC, by such other means as DTC, the Paying Agent and the Town shall agree.

**Preliminary, subject to change.*

The Series B Bonds

The Series B Bonds will be dated the date of delivery and mature on August 15 in each of the years as set forth on the inside cover page of this Official Statement. Interest on the Series B Bonds will be payable on August 15, 2018 and semiannually thereafter on February 15 and August 15 in each year until maturity. Interest will be calculated on the basis of twelve 30-day months and a 360-day year. Interest is payable to the registered owner as of the close of business on the last business day of January and July in each year, by check, mailed to the registered owner at the address as shown on the registration books of the Town kept for such purpose, or so long as the Series B Bonds are registered in the name of Cede & Co., as nominee of DTC, by such other means as DTC, the Paying Agent and the Town shall agree.

Optional Redemption

Series A Bonds maturing on or before July 15, 2023 are not subject to redemption prior to maturity. The Series A Bonds maturing on July 15, 2024 and thereafter are subject to redemption prior to maturity, at the election of the Town, on and after July 15, 2023 at any time, in whole or in part, and by lot within a maturity, in such amounts and in such order of maturity as the Town may determine, at the redemption price or prices (expressed as a percentage of the principal amount of Series A Bonds to be redeemed), set forth in the following table, plus interest accrued and unpaid to the redemption date:

<i>Period During Which Redeemed</i>	<i>Redemption Prices</i>
July 15, 2023 and thereafter	100%

Notice of redemption shall be given by the Town or its agent by mailing a copy of the redemption notice by first-class mail not less than thirty (30) days prior to redemption date to the registered owner as the same shall last appear on the registration books for the Series A Bonds kept for such purpose. Failure to give such notice by mailing to any registered owner, or any defect therein, shall not affect the validity of the redemption of any other Series A Bonds. Upon the giving of such notice, if sufficient funds available solely for redemption are on deposit with the Paying Agent, the Series A Bonds or portions thereof so called for redemption will cease to bear interest after the specified redemption date.

If less than all of the Series A Bonds of any one maturity shall be called for redemption, the particular Series A Bonds or portions of Series A Bonds of such maturity to be redeemed shall be selected by lot in such manner as the Town in its discretion may determine, provided, however, that the portion of any Series A Bonds to be redeemed shall be in the principal amount of \$5,000 or a multiple thereof and that, in selecting Series A Bonds for redemption, each Bond shall be considered as representing that number of Series A Bonds which is obtained by dividing the principal amount of such Bond by \$5,000.

The Town, so long as a book-entry system is used for the Series A Bonds, will send any notice of redemption only to DTC (or successor securities depository) or its nominee. Any failure of DTC to advise any DTC Participant, or of any DTC Participant or Indirect Participant to notify any Indirect Participant or Beneficial Owner, of any such notice and its content or effect will not affect the validity of the redemption of such Series A Bonds called for redemption. Redemption of a portion of the Series A Bonds of any maturity by the Town will reduce the outstanding principal amounts of Series A Bonds of such maturity held by DTC. In such event it is the current practice of DTC to allocate by lot, through its book-entry system, among the interest held by DTC Participants in the Series A Bonds to be redeemed, the interest to be reduced by such redemption in accordance with its own rules or other agreements with DTC Participants. The DTC Participants and Indirect Participants may allocate reductions of the interests in the Series A Bonds to be redeemed held by the Beneficial Owners. Any such allocations of interests in the Series A Bonds to be redeemed will not be governed by the determination of the Town authorizing the issuance of the Series A Bonds and will not be conducted by the Town, the Registrar or Paying Agent.

The Series B Bonds are NOT subject to redemption prior to maturity.

Authorization and Purpose – Series A Bonds

The Series A Bonds are issued pursuant to Title 7 of the General Statutes of Connecticut, as amended, the Charter of the Town, and a bond resolution adopted by the Town at referendum. The Projects financed by the Series A Bonds include:

Project Name	Bond	
	Authorization	The Bonds
Road Paving*	\$ 3,300,000	\$ 1,526,727
Derby Milford Road Bridge*	4,500,000	1,600,000
Contingency, Financing and Costs*	734,273	260,273
ADA Project Turkey Hill School*	250,000	250,000
Derby Milford Road*	2,830,000	70,000
Race Brook School Parking*	343,000	343,000
Pool Locker Rooms*	450,000	450,000
Totals.....	\$ 12,407,273	\$ 4,500,000

** A resolution making appropriations aggregating \$14,950,000 for various road, school, Town Facility and Police capital projects and authorizing \$14,846,621 was approved at referendum at an adjourned Town Meeting on April 18, 2017.*

Authorization and Purpose – Series B Bonds

The Series B Bonds are issued pursuant to section 7-370c of the General Statutes of Connecticut, as amended and to a resolution authorizing the issuance of refunding bonds adopted by the Town Council on March 14, 2018 in an amount not to exceed \$4,000,000.

Plan of Refunding*

The Series B Bonds are being issued to refund all or any portion of the aggregate principal amount outstanding of certain Town of Orange General Obligation Bonds. See “Plan of Refunding” herein.

<i>Issue</i>	<i>Dated Date</i>	<i>Maturity Date</i>	<i>Interest Rate</i>	<i>Par Amount*</i>	<i>Redemption Date</i>	<i>Redemption Price</i>
2010 REF	6/1/2010	08/15/2019	4.000%	\$ 390,000	08/30/2018	100.00%
		08/15/2020	4.000%	390,000	08/30/2018	100.00%
		08/15/2021	4.000%	440,000	08/30/2018	100.00%
		08/15/2022	4.000%	440,000	08/30/2018	100.00%
		08/15/2023	4.000%	510,000	08/30/2018	100.00%
		08/15/2024	3.500%	510,000	08/30/2018	100.00%
		08/15/2025	4.000%	505,000	08/30/2018	100.00%
Total				\$ 3,185,000		

**Preliminary, subject to change.*

Upon delivery of the Series B Bonds, a portion of the Series B Bond proceeds will be deposited in an irrevocable escrow fund (the “Escrow Deposit Fund”) established with U.S. Bank National Association, as escrow agent (the “Escrow Agent”) under an Escrow Agreement (the “Escrow Agreement”) dated as of the Date of Delivery between the Escrow Agent and the Town. The Escrow Agent will use such proceeds to purchase a portfolio of non-callable direct obligations of, or obligations guaranteed by the government of the United States of America, including, United States Treasury securities, United States Treasury State and Local Government Series securities (“SLGS”), Federal National Mortgage Association (“FNMA”) and Federal Home Loan Mortgage Corporation (“FHLMC”) securities and any other securities permitted by Section 7-400 of the Connecticut General Statutes, all of which shall not be callable or prepayable at the option of the issuer thereof (the “Escrow Securities”) and needed to pay the principal, interest payments, and redemption prices of the Refunded Bonds. All investment income on and the maturing principal of the Escrow Securities held in the Escrow Deposit Fund will be irrevocably deposited by the Town for payment of the Refunded Bonds. The balance of the proceeds of the Series B Bonds will be used to pay costs of issuance and Underwriter’s discount.

Verification of Mathematical Computations

The accuracy of the mathematical computations regarding the adequacy of maturing principal of and interest earned on the Government Obligations deposited with the Escrow Agent to pay, when due, the principal of, accrued interest and redemption premium on the Refunded Bonds on the redemption dates and net present value savings, will be verified by AMTEC of Avon, Connecticut (the “Verification Agent”). Such verification of the accuracy of the mathematical computations will be based upon information and assumptions supplied to the Verification Agent by the Municipal Advisor. AMTEC will express no opinion on the assumptions provided to them. Bond Counsel in rendering its opinion described herein will rely on the verification report.

Sources and Uses of Bond Proceeds – Series B

Sources:

Par Amount of the Bonds.....	\$	-
Net Original Issue Premium.....		-
Total Sources	\$	-

Uses:

Deposit to Escrow Deposit Fund	\$	-
Costs of Issuance		-
Underwriter’s Discount		-
Additional Proceeds		-
Total Uses	\$	-

Book-Entry-Only Transfer System

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered Bonds registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds in the aggregate principal amount of such maturity and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry-only transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has S&P Global Ratings highest rating: AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Security (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Town as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Town or its Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with Bonds held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or the Town, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Town or its Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Town or its Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The Town may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Town believes to be reliable, but the Town takes no responsibility for the accuracy thereof.

DTC Practices

The Town can make no assurances that DTC, Direct Participants, Indirect Participants or other nominees of the Beneficial Owners of the Bonds will act in a manner described in this Official Statement. DTC is required to act according to rules and procedures established by DTC and its participants which are on file with the Securities and Exchange Commission.

Replacement Bonds

In the event that: (a) DTC determines not to continue to act as securities depository for the Bonds, and the Town fails to identify another qualified securities depository for the Bond to replace DTC; or (b) the Town determines to discontinue the book-entry system of evidence and transfer of ownership of the Bonds, the Town will issue fully registered

Bond certificates directly to the Beneficial Owner. A Beneficial Owner of the Bonds, upon registration of certificates held in such Beneficial Owner's name, will become the registered owner of the Bonds.

Security and Remedies

The Bonds will be general obligations of the Town and the Town will pledge its full faith and credit to pay the principal of and interest on the Bonds when due. Unless paid from other sources, the Bonds are payable from general property tax revenues. The Town has the power under Connecticut statutes to levy ad valorem taxes on all taxable property in the Town without limit as to rate or amount, except as to certain classified property such as certified forest land taxable at a limited rate and dwelling houses of qualified elderly persons of low income or qualified disabled persons taxable at limited amounts. Payment of the Bonds is not limited to property tax revenues or any other revenue source, but certain revenues of the Town may be restricted as to use and therefore may not be available to pay debt service on the Bonds.

There are no statutory provisions for priorities in the payment of general obligations of the Town. There are no statutory provisions for a lien on any portion of the tax levy or other revenues to secure the Bonds or judgments thereon, in priority to other claims.

The Town is subject to suit on its general obligation debt and a court of competent jurisdiction has power in appropriate proceedings to render a judgment against the Town. Courts of competent jurisdiction also have power in appropriate proceedings to order a payment of a judgment on such debt from funds lawfully available therefor or, in the absence thereof, to order the Town to take all lawful action to obtain the same, including the raising of the required amount in the next annual tax levy. In exercising their discretion as to whether to enter such an order, the courts could take into account all relevant factors including the current operating needs of the Town and the availability and adequacy of other remedies.

Enforcement of a claim for payment of principal of or interest on such debt would also be subject to the applicable provisions of federal bankruptcy laws as well as other bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and to the exercise of judicial discretion. Under the Federal Bankruptcy Code, the Town may seek relief only, among other requirements, if it is specifically authorized, in its capacity as a municipality or by name, to be a debtor under Chapter 9 Title 11 of the Code, or by state law or a governmental officer or organization empowered by state law to authorize such entity to become a debtor under such Chapter. Section 7-566 of the Connecticut General Statutes provides that no Connecticut municipality shall file a petition in bankruptcy without the express prior written consent of the Governor. This prohibition applies to any town, city, borough, metropolitan district and any other political subdivision of the State having the power to levy taxes and issue bonds or other obligations.

THE TOWN OF ORANGE, CONNECTICUT HAS NEVER DEFAULTED IN THE PAYMENT OF PRINCIPAL OR INTEREST ON ITS BONDS.

Qualification for Financial Institutions

The Bonds shall be designated by the Town as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for interest expense allocable to the Bonds.

Availability of Continuing Disclosure

The Town of Orange prepares, in accordance with State law, annual independent audited financial statements and files such annual report with the State Office of Policy and Management, within six months of the end of its fiscal year and provides, to S&P Global Ratings, ongoing disclosure related to its management and financial condition as necessary or requested.

The Town will enter into Continuing Disclosure Agreements with respect to the Bonds, substantially in the form attached as Appendix C to this Official Statement, to provide, or cause to be provided, in accordance with the requirements of Rule 15c2-12(b)(5) (i) annual financial information and operating data (ii) timely notice of the occurrence of certain events within ten (10) business days after the occurrence of such events, and (iii) timely notice of a failure by the Town to provide the required annual financial and operating data on or before the date specified in the Continuing Disclosure Agreements with respect to the Bonds.

The Town has previously undertaken in continuing disclosure agreements entered into for the benefit of holders of certain of its general obligation bonds to provide certain annual financial information and event notices pursuant to Rule 15c2-12(b)(5). To its knowledge, within the last five years from the date hereof, the Town has not failed to comply in any

material respect with its undertakings under such agreements, except that the Town failed to provide certain annual financial information for the fiscal years ending June 30, 2012 and June 30, 2013 by the date required in its continuing disclosure agreements for such filings to the Municipal Securities Rulemaking Board's Electronic Municipal Market Access system ("EMMA"). On June 26, 2017, the Town filed with EMMA such annual financial information and on June 26, 2017 the Town filed a notice of failure to provide annual financial information with respect thereto. The Town has incorporated procedures to ensure the timely filing of future financial information with respect to its continuing disclosure undertakings.

School Projects

Pursuant to Section 10-287i of the Connecticut General Statutes, the State of Connecticut will provide proportional progress payments for eligible school construction expenses on projects approved after July 1, 1996 (the "Current Program"). Under the Current Program, the State grant will be paid directly to the municipality after it submits its request for progress payments, and accordingly, the municipality will issue its bonds only for its share of project costs.

Debt service reimbursement will continue under the prior reimbursement program (the "Prior Program") for all projects approved prior to July 1, 1996. Under the Prior Program, a municipality issues bonds for the entire amount of the school construction project and the State of Connecticut reimburses the Town for principal and interest costs for eligible school construction projects over the life of outstanding school bonds and subsequent bond issues necessary to completely fund the approved school project.

Ratings

Applications have been made to S&P Global Ratings ("S&P") for a rating on the Bonds. The Town's current outstanding credit rating from S&P is "AAA". The Town furnished certain information and materials to the rating agency, some of which may not have been included in this Official Statement. Such ratings reflect only the views of such organization and any explanation of the significance of such ratings should be obtained from the rating agency. No application was made to any other rating agency for the purpose of obtaining ratings on outstanding securities of the Town.

Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that such rating will continue for any given period of time or that the rating will not be revised or withdrawn entirely by the agency if, in the judgment of such rating agency, circumstances so warrant. A revision or withdrawal of such ratings may have an effect on the market price of the Town's bonds, including the Bonds.

The Town expects to furnish the Rating Agency with information and materials requested. However, the Town may issue short-term or other debt for which a rating is not required. The Town's Municipal Advisor recommends that all bonded debt be submitted for a credit rating.

Bond Insurance

The Town does not expect to purchase a credit enhancement facility for the Bonds.

Tax Matters

The Internal Revenue Code of 1986, as amended (the "Code"), imposes certain requirements which must be met at and subsequent to delivery of the Bonds in order that interest on the Bonds be and remains excluded from gross income for federal income tax purposes. Noncompliance with such requirements could cause interest on the Bonds to be included in gross income retroactive to the date of issuance of the Bonds. The Tax Regulatory Agreement, which will be executed and delivered by the Town concurrently with the Bonds, contains representations, covenants and procedures relating to the use, expenditure and investment of proceeds of the Bonds in order to comply with such requirements of the Code. Pursuant to the Tax Regulatory Agreement, the Town also covenants and agrees that it shall perform all things necessary or appropriate under any valid provision of law to ensure interest on the Bonds shall be excluded from gross income for federal income tax purposes under the Code.

In the opinion of Bond Counsel, based on existing statutes and court decisions and assuming continuing compliance by the Town with its covenants and the procedures contained in the Tax Regulatory Agreement, interest on the Bonds is excluded from gross income for federal income tax purposes and is not treated as an item of tax preference for purposes of computing the federal alternative minimum tax. Interest on the Bonds is, however, includable in adjusted current earnings

for purposes of computing the federal alternative minimum tax imposed on certain corporations for tax years beginning before January 1, 2018.

Ownership of the Bonds may also result in certain collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, certain foreign corporations doing business in the United States, certain S corporations with excess passive income, individual recipients of Social Security and Railroad Retirement benefits, taxpayers utilizing the earned income credit and taxpayers who have or are deemed to have incurred indebtedness to purchase or carry tax exempt obligations, such as the Bonds. Prospective purchasers of the Bonds, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of ownership and disposition of, or receipt of interest on, the Bonds.

In the opinion of Bond Counsel, based on existing statutes, interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax.

Legislation affecting the exclusion from gross income of interest on State or local bonds, such as the Bonds, is regularly under consideration by the United States Congress. There can be no assurance that legislation enacted or proposed after the date of issuance of the Bonds will not reduce or eliminate the benefit of the exclusion from gross income of interest on the Bonds or adversely affect the market price of the Bonds.

The opinions of Bond Counsel are rendered as of their date and are based on existing law, which is subject to change. Bond Counsel assumes no obligation to update or supplement its opinions to reflect any facts or circumstances that may come to their attention, or to reflect any changes in law that may thereafter occur or become effective.

Prospective purchasers of the Bonds are advised to consult their own tax advisors regarding other State and local tax consequences of ownership and disposition of and receipt of interest on the Bonds.

Original Issue Discount

The initial public offering price of certain maturities of the Bonds may be less than the principal amount payable on such Bonds at maturity. The excess of the principal amount payable at maturity over the initial public offering price at which a substantial amount of these Bonds are sold constitutes original issue discount. The prices set forth on the inside cover page of the Official Statement may or may not reflect the prices at which a substantial amount of the Bonds were ultimately sold to the public.

Under Section 1288 of the Code, the amount of original issue discount treated as having accrued with respect to any Bond during each day it is owned by a taxpayer is added to the owner's adjusted basis for purposes of determining gain or loss upon the sale or other disposition of such Bonds by such owner. Accrued original issue discount on the Bonds is excluded from gross income for federal income tax purposes. Original issue discount on any bond is treated as accruing on the basis of economic accrual for such purposes, computed by a constant semiannual compounding method using the yield to maturity on such bond. The original issue discount attributable to any bond for any particular semiannual period is equal to the excess of the product of (i) one-half of the yield to maturity of such bond, and (ii) the amount which would be the adjusted basis of the bond at the beginning of such semiannual period if held by the original owner and purchased by such owner at the initial public offering price, over the interest paid during such period. The amount so treated as accruing during each semiannual period is apportioned in equal amounts among the days in that period to determine the amount of original issue discount accruing for such purposes during each such day. Prospective purchasers of the Bonds should consult their own tax advisors with respect to the federal, state and local income tax consequences of the disposition of and receipt of interest on the Bonds.

Original Issue Premium

The initial public offering price of certain maturities of the Bonds may be greater than the principal amount payable on such Bonds at maturity. The excess of the initial public offering price at which a substantial amount of these Bonds are sold over the principal amount payable at maturity or on earlier call date constitutes original issue premium. The prices set forth on the inside cover page of the Official Statement may or may not reflect the prices at which a substantial amount of the Bonds were ultimately sold to the public.

Under Sections 1016 and 171 of the Code, the amount of original issue premium treated as amortizing with respect to any Bond during each day it is owned by a taxpayer is subtracted from the owner's adjusted basis for purposes of

determining gain or loss upon the sale or other disposition of such Bonds by such owner. Amortized original issue premium on the Bonds is not treated as a deduction from gross income for federal income tax purposes. Original issue premium on any bond is treated as amortizing on the basis of the taxpayer's yield to maturity using the taxpayer's cost basis and a constant semiannual compounding method. Prospective purchasers of the Bonds should consult their own tax advisors with respect to the federal, state and local income tax consequences of the disposition of and receipt of interest on the Bonds.

(Remainder of page intentionally left blank)

II. The Issuer



Connecticut

Description of the Town

The Town, first settled in 1639, as part of Milford and New Haven, encompasses approximately 17.6 square miles within New Haven County. On May 28, 1822, the Town was granted a Charter of Incorporation by the Connecticut General Assembly. The Town was originally formed out of North Milford and what is now West Haven, but in 1921, West Haven was incorporated as a separate town. Today, Orange is completely independent and is bounded on the east by West Haven; on the north by Derby, Woodbridge, and New Haven; on the south by Milford; and on the west by the Housatonic River. The Town is primarily a suburban residential community with single-family homes. Most residents are in the executive, professional, technical, and managerial categories.

Interstate Highway 95, Route 1 (the Boston Post Road), and Route 15 (the Wilbur Cross and Merritt Parkways) traverse the Town. State Routes 34, 114, 121, 152 and 162 also pass through the Town. Bus, air and railroad transportation are available in New Haven and Bridgeport.

Financial institutions in the Town include Chase Bank, Citizens Bank of Connecticut, Connex Credit Union, Bank of America, Key Bank, People's United Bank, Patriot, TD Bank, Webster Bank and Wells Fargo.

During recent years, substantial development has occurred in the Town along the Boston Post Road and in its industrial areas. Many businesses large and small have opened in Town. Grand openings included Aurora Foods, Tractor Supply, ShopRite, The Edge, Stoney Creek Urgent Care, and Goodies to name a few. Yale University continues to expand the employees working on what is known as the West Campus (formerly Bayer Pharmaceutical site) having moved The School of Nursing into the building in Orange. In addition the University of New Haven has purchased and renovated the former Harvey Hubbell site for additional campus space in the Town. The United Illuminating Company (now known as Avangrid) has completed and occupied both their new operations center and their corporate headquarters. Avangrid has been

a significant enhancement to the real estate segment of the Town's Grand List, and the operations site serves as the garage for the extensive motor vehicle fleet.

The Town provides full-time police protection. Fire protection is furnished by a volunteer fire department that is supported by Town and fire company funds. Ambulance service is supplied by the American Medical Response with a station in Town. For most residences, sewage is collected in individual septic systems, while the commercial district is serviced by the sewer lines along Boston Post Road and in the industrial area. Water is provided by individual wells and the South Central Regional Water Authority.

Solid Waste: Orange is one of twelve other municipalities that have entered into a Municipal Service Agreement with the Materials Innovation and Recycling Authority (MIRA), formerly Connecticut Resources Recovery Authority for the disposal of solid waste through the Greater Bridgeport Resource Recovery System ("System"). Each municipality which has signed such an agreement has agreed to deliver or cause to be delivered, to the System all acceptable waste generated within its boundaries. The facility is located in the City of Bridgeport, Connecticut and is operated by Wheelabrator, a division of Waste Management. The facility began commercial operation in July 1988 and is designed to process up to 2,250 tons of solid waste per day. Orange averages in excess of 5,000 tons per year.

Each participating municipality has agreed to pay municipal disposal fees (TIP fees) to MIRA for the acceptance and processing and/or disposing of acceptable waste. Municipal disposal fees consists of costs involved in disposing of waste at the facility, all other costs reasonably incurred by MIRA in performing its obligations under its agreements, including the costs of certain borrowings, incurred by MIRA, plus the administrative fees payable to MIRA. The municipal disposal fees are payable on a monthly basis.

The contractual arrangement for solid waste expired on June 30, 2017, but the Town exercised a 5-year term renewable option. Under the terms of the agreement, the Town continues to deliver all solid waste generated within Town to the Bridgeport facility similar to the prior agreement. The municipal disposal fee under the agreement for FY 2017 was \$83.54 per ton delivered with an annual minimum commitment of 5,500 tons. The fee for FY 2018 is \$90 per ton.

Form of Government

The legislative power of the Town is vested in the Board of Selectmen, which consists of the First Selectman and five Selectmen. The First Selectman is the Chief Executive Officer. Other elected officials include the Town Clerk, the Tax Collector, and the Registrars of Voters. The Town Counsel, the Town Treasurer, Director of Finance, Director of Technology and the Assessor are appointed by the First Selectman, subject only to disapproval by the Board of Selectmen. Various boards and commissions are elected, including: the Town Plan and Zoning Commission, the Board of Education, and the Board of Finance. The Town also elects members to the Board of Education for the Amity Regional School District Number 5. The Town's annual budget is subject to voter approval at a Referendum.

(Remainder of page intentionally left blank)

Municipal Officials

	<i>Term Expires</i>
<i>Board of Selectmen</i>	<i>November</i>
James M. Zeoli, First Selectman.....	2019
Mitchell R. Goldblatt.....	2019
Paul Davis.....	2019
Ralph G. Okenquist.....	2019
John Carangelo.....	2019
Judy W. Williams.....	2019
<i>Board of Finance</i>	
Kevin Houlihan, CPA – Chairman.....	2019
James Leahy, Vice Chairman.....	2019
Kevin T. Moffett.....	2019
Joseph Nuzzo.....	2021
Patricia Romano.....	2021
PJ Shanley.....	2021
<i>Other Officials</i>	
John M. Cifarelli, <i>Director of Finance</i>	
Audrey Geer, <i>Assistant Director of Finance</i>	
Arthur B. Williams, III, <i>Town Treasurer</i>	

Municipal Employees

	<i>2017-18</i>	<i>2016-17</i>	<i>2015-16</i>	<i>2014-15</i>	<i>2013-14</i>
General Government	158	155	154	157	167
Board of Education	236	204	204	199	191
<i>Total</i>	394	359	358	356	358

Source: Town officials.

(Remainder of page intentionally left blank)

Municipal Employees Bargaining Organizations

<i>Employee Group</i>	<i>Bargaining Organization</i>	<i>Number of Employees</i>	<i>Contract Expiration Date</i>
<u>General Government</u>			
Police	CIPU, Local 18	28	6/30/2019
Assistants, Secretaries, Custodians and Clerks	UPSEU, Local 424	34	6/30/2019
Highway	AFL-CIO, Local 1303, Council #4	13	6/30/2020
School Nurses	AFL-CIO, Local 1303-316	2	6/30/2020
Dispatchers	Communication Works, AFL-CIO	4	6/30/2019
Supervisors	NAGE Local R1-141	13	6/30/2019
Non-Bargaining	Town non-bargaining employees	64	N/A
Total		158	
<u>Board of Education</u>			
Administrator	Business Administrator	1	N/A
Teachers	Orange Teachers' League	118	6/30/2019
Administrators	Orange Elementary School Administrators Association	5	6/30/2021
Custodial/Maintenance	AFSCME Council #4, Local 1303-22	10	6/30/2018 ²
Secretaries/Aides	CSEA, Local 760	40	6/30/2021
Central Office Staff	AFSCME, Local 1303-346	5	6/30/2021
Non-Bargaining	Board of Education non-bargaining employees ¹	57	N/A
Total		236	
Total Town Employees.....		394	

¹ Includes Superintendent and Director of Facilities.

² In negotiations.

Source: Finance Director and Superintendent of Schools, Town of Orange.

Connecticut General Statutes sections 7-473c, 7-474, and 10-153a to 10-153n provide a procedure for binding arbitration of collective bargaining agreements between municipal employers and organizations representing municipal employees, including certificated teachers and certain other employees. The legislative body of an affected municipality may reject the arbitration panel's decision by a two-thirds majority vote. The State and the employee organization must be advised in writing of the reasons for rejection. The State will then appoint a new panel of either one or three arbitrators to review the decisions on each of the rejected issues. The panel must accept the last best offer of either party. In reaching its determination, the arbitration panel shall give priority to the public interest and the financial capability of the municipal employer, including consideration of other demands on the financial capability of the municipal employer. For binding arbitration of teachers' contracts, in assessing the financial capability of a municipality, there is an irrefutable presumption that a budget reserve of 5% or less is not available for payment of the cost of any item subject to arbitration. In the light of the employer's financial capability, the panel shall consider prior negotiations between the parties, the interests and welfare of the employee group, changes in the cost of living, existing employment conditions, and the wages, salaries, fringe benefits, and other conditions of employment prevailing in the labor market, including developments in private sector wages and benefits.

Educational System

The Town's elementary school system consists of four schools for pupils in grades K through 6. The schools are governed by a ten-member Board of Education. All schools were completely renovated during 1987-1989 as part of the Town's capital improvement program. Additional renovations costing \$4,447,000 occurred in 2005 through 2007 including the complete roof replacement at the Mary L. Tracy School, a partial roof replacement at the Turkey Hill School and the addition of a 4 modular classroom additions at each building for both Peck Place and Race Brook Schools for a total of 8 modular classrooms. The school roofs, HVAC and Boilers at Peck Place, Turkey Hill, and Race Brook Schools were replaced in 2014. Enhanced security systems for all four schools were completed in 2014. The parking lot and school bus drop-off driveway were redesigned and repaved at Peck Place School in 2015. Currently, plans are underway for a \$1.0 million ADA renovation at Turkey Hill School. This project has been submitted to the state for approval and the project is expected to be completed by September 2018.

Pupils in grades 7 through 12 are served by the Amity Regional School District Number 5 (the "District"), consisting of Woodbridge, Bethany and Orange. The District is governed by a thirteen-member Board of Education with Orange represented by seven members.

School Enrollment

The following table presents school enrollment history for the Town's four elementary schools:

<i>As of October 1</i>	<i>Elementary Schools</i>
	<i>Historical</i>
2008	1,313
2009	1,294
2010	1,286
2011	1,246
2012	1,243
2013	1,198
2014	1,153
2015	1,141
2016	1,137
2017	1,142
	<i>Projected ¹</i>
2018	1,110
2019	1,150
2020	1,150

¹ These are projections, they are intended as such, and not as representations of fact. No representation is made that such statements will be realized.

Source: Superintendent of Schools, Town of Orange.

School Facilities

<i>Facility</i>	<i>Grades</i>	<i>Date of Construction</i>	<i>Most Recent Additions & Renovations</i>	<i>Number of Classrooms</i>	<i>Enrollment 10/1/2017</i>	<i>Rated Capacity</i>
Mary L. Tracy.....	Kindergarten	1910	2014	12	145	180
Race Brook School.....	1-6	1959	2014	36	364	540
Turkey Hill School.....	1-6	1964	2014	27	294	405
The Peck Place School.....	1-6	1968	2014	32	340	480
Total				107	1,143	1,605

Source: Superintendent of Schools, Town of Orange.

III. Economic and Demographic Data

Population Trends

Actual

Year	Population	% Increase	Density ¹
2016 ²	13,941	-0.1%	810.5
2010	13,956	5.5%	811.4
2000	13,233	3.1%	769.4
1990	12,830	-3.1%	745.9
1980	13,237	-2.1%	769.6
1970	13,524	-	786.3

¹ Per square mile: 22.4 square miles.

² American Community Survey 2012-2016.

Source: U.S. Department of Commerce, Bureau of Census.

Age Distribution of Population

Age	Town of Orange		State of Connecticut	
	Number	Percent	Number	Percent
Under 5 years	726	5.2%	188,812	5.3%
5 to 9 years	700	5.0	210,557	5.9
10 to 14 years	935	6.7	228,543	6.4
15 to 19 years	968	6.9	252,522	7.0
20 to 24 years	677	4.9	242,007	6.7
25 to 34 years	1,231	8.8	438,471	12.2
35 to 44 years	1,642	11.8	439,606	12.3
45 to 54 years	2,170	15.6	545,977	15.2
55 to 59 years	1,177	8.4	263,778	7.4
60 to 64 years	1,057	7.6	223,274	6.2
65 to 74 years	1,234	8.9	303,959	8.5
75 to 84 years	887	6.4	163,137	4.5
85 years and over	537	3.9	87,927	2.5
Total.....	13,941	100%	3,588,570	100%

Median Age (Years) 2016..... 45.4 40.6

Source: American Community Survey 2012-2016.

Income Distribution

Income	Town of Orange		State of Connecticut	
	Families	Percent	Families	Percent
\$ 0 - \$ 9,999.....	62	1.6%	29,623	3.3%
10,000 - 14,999.....	34	0.9	17,060	1.9
15,000 - 24,999.....	52	1.4	44,354	5.0
25,000 - 34,999.....	160	4.2	54,456	6.1
35,000 - 49,999.....	143	3.8	81,300	9.1
50,000 - 74,999.....	463	12.2	137,336	15.4
75,000 - 99,999.....	366	9.6	124,033	13.9
100,000 - 149,999.....	954	25.1	186,214	20.8
150,000 - 199,999.....	728	19.1	96,075	10.7
200,000 and over.....	842	22.1	123,962	13.9
Total.....	3,804	100.0%	894,413	100.0%

Source: American Community Survey 2012-2016.

Income Levels

	Town of Orange	State of Connecticut
Per Capita Income, 2016.....	\$ 50,659	\$ 39,906
Per Capita Income, 2010.....	\$ 44,983	\$ 36,775
Median Family Income, 2016.....	\$ 127,625	\$ 91,274
Percent Below Poverty (Families), 2016	2.50%	7.30%

Source: American Community Survey 2012-2016.

Educational Attainment

	Town of Orange		State of Connecticut	
	Number	Percent	Number	Percent
Less than 9th grade.....	157	1.6%	103,279	4.2%
9th to 12th grade.....	279	2.8	139,653	5.7
High School graduate.....	1,900	19.1	673,220	27.3
Some college, no degree.....	1,289	13.0	427,232	17.3
Associate's degree	590	5.9	184,426	7.5
Bachelor's degree.....	2,777	28.0	524,370	21.3
Graduate or professional degree.....	2,943	29.6	413,949	16.8
Total.....	9,935	100.0%	2,466,129	100.0%
Total high school graduate or higher (%)..		95.6%		90.1%
Total bachelor's degree or higher (%).....		57.6%		38.0%

Source: American Community Survey 2012-2016.

Employment by Industry

	Town of Orange		State of Connecticut	
Sector	Number	Percent	Number	Percent
Agriculture, forestry, fishing and hunting, and mining.....	8	0.1%	7,209	0.4%
Construction.....	437	6.1	101,497	5.7
Manufacturing.....	630	8.8	190,713	10.6
Wholesale trade.....	186	2.6	45,110	2.5
Retail trade.....	632	8.8	193,853	10.8
Transportation warehousing, and utilities....	190	2.6	66,516	3.7
Information.....	261	3.6	42,374	2.4
Finance, insurance, real estate, and leasing..	606	8.4	163,765	9.1
Professional, scientific, management, administrative, and waste management.....	841	11.7	206,042	11.5
Education, health and social services.....	2,341	32.6	474,976	26.5
Arts, entertainment, recreation, accommodation and food services.....	457	6.4	153,754	8.6
Other services (except public admin.).....	335	4.7	81,588	4.5
Public Administration.....	260	3.6	66,291	3.7
Total Labor Force, Employed.....	7,184	100%	1,793,688	100.0%

Source: American Community Survey 2012-2016.

