

# Preliminary Official Statement Dated July 1, 2014

**NEW ISSUE: Book-Entry-Only**

**RATINGS: Standard & Poor's Corporation "AAA"/  
"SP-1+"**

*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 and the Notes 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 and the Notes may be includable in the calculation of certain taxes under the Code, including the federal alternative minimum tax imposed on certain corporations. In the opinion of Bond Counsel, based on existing statutes, interest on the Bonds and the Notes 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 \$8,725,000 General Obligation Bonds, Issue of 2014

**Dated: Date of Delivery**

**Due: July 15, 2015-2034,  
As shown on the inside cover hereof:**

The Bonds will bear interest payable January 15, 2015 and semiannually thereafter on July 15 and January 15 in each year until maturity. The 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 Bonds. Purchases of the Bonds will be made in book-entry form, in the denomination of \$5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their ownership interest in the 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 Bonds. See "Book-Entry-Only System" herein.

**The 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. (Eastern Daylight Time) for the Bonds on Wednesday, July 9, 2014 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 1, 2014. See "Appendix D" herein.**

---

**\$1,702,000**

## General Obligation Bond Anticipation Notes

**Dated: July 21, 2014**

**Due: July 20, 2015**

The Notes will be issued in book-entry-only form and will bear interest at such rate or rates per annum as are specified by the successful bidder or bidders in accordance with the Notice of Sale, dated July 1, 2014. The Notes, when issued, will be registered in the name of Cede & Co., as Noteowner and nominee for DTC, New York, New York. See "Book-Entry-Only Transfer System" herein.

**The Notes are not subject to redemption prior to maturity.**

**Electronic bids via PARITY® and telephone bids will be received until 11:30 A.M. (Eastern Daylight Time) for the Notes on Wednesday, July 9, 2014 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 1, 2014. See "Appendix D" herein. Telephone bids will be received until 11:30 A.M. by an authorized agent of Phoenix Advisors, LLC, the Town's Financial Advisor, on Wednesday, July 9, 2014 at (203) 891-4737.**

---

The Bonds and the Notes 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 and the Notes when due. See "Security and Remedies" herein.

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

The Bonds and the Notes are offered for delivery when, as and if issued, subject to the approving opinions of Robinson & Cole LLP, Bond Counsel, of Hartford, Connecticut and certain other conditions. It is expected that delivery of the Bonds and the Notes in book-entry-only form will be made to DTC on or about July 21, 2014.

**Town of Orange, Connecticut**  
**\$8,725,000**

**General Obligation Bonds, Issue of 2014**

**Dated:**    *Date of Delivery*

**Due: July 15,  
as shown below:**

**Maturity Schedule**

<b>Year</b>	<b>Principal</b>	<b>Coupon</b>	<b>Yield</b>	<b>CUSIP</b>	<b>Year</b>	<b>Principal</b>	<b>Coupon</b>	<b>Yield</b>	<b>CUSIP</b>
2015	\$ 435,000	____%	____%	684184____	2025	\$ 435,000	____%	____%	684184____
2016	435,000	____%	____%	684184____	2026	435,000	____%	____%	684184____
2017	435,000	____%	____%	684184____	2027	435,000	____%	____%	684184____
2018	435,000	____%	____%	684184____	2028	435,000	____%	____%	684184____
2019	435,000	____%	____%	684184____	2029	435,000	____%	____%	684184____
2020	435,000	____%	____%	684184____	2030	440,000	____%	____%	684184____
2021	435,000	____%	____%	684184____	2031	440,000	____%	____%	684184____
2022	435,000	____%	____%	684184____	2032	440,000	____%	____%	684184____
2023	435,000	____%	____%	684184____	2033	440,000	____%	____%	684184____
2024	435,000	____%	____%	684184____	2034	440,000	____%	____%	684184____

---

**\$1,702,000**

**General Obligation Bond Anticipation Notes**

**Dated:**    *July 21, 2014*  
**Rate:**    \_\_\_\_%  
**Yield:**    \_\_\_\_%

**Due:**              *July 20, 2015*  
**CUSIP:**          *684184\_\_\_\_*  
**Underwriter:**    *TBD*

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 or the Notes 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 the Notes 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 and the Notes 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 Financial 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 opinion in Appendix A), and they make no representation that they have independently verified the same.

Other than as to matters expressly set forth in Appendix B "Forms of Opinion of Bond Counsel" and in "Tax Matters" herein, Bond Counsel is not passing on and does not assume any responsibility for the accuracy or adequacy of the statements made in this Official Statement and makes no representation that they have independently verified the same.

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 Rule-making 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 agree to provide or cause to be provided (i) annual financial information and operating data with respect to the Bonds, (ii) timely notice of the occurrence of certain events, but not in excess of 10 business days of the occurrence of such events with respect to the Bonds and the Notes, 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 Agreement with respect to the Bonds. The Continuing Disclosure Agreements shall be executed in substantially the forms attached as Appendix C to this Official Statement.

## **Table of Contents**

	<i>Page</i>	<i>Page</i>
<b>Bond Issue Summary.....</b>	1	21
<b>Note Issue Summary.....</b>	2	22
<b>I. Bond Information.....</b>	2	22
Introduction.....	2	
Financial Advisor.....	2	
The Bonds.....	2	
Optional Redemption .....	3	
Authorization and Purpose .....	3	
The Notes .....	5	
Book-Entry Only System .....	5	
DTC Practices .....	6	
Replacement Bonds.....	6	
Security and Remedies .....	6	
Qualification for Financial Institutions.....	7	
Availability of Continuing Disclosure .....	7	
School Projects.....	7	
Ratings .....	8	
Bond Insurance.....	8	
Tax Matters .....	8	
<b>II. The Issuer .....</b>	10	
Description of the Town.....	10	
Form of Government.....	11	
Municipal Officials .....	12	
Municipal Employees.....	12	
Municipal Employees Bargaining Organizations .....	13	
Educational System .....	14	
School Enrollment.....	14	
School Facilities .....	14	
<b>III. Economic and Demographic Data.....</b>	15	
Population Trends .....	15	
Age Characteristics of Population .....	15	
Select Wealth and Income Indicators .....	15	
Income Distribution.....	15	
Educational Attainment.....	16	
Employment by Industry.....	16	
Major Employers.....	17	
Unemployment Rate statistics.....	17	
Building Permits.....	17	
<b>IV. Debt Section.....</b>	18	
Principal Amount of Bonded Indebtedness .....	18	
Short-Term Debt .....	18	
Annual Bonded Debt Maturity Schedule.....	19	
Debt Statement .....	20	
Current Debt Ratios.....	20	
Statement of Debt Limitation .....	21	
Capital Leases.....	21	
Overlapping and Underlying Indebtedness.....	22	
Legal Requirements for Approval of Borrowing .....	22	
Temporary Financing .....	22	
Authorized but Unissued Debt .....	23	
Principal Amount of Outstanding General Fund Debt.....	23	
Ratios of Net Long-Term Debt to Valuation, Population and Income .....	23	
Ratios of Annual Long-Term General Fund Debt Service Expenditures to Total General Fund Expenditures .....	23	
<b>V. Financial Administration.....</b>	24	
Accounting Policies .....	24	
Basis of Accounting .....	24	
Audit .....	24	
Budgetary Procedures .....	24	
Employee Pension Systems .....	24	
Other Post-Employment Benefits .....	25	
Investment Policies and Procedures .....	25	
Assessment Practices .....	26	
Tax Collection Procedure .....	27	
Property Tax Levies and Collections .....	27	
Comparative Assessed Valuations .....	27	
Residential Retail Property - Breakdown .....	28	
Exempt Property .....	28	
Ten Largest Taxpayers .....	29	
Revenues .....	29	
Intergovernmental Revenues .....	29	
Comparative Balance Sheets – General Fund .....	30	
General Fund Revenues and Expenditures .....	31	
<b>VI. Legal and Other Information.....</b>	32	
Litigation .....	32	
Transcript and Closing Documents .....	32	
Concluding Statement .....	32	
<b>Appendix A – 2013 General Purpose Financial Statements</b>		
<b>Appendix B - Forms of Opinion of Bond Counsel</b>		
<b>Appendix C - Forms of Continuing Disclosure Agreement</b>		
<b>Appendix D - Notices of Sale</b>		

## **Bond Issue Summary**

The information in this 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.

<b>Date of Sale:</b>	Wednesday, July 9, 2014 at 11:00 A.M. (E.D.T.).
<b>Location of Sale:</b>	The Office of the First Selectman, Town of Orange, Town Hall, 617 Orange Center Road, Orange, Connecticut 06477.
<b>Issuer:</b>	Town of Orange, Connecticut (the "Town").
<b>Issue:</b>	\$8,725,000 General Obligation Bonds, Issue of 2014 (the "Bonds").
<b>Dated Date:</b>	Date of Delivery, July 21, 2014
<b>Interest Due:</b>	Interest due January 15, 2015 and semiannually thereafter on July 15 and January 15 in each year until maturity.
<b>Principal Due:</b>	Principal due serially, July 15, 2015 through July 15, 2034 as detailed in this Official Statement.
<b>Authorization and Purpose:</b>	The proceeds of the Bonds will be utilized to finance various general purpose and school projects. See "Authorization and Purpose" herein.
<b>Redemption:</b>	The Bonds are subject to redemption prior to maturity. See "Optional Redemption" herein.
<b>Security and Remedies:</b>	The 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 Bonds when due.
<b>Credit Rating:</b>	The Bonds have been rated "AAA" by Standard & Poor's Corporation.
<b>Bond Insurance:</b>	The Town does not expect to direct purchase a credit enhancement facility.
<b>Basis of Award:</b>	Lowest True Interest Cost (TIC) as of the dated date.
<b>Tax Exemption:</b>	See "Tax Matters" herein.
<b>Bank Qualification:</b>	The Bonds shall NOT 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 Bonds.
<b>Continuing Disclosure:</b>	In accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the Town will agree 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.
<b>Registrar, Transfer Agent, Certifying Agent, and Paying Agent:</b>	U.S. Bank National Association, Goodwin Square, 225 Asylum Street, Hartford, Connecticut 06103.
<b>Legal Opinion:</b>	Robinson & Cole LLP, of Hartford, Connecticut will act as Bond Counsel.
<b>Financial Advisor:</b>	Phoenix Advisors, LLC of Milford, Connecticut will act as Financial Advisor.
<b>Delivery and Payment:</b>	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 21, 2014 against payment in Federal Funds.
<b>Issuer Official:</b>	Questions concerning the Official Statement should be directed to Mr. Al Chiarenzelli, 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.

## Note Issue Summary

The information in this Note 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. Investors must read the entire Official Statement to obtain information essential to the making of an informed decision. This Official Statement speaks only as of its date and the information herein is subject to change.

<b>Date of Sale:</b>	Wednesday, July 9, 2014 at 11:30 A.M. (E.D.T.).
<b>Location of Sale:</b>	The Office of the First Selectman, Town of Orange, Town Hall, 617 Orange Center Road, Orange, Connecticut 06477.
<b>Issuer:</b>	Town of Orange, Connecticut (the "Town").
<b>Issue:</b>	\$1,702,000 General Obligation Bond Anticipation Notes (the "Notes").
<b>Dated Date:</b>	July 21, 2014.
<b>Interest Due:</b>	At maturity: July 20, 2015.
<b>Principal Due:</b>	At maturity: July 20, 2015.
<b>Authorization and Purpose:</b>	The Notes are being issued to finance various school and general purpose projects. See "Authorization and Purpose" herein.
<b>Redemption:</b>	The Notes are NOT subject to redemption prior to maturity.
<b>Security and Remedies:</b>	The Notes will be general obligations of the Town, and the Town will pledge its full faith and credit to the payment of principal and interest on the Notes when due.
<b>Credit Rating:</b>	The Notes have been rated "SP-1+" by Standard & Poor's Corporation.
<b>Basis of Award:</b>	Lowest Net Interest Cost (NIC), as of the dated date.
<b>Tax Exemption:</b>	See "Tax Matters" herein.
<b>Bank Qualification:</b>	The Notes shall NOT 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 certain interest expense allocable to the Notes.
<b>Continuing Disclosure:</b>	See Appendix C "Forms of Continuing Disclosure Agreement" herein.
<b>Registrar, Transfer Agent, Certifying Agent and Paying Agent:</b>	U.S. Bank National Association, Goodwin Square, 225 Asylum Street, Hartford, Connecticut 06103.
<b>Legal Opinion:</b>	Robinson & Cole LLP of Hartford, Connecticut will act as Bond Counsel.
<b>Financial Advisor:</b>	Phoenix Advisors, LLC, of Milford, Connecticut. Telephone (203) 878-4945.
<b>Delivery and Payment:</b>	It is expected that delivery of the Notes in book-entry-only form will be made to The Depository Trust Company on or about July 21, 2014 against payment in Federal Funds.
<b>Issuer Official:</b>	Questions concerning the Official Statement should be directed to Mr. Al Chiarenzelli, 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.

## **I. Bond and Notes 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 \$8,725,000 General Obligation Bonds, Issue of 2014 (the "Bonds") and \$1,702,000 General Obligation Bond Anticipation Notes (the "Notes") 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 and the Notes. 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. References to statutes, charters, or other laws herein may not be complete and such provisions of law are subject to repeal or amendment.

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 Notes and the proceedings of the Town relating thereto are qualified in their entirety by reference to the definitive form of the Bonds and the Notes 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 and Notes are being offered for sale at public bidding. Notices of Sale dated July 1, 2014 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 and the Notes.

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 opinions) and they make no representation that they have independently verified the same.

### **Financial Advisor**

Phoenix Advisors, LLC, of Milford, Connecticut has served as Financial Advisor to the Town with respect to the issuance of the Bonds and Notes (the "Financial Advisor"). The Financial 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 Financial Advisor is an independent firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

### **The Bonds**

The 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 bonds will be payable on January 15, 2015 and semiannually thereafter on July 15 and January 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 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 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**

Bonds maturing on or before July 15, 2022 are not subject to redemption prior to maturity. The Bonds maturing on July 15, 2023 and thereafter are subject to redemption prior to maturity, at the election of the Town, on and after July 15, 2022 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 Bonds to be redeemed), set forth in the following table, plus interest accrued and unpaid to the redemption date:

<b>Period During Which Redeemed</b>	<b>Redemption Prices</b>
July 15, 2022 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 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 Bonds. Upon the giving of such notice, if sufficient funds available solely for redemption are on deposit with the Paying Agent, the Bonds or portions thereof so called for redemption will cease to bear interest after the specified redemption date.

If less than all of the Bonds of any one maturity shall be called for redemption, the particular Bonds or portions of 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 Bonds to be redeemed shall be in the principal amount of \$5,000 or a multiple thereof and that, in selecting Bonds for redemption, each Bond shall be considered as representing that number of 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 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 Bonds called for redemption. Redemption of a portion of the Bonds of any maturity by the Town will reduce the outstanding principal amounts of 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 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 Bonds to be redeemed held by the Beneficial Owners. Any such allocations of interests in the Bonds to be redeemed will not be governed by the determination of the Town authorizing the issuance of the Bonds and will not be conducted by the Town, the Registrar or Paying Agent.

## **Description of the Notes**

The Notes will be dated July 21, 2014 and will be due and payable as to both principal and interest at maturity on July 20, 2015. The Notes will bear interest calculated on the basis of twelve 30-day months and a 360-day year at such rate or rates per annum as are specified by the successful bidder or bidders. A book-entry system will be employed evidencing ownership of the Notes in principal amounts of \$1,000 or integral multiples thereof, with transfers of ownership effected on the records of DTC, and its participants pursuant to rules and procedures established by DTC and its participants. See "Book-Entry Only Transfer System". The Notes are not subject to redemption prior to maturity.

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 and the Notes. The legal opinions for the Bonds and the Notes will be rendered by Robinson & Cole LLP, Bond Counsel, of Hartford, Connecticut.

## **Authorization and Purpose**

The Bonds and Notes 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.

<b>Project Name</b>	<b>Bond Authorization</b>	<b>Notes Maturing 7/21/2014</b>	<b>THIS ISSUE:</b>	
			<b>The Notes Due: 7/20/15</b>	<b>The Bonds</b>
Board of Education Facility Improvements.....	\$ 8,038,000	\$ 5,938,000	\$ 1,702,000	\$ 4,236,000
Town Building Improvements.....	2,389,000	989,000	-	989,000
Town Road Improvements.....	5,000,000	1,000,000	-	3,500,000
<b>Totals.....</b>	<b>\$ 15,427,000</b>	<b>\$ 7,927,000</b>	<b>\$ 1,702,000</b>	<b>\$ 8,725,000</b>

### **Book-Entry-Only Transfer System**

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Bonds and the Notes. The Bonds and the Notes will be issued as fully-registered Bonds and Notes 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 one Note certificate will be issued for each interest rate of the Notes, 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 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 Standard & Poor’s 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](http://www.dtcc.com).

Purchases of the Bonds and the Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds and the Notes 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 and the Notes 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 or Notes, except in the event that use of the book-entry system for the Bonds and the Notes is discontinued.

To facilitate subsequent transfers, all Bonds and Notes 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 and the Notes 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 and the Notes; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds and Notes 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 and the Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds and the Notes, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Bonds and Notes may wish to ascertain that the nominee holding the Bonds and the Notes 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 and Notes 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 and Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds and the Notes 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 and Notes 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 and the Notes 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 and Note 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 and Note 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 or the Notes 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 Securities**

In the event that: (a) DTC determines not to continue to act as securities depository for the Bonds or Notes, and the Town fails to identify another qualified securities depository for the Bond or Notes to replace DTC; or (b) the Town determines to discontinue the book-entry system of evidence and transfer of ownership of the Bonds or the Notes, the Town will issue fully registered Bond and Note certificates directly to the Beneficial Owner. A Beneficial Owner of the Bonds or the Notes, upon registration of certificates held in such Beneficial Owner's name, will become the registered owner of the Bonds or the Notes.

### **Security and Remedies**

The Bonds and the Notes 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 and the Notes when due. Unless paid from other sources, the Bonds and the Notes 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 and the Notes 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 and the Notes.

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 and the Notes 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 OR NOTES.**

***Qualification for Financial Institutions***

The Bonds and Notes shall NOT 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 or the Notes.

***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.

The Town will enter into Continuing Disclosure Agreements with respect to the Bonds and the Notes, substantially in the forms 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 with respect to the Bonds (ii) timely notice of the occurrence of certain events with respect to the Bonds and the Notes, but not in excess of 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 Agreement 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). The Town has not failed to meet any of its undertakings under such agreements in the last five years.

