

PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 21, 2011

NEW ISSUE: Book-Entry-Only

RATINGS: (See "Ratings" herein)

In the opinion of Bond Counsel, based on existing statutes and court decisions and assuming the material accuracy of representations and continuing compliance by the Town with certain covenants and procedures relating to requirements of the Internal Revenue Code of 1986, as amended (the "Code"), interest on the Bonds is not included in the gross income of the owners thereof for purposes of federal income taxation and is not treated as a tax preference item 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 adjusted current earnings for purposes of calculating the alternative minimum tax on corporations (as defined for Federal income tax purposes). In the opinion of Bond Counsel, based on existing statutes, interest on the Bonds is excluded from 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 Appendix B, Form of Opinion of Bond Counsel and Tax Exemption).



Town of Orange, Connecticut
\$7,200,000
General Obligation Bonds, Issue of 2011
Bank Qualified

Dated: October 1, 2011

Due: Serially, October 1, 2012 - 2031
As detailed below:

Interest on the Bonds will be payable on April 1, 2012 and semiannually thereafter on October 1 and April 1 in each year until maturity. The Bonds will be issued by means of a book-entry-only system and registered in the name of Cede & Co., as nominee for the Depository Trust Company ("DTC") New York, New York. The beneficial owners of the Bonds will not receive physical delivery of bond certificates. Principal of, redemption premium and interest payments on, the Bonds will be made by the Town, or its agent to DTC, or its nominee as registered owner of the Bonds. DTC will credit its participants in accordance with their respective holdings shown in the records of DTC. It is anticipated that the beneficial owners of the Bonds will receive payment or credit from DTC participants and other nominees of the beneficial owners. Ownership of the Bonds may be in principal amounts of \$5,000 or integral multiples thereof. So long as Cede & Co. is the Bondholder, as nominee for DTC, reference herein to the Bond owner or owners shall mean Cede & Co., aforesaid, and shall not mean the Beneficial Owners (as described herein) of the Bonds. (See "Book-Entry-Only Transfer System" herein.)

The Bonds are subject to redemption prior to maturity as more fully described under "Optional Redemption" herein.

Maturity Schedule

Year	Principal	Coupon	Yield	CUSIP	Year	Principal	Coupon	Yield	CUSIP
2012	\$ 360,000	___%	___%	684184___	2022	\$ 360,000	___%	___%	684184___
2013	360,000	___%	___%	684184___	2023	360,000	___%	___%	684184___
2014	360,000	___%	___%	684184___	2024	360,000	___%	___%	684184___
2015	360,000	___%	___%	684184___	2025	360,000	___%	___%	684184___
2016	360,000	___%	___%	684184___	2026	360,000	___%	___%	684184___
2017	360,000	___%	___%	684184___	2027	360,000	___%	___%	684184___
2018	360,000	___%	___%	684184___	2028	360,000	___%	___%	684184___
2019	360,000	___%	___%	684184___	2029	360,000	___%	___%	684184___
2020	360,000	___%	___%	684184___	2030	360,000	___%	___%	684184___
2021	360,000	___%	___%	684184___	2031	360,000	___%	___%	684184___

Electronic bids via PARITY® for the Bonds will be received until 11:30 A.M. (E.D.T.) on Wednesday, September 28, 2011, at the Office of the Director of Finance, Town of Orange, 617 Orange Center Road, Orange, Connecticut 06477.

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

The Bonds are offered for delivery when, as and if issued, subject to the approving opinion of Joseph Fasi LLC, 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 or its agent via "FAST" on or about October 13, 2011. The Registrar, Transfer Agent, Paying Agent, and Certifying Agent will be U.S. Bank National Association.



No broker, dealer or salesman or other person has been authorized by the Town to give any information or to make any representations not 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.

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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:	Wednesday, September 28, 2011 at 11:30 A.M. (E.D.T).
Location of Sale:	The Office of the Director of Finance, Town of Orange, 617 Orange Center Road, Orange, Connecticut 06477.
Issuer:	Town of Orange, Connecticut (the "Town").
Issue:	\$7,200,000 General Obligation Bonds, Issue of 2011 (the "Bonds").
Dated Date:	October 1, 2011
Interest Due:	Interest due April 1, 2012 and semiannually thereafter on October 1 and April 1 in each year until maturity.
Principal Due:	Principal due serially, October 1, 2012 through October 1, 2031 as detailed in this Official Statement.
Authorization and Purpose:	The proceeds of the Bonds will be utilized for a land acquisition as authorized by the voters of the Town of Orange.
Redemption:	The Bonds are subject to redemption prior to maturity, as herein provided.
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:	Application for a rating on the Bonds has been made to Standard & Poor's Corporation. Moody's Investors Service has an outstanding underlying rating on the Town of "Aa1".
Bond Insurance:	The Town does not expect to direct purchase a credit enhancement facility.
Basis of Award:	Lowest True Interest Cost (TIC), as of the dated date.
Tax Exemption:	See "Form of Opinion of Bond Counsel and Tax Exemption" herein as Appendix B.
Bank Qualification:	The Bonds <u>shall be</u> 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 agree to provide, or cause to be provided, annual financial information and operating data and notices of material events with respect to the Bonds pursuant to a 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, Hartford, Connecticut 06103.
Legal Opinion:	Joseph Fasi LLC, Bond Counsel, of Hartford, Connecticut will act as Bond Counsel.
Financial Advisor:	Phoenix Advisors, LLC of Milford, Connecticut will act as Financial 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 October 13, 2011 against payment in Federal Funds.
Issuer Official:	Questions concerning the Official Statement should be directed to Mr. Salvatore A. DeCola, Director of Finance, 617 Orange Center Road, Orange, Connecticut 06477. Telephone: (203) 891-4740.

I. Bond Information

Introduction

This Official Statement, including the 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 \$7,200,000 General Obligation Bonds, Issue of 2011 (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 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 such opinion or estimate will be realized. The presentation of information in this Official Statement is intended to show recent historic trends and is not intended to indicate future or continuing trends in financial or other positions of the Town. 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 of the Bonds made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Town since the date of the Official Statement. References to statutes, charters, or other laws herein may not be complete and such provisions of law are subject to repeal or amendment.

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

The Bonds are being offered for sale at public bidding. A Notice of Sale dated September 21, 2011, has been furnished to prospective bidders. Reference is made to the Notice of Sale for the terms and conditions of the bidding.

U.S. Bank National Association will act as Registrar, Transfer Agent, Paying Agent and Certifying Agent for the Bonds.

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 auditors have not provided their written consent to use their Independent Auditor's Report. The auditors have not been engaged to nor performed audit procedures regarding the post audit period.

Bond Counsel is not passing upon and does not assume responsibility for the sufficiency, accuracy or completeness of the statements made or financial information presented in this Official Statement (other than the matters expressly set forth as its opinion in Appendix B "Form of Opinion of Bond Counsel and Tax Exemption" herein) and makes no representation that it has independently verified the same.

Financial Advisor

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

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

The Bonds

The \$7,200,000 principal amount of the Bonds will mature on October 1 in each of the years as set forth on the front cover of this Official Statement. The Bonds will be dated October 1, 2011 and will bear interest at the rate or rates per annum specified by the successful bidder, payable on April 1, 2012 and semiannually thereafter on October 1 and April 1 in each year until maturity, as set forth on the cover of this Official Statement. 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 fifteenth day, or

the preceding day if such day is not a business day, of March and September 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 October 1, 2019 are not subject to redemption prior to maturity. The Bonds maturing on October 1, 2020 and thereafter are subject to redemption prior to maturity, at the election of the Town, on or after October 1, 2019 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>
October 1, 2019 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.

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 certificate will be issued for each maturity of the Bonds, in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers

and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has Standard & Poor’s highest rating: AAA. 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 and www.dtc.org.

Purchases of 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 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect 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 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 Issuer 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 principal and interest 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 Paying 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, the Paying 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 the Paying 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 the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond or Note certificates, as the case may be, 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 or Note certificates, as the case may be, will be printed and delivered.

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 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 Bonds 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 is authorized to 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 of Orange, Connecticut 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 of the Town. The Town has the power under Connecticut statutes to levy ad valorem taxes on all property subject to taxation by the Town without limit as to rate or amount, except as to certain certified forest land such as certified forest land taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts. There was, however, no such certified forest land on the last completed Grand List of the Town, and, under existing statutes the State of Connecticut is obligated to pay the Town the amount of tax revenue which the Town would have received except for the limitation on its power to tax such dwelling houses.

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 (hereafter "debt") and a court of competent jurisdiction has power in appropriate proceedings to render a judgment against the Town. A court of competent jurisdiction also has the power in appropriate proceedings to order a payment of a judgment on such debt from funds lawfully available therefore 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 by the Congress or the Connecticut General Assembly extending the time for payment or imposing other constraints upon enforcement insofar as the same may be constitutionally applied. Section 7-566 of the Connecticut General Statutes, as amended, provides that no Connecticut municipality shall file a petition in bankruptcy without the express prior written consent of the Governor.

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

Qualification for Financial Institutions

The Bonds **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.

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 (the "Continuing Disclosure Agreement"), to provide or cause to be provided, in accordance with the requirements of the SEC Rule 15c2-12(b)(5) (the "Rule"), (i) annual financial information and operating data, (ii) timely notice of the occurrence of certain material events with respect to the Bonds, and (iii) timely notice of failure by the Town to provide the required annual financial information and operating data on or before the date specified in the Continuing Disclosure Agreement. The winning bidder's obligation to purchase the Bonds shall be conditioned upon it receiving, at or prior to the delivery of the Bonds, an executed copy of the Continuing Disclosure Agreement.

The Town has previously undertaken in continuing disclosure agreements entered into for the benefit of holders of certain of its general obligation bonds to provide certain annual financial information and event notices pursuant to Rule 15c2-12(b)(5). To date the Town has not failed to meet any of its undertakings under such agreements.

Authorization and Purpose

The Bonds are issued pursuant to Title 7 of the General Statutes of the State of Connecticut, as amended, and the Charter of the Town of Orange, including referendum approval on July 12, 2011.

Use of Proceeds

<i>Project Name</i>	<i>Bond Authorization</i>	<i>Previously Bonded, Paid Down or Grants</i>	<i>Bonds This Issue</i>
Land Acquisition (Hubbell Property).....	\$ 7,200,000	\$ -	\$ 7,200,000
Totals	\$ 7,200,000	\$ -	\$ 7,200,000

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 "Program").

