

Final Official Statement Dated June 27, 2017

NEW ISSUE: Book-Entry-Only

RATINGS: S&P Global Ratings: "AAA"

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



Town of Orange, Connecticut \$4,400,000 General Obligation Bonds, Issue of 2017 (Book-Entry-Only)

Dated: Date of Delivery

**Due: July 15, 2018-2037,
As shown below:**

Year	Principal	Coupon	Yield	CUSIP	Year	Principal	Coupon	Yield	CUSIP
2018	\$ 220,000	2.000%	0.850%	684184QJ6	2028	\$ 220,000	2.125%	2.200%	684184QU1
2019	220,000	3.000%	1.000%	684184QK3	2029	220,000	2.250%	2.350%	684184QV9
2020	220,000	5.000%	1.050%	684184QL1	2030*	220,000	3.000%	2.500%	684184QW7
2021	220,000	5.000%	1.140%	684184QM9	2031*	220,000	3.000%	2.600%	684184QX5
2022	220,000	5.000%	1.280%	684184QN7	2032*	220,000	3.000%	2.700%	684184QY3
2023	220,000	5.000%	1.400%	684184QP2	2033*	220,000	3.000%	2.800%	684184QZ0
2024	220,000	5.000%	1.520%	684184QQ0	2034*	220,000	3.000%	2.850%	684184RA4
2025	220,000	5.000%	1.700%	684184QR8	2035*	220,000	3.000%	2.900%	684184RB2
2026*	220,000	2.000%	1.900%	684184QS6	2036*	220,000	3.000%	2.950%	684184RC0
2027	220,000	2.000%	2.000%	684184QT4	2037	220,000	3.000%	3.000%	684184RD8

* Priced at the stated yield to the July 15, 2025 optional redemption date at a redemption price of 100%; however, any such redemption is at the election of the Town.

ROOSEVELT & CROSS, INC. & ASSOCIATES

The Bonds will bear interest payable January 15, 2018 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-only 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 optional redemption prior to maturity as herein provided. See "Optional Redemption" herein.

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

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

The Bonds are offered for delivery when, as and if issued, subject to the approving opinion of Robinson & Cole LLP, Bond Counsel, of Hartford, Connecticut and certain other conditions. It is expected that delivery of the Bonds in book-entry-only form will be made to DTC on or about July 17, 2017.

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

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

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

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

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

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

The Town currently files its official statements for primary offerings with the Municipal Securities 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 enter into a continuing disclosure agreement to provide or cause to be provided (i) annual financial information and operating data, (ii) timely notice of the occurrence of certain events, within 10 business days of the occurrence of such events, and (iii) timely notice of a failure by the Town to provide the required annual financial information and on or before the date specified in the Continuing Disclosure Agreement to be executed in substantially the form attached as Appendix C to this Official Statement.

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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.

Date of Sale:	Tuesday, June 27, 2017 at 11:30 A.M. (E.D.T.).
Location of Sale:	The Office of the First Selectman, Town of Orange, Town Hall, 617 Orange Center Road, Orange, Connecticut 06477.
Issuer:	Town of Orange, Connecticut (the "Town").
Issue:	\$4,400,000 General Obligation Bonds, Issue of 2017 (the "Bonds").
Dated Date:	Date of Delivery, July 17, 2017.
Interest Due:	Interest due January 15, 2018 and semiannually thereafter on July 15 and January 15 in each year until maturity.
Principal Due:	Principal due serially, July 15, 2018 through July 15, 2037 as detailed in this Official Statement.
Authorization and Purpose:	The proceeds of the Bonds will be utilized to finance various general purpose and school projects. See "Authorization and Purpose" herein.
Redemption:	The Bonds are subject to optional redemption prior to maturity. See "Optional Redemption" herein.
Security and Remedies:	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.
Credit Rating:	The Bonds have been rated "AAA" by S&P Global Ratings.
Bond Insurance:	The Town does not expect to purchase a credit enhancement facility.
Basis of Award:	Lowest True Interest Cost (TIC) as of the dated date.
Tax Exemption:	See "Tax Matters" herein.
Bank Qualification:	The Bonds <u>shall</u> be designated as qualified tax-exempt obligations by the Town under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for certain interest expense allocable to the Bonds.
Continuing Disclosure:	In accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the Town will enter into a Continuing Disclosure Agreement to provide, or cause to be provided, (i) annual financial information and operating data; (ii) notices of the occurrence of certain events within 10 business days of the occurrence of such events and (iii) timely notice of a failure by the Town to provide the required annual financial information on or before the date specified in the Continuing Disclosure Agreement to be executed by the Town substantially in the form attached as Appendix C to this Official Statement.
Registrar, Transfer Agent, Certifying Agent, and Paying Agent:	U.S. Bank National Association, Goodwin Square, 225 Asylum Street, 23 rd Floor, Hartford, Connecticut 06103.
Legal Opinion:	Robinson & Cole LLP, of Hartford, Connecticut will act as Bond Counsel.
Municipal Advisor:	Phoenix Advisors, LLC of Milford, Connecticut will act as Municipal Advisor.
Delivery and Payment:	It is expected that delivery of the Bonds in book-entry-only form will be made to The Depository Trust Company on or about July 17, 2017 against payment in Federal Funds.
Issuer Official:	Questions concerning the Official Statement should be directed to Mr. John M. Cifarelli, Director of Finance, 617 Orange Center Road, Orange, Connecticut 06477. Telephone: (203) 891-4740 or Matthew A. Spoerndle, Phoenix Advisors, LLC, 53 River Street, Milford, Connecticut. Telephone: (203) 878-4945.

I. Bond Information

Introduction

This Official Statement, including the cover page, inside cover page and appendices, is provided for the purpose of presenting certain information relating to the Town of Orange, Connecticut (the "Town"), in connection with the original issuance and sale of \$4,400,000 General Obligation Bonds, Issue of 2017 (the "Bonds") of the Town.

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

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

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

The Bonds are being offered for sale at public bidding. Notice of Sale dated June 20, 2017 have been furnished to prospective bidders. Reference is made to respective Notice of Sale for the terms and conditions of the bidding.

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

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

Municipal Advisor

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

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

The 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, 2018 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, 2025 are not subject to redemption prior to maturity. The Bonds maturing on July 15, 2026 and thereafter are subject to redemption prior to maturity, at the election of the Town, on and after July 15, 2025 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:

<i>Period During Which Redeemed</i>	<i>Redemption Prices</i>
July 15, 2025 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.

Authorization and Purpose

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

<i>Project Name</i>	<i>Bond Authorization</i>	<i>The Bonds</i>
Road Paving*	\$ 3,300,000	\$ 1,773,273
Police Communication Console*	600,000	600,000
HPCC South Wing Base Cost*	462,453	462,453
Turkey Hill School Parking*	404,000	404,000
Police, Fire & Highway Department Paving*	294,000	294,000
Derby Milford Road Bridge*	4,500,000	250,000
AAON Pool Dehumidifier*	200,000	200,000
Contingency, Financing and Costs*	734,273	134,000
Library Exterior Renovations*	119,000	119,000
HPCC North Corridor*	88,274	88,274
Generator for Police Department*	75,000	75,000
<i>Totals.....</i>	<i>\$ 10,777,000</i>	<i>\$ 4,400,000</i>

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

Book-Entry-Only Transfer System

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

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

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

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

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

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

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

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

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

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

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

DTC Practices

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

Replacement Bonds

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

Security and Remedies

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

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

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

Enforcement of a claim for payment of principal of or interest on such debt would also be subject to the applicable provisions of federal bankruptcy laws as well as other bankruptcy, insolvency, reorganization, moratorium and other similar

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

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

Qualification for Financial Institutions

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

Availability of Continuing Disclosure

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

The Town will enter into a Continuing Disclosure Agreement with respect to the Bonds, substantially in the form attached as Appendix C to this Official Statement. To provide, or cause to be provided, in accordance with the requirements of Rule 15c2-12(b)(5) (i) annual financial information and operating data (ii) timely notice of the occurrence of certain events within ten (10) business days after the occurrence of such events, and (iii) timely notice of a failure by the Town to provide the required annual financial and operating data on or before the date specified in the Continuing Disclosure 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 and notes to provide certain annual financial information and event notices pursuant to the Rule. To its knowledge, within the last five years from the date hereof, the Town has not failed to comply in any material respect with its undertakings under such agreements, except that the Town failed to provide certain operating data for the fiscal years ending June 30, 2012 and June 30, 2013 by the date required in its continuing disclosure agreements with EMMA. On June 26, 2017, the Town filed with EMMA such operating data and on June 26, 2017 and June 27, 2017 the Town filed notices of failure to provide the operating data. The Town has incorporated procedures to ensure the timely filing with respect to its continuing disclosure undertakings.

School Projects

Pursuant to Section 10-287i of the Connecticut General Statutes, the State of Connecticut will provide proportional progress payments for eligible school construction expenses on projects approved after July 1, 1996 (the "Current Program").

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 S&P Global Ratings ("S&P"), representing an upgrade. The Town furnished certain information and materials to the rating agency, some of which may not have been included in this Official Statement. Such ratings reflect only the views of such organization and any explanation of the significance of such ratings should be

obtained from the rating agency. No application was made to any other rating agency for the purpose of obtaining ratings on outstanding securities of the Town.

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

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

Bond Insurance

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

Tax Matters

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

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

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

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

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

The opinions of Bond Counsel are rendered as of their date and are based on existing law, which is subject to change. Bond Counsel assumes no obligation to update or supplement its opinions to reflect any facts or circumstances that may come to their attention, or to reflect any changes in law that may thereafter occur or become effective. Prospective purchasers of the Bonds are advised to consult their own tax advisors regarding other State and local tax consequences of ownership and disposition of and receipt of interest on the Bonds.

Original Issue Discount

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

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

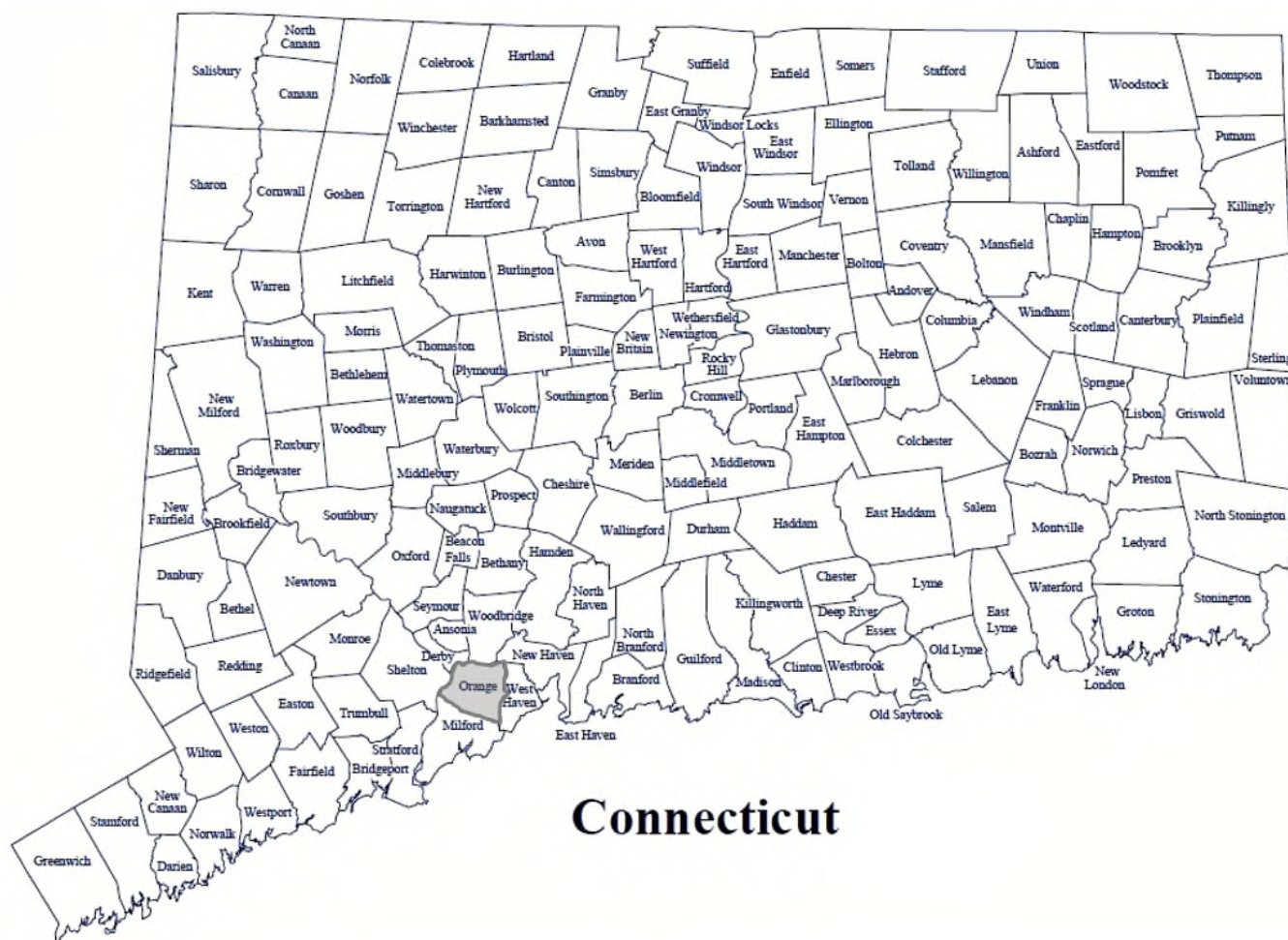
Original Issue Premium

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

Under Sections 1016 and 171 of the Code, the amount of original issue premium treated as amortizing with respect to any Bond during each day it is owned by a taxpayer is subtracted from the owner's adjusted basis for purposes of determining gain or loss upon the sale or other disposition of such Bonds by such owner. Amortized original issue premium on the Bonds is not treated as a deduction from gross income for federal income tax purposes. Original issue premium on any bond is treated as amortizing on the basis of the taxpayer's yield to maturity using the taxpayer's cost basis and a constant semiannual compounding method. Prospective purchasers of the Bonds should consult their own tax advisors with respect to the federal, state and local income tax consequences of the disposition of and receipt of interest on the Bonds.

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II. The Issuer



Connecticut

Description of the Town

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

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

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

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

the extensive motor vehicle fleet. The State of Connecticut continues to design the new Metro North stop for the town of Orange. This should allow residents of the Town better access to New York City.

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

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

Each participating municipality has agreed to pay municipal disposal fees (TIP fees) to 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, 2017. 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 2017 is \$83.54 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.

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Municipal Officials

	Term Expires November
Board of Selectmen	
James M. Zeoli, First Selectman.....	2017
Mitchell R. Goldblatt.....	2017
Paul Davis.....	2017
Ralph G. Okenquist.....	2017
John Carangelo.....	2017
Judy W. Williams.....	2017
Board of Finance	
Kevin Houlihan, CPA – Chairman.....	2019
James Leahy, Vice Chairman.....	2019
Robert S. Bocek, CPA.....	2017
PJ Shanley.....	2017
Kevin T. Moffett.....	2019
Joseph Nuzzo.....	2017
Patricia Romano - Alternate.....	2019
Other Officials	
John M. Cifarelli, <i>Director of Finance</i>	
Audrey Geer, <i>Assistant Director of Finance</i>	
Arthur B. Williams, III, <i>Town Treasurer</i>	

Municipal Employees

	2016-17	2015-16	2014-15	2013-14	2012-13
General Government	155	154	157	167	165
Board of Education	204	204	199	191	187
Total	359	358	356	358	352

Source: Town officials.

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Municipal Employees Bargaining Organizations

Employee Group	Bargaining Organization	Number of Employees	Contract Expiration Date
<u>General Government</u>			
Police	CIPU, Local 18	44	6/30/2019
Assistants, Secretaries, Custodians and Clerks	UPSEU, Local 424	37	6/30/2019
Highway	AFL-CIO, Local 1303, Council #4	13	6/30/2020
School Nurses	AFL-CIO, Local 1303-316	5	6/30/2020
Dispatchers	Communication Works, AFL-CIO	7	6/30/2019
Supervisors	NAGE Local R1-141	14	6/30/2019
Non-Bargaining	Town non-bargaining employees	45	N/A
Total		165	
<u>Board of Education</u>			
Administrator	Business Administrator	1	N/A
Teachers	Orange Teachers' League	115	6/30/2019
Administrators	Orange Elementary School Administrators Association	5	6/30/2018
Custodial/Maintenance	AFSCME Council #4, Local 1303-22	10	6/30/2018
Secretaries/Aides	CSEA, Local 760	38	6/30/2017 ²
Central Office Staff	AFSCME, Local 1303-346	5	6/30/2017
Non-Bargaining	Board of Education non-bargaining employees ¹	4	N/A
Total		178	
Total Town Employees		343	

¹ Includes Superintendent and Director of Facilities.

² In negotiations.

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

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

Educational System

The Town's elementary school system consists of four schools for pupils in grades K through 6. The schools are governed by a ten-member Board of Education. All schools were completely renovated during 1987-1989 as part of the Town's capital improvement program. Additional renovations costing \$4,447,000 occurred in 2005 through 2007 including the complete roof replacement at the Mary L. Tracy School, a partial roof replacement at the Turkey Hill School and the addition of a 4 modular classroom additions at each building for both Peck Place and Race Brook Schools for a total of 8 modular classrooms. The school roofs, HVAC and Boilers at Peck Place, Turkey Hill, and Race Brook Schools were replaced in 2014. Enhanced security systems for all four schools were completed in 2014. The parking lot and school bus drop-off driveway were redesigned and repaved at Peck Place School in 2015. Currently, plans are underway for 1 \$1.0 million ADA renovation at Turkey Hill School. This project will be submitted to the state for approval and expectation is for a summer of 2018 start date.