Major Employers

Employer	Nature of Business	Number of Full-Time Employees
Yale University.....	Higher Education	1,100
United Illuminating.....	Utility	1,036
Town of Orange.....	Government/education	448
Southern Connecticut Gas.....	Utility	282
Light Sources.....	Manufacturer	239
Target.....	Retail	200
Christmas Tree Shop.....	Department store	200
Dichello Distributors.....	Distributors	195
Aurora Products.....	Food Manufacturer	194
Colony Hardware.....	Distributors	175
Pez Candy.....	Food Manufacturer	129

Source: Economic Development Coordinator, Town of Orange.

Labor Force Data

Period	Percentage Unemployed		
	Town of Orange	New Haven Labor Market	State of Connecticut
May 2018.....	3.6	4.2	4.3
Annual Average			
2017.....	3.4	4.7	4.7
2016.....	4.0	5.3	5.3
2015.....	4.1	5.7	5.6
2014.....	5.0	6.9	6.7
2013.....	6.1	8.2	7.9
2012.....	6.2	8.7	8.3
2011.....	6.6	9.3	8.8
2010.....	6.5	9.3	9.1
2009.....	6.1	8.3	8.3
2008.....	4.2	5.8	5.6

Source: State of Connecticut, Department of Labor.

Building Permits

Fiscal Year	Residential ¹		Industrial/Commercial		Total	
	No.	Value	No.	Value	No.	Value
2018 ²	564	\$ 8,245,123	82	\$ 4,116,168	646	\$ 12,361,291
2017	1,089	18,873,987	265	13,519,018	1,354	32,393,005
2016	1,007	19,102,334	234	14,665,034	1,241	33,767,368
2015	1,062	14,468,314	241	7,253,749	1,303	21,722,063
2014	908	9,903,321	303	29,709,963	1,211	39,613,284
2013	99	3,313,072	248	7,705,044	347	11,018,116
2012	283	6,763,295	90	2,388,365	373	9,151,660
2011	169	6,702,712	61	2,209,616	230	8,912,328
2010	497	1,610,364	332	1,073,576	829	2,683,940
2009	540	1,660,890	360	1,107,260	900	2,768,150

¹ Includes single, multi-family condominiums, apartments.

² As of 12/31/17.

Source: Building Official, Town of Orange.

IV. Debt Section

Principal Amount of Bonded Indebtedness As of July 30, 2018 (Pro-Forma)

Date of Issue	Final Maturity	Rate	Purpose	Original Issue Amount	Balance Outstanding
06/01/10	08/15/18	3.00-5.00	General Purpose Refunding	\$ 6,871,000	\$ 205,000
06/01/10	08/15/18	3.00-5.00	Schools Refunding	3,524,000	185,000
10/01/11	10/01/31	2.00-4.00	General Purpose	7,200,000	5,040,000
03/13/12	12/15/27	2.00-4.00	General Purpose Refunding	3,655,000	2,630,000
07/22/13	07/15/33	3.00-4.125	General Purpose	2,900,000	2,175,000
07/22/13	07/15/33	3.00-4.125	Schools	2,100,000	1,575,000
07/21/14	07/15/34	2.00-4.00	General Purpose	4,489,000	3,589,000
07/21/14	07/15/34	2.00-4.00	Schools	4,236,000	3,396,000
07/17/17	07/15/37	2.00-5.00	General Purpose	3,996,000	3,800,000
07/17/17	07/15/37	2.00-5.00	Schools	404,000	380,000
Total Outstanding Long Term Bonded Debt				\$ 39,375,000	\$ 22,975,000
<u>This Issue</u>					
07/30/18	07/15/38	<i>tbd</i>	General Purpose	\$ 3,907,000	\$ 3,907,000
07/30/18	07/15/38	<i>tbd</i>	Schools	593,000	593,000
07/30/18	08/15/25	<i>tbd</i>	General Purpose Refunding*	1,639,000	1,639,000
07/30/18	08/15/25	<i>tbd</i>	Schools Refunding*	1,481,000	1,481,000
Total This Issue				7,620,000	7,620,000
Grand-Total				\$ 46,995,000	\$ 30,595,000

**Preliminary, subject to change.*

Short-Term Debt

The Town does not have any outstanding short-term debt as of July 30, 2018.

(Remainder of page intentionally left blank)

Annual Bonded Debt Maturity Schedule ¹
As of July 30, 2018
(Pro-Forma)

Fiscal Year Ended 6/30	Principal Payments ^{1,2}	Interest Payments ^{1,2}	Total Payments	This Issue		Total Principal	Cumulative Principal Retired (%)
				Series A Bonds	Series B Bonds*		
2019	\$ 1,042,000	\$ 465,778	\$ 1,507,778	\$ -	\$ -	\$ 1,042,000	3.40%
2020	1,553,000	672,015	2,225,015	225,000	390,000	2,168,000	10.47
2021	1,545,000	615,315	2,160,315	225,000	385,000	2,155,000	17.50
2022	1,540,000	560,565	2,100,565	225,000	430,000	2,195,000	24.65
2023	1,535,000	511,356	2,046,356	225,000	425,000	2,185,000	31.78
2024	1,530,000	466,407	1,996,407	225,000	495,000	2,250,000	39.12
2025	1,530,000	420,887	1,950,887	225,000	500,000	2,255,000	46.47
2026	1,525,000	374,495	1,899,495	225,000	495,000	2,245,000	53.79
2027	1,520,000	329,100	1,849,100	225,000	-	1,745,000	59.48
2028	1,515,000	286,043	1,801,043	225,000	-	1,740,000	65.16
2029	1,265,000	245,155	1,510,155	225,000	-	1,490,000	70.01
2030	1,265,000	206,313	1,471,313	225,000	-	1,490,000	74.87
2031	1,270,000	166,073	1,436,073	225,000	-	1,495,000	79.75
2032	1,270,000	124,113	1,394,113	225,000	-	1,495,000	84.62
2033	910,000	87,363	997,363	225,000	-	1,135,000	88.33
2034	910,000	56,306	966,306	225,000	-	1,135,000	92.03
2035	660,000	30,250	690,250	225,000	-	885,000	94.91
2036	220,000	16,500	236,500	225,000	-	445,000	96.36
2037	220,000	9,900	229,900	225,000	-	445,000	97.82
2038	220,000	3,300	223,300	225,000	-	445,000	99.27
2039	-	-	-	225,000	-	225,000	100.00
Total.....	\$ 23,045,000	\$ 5,647,231	\$ 28,692,231	\$ 4,500,000	\$ 3,120,000	\$ 30,665,000	

¹ Includes an arbitrator's stipulated judgment dated April 21, 2003 between the Town of Orange and the City of West Haven (the "City"). The judgment, in the amount of \$2,079,348, represents a 17 year amortization of the prorated costs for improvements to the City's sanitary sewer and treatment system and is paid back without interest. The amount remaining is \$70,000.

² Excludes \$905,000 in principal payments and \$266,813 in interest payments from July 1, 2018 to July 30, 2018. Also excludes refunded bonds.

*Preliminary, subject to change.

(Remainder of page intentionally left blank)

Debt Statement ¹
As of July 30, 2018
(Pro-Forma)

Long-Term Debt:

General Purpose (Includes this issue*)	\$ 22,985,000
Schools (Includes this issue*)	7,610,000
Sewers ²	70,000
Total Long-Term Debt	30,665,000
Short-Term Debt	-
TOTAL DIRECT DEBT	30,665,000
Less: State School Construction Building Grants Principal Receivable	-
TOTAL NET DIRECT DEBT	30,665,000
Plus: Overlapping/Underlying Debt ³	16,053,760
TOTAL OVERALL NET DEBT	\$ 46,718,760

¹ Includes the Bonds.

² Represents an arbitrator's stipulated judgment dated April 21, 2003 between the Town of Orange and the City of West Haven (the "City"). The judgment, in the amount of \$2,079,348, represents a 17 year amortization of the prorated costs for improvements to the City's sanitary sewer and treatment system. The amount remaining is \$70,000.

³ The Town is responsible for 49.78%, percentage based on the share of the Regional School District Number No. 5's (the "District") costs allocated to the Town, or \$16,053,760 of the District's \$32,251,362 existing net debt as of June 30, 2017. (See "Overlapping and Underlying Indebtedness" herein).

Current Debt Ratios*
As of July 30, 2018
(Pro-Forma)

Population ¹	13,941
Net Taxable Grand List (10/1/17) (70% of Estimated Full Value)	\$ 2,078,900,000
Estimated Full Value	\$ 2,969,857,143
Equalized Net Taxable Grand List (10/1/15) ²	\$ 2,821,921,301
Income per Capita (2016) ¹	\$ 50,659

	Total Direct Debt \$30,665,000	Total Net Direct Debt \$30,665,000	Total Overall Net Debt \$46,718,760
Per Capita	\$2,199.63	\$2,199.63	\$3,351.18
Ratio to Net Taxable Grand List	1.48%	1.48%	2.25%
Ratio to Estimated Full Value	1.03%	1.03%	1.57%
Ratio to Equalized Net Taxable Grand List	1.09%	1.09%	1.66%
Debt per Capita to Income per Capita (2016)	4.34%	4.34%	6.62%

¹ Source: U.S. Census Bureau, American Community Survey, 2012-2016.

² Source: Office of Policy and Management, State of Connecticut

*Preliminary, subject to change.

Legal Requirements for Approval of Borrowing

The Town has the power to incur indebtedness by issuing its bonds as authorized by the Connecticut General Statutes subject to statutory debt limitations and the requirements of the Town Charter for the authorization of indebtedness. Pursuant to the Town Charter, no resolution authorizing the issuance of bonds or notes or other borrowings shall become effective until it has been adopted or approved at a Town meeting. Refunding bonds may be issued pursuant to a resolution of the Board of Selectmen.

Temporary Financing

When general obligation bonds have been authorized, bond anticipation notes maturing in not more than two years may be issued (CGS Sec. 7-378). Temporary notes may be renewed up to ten years from their original date of issue as long as all project grant payments are applied toward payment of temporary notes when they become due and payable and the legislative body schedules principal reductions starting at the end of the third and continuing in each subsequent year during which such temporary notes remain outstanding in an amount equal to a minimum of 1/20th (1/30th for school and sewer projects) of the estimated net project cost (CGS Sec. 7-378a). The term of the bond issue is reduced by the amount of time temporary financing exceeds two years, or, for school and sewer projects, by the amount of time temporary financing has been outstanding.

Temporary notes must be permanently funded no later than ten years from the initial borrowing date except for sewer notes issued in anticipation of State and/or Federal grants. If a written commitment exists, the municipality may renew the notes from time to time in terms not to exceed six months until such time that the final grant payments are received (CGS Sec. 7-378b).

Temporary notes may also be issued for up to fifteen years for certain capital projects associated with the operation of a waterworks system (CGS Sec. 7-244a) or a sewage system (CGS Sec. 7-264a). In the first year following the completion of the project(s), or in the sixth year (whichever is sooner), and in each year thereafter, the notes must be reduced by at least 1/15 of the total amount of the notes issued by funds derived from certain sources of payment. Temporary notes may be issued in one year maturities for up to fifteen years in anticipation of sewer assessments receivable, such notes to be reduced annually by the amount of assessments received during the preceding year (CGS Sec. 7-269a).

Limitation of Indebtedness

Municipalities shall not incur indebtedness through the issuance of bonds which will cause aggregate indebtedness by class to exceed the following:

General Purposes:	2.25 times annual receipts from taxation
School Purposes:	4.50 times annual receipts from taxation
Sewer Purposes:	3.75 times annual receipts from taxation
Urban Renewal Purposes:	3.25 times annual receipts from taxation
Unfunded Past Pension Purposes:	3.00 times annual receipts from taxation

“Annual receipts from taxation” (the “base”) are defined as total tax collections including interest and penalties, late payment of taxes and state payments for revenue losses under CGS Section 12-129d and 7-528. In no case shall total indebtedness exceed seven times the base.

The CGS also provide for exclusion from the debt limit calculation debt (i) issued in anticipation of taxes; (ii) issued for the supply of water, gas, electricity, electric demand response, conservation and load management, distributed generation and renewable energy projects; for the construction of subways for cables, wires and pipes; for the construction of underground conduits for cables, wires and pipes; for the construction and operation of a municipal community antenna television system and for two or more of such purposes; (iii) issued in anticipation of the receipt of proceeds from assessments levied upon property benefited by any public improvement; (iv) issued in anticipation of the receipt of proceeds from State or Federal grants evidenced by a written commitment or for which allocation has been approved by the State Bond Commission or from a contract with the state, state agencies or another municipality providing for the reimbursement of costs but only to the extent such indebtedness can be paid from such proceeds; (v) issued for certain water pollution control projects; and (vi) upon placement in an escrow of the proceeds of refunding bonds, notes or other obligations or other funds of the municipality in an amount sufficient to provide for the payment when due of principal of and interest on such bond, note or other evidence of indebtedness.

Statement of Debt Limitation
As of July 30, 2018
(Pro Forma)

Total Tax Collections (including interest and lien fees)

Received by the Treasurer for the year ended June 30, 2017..... \$ 61,693,090

Reimbursement For Revenue Loss:

Tax relief for elderly -

Base for Debt Limitation Computation..... \$ 61,693,090

	General Purpose	Schools	Sewers	Urban Renewal	Unfunded Pension
Debt Limitation:					
2 1/4 times base.....	\$ 138,809,453	-	-	-	-
4 1/2 times base.....	-	\$ 277,618,905	-	-	-
3 3/4 times base.....	-	-	\$ 231,349,088	-	-
3 1/4 times base.....	-	-	-	\$ 200,502,543	-
3 times base.....	-	-	-	-	\$ 185,079,270
Total Debt Limitation.....	\$ 138,809,453	\$ 277,618,905	\$ 231,349,088	\$ 200,502,543	\$ 185,079,270

Indebtedness:

Bonds Payable.....	\$ 17,439,000	\$ 5,536,000	\$ 70,000 ¹	\$ -	\$ -
Bonds – This Issue*.....	5,546,000	2,074,000	-	-	-
Debt Authorized But Unissued.....	1,140,000	-	-	-	-
Net Amity Regional School District Debt..... ²	-	16,053,760	-	-	-
Total Indebtedness.....	\$ 24,125,000	\$ 23,663,760	\$ 70,000	\$ -	\$ -

Less:

Estimated Grants and Assessments Receivable	-	-	-	-	-
Total Net Indebtedness.....	24,125,000	23,663,760	70,000	-	-

DEBT LIMITATION IN EXCESS

OF OUTSTANDING INDEBTEDNESS..... \$ 114,684,453 \$ 253,955,145 \$ 231,279,088 \$ 200,502,543 \$ 185,079,270

¹ Represents an arbitrator's stipulated judgment dated April 21, 2003 between the Town of Orange and the City of West Haven (the "City"). The judgment, in the amount of \$2,079,348, represents a 17 year amortization of the prorated costs for improvements to the City's sanitary sewer and treatment system. The amount remaining is \$70,000.

² The Town is responsible for 49.78%, percentage based on the share of the Regional School District Number No. 5's (the "District") costs allocated to the Town, or \$16,053,760 of the District's \$32,251,362 existing net debt as of June 30, 2017. (See "Overlapping and Underlying Indebtedness" herein).

Note: In no case shall total indebtedness exceed seven times annual receipts from taxation or \$431,851,630.

Source: Town officials.

Overlapping and Underlying Indebtedness

Apart from the Town, the only political subdivision with power to issue debt or cause taxes to be levied on taxable property in the Town is the Amity Regional School District Number No. 5 (the "District"). The gross indebtedness of this political subdivision, as of the date of this Official Statement, is as follows:

Overlapping Political Subdivision	Gross Outstanding Indebtedness	Grants Receivable	Net Indebtedness	Percentage Applicable To Town	Applicable to Town Net Indebtedness
Amity School District	\$ 32,245,000	\$ (6,362)	\$ 32,251,362	49.777%	\$ 16,053,760

Source: Audited Financial Statements, Regional School District No. 5 (Amity).

Town of Orange, CT - Finance Department.

Authorized but Unissued Debt

<i>Project</i>	<i>Amount Authorized</i>	<i>Amount Previously Financed</i>	<i>Estimated or Received Grants</i>	<i>This Issue: The Bonds</i>	<i>Authorized but Unissued</i>
Board of Education Facility Improvements.....	\$ 8,038,000	\$ 6,336,000	\$ 1,453,660	\$ -	\$ 248,340
Road Paving*	3,300,000	1,773,273	-	1,526,727	-
Derby Milford Road Bridge*	4,500,000	250,000	1,850,000	1,600,000	800,000
Contingency, Financing and Costs*	734,273	134,000	-	260,273	340,000
ADA Project Turkey Hill School*	250,000	-	-	250,000	-
Derby Milford Road*	2,830,000	-	2,760,000	70,000	-
Race Brook School Parking*	343,000	-	-	343,000	-
Pool Locker Rooms*	450,000	-	-	450,000	-
Totals.....	\$ 20,445,273	\$ 2,157,273	\$ 4,610,000	\$4,500,000	\$ 1,140,000

* A resolution making appropriations aggregating \$14,950,000 for various road, school, Town Facility and Police capital projects and authorizing \$14,846,621 was approved at referendum at an adjourned Town Meeting on April 18, 2017.

Principal Amount of Outstanding General Fund Debt Last Five Fiscal Years

<i>Fiscal Year Ending 6/30</i>	<i>2017</i>	<i>2016</i>	<i>2015</i>	<i>2014</i>	<i>2013</i>
Short-Term Debt	\$ -	\$ 810,000	\$ 1,702,000	\$ 7,927,000	\$ -
Long-Term Debt	24,360,000	26,005,000	28,045,000	21,470,000	18,405,000
Total	\$ 24,360,000	\$ 26,815,000	\$ 29,747,000	\$ 29,397,000	\$ 18,405,000

Note: Numbers above do not include the Town's share of Amity School District.

Ratios of Net Long-Term Debt to Valuation, Population, and Income

<i>Fiscal Year Ended 6/30</i>	<i>Net Assessed Value</i>	<i>Estimated Full Value</i>	<i>Net Long-Term Debt¹</i>	<i>Ratio of Net Long-Term Debt to Assessed Value</i>	<i>Ratio of Net Long-Term Debt to Estimated Full Value</i>	<i>Population²</i>	<i>Net Long-Term Debt per Capita</i>	<i>Ratio of Net Long-Term Debt per Capita to Per Capita Income³</i>
2017	\$ 1,941,613,000	\$ 2,773,732,857	\$ 44,536,782	2.29%	1.61%	13,941	\$ 3,194.66	6.31%
2016	1,922,639,000	2,746,627,143	45,534,969	2.37%	1.66%	13,941	3,266.26	6.45%
2015	1,915,681,000	2,736,687,143	49,835,359	2.60%	1.82%	13,941	3,574.73	7.06%
2014	1,895,946,000	2,708,494,286	45,972,932	2.42%	1.70%	13,941	3,297.68	6.51%
2013	1,785,095,000	2,550,135,714	40,409,048	2.26%	1.58%	13,941	2,898.58	5.72%
2012	1,753,472,000	2,504,960,000	42,868,565	2.44%	1.71%	13,941	3,075.00	6.07%

¹ Total debt less school building grants receivable. Includes Overlapping debt from Amity School District, and a WPCA Judgement.

² U.S. Census Bureau, American Community Survey, 2012-2016.

³ U.S. Census Bureau, American Community Survey, 2012-2016: Income Per Capita \$50,659.

**Ratios of Annual Long-Term General Fund Debt Service
To Total General Fund Expenditures**

<i>Fiscal Year</i>		<i>Total</i>	<i>Ratio of Debt</i>
<i>Ended</i>	<i>Total Debt</i>	<i>General Fund</i>	<i>Service To</i>
<i>6/30</i>	<i>Service</i>	<i>Expenditures</i> ^{1,2}	<i>General Fund</i>
			<i>Expenditures (%)</i>
2018 ³	\$ 2,636,115	\$ 68,067,648	3.87%
2017	2,482,565	69,203,880	3.59%
2016	2,971,710	67,606,570	4.40%
2015	2,835,791	63,611,467	4.46%
2014	2,473,769	65,037,810	3.80%
2013	2,448,415	60,756,347	4.03%
2012	2,181,092	58,478,795	3.73%
2011	2,172,711	56,938,073	3.82%
2010	2,195,433	55,753,354	3.94%
2009	2,257,466	56,044,564	4.03%

¹ Presented on a GAAP basis (includes transfers out).

² GAAP basis includes payments made by the State of Connecticut on behalf of Town of Orange teachers for the State Teachers' Retirement System.

³ Subject to audit (budgetary basis).

(Remainder of page intentionally left blank)

V. Financial Administration

Accounting Policies

The Town's accounting policies are summarized in Note 1 "Summary of Significant Accounting Policies" in the Notes to Financial Statements.

Basis of Accounting

See Note 1 "Measurement Focus, Basis of Accounting and Financial Statement Presentation" in the Notes to Financial Statements (Appendix A).

Audit

Pursuant to the provisions as delineated in the Municipal Auditing Act (Chapter 111 of the Connecticut General Statutes), the Town is obligated to undergo an annual examination by an independent certified public accountant. The firm of Seward and Monde, Independent Certified Public Accountants of North Haven, Connecticut, is the auditors, and is required to conduct an examination under the guidelines issued by the State of Connecticut, Office of Policy & Management, who receive a copy of said audit report when completed.

The most recent annual audit covers the fiscal year ended June 30, 2017, a portion of which is included in this document and made a part hereof as Appendix A. Included in Appendix A are Independent Auditor's Report, Management's Discussion and Analysis, the Town's Basic Financial Statements to the Financial Statements, together with the report of the independent auditor as prepared by Seward and Monde, Independent Certified Public Accountants. The information contained in "Appendix A" is not the whole audit report. A full report is available from the Director of Finance and Administration, Town of Orange, upon request.

Budgetary Procedures

In accordance with the General Statutes and the Town's Code, the Board of Finance makes preliminary budget determinations which are presented at a Public Hearing in April for discussion and comment by residents. The Board of Finance then makes any adjustments it considers appropriate and approves a final budget plan at the annual budget meeting not later than the 14th day of May, which budget is presented at the annual Town Meeting for consideration and approval by a majority vote of qualified electors at such meeting.

Employee Pension Systems

The Town of Orange has two defined pension plans, the Town of Orange Municipal Plan and the Town of Orange Police Plan, which cover all employees hired before January 1, 2000. Town and Police employees hired after that date are covered by a defined contribution plan. (401(a)) which carries no future funding liability for the Town. Teachers are covered by the State of Connecticut Teachers' Retirement Fund. It is the policy of the Town to have annual actuarial valuations prepared. The Town has budgeted the full Actuarially Determined Contribution for Fiscal Years 2017-18 and 2018-19. The latest actuarial valuation data refers to the plan year beginning January 1, 2017 and is listed below:

Schedule of Funding Progress

	<i>Actuarial Value of Plan Assets</i>	<i>Actuarial Accrued Liability</i>	<i>Unfunded Actuarial Liability</i>	<i>Actuarial Value of Assets as a Percentage of Actuarial Accrued Liability</i>	<i>Annual Covered Payroll</i>	<i>Unfunded Actuarial Accrued Liability as Percentage of Annual Covered Payroll</i>
<i>Labor Group</i> ¹	<i>(a)</i>	<i>(b)</i>	<i>(c)</i>	<i>(a) / (b)</i>	<i>(d)</i>	<i>(c) / (d)</i>
Town/BOE.....	\$ 7,908,413	\$ 10,639,688	\$ 2,731,275	74.3%	\$ 681,846	400.6%
Police.....	16,457,366	25,179,790	8,722,424	65.4%	933,435	934.4%
Total.....	\$ 24,365,779	\$ 35,819,478	\$ 11,453,699	68.0%	\$ 1,615,281	709.1%

¹ Computed on actuarial basis dated January 1, 2016. Copies of the actuarial reports are available upon request from the Town's Director of Finance.

Schedule of Employer Contributions

<i>Fiscal Year Ending</i>	<i>Actual Contribution</i>	<i>Annual Required Contribution (ARC)</i>	<i>Percentage of ARC Contributed</i>	<i>Net Pension Obligation</i>
<u><i>Police Pension and Retirement Plan</i></u>				
6/30/2018 ¹	\$ 930,507	\$ 930,507	100.0%	-
6/30/2017	864,624	864,624	100.0%	-
6/30/2016	847,429	847,429	100.0%	-
6/30/2015	831,560	831,560	100.0%	-
6/30/2014	634,495	634,495	100.0%	-
6/30/2013	521,390	521,390	100.0%	-
6/30/2012	499,809	499,809	100.0%	-
6/30/2011	411,639	411,639	100.0%	-
<u><i>Employee Pension and Retirement Income Plan</i></u>				
6/30/2018 ¹	\$ 351,041	\$ 351,041	100.0%	-
6/30/2017	260,150	260,150	100.0%	-
6/30/2016	306,887	306,887	100.0%	-
6/30/2015	298,637	298,637	100.0%	-
6/30/2014	208,794	208,794	100.0%	-
6/30/2013	141,172	141,172	100.0%	-
6/30/2012	103,319	103,319	100.0%	-
6/30/2011	52,983	52,983	100.0%	-

¹ Budgetary Basis. Subject to audit.

Source: Annual Audit Reports. Finance Department.

For additional information, see Appendix A - Financial Statements, Note 9.

Other Post Employment Benefits

The Town provides post-retirement medical and dental benefits to eligible retirees and their spouses through a single-employer, contributory, defined benefit OPEB plan. Benefit provisions are established through negotiations between Town and various unions representing the employees. The OPEB plan provides medical and dental coverage to eligible retirees and their spouse. A bi-annual actuarial valuation is made to determine whether the contributions are sufficient to meet the plan obligations. The latest actuarial valuation was performed as of July 1, 2016. The OPEB plan does not issue a separate, stand-alone financial report.

From an accrual accounting perspective, the cost of post-employment healthcare benefits, like the cost of pension benefits, generally should be associated with the periods in which the cost occurs, rather than in the future year when cost will be paid. In adopting GASB statement 45 during the year ended June 30, 2009, the Town recognizes the cost of post-employment healthcare in the year when the employee services are received, reports the accumulated liability from prior years, and provides information useful in assessing potential demands on the Town's cash flows. Recognition of the liability accumulated from prior years will be phased in over 30 years, commencing with the 2009 liability.

The contribution requirement of plan members and the Town are established and may be amended by the Town. The Town currently contributes enough money to the plan to satisfy the current obligations on a pay-as-you go basis.

As of July 1, 2016, membership in the plan consisted of 228 active members and 91 retirees and dependents for a total of 319 members. The Town's annual OPEB cost (expense) is calculated based on the Annual Required Contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if it were paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The actuarial accrued liability as of July 1, 2016 was \$32,741,098. The Town contribution for fiscal year 2016-17 was \$1,040,184 or 39.9% of the ARC. This figure represents the estimated cost of providing post-employment healthcare benefits to covered retirees and their dependents.

There is no trust created for this plan. The Town currently contributes enough money to the plan to satisfy the current obligations on a pay-as-you go basis. For additional information, see Appendix A - Financial Statements, Note 10.

Investment Policies and Procedures

Under the Town Charter and under Connecticut General Statutes Section 3-27, 7-400, 7-401 and 7-402, the Town may invest in certificate of deposits, municipal notes, bonds, obligations of the United States of America, including joint and several obligations of the Federal Home Loan Mortgage Association, the Federal Savings and Loan Insurance Corporation, obligations of the United States Postal Service, all the federal home loan banks, all federal land banks, the Tennessee Valley Authority, or any other agency of the United States government, mutual funds and money market mutual funds.

The Town's investment practices have been to invest in certificates of deposit, repurchase agreements, United States Treasury bonds, bills, demand accounts, and the State of Connecticut Short Term Investment Fund ("STIF").

Assessment Practices

The maintenance of an equitable tax base by locating and appraising all real and personal property within the Town for inclusion on the Grand List is the responsibility of the Assessor's Office. The Grand List represents the total assessed values for all taxable and tax exempt real estate, taxable personal property, and motor vehicles located within the Town as of October 1. Assessments are computed at seventy percent (70%) of the market value at the time of last revaluation. Grand List information is used by municipalities to set the mill rate which in turn becomes the basis for the Towns' annual tax levy.

Section 12-62 et. seq. of the Connecticut General Statutes govern real property assessments and establish the revaluation cycle for Connecticut municipalities of a revaluation every five years and, generally, a physical inspection every ten years. Section 12-62 also imposes a penalty on municipalities that fail to effect revaluations as required, with certain exceptions. The statute permits the phase-in of a real property assessment increase resulting from a revaluation over a period of up to five years.

The Town of Orange last completed a physical revaluation of its real property effective October 1, 2017. The next revaluation is expected to be for the October 1, 2022 Grand List.

Any property owner may seek to appeal its assessment by filing a written appeal to a Town's Board of Assessment Appeals. The Board of Assessment Appeals elects to hear such appeals and determines whether adjustments to the Assessor's list relating to assessments under appeal are warranted. Under Connecticut law, taxpayers who are dissatisfied with a decision by a Town's Board of Assessment Appeals may appeal the decision to the Connecticut Superior Court.

When a new structure or modification to an existing structure is undertaken, a municipality's Assessor's Office receives a copy of the permit issued by the Building Inspector. A physical appraisal is then completed and the structure classified and priced from a schedule developed as of the revaluation. Property depreciation and obsolescence factors are also considered when arriving at an equitable value.

Connecticut General Statutes Section 12-71e, as amended, allows municipalities to tax motor vehicles at a different rate than other taxable property, but caps the motor vehicle tax rate at 39.00 mills for the assessment year commencing October 1, 2016, and 45.00 mills for the assessment year commencing October 1, 2017, and each assessment year thereafter. Section 4-66l of the General Statutes, as amended, diverts a portion of State collected sales tax revenue to provide funding to municipalities to mitigate the revenue loss attributed to the motor vehicle property tax cap. The Town's motor vehicle tax rate for the current 2017 assessment year (the fiscal year ending June 30, 2019) is 32.00 mills.

Motor vehicle lists are furnished to municipalities by the State of Connecticut Department of Motor Vehicles and appraisals of motor vehicles are accomplished in accordance with an automobile price schedule developed by the Connecticut Association of Assessing Officials and as recommended by the State Office of Policy and Management. Section 12-71b of The Connecticut General Statutes provides that motor vehicles which are registered with the Commissioner of Motor Vehicles after the October 1 assessment date are subject to property tax as follows: 1) vehicles registered subsequent to November 1 but prior to the following August 1, are subject to a prorated tax based on the period of time from the date of registration until the following October 1; 2) vehicles purchased in August and September are not taxed until the next October 1 Grand List. With respect to replacement vehicles (as compared to additional vehicles) Section 12-71b provides for similar prorating of taxes on the new vehicle and a credit with respect to taxes due on the replaced vehicle during the assessment year.

All commercial personal property (furniture, fixtures, equipment, machinery and leased equipment) is assessed annually. An assessor's check and audit is completed periodically. Assessments for both personal property and motor vehicles are computed at seventy percent (70%) of present market value.

Section 12-124a of the Connecticut General Statutes permits a municipality, upon approval by its legislative body, to abate property taxes on owner-occupied residences to the extent that the taxes exceed eight percent of the owner's total income, from any source, adjusted for self-employed persons to reflect expenses allowed in determining adjusted gross income. The owner must agree to pay the amount of taxes abated with interest at 6% per annum, or at such rate approved by the legislative body, at such time that the residence is sold or transferred or on the death of the last surviving owner. A lien for such amounts is recorded in the land records but does not take precedence over any mortgage recorded before the lien.

Public Act 06-176 permits a municipality upon approval by its legislative body to freeze the property taxes due for certain low-income elderly residents. Any municipality providing such property tax relief may place a lien upon such property in the amount of total tax relief granted plus interest.

Tax Collection Procedure

Connecticut General Statutes Section 4-66l, as amended ("Section 4-66l"), creates certain disincentives on increasing adopted budget expenditures for municipalities in Connecticut. Beginning in fiscal year 2018, the Office of Policy and Management ("OPM") must reduce the amount of the municipal revenue sharing grant for those municipalities whose increase in its adopted budget expenditures, with certain exceptions, exceeds the previous fiscal year by 2.5% or more or the rate of inflation, whichever is greater (the "expenditure cap"). The reduction to the municipal revenue sharing grant will generally equal 50 cents for every dollar by which the municipality's adopted budget exceeds the expenditure cap. A municipality whose population increased from the previous fiscal year, as determined by OPM, may increase its adopted budget expenditures over the expenditure cap by an amount proportionate to its population growth. Section 4-66l requires each municipality to annually certify to the Secretary of OPM whether the municipality has exceeded the expenditure cap, and if so, the amount by which the expenditure cap was exceeded. For fiscal years ending June 30, 2018 and June 30, 2019, the Town will receive municipal revenue sharing grant moneys from the State in the amount of \$409,337 for each year.

Under Section 4-66l, municipal spending does not include expenditures: (i) for debt service, special education, or costs to implement court orders or arbitration awards; (ii) associated with a major disaster or emergency declaration by the President or disaster emergency declaration issued by the Governor under the civil preparedness law; (iii) for any municipal revenue sharing grant the municipality disburses to a district; or (iv) budgeting for an audited deficit, non-recurring grants, capital expenditures or payments on unfunded pension liabilities.