Debt service reimbursement will continue under the prior reimbursement 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 Town has made application to Standard & Poor's Corporation ("S&P") for a rating on the Bonds. The Town's underlying rating on its outstanding bonds is currently 'Aa1' by Moody's Investors Service. Such rating reflects only the views of such organization and any explanation of the significance of such rating should be obtained from the rating agency furnishing the same, at the following address: Standard & Poor's Corporation, 55 Water Street, New York, New York 10041. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. The Town furnished certain information and materials to the rating agency, some of which may not have been included in this Official Statement. There is no assurance that such rating will continue for any given period of time or that the rating will not be revised or withdrawn entirely by the agency if, in the judgment of such rating agency, circumstances so warrant. A revision or withdrawal of such ratings may have an effect on the market price of the Town's bonds.

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

Bond Insurance

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

II. The Issuer

(MAP OF CT)

Description of the Town

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

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

Financial institutions in the Town include the Citizens Bank of Connecticut, Commerce Bank, Connex Credit Union, Bank of America, NewAlliance Bank, Citibank, People's United Bank, Prime Bank, TD BankNorth, Prime Bank, Webster Bank, and Wachovia Bank & Trust.

Substantial development has occurred in the Town along the Boston Post Road and in the industrial areas during recent years. From 2007-2011, businesses large and small have opened in Town. Grand openings included Kohl's, Roly Poly, Dress Barn, L.L. Bean Outlet store, Raymour and Flanagan Outlet, Hope Academy and Reno's Pizzeria to name a few.

In addition Brookside Commons, a 57,000 square foot retail and professional complex was developed, along with the recent \$5.5 million purchase of 23 acres along the Boston Post Road to be developed as both professional and medical offices by Field Brothers of Norwalk. One of the most recent developments occurred when Yale University purchased the Bayer campus for \$109.0 million, which straddles the line of the Town of Orange and the City of West Haven. This was followed by a \$1.5 million purchase of Marsh Hill LLC's investment in an adjoining property with plans to develop offices for physical therapy and the manufacturing of prosthetic equipment. United Illuminating purchased the National Amusement site for \$21.25 million to construct a 360,000 square foot operations center, in addition to a long term lease of an additional 23 acres for the construction of a 130,000 square foot corporate headquarters. Ground breaking began in late June 2010 for this \$150.0 million investment.

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

Solid Waste: Orange is one of twelve other municipalities that have entered into a Municipal Service Agreement with the Connecticut Resources Recovery Authority (CRRA) for the disposal of solid waste through the Greater Bridgeport Resource Recovery System. Each municipality which has signed such an agreement has agreed to deliver or cause to be delivered to the System all acceptable waste generated within its boundaries. The facility is located in the City of Bridgeport, Connecticut and is operated by Wheelabrator, a division of Waste Management. The facility began commercial operation in July 1988 and is designed to process up to 2,250 tons of solid waste per day. Orange averages approximately 5,250 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 December 31, 2013. 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 2012 is \$65.11 per ton delivered with an annual minimum commitment of 5,500 tons.

Form of Government

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

Municipal Officials

	<i>Term Expires November</i>
<i>Board of Selectmen</i>	
James M. Zeoli, First Selectman.....	2011
Joseph F. Blake.....	2011
Mitchell R. Goldblatt.....	2011
Ralph G. Okenquist.....	2011
Trish Pearson.....	2011
Judy W. Williams.....	2011
<i>Board of Finance</i>	
Kevin Houlihan, CPA – Chairman.....	2011
Ralp Aschettino.....	2011
John Cifarelli.....	2013
James Leahy, Vice Chairman.....	2011
Kevin T. Moffett.....	2011
Joseph Nuzzo.....	2013
<i>Other Officials</i>	
Salvatore A. DeCola, <i>Director of Finance</i>	
Joseph Scaglia, <i>Town Treasurer</i>	

Municipal Employees

	<i>2010-11</i>	<i>2009-2010</i>	<i>2008-09</i>	<i>2007-08</i>	<i>2006-07</i>
General Government	164	160	156	157	157
Board of Education	188	185	185	184	184
<i>Total</i>	352	345	341	341	341

Source: Town officials.

Municipal Employees Bargaining Organizations

<i>Employee Group</i>	<i>Bargaining Organization</i>	<i>Number of Employees</i>	<i>Contract Expiration Date</i>
<u>General Government</u>			
Police	CIPU, Local 18	41	6/30/2011 ²
Assistants, Secretaries, Custodians and Clerks...	UPSEU, Local 424	33	6/30/2011 ²
Highway	AFL-CIO, Local 1303, Council #4	14	6/30/2012
School Nurses	AFL-CIO, Local 1303-3 16	4	6/30/2011 ²
Dispatchers	Communication Works, AFL-CIO	6	6/30/2011 ²
Supervisors.....	NAGE Local R1-141	14	6/30/2011 ²
Non-Bargaining.....	Town non-bargaining employees	52	N/A
<i>Total</i>		164	
<u>Board of Education</u>			
Administrator	Business Administrator	1	6/30/2010 ²
Teachers	Orange Teachers' League	121	6/30/2012
Administrators	Orange Elementary School Administrators Association	6	6/30/2012
Custodial/Maintenance.....	AFSCME Council #4, ,Local 1303-22	10	6/30/2011 ²
Secretaries/Aides.....	CSEA, Local 760	43	6/30/2013
Central Office Staff.....	AFSCME, Local 1303-346	4	6/30/2012
Non-Bargaining.....	Town non-bargaining employees ¹	3	N/A
<i>Total</i>		188	
<i>Total Town Employees.....</i>		352	

¹ Includes Superintendent and Director of Facilities.

² In negotiations.

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. Pupils in grades 7 through 12 are served by the Amity Regional School District Number 5 (the "District"), consisting of Woodbridge, Bethany and Orange. The District is governed by a thirteen-member Board of Education with Orange represented by seven members. The District recently completed a \$75,000,000 system wide facilities renovations and improvements.

School Enrollment

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

<i>As of October 1</i>	<i>Elementary Schools</i>
	Historical
2001	1,337
2002	1,359
2003	1,391
2004	1,368
2005	1,394
2006	1,391
2007	1,368
2008	1,313
2009	1,294
2010	1,286
	Projected ¹
2011	1,244
2012	1,289
2013	1,275

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 10/1/2010</i>	<i>Rated Capacity</i>
Mary L. Tracy.....	Kindergarten	1910	1989	12	173	180
Race Brook School.....	1-6	1959	1989	36	413	540
Turkey Hill School.....	1-6	1964	1989	27	302	405
The Peck Place School.....	1-6	1968	2003	32	400	480
Total				107	1,288	1,605

Source: Superintendent of Schools, Town of Orange.

III. Economic and Demographic Data

Population Trends

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

¹ Density based on 17.2 square miles.

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

Age Characteristics of Population

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

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

Selected Wealth and Income Indicators

	Median Family Income (1990)	Median Family Income (2000)	Per Capita Income (1990)	Per Capita Income (2000)
Town of Orange.....	\$66,514	\$88,583	\$26,860	\$36,471
New Haven County.....	46,058	60,549	17,666	24,439
Connecticut.....	49,199	65,521	20,189	28,766
United States.....	35,353	49,600	14,617	21,690

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

Income Distribution

	Town of Orange		State of Connecticut	
	Families	Percent	Families	Percent
\$ 0 to 9,999	67	1.7%	33,423	3.8%
10,000 to 14,999	61	1.6%	23,593	2.7%
15,000 to 24,999	113	2.9%	63,262	7.1%
25,000 to 34,999	226	5.8%	75,413	8.5%
35,000 to 49,999	368	9.4%	120,134	13.6%
50,000 to 74,999	780	19.9%	198,924	22.5%
75,000 to 99,999	655	16.7%	141,981	16.0%
100,000 to 149,999	922	23.6%	132,177	14.9%
150,000 to 199,999	359	9.2%	42,472	4.8%
200,000 or more	361	9.2%	54,368	6.1%
	3,912	100.0%	885,747	100.0%

Source: U.S. Department of Commerce, Bureau of Census, 2000 Census.

Educational Attainment

	Town of Orange		New Haven County		State of Connecticut	
	Number	Percentage	Number	Percentage	Number	Percentage
Less than 9th grade.....	212	2.2%	33,326	6.0%	132,917	5.8%
Grades 9-12 – no diploma.....	489	5.2%	60,411	11.0%	234,739	10.2%
High School graduate.....	2,023	21.4%	169,936	30.8%	653,300	28.5%
Some College - no degree.....	1,696	18.0%	100,410	18.2%	402,741	17.5%
Associate Degree.....	716	7.6%	35,126	6.4%	150,926	6.6%
Bachelors Degree.....	2,027	21.5%	84,217	15.3%	416,751	18.2%
Graduate or Professional Degree.....	2,271	24.1%	68,216	12.4%	304,243	13.3%
Totals.....	9,434	100.0%	551,642	100.0%	2,295,617	100.0%
Percent High School Graduate or Higher	92.6%		83.0%		84.0%	
Percent Bachelor Degree or Higher	45.6%		27.6%		31.4%	

Source: U. S. Department of Commerce, Bureau of Census, Census 2000

Employment by Industry

	Town of Orange		New Haven County		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent
Agriculture, forestry, fisheries.....	15	0.2%	1,101	0.3%	7,445	0.4%
Construction.....	307	4.8%	21,826	5.5%	99,913	6.0%
Manufacturing.....	980	15.2%	63,053	15.9%	246,607	14.8%
Wholesale trade.....	237	3.7%	13,552	3.4%	53,231	3.2%
Retail trade.....	613	9.5%	44,983	11.3%	185,633	11.2%
Transportation & warehousing, and utilities.....	144	2.2%	16,707	4.2%	64,662	3.9%
Information.....	256	4.0%	14,357	3.6%	55,202	3.3%
Finance, insurance, real estate.....	603	9.3%	26,787	6.8%	163,568	9.8%
Professional, scientific, management, administrative, and waste management services.....	711	11.0%	34,946	8.8%	168,334	10.1%
Educational, health & social services.....	1,823	28.2%	101,733	25.7%	366,568	22.0%
Arts, entertainment, recreation, accommodation and food services.....	254	3.9%	23,247	5.9%	111,424	6.7%
Other professional services.....	202	3.1%	17,887	4.5%	74,499	4.5%
Public Administration.....	314	4.9%	16,147	4.1%	67,354	4.0%
TOTAL.....	6,459	100.0%	396,326	100.0%	1,664,440	100.0%

Source: U. S. Department of Commerce, Bureau of Census, Census 2000

Major Employers

Employer	Nature of Business	Number of
		Full-Time Employees
Yale University.....	Higher Education	1,600
United Illuminating.....	Utility	1,300
Town of Orange.....	Government/education	409
Southern Connecticut Gas.....	Utility	251
Light Sources.....	Manufacturer	249
Dichello Distributors.....	Distributors	240
Super Shop & Stop.....	Food Store	205
Target.....	Retail	205
Christmas Tree Shop.....	Department store	200
Home Depot.....	Retail	180

Source: Economic Development Coordinator, Town of Orange.