***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").

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.

Under the Current Program, the State of Connecticut will make proportional progress payments for eligible construction costs during project construction. 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.

## **Ratings**

The Bonds have been rated “AAA” by Standard & Poor’s Corporation (“S&P”), representing an upgrade. The Notes have been rated “SP-1+” by S&P. 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 furnishing the same, at the following address: Standard & Poor’s Corporation, 55 Water Street, New York, New York 10041. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. The Town furnished certain information and materials to the rating agency, some of which may not have been included in this Official Statement. 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 and notes, including the Bonds or the Notes.

The Town may issue short-term or other debt for which a rating is not required.

## **Bond Insurance**

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

## **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 and the Notes in order that interest on the Bonds and the Notes be and remains excluded from gross income for federal income tax purposes. Noncompliance with such requirements could cause interest on the Bonds and the Notes to be included in gross income retroactive to the date of issuance of the Bonds and the Notes. The Tax Regulatory Agreement, which will be executed and delivered by the Town concurrently with the Bonds and the Notes, contains representations, covenants and procedures relating to the use, expenditure and investment of proceeds of the Bonds and the Notes 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 and the Notes 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 and the Notes 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 and the Notes is, however, includable in adjusted current earnings for purposes of computing the federal alternative minimum tax imposed on certain corporations.

Ownership of the Bonds and the Notes 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 and the Notes. Prospective purchasers of the Bonds and the Notes, 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 and the Notes.

In the opinion of Bond Counsel, based on existing statutes, interest on the Bonds and the Notes 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 and the Notes, 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 and the Notes will not reduce or eliminate the benefit of the exclusion from gross income of interest on the Bonds and the Notes or adversely affect the market price of the Bond and the Notes.

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 and the Notes 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 and the Notes.

### ***Original Issue Discount***

The initial public offering price of certain maturities of the Bonds and the Notes may be less than the principal amount payable on such Bonds and the Notes 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 or Notes is 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 and the Notes 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 or Note 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 or Notes by such owner. Accrued original issue discount on the Bonds and the Notes 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 or Note. 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 and the Notes should consult their own tax advisors with respect to the federal, state and local tax consequences of the disposition of and receipt of interest on the Bonds and the Notes.

### ***Original Issue Premium***

The initial public offering price of certain maturities of the Bonds and the Notes may be greater than the principal amount payable on such Bonds and Notes at maturity. The excess of the initial public offering price at which a substantial amount of these Bonds or the Notes is 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 and the Notes 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 or Note 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 or Notes by such owner. Amortized original issue premium on the Bonds and the Notes 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 and the Notes 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 and the Notes.

## ***II. The Issuer***

### **(MAP OF CT)**

#### ***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. The Town was granted a charter of incorporation on May 28, 1822 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.

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

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

Substantial development has occurred in the Town along the Boston Post Road and in the industrial areas during recent years. Since 2007, many businesses large and small have opened in Town. Grand openings included Kohl's, Roly Poly, Dress Barn, L.L. Bean Outlet store, Raymour and Flanagan Outlet, Hope Academy and Reno's Pizzeria to name a few. In

addition Brookside Commons, a 57,000 square foot retail and professional complex was developed, along with the recent \$5.5 million purchase of 23 acres along the Indian River Road to be developed as both professional and medical offices by Field Brothers of Norwalk. One of the most recent developments occurred when Yale University purchased the Bayer campus for \$109.0 million, which straddles the line of the Town of Orange and the City of West Haven. This was followed by a \$1.5 million purchase of Marsh Hill LLC's investment in an adjoining property with plans to develop offices for physical therapy and the manufacturing of prosthetic equipment. United Illuminating purchased the National Amusement site for \$21.25 million and has constructed a 360,000 square foot operations center and on a neighboring property leased a 22 acre site which they constructed a 130,000 square foot corporate headquarters. United Illuminating's \$150.0 million investment has been a significant enhancement to the real estate segment of our Grand List. Additionally, the operations center site will also serve as a garage address 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 Orange. 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 Connecticut Resources Recovery Authority (CRRA) for the disposal of solid waste through the Greater Bridgeport Resource Recovery 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 CRRA 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 CRRA in performing its obligations under its agreements, including the costs of certain borrowings, incurred by CRRA, plus the administrative fees payable to CRRA. The municipal disposal fees are payable on a monthly basis.

The current contractual arrangement for solid waste will expire on June 30, 2014. The Town has three more 5-year term renewable options. Under the terms of this agreement, the Town would continue 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 2014 is \$67.31 per ton delivered with an annual minimum commitment of 5,500 tons.

## ***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 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 Town Meeting or Referendum.

## ***Municipal Officials***

	<i>Term Expires</i>
	<i>November</i>
<b><i>Board of Selectmen</i></b>	
James M. Zeoli, First Selectman.....	2015
Ken Lenz.....	2015
Mitchell R. Goldblatt.....	2015
Ralph G. Okenquist.....	2015
John Carangelo.....	2015
Judy W. Williams.....	2015
<b><i>Board of Finance</i></b>	
Kevin Houlihan, CPA – Chairman.....	2015
James Leahy, Vice Chairman.....	2015
Debra Marino.....	2017
PJ Shanley.....	2017
Kevin T. Moffett.....	2015
Joseph Nuzzo.....	2017
<b><i>Other Officials</i></b>	
Al Chiarenzelli, <i>Director of Finance</i>	
Arthur B. Williams, III, <i>Town Treasurer</i>	

## ***Municipal Employees***

	<b>2013-14</b>	<b>2012-13</b>	<b>2011-12</b>	<b>2010-11</b>	<b>2009-2010</b>
General Government .....	167	165	165	164	160
Board of Education .....	191	187	189	188	185
<b>Total</b>	358	352	354	352	345

Source: *Town officials.*

## ***Municipal Employees Bargaining Organizations***

<b><i>Employee Group</i></b>	<b><i>Bargaining Organization</i></b>	<b><i>Number of Employees</i></b>	<b><i>Contract Expiration Date</i></b>
<b><u>General Government</u></b>			
Police .....	CIPU, Local 18	32	6/30/2017
Assistants, Secretaries,			
Custodians and Clerks...	UPSEU, Local 424	30	6/30/2014
Highway .....	AFL-CIO, Local 1303, Council #4	14	6/30/2016
School Nurses .....	AFL-CIO, Local 1303-316	3	6/30/2015
Dispatchers .....	Communication Works, AFL-CIO	5	6/30/2016
Supervisors.....	NAGE Local R1-141	14	6/30/2014
Non-Bargaining.....	Town non-bargaining employees	69	N/A
<b>Total</b> .....		<b>167</b>	
<b><u>Board of Education</u></b>			
Administrator .....	Business Administrator	1	N/A
Teachers .....	Orange Teachers' League	119	6/30/2016
Administrators .....	Orange Elementary School Administrators Association	5	6/30/2015
Custodial/Maintenance.....	AFSCME Council #4, Local 1303-22	10	6/30/2015
Secretaries/Aides.....	CSEA, Local 760	46	6/30/2013 <sup>2</sup>
Central Office Staff.....	AFSCME, Local 1303-346	4	6/30/2017
Non-Bargaining.....	Board of Education non-bargaining employees <sup>1</sup>	6	N/A
<b>Total</b> .....		<b>191</b>	
<b>Total Town Employees</b> .....		<b>358</b>	

<sup>1</sup> Includes Superintendent and Director of Facilities.

<sup>2</sup> In negotiations.

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. Currently, the school roofs, HVAC and Boilers, as well as an enhanced security systems, are well under way and are expected to be completed by September 2014. 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. The District recently completed a \$75,000,000 system wide facilities renovations and improvements.

## **School Enrollment**

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

	<b>As of October 1</b>	<b>Elementary Schools</b>
	<i>Historical</i>	
2004		1,368
2005		1,394
2006		1,391
2007		1,368
2008		1,313
2009		1,294
2010		1,286
2011		1,246
2012		1,243
2013		1,198
<i>Projected <sup>1</sup></i>		
2014		1,115
2015		1,064
2016		1,002

<sup>1</sup> 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**

<b>Facility</b>	<b>Grades</b>	<b>Date of Construction</b>	<b>Most Recent Additions &amp; Renovations</b>		<b>Number of Classrooms</b>	<b>Enrollment 10/1/2013</b>	<b>Rated Capacity</b>
			<b>Additions</b>	<b>Renovations</b>			
Mary L. Tracy.....	Kindergarten	1910	1989	1989	12	178	180
Race Brook School.....	1-6	1959	1989	1989	36	379	540
Turkey Hill School.....	1-6	1964	1989	1989	27	310	405
The Peck Place School.....	1-6	1968	2003	2003	32	376	480
<b>Total</b> .....					107	1,243	1,605

Source: Superintendent of Schools, Town of Orange.

### **III. Economic and Demographic Data**

<b>Population Trends</b>			
<b>Year</b>	<b>Population</b>	<b>% Change</b>	<b>Density</b> <sup>1</sup>
2010	13,956	5.46%	811.4
2000	13,233	3.14%	769.4
1990	12,830	-3.07%	745.9
1980	13,237	-2.12%	769.6
1970	13,524	--	786.3

<sup>1</sup> Density based on 17.2 square miles.

Source: U.S. Department of Commerce, Bureau of the Census, 1970–2010.

#### **Age Characteristics of Population**

<b>Age</b>	<b>Town of Orange</b>		<b>State of Connecticut</b>	
	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>
Under 5	589	4.2%	202,106	5.7%
5 – 19	2,901	20.8%	713,670	20.0%
20 – 24	571	4.1%	227,898	6.4%
25 – 44	2,729	19.6%	904,815	25.3%
45 – 64	4,502	32.3%	1,019,049	28.5%
65 and over	2,664	19.1%	506,559	14.2%
<b>Total</b>	<b>13,956</b>	<b>100.0%</b>	<b>3,574,097</b>	<b>100.0%</b>

Source: U.S. Department of Commerce, Bureau of Census, Census 2010.

#### **Selected Wealth and Income Indicators**

	<b>Median Family</b>	<b>Median Family</b>	<b>Per Capita</b>	<b>Per Capita</b>
	<b>Income (2010)</b>	<b>Income (2000)</b>	<b>Income (2010)</b>	<b>Income (2000)</b>
Town of Orange.....	\$115,685	\$88,583	\$44,983	\$36,471
New Haven County.....	77,379	60,549	31,720	24,439
Connecticut.....	84,170	65,521	36,775	28,766
United States.....	62,982	49,600	27,334	21,690

Source: U.S. Department of Commerce, Bureau of Census 2010.

#### **Income Distribution**

	<b>Town of Orange</b>		<b>State of Connecticut</b>	
	<b>Families</b>	<b>Percent</b>	<b>Families</b>	<b>Percent</b>
Less than \$10,000.....	86	1.7%	73,564	5.4%
\$10,000 to \$14,999.....	91	1.8%	55,426	4.1%
\$15,000 to \$24,999.....	319	6.4%	112,550	8.3%
\$25,000 to \$34,999.....	259	5.2%	107,632	7.9%
\$35,000 to \$49,999.....	317	6.3%	157,126	11.6%
\$50,000 to \$74,999.....	689	13.8%	234,976	17.3%
\$75,000 to \$99,999.....	654	13.1%	188,102	13.8%
\$100,000 to \$149,999.....	1,132	22.7%	226,765	16.7%
\$150,000 to \$199,999.....	621	12.4%	93,104	6.8%
\$200,000 or more.....	828	16.6%	109,973	8.1%
	<b>4,996</b>	<b>100.0%</b>	<b>1,359,218</b>	<b>100.0%</b>

Source: U.S. Department of Commerce, Bureau of Census, 2010 Census.

### **Educational Attainment**

	<b>Town of Orange</b>		<b>New Haven County</b>		<b>State of Connecticut</b>	
	<b>Number</b>	<b>Percentage</b>	<b>Number</b>	<b>Percentage</b>	<b>Number</b>	<b>Percentage</b>
Less than 9th grade.....	222	2.3%	26,575	4.6%	111,914	4.6%
Grades 9-12 – no diploma.....	242	2.5%	43,906	7.6%	165,094	6.8%
High School graduate.....	1,740	18.0%	179,668	31.1%	687,618	28.2%
Some College - no degree.....	1,508	15.6%	103,410	17.9%	431,411	17.7%
Associate Degree.....	667	6.9%	41,017	7.1%	173,047	7.1%
Bachelors Degree.....	2,484	25.7%	100,522	17.4%	491,990	20.2%
Graduate or Professional Degree.....	2,803	29.0%	82,613	14.3%	373,309	15.3%
<b>Totals.....</b>	<b>9,666</b>	<b>100.0%</b>	<b>577,711</b>	<b>100.0%</b>	<b>2,434,383</b>	<b>100.0%</b>
Percent High School Graduate or Higher		94.6%		87.7%		88.6%
Percent Bachelor Degree or Higher		59.2%		31.7%		35.5%

Source: U. S. Department of Commerce, Bureau of Census, Census 2010

### **Employment by Industry**

	<b>Town of Orange</b>		<b>New Haven County</b>		<b>State of Connecticut</b>	
	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>
Agriculture, forestry, fishing/hunting, & mining .....	16	0.2%	1,316	0.3%	6,592	0.4%
Construction .....	227	3.2%	25,103	5.9%	112,301	6.4%
Manufacturing .....	1,006	14.2%	54,191	12.7%	207,476	11.8%
Wholesale trade .....	205	2.9%	11,360	2.7%	47,436	2.7%
Retail trade .....	538	7.6%	48,567	11.4%	195,667	11.1%
Transportation and warehousing, and utilities .....	226	3.2%	17,525	4.1%	67,556	3.8%
Information .....	238	3.4%	11,917	2.8%	46,077	2.6%
Finance, insurance, real estate, rental & leasing .....	687	9.7%	29,239	6.9%	167,484	9.5%
Professional, scientific, management, administrative, and waste mgmt services .....	710	10.1%	39,116	9.2%	189,671	10.7%
Education, health and social services .....	2,326	32.9%	124,141	29.1%	438,801	24.9%
Arts, entertainment, recreation, accommodation and food services .....	430	6.1%	29,903	7.0%	140,551	8.0%
Other services (except public administration) .....	250	3.5%	18,095	4.2%	78,859	4.5%
Public Administration .....	203	2.9%	16,293	3.8%	67,078	3.8%
<b>Total Labor Force, Employed .....</b>	<b>7,062</b>	<b>100.0%</b>	<b>426,766</b>	<b>100.0%</b>	<b>1,765,549</b>	<b>100.0%</b>

Source: U. S. Department of Commerce, Bureau of Census, Census 2010

## **Major Employers**

<b>Employer</b>	<b>Nature of Business</b>	<b>Number of Full-Time Employees</b>
Yale University.....	Higher Education	1,600
United Illuminating.....	Utility	1,300
Town of Orange.....	Government/education	405
Southern Connecticut Gas.....	Utility	251
Light Sources.....	Manufacturer	250
Dichello Distributors.....	Distributors	246
Super Shop & Stop.....	Food Store	206
Target.....	Retail	202
Christmas Tree Shop.....	Department store	200
Home Depot.....	Retail	190

Source: Economic Development Coordinator, Town of Orange.

## **Unemployment Rate Statistics**

<b>Date</b>	<b>Town of Orange</b>	<b>New Haven Labor Market</b>	<b>State of Connecticut</b>	<b>United States</b>
May 2014	5.1	7.2	6.9	6.1
<b>Annual</b>				
2013	6.1	8.2	7.9	7.4
2012	6.2	8.7	8.3	8.1
2011	6.6	9.3	8.8	9.0
2010	6.5	9.3	9.1	9.6
2009	6.1	8.3	8.3	9.3
2008	4.2	5.8	5.6	5.8
2007	3.3	4.8	4.6	4.6
2006	3.4	4.6	4.4	4.6
2005	3.7	5.0	4.9	5.1
2004	3.5	4.9	4.9	5.5

Source: State of Connecticut, Department of Labor; United States Department of Labor, Bureau of Labor Statistics.

## **Building Permits**

<b>Fiscal Year</b>	<b>Residential <sup>1</sup></b>		<b>Industrial/Commercial</b>		<b>Total</b>	
	<b>No.</b>	<b>Value</b>	<b>No.</b>	<b>Value</b>	<b>No.</b>	<b>Value</b>
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
2008	613	1,989,378	408	1,326,252	1,021	3,315,630
2007	591	1,811,046	394	1,207,364	985	3,018,410
2006	619	1,314,792	412	876,528	1,031	2,191,320
2005	604	1,215,438	403	810,292	1,007	2,025,730
2004	497	998,958	331	665,972	828	1,664,930

<sup>1</sup> Includes single, multi-family condominiums, apartments.

Source: Building Official, Town of Orange.

#### ***IV. Debt Section***

***Principal Amount of Bonded Indebtedness<sup>1</sup>***  
***As of July 21, 2014***  
***(Pro-Forma)***

<b><i>Date of Issue</i></b>	<b><i>Final Maturity</i></b>	<b><i>Rate</i></b>	<b><i>Purpose</i></b>	<b><i>Original Issue Amount</i></b>	<b><i>Balance Outstanding</i></b>
06/01/10	08/15/25	3.00-5.00	General Purpose Refunding	\$ 6,871,000	\$ 3,846,000
06/01/10	08/15/25	3.00-5.00	Schools Refunding	3,524,000	2,614,000
10/01/11	10/01/31	2.00-4.00	General Purpose	7,200,000	6,480,000
03/13/12	12/15/27	2.00-4.00	General Purpose Refunding	3,655,000	3,530,000
07/22/13	07/15/33	3.00-4.125	General Purpose	2,900,000	2,755,000
07/22/13	07/15/33	3.00-4.125	Schools	2,100,000	1,995,000
<b><i>Total Outstanding Long Term Bonded Debt</i></b>				\$ 26,250,000	\$ 21,220,000
<b><i>This Issue</i></b>					
07/21/14	07/15/34	tbd	General Purpose	\$ 4,489,000	\$ 4,489,000
07/21/14	07/15/34	tbd	Schools	4,236,000	4,236,000
<b><i>Total This Issue</i></b>				8,725,000	8,725,000
<b><i>Grand-Total</i></b>				\$ 34,975,000	\$ 29,945,000

#### ***Short-Term Debt***

<b><i>Project</i></b>	<b><i>Amount Authorized</i></b>	<b><i>The Notes: Due 7/20/15</i></b>
Board of Education Facility Improvements ....	\$ 8,038,000 <sup>1</sup>	\$ 1,702,000

<sup>1</sup> The Town anticipates receiving approximately \$1,700,000 in State of Connecticut School Construction grants for this project.