(Remainder of page intentionally left blank)

Property Tax Levies and Collections

Grand List as of 10/1	Fiscal Year Ended 6/30	Net Taxable Grand List (000's)	Mill Rate	Adjusted Annual Levy (000's)	Percent of Annual Levy Collected at End of Fiscal Year	Uncollected	
						Percent of Annual Levy Uncollected at End of Fiscal Year	Percent of Annual Levy Uncollected as of 6/30/17
2016	2018	\$ 1,967,395	33.28	\$ 63,852	IN COLLECTION		
2015	2017	1,941,613	32.20	61,517	99.8%	0.2%	0.2%
2014	2016	1,922,639	31.40	60,319	99.4%	0.6%	0.0%
2013	2015	1,915,681	30.80	58,732	99.3%	0.7%	0.0%
2012 ¹	2014	1,895,946	30.50	57,604	99.1%	0.9%	0.0%
2011	2013	1,785,095	31.20	54,607	99.3%	0.7%	0.0%
2010	2012	1,753,472	30.20	51,781	99.2%	0.8%	0.0%
2009	2011	1,755,214	29.30	50,971	99.1%	0.9%	0.0%
2008	2010	1,751,241	26.10	49,089	98.9%	0.9%	0.0%
2007	2009	1,735,333	27.94	48,483	99.2%	0.8%	--

¹ Revaluation.

² Revaluation. Beginning fiscal year 2009-10 the Town approved the implementation of Public Act 09-60 which allows for a municipality to revert the third year of phase-in to the second year of a phase-in for real property only. Please see "Assessment Practices" herein for more information.

Source: Collector of Revenue, Town of Orange.

Comparative Assessed Valuations

Grand List as of 10/1	Real Property	Personal Property	Motor Vehicle	Gross Taxable	Less	Net Taxable	Percent Change
				Grand List (000's)	Exemptions (000's)	Grand List (000's)	
2017 ¹	85.7%	7.8%	6.5%	\$ 2,103,722	\$ 24,822	\$ 2,078,900	5.7%
2016	86.4%	7.3%	6.3%	2,148,637	181,242	1,967,395	1.3%
2015	86.8%	6.9%	6.3%	2,116,779	175,166	1,941,613	1.0%
2014	87.3%	6.4%	6.3%	2,096,795	174,156	1,922,639	0.4%
2013	87.0%	6.2%	6.8%	2,086,904	171,223	1,915,681	1.0%
2012 ¹	87.7%	5.6%	6.7%	2,057,745	161,799	1,895,946	6.2%
2011	90.2%	4.3%	5.5%	2,223,442	438,347	1,785,095	1.8%
2010	90.4%	4.3%	5.3%	2,186,194	432,722	1,753,472	-0.1%
2009	90.4%	4.5%	5.2%	2,190,165	434,950	1,755,214	0.2%
2008	90.3%	4.5%	5.2%	2,184,340	433,099	1,751,241	0.9%

¹ Revaluation.

Source: Tax Assessor, Town of Orange.

Residential Real Property - Breakdown

The following table sets forth the Real Property portion of the Town's taxable grand lists by component.

Grand List as of 10/1	Residential Property (000s)	Commercial Property (000s)	Industrial Property (000s)	Other Property (000s)	Total Real Property (000s)
2017	\$ 1,299,995	\$ 338,567	\$ 101,566	\$ 61,543	\$1,801,671
2016	1,246,796	302,273	91,022	55,275	1,695,366
2015	1,235,663	300,673	88,707	53,445	1,678,488
2014	1,227,821	300,723	89,849	53,429	1,671,822
2013	1,220,787	307,362	89,736	53,103	1,670,988
2012	1,213,868	312,414	88,356	53,771	1,668,409
2011	1,500,290	378,245	82,239	44,025	2,004,799
2010	1,494,217	357,707	82,877	41,504	1,976,305
2009	1,488,308	353,881	84,030	52,687	1,978,905
2008	1,485,486	357,510	86,691	42,117	1,971,803

Source: Tax Assessor, Town of Orange.

Exempt Property

Public	Assessed Value 10/1/17 ¹
State of Connecticut	\$ 2,673,000
Town of Orange	84,704,500
South Central Connecticut Regional Water Authority	1,223,530
Sub-Total Public	\$ 88,601,030
Private	
Federal	\$ 3,928,500
Educational	3,936,800
Cemeteries	2,818,500
Churches	26,736,200
Private College	35,269,600
Sub-Total Private	72,689,600
Total Exempt	\$ 161,290,630
Percent Compared to Net Taxable Grand List	7.8%

¹ Based on a Net Taxable Grand List for October 1, 2017 of \$2,078,900,000.

Source: Tax Assessor, Town of Orange.

Ten Largest Taxpayers

The following table sets forth the ten largest taxpayers in the Town of Orange per the grand list dated October 1, 2017:

Taxpayer	Nature of Business	Assessment	Percent of Net Taxable Grand List ¹
United Illuminating.....	Public Utility	\$ 113,810,110	5.47%
Fairfield Grand Reserve LLC.....	Apartments	23,049,850	1.11%
Connecticut Light & Power Co.	Electric Company	21,845,240	1.05%
Southern Connecticut Gas Co.	Public Utility	17,132,710	0.82%
Wu/LH, LLC c/o Lighthouse Real Estate Ventures Inc. ...	Retail	17,002,000	0.82%
Orange Plaza LLC.....	Retail	12,930,800	0.62%
R & F Orange LLC	Retail	12,048,450	0.58%
Inland Western 440 Boston Post Road.....	Retail	10,937,190	0.53%
Orange Improvement Partnership.....	Retail	9,177,400	0.44%
Lowe's.....	Home Improvement	9,128,600	0.44%
Total		\$ 247,062,350	11.88%

¹ Based on the October 1, 2017 Net Taxable Grand List in the Amount of \$2,078,900,000.

Source: Tax Assessor, Town of Orange.

Intergovernmental Revenues

Fiscal Year	Intergovernmental Revenues as a % of		
	General Fund Revenues	Intergovernmental Revenues	General Fund Revenues
2018 ¹	\$ 68,067,648	\$ 1,597,295	2.35%
2017	70,349,938	6,677,613	9.49%
2016	67,324,863	5,118,888	7.60%
2015	64,900,497	4,620,212	7.12%
2014	64,537,515	4,956,456	7.68%
2013	62,872,471	5,026,798	8.00%
2012	58,516,854	4,104,403	7.01%
2011	56,177,870	3,244,842	5.78%
2010	54,201,378	3,132,553	5.78%
2009	53,762,188	3,608,336	6.71%

¹ Budgetary Basis. Subject to audit.

Source: Annual audited financial statement & Town Officials.

Comparative Balance Sheets - General Fund

	<i>Actual</i> <i>6/30/2017</i>	<i>Actual</i> <i>6/30/2016</i>	<i>Actual</i> <i>6/30/2015</i>	<i>Actual</i> <i>6/30/2014</i>	<i>Actual</i> <i>6/30/2013</i>
Assets:					
Cash and cash equivalents.....	\$ 6,513,915	\$ 11,224,987	\$ 10,275,712	\$ 7,013,023	\$ 5,650,012
Net taxes receivable.....	613,845	522,780	655,087	614,215	662,082
Other receivables.....	-	-	-	-	-
Due from other funds.....	202,565	299,228	225,993	1,984,448	2,725,932
Due from other governments.....	-	-	71,322	-	655,238
Investments.....	6,727,186	685,625	683,643	682,615	681,671
Prepaid expense.....	13,400	13,400	13,400	13,400	13,400
Total Assets	14,070,911	12,746,020	11,925,157	10,307,701	10,388,335
Liabilities:					
Accounts Payable	984,263	1,056,949	843,201	724,366	512,800
Deferred Revenue	-	-	-	-	429,845
Total Liabilities	984,263	1,056,949	843,201	724,366	942,645
Deferred Inflows of Resources:					
Unavailable Revenue - Property Taxes	343,569	440,046	420,575	421,226	-
Total Deferred Inflows of Resources	343,569	440,046	420,575	421,226	-
Fund Balance					
Nonspendable.....	13,400	13,400	13,400	13,400	13,400
Committed.....	351,550	-	-	-	-
Assigned.....	1,161,828	1,265,994	1,232,715	993,680	824,543
Unassigned.....	11,216,301	9,970,631	9,415,266	8,155,029	8,607,747
Total Fund Balance	12,743,079	11,250,025	10,661,381	9,162,109	9,445,690
Total Liabilities and Fund Balance	\$ 14,070,911	\$ 12,747,020	\$ 11,925,157	\$ 10,307,701	\$ 10,388,335

General Fund Revenues and Expenditures
Four Year Summary of Audited Revenues and Expenditures (GAAP Basis),
Adopted Budget and Proposed Budget (Budgetary Basis)

	Proposed Budget 6/30/2019¹	Adopted Budget 6/30/2018¹	Actual 6/30/2017	Actual 6/30/2016	Actual 6/30/2015	Actual 6/30/2014
Revenues:						
Property Taxes	\$ 65,479,223	\$ 64,033,288	\$ 61,601,419	\$ 60,181,712	\$ 58,574,393	\$ 57,532,821
Interest and lien fees	130,000	100,000	263,300	192,470	255,785	277,462
Licenses, permits, fees and fines	863,400	838,700	861,362	915,147	660,696	880,769
Intergovernmental	1,840,200	1,597,295	6,677,613	5,118,888	4,620,212	4,956,456
Program Revenue	707,788	720,050	187,697	211,777	200,762	214,809
Investment Income	267,500	100,000	83,579	46,131	31,463	35,617
Charges for facilities and services	133,000	136,000	51,427	67,278	73,530	37,536
Miscellaneous	580,000	542,315	623,541	591,460	483,656	602,045
Total Revenues	70,001,111	68,067,648	70,349,938	67,324,863	64,900,497	64,537,515
Expenditures:						
Current:						
General government	2,591,405	2,295,538	2,126,910	2,107,028	2,010,403	1,921,282
Public safety	6,559,488	6,481,616	6,085,407	6,231,167	5,647,497	5,608,198
Public works and sanitation	3,719,340	3,661,752	3,618,675	3,197,840	3,074,000	3,620,249
Culture and recreation	1,434,580	1,418,692	1,357,060	1,285,235	1,213,840	1,218,113
Health and welfare	1,030,305	1,020,399	973,966	1,007,143	896,903	849,509
Employee benefits	6,518,761	5,851,048	5,296,145	4,879,837	4,593,697	4,834,541
Education (Town & Amity Share)	44,661,002	44,161,131	46,156,648	44,175,681	42,516,288	41,961,871
Other	522,290	458,057	398,030	378,383	352,860	414,759
Debt service	2,963,940	2,636,115	2,482,565	2,971,710	2,835,791	2,473,769
Capital outlays	-	83,300	297,281	843,231	470,188	181,804
Total Expenditures	70,001,111	68,067,648	68,792,687	67,077,255	63,611,467	63,084,095
Excess (deficiency) of revenues over expenditures	-	-	1,557,251	247,608	1,289,030	1,453,420
Other financing sources (uses):						
Refunding Bond Proceeds	-	-	-	-	-	-
Bond Premiums/Accrued Interest	-	-	-	-	-	-
Payment to Refunded Bond Escrow	-	-	-	-	-	-
Proceeds from Capital Lease	-	-	-	-	-	-
Transfer in	-	-	346,996	870,351	210,242	216,714
Transfer out	-	-	(411,193)	(529,315)	-	(1,953,715)
Net other financing sources (uses)	-	-	(64,197)	341,036	210,242	(1,737,001)
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	-	1,493,054	588,644	1,499,272	(283,581)
Fund Balance, July 1	N/A	12,743,079	11,250,025	10,661,381	9,162,109	9,445,690
Fund Balance, June 30	N/A	\$ 12,743,079	\$ 12,743,079	\$ 11,250,025	\$ 10,661,381	\$ 9,162,109
Operating Revenues	N/A	\$ 68,067,648	\$ 70,349,938	\$ 67,324,863	\$ 64,900,497	\$ 64,537,515
Fund Balance as % of General Fund Revenues....	N/A	18.7%	18.1%	16.7%	16.4%	14.2%

¹ Subject to audit.

VI. Legal and Other Information

Litigation

The Town of Orange, its officers, employees, boards and commissions are named defendants in a number of lawsuits, tax appeals, administrative proceedings and other miscellaneous claims. It is the Town Attorney's opinion that such pending litigation will not be finally determined, individually or in the aggregate, so as to result in final judgments against the Town which would have a material adverse affect on the Town's financial position.

Transcript and Documents Furnished At Delivery

The winning bidders will be furnished the following documents when the Bonds are delivered:

1. Signature and No Litigation Certificates stating that at the time of delivery no litigation is pending or threatened affecting the validity of the Bonds or the levy or collection of taxes to pay them.
2. Certificates on behalf of the Town, signed by the First Selectman, Town Treasurer and Director of Finance which will be dated the date of delivery and attached to a signed copy of the Official Statement, and which will certify, to the best of said officials' knowledge and belief, at the time bids were accepted on the Bonds the description and statements in the Official Statement relating to the Town and its finances were true and correct in all material respects and did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and that there has been no material adverse change in the financial condition of the Town from that set forth in or contemplated by the Official Statement.
3. Receipts for the purchase price of the Bonds.
4. Approving Opinions of Robinson & Cole LLP, Bond Counsel, in substantially the forms attached hereto as Appendix B.
5. Executed Continuing Disclosure Agreements for the Bonds in substantially the form attached hereto as Appendix C to this Official Statement.

The Town of Orange has prepared an Official Statement for the Bonds, which is dated July __, 2018. The Town deems such Official Statement final as of its date for purposes of SEC Rule 15c2-12 (b)(1), but it is subject to revision or amendment. The Town will make available to the winning purchaser of the Bonds twenty-five (25) copies of the Official Statement at the Town's expense. The copies of the Official Statement will be made available to the winning purchaser within seven business days of the bid opening. If the Town's Municipal Advisor, Phoenix Advisors, LLC, is provided with the necessary information from the winning purchaser by noon of the day following the day bids on the Bonds are received, the copies of the Official Statement will include an additional cover page and other pages indicating the interest rates, ratings, yields or reoffering prices, the name of the managing underwriter, the name of the insurer, if any, and any changes on the Bonds. The purchaser shall arrange with the Municipal Advisor the method of delivery of the copies of the Official Statement to the purchaser. Additional copies of the Official Statement may be obtained by the purchaser at its own expense by arrangement with the printer.

A transcript of the proceedings taken by the Town with respect to the Bonds will be kept on file at the offices of U.S. Bank National Association and will be available for examination upon reasonable notice.

Concluding Statement

This Official Statement is not to be construed as a contract or agreement between the Town and the purchaser or holders of any of the Bonds. Any statements made in this Official Statement involving matters of opinion or estimates are not intended to be representations of fact, and no representation is made that any of such opinion or estimate will be realized.

No representation is made that past experience, as might be shown by financial or other information herein, will necessarily continue or be repeated in the future. Neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Town since the date hereof. References to statutes, charters, or other laws herein may not be complete and such provisions of law are subject to repeal or amendment.

This Official Statement has been duly prepared and delivered by the Town, and executed for and on behalf of the Town of Orange by the following officials:

TOWN OF ORANGE, CONNECTICUT

JAMES M. ZEOLI

First Selectman

ARTHUR B. WILLIAMS, III

Town Treasurer

JOHN M. CIFARELLI

Director of Finance

July __, 2018

Appendix A

2017 General Purpose Financial Statements

The following includes excerpts from the Comprehensive Annual Financial Report of the Town of Orange, Connecticut for the fiscal year ended June 30, 2017. The supplemental data which was a part of that report has not been reproduced herein. A copy of the complete report is available upon request from Matthew A. Spoerndle, Senior Managing Director, Phoenix Advisors LLC, 53 River Street, Suite 1, Milford, Connecticut 06460. Telephone (203) 878-4945.

SEWARD AND MONDE

CERTIFIED PUBLIC ACCOUNTANTS
296 STATE STREET
NORTH HAVEN, CONNECTICUT 06473-2165
(203) 248-9341
FAX (203) 248-5813

INDEPENDENT AUDITORS' REPORT

To the Honorable Members of
the Board of Finance
Town of Orange, Connecticut

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Orange, Connecticut (the Town) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Orange, Connecticut, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended, in conformity with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 4 to 12 and the schedule of changes in the town's net pension liability and related ratios on page 70 to 71, the schedule of employer contributions on pages 72 to 73, the schedule of investment returns on page 74, the schedule of the town's proportionate share of the net pension liability - Connecticut State Teachers' Retirement System and the schedules of funding progress and employer contributions - other post-employment benefits plan on pages 75 to 76 be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Government Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining and individual nonmajor fund financial statements, schedule of property taxes levied, collected and outstanding, and the schedule of debt limitation are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by OPM's *Compliance Supplement to the State Single Audit Act* and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, schedule of property taxes levied, collected and outstanding, the schedule of debt limitation and the schedule of expenditures of state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2017 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Seward and Monde

North Haven, Connecticut
December 12, 2017

TOWN OF ORANGE, CONNECTICUT MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2017

This discussion and analysis of the Town of Orange, Connecticut's (the "Town") financial performance is provided by management as an overview of the Town's financial activities for the fiscal year ended June 30, 2017. The intent of this discussion and analysis is to look at the Town's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the Town's financial performance.

Financial Highlights

- On a government-wide basis, the assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$39,231,882. Of this amount, \$1,946,812 (unrestricted net position) may be used to meet the Town's ongoing obligations to citizens and creditors.
- On a government-wide basis, the Town's total net position increased by \$554,319 or 1.4%.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$16,626,642, a decrease of \$6,505 in comparison with the prior year. Approximately 67.0% of this amount (\$11,142,347) is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, committed fund balance for the General Fund was \$351,550 which was for accrued benefits, assigned fund balance for the General Fund was \$1,161,828 which was for encumbrances. Unassigned fund balance for the General Fund was \$11,216,301 or approximately 17.1% of total general fund budgetary expenditures (\$65,629,446).
- The town's governmental bonded debt decreased by \$1,645,000 during the current fiscal year due to scheduled principal payments. On July 17, 2017, the Town issued \$4,400,000 in general obligation bonds to be used to finance a portion of the \$14,950,000 appropriation for various road, School, Town facility and Police capital projects. The bonds will be due through July 15, 2037, with interest rates ranging from 2.0% to 5.0%.

Overview of the Financial Statements

The discussion and analysis provided here is intended to serve as an introduction to the Town of Orange's basic financial statements. The Town's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements. This report also contains supplementary information intended to furnish additional details to support the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business.

The statement of net position presents financial information on all of the Town's assets and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The statement of activities presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

In the statement of net position and the statement of activities, the Town reports its activities:

- **Governmental activities** - Most of the Town's basic services are reported here, including general government, highway, public safety, health and welfare, library, recreation, environmental services and education. Property taxes, charges for services and state and federal grants finance most of these activities.
- **Business-type activities** - The Town charges fees to customers which are expected to cover all of the costs associated with the services that the Town provides to the respective customers. The Town's water pollution control authority and congregate housing are reported here.

The government-wide financial statements can be found on pages 13 - 14 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The fund financial statements provide detailed information about the most significant funds, not the Town as a whole. Some funds are required to be established by Charter or State law. However, the Board of Finance and/or the Treasurer have established other funds to help the Town control and manage financial activities for particular purposes or to show that the Town is meeting legal responsibilities for using certain grants and other money. The Town's fund is divided into three categories; governmental, proprietary and fiduciary.

Governmental funds - Most of the Town's basic services are reported in governmental funds which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accrual method called modified accrual accounting which measures cash and all other financial assets that can be readily converted to cash.

The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is described in a reconciliation at the bottom of the fund financial statements.

The Town maintains twenty-five (25) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund and Bonded Capital Projects Fund (2 funds) which are considered to be major funds. Data from the twenty-three other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining fund statements on pages 77 - 84.

The Town adopts an annual appropriated budget for its General Fund. The schedule of revenues, expenditures and other changes in fund balance has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 15 - 18 of this report.

Proprietary funds - When the Town charges customers for the services it provides, whether to outside customers or to other units of the Town, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the statement of net position and the statement of activities. The Town's enterprise fund (the component of proprietary funds) is the same as the business-type fund reported in the government wide financial statements but provide more detail and additional information, such as cash flows for proprietary funds.

The Town of Orange maintains two (2) individual proprietary funds and two (2) internal service funds. Information is presented in separate columns in the Proprietary Funds statement of net position, in the Proprietary Funds statement of revenues, expenses, and changes in net position, and the Proprietary Funds statement of cash flows for the following funds: The Water Pollution Control Authority Fund and Congregate Elderly Housing Fund which are considered major funds.

The basic proprietary fund financial statements can be found on pages 20 - 22 of this report.

Fiduciary funds - The Town is the trustee, or fiduciary, for its employees' pension plans. All of the Town's fiduciary activities are reported in separate statements of net position and changes in net position. These activities are excluded from the Town's other financial statements because the Town cannot use the assets to finance its operations. The Town is responsible for ensuring that the assets reported in these funds are used for their intended purpose.

The Town of Orange has four (4) Fiduciary Funds: three (3) Pension Trust Funds - the Orange Police Pension Trust Fund, the Orange Town Pension Trust Fund and the Orange Defined Contribution Pension Trust Fund and one (1) Agency Fund: the Performance Bonds Fund.

The basic fiduciary fund financial statements can be found on pages 23 - 24 of this report with more detailed information in the notes to the financial statements on pages 50 - 62 and in the required supplementary information on pages 70 - 74.

Notes to the Financial Statements - The notes provide additional information that are essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 25 - 69 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the Town's progress in funding its obligation to provide pension and OPEB benefits to its employees. Required supplementary information can be found on pages 70 - 76 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information on pensions and OPEB. Combining and individual fund statements and schedules can be found on pages 77-85 of this report.

Government-wide Financial Analysis

The table below provides a summary of the Town's net assets for 2016 and 2017.

Statement of Net Position (in 000's)

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Assets						
Current and other assets	\$ 17,961	\$ 21,608	\$ 1,168	\$ 1,403	\$ 19,129	\$ 23,011
Noncurrent assets	6,767	726	3,228	3,358	9,995	4,084
Capital assets	56,341	55,088	5,969	6,261	62,310	61,349
Total assets	81,069	77,422	10,365	11,022	91,434	88,444
Deferred outflow of resources						
Deferred charge related						
to pensions	1,248	2,796	-	-	1,248	2,796
Deferred charge on						
refunding	117	141	-	-	117	141
	1,365	2,937	-	-	1,365	2,937
Liabilities						
Long-term liabilities	46,621	46,749	452	490	47,073	47,239
Other Liabilities	5,905	4,407	589	843	6,494	5,250
Total liabilities	52,526	51,156	1,041	1,333	53,567	52,489
Deferred inflow of resources						
Deferred charge related						
to pensions	-	215	-	-	-	215
Net Position						
Net investment in capital						
assets	31,290	27,508	5,969	6,261	37,259	33,769
Restricted	27	27			27	27
Unrestricted	(1,409)	1,453	3,355	3,428	1,946	4,881
Total net position	\$ 29,908	\$ 28,988	\$ 9,324	\$ 9,689	\$ 39,232	\$ 38,677

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2017 the Town's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$39,231,882. At year-end, net positions were \$29,908,103 and \$9,323,779 for the governmental activities and the business-type activities, respectively.

Capital assets reported on the government-wide statements represent the largest portion of the Town's net assets. At year-end, capital assets represented 68.1% of total assets. Capital assets include land, land improvements, buildings and improvements, equipment, vehicles and infrastructure.

The table below shows the change in net assets between fiscal 2016 and 2017:

Statement of Activities (in 000's)						
	Governmental Activities			Business-Type Activities		
	2017	2016	Change	2017	2016	Change
Revenues:						
Program Revenues:						
Charges for services	\$ 4,731	\$ 5,130	(\$ 399)	\$ 1,206	\$ 1,139	\$ 67
Operating grants and contributions	2,825	2,620	205	129	338	(209)
Capital grants and contributions	882	541	341	226	305	(79)
General revenues:						
Property taxes	61,902	60,525	1,377	-	-	-
Grants and contributions not restricted to specific programs	1,049	965	84	-	-	-
Unrestricted investment earnings	87	55	32	20	10	10
Miscellaneous	197	134	63	11	28	(17)
Total revenues	<u>71,673</u>	<u>69,970</u>	<u>1,703</u>	<u>1,592</u>	<u>1,820</u>	<u>(228)</u>
Program expenses:						
General government	2,278	2,261	17	-	-	-
Public safety	6,317	6,565	(248)	-	-	-
Public works and sanitation	4,191	3,871	320	-	-	-
Culture and recreation	2,205	2,122	83	-	-	-
Health and welfare	2,133	2,148	(15)	-	-	-
Orange Board of Education	22,063	21,054	1,009	-	-	-
Amity Regional School District	22,602	22,443	159	-	-	-
Sewer	-	-	-	1,066	1,203	(137)
Elderly housing	-	-	-	892	902	(10)
Other	8,155	8,954	(799)	-	-	-
Interest on long-term debt	810	883	(73)	-	-	-
Total program expenses	<u>70,754</u>	<u>70,301</u>	<u>453</u>	<u>1,958</u>	<u>2,105</u>	<u>(147)</u>
Increase (decrease) in net position	<u>\$ 919</u>	<u>(\$ 331)</u>	<u>\$ 1,250</u>	<u>(\$ 366)</u>	<u>(\$ 285)</u>	<u>(\$ 81)</u>

Governmental Activities

Governmental activities increased in 2017. The main reasons for the increase in net position of the Town is the increase in property taxes and decrease in public safety and employee benefit costs.

The table below presents the cost of each of the Town's six largest programs - education, public works and sanitation, general government, public safety, culture and recreation and other - as well as each program's net cost (total cost less revenues generated by the activities). Net cost shows the burden that was placed on the Town's taxpayers by each of the functions.

	Year Ended June 30, 2017		Year Ended June 30, 2016	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Education	\$ 44,665,005	\$ 41,191,940	\$ 43,496,942	\$ 40,234,213
Public safety	6,316,982	5,898,584	6,565,358	6,069,346
Other	8,155,347	8,028,492	8,954,424	8,813,516
Public works and sanitation	4,190,655	3,364,938	3,870,753	3,232,853
General government	2,278,154	835,044	2,260,969	785,299
Culture and recreation	2,204,757	1,422,182	2,122,369	1,410,153
All others	2,943,587	1,574,441	3,030,715	1,464,829
	<u>\$ 70,754,487</u>	<u>\$ 62,315,621</u>	<u>\$ 70,301,530</u>	<u>\$ 62,010,209</u>

Business-type Activities

Business-type activities include the Water Pollution Control Authority (WPCA) which operates and maintains the sanitary sewer system in the commercial and industrial areas of the Town, and Congregate Elderly Housing (Silverbrook Estates) which operates a 45-unit elderly housing complex.

The majority of the revenue for the WPCA is derived from sewer use fees. The majority of the revenue for Silverbrook Estates is derived from tenant rental payments and grants received from the Connecticut Department of Economic and Community Development.

During the year ended June 30, 2017, the WPCA reported operating and nonoperating revenues of \$748,363 and expenses of \$1,065,535. This program ended fiscal 2017 with an operating loss of \$348,752 mainly due to depreciation and higher fees to the City of West Haven.

During the year ended June 30, 2017, the Congregate Elderly Housing reported operating and nonoperating revenues of \$843,949 and expenses of \$892,283. This program ended fiscal 2017 with a change in net position of (\$48,334) mainly due to depreciation of \$88,562.

Financial Analysis of Governmental Funds

Governmental Funds - The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the Town's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the Town itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the Orange Town Meeting.

At June 30, 2017, the Town's governmental funds reported combined fund balances of \$16,626,642, a decrease of \$6,505 in comparison with the prior year. Of this total amount, \$40,024 is nonspendable, \$1,758,365 is restricted by governmental grants or other legal restrictions, \$1,831,701 is committed to various projects, and \$1,854,205 is assigned and \$11,142,347 is unassigned.

The General Fund is the operating fund of the Town. At the end of the current fiscal year, the General Fund total fund balance was \$12,743,079. Approximately 88.0% of this amount (\$11,216,301) constitutes unassigned fund balance, which is available for spending at the town's discretion. The remainder of the fund balance is either nonspendable, committed or assigned to indicate that it is (1) not in a spendable form (\$13,400), (2) committed to pay future benefits (\$351,550) or (3) assigned for a particular purpose (\$1,161,828).

At the end of the current fiscal year, unassigned fund balance of the general fund was \$11,216,301, while total fund balance increased to \$12,743,079. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Unassigned fund balance represents approximately 16.9% of total general fund original budgeted expenditures (\$66,260,039), while total fund balance represents approximately 19.2% of that same amount.

The fund balance of the Town's general fund increased by \$1,493,054 during the current fiscal year. The increase was due to positive property tax collections along with intergovernmental grant collection that had not been budgeted and well as controlled expenditure reductions.

Proprietary Funds

Net position of the proprietary fund, the Town's enterprise funds, reflected a decrease of \$365,506 attributable mainly to the WPCA. The Town's proprietary funds are the Water Pollution Control Authority and Congregate Elderly Housing. See analysis above under business-type activities.

General Fund budgetary highlight

Original budget compared to final budget

There were additional appropriations of \$251,700 needed during the year: \$185,000 was to purchase a Public Works truck, \$41,900 to purchase a truck for the Board of Education and \$24,800 for a Fiber Optic line for the Library. There was a need to make an amendment to reallocate appropriations within departments. Generally, the movement of the appropriations was not significant.

Final budget compared to actual results

General property taxes - property tax revenue was \$362,178 more than budgeted due primarily to higher than anticipated overall tax collections. Intergovernmental revenues were \$747,226 higher than budgeted due to a refund from Amity Regional School District. Interest earnings were less than anticipated by \$27,204.

The Town's departments maintained spending within the budgetary limits. Overall, expenditures were \$696,493 under budget largely due to lower labor cost in Public Safety and a management enacted spending freeze.

The Town's General Fund balance of \$12,743,079 as reported on the Balance Sheet differs from the General Fund's budgetary fund balance. The nature of the difference is primarily attributable to encumbrances that are recognized for budgetary purposes.

Capital Asset and Debt Administration

Capital Assets - At June 30, 2017, the Town had a net balance of \$62,309,437 invested in a broad range of capital assets, including land, buildings, vehicles and equipment, roads, bridges, and a water system. This represents a net increase (including additions and deductions) of \$960,375 or approximately 1.6% from the prior year. The increase is the result of additions in excess of depreciation and deletions.

Capital Assets, Net of Depreciation (in 000's)

	Governmental Activities		Business-type Activities	
	2017	2016	2017	2016
Land	\$ 22,899	\$ 22,899	\$ 19	\$ 19
Construction in progress	668	8,080	2,667	2,629
Land improvements	790	133	-	-
Buildings and improvements	20,414	13,663	1,471	1,558
Sewer lines and pump stations	-	-	1,707	1,932
Equipment	1,931	2,014	105	123
Vehicles	792	627	-	-
Infrastructure	8,847	7,672	-	-
	<u>\$ 56,341</u>	<u>\$ 55,088</u>	<u>\$ 5,969</u>	<u>\$ 6,261</u>

Long-term debt

The Town had the following long-term obligations outstanding at June 30, 2017:

Long-term debt (in 000's)

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
General obligation bonds	\$ 24,360	\$ 26,005	\$ -	\$ -	\$ 24,360	\$ 26,005
Deferred premium on bonds	808	886	-	-	808	886
Net pension liability	12,410	12,448	-	-	12,410	12,448
Other post-employment benefits	9,314	7,745	-	-	9,314	7,745
Compensated absences	1,537	1,358	-	-	1,537	1,358
Claims and judgments	-	-	490	527	490	527
	<u>\$ 48,429</u>	<u>\$ 48,442</u>	<u>\$ 490</u>	<u>\$ 527</u>	<u>\$ 48,919</u>	<u>\$ 48,969</u>

The Town maintains an Aa1 rating from Moody's Investors Service and an AAA from Standard & Poor's.

State statutes limit the amount of general obligation debt a governmental entity may issue to seven times its annual tax collections. The current debt limitation for the Town is \$431,851,630 which is significantly in excess of the Town's total outstanding indebtedness, which amounts to \$54,582,056 as of June 30, 2017.

Economic Factors and Next Year's Budgets and Rates

The Town's elected and appointed officials consider many factors when establishing the annual budget and setting the mill rate. One of those factors is the state and local economy. Other factors include anticipated tax collections as well as uncertainty regarding the level of state funding to be received. These factors were taken into account when adopting the General Fund budget.

The net grand list for October 1, 2016 was \$1,967,395,450, an increase of 1.327%, as compared to the October 1, 2015 net grand list. Overall, residential property comprises approximately 70% of the grand list and commercial property comprises the remaining 30%.

The fiscal year 2016-2017 Budget shows an increase of \$1,807,609 or 2.73% over fiscal year 2016-2017. The Town of Orange's annual budget for FY 2017-2018 was proposed by the Board of Finance and at the Town Meeting on May 11, 2017 and Referendum on May 18, 2017 at \$68,067,648 with a mill rate of 33.28.

Requests for Information

This financial report is designed to provide citizens, taxpayers, customers, investors, and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Director of Finance and Administration at the Town of Orange, 617 Orange Center Road, Orange, Connecticut 06477.