Unemployment Rate Statistics

Date	Town of Orange	New Haven Labor Market	State of Connecticut	United States
July 2011	6.9	9.7	9.2	9.3
Annual				
2010	6.5	9.3	9.1	9.6
2009	6.1	8.3	8.3	9.3
2008	4.2	5.8	5.6	5.8
2007	3.3	4.8	4.6	4.6
2006	3.4	4.6	4.4	4.6
2005	3.7	5.0	4.9	5.1
2004	3.5	4.9	4.9	5.5
2003	3.7	5.4	5.5	6.0
2002	3.1	4.3	4.4	5.8
2001	2.2	3.1	3.1	4.7

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

Building Permits

Fiscal Year	Residential ¹		Industrial/Commercial		Total	
	No.	Value	No.	Value	No.	Value
2010	497	\$1,610,364	332	\$1,073,576	829	\$2,683,940
2009	540	1,660,890	360	1,107,260	900	2,768,150
2008	613	1,989,378	408	1,326,252	1,021	3,315,630
2007	591	1,811,046	394	1,207,364	985	3,018,410
2006	619	1,314,792	412	876,528	1,031	2,191,320
2005	604	1,215,438	403	810,292	1,007	2,025,730
2004	497	998,958	331	665,972	828	1,664,930
2003	484	1,480,938	322	987,292	806	2,468,230
2002	611	3,417,606	407	2,278,404	1,018	5,696,010
2001	521	2,192,496	348	1,461,664	869	3,654,160

¹ Includes single, multi-family condominiums, apartments.

Source: Building Official, Town of Orange.

IV. Debt Section

Principal Amount of Bonded Indebtedness ¹ As of October 13, 2011 (Pro-Forma)

<i>Date of Issue</i>	<i>Date of Maturity</i>	<i>Rate</i>	<i>Purpose</i>	<i>Original Issue Amount</i>	<i>Balance Outstanding¹</i>
12/15/07	12/15/27	3.50-5.00	General Purpose	\$ 3,900,000	\$ 3,725,000
06/01/10	08/15/25	3.00-5.00	General Purpose Refunding	6,871,000	5,871,000
06/01/10	08/15/25	3.00-5.00	Schools Refunding	3,524,000	3,229,000
Total Outstanding Long Term Bonded Debt				\$ 14,295,000	\$ 12,825,000
This Issue					
10/01/11	10/01/31	<i>tbd</i>	General Purpose	\$ 7,200,000	\$ 7,200,000
Grand-Total				\$ 21,495,000	\$ 20,025,000

¹ Excludes Refunded Bonds.

Short-Term Debt

The Town does not have any short-term debt outstanding.

Annual Bonded Debt Maturity Schedule
As of October 13, 2011
(Pro-Forma)

Fiscal Year Ended 6/30	Principal Payments ^{2, 3}	Interest Payments ³	Total Payments	<u>This Issue</u> General Purpose	Total Principal	Cumulative Principal Retired (%)
2012 ¹	\$ 252,500	\$ 339,463	\$ 591,963	\$ -	\$ 252,500	1.23%
2013	1,692,500	491,763	2,184,263	360,000	2,052,500	11.20%
2014	1,550,000	417,013	1,967,013	360,000	1,910,000	20.49%
2015	1,537,000	349,731	1,886,731	360,000	1,897,000	29.71%
2016	992,000	301,069	1,293,069	360,000	1,352,000	36.28%
2017	602,000	271,325	873,325	360,000	962,000	40.96%
2018	652,000	248,613	900,613	360,000	1,012,000	45.88%
2019	652,000	224,800	876,800	360,000	1,012,000	50.79%
2020	648,000	200,763	848,763	360,000	1,008,000	55.69%
2021	640,000	176,075	816,075	360,000	1,000,000	60.56%
2022	690,000	149,788	839,788	360,000	1,050,000	65.66%
2023	690,000	122,438	812,438	360,000	1,050,000	70.76%
2024	760,000	93,563	853,563	360,000	1,120,000	76.21%
2025	760,000	64,438	824,438	360,000	1,120,000	81.65%
2026	755,000	35,413	790,413	360,000	1,115,000	87.07%
2027	250,000	15,313	265,313	360,000	610,000	90.04%
2028	250,000	5,156	255,156	360,000	610,000	93.00%
2029	-	-	-	360,000	360,000	94.75%
2030	-	-	-	360,000	360,000	96.50%
2031	-	-	-	360,000	360,000	98.25%
2032	-	-	-	360,000	360,000	100.00%
Total	\$ 13,373,000	\$ 3,506,719	\$ 16,879,719	\$7,200,000	\$20,573,000	

¹ Excludes \$1,420,000 in principal payments and \$213,550 in interest payments from July 1, 2011 to October 13, 2011.

² Includes principal due for Mortgage Note. The Mortgage Note is payable without interest.

³ 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. The Town's balance due is \$423,000, with out interest.

Debt Statement ¹
As of October 13, 2011
(Pro-Forma)

Long-Term Debt:

General Purpose (Includes \$9,596,000 outstanding and \$7,200,000 of this issue)	\$ 16,796,000
Schools	3,229,000
Sewers ¹	423,000
Mortgage Note Payable	125,000
Total Long-Term Debt	20,573,000
Short-Term Debt	-
TOTAL DIRECT DEBT	20,573,000
Less: State School Construction Building Grants Principal Receivable (As of 6/30/11)..... ²	-
TOTAL NET DIRECT DEBT	20,573,000
Plus: Overlapping/Underlying Debt	22,012,313
TOTAL OVERALL NET DEBT	\$ 42,585,313

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.

² The Town is responsible for 48.409%, percentage based on the share of the Regional School District Number No. 5's (the "District") costs allocated to the Town, or \$22,012,313 of the District's \$45,471,531 existing net debt as of October 13, 2011. (See "Overlapping and Underlying Indebtedness" herein).

Current Debt Ratios
As of October 13, 2011
(Pro-Forma)

Population ¹	13,956
Net Taxable Grand List (10/1/10) (70% of Estimated Full Value)	\$ 1,753,472,000
Estimated Full Value	\$ 2,504,960,000
Equalized Net Taxable Grand List (10/1/09)..... ²	\$ 2,388,947,380
Income per Capita (2000) ¹	36,471

	Total Direct Debt \$20,573,000	Total Net Direct Debt \$20,573,000	Total Overall Net Debt \$42,585,313
Per Capita	\$1,474.13	\$1,474.13	\$3,051.40
Ratio to Net Taxable Grand List	1.17%	1.17%	2.43%
Ratio to Estimated Full Value	0.82%	0.82%	1.70%
Ratio to Equalized Net Taxable Grand List	0.86%	0.86%	1.78%
Debt per Capita to Income per Capita (2000)	4.04%	4.04%	8.37%

¹ U.S. Department of Commerce, Bureau of Census.

² Office of Policy and Management, State of Connecticut

Statement of Debt Limitation
As of October 13, 2011
(Pro Forma)

Total Tax Collections (including interest and lien fees)

Received by the Treasurer for the year ended June 30, 2010..... \$ 48,464,450

Reimbursement For Revenue Loss:

Tax relief for elderly 72,054

Base for Debt Limitation Computation..... \$ 48,536,504

	General Purpose	Schools	Sewers	Urban Renewal	Unfunded Pension
Debt Limitation: ¹					
2 1/4 times base.....	\$ 109,207,134	\$ -	\$ -	\$ -	\$ -
4 1/2 times base.....	-	218,414,268	-	-	-
3 3/4 times base.....	-	-	182,011,890	-	-
3 1/4 times base.....	-	-	-	157,743,638	-
3 times base.....	-	-	-	-	145,609,512
Total Debt Limitation	\$ 109,207,134	\$ 218,414,268	\$ 182,011,890	\$ 157,743,638	\$ 145,609,512
Indebtedness:					
Bonds Payable.....	\$ 9,596,000	\$ 3,229,000	\$ 423,000 ²	\$ -	\$ -
Mortgage Note.....	125,000	-	-	-	-
Bonds – This Issue.....	7,200,000	-	-	-	-
Debt Authorized But Unissued.....	-	-	-	-	-
Net Amity Regional School District Debt..... ³	-	22,012,313	-	-	-
Total Indebtedness	\$ 16,921,000	\$ 25,241,313	\$ 423,000	\$ -	\$ -
Less:					
Estimated Grants and Assessments Receivable	-	-	-	-	-
Total Net Indebtedness	16,921,000	25,241,313	423,000	-	-
DEBT LIMITATION IN EXCESS OF OUTSTANDING INDEBTEDNESS	\$ 92,286,134	\$ 193,172,955	\$ 181,588,890	\$ 157,743,638	\$ 145,609,512

¹ Under Connecticut General Statutes, Town debt cannot exceed seven times the debt limit base or \$339,375,528.

² 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.

³ The Town is responsible for 48.409%, percentage based on the share of the Regional School District Number No. 5's (the "District") costs allocated to the Town, or \$22,012,313 of the District's \$45,471,531 existing net debt as of October 13, 2011. (See "Overlapping and Underlying Indebtedness" herein).

Source: Town officials.

Capital Leases

The Town has no outstanding capital leases.

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	\$ 46,175,000	\$ 703,469	\$ 45,471,531	48.409%	\$ 22,012,313

Legal Requirements for Approval of Borrowing

The Town has the power to incur indebtedness by issuing its bonds or notes as authorized by the Connecticut General Statutes subject to statutory debt limitations and the requirements of the Town Charter for the authorization of indebtedness.

Temporary Financing

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

Temporary notes may be funded beyond ten years from the initial borrowing date if written commitment exists for State and/or Federal grants, for 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 15 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 following the original date of issue (whichever is sooner), and in each year thereafter, the notes must be reduced by 1/15th of the total amount of the notes issued by funds derived from sources of payment specified by statute. Temporary notes may be issued in one-year maturities for up to 15 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).