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 governed by a thirteen-member Board of Education with Orange represented by seven members.

School Enrollment

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

<i>As of October 1</i>	<i>Elementary Schools</i>
	<i>Historical</i>
2007	1,368
2008	1,313
2009	1,294
2010	1,286
2011	1,246
2012	1,243
2013	1,198
2014	1,153
2015	1,141
2016	1,137
	<i>Projected ¹</i>
2017	1,147
2018	1,150
2019	1,150

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

Source: Superintendent of Schools, Town of Orange.

School Facilities

<i>Facility</i>	<i>Grades</i>	<i>Date of Construction</i>	<i>Most Recent Additions & Renovations</i>	<i>Number of Classrooms</i>	<i>Enrollment 10/1/2016</i>	<i>Rated Capacity</i>
Mary L. Tracy.....	Kindergarten	1910	1989	12	157	180
Race Brook School.....	1-6	1959	1989	36	349	540
Turkey Hill School.....	1-6	1964	1989	27	284	405
The Peck Place School.....	1-6	1968	2003	32	347	480
Total				107	1,137	1,605

Source: Superintendent of Schools, Town of Orange.

III. Economic and Demographic Data

Population Trends

<i>Actual</i>			
<i>Year</i>	<i>Population</i>	<i>% Increase</i>	<i>Density</i> ¹
2015 ²	13,946	-0.1%	810.8
2010	13,956	5.5%	811.4
2000	13,233	3.1%	769.4
1990	12,830	-3.1%	745.9
1980	13,237	-2.1%	769.6
1970	13,524	-	786.3

¹ Per square mile: 22.4 square miles.

² American Community Survey 2011-2015.

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

Age Distribution of Population

<i>Age</i>	<i>Town of Orange</i>		<i>State of Connecticut</i>	
	<i>Number</i>	<i>Percent</i>	<i>Number</i>	<i>Percent</i>
Under 5 years	776	5.6%	191,445	5.3%
5 to 9 years	780	5.6	214,983	6.0
10 to 14 years	938	6.7	231,075	6.4
15 to 19 years	897	6.4	255,286	7.1
20 to 24 years	735	5.3	237,578	6.6
25 to 34 years	1,151	8.3	436,678	12.2
35 to 44 years	1,617	11.6	448,840	12.5
45 to 54 years	2,305	16.5	556,454	15.5
55 to 59 years	1,077	7.7	259,565	7.2
60 to 64 years	1,092	7.8	219,040	6.1
65 to 74 years	1,193	8.6	291,955	8.1
75 to 84 years	811	5.8	162,332	4.5
85 years and over	574	4.1	87,991	2.4
Total.....	13,946	100%	3,593,222	100%

Median Age (Years) 2015..... 45.4 40.4

Source: American Community Survey 2011-2015.

Income Distribution

<i>Income</i>	<i>Town of Orange</i>		<i>State of Connecticut</i>	
	<i>Families</i>	<i>Percent</i>	<i>Families</i>	<i>Percent</i>
\$ 0 - \$ 9,999.....	74	1.9%	30,926	3.5%
10,000 - 14,999.....	39	1.0	18,063	2.0
15,000 - 24,999.....	58	1.5	46,085	5.1
25,000 - 34,999.....	149	3.9	55,715	6.2
35,000 - 49,999.....	205	5.4	83,173	9.3
50,000 - 74,999.....	463	12.1	139,724	15.6
75,000 - 99,999.....	329	8.6	126,557	14.1
100,000 - 149,999.....	944	24.8	183,030	20.4
150,000 - 199,999.....	676	17.7	94,575	10.6
200,000 and over.....	874	22.9	117,791	13.2
Total.....	3,811	100.0%	895,639	100.0%

Source: American Community Survey 2011-2015.

Income Levels

	Town of Orange	State of Connecticut
Per Capita Income, 2015.....	\$ 49,776	\$ 38,803
Per Capita Income, 2010.....	\$ 44,983	\$ 36,775
Median Family Income, 2015.....	\$ 126,750	\$ 89,031
Percent Below Poverty (Families), 2015	3.00%	7.60%

Source: American Community Survey 2011-2015.

Educational Attainment

	Town of Orange		State of Connecticut	
	Number	Percent	Number	Percent
Less than 9th grade.....	198	2.0%	105,725	4.3%
9th to 12th grade.....	212	2.2	144,132	5.9
High School graduate.....	1,879	19.1	673,973	27.4
Some college, no degree.....	1,131	11.5	430,129	17.5
Associate's degree	577	5.9	183,289	7.4
Bachelor's degree.....	2,801	28.5	516,001	21.0
Graduate or professional degree.....	3,022	30.8	409,606	16.6
Total.....	9,820	100.0%	2,462,855	100.0%
Total high school graduate or higher (%)..		95.8%		89.9%
Total bachelor's degree or higher (%).....		59.3%		37.6%

Source: American Community Survey 2011-2015.

Employment by Industry

Sector	Town of Orange		State of Connecticut	
	Number	Percent	Number	Percent
Agriculture, forestry, fishing and hunting, and mining.....	8	0.1%	7,214	0.4%
Construction.....	342	4.9	100,593	5.6
Manufacturing.....	610	8.7	191,286	10.7
Wholesale trade.....	231	3.3	44,581	2.5
Retail trade.....	697	10.0	193,799	10.9
Transportation warehousing, and utilities....	132	1.9	66,850	3.8
Information.....	272	3.9	41,486	2.3
Finance, insurance, real estate, and leasing..	631	9.0	163,822	9.2
Professional, scientific, management, administrative, and waste management.....	851	12.2	199,942	11.2
Education, health and social services.....	2,198	31.4	471,587	26.5
Arts, entertainment, recreation, accommodation and food services.....	333	4.8	153,516	8.6
Other services (except public admin.).....	317	4.5	79,998	4.5
Public Administration.....	382	5.5	66,743	3.7
Total Labor Force, Employed.....	7,004	100%	1,781,417	100.0%

Source: American Community Survey 2011-2015.

Major Employers

Employer	Nature of Business	Number of
		Full-Time Employees
Yale University.....	Higher Education	1,600
United Illuminating.....	Utility	763
Town of Orange.....	Government/education	488
Southern Connecticut Gas.....	Utility	326
Aurora Products.....	Food Manufacturer	250
Light Sources.....	Manufacturer	250
Target.....	Retail	200
Christmas Tree Shop.....	Department store	200
Dichello Distributors.....	Distributors	183
Colony Hardware.....	Distributors	150
Pez Candy.....	Food Manufacturer	150

Source: Economic Development Coordinator, Town of Orange.

Labor Force Data

Period	Percentage Unemployed		
	Town of Orange	New Haven Labor Market	State of Connecticut
April 2017.....	3.2	4.6	4.7
Annual Average			
2016.....	4.0	5.3	5.3
2015.....	4.1	5.7	5.6
2014.....	5.0	6.9	6.7
2013.....	6.1	8.2	7.9
2012.....	6.2	8.7	8.3
2011.....	6.6	9.3	8.8
2010.....	6.5	9.3	9.1
2009.....	6.1	8.3	8.3
2008.....	4.2	5.8	5.6
2007.....	3.3	4.8	4.6

Source: State of Connecticut, Department of Labor.

Building Permits

Fiscal Year	Residential ¹		Industrial/Commercial		Total	
	No.	Value	No.	Value	No.	Value
2017 ²	541	\$ 9,664,971	141	\$ 4,886,352	682	\$ 14,551,323
2016	1,007	19,102,334	234	14,665,034	1,241	33,767,368
2015	1,062	14,468,314	241	7,253,749	1,303	21,722,063
2014	908	9,903,321	303	29,709,963	1,211	39,613,284
2013	99	3,313,072	248	7,705,044	347	11,018,116
2012	283	6,763,295	90	2,388,365	373	9,151,660
2011	169	6,702,712	61	2,209,616	230	8,912,328
2010	497	1,610,364	332	1,073,576	829	2,683,940
2009	540	1,660,890	360	1,107,260	900	2,768,150
2008	613	1,989,378	408	1,326,252	1,021	3,315,630

¹ Includes single, multi-family condominiums, apartments.

² As of 12/31/16.

Source: Building Official, Town of Orange.

IV. Debt Section

Principal Amount of Bonded Indebtedness ¹ As of July 17, 2017 (Pro-Forma)

Date of Issue	Final Maturity	Rate	Purpose	Original Issue Amount	Balance Outstanding
06/01/10	08/15/25	3.00-5.00	General Purpose Refunding	\$ 6,871,000	\$ 2,083,000
06/01/10	08/15/25	3.00-5.00	Schools Refunding	3,524,000	1,882,000
10/01/11	10/01/31	2.00-4.00	General Purpose	7,200,000	5,400,000
03/13/12	12/15/27	2.00-4.00	General Purpose Refunding	3,655,000	2,890,000
07/22/13	07/15/33	3.00-4.125	General Purpose	2,900,000	2,320,000
07/22/13	07/15/33	3.00-4.125	Schools	2,100,000	1,680,000
07/21/14	07/15/34	2.00-4.00	General Purpose	4,489,000	3,814,000
07/21/14	07/15/34	2.00-4.00	Schools	4,236,000	3,606,000
Total Outstanding Long Term Bonded Debt				\$ 34,975,000	\$ 23,675,000
<u>This Issue</u>					
07/17/17	07/15/37	2.00-5.00	General Purpose	\$ 3,996,000	\$ 3,996,000
07/17/17	07/15/37	2.00-5.00	Schools	404,000	404,000
Total This Issue.....				4,400,000	4,400,000
Grand-Total				\$ 39,375,000	\$ 28,075,000

Short-Term Debt

The Town does not have any outstanding short-term debt as of July 17, 2017.

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Annual Bonded Debt Maturity Schedule ¹
As of July 17, 2017
(Pro-Forma)

Fiscal Year Ended 6/30	Principal Payments ^{1,2}	Interest Payments ^{1,2}	Total Payments	This Issue			Total Principal	Cumulative Principal Retired (%)
				General Purpose	School	Total This Issue		
2018	\$ 1,047,000	\$ 565,390	\$ 1,612,390	\$ -	\$ -	\$ -	\$ 1,047,000	3.72%
2019	1,727,000	711,415	2,438,415	196,000	24,000	220,000	1,947,000	10.62
2020	1,723,000	648,540	2,371,540	200,000	20,000	220,000	1,943,000	17.52
2021	1,715,000	585,040	2,300,040	200,000	20,000	220,000	1,935,000	24.38
2022	1,760,000	524,690	2,284,690	200,000	20,000	220,000	1,980,000	31.41
2023	1,755,000	468,881	2,223,881	200,000	20,000	220,000	1,975,000	38.42
2024	1,820,000	415,932	2,235,932	200,000	20,000	220,000	2,040,000	45.66
2025	1,820,000	362,287	2,182,287	200,000	20,000	220,000	2,040,000	52.90
2026	1,810,000	307,870	2,117,870	200,000	20,000	220,000	2,030,000	60.10
2027	1,300,000	260,075	1,560,075	200,000	20,000	220,000	1,520,000	65.49
2028	1,295,000	221,418	1,516,418	200,000	20,000	220,000	1,515,000	70.87
2029	1,045,000	185,068	1,230,068	200,000	20,000	220,000	1,265,000	75.36
2030	1,045,000	151,038	1,196,038	200,000	20,000	220,000	1,265,000	79.85
2031	1,050,000	116,573	1,166,573	200,000	20,000	220,000	1,270,000	84.35
2032	1,050,000	81,213	1,131,213	200,000	20,000	220,000	1,270,000	88.86
2033	690,000	51,063	741,063	200,000	20,000	220,000	910,000	92.09
2034	690,000	26,606	716,606	200,000	20,000	220,000	910,000	95.32
2035	440,000	7,150	447,150	200,000	20,000	220,000	660,000	97.66
2036	-	-	-	200,000	20,000	220,000	220,000	98.44
2037	-	-	-	200,000	20,000	220,000	220,000	99.22
2038	-	-	-	200,000	20,000	220,000	220,000	100.00
Total.....	\$ 23,782,000	\$ 5,690,246	\$ 29,472,246	\$ 3,996,000	\$ 404,000	\$ 4,400,000	\$ 28,182,000	

¹ Includes an arbitrator's stipulated judgment dated April 21, 2003 between the Town of Orange and the City of West Haven (the "City"). The judgment, in the amount of \$2,079,348, represents a 17 year amortization of the prorated costs for improvements to the City's sanitary sewer and treatment system and is paid back without interest. The amount remaining is \$107,000.

² Excludes \$685,000 in principal payments and \$204,225 in interest payments from July 1, 2017 to July 17, 2017.

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Debt Statement ¹
As of July 17, 2017
(Pro-Forma)

Long-Term Debt:

General Purpose (Includes this issue)	\$ 20,503,000
Schools (Includes this issue)	7,572,000
Sewers ²	218,000
Total Long-Term Debt	28,293,000
Short-Term Debt	-
TOTAL DIRECT DEBT	28,293,000
Less: State School Construction Building Grants Principal Receivable	-
TOTAL NET DIRECT DEBT	28,293,000
Plus: Overlapping/Underlying Debt ³	16,270,803
TOTAL OVERALL NET DEBT	\$ 44,563,803

¹ Includes the Bonds.

² Represents an arbitrator's stipulated judgment dated April 21, 2003 between the Town of Orange and the City of West Haven (the "City"). The judgment, in the amount of \$2,079,348, represents a 17 year amortization of the prorated costs for improvements to the City's sanitary sewer and treatment system. The amount remaining is \$218,000.

³ 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 17, 2017
(Pro-Forma)

Population ¹	13,946
Net Taxable Grand List (10/1/16) (70% of Estimated Full Value)	\$ 1,967,395,000
Estimated Full Value	\$ 2,810,564,286
Equalized Net Taxable Grand List (10/1/14) ²	\$ 2,124,005,571
Income per Capita (2015) ¹	\$ 49,776

	Total Direct Debt	Total Net Direct Debt	Total Overall Net Debt
	\$28,293,000	\$28,293,000	\$44,563,803
Per Capita	\$2,028.75	\$2,028.75	\$3,195.45
Ratio to Net Taxable Grand List	1.44%	1.44%	2.27%
Ratio to Estimated Full Value	1.01%	1.01%	1.59%
Ratio to Equalized Net Taxable Grand List	1.33%	1.33%	2.10%
Debt per Capita to Income per Capita (2015)	4.08%	4.08%	6.42%

¹ Source: U.S. Census Bureau, American Community Survey, 2011-2015.

² 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 as authorized by the Connecticut General Statutes subject to statutory debt limitations and the requirements of the Town Charter for the authorization of indebtedness. Pursuant to the Town Charter, no resolution authorizing the assurance of bonds or notes or other borrowings shall become effective until it has been adopted or approved at a Town meeting. Refunding bonds may be issued pursuant to a resolution of the Board of Selectmen.

Temporary Financing

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

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

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

Limitation of Indebtedness

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

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

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

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

Statement of Debt Limitation
As of July 17, 2017
(Pro Forma)

Total Tax Collections (including interest and lien fees)

Received by the Treasurer for the year ended June 30, 2016..... \$ 60,527,549

Reimbursement For Revenue Loss:

Tax relief for elderly -

Base for Debt Limitation Computation..... \$ 60,527,549

	General Purpose	Schools	Sewers	Urban Renewal	Unfunded Pension
Debt Limitation:					
2 1/4 times base.....	\$ 136,186,985	-	-	-	-
4 1/2 times base.....	-	\$ 272,373,971	-	-	-
3 3/4 times base.....	-	-	\$ 226,978,309	-	-
3 1/4 times base.....	-	-	-	\$ 196,714,534	-
3 times base.....	-	-	-	-	\$ 181,582,647
Total Debt Limitation	\$ 136,186,985	\$ 272,373,971	\$ 226,978,309	\$ 196,714,534	\$ 181,582,647

Indebtedness:

Bonds Payable.....	\$ 16,507,000	\$ 7,168,000	\$ 218,000 ¹	\$ -	\$ -
Bonds – This Issue.....	3,996,000	404,000	-	-	-
Notes – This Issue.....	-	-	-	-	-
Debt Authorized But Unissued.....	4,577,000	841,340	-	-	-
Net Amity Regional School District Debt. ²	-	16,270,803	-	-	-
Total Indebtedness	\$ 25,080,000	\$ 24,684,143	\$ 218,000	\$ -	\$ -

Less:

Estimated Grants and Assessments Receivable	-	-	-	-	-
Total Net Indebtedness	25,080,000	24,684,143	218,000	-	-

DEBT LIMITATION IN EXCESS

OF OUTSTANDING INDEBTEDNESS..... \$ 111,106,985 \$ 247,689,828 \$ 226,760,309 \$ 196,714,534 \$ 181,582,647

¹ Represents an arbitrator's stipulated judgment dated April 21, 2003 between the Town of Orange and the City of West Haven (the "City"). The judgment, in the amount of \$2,079,348, represents a 17 year amortization of the prorated costs for improvements to the City's sanitary sewer and treatment system. The amount remaining is \$218,000.

² 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 \$423,692,843.

Source: Town officials.

Capital Leases

As of June 30, 2016, 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:

Overlapping Political Subdivision	Gross Outstanding Indebtedness	Grants Receivable	Net Indebtedness	Percentage Applicable To Town	Applicable to Town Net Indebtedness
Amity School District	\$ 33,370,000	\$ (12,853)	\$ 33,382,853	48.740%	\$ 16,270,803

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

Town of Orange, CT - Finance Department.