**Annual Bonded Debt Maturity Schedule<sup>1</sup>**  
**As of July 21, 2014**  
**(Pro-Forma)**

<b>Fiscal Year Ended 6/30</b>	<b>Principal Payments<sup>1,2</sup></b>	<b>Interest Payments<sup>1,2</sup></b>	<b>Total Payments</b>	<b>This Issue</b>		<b>Total Principal</b>	<b>Cumulative Principal Retired (%)</b>
				<b>General Purpose</b>	<b>Total Principal</b>		
2015	\$ 1,937,000	\$ 592,353	\$ 2,529,353	\$ -	\$ 1,937,000		6.42%
2016	1,642,000	620,740	2,262,740	435,000	2,077,000		13.31%
2017	1,247,000	572,465	1,819,465	435,000	1,682,000		18.88%
2018	1,297,000	529,565	1,826,565	435,000	1,732,000		24.63%
2019	1,292,000	484,415	1,776,415	435,000	1,727,000		30.35%
2020	1,288,000	436,765	1,724,765	435,000	1,723,000		36.06%
2021	1,280,000	390,665	1,670,665	435,000	1,715,000		41.75%
2022	1,325,000	347,715	1,672,715	435,000	1,760,000		47.58%
2023	1,320,000	304,956	1,624,956	435,000	1,755,000		53.40%
2024	1,385,000	262,882	1,647,882	435,000	1,820,000		59.44%
2025	1,385,000	221,199	1,606,199	435,000	1,820,000		65.47%
2026	1,375,000	178,745	1,553,745	435,000	1,810,000		71.47%
2027	865,000	144,000	1,009,000	435,000	1,300,000		75.78%
2028	860,000	118,393	978,393	435,000	1,295,000		80.07%
2029	610,000	95,093	705,093	435,000	1,045,000		83.54%
2030	610,000	74,113	684,113	435,000	1,045,000		87.00%
2031	610,000	52,773	662,773	440,000	1,050,000		90.49%
2032	610,000	31,163	641,163	440,000	1,050,000		93.97%
2033	250,000	15,313	265,313	440,000	690,000		96.25%
2034	250,000	5,156	255,156	440,000	690,000		98.54%
2035	-	-	-	440,000	440,000		100.00%
<b>Total</b>	<b>\$ 21,438,000</b>	<b>\$ 5,478,466</b>	<b>\$ 26,916,466</b>	<b>\$ 8,725,000</b>	<b>\$ 30,163,000</b>		

<sup>1</sup> 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 \$218,000.

<sup>2</sup> Excludes \$250,000 in principal payments and \$93,438 in interest payments from July 1, 2014 to July 21, 2014.

**Debt Statement<sup>1</sup>**  
**As of July 21, 2014**  
**(Pro-Forma)**

**Long-Term Debt:**

General Purpose (Includes this issue) .....	\$ 21,100,000
Schools (Includes this issue) .....	8,845,000
Sewers <sup>2</sup> .....	<u>218,000</u>
<b>Total Long-Term Debt</b> .....	<b>30,163,000</b>
<b>Short-Term Debt (This issue: Notes)</b> .....	<b>1,702,000</b>
<b>TOTAL DIRECT DEBT</b> .....	<b>31,865,000</b>
Less: State School Construction Building Grants Principal Receivable .....	-
<b>TOTAL NET DIRECT DEBT</b> .....	<b>31,865,000</b>
Plus: Overlapping/Underlying Debt <sup>3</sup> .....	<u>21,014,284</u>
<b>TOTAL OVERALL NET DEBT</b> .....	<b><u>\$ 52,879,284</u></b>

<sup>1</sup> Includes the Bonds

<sup>2</sup> 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 \$218,000.

<sup>3</sup> The Town is responsible for 49.2%, percentage based on the share of the Regional School District Number No. 5's (the "District") costs allocated to the Town, or \$21,014,284 of the District's \$42,711,959 existing net debt as of July 21, 2014. (See "Overlapping and Underlying Indebtedness" herein).

**Current Debt Ratios**  
**As of July 21, 2014**  
**(Pro-Forma)**

Population .. <sup>1</sup> .....	13,956
Net Taxable Grand List (10/1/13) (70% of Estimated Full Value) .....	\$ 1,915,681,000
Estimated Full Value .....	\$ 2,736,687,143
Equalized Net Taxable Grand List (10/1/11)..... <sup>2</sup> .....	\$ 2,124,005,571
Income per Capita (2010) .. <sup>1</sup> .....	36,471

	<b>Total Direct Debt</b>	<b>Total Net Direct Debt</b>	<b>Total Overall Net Debt</b>
	<b>\$31,865,000</b>	<b>\$31,865,000</b>	<b>\$52,879,284</b>
Per Capita .....	\$2,283.25	\$2,283.25	\$3,789.00
Ratio to Net Taxable Grand List .....	1.66%	1.66%	2.76%
Ratio to Estimated Full Value .....	1.16%	1.16%	1.93%
Ratio to Equalized Net Taxable Grand List .....	1.50%	1.50%	2.49%
Debt per Capita to Income per Capita (2010) .....	6.26%	6.26%	10.39%

<sup>1</sup> Source: U.S. Department of Commerce, Bureau of Census.

<sup>2</sup> Source: Office of Policy and Management, State of Connecticut

## ***Legal Requirements for Approval of Borrowing***

The Town has the power to incur indebtedness by issuing its bonds or notes as authorized by the Connecticut General Statutes subject to statutory debt limitations and the requirements of the Town Charter for the authorization of indebtedness. 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 may be issued maturing in not more than two years (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.

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 21, 2014**  
**(Pro Forma)**

**Total Tax Collections** (including interest and lien fees)

Received by the Treasurer for the year ended June 30, 2013..... \$ 56,098,856

**Reimbursement For Revenue Loss:**

Tax relief for elderly ..... 81,346

**Base for Debt Limitation Computation**..... \$ 56,180,202

	<b>General Purpose</b>	<b>Schools</b>	<b>Sewers</b>	<b>Urban Renewal</b>	<b>Unfunded Pension</b>
<b>Debt Limitation:</b>					
2 1/4 times base.....	\$ 126,405,455	\$ -	\$ -	\$ -	\$ -
4 1/2 times base.....	-	252,810,909	-	-	-
3 3/4 times base.....	-	-	210,675,758	-	-
3 1/4 times base.....	-	-	-	182,585,657	-
3 times base.....	-	-	-	-	168,540,606
<b>Total Debt Limitation</b> .....	<b>\$ 126,405,455</b>	<b>\$ 252,810,909</b>	<b>\$ 210,675,758</b>	<b>\$ 182,585,657</b>	<b>\$ 168,540,606</b>

**Indebtedness:**

Bonds Payable.....	\$ 16,611,000	\$ 4,609,000	\$ 218,000 <sup>1</sup>	\$ -	\$ -
Bonds – This Issue.....	4,489,000	4,236,000	-	-	-
Notes – This Issue.....	-	1,702,000	-	-	-
Debt Authorized But Unissued.....	-	-	-	-	-
Net Amity Regional School District Debt..... <sup>2</sup>	-	21,014,284	-	-	-
<b>Total Indebtedness</b> .....	<b>\$ 21,100,000</b>	<b>\$ 31,561,284</b>	<b>\$ 218,000</b>	<b>\$ -</b>	<b>\$ -</b>

Less:

Estimated Grants and Assessments Receivable .....

<b>Total Net Indebtedness</b> .....	<b>21,100,000</b>	<b>31,561,284</b>	<b>218,000</b>	<b>-</b>	<b>-</b>
-------------------------------------	-------------------	-------------------	----------------	----------	----------

**DEBT LIMITATION IN EXCESS**

<b>OF OUTSTANDING INDEBTEDNESS</b> .....	<b>\$ 105,305,455</b>	<b>\$ 221,249,625</b>	<b>\$ 210,457,758</b>	<b>\$ 182,585,657</b>	<b>\$ 168,540,606</b>
--	-----------------------	-----------------------	-----------------------	-----------------------	-----------------------

<sup>1</sup> 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 \$218,000.

<sup>2</sup> The Town is responsible for 49.2%, percentage based on the share of the Regional School District Number No. 5's (the "District") costs allocated to the Town, or \$21,014,284 of the District's \$42,711,959 existing net debt as of July 21, 2014. (See "Overlapping and Underlying Indebtedness" herein).

Note: In no case shall total indebtedness exceed seven times annual receipts from taxation or \$393,261,414.

Source: Town officials.

### Capital Leases

As of June 30, 2013, the Town has capital leases with a present value of minimum lease payments of \$43,580. Please refer to the "Note 6 – Long Term Obligations" in the Town's Audited Financial Statements for more information.

### 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:

<b>Overlapping Political Subdivision</b>	<b>Gross Outstanding Indebtedness</b>	<b>Grants Receivable</b>	<b>Net Indebtedness</b>	<b>Percentage Applicable To Town</b>	<b>Applicable to Town Net Indebtedness</b>
Amity School District	\$ 42,330,000	\$ (381,959)	\$ 42,711,959	49.200%	\$ 21,014,284

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

Town of Orange, CT - Finance Department.

## **Authorized but Unissued Debt**

Project	Amount Authorized	THIS ISSUE			Authorized & Unissued
		The Notes: Due 7/21/14	Amount Previously Financed	The Notes: Due 7/20/15	
Board of Education Facility Improvements.....	\$ 8,038,000 <sup>1</sup>	\$ 5,938,000	\$ 2,100,000	\$ 1,702,000	\$ 4,236,000 \$ -
Town Building Improvements.....	2,389,000	989,000	1,400,000	-	989,000 -
Town Road Improvements.....	5,000,000	1,000,000	1,500,000	-	3,500,000 -
<b>Totals</b> .....	<b>\$ 15,427,000</b>	<b>\$ 7,927,000</b>	<b>\$ 5,000,000</b>	<b>\$ 1,702,000</b>	<b>\$ 8,725,000 \$ -</b>

<sup>1</sup> The Town anticipates receiving approximately \$1,700,000 in State of Connecticut School Construction grants for this project.

## **Principal Amount of Outstanding General Fund Debt Last Five Fiscal Years**

Fiscal Year Ending 6/30	2013	2012	2011	2010	2009
Short-Term Debt .....	\$ -	\$ -	\$ -	\$ -	\$ -
Long-Term Debt .....	18,405,000	20,080,000	15,175,628	16,948,128	18,955,628
<b>Total</b> .....	<b>\$ 18,405,000</b>	<b>\$ 20,080,000</b>	<b>\$ 15,175,628</b>	<b>\$ 16,948,128</b>	<b>\$ 18,955,628</b>

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**

Fiscal Year Ended 6/30	Net Assessed Value	Estimated Full Value	Net Long-Term Debt <sup>1</sup>	Ratio of Net Long-Term Debt to Assessed Value		Population <sup>2</sup>	Net Long-Term Debt per Capita	Ratio of Net Long-Term Debt per Capita to Per Capita Income <sup>3</sup>
				Ratio of Net Long-Term Debt to Assessed Value	Full Value			
				Population <sup>2</sup>	Net Long-Term Debt per Capita			
2013	\$ 1,785,095,000	\$ 2,550,135,714	19,063,628	1.07%	0.75%	13,956	\$ 1,365.98	3.75%
2012	1,753,472,000	2,504,960,000	42,868,565	2.44%	1.71%	13,956	3,071.69	8.42%
2011	1,755,214,400	2,507,449,143	38,588,198	2.20%	1.54%	13,956	2,764.99	7.58%
2010	1,751,240,900	2,501,772,714	41,785,048	2.39%	1.67%	13,956	2,994.06	8.21%
2009	1,735,333,209	2,479,047,441	43,982,770	2.53%	1.77%	13,772	3,193.64	8.76%

<sup>1</sup> Total debt less school building grants receivable. Includes Overlapping debt from Amity School District, a Mortgage Note Payable and a WPCA Judgement.

<sup>2</sup> State of Connecticut, Department of Public Health, 2009. U.S. Department of Commerce, Bureau of Census, 2010-2013.

<sup>3</sup> U.S. Department of Commerce, Bureau of Census, 2010: Income Per Capita: \$33,903.

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

Fiscal Year Ended 6/30	Total Debt Service	Ratio of Debt Service To General Fund Expenditures	
		Total General Fund Expenditures	Expenditures (%)
		<sup>1,2</sup>	
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%

<sup>1</sup> Presented on a GAAP basis (includes transfers out).

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

## **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, 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, 2013, 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 and the Notes 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**

The process of compiling the annual budget begins in December when guidelines are provided to individual boards and commissions. Budget requests are submitted in early February and a series of meetings are held with representatives of key agencies reviewing them. Sources of revenue other than property taxes are also analyzed. The Board of Finance makes preliminary budget determinations in late March. They are presented at the 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 which is presented at the Town Meeting in May. The Board of Finance also represents the Town in budget discussions for the Amity Regional School District Number 5.

### **Employee Pension Systems**

The Town has two contributory defined benefit pension plans, the Town of Orange Municipal Plan and the Town of Orange Police Plan, covering substantially all of its employees except certified teachers, who are covered by the State of Connecticut Teachers' Retirement Fund. Both Town plans are funded under group annuity contracts with the Connecticut General Life Insurance Company. The Town contributes annually to fund each plan, which includes amortization of past service costs over 20 years from the effective date. It is the policy of the Town to have annual actuarial valuations. Based upon a January 1, 2013 actuarial valuations, the actuarial value of assets and actuarial accrued liabilities for the Town plans were as follows:

#### **Schedule of Funding Progress**

<b>Labor Group</b>	<b>Actuarial Value of Plan Assets</b>	<b>Actuarial Accrued Liability</b>	<b>Unfunded Actuarial Liability</b>	<b>Actuarial Value of Assets as a Percentage of Actuarial Accrued Liability</b>	<b>Annual Covered Payroll</b>	<b>Unfunded Actuarial Accrued Liability as Percentage of Annual Covered Payroll</b>
						<b>(c) / (d)</b>
<b>Labor Group</b>	<b>(a)</b>	<b>(b)</b>	<b>(c)</b>	<b>(a) / (b)</b>	<b>(d)</b>	<b>(c) / (d)</b>
Town/BOE.....	\$ 7,909,907	\$ 10,332,650	\$ 2,422,743	76.6%	\$ 932,129	259.9%
Police.....	13,991,784	20,664,436	6,672,652	67.7%	1,228,515	543.1%
<b>Total.....</b>	<b>\$ 21,901,691</b>	<b>\$ 30,997,086</b>	<b>\$ 9,095,395</b>	<b>70.7%</b>	<b>\$ 2,160,644</b>	<b>421.0%</b>

<sup>1</sup> Computed on actuarial basis dated January 1, 2013. 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>
<i><u>Police Pension and Retirement Plan</u></i>				
6/30/2011	411,639	411,639	100.00%	-
6/30/2012	499,809	499,809	100.00%	-
6/30/2013	521,390	521,390	100.00%	-
6/30/2014	634,495	634,495	100.00%	-
<i><u>Employee Pension and Retirement Income Plan</u></i>				
6/30/2011	52,983	52,983	100.00%	-
6/30/2012	103,319	103,319	100.00%	-
6/30/2013	141,172	141,172	100.00%	-
6/30/2014	208,794	208,794	100.00%	-

*Source: Annual Audit Reports. Finance Department.*

In addition, the Town has budgeted the full Actuarially Required Contribution for Fiscal Year 2015. 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 the Town and the 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 made July 1, 2012. 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 it will be paid. In adopting GASB Statement No. 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, 2012, the most recent actuarial valuation date, membership in the plan consisted of 276 active members and 102 retirees and dependents for a total of 378 members. The Town's annual OPEB cost (expense) is calculated based on the ARC, an amount actuarially determined in accordance within 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 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, 2012 is estimated to be \$26,549,287. The Town's contributions represent payments made for premiums for insured individuals.

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 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, U. S. Treasury bonds, bills and notes, demand accounts, the State of Connecticut Short Term Investment Fund ("STIF") and the MBIA Class Investment Fund.

## **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, 2012. The next revaluation is expected to be for the October 1, 2017 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.

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**

Taxes for the fiscal year are paid on the grand list of the prior October 1, and are due July 1, payable in two installments, one half on July 1 and one half on January 1. Payments not received by August 1 and February 1, respectively, become delinquent. The interest rate is 1.5% per month for all delinquent property taxes.

### **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	<b>Uncollected</b>	
						Percent of Annual Levy Uncollected at End of Fiscal Year	Percent of Annual Levy Uncollected as of 6/30/13
2012	2014	\$ 1,895,946	30.50	\$ 57,604		<i>IN COLLECTION</i>	
2011	2013	1,785,095	31.20	54,607	99.3%	0.7%	0.7%
2010	2012	1,753,472	30.20	51,781	99.2%	0.8%	0.3%
2009	2011	1,755,214	29.30	50,971	99.1%	0.9%	0.2%
2008	2010	1,751,241	26.10	49,089	98.9%	0.9%	0.1%
2007	2009	1,735,333	27.94	48,483	99.2%	0.8%	--
2006 <sup>1</sup>	2008	1,574,579	29.90	47,247	99.3%	0.7%	--
2005	2007	1,440,493	31.90	46,020	99.3%	0.7%	--
2004	2006	1,411,970	31.90	45,111	99.5%	0.5%	--
2003	2005	1,376,778	31.20	43,019	99.7%	0.3%	--

<sup>1</sup> *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 Grand List (000's)	Less Exemptions (000's)	Net Taxable Grand List (000's)	Percent Change
2013	87.0%	6.2%	6.8%	\$2,086,904	\$171,223	\$1,915,681	1.0%
2012 <sup>1</sup>	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%
2007	90.7%	3.8%	5.5%	2,168,085	432,752	1,735,333	10.2%
2006 <sup>2</sup>	91.5%	3.1%	5.3%	2,145,247	570,668	1,574,579	9.3%
2005	87.5%	4.6%	7.9%	1,455,488	14,995	1,440,493	2.0%
2004	87.6%	4.7%	7.7%	1,426,022	14,052	1,411,970	--

<sup>1</sup> *Revaluation.*

<sup>2</sup> *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.*

## ***Real Property - Breakdown***

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

*(In thousands)*

<b>Grand List as of 10/1</b>	<b>Residential Property</b>	<b>Commercial Property</b>	<b>Industrial Property</b>	<b>Other Property</b>	<b>Total Real Property</b>
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
2007	1,478,395	355,868	87,011	44,383	1,965,657
2006	1,470,244	357,327	87,901	48,494	1,963,966
2005	883,998	285,366	69,506	35,354	1,274,224
2004	876,240	286,008	72,037	15,247	1,249,532

*Source: Tax Assessor, Town of Orange.*

## ***Exempt Property***

<b>Public</b>	<b>Assessed Value 10/1/13 <sup>1</sup></b>
State of Connecticut .....	3,038,200
Town of Orange .....	87,535,990
South Central Connecticut Regional Water Authority .....	1,416,330
<b>Sub-Total Public</b> .....	<b>91,990,520</b>
 <b>Private</b>	
Federal .....	6,072,300
Educational .....	5,067,810
Cemeteries .....	2,818,500
Churches .....	19,209,000
Private College.....	31,141,400
<b>Sub-Total Private</b> .....	<b>64,309,010</b>
<b>Total Exempt</b> .....	<b>\$156,299,530</b>
Percent Compared to Net Taxable Grand List .....	8.2%

<sup>1</sup> Based on a Net Taxable Grand List for October 1, 2013 of \$1,915,681,000.