TOWN OF ORANGE, CONNECTICUT
STATEMENT OF NET POSITION
JUNE 30, 2017

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 17,028,390	\$ 151,146	\$ 17,179,536
Uncollected property taxes and sewer assessments, less allowance of \$69,000 for uncollectibles	613,845	262,694	876,539
Accounts receivable, less allowance of \$37,600 for uncollectibles	249,958	717,346	967,304
Prepaid items	13,400	-	13,400
Due from other governments	54,981	36,865	91,846
Investments	6,767,282	3,227,999	9,995,281
Capital assets:			
Nondepreciable	22,898,880	18,970	22,917,850
Construction in progress	667,971	2,666,129	3,334,100
Depreciable, net of accumulated depreciation	32,774,034	3,283,453	36,057,487
Total assets	81,068,741	10,364,602	91,433,343
DEFERRED OUTFLOW OF RESOURCES			
Deferred charges related to pensions	1,248,275	-	1,248,275
Deferred charge on refundings	117,108	-	117,108
Total deferred outflow of resources	1,365,383	-	1,365,383
LIABILITIES			
Accounts payable and accrued liabilities	2,071,633	399,254	2,470,887
Internal balances	(96,227)	96,227	-
Due to other governments	-	55,714	55,714
Interest payable	287,687	-	287,687
Unearned revenue	1,833,814	-	1,833,814
Long-term liabilities:			
Due within one year	1,807,894	37,000	1,844,894
Due in more than one year	46,621,220	452,628	47,073,848
Total liabilities	52,526,021	1,040,823	53,566,844
NET POSITION			
Net investment in capital assets	31,289,894	5,968,552	37,258,446
Restricted for:			
Nonexpendable permanent endowments	26,624	-	26,624
Unrestricted	(1,408,415)	3,355,227	1,946,812
Total net position	\$ 29,908,103	\$ 9,323,779	\$ 39,231,882

See notes to basic financial statements.

**TOWN OF ORANGE, CONNECTICUT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017**

Functions/Programs	Expenses	Program Revenues			Total	Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		Governmental Activities	Business-Type Activities	Total
Primary government								
Governmental activities								
General government	\$ 2,278,154	\$ 1,218,365	\$ 224,745	\$ -	\$ 1,443,110	(\$ 835,044)	\$ -	(\$ 835,044)
Public safety	6,316,982	250,878	71,173	96,347	418,398	(5,898,584)	-	(5,898,584)
Public works and sanitation	4,190,655	238,751	275,111	311,855	825,717	(3,364,938)	-	(3,364,938)
Culture and recreation	2,204,757	706,214	76,361	-	782,575	(1,422,182)	-	(1,422,182)
Health and welfare	2,133,438	1,264,056	105,090	-	1,369,146	(764,292)	-	(764,292)
Education:								
Orange Board of Education	22,062,564	926,120	2,072,768	474,177	3,473,065	(18,589,499)	-	(18,589,499)
Amity Regional School District	22,602,441	-	-	-	-	(22,602,441)	-	(22,602,441)
Other	8,155,347	126,855	-	-	126,855	(8,028,492)	-	(8,028,492)
Interest on long-term debt	810,149	-	-	-	-	(810,149)	-	(810,149)
Total governmental activities	<u>70,754,487</u>	<u>4,731,239</u>	<u>2,825,248</u>	<u>882,379</u>	<u>8,438,866</u>	<u>(62,315,621)</u>	<u>-</u>	<u>(62,315,621)</u>
Business-type activities								
Sewer	1,065,535	716,783	-	-	716,783	-	(348,752)	(348,752)
Elderly Housing	892,283	489,649	128,545	225,708	843,902	-	(48,381)	(48,381)
Total business-type activities	<u>1,957,818</u>	<u>1,206,432</u>	<u>128,545</u>	<u>225,708</u>	<u>1,560,685</u>	<u>-</u>	<u>(397,133)</u>	<u>(397,133)</u>
Total primary government	<u>\$ 72,712,305</u>	<u>\$ 5,937,671</u>	<u>\$ 2,953,793</u>	<u>\$ 1,108,087</u>	<u>\$ 9,999,551</u>	<u>(62,315,621)</u>	<u>(397,133)</u>	<u>(62,712,754)</u>
General revenues:								
Property taxes, levied for general purposes						61,902,014	-	61,902,014
Grants and contributions not restricted to specific programs						1,049,032	-	1,049,032
Unrestricted investment earnings						87,020	20,276	107,296
Miscellaneous						197,380	11,351	208,731
Total general revenues						<u>63,235,446</u>	<u>31,627</u>	<u>63,267,073</u>
Change in net position						919,825	(365,506)	554,319
Net position, beginning						<u>28,988,278</u>	<u>9,689,285</u>	<u>38,677,563</u>
Net position, ending						<u>\$ 29,908,103</u>	<u>\$ 9,323,779</u>	<u>\$ 39,231,882</u>

See notes to basic financial statements.

**TOWN OF ORANGE, CONNECTICUT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017**

	General Fund	Bonded Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 6,513,915	\$ 3,241,160	\$ 2,887,089	\$ 12,642,164
Uncollected property taxes, interest and liens, less allowance of \$69,000 for uncollectibles	613,845	-	-	613,845
Accounts receivable, less allowance of \$32,600 for uncollectibles	-	-	267,510	267,510
Due from other funds	202,565	-	-	202,565
Due from other governments	-	-	37,429	37,429
Investments	6,727,186	-	40,096	6,767,282
Prepaid items	13,400	-	-	13,400
Total assets	<u>\$ 14,070,911</u>	<u>\$ 3,241,160</u>	<u>\$ 3,232,124</u>	<u>\$ 20,544,195</u>

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES

LIABILITIES

Accounts payable and accrued liabilities	\$ 984,263	\$ 552,422	\$ 97,147	\$ 1,633,832
Due to other funds	-	-	106,338	106,338
Unearned revenue	-	1,726,671	107,143	1,833,814
Total liabilities	<u>984,263</u>	<u>2,279,093</u>	<u>310,628</u>	<u>3,573,984</u>

DEFERRED INFLOWS OF RESOURCES

Unavailable revenue - property taxes	<u>343,569</u>	<u>-</u>	<u>-</u>	<u>343,569</u>
--------------------------------------	----------------	----------	----------	----------------

FUND BALANCES (DEFICITS)

Nonspendable	13,400	-	26,624	40,024
Restricted	-	962,067	796,298	1,758,365
Committed	351,550	-	1,480,151	1,831,701
Assigned	1,161,828	-	692,377	1,854,205
Unassigned	<u>11,216,301</u>	<u>-</u>	<u>(73,954)</u>	<u>11,142,347</u>
Total fund balances (deficits)	<u>12,743,079</u>	<u>962,067</u>	<u>2,921,496</u>	<u>16,626,642</u>

Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 14,070,911</u>	<u>\$ 3,241,160</u>	<u>\$ 3,232,124</u>	<u>\$ 20,544,195</u>
---	----------------------	---------------------	---------------------	----------------------

See notes to basic financial statements.

TOWN OF ORANGE, CONNECTICUT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
JUNE 30, 2017

Total fund balances - governmental funds	\$ 16,626,642
--	---------------

Amounts reported for governmental activities in the statement of net position are different from the governmental funds balance sheet. The details of these differences are as follows:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.	56,340,885
---	------------

Other long-term assets are not available to pay for current period expenditures and, therefore, are unavailable revenue in the funds:	
Property tax and interest receivable	343,569
Deferred charges related to pensions	1,248,275
Deferred charge on refundings	117,108

Interest payable on long-term debt does not require current financial resources and therefore interest payable is not reported as a liability in the funds.	(287,687)
---	------------

Internal service funds are used by management to charge the costs of medical insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	3,948,425
--	-----------

Some long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
General obligation bonds	(24,360,000)
Deferred premium on bonds	(808,099)
Net pension liability	(12,409,791)
Other post-employment benefits	(9,313,812)
Compensated absences	(1,537,412)

Net position of governmental activities	<u>\$ 29,908,103</u>
---	----------------------

See notes to basic financial statements.

**TOWN OF ORANGE, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017**

	General Fund	Bonded Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES				
Property taxes	\$ 61,601,419	\$ -	\$ -	\$ 61,601,419
Interest and lien fees	263,300	-	-	263,300
Licenses, permits, fees and fines	861,362	-	-	861,362
Intergovernmental	6,677,613	594,710	999,844	8,272,167
Program revenue	187,697	-	887,807	1,075,504
Investment income	83,579	2,696	745	87,020
Charges for facilities and services	51,427	-	2,216,725	2,268,152
Miscellaneous	623,541	18,613	269,536	911,690
Total revenues	70,349,938	616,019	4,374,657	75,340,614
EXPENDITURES				
Current operating:				
General government	2,126,910	-	-	2,126,910
Public safety	6,085,407	-	200,667	6,286,074
Public works and sanitation	3,618,675	-	361,849	3,980,524
Culture and recreation	1,357,060	-	616,572	1,973,632
Health and welfare	973,966	-	1,248,345	2,222,311
Employee benefits	5,296,145	-	-	5,296,145
Education:				
Orange Board of Education	23,554,207	-	1,360,281	24,914,488
Amity Regional School District	22,602,441	-	-	22,602,441
Town services	398,030	-	-	398,030
Debt service	2,482,565	816,658	-	3,299,223
Capital outlay	297,281	1,950,060	-	2,247,341
Total expenditures	68,792,687	2,766,718	3,787,714	75,347,119
Excess (deficiency) of revenues over expenditures	1,557,251	(2,150,699)	586,943	(6,505)
OTHER FINANCING SOURCES (USES)				
Interfund transfers in	346,996	-	411,193	758,189
Interfund transfers out	(411,193)	-	(346,996)	(758,189)
Total other financing sources (uses)	(64,197)	-	64,197	-
Net change in fund balances	1,493,054	(2,150,699)	651,140	(6,505)
Fund balances, beginning	11,250,025	3,112,766	2,270,356	16,633,147
Fund balances, ending	\$ 12,743,079	\$ 962,067	\$ 2,921,496	\$ 16,626,642

See notes to basic financial statements.

TOWN OF ORANGE, CONNECTICUT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

Net change in fund balances - governmental funds (\$ 6,505)

Amount reported for governmental activities in the statement
of activities are different due to the following:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The details of these items are as follows:

Capital outlay	3,187,115
Depreciation expense	(1,923,394)
Loss on disposal	(10,843)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. The details of these items are as follows:

Property taxes and interest - accrual basis change	(96,477)
Change in deferred charges related to pensions	(1,547,808)

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds.

Principal payments on general obligation bonds	1,645,000
Principal payments on bond anticipation notes	810,000

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Change in net pension liability	38,238
Change in deferred credits related to pensions	215,283
Change in other post-employment benefits	(1,569,347)
Change in compensated absences	(178,938)
Change in accrued interest payable	22,074
Amortization of deferred charges on refunding	(24,022)
Amortization of bond premium	77,836

Internal service funds are used by management to charge costs of
medical insurance to individual funds.

281,613

Change in net position of governmental activities

\$ 919,825

See notes to basic financial statements.

TOWN OF ORANGE, CONNECTICUT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED JUNE 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Final Budget
Budgetary fund balance, July 1, 2016			\$ 9,984,031	
Revenues				
Property taxes:				
Real property	\$ 51,903,478	\$ 51,903,478	52,465,791	\$ 562,313
Personal property	4,299,835	4,299,835	4,252,435	(47,400)
Motor vehicle	4,204,228	4,204,228	4,003,284	(200,944)
Supplement motor vehicle	480,000	480,000	537,316	57,316
Prior years	415,000	415,000	342,593	(72,407)
Interest and lien fees	200,000	200,000	263,300	63,300
Licenses, permits, fees and fines	797,600	797,600	861,362	63,762
Intergovernmental	2,293,569	2,293,569	3,040,795	747,226
Program revenues	115,200	115,200	187,697	72,497
Investment income	56,375	56,375	83,579	27,204
Charges for facilities and services	152,000	152,000	51,427	(100,573)
Miscellaneous	565,000	565,000	623,541	58,541
Total revenues	<u>65,482,285</u>	<u>65,482,285</u>	<u>66,713,120</u>	<u>1,230,835</u>
Expenditures				
General government	2,374,363	2,457,427	2,320,934	136,493
Public safety	6,375,101	6,389,959	6,159,335	230,624
Public works and sanitation	3,591,009	3,630,774	3,559,906	70,868
Culture and recreation	1,410,105	1,466,964	1,389,964	77,000
Health and welfare	1,003,600	1,025,640	975,966	49,674
Employee benefits	5,704,115	5,511,529	5,450,630	60,899
Education:				
Orange Board of Education	20,000,063	20,000,063	20,000,029	34
Amity Regional School District	22,605,738	22,605,738	22,602,441	3,297
Other	446,880	446,880	400,608	46,272
Debt service	2,543,065	2,543,065	2,482,565	60,500
Capital outlay	206,000	247,900	287,068	(39,168)
Total expenditures	<u>66,260,039</u>	<u>66,325,939</u>	<u>65,629,446</u>	<u>696,493</u>
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	<u>(777,754)</u>	<u>(843,654)</u>	<u>1,083,674</u>	<u>1,927,328</u>
Other Financing Sources (Uses)				
Interfund transfers in	255,000	255,000	346,996	91,996
Interfund transfers out	-	(185,000)	(185,000)	-
Total other financing sources (uses)	<u>255,000</u>	<u>70,000</u>	<u>161,996</u>	<u>91,996</u>
Net change in fund balance	<u>(\$ 522,754)</u>	<u>(\$ 773,654)</u>	<u>1,245,670</u>	<u>\$ 2,019,324</u>
Budgetary fund balance, June 30, 2017			<u>\$ 11,229,701</u>	

See notes to basic financial statements.

TOWN OF ORANGE, CONNECTICUT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2017

	Business-Type Activities			Governmental Activities
	Water Pollution Control Authority	Congregate Elderly Housing	Total Enterprise Funds	Internal Service Funds
ASSETS				
Current assets:				
Cash and cash equivalents	\$ -	\$ 151,146	\$ 151,146	\$ 4,386,226
Investments	3,227,999	-	3,227,999	-
Accounts receivable, net of allowance for uncollectibles of \$5,000	717,346	-	717,346	-
Due from other governments	-	36,865	36,865	-
Assessments receivable	68,623	-	68,623	-
Total current assets	4,013,968	188,011	4,201,979	4,386,226
Noncurrent assets:				
Assessments receivable	194,071	-	194,071	-
Capital assets:				
Land	-	18,970	18,970	-
Construction in progress	-	2,666,129	2,666,129	-
Buildings and equipment	8,680,104	3,636,008	12,316,112	-
Less, accumulated depreciation	(6,868,007)	(2,164,652)	(9,032,659)	-
Capital assets, net	1,812,097	4,156,455	5,968,552	-
Total noncurrent assets	2,006,168	4,156,455	6,162,623	-
Total assets	6,020,136	4,344,466	10,364,602	4,386,226
LIABILITIES				
Current liabilities:				
Accounts payable and accrued expenses	326,574	72,680	399,254	8,282
Due to other funds	96,227	-	96,227	-
Due to other governments	-	55,714	55,714	-
Claims incurred but not reported	-	-	-	429,519
Claims and judgments	37,000	-	37,000	-
Total current liabilities	459,801	128,394	588,195	437,801
Noncurrent liabilities:				
Claims and judgments, net of current portion	452,628	-	452,628	-
Total noncurrent liabilities	452,628	-	452,628	-
Total liabilities	912,429	128,394	1,040,823	437,801
NET POSITION				
Net investment in capital assets	1,812,097	4,156,455	5,968,552	-
Unrestricted	3,295,610	59,617	3,355,227	3,948,425
Total net position	\$ 5,107,707	\$ 4,216,072	\$ 9,323,779	\$ 3,948,425

See notes to basic financial statements.

TOWN OF ORANGE, CONNECTICUT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Business-Type Activities			Governmental Activities
	Water Pollution Control Authority	Congregate Elderly Housing	Total Enterprise Funds	Internal Service Funds
OPERATING REVENUES				
Charges for facilities and services	\$ 716,783	\$ 489,649	\$ 1,206,432	\$ 6,597,902
Intergovernmental	-	317,179	317,179	-
Total operating revenues	716,783	806,828	1,523,611	6,597,902
OPERATING EXPENSES				
Personnel services	100,575	212,699	313,274	-
Contractual services	676,115	323,377	999,492	971,015
Utilities	22,829	137,536	160,365	-
Repairs and maintenance	18,882	80,211	99,093	-
Other supplies and expenses	6,119	49,898	56,017	-
Insurance claims	-	-	-	5,353,535
Depreciation	241,015	88,562	329,577	-
Total operating expenses	1,065,535	892,283	1,957,818	6,324,550
Operating income (loss)	(348,752)	(85,455)	(434,207)	273,352
NONOPERATING REVENUES				
Intergovernmental - capital	-	37,074	37,074	-
Capital assessments	-	-	-	-
Interest and penalties on assessments	11,351	-	11,351	-
Interest	20,229	47	20,276	8,261
Total nonoperating revenues	31,580	37,121	68,701	8,261
Change in net position	(317,172)	(48,334)	(365,506)	281,613
Net position, beginning	5,424,879	4,264,406	9,689,285	3,666,812
Net position, ending	\$ 5,107,707	\$ 4,216,072	\$ 9,323,779	\$ 3,948,425

See notes to basic financial statements.

**TOWN OF ORANGE, CONNECTICUT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017**

	Business-Type Activities			Governmental Activities
	Water Pollution Control Authority	Congregate Elderly Housing	Total Enterprise Funds	Internal Service Funds
Cash Flows from Operating Activities				
Receipts from customers	\$ 676,635	\$ 490,227	\$1,166,862	\$ 6,597,902
Payments to suppliers	(765,958)	(824,721)	(1,590,679)	-
Payments to employees	(100,575)	(212,699)	(313,274)	-
Claims paid to outsiders	-	-	-	(5,355,604)
Other receipts (payments)	-	337,954	337,954	(971,015)
Net cash provided (used) by operating activities	(189,898)	(209,239)	(399,137)	271,283
Cash Flows from Capital and Related Financing Activities				
Acquisition of capital assets	-	(37,074)	(37,074)	-
Other receipts	65,546	222,760	288,306	-
Payments made on claims and judgments	(37,000)	-	(37,000)	-
Net cash provided by capital and related financing activities	28,546	185,686	214,232	-
Cash Flows from Investing Activities				
Purchase of investments	129,772	-	129,772	-
Interest	31,580	47	31,627	8,261
Net cash provided by investing activities	161,352	47	161,399	8,261
Net change in cash and cash equivalents	-	(23,506)	(23,506)	279,544
Cash and cash equivalents, beginning	-	174,652	174,652	4,106,682
Cash and cash equivalents, ending	\$ -	\$ 151,146	\$ 151,146	\$ 4,386,226
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	(\$ 348,752)	(\$ 85,455)	(\$ 434,207)	\$ 273,352
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	241,015	88,562	329,577	-
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	(40,148)	578	(39,570)	-
Increase (decrease) in accounts payable and accrued liabilities	(3,481)	(233,699)	(237,180)	2,722
Decrease in due to other funds	(38,532)	-	(38,532)	-
Increase in due to other governments	-	20,775	20,775	-
Decrease in claims incurred but not reported	-	-	-	(4,791)
Net cash provided (used) by operating activities	(\$ 189,898)	(\$ 209,239)	(\$ 399,137)	\$ 271,283

See notes to basic financial statements.

**TOWN OF ORANGE, CONNECTICUT
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2017**

	Pension Trust Funds	Agency Fund
ASSETS		
Cash and cash equivalents	\$ 1,760,566	\$ 202,750
Investments, at fair value	<u>35,997,970</u>	<u>-</u>
	<u>37,758,536</u>	<u>\$ 202,750</u>
LIABILITIES		
Amounts held for others	<u>-</u>	<u>\$ 202,750</u>
NET POSITION		
Net position held in trust for pension benefits	<u>\$ 37,758,536</u>	

See notes to basic financial statements.

**TOWN OF ORANGE, CONNECTICUT
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Pension Trust Funds</u>
ADDITIONS	
Contributions:	
Employer	\$ 1,712,887
Plan members	689,856
Total contributions	<u>2,402,743</u>
Investment return:	
Investment income	498,484
Net increase in the fair value of investments	<u>3,975,516</u>
Total investment return	4,474,000
Less investment expenses	<u>41,300</u>
Net investment return	<u>4,432,700</u>
Total additions	<u>6,835,443</u>
DEDUCTIONS	
Pension payments	2,607,847
Administrative expenses	<u>37,986</u>
Total deductions	<u>2,645,833</u>
Change in net position	4,189,610
Net position, beginning	<u>33,568,926</u>
Net position, ending	<u><u>\$ 37,758,536</u></u>

See notes to basic financial statements.

**TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

1. Summary of Significant Accounting Policies

A. Financial Reporting Entity

The Town of Orange, Connecticut (the Town) was granted a charter of incorporation on May 28, 1822 by the Connecticut General Assembly. The Town operates under the Town Meeting/Selectmen form of government and provides a full range of services including public safety, roads, sanitation, planning and zoning, health and social services, public library, parks and recreation, education and general administrative services to its residents.

The Town operates under the provisions of its charter and the General Statutes of the State of Connecticut. The legislative powers of the Town are vested in the Town meeting. The executive body is made up of a Board of Selectmen, consisting of a First Selectman, who is the chief executive officer, and five other board members. A six-member Board of Finance is responsible for presenting fiscal operating budgets to the Annual Town Meeting.

Amity Regional School District No. 5, which provides educational services and facilities for the Towns of Bethany, Orange and Woodbridge, is not a component unit of the Town. The District is a separate and distinct organization operating under State legislation. The District's board, which is elected on a proportional basis by residents of the participating towns, controls the operation of the District.

The financial reporting entity consists of 1) the primary government, 2) organizations for which the primary government is financially accountable and 3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete as set forth by the Governmental Accounting Standards Board (GASB).

In evaluating how to define the financial reporting entity, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in this reporting entity was made by applying the criteria set forth by GASB, including legal standing, fiscal dependency and financial accountability. The criterion has been considered and there are no agencies or entities which should be presented with this government.

B. Basis of Presentation

The financial statements of the Town have been prepared in conformity with U.S. generally accepted accounting principles as applied to government units. GASB is the accepted standards setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant accounting policies used by the Town:

TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017
. . . Continued . . .

Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Town. As a general rule, the effect of interfund balances and activity has been eliminated in preparation of these statements. Exceptions to this rule are services provided by one fund used by another fund. Elimination of these charges would distort the direct cost and program revenues reported for the various functions concerned. Governmental activities, which are normally supported by property taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of net position presents the financial position of the Town at the end of its fiscal year. The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Property taxes and other items not properly included among program revenues are reported instead as general revenues. The Town does not allocate indirect expenses to functions in the statement of activities.

Fund Financial Statements

The fund financial statements provide information about the government's funds, including its fiduciary funds. Separate statements for each fund category - governmental, proprietary and fiduciary - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The Town reports the following major governmental funds:

The General Fund is the general operating fund of the Town. It is used to account for all unrestricted financial resources except those required to be accounted for in another fund.

The Bonded Capital Projects Fund is a capital projects fund and accounts for the financial revenues and resources to be used for major capital outlays funded mainly through the issuance of debt.

TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017
. . . Continued . . .

The Town of Orange reports the following major enterprise funds:

The Water Pollution Control Authority is used to account for the operation of the Town's wastewater treatment system, a self-supporting activity that renders services on a user charge basis to properties that are tied into the sewer system.

The Congregate Elderly Housing Fund accounts for the operation of a 45 unit subsidized elderly housing complex. Elderly Housing Management, Inc. manages the complex pursuant to a separate management agreement.

Additionally, the Town reports the following fund types:

The Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

The Permanent Funds are used to account for and report financial resources that are legally restricted to the extent that only earnings, and not principal, may be used for the purposes that support the Town's programs. Permanent fund restricted net position are segregated between nonexpendable and expendable. The nonexpendable portion represents the original restricted principal contribution, and the expendable represents accumulated earnings which are available to be spent based on donor restrictions.

The Internal Service Funds account for employee health insurance provided to departments of the Town and the Orange Board of Education and for commercial insurance deductibles.

The Pension Trust Funds account for the activities of the Town's pension plans, which accumulate resources for pension benefit payments to qualified Town employees.

The Agency Fund accounts for funds held by the Town on behalf of outside groups or individuals such as performance bonds.

During the course of operations the Town may have activity between funds for various purposes. Any residual balances outstanding at year end are reported as due to/from other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported as gross amounts as transfers in/out. Certain eliminations are made in the preparation of the government-wide financial statements.

TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017
. . . Continued . . .

Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

C. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Measurable means knowing or being able to reasonably estimate the amount. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Property taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenue when all eligibility requirements are met, including any time requirements and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the Town.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017
. . . Continued . . .

Like the government-wide statements, all proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. All assets and all liabilities associated with the operation of these funds are included on the statement of net position. The statement of revenues, expenses and changes in net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of cash flows provides information about how the Town finances and meets the cash flow needs of its proprietary activities.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the Town's proprietary funds are charges for sales and services. Operating expenses for the enterprise funds include personnel and other expenses related to the operations of the enterprise. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses. Proprietary fund reporting focuses on changes in net position, financial position and cash flows. Proprietary funds are classified as either enterprise or internal service.

The enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services.

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the Town under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the Town's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position
/Fund Balance**

Cash Equivalents

The Town considers highly liquid short-term investment pools, money market funds and certificates of deposit and repurchase agreements with maturities of three months or less when purchased to be cash equivalents.

Investments

Investments are stated at fair value, which is determined using quoted market prices. The cost of investments sold is determined by specific identification.

TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017
. . . Continued . . .

Property Taxes and Other Receivables

The Town's property tax is levied and payable each July 1 on the assessed value listed as of the prior October 1 for all real and personal property located in the Town. These taxes are billed and due in two installments, July 1 and the subsequent January 1. Liens are effective on the assessment date and are continued by filing prior to the following levy date.

Assessed values are established at 70 percent of estimated market value to conform to State statutes.

Section 12-165 of the General Statutes of the State of Connecticut requires each municipality to write-off, on an annual basis, the property taxes, which are deemed to be uncollectible. Accordingly, an allowance for uncollectible property taxes has been established. As of June 30, 2017, the allowance for uncollectible property taxes is \$69,000.

State statutes require that a revaluation be done every five years. The last revaluation completed and enacted was for the list of October 1, 2012.

Sewer assessments are levied by the Water Pollution Control Authority and assessed to the users as projects are completed. Assessments are due and payable following the levy, but in projects where the sewer extensions were bonded, property owners were allowed to pay in installments.

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans).

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Capital Assets

Capital assets, which include property, plant and equipment and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of two years.

TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017
. . . Continued . . .

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. Interest incurred during the construction of capital assets is also capitalized for business-type activities.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

All reported capital assets are depreciated except for land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the Town's historical records of necessary improvements and replacement.

Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activities Estimated Lives</u>
Land improvements	25 years	-
Buildings and improvements	20-50 years	20-40 years
Equipment	5-10 years	5-20 years
Sewer lines and pump stations	-	30-40 years
Vehicles	7 years	-
Infrastructure	60 years	-

Unearned Revenues

Unearned revenues arise when assets are recognized before revenue recognition criteria have been satisfied. In the government-wide financial statements, unearned revenues consist of revenue received in advance and/or amounts from grants received before the eligibility requirements have been met.

TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017
. . . Continued . . .

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. The Town has two items that qualify for reporting in this category. They are the deferred charge on refunding and the deferred charge related to pensions reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred charge related to pensions results from the difference between expected and actual experience, changes in assumptions and differences between projected and actual earnings. These amounts are deferred and included in pension expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active and inactive employees).

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town reports unavailable revenues from property taxes in the governmental funds balance sheet. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available.

Compensated Absences

Compensated absences of the Town consist of vacation leave and sick leave to the extent that payment to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the Town and the employee.

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the Town will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the vesting method. The liability is based on the sick leave accumulated at June 30, 2017 by those employees who are currently eligible to receive termination payments and by those employees for whom it is probable they will become eligible to receive termination benefits in the future.

TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017
. . . Continued . . .

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at the balance sheet date, and reduced to the maximum payment allowed by labor contract and/or statute, plus applicable additional salary related payments. Town employees are granted vacation and sick leave in varying amounts. In the event of termination, an employee is reimbursed for accumulated vacation and sick leave at various rates.

Net Pension Liability

The net pension liability is measured as the portion of the actuarial present value of projected benefits that is attributed to past periods of employee service (total pension liability), net of the pension plan's fiduciary net position. The pension plan's fiduciary net position is determined using the same valuation methods that are used by the pension plan for purposes of preparing its statement of fiduciary net position. The net position liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year, consistently applied from period to period.

Long-Term Obligations

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable will be reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017
. . . Continued . . .

Net Position/Fund Balance

Government-wide Financial Statements

Equity in the government-wide financial statements is defined as "net position" and is classified in the following categories:

- a. Net Investment in Capital Assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted - Consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.
- c. Unrestricted - Net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

Net Position Flow Assumption - Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

Fund Financial Statements

The equity of the fund financial statements is defined as "fund balance" and is classified in the following categories:

- a. Nonspendable Fund Balance - represents amounts that cannot be spent because they are either (a) not in spendable form (e.g., inventories and prepaid amounts) or (b) legally or contractually required to be maintained intact.
- b. Restricted Fund Balance - represents amounts that are constrained for a specific purpose by either (a) external parties, such as grantors, creditors, contributors, or laws and regulation of their governments or (b) imposed by law through constitutional provisions or enabling legislation.

TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017
. . . Continued . . .

- c. Committed Fund Balance - represents amounts that can only be used for specific purposes pursuant to constraints imposed by resolution of the Town Meeting (the highest level of decision making authority of the Town) and cannot be used for any other purpose unless the Town Meeting removes or changes the specified use by taking the same formal action.
- d. Assigned Fund Balance - represents amounts that are constrained by the government's intent to be used for specific purposes, but are not restricted or committed. Amounts may be constrained to be used for a specific purpose by a governing board or body or official that has been delegated authority to assign amounts by the Board of Finance.
- e. Unassigned Fund Balance - represents fund balance in the General Fund in excess of nonspendable, restricted, committed and assigned fund balance. If another governmental fund has a fund balance deficit, it is reported as a negative amount in unassigned fund balance.

Fund Balance Flow Assumptions - Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned and unassigned fund balance). In order to calculate the amounts to report as restricted, committed assigned and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

The Board of Finance adopted a financial policy to maintain the General Fund fund balance at 12.5 percent of current budgetary expenditures to provide for 1) adequate reserves to carry thirty (30) to forty-five (45) days of operating expenditures, 2) unplanned emergent current year expenditures, 3) unrealized projected current year revenue, 4) budgetary and mill rate stabilization in periods of unusual Grand List variances and 5) additional reserves as deemed appropriate by the Board of Finance and the Board of Selectmen.

E. Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues, expenses and expenditures. Actual results could differ from those estimates.

TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017
. . . Continued . . .

F. Subsequent Events

Management has evaluated subsequent events through December 12, 2017, the date the financial statements were available to be issued.

2. Stewardship, Compliance and Accountability

Budgets and Budgetary Accounting

The statement of revenues and expenditures, budget to actual presented in the financial statements for the General Fund is on the budgetary basis of accounting which is a basis of accounting other than the accrual basis and the modified basis of accounting. The budgetary basis of accounting and the Town's general budget policies are as follows:

- The Board of Finance develops the budget based on budget requests submitted by the various Town departments. The budget is presented by the Board of Finance at a public meeting held annually in April. After discussion and any necessary changes, the budget is approved at a subsequent Town Meeting in May.
- The Board of Finance is authorized to transfer budgeted amounts within departments and they approve all additions to appropriations.
- The Board of Education is authorized under State law to make any transfers required within their budget at their discretion. Any additional appropriations must have Board of Finance approval.
- Encumbrances are recognized as valid and proper charges against a budget appropriation in the year in which the purchase order, contract or other commitment is issued and, accordingly, are reported as reservations of fund balance at year-end since they do not constitute expenditures or liabilities. Generally, all encumbered appropriations lapse within one year except those that are nonrecurring in nature.
- Additional appropriations of \$251,700 were made during the year for a Public Works truck (\$185,000), a Board of Education truck (\$41,900) and a fiber optic line for the Library (\$24,800).

TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017
. . . Continued . . .

General Fund

A reconciliation of general fund operations and fund balance presented on a budgetary basis to the amounts presented in accordance with U.S. generally accepted accounting principles is as follows:

	<u>Revenues and Transfers in</u>	<u>Expenditures and Transfers Out</u>	<u>Fund Balance</u>
Budgetary basis	\$ 67,060,116	\$ 65,814,446	\$11,229,701
Encumbrances:			
Prior year encumbrances liquidated or lapsed during the year	-	756,379	-
Prior year encumbrances outstanding	-	-	158,065
Current year encumbrances outstanding	-	(1,003,763)	1,003,763
State on-behalf payments for teachers' retirement	3,636,818	3,636,818	-
Accrued benefit fund	<u>-</u>	<u>-</u>	<u>351,550</u>
GAAP Basis	<u><u>\$ 70,696,934</u></u>	<u><u>\$ 69,203,880</u></u>	<u><u>\$12,743,079</u></u>

Special Revenue Funds

The Town does not have legally adopted annual budgets for the Special Revenue Funds. Budgets for the various special revenue funds which are utilized to account for specific grant programs are established in accordance with the requirements of the grantor agencies. Such budgets carry over until completion of the grants.

Capital Projects Funds

Legal authorization for expenditures of capital projects funds is provided by the related bond ordinances and/or intergovernmental grant agreements. Capital appropriations do not lapse until completion of the applicable projects.

TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017
. . . Continued . . .

3. Cash and Cash Equivalents and Investments

The Town's cash and cash equivalents and investments balances as of June 30, 2017 were:

	Government-wide Statement of Net Position	Fiduciary Funds Statement of Net Position	Total
Cash and cash equivalents	\$ 17,179,536	\$ 1,963,316	\$ 19,142,852
Investments	9,995,281	35,997,970	45,993,251
Total	<u>\$ 27,174,817</u>	<u>\$ 37,961,286</u>	<u>\$ 65,136,103</u>

Cash and Cash Equivalents

Deposits - Custodial Credit Risk - Custodial credit risk is the risk that, in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a formal deposit policy for custodial credit risk. The Town follows the State of Connecticut policy that requires that each depository maintain segregated collateral in an amount equal to a defined percentage of its public deposits based upon the bank's risk based capital ratio.