Authorized but Unissued Debt

<i>Project</i>	<i>Amount Authorized</i>	<i>Amount Previously Financed</i>	<i>Estimated or Received Grants</i>	<i>This Issue: The Bonds</i>	<i>Authorized but Unissued</i>
Road Paving*	\$ 3,300,000	\$ -	\$ -	\$ 1,773,273	\$ 1,526,727
Police Communication Console*	600,000	-	-	600,000	-
HPCC South Wing Base Cost*	462,453	-	-	462,453	-
Turkey Hill School Parking*	404,000	-	-	404,000	-
Police, Fire & Highway Department Paving*	294,000	-	-	294,000	-
Derby Milford Road Bridge*	4,500,000	-	2,250,000	250,000	2,000,000
AAON Pool Dehumidifier*	200,000	-	-	200,000	-
Contingency, Financing and Costs*	734,273	-	-	134,000	600,273
Library Exterior Renovations*	119,000	-	-	119,000	-
HPCC North Corridor*	88,274	-	-	88,274	-
Generator for Police Department*	75,000	-	-	75,000	-
ADA Project Turkey Hill School*	250,000	-	-	-	250,000
Board of Education Facility Improvements	8,038,000	6,336,000	1,453,660	-	248,340
Derby Milford Road*	2,830,000	-	2,830,000	-	-
Race Brook School Parking*	343,000	-	-	-	343,000
Pool Locker Rooms*	450,000	-	-	-	450,000
Wolf Park Driveway*	300,000	-	300,000	-	-
Totals.....	\$ 22,988,000	\$ 6,336,000	\$ 6,833,660	\$ 4,400,000	\$ 5,418,340

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

Principal Amount of Outstanding General Fund Debt Last Five Fiscal Years

<i>Fiscal Year Ending 6/30</i>	<i>2016</i>	<i>2015</i>	<i>2014</i>	<i>2013</i>	<i>2012</i>
Short-Term Debt	\$ 810,000	\$ 1,702,000	\$ 7,927,000	\$ -	\$ -
Long-Term Debt	26,005,000	28,045,000	21,470,000	18,405,000	20,080,000
Total	\$ 26,815,000	\$ 29,747,000	\$ 29,397,000	\$ 18,405,000	\$ 20,080,000

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

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

<i>Fiscal Year Ended 6/30</i>	<i>Net Assessed Value</i>	<i>Estimated Full Value</i>	<i>Net Long-Term Debt ¹</i>	<i>Ratio of Net Long-Term Debt to Assessed Value</i>	<i>Ratio of Net Long-Term Debt to Estimated Full Value</i>	<i>Population ²</i>	<i>Net Long-Term Debt per Capita</i>	<i>Ratio of Net Long-Term Debt per Capita to Per Capita Income ³</i>
2016	\$ 1,922,639,000	\$ 2,746,627,143	\$ 45,534,969	2.37%	1.66%	13,946	\$ 3,265.09	6.56%
2015	1,915,681,000	2,736,687,143	49,835,359	2.60%	1.82%	13,946	3,573.45	7.18%
2014	1,895,946,000	2,708,494,286	45,972,932	2.42%	1.70%	13,946	3,296.50	6.62%
2013	1,785,095,000	2,550,135,714	40,409,048	2.26%	1.58%	13,946	2,897.54	5.82%
2012	1,753,472,000	2,504,960,000	42,868,565	2.44%	1.71%	13,946	3,073.90	6.18%

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

² U.S. Census Bureau, American Community Survey, 2011-2015.

³ U.S. Census Bureau, American Community Survey, 2011-2015: Income Per Capita \$49,776.

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

<i>Fiscal Year</i>		<i>Total</i>	<i>Ratio of Debt</i>
<i>Ended</i>	<i>Total Debt</i>	<i>General Fund</i>	<i>Service To</i>
<i>6/30</i>	<i>Service</i>	<i>Expenditures</i> ^{1,2}	<i>General Fund</i>
			<i>Expenditures (%)</i>
2017 ³	\$ 2,543,065	\$ 66,260,039	3.84%
2016	2,971,710	67,606,570	4.40%
2015	2,835,791	63,611,467	4.46%
2014	2,473,769	65,037,810	3.80%
2013	2,448,415	60,756,347	4.03%
2012	2,181,092	58,478,795	3.73%
2011	2,172,711	56,938,073	3.82%
2010	2,195,433	55,753,354	3.94%
2009	2,257,466	56,044,564	4.03%

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

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

³ Subject to audit (budgetary basis).

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V. Financial Administration

Accounting Policies

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

Basis of Accounting

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

Audit

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

The most recent annual audit covers the fiscal year ended June 30, 2016, a portion of which is included in this document and made a part hereof as Appendix A. Included in Appendix A are Independent Auditor's Report, Management's Discussion and Analysis, the Town's Basic Financial Statements to the Financial Statements, together with the report of the independent auditor as prepared by Seward and Monde, Independent Certified Public Accountants. The information contained in "Appendix A" is not the whole audit report. A full report is available from the Director of Finance and Administration, Town of Orange, upon request.

Budgetary Procedures

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 not later than the 14th day of 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 of Orange has two defined pension plans, the Town of Orange Municipal Plan and the Town of Orange Police Plan, which cover all employees hired before January 1, 2000. Town and Police employees hired after that date are covered by a defined contribution plan. (401(a)) which carries no future funding liability for the Town. Teachers are covered by the State of Connecticut Teachers' Retirement Fund. It is the policy of the Town to have annual actuarial valuations prepared. The Town has budgeted the full Actuarially Determined Contribution for Fiscal Years 2016-17 and 2017-18. The latest actuarial valuation data refers to the plan year beginning January 1, 2016 and is listed below:

Schedule of Funding Progress

	<i>Actuarial Value of Plan Assets</i>	<i>Actuarial Accrued Liability</i>	<i>Unfunded Actuarial Liability</i>	<i>Actuarial Value of Assets as a Percentage of Actuarial Accrued Liability</i>	<i>Annual Covered Payroll</i>	<i>Unfunded Actuarial Accrued Liability as Percentage of Annual Covered Payroll</i>
<i>Labor Group</i> ¹	<i>(a)</i>	<i>(b)</i>	<i>(c)</i>	<i>(a) / (b)</i>	<i>(d)</i>	<i>(c) / (d)</i>
Town/BOE.....	\$ 8,079,943	\$ 10,725,173	\$ 2,645,230	75.3%	\$ 729,207	362.8%
Police.....	16,062,069	23,497,435	7,435,366	68.4%	1,316,325	564.9%
Total.....	\$ 24,142,012	\$ 34,222,608	\$ 10,080,596	70.5%	\$ 2,045,532	492.8%

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

Schedule of Employer Contributions

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

¹ Budgetary Basis. Subject to audit.

Source: Annual Audit Reports. Finance Department.

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

Other Post Employment Benefits

The Town provides post-retirement medical and dental benefits to eligible retirees and their spouses through a single-employer, contributory, defined benefit OPEB plan. Benefit provisions are established through negotiations between Town and various unions representing the employees. The OPEB plan provides medical and dental coverage to eligible retirees and their spouse. A bi-annual actuarial valuation is made to determine whether the contributions are sufficient to meet the plan obligations. The latest actuarial valuation was performed as of July 1, 2014. The OPEB plan does not issue a separate, stand-alone financial report.

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

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

As of July 1, 2014, membership in the plan consisted of 247 active members and 97 retirees and dependents for a total of 344 members. The Town's annual OPEB cost (expense) is calculated based on the Annual Required Contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if it were paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The actuarial accrued liability as of July 1, 2014 was \$30,453,882. The Town contribution for fiscal year 2015-16 was \$954,354 or 38.0% of the ARC. This figure represents the estimated cost of providing post-employment healthcare benefits to covered retirees and their dependents.

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

Investment Policies and Procedures

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

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

Assessment Practices

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

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

The Town of Orange last completed a physical revaluation of its real property effective October 1, 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.

Connecticut General Statutes Section 12-71e, as amended, allows municipalities to tax motor vehicles at a different rate than other taxable property, but caps the motor vehicle tax rate at 32.00 mills for the assessment year commencing October 1, 2016, and each assessment year thereafter. Section 4-66f of the General Statutes, as amended, diverts a portion of state collected sales tax revenue to provide funding to municipalities to mitigate the revenue loss attributed to the motor vehicle property tax cap. The City's motor vehicle tax rates for the current 2016 assessment year is 33.28 mills.

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

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

Section 12-124a of the Connecticut General Statutes permits a municipality, upon approval by its legislative body, to abate property taxes on owner-occupied residences to the extent that the taxes exceed eight percent of the owner's total

income, from any source, adjusted for self-employed persons to reflect expenses allowed in determining adjusted gross income. The owner must agree to pay the amount of taxes abated with interest at 6% per annum, or at such rate approved by the legislative body, at such time that the residence is sold or transferred or on the death of the last surviving owner. A lien for such amounts is recorded in the land records but does not take precedence over any mortgage recorded before the lien.

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

Tax Collection Procedure

Connecticut General Statutes Section 4-66l, as amended (“Section 4-66l”), creates certain disincentives on increasing adopted budget expenditures for municipalities in Connecticut. Beginning in fiscal year 2018, the Office of Policy and Management (“OPM”) must reduce the amount of the municipal revenue sharing grant for those municipalities whose increase in its adopted budget expenditures, with certain exceptions, exceed the spending limit specified in the general statutes. The reduction to the municipal revenue sharing grant will generally equal 50 cents for every dollar by which the municipality’s adopted budget exceeds the expenditure cap. A municipality whose population increased from the previous fiscal year, as determined by OPM, may increase its adopted budget expenditures over the expenditure cap by an amount proportionate to its population growth. Section 4-66l requires each municipality to annually certify to the Secretary of OPM whether the municipality has exceeded the spending limit, and if so, the amount by which the limit was exceeded.

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

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Property Tax Levies and Collections

Grand List as of 10/1	Fiscal Year Ended 6/30	Net Taxable Grand List (000's)	Mill Rate	Adjusted Annual Levy (000's)	Percent of Annual Levy Collected at End of Fiscal Year	Uncollected	
						Percent of Annual Levy Uncollected at End of Fiscal Year	Percent of Annual Levy Uncollected as of 4/30/17
2015	2017	\$ 1,941,613	32.20	\$ 62,465	IN COLLECTION		
2014	2016	1,922,639	31.40	60,319	99.4%	0.6%	0.3%
2013	2015	1,915,681	30.80	58,732	99.3%	0.7%	0.2%
2012 ¹	2014	1,895,946	30.50	57,604	99.1%	0.9%	0.0%
2011	2013	1,785,095	31.20	54,607	99.3%	0.7%	0.2%
2010	2012	1,753,472	30.20	51,781	99.2%	0.8%	0.0%
2009	2011	1,755,214	29.30	50,971	99.1%	0.9%	0.0%
2008	2010	1,751,241	26.10	49,089	98.9%	0.9%	0.0%
2007	2009	1,735,333	27.94	48,483	99.2%	0.8%	--
2006 ²	2008	1,574,579	29.90	47,247	99.3%	0.7%	--

¹ Revaluation.

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

Source: Collector of Revenue, Town of Orange.

Comparative Assessed Valuations

Grand List as of 10/1	Real Property	Personal Property	Motor Vehicle	Gross Taxable		Less		Net Taxable	
				Grand List (000's)	Exemptions (000's)	Grand List (000's)	Percent Change	Grand List (000's)	Percent Change
2016	86.4%	7.3%	6.3%	\$ 2,148,637	\$ 181,242	\$ 1,967,395	1.3%		
2015	86.8%	6.9%	6.3%	2,116,779	175,166	1,941,613	1.0%		
2014	87.3%	6.4%	6.3%	2,096,795	174,156	1,922,639	0.4%		
2013	87.0%	6.2%	6.8%	2,086,904	171,223	1,915,681	1.0%		
2012 ¹	87.7%	5.6%	6.7%	2,057,745	161,799	1,895,946	6.2%		
2011	90.2%	4.3%	5.5%	2,223,442	438,347	1,785,095	1.8%		
2010	90.4%	4.3%	5.3%	2,186,194	432,722	1,753,472	-0.1%		
2009	90.4%	4.5%	5.2%	2,190,165	434,950	1,755,214	0.2%		
2008	90.3%	4.5%	5.2%	2,184,340	433,099	1,751,241	0.9%		
2007	90.7%	3.8%	5.5%	2,168,085	432,752	1,735,333	10.2%		

¹ Revaluation.

Source: Tax Assessor, Town of Orange.

Residential Real Property - Breakdown

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

Grand List as of 10/1	Residential Property (000s)	Commercial Property (000s)	Industrial Property (000s)	Other Property (000s)	Total Real Property (000s)
2016	\$ 1,246,796	\$ 302,273	\$ 91,022	\$ 55,275	\$1,695,366
2015	1,235,663	300,673	88,707	53,445	1,678,488
2014	1,227,821	300,723	89,849	53,429	1,671,822
2013	1,220,787	307,362	89,736	53,103	1,670,988
2012	1,213,868	312,414	88,356	53,771	1,668,409
2011	1,500,290	378,245	82,239	44,025	2,004,799
2010	1,494,217	357,707	82,877	41,504	1,976,305
2009	1,488,308	353,881	84,030	52,687	1,978,905
2008	1,485,486	357,510	86,691	42,117	1,971,803
2007	1,478,395	355,868	87,011	44,383	1,965,657

Source: Tax Assessor, Town of Orange.

Exempt Property

Public	Assessed Value 10/1/16 ¹
State of Connecticut	\$ 3,032,100
Town of Orange	85,632,200
South Central Connecticut Regional Water Authority	1,214,930
Sub-Total Public	\$ 89,879,230
Private	
Federal	\$ 6,072,300
Educational	5,479,600
Cemeteries	2,818,500
Churches	24,201,200
Private College.....	31,156,800
Sub-Total Private	69,728,400
Total Exempt	\$ 159,607,630
Percent Compared to Net Taxable Grand List	8.1%

¹ Based on a Net Taxable Grand List for October 1, 2016 of \$1,967,395,000.

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, 2016:

<i>Taxpayer</i>	<i>Nature of Business</i>	<i>Assessment</i>	<i>Percent of Net Taxable Grand List ¹</i>
United Illuminating.....	Public Utility	\$ 110,472,370	5.62%
Connecticut Light & Power Co.	Electric Company	22,581,410	1.15%
Wu/LH, LLC c/o Lighthouse Real Estate Ventures Inc. ...	Real Estate	19,022,900	0.97%
Fairfield Grand Reserve LLC.....	Apartments	15,889,970	0.81%
Orange Plaza LLC.....	Retail	13,044,240	0.66%
R & F Orange LLC	Retail	12,615,300	0.64%
Southern Connecticut Gas Co.	Public Utility	11,848,650	0.60%
Inland Western 440 Boston Post Road.....	Retail	9,725,490	0.49%
Lowe's.....	Home Improvement	9,403,490	0.48%
Orange Improvement Partnership.....	Retail	8,366,700	0.43%
Total		\$ 232,970,520	11.84%

¹ Based on the October 1, 2016 Net Taxable Grand List in the Amount of \$1,967,395,000.

Source: Tax Assessor, Town of Orange.

Intergovernmental Revenues

<i>Fiscal Year</i>	<i>General Fund Revenues</i>	<i>Intergovernmental Revenues</i>	<i>Intergovernmental Revenues as a % of General Fund Revenues</i>
2017 ¹	\$ 66,260,039	\$ 2,069,569	3.12%
2016	67,324,863	5,118,888	7.60%
2015	64,900,497	4,620,212	7.12%
2014	64,537,515	4,956,456	7.68%
2013	62,872,471	5,026,798	8.00%
2012	58,516,854	4,104,403	7.01%
2011	56,177,870	3,244,842	5.78%
2010	54,201,378	3,132,553	5.78%
2009	53,762,188	3,608,336	6.71%
2008	57,410,251 ²	7,983,622 ²	13.91%

¹ Budgetary Basis. Subject to audit.