*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, 2013:

<b>Taxpayer<sup>1</sup></b>	<b>Nature of Business</b>	<b>Assessment</b>	<b>Percent of Net Taxable Grand List<sup>2</sup></b>
United Illuminating.....	Public Utility	\$92,446,940	4.83%
Connecticut Light & Power Co. ....	Electric Company	25,824,340	1.35%
Wu/LH, LLC c/o Lighthouse Real Estate Ventures Inc. ....	Real Estate	19,022,900	0.99%
Fairfield Grand Reserve LLC.....	Apartments	13,038,540	0.68%
Orange Plaza LLC.....	Retail	12,552,800	0.66%
R & F Orange LLC .....	Retail	11,862,930	0.62%
Southern Connecticut Gas Co. ....	Public Utility	11,256,520	0.59%
Inland Western 440 Boston Post Road.....	Retail	10,779,300	0.56%
Target.....	Retail	9,237,300	0.48%
Orange Improvement Partnership.....	Retail	8,366,700	0.44%
<b>Total</b> .....		<b>\$214,388,270</b>	<b>11.19%</b>

<sup>1</sup> The South Central Connecticut Regional Water Authority has been removed from the taxable Grand List. The Town anticipates receiving payments in lieu of taxes in the estimated amount of \$235,000 for fiscal year 2014-15.

<sup>2</sup> Based on the October 1, 2013 Net Taxable Grand List in the Amount of \$1,915,681,000.

Source: Tax Assessor, Town of Orange.

## **Intergovernmental Revenues**

<b>Fiscal Year</b>	<b>General Fund Revenues</b>	<b>Intergovernmental Revenues</b>	<b>Intergovernmental Revenues As a % of</b>
			<b>General Fund Revenues</b>
2014 <sup>1</sup>	\$ 61,305,166	\$ 2,011,416	3.28%
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%
2008	57,410,251 <sup>2</sup>	7,983,622 <sup>2</sup>	13.91%
2007	51,265,210	3,071,146	5.99%
2006	50,964,284	3,485,799	6.84%
2005	46,770,073	2,180,485	4.66%

<sup>1</sup> Budgetary Basis. Subject to audit.

<sup>2</sup> Excludes one-time pass-through state funding for the teachers' retirement system pension liability in the amount of \$5,977,053 an increase of approximately \$4,973,171.

Source: Annual audited financial statement & Town Officials.

**Comparative Balance Sheets - General Fund**

	<i>Actual 6/30/2013</i>	<i>Actual 6/30/2012</i>	<i>Actual 6/30/2011</i>	<i>Actual 6/30/2010</i>	<i>Actual 6/30/2009</i>
<b>Assets:</b>					
Cash and cash equivalents.....	\$ 5,650,012	\$ 4,041,111	\$ 4,979,899	\$ 5,825,269	\$ 3,032,314
Net taxes receivable.....	662,082	665,543	592,537	608,880	476,869
Other receivables.....	-	-	113,625	414,470	-
Due from other funds.....	2,725,932	2,182,358	1,368,197	1,527,842	1,157,314
Due from other governments.....	655,238	384,590	-	-	-
Investments.....	681,671	680,598	679,508	677,938	5,662,280
Prepaid expense.....	13,400	22,377	13,400	13,400	32,603
<b>Total Assets</b> .....	<b>\$ 10,388,335</b>	<b">\$ 7,976,577</b">	<b">\$ 7,747,166</b">	<b">\$ 9,067,799</b">	<b">\$ 10,361,380</b">
<b>Liabilities:</b>					
Accounts Payable .....	\$ 512,800	\$ 302,809	\$ 268,067	\$ 571,366	\$ 605,723
Deferred Revenue .....	429,845	456,202	464,593	495,612	360,875
<b>Total Liabilities</b> .....	<b">\$ 942,645</b">	<b">\$ 759,011</b">	<b">\$ 732,660</b">	<b">\$ 1,066,978</b">	<b">\$ 966,598</b">
<b>Fund Balance</b>					
Nonspendable.....	\$ 13,400	\$ 22,377	\$ -	\$ -	\$ -
Assigned.....	824,543	463,446	1,017,138	613,333	1,160,964
Unassigned.....	8,607,747	6,731,743	5,997,368	7,387,488	8,233,818
<b>Total Fund Balance</b> .....	<b">\$ 9,445,690</b">	<b">\$ 7,217,566</b">	<b">\$ 7,014,506</b">	<b>\$ 8,000,821</b>	<b>\$ 9,394,782</b>
<b>Total Liabilities and Fund Balance</b> .....	<b>\$ 10,388,335</b>	<b>\$ 7,976,577</b>	<b>\$ 7,747,166</b>	<b>\$ 9,067,799</b>	<b>\$ 10,361,380</b>

**General Fund Revenues and Expenditures**  
**Three Year Summary of Audited Revenues and Expenditures (GAAP Basis), and**  
**Estimated Actuals and Current Budget (Budgetary Basis)**

	<b>Adopted Budget</b>	<b>Est. Actual</b>			
	<b>2015<sup>1</sup></b>	<b>2014<sup>1</sup></b>	<b>Actual 2013</b>	<b>Actual 2012</b>	<b>Actual 2011</b>
<b>Revenues:</b>					
Property Taxes .....	\$ 58,899,723	\$ 57,462,850	\$ 55,866,780	\$ 52,639,482	\$ 50,870,384
Interest and lien fees.....	280,000	200,000	285,234	234,515	204,498
Licenses, permits, fees and fines.....	777,550	670,700	729,348	584,920	699,858
Intergovernmental .....	2,311,096	2,011,416	5,026,798	4,104,403	3,244,842
Program Revenue.....	595,600	566,610	225,981	264,342	234,590
Investment Income .....	81,458	81,500	42,646	55,051	107,564
Charges for facilities and services .....	99,400	101,400	31,467	18,725	15,569
Miscellaneous .....	232,484	210,690	664,217	615,416	800,565
<b>Total Revenues</b> .....	<b>63,277,311</b>	<b>61,305,166</b>	<b>62,872,471</b>	<b>58,516,854</b>	<b>56,177,870</b>
<b>Expenditures:</b>					
Current:					
General government.....	2,041,732	2,017,434	2,072,659	1,757,575	1,998,325
Public safety.....	5,819,212	5,835,066	5,323,496	5,193,361	5,350,438
Public works and sanitation.....	3,570,042	3,183,217	3,380,614	3,093,907	3,194,357
Culture and recreation.....	1,389,140	1,340,662	1,210,618	1,289,514	1,278,839
Health and welfare.....	931,052	923,437	880,865	878,970	879,065
Employee benefits.....	5,213,422	5,096,928	4,499,001	4,158,921	3,888,997
Education (Town & Amity Share).....	40,845,745	41,847,992	40,376,009	39,615,890	37,879,596
Other.....	530,405	430,680	322,457	309,565	269,260
Debt service.....	2,936,561	2,583,465	2,448,415	2,181,092	2,172,711
Capital outlays.....	-	-	242,213	-	26,485
<b>Total Expenditures</b> .....	<b>63,277,311</b>	<b>63,258,881</b>	<b>60,756,347</b>	<b>58,478,795</b>	<b>56,938,073</b>
<b>Excess (deficiency) of revenues over expenditures.....</b>	<b>-</b>	<b>(1,953,715)</b>	<b>2,116,124</b>	<b>38,059</b>	<b>(760,203)</b>
<b>Other financing sources (uses):</b>					
Refunding Bond Proceeds .....	-	-	112,000	3,655,000	-
Bond Premiums/Accrued Interest.....	-	-	-	114,049	-
Payment to Refunded Bond Escrow .....	-	-	-	(3,687,048)	-
Proceeds from Capital Lease .....	-	-	-	-	108,949
Transfer in .....	-	-	-	83,000	109,000
Transfer out .....	-	-	-	-	-
<b>Net other financing sources (uses)</b> .....	<b>-</b>	<b>-</b>	<b>112,000</b>	<b>165,001</b>	<b>217,949</b>
<b>Excess (deficiency) of revenues and other sources over expenditures and other uses ...</b>	<b>-</b>	<b>(1,953,715)</b>	<b>2,228,124</b>	<b>203,060</b>	<b>(542,254)</b>
<b>Fund Balance, July 1.....</b>	<b>N/A</b>	<b>9,445,690</b>	<b>7,217,566</b>	<b>7,014,506</b>	<b>7,556,760<sup>2</sup></b>
<b>Fund Balance, June 30 .....</b>	<b>N/A</b>	<b>\$ 7,491,975</b>	<b>\$ 9,445,690</b>	<b>\$ 7,217,566</b>	<b>\$ 7,014,506</b>
<b>Operating Revenues .....</b>	<b>N/A</b>	<b>\$ 61,305,166</b>	<b>\$ 62,872,471</b>	<b>\$ 58,516,854</b>	<b>\$ 56,177,870</b>
<b>Fund Balance as % of General Fund Revenues.....</b>	<b>N/A</b>	<b>12.2%</b>	<b>15.0%</b>	<b>12.3%</b>	<b>12.5%</b>

<sup>1</sup> Subject to audit.

<sup>2</sup> As restated following reclassification of fund balances as a result of the implementation of GASB 54.

## **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 original purchaser(s) will be furnished the following documents when the Bonds and the Notes 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 and the Notes 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 and the Notes 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 and the Notes.

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 and the Notes in substantially the forms attached hereto as Appendix C to this Official Statement.

The Town of Orange has prepared an Official Statement for the Bonds and the Notes, which is dated July \_\_, 2014. 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 fifty (50) copies of the Official Statement at the Town's expense, and to each winning purchaser of the Notes five (5) copies. 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 Financial 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 and the Notes 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 and the Notes. The purchaser shall arrange with the Financial 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 and the Notes. 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*

---

AL CHIARENZELLI  
*Director of Finance*

July \_\_\_, 2014

## ***Appendix A***

### ***2013 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, 2013. 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, Managing Director, Phoenix Advisors LLC, 53 River Street, Suite 1, Milford, Connecticut 06460. Telephone (203) 878-4945.

# **S E W A R D A N D M O N D E**

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, 2013, 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 errors. 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.

ASSOCIATED WORLD-WIDE WITH



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, 2013, 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 Schedules of Funding Progress and Employer Contributions – Police Pension and Retirement Plan and Employee Pension and Retirement Income Plan and Other Post-Employment Benefit Plan on pages 60 and 61, respectively, 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 federal awards as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and schedule of expenditures of state financial assistance as required by the State Single Audit Act are presented for purposes of additional analysis and are 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, the schedule of expenditures of federal awards 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 March 14, 2014 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  
March 14, 2014

**TOWN OF ORANGE, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2013**

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, 2013. 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 outflow of resources of the Town exceeded its liabilities at the close of the most recent fiscal year by \$43,317,758. Of this amount, \$15,881,697 (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 \$3,681,306 or 9.3%.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$11,467,179, an increase of \$2,195,967 in comparison with the prior year. Approximately 74.2% of this amount (\$8,512,561) is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, assigned fund balance for the General Fund was \$824,543 which was for encumbrances. Unassigned fund balance for the General Fund was \$8,607,747 or approximately 14.2% of total general fund expenditures.
- The town's governmental bonded debt decreased by \$1,675,000 during the current fiscal year due to scheduled principal payments.

**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 assets and the statement of activities) and governmental funds is described in a reconciliation at the bottom of the fund financial statements.

The Town maintains thirty-six (36) 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, Orange Visiting Nurses Association and STEAP which are considered to be major funds. Data from the thirty-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 62 - 69.

The Town adopts an annual appropriated budget for its General Fund. The statement 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 46 - 52 and in the required supplementary information on page 60.

**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 - 59 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 60 - 61 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 62 - 70 of this report.

## Government-wide Financial Analysis

The table below provides a summary of the Town's net position for 2013 and 2012.

**Statement of Net Position (in 000's)**

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Assets						
Current and other assets	\$ 16,417	\$ 13,894	\$ 3,202	\$ 3,047	\$ 19,619	\$ 16,941
Noncurrent assets	712	712	1,840	1,837	2,552	2,549
Capital assets	42,430	43,007	4,662	4,832	47,092	47,839
Total assets	<u>59,559</u>	<u>57,613</u>	<u>9,704</u>	<u>9,716</u>	<u>69,263</u>	<u>67,329</u>
Deferred outflow of resources						
Deferred charge on refunding	235	-	-	-	235	-
Liabilities						
Long-term liabilities	21,646	22,998	601	651	22,247	23,649
Other Liabilities	3,450	3,719	483	325	3,933	4,044
Total liabilities	<u>25,096</u>	<u>26,717</u>	<u>1,084</u>	<u>976</u>	<u>26,180</u>	<u>27,693</u>
Net Position						
Net investment in capital assets	22,883	22,862	4,512	4,809	27,395	27,671
Restricted	41	31	-	-	41	31
Unrestricted	11,774	8,002	4,108	3,932	15,882	11,934
Total net position	<u>\$ 34,698</u>	<u>\$ 30,895</u>	<u>\$ 8,620</u>	<u>\$ 8,741</u>	<u>\$ 43,318</u>	<u>\$ 39,636</u>

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2013 the Town's assets exceeded liabilities by \$43,317,758. At year-end, net position was \$34,697,741 and \$8,620,017 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 position. At year-end, capital assets represented 68.0% 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 2013 and 2012.

Statement of Activities (in 000's)									
	Governmental Activities			Business-Type Activities			2013	2012	Change
	2013	2012	Change	2013	2012	Change			
<b>Revenues:</b>									
Program Revenues:									
Charges for services	\$ 5,013	\$ 4,366	\$ 647	\$ 962	\$ 1,010	(\$ 48)			
Operating grants and contributions	4,658	3,837	821	485	357	128			
Capital grants and contributions	45	98	( 53)	-	-	-			
General revenues:									
Property taxes	56,254	52,991	3,263	-	-	-			
Grants and contributions not restricted to specific programs	526	762	( 236)	-	-	-			
Unrestricted investment earnings	44	58	( 14)	2	6	( 4)			
Miscellaneous	196	148	48	7	29	( 22)			
Total revenues	<b>66,736</b>	<b>62,260</b>	<b>4,476</b>	<b>1,456</b>	<b>1,402</b>	<b>54</b>			
<b>Program expenses:</b>									
General government	2,185	1,874	311	-	-	-			
Public safety	5,673	5,524	149	-	-	-			
Public works and sanitation	3,912	3,598	314	-	-	-			
Culture and recreation	2,067	1,954	113	-	-	-			
Health and welfare	1,845	1,714	131	-	-	-			
Orange Board of Education	21,480	21,406	74	-	-	-			
Amity Regional School District	20,571	19,984	587	-	-	-			
Sewer	-	-	-	664	707	( 43)			
Elderly housing	-	-	-	913	875	38			
Other	4,576	4,711	( 135)	-	-	-			
Interest on long-term debt	625	640	( 15)	-	-	-			
Total program expenses	<b>62,934</b>	<b>61,405</b>	<b>1,529</b>	<b>1,577</b>	<b>1,582</b>	<b>( 5)</b>			
Increase (decrease) in net position	<b>\$ 3,802</b>	<b>\$ 855</b>	<b>\$ 2,947</b>	<b>(\$ 121)</b>	<b>(\$ 180)</b>	<b>\$ 59</b>			

### Governmental Activities

Governmental activities increased in 2013. The main reason for the increase in net position of the Town is the increase in tax collections through a mill rate increase, as well as spending reductions for the year ended 2013.

The table below presents the cost of each of the Town's six largest programs - education, public safety, other, public works and sanitation and culture and recreation - 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.

	<b>Year Ended June 30, 2013</b>		<b>Year Ended June 30, 2012</b>	
	<b>Total Cost of Services</b>	<b>Net Cost of Services</b>	<b>Total Cost of Services</b>	<b>Net Cost of Services</b>
Education	\$ 42,050,729	\$ 37,456,990	\$ 41,390,261	\$ 37,059,303
Public safety	5,672,789	5,244,003	5,524,450	5,199,018
Other	4,575,861	4,457,794	4,710,653	4,598,757
Public works and sanitation	3,912,297	3,248,819	3,598,161	3,095,740
General government	2,185,024	142,958	1,873,765	588,181
Culture and recreation	2,067,384	1,251,687	1,953,828	992,099
All others	<u>2,469,768</u>	<u>1,415,547</u>	<u>2,353,605</u>	<u>1,570,172</u>
	<u><u>\$ 62,933,852</u></u>	<u><u>\$ 53,217,798</u></u>	<u><u>\$ 61,404,723</u></u>	<u><u>\$ 53,103,270</u></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 subsidies received from the Connecticut Department of Economic and Community Development.

During the year ended June 30, 2013, the WPCA reported operating revenues of \$468,966 and expenses of \$664,198. This program ended fiscal 2013 with an operating loss of \$195,232.

During the year ended June 30, 2013, the Congregate Elderly Housing reported operating revenues of \$977,605 and expenses of \$913,219. This program ended fiscal 2013 with an operating profit of \$64,386.