Authorized but Unissued Debt

Project	Amount Authorized	Amount Previously Financed	This Issue	Authorized & Unissued	Estimated Grants Receivable ¹
General Purpose	\$ 7,200,000	\$ -	\$ 7,200,000	\$ -	\$ -

Principal Amount of Outstanding General Fund Debt Last Five Fiscal Years Ending June 30

Fiscal Year Ending 6/30	2011	2010	2009	2008	2007
Short-Term Debt	\$ -	\$ -	\$ -	\$ -	\$ -
Long-Term Debt	14,793,000	16,948,128	18,955,628	20,135,500	17,288,000
Total	\$ 14,793,000	\$ 16,948,128	\$ 18,955,628	\$ 20,135,500	\$ 17,288,000

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

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

Fiscal Year Ended 6/30	Net Assessed Value	Estimated Full Value	Net Long-Term Debt ¹	Ratio of Net Long-Term Debt to Assessed Value	Ratio of Net Long-Term Debt to Estimated Full Value	Population ²	Net Long-Term Debt per Capita	Ratio of Net Long-Term Debt per Capita to Per Capita Income ³
2010	\$1,751,240,900	\$2,501,772,714	\$41,785,048	2.39%	1.67%	13,956	\$2,994.06	8.83%
2009	1,735,333,209	2,479,047,441	43,982,770	2.53%	1.77%	13,772	3,193.64	9.42%
2008	1,574,579,200	2,249,398,857	47,394,114	3.01%	2.11%	13,781	3,439.09	10.14%
2007	1,440,038,429	2,057,197,756	42,208,044	2.93%	2.05%	13,813	3,055.68	9.01%
2006	1,411,969,700	2,017,099,571	38,410,601	2.72%	1.90%	13,878	2,767.73	8.16%

¹ Total debt less school building grants receivable. Includes Overlapping debt.

² State of Connecticut, Department of Public Health.

³ U.S. Department of Commerce, Bureau of Census, 2000: Income Per Capita: \$33,903.

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

Fiscal Year Ended 6/30	Total Debt Service	Total General Fund Expenditures ^{1,2}	Ratio of Debt Service To General Fund Expenditures (%)
2011	\$ 2,103,533	\$ 55,507,098	3.79%
2010	2,195,433	55,753,354	3.94%
2009	2,257,466	56,044,564	4.03%
2008	1,552,684	52,866,156	2.94%
2007	1,817,385	51,279,783	3.54%

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.

V. Financial Administration

Accounting Policies

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

Basis of Accounting

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

Audit

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

The most recent annual audit covers the fiscal year ended June 30, 2010, a portion of which is included in this document and made a part hereof as Appendix A. Included in Appendix A are Independent Auditor's Report, Management's Discussion and Analysis, the Town's Basic Financial Statements and the Notes to the Financial Statements, together with the report of the independent auditor as prepared by Seward and Monde, Independent Certified Public Accountants. The information contained in "Appendix A" is not the whole audit report. A full report is available from the Director of Finance and Administration, Town of Orange, upon request.

Budgetary Procedures

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

Employee Pension Systems

The Town has two contributory defined benefit pension plans, the Town of Orange Municipal Plan and the Town of Orange Police Plan, covering substantially all of its employees except certified teachers, who are covered by the State of Connecticut Teachers' Retirement Fund. Both Town plans are funded under group annuity contracts with the Connecticut General Life Insurance Company. The Town contributes annually to fund each plan, which includes amortization of past service costs over 20 years from the effective date. It is the policy of the Town to have annual actuarial valuations. Based upon a January 1, 2009 actuarial valuations, the actuarial value of assets and actuarial accrued liabilities for the Town plans were as follows:

Schedule of Funding Progress

Labor Group ¹	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Liability (c)	Actuarial Value of Assets as a Percentage of Actuarial Accrued Liability (a) / (b)	Annual Covered Payroll (d)	Unfunded Actuarial Accrued Liability as Percentage of Annual Covered Payroll (c) / (d)
Town/BOE	\$ 9,007,751	\$ 9,827,482	\$ 819,731	91.7%	\$ 954,405	85.9%
Police	14,246,755	18,207,883	3,961,128	78.2%	1,260,560	314.2%
Total.....	\$ 23,254,506	\$ 28,035,365	\$ 4,780,859	169.9%	\$ 2,214,965	400.1%

¹ Computed on actuarial basis dated January 1, 2009. Copies of the actuarial reports are available upon request from the Town's Director of Finance.

Schedule of Employer Contributions

<i>Fiscal</i> <i>Year</i>	<i>Actuarial</i> <i>Required</i> <i>Contribution</i>	<i>Actual</i> <i>Contribution</i>	<i>Percentage</i> <i>Contributed</i>
2011	\$457,397.00	\$457,697.00	100%
2010	304,721.00	304,721.00	100%
2009	304,721.00	304,721.00	100%
2008	702,074.00	702,074.00	100%
2007	695,806.00	695,806.00	100%

Source: Town Officials

For additional information, see Appendix A - Financial Statements, Note 7.

Other Post Employment Benefits

The Town provides post-retirement medical and dental benefits to eligible retirees and their spouses through a single-employer, contributory, defined benefit OPEB plan. Benefit provisions are established through negotiations between the Town and the various unions representing the employees. The OPEB plan provides medical and dental coverage to eligible retirees and their spouse. A bi-annual actuarial valuation is made to determine whether the contributions are sufficient to meet the plan obligations. The latest actuarial valuation was made July 1, 2008. The OPEB plan does not issue a separate, stand-alone, financial report.

From an accrual accounting perspective, the cost of post-employment healthcare benefits, like the cost of pension benefits, generally should be associated with the periods in which the cost occurs, rather than in the future year when it will be paid. In adopting GASB Statement No. 45 during the year ended June 30, 2009, the Town recognizes the cost of post-employment healthcare in the year when the employee services are received, reports the accumulated liability from prior years, and provides information useful in assessing potential demands on the Town's cash flows. Recognition of the liability accumulated from prior years will be phased in over 30 years, commencing with the 2009 liability.

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

As of July 1, 2008, membership in the plan consisted of 293 active members and 51 retirees and dependents for a total of 344 members. The Town's annual OPEB cost (expense) is calculated based on the ARC, an amount actuarially determined in accordance within the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if it were paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The actuarial accrued liability as of July 1, 2008 is estimated to be \$8,210,400. The Town's contributions represent payments made for premiums for insured individuals.

For additional information, see Appendix A - Financial Statements, Note 7.

Investment Policies and Procedures

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

The Town's investment practices have been to invest in certificates of deposit, repurchase agreements, U. S. Treasury bonds, bills and notes, demand accounts, the State of Connecticut Short Term Investment Fund ("STIF"), MBIA Class Investment Fund and the State Tax-Exempt Proceeds Fund.

Assessment Practices

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

Section 12-62 et. seq. of the Connecticut General Statutes govern real property assessments and establish the revaluation cycle for Connecticut municipalities of a revaluation every five years and, generally, a physical inspection every

ten years. Section 12-62 also imposes a penalty on municipalities that fail to effect revaluations as required, with certain exceptions. The statute permits the phase-in of a real property assessment increase resulting from a revaluation over a period of up to five years.

The Town of Orange last completed a statistical revaluation of its real property effective October 1, 2006. The revaluation will be phased-in over a 5 year period at 20% per annum beginning fiscal year 2007-08 and ending fiscal year 2011-12. The October 1, 2006 Grand List figures shown herein reflect the adjusted assessments resulting from the first year of the five-year phase-in. 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, while the motor vehicle and personal property sections of the October 1, 2010 grand list remain unaffected by the public act. Pursuant to Public Act 09-60, the second year phase-in for real property assessments will stay in effect until the next revaluation dated October 1, 2011.

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

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

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

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

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

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

Tax Collection Procedure

Taxes for the fiscal year are paid on the grand list of the prior October 1, and are due July 1, payable in two installments, one half on July 1 and one half on January 1. Payments not received by August 1 and February 1 become delinquent.

According to the provisions of Public Act No. 81-44, effective July 1, 1981, and applicable to property taxes due on or after said date, delinquent property taxes were subject to interest at the rate of 1.25% per month. Public Act No. 82-141, effective July 1, 1982, changes the interest rate to 1.5% per month for all delinquent property taxes.

Property Tax Levies and Collections

Grand List as of 10/1	Fiscal Year Ended 6/30	Net Taxable Grand List ¹ (000's)	Mill Rate	Adjusted Annual Levy (000's)	Percent of Annual Levy Collected at End of Fiscal Year	Uncollected	
						Percent of Annual Levy Uncollected at End of Fiscal Year	Percent of Annual Levy Uncollected as of 6/30/11
2009	2011	\$ 1,755,214	29.30	\$ 50,971	99.1%	0.9%	\$ 458,702
2008	2010	1,751,241	26.10	49,089	98.9%	0.9%	541,242
2007	2009	1,735,333	27.94	48,483	99.2%	0.8%	398,332
2006	2008	1,574,579	29.90	47,247	99.3%	0.7%	310,152
2005	2007	1,440,493	31.90	46,020	99.3%	0.7%	315,351
2004	2006	1,411,970	31.90	45,111	99.5%	0.5%	210,260
2003	2005	1,376,778	31.20	43,019	99.7%	0.3%	224,291
2002	2004	1,366,475	29.50	40,294	99.8%	0.2%	170,597
2001	2003	1,345,855	28.00	37,666	99.6%	0.4%	342,700
2000	2002	1,322,109	26.93 ²	35,339	99.4%	0.6%	221,613

¹ The Town of Orange's latest revaluation was effective October 1, 2006 and their next scheduled revaluation is expected to be October 1, 2011. 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.

² Reflects the addition of a special tax appropriation of 0.93 on the tax rate and \$1,175,827 of additional tax levy due to RSD #5 operating deficit.

Source: Collector of Revenue, Town of Orange.

Comparative Assessed Valuations

Grand List as of 10/1	Real Property	Personal Property	Motor Vehicle	Gross Taxable Grand List (000's)	Less Exemptions (000's)	Net Taxable Grand List (000's)	Percent Change
2010	90.4%	4.3%	5.3%	\$2,186,194	\$432,722	\$1,753,472	-0.1%
2009	90.4%	4.5%	5.2%	2,190,165	434,950	1,755,214	0.2%
2008	90.3%	4.5%	5.2%	2,184,340	433,099	1,751,241	0.9%
2007	90.7%	3.8%	5.5%	2,168,085	432,752	1,735,333	10.2%
2006 ¹	91.5%	3.1%	5.3%	2,145,247	570,668	1,574,579	9.3%
2005	87.5%	4.6%	7.9%	1,455,488	14,995	1,440,493	2.0%
2004	87.6%	4.7%	7.7%	1,426,022	14,052	1,411,970	2.6%
2003	88.2%	4.6%	7.2%	1,388,567	11,790	1,376,778	0.8%
2002	87.6%	5.0%	7.4%	1,384,570	18,095	1,366,475	1.5%
2001	87.4%	5.3%	7.3%	1,364,893	19,038	1,345,855	--

¹ The Town of Orange's latest revaluation was effective October 1, 2006 and their next scheduled revaluation is expected to be October 1, 2011. 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: 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, for the period October 1, 2001 through October 1, 2010.