² 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</i> <i>6/30/2016</i>	<i>Actual</i> <i>6/30/2015</i>	<i>Actual</i> <i>6/30/2014</i>	<i>Actual</i> <i>6/30/2013</i>	<i>Actual</i> <i>6/30/2012</i>
Assets:					
Cash and cash equivalents.....	\$ 11,224,987	\$ 10,275,712	\$ 7,013,023	\$ 5,650,012	\$ 4,041,111
Net taxes receivable.....	522,780	655,087	614,215	662,082	665,543
Other receivables.....	-	-	-	-	-
Due from other funds.....	299,228	225,993	1,984,448	2,725,932	2,182,358
Due from other governments.....	-	71,322	-	655,238	384,590
Investments.....	685,625	683,643	682,615	681,671	680,598
Prepaid expense.....	13,400	13,400	13,400	13,400	22,377
Total Assets	12,746,020	11,925,157	10,307,701	10,388,335	7,976,577
Liabilities:					
Accounts Payable	1,056,949	843,201	724,366	512,800	302,809
Deferred Revenue	-	-	-	429,845	456,202
Total Liabilities	1,056,949	843,201	724,366	942,645	759,011
Deferred Inflows of Resources:					
Unavailable Revenue - Property Taxes	440,046	420,575	421,226	-	-
Total Deferred Inflows of Resources	440,046	420,575	421,226	-	-
Fund Balance					
Nonspendable.....	13,400	13,400	13,400	13,400	22,377
Assigned.....	1,265,994	1,232,715	993,680	824,543	463,446
Unassigned.....	9,970,631	9,415,266	8,155,029	8,607,747	6,731,743
Total Fund Balance	11,250,025	10,661,381	9,162,109	9,445,690	7,217,566
Total Liabilities and Fund Balance	\$ 12,747,020	\$ 11,925,157	\$ 10,307,701	\$ 10,388,335	\$ 7,976,577

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

	Proposed Budget 6/30/2018 ¹	Adopted Budget 6/30/2017 ¹	Actual 6/30/2016	Actual 6/30/2015	Actual 6/30/2014	Actual 6/30/2013
Revenues:						
Property Taxes	\$64,033,288	\$61,302,541	\$ 60,181,712	\$ 58,574,393	\$ 57,532,821	\$ 55,866,780
Interest and lien fees.....	100,000	200,000	192,470	255,785	277,462	285,234
Licenses, permits, fees and fines.....	838,700	802,850	915,147	660,696	880,769	729,348
Intergovernmental	1,231,237	2,069,569	5,118,888	4,620,212	4,956,456	5,026,798
Program Revenue.....	720,050	616,350	211,777	200,762	214,809	225,981
Investment Income	100,000	56,375	46,131	31,463	35,617	42,646
Charges for facilities and services	136,000	165,600	67,278	73,530	37,536	31,467
Miscellaneous	908,373	1,046,754	591,460	483,656	602,045	664,217
Total Revenues	68,067,648	66,260,039	67,324,863	64,900,497	64,537,515	62,872,471
Expenditures:						
Current:						
General government.....	2,295,538	2,374,363	2,107,028	2,010,403	1,921,282	2,072,659
Public safety.....	6,481,616	6,375,101	6,231,167	5,647,497	5,608,198	5,323,496
Public works and sanitation.....	3,661,752	3,591,009	3,197,840	3,074,000	3,620,249	3,380,614
Culture and recreation.....	1,418,692	1,410,105	1,285,235	1,213,840	1,218,113	1,210,618
Health and welfare	1,020,399	1,003,600	1,007,143	896,903	849,509	880,865
Employee benefits.....	5,851,048	5,704,115	4,879,837	4,593,697	4,834,541	4,499,001
Education (Town & Amity Share).....	44,161,131	42,605,801	44,175,681	42,516,288	41,961,871	40,376,009
Other.....	458,057	446,880	378,383	352,860	414,759	322,457
Debt service.....	2,636,115	2,543,065	2,971,710	2,835,791	2,473,769	2,448,415
Capital outlays.....	83,300	206,000	843,231	470,188	181,804	242,213
Total Expenditures	68,067,648	66,260,039	67,077,255	63,611,467	63,084,095	60,756,347
Excess (deficiency) of revenues over expenditures.....	-	-	247,608	1,289,030	1,453,420	2,116,124
Other financing sources (uses):						
Refunding Bond Proceeds	-	-	-	-	-	112,000
Bond Premiums/Accrued Interest.....	-	-	-	-	-	-
Payment to Refunded Bond Escrow	-	-	-	-	-	-
Proceeds from Capital Lease	-	-	-	-	-	-
Transfer in	-	-	870,351	210,242	216,714	-
Transfer out	-	-	(529,315)	-	(1,953,715)	-
Net other financing sources (uses)	-	-	341,036	210,242	(1,737,001)	112,000
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	-	588,644	1,499,272	(283,581)	2,228,124
Fund Balance, July 1.....	N/A	N/A	10,661,381	9,162,109	9,445,690	7,217,566
Fund Balance, June 30	N/A	N/A	\$ 11,250,025	\$ 10,661,381	\$ 9,162,109	\$ 9,445,690
Operating Revenues	N/A	N/A	\$ 67,324,863	\$ 64,900,497	\$ 64,537,515	\$ 62,872,471
Fund Balance as % of General Fund Revenues....	N/A	N/A	16.7%	16.4%	14.2%	15.0%

¹ Subject to audit.

² 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 winning bidder will be furnished the following documents when the Bonds are delivered:

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

The Town of Orange has prepared an Official Statement for the Bonds, which is dated June 27, 2017. 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. The copies of the Official Statement will be made available to the winning purchaser within seven business days of the bid opening. If the Town's Municipal Advisor, Phoenix Advisors, LLC, is provided with the necessary information from the winning purchaser by noon of the day following the day bids on the Bonds are received, the copies of the Official Statement will include an additional cover page and other pages indicating the interest rates, ratings, yields or reoffering prices, the name of the managing underwriter, the name of the insurer, if any, and any changes on the Bonds. The purchaser shall arrange with the Municipal Advisor the method of delivery of the copies of the Official Statement to the purchaser. Additional copies of the Official Statement may be obtained by the purchaser at its own expense by arrangement with the printer.

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

Concluding Statement

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

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

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

TOWN OF ORANGE, CONNECTICUT

James M. Zeoli

JAMES M. ZEOLI

First Selectman

Arthur B. Williams, III

ARTHUR B. WILLIAMS, III

Town Treasurer

John M. Cifarelli

JOHN M. CIFARELLI

Director of Finance

June 27, 2017

Appendix A

2016 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, 2016. The supplemental data which was a part of that report has not been reproduced herein. A copy of the complete report is available upon request from Matthew A. Spoerndle, Senior Managing Director, Phoenix Advisors LLC, 53 River Street, Suite 1, Milford, Connecticut 06460. Telephone (203) 878-4945.

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SEWARD AND MONDE

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

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Orange, Connecticut (the Town) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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



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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Orange, Connecticut, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended, in conformity with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

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

Other Information

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

The combining and individual nonmajor fund financial statements, schedule of property taxes levied, collected and outstanding, the schedule of debt limitation and the schedule of expenditures of state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures,

including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2016 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Seward and Monde

North Haven, Connecticut
December 19, 2016

TOWN OF ORANGE, CONNECTICUT MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2016

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, 2016. The intent of this discussion and analysis is to look at the Town's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the Town's financial performance.

Financial Highlights

- On a government-wide basis, the assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$38,677,563. Of this amount, \$4,881,682 (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 decreased by \$616,629 or 1.6%.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$16,633,147, a decrease of \$2,029,006 in comparison with the prior year. Approximately 59.5% of this amount (\$9,894,121) 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 \$1,265,994 which was for encumbrances. Unassigned fund balance for the General Fund was \$9,970,631 or approximately 15.4% of total general fund budgetary expenditures (\$64,806,883).
- The town's governmental bonded debt decreased by \$2,040,000 during the current fiscal year due to scheduled principal payments. In addition, the Town has bond anticipation notes outstanding in the amount of \$810,000.

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

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

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

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

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

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

Fund Financial Statements

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

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

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

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

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

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

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

The Town of Orange maintains two (2) individual proprietary funds and two (2) internal service funds. Information is presented in separate columns in the Proprietary Funds statement of net position, in the Proprietary Funds statement of revenues, expenses, and changes in net position, and the Proprietary

Funds statement of cash flows for the following funds: The Water Pollution Control Authority Fund and Congregate Elderly Housing Fund which are considered major funds.

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

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

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

The basic fiduciary fund financial statements can be found on pages 23 - 24 of this report with more detailed information in the notes to the financial statements on pages 50 - 63 and in the required supplementary information on pages 70 - 74.

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

Other Information

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

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

Government-wide Financial Analysis

The table below provides a summary of the Town's net assets for 2015 and 2016.

Statement of Net Position (in 000's)

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Assets						
Current and other assets	\$ 21,608	\$ 24,205	\$ 1,403	\$ 1,167	\$ 23,011	\$ 25,372
Noncurrent assets	726	710	3,358	3,348	4,084	4,058
Capital assets	55,088	53,090	6,261	6,282	61,349	59,372
Total assets	77,422	78,005	11,022	10,797	88,444	88,802
Deferred outflow of resources						
Deferred charge related						
to pensions	2,796	1,362	-	-	2,796	1,362
Deferred charge on						
refunding	141	168	-	-	141	168
	2,937	1,530	-	-	2,937	1,530
Liabilities						
Long-term liabilities	46,749	44,534	490	527	47,239	45,061
Other Liabilities	4,407	5,676	843	295	5,250	5,971
Total liabilities	51,156	50,210	1,333	822	52,489	51,032
Deferred inflow of resources						
Deferred charge related						
to pensions	215	6	-	-	215	6
Net Position						
Net investment in capital						
assets	27,508	22,547	6,261	6,282	33,769	28,829
Restricted	27	41			27	41
Unrestricted	1,453	6,731	3,428	3,693	4,881	10,424
Total net position	\$ 28,988	\$ 29,319	\$ 9,689	\$ 9,975	\$ 38,677	\$ 39,294

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2016 the Town's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$38,677,563. At year-end, net positions were \$28,988,278 and \$9,689,285 for the governmental activities and the business-type activities, respectively.

Capital assets reported on the government-wide statements represent the largest portion of the Town's net assets. At year-end, capital assets represented 69.4% 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 2015 and 2016:

Statement of Activities (in 000's)						
	Governmental Activities			Business-Type Activities		
	2016	2015	Change	2016	2015	Change
Revenues:						
Program Revenues:						
Charges for services	\$ 5,130	\$ 5,004	\$ 126	\$ 1,139	\$ 1,074	\$ 65
Operating grants and contributions	2,620	2,477	143	338	318	20
Capital grants and contributions	541	536	5	305	796	(491)
General revenues:						
Property taxes	60,525	58,961	1,564	-	-	-
Grants and contributions not restricted to specific programs	965	536	429	-	-	-
Unrestricted investment earnings	55	51	4	10	5	5
Miscellaneous	134	511	(377)	28	20	8
Total revenues	<u>69,970</u>	<u>68,076</u>	<u>1,894</u>	<u>1,820</u>	<u>2,213</u>	<u>(393)</u>
Program expenses:						
General government	2,261	2,169	92	-	-	-
Public safety	6,565	5,904	661	-	-	-
Public works and sanitation	3,871	3,929	(58)	-	-	-
Culture and recreation	2,122	2,085	37	-	-	-
Health and welfare	2,148	2,040	108	-	-	-
Orange Board of Education	21,054	21,515	(461)	-	-	-
Amity Regional School District	22,443	21,800	643	-	-	-
Sewer	-	-	-	1,203	973	230
Elderly housing	-	-	-	902	914	(12)
Other	8,954	7,215	1,739	-	-	-
Interest on long-term debt	883	937	(54)	-	-	-
Total program expenses	<u>70,301</u>	<u>67,594</u>	<u>2,707</u>	<u>2,105</u>	<u>1,887</u>	<u>218</u>
Increase (decrease) in net position	<u>(\$ 331)</u>	<u>\$ 482</u>	<u>(\$ 813)</u>	<u>(\$ 285)</u>	<u>\$ 326</u>	<u>(\$ 611)</u>

Governmental Activities

Governmental activities decreased in 2016. The main reason for the decrease in net position of the Town is the increase in public safety, education, and employee benefit costs.

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

	Year Ended June 30, 2016		Year Ended June 30, 2015	
	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
Education	\$ 43,496,942	\$ 40,234,213	\$ 43,315,464	\$ 40,096,456
Public safety	6,565,358	6,069,346	5,904,028	5,519,899
Other	8,954,424	8,813,516	7,215,012	7,084,785
Public works and sanitation	3,870,753	3,232,853	3,928,729	3,109,803
General government	2,260,969	785,299	2,168,856	842,455
Culture and recreation	2,122,369	1,410,153	2,084,784	1,406,528
All others	<u>3,030,715</u>	<u>1,464,829</u>	<u>2,976,622</u>	<u>1,517,361</u>
	<u><u>\$ 70,301,530</u></u>	<u><u>\$ 62,010,209</u></u>	<u><u>\$ 67,593,495</u></u>	<u><u>\$ 59,577,287</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, 2016, the WPCA reported operating revenues of \$639,401 and expenses of \$1,203,430. This program ended fiscal 2016 with an operating loss of \$564,029 mainly due to depreciation and higher fees to the City of West Haven.

During the year ended June 30, 2016, the Congregate Elderly Housing reported operating and nonoperating revenues of \$1,063,878 and expenses of \$902,441. This program ended fiscal 2016 with a change in net position of \$161,437 mainly due to a capital grant of \$225,708.

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, 2016, the Town's governmental funds reported combined fund balances of \$16,633,147, a decrease of \$2,029,006 in comparison with the prior year. The most significant reason for the decrease was capital expenditures related to ongoing bonded capital projects. Of this total amount, \$40,024 is nonspendable, \$3,781,612 is restricted by governmental grants or other legal restrictions, \$1,051,609 is committed to various projects, and \$1,865,781 is assigned and \$9,894,121 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 \$11,250,025. Approximately 88.6% of this amount (\$9,970,631) 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 (\$1,265,994).

At the end of the current fiscal year, unassigned fund balance of the general fund was \$9,970,631, while total fund balance increased to \$11,250,025. 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 15.3% of total general fund original budgeted expenditures (\$64,988,821), while total fund balance represents approximately 17.3% of that same amount.

The fund balance of the Town's general fund increased by \$588,644 during the current fiscal year. The increase was primarily due to controlled expenditure reductions.

Proprietary Funds

Net position of the proprietary fund, the Town's enterprise funds, reflected a decrease of \$285,880 attributable mainly to the WPCA. The Town's proprietary funds are the Water Pollution Control Authority and Congregate Elderly Housing. See analysis above under business-type activities.

General Fund budgetary highlight

Original budget compared to final budget

There were additional appropriations of \$421,000 needed during the year: \$330,000 was due to the need to hire additional teachers due to an increase in students and \$91,000 for consultants for future capital improvements. There was a need to make an amendment to reallocate appropriations within departments. Generally, the movement of the appropriations was not significant.

Final budget compared to actual results

General property taxes - property tax revenue was \$78,949 less than budgeted due primarily to lower than anticipated overall tax collections. Intergovernmental revenues were \$508,737 higher than budgeted due to a refund from Amity Regional School District. Interest earnings were less than anticipated by \$34,989.

The Town's departments maintained spending within the budgetary limits. Overall, expenditures were \$602,938 under budget largely due to reduced employee benefit costs and a management enacted spending freeze.

The Town's General Fund balance of \$11,250,025 as reported on the Balance Sheet differs from the General Fund's budgetary fund balance. The nature of the difference is primarily attributable to encumbrances that are recognized for budgetary purposes.

Capital Asset and Debt Administration

Capital Assets - At June 30, 2016, the Town had a net balance of \$61,349,062 invested in a broad range of capital assets, including land, buildings, vehicles and equipment, roads, bridges, and a water system. This represents a net increase (including additions and deductions) of \$1,976,701 or approximately 3.3% from the prior year. The increase is the result of additions in excess of depreciation and deletions.

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

	Governmental Activities		Business-type Activities	
	2016	2015	2016	2015
Land	\$ 22,899	\$ 22,579	\$ 19	\$ 19
Construction in progress	8,080	9,749	2,629	2,403
Land improvements	133	25	-	-
Buildings and improvements	13,663	14,256	1,558	1,645
Sewer lines and pump stations	-	-	1,932	2,156
Equipment	2,014	1,946	123	59
Vehicles	627	652	-	-
Infrastructure	7,672	3,883	-	-
	<u>\$ 55,088</u>	<u>\$ 53,090</u>	<u>\$ 6,261</u>	<u>\$ 6,282</u>

Long-term debt

The Town had the following long-term obligations outstanding at June 30, 2016

Long-term debt (in 000's)

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
General obligation bonds	\$ 26,005	\$ 28,045	\$ -	\$ -	\$ 26,005	\$ 28,045
Deferred premium on bonds	886	964	-	-	886	964
Net pension liability	12,448	9,938	-	-	12,448	9,938
Other post-employment benefits	7,745	6,236	-	-	7,745	6,236
Compensated absences	1,358	1,413	-	-	1,358	1,413
Claims and judgments	-	-	527	564	527	564
	<u>\$ 48,442</u>	<u>\$ 46,596</u>	<u>\$ 527</u>	<u>\$ 564</u>	<u>\$ 48,969</u>	<u>\$ 47,160</u>

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

State statutes limit the amount of general obligation debt a governmental entity may issue to seven times its annual tax collections. The current debt limitation for the Town is \$423,692,843 which is significantly in excess of the Town's outstanding general obligation debt, which amounts to \$46,543,357 as of June 30, 2016..

Economic Factors and Next Year's Budgets and Rates

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

The net grand list for October 1, 2015 was \$1,941,613,420 or an increase of .987%, as compared to the October 1, 2014 net grand list. Overall, residential property comprises approximately 70% of the grand list and commercial property comprises the remaining 30%.

The fiscal year 2016-2017 Budget shows an increase of \$1,271,218 or 2.00% over fiscal year 2015-2016. The Town of Orange's annual budget for FY 2016-2017 was proposed by the Board of Finance and adopted at Town Meeting on May 9, 2016 and Referendum on May 19, 2016 at \$66,260,039 with a mill rate of 32.2.

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, 2016

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 20,746,689	\$ 174,652	\$ 20,921,341
Uncollected property taxes and sewer assessments, less allowance of \$68,000 for uncollectibles	522,780	328,240	851,020
Accounts receivable, less allowance of \$61,400 for uncollectibles	303,750	677,567	981,317
Prepaid items	13,400	-	13,400
Due from other governments	22,116	222,760	244,876
Investments	725,958	3,357,771	4,083,729
Capital assets:			
Nondepreciable	22,898,880	18,970	22,917,850
Construction in progress	8,080,410	2,629,055	10,709,465
Depreciable, net of accumulated depreciation	24,108,717	3,613,030	27,721,747
Total assets	<u>77,422,700</u>	<u>11,022,045</u>	<u>88,444,745</u>
DEFERRED OUTFLOW OF RESOURCES			
Deferred charges related to pensions	2,796,083	-	2,796,083
Deferred charge on refundings	141,130	-	141,130
Total deferred outflow of resources	<u>2,937,213</u>	<u>-</u>	<u>2,937,213</u>
LIABILITIES			
Accounts payable and accrued liabilities	1,659,904	636,434	2,296,338
Internal balances	(134,759)	134,759	-
Due to other governments	-	34,939	34,939
Interest payable	309,761	-	309,761
Unearned revenue	69,543	-	69,543
Bond anticipation notes	810,000	-	810,000
Long-term liabilities:			
Due within one year	1,692,638	37,000	1,729,638
Due in more than one year	46,749,265	489,628	47,238,893
Total liabilities	<u>51,156,352</u>	<u>1,332,760</u>	<u>52,489,112</u>
DEFERRED INFLOW OF RESOURCES			
Deferred credits related to pensions	215,283	-	215,283
Total deferred inflow of resources	<u>215,283</u>	<u>-</u>	<u>215,283</u>
NET POSITION			
Net investment in capital assets	27,508,202	6,261,055	33,769,257
Restricted for:			
Nonexpendable permanent endowments	26,624	-	26,624
Unrestricted	1,453,452	3,428,230	4,881,682
Total net position	<u>\$ 28,988,278</u>	<u>\$ 9,689,285</u>	<u>\$ 38,677,563</u>

See notes to basic financial statements.