### **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, 2013, the Town's governmental funds reported combined fund balances of \$11,467,179, an increase of \$2,195,967 in comparison with the prior year. The most significant reasons for the increase were better than projected tax collections and revenue increases and unanticipated savings and reimbursement for catastrophic expenditures. Of this total amount, \$42,604 is nonspendable, \$720,311 is restricted by governmental grants or other legal restrictions, \$629,253 is committed to various projects, \$1,562,450 is assigned and \$8,512,561 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 \$9,445,690. Approximately 91.1% of this amount (\$8,607,747) constitutes unassigned fund balance, which is available for spending at the town's discretion. The remainder of the fund balance is either nonspendable or assigned to indicate that it is (1) not in a spendable form (\$13,400), or (2) assigned for a particular purpose (\$824,543).

At the end of the current fiscal year, unassigned fund balance of the general fund was \$8,607,747, while total fund balance increased to \$9,445,690. 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 14.2% of total general fund expenditures, while total fund balance represents approximately 15.5% of that same amount.

The fund balance of the Town's General Fund increased by \$2,228,124 during the current fiscal year. The increase was primarily due to increased intergovernmental revenue and better than anticipated property tax collections.

The Orange Visiting Nurses Association, a major fund, had a \$91,010 increase in fund balance during the current fiscal year. This was due to an increase in patient services.

The STEAP fund, a major fund, had expenditures of \$223,902 which was offset by the same amount of intergovernmental revenue. This was for activity related to the extension of Edison Road.

### **Proprietary Funds**

Net position of the proprietary funds, the Town's enterprise funds, reflected a decrease of \$120,947 attributable to depreciation. 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 was an additional appropriation of \$150,000 during the year for security measures at the four elementary schools. There was a need to make reallocations of 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 \$639,246 higher than budgeted due primarily to higher than anticipated overall tax collections. Intergovernmental revenues were \$1,150,830 higher than budgeted and reimbursements received from FEMA for storm related expenditures accounted for \$640,880 and interest and lien fees were better than anticipated by \$90,234 while overall expenditure were \$145,259 less than anticipated.

Most of the Town's departments maintained spending within the budgetary limits. Overall, expenditures were \$145,259 under budget. Public works expenditures were over budget by \$276,073 primarily due to the above mentioned storms.

The Town's General Fund fund balance of \$9,445,690 reported on page 15 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, 2013, the Town had a net balance of \$47,092,756 invested in a broad range of capital assets, including land, buildings, vehicles and equipment, roads, bridges, and a water system. This represents a net decrease (including additions and deductions) of \$746,968 or approximately 1.6% from the prior year. The decrease is the result of depreciation in excess of additions.

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

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$ 22,579	\$ 22,579	\$ 19	\$ 19	\$ 22,598	\$ 22,598
Construction in progress	304	53	150	-	454	53
Land improvements	119	158	-	-	119	158
Buildings and improvements	14,058	14,609	1,819	1,906	15,877	16,515
Sewer lines and pump stations	-	-	2,605	2,830	2,605	2,830
Equipment	2,161	2,311	69	77	2,230	2,388
Vehicles	370	247	-	-	370	247
Infrastructure	2,839	3,050	-	-	2,839	3,050
	<u>\$ 42,430</u>	<u>\$ 43,007</u>	<u>\$ 4,662</u>	<u>\$ 4,832</u>	<u>\$ 47,092</u>	<u>\$ 47,839</u>

### Long-term debt

The Town had the following long-term obligations outstanding at June 30, 2013

### Long-term debt (in 000's)

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
General obligation bonds	\$ 18,280	\$ 19,955	\$ -	\$ -	\$ 18,280	\$ 19,955
Deferred premium on bonds	853	917	-	-	853	917
Mortgage note payable	-	125	-	-	-	125
Capital lease	44	66	-	-	44	66
Other post-employment benefits	3,148	2,568	-	-	3,148	2,568
Compensated absences	1,217	1,234	-	-	1,217	1,234
Claims and judgments	-	-	650	728	650	728
	<u>\$ 23,542</u>	<u>\$ 24,865</u>	<u>\$ 650</u>	<u>\$ 728</u>	<u>\$ 24,192</u>	<u>\$ 25,593</u>

The Town maintains an Aa1 rating from Moody's Investors Service and an AA+ 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 \$393,261,414 which is significantly in excess of the Town's outstanding general obligation debt.

## **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 mil 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 taxable grand list for October 1, 2012 was \$1,895,946,218 or an increase of 6.21%, as compared to the October 1, 2011 net taxable grand list. Overall, residential property comprises approximately 70% of the grand list and commercial property comprises the remaining 30%.

The fiscal year 2013-2014 budget shows an increase of \$2,162,215 or 3.65% over fiscal year 2012-2013. The Town's portion of the Amity Regional School budget increased by 4.42%, which equates to \$915,022 greater than the Town's allocation in the 2012-2013 budget. This represents the greatest portion of the overall budget increase.

The Town of Orange's annual budget for FY 2013-2014 was proposed by the Board of Finance and adopted at Town Meeting on May 9, 2013 and Referendum on May 21, 2013 at \$61,305,166 with a mill rate of 30.5. At the end of fiscal year 2012-2013, the unassigned fund balance, as a percentage of the fiscal year 2013-2014 budget was 14.0%.

## **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, 2013**

---

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 14,910,687	\$ 1,989,753	\$ 16,900,440
Uncollected property taxes and sewer assessments, less allowance of \$35,000 for uncollectibles	662,082	521,219	1,183,301
Accounts receivable, less allowance of \$5,600 for uncollectibles	159,885	540,540	700,425
Prepaid items	13,400	-	13,400
Due from other governments	670,618	150,121	820,739
Investments	711,609	1,840,217	2,551,826
Capital assets:			
Nondepreciable	22,578,880	18,970	22,597,850
Construction in progress	304,089	150,121	454,210
Depreciable, net of accumulated depreciation	<u>19,547,447</u>	<u>4,493,249</u>	<u>24,040,696</u>
Total assets	<u>59,558,697</u>	<u>9,704,190</u>	<u>69,262,887</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
Deferred charge on refunding	234,664	-	234,664
Total deferred outflow of resources	<u>234,664</u>	<u>-</u>	<u>234,664</u>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	918,937	398,233	1,317,170
Due to other governments	-	35,312	35,312
Interest payable	173,024	-	173,024
Unearned revenue	461,798	-	461,798
Long-term liabilities:			
Due within one year	1,895,827	50,000	1,945,827
Due in more than one year	<u>21,646,034</u>	<u>600,628</u>	<u>22,246,662</u>
Total liabilities	<u>25,095,620</u>	<u>1,084,173</u>	<u>26,179,793</u>
<b>NET POSITION</b>			
Net investment in capital assets	22,882,969	4,512,219	27,395,188
Restricted for:			
Nonexpendable permanent endowments	40,873	-	40,873
Unrestricted	<u>11,773,899</u>	<u>4,107,798</u>	<u>15,881,697</u>
Total net position	<u>\$ 34,697,741</u>	<u>\$ 8,620,017</u>	<u>\$ 43,317,758</u>

See notes to basic financial statements.

**TOWN OF ORANGE, CONNECTICUT**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2013**

Functions/Programs	Expenses	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total	Governmental Activities	Business-Type Activities	Total
<b>Primary government</b>								
<b>Governmental activities</b>								
General government	\$ 2,185,024	\$ 1,398,186	\$ 643,880	\$ -	\$ 2,042,066	(\$ 142,958)	\$ -	(\$ 142,958)
Public safety	5,672,789	397,041	31,745	-	428,786	( 5,244,003)	-	( 5,244,003)
Public works and sanitation	3,912,297	455,964	162,099	45,415	663,478	( 3,248,819)	-	( 3,248,819)
Culture and recreation	2,067,384	707,802	107,895	-	815,697	( 1,251,687)	-	( 1,251,687)
Health and welfare	1,844,434	1,004,159	50,062	-	1,054,221	( 790,213)	-	( 790,213)
Education:								
Orange Board of Education	21,480,341	931,607	3,662,132	-	4,593,739	( 16,886,602)	-	( 16,886,602)
Amity Regional School District	20,570,388	-	-	-	-	( 20,570,388)	-	( 20,570,388)
Other	4,575,861	118,067	-	-	118,067	( 4,457,794)	-	( 4,457,794)
Interest on long-term debt	625,334	-	-	-	-	( 625,334)	-	( 625,334)
Total governmental activities	<u>62,933,852</u>	<u>5,012,826</u>	<u>4,657,813</u>	<u>45,415</u>	<u>9,716,054</u>	<u>( 53,217,798)</u>	<u>-</u>	<u>( 53,217,798)</u>
<b>Business-type activities</b>								
Sewer	664,198	468,966	-	-	468,966	-	( 195,232)	( 195,232)
Elderly Housing	913,219	492,810	484,795	-	977,605	-	64,386	64,386
Total business-type activities	<u>1,577,417</u>	<u>961,776</u>	<u>484,795</u>	<u>-</u>	<u>1,446,571</u>	<u>-</u>	<u>( 130,846)</u>	<u>( 130,846)</u>
Total primary government	<u>\$ 64,511,269</u>	<u>\$ 5,974,602</u>	<u>\$ 5,142,608</u>	<u>\$ 45,415</u>	<u>\$ 11,162,625</u>	<u>( 53,217,798)</u>	<u>( 130,846)</u>	<u>( 53,348,644)</u>
<b>General revenues and contributions:</b>								
Property taxes, levied for general purposes					56,253,826	-	56,253,826	
Grants and contributions not restricted to specific programs					526,502	-	526,502	
Unrestricted investment earnings					43,630	2,976	46,606	
Miscellaneous					196,093	6,923	203,016	
Total general revenues and contributions					<u>57,020,051</u>	<u>9,899</u>	<u>57,029,950</u>	
Change in net position					3,802,253	( 120,947)	3,681,306	
Net position, beginning					<u>30,895,488</u>	<u>8,740,964</u>	<u>39,636,452</u>	
Net position, ending					<u>\$ 34,697,741</u>	<u>\$ 8,620,017</u>	<u>\$ 43,317,758</u>	

See notes to basic financial statements.

**TOWN OF ORANGE, CONNECTICUT**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2013**

---

	General Fund	Orange Visiting Nurses Association	STEAP	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 5,650,012	\$ 883,007	\$ 398,200	\$ 2,203,009	\$ 9,134,228
Uncollected property taxes, less allowance of \$35,000 for uncollectibles	662,082	-	-	-	662,082
Accounts receivable, less allowance of \$600 for uncollectibles	-	126,399	-	39,619	166,018
Due from other funds	2,725,932	5,132	-	5,743	2,736,807
Due from other governments	655,238	-	-	9,247	664,485
Investments	681,671	-	-	29,938	711,609
Prepaid items	<u>13,400</u>	-	-	-	13,400
Total assets	<u>\$ 10,388,335</u>	<u>\$ 1,014,538</u>	<u>\$ 398,200</u>	<u>\$ 2,287,556</u>	<u>\$ 14,088,629</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable and accrued liabilities	\$ 512,800	\$ -	\$ -	\$ -	\$ 512,800
Due to other funds	-	814,255	-	402,752	1,217,007
Unearned revenue	-	-	<u>398,200</u>	<u>63,598</u>	<u>461,798</u>
Total liabilities	<u>512,800</u>	<u>814,255</u>	<u>398,200</u>	<u>466,350</u>	<u>2,191,605</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue - property taxes	<u>429,845</u>	-	-	-	<u>429,845</u>
<b>FUND BALANCES (DEFICITS)</b>					
Nonspendable	13,400	-	-	29,204	42,604
Restricted	-	-	-	720,311	720,311
Committed	-	200,283	-	428,970	629,253
Assigned	824,543	-	-	737,907	1,562,450
Unassigned	<u>8,607,747</u>	-	-	( 95,186)	8,512,561
Total fund balances (deficits)	<u>9,445,690</u>	<u>200,283</u>	-	<u>1,821,206</u>	<u>11,467,179</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 10,388,335</u>	<u>\$ 1,014,538</u>	<u>\$ 398,200</u>	<u>\$ 2,287,556</u>	<u>\$ 14,088,629</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, 2013**

---

Total fund balances - governmental funds	\$ 11,467,179
--	---------------

Amounts reported for governmental activities in the statement of net position are different from the governmental fund 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.	42,430,416
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	429,845
Deferred charge on refundings	234,664
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.	( 173,024)
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.	3,850,522
Some long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
General obligation bonds	( 18,280,000)
Deferred premium on bonds	( 852,400)
Capital lease obligation	( 43,580)
Other post-employment benefits	( 3,148,499)
Compensated absences	<u>( 1,217,382)</u>
Net position of governmental activities	<u>\$ 34,697,741</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, 2013**

---

	General Fund	Orange Visiting Nurses Association	STEAP	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Property taxes	\$ 55,866,780	\$ -	\$ -	\$ -	\$ 55,866,780
Interest and lien fees	285,234	-	-	-	285,234
Licenses, permits, fees and fines	729,348	-	-	-	729,348
Intergovernmental	5,026,798	-	223,902	654,292	5,904,992
Program revenue	225,981	-	-	865,554	1,091,535
Investment income	42,646	-	-	984	43,630
Charges for facilities and services	31,467	952,753	-	1,081,629	2,065,849
Miscellaneous	664,217	1,390	-	204,178	869,785
Total revenues	<u>62,872,471</u>	<u>954,143</u>	<u>223,902</u>	<u>2,806,637</u>	<u>66,857,153</u>
<b>EXPENDITURES</b>					
Current operating:					
General government	2,072,659	-	-	-	2,072,659
Public safety	5,323,496	-	-	254,615	5,578,111
Public works and sanitation	3,380,614	-	223,902	291,305	3,895,821
Culture and recreation	1,210,618	-	-	604,521	1,815,139
Health and welfare	880,865	863,133	-	126,075	1,870,073
Employee benefits	4,499,001	-	-	-	4,499,001
Education:					
Orange Board of Education	19,646,079	-	-	1,393,312	21,039,391
Amity Regional School District	20,729,930	-	-	-	20,729,930
Town services	322,457	-	-	-	322,457
Debt service	2,448,415	-	-	-	2,448,415
Capital outlay	242,213	-	-	147,976	390,189
Total expenditures	<u>60,756,347</u>	<u>863,133</u>	<u>223,902</u>	<u>2,817,804</u>	<u>64,661,186</u>
Excess (deficiency)of revenues over expenditures	<u>2,116,124</u>	<u>91,010</u>	<u>-</u>	<u>( 11,167)</u>	<u>2,195,967</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Interfund transfers in	112,000	-	-	-	112,000
Interfund transfers out	-	-	-	( 112,000)	( 112,000)
Total other financing sources (uses)	<u>112,000</u>	<u>-</u>	<u>-</u>	<u>( 112,000)</u>	<u>-</u>
Net change in fund balance	2,228,124	91,010	-	( 123,167)	2,195,967
Fund balances, beginning	7,217,566	109,273	-	1,944,373	9,271,212
Fund balances, ending	<u>\$ 9,445,690</u>	<u>\$ 200,283</u>	<u>\$ -</u>	<u>\$ 1,821,206</u>	<u>\$11,467,179</u>

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, 2013**

---

Net change in fund balances - governmental funds	\$ 2,195,967
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	627,758
Depreciation expense	( 1,204,775)
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	( 26,357)
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	1,821,790
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 other postemployment benefits	( 580,135)
Change in compensated absences	16,495
Change in accrued interest payable	27,156
Amortization of deferred charges on refunding	( 40,823)
Amortization of bond premium	64,851
Internal service funds are used by management to charge costs of medical insurance to individual funds.	<u>900,326</u>
Change in net position of governmental activities	<u>\$ 3,802,253</u>

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, 2013**

---

	Budgeted Amounts	Actual Amounts	Variance with	
	Original	Final	Budgetary Basis	Final Budget
Budgetary fund balance, July 1, 2012		\$ 6,754,120		
<b>Revenues</b>				
Property taxes:				
Real property	\$ 48,027,449	\$ 48,027,449	\$ 48,656,308	\$ 628,859
Personal property	2,809,140	2,809,140	2,754,036	( 55,104)
Motor vehicle	3,770,945	3,770,945	3,569,319	( 201,626)
Supplement motor vehicle	325,000	325,000	394,441	69,441
Prior years	295,000	295,000	492,676	197,676
Interest and lien fees	195,000	195,000	285,234	90,234
Licenses, permits, fees and fines	719,700	719,700	729,348	9,648
Intergovernmental	2,006,216	2,006,216	3,157,046	1,150,830
Program revenues	201,800	201,800	225,981	24,181
Investment income	87,551	87,551	42,646	( 44,905)
Charges for facilities and services	14,400	14,400	31,467	17,067
Other	675,750	675,750	664,217	( 11,533)
Total revenues	<u>59,127,951</u>	<u>59,127,951</u>	<u>61,002,719</u>	<u>1,874,768</u>
<b>Expenditures</b>				
General government	2,177,071	2,219,175	2,095,984	123,191
Public safety	5,379,618	5,389,090	5,344,689	44,401
Public works and sanitation	3,170,050	3,162,958	3,439,031	( 276,073)
Culture and recreation	1,322,083	1,337,241	1,198,412	138,829
Health and welfare	903,844	914,084	878,269	35,815
Employee benefits	4,684,787	4,635,590	4,628,652	6,938
Education:				
Orange Board of Education	17,766,888	17,916,888	17,915,850	1,038
Amity Regional School District	20,727,990	20,727,990	20,729,930	( 1,940)
Other	427,480	406,545	326,247	80,298
Debt service	2,448,415	2,448,415	2,448,415	-
Capital outlay	234,725	234,975	242,213	( 7,238)
Total expenditures	<u>59,242,951</u>	<u>59,392,951</u>	<u>59,247,692</u>	<u>145,259</u>
Excess of revenues over expenditures before other financing sources (uses)	<u>( 115,000)</u>	<u>( 265,000)</u>	<u>1,755,027</u>	<u>2,020,027</u>
<b>Other Financing Sources (Uses)</b>				
Transfers from other funds	<u>115,000</u>	<u>115,000</u>	<u>112,000</u>	<u>( 3,000)</u>
Total other financing sources (uses)	<u>115,000</u>	<u>115,000</u>	<u>112,000</u>	<u>( 3,000)</u>
Net change in fund balance	<u>\$ -</u>	<u>(\$ 150,000)</u>	<u>1,867,027</u>	<u>\$ 2,017,027</u>
Budgetary fund balance, June 30, 2013			<u>\$ 8,621,147</u>	

See notes to basic financial statements.