(In thousands)

Grand List as of 10/1	Residential Real Property	Commercial Property	Industrial Property	Other Property	Total Real Property
2010	\$ 1,494,217	\$ 357,707	\$ 82,877	\$ 41,504	\$ 1,976,305
2009	1,488,308	353,881	84,030	52,687	1,978,905
2008	1,485,486	357,510	86,691	42,117	1,971,803
2007	1,478,395	355,868	87,011	44,383	1,965,657
2006	1,470,244	357,327	87,901	48,494	1,963,966
2005	883,998	285,366	69,506	35,354	1,274,224
2004	876,240	286,008	72,037	15,247	1,249,532
2003	867,443	265,435	72,620	19,284	1,224,782
2002	850,749	267,769	74,513	19,336	1,212,366
2001	838,601	256,695	85,768	11,588	1,192,652

Source: Tax Assessor, Town of Orange.

Exempt Property

Public	Assessed Value 10/1/10 ¹
State of Connecticut	\$3,491,800
Town of Orange	98,796,200
South Central Connecticut Regional Water Authority ²	1,682,200
Sub-Total Public	103,970,200
Private	
Federal	9,045,100
Volunteer Fire	0
Scientific	0
Educational	2,215,600
Historical	1,350,700
Charitable	2,156,000
Cemeteries	2,089,700
Churches	28,320,300
Hospitals and Sanitariums	0
Private College.....	0
Sub-Total Private	45,177,400
Total Exempt	\$149,147,600
Percent Compared to Net Taxable Grand List	8.51%

¹ Based on a Net Taxable Grand List for October 1, 2010 of \$1,753,472,000.

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:

Taxpayer¹	Nature of Business	Assessment	Percent of Net Taxable Grand List²
Connecticut Light & Power Co.	Electric Company	\$ 29,800,450	1.70%
Wu/LH, LLC c/o Lighthouse Real Estate Ventures Inc.	Real Estate	22,369,400	1.28%
United Illuminating.....	Education, Research	16,144,170	0.92%
Orange Plaza LLC.....	Retail	15,448,800	0.88%
Behringer harvard orange LLC.....	Apartments	15,278,680	0.87%
Inland Western 440 Boston Post Road.....	Retail	15,211,170	0.87%
Southern Connecticut Gas Co.	Public Utility	10,656,990	0.61%
R & F Orange LLC	Retail	10,394,250	0.59%
Orange Improvement Partnership.....	Retail	9,681,100	0.55%
Target.....	Retail	9,472,900	0.54%
Total		\$ 154,457,910	8.81%

¹ The South Central Connecticut Regional Water Authority has been removed from the taxable Grand List. The Town anticipates receiving payments in lieu of taxes in the estimated amount of \$215,000 for fiscal year 2011-12.

² Based on the October 1, 2010 Net Taxable Grand List in the Amount of \$1,753,472,000.

Source: Tax Assessor, Town of Orange.

Revenues

The Town derives its revenues from a direct tax levy on property, State and federal aid, various fees and charges, and certain miscellaneous sources. Town revenues are summarized for fiscal years ended 2007-2010 in "Statements of Revenues, Expenditures and Changes in Fund Balance - General Fund" herein. The prior year's appropriated surplus is also available to support current operating expenditures.

Intergovernmental Revenues

Fiscal Year	General Fund Revenues	Intergovernmental Revenues	Intergovernmental Revenues As a % of General Fund Revenues
2012 ¹	\$ 56,486,995	\$ 1,902,900	3.37%
2011 ²	55,370,784	1,889,900	3.41%
2010	54,201,378	3,132,553	5.78%
2009	53,762,188	3,608,336	6.71%
2008	52,437,080 ³	3,010,451 ³	5.74%
2007	51,265,210	3,071,146	5.99%
2006	50,964,284	3,485,799	6.84%
2005	46,770,073	2,180,485	4.66%
2004	44,629,564	2,463,457	5.52%
2003	41,649,906	2,422,323	5.82%

¹ Adopted Budget. Subject to audit.

² Estimated actual. Subject to audit.

³ 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>6/30/2010</i>	<i>Actual</i> <i>6/30/2009</i>	<i>Actual</i> <i>6/30/2008</i>	<i>Actual</i> <i>6/30/2007</i>	<i>Actual</i> <i>6/30/2006</i>
Assets:					
Cash and cash equivalents.....	\$ 5,825,269	\$ 3,032,314	\$ 2,677,889	\$ 5,480,883	\$ 8,625,723
Net taxes receivable.....	608,880	476,869	368,918	349,633	239,339
Other receivables.....	414,470	-	-	-	233,094
Due from other funds.....	1,527,842	1,157,314	865,953	3,062,898	1,222,210
Investments.....	677,938	5,662,280	8,224,387	2,816,334	1,105,204
Other.....	13,400	32,603	32,603	32,603	-
Total Assets	\$ 9,067,799	\$ 10,361,380	\$ 12,169,750	\$ 11,742,351	\$ 11,425,570
Liabilities:					
Accounts Payable	\$ 571,366	\$ 605,723	\$ 1,078,918	\$ 863,993	\$ 1,044,284
Deferred Revenue	495,612	360,875	288,124	291,753	184,108
Total Liabilities	\$ 1,066,978	\$ 966,598	\$ 1,367,042	\$ 1,155,746	\$ 1,228,392
Fund Balance					
Reserve for encumbrances.....	\$ 613,333	\$ 1,160,964	\$ 1,474,021	\$ 1,064,378	\$ 1,594,787
Uneserved:					
Designated for sunsequent years					
Expenditures.....	\$ -	975,000	810,000	410,000	410,000
Undesignated.....	7,387,488	7,258,818	8,518,687	9,112,227	8,192,391
Total Fund Balance	\$ 8,000,821	\$ 9,394,782	\$ 10,802,708	\$ 10,586,605	\$ 10,197,178
Total Liabilities and Fund Balance	\$ 9,067,799	\$ 10,361,380	\$ 12,169,750	\$ 11,742,351	\$ 11,425,570

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

	Adopted Budget 2012¹	Est. Actual 2011¹	Actual 2010	Actual 2009	Actual 2008
Revenues:					
Property Taxes	\$ 52,373,679	\$ 51,077,350	\$ 49,167,562	\$ 48,315,036	\$ 47,192,164
Interest and lien fees.....	175,000	192,500	178,060	160,507	146,694
Licenses, permits, fees and fines.....	730,625	677,800	1,006,251	663,644	771,938
Intergovernmental	1,902,900	1,889,900	3,132,553	3,608,336	3,010,451
Program Revenue.....	201,050	561,300	122,247	116,841	138,628
Investment Income	118,189	168,300	114,707	310,078	841,554
Charges for facilities and services	111,900	125,700	17,792	34,813	37,631
Miscellaneous	873,652	677,934	462,206	552,933	298,020
Total Revenues	56,486,995	55,370,784	54,201,378	53,762,188	52,437,080
Expenditures:					
Current:					
General government.....	1,785,503	1,971,194	1,689,623	1,802,768	1,789,250
Public safety.....	5,138,439	5,332,910	4,694,926	4,515,428	4,402,052
Public works and sanitation.....	2,940,275	3,076,872	2,935,759	3,209,554	3,228,964
Culture and recreation.....	1,278,998	1,284,603	1,184,956	1,300,364	1,330,948
Health and welfare.....	890,730	826,498	891,007	1,205,921	1,236,933
Employee benefits.....	4,192,139	4,029,877	3,845,772	3,486,098	3,872,029
Education (Town & Amity Share).....	37,565,936	36,441,064	37,809,305	36,937,748	34,744,461
Other.....	-	440,547	257,080	329,136	337,489
Debt service.....	2,022,813	2,103,533	2,195,433	2,257,466	1,552,684
Capital outlays.....	672,162	-	249,493	1,000,081	316,346
Total Expenditures	56,486,995	55,507,098	55,753,354	56,044,564	52,811,156
Excess (deficiency) of revenues over expenditures.....	-	(136,314)	(1,551,976)	(2,282,376)	(374,076)
Other financing sources (uses):					
Refunding Bond Proceeds	-	-	10,395,000	-	-
Bond Premiums/Accrued Interest.....	-	-	701,706	-	-
Payment to Refunded Bond Escrow	-	-	(11,023,691)	-	-
Transfer in	-	-	85,000	874,450	645,179
Transfer out	-	-	-	-	(55,000)
Net other financing sources (uses)	-	-	158,015	874,450	590,179
Extraordinary Item:					
State teachers' on-behalf payments	-	-	-	-	(4,973,171)
State teachers' on-behalf revenue	-	-	-	-	4,973,171
Total Extraordinary Item	-	-	-	-	-
Excess (deficiency) of revenues and other sources over expenditures and other uses...	-	(136,314)	(1,393,961)	(1,407,926)	216,103
Fund Balance, July 1.....	N/A	8,000,821	9,394,782	10,802,708	10,586,605
Fund Balance, June 30	N/A	\$ 7,864,507	\$ 8,000,821	\$ 9,394,782	\$ 10,802,708
Operating Revenues	N/A	\$ 55,370,784	\$ 54,201,378	\$ 53,762,188	\$ 52,437,080
Fund Balance as % of General Fund Revenues.....	N/A	14.2%	14.8%	17.5%	20.6%

¹ Subject to audit.

VI. Legal and Other Information

Litigation

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

Legal Matters

Joseph Fasi LLC, Hartford, Connecticut is serving as bond counsel with respect to the authorization and issuance of the Bonds and will render its approving opinion in substantially the form included in this Official Statement as Appendix B.

Transcript and Closing Documents

Upon delivery of the Bonds, the original purchaser will be furnished with the following:

1. A Signature and No Litigation Certificate 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. A Certificate on behalf of the Town, signed by the First Selectman and Director of Finance, which will be dated the date of delivery and attached to a confirmed copy of the Official Statement, and which will certify, to the best of said officials' knowledge and belief, that at the time bids on the Bonds were accepted 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 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. A receipt for the purchase price of the Bonds.
4. The approving opinion of Joseph Fasi LLC, of Hartford, Connecticut substantially in the form of Appendix B attached hereto.
5. An executed Continuing Disclosure Agreement for the Bonds substantially in the form of Appendix C attached hereto.
6. The Town of Orange, Connecticut has prepared an Official Statement for this Bond Issue which is dated September 21, 2011. The Town deems such Official Statement final as of its date for purposes of SEC Rule 15c2-12 (b) (5), but it is subject to revision or amendment. The Town will provide to the winning bidder of the Bonds 100 copies of the Official Statement prepared at the Town's expense and delivered not later than seven business days after the bid opening.