**TOWN OF ORANGE, CONNECTICUT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016**

Functions/Programs	Expenses	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total	Governmental Activities	Business-Type Activities	Total
Primary government								
Governmental activities								
General government	\$ 2,260,969	\$ 1,253,653	\$ 222,017	\$ -	\$ 1,475,670	(\$ 785,299)	\$ -	(\$ 785,299)
Public safety	6,565,358	369,727	126,285	-	496,012	(6,069,346)	-	(6,069,346)
Public works and sanitation	3,870,753	279,543	282,194	76,163	637,900	(3,232,853)	-	(3,232,853)
Culture and recreation	2,122,369	691,276	20,940	-	712,216	(1,410,153)	-	(1,410,153)
Health and welfare	2,148,002	1,475,167	90,719	-	1,565,886	(582,116)	-	(582,116)
Education:								
Orange Board of Education	21,053,643	919,425	1,878,123	465,181	3,262,729	(17,790,914)	-	(17,790,914)
Amity Regional School District	22,443,299	-	-	-	-	(22,443,299)	-	(22,443,299)
Other	8,954,424	140,908	-	-	140,908	(8,813,516)	-	(8,813,516)
Interest on long-term debt	882,713	-	-	-	-	(882,713)	-	(882,713)
Total governmental activities	<u>70,301,530</u>	<u>5,129,699</u>	<u>2,620,278</u>	<u>541,344</u>	<u>8,291,321</u>	<u>(62,010,209)</u>	<u>-</u>	<u>(62,010,209)</u>
Business-type activities								
Sewer	1,203,430	639,401	-	79,130	718,531	-	(484,899)	(484,899)
Elderly Housing	902,441	499,679	338,447	225,708	1,063,834	-	161,393	161,393
Total business-type activities	<u>2,105,871</u>	<u>1,139,080</u>	<u>338,447</u>	<u>304,838</u>	<u>1,782,365</u>	<u>-</u>	<u>(323,506)</u>	<u>(323,506)</u>
Total primary government	<u>\$ 72,407,401</u>	<u>\$ 6,268,779</u>	<u>\$ 2,958,725</u>	<u>\$ 846,182</u>	<u>\$ 10,073,686</u>	<u>(62,010,209)</u>	<u>(323,506)</u>	<u>(62,333,715)</u>
General revenues:								
Property taxes, levied for general purposes						60,525,436	-	60,525,436
Grants and contributions not restricted to specific programs						965,353	-	965,353
Unrestricted investment earnings						54,693	9,753	64,446
Miscellaneous						133,978	27,873	161,851
Total general revenues						<u>61,679,460</u>	<u>37,626</u>	<u>61,717,086</u>
Change in net position						(330,749)	(285,880)	(616,629)
Net position, beginning						<u>29,319,027</u>	<u>9,975,165</u>	<u>39,294,192</u>
Net position, ending						<u>\$ 28,988,278</u>	<u>\$ 9,689,285</u>	<u>\$ 38,677,563</u>

See notes to basic financial statements.

**TOWN OF ORANGE, CONNECTICUT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016**

	General Fund	Bonded Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 11,225,987	\$ 3,188,281	\$ 2,225,739	\$ 16,640,007
Uncollected property taxes, interest and liens, less allowance of \$68,000 for uncollectibles	522,780	-	-	522,780
Accounts receivable, less allowance of \$56,400 for uncollectibles	-	-	303,750	303,750
Due from other funds	299,228	-	-	299,228
Due from other governments	-	-	22,116	22,116
Investments	685,625	-	40,333	725,958
Prepaid items	13,400	-	-	13,400
Total assets	<u>\$ 12,747,020</u>	<u>\$ 3,188,281</u>	<u>\$ 2,591,938</u>	<u>\$ 18,527,239</u>

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES

LIABILITIES

Accounts payable and accrued liabilities	\$ 1,056,949	\$ 75,515	\$ 87,570	\$ 1,220,034
Due to other funds	-	-	164,469	164,469
Unearned revenue	-	-	69,543	69,543
Total liabilities	<u>1,056,949</u>	<u>75,515</u>	<u>321,582</u>	<u>1,454,046</u>

DEFERRED INFLOWS OF RESOURCES

Unavailable revenue - property taxes	<u>440,046</u>	<u>-</u>	<u>-</u>	<u>440,046</u>
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FUND BALANCES (DEFICITS)

Nonspendable	13,400	-	26,624	40,024
Restricted	-	3,112,766	668,846	3,781,612
Committed	-	-	1,051,609	1,051,609
Assigned	1,265,994	-	599,787	1,865,781
Unassigned	<u>9,970,631</u>	<u>-</u>	<u>(76,510)</u>	<u>9,894,121</u>
Total fund balances (deficits)	<u>11,250,025</u>	<u>3,112,766</u>	<u>2,270,356</u>	<u>16,633,147</u>

Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 12,747,020</u>	<u>\$ 3,188,281</u>	<u>\$ 2,591,938</u>	<u>\$ 18,527,239</u>
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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, 2016

Total fund balances - governmental funds	\$ 16,633,147
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Amounts reported for governmental activities in the statement of net position are different from the governmental funds balance sheet. The details of these differences are as follows:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.	55,088,007
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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	440,046
Deferred charges related to pensions	2,796,083
Deferred charge on refundings	141,130

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.	(309,761)
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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.	3,666,812
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Some long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
General obligation bonds	(26,005,000)
Deferred premium on bonds	(885,935)
Bond anticipation notes	(810,000)
Net pension liability	(12,448,029)
Deferred credits related to pensions	(215,283)
Other post-employment benefits	(7,744,465)
Compensated absences	(1,358,474)

Net position of governmental activities	\$ <u>28,988,278</u>
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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, 2016**

	General Fund	Bonded Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES				
Property taxes	\$ 60,181,712	\$ -	\$ -	\$ 60,181,712
Interest and lien fees	192,470	-	-	192,470
Licenses, permits, fees and fines	915,147	-	-	915,147
Intergovernmental	5,118,888	465,181	832,841	6,416,910
Program revenue	211,777	-	916,695	1,128,472
Investment income	46,131	7,709	853	54,693
Charges for facilities and services	67,278	-	2,500,288	2,567,566
Miscellaneous	591,460	-	186,588	778,048
Total revenues	67,324,863	472,890	4,437,265	72,235,018
EXPENDITURES				
Current operating:				
General government	2,107,028	-	-	2,107,028
Public safety	6,231,167	-	370,836	6,602,003
Public works and sanitation	3,197,840	-	195,913	3,393,753
Culture and recreation	1,285,235	-	635,684	1,920,919
Health and welfare	1,007,143	-	1,324,247	2,331,390
Employee benefits	4,879,837	-	-	4,879,837
Education:				
Orange Board of Education	21,732,382	-	1,311,892	23,044,274
Amity Regional School District	22,443,299	-	-	22,443,299
Town services	378,383	-	-	378,383
Debt service	2,971,710	3,404,000	-	6,375,710
Capital outlay	843,231	2,465,812	-	3,309,043
Total expenditures	67,077,255	5,869,812	3,838,572	76,785,639
Excess (deficiency) of revenues over expenditures	247,608	(5,396,922)	598,693	(4,550,621)
OTHER FINANCING SOURCES (USES)				
Proceeds from general obligation bond anticipation notes	-	2,512,000	-	2,512,000
Premium on general obligation bonds and note	-	9,615	-	9,615
Interfund transfers in	870,351	529,315	-	1,399,666
Interfund transfers out	(529,315)	-	(870,351)	(1,399,666)
Total other financing sources (uses)	341,036	3,050,930	(870,351)	2,521,615
Net change in fund balances	588,644	(2,345,992)	(271,658)	(2,029,006)
Fund balances, beginning	10,661,381	5,458,758	2,542,014	18,662,153
Fund balances, ending	\$ 11,250,025	\$ 3,112,766	\$ 2,270,356	\$ 16,633,147

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, 2016**

Net change in fund balances - governmental funds (\$ 2,029,006)

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

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

Capital outlay	3,535,035
Depreciation expense	(1,469,186)
Loss on disposal	(68,203)

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	19,471
Change in deferred charges related to pensions	1,433,998

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

Principal payments on general obligation bonds	2,040,000
Principal payments on bond anticipation notes	3,404,000
Issuance of bond anticipation notes	(2,512,000)

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

Change in net pension liability	(2,509,878)
Change in deferred credits related to pensions	(209,350)
Change in other post-employment benefits	(1,508,691)
Change in compensated absences	54,920
Change in accrued interest payable	37,047
Amortization of deferred charges on refunding	(26,668)
Amortization of bond premium	78,531

Internal service funds are used by management to charge costs of medical insurance to individual funds.	(600,769)
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Change in net position of governmental activities	(\$ 330,749)
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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, 2016

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Final Budget
Budgetary fund balance, July 1, 2015			\$ 9,428,666	
Revenues				
Property taxes:				
Real property	\$ 51,381,273	\$ 51,381,273	51,430,577	\$ 49,304
Personal property	3,860,383	3,860,383	3,895,398	35,015
Motor vehicle	4,061,475	4,061,475	3,929,323	(132,152)
Supplement motor vehicle	400,000	400,000	489,651	89,651
Prior years	475,000	475,000	436,763	(38,237)
Interest and lien fees	275,000	275,000	192,470	(82,530)
Licenses, permits, fees and fines	916,650	916,650	915,147	(1,503)
Intergovernmental	2,306,500	2,306,500	2,815,237	508,737
Program revenues	316,750	316,750	211,777	(104,973)
Investment income	81,120	81,120	46,131	(34,989)
Charges for facilities and services	17,972	17,972	67,278	49,306
Miscellaneous	756,698	756,698	591,460	(165,238)
Total revenues	<u>64,848,821</u>	<u>64,848,821</u>	<u>65,021,212</u>	<u>172,391</u>
Expenditures				
General government	2,075,009	2,140,294	2,065,179	75,115
Public safety	6,104,534	6,125,132	6,012,198	112,934
Public works and sanitation	3,504,575	3,596,238	3,391,032	205,206
Culture and recreation	1,394,582	1,403,280	1,285,235	118,045
Health and welfare	980,020	1,004,777	1,007,143	(2,366)
Employee benefits	5,075,537	4,955,536	4,826,775	128,761
Education:				
Orange Board of Education	19,280,730	19,610,730	19,597,164	13,566
Amity Regional School District	22,445,094	22,445,094	22,443,299	1,795
Other	447,330	447,330	378,383	68,947
Debt service	3,180,410	3,180,410	2,971,710	208,700
Capital outlay	501,000	501,000	828,765	(327,765)
Total expenditures	<u>64,988,821</u>	<u>65,409,821</u>	<u>64,806,883</u>	<u>602,938</u>
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	<u>(140,000)</u>	<u>(561,000)</u>	<u>214,329</u>	<u>775,329</u>
Other Financing Sources (Uses)				
Interfund transfers in	140,000	140,000	870,351	730,351
Interfund transfers out	-	-	(529,315)	(529,315)
Total other financing sources (uses)	<u>140,000</u>	<u>140,000</u>	<u>341,036</u>	<u>201,036</u>
Net change in fund balance	<u>\$ -</u>	<u>(\$ 421,000)</u>	<u>555,365</u>	<u>\$ 976,365</u>
Budgetary fund balance, June 30, 2016			<u>\$ 9,984,031</u>	

See notes to basic financial statements.

TOWN OF ORANGE, CONNECTICUT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2016

	Business-Type Activities			Governmental Activities
	Water Pollution Control Authority	Congregate Elderly Housing	Total Enterprise Funds	Internal Service Funds
ASSETS				
Current assets:				
Cash and cash equivalents	\$ -	\$ 174,652	\$ 174,652	\$ 4,106,682
Investments	3,357,771	-	3,357,771	-
Accounts receivable, net of allowance for uncollectibles of \$5,000	677,198	369	677,567	-
Due from other governments	-	222,760	222,760	-
Assessments receivable	138,887	-	138,887	-
Total current assets	4,173,856	397,781	4,571,637	4,106,682
Noncurrent assets:				
Assessments receivable	189,353	-	189,353	-
Capital assets:				
Land	-	18,970	18,970	-
Construction in progress	-	2,629,055	2,629,055	-
Buildings and equipment	8,680,104	3,636,008	12,316,112	-
Less, accumulated depreciation	(6,626,992)	(2,076,090)	(8,703,082)	-
Capital assets, net	2,053,112	4,207,943	6,261,055	-
Total noncurrent assets	2,242,465	4,207,943	6,450,408	-
Total assets	6,416,321	4,605,724	11,022,045	4,106,682
LIABILITIES				
Current liabilities:				
Accounts payable and accrued expenses	330,055	306,379	636,434	5,560
Due to other funds	134,759	-	134,759	-
Due to other governments	-	34,939	34,939	-
Claims incurred but not reported	-	-	-	434,310
Claims and judgments	37,000	-	37,000	-
Total current liabilities	501,814	341,318	843,132	439,870
Noncurrent liabilities:				
Claims and judgments, net of current portion	489,628	-	489,628	-
Total noncurrent liabilities	489,628	-	489,628	-
Total liabilities	991,442	341,318	1,332,760	439,870
NET POSITION				
Net investment in capital assets	2,053,112	4,207,943	6,261,055	-
Unrestricted	3,371,767	56,463	3,428,230	3,666,812
Total net position	\$ 5,424,879	\$ 4,264,406	\$ 9,689,285	\$ 3,666,812

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, 2016

	Business-Type Activities			Governmental Activities
	Water Pollution Control Authority	Congregate Elderly Housing	Total Enterprise Funds	Internal Service Funds
OPERATING REVENUES				
Charges for facilities and services	\$ 639,401	\$ 499,679	\$ 1,139,080	\$ 6,267,123
Intergovernmental	-	338,447	338,447	-
Total operating revenues	639,401	838,126	1,477,527	6,267,123
OPERATING EXPENSES				
Personnel services	101,575	217,607	319,182	-
Contractual services	823,776	318,210	1,141,986	939,025
Utilities	20,786	125,746	146,532	-
Repairs and maintenance	12,034	78,603	90,637	-
Other supplies and expenses	4,252	72,129	76,381	-
Insurance claims	-	-	-	5,936,056
Depreciation	241,007	90,146	331,153	-
Total operating expenses	1,203,430	902,441	2,105,871	6,875,081
Operating loss	(564,029)	(64,315)	(628,344)	(607,958)
NONOPERATING REVENUES				
Intergovernmental - capital	-	225,708	225,708	-
Capital assessments	79,130	-	79,130	-
Interest and penalties on assessments	27,873	-	27,873	-
Interest	9,709	44	9,753	7,189
Total nonoperating revenues	116,712	225,752	342,464	7,189
Change in net position	(447,317)	161,437	(285,880)	(600,769)
Net position, beginning	5,872,196	4,102,969	9,975,165	4,267,581
Net position, ending	\$ 5,424,879	\$ 4,264,406	\$ 9,689,285	\$ 3,666,812

See notes to basic financial statements.

**TOWN OF ORANGE, CONNECTICUT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016**

	Business-Type Activities			Governmental Activities
	Water Pollution Control Authority	Congregate Elderly Housing	Total Enterprise Funds	Internal Service Funds
Cash Flows from Operating Activities				
Receipts from customers	\$ 540,396	\$ 500,606	\$1,041,002	\$ 6,267,123
Payments to suppliers	(496,477)	(421,232)	(917,709)	-
Payments to employees	(101,575)	(217,607)	(319,182)	-
Claims paid to outsiders	-	-	-	(5,861,154)
Other receipts (payments)	-	348,409	348,409	(939,025)
Net cash provided (used) by operating activities	(57,656)	210,176	152,520	(533,056)
Cash Flows from Capital and Related Financing Activities				
Acquisition of capital assets	(84,500)	(225,708)	(310,208)	-
Other receipts	97,353	2,948	100,301	-
Payments made on claims and judgments	(37,000)	-	(37,000)	-
Net cash used by capital and related financing activities	(24,147)	(222,760)	(246,907)	-
Cash Flows from Investing Activities				
Purchase of investments	(9,709)	-	(9,709)	-
Interest	37,582	44	37,626	7,189
Net cash provided by investing activities	27,873	44	27,917	7,189
Net change in cash and cash equivalents	(53,930)	(12,540)	(66,470)	(525,867)
Cash and cash equivalents, beginning	53,930	187,192	241,122	4,632,549
Cash and cash equivalents, ending	\$ -	\$ 174,652	\$ 174,652	\$ 4,106,682
Reconciliation of operating loss to net cash provided (used) by operating activities:				
Operating loss	(\$ 564,029)	(\$ 64,315)	(\$ 628,344)	(\$ 607,958)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:				
Depreciation	241,007	90,146	331,153	-
Changes in assets and liabilities:				
Increase in accounts receivable	(99,005)	927	(98,078)	-
Increase in accounts payable and accrued liabilities	229,612	173,456	403,068	5,485
Increase in due to other funds	134,759	-	134,759	-
Increase in due to other governments	-	9,962	9,962	-
Increase in claims incurred but not reported	-	-	-	69,417
Net cash provided (used) by operating activities	(\$ 57,656)	\$ 210,176	\$ 152,520	(\$ 533,056)

See notes to basic financial statements.