**TOWN OF ORANGE, CONNECTICUT**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2013**

	Business-Type Activities			Governmental Activities
	Water Pollution Control Authority	Congregate Elderly Housing	Total Enterprise Funds	Internal Service Funds
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 1,861,514	\$ 128,239	\$ 1,989,753	\$ 5,776,459
Investments	1,840,217	-	1,840,217	-
Accounts receivable, net of allowance for uncollectibles of \$5,000	540,540	-	540,540	-
Due from other governments	-	150,121	150,121	-
Assessments receivable	87,295	-	87,295	-
Total current assets	<u>4,329,566</u>	<u>278,360</u>	<u>4,607,926</u>	<u>5,776,459</u>
Noncurrent assets:				
Assessments receivable	433,924	-	433,924	-
Capital assets:				
Land	-	18,970	18,970	-
Construction in progress	-	150,121	150,121	-
Buildings and equipment	8,638,210	3,636,008	12,274,218	-
Less, accumulated depreciation	(5,975,317)	(1,805,652)	(7,780,969)	-
Capital assets, net	<u>2,662,893</u>	<u>1,999,447</u>	<u>4,662,340</u>	<u>-</u>
Total noncurrent assets	<u>3,096,817</u>	<u>1,999,447</u>	<u>5,096,264</u>	<u>-</u>
Total assets	<u>7,426,383</u>	<u>2,277,807</u>	<u>9,704,190</u>	<u>5,776,459</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable and accrued expenses	197,741	200,492	398,233	83,837
Due to other funds	-	-	-	1,519,800
Due to other governments	-	35,312	35,312	-
Claims incurred but not reported	-	-	-	322,300
Claims and judgments	50,000	-	50,000	-
Total current liabilities	<u>247,741</u>	<u>235,804</u>	<u>483,545</u>	<u>1,925,937</u>
Noncurrent liabilities:				
Claims and judgments, net of current portion	600,628	-	600,628	-
Total noncurrent liabilities	<u>600,628</u>	<u>-</u>	<u>600,628</u>	<u>-</u>
Total liabilities	<u>848,369</u>	<u>235,804</u>	<u>1,084,173</u>	<u>1,925,937</u>
<b>NET POSITION</b>				
Net investment in capital assets	2,662,893	1,849,326	4,512,219	-
Unrestricted	<u>3,915,121</u>	<u>192,677</u>	<u>4,107,798</u>	<u>3,850,522</u>
Total net position	<u>\$ 6,578,014</u>	<u>\$ 2,042,003</u>	<u>\$ 8,620,017</u>	<u>\$ 3,850,522</u>

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, 2013**

---

	Business-Type Activities			Governmental Activities
	Water Pollution Control Authority	Congregate Elderly Housing	Total Enterprise Funds	Internal Service Funds
<b>OPERATING REVENUES</b>				
Charges for facilities and services	\$ 468,966	\$ 492,810	\$ 961,776	\$ 6,517,672
Intergovernmental	-	484,795	484,795	-
 Total operating revenues	 468,966	 977,605	 1,446,571	 6,517,672
<b>OPERATING EXPENSES</b>				
Personnel services	94,738	216,316	311,054	-
Contractual services	302,978	291,188	594,166	889,407
Utilities	23,927	122,121	146,048	-
Repairs and maintenance	8,055	97,829	105,884	-
Other supplies and expenses	714	95,619	96,333	-
Insurance claims	-	-	-	4,732,473
Depreciation	233,786	90,146	323,932	-
 Total operating expenses	 664,198	 913,219	 1,577,417	 5,621,880
 Operating gain (loss)	 ( 195,232)	 64,386	 ( 130,846)	 895,792
<b>NONOPERATING REVENUES</b>				
Interest and penalties on assessments	6,923	-	6,923	-
Interest and investment revenue	2,897	79	2,976	4,534
 Total nonoperating revenues	 9,820	 79	 9,899	 4,534
 Change in net position	 ( 185,412)	 64,465	 ( 120,947)	 900,326
 Net position, beginning	 6,763,426	 1,977,538	 8,740,964	 2,950,196
 Net position, ending	 <u>\$ 6,578,014</u>	 <u>\$ 2,042,003</u>	 <u>\$ 8,620,017</u>	 <u>\$ 3,850,522</u>

See notes to basic financial statements.

**TOWN OF ORANGE, CONNECTICUT**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

---

	Business-Type Activities			Governmental Activities
	Water Pollution Control Authority	Congregate Elderly Housing	Total Enterprise Funds	Internal Service Funds
<b>Cash Flows from Operating Activities</b>				
Receipts from customers	\$ 582,096	\$ 494,502	\$ 1,076,598	\$ 5,733,736
Payments to suppliers	( 309,202)	( 478,567)	( 787,769)	-
Payments to employees	( 94,738)	( 216,316)	( 311,054)	-
Claims paid to outsiders	-	-	-	( 4,839,595)
Other receipts (payments)	-	366,166	366,166	( 464,821)
Net cash provided by operating activities	<u>178,156</u>	<u>165,785</u>	<u>343,941</u>	<u>429,320</u>
<b>Cash Flows from Capital and Related Financing Activities</b>				
Acquisition of capital assets	( 3,860)	( 150,121)	( 153,981)	-
Receipts from customers	6,923	-	6,923	-
Payments made on claims and judgments	( 77,500)	-	( 77,500)	-
Net cash used by capital and related financing activities	<u>( 74,437)</u>	<u>( 150,121)</u>	<u>( 224,558)</u>	<u>-</u>
<b>Cash Flows from Investing Activities</b>				
Interest and investment revenue	-	79	79	4,534
Net cash provided by investing activities	<u>-</u>	<u>79</u>	<u>79</u>	<u>4,534</u>
Net change in cash and cash equivalents	103,719	15,743	119,462	433,854
Cash and cash equivalents, beginning	<u>1,757,795</u>	<u>112,496</u>	<u>1,870,291</u>	<u>5,342,605</u>
Cash and cash equivalents, ending	<u>\$ 1,861,514</u>	<u>\$ 128,239</u>	<u>\$ 1,989,753</u>	<u>\$ 5,776,459</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	(\$ 195,232)	\$ 64,386	(\$ 130,846)	\$ 895,792
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	233,786	90,146	323,932	-
Changes in assets and liabilities:				
Decrease in accounts receivable	113,130	1,692	114,822	16,064
Increase (decrease) in accounts payable and accrued liabilities	26,472	128,190	154,662	( 13,657)
Increase in due to other funds	-	-	-	297,299
Decrease in due to other governments	-	( 118,629)	( 118,629)	-
Decrease in unearned revenue	-	-	-	( 800,000)
Increase in claims incurred but not reported	-	-	-	33,822
Net cash provided by operating activities	<u>\$ 178,156</u>	<u>\$ 165,785</u>	<u>\$ 343,941</u>	<u>\$ 429,320</u>

See notes to basic financial statements.

**TOWN OF ORANGE, CONNECTICUT**  
**STATEMENT OF NET POSITION**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2013**

---

	<u>Pension Trust Funds</u>	<u>Agency Fund</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,272,954	\$ 262,750
Investments, at fair value	<u>28,188,264</u>	<u>-</u>
	<u>29,461,218</u>	<u>\$ 262,750</u>
<b>LIABILITIES</b>		
Amounts held for others	<u>-</u>	<u>\$ 262,750</u>
<b>NET POSITION</b>		
Net position held in trust for pension benefits	<u>\$ 29,461,218</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, 2013**

---

	<u>Pension Trust Funds</u>
<b>ADDITIONS</b>	
Contributions:	
Employer	\$ 1,105,214
Employee	576,015
Total contributions	<u>1,681,229</u>
Net investment income	<u>3,195,605</u>
Total additions	<u>4,876,834</u>
<b>DEDUCTIONS</b>	
Pension payments	2,038,667
Administrative expenses	<u>62,781</u>
Total deductions	<u>2,101,448</u>
Change in net position	2,775,386
Net position, beginning	<u>26,685,832</u>
Net position, ending	<u>\$ 29,461,218</u>

See notes to basic financial statements.

**TOWN OF ORANGE, CONNECTICUT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

---

## **1. Summary of Significant Accounting Policies**

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 statements of the Town have been prepared in conformity with U.S. generally accepted accounting principles as applied to government units. The Governmental Accounting Standards Board (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:

### **A. Financial Reporting Entity**

The financial reporting entity consist 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 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.

**TOWN OF ORANGE, CONNECTICUT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**  
**... Continued ...**

---

**B. Basis of Presentation**

**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 Orange Visiting Nurses Fund is a special revenue fund and accounts for the revenues and expenditures relating to operating of the visiting nurses services in the Town.

**TOWN OF ORANGE, CONNECTICUT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**  
**. . . Continued . . .**

---

The STEAP (Small Town Economic Assistance Program) is a special revenue fund and accounts for the revenues and expenditures relating to collection and use of STEAP grant funds for improvement projects in the Town.

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 Capital Projects Funds are used to account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities or other capital assets.

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.

**TOWN OF ORANGE, CONNECTICUT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**  
**... Continued ...**

---

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. 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 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.

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, 2013**  
**. . . 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 fund 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 and 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, 2013**  
**... 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, 2013, the allowance for uncollectible property taxes is \$35,000.

State statutes require that a revaluation be done every four years. The last revaluation completed and enacted was for the list of October 1, 2010.

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.

**Capital Assets**

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective funds.

**TOWN OF ORANGE, CONNECTICUT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**  
**... 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:

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
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	-

### **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 only has one item that qualifies for reporting in this category. It is the deferred charge on refunding 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.

**TOWN OF ORANGE, CONNECTICUT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**  
**. . . Continued . . .**

---

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 has only one type of item that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. 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, 2013 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.

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.

### **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, 2013**  
**. . . Continued . . .**

---

## **Net Position/Fund Equity**

### **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 if 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.
- c. Committed Fund Balance - represents amounts constrained for a specific purpose by a government using its highest level of decision-making authority (Orange Town Meeting).

**TOWN OF ORANGE, CONNECTICUT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**  
**... Continued ...**

---

- d. Assigned Fund Balance - for all governmental funds other than the General Fund, any remaining positive amounts not classified as nonspendable, restricted or committed. For the General Fund, includes amounts constrained for the intent to be used for a specific purpose 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 10 percent of current budgetary expenditures to provide for 1) adequate reserves to carry thirty (30) to forty-five (45) days of operating expenditure, 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.

**F. Subsequent Events**

Management has evaluated subsequent events through March 14, 2014, the date the financial statements were available to be issued.

**TOWN OF ORANGE, CONNECTICUT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**  
**. . . Continued . . .**

---

## **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.

### **Application of Accounting Standards**

For the year ended June 30, 2013, the Town implemented:

- GASB Statement 62 - *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* - This statement incorporates certain authoritative literature into the GASB codification.
- GASB Statement 63 - *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* - This statement discusses transactions that result in the consumption or acquisition of net assets in one period that are applicable to future periods and provides guidance for reporting them.
- GASB Statement 65 - *Items Previously Reported as Assets and Liabilities* - This statement further clarifies that appropriate use of the financial statement elements of deferred outflows and deferred inflows of resources to ensure consistency in financial reporting.

**TOWN OF ORANGE, CONNECTICUT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**  
**. . . Continued . . .**

---

**General Fund**

The Town's budgetary fund structure as presented on page 19 accounts for certain transactions differently from those presented on page 17, which presents financial statements in conformity with U.S. generally accepted accounting principles.

A reconciliation of those differences at June 30, 2013 is as follows:

	<u>Revenues and Transfers in</u>	<u>Expenditures and Transfers Out</u>	<u>Fund Balance</u>
Budgetary basis (page 19)	\$ 61,114,719	\$ 59,247,692	\$ 8,621,147
Encumbrances:			
Prior year encumbrances liquidated or lapsed during the year	-	164,055	-
Prior year encumbrances outstanding	-	-	299,391
Current year encumbrances outstanding	-	( 525,152)	525,152
State on-behalf payments for teachers' retirement	<u>1,869,752</u>	<u>1,869,752</u>	<u>-</u>
GAAP Basis (page 17)	<u>\$ 62,984,471</u>	<u>\$ 60,756,347</u>	<u>\$ 9,445,690</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, 2013**  
**. . . Continued . . .**

---

**3. Cash and Cash Equivalents and Investments**

The Town's cash and cash equivalents and investments balances as of June 30, 2013 were:

	Government-wide Statement of Net Position	Fiduciary Funds Statement of Net Position	Total
Cash and cash equivalents	\$ 16,900,440	\$ 1,535,704	\$ 18,436,144
Investments	<u>2,551,826</u>	<u>28,188,264</u>	<u>30,740,090</u>
Total	<u>\$ 19,452,266</u>	<u>\$ 29,723,968</u>	<u>\$ 49,176,234</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, 2013, \$17,368,074 of the Town's bank balance of \$18,298,900 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 15,631,267
Uninsured and collateral held by pledging bank's trust department not in the Town's name	<u>1,736,807</u>
Total amount subject to credit risk	<u>\$ 17,368,074</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 an 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, 2013**  
**... 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, 2013 consisted of the following:

	Carrying and Fair Value	Investment Maturities (In Years)
Treasurer's Short-Term Investment Fund	\$ 2,521,888	N/A
U.S. Treasury Bond	29,938	5
Money market mutual funds	98,373	Less than one
Fixed income mutual funds	14,706,950	Less than one
Equity mutual funds	<u>13,382,941</u>	N/A
 Total investments	 <u>\$ 30,740,090</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.

**TOWN OF ORANGE, CONNECTICUT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**  
**. . . Continued . . .**

---

#### **4. Interfund Transactions**

##### **Interfund Balances**

Interfund balances consisted of the following at June 30, 2013, as reported in the fund financial statements:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
<b>Major Funds:</b>		
General Fund	\$ 2,725,932	\$ -
Orange Visiting Nurses Association	5,132	814,255
Nonmajor funds (aggregate)	5,743	402,752
Internal service fund	<u>-</u>	<u>1,519,800</u>
 <b>Total</b>	 <u>\$ 2,736,807</u>	 <u>\$ 2,736,807</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.

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, 2013, consisted of the following, as reported in the fund financial statements:

	<u>Transfers In:</u>
	<u>General Fund</u>
 <b>Transfers Out:</b>	
Nonmajor funds (aggregate)	<u>\$ 112,000</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, 2013**  
**. . . Continued . . .**

---

## 5. Capital Assets

Capital asset activity for the year ended June 30, 2013 was as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
<b>Governmental Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 22,578,880	\$ -	\$ -	\$ 22,578,880
Construction in progress	52,898	251,191	-	304,089
Total capital assets not being depreciated	<u>22,631,778</u>	<u>251,191</u>	<u>-</u>	<u>22,882,969</u>
Capital assets, being depreciated:				
Land improvements	549,824	-	-	549,824
Buildings and improvements	36,049,846	41,568	-	36,091,414
Equipment	7,902,684	21,395	-	7,924,079
Vehicles	2,326,681	313,604	-	2,640,285
Infrastructure	<u>13,468,762</u>	<u>-</u>	<u>-</u>	<u>13,468,762</u>
Total capital assets being depreciated	<u>60,297,797</u>	<u>376,567</u>	<u>-</u>	<u>60,674,364</u>
Less, accumulated depreciation for:				
Land improvements	391,062	39,535	-	430,597
Buildings and improvements	21,440,923	592,948	-	22,033,871
Equipment	5,591,707	171,131	-	5,762,838
Vehicles	2,079,823	190,138	-	2,269,961
Infrastructure	<u>10,418,627</u>	<u>211,023</u>	<u>-</u>	<u>10,629,650</u>
Total accumulated depreciation	<u>39,922,142</u>	<u>1,204,775</u>	<u>-</u>	<u>41,126,917</u>
Total capital assets being depreciated, net	<u>20,375,655</u>	<u>( 828,208)</u>	<u>-</u>	<u>19,547,447</u>
Governmental activities capital assets, net	<u>\$ 43,007,433</u>	<u>(\$ 577,017)</u>	<u>\$ -</u>	<u>\$ 42,430,416</u>

**TOWN OF ORANGE, CONNECTICUT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**  
**. . . Continued . . .**

	Beginning Balance	Additions	Disposals	Ending Balance
<b>Business-Type Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 18,970	\$ -	\$ -	\$ 18,970
Construction in progress	- -	150,121	- -	150,121
	<u>18,970</u>	<u>150,121</u>	<u>- -</u>	<u>169,091</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	488,118	3,860	- -	491,978
Total capital assets being depreciated	<u>12,270,358</u>	<u>3,860</u>	<u>- -</u>	<u>12,274,218</u>
Less, accumulated depreciation for:				
Buildings and improvements	1,560,674	86,981	- -	1,647,655
Sewer lines and pump stations	5,485,735	224,529	- -	5,710,264
Equipment	410,628	12,422	- -	423,050
Total accumulated depreciation	<u>7,457,037</u>	<u>323,932</u>	<u>- -</u>	<u>7,780,969</u>
Total capital assets being depreciated, net	<u>4,813,321</u>	<u>( 320,072)</u>	<u>- -</u>	<u>4,493,249</u>
Business-type activities capital assets, net	<u>\$ 4,832,291</u>	<u>(\$ 169,951)</u>	<u>\$ - -</u>	<u>\$ 4,662,340</u>

Depreciation expense was charged to programs/functions as follows:

Governmental Activities:	
General Government	\$ 81,552
Public Safety	219,913
Public Works and Sanitation	289,508
Culture and Recreation	286,706
Health and Welfare	25,874
Education	<u>301,222</u>
Total depreciation expense in governmental activities	<u>\$ 1,204,775</u>
Business-type Activities:	
Water Pollution Control Authority	\$ 233,786
Congregate Elderly Housing	<u>90,146</u>
Total depreciation expense in business-type activities	<u>\$ 323,932</u>

**TOWN OF ORANGE, CONNECTICUT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

...Continued...