Additional copies may be obtained by the winning bidder at its own expense by arrangement with the printer. A transcript of the proceedings taken by the Town in authorizing the Bonds will be kept on file at the offices of U.S. Bank National Association, Corporate Trust Services, Goodwin Square, 225 Asylum Street, 23rd Floor, Hartford, Connecticut and will be available for examination upon reasonable request.

Concluding Statement

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

No representation is made that past experience, as might be shown by financial or other information herein, will necessarily continue or be repeated in the future. Neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Town since the date

hereof. References to statutes, charters, or other laws herein may not be complete and such provisions of law are subject to repeal or amendment.

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

TOWN OF ORANGE, CONNECTICUT

JAMES M. ZEOLI
First Selectman

SALVATORE A. DECOLA
Director of Finance

September __, 2011

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Appendix A

2010 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, 2010. The supplemental data which was a part of that report has not been reproduced herein. A copy of the complete report is available upon request from Matthew A. Spoerndle, Managing Director, Phoenix Advisors LLC, 53 River Street, Suite 3, 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
Orange, Connecticut

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, 2010, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. 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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2010, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended, in conformity with U.S. generally accepted accounting principles and the respective budgetary comparison for the General Fund.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2010 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* and should be considered in assessing the results of our audit.

U.S. generally accepted accounting principles require that the Management's Discussion and Analysis and the Schedules of Funding Progress and Employer Contributions on pages 3 through 13 and 61 through 62 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 considered 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Orange, Connecticut's financial statements as a whole. The other supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* is also not a required part of the financial statements. The other supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements taken as a whole.

Seward and Monde

North Haven, Connecticut
December 13, 2010

Town of Orange, Connecticut
Management's Discussion and Analysis
June 30, 2010

Management of the Town of Orange, Connecticut (the "Town") offers readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2010.

Management's discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Town's financial activity, (c) identify changes in the Town's financial position (its ability to address the next and subsequent year challenges), (d) identify any material deviations from the financial plan (approved budget) and (e) identify individual fund issues or concerns.

FINANCIAL HIGHLIGHTS

On a government-wide basis, the assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$41,201,808 (net assets). Of this amount \$13,329,871 represents unrestricted net assets, which may be used to meet the Town's ongoing obligations.

On a government-wide basis, the Town's total net assets decreased \$920,335.

At the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$9,572,777 reflecting a decrease of \$1,041,366 in comparison with the prior year.

As of June 30, 2010, the unreserved, undesignated fund balance for the general fund (the main operating fund of the Town) was \$7,387,488 or approximately 13.3% of general fund expenditures. This balance is available for spending at the government's discretion.

At the close of the current fiscal year, the Town's business-type activities reported net asset balances of \$7,031,580 for the Water Pollution Control Authority (WPCA) and \$2,089,550 for the Congregate Elderly Housing (Silverbrook Estates), a combined increase of \$489,281.

The Town's governmental bonded debt decreased by \$1,370,000 during the current fiscal year due to scheduled principal payments. The Town also defeased \$10,830,000 in bonded debt with the issuance of \$10,395,000 in general obligation refunding bonds. This advance refunding will reduce total debt service payments by \$550,132 over the next fifteen years.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements' focus is on both the Town as a whole (government-wide) and on the major individual funds. Both perspectives (government-wide and major fund) allow the user/reader to address relevant questions, broaden a basis for comparison and enhance the Town's accountability.

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to 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 corporate-like manner.*

The *statement of net assets* presents information on all of the Town's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets 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 government's net assets changed during the most recent fiscal year. All changes in net assets 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).

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The government activities of the Town include general government, public safety, public works and sanitation, culture and recreation, health and welfare, and education. The business-type activities of the Town include the Water Pollution Control Authority and Congregate Elderly Housing.

The government-wide financial statements include only the Town itself. There are no legally separate component units, only the primary government. The Town is a single entity.

The government-wide financial statements can be found on pages 14-15 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 Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Town's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented by governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Town's near-term financing decisions. Both the governmental fund balance sheet and the

governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town of Orange maintains thirty-six (36) individual governmental funds. Information is presented in separate columns in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the following funds: The General Fund, Education Grants, Cafeteria, and Recreation Self Support Funds are considered major funds. Data from the twenty-nine (29) Non-Major Governmental Special Revenue Funds are provided in the form of combining schedules, as are two (2) Non-Major Governmental Capital Project Funds and the one (1) Non-Major Permanent Fund. The Individual fund data for each of these non-major governmental funds is provided in the form of combining schedules for the Special Revenue Funds, the Capital Projects Funds, and the Permanent Fund (pages 63-72).

The basic governmental fund financial statements can be found on pages 16-19 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 assets and the statement of activities. In fact, the Town's enterprise funds (components of proprietary funds) are the same as the business-type activities reported in the government-wide statements, but provide more detail and additional information, such as cash flows, for proprietary funds. The Town's internal service fund (the other component of proprietary funds) is used to report the activities of the Self-Insured Health Insurance Fund and the Property Insurance Fund.

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 Assets, in the Proprietary Funds Statement of Revenues, Expenses, and Changes in Net Assets, 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.

Financial statements for the proprietary funds can be found on pages 21-23 of this report.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The Town is responsible for other assets that, because of a trust arrangement, can be used only for the trust beneficiaries. The Town is the trustee, or fiduciary, for three employees' pension plans. It is also responsible for other assets that, because of a trust arrangement can be used only for the trust beneficiaries. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to provide services to the Town's constituency.

The Town of Orange has four (4) Fiduciary Funds: 3 (three) 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 Funds: the Performance Bonds Fund.

Financial statements for the fiduciary funds can be found on pages 24-25 of this report with more detailed information in the notes to the financial statements on pages 46-52 and in the required supplementary information on page 61.

Notes to the Financial Statements. The notes provide additional information that is 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 26-60 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Town, assets exceed liabilities by \$41,201,808 at the close of the fiscal year ended June 30, 2010. The Town's overall financial position and operations are summarized as follows based on the information included in the government-wide financial statements (see pages 14 and 15)

Table 1 - Condensed statement of Net Assets (in thousands)

	June 30, 2010			June 30, 2009		
	Governmental Activities	Business- Type Activities	Total	Governmental Activities	Business- Type Activities	Total
Current and Other Assets	\$ 13,543	\$ 2,839	\$ 16,382	\$ 8,700	\$ 2,216	\$ 10,916
Capital Assets	38,424	5,475	43,899	39,939	5,760	45,699
Noncurrent Assets	710	1,830	2,540	5,694	1,824	7,518
Total Assets	<u>52,677</u>	<u>10,144</u>	<u>62,821</u>	<u>54,333</u>	<u>9,800</u>	<u>64,133</u>
Current Liabilities	3,140	217	3,357	2,873	413	3,286
Noncurrent Liabilities	17,456	806	18,262	17,970	755	18,725
Total Liabilities	<u>20,596</u>	<u>1,023</u>	<u>21,619</u>	<u>20,843</u>	<u>1,168</u>	<u>22,011</u>
Net Assets:						
Invested in Capital Assets, net of related debt	22,360	5,475	27,835	21,944	5,760	27,704
Restricted	38	-	38	35	-	35
Unrestricted	9,683	3,646	13,329	11,511	2,872	14,383
Total Net Assets	<u>\$ 32,081</u>	<u>\$ 9,121</u>	<u>\$ 41,202</u>	<u>\$ 33,490</u>	<u>\$ 8,632</u>	<u>\$ 42,122</u>

By far the largest portion of the Town's net assets reflects its investment in capital assets (e.g., land, buildings and improvements, infrastructure, machinery and equipment, and vehicles), less any related debt used to acquire those assets that are still outstanding for both governmental and business-type activities. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Normal Impacts

There are six basic (normal) transactions that will affect the comparability of the Statement of Net Assets summary presentation.

Net Results of Activities - which will impact (increase/decrease) current assets and unrestricted net assets.

Borrowing for Capital - which will increase current assets and long-term debt.

Spending Borrowed Proceeds on New Capital - which will reduce current assets and increase capital assets. There is a second impact, an increase in invested in capital assets and an increase in related net debt which will not change the invested in capital assets, net of related debt.

Spending of Non-borrowed Current Assets on New Capital - which will (a) reduce current assets and increase capital assets and (b) will reduce unrestricted net assets and increase invested in capital assets, net of related debt.

Principal Payment on Debt - which will (a) reduce current assets and reduce long-term debt and (b) reduce unrestricted net assets and increase invested in capital assets, net of related debt.

Reduction of Capital Assets through Depreciation - which will reduce capital assets and invested in capital assets, net of related debt.

Table 2 - Statement of Activities (in thousands)

	June 30, 2010			June 30, 2009		
	Governmental Activities	Business- Type Activities	Total	Governmental Activities	Business- Type Activities	Total
Revenues						
Program revenues						
Charges for services	\$ 4,585	\$ 896	\$ 5,481	\$ 4,294	\$ 931	\$ 5,225
Operating grants and contributions	3,251	375	3,626	3,260	291	3,551
Capital grants and contributions	62	740	802	293	-	293
General Revenues						
Property Taxes	49,600	-	49,600	48,668	-	48,668
Grants and contributions not restricted to specific programs	343	-	343	316	-	316
Unrestricted investment earnings	120	6	126	317	27	344
Miscellaneous	20	6	26	137	4	141
Total Revenues	<u>57,981</u>	<u>2,023</u>	<u>60,004</u>	<u>57,285</u>	<u>1,253</u>	<u>58,538</u>
Expenses						
General government	1,832	-	1,832	1,929	-	1,929
Public safety	5,085	-	5,085	4,716	-	4,716
Public works and sanitation	3,136	-	3,136	3,719	-	3,719
Culture and recreation	2,518	-	2,518	2,283	-	2,283
Health and welfare	1,612	-	1,612	1,547	-	1,547
Education						
Orange Board of Education	20,947	-	20,947	20,780	-	20,780
Amity Regional School District	18,956	-	18,956	17,813	-	17,813
Sewer	-	665	665	-	721	721
Elderly Housing	-	869	869	-	823	823
Other	4,790	-	4,790	3,682	-	3,682
Interest on long-term debt	515	-	515	675	-	675
Total Expenses	<u>59,391</u>	<u>1,534</u>	<u>60,925</u>	<u>57,144</u>	<u>1,544</u>	<u>58,688</u>
Change in Net Assets	<u>(1,410)</u>	<u>489</u>	<u>(921)</u>	<u>141</u>	<u>(291)</u>	<u>(150)</u>
Net Assets, Beginning	<u>33,490</u>	<u>8,632</u>	<u>42,122</u>	<u>33,349</u>	<u>8,923</u>	<u>42,272</u>
Net Assets, Ending	<u>\$ 32,080</u>	<u>\$ 9,121</u>	<u>\$ 41,201</u>	<u>\$ 33,490</u>	<u>\$ 8,632</u>	<u>\$ 42,122</u>

The Town's net assets decreased by \$920,335 during the fiscal year, which includes a \$1,409,616 decrease in the net assets of the governmental activities, while the net assets of business-type activities increased by \$489,281.