As of June 30, 2017, \$15,615,879 of the Town's bank balance of \$16,572,721 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 14,054,291
Uninsured and collateral held by pledging bank's trust department not in the Town's name	<u>1,561,588</u>
Total amount subject to credit risk	<u>\$ 15,615,879</u>

Investments

The Town has adopted a formal investment policy with the expressed goal of providing next day liquidity at the highest prevailing interest rate. In addition, the Town follows State statutes. State statutes authorize the Town to invest in 1) highly rated obligations of any state of the United States or of any political subdivision, authority or agency, thereof; 2) highly rated obligations of any state of the United States or of any political subdivision, authority or agency thereof; 3) shares or other interests in custodial arrangements or pools maintaining constant net asset values and in highly rated no-load open end money market and mutual funds (with constant or fluctuating net asset values) whose portfolios are limited to obligations of the United States or its agencies, and repurchase agreements fully collateralized by such obligations.

TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017
. . . Continued . . .

The Pension Trust Funds are also authorized to invest in corporate stocks and bonds and mutual funds.

The Town's investments as of June 30, 2017 consisted of the following:

	Carrying and Fair Value	Investment Maturities (In Years)
Treasurer's Short-Term Investment Fund	\$ 9,955,185	N/A
U.S. Treasury Bond	40,096	1 - 5
Money market mutual funds	114,785	N/A
Fixed income mutual funds	9,451,154	N/A
Equity mutual funds	<u>26,432,031</u>	N/A
Total investments	<u>\$ 45,993,251</u>	

The Treasurer's Short-Term Investment Fund (STIF) is a Standard & Poor's AAAm rated investment pool of high-quality, short term money market instruments managed by the Cash Management Division of the State Treasurer's Office.

Interest rate risk - The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk - The Town does not have a formal investment policy that limits its investment choices due to credit risk other than policies set forth by State of Connecticut Statutes.

Concentration of credit risk - The Town does not have a formal investment policy that restricts investments in any one issuer that is in excess of 5% of the Town's total investments.

Custodial credit risk - Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the Town or that sells investments to or buys them from the Town), the Town will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The Town does not have a policy for custodial credit risk.

Fair Value Measures - The Town utilizes the market approach as the valuation technique to measure fair value of its financial assets. U.S. generally accepted accounting principles establishes a fair value hierarchy which prioritizes the inputs to valuation techniques used to measure fair value of financial instruments into three levels.

TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017
. . . Continued . . .

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities where the organization has the ability to access at the measurement date;

Level 2 - Significant other observable inputs other than quoted prices included in Level 1, which are observable for the asset or liability, either directly or indirectly (i.e. quoted prices in inactive markets, broker or dealer quotations, or alternative pricing sources with reasonable levels of price transparency);

Level 3 - Unobservable inputs are used to the extent that observable inputs are unavailable due to little, if any, market activity for the asset or liability. Unobservable inputs are developed based on the best information available, which might include the organization's own data that reflects assumptions that market participants would use in pricing the asset or liability.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The Town's investments are measured on a recurring basis using Level 1 information (market quotations for investments that have quoted prices in active markets). The Town has no financial assets measured using Level 2 or Level 3 at June 30, 2017.

4. Interfund Transactions

Interfund Balances

Interfund balances consisted of the following at June 30, 2017, as reported in the fund financial statements:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
Major Funds:		
General Fund	\$ 202,565	\$ -
Water Pollution Control Authority	-	96,227
Nonmajor funds (aggregate)	<u>-</u>	<u>106,338</u>
Total	<u><u>\$ 202,565</u></u>	<u><u>\$ 202,565</u></u>

The outstanding balances between funds results mainly from the time lag between the dates that (1) inter-fund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017
. . . Continued . . .

Internal balances between governmental funds are eliminated on the government-wide financial statements; therefore, only one interfund balance is reported on the government-wide financial statements.

Interfund Transfers

Interfund transfers for the year ended June 30, 2017, consisted of the following, as reported in the fund financial statements:

	<u>Transfers From</u>	<u>Transfers To</u>
Governmental Funds:		
General Fund	\$ 411,193	\$ 346,996
Nonmajor funds - aggregate	<u>346,996</u>	<u>411,193</u>
	<u><u>\$ 758,189</u></u>	<u><u>\$ 758,189</u></u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017
. . . Continued . . .

5. Capital Assets

Capital asset activity for the year ended June 30, 2017 was as follows:

	Beginning Balance	Additions\ Transfers	Disposals\ Transfers	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 22,898,880	\$ -	\$ -	\$ 22,898,880
Construction in progress	8,080,410	2,394,464	(9,806,903)	667,971
 Total capital assets not being depreciated	 30,979,290	 2,394,464	 (9,806,903)	 23,566,851
Capital assets, being depreciated:				
Land improvements	802,700	417,671	-	1,220,371
Buildings and improvements	37,511,565	8,041,083	-	45,552,648
Equipment	8,373,718	102,063	(15,885)	8,459,896
Vehicles	2,221,585	317,565	(79,869)	2,459,281
Infrastructure	18,928,367	1,721,172	-	20,649,539
 Total capital assets being depreciated	 67,837,935	 10,599,554	 (95,754)	 78,341,735
Less, accumulated depreciation for:				
Land improvements	390,426	40,061	-	430,487
Buildings and improvements	24,129,824	1,008,471	-	25,138,295
Equipment	6,284,476	259,508	(15,091)	6,528,893
Vehicles	1,578,938	158,132	(69,820)	1,667,250
Infrastructure	11,345,554	457,222	-	11,802,776
 Total accumulated depreciation	 43,729,218	 1,923,394	 (84,911)	 45,567,701
 Total capital assets being depreciated, net	 24,108,717	 8,676,160	 (10,843)	 32,774,034
 Governmental activities capital assets, net	 \$ 55,088,007	 \$ 11,070,624	 (\$ 9,817,746)	 \$ 56,340,885

TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017
. . . Continued . . .

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Business-Type Activities:				
Capital assets, not being depreciated:				
Land	\$ 18,970	\$ -	\$ -	\$ 18,970
Construction in progress	<u>2,629,055</u>	<u>37,074</u>	<u>-</u>	<u>2,666,129</u>
	<u>2,648,025</u>	<u>37,074</u>	<u>-</u>	<u>2,685,099</u>
Capital assets, being depreciated:				
Buildings and improvements	3,466,935	-	-	3,466,935
Sewer lines and pump stations	8,315,305	-	-	8,315,305
Equipment	<u>533,872</u>	<u>-</u>	<u>-</u>	<u>533,872</u>
Total capital assets being depreciated	<u>12,316,112</u>	<u>-</u>	<u>-</u>	<u>12,316,112</u>
Less, accumulated depreciation for:				
Buildings and improvements	1,908,598	86,981	-	1,995,579
Sewer lines and pump stations	6,383,851	224,536	-	6,608,387
Equipment	<u>410,633</u>	<u>18,060</u>	<u>-</u>	<u>428,693</u>
Total accumulated depreciation	<u>8,703,082</u>	<u>329,577</u>	<u>-</u>	<u>9,032,659</u>
Total capital assets being depreciated, net	<u>3,613,030</u>	<u>(329,577)</u>	<u>-</u>	<u>3,283,453</u>
Business-type activities capital assets, net	<u><u>\$ 6,261,055</u></u>	<u><u>(\$ 292,503)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 5,968,552</u></u>

TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017
. . . Continued . . .

Depreciation expense was charged to programs/functions as follows:

Governmental Activities:	
General Government	\$ 127,222
Public Safety	235,637
Public Works and Sanitation	548,046
Culture and Recreation	297,038
Health and Welfare	20,026
Education	<u>695,425</u>
Total depreciation expense in governmental activities	<u><u>\$ 1,923,394</u></u>
Business-type Activities:	
Water Pollution Control Authority	\$ 241,015
Congregate Elderly Housing	<u>88,562</u>
Total depreciation expense in business-type activities	<u><u>\$ 329,577</u></u>

6. Short-Term Obligations

	Balance <u>July 1, 2016</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>June 30, 2017</u>
Bond anticipation notes	\$ 810,000	\$ -	\$ 810,000	\$ -

Bond Anticipation Notes

On April 19, 2016, the Town issued bond anticipation notes for \$810,000 with an interest rate of 1.10% which were due and paid January 18, 2017, to fund various school improvement projects.

TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017
. . . Continued . . .

7. Long-Term Obligations

The following is a summary of long-term obligation transactions of the Town for the year ended June 30, 2017:

	Balance July 1, 2016	Issued/ Additions	Matured/ Deletions	Balance June 30, 2017	Due Within One Year
Governmental Activities:					
General obligation bonds	\$ 26,005,000	\$ -	\$ 1,645,000	\$ 24,360,000	\$ 1,695,000
Deferred premium on bonds	885,935	-	77,836	808,099	-
Net pension liability	12,448,029	-	38,238	12,409,791	-
Other post-employment benefits	7,744,465	1,569,347	-	9,313,812	-
Compensated absences	<u>1,358,474</u>	<u>178,938</u>	<u>-</u>	<u>1,537,412</u>	<u>112,894</u>
Total Governmental Activities	<u>\$ 48,441,903</u>	<u>\$ 1,748,285</u>	<u>\$ 1,761,074</u>	<u>\$ 48,429,114</u>	<u>\$ 1,807,894</u>
Business-Type Activities:					
Claims and judgments	<u>\$ 526,628</u>	<u>\$ -</u>	<u>\$ 37,000</u>	<u>\$ 489,628</u>	<u>\$ 37,000</u>
Total Business-type Activities	<u>\$ 526,628</u>	<u>\$ -</u>	<u>\$ 37,000</u>	<u>\$ 489,628</u>	<u>\$ 37,000</u>

TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017
. . . Continued . . .

General Obligation Bonds

As of June 30, 2017, the outstanding general obligation bonded indebtedness of the Town was as follows:

	<u>Outstanding Amount</u>
General Public Improvement:	
\$10,395,000 general obligation refunding bond, issue of 6/1/10, due 8/15/25, interest at 3.0% to 5.0%, annual principal payments of \$390,000 to \$1,325,000.	\$ 3,965,000
\$7,200,000 general obligation bond, issue of 10/01/11, due 10/01/31, interest at 2.0% to 4.0%, annual principal payments of \$360,000.	5,400,000
\$3,655,000 general obligation refunding bond, issue of 2/29/12, due 12/15/27, interest at 2.0% to 4.0%, annual principal payments of \$125,000 to \$280,000.	2,890,000
\$5,000,000 general obligation bond, issue of 7/22/13, due 7/15/33, interest at 3.0% to 4.125%, annual principal payments of \$250,000.	4,250,000
\$8,725,000 general obligation bond, issue of 7/21/14, due 7/15/34, interest at 2.0% to 4.0%, annual principal payments of \$435,000 to \$440,000.	<u>7,855,000</u>
	<u><u>\$ 24,360,000</u></u>

TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017
. . . Continued . . .

The debt service requirements of this debt are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 1,695,000	\$ 769,616	\$ 2,464,616
2019	1,690,000	711,416	2,401,416
2020	1,690,000	648,541	2,338,541
2021	1,715,000	585,041	2,300,041
2022	1,760,000	524,691	2,284,691
2023-2027	8,505,000	1,815,048	10,320,048
2028-2032	5,485,000	755,306	6,240,306
2033-2035	1,820,000	84,819	1,904,819
	<u>\$ 24,360,000</u>	<u>\$ 5,894,478</u>	<u>\$ 30,254,478</u>

Authorized/Unissued Bonds

At June 30, 2017, the Town had \$9,818,340 authorized but unissued bonds.

Debt Refunding

In prior years, the Town defeased general obligation bonds by placing the proceeds of new bonds in an irrevocable trust account to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included on the Town's financial statements. At June 30, 2017, none of the defeased bonds remain outstanding. Amortization of the deferred loss for the year ended June 30, 2017 totaled \$24,022.

Water Pollution Control Authority Judgment

In 1985, the Town and the City of West Haven (the "City") entered into an agreement whereby the City is to provide wastewater treatment services to the Town for fifty years. Charges for these services are based upon the City's operating costs and metered flow of wastewater volumes during each year. In addition, the Town is assessed its proportionate share of capital improvements to the City's sanitary sewer system. In March 2003 a stipulated judgment was entered between the Town and the City regarding such capital improvements. The Town agreed to pay \$2,079,348 in installments through June 2020 for prior capital improvements made by the City. The Town paid the City \$37,000 during the year ended June 30, 2017. The balance payable was \$489,628 at June 30, 2017.

In addition, the City has a new loan payable to the State of Connecticut's Department of Environmental Protection, under its Clean Water Fund Program, for sanitary sewer projects. The loan bears interest at 2% per annum and will mature in July 2032. The balance of the loan as of June 30, 2017 was \$22,106,616, of which the Town's obligation is 8.7% of the annual debt service requirements. The annual debt service payable to the City is \$156,425.

TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017
. . . Continued . . .

Amity Regional School District No. 5

In addition to the Town, the only political subdivision with power to issue debt on behalf of the Town is the Amity Regional School District No. 5 (the District). As of June 30, 2017 the District had general obligation bond issues outstanding aggregating \$41,403,254. These amounts are to be paid back by the three member Towns through their annual proportionate share payments for the operations of the District. Each Town's share of the debt is based on the average daily membership of each Town's student population. For the year ended June 30, 2017 the percentage for the Town of Orange was 48.74% or \$20,176,782.

8. Capital Projects

The following is a summary of project authorizations at June 30, 2017:

	Project Authorization	Expenditures		Unexpended Authorization June 30, 2017
		During Year	Cumulative	
2004 bond projects	\$ 13,085,000	\$ -	\$ 13,050,981	\$ 34,019
Land acquisition	7,200,000	-	7,096,621	103,379
2013 bond projects:				
Board of Education facility improvements	8,038,000	70,315	7,332,065	705,935
Town building improvements	2,389,000	88,331	1,301,916	1,087,084
Town road improvements	5,000,000	855,557	5,132,931	(132,931)
2017 bond projects:				
Board of Education facility improvements	997,000	-	-	997,000
Town facility improvements	2,354,000	1,340	1,340	2,352,660
Town road improvements	10,630,000	934,517	934,517	9,695,483
Police facility improvements	969,000	-	-	969,000

TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017
. . . Continued . . .

9. Fund Balances (Deficits)

	General Fund	Bonded Capital Projects	Non-major Governmental Funds	Total
Fund balances:				
Nonspendable	\$ 13,400	\$ -	\$ 26,624	\$ 40,024
Restricted for:				
General government	-	-	31,150	31,150
Public safety	-	-	80,209	80,209
Public works	-	-	369,238	369,238
Culture and recreation	-	-	182,138	182,138
Health and welfare	-	-	121,469	121,469
Education	-	-	12,094	12,094
Capital	-	962,067	-	962,067
Committed to:				
General government	351,550	-	-	351,550
Culture and recreation	-	-	310,336	310,336
Health and welfare	-	-	356,797	356,797
Education	-	-	401,825	401,825
Capital	-	-	411,193	411,193
Assigned to:				
General government	775,131	-	137,489	912,620
Culture and recreation	-	-	404,075	404,075
Education	386,697	-	-	386,697
Other	-	-	150,813	150,813
Unassigned	11,216,301	-	(73,954)	11,142,347
Total fund balances	<u>\$ 12,743,079</u>	<u>\$ 962,067</u>	<u>\$ 2,921,496</u>	<u>\$ 16,626,642</u>

Encumbrances in the amount of \$1,161,828 at June 30, 2017 are contained in the above table in the assigned category of the General Fund.

The Cafeteria Fund had a fund deficit at June 30, 2017 of \$73,954. The deficit will be funded by future revenues from operations.

TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017
. . . Continued . . .

10. Pension Plans

Defined Benefit Plans

The Town administers two single employer, defined benefit public employees retirement system (PERS) plans to provide pension benefits to substantially all Town employees (hired prior to July 1, 1999) with the exception of certified teachers and administrative personnel at the Board of Education. The PERS are considered to be a part of the Town's financial reporting entity and are included in the Town's financial statements as pension trust funds. The plans do not issue separate, stand alone, financial reports. The certified faculty and administrative personnel of the Board of Education participate in a contributory retirement plan administered by the State Teachers Retirement Board. The Town does not contribute to this plan.

Management of the plans rest with the administrative pension board appointed by the Board of Selectmen.

Plan Descriptions

Benefit Provisions

Police Plan

The plan provides retirement benefits and death and disability benefits. Benefits vest after 10 years of service. Members may retire at any age with 20 years of credited service or at age 55. Members are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 2.25% of average monthly earnings times years of credited service up to 20 years, plus 2% of average monthly earnings times years of credited service in excess of 20 years. Average monthly earnings are based on the employee's monthly earnings over the last twenty-four months of service. Active plan members are required to contribute 7.0% of compensation to the Plan. If an employee leaves covered employment or dies before meeting the vesting requirement, accumulated employee contributions plus 4.0% interest thereon are refunded. The Town is required to contribute the remaining amounts necessary to finance the benefits for its employees as are actuarially determined.

TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017
. . . Continued . . .

Town Plan

The plan provides retirement benefits as well as death benefits. The following table summarizes the retirement benefits of the plan:

	<u>Normal Retirement</u>	<u>Early Retirement</u>	<u>Benefit</u>	<u>Vesting</u>
Board of Education Secretaries and Custodians	65	10 years early with 10 years of service	1¼% of final earnings up to \$6,600 plus 2% of excess times credited service	50% after 10 years of service, additional 10% for each year thereafter. 100% vested at 65.
Highway	65 or 62 with 25 years of service	10 years early with 10 years of service	1¾% of final earnings up to \$6,600 plus 2% of excess times credited service	100% after 10 years of service or age 65
Town secretaries, custodians, dispatchers and Non-Union	65 or 62 with 25 years of service	10 years early with 15 years of service	2% of final earnings times credited service	100% after 5 years of service or age 65
Supervisors	65 or 62 with 25 years of service	10 years early with 10 years of service	2% of final earnings times credited service	100% after 10 years of service or age 65

Final earnings are the employee's average earnings over the last three years of service.

Supervisors are required to contribute 3.0% of compensation to the Plan up to \$7,800 plus 5.0% of the excess. All others are required to contribute 2.0% of compensation to the Plan up to \$7,800 plus 5.0% of the excess. If an employee leaves covered employment or dies before meeting the vesting requirement, accumulated employee contributions plus 4.0% interest thereon are refunded. The Town is required to contribute the remaining amounts necessary to finance the benefits for its employees as are actuarially determined.

TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017
. . . Continued . . .

As of January 1, 2017, plan membership consisted of the following:

	<u>Police</u>	<u>Town</u>
Inactive plan members or beneficiaries currently receiving benefits	36	63
Inactive plan members entitled to but not yet receiving benefits	3	6
Active plan members	<u>9</u>	<u>11</u>
	<u>48</u>	<u>80</u>

Summary of Significant Accounting Policies

The Plans' financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the Plans are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plans.

Investments are reported at fair value. Securities traded on a national exchange are valued at the last reported sales price. Investment income is recognized as earned.

Administrative costs of the Plan are financed through investment earnings.

Defined Contribution Plan

Plan Description

The Town is the administrator of the Defined Contribution Pension Plan for Town of Orange, Connecticut established to provide benefits at retirement to substantially all full-time Town employees and noncertified Board of Education employees hired on or after July 1, 1998.

Plan provisions and contribution requirements are established and may be amended by the Board of Selectmen. At June 30, 2017, there were 146 plan members. Plan members may contribute up to 10% of covered salary. The Town is required to contribute an amount equal to the plan members' contribution up to 10% of covered salary. Plan members and the Town each contributed \$588,113, not including rollover contributions and forfeitures, to the plan in the year ended June 30, 2017. Plan members are 100% vested in their employee contributions. Plan members are 20% vested in their employer contribution after 2 years of service, with an additional 20% for each year thereafter. Forfeitures shall be used to reduce future employer contributions.

TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017
. . . Continued . . .

The individual plan net position at June 30, 2017 and changes in net position for the year then ended are as follow:

	Police	Town	Defined Contribution	Total
ASSETS				
Cash and cash equivalents	\$ 158,160	\$ 113,465	\$ 1,488,941	\$ 1,760,566
Investments	<u>15,823,724</u>	<u>7,454,716</u>	<u>12,719,530</u>	<u>35,997,970</u>
	<u>\$ 15,981,884</u>	<u>\$ 7,568,181</u>	<u>\$ 14,208,471</u>	<u>\$ 37,758,536</u>
Net position held in trust for pension benefits	<u>\$ 15,981,884</u>	<u>\$ 7,568,181</u>	<u>\$ 14,208,471</u>	<u>\$ 37,758,536</u>
ADDITIONS				
Contributions:				
Employer	\$ 864,624	\$ 260,150	\$ 588,113	\$ 1,712,887
Plan members	<u>72,029</u>	<u>29,714</u>	<u>588,113</u>	<u>689,856</u>
Total contributions	<u>936,653</u>	<u>289,864</u>	<u>1,176,226</u>	<u>2,402,743</u>
Investment return:				
Investment income	337,334	161,150	-	498,484
Net increase in the fair value of investments	<u>1,503,541</u>	<u>718,655</u>	<u>1,753,320</u>	<u>3,975,516</u>
Total investment return	<u>1,840,875</u>	<u>879,805</u>	<u>1,753,320</u>	<u>4,474,000</u>
Less investment expenses	<u>13,788</u>	<u>9,192</u>	<u>18,320</u>	<u>41,300</u>
Net investment return	<u>1,827,087</u>	<u>870,613</u>	<u>1,735,000</u>	<u>4,432,700</u>
Total additions	<u>2,763,740</u>	<u>1,160,477</u>	<u>2,911,226</u>	<u>6,835,443</u>
DEDUCTIONS				
Benefit payments	1,479,708	867,028	261,111	2,607,847
Administrative expenses	<u>20,498</u>	<u>17,488</u>	<u>-</u>	<u>37,986</u>
Total deductions	<u>1,500,206</u>	<u>884,516</u>	<u>261,111</u>	<u>2,645,833</u>
Change in net position	<u>1,263,534</u>	<u>275,961</u>	<u>2,650,115</u>	<u>4,189,610</u>
NET POSITION, beginning	<u>14,718,350</u>	<u>7,292,220</u>	<u>11,558,356</u>	<u>33,568,926</u>
NET POSITION, ending	<u>\$ 15,981,884</u>	<u>\$ 7,568,181</u>	<u>\$ 14,208,471</u>	<u>\$ 37,758,536</u>

TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017
. . . Continued . . .

Investments

Investment policy - the pension plans' policy in regard to the allocation of invested assets is established and amended by the administrative pension board. It is the policy of the administrative pension board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes.

The following was the Committee's adopted asset allocation policy for all plans as of June 30, 2017:

<u>Asset Class</u>	<u>Target Allocation</u>
U.S. core fixed income	38.00 %
U.S. equity market	32.00
Non-U.S. equity market	20.00
Global REITs	5.00
Commodities	<u>5.00</u>
	<u><u>100.00 %</u></u>

Rate of return - For the year ended June 30, 2017, the annual money-weighted rate of return on pension plan investments, net of pension investment expense, was as follows:

Police	12.49 %
Town	12.46

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017
. . . Continued . . .

Net Pension Liability

The components of the net pension liability of the Town at June 30, 2017, were as follows:

	<u>Police</u>	<u>Town</u>	<u>Total</u>
Total pension liability	\$ 25,371,855	\$ 10,588,001	\$ 35,959,856
Plan fiduciary net position	<u>15,981,884</u>	<u>7,568,181</u>	<u>23,550,065</u>
Town's net pension liability	<u>\$ 9,389,971</u>	<u>\$ 3,019,820</u>	<u>\$ 12,409,791</u>

Plan fiduciary net position as a percentage of the total pension liability	62.99 %	71.48 %
--	---------	---------

Actuarial assumptions - the total pension liability was determined by an actuarial valuation as of January 1, 2017 and increased by service cost and interest and decreased by benefit payments to estimate the total pension liability as of June 30, 2017. Actuarial assumptions were as follows:

	<u>Police</u>	<u>Town</u>
Inflation	2.70%	2.70%
Salary increases	3.50%	3.75%
Investment rate of return	7.00%	7.00%

Mortality rates for the Police Plan were based on the RP-2000 Combined Healthy Mortality with Blue Collar adjustments and static projection per Scale AA. Mortality rates for the Town Plan were based on the RP-2000 Combined Healthy Mortality with static projection per Scale AA.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2017 (see the discussion of the pension plan's investment policy) are summarized in the following table:

TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017
. . . Continued . . .

Asset Class	Long-Term Expected Real Rate of Return
U.S. core fixed income	2.66%
U.S. equity market	5.15%
Non-U.S. equity market	6.34%
Global REITs	5.84%
Commodities	3.02%

Discount rate - the discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the Town contributions will be made at rates equal to the actuarially determined contributions. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability

Police Plan	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances, June 30, 2016	\$ 23,772,327	\$ 14,718,350	\$ 9,053,977
Changes for the year:			
Service cost	164,114	-	164,114
Interest	1,682,691	-	1,682,691
Effect of economic/demographic gains	542,359	-	542,359
Effect of assumptions changes or inputs	690,072	-	690,072
Contributions - employer	-	864,624	(864,624)
Contributions - members	-	72,029	(72,029)
Net investment return	-	1,827,087	(1,827,087)
Benefit payments, including refunds of member contributions	(1,479,708)	(1,479,708)	-
Administrative expenses	-	(20,498)	20,498
Net changes	1,599,528	1,263,534	335,994
Balances, June 30, 2017	\$ 25,371,855	\$ 15,981,884	\$ 9,389,971

TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017
. . . Continued . . .

Town Plan	Increase (Decrease)		
	Total Pension	Plan Fiduciary	Net Pension
	Liability	Net Position	Liability
	(a)	(b)	(a) - (b)
Balances, June 30, 2016	\$ 10,686,272	\$ 7,292,220	\$ 3,394,052
Changes for the year:			
Service cost	34,764	-	34,764
Interest	746,395	-	746,395
Effect of economic/demographic gains	(225,260)	-	(225,260)
Effect of assumptions changes or inputs	212,858	-	212,858
Contributions - employer	-	260,150	(260,150)
Contributions - members	-	29,714	(29,714)
Net investment return	-	870,613	(870,613)
Benefit payments	(867,028)	(867,028)	-
Administrative expenses	-	(17,488)	17,488
Net changes	(98,271)	275,961	(374,232)
Balances, June 30, 2017	\$ 10,588,001	\$ 7,568,181	\$ 3,019,820

Sensitivity of the net pension liability to changes in the discount rate - the following presents the net pension liability of the Town, calculated using the discount rate of 7.00%, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Police net pension liability	\$ 12,284,451	\$ 9,389,971	\$ 6,959,925
Town net pension liability	\$ 3,857,391	\$ 3,019,820	\$ 2,285,703

TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017
. . . Continued . . .

Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended June 30, 2017, the Town recognized pension expense of \$1,973,279 and \$445,782 for the Police and Town Plans, respectively.

The Town reported deferred outflows of resources related to pensions from the following sources:

	<u>Police Plan</u>	<u>Town Plan</u>	<u>Total</u>
Net difference between projected and actual earnings on pension plan investments	\$ 524,124	\$ 313,341	\$ 837,465
Changes of assumptions	230,024	-	230,024
Differences between actual and expected experience	<u>180,786</u>	<u>-</u>	<u>180,786</u>
	<u>\$ 934,934</u>	<u>\$ 313,341</u>	<u>\$ 1,248,275</u>

The net differences between projected and actual earnings are amortized over 5 years. The changes in assumptions and differences between actual and expected experience is amortized over 1.5 years for the Police Plan.

Amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follow:

<u>Year ending June 30</u>	<u>Police Plan</u>	<u>Town Plan</u>	<u>Total</u>
2018	\$ 693,878	\$ 158,959	\$ 852,837
2019	283,070	158,961	442,031
2020	116,859	69,946	186,805
2021	(158,873)	(74,525)	(233,398)

TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017
. . . Continued . . .

Connecticut State Teachers' Retirement System

Plan Description

Teachers, principals, superintendents or supervisors engaged in service of public schools are provided with pensions through the Connecticut State Teachers' Retirement System (TRS) – a cost sharing multi-employer defined benefit pension plan administered by the Teachers' Retirement Board (TRB). Chapter 167a of the State Statutes grants authority to establish and amend the benefit terms to the TRB. TRS issues a publicly available financial report that can be obtained at www.ct.gov.

TRS is a cost sharing multi-employer pension plan with a special funding situation administered by the Connecticut State Teachers' Retirement Board. The State Teachers' Retirement Board (TRB) is responsible for the administration of the Connecticut Teachers' Retirement System. The State Treasurer is responsible for investing TRS funds for the exclusive benefit of TRS members.

Benefit Provisions

The plan provides retirement, disability and death benefits. Employees are eligible to retire at age 60 with 20 years of credited service in Connecticut, or 35 years of credited service including at least 25 years of service in Connecticut.

Normal Retirement: Retirement benefits for the employees are calculated as 2% of the average annual salary times the years of credited service (maximum benefit is 75% of average annual salary during the 3 years of highest salary).

Early Retirement: Employees are eligible after 25 years of credited service including 20 years of Connecticut service, or age 55 with 20 years of credited service including 15 years of Connecticut service with reduced benefit amounts.

Disability Retirement: Employees are eligible for service-related disability benefits regardless of length of service. Five years of credited service is required for nonservice-related disability eligibility. Disability benefits are calculated as 2% of average annual salary times credited service to date of disability, but not less than 15% of average annual salary, nor more than 50% of average annual salary.

Minimum Benefit: Effective January 1, 1999, Public Act 98-251 provides a minimum monthly benefit of \$1,200 to teachers who retire under the normal retirement provisions and who have completed at least 25 years of full time Connecticut service at retirement.

TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017
. . . Continued . . .

Contribution Requirements

Per Connecticut General Statutes Section 10-183z (which reflects Public Act 79-436 as amended), contribution requirements of active employees and the State of Connecticut is amended and certified by the State Teachers' Retirement Board and appropriated by the General Assembly. The statutes require the State of Connecticut to contribute 100% of each school district's contributions, which are actuarially determined as an amount that, when combined with employee contributions and investment earnings, is expected to finance the costs of the benefits earned by employees during the year, with any additional amount to finance any unfunded accrued liability.

School district employers are not required to make contributions to the plan.

Effective July 1, 1992, each teacher is required to contribute 6% of salary for the pension benefit.

Pension Liabilities, Pension Expense, and Deferred Inflows/Outflows of Resources Related to Pensions

At June 30, 2017, the Town reports no amounts for its proportionate share of the net pension liability, and related deferred outflows and inflows, due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the Town as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the Town were as follows:

Town's proportionate share of the net pension liability	\$ -
State's proportionate share of the net pension liability associated with the Town	<u>33,348,904</u>
Total	<u><u>\$33,348,904</u></u>

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. At June 30, 2016, the Town has no proportionate share of the net pension liability.

For the year ended June 30, 2017, the Town recognized pension expense and revenue of \$3,636,818 for on-behalf amounts for the benefits provided by the State.

TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017
. . . Continued . . .

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2016, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases, including inflation	3.25 - 6.50%
Long-term investment rate of return, net of pension investment expense, including inflation	8.00%

Mortality rates were based on the RPH-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2011 - June 30, 2015.

Future cost-of-living increases for members who retire on or after September 1, 1992 are assumed to receive an annual cost-of-living adjustment of 2%.

The long-term expected rate of return on pension investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017
. . . Continued . . .

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Allocation</u>	<u>Real Rate of Return</u>
Large Cap U.S. equities	21.00 %	5.80 %
Developed non-U.S. equities	18.00	6.60
Emerging markets (non-U.S.)	9.00	8.30
Core fixed income	7.00	1.30
Inflation linked bond fund	3.00	1.00
Emerging market debt	5.00	3.70
High yield bonds	5.00	3.90
Real estate	7.00	5.10
Private Equity	11.00	7.60
Alternative investments	8.00	4.10
Cash	6.00	0.40
	<u>100.00 %</u>	

Discount Rate: The discount rate used to measure the total pension liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that State contributions will be made at the actuarially determined rates in future years. Based on those assumptions, the pension's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return on pension investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The Town's proportionate share of the net pension liability is \$-0- and, therefore, the change in the discount rate would only impact the amount recorded by the State of Connecticut.

TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017
. . . Continued . . .

11. Other Post-Employment Benefits (OPEB)

Plan Description

The Town provides post-retirement medical and dental benefits to eligible retirees and their spouses through a single-employer, contributory, defined benefit OPEB plan. A bi-annual actuarial valuation is made to determine whether the contributions are sufficient to meet the plan obligations. The latest actuarial valuation was made July 1, 2014. The OPEB plan does not issue a separate, stand-alone, financial report.

Benefit Provisions

Board of Education (BOE) administrators and teachers are eligible for medical and dental coverage for self and spouse upon meeting one of the following criteria:

1. Normal retirement at age 60 with 20 years of service or completion of 35 years of service regardless of age or
2. Early retirement at age 60 with 10 years of service, any age with 25 years of service, or age 55 with 20 years of service.

BOE custodians/maintenance employees are eligible for medical and dental coverage for self and spouse upon retirement at age 62. Retirees after July 1, 2002 who attain age 65 shall be eligible for Post 65 coverage until age 75.

BOE secretaries and aides are eligible for medical and dental coverage upon retirement at age 65 with at least 15 years of full-time employment or age 55 with at least 10 years of service.

BOE central office staff are eligible for medical and dental coverage upon retirement at age 65 until age 75 if hired prior to January 29, 1996. Central Staff hired after January 29, 1996 can continue with coverage at their own cost.

Police officers are eligible for medical and dental coverage upon retirement at age 55 or with 20 years of service.

Town supervisors hired prior to March 15, 2001 are eligible for medical and dental coverage upon retirement at age 65, or age 62 with 25 years of service, or age 55 with 10 years of service.

Town highway and public service employees are eligible for medical and dental coverage upon retirement at age 65, or age 62 with 25 years of service or age 55 with 10 years of service.

TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017
. . . Continued . . .

Plan Membership

Membership in the plan consisted of the following as of July 1, 2014, the date of the last actuarial valuation:

Active members	247
Retirees and dependents	<u>97</u>
Total	<u><u>344</u></u>

Funding Policy

There is no trust created for this plan. The contribution requirement of plan members and the Town are established and may be amended by the Town. The Town currently contributes enough money to the plan to satisfy the current obligations on a pay-as-you go basis.

Teacher retirees and spouses pay 100% of the premium, less the \$1,320 annual CT Teachers Retirement Board subsidy for certified employees.

BOE Administrators with 10 years of service as an administrator or 25 years of service pay all but \$2,500 per year for the first five years and 100% per year thereafter. BOE Administrators hired on or after July 1, 2009 pay 100% of the premium.

BOE custodians/maintenance employees pay 100% of the premium, except for retirees hired prior to July 1, 2012 who retire at age 62 or above who have the same cost share as active employees.

BOE secretaries and aides pay 100% of the premium until age 65 and thereafter will pay all but \$150 until age 80.

BOE central office staff hired before January 29, 1996 pay nothing until age 75, at which time their insurance is discontinued. BOE central office staff hired after January 29, 1996 pay 100% of the premium.

Police officers hired prior to July 1, 2014 and retiring prior to July 1, 2020 pay no share of the premium. Police officers hired prior to July 1, 2014 and retiring on or after July 1, 2020 pay 30% of the bargaining unit contribution rate for active employees in effect at the date of retirement. Police officers hired on or after July 1, 2014 pay 50% of the bargaining unit contribution rate for active employees in effect at the date of retirement. In all events of duty injury disability retirement, the Town shall contribute 100% of the premium.

Town supervisors hired prior to March 15, 2001 pay 100% of the premium. Town supervisors hired after March 15, 2001 are not eligible for benefits.

TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017
. . . Continued . . .

Town highway and public service pay 100% of the premium.

Annual OPEB Cost and Net OPEB Obligation

The annual OPEB cost and net OPEB obligation to the plan as of June 30, 2017 were as follows:

	<u>Other Post- Employment Benefits (OPEB)</u>
Annual required contribution (ARC)	\$ 2,684,676
Interest on net OPEB obligation	309,779
Adjustment to annual required contribution	<u>(384,924)</u>
Annual OPEB cost	2,609,531
Contributions made	<u>1,040,184</u>
Increase in net OPEB obligation	1,569,347
Net OPEB obligation, beginning of year	<u>7,744,465</u>
Net OPEB obligation, end of year	<u><u>\$ 9,313,812</u></u>

Three-Year Trend Information

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation three year trend information is presented below:

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost (AOC)</u>	<u>Actual Contribution</u>	<u>Percentage of AOC Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2015	\$ 2,392,684	\$ 815,608	34.09%	\$ 6,235,774
6/30/2016	2,463,045	954,354	38.75%	7,744,465
6/30/2017	2,609,531	1,040,184	39.86%	9,313,812

TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017
. . . Continued . . .

Funding Status and Funding Progress

The funded status of the plan as of July 1, 2014, the most recent actuarial valuation date, is as follows:

Schedule of Funding Progress						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
7/1/2014	\$ -	\$ 30,453,882	\$ 30,453,882	0.00%	N/A	N/A

Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These actuarially determined amounts are subject to continual revisions as actual results are compared to past expectations and new estimates are made about the future.

The schedules of funding progress and employer contributions, presented as required supplementary information following the notes to the financial statements, present multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projection of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial calculations of the OPEB plan reflect a long-term perspective. Consistent with this perspective, actuarial valuations, will use actuarial methods and assumptions that include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

Valuation Date	July 1, 2014
Actuarial Cost Method	Projected Unit Credit
Asset Valuation Method	Market Value
Amortization Method	Level Percent
Amortization Period	30 years decreasing
Actuarial Assumptions:	
Discount rate	4.0%
Investment rate of return	4.0%
Inflation rate	7.1%
Health cost trend rates	A rate of 7.1% initially, reduced to an ultimate rate of 4.7%

TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017
. . . Continued . . .

12. Tax Abatements

The Town maintains two property tax abatement programs designed to create new private investment in the commercial, retail and industrial areas of the town. These programs are based upon the value of assessments new to the Town as a result of business expansion or new construction. The programs are 1) a 5 year abatement on a minimum \$4,000,000 investment and 2) a 7 year abatement on a minimum \$15,000,000 investment.

A summary of the property taxes forgone on the Town's abatement programs for the year ended June 30, 2017 is as follows:

	<u>Abatement Amount</u>	<u>Amount of Taxes Abated</u>
United Illuminating - construction of corporate headquarters	\$ 13,227,270	\$ 425,918
United Illuminating - construction of operations center facility	16,928,380	545,094

13. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; workers compensation and natural disasters for which the Town carries commercial insurance. During the year ended June 30, 2017, deductibles paid by the Town were insignificant.

The Town currently is a member in Connecticut Interlocal Risk Management Agency (CIRMA), a public entity risk pool established for the purpose of administering an interlocal risk management program pursuant to the provisions of Section 7-479a et. Seq. of Connecticut General Statutes, for workers compensation and liability-automobile-property insurance. At June 30, 2017, CIRMA had over 200 members in the workers compensation pool and over 150 members in the liability-automobile-property pool. The Town pays annual premium for its coverage in both pools. CIRMA is to be self-sustaining through members' premiums but reinsures in excess of \$1,000,000 for each insured occurrence. Members may be subject to supplemental assessment in the event of deficiencies; however, potential assessments are limited pursuant to the bylaws.

Settled claims, for all types of commercial coverage, have not exceeded commercial insurance coverage during any of the past three fiscal years.

TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017
. . . Continued . . .

14. Internal Service Funds

The Town maintains a group medical and dental self-insurance fund to account for health claims of employees and their families. Anthem Blue Cross and Blue Shield of Connecticut (Anthem) acts as plan administrator and claims processor. The Town has also purchased, through Anthem, individual and aggregate stop-loss protection.

The self-insured claims (medical and dental) paid through the fund are financed through resources obtained from the General Fund and employee payroll deductions. The accounting treatment is to record the resources paid by the General Fund as an expenditure of that fund and as revenue of the Internal Service Fund in the governmental fund financial statements. At June 30, 2017, a liability of \$429,519 has been recorded, which represents estimated claims incurred but not yet reported.

Changes in this claims liability during the fiscal year were as follows:

	Claims Payable July 1	Current Year Claims and Changes in Estimates	Claims Paid	Claims Payable June 30
2014 - 2015	\$ 368,373	\$ 4,948,302	\$ 4,951,782	\$ 364,893
2015 - 2016	364,893	5,679,034	5,609,617	434,310
2016 - 2017	434,310	5,147,095	5,151,886	429,519

15. Commitments and Contingencies

The Town has received Federal and State grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for any expenditure disallowed under terms of the grant. Based upon prior experience, Town management believes such disallowances, if any, will not be material.

The Town has been named as defendant in various claims and legal actions. The Town's attorney estimates that the potential claims against the Town covered by insurance resulting from such claims and legal actions would not materially affect the financial condition of the Town.

In 1993, the Town entered into a contract to have congregate elderly housing constructed. The construction was funded by a \$3,582,050 grant and a \$40,000 loan from the State of Connecticut Department of Housing (the "DOH"). The housing cannot be sold without the permission of DOH. Any proceeds from such a sale must first be used to repay the DOH grant. As a result, the State has a lien on all property associated with the Congregate Elderly Housing.

TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017
. . . Continued . . .

The Town continues to be a defendant in an action involving the disposal of hazardous waste on and in a landfill. The continuing action has been long standing and was brought by the Laurel Park Coalition. The Laurel Park litigation continues with the Laurel Park Coalition having appealed a prior year District Court ruling which calculated the amount owed by the Town to be \$266,362, which was less than the \$330,000 previously deposited with the Court. In a subsequent year the appeal was denied, but interest and claims for post-trial costs have not settled and the final outcome has not been estimated. Additionally, post-trial costs for post-closure maintenance and monitoring have not been settled, but the Laurel Park Coalition has projected post closure costs applicable to the Town on an annual basis of about \$7,700 for the first ten years, \$5,800 for the next ten years and \$3,000 for the remaining ten year period.

In connection with another action involving the disposal of hazardous waste on property owned by others, the Town has agreed to be responsible for a portion of post-closure maintenance, monitoring and clean-up costs at the former Beacon Heights Landfill. The Town's portion of those costs is estimated to be about \$5,400 per year based on current charges and will continue until July 2033. Payment of the Beacon Heights costs is being made from the General Fund.

16. Subsequent Event

On July 17, 2017, the Town issued \$4,400,000 in general obligation bonds to be used to finance a portion of the \$14,950,000 appropriation for various road, School, Town facility and Police capital projects. The bonds will be due through July 15, 2037, with interest rates ranging from 2.0% to 5.0%.

TOWN OF ORANGE, CONNECTICUT
SCHEDULE OF CHANGES IN THE TOWN'S NET PENSION LIABILITY
AND RELATED RATIOS
POLICE PLAN
LAST FOUR FISCAL YEARS

	2017	2016	2015	2014
Total pension liability				
Service cost	\$ 164,114	\$ 226,101	\$ 204,699	\$ 182,245
Interest	1,682,691	1,651,892	1,648,441	1,603,617
Effect of economic/demographic gains or losses	542,359	(430,567)	153,124	-
Effect of assumptions changes or inputs	690,072	642,658	573,870	-
Benefit payments, including refunds of member contributions	(1,479,708)	(1,305,695)	(1,256,703)	(1,238,762)
Net change in total pension liability	1,599,528	784,389	1,323,431	547,100
Total pension liability - beginning	23,772,327	22,987,938	21,664,507	21,117,407
Total pension liability - ending (a)	<u>\$ 25,371,855</u>	<u>\$ 23,772,327</u>	<u>\$ 22,987,938</u>	<u>\$ 21,664,507</u>
Plan fiduciary net position				
Contributions - employer	\$ 864,624	\$ 758,092	\$ 741,942	\$ 634,495
Contributions - members	72,029	89,337	89,618	87,745
Net investment return	1,827,087	(274,055)	322,244	2,203,677
Benefit payments, including refunds of member contributions	(1,479,708)	(1,305,695)	(1,256,703)	(1,238,762)
Administrative expenses	(20,498)	(19,895)	(24,772)	(36,706)
Net change in plan fiduciary net position	1,263,534	(752,216)	(127,671)	1,650,449
Plan fiduciary net position - beginning	14,718,350	15,470,566	15,598,237	13,947,788
Plan fiduciary net position - ending (b)	<u>\$ 15,981,884</u>	<u>\$ 14,718,350</u>	<u>\$ 15,470,566</u>	<u>\$ 15,598,237</u>
Town's net pension liability - ending (a) - (b)	<u>\$ 9,389,971</u>	<u>\$ 9,053,977</u>	<u>\$ 7,517,372</u>	<u>\$ 6,066,270</u>
Plan fiduciary net position as a percentage of the total pension liability	62.99 %	61.91 %	67.30 %	72.00 %
Covered-employee payroll	\$ 1,263,361	\$ 1,185,932	\$ 1,228,515	\$ 1,358,468
Net pension liability as a percentage of covered-employee payroll	743.25 %	763.45 %	611.91 %	446.55 %

TOWN OF ORANGE, CONNECTICUT
SCHEDULE OF CHANGES IN THE TOWN'S NET PENSION LIABILITY
AND RELATED RATIOS
TOWN PLAN
LAST FOUR FISCAL YEARS

	2017	2016	2015	2014
Total pension liability				
Service cost	\$ 34,764	\$ 38,148	\$ 33,206	\$ 34,328
Interest	746,395	752,535	761,105	779,525
Effect of economic/demographic gains or losses	(225,260)	89,956	(65,267)	-
Effect of assumptions changes or inputs	212,858	221,126	198,936	-
Benefit payments, including refunds of member contributions	(867,028)	(876,759)	(879,929)	(833,846)
Net change in total pension liability	(98,271)	225,006	48,051	(19,993)
Total pension liability - beginning	10,686,272	10,461,266	10,413,215	10,433,208
Total pension liability - ending (a)	<u>\$ 10,588,001</u>	<u>\$ 10,686,272</u>	<u>\$ 10,461,266</u>	<u>\$ 10,413,215</u>
Plan fiduciary net position				
Contributions - employer	\$ 260,150	\$ 275,185	\$ 267,093	\$ 208,794
Contributions - members	29,714	31,702	31,580	37,229
Net investment return	870,613	(160,366)	168,267	1,255,811
Benefit payments, including refunds of member contributions	(867,028)	(876,759)	(879,929)	(833,843)
Administrative expenses	(17,488)	(18,029)	(18,769)	(29,616)
Net change in plan fiduciary net position	275,961	(748,267)	(431,758)	638,375
Plan fiduciary net position - beginning	7,292,220	8,040,487	8,472,245	7,833,870
Plan fiduciary net position - ending (b)	<u>\$ 7,568,181</u>	<u>\$ 7,292,220</u>	<u>\$ 8,040,487</u>	<u>\$ 8,472,245</u>
Town's net pension liability - ending (a) - (b)	<u>\$ 3,019,820</u>	<u>\$ 3,394,052</u>	<u>\$ 2,420,779</u>	<u>\$ 1,940,970</u>
Plan fiduciary net position as a percentage of the total pension liability	71.48 %	68.24 %	76.86 %	81.36 %
Covered-employee payroll	\$ 686,910	\$ 789,203	\$ 932,129	\$ 942,654
Net pension liability as a percentage of covered-employee payroll	439.62 %	430.06 %	259.70 %	205.90 %

**TOWN OF ORANGE, CONNECTICUT
SCHEDULE OF EMPLOYER CONTRIBUTIONS
POLICE PLAN
LAST FOUR FISCAL YEARS**

	2017	2016	2015	2014
Actuarially determined contribution	\$ 864,624	\$ 758,092	\$ 741,942	\$ 634,495
Contribution in relation to the actuarially determined contribution	864,624	758,092	741,942	634,495
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 1,263,361	\$ 1,185,932	\$ 1,228,515	\$ 1,358,468
Contributions as a percentage of covered-employee payroll	68.44 %	63.92 %	60.39 %	46.71 %

Notes to Schedule

Valuation date: January 1, 2017
Measurement date: June 30, 2017
Actuarially determined contribution rates are calculated as of January 1, 30 months prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization period	Level percent, closed
Remaining amortization period	11 years
Asset valuation method	5 year smoothing period with non-asymptotic recognition method
Inflation	2.70%
Salary increases	3.50% per annum
Investment rate of return	7.00%
Cost of living adjustments	2.00%
Retirement age	Rates based on age and service
Mortality	RP-2000 Combined Healthy Mortality with Blue Collar adjustment and static projection per Scale AA. Mortality is projected through the valuation date plus another 15 years for active participants and through the valuation date plus another 7 years for inactive participants.

**TOWN OF ORANGE, CONNECTICUT
SCHEDULE OF EMPLOYER CONTRIBUTIONS
TOWN PLAN
LAST FOUR FISCAL YEARS**

	2017	2016	2015	2014
Actuarially determined contribution	\$ 260,150	\$ 275,185	\$ 267,093	\$ 208,794
Contribution in relation to the actuarially determined contribution	<u>260,150</u>	<u>275,185</u>	<u>267,093</u>	<u>208,794</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 686,910	\$ 789,203	\$ 932,129	\$ 942,654
Contributions as a percentage of covered-employee payroll	37.87 %	34.87 %	28.65 %	22.15 %

Notes to Schedule

Valuation date: January 1, 2017
Measurement date: June 30, 2017
Actuarially determined contribution rates are calculated as of January 1, 30 months prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization period	Level percent, closed
Remaining amortization period	11 years
Asset valuation method	5 year smoothing period with non-asymptotic recognition method
Inflation	2.70%
Salary increases	3.75% per annum
Investment rate of return	7.00%
Retirement age	100% earlier of age 65, or age 62 and 25 years of service
Mortality	RP-2000 Combined Healthy Mortality with static projection Scale AA. Mortality is projected through the valuation date plus another 15 years for active participants and through the valuation date plus another 7 years for inactive participants.

**TOWN OF ORANGE, CONNECTICUT
SCHEDULE OF INVESTMENT RETURNS
TOWN'S PENSION PLANS
LAST FOUR FISCAL YEARS**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money weighted rate of return, net of investment expenses				
Police Plan	12.49 %	-1.74 %	2.05 %	16.24 %
Town Plan	12.46	-2.05	2.05	15.86

**TOWN OF ORANGE, CONNECTICUT
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
CONNECTICUT STATE TEACHERS' RETIREMENT SYSTEM
LAST THREE FISCAL YEARS**

	2017	2016	2015
Town's proportion of the net pension liability	0.00 %	0.00 %	0.00 %
Town's proportionate share of the collective net pension liability	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the Town	33,348,904	25,365,685	23,445,492
Total	<u>\$ 33,348,904</u>	<u>\$ 25,365,685</u>	<u>\$ 23,445,492</u>
Town's covered-employee payroll	<u>\$ 9,489,624</u>	<u>\$ 9,430,000</u>	<u>\$ 7,569,000</u>
Town's proportionate share of the net pension liability as a percentage of its covered payroll	<u>0.00 %</u>	<u>0.00 %</u>	<u>0.00 %</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>52.26 %</u>	<u>59.50 %</u>	<u>61.51 %</u>

Notes to Connecticut State Teachers' Retirement System

Change of Assumptions

In 2016, rates of withdrawal, retirement, and assumed rates of salary increases were adjusted to more closely reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five year period ended June 30, 2015.

Methods and Assumptions used in Calculations of Actuarially Determined Contributions

The actuarially determined contributions in the schedule of employer contributions are calculated as of June 30 each biennium for the fiscal years ending two and three years after the valuation date. The following actuarial methods and assumptions were used to determine the most recent contributions reported in the schedule:

Actuarial cost method	Entry age
Amortization method	Level percent of pay, closed
Single equivalent amortization period	20.4 years
Asset valuation method	4-year smoothed market

TOWN OF ORANGE, CONNECTICUT
SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS
OTHER POST-EMPLOYMENT BENEFITS PLAN
JUNE 30, 2017

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (b)	Total Unfunded Actuarial Accrued Liability (c)	Actuarial Value of Assets as a Percentage of Actuarial Accrued Liability (a) / (b)	Annual Covered Payroll (d)	Unfunded Actuarial Accrued Liability as a Percentage of Annual Covered Payroll (c) / (d)
7/1/08	\$ -	\$ 8,210,400	\$ 8,210,400	0.00 %	N/A	N/A
7/1/10	-	12,980,000	12,980,000	0.00	N/A	N/A
7/1/12	-	26,549,287 *	26,549,287	0.00	N/A	N/A
7/1/14	-	30,453,882	30,453,882	0.00	N/A	N/A
7/1/16	-	33,889,787	33,889,787	0.00	N/A	N/A

* Change in discount rate to 4.0%.

Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2012	\$ 1,204,000	61.30 %
2013	1,297,000	58.44
2014	2,266,151	32.80
2015	2,419,598	33.71
2016	2,510,778	38.01
2017	2,684,676	38.75

**TOWN OF ORANGE, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017**

	Special Revenue						
	Orange Public Library	Police Programs	School of 21st Century	Education Grants	Cafeteria	School Grants and Donations	School Tuition Programs
ASSETS							
Cash and cash equivalents	\$ 167,089	\$ 31,473	\$ 352,914	\$ 107,143	\$ -	\$ 12,094	\$ 48,911
Accounts receivable	-	48,736	-	-	-	-	-
Due from other governments	-	27,725	-	-	9,704	-	-
Investments	-	-	-	-	-	-	-
Total assets	<u>\$ 167,089</u>	<u>\$ 107,934</u>	<u>\$ 352,914</u>	<u>\$ 107,143</u>	<u>\$ 9,704</u>	<u>\$ 12,094</u>	<u>\$ 48,911</u>
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 5,045	\$ -	\$ -
Due to other funds	-	27,725	-	-	78,613	-	-
Unearned revenue	-	-	-	107,143	-	-	-
Total liabilities	<u>-</u>	<u>27,725</u>	<u>-</u>	<u>107,143</u>	<u>83,658</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	167,089	80,209	-	-	-	12,094	-
Committed	-	-	352,914	-	-	-	48,911
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	(73,954)	-	-
Total fund balances (deficits)	<u>167,089</u>	<u>80,209</u>	<u>352,914</u>	<u>-</u>	<u>(73,954)</u>	<u>12,094</u>	<u>48,911</u>
Total liabilities and fund balances (deficits)	<u>\$ 167,089</u>	<u>\$ 107,934</u>	<u>\$ 352,914</u>	<u>\$ 107,143</u>	<u>\$ 9,704</u>	<u>\$ 12,094</u>	<u>\$ 48,911</u>

...Continued...

**TOWN OF ORANGE, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017
...Continued...**

	Special Revenue						
	Town Road Aid	LoCIP	Town Improvement Program P.A. 86-1	Easement	Community Services	Orange Drug & Alcohol Action Committee	Gusachik Nursing
ASSETS							
Cash and cash equivalents	\$ 306,300	\$ 82,979	\$ 30,519	\$ 15,060	\$ 153,065	\$ 57,308	\$ 64,161
Accounts receivable	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-
Total assets	<u>\$ 306,300</u>	<u>\$ 82,979</u>	<u>\$ 30,519</u>	<u>\$ 15,060</u>	<u>\$ 153,065</u>	<u>\$ 57,308</u>	<u>\$ 64,161</u>
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts payable	\$ 65,620	\$ -	\$ -	\$ -	\$ 2,252	\$ -	\$ -
Due to other funds	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-
Total liabilities	<u>65,620</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,252</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	240,680	82,979	30,519	15,060	-	57,308	64,161
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	150,813	-	-
Unassigned	-	-	-	-	-	-	-
Total fund balances (deficits)	<u>240,680</u>	<u>82,979</u>	<u>30,519</u>	<u>15,060</u>	<u>150,813</u>	<u>57,308</u>	<u>64,161</u>
Total liabilities and fund balances (deficits)	<u>\$ 306,300</u>	<u>\$ 82,979</u>	<u>\$ 30,519</u>	<u>\$ 15,060</u>	<u>\$ 153,065</u>	<u>\$ 57,308</u>	<u>\$ 64,161</u>

...Continued...

**TOWN OF ORANGE, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017
...Continued...**

	Special Revenue							
	Orange Agricultural Fair	Town Exchange	Special Events and Programs	Historic Preservation	Recreation Self Support	Orange Visiting Nurses Association	Civilian Emergency Response Team	Total Special Revenue
ASSETS								
Cash and cash equivalents	\$ 310,572	\$ 122,120	\$ 10,538	\$ 33,479	\$ 403,490	\$ 163,722	\$ 1,382	\$ 2,474,319
Accounts receivable	-	17,552	-	-	-	201,222	-	267,510
Due from other governments	-	-	-	-	-	-	-	37,429
Investments	-	-	-	-	-	-	-	-
Total assets	<u>\$ 310,572</u>	<u>\$ 139,672</u>	<u>\$ 10,538</u>	<u>\$ 33,479</u>	<u>\$ 403,490</u>	<u>\$ 364,944</u>	<u>\$ 1,382</u>	<u>\$ 2,779,258</u>
LIABILITIES AND FUND BALANCES								
LIABILITIES								
Accounts payable	\$ 236	\$ 12,271	\$ 450	\$ 3,711	(\$ 585)	\$ 8,147	\$ -	\$ 97,147
Due to other funds	-	-	-	-	-	-	-	106,338
Unearned revenue	-	-	-	-	-	-	-	107,143
Total liabilities	<u>236</u>	<u>12,271</u>	<u>450</u>	<u>3,711</u>	<u>(585)</u>	<u>8,147</u>	<u>-</u>	<u>310,628</u>
FUND BALANCES (DEFICITS)								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	-	29,768	-	-	1,382	781,249
Committed	310,336	-	-	-	-	356,797	-	1,068,958
Assigned	-	127,401	10,088	-	404,075	-	-	692,377
Unassigned	-	-	-	-	-	-	-	(73,954)
Total fund balances (deficits)	<u>310,336</u>	<u>127,401</u>	<u>10,088</u>	<u>29,768</u>	<u>404,075</u>	<u>356,797</u>	<u>1,382</u>	<u>2,468,630</u>
Total liabilities and fund balances (deficits)	<u>\$ 310,572</u>	<u>\$ 139,672</u>	<u>\$ 10,538</u>	<u>\$ 33,479</u>	<u>\$ 403,490</u>	<u>\$ 364,944</u>	<u>\$ 1,382</u>	<u>\$ 2,779,258</u>

...Continued...

**TOWN OF ORANGE, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017
...Continued...**

	Permanent Fund	Capital Projects	
	Mary T. McGuire Trust	Capital Fund	Total Non-Major Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 1,577	\$ 411,193	\$ 2,887,089
Accounts receivable	-	-	267,510
Due from other governments	-	-	37,429
Investments	40,096	-	40,096
	<u>40,096</u>	<u>-</u>	<u>40,096</u>
Total assets	<u>\$ 41,673</u>	<u>\$ 411,193</u>	<u>\$ 3,232,124</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ 97,147
Due to other funds	-	-	106,338
Unearned revenue	-	-	107,143
	<u>-</u>	<u>-</u>	<u>107,143</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>310,628</u>
FUND BALANCES (DEFICITS)			
Nonspendable	26,624	-	26,624
Restricted	15,049	-	796,298
Committed	-	411,193	1,480,151
Assigned	-	-	692,377
Unassigned	-	-	(73,954)
	<u>-</u>	<u>-</u>	<u>(73,954)</u>
Total fund balances (deficits)	<u>41,673</u>	<u>411,193</u>	<u>2,921,496</u>
Total liabilities and fund balances (deficits)	<u>\$ 41,673</u>	<u>\$ 411,193</u>	<u>\$ 3,232,124</u>

**TOWN OF ORANGE, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (DEFICITS)
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017**

	Special Revenue						
	Orange Public Library	Police Programs	School of 21st Century	Education Grants	Cafeteria	School Grants and Donations	School Tuition Programs
REVENUES							
Intergovernmental	\$ 7,405	\$ 58,178	\$ -	\$ 387,285	\$ 70,950	\$ -	\$ -
Program revenues	-	-	560,622	-	-	-	91,725
Investment return	47	-	-	-	-	-	-
Charges for facilities and services	-	221,669	-	-	273,773	-	-
Miscellaneous	10,419	4,141	-	-	65,315	32,552	-
Total revenues	17,871	283,988	560,622	387,285	410,038	32,552	91,725
EXPENDITURES							
Public safety	-	200,667	-	-	-	-	-
Public works and sanitation	-	-	-	-	-	-	-
Culture and recreation	20,199	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Education - Orange Board of Education	-	-	408,374	387,285	407,482	34,134	123,006
Total expenditures	20,199	200,667	408,374	387,285	407,482	34,134	123,006
Excess (deficiency) of revenues over expenditures	(2,328)	83,321	152,248	-	2,556	(1,582)	(31,281)
OTHER FINANCING SOURCES (USES)							
Interfund transfers in	-	-	-	-	-	-	-
Interfund transfers out	-	(60,000)	-	-	-	-	-
Total other financing sources (uses)	-	(60,000)	-	-	-	-	-
Net change in fund balance	(2,328)	23,321	152,248	-	2,556	(1,582)	(31,281)
FUND BALANCES (DEFICITS), beginning	169,417	56,888	200,666	-	(76,510)	13,676	80,192
FUND BALANCES (DEFICITS), ending	\$ 167,089	\$ 80,209	\$ 352,914	\$ -	(\$ 73,954)	\$ 12,094	\$ 48,911

...Continued...

TOWN OF ORANGE, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (DEFICITS)
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017
...Continued...

	Special Revenue						
	Town Road Aid	LoCIP	Town Improvement Program P.A. 86-1	Easement	Community Services	Orange Drug & Alcohol Action Committee	Gusachik Nursing
REVENUES							
Intergovernmental	\$ 275,111	\$ 176,309	\$ -	\$ -	\$ 5,000	\$ 19,606	\$ -
Program revenues	-	-	-	-	109,952	-	-
Investment return	-	-	137	-	-	-	64
Charges for facilities and services	-	5,688	-	-	-	-	-
Miscellaneous	-	-	-	-	15,005	-	-
Total revenues	<u>275,111</u>	<u>181,997</u>	<u>137</u>	<u>-</u>	<u>129,957</u>	<u>19,606</u>	<u>64</u>
EXPENDITURES							
Public safety	-	-	-	-	-	-	-
Public works and sanitation	184,740	177,109	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	127,876	13,035	-
Education - Orange Board of Education	-	-	-	-	-	-	-
Total expenditures	<u>184,740</u>	<u>177,109</u>	<u>-</u>	<u>-</u>	<u>127,876</u>	<u>13,035</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>90,371</u>	<u>4,888</u>	<u>137</u>	<u>-</u>	<u>2,081</u>	<u>6,571</u>	<u>64</u>
OTHER FINANCING SOURCES (USES)							
Interfund transfers in	-	-	-	-	-	-	-
Interfund transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	90,371	4,888	137	-	2,081	6,571	64
FUND BALANCES (DEFICITS), beginning	<u>150,309</u>	<u>78,091</u>	<u>30,382</u>	<u>15,060</u>	<u>148,732</u>	<u>50,737</u>	<u>64,097</u>
FUND BALANCES (DEFICITS), ending	<u>\$ 240,680</u>	<u>\$ 82,979</u>	<u>\$ 30,519</u>	<u>\$ 15,060</u>	<u>\$ 150,813</u>	<u>\$ 57,308</u>	<u>\$ 64,161</u>

...Continued...

TOWN OF ORANGE, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (DEFICITS)
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017
...Continued...

	Special Revenue							
	Orange Agricultural Fair	Town Exchange	Special Events and Programs	Historic Preservation	Recreation Self Support	Orange Visiting Nurses Association	Civilian Emergency Response Team	Total Special Revenue
REVENUES								
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 999,844
Program revenues	125,508	-	-	-	-	-	-	887,807
Investment return	528	-	-	-	-	-	-	776
Charges for facilities and services	-	-	-	-	501,512	1,214,083	-	2,216,725
Miscellaneous	-	116,128	12,890	10,161	-	2,925	-	269,536
Total revenues	126,036	116,128	12,890	10,161	501,512	1,217,008	-	4,374,688
EXPENDITURES								
Public safety	-	-	-	-	-	-	-	200,667
Public works and sanitation	-	-	-	-	-	-	-	361,849
Culture and recreation	123,736	55,940	10,093	4,000	402,604	-	-	616,572
Health and welfare	-	-	-	-	-	1,107,314	-	1,248,225
Education - Orange Board of Education	-	-	-	-	-	-	-	1,360,281
Total expenditures	123,736	55,940	10,093	4,000	402,604	1,107,314	-	3,787,594
Excess (deficiency) of revenues over expenditures	2,300	60,188	2,797	6,161	98,908	109,694	-	587,094
OTHER FINANCING SOURCES (USES)								
Interfund transfers in	-	-	-	-	-	-	-	-
Interfund transfers out	-	-	-	-	(71,384)	(215,612)	-	(346,996)
Total other financing sources (uses)	-	-	-	-	(71,384)	(215,612)	-	(346,996)
Net change in fund balance	2,300	60,188	2,797	6,161	27,524	(105,918)	-	240,098
FUND BALANCES (DEFICITS), beginning	308,036	67,213	7,291	23,607	376,551	462,715	1,382	2,228,532
FUND BALANCES (DEFICITS), ending	\$ 310,336	\$ 127,401	\$ 10,088	\$ 29,768	\$ 404,075	\$ 356,797	\$ 1,382	\$ 2,468,630

...Continued...

TOWN OF ORANGE, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (DEFICITS)
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017
...Continued...