## **6. Long-Term Obligations**

The following is a summary of long-term obligation transactions of the Town for the year ended June 30, 2013:

	<u>Balance July 1, 2012</u>	<u>Issued/ Additions</u>	<u>Matured/ Deletions</u>	<u>Balance June 30, 2013</u>	<u>Due Within One Year</u>
<b>Governmental Activities:</b>					
General obligation bonds	\$ 19,955,000	\$ -	\$ 1,675,000	\$ 18,280,000	\$ 1,810,000
Deferred premium on bonds	917,251	-	64,851	852,400	-
Mortgage note payable	125,000	-	125,000	-	-
Capital lease	65,370	-	21,790	43,580	21,790
Other post-employment benefits	2,568,364	580,135	-	3,148,499	-
Compensated absences	<u>1,233,877</u>	<u>-</u>	<u>16,495</u>	<u>1,217,382</u>	<u>64,037</u>
<b>Total Governmental Activities</b>	<b><u>\$ 24,864,862</u></b>	<b><u>\$ 580,135</u></b>	<b><u>\$ 1,903,136</u></b>	<b><u>\$ 23,541,861</u></b>	<b><u>\$ 1,895,827</u></b>
<b>Business-Type Activities:</b>					
Claims and judgments	\$ 728,128	\$ -	\$ 77,500	\$ 650,628	\$ 50,000
<b>Total Business-type Activities</b>	<b><u>\$ 728,128</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 77,500</u></b>	<b><u>\$ 650,628</u></b>	<b><u>\$ 50,000</u></b>

## **General Obligation Bonds**

As of June 30, 2013, the outstanding general obligation bonded indebtedness of the Town was as follows:

## 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. \$ 7,785,000

\$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. 6,840,000

\$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. 3,655,000  
\$ 18,280,000

**TOWN OF ORANGE, CONNECTICUT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**  
**. . . Continued . . .**

---

The annual debt service requirements of this debt are as follows:

Fiscal Year	Principal	Interest	Total
2014	\$ 1,810,000	\$ 573,965	\$ 2,383,965
2015	1,900,000	502,665	2,402,665
2016	1,355,000	445,115	1,800,115
2017	960,000	405,590	1,365,590
2018	1,010,000	372,690	1,382,690
2019-2023	5,185,000	1,330,141	6,515,141
2024-2028	4,620,000	515,064	5,135,064
2029-2032	<u>1,440,000</u>	<u>91,890</u>	<u>1,531,890</u>
	<u><u>\$ 18,280,000</u></u>	<u><u>\$ 4,237,120</u></u>	<u><u>\$ 22,517,120</u></u>

### **Authorized/Unissued Bonds**

At June 30, 2013, the Town had the following authorized, unissued bonds:

	July 1, 2012	New Authorizations	New Bonds Issued/ Reductions	June 30, 2013
Board of Education facility improvements	\$ -	\$ 8,038,000	\$ -	\$ 8,038,000
Town building improvements	-	2,389,000	-	2,389,000
Town road improvements	<u>-</u>	<u>5,000,000</u>	<u>-</u>	<u>5,000,000</u>
Total unissued bond authorizations	<u><u>\$ -</u></u>	<u><u>\$ 15,427,000</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 15,427,000</u></u>

### **Mortgage Note Payable**

On May 3, 2000 the Town purchased approximately 230 acres of land from the South Central Connecticut Regional Water Authority for a purchase price of \$3,500,000. The Town paid \$2,000,000 (of which \$450,000 was through a grant awarded by the State of Connecticut, Department of Environmental Protection) at the time of closing. The remaining \$1,500,000 was payable, without interest, in twelve annual installments of \$125,000 beginning July 1, 2001. The balance was paid as of June 30, 2013.

**TOWN OF ORANGE, CONNECTICUT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**  
**. . . Continued . . .**

---

**Capital Lease**

The Town was committed under a capital lease for equipment with an asset value of \$108,950. Future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2013 are as follows:

<u>Fiscal Year Ended June 30,</u>	
2014	\$ 23,560
2015	<u>23,560</u>
Total minimum lease payments	47,120
Less, amount representing interest	<u>( 3,540)</u>
Present value of minimum lease payments	<u>\$ 43,580</u>

**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 City has completed two other capital projects for which the Town's share of the costs will be \$382,628. The Town paid the City \$77,500 during the year ended June 30, 2013. The balance payable was \$650,628 at June 30, 2013.

**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, 2013 the District had general obligation bond issues outstanding aggregating \$54,071,963. 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, 2013 the percentage for the Town of Orange was 49.653% or \$26,848,352.

**TOWN OF ORANGE, CONNECTICUT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**  
**. . . Continued . . .**

---

## **7. Capital Projects**

The following is a summary of project authorizations at June 30, 2013:

	Project Authorization	Expenditures		Unexpended Authorization June 30, 2013
		During Year	Cumulative	
2004 bond projects	\$ 13,085,000	\$ 76,497	\$ 13,004,020	\$ 80,980
Land acquisition	7,200,000	-	7,096,621	103,379
2013 Bond Projects:				
Board of Education facility improvements	8,038,000	44,190	44,190	7,993,810
Town building improvements	2,389,000	27,289	27,289	2,361,711
Town road improvements	5,000,000	-	-	5,000,000

## **8. Fund Balances (Deficits)**

The following is a summary of Governmental Fund Balances (Deficits) at June 30, 2013:

	General Fund	Orange Visiting Nurses Association	STEAP	Non-major Governmental Funds	Total
Fund balances (deficits):					
Nonspendable	\$ 13,400	\$ -	\$ -	\$ 29,204	\$ 42,604
Restricted for:					
General government	-	-	-	29,582	29,582
Public safety	-	-	-	35,931	35,931
Public works	-	-	-	158,695	158,695
Culture and recreation	-	-	-	173,241	173,241
Health and welfare	-	-	-	116,538	116,538
Education	-	-	-	21,965	21,965
Capital	-	-	-	184,359	184,359
Committed to:					
Culture and recreation	-	-	-	245,890	245,890
Health and welfare	-	200,283	-	-	200,283
Education	-	-	-	183,080	183,080
Assigned to:					
General government	824,543	-	-	152,656	977,199
Culture and recreation	-	-	-	383,339	383,339
Other	-	-	-	201,912	201,912
Unassigned	<u>8,607,747</u>	<u>-</u>	<u>-</u>	<u>( 95,186)</u>	<u>8,512,561</u>
Total fund balances (deficits)	<u>\$ 9,445,690</u>	<u>\$ 200,283</u>	<u>\$ -</u>	<u>\$ 1,821,206</u>	<u>\$ 11,467,179</u>

**TOWN OF ORANGE, CONNECTICUT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**  
**. . . Continued . . .**

---

Encumbrances in the amount of \$824,543 at June 30, 2013 are contained in the above table in the assigned category of the General Fund.

The Cafeteria Fund, Summer School Fund and the 2013 Bonded Capital Projects Fund had fund deficits as of June 30, 2013 of \$23,513, \$194 and \$71,479, respectively. The deficits will be funded by future revenues and issuance of general obligation bonds.

## **9. Pension Plans**

The Town has two defined benefit contributory pension plans and one defined contribution plan covering substantially all full-time Town employees other than teachers. The plans 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.

### **Defined Benefit Plans**

#### **Town of Orange Police Pension and Retirement Plan - Plan Description**

The Town is the administrator of the Town of Orange Police Pension and Retirement Plan, a single-employer public employee retirement system ("PERS") established and maintained by the Town to provide pension benefits to its police employees hired prior to July 1, 1999. The Town has appointed an administrative pension board to administer the plan.

#### **Town of Orange Employee Pension and Retirement Income Plan - Plan Description**

The Town is the administrator of the Town of Orange Employee Pension and Retirement Income Plan, a single-employer public employee retirement system ("PERS") established to provide pension benefits for its full-time employees other than police employees and teachers hired prior to July 1, 1999. The Town has appointed an administrative pension board to administer the plan.

### **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 are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are due and payable in accordance with the terms of the plan. Investments are reported at fair market value.

**TOWN OF ORANGE, CONNECTICUT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**  
**. . . Continued . . .**

---

### **Plan Membership**

As of January 1, 2013, the date of the most recent actuarial valuations, membership consisted of:

	<u>Police</u>	<u>Town</u>
Retirees, disabled members and beneficiaries currently receiving benefits	31	62
Terminated vested employees	4	9
Active members	<u>14</u>	<u>16</u>
	<u><u>49</u></u>	<u><u>87</u></u>

### **Funding Policy**

The contribution requirements of plan members and the Town were established by Ordinance at a Town Meeting and may be amended by the Board of Selectmen. Benefits and employee contributions are fixed by contract and may be amended by union negotiation. Administration costs of the Plans are financed through investment earnings.

	<u>Police</u>	<u>Town</u>
<b>Contribution rates:</b>		
Members:		
Police	7%	-
Supervisors	-	3% of earnings to \$7,800 plus 5% of excess
All others	-	2% of earnings to \$7,800 plus 5% of excess

### **Benefit Provisions**

The Town of Orange Police Pension and Retirement 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.

**TOWN OF ORANGE, CONNECTICUT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**  
**... Continued ...**

---

If a police officer leaves covered employment or dies before meeting the vesting requirements, accumulated employee contributions plus 4% interest compounded annually thereon are refunded.

The Town of Orange Employee Pension and Retirement Income 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 is the employee's average earnings over the last three years of service.

If a member leaves covered employment or dies before meeting the vesting requirements, accumulated employee contributions plus 4% interest compounded annually thereon are refunded.

**TOWN OF ORANGE, CONNECTICUT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**  
**. . . Continued . . .**

---

**Three-Year Trend Information**

Fiscal Year Ending	Annual Pension Cost (APC)	Actual Contribution	Percentage of APC Contributed	Net Pension Obligation
<b>Police Pension and Retirement Plan</b>				
6/30/2011	\$ 411,639	\$ 411,639	100.00%	\$ -
6/30/2012	499,809	499,809	100.00%	-
6/30/2013	521,390	521,390	100.00%	-
<b>Employee Pension and Retirement Income Plan</b>				
6/30/2011	\$ 52,983	\$ 52,983	100.00%	\$ -
6/30/2012	103,319	103,319	100.00%	-
6/30/2013	141,172	141,172	100.00%	-

**Funding Status and Funding Progress**

The funded status of each plan as of January 1, 2013, the most recent actuarial valuation date, is as follows:

Actuarial Valuation Date	Actuarial Value of Plan 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)
<b>Police Pension and Retirement Plan</b>						
1/1/2013	\$13,991,784	\$20,664,436	\$6,672,652	67.71%	\$1,228,515	543.15%
<b>Employee Pension and Retirement Income Plan</b>						
1/1/2013	\$7,909,907	\$10,332,650	\$2,422,743	76.55%	\$932,129	259.91%

**TOWN OF ORANGE, CONNECTICUT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**  
**. . . Continued . . .**

---

### **Actuarial Assumptions**

The annual required contribution for the current year was determined as part of the January 1, 2013 actuarial valuation. The actuarial assumptions included:

	<b>Police</b>	<b>Town</b>
Actuarial cost method	Entry Age Normal	Entry Age Normal
Asset valuation method	5 yr. smoothed market	5 yr. smoothed market
Amortization method	Level percent, closed	Level percent, closed
Remaining amortization period	18 years	15 years
Actuarial assumptions:		
Investment rate of return	7.75%	7.75%
Projected salary increases	3.50%	3.75%
Includes inflation at	2.50%	2.50%
Cost of living adjustments	2% of retirements after January 1, 2000	None

### **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.

#### **Significant Accounting Policies**

The plan's financial statements are prepared using the accrual basis of accounting. Employer and plan member contributions are recognized in the period in which the contributions are due. Investments are reported at fair market value.

**TOWN OF ORANGE, CONNECTICUT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**  
**. . . Continued . . .**

---

**Plan Membership**

At June 30, 2013, there were 127 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 \$442,652, not including rollover contributions and forfeitures, to the plan in the year ended June 30, 2013.

**Benefit Provisions**

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.

Plan provisions and contribution requirements are established and may be amended by the Board of Selectmen.

**TOWN OF ORANGE, CONNECTICUT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**  
**. . . Continued . . .**

---

Combining Statement of Net Position  
 June 30, 2013

	Police	Town	Defined Contribution	Total
<b>ASSETS</b>				
Cash and cash equivalents	\$ 342,450	\$ 13,655	\$ 916,849	\$ 1,272,954
Investments, at fair value	<u>13,605,338</u>	<u>7,820,215</u>	<u>6,762,711</u>	<u>28,188,264</u>
	<u>\$ 13,947,788</u>	<u>\$ 7,833,870</u>	<u>\$ 7,679,560</u>	<u>\$ 29,461,218</u>
<b>NET POSITION</b>				
Held in trust for employee pension benefits	<u>\$ 13,947,788</u>	<u>\$ 7,833,870</u>	<u>\$ 7,679,560</u>	<u>\$ 29,461,218</u>

Combining Statement of Changes in Net Position  
 Year ended June 30, 2013

	Police	Town	Defined Contribution	Total
<b>ADDITIONS</b>				
Contributions:				
Employer	\$ 521,390	\$ 141,172	\$ 442,652	\$ 1,105,214
Employee	<u>91,300</u>	<u>42,063</u>	<u>442,652</u>	<u>576,015</u>
Total contributions	<u>612,690</u>	<u>183,235</u>	<u>885,304</u>	<u>1,681,229</u>
Investment income	393,626	226,766	880,310	1,500,702
Net realized/unrealized gain on investments	<u>1,074,441</u>	<u>620,462</u>	<u>-</u>	<u>1,694,903</u>
Net investment income	<u>1,468,067</u>	<u>847,228</u>	<u>880,310</u>	<u>3,195,605</u>
Total additions	<u>2,080,757</u>	<u>1,030,463</u>	<u>1,765,614</u>	<u>4,876,834</u>
<b>DEDUCTIONS</b>				
Pension payments	1,170,554	754,429	113,684	2,038,667
Administrative expenses	<u>37,634</u>	<u>25,147</u>	<u>-</u>	<u>62,781</u>
Total deductions	<u>1,208,188</u>	<u>779,576</u>	<u>113,684</u>	<u>2,101,448</u>
Change in net position	<u>872,569</u>	<u>250,887</u>	<u>1,651,930</u>	<u>2,775,386</u>
NET POSITION, beginning	<u>13,075,219</u>	<u>7,582,983</u>	<u>6,027,630</u>	<u>26,685,832</u>
NET POSITION, ending	<u>\$ 13,947,788</u>	<u>\$ 7,833,870</u>	<u>\$ 7,679,560</u>	<u>\$ 29,461,218</u>

**TOWN OF ORANGE, CONNECTICUT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**  
**. . . Continued . . .**

---

**Connecticut State Teachers' Retirement System**

The faculty and professional personnel of the Board of Education participate in a multiple employer contributory cost-sharing defined benefit plan with a special funding situation, established under Chapter 167a of the Connecticut General Statutes, which is administered by the Connecticut State Teachers' Retirement Board. The financial statements of the plan are available from the State of Connecticut State Teachers' Retirement Board, 765 Asylum Avenue, Hartford, CT 06105-2822.

Certain part-time and full-time certified teachers are eligible to participate in the plan and are required to contribute 7.25% of their annual earnings to the plan. The Town does not and is not legally responsible to contribute to the plan.

The State of Connecticut contributes based on actuarially determined amounts. The funding level was determined based on an actuarial valuation of the plan as a whole, which does not provide actuarial information on an individual entity basis. Total contributions made by the State of Connecticut were \$787,536,000, of which \$1,869,752 benefited Town employees, and has been included in intergovernmental revenues and education expenditures in the accompanying combined statement of revenues, expenditures and changes in fund balances. For the year ended June 30, 2013, Town teachers contributed \$646,433 to the plan and covered Board of Education payroll for the year was approximately \$8,916,000. The Town's total payroll, inclusive of the Board of Education for the year ended June 30, 2013 was approximately \$19,632,000.

**10. 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, 2012. 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.

**TOWN OF ORANGE, CONNECTICUT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**  
**. . . Continued . . .**

---

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.

### **Plan Membership**

Membership in the plan consisted of the following as of July 1, 2012, the date of the last actuarial valuation:

Active members	276
Retirees and dependents	<u>102</u>
Total	<u><u>378</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.

**TOWN OF ORANGE, CONNECTICUT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**  
**. . . Continued . . .**

---

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 pay no share of the premium.

Town supervisors hired prior to March 15, 2001 pay 100% of the premium.

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, 2013 were as follows:

	<u>Other Post-Employment Benefits (OPEB)</u>
Annual required contribution (ARC)	\$ 1,297,000
Interest on net OPEB obligation	205,469
Adjustment to annual required contribution	( 164,334)
Annual OPEB cost	1,338,135
Contributions made	<u>758,000</u>
Increase in net OPEB obligation	580,135
Net OPEB obligation, beginning of year	<u>2,568,364</u>
Net OPEB obligation, end of year	<u>\$ 3,148,499</u>

**TOWN OF ORANGE, CONNECTICUT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**  
**. . . Continued . . .**

---

### **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:

Fiscal Year Ending	Annual OPEB Cost (AOC)	Actual Contribution	Percentage of AOC Contributed	Net OPEB Obligation
6/30/2011	\$ 1,065,848	\$ 318,300	29.86%	\$ 2,066,396
6/30/2012	1,239,968	738,000	59.52%	2,568,364
6/30/2013	1,338,135	758,000	56.65%	3,148,499

### **Funding Status and Funding Progress**

The funded status of the plan as of July 1, 2012, 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)
7/1/2012	\$ -	\$ 26,549,287	\$ 26,549,287	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.

**TOWN OF ORANGE, CONNECTICUT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**  
**. . . Continued . . .**

---

### **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, 2012
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%

### **11. Risk Management**

The Town is exposed to various risks of loss related to public official liability, police professional liability, theft or impairment of assets, errors and omissions, injury to employees, natural disasters, and owners and contractors protective liability.

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, 2013, 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 have not exceeded commercial coverage in any of the past three years.

**TOWN OF ORANGE, CONNECTICUT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**  
**... Continued ...**

---

## **12. 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, 2013, a liability of \$322,300 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	Claims and Changes in Estimates	Claims Paid	Claims Payable June 30
2010 - 2011	\$ 344,254	\$ 4,319,468	\$ 4,389,330	\$ 274,392
2011 - 2012	274,392	4,467,919	4,453,833	288,478
2012 - 2013	288,478	4,732,473	4,698,651	322,300

## **13. Commitments and Contingencies**

The Town has received state and federal grants for specific purposes that are subject to the review and audit by the grantor agencies. These audits could lead to requests for reimbursement to the grantor agencies for any expenditure disallowed under the terms of the grant. Based on prior experience, management believes such disallowances, if any, will not be material to the Town's basic financial statements.

Other litigation, principally involving claims for personal injury breach of contract, and contested tax assessment, are pending against the Town. The outcome and eventual liability of the Town, if any, in these cases is not known at this time. The Town's legal counsel estimated that potential claims against the Town, not covered by insurance, resulting from such litigation would not materially affect the financial position of the Town.