Governmental Activities

Major revenue factors include:

- In response to a mandated revaluation of real property, the Board of Selectmen, upon the recommendation of the Board of Finance, adopted a five year phase-in of the new property assessed values. Fiscal Year 2010 represents year three of the phase in and property tax revenues recorded for year ended June 30, 2010 reflected an increase in the Town's mill rate to 28.3 mills.
- The net grand list for October 1, 2008 equaled \$2,168,878,736, or an increase of 1.003% as compared to the October 1, 2007 net grand list.
- Property tax revenues increased by approximately \$932,000 over the previous fiscal year.
- The current economic climate affected revenue from licenses, permits and fees as the Town experienced a decreased revenue in this sector. That decrease was mitigated by a substantial building fee payment from United Illuminating.
- Revenue derived from ongoing intergovernmental sources such as Education Cost Sharing and Special Education Cost Reimbursement remained flat for FY 2010.

Investment income again decreased significantly over the fiscal year due to a change in the economic climate and a significant drop in interest rates.

Major expense factors include:

- Increases in employee wages averaged approximately 3.0% as a result of contractual salary and step increases.
- The cost of educational services increased by approximately \$1,300,000 due to negotiated wage settlements, and employee health insurance costs.

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.

Normal Impacts

There are five basic impacts on revenues and expenses as reflected below:

Revenues:

Economic Condition - which can reflect a declining, stable or growing economic environment and has a substantial impact on property tax revenue as well as public spending habits for building permits, and elective user fees.

Changing Patterns in Intergovernmental and Grant Revenue (both recurring and non-recurring) - certain recurring revenues may experience significant changes periodically while non-recurring (or one-time) grants are less predictable and often distorting in their impact on year to year comparisons.

Expenses:

Increase in Insurance - changes in healthcare costs and changes in the insurance marketplace can have a material effect on these expenses.

Salary Increases - the ability to attract and retain human and intellectual resources requires the Town to strive to approach a competitive salary range position in the marketplace.

Inflation - while overall inflation appears to be reasonably modest, some functions may experience unusual commodity specific increases.

FINANCIAL ANALYSIS OF FUND FINANCIAL STATEMENTS

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

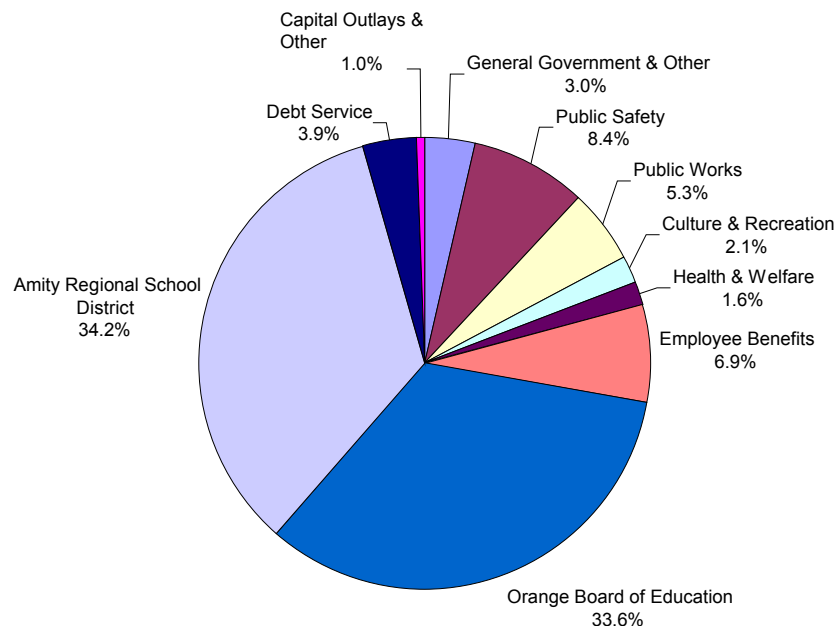
Governmental Funds. The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the 2010 fiscal year, the Town's governmental funds reported combined fund balances of \$9,572,777, a decrease of \$1,041,366 in comparison with the prior year. Approximately \$8,921,748 constitutes unreserved, undesignated fund balance, with the remainder of the fund balance being reserved or designated to indicate that it is not available for new spending because it has already been committed. These commitments include \$613,333 for contracts and purchase orders.

The general fund is the chief operating fund of the Town. At the end of the current fiscal year, unreserved, undesignated fund balance for the general fund increased from \$7,258,818 to \$7,387,488 while total general fund balance decreased from \$9,394,782 to \$8,000,821, a decrease of \$1,393,961 or 14.8%.

While an increase in operating budget expenditures occurred for fiscal year ended June 30, 2010 due to increased demand for services and an increase in utility and energy costs, it was offset by an increase in property tax revenue and license and permit revenues.

2009-10 General Fund Expenditure



Proprietary Funds. The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

GENERAL FUND BUDGETARY HIGHLIGHTS

Operating Results - General Fund:

Operations for the year were resulted in a positive net budgetary fund balance offset in the amount of \$128,670 due to a revenue shortfall of \$347,347 and under budget expenditures in the amount of \$476,017. The budget included a projected use of fund balance for minor capital improvements in the amount of \$975,000 which was frozen at -0- to mitigate the then projected revenue shortfall. At the same time a hiring freeze and additional expenditure controls were put in place which kept expenditures under budget.

Revenue:

- Property taxes, liens and fees were as projected.
- Licenses and Permits were greater than budgeted due to a large building department permit payment by United Illuminating for its new facility.

- Intergovernmental, Program Revenue, and Facility Charges were marginally less than projected.
- Investment Income was significantly under projection due to general economic conditions and investment restrictions on municipal funds. This shortfall was offset by a comparable increase in Other Revenues.
- Transfers from other funds were substantially less than projected due to a significant shortfall in the Community Nursing Special Revenue Fund

Expenditure:

- Due to the hiring and expenditure freeze all town departments were under budget with substantial reductions in General Government, Public Safety, and Culture and Recreation.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. The Town's investment in capital assets for its governmental and business-type activities as of June 30, 2010 amounts to \$43,899,241 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings, building improvements, sewer lines and pump stations, equipment, vehicles and infrastructure assets. Total additions were \$422,092 and total depreciation was \$2,204,249.

Major capital asset events during the current fiscal year included the following:

Major capital asset activity during the year included replacement of the mansard at Turkey Hill School and upgrade of the HVAC control system at Turkey Hill and Peck Place Schools.

Table 3 - Capital Assets, net of accumulated depreciation (in thousands)

	June 30, 2010			June 30, 2009		
	Governmental	Business-		Governmental	Business-	
	Activities	Type	Total	Activities	Type	Total
		Activities			Activities	
Land	\$ 15,438	\$ 19	\$15,457	\$ 15,438	\$ 19	\$ 15,457
Land Improvements	238	-	238	273	-	273
Buildings & Improvements	15,943	2,080	18,023	16,701	2,168	18,869
Sewer Lines & Pump Stations	-	3,279	3,279	-	3,503	3,503
Equipment	3,006	97	3,103	3,416	70	3,486
Vehicles	333	-	333	436	-	436
Infrastructure	3,467	-	3,467	3,675	-	3,675
Total	<u>\$ 38,425</u>	<u>\$ 5,475</u>	<u>\$43,900</u>	<u>\$ 39,939</u>	<u>\$ 5,760</u>	<u>\$ 45,699</u>

Additional information on the Town's capital assets can be found on page 39-40 of this report.

Long-term Debt. At the end of the current fiscal year, the Town had total bonded debt outstanding of \$15,690,000. The Town maintains an Aa1 rating from Moody's Investors Service for general obligation debt.

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 \$346,135,783 which is significantly in excess of the Town's outstanding general obligation debt.

Additional information on the Town's long-term debt can be found on pages 41-45 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET HIGHLIGHTS

The net grand list for October 1, 2009 was \$2,175,106,000 or an increase of .003%, as compared to the October 1, 2008 net grand list. Business personal property increased by .0004% net. Overall, residential property comprises approximately 75% of the grand list and commercial property comprises the remaining 25%.

The fiscal year 2010-2011 budget shows an increase of 2.8% over fiscal year 2009-2010. The Town's portion of the Amity Regional School budget increased by 1.4%, which equates to \$265,318 more than the Town's allocation in the 2009-2010 budget. This represents the greatest portion of the overall budget increase.

The Town of Orange's annual budget for FY 2010-2011 was proposed by the Board of Finance and adopted at Town Meeting and Referendum on May 13, 2010 at \$55,839,120 with a mill rate of 29.3. At the beginning of fiscal year 2010-2011, the Undesignated Fund Balance, as a percentage of the fiscal year 2010-2011 budget is 13.23%.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance and Administration, Town of Orange, 617 Orange Center Road, Orange, CT 06477.

TOWN OF ORANGE, CONNECTICUT
STATEMENT OF NET ASSETS
JUNE 30, 2010

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 12,055,604	\$ 1,595,086	\$ 13,650,690
Uncollected property taxes and sewer assessments, less allowance of \$48,000 for uncollectibles	608,880	755,849	1,364,729
Accounts receivable, less allowance of \$13,000 for uncollectibles	555,910	488,544	1,044,454
Other assets	314,146	-	314,146
Due from other governments	8,130	-	8,130
Investments	710,051	1,830,138	2,540,189
Capital assets:			
Nondepreciable	15,438,404	18,970	15,457,374
Depreciable, net of accumulated depreciation	22,986,220	5,455,647	28,441,867
Total assets	<u>52,677,345</u>	<u>10,144,234</u>	<u>62,821,579</u>
LIABILITIES			
Accounts payable and accrued liabilities	1,052,834	133,973	1,186,807
Due to other governments	-	6,003	6,003
Interest payable	36,348	-	36,348
Unearned revenue	301,885	-	301,885
Long-term liabilities:			
Due within one year	1,749,791	77,500	1,827,291
Due in more than one year	17,455,809	805,628	18,261,437
Total liabilities	<u>20,596,667</u>	<u>1,023,104</u>	<u>21,619,771</u>
NET ASSETS			
Invested in capital assets, net of related debt	22,359,624	5,474,617	27,834,241
Restricted for:			
Nonexpendable permanent endowments	37,696	-	37,696
Unrestricted	9,683,358	3,646,513	13,329,871
Total net assets	<u>\$ 32,080,678</u>	<u>\$ 9,121,130</u>	<u>\$ 41,201,808</u>

See notes to basic financial statements.