	Permanent Fund	Capital Projects	Total Non-Major Governmental Funds
	Mary T. McGuire Trust	Capital Fund	
REVENUES			
Intergovernmental	\$ -	\$ -	\$ 999,844
Program revenues	-	-	887,807
Investment return	(31)	-	745
Charges for facilities and services	-	-	2,216,725
Miscellaneous	-	-	269,536
	<u>-</u>	<u>-</u>	<u>269,536</u>
Total revenues	(31)	-	4,374,657
	<u>-</u>	<u>-</u>	<u>4,374,657</u>
EXPENDITURES			
Public safety	-	-	200,667
Public works and sanitation	-	-	361,849
Culture and recreation	-	-	616,572
Health and welfare	120	-	1,248,345
Education - Orange Board of Education	-	-	1,360,281
	<u>-</u>	<u>-</u>	<u>1,360,281</u>
Total expenditures	120	-	3,787,714
	<u>120</u>	<u>-</u>	<u>3,787,714</u>
Excess (deficiency) of revenues over expenditures	(151)	-	586,943
	<u>(151)</u>	<u>-</u>	<u>586,943</u>
OTHER FINANCING SOURCES (USES)			
Interfund transfers in	-	411,193	411,193
Interfund transfers out	-	-	(346,996)
	<u>-</u>	<u>-</u>	<u>(346,996)</u>
Total other financing sources (uses)	-	411,193	64,197
	<u>-</u>	<u>411,193</u>	<u>64,197</u>
Net change in fund balance	(151)	411,193	651,140
	<u>(151)</u>	<u>411,193</u>	<u>651,140</u>
FUND BALANCES (DEFICITS), beginning	41,824	-	2,270,356
	<u>41,824</u>	<u>-</u>	<u>2,270,356</u>
FUND BALANCES (DEFICITS), ending	\$ 41,673	\$ 411,193	\$ 2,921,496
	<u>\$ 41,673</u>	<u>\$ 411,193</u>	<u>\$ 2,921,496</u>

**TOWN OF ORANGE, CONNECTICUT
COMBINING STATEMENT OF CHANGES IN
ASSETS AND LIABILITIES
AGENCY FUND
FOR THE YEAR ENDED JUNE 30, 2017**

	Balance, July 1, 2016	Additions	Deductions	Balance, June 30, 2017
Performance Bonds				
ASSETS				
Cash and cash equivalents	\$ 212,750	\$ -	\$ 10,000	\$ 202,750
Total Assets	<u>\$ 212,750</u>	<u>\$ -</u>	<u>\$ 10,000</u>	<u>\$ 202,750</u>
LIABILITIES				
Amounts held for others	<u>\$ 212,750</u>	<u>\$ -</u>	<u>\$ 10,000</u>	<u>\$ 202,750</u>

**TOWN OF ORANGE, CONNECTICUT
SCHEDULE OF PROPERTY TAXES LEVIED,
COLLECTED AND OUTSTANDING
FOR THE YEAR ENDED JUNE 30, 2017**

Grand List	Balance Uncollected June 30, 2016	Current Levy	Lawful Corrections		Transfers to Suspense	Balance to be Collected	Collections				Balance Uncollected June 30, 2017
			Additions	Deductions			Taxes	Interest	Lien Fees	Total	
2015	\$ -	\$ 61,534,210	\$ 180,711	(\$ 120,999)	\$ -	\$ 61,593,922	\$ 61,145,713	\$ 119,231	\$ 1,906	\$ 61,266,850	\$ 448,209
2014	365,642	-	2,623	(12,505)	-	355,760	209,520	52,751	1,084	263,355	146,240
2013	147,476	-	2,358	(6,040)	(40,916)	102,878	67,483	31,448	1,091	100,022	35,395
2012	39,517	-	2,335	-	-	41,852	24,073	10,835	169	35,077	17,779
2011	4,982	-	-	-	-	4,982	11,401	9,885	48	21,334	(6,419)
2010	(31,255)	-	-	-	-	(31,255)	2,010	2,080	24	4,114	(33,265)
2009	(10,862)	-	-	-	-	(10,862)	870	138	24	1,032	(11,732)
2008	(1,039)	-	-	-	-	(1,039)	-	-	-	-	(1,039)
2007	(2,510)	-	-	-	-	(2,510)	-	-	-	-	(2,510)
2006	(6,950)	-	-	-	-	(6,950)	-	-	-	-	(6,950)
2005	(19,736)	-	200	-	-	(19,536)	200	-	-	200	(19,736)
2004	(8,933)	-	254	(44)	-	(8,723)	210	-	-	210	(8,933)
2003	(39,080)	-	-	-	-	(39,080)	-	80	-	80	(39,080)
2002	(22,452)	-	-	-	-	(22,452)	112	272	24	408	(22,564)
2001	(178)	-	-	-	-	(178)	106	278	24	408	(284)
2000	(507)	-	507 *	-	-	-	-	-	-	-	-
	<u>\$ 414,115</u>	<u>\$ 61,534,210</u>	<u>\$ 188,988</u>	<u>(\$ 139,588)</u>	<u>(\$ 40,916)</u>	<u>\$ 61,956,809</u>	<u>\$ 61,461,698</u>	<u>\$ 226,998</u>	<u>\$ 4,394</u>	<u>\$ 61,693,090</u>	<u>\$ 495,111</u>

*Uncollected taxes eliminated pursuant to Section 12-165 of the CT General Statutes.

**TOWN OF ORANGE, CONNECTICUT
SCHEDULE OF DEBT LIMITATION
YEAR ENDED JUNE 30, 2017**

The Town's statement of Debt Limitation under Connecticut General Statutes, Section 7-374(b) as of June 30, 2017 is as follows:

Total tax collections (including interest and lien fees) for the year ended June 30, 2017	\$ 61,693,090
Reimbursements for revenue loss: Tax relief for the elderly	-
Base	<u>\$ 61,693,090</u>

The Connecticut General Statutes provide that the total authorized debt of the Town shall not exceed seven times the above base cash receipts, or \$431,851,630, nor shall the total authorized particular purpose debt exceed the individual debt limitations reflected in the table below:

	General Purpose	Schools	Sewers	Urban Renewal	Pension Deficit
Debt limitation:					
2-1/4 times base	\$ 138,809,453	\$ -	\$ -	\$ -	\$ -
4-1/2 times base	-	277,618,905	-	-	-
3-3/4 times base	-	-	231,349,088	-	-
3-1/4 times base	-	-	-	200,502,543	-
3 times base	-	-	-	-	185,079,270
Total debt limitation	<u>138,809,453</u>	<u>277,618,905</u>	<u>231,349,088</u>	<u>200,502,543</u>	<u>185,079,270</u>
Indebtedness:					
Bonds payable	16,877,000	7,483,000	-	-	-
Authorized/Unissued	8,573,000	1,245,340	-	-	-
Net Amity Regional School District debt	-	20,176,782	-	-	-
Claims and judgments	-	-	489,628	-	-
Assessments receivable	-	-	(262,694)	-	-
Total indebtedness	<u>25,450,000</u>	<u>28,905,122</u>	<u>226,934</u>	<u>-</u>	<u>-</u>
Excess of debt limitation over indebtedness at June 30, 2017	<u>\$ 113,359,453</u>	<u>\$ 248,713,783</u>	<u>\$ 231,122,154</u>	<u>\$ 200,502,543</u>	<u>\$ 185,079,270</u>

SEWARD AND MONDE

CERTIFIED PUBLIC ACCOUNTANTS
296 STATE STREET
NORTH HAVEN, CONNECTICUT 06473-2165
(203) 248-9341
FAX (203) 248-5813

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Honorable Members of
the Board of Finance
Town of Orange, Connecticut

We have audited, in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Orange, Connecticut (the Town) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated December 12, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Seward and Monde

North Haven, Connecticut
December 12, 2017

Appendix B

Forms of Opinion of Bond Counsel

[FORM OF OPINION OF BOND COUNSEL]

July ___, 2018

Town of Orange,
Orange, Connecticut

Ladies and Gentlemen:

We have examined certified copies of the proceedings of the Town of Orange, Connecticut (the "Town"), a Tax Regulatory Agreement of the Town, dated July ___, 2018 (the "Tax Regulatory Agreement"), and other proofs submitted to us relative to the issuance and sale of \$4,500,000* Town of Orange, Connecticut General Obligation Bonds, Issue of 2018, Series A, dated July ___, 2018 (the "Bonds"), maturing on July 15 in each of the years, in the principal amounts and bearing interest payable on January 15, 2019 and semiannually thereafter on July 15 and January 15 in each year until maturity or earlier redemption, at the rates per annum as follows:

<u>Year of Maturity</u>	<u>Principal Amount*</u>	<u>Interest Rate Per Annum</u>	<u>Year of Maturity</u>	<u>Principal Amount*</u>	<u>Interest Rate Per Annum</u>
2019	\$225,000	%	2029	\$225,000	%
2020	225,000		2030	225,000	
2021	225,000		2031	225,000	
2022	225,000		2032	225,000	
2023	225,000		2033	225,000	
2024	225,000		2034	225,000	
2025	225,000		2035	225,000	
2026	225,000		2036	225,000	
2027	225,000		2037	225,000	
2028	225,000		2038	225,000	

with principal payable at the principal office of U.S. Bank National Association, in Hartford, Connecticut, and with interest payable to the registered owner as of the close of business on the last business day of June and December in each year, by check mailed to such registered owner at his address as shown on the registration books of the Town kept for such purpose. The Bonds are subject to redemption prior to maturity as therein provided.

The Bonds are originally registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), to effect a book-entry system for the ownership and transfer of the Bonds. So long as DTC or its nominee is the registered owner, principal and interest payments on the Bonds will be made to DTC.

* Preliminary, subject to change.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds, and we express no opinion relating thereto, excepting only the matters set forth as our opinion in the Official Statement.

We are of the opinion that such proceedings and proofs show lawful authority for the issuance and sale of the Bonds under authority of the Constitution and General Statutes of Connecticut and that the Bonds are a valid general obligation of the Town the principal of and interest on which is payable from ad valorem taxes which may be levied on all taxable property subject to taxation by the Town without limitation as to rate or amount except as to classified property, such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts. We are further of the opinion that the Tax Regulatory Agreement is a valid and binding agreement of the Town.

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met at and subsequent to the issuance and delivery of the Bonds in order that interest on the Bonds be and remain excluded from gross income for federal income tax purposes. The Town has covenanted in the Tax Regulatory Agreement that it will at all times perform all acts and things necessary or appropriate under any valid provision of law to ensure that interest paid on the Bonds shall be excluded from gross income for federal income tax purposes under the Code.

In our opinion, under existing statutes and court decisions, interest on the Bonds is excluded from gross income for federal income tax purposes and is not treated as an item of tax preference for purposes of computing the federal alternative minimum tax. We express no opinion regarding any other federal income tax consequences caused by ownership or disposition of, or receipt of interest on, the Bonds.

In rendering the foregoing opinions regarding the federal tax treatment of interest on the Bonds, we have relied upon and assumed (i) the material accuracy of the representations, statements of intention and expectations, and certifications of fact contained in the Tax Regulatory Agreement, and (ii) the compliance by the Town with the covenants and procedures set forth in the Tax Regulatory Agreement as to such tax matters.

We are further of the opinion that, under existing statutes, interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax. We express no opinion regarding any other State or local tax consequences caused by the ownership or disposition of the Bonds.

Legislation affecting the exclusion from gross income of interest on State or local bonds, such as the Bonds, is regularly under consideration by the United States Congress. There can be no assurance that legislation enacted or proposed after the date of issuance of the Bonds will not reduce or eliminate the benefit of the exclusion from gross income of interest on the Bonds or adversely affect the market price of the Bonds.

These opinions are rendered as of the date hereof and are based on existing law, which is subject to change. We assume no obligation to update or supplement these opinions to reflect any facts or circumstances that may come to our attention, or to reflect any changes in law that may hereafter occur or become effective.

The rights of owners of the Bonds and the enforceability of the Bonds and the Tax Regulatory Agreement may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and by application of equitable principles, whether considered at law or in equity.

Very truly yours,

ROBINSON & COLE LLP

[FORM OF OPINION OF BOND COUNSEL]

July ___, 2018

Town of Orange,
Orange, Connecticut

Ladies and Gentlemen:

We have examined certified copies of the proceedings of the Town of Orange, Connecticut (the "Town"), a Tax Regulatory Agreement of the Town, dated July ___, 2018 (the "Tax Regulatory Agreement"), and other proofs submitted to us relative to the issuance and sale of \$3,120,000* Town of Orange, Connecticut General Obligation Refunding Bonds, Issue of 2018, Series B, dated July ___, 2018 (the "Bonds"), maturing on August 15 in each of the years, in the principal amounts and bearing interest payable on August 15, 2018 and semiannually thereafter on February 15 and August 15 in each year until maturity, at the rates per annum as follows:

<u>Year of Maturity</u>	<u>Principal Amount*</u>	<u>Interest Rate Per Annum</u>	<u>Year of Maturity</u>	<u>Principal Amount*</u>	<u>Interest Rate Per Annum</u>
2019	\$390,000	%	2023	\$495,000	%
2020	385,000		2024	500,000	
2021	430,000		2025	495,000	
2022	425,000				

with principal payable at the principal office of U.S. Bank National Association, in Hartford, Connecticut, and with interest payable to the registered owner as of the close of business on the last business day of January and July in each year, by check mailed to such registered owner at his address as shown on the registration books of the Town kept for such purpose. The Bonds are not subject to redemption prior to maturity as therein provided.

The Bonds are originally registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), to effect a book-entry system for the ownership and transfer of the Bonds. So long as DTC or its nominee is the registered owner, principal and interest payments on the Bonds will be made to DTC.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds, and we express no opinion relating thereto, excepting only the matters set forth as our opinion in the Official Statement.

* Preliminary, subject to change.

We are of the opinion that such proceedings and proofs show lawful authority for the issuance and sale of the Bonds under authority of the Constitution and General Statutes of Connecticut and that the Bonds are a valid general obligation of the Town the principal of and interest on which is payable from ad valorem taxes which may be levied on all taxable property subject to taxation by the Town without limitation as to rate or amount except as to classified property, such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts. We are further of the opinion that the Tax Regulatory Agreement is a valid and binding agreement of the Town.

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met at and subsequent to the issuance and delivery of the Bonds in order that interest on the Bonds be and remain excluded from gross income for federal income tax purposes. The Town has covenanted in the Tax Regulatory Agreement that it will at all times perform all acts and things necessary or appropriate under any valid provision of law to ensure that interest paid on the Bonds shall be excluded from gross income for federal income tax purposes under the Code.

In our opinion, under existing statutes and court decisions, interest on the Bonds is excluded from gross income for federal income tax purposes and is not treated as an item of tax preference for purposes of computing the federal alternative minimum tax. We express no opinion regarding any other federal income tax consequences caused by ownership or disposition of, or receipt of interest on, the Bonds.

In rendering the foregoing opinions regarding the federal tax treatment of interest on the Bonds, we have relied upon and assumed (i) the material accuracy of the representations, statements of intention and expectations, and certifications of fact contained in the Tax Regulatory Agreement, and (ii) the compliance by the Town with the covenants and procedures set forth in the Tax Regulatory Agreement as to such tax matters.

We are further of the opinion that, under existing statutes, interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax. We express no opinion regarding any other State or local tax consequences caused by the ownership or disposition of the Bonds.

Legislation affecting the exclusion from gross income of interest on State or local bonds, such as the Bonds, is regularly under consideration by the United States Congress. There can be no assurance that legislation enacted or proposed after the date of issuance of the Bonds will not reduce or eliminate the benefit of the exclusion from gross income of interest on the Bonds or adversely affect the market price of the Bonds.

These opinions are rendered as of the date hereof and are based on existing law, which is subject to change. We assume no obligation to update or supplement these opinions to reflect any facts or circumstances that may come to our attention, or to reflect any changes in law that may hereafter occur or become effective.

The rights of owners of the Bonds and the enforceability of the Bonds and the Tax Regulatory Agreement may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and by application of equitable principles, whether considered at law or in equity.

Very truly yours,

ROBINSON & COLE LLP

Appendix C

Forms of Continuing Disclosure Agreement

[FORM OF CONTINUING DISCLOSURE AGREEMENT]

CONTINUING DISCLOSURE AGREEMENT

Town of Orange, Connecticut
\$4,500,000* General Obligation Bonds, Issue of 2018, Series A
dated July ___, 2018

July ___, 2018

WHEREAS, the Town of Orange, Connecticut (the "Town") has heretofore authorized the issuance of \$4,500,000* in aggregate principal amount of its General Obligation Bonds, Issue of 2018, Series A, dated July ___, 2018 (the "Bonds"), maturing on the dates and in the amounts set forth in the Town's Official Statement dated July ___, 2018 describing the Bonds (the "Official Statement"); and

WHEREAS, the Bonds have been sold by a competitive bid pursuant to a Notice of Sale dated July ___, 2018 (the "Notice of Sale"); and

WHEREAS, in the Notice of Sale, the Town has heretofore acknowledged that an underwriter may not purchase or sell the Bonds unless it has reasonably determined that the Town has undertaken in a written agreement for the benefit of the beneficial owners of the Bonds to provide certain continuing disclosure information as required by Securities and Exchange Commission Rule 15c2-12(b)(5), as amended from time to time (the "Rule"), and the Town desires to assist the underwriter of the Bonds in complying with the Rule; and

WHEREAS, the Town is authorized pursuant to Section 3-20e of the General Statutes of Connecticut to make such representations and agreements for the benefit of the beneficial owners of the Bonds to meet the requirements of the Rule; and

WHEREAS, in order to assist the underwriter of the Bonds in complying with the Rule, this Continuing Disclosure Agreement (this "Agreement") is to be made, executed and delivered by the Town in connection with the issuance of the Bonds and to be described in the Official Statement, all for the benefit of the beneficial owners of the Bonds, as they may be from time to time;

NOW, THEREFORE, the Town hereby represents, covenants and agrees as follows:

Section 1. Definitions. In addition to the terms defined above, the following capitalized terms shall have the meanings ascribed thereto:

"Annual Report" shall mean any Annual Report provided by the Town pursuant to, and as described in, Sections 2 and 3 of this Agreement.

"Fiscal Year End" shall mean the last day of the Town's fiscal year, currently June 30.

"Listed Events" shall mean any of the events listed in Section 4 of this Agreement.

"MSRB" shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, as amended, or any successor thereto.

* Preliminary, subject to change.

“Repository” shall mean the Electronic Municipal Market Access system as described in 1934 Act Release No. 57577 for purposes of the Rule, the MSRB or any other nationally recognized municipal securities information repository or organization recognized by the SEC from time to time for purposes of the Rule.

“SEC” shall mean the Securities and Exchange Commission of the United States or any successor thereto.

Section 2. Annual Reports.

(a) The Town shall provide or cause to be provided to the Repository in electronic format, accompanied by identifying information, as prescribed by the MSRB, the following annual financial information and operating data regarding the Town:

(i) Audited financial statements as of and for the year ending on its Fiscal Year End prepared in accordance with accounting principles generally accepted in the United States, as promulgated by the Governmental Accounting Standards Board from time to time or mandated state statutory principles as in effect from time to time; and

(ii) Financial information and operating data as of and for the year ending on its Fiscal Year End of the following type to the extent not included in the audited financial statements described in (i) above:

(A) the amounts of the gross and net taxable grand list;

(B) a listing of the ten largest taxpayers on the grand list, together with each such taxpayer’s taxable valuation thereon;

(C) the percentage and amount of the annual property tax levy collected and uncollected;

(D) a schedule of the annual debt service on outstanding long-term bonded indebtedness;

(E) a calculation of the net direct debt, total direct debt, and total overall net debt (reflecting overlapping and underlying debt);

(F) the total direct debt, total net direct debt and total overall net debt of the Town per capita;

(G) the ratios of total direct debt and total overall net debt of the Town to the Town’s net taxable grand list;

(H) a statement of statutory debt limitations and debt margins; and

(I) the funding status of the Town’s pension benefit obligations.

(b) The above-referenced information is expected to be provided by the filing of and cross reference to the Town’s audited financial statements. The information may be provided in whole or in part by cross-reference to other documents previously provided to the Repository, including official statements of the Town which will be available from the MSRB.

(c) Subject to the requirements of Section 8 hereof, the Town reserves the right to modify from time to time the type of financial information and operating data provided or the format of the presentation of such financial information and operating data, to the extent necessary or appropriate; provided that the Town agrees that any such modification will be done in a manner consistent with the Rule. The Town also reserves the right to modify the preparation and presentation of financial statements described herein as may be required to conform with changes in Connecticut law applicable to municipalities or any changes in generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board from time to time.

Section 3. Timing. The Town shall provide the financial information and operating data referenced in Section 2(a) not later than eight months after each Fiscal Year End subsequent to the date of issuance of the Bonds, provided, however, that if such financial information and operating data for the Fiscal Year End preceding the date of issuance of the Bonds is not contained in the Official Statement for the Bonds or has not otherwise been previously provided, the Town shall provide such financial information and operating data no later than eight months after the close of such preceding Fiscal Year End. The Town agrees that if audited financial statements are not available eight months after the close of any Fiscal Year End, it shall submit unaudited financial statements by such time and will submit audited financial statements information when and if available.

Section 4. Event Notices. The Town agrees to provide, or cause to be provided, in a timely manner not in excess of ten (10) business days after the occurrence of the event, notice to the Repository in electronic format, accompanied by identifying information, as prescribed by the MSRB, of the occurrence of any of the following events:

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults, if material;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions; the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (vii) modifications to rights of Bondholders, if material;
- (viii) Bond calls, if material, and tender offers;
- (ix) defeasances;
- (x) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (xi) rating changes;
- (xii) bankruptcy, insolvency, receivership, or similar event of any obligated person;
- (xiii) the consummation of a merger, consolidation, or acquisition involving any obligated person or the sale of all or substantially all of the assets of any obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake any such an action or the termination of a definitive agreement relating to such actions, other than pursuant to its terms, if material; and
- (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if any, if material.

Section 5. Notice of Failure. The Town agrees to provide, or cause to be provided, in a timely manner to the Repository in electronic format, accompanied by identifying information, as prescribed by the MSRB, notice of any failure by the Town to provide the annual financial information described in Section 2(a) of this Agreement on or before the date described in Section 3 of this Agreement.

Section 6. Termination of Reporting Obligation. The Town's obligations under this Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds.

Section 7. Agent. The Town may, from time to time, appoint or engage an agent to assist it in carrying out its obligations under this Agreement, and may discharge any such agent, with or without appointing a successor agent.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Agreement, the Town may amend this Agreement, and any provision of this Agreement may be waived, if such amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, a change in law, or a change in the identity, nature or status of the Town, and is supported by an opinion of counsel expert in federal securities laws, to the effect that (i) such amendment or waiver would not materially adversely affect the beneficial owners of the Bonds and (ii) this Agreement, as so amended, would have complied with the requirements of the Rule as of the date of this Agreement, taking into account any amendments or interpretations of the Rule as well as any changes in circumstances. A copy of any such amendment will be filed in a timely manner with the Repository in electronic format. The Annual Report provided on the first date following adoption of any such amendment will explain, in narrative form, the reasons for the amendment and the impact of the change in the type of financial information or operating data provided.

Section 9. Additional Information. Nothing in this Agreement shall be deemed to prevent the Town from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Report or providing notice of the occurrence of any other event, in addition to that which is required by this Agreement. If the Town chooses to include any other information in any Annual Report or provide notice of the occurrence of any other event in addition to that which is specifically required by this Agreement, the Town shall have no obligation under this Agreement to update such information or include or provide such information or notice of the occurrence of such event in the future.

Section 10. Indemnification. The Town agrees, pursuant to applicable law, to indemnify and save its officials, officers and employees harmless against any loss, expense or liability which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorney's fees) of defending against any claim of liability hereunder, but excluding any loss, expense or liability due to any such person's malicious, wanton, or willful act. The obligations of the Town under this Section shall survive termination of this Agreement.

Section 11. Enforceability. The Town agrees that its undertaking pursuant to the Rule set forth in this Agreement is intended to be for the benefit of and enforceable by the beneficial owners of the Bonds. In the event the Town shall fail to perform its duties hereunder, the Town shall have the option to cure such failure after its receipt of written notice from any beneficial owner of the Bonds of such failure. In the event the Town does not cure such failure, the right of any beneficial owner of the Bonds to enforce the provisions of this undertaking shall be limited to a right to obtain specific performance of the Town's obligations hereunder. No monetary damages shall arise or be payable hereunder, nor shall any failure to comply with this Agreement constitute a default of the Town with respect to the Bonds.

IN WITNESS WHEREOF, the Town has caused this Continuing Disclosure Agreement to be executed in its name by its undersigned officers, duly authorized, all as of the date first above written.

TOWN OF ORANGE, CONNECTICUT

By: _____

Name: James M. Zeoli

Title: First Selectman

By: _____

Name: Arthur B. Williams, III

Title: Town Treasurer

By: _____

Name: John M. Cifarelli

Title: Director of Finance

[FORM OF CONTINUING DISCLOSURE AGREEMENT]

CONTINUING DISCLOSURE AGREEMENT

Town of Orange, Connecticut
\$3,120,000* General Obligation Refunding Bonds, Issue of 2018, Series B
dated July ___, 2018

July ___, 2018

WHEREAS, the Town of Orange, Connecticut (the "Town") has heretofore authorized the issuance of \$3,120,000* in aggregate principal amount of its General Obligation Refunding Bonds, Issue of 2018, Series B, dated July ___, 2018 (the "Bonds"), maturing on the dates and in the amounts set forth in the Town's Official Statement dated July ___, 2018 describing the Bonds (the "Official Statement"); and

WHEREAS, the Bonds have been sold by a competitive bid pursuant to a Notice of Sale dated July ___, 2018 (the "Notice of Sale"); and

WHEREAS, in the Notice of Sale, the Town has heretofore acknowledged that an underwriter may not purchase or sell the Bonds unless it has reasonably determined that the Town has undertaken in a written agreement for the benefit of the beneficial owners of the Bonds to provide certain continuing disclosure information as required by Securities and Exchange Commission Rule 15c2-12(b)(5), as amended from time to time (the "Rule"), and the Town desires to assist the underwriter of the Bonds in complying with the Rule; and

WHEREAS, the Town is authorized pursuant to Section 3-20e of the General Statutes of Connecticut to make such representations and agreements for the benefit of the beneficial owners of the Bonds to meet the requirements of the Rule; and

WHEREAS, in order to assist the underwriter of the Bonds in complying with the Rule, this Continuing Disclosure Agreement (this "Agreement") is to be made, executed and delivered by the Town in connection with the issuance of the Bonds and to be described in the Official Statement, all for the benefit of the beneficial owners of the Bonds, as they may be from time to time;

NOW, THEREFORE, the Town hereby represents, covenants and agrees as follows:

Section 1. Definitions. In addition to the terms defined above, the following capitalized terms shall have the meanings ascribed thereto:

"Annual Report" shall mean any Annual Report provided by the Town pursuant to, and as described in, Sections 2 and 3 of this Agreement.

"Fiscal Year End" shall mean the last day of the Town's fiscal year, currently June 30.

"Listed Events" shall mean any of the events listed in Section 4 of this Agreement.

"MSRB" shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, as amended, or any successor thereto.

* Preliminary, subject to change.

“Repository” shall mean the Electronic Municipal Market Access system as described in 1934 Act Release No. 57577 for purposes of the Rule, the MSRB or any other nationally recognized municipal securities information repository or organization recognized by the SEC from time to time for purposes of the Rule.

“SEC” shall mean the Securities and Exchange Commission of the United States or any successor thereto.

Section 2. Annual Reports.

(a) The Town shall provide or cause to be provided to the Repository in electronic format, accompanied by identifying information, as prescribed by the MSRB, the following annual financial information and operating data regarding the Town:

(i) Audited financial statements as of and for the year ending on its Fiscal Year End prepared in accordance with accounting principles generally accepted in the United States, as promulgated by the Governmental Accounting Standards Board from time to time or mandated state statutory principles as in effect from time to time; and

(ii) Financial information and operating data as of and for the year ending on its Fiscal Year End of the following type to the extent not included in the audited financial statements described in (i) above:

(A) the amounts of the gross and net taxable grand list;

(B) a listing of the ten largest taxpayers on the grand list, together with each such taxpayer’s taxable valuation thereon;

(C) the percentage and amount of the annual property tax levy collected and uncollected;

(D) a schedule of the annual debt service on outstanding long-term bonded indebtedness;

(E) a calculation of the net direct debt, total direct debt, and total overall net debt (reflecting overlapping and underlying debt);

(F) the total direct debt, total net direct debt and total overall net debt of the Town per capita;

(G) the ratios of total direct debt and total overall net debt of the Town to the Town’s net taxable grand list;

(H) a statement of statutory debt limitations and debt margins; and

(I) the funding status of the Town’s pension benefit obligations.

(b) The above-referenced information is expected to be provided by the filing of and cross reference to the Town’s audited financial statements. The information may be provided in whole or in part by cross-reference to other documents previously provided to the Repository, including official statements of the Town which will be available from the MSRB.

(c) Subject to the requirements of Section 8 hereof, the Town reserves the right to modify from time to time the type of financial information and operating data provided or the format of the presentation of such financial information and operating data, to the extent necessary or appropriate; provided that the Town agrees that any such modification will be done in a manner consistent with the Rule. The Town also reserves the right to modify the preparation and presentation of financial statements described herein as may be required to conform with changes in Connecticut law applicable to municipalities or any changes in generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board from time to time.

Section 3. Timing. The Town shall provide the financial information and operating data referenced in Section 2(a) not later than eight months after each Fiscal Year End subsequent to the date of issuance of the Bonds, provided, however, that if such financial information and operating data for the Fiscal Year End preceding the date of issuance of the Bonds is not contained in the Official Statement for the Bonds or has not otherwise been previously provided, the Town shall provide such financial information and operating data no later than eight months after the close of such preceding Fiscal Year End. The Town agrees that if audited financial statements are not available eight months after the close of any Fiscal Year End, it shall submit unaudited financial statements by such time and will submit audited financial statements information when and if available.

Section 4. Event Notices. The Town agrees to provide, or cause to be provided, in a timely manner not in excess of ten (10) business days after the occurrence of the event, notice to the Repository in electronic format, accompanied by identifying information, as prescribed by the MSRB, of the occurrence of any of the following events:

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults, if material;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions; the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (vii) modifications to rights of Bondholders, if material;
- (viii) Bond calls, if material, and tender offers;
- (ix) defeasances;
- (x) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (xi) rating changes;
- (xii) bankruptcy, insolvency, receivership, or similar event of any obligated person;
- (xiii) the consummation of a merger, consolidation, or acquisition involving any obligated person or the sale of all or substantially all of the assets of any obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake any such an action or the termination of a definitive agreement relating to such actions, other than pursuant to its terms, if material; and
- (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if any, if material.

Section 5. Notice of Failure. The Town agrees to provide, or cause to be provided, in a timely manner to the Repository in electronic format, accompanied by identifying information, as prescribed by the MSRB, notice of any failure by the Town to provide the annual financial information described in Section 2(a) of this Agreement on or before the date described in Section 3 of this Agreement.

Section 6. Termination of Reporting Obligation. The Town's obligations under this Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds.

Section 7. Agent. The Town may, from time to time, appoint or engage an agent to assist it in carrying out its obligations under this Agreement, and may discharge any such agent, with or without appointing a successor agent.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Agreement, the Town may amend this Agreement, and any provision of this Agreement may be waived, if such amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, a change in law, or a change in the identity, nature or status of the Town, and is supported by an opinion of counsel expert in federal securities laws, to the effect that (i) such amendment or waiver would not materially adversely affect the beneficial owners of the Bonds and (ii) this Agreement, as so amended, would have complied with the requirements of the Rule as of the date of this Agreement, taking into account any amendments or interpretations of the Rule as well as any changes in circumstances. A copy of any such amendment will be filed in a timely manner with the Repository in electronic format. The Annual Report provided on the first date following adoption of any such amendment will explain, in narrative form, the reasons for the amendment and the impact of the change in the type of financial information or operating data provided.

Section 9. Additional Information. Nothing in this Agreement shall be deemed to prevent the Town from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Report or providing notice of the occurrence of any other event, in addition to that which is required by this Agreement. If the Town chooses to include any other information in any Annual Report or provide notice of the occurrence of any other event in addition to that which is specifically required by this Agreement, the Town shall have no obligation under this Agreement to update such information or include or provide such information or notice of the occurrence of such event in the future.

Section 10. Indemnification. The Town agrees, pursuant to applicable law, to indemnify and save its officials, officers and employees harmless against any loss, expense or liability which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorney's fees) of defending against any claim of liability hereunder, but excluding any loss, expense or liability due to any such person's malicious, wanton, or willful act. The obligations of the Town under this Section shall survive termination of this Agreement.

Section 11. Enforceability. The Town agrees that its undertaking pursuant to the Rule set forth in this Agreement is intended to be for the benefit of and enforceable by the beneficial owners of the Bonds. In the event the Town shall fail to perform its duties hereunder, the Town shall have the option to cure such failure after its receipt of written notice from any beneficial owner of the Bonds of such failure. In the event the Town does not cure such failure, the right of any beneficial owner of the Bonds to enforce the provisions of this undertaking shall be limited to a right to obtain specific performance of the Town's obligations hereunder. No monetary damages shall arise or be payable hereunder, nor shall any failure to comply with this Agreement constitute a default of the Town with respect to the Bonds.

IN WITNESS WHEREOF, the Town has caused this Continuing Disclosure Agreement to be executed in its name by its undersigned officers, duly authorized, all as of the date first above written.

TOWN OF ORANGE, CONNECTICUT

By: _____

Name: James M. Zeoli

Title: First Selectman

By: _____

Name: Arthur B. Williams, III

Title: Town Treasurer

By: _____

Name: John M. Cifarelli

Title: Director of Finance

Appendix D

Notices of Sale

NOTICE OF SALE
\$4,500,000*
TOWN OF ORANGE, CONNECTICUT
GENERAL OBLIGATION BONDS, ISSUE OF 2018, SERIES A

Electronic bids (as described herein) will be received by the **TOWN OF ORANGE, CONNECTICUT** (the “Town”), until 11:00 A.M. (E.T.) Wednesday,

JULY 18, 2018

(the “Sale Date”) for the purchase of all, but not less than all, of the \$4,500,000 Town of Orange, Connecticut General Obligation Bonds, Issue of 2018, Series A (the “Bonds”). Electronic bids must be submitted via **PARITY®**. (See “Electronic Bidding Procedures”).

The Town reserves the right to make changes to the provisions of this Notice of Sale, including the date and time of the sale, prior to the date and time of sale set forth above. Any such changes will be posted through **PARITY®**. Prospective bidders are advised to check for such **PARITY®** postings prior to the above stated sale time.

The Bonds

The Bonds will be dated July 30, 2018, mature in the principal amounts of \$225,000* on July 15 in each of the years 2019 to 2038, both inclusive, and bear interest payable on January 15, 2019 and semiannually thereafter on July 15 and January 15 in each year until maturity or earlier redemption, as further described in the Preliminary Official Statement for the Bonds dated July 11, 2018 (the “Preliminary Official Statement”).

The Bonds maturing on or before July 15, 2023 are not subject to redemption prior to maturity. The Bonds maturing on July 15, 2024 and thereafter are subject to redemption prior to maturity, at the election of the Town, on and after July 15, 2023, at any time, in whole or in part and by lot within a maturity, in such amounts and in such order of maturity as the Town may determine, at the respective prices (expressed as a percentage of the principal amounts of Bonds to be redeemed) set forth in the following table, together with interest accrued and unpaid to the redemption date:

<u>Redemption Date</u>	<u>Redemption Price</u>
July 15, 2023 and thereafter	100%

Nature of Obligation

The full faith and credit of the Town will be pledged for the prompt payment of the principal of and interest on the Bonds when due. The Bonds will be general obligations of the Town payable, unless paid from other sources, from ad valorem taxes which may be levied on all taxable property subject to taxation by the Town without limitation as to rate or amount except as to classified property such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts.