TOWN OF ORANGE, CONNECTICUT
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2016

	Pension Trust Funds	Agency Fund
ASSETS		
Cash and cash equivalents	\$ 1,610,962	\$ 212,750
Investments, at fair value	<u>31,957,964</u>	<u>-</u>
	<u>33,568,926</u>	<u><u>\$ 212,750</u></u>
LIABILITIES		
Amounts held for others	<u>-</u>	<u><u>\$ 212,750</u></u>
NET POSITION		
Net position held in trust for pension benefits	<u><u>\$ 33,568,926</u></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, 2016**

	<u>Pension Trust Funds</u>
ADDITIONS	
Contributions:	
Employer	\$ 1,542,947
Plan members	642,345
Total contributions	<u>2,185,292</u>
Investment return:	
Investment income	437,041
Net decrease in the fair value of investments	(1,041,879)
Total investment return	(604,838)
Less investment expenses	24,639
Net investment return	<u>(629,477)</u>
Total additions	<u>1,555,815</u>
DEDUCTIONS	
Pension payments	2,605,926
Administrative expenses	37,924
Total deductions	<u>2,643,850</u>
Change in net position	(1,088,035)
Net position, beginning	<u>34,656,961</u>
Net position, ending	<u><u>\$ 33,568,926</u></u>

See notes to basic financial statements.

**TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

1. Summary of Significant Accounting Policies

A. Financial Reporting Entity

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

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

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

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

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

B. Basis of Presentation

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

TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016
. . . Continued . . .

Government-wide Financial Statements

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

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

Fund Financial Statements

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

The Town reports the following major governmental funds:

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

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

TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016
. . . Continued . . .

The Town of Orange reports the following major enterprise funds:

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

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

Additionally, the Town reports the following fund types:

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

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

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

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

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

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

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

TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016
. . . Continued . . .

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016
. . . Continued . . .

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

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

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

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

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

Cash Equivalents

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

Investments

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

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NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016
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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, 2016, the allowance for uncollectible property taxes is \$68,000.

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

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

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

Prepaid Items

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

Capital Assets

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

TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016
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All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. Interest incurred during the construction of capital assets is also capitalized for business-type activities.

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

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

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

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

Unearned Revenues

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

TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016
. . . Continued . . .

Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town reports unavailable revenues from property taxes in the governmental funds balance sheet. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available. The deferred credit related to pensions reported in the government-wide statement of net position results from differences between expected and actual experience. This amount is deferred and included in pension expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active and inactive employees).

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.

TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016
. . . Continued . . .

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, 2016 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.

Net Pension Liability

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

Long-Term Obligations

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

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

TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016
. . . Continued . . .

Net Position/Fund Balance

Government-wide Financial Statements

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

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

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

Fund Financial Statements

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

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

TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016
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- c. Committed Fund Balance - represents amounts that can only be used for specific purposes pursuant to constraints imposed by resolution of the Town Meeting (the highest level of decision making authority of the Town) and cannot be used for any other purpose unless the Town Meeting removes or changes the specified use by taking the same formal action.
- d. Assigned Fund Balance - represents amounts that are constrained by the government's intent to be used for specific purposes, but are not restricted or committed. Amounts may be constrained to be used for a specific purpose by a governing board or body or official that has been delegated authority to assign amounts by the Board of Finance.
- e. Unassigned Fund Balance - represents fund balance in the General Fund in excess of nonspendable, restricted, committed and assigned fund balance. If another governmental fund has a fund balance deficit, it is reported as a negative amount in unassigned fund balance.

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

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

E. Estimates

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

TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016
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F. Subsequent Events

Management has evaluated subsequent events through December 19, 2016, the date the financial statements were available to be issued.

2. Stewardship, Compliance and Accountability

Budgets and Budgetary Accounting

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

- The Board of Finance develops the budget based on budget requests submitted by the various Town departments. The budget is presented by the Board of Finance at a public meeting held annually in April. After discussion and any necessary changes, the budget is approved at a subsequent Town Meeting in May.
- The Board of Finance is authorized to transfer budgeted amounts within departments and they approve all additions to appropriations.
- The Board of Education is authorized under State law to make any transfers required within their budget at their discretion. Any additional appropriations must have Board of Finance approval.
- Encumbrances are recognized as valid and proper charges against a budget appropriation in the year in which the purchase order, contract or other commitment is issued and, accordingly, are reported as reservations of fund balance at year-end since they do not constitute expenditures or liabilities. Generally, all encumbered appropriations lapse within one year except those that are nonrecurring in nature.
- Additional appropriations of \$421,000 were made during the year for Board of Education teachers (\$330,000), Planning and Zoning consulting fees (\$16,000) and Derby-Milford Road bridge engineering (\$75,000).

TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016
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General Fund

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

	<u>Revenues and Transfers in</u>	<u>Expenditures and Transfers Out</u>	<u>Fund Balance</u>
Budgetary basis	\$ 65,891,563	\$ 65,336,198	\$ 9,984,031
Encumbrances:			
Prior year encumbrances liquidated or lapsed during the year	-	663,707	-
Prior year encumbrances outstanding	-	-	569,008
Current year encumbrances outstanding	-	(696,986)	696,986
State on-behalf payments for teachers' retirement	<u>2,303,651</u>	<u>2,303,651</u>	<u>-</u>
GAAP Basis	<u>\$ 68,195,214</u>	<u>\$ 67,606,570</u>	<u>\$11,250,025</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, 2016
. . . Continued . . .

3. Cash and Cash Equivalents and Investments

The Town's cash and cash equivalents and investments balances as of June 30, 2016 were:

	Government-wide Statement of Net Position	Fiduciary Funds Statement of Net Position	Total
Cash and cash equivalents	\$ 20,921,341	\$ 1,823,712	\$ 22,745,053
Investments	4,083,729	31,957,964	36,041,693
Total	<u>\$ 25,005,070</u>	<u>\$ 33,781,676</u>	<u>\$ 58,786,746</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, 2016, \$20,675,566 of the Town's bank balance of \$21,647,661 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 18,608,009
Uninsured and collateral held by pledging bank's trust department not in the Town's name	<u>2,067,557</u>
Total amount subject to credit risk	<u>\$ 20,675,566</u>

Investments

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

TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016
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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, 2016 consisted of the following:

	Carrying and Fair Value	Investment Maturities (In Years)
Treasurer's Short-Term Investment Fund	\$ 4,043,396	N/A
U.S. Treasury Bond	40,333	5
Money market mutual funds	107,149	N/A
Fixed income mutual funds	9,059,132	N/A
Equity mutual funds	<u>22,791,683</u>	N/A
Total investments	<u>\$ 36,041,693</u>	

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

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

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

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

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

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

TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016
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Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities where the organization has the ability to access at the measurement date;

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

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

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

The Town's investments are measured on a recurring basis using Level 1 information (market quotations for investments that have quoted prices in active markets). The Town has no financial assets measured using Level 2 or Level 3 at June 30, 2016.

4. Interfund Transactions

Interfund Balances

Interfund balances consisted of the following at June 30, 2016, as reported in the fund financial statements:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
Major Funds:		
General Fund	\$ 299,228	\$ -
Water Pollution Control Authority	-	134,759
Nonmajor funds (aggregate)	<u>-</u>	<u>164,469</u>
Total	<u><u>\$ 299,228</u></u>	<u><u>\$ 299,228</u></u>

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

TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016
. . . Continued . . .

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

Interfund Transfers

Interfund transfers for the year ended June 30, 2016, consisted of the following, as reported in the fund financial statements:

	<u>Transfers From</u>	<u>Transfers To</u>
Governmental Funds:		
General Fund	\$ 529,315	\$ 870,351
Bonded Capital Projects	-	529,315
Nonmajor funds - aggregate	<u>870,351</u>	<u>-</u>
	<u><u>\$ 1,399,666</u></u>	<u><u>\$ 1,399,666</u></u>

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

TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016
. . . Continued . . .

5. Capital Assets

Capital asset activity for the year ended June 30, 2016 was as follows:

	Beginning Balance	Additions\ Transfers	Disposals\ Transfers	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 22,578,880	\$ 320,000	\$ -	\$ 22,898,880
Construction in progress	9,748,872	2,442,191	(4,110,653)	8,080,410
 Total capital assets not being depreciated	 32,327,752	 2,762,191	 (4,110,653)	 30,979,290
Capital assets, being depreciated:				
Land improvements	577,594	225,106	-	802,700
Buildings and improvements	37,511,565	-	-	37,511,565
Equipment	8,216,603	333,184	(176,069)	8,373,718
Vehicles	3,121,584	214,554	(1,114,553)	2,221,585
Infrastructure	14,817,714	4,110,653	-	18,928,367
 Total capital assets being depreciated	 64,245,060	 4,883,497	 (1,290,622)	 67,837,935
Less, accumulated depreciation for:				
Land improvements	553,170	116,995	-	670,165
Buildings and improvements	23,254,642	594,407	-	23,849,049
Equipment	6,270,837	255,180	(166,648)	6,359,369
Vehicles	2,469,084	180,823	(1,055,771)	1,594,136
Infrastructure	10,934,718	321,781	-	11,256,499
 Total accumulated depreciation	 43,482,451	 1,469,186	 (1,222,419)	 43,729,218
 Total capital assets being depreciated, net	 20,762,609	 3,414,311	 (68,203)	 24,108,717
 Governmental activities capital assets, net	 \$ 53,090,361	 \$ 6,176,502	 (\$ 4,178,856)	 \$ 55,088,007

TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016
. . . Continued . . .

	Beginning Balance	Additions	Disposals	Ending Balance
Business-Type Activities:				
Capital assets, not being depreciated:				
Land	\$ 18,970	\$ -	\$ -	\$ 18,970
Construction in progress	2,403,347	225,708	-	2,629,055
	<u>2,422,317</u>	<u>225,708</u>	<u>-</u>	<u>2,648,025</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	449,372	84,500	-	533,872
Total capital assets being depreciated	<u>12,231,612</u>	<u>84,500</u>	<u>-</u>	<u>12,316,112</u>
Less, accumulated depreciation for:				
Buildings and improvements	1,821,617	86,981	-	1,908,598
Sewer lines and pump stations	6,159,322	224,529	-	6,383,851
Equipment	390,990	19,643	-	410,633
Total accumulated depreciation	<u>8,371,929</u>	<u>331,153</u>	<u>-</u>	<u>8,703,082</u>
Total capital assets being depreciated, net	<u>3,859,683</u>	<u>(246,653)</u>	<u>-</u>	<u>3,613,030</u>
Business-type activities capital assets, net	<u>\$ 6,282,000</u>	<u>(\$ 20,945)</u>	<u>\$ -</u>	<u>\$ 6,261,055</u>

TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016
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Depreciation expense was charged to programs/functions as follows:

Governmental Activities:	
General Government	\$ 127,273
Public Safety	209,888
Public Works and Sanitation	477,000
Culture and Recreation	291,529
Health and Welfare	23,016
Education	<u>340,480</u>
Total depreciation expense in governmental activities	<u><u>\$ 1,469,186</u></u>
Business-type Activities:	
Water Pollution Control Authority	\$ 241,007
Congregate Elderly Housing	<u>90,146</u>
Total depreciation expense in business-type activities	<u><u>\$ 331,153</u></u>

6. Short-Term Obligations

	Balance <u>July 1, 2015</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>June 30, 2016</u>
Bond anticipation notes	\$ 1,702,000	\$ 2,512,000	\$ 3,404,000	\$ 810,000

Bond Anticipation Notes

On July 21, 2014, the Town issued bond anticipation notes for \$1,702,000 with an interest rate of 1.00% which were due and paid on July 20, 2015, to fund various school improvement projects.

On July 20, 2015, the Town issued bond anticipation notes for \$1,702,000 with an interest rate of 1.25% which were due and paid on April 19, 2016, to fund various school improvement projects.

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

TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016
. . . Continued . . .

7. Long-Term Obligations

The following is a summary of long-term obligation transactions of the Town for the year ended June 30, 2016:

	Balance July 1, 2015	Issued/ Additions	Matured/ Deletions	Balance June 30, 2016	Due Within One Year
Governmental Activities:					
General obligation bonds	\$ 28,045,000	\$ -	\$ 2,040,000	\$ 26,005,000	\$ 1,645,000
Deferred premium on bonds	964,466	-	78,531	885,935	-
Net pension liability	9,938,151	2,509,878	-	12,448,029	-
Other post-employment benefits	6,235,774	1,508,691	-	7,744,465	-
Compensated absences	1,413,394	240,642	295,562	1,358,474	47,638
Total Governmental Activities	<u>\$ 46,596,785</u>	<u>\$ 4,259,211</u>	<u>\$ 2,414,093</u>	<u>\$ 48,441,903</u>	<u>\$ 1,692,638</u>
Business-Type Activities:					
Claims and judgments	\$ 563,628	\$ -	\$ 37,000	\$ 526,628	\$ 37,000
Total Business-type Activities	<u>\$ 563,628</u>	<u>\$ -</u>	<u>\$ 37,000</u>	<u>\$ 526,628</u>	<u>\$ 37,000</u>

TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016
. . . Continued . . .

General Obligation Bonds

As of June 30, 2016, the outstanding general obligation bonded indebtedness of the Town was as follows:

	<u>Outstanding Amount</u>
General Public Improvement:	
\$10,395,000 general obligation refunding bond, issue of 6/1/10, due 8/15/25, interest at 3.0% to 5.0%, annual principal payments of \$390,000 to \$1,325,000.	\$ 4,355,000
\$7,200,000 general obligation bond, issue of 10/01/11, due 10/01/31, interest at 2.0% to 4.0%, annual principal payments of \$360,000.	5,760,000
\$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.	3,100,000
\$5,000,000 general obligation bond, issue of 7/22/13, due 7/15/33, interest at 3.0% to 4.125%, annual principal payments of \$250,000.	4,500,000
\$8,725,000 general obligation bond, issue of 7/21/14, due 7/15/34, interest at 2.0% to 4.0%, annual principal payments of \$435,000 to \$440,000.	<u>8,290,000</u>
	<u><u>\$ 26,005,000</u></u>

TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016
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The debt service requirements of this debt are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 1,645,000	\$ 825,566	\$ 2,470,566
2018	1,695,000	769,616	2,464,616
2019	1,690,000	711,416	2,401,416
2020	1,690,000	648,541	2,338,541
2021	1,715,000	585,041	2,300,041
2022-2026	8,965,000	2,079,664	11,044,664
2027-2031	5,735,000	934,168	6,669,168
2032-2035	2,870,000	166,031	3,036,031
	<u>\$ 26,005,000</u>	<u>\$ 6,720,043</u>	<u>\$ 32,725,043</u>

Authorized/Unissued Bonds

At June 30, 2016, the Town had no authorized, unissued bonds.

Debt Refunding

In prior years, the Town defeased general obligation bonds by placing the proceeds of new bonds in an irrevocable trust account to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included on the Town's financial statements. At June 30, 2016, none of the defeased bonds remain outstanding. Amortization of the deferred loss for the year ended June 30, 2016 totaled \$26,668.

Water Pollution Control Authority Judgment

In 1985, the Town and the City of West Haven (the "City") entered into an agreement whereby the City is to provide wastewater treatment services to the Town for fifty years. Charges for these services are based upon the City's operating costs and metered flow of wastewater volumes during each year. In addition, the Town is assessed its proportionate share of capital improvements to the City's sanitary sewer system. In March 2003 a stipulated judgment was entered between the Town and the City regarding such capital improvements. The Town agreed to pay \$2,079,348 in installments through June 2020 for prior capital improvements made by the City. The Town paid the City \$37,000 during the year ended June 30, 2016. The balance payable was \$526,628 at June 30, 2016.

In addition, the City has a new loan payable to the State of Connecticut's Department of Environmental Protection, under its Clean Water Fund Program, for sanitary sewer projects. The loan bears interest at 2% per annum and will mature in July 2032. The balance of the loan as of June 30, 2016 was \$23,349,875, of which the Town's obligation is 8.7% of the annual debt service requirements. The annual debt service payable to the City is \$156,744.

TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016
. . . Continued . . .

Amity Regional School District No. 5

In addition to the Town, the only political subdivision with power to issue debt on behalf of the Town is the Amity Regional School District No. 5 (the District). As of June 30, 2016 the District had general obligation bond issues outstanding aggregating \$39,549,606. 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, 2016 the percentage for the Town of Orange was 49.397% or \$19,529,969.

8. Capital Projects

The following is a summary of project authorizations at June 30, 2016:

	Project Authorization	<u>Expenditures</u>		Unexpended Authorization June 30, 2016
		<u>During Year</u>	<u>Cumulative</u>	
2004 bond projects	\$ 13,085,000	\$ -	\$ 13,050,981	\$ 34,019
Land acquisition	7,200,000	-	7,096,621	103,379
2013 bond projects:				
Board of Education facility improvements	8,038,000	439,954	7,261,750	776,250
Town building improvements	2,389,000	276,807	1,213,585	1,175,415
Town road improvements	5,000,000	1,749,051	4,277,374	722,626

TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016
. . . Continued . . .