**TOWN OF ORANGE, CONNECTICUT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**  
**. . . Continued . . .**

---

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.

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.

**14. Subsequent Event**

In July 2013, the Town issued \$5,000,000 in general obligation bonds due through 2033, with interest rates ranging from 3.0% to 4.125% and \$7,927,000 in general obligation bond anticipation notes due July 21, 2014 with an interest rate of 1.0% to fund various Town capital improvement projects.

**TOWN OF ORANGE, CONNECTICUT**  
**SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS**  
**JUNE 30, 2013**

---

**POLICE PENSION AND RETIREMENT PLAN**

**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)
1/1/08	\$ 15,199,428	\$ 17,107,509 *	\$ 1,908,081	88.85 %	\$ 1,384,044	137.86 %
1/1/09	14,736,959	17,755,708	3,018,749	83.00	1,248,925	241.71
1/1/10	14,246,755	18,207,883	3,961,128	78.24	1,260,560	314.24
1/1/11	14,099,716	18,859,254	4,759,538	74.76	1,360,835	349.75
1/1/12	13,777,336	19,446,576	5,669,240	70.85	1,358,468	417.33
1/1/13	13,991,784	20,664,436 **	6,672,652	67.71	1,228,515	543.15

\* Change in investment return assumption from 6.75% to 8.00%.

\*\* Change in investment return assumption from 8.00% to 7.75%.

**Schedule of Employer Contributions**

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2008	\$ 558,551	100 %
2009	304,721	100
2010	304,721	100
2011	411,639	100
2012	499,809	100
2013	521,390	100

**EMPLOYEE PENSION AND RETIREMENT INCOME PLAN**

**Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (b)	Total Unfunded (Funded) 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)
1/1/08	\$ 10,177,678	\$ 9,599,467 *	(\$ 578,211)	106.02 %	\$ 1,162,387	( 49.74) %
1/1/09	9,486,077	9,682,220	196,143	97.97	1,001,389	19.59
1/1/10	9,007,751	9,827,482	819,731	91.66	953,405	85.98
1/1/11	8,591,649	9,794,066	1,202,417	87.72	990,678	121.37
1/1/12	8,039,408	9,770,868	1,731,460	82.28	942,653	183.68
1/1/13	7,909,907	10,332,650 **	2,422,743	76.55	932,129	259.91

\* Change in investment return assumption from 6.75% to 8.00%.

\*\* Change in investment return assumption from 8.00% to 7.75%.

**Schedule of Employer Contributions**

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2008	\$ 143,523	100 %
2009	-	100
2010	-	100
2011	52,983	100
2012	103,319	100
2013	141,172	100

**TOWN OF ORANGE, CONNECTICUT**  
**SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS**  
**OTHER POST-EMPLOYMENT BENEFIT PLAN**  
**JUNE 30, 2013**

---

**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

\* Change in discount rate to 4.0%.

**Schedule of Employer Contributions**

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2009	\$ 898,400	29.14 %
2010	954,400	29.84
2011	1,041,200	30.57
2012	1,204,000	61.30
2013	1,297,000	58.44

## ***Appendix B***

### ***Forms of Opinion of Bond Counsel***

# ROBINSON & COLE LLP

280 Trumbull Street  
Hartford, CT 06103-3597  
Main (860) 275-8200  
Fax (860) 275-8299

## FORM OF OPINION OF BOND COUNSEL

July \_\_, 2014

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 \_\_, 2014 (the "Tax Regulatory Agreement"), and other proofs submitted to us relative to the issuance and sale of \$8,725,000 Town of Orange, Connecticut General Obligation Bonds, Issue of 2014, dated July \_\_, 2014 (the "Bonds"), maturing on July 15 in each of the years, in the principal amounts and bearing interest payable on January 15, 2015 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>
2015	\$435,000	%	2025	\$435,000	%
2016	435,000		2026	435,000	
2017	435,000		2027	435,000	
2018	435,000		2028	435,000	
2019	435,000		2029	435,000	
2020	435,000		2030	440,000	
2021	435,000		2031	440,000	
2022	435,000		2032	440,000	
2023	435,000		2033	440,000	
2024	435,000		2034	440,000	

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.

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. Interest on the Bonds is, however, includable in adjusted current earnings for purposes of computing the federal alternative minimum tax imposed on certain corporations. 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

# ROBINSON & COLE LLP

280 Trumbull Street  
Hartford, CT 06103-3597  
Main (860) 275-8200  
Fax (860) 275-8299

## FORM OF OPINION OF BOND COUNSEL

July \_\_\_, 2014

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 \_\_\_, 2014 (the "Tax Regulatory Agreement"), and other proofs submitted to us relative to the issuance and sale of \$1,702,000 Town of Orange, Connecticut General Obligation Bond Anticipation Notes, dated July \_\_\_, 2014, and maturing July \_\_\_, 2015, consisting of Note R-1 in the aggregate principal amount of \$1,702,000, bearing interest at the rate of \_\_\_% per annum, with principal and interest payable at maturity (the "Notes"). The Notes are not subject to redemption prior to maturity.

The Notes 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 Notes. So long as DTC or its nominee is the registered owner, principal and interest payments on the Notes 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 Notes, 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 Notes under authority of the Constitution and General Statutes of Connecticut and that the Notes 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 Notes in order that interest on the Notes 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 Notes 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 Notes 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 Notes is, however, includable in adjusted current earnings for purposes of computing the federal alternative minimum tax imposed on certain corporations. We express no opinion regarding any other federal income tax consequences caused by ownership or disposition of, or receipt of interest on, the Notes.

In rendering the foregoing opinions regarding the federal tax treatment of interest on the Notes, 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 Notes 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 Notes.

Legislation affecting the exclusion from gross income of interest on State or local bonds, such as the Notes, 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 Notes will not reduce or eliminate the benefit of the exclusion from gross income of interest on the Notes or adversely affect the market price of the Notes.

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 Notes and the enforceability of the Notes 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  
\$8,725,000 General Obligation Bonds, Issue of 2014  
dated July \_\_, 2014

July \_\_, 2014

WHEREAS, the Town of Orange, Connecticut (the "Town") has heretofore authorized the issuance of \$8,725,000 in aggregate principal amount of its General Obligation Bonds, Issue of 2014, dated July \_\_, 2014 (the "Bonds"), and to mature on the dates and in the amounts and set forth in the Town's Official Statement dated July \_\_, 2014 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 \_\_, 2014 (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.

"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: \_\_\_\_\_

James M. Zeoli  
First Selectman

By: \_\_\_\_\_

Arthur B. Williams, III  
Town Treasurer

By: \_\_\_\_\_

Al Chiarenzelli  
Director of Finance

## FORM OF CONTINUING DISCLOSURE AGREEMENT

### CONTINUING DISCLOSURE AGREEMENT

Town of Orange, Connecticut  
\$1,702,000 General Obligation Bond Anticipation Notes  
dated July \_\_, 2014

July \_\_, 2014

WHEREAS, the Town of Orange, Connecticut (the "Town") has heretofore authorized the issuance of \$1,702,000 in aggregate principal amount of its General Obligation Bond Anticipation Notes, dated July \_\_, 2014 (the "Notes"), and to mature on the dates and in the amounts and set forth in the Town's Official Statement dated July \_\_, 2014 describing the Notes (the "Official Statement"); and

WHEREAS, the Notes have been sold by a competitive bid pursuant to a Notice of Sale, dated July \_\_, 2014 (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 Notes unless it has reasonably determined that the Town has undertaken in a written agreement for the benefit of the beneficial owners of the Notes 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 Notes 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 Notes to meet the requirements of the Rule; and

WHEREAS, in order to assist the underwriter of the Notes 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 Notes and to be described in the Official Statement, all for the benefit of the beneficial owners of the Notes, 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:

"Listed Events" shall mean any of the events listed in Section 2 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.

"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. 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 Notes, or other material events affecting the tax status of the Notes;
- (vii) modifications to rights of Noteholders, if material;
- (viii) Note calls, if material, and tender offers;
- (ix) defeasances;
- (x) release, substitution, or sale of property securing repayment of the Notes, 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 3. 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 Notes.

**Section 4. 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 5. 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 Notes 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 6. 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 providing notice of the occurrence of any other event, in addition to that which is required by this Agreement. If the Town chooses to disseminate any other information 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 provide such information or notice of the occurrence of such event in the future.

Section 7. 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 8. 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 Notes. 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 Notes of such failure. In the event the Town does not cure such failure, the right of any beneficial owner of the Notes 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 Notes.

**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: \_\_\_\_\_  
James M. Zeoli  
First Selectman

By: \_\_\_\_\_  
Arthur B. Williams, III  
Town Treasurer

By: \_\_\_\_\_  
Al Chiarenzelli  
Director of Finance

## ***Appendix D***

### ***Notices of Sale***

**NOTICE OF SALE**  
**\$8,725,000**  
**TOWN OF ORANGE, CONNECTICUT**  
**GENERAL OBLIGATION BONDS, ISSUE OF 2014**

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

**JULY 9, 2014**

for the purchase of all, but not less than all, of the \$8,725,000 Town of Orange, Connecticut General Obligation Bonds, Issue of 2014 (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 21, 2014, mature in the principal amounts of \$435,000 on July 15 in each of the years 2015-2029, both inclusive and \$440,000 on July 15 in each of the years 2030-2034, both inclusive, bear interest payable on January 15, 2015 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 1, 2014 (the “Preliminary Official Statement”).

The Bonds maturing on or before July 15, 2022 are not subject to redemption prior to maturity. The Bonds maturing on and after July 15, 2023 are subject to redemption prior to maturity, at the election of the Town, on and after July 15, 2022, 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 price (expressed as percentages 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, 2022 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.

## **Bank Qualification**

The Bonds shall NOT 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.

## **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 or 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-Del 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.

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](mailto:parity@i-deal.com)).

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 electronic bids the true interest cost to the Town, computed and rounded to six decimal places, as described under "Bid Specifications/Basis of Award" below. All electronic bids shall be deemed to incorporate the provisions of this Notice of Sale.

## **Bid Specifications/Basis of Award**

Each bid must be for the entire \$8,725,000 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 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 21, 2014, the date of the Bonds, results in an amount equal to the purchase price for 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 proposal. 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.D.T.) on July 9, 2014. 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 proposal. 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, Bond Counsel, Hartford, Connecticut, 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, but is, however, includable in adjusted current earnings for purposes of computing the federal alternative minimum tax imposed on certain corporations, (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 the legal opinion, Robinson & Cole LLP 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.

## **Settlement of the Bonds**

It shall be the responsibility of the winning bidder to certify to the Town before delivery of the Bonds the prices at which a substantial amount of the Bonds of each maturity were initially offered and sold to the public.

The Bonds will be available for delivery on or about July 21, 2014. The deposit of the Bonds with DTC or its custodian under a book-entry system requires the assignment of CUSIP numbers prior to delivery. It shall be the responsibility of the winning bidder to 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 50 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 financial advisor. If the Town's financial 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 may be obtained from the undersigned, or from Matthew A. Spoerndle, Managing Director, Phoenix Advisors, LLC, 53 River Street, Milford, CT 06460, Telephone No. (203) 878-4945.

JAMES M. ZEOLI  
First Selectman

ARTHUR B. WILLIAMS, III  
Town Treasurer

July 1, 2014

**NOTICE OF SALE**  
**\$1,702,000**  
**TOWN OF ORANGE, CONNECTICUT**  
**GENERAL OBLIGATION BOND ANTICIPATION NOTES**

Electronic bids (as described herein) or telephone proposals will be received by the **TOWN OF ORANGE, CONNECTICUT** (the “Town”), until 11:30 A.M. (E.D.T.) Wednesday,

**JULY 9, 2014**

for the purchase of \$1,702,000 Town of Orange, Connecticut General Obligation Bond Anticipation Notes (the “Notes”). Telephone proposals will be received at the Office of the First Selectman, Town Hall, 617 Orange Center Road, Orange, Connecticut 06477. (See “Telephone Proposal Procedures”). 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 Notes**

The Notes will be dated July 21, 2014 and will be payable to the registered owner on July 20, 2015, as further described in the Preliminary Official Statement for the Notes dated July 1, 2014 (the “Preliminary Official Statement”). The Notes will bear interest (which interest shall be computed on a 360-day year, twelve 30-day month basis) payable at maturity at the rate or rates per annum fixed in the proposal or proposals accepted for their purchase, which rates shall be in multiples of 1/1000 of 1% per annum.

#### **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 Notes when due. The Notes 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 Notes shall NOT 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 Notes.

#### **Registration**

The Notes will be issued by means of a book-entry system with no physical distribution of note certificates made to the public. The Notes will be issued in registered form and one note certificate for each interest rate 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 Notes in principal amounts of \$1,000 or 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(s), as a condition to delivery of the Notes, will be required to deposit the note certificates with DTC, or its custodian, registered in the name of Cede & Co. Principal of and interest on the Notes will be payable by the Town or its agent in Federal funds to DTC or its nominee as registered owner of the Notes. 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.

### **Option For No Book Entry**

A bidder for the Notes may request that the Notes be issued in the form of a single fully registered physical certificate in the par amount of the Notes for each maturity, rather than in book-entry form through the facilities of DTC, provided the bid is for all the Notes of the same maturity at the same interest rate. The successful bidder seeking the issuance of the Notes in this manner, and any subsequent registered owner of the Notes, shall bear any and all costs including counsel fees for any re-registration or transfer of the Notes from time to time, including any costs to convert the Notes to book-entry only form. Any bidder seeking to have the Notes issued in the form of a fully registered physical certificate, rather than in book-entry form, shall indicate this preference to the Town at the time of the submission of the bid. The Town reserves the right to decline any request to issue the Notes in non-book entry form if it determines, in its sole and absolute discretion, that issuing the Notes in this manner is not in the best interests of the Town.

### **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 Notes 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.

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](mailto:parity@i-deal.com)).

For purposes of both the telephone proposal process and 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 electronic bids the net interest cost to the Town, computed and rounded to six decimal places, as described under "Bid Specifications/Basis of Award" below. All electronic bids shall be deemed to incorporate the provisions of this Notice of Sale.

## **Telephone Proposal Procedures**

Proposals for the purchase of the Notes may be submitted by telephone call to James M. Zeoli, First Selectman, Town of Orange, Telephone Number (203) 891-4737. In submitting a bid by telephonic means, the bidder accepts the terms and conditions of this Notice of Sale and agrees to be bound thereby, and, further, such bidder accepts and understands the risk that its bid may not be received by the Town or may be received later than the time specified as the result of a failure in communications, including but not limited to a failure in telephonic communications, or the inability to reach the Town by the time specified. Any bid received after the time specified will not be accepted, as determined in the sole discretion of the Town.

## **Bid Specifications/Basis of Award**

A proposal may be for all or any part of the Notes but any proposal for a part must be for not less than \$100,000, or a whole multiple thereof, except that one such proposal for a part may include the odd \$2,000, and a separate proposal will be required for each part of the Notes for which a separate interest rate is bid. As between proposals resulting in the same lowest net interest cost (rounded to six decimal places) to the Town, the award will be made on the basis of the highest principal amount of the Notes specified. No bid for less than par and accrued interest, if any, will be considered and the Town reserves the right to award to any bidder all or any part of the Notes bid for in its proposal. If a bidder is awarded only a part of the Notes bid for in its proposal, any premium offered in such proposal will be proportionately reduced so that the resulting net interest cost to the Town with respect to the Notes awarded is the same as that contained in the bidder's proposal with respect to the entire amount bid, rounded to six decimal places. The Notes will be awarded or all bids will be rejected promptly after the bid opening, but not later than 4:00 P.M. (E.D.T.) on July 9, 2014. 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 Notes will be awarded to the bidder or bidders offering to purchase the Notes at the lowest net interest cost, computed as to each interest rate stated by adding the total interest which will be paid at such rate and deducting therefrom the premium offered, if any.

## **Closing Documents and Legal Opinion**

The Notes will be certified by U.S. Bank National Association, Hartford, Connecticut. The legality of the Notes will be passed upon by Robinson & Cole LLP, Bond Counsel, Hartford, Connecticut, and the winning bidder(s) will be furnished with their opinion without charge. Each 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 Notes, 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 Notes 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, but is, however, includable in adjusted current earnings for purposes of computing the federal alternative minimum tax imposed on certain corporations, (iii) under existing statutes, interest on the Notes 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 the legal opinion, Robinson & Cole LLP 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 Notes, and further, will assume compliance by the Town with the covenants and procedures set forth in such Tax Regulatory Agreement.

#### **Settlement of the Notes**

It shall be the responsibility of the winning bidder(s) to certify to the Town before the delivery of the Notes the price or prices at which a substantial amount of the Notes were initially offered and sold to the public.

The Notes will be available for delivery on or about July 21, 2014. The deposit of the Notes with DTC, or its custodian, under a book-entry system requires the assignment of CUSIP numbers prior to delivery. It shall be the responsibility of the winning bidder(s) to obtain CUSIP numbers for the Notes prior to delivery, and the Town will not be responsible for any delay occasioned by the failure of the winning bidder(s) 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(s).

The Preliminary Official Statement is in a form “deemed final” by the Town for purposes of SEC Rule 15c2-12(b)(1). Each winning bidder will be furnished 5 copies of the final Official Statement prepared for the Notes at the Town’s expense. Additional copies may be obtained by the winning bidder(s) at its own expense by arrangement with the printer. The copies of the final Official Statement will be made available to the winning bidder(s) no later than seven business days after the bid opening at the office of the Town’s financial advisor. If the Town’s financial advisor is provided with the necessary information from the winning bidder(s) 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, rating, yields or reoffering prices and the name(s) of the winning bidder(s) for the Notes.

#### **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 notice of the occurrence of certain events within 10 business days of the occurrence of such events. The winning bidder’s obligation to purchase the Notes shall be conditioned upon its receiving, at or prior to the delivery of the Notes, an executed copy of the Continuing Disclosure Agreement for the Notes.

## **Related Information**

For more information regarding the Notes and the Town, reference is made to the Preliminary Official Statement. Copies of the Preliminary Official Statement may be obtained from the undersigned, or from Matthew A. Spoerndle, Managing Director, Phoenix Advisors, LLC, 53 River Street, Milford, CT 06460, Telephone No. (203) 878-4945.

JAMES M. ZEOLI  
First Selectman

ARTHUR B. WILLIAMS, III  
Town Treasurer

July 1, 2014

*{This page intentionally left blank}*