* Preliminary, subject to change.

Bank Qualification

The Bonds shall be designated by the Town as qualified tax exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended (the "Code"), for purposes of the deduction by financial institutions for interest expense allocable to the Bonds.

Registration

The Bonds will be issued by means of a book-entry system with no physical distribution of bond certificates made to the public. The Bonds will be issued in registered form and one bond certificate for each maturity will be issued to The Depository Trust Company, New York, New York ("DTC"), registered in the name of its nominee, Cede & Co., and immobilized in their custody. A book-entry system will be employed, evidencing ownership of the Bonds in principal amounts of \$5,000 and integral multiples thereof, with transfers of ownership effected on the records of DTC and its participants pursuant to rules and procedures adopted by DTC and its participants. The winning bidder, as a condition to delivery of the Bonds, will be required to deposit the bond certificates with DTC, or its custodian, registered in the name of Cede & Co. Principal of and interest on the Bonds will be payable by the Town or its agent in Federal funds to DTC or its nominee as registered owner of the Bonds. Principal and interest payments to participants of DTC will be the responsibility of DTC. Principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The Town will not be responsible or liable for payments by DTC to its participants or by DTC participants to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants.

Electronic Bidding Procedures

Any prospective bidder intending to submit an electronic bid must submit its electronic bid through the facilities of **PARITY®**. Subscription to i-Deal LLC's BiDCOMP Competitive Bidding System is required in order to submit an electronic bid and the Town will neither confirm any subscription nor be responsible for the failure of any prospective bidder to subscribe.

An electronic bid made through the facilities of **PARITY®** shall be deemed an irrevocable offer to purchase the Bonds on the terms provided in this Notice of Sale, and shall be binding upon the bidder as if made by a signed, sealed bid delivered to the Town. The Town shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of, **PARITY®**, the use of such facilities being the sole risk of the prospective bidder.

All electronic bids shall be deemed to incorporate the provisions of this Notice of Sale. If any provisions of this Notice of Sale shall conflict with information provided by **PARITY®** as the approved provider of electronic bidding services, this Notice of Sale shall control. Further information about **PARITY®**, including any fee charged, may be obtained from **PARITY®**, 1359 Broadway, 2nd Floor, New York, New York 10018, Attention: Customer Service Department (telephone: (212) 849-5021 - email notice: parity@i-deal.com).

Bid Specifications/Basis of Award

Each bid must be for the entire \$4,500,000 of Bonds and must specify the rate or rates of interest therefor in a multiple of 1/20 or 1/8 of 1% per annum. Bids shall not state more than one interest rate for any Bonds having the same maturity date. The highest interest rate bid for a maturity and the lowest rate bid for any other maturity may not differ by more than three (3%) percentage points. Interest shall be computed on the basis of twelve 30 day months and a 360 day year. No bid for less than all of the Bonds or for less than par and accrued interest, if any, will be considered.

For purposes of the electronic bidding process, the time as maintained by **PARITY®** shall constitute the official time. For information purposes only, bidders are requested to state in their bids the true interest cost to the Town, computed and rounded to six decimal places.

For the purpose of determining the successful bidder, the true interest cost to the Town will be the annual interest rate, compounded semiannually, which, when used to discount all payments of principal and interest payable on the Bonds to July 30, 2018, the date of the Bonds, results in an amount equal to the purchase price for the Bonds, not including interest accrued to July 30, 2018, the delivery date of the Bonds. It is requested that each bid be accompanied by a statement of the percentage of true interest cost computed and rounded to six decimal places. Such statement shall not be considered as a part of the bid. The Bonds will be awarded or all bids will be rejected promptly after the bid opening, but not later than 4:00 P.M. (E.T.) on the Sale Date. The purchase price must be paid in Federal funds.

The Town reserves the right to reject any and all bids and to waive any irregularity or informality with respect to any bid. The Town further reserves the right to postpone the sale to another time and date in its sole and absolute discretion for any reason, including, without limitation, internet difficulties. The Town will use its best efforts to notify prospective bidders in a timely manner of any need for a postponement. Unless all bids are rejected or the bid is postponed, the Bonds will be awarded to the bidder offering to purchase them at the lowest true interest cost.

Closing Documents and Legal Opinion

The Bonds will be certified by U.S. Bank National Association, Hartford, Connecticut. The legality of the Bonds will be passed upon by Robinson & Cole LLP, Hartford, Connecticut (“Bond Counsel”), and the winning bidder will be furnished with their opinion without charge. The winning bidder will also be furnished with a signature and no litigation certificate, a receipt of payment satisfactory in form to Bond Counsel, a signed copy of the final Official Statement prepared for the Bonds, a certificate signed by the appropriate officials of the Town relating to the accuracy and completeness of information contained in the final Official Statement, and an executed Continuing Disclosure Agreement.

The legal opinion will further state that (i) under existing statutes and court decisions, interest on the Bonds is excluded from gross income for federal income tax purposes, (ii) such interest is not treated as an item of tax preference for purposes of computing the federal alternative minimum tax, (iii) under existing statutes, interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and (iv) such interest is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay federal alternative minimum tax. In rendering its legal opinion, Bond Counsel will rely upon and assume the material accuracy of the representations and statements of expectation contained in the Tax Regulatory Agreement entered into by the Town for the benefit of the owners of the Bonds, and further, will assume compliance by the Town with the covenants and procedures set forth in such Tax Regulatory Agreement. A copy of the opinion will be printed upon each of the Bonds, and a signed opinion and transcript of proceedings will be filed with U.S. Bank National Association, Hartford, Connecticut, and will be available for examination upon request.

Obligation to Deliver Issue Price Certificate

Pursuant to the Code and applicable Treasury Regulations, the Town must establish the “issue price” of the Bonds. In order to assist the Town, the winning bidder is obligated to deliver to the Town a certificate (an “Issue Price Certificate”) and such additional information satisfactory to Bond Counsel described below, prior to the delivery of the Bonds. The Town will rely on the Issue Price Certificate and such additional information in determining the issue price of the Bonds. The form of Issue Price Certificate is available by contacting Matthew A. Spoerndle, Senior Managing Director, Phoenix Advisors, LLC,

Email: mspoerndle@muniadvisors.com, Telephone: (203) 878-4945, municipal advisor to the Town (the “Municipal Advisor”).

By submitting a bid, each bidder is certifying that (i) it is an underwriter of municipal bonds which has an established industry reputation for underwriting new issuances of municipal bonds, (ii) its bid is a firm offer to purchase the Bonds, (iii) its bid is a good faith offer which the bidder believes reflects current market conditions, and (iv) its bid is not a “courtesy bid” being submitted for the purpose of assisting in meeting the competitive sale rule relating to the establishment of the issue price of the Bonds pursuant to Section 148 of the Code, including the requirement that bids be received from at least three (3) underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds (the “Competitive Sale Rule”).

The Municipal Advisor will advise the winning bidder if the Competitive Sale Rule was met at the same time it notifies the winning bidder of the award of the Bonds. **Bids will not be subject to cancellation in the event that the Competitive Sale Rule is not satisfied.**

Competitive Sale Rule Met. If the Municipal Advisor advises the winning bidder that the Competitive Sale Rule has been met, the winning bidder shall, within one (1) hour after being notified of the award of the Bonds, advise the Municipal Advisor by electronic or facsimile transmission of the reasonably expected initial offering price to the public of each maturity of the Bonds as of the Sale Date.

Competitive Sale Rule Not Met. By submitting a bid, the winning bidder agrees (unless the winning bidder is purchasing the Bonds for its own account and not with a view to distribution or resale to the public) that if the Competitive Sale Rule is not met, it will satisfy either the **10% Sale Rule** or the **Hold the Offering Price Rule** described below with respect to each maturity of the Bonds prior to the delivery date of the Bonds. The rule selected with respect to each maturity of the Bonds shall be set forth on an Issue Price Rule Selection Certificate, the form of which is attached hereto, which shall be sent to the winning bidder promptly after the award of the Bonds. The winning bidder shall complete and execute the Issue Price Rule Selection Certificate and email it to Bond Counsel and the Municipal Advisor by 5:00 P.M. on the day after the Sale Date. **If the Issue Price Rule Selection Certificate is not returned by this deadline, or if no selection is made with respect to a maturity, the winning bidder agrees that the Hold the Offering Price Rule shall apply to such maturities.**

10% Sale Rule. To satisfy the 10% Sale Rule for any maturity of the Bonds, the winning bidder:

(i) will make a bona fide offering to the public of all of the Bonds at the initial offering prices and provide the Town with reasonable supporting documentation, such as a copy of the pricing wire or equivalent communication, the form of which is acceptable to Bond Counsel;

(ii) will report to the Town information regarding the actual prices at which at least 10 percent (10%) of the Bonds of each maturity have been sold to the public;

(iii) will provide the Town with reasonable supporting documentation or certifications of such sale prices, the form of which is acceptable to Bond Counsel. If the 10% Sale Rule is used with respect to a maturity of the Bonds, this reporting requirement will continue, beyond the closing date of the Bonds, if necessary, until such date that at least 10 percent (10%) of such maturity of the Bonds has been sold to the public; and

(iv) has or will include in any agreement among underwriters, selling group agreement or third party distribution agreement (to which the winning bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, language obligating each underwriter to comply with the reporting requirement described above.

Hold the Offering Price Rule. To satisfy the Hold the Offering Price Rule for any maturity of the Bonds, the winning bidder:

(i) will make a bona fide offering to the public of all of the Bonds at the initial offering prices and provide Bond Counsel with reasonable supporting documentation, such as a copy of the pricing wire or equivalent communication, the form of which is acceptable to Bond Counsel;

(ii) will neither offer nor sell to any person any Bonds of such maturity at a price that is higher than the initial offering price of such maturity until the earlier of (i) the date on which the winning bidder has sold to the public at least ten percent (10%) of the Bonds of such maturity at a price that is no higher than the initial offering price of such maturity or (ii) the close of business on the fifth (5th) business day after the Sale Date of the Bonds; and

(iii) has or will include within any agreement among underwriters, selling group agreement or third party distribution agreement (to which the winning bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, language obligating each underwriter to comply with the limitations on the sale of the Bonds as set forth above.

For purposes of the 10% Sale Rule or the Hold the Offering Price Rule, a “maturity” refers to Bonds that have the same interest rate, credit and payment terms.

If the winning bidder has purchased any maturity of the Bonds for its own account and not with a view to distribution or resale to the public, then, whether or not the Competitive Sale Rule was met, the Issue Price Certificate will recite such facts and identify the price or prices at which such maturity of the Bonds was purchased.

For purposes of this Notice of Sale, the “public” does not include the winning bidder or any person that agrees pursuant to a written contract with the winning bidder to participate in the initial sale of the Bonds to the public (such as a third party distribution agreement between a national lead underwriter and a regional firm under which the regional firm participates in the initial sale of the Bonds to the public). In making the representations described above, the winning bidder must reflect the effect on the offering prices of any “derivative products” (e.g., a tender option) used by the bidder in connection with the initial sale of any of the Bonds.

Settlement of the Bonds

The Bonds will be available for delivery on or about July 30, 2018. The deposit of the Bonds with DTC or its custodian under a book-entry system requires the assignment of CUSIP numbers prior to delivery. The Municipal Advisor shall obtain CUSIP numbers for the Bonds prior to delivery, and the Town will not be responsible for any delay occasioned by the failure of the winning bidder to obtain such numbers and to supply them to the Town in a timely manner. The Town assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers, which charges shall be the responsibility of and shall be paid for by the winning bidder.

The Preliminary Official Statement is in a form “deemed final” by the Town for purposes of SEC Rule 15c2-12(b)(1). The winning bidder will be furnished 25 copies of the final Official Statement prepared for the Bonds at the Town’s expense. Additional copies may be obtained by the winning bidder at its own expense by arrangement with the printer. The copies of the final Official Statement will be made available to the winning bidder no later than seven business days after the bid opening at the office of the Town’s Municipal Advisor. If the Municipal Advisor is provided with the necessary information from the winning bidder by 12:00 p.m. (noon) on the day after the bid opening, the copies of the final Official Statement will include an additional cover page and other pages, if necessary, indicating the interest rates,

ratings, yields or reoffering prices, the name of the managing underwriter, and the name of the insurer, if any, of the Bonds.

Continuing Disclosure

The Town will undertake in a Continuing Disclosure Agreement entered into in accordance with the requirements of Rule 15c2-12(b)(5), promulgated by the Securities and Exchange Commission, to provide (i) certain annual financial information and operating data, including audited financial statements; (ii) notice of the occurrence of certain events within 10 business days of the occurrence of such events with respect to the Bonds; and (iii) timely notice of its failure to provide such annual financial information. The winning bidder's obligation to purchase the Bonds shall be conditioned upon its receiving, at or prior to the delivery of the Bonds, an executed copy of the Continuing Disclosure Agreement for the Bonds.

Related Information

For more information regarding the Bonds and the Town, reference is made to the Preliminary Official Statement. Copies of the Preliminary Official Statement and the Issue Price Certificate may be obtained from the undersigned, or from Matthew A. Spoerndle, Senior Managing Director, Phoenix Advisors, LLC, Email: mspoerndle@muniadvisors.com, Telephone: (203) 878-4945, Municipal Advisor to the Town.

ARTHUR B. WILLIAMS, III
Treasurer

JOHN M. CIFARELLI
Director of Finance

July 11, 2018

ISSUE PRICE RULE SELECTION CERTIFICATE

Town of Orange, Connecticut
\$4,500,000* General Obligation Bonds, Issue of 2018, Series A

The undersigned, on behalf of [NAME OF UNDER/REP], [on behalf of itself and [OTHER UNDER], hereby certifies that it will use the rule selected below for the respective maturity of the above-captioned bonds (the "Bonds"), as described in the Notice of Sale for the Bonds, dated July 11, 2018 (the "Notice of Sale"). For a description of the requirements of each rule, please refer to the section "Obligation to Deliver Issue Price Certificate" in the Notice of Sale. Capitalized terms used but not defined herein are defined in the Notice of Sale.

<u>Date of Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	10% Sale Rule (Underwriter has or will comply with 10% Sale Price Rule for this Maturity)		Hold the Offering Price Rule (Underwriter will comply with Hold the Offering Price Rule for this Maturity)	
			<u>Check Box</u>	<u>Sales Price</u>	<u>Check Box</u>	<u>Initial Offering Price</u>
07/15/2019	\$225,000	0.000%	<input type="checkbox"/>	\$_____	<input type="checkbox"/>	\$_____
07/15/2020	225,000	0.000	<input type="checkbox"/>	\$_____	<input type="checkbox"/>	\$_____
07/15/2021	225,000	0.000	<input type="checkbox"/>	\$_____	<input type="checkbox"/>	\$_____
07/15/2022	225,000	0.000	<input type="checkbox"/>	\$_____	<input type="checkbox"/>	\$_____
07/15/2023	225,000	0.000	<input type="checkbox"/>	\$_____	<input type="checkbox"/>	\$_____
07/15/2024	225,000	0.000	<input type="checkbox"/>	\$_____	<input type="checkbox"/>	\$_____
07/15/2025	225,000	0.000	<input type="checkbox"/>	\$_____	<input type="checkbox"/>	\$_____
07/15/2026	225,000	0.000	<input type="checkbox"/>	\$_____	<input type="checkbox"/>	\$_____
07/15/2027	225,000	0.000	<input type="checkbox"/>	\$_____	<input type="checkbox"/>	\$_____
07/15/2028	225,000	0.000	<input type="checkbox"/>	\$_____	<input type="checkbox"/>	\$_____
07/15/2029	225,000	0.000	<input type="checkbox"/>	\$_____	<input type="checkbox"/>	\$_____
07/15/2030	225,000	0.000	<input type="checkbox"/>	\$_____	<input type="checkbox"/>	\$_____
07/15/2031	225,000	0.000	<input type="checkbox"/>	\$_____	<input type="checkbox"/>	\$_____
07/15/2032	225,000	0.000	<input type="checkbox"/>	\$_____	<input type="checkbox"/>	\$_____
07/15/2033	225,000	0.000	<input type="checkbox"/>	\$_____	<input type="checkbox"/>	\$_____
07/15/2034	225,000	0.000	<input type="checkbox"/>	\$_____	<input type="checkbox"/>	\$_____
07/15/2035	225,000	0.000	<input type="checkbox"/>	\$_____	<input type="checkbox"/>	\$_____
07/15/2036	225,000	0.000	<input type="checkbox"/>	\$_____	<input type="checkbox"/>	\$_____
07/15/2037	225,000	0.000	<input type="checkbox"/>	\$_____	<input type="checkbox"/>	\$_____
07/15/2038	225,000	0.000	<input type="checkbox"/>	\$_____	<input type="checkbox"/>	\$_____

(All Sales Prices or Initial Offering Prices must be completed prior to the delivery date of the Bonds.)

[NAME OF UNDER/REP]

By: _____
Name:
Title:

Email this completed and executed certificate to the following by 5:00 P.M. on July ___, 2018:

Bond Counsel: sspinelli@rc.com

Municipal Advisor: mspoerndle@muniadvisors.com

* Preliminary, subject to change.

NOTICE OF SALE
\$3,120,000*
TOWN OF ORANGE, CONNECTICUT
GENERAL OBLIGATION REFUNDING BONDS, ISSUE OF 2018, SERIES B

Electronic bids (as described herein) will be received by the **TOWN OF ORANGE, CONNECTICUT** (the “Town”), until 11:30 A.M. (E.T.) Wednesday,

JULY 18, 2018

(the “Sale Date”) for the purchase of all, but not less than all, of the \$3,120,000 Town of Orange, Connecticut General Obligation Refunding Bonds, Issue of 2018, Series B (the “Bonds”). Electronic bids must be submitted via **PARITY®**. (See “Electronic Bidding Procedures”).

The Town reserves the right to make changes to the provisions of this Notice of Sale, including the date and time of the sale, prior to the date and time of sale set forth above. Any such changes will be posted through **PARITY®**. Prospective bidders are advised to check for such **PARITY®** postings prior to the above stated sale time.

The Bonds

The Bonds will be dated July 30, 2018, mature in the principal amounts of \$390,000* on August 15, 2019, \$385,000* on August 15, 2020, \$430,000* on August 15, 2021, \$425,000* on August 15, 2022, \$495,000* on August 15, 2023, \$500,000* on August 15, 2024 and \$495,000* on August 15, 2025, and bear interest payable on August 15, 2018 and semiannually thereafter on February 15 and August 15 in each year until maturity, as further described in the Preliminary Official Statement for the Bonds dated July 11, 2018 (the “Preliminary Official Statement”).

The Bonds are not subject to redemption prior to maturity.

Nature of Obligation

The full faith and credit of the Town will be pledged for the prompt payment of the principal of and interest on the Bonds when due. The Bonds will be general obligations of the Town payable, unless paid from other sources, from ad valorem taxes which may be levied on all taxable property subject to taxation by the Town without limitation as to rate or amount except as to classified property such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts.

Bank Qualification

The Bonds shall be designated by the Town as qualified tax exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended (the “Code”), for purposes of the deduction by financial institutions for interest expense allocable to the Bonds.

Registration

The Bonds will be issued by means of a book-entry system with no physical distribution of bond certificates made to the public. The Bonds will be issued in registered form and one bond certificate for

* Preliminary, subject to change.

each maturity will be issued to The Depository Trust Company, New York, New York ("DTC"), registered in the name of its nominee, Cede & Co., and immobilized in their custody. A book-entry system will be employed, evidencing ownership of the Bonds in principal amounts of \$5,000 and integral multiples thereof, with transfers of ownership effected on the records of DTC and its participants pursuant to rules and procedures adopted by DTC and its participants. The winning bidder, as a condition to delivery of the Bonds, will be required to deposit the bond certificates with DTC, or its custodian, registered in the name of Cede & Co. Principal of and interest on the Bonds will be payable by the Town or its agent in Federal funds to DTC or its nominee as registered owner of the Bonds. Principal and interest payments to participants of DTC will be the responsibility of DTC. Principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The Town will not be responsible or liable for payments by DTC to its participants or by DTC participants to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants.

Electronic Bidding Procedures

Any prospective bidder intending to submit an electronic bid must submit its electronic bid through the facilities of **PARITY®**. Subscription to i-Deal LLC's BiDCOMP Competitive Bidding System is required in order to submit an electronic bid and the Town will neither confirm any subscription nor be responsible for the failure of any prospective bidder to subscribe.

An electronic bid made through the facilities of **PARITY®** shall be deemed an irrevocable offer to purchase the Bonds on the terms provided in this Notice of Sale, and shall be binding upon the bidder as if made by a signed, sealed bid delivered to the Town. The Town shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of, **PARITY®**, the use of such facilities being the sole risk of the prospective bidder.

All electronic bids shall be deemed to incorporate the provisions of this Notice of Sale. If any provisions of this Notice of Sale shall conflict with information provided by **PARITY®** as the approved provider of electronic bidding services, this Notice of Sale shall control. Further information about **PARITY®**, including any fee charged, may be obtained from **PARITY®**, 1359 Broadway, 2nd Floor, New York, New York 10018, Attention: Customer Service Department (telephone: (212) 849-5021 - email notice: parity@i-deal.com).

Bid Specifications/Basis of Award

Each bid must be for the entire \$3,120,000 of Bonds and must specify the rate or rates of interest therefor in a multiple of 1/20 or 1/8 of 1% per annum. Bids shall not state more than one interest rate for any Bonds having the same maturity date. The highest interest rate bid for a maturity and the lowest rate bid for any other maturity may not differ by more than three (3%) percentage points. Interest shall be computed on the basis of twelve 30 day months and a 360 day year. No bid for less than all of the Bonds or for less than par and accrued interest, if any, will be considered.

For purposes of the electronic bidding process, the time as maintained by **PARITY®** shall constitute the official time. For information purposes only, bidders are requested to state in their bids the true interest cost to the Town, computed and rounded to six decimal places.

For the purpose of determining the successful bidder, the true interest cost to the Town will be the annual interest rate, compounded semiannually, which, when used to discount all payments of principal and interest payable on the Bonds to July 30, 2018, the date of the Bonds, results in an amount equal to the purchase price for the Bonds, not including interest accrued to July 30, 2018, the delivery date of the Bonds. It is requested that each bid be accompanied by a statement of the percentage of true interest cost computed and rounded to six decimal places. Such statement shall not be considered as a part of the bid.

The Bonds will be awarded or all bids will be rejected promptly after the bid opening, but not later than 4:00 P.M. (E.T.) on the Sale Date. The purchase price must be paid in Federal funds.

The Town reserves the right to reject any and all bids and to waive any irregularity or informality with respect to any bid. The Town further reserves the right to postpone the sale to another time and date in its sole and absolute discretion for any reason, including, without limitation, internet difficulties. The Town will use its best efforts to notify prospective bidders in a timely manner of any need for a postponement. Unless all bids are rejected or the bid is postponed, the Bonds will be awarded to the bidder offering to purchase them at the lowest true interest cost.

Closing Documents and Legal Opinion

The Bonds will be certified by U.S. Bank National Association, Hartford, Connecticut. The legality of the Bonds will be passed upon by Robinson & Cole LLP, Hartford, Connecticut (“Bond Counsel”), and the winning bidder will be furnished with their opinion without charge. The winning bidder will also be furnished with a signature and no litigation certificate, a receipt of payment satisfactory in form to Bond Counsel, a signed copy of the final Official Statement prepared for the Bonds, a certificate signed by the appropriate officials of the Town relating to the accuracy and completeness of information contained in the final Official Statement, and an executed Continuing Disclosure Agreement.

The legal opinion will further state that (i) under existing statutes and court decisions, interest on the Bonds is excluded from gross income for federal income tax purposes, (ii) such interest is not treated as an item of tax preference for purposes of computing the federal alternative minimum tax, (iii) under existing statutes, interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and (iv) such interest is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay federal alternative minimum tax. In rendering its legal opinion, Bond Counsel will rely upon and assume the material accuracy of the representations and statements of expectation contained in the Tax Regulatory Agreement entered into by the Town for the benefit of the owners of the Bonds, and further, will assume compliance by the Town with the covenants and procedures set forth in such Tax Regulatory Agreement. A copy of the opinion will be printed upon each of the Bonds, and a signed opinion and transcript of proceedings will be filed with U.S. Bank National Association, Hartford, Connecticut, and will be available for examination upon request.

Obligation to Deliver Issue Price Certificate

Pursuant to the Code and applicable Treasury Regulations, the Town must establish the “issue price” of the Bonds. In order to assist the Town, the winning bidder is obligated to deliver to the Town a certificate (an “Issue Price Certificate”) and such additional information satisfactory to Bond Counsel described below, prior to the delivery of the Bonds. The Town will rely on the Issue Price Certificate and such additional information in determining the issue price of the Bonds. The form of Issue Price Certificate is available by contacting Matthew A. Spoerndle, Senior Managing Director, Phoenix Advisors, LLC, Email: mspoerndle@muniadvisors.com, Telephone: (203) 878-4945, municipal advisor to the Town (the “Municipal Advisor”).

By submitting a bid, each bidder is certifying that (i) it is an underwriter of municipal bonds which has an established industry reputation for underwriting new issuances of municipal bonds, (ii) its bid is a firm offer to purchase the Bonds, (iii) its bid is a good faith offer which the bidder believes reflects current market conditions, and (iv) its bid is not a “courtesy bid” being submitted for the purpose of assisting in meeting the competitive sale rule relating to the establishment of the issue price of the Bonds pursuant to Section 148 of the Code, including the requirement that bids be received from at least three (3) underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds (the “Competitive Sale Rule”).

The Municipal Advisor will advise the winning bidder if the Competitive Sale Rule was met at the same time it notifies the winning bidder of the award of the Bonds. **Bids will not be subject to cancellation in the event that the Competitive Sale Rule is not satisfied.**

Competitive Sale Rule Met. If the Municipal Advisor advises the winning bidder that the Competitive Sale Rule has been met, the winning bidder shall, within one (1) hour after being notified of the award of the Bonds, advise the Municipal Advisor by electronic or facsimile transmission of the reasonably expected initial offering price to the public of each maturity of the Bonds as of the Sale Date.

Competitive Sale Rule Not Met. By submitting a bid, the winning bidder agrees (unless the winning bidder is purchasing the Bonds for its own account and not with a view to distribution or resale to the public) that if the Competitive Sale Rule is not met, it will satisfy either the **10% Sale Rule** or the **Hold the Offering Price Rule** described below with respect to each maturity of the Bonds prior to the delivery date of the Bonds. The rule selected with respect to each maturity of the Bonds shall be set forth on an Issue Price Rule Selection Certificate, the form of which is attached hereto, which shall be sent to the winning bidder promptly after the award of the Bonds. The winning bidder shall complete and execute the Issue Price Rule Selection Certificate and email it to Bond Counsel and the Municipal Advisor by 5:00 P.M. on the day after the Sale Date. **If the Issue Price Rule Selection Certificate is not returned by this deadline, or if no selection is made with respect to a maturity, the winning bidder agrees that the Hold the Offering Price Rule shall apply to such maturities.**

10% Sale Rule. To satisfy the 10% Sale Rule for any maturity of the Bonds, the winning bidder:

(i) will make a bona fide offering to the public of all of the Bonds at the initial offering prices and provide the Town with reasonable supporting documentation, such as a copy of the pricing wire or equivalent communication, the form of which is acceptable to Bond Counsel;

(ii) will report to the Town information regarding the actual prices at which at least 10 percent (10%) of the Bonds of each maturity have been sold to the public;

(iii) will provide the Town with reasonable supporting documentation or certifications of such sale prices, the form of which is acceptable to Bond Counsel. If the 10% Sale Rule is used with respect to a maturity of the Bonds, this reporting requirement will continue, beyond the closing date of the Bonds, if necessary, until such date that at least 10 percent (10%) of such maturity of the Bonds has been sold to the public; and

(iv) has or will include in any agreement among underwriters, selling group agreement or third party distribution agreement (to which the winning bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, language obligating each underwriter to comply with the reporting requirement described above.

Hold the Offering Price Rule. To satisfy the Hold the Offering Price Rule for any maturity of the Bonds, the winning bidder:

(i) will make a bona fide offering to the public of all of the Bonds at the initial offering prices and provide Bond Counsel with reasonable supporting documentation, such as a copy of the pricing wire or equivalent communication, the form of which is acceptable to Bond Counsel;

(ii) will neither offer nor sell to any person any Bonds of such maturity at a price that is higher than the initial offering price of such maturity until the earlier of (i) the date on which the winning bidder has sold to the public at least ten percent (10%) of the Bonds of such maturity at a

price that is no higher than the initial offering price of such maturity or (ii) the close of business on the fifth (5th) business day after the Sale Date of the Bonds; and

(iii) has or will include within any agreement among underwriters, selling group agreement or third party distribution agreement (to which the winning bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, language obligating each underwriter to comply with the limitations on the sale of the Bonds as set forth above.

For purposes of the 10% Sale Rule or the Hold the Offering Price Rule, a “maturity” refers to Bonds that have the same interest rate, credit and payment terms.

If the winning bidder has purchased any maturity of the Bonds for its own account and not with a view to distribution or resale to the public, then, whether or not the Competitive Sale Rule was met, the Issue Price Certificate will recite such facts and identify the price or prices at which such maturity of the Bonds was purchased.

For purposes of this Notice of Sale, the “public” does not include the winning bidder or any person that agrees pursuant to a written contract with the winning bidder to participate in the initial sale of the Bonds to the public (such as a third party distribution agreement between a national lead underwriter and a regional firm under which the regional firm participates in the initial sale of the Bonds to the public). In making the representations described above, the winning bidder must reflect the effect on the offering prices of any “derivative products” (e.g., a tender option) used by the bidder in connection with the initial sale of any of the Bonds.

Settlement of the Bonds

The Bonds will be available for delivery on or about July 30, 2018. The deposit of the Bonds with DTC or its custodian under a book-entry system requires the assignment of CUSIP numbers prior to delivery. The Municipal Advisor shall obtain CUSIP numbers for the Bonds prior to delivery, and the Town will not be responsible for any delay occasioned by the failure of the winning bidder to obtain such numbers and to supply them to the Town in a timely manner. The Town assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers, which charges shall be the responsibility of and shall be paid for by the winning bidder.

The Preliminary Official Statement is in a form “deemed final” by the Town for purposes of SEC Rule 15c2-12(b)(1). The winning bidder will be furnished 25 copies of the final Official Statement prepared for the Bonds at the Town’s expense. Additional copies may be obtained by the winning bidder at its own expense by arrangement with the printer. The copies of the final Official Statement will be made available to the winning bidder no later than seven business days after the bid opening at the office of the Town’s Municipal Advisor. If the Municipal Advisor is provided with the necessary information from the winning bidder by 12:00 p.m. (noon) on the day after the bid opening, the copies of the final Official Statement will include an additional cover page and other pages, if necessary, indicating the interest rates, ratings, yields or reoffering prices, the name of the managing underwriter, and the name of the insurer, if any, of the Bonds.

Continuing Disclosure

The Town will undertake in a Continuing Disclosure Agreement entered into in accordance with the requirements of Rule 15c2-12(b)(5), promulgated by the Securities and Exchange Commission, to provide (i) certain annual financial information and operating data, including audited financial statements; (ii) notice of the occurrence of certain events within 10 business days of the occurrence of such events with respect to the Bonds; and (iii) timely notice of its failure to provide such annual financial information. The

winning bidder's obligation to purchase the Bonds shall be conditioned upon its receiving, at or prior to the delivery of the Bonds, an executed copy of the Continuing Disclosure Agreement for the Bonds.

Related Information

For more information regarding the Bonds and the Town, reference is made to the Preliminary Official Statement. Copies of the Preliminary Official Statement and the Issue Price Certificate may be obtained from the undersigned, or from Matthew A. Spoerndle, Senior Managing Director, Phoenix Advisors, LLC, Email: mspoerndle@muniadvisors.com, Telephone: (203) 878-4945, Municipal Advisor to the Town.

ARTHUR B. WILLIAMS, III
Treasurer

JOHN M. CIFARELLI
Director of Finance

July 11, 2018

ISSUE PRICE RULE SELECTION CERTIFICATE

Town of Orange, Connecticut
\$3,120,000* General Obligation Refunding Bonds, Issue of 2018, Series B

The undersigned, on behalf of [NAME OF UNDER/REP], [on behalf of itself and [OTHER UNDER], hereby certifies that it will use the rule selected below for the respective maturity of the above-captioned bonds (the "Bonds"), as described in the Notice of Sale for the Bonds, dated July 11, 2018 (the "Notice of Sale"). For a description of the requirements of each rule, please refer to the section "Obligation to Deliver Issue Price Certificate" in the Notice of Sale. Capitalized terms used but not defined herein are defined in the Notice of Sale.

<u>Date of Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	10% Sale Rule (Underwriter has or will comply with 10% Sale Price Rule for this Maturity)		Hold the Offering Price Rule (Underwriter will comply with Hold the Offering Price Rule for this Maturity)	
			<u>Check Box</u>	<u>Sales Price</u>	<u>Check Box</u>	<u>Initial Offering Price</u>
08/15/2019	\$390,000	0.000%	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
08/15/2020	385,000	0.000	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
08/15/2021	430,000	0.000	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
08/15/2022	425,000	0.000	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
08/15/2023	495,000	0.000	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
08/15/2024	500,000	0.000	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
08/15/2025	495,000	0.000	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____

(All Sales Prices or Initial Offering Prices must be completed prior to the delivery date of the Bonds.)

[NAME OF UNDER/REP]

By: _____

Name:

Title:

Email this completed and executed certificate to the following by 5:00 P.M. on July __, 2018:

Bond Counsel: sspinelli@rc.com

Municipal Advisor: mspoerndle@muniadvisors.com

* Preliminary, subject to change.

{This page intentionally left blank}