9. Fund Balances (Deficits)

	General Fund	Bonded Capital Projects	Non-major Governmental Funds	Total
Fund balances:				
Nonspendable	\$ 13,400	\$ -	\$ 26,624	\$ 40,024
Restricted for:				
General government	-	-	24,989	24,989
Public safety	-	-	56,888	56,888
Public works	-	-	273,842	273,842
Culture and recreation	-	-	184,617	184,617
Health and welfare	-	-	114,834	114,834
Education	-	-	13,676	13,676
Capital	-	3,112,766	-	3,112,766
Committed to:				
Culture and recreation	-	-	308,036	308,036
Health and welfare	-	-	462,715	462,715
Education	-	-	280,858	280,858
Capital	-	-	-	-
Assigned to:				
General government	961,937	-	74,504	1,036,441
Culture and recreation	-	-	376,551	376,551
Education	304,057	-	-	304,057
Other	-	-	148,732	148,732
Unassigned	9,970,631	-	(76,510)	9,894,121
Total fund balances	<u>\$11,250,025</u>	<u>\$ 3,112,766</u>	<u>\$ 2,270,356</u>	<u>\$16,633,147</u>

Encumbrances in the amount of \$1,265,994 at June 30, 2016 are contained in the above table in the assigned category of the General Fund.

The Cafeteria Fund had a fund deficit at June 30, 2016 of \$76,510. The deficit will be funded by future revenues from operations.

TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016
. . . Continued . . .

10. Pension Plans

Defined Benefit Plans

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

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

Plan Descriptions

Benefit Provisions

Police Plan

The plan provides retirement benefits and death and disability benefits. Benefits vest after 10 years of service. Members may retire at any age with 20 years of credited service or at age 55. Members are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 2.25% of average monthly earnings times years of credited service up to 20 years, plus 2% of average monthly earnings times years of credited service in excess of 20 years. Average monthly earnings are based on the employee's monthly earnings over the last twenty-four months of service. Active plan members are required to contribute 8.0% of compensation to the Plan. If an employee leaves covered employment or dies before meeting the vesting requirement, accumulated employee contributions plus 4.0% interest thereon are refunded. The Town is required to contribute the remaining amounts necessary to finance the benefits for its employees as are actuarially determined.

TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016
. . . Continued . . .

Town Plan

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

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

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

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

TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016
. . . Continued . . .

As of January 1, 2016, plan membership consisted of the following:

	<u>Police</u>	<u>Town</u>
Inactive plan members or beneficiaries currently receiving benefits	32	66
Inactive plan members entitled to but not yet receiving benefits	4	6
Active plan members	<u>13</u>	<u>12</u>
	<u>49</u>	<u>84</u>

Summary of Significant Accounting Policies

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

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

Administrative costs of the Plan are financed through investment earnings.

Defined Contribution Plan

Plan Description

The Town is the administrator of the Defined Contribution Pension Plan for Town of Orange, Connecticut established to provide benefits at retirement to substantially all full-time Town employees and noncertified Board of Education employees hired on or after July 1, 1998. Plan provisions and contribution requirements are established and may be amended by the Board of Selectmen. At June 30, 2016, there were 137 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 \$521,306, not including rollover contributions and forfeitures, to the plan in the year ended June 30, 2016. Plan members are 100% vested in their employee contributions. Plan members are 20% vested in their employer contribution after 2 years of service, with an additional 20% for each year thereafter. Forfeitures shall be used to reduce future employer contributions.

TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016
. . . Continued . . .

The individual plan net position at June 30, 2016 and changes in net position for the year then ended are as follow:

	Police	Town	Defined Contribution	Total
ASSETS				
Cash and cash equivalents	\$ 123,392	\$ 99,272	\$ 1,388,298	\$ 1,610,962
Investments	<u>14,594,958</u>	<u>7,192,948</u>	<u>10,170,058</u>	<u>31,957,964</u>
	<u>\$ 14,718,350</u>	<u>\$ 7,292,220</u>	<u>\$ 11,558,356</u>	<u>\$ 33,568,926</u>
Net position held in trust for pension benefits	<u>\$ 14,718,350</u>	<u>\$ 7,292,220</u>	<u>\$ 11,558,356</u>	<u>\$ 33,568,926</u>
ADDITIONS				
Contributions:				
Employer	\$ 758,092	\$ 275,185	\$ 509,670	\$ 1,542,947
Plan members	<u>89,337</u>	<u>31,702</u>	<u>521,306</u>	<u>642,345</u>
Total contributions	<u>847,429</u>	<u>306,887</u>	<u>1,030,976</u>	<u>2,185,292</u>
Investment return:				
Investment income	288,141	148,900	-	437,041
Net decrease in the fair value of investments	<u>(548,508)</u>	<u>(300,140)</u>	<u>(193,231)</u>	<u>(1,041,879)</u>
Total investment return	<u>(260,367)</u>	<u>(151,240)</u>	<u>(193,231)</u>	<u>(604,838)</u>
Less investment expenses	13,688	9,126	1,825	24,639
Net investment return	<u>(274,055)</u>	<u>(160,366)</u>	<u>(195,056)</u>	<u>(629,477)</u>
Total additions	<u>573,374</u>	<u>146,521</u>	<u>835,920</u>	<u>1,555,815</u>
DEDUCTIONS				
Benefit payments	1,305,695	876,759	423,472	2,605,926
Administrative expenses	<u>19,895</u>	<u>18,029</u>	<u>-</u>	<u>37,924</u>
Total deductions	<u>1,325,590</u>	<u>894,788</u>	<u>423,472</u>	<u>2,643,850</u>
Change in net position	<u>(752,216)</u>	<u>(748,267)</u>	<u>412,448</u>	<u>(1,088,035)</u>
NET POSITION, beginning	<u>15,470,566</u>	<u>8,040,487</u>	<u>11,145,908</u>	<u>34,656,961</u>
NET POSITION, ending	<u>\$ 14,718,350</u>	<u>\$ 7,292,220</u>	<u>\$ 11,558,356</u>	<u>\$ 33,568,926</u>

TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016
. . . Continued . . .

Investments

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

The following was the Committee's adopted asset allocation policy for all plans as of June 30, 2016:

<u>Asset Class</u>	<u>Target Allocation</u>
Core fixed income	25.00 %
Short-term bonds	15.00
Large cap U.S. equities	35.00
Mid cap U.S. equities	5.00
Small cap U.S. equities	5.00
Developed foreign equities	10.00
Real estate (REITS)	<u>5.00</u>
	<u><u>100.00 %</u></u>

Rate of return - For the year ended June 30, 2016, the annual money-weighted rate of return on pension plan investments, net of pension investment expense, was as follows:

Police	-1.74 %
Town	-2.05

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

TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015
. . . Continued . . .

Net Pension Liability

The components of the net pension liability of the Town at June 30, 2016, were as follows:

	<u>Police</u>	<u>Town</u>	<u>Total</u>
Total pension liability	\$ 23,772,327	\$ 10,686,272	\$ 34,458,599
Plan fiduciary net position	<u>14,718,350</u>	<u>7,292,220</u>	<u>22,010,570</u>
Town's net pension liability	<u>\$ 9,053,977</u>	<u>\$ 3,394,052</u>	<u>\$ 12,448,029</u>
Plan fiduciary net position as a percentage of the total pension liability	61.91 %	68.24 %	

Actuarial assumptions - the total pension liability was determined by an actuarial valuation as of January 1, 2016 and increased by service cost and interest and decreased by benefit payments to estimate the total pension liability as of June 30, 2016. Actuarial assumptions were as follows:

	<u>Police</u>	<u>Town</u>
Inflation	2.70%	2.70%
Salary increases	3.50%	3.75%
Investment rate of return	7.25%	7.25%

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2016 (see the discussion of the pension plan's investment policy) are summarized in the following table:

TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016
. . . Continued . . .

Asset Class	Long-Term Expected Real Rate of Return
Core fixed income	2.55%
Short-term bonds	1.75%
Large cap U.S. equities	3.86%
Mid cap U.S. equities	4.25%
Small cap U.S. equities	4.01%
Developed foreign equities	4.35%
Real estate (REITS)	3.33%

Discount rate - the discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the Town contributions will be made at rates equal to the actuarially determined contributions. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability

Police Plan	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances, June 30, 2015	\$ 22,987,938	\$ 15,470,566	\$ 7,517,372
Changes for the year:			
Service cost	226,101	-	226,101
Interest	1,651,892	-	1,651,892
Effect of economic/demographic gains	(430,567)	-	(430,567)
Effect of assumptions changes or inputs	642,658	-	642,658
Contributions - employer	-	758,092	(758,092)
Contributions - members	-	89,337	(89,337)
Net investment return	-	(274,055)	274,055
Benefit payments, including refunds of member contributions	(1,305,695)	(1,305,695)	-
Administrative expenses	-	(19,895)	19,895
Net changes	784,389	(752,216)	1,536,605
Balances, June 30, 2016	\$ 23,772,327	\$ 14,718,350	\$ 9,053,977

TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016
. . . Continued . . .

Town Plan	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances, June 30, 2015	\$ 10,461,266	\$ 8,040,487	\$ 2,420,779
Changes for the year:			
Service cost	38,148	-	38,148
Interest	752,535	-	752,535
Effect of economic/demographic gains	89,956	-	89,956
Effect of assumptions changes or inputs	221,126	-	221,126
Contributions - employer	-	275,185	(275,185)
Contributions - members	-	31,702	(31,702)
Net investment return	-	(160,366)	160,366
Benefit payments	(876,759)	(876,759)	-
Administrative expenses	-	(18,029)	18,029
Net changes	225,006	(748,267)	973,273
Balances, June 30, 2016	\$ 10,686,272	\$ 7,292,220	\$ 3,394,052

Sensitivity of the net pension liability to changes in the discount rate - the following presents the net pension liability of the Town, calculated using the discount rate of 7.25%, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Police net pension liability	\$ 11,761,315	\$ 9,053,977	\$ 6,773,531
Town net pension liability	\$ 4,243,771	\$ 3,394,052	\$ 2,650,073

TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016
. . . Continued . . .

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

For the year ended June 30, 2016, the Town recognized pension expense of \$1,575,056 and \$743,451 for the Police and Town Plans, respectively.

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

	<u>Police Plan</u>	<u>Town Plan</u>	<u>Total</u>
Net difference between projected and actual earnings on pension plan investments	\$ 1,601,549	\$ 844,925	\$ 2,446,474
Changes of assumptions	321,329	20,102	341,431
Differences between actual and expected experience	<u>-</u>	<u>8,178</u>	<u>8,178</u>
	<u>\$ 1,922,878</u>	<u>\$ 873,205</u>	<u>\$ 2,796,083</u>

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

	<u>Police Plan</u>	<u>Town Plan</u>	<u>Total</u>
Differences between actual and expected experience	<u>\$ 215,283</u>	<u>\$ -</u>	<u>\$ 215,283</u>

The net differences between projected and actual earnings are amortized over 5 years. The changes in assumptions and differences between actual and expected experience is amortized over 2.0 and 1.1 years for the Police and Town Plans, respectively.

TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016
. . . Continued . . .

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

<u>Year ending June 30</u>	<u>Police Plan</u>	<u>Town Plan</u>	<u>Total</u>
2017	\$ 547,985	\$ 261,764	\$ 809,749
2018	441,939	233,484	675,423
2019	441,941	233,486	675,427
2020	275,730	144,471	420,201

Connecticut State Teachers' Retirement System

Plan Description

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

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

Benefit Provisions

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

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

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

TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016
. . . Continued . . .

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

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

Contribution Requirements

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

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

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

TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016
. . . Continued . . .

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

At June 30, 2016, the Town reports no amounts for its proportionate share of the net pension liability, and related deferred outflows and inflows, due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the Town as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the Town were as follows:

Town's proportionate share of the net pension liability	\$ -
State's proportionate share of the net pension liability associated with the Town	<u>25,365,685</u>
Total	<u><u>\$25,365,685</u></u>

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. At June 30, 2016, the Town has no proportionate share of the net pension liability.

For the year ended June 30, 2016, the Town recognized pension expense and revenue of \$2,303,651 for on-behalf amounts for the benefits provided by the State.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2014, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases, including inflation	3.75 - 7.00%
Long-term investment rate of return, net of pension investment expense, including inflation	8.50%

Mortality rates were based on the RP-2000 Combined Mortality Table RP-2000 projected 19 years using scale AA, with a two-year setback for males and females for the period after service retirement and for dependent beneficiaries.

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2005 - June 30, 2010.

TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016
. . . Continued . . .

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

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

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2015 are summarized in the following table:

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

Discount Rate: The discount rate used to measure the total pension liability was 8.5%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that State contributions will be made at the actuarially determined rates in future years. Based on those assumptions, the pension's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return on pension investments was applied to all periods of projected benefit payments to determine the total pension liability.

TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016
. . . Continued . . .

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

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

11. Other Post-Employment Benefits (OPEB)

Plan Description

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

Benefit Provisions

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

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

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

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

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

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

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

TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016
. . . Continued . . .

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, 2014, the date of the last actuarial valuation:

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

Funding Policy

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

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

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

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

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

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

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

TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016
. . . Continued . . .

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

Town 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, 2016 were as follows:

	<u>Other Post- Employment Benefits (OPEB)</u>
Annual required contribution (ARC)	\$ 2,510,778
Interest on net OPEB obligation	249,431
Adjustment to annual required contribution	<u>(297,164)</u>
Annual OPEB cost	2,463,045
Contributions made	<u>954,354</u>
Increase in net OPEB obligation	1,508,691
Net OPEB obligation, beginning of year	<u>6,235,774</u>
Net OPEB obligation, end of year	<u><u>\$ 7,744,465</u></u>

Three-Year Trend Information

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

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost (AOC)</u>	<u>Actual Contribution</u>	<u>Percentage of AOC Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2014	\$ 2,253,399	\$ 743,200	32.98%	\$ 4,658,698
6/30/2015	2,392,684	815,608	34.09%	6,235,774
6/30/2016	2,463,045	954,354	38.75%	7,744,465

TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016
. . . Continued . . .

Funding Status and Funding Progress

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

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

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

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

Actuarial Methods and Assumptions

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

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

TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016
. . . Continued . . .

12. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; workers compensation and natural disasters for which the Town carries commercial insurance. During the year ended June 30, 2016, deductibles paid by the Town were insignificant.

The Town currently is a member in Connecticut Interlocal Risk Management Agency (CIRMA), a public entity risk pool established for the purpose of administering an interlocal risk management program pursuant to the provisions of Section 7-479a et. Seq. of Connecticut General Statutes, for workers compensation and liability-automobile-property insurance. At June 30, 2016, CIRMA had over 200 members in the workers compensation pool and over 150 members in the liability-automobile-property pool. The Town pays annual premium for its coverage in both pools. CIRMA is to be self-sustaining through members' premiums but reinsures in excess of \$1,000,000 for each insured occurrence. Members may be subject to supplemental assessment in the event of deficiencies; however, potential assessments are limited pursuant to the bylaws.

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

13. 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, 2016, a liability of \$434,310 has been recorded, which represents estimated claims incurred but not yet reported.

TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016
. . . Continued . . .

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

	Claims Payable July 1	Current Year Claims and Changes in Estimates	Claims Paid	Claims Payable June 30
2013 - 2014	\$ 322,300	\$ 4,375,357	\$ 4,329,284	\$ 368,373
2014 - 2015	368,373	4,948,302	4,951,782	364,893
2015 - 2016	364,893	5,679,034	5,609,617	434,310

14. Commitments and Contingencies

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

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

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

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.

TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016
. . . Continued . . .

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.

15. Other Matters

The State of Connecticut's Office of Policy and Management has adopted new laws that will affect the Town's budgets in subsequent years. The motor vehicle mill rate will be capped at 32 mills in fiscal year 2017 and 29.36 mills in fiscal year 2018 and annually thereafter. Beginning with fiscal year 2018, a cap will be imposed on municipal spending to limit general budget expenditures to 2.5% above the previous year or the rate of inflation, whichever is greater. Exemptions from the cap include debt service, special education expenditures, expenditures from implementing court orders, arbitration awards, expenditures related to major disaster or emergency declarations, and MRSA grants distributed to special taxing districts under certain circumstances.

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

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

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

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

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

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

Notes to Schedule

Valuation date: January 1, 2016
Measurement date: June 30, 2015
Actuarially determined contribution rates are calculated as of January 1, 30 months prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization period	Level percent, closed
Remaining amortization period	12 years
Asset valuation method	5 year smoothing period with non-asymptotic recognition method
Inflation	2.70%
Salary increases	3.50% per annum
Investment rate of return	7.25%
Retirement age	Rates based on age and service
Mortality	RP-2000 Combined Healthy Mortality with Blue Collar adjustment and static projection per Scale AA. Mortality is projected through the valuation date plus another 15 years for active participants and through the valuation date plus another 7 years for inactive participants.

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

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

Notes to Schedule

Valuation date: January 1, 2016
Measurement date: June 30, 2016
Actuarially determined contribution rates are calculated as of January 1, 30 months prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization period	Level percent, closed
Remaining amortization period	12 years
Asset valuation method	5 year smoothing period with non-asymptotic recognition method
Inflation	2.70%
Salary increases	3.75% per annum
Investment rate of return	7.25%
Retirement age	100% earlier of age 65, or age 62 and 25 years of service
Mortality	RP-2000 Combined Healthy Mortality with static projection Scale AA. Mortality is projected through the valuation date plus another 15 years for active participants and through the valuation date plus another 7 years for inactive participants.

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

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

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

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

Notes to Connecticut State Teachers' Retirement System

Change of Assumptions

In 2011, rates of withdrawal, retirement, and assumed rates of salary increases were adjusted to more closely reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five year period ended June 30, 2010.

Methods and Assumptions used in Calculations of Actuarially Determined Contributions

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

Actuarial cost method	Entry age
Amortization method	Level percent of pay, closed
Single equivalent amortization period	22.4 years
Asset valuation method	4-year smoothed market

**TOWN OF ORANGE, CONNECTICUT
SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS
OTHER POST-EMPLOYMENT BENEFITS PLAN
JUNE 30, 2016**

Schedule of Funding Progress

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

* Change in discount rate to 4.0%.

Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2011	\$ 1,041,200	30.57 %
2012	1,204,000	61.30
2013	1,297,000	58.44
2014	2,266,151	32.80
2015	2,419,598	33.71
2016	2,510,778	38.01

Appendix B

Form of Opinion of Bond Counsel

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FORM OF OPINION OF BOND COUNSEL

July __, 2017

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 __, 2017 (the "Tax Regulatory Agreement"), and other proofs submitted to us relative to the issuance and sale of \$4,400,000 Town of Orange, Connecticut General Obligation Bonds, Issue of 2017, dated July __, 2017 (the "Bonds"), maturing on July 15 in each of the years, in the principal amounts and bearing interest payable on January 15, 2018 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>
2018	\$220,000	%	2028	\$220,000	%
2019	220,000		2029	220,000	
2020	220,000		2030	220,000	
2021	220,000		2031	220,000	
2022	220,000		2032	220,000	
2023	220,000		2033	220,000	
2024	220,000		2034	220,000	
2025	220,000		2035	220,000	
2026	220,000		2036	220,000	
2027	220,000		2037	220,000	

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

Appendix C

Form of Continuing Disclosure Agreement

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FORM OF CONTINUING DISCLOSURE AGREEMENT

CONTINUING DISCLOSURE AGREEMENT

Town of Orange, Connecticut
\$4,400,000 General Obligation Bonds, Issue of 2017
Dated July ___, 2017

July ___, 2017

WHEREAS, the Town of Orange, Connecticut (the “Town”) has heretofore authorized the issuance of \$4,400,000 in aggregate principal amount of its General Obligation Bonds, Issue of 2017, dated July ___, 2017 (the “Bonds”), and to mature on the dates and in the amounts as set forth in the Town’s Official Statement dated July ___, 2017 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 ___, 2017 (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, Mayor

By: _____
Arthur B. Williams, III, Town Treasurer

By: _____
John M. Cifarelli, Director of Finance

Appendix D

Notice of Sale

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NOTICE OF SALE
\$4,400,000
TOWN OF ORANGE, CONNECTICUT
GENERAL OBLIGATION BONDS, ISSUE OF 2017

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

June 27, 2017

(the “Sale Date”) for the purchase of all, but not less than all, of the \$4,400,000 Town of Orange, Connecticut General Obligation Bonds, Issue of 2017 (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 17, 2017, mature in the principal amounts of \$220,000 on July 15 in each of the years 2018 to 2037, both inclusive, bear interest payable on January 15, 2018 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 June 20, 2017 (the “Preliminary Official Statement”).

The Bonds maturing on or before July 15 2025 are not subject to redemption prior to maturity. The Bonds maturing on July 15, 2026 and thereafter are subject to redemption prior to maturity, at the election of the Town, on and after July 15, 2025, 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, 2025 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 be designated by the Town as qualified tax exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended (the "Code"), for purposes of the deduction by financial institutions for interest expense allocable to the Bonds.

Registration

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

Electronic Bidding Procedures

Any prospective bidder intending to submit an electronic bid must submit its electronic bid through the facilities of **PARITY®**. Subscription to i-Deal LLC's BiDCOMP Competitive Bidding System is required in order to submit an electronic bid and the Town will neither confirm any subscription nor be responsible for the failure of any prospective bidder to subscribe.

An electronic bid made through the facilities of **PARITY®** shall be deemed an irrevocable offer to purchase the Bonds on the terms provided in this Notice of Sale, and shall be binding upon the bidder as if made by a signed, sealed bid delivered to the Town. The Town shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of, **PARITY®**, the use of such facilities being the sole risk of the prospective bidder.

All electronic bids shall be deemed to incorporate the provisions of this Notice of Sale. If any provisions of this Notice of Sale shall conflict with information provided by **PARITY®** as the approved provider of electronic bidding services, this Notice of Sale shall control. Further information about **PARITY®**, including any fee charged, may be obtained from **PARITY®**, 1359 Broadway, 2nd Floor, New York, New York 10018, Attention: Customer Service Department (telephone: (212) 849-5021 - email notice: parity@i-deal.com).

Bid Specifications/Basis of Award

Each bid must be for the entire \$4,400,000 of Bonds and must specify the rate or rates of interest therefor in a multiple of 1/20 or 1/8 of 1% per annum. Bids shall not state more than one interest rate for any Bonds having the same maturity date. The highest interest rate bid for a maturity and the lowest rate bid for any other maturity may not differ by more than three (3%) percentage points. Interest shall be computed on the basis of twelve 30 day months and a 360 day year. No bid for less than all of the Bonds or for less than par and accrued interest, if any, will be considered.

For purposes of the electronic bidding process, the time as maintained by **PARITY®** shall constitute the official time. For information purposes only, bidders are requested to state in their electronic bids the true interest cost to the Town, computed and rounded to six decimal places.

For the purpose of determining the successful bidder, the true interest cost to the Town will be the annual interest rate, compounded semiannually, which, when used to discount all payments of principal and interest payable on the Bonds to July 17, 2017, the date of the Bonds, results in an amount equal to the purchase price for the Bonds, not including interest accrued to July 17, 2017, the delivery date of the Bonds. It is requested that each bid be accompanied by a statement of the percentage of true interest cost computed and rounded to six decimal places. Such statement shall not be considered as a part of the bid. The Bonds will be awarded or all bids will be rejected promptly after the bid opening, but not later than 4:00 P.M. (E.T.) on the Sale Date. The purchase price must be paid in Federal funds.

The Town reserves the right to reject any and all bids and to waive any irregularity or informality with respect to any bid. The Town further reserves the right to postpone the sale to another time and date in its sole and absolute discretion for any reason, including, without limitation, internet difficulties. The Town will use its best efforts to notify prospective bidders in a timely manner of any need for a postponement. Unless all bids are rejected or the bid is postponed, the Bonds will be awarded to the bidder offering to purchase them at the lowest true interest cost.

Closing Documents and Legal Opinion

The Bonds will be certified by U.S. Bank National Association, Hartford, Connecticut. The legality of the Bonds will be passed upon by Robinson & Cole LLP, Bond Counsel, Hartford, Connecticut (“Bond Counsel”), and the winning bidder will be furnished with their opinion without charge. The winning bidder will also be furnished with a signature and no litigation certificate, a receipt of payment satisfactory in form to Bond Counsel, a signed copy of the final Official Statement prepared for the Bonds, a certificate signed by the appropriate officials of the Town relating to the accuracy and completeness of information contained in the final Official Statement, and an executed continuing disclosure agreement.

The legal opinion will further state that (i) under existing statutes and court decisions, interest on the Bonds is excluded from gross income for federal income tax purposes, (ii) such interest is not treated as an item of tax preference for purposes of computing the federal alternative minimum tax, 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 its legal opinion, Bond Counsel will rely upon and assume the material accuracy of the representations and statements of expectation contained in the Tax Regulatory Agreement entered into by the Town for the benefit of the owners of the Bonds, and further, will assume compliance by the Town with the covenants and procedures set forth in such Tax Regulatory Agreement. A copy of the opinion will be printed upon each of the Bonds, and a signed opinion and transcript of proceedings will be filed with U.S. Bank National Association, Hartford, Connecticut, and will be available for examination upon request.

Obligation to Deliver Issue Price Certificate

Pursuant to the Code and applicable Treasury Regulations, the Town must establish the “issue price” of the Bonds. In order to assist the Town, the winning bidder is obligated to deliver to the Town a certificate (an “Issue Price Certificate”) and such additional information satisfactory to Bond Counsel described below, prior to the delivery of the Bonds. The Town will rely on the Issue Price Certificate and such additional information in determining the issue price of the Bonds. The form of Issue Price Certificate is available by contacting Matthew A. Spoerndle, Managing Director, Phoenix Advisors, LLC, Email:

mspoerndle@muniadvisors.com, Telephone: (203) 878-4945, municipal advisor to the Town (the “Municipal Advisor”).

By submitting a bid, each bidder is certifying that its bid is a firm offer to purchase the Bonds, is a good faith offer which the bidder believes reflects current market conditions, and is not a “courtesy bid” being submitted for the purpose of assisting in meeting the competitive sale rule relating to the establishment of the issue price of the Bonds pursuant to Section 148 of the Code, including the requirement that bids be received from at least three (3) underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds (the “Competitive Sale Rule”).

The Municipal Advisor will advise the winning bidder if the Competitive Sale Rule was met at the same time it notifies the winning bidder of the award of the Bonds. **Bids will not be subject to cancellation in the event that the Competitive Sale Rule is not satisfied.**

Competitive Sale Rule Met. If the Municipal Advisor advises the winning bidder that the Competitive Sale Rule has been met, the winning bidder shall, within one (1) hour after being notified of the award of the Bonds, advise the Municipal Advisor by electronic or facsimile transmission of the reasonably expected initial offering price to the public of each maturity of the Bonds as of the Sale Date.

Competitive Sale Rule Not Met. By submitting a bid, the winning bidder agrees (unless the winning bidder is purchasing the Bonds for its own account and not with a view to distribution or resale to the public) that if the Competitive Sale Rule is not met, it will satisfy either the **10% Sale Rule** or the **Hold the Offering Price Rule** described below with respect to each maturity of the Bonds prior to the delivery date of the Bonds. The rule selected with respect to each maturity of the Bonds shall be set forth on an Issue Price Rule Selection Certificate, which shall be sent to the winning bidder promptly after the award of the Bonds. The winning bidder shall complete and execute the Issue Price Rule Selection Certificate and email it to Bond Counsel and the Municipal Advisor by 5:00 P.M. on the day after the Sale Date. **If the Issue Price Rule Selection Certificate is not returned by this deadline, or if no selection is made with respect to a maturity, the winning bidder agrees that the Hold the Offering Price Rule shall apply to such maturities.**

10% Sale Rule. To satisfy the 10% Sale Rule for any maturity, the winning bidder:

(i) will make a bona fide offering to the public of all of the Bonds at the initial offering prices and provide the Town with reasonable supporting documentation, such as a copy of the pricing wire or equivalent communication, the form of which is acceptable to Bond Counsel;

(ii) will report to the Town information regarding the actual prices at which at least 10 percent (10%) of the Bonds of each maturity have been sold to the public;

(iii) will provide the Town with reasonable supporting documentation or certifications of such sale prices, the form of which is acceptable to Bond Counsel. If the 10% Sale Rule is used with respect to a maturity of the Bonds, this reporting requirement will continue, beyond the closing date of the Bonds, if necessary, until such date that at least 10 percent (10%) of such maturity of the Bonds has been sold to the public; and

(iv) has or will include in any agreement among underwriters, selling group agreement or retail distribution agreement (to which the winning bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, language obligating each underwriter to comply with the reporting requirement described above.

Hold the Offering Price Rule. To satisfy the Hold the Offering Price Rule for any maturity, the winning bidder:

(i) will make a bona fide offering to the public of all of the Bonds at the initial offering prices and provide Bond Counsel with reasonable supporting documentation, such as a copy of the pricing wire or equivalent communication, the form of which is acceptable to Bond Counsel;

(ii) will neither offer nor sell to any person any Bonds of such maturity at a price that is higher than the initial offering price of such maturity until the earlier of (i) the date on which the winning bidder has sold to the public at least ten percent (10%) of the Bonds of such maturity at a price that is no higher than the initial offering price of such maturity or (ii) the close of business on the fifth (5th) business day after the Sale Date of the Bonds; and

(iii) has or will include within any agreement among underwriters, selling group agreement or retail distribution agreement (to which the winning bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, language obligating each underwriter to comply with the limitations on the sale of the Bonds as set forth above.

For purposes of the 10% Sale Rule or the Hold the Offering Price Rule, a “maturity” refers to Bonds that have the same interest rate, credit and payment terms.

If the winning bidder has purchased any maturity of the Bonds for its own account and not with a view to distribution or resale to the public, then, whether or not the Competitive Sale Rule was met, the Issue Price Certificate will recite such facts and identify the price or prices at which such maturity of the Bonds was purchased.

For purposes of this Notice of Sale, the “public” does not include the winning bidder or any person that agrees pursuant to a written contract with the winning bidder to participate in the initial sale of the Bonds to the public (such as a retail distribution agreement between a national lead underwriter and a regional firm under which the regional firm participates in the initial sale of the Bonds to the public). In making the representations described above, the winning bidder must reflect the effect on the offering prices of any “derivative products” (e.g., a tender option) used by the bidder in connection with the initial sale of any of the Bonds.

Settlement of the Bonds

The Bonds will be available for delivery on or about July 17, 2017. 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 Municipal Advisor. If the Municipal Advisor is provided with the necessary information from the winning bidder by 12:00 p.m. (noon) on the day after the bid opening, the copies of the final Official Statement will include an additional cover page and other pages, if necessary, indicating the interest rates,

ratings, yields or reoffering prices, the name of the managing underwriter, and the name of the insurer, if any, of the Bonds.

Continuing Disclosure

The Town will undertake in a Continuing Disclosure Agreement entered into in accordance with the requirements of Rule 15c2-12(b)(5), promulgated by the Securities and Exchange Commission, to provide (i) certain annual financial information and operating data, including audited financial statements; (ii) notice of the occurrence of certain events within 10 business days of the occurrence of such events with respect to the Bonds; and (iii) timely notice of its failure to provide such annual financial information. The winning bidder's obligation to purchase the Bonds shall be conditioned upon its receiving, at or prior to the delivery of the Bonds, an executed copy of the Continuing Disclosure Agreement for the Bonds.

Related Information

For more information regarding the Bonds and the Town, reference is made to the Preliminary Official Statement. Copies of the Preliminary Official Statement and the Issue Price Certificate may be obtained from the undersigned, or from Matthew A. Spoerndle, Managing Director, Phoenix Advisors, LLC, Email: mspoerndle@muniadvisors.com, Telephone: (203) 878-4945, municipal advisor to the Town.

JAMES M. ZEOLI

First Selectman

ARTHUR B. WILLIAMS, III

Town Treasurer

June 20, 2017

ISSUE PRICE RULE SELECTION CERTIFICATE

Town of Orange, Connecticut
\$4,400,000 General Obligation Bonds, Issue of 2017

The undersigned, on behalf of [NAME OF UNDER/REP] (the “[UName]”) [(the “Representative”), on behalf of itself and [OTHER UNDER] (together, the “Underwriting Group”)], hereby certifies that it will use the rule select below for the respective maturity of the above-captioned bonds (the “Bonds”), as described in the Notice of Sale for the Bonds, dated June 20, 2017 (the “Notice of Sale”). For a description of the requirements of each rule, please refer to the section “Obligation to Deliver Issue Price Certificate” in the Notice of Sale. Capitalized terms used but not defined herein are defined in the Notice of Sale.

<u>Date of Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	10% Sale Rule (Underwriter has or will comply with 10% Sale Price Rule for this Maturity)		Hold the Offering Price Rule (Underwriter will comply with Hold the Offering Price Rule for this Maturity)	
			<u>Check Box</u>	<u>Sales Price</u>	<u>Check Box</u>	<u>Initial Offering Price</u>
07/01/2018	\$220,000	0.000%	<input type="checkbox"/>	\$_____	<input type="checkbox"/>	\$_____
07/01/2019	220,000	0.000	<input type="checkbox"/>	\$_____	<input type="checkbox"/>	\$_____
07/01/2020	220,000	0.000	<input type="checkbox"/>	\$_____	<input type="checkbox"/>	\$_____
07/01/2021	220,000	0.000	<input type="checkbox"/>	\$_____	<input type="checkbox"/>	\$_____
07/01/2022	220,000	0.000	<input type="checkbox"/>	\$_____	<input type="checkbox"/>	\$_____
07/01/2023	220,000	0.000	<input type="checkbox"/>	\$_____	<input type="checkbox"/>	\$_____
07/01/2024	220,000	0.000	<input type="checkbox"/>	\$_____	<input type="checkbox"/>	\$_____
07/01/2025	220,000	0.000	<input type="checkbox"/>	\$_____	<input type="checkbox"/>	\$_____
07/01/2026	220,000	0.000	<input type="checkbox"/>	\$_____	<input type="checkbox"/>	\$_____
07/01/2027	220,000	0.000	<input type="checkbox"/>	\$_____	<input type="checkbox"/>	\$_____
07/01/2028	220,000	0.000	<input type="checkbox"/>	\$_____	<input type="checkbox"/>	\$_____
07/01/2029	220,000	0.000	<input type="checkbox"/>	\$_____	<input type="checkbox"/>	\$_____
07/01/2030	220,000	0.000	<input type="checkbox"/>	\$_____	<input type="checkbox"/>	\$_____
07/01/2031	220,000	0.000	<input type="checkbox"/>	\$_____	<input type="checkbox"/>	\$_____
07/01/2032	220,000	0.000	<input type="checkbox"/>	\$_____	<input type="checkbox"/>	\$_____
07/01/2033	220,000	0.000	<input type="checkbox"/>	\$_____	<input type="checkbox"/>	\$_____
07/01/2034	220,000	0.000	<input type="checkbox"/>	\$_____	<input type="checkbox"/>	\$_____
07/01/2035	220,000	0.000	<input type="checkbox"/>	\$_____	<input type="checkbox"/>	\$_____
07/01/2036	220,000	0.000	<input type="checkbox"/>	\$_____	<input type="checkbox"/>	\$_____
07/01/2037	220,000	0.000	<input type="checkbox"/>	\$_____	<input type="checkbox"/>	\$_____

(All Sales Prices or Initial Offering Prices must be filled in prior to the delivery date of the Bonds.)

[NAME OF UNDER/REP]

By: _____

Name:

Title:

Email this completed and executed certificate to the following by 5:00 P.M. on [____], 2017:

Bond Counsel: wjohnson@rc.com

Municipal Advisor: mspoerndle@muniadvisors.com

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