**TOWN OF ORANGE, CONNECTICUT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010**

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total	Governmental Activities	Business-Type Activities	Total
Expenses							
Governmental activities:							
General government	\$ 1,832,332	\$ 1,678,322	\$ -	\$ 1,678,322	(\$ 154,010)	\$ -	(\$ 154,010)
Public safety	5,085,464	259,013	28,118	287,131	(4,798,333)	-	(4,798,333)
Public works and sanitation	3,135,936	96,550	138,541	297,467	(2,838,469)	-	(2,838,469)
Culture and recreation	2,517,883	803,956	15,216	819,172	(1,698,711)	-	(1,698,711)
Health and welfare	1,611,353	768,210	38,592	806,802	(804,551)	-	(804,551)
Education:							
Orange Board of Education	20,947,008	852,326	3,030,336	3,882,662	(17,064,346)	-	(17,064,346)
Amity Regional School District	18,956,215	-	-	-	(18,956,215)	-	(18,956,215)
Other	4,790,238	126,774	-	126,774	(4,663,464)	-	(4,663,464)
Interest on long-term debt	515,110	-	-	-	(515,110)	-	(515,110)
Total governmental activities	<u>59,391,539</u>	<u>4,585,151</u>	<u>3,250,803</u>	<u>7,898,330</u>	<u>(51,493,209)</u>	<u>-</u>	<u>(51,493,209)</u>
Business-type activities:							
Sewer	664,813	434,264	-	1,174,496	-	509,683	509,683
Elderly Housing	868,911	461,513	374,905	836,418	-	(32,493)	(32,493)
Total business-type activities	<u>1,533,724</u>	<u>895,777</u>	<u>374,905</u>	<u>2,010,914</u>	<u>-</u>	<u>477,190</u>	<u>477,190</u>
Total primary government	<u>\$ 60,925,263</u>	<u>\$ 5,480,928</u>	<u>\$ 3,625,708</u>	<u>\$ 9,909,244</u>	<u>(51,493,209)</u>	<u>477,190</u>	<u>(51,016,019)</u>
General revenues and contributions:							
Property taxes, levied for general purposes					49,600,359	-	49,600,359
Grants and contributions not restricted to specific programs					342,703	-	342,703
Unrestricted investment earnings					119,835	6,126	125,961
Miscellaneous					20,696	5,965	26,661
Total general revenues and contributions					<u>50,083,593</u>	<u>12,091</u>	<u>50,095,684</u>
Change in net assets					(1,409,616)	489,281	(920,335)
Net assets, beginning					<u>33,490,294</u>	<u>8,631,849</u>	<u>42,122,143</u>
Net assets, ending					<u>\$ 32,080,678</u>	<u>\$ 9,121,130</u>	<u>\$ 41,201,808</u>

See notes to basic financial statements.

TOWN OF ORANGE, CONNECTICUT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2010

	General Fund	Education Grants	Cafeteria	Recreation Self Support	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 5,825,269	\$ 376,701	\$ 306,880	\$ 427,846	\$ 1,540,860	\$ 8,477,556
Uncollected property taxes, less allowance of \$40,000 for uncollectibles	608,880	-	-	-	-	608,880
Accounts receivable, less allowance of \$5,000 for uncollectibles	414,470	-	-	-	92,485	506,955
Due from other funds	1,527,842	-	-	-	-	1,527,842
Due from other governments	-	-	8,130	-	-	8,130
Investments	677,938	-	-	-	32,113	710,051
Prepaid expense	13,400	-	-	-	-	13,400
	<u>\$ 9,067,799</u>	<u>\$ 376,701</u>	<u>\$ 315,010</u>	<u>\$ 427,846</u>	<u>\$ 1,665,458</u>	<u>\$ 11,852,814</u>
Total assets						
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable and accrued liabilities	\$ 571,366	\$ 83,566	\$ -	\$ -	\$ 13,900	\$ 668,832
Due to other funds	-	-	338,613	225,224	249,871	813,708
Deferred revenue	495,612	293,135	-	-	8,750	797,497
Total liabilities	<u>1,066,978</u>	<u>376,701</u>	<u>338,613</u>	<u>225,224</u>	<u>272,521</u>	<u>2,280,037</u>
FUND BALANCES						
Reserved for:						
Encumbrances	613,333	-	-	-	-	613,333
Permanent funds	-	-	-	-	37,696	37,696
Unreserved, reported in:						
General fund	7,387,488	-	-	-	-	7,387,488
Special revenue funds	-	-	(23,603)	202,622	1,173,463	1,352,482
Capital projects funds	-	-	-	-	181,778	181,778
Total fund balances (deficits)	<u>8,000,821</u>	<u>-</u>	<u>(23,603)</u>	<u>202,622</u>	<u>1,392,937</u>	<u>9,572,777</u>
Total liabilities and fund balances (deficits)	<u>\$ 9,067,799</u>	<u>\$ 376,701</u>	<u>\$ 315,010</u>	<u>\$ 427,846</u>	<u>\$ 1,665,458</u>	<u>\$ 11,852,814</u>

See notes to basic financial statements.

TOWN OF ORANGE, CONNECTICUT
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET ASSETS
JUNE 30, 2010

Total fund balances - total governmental funds	\$	9,572,777
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Amounts reported for governmental activities in the statements of net assets are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.		38,424,624
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Deferred property taxes are not current financial resources in governmental funds and therefore are not reported as revenue in the funds until they are available.		495,612
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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.	(36,348)
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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 assets.		2,528,867
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Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
General obligation bonds	(15,690,000)
Deferred premium on bonds	(739,195)
Mortgage note payable	(375,000)
Other post-employment benefits	(1,318,848)
Compensated absences	(1,082,557)

Other assets related to long-term liabilities		300,746
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Net assets of governmental activities	\$	32,080,678
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See notes to basic financial statements.

**TOWN OF ORANGE, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (DEFICITS)
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2010**

	General Fund	Education Grants	Cafeteria	Recreation Self Support	Other Governmental Funds	Total Governmental Funds
REVENUES						
Property taxes	\$ 49,167,562	\$ -	\$ -	\$ -	\$ -	\$ 49,167,562
Interest and lien fees	178,060	-	-	-	-	178,060
Licenses, permits, fees and fines	1,006,251	-	-	-	-	1,006,251
Intergovernmental	3,132,553	691,925	69,550	-	215,734	4,109,762
Program revenue	122,247	-	-	-	868,521	990,768
Investment income	114,707	-	-	-	5,128	119,835
Charges for facilities and services	17,792	-	240,100	570,931	1,007,417	1,836,240
Miscellaneous	462,206	-	1,511	-	82,538	546,255
Total revenues	54,201,378	691,925	311,161	570,931	2,179,338	57,954,733
EXPENDITURES						
Current operating:						
General government	1,689,623	-	-	-	-	1,689,623
Public safety	4,694,926	-	-	-	194,647	4,889,573
Public works and sanitation	2,935,759	-	-	-	62,376	2,998,135
Culture and recreation	1,184,956	-	-	482,675	150,423	1,818,054
Health and welfare	891,007	-	-	-	676,141	1,567,148
Employee benefits	3,845,772	-	-	-	-	3,845,772
Education:						
Orange Board of Education	18,733,634	691,925	338,886	-	584,705	20,349,150
Amity Regional School District	19,075,671	-	-	-	-	19,075,671
Other	257,080	-	-	-	133,982	391,062
Debt service	2,195,433	-	-	-	-	2,195,433
Capital outlays	249,493	-	-	-	-	249,493
Total expenditures	55,753,354	691,925	338,886	482,675	1,802,274	59,069,114
Excess (deficiency) of revenues over expenditures	(1,551,976)	-	(27,725)	88,256	377,064	(1,114,381)
OTHER FINANCING SOURCES (USES)						
Interfund transfers in	85,000	-	-	-	-	85,000
Interfund transfers out	-	-	-	-	(85,000)	(85,000)
Proceeds from general obligation refunding bonds	10,395,000	-	-	-	-	10,395,000
Premium on general obligation refunding bonds	701,706	-	-	-	-	701,706
Payment to refunded bond escrow agent	(11,023,691)	-	-	-	-	(11,023,691)
Total other financing sources (uses)	158,015	-	-	-	(85,000)	73,015
Net change in fund balance	(1,393,961)	-	(27,725)	88,256	292,064	(1,041,366)
Fund balances, beginning	9,394,782	-	4,122	114,366	1,100,873	10,614,143
Fund balances (deficits), ending	\$ 8,000,821	\$ -	(\$ 23,603)	\$ 202,622	\$ 1,392,937	\$ 9,572,777

See notes to basic financial statements.

**TOWN OF ORANGE, CONNECTICUT
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL
FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010**

Net change in fund balances - total governmental funds (\$ 1,041,366)

Amount reported for governmental activities in the statement
of activities are different because:

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	381,704
Depreciation expense	(1,878,962)
Loss on sale of capital assets	(17,110)

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:

Deferred property taxes	134,737
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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. Neither
transaction, however, has any effect on net assets. Also, governmental funds report
the effect of issuance costs, premiums, discounts, and similar items when debt is
first issued, whereas these amounts are deferred and amortized in the statement of
activities. The details of these items are as follows:

Principal repayments	1,495,000
Issuance of general obligation refunding bonds	(10,395,000)
Payment to escrow agent for refunding	11,023,691
Premium on issuance of general obligation refunding bonds	(701,706)

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

Change in other postemployment benefits	(682,248)
Change in compensated absences	(252,016)
Change in accrued interest payable	118,900
Amortization of deferred loss	(43,334)
Amortization of bond premium	11,909

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

436,185

Change in net assets of governmental activities	<u>(\$ 1,409,616)</u>
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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
BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED JUNE 30, 2010**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Final Budget Positive (Negative)
Budgetary fund balance, July 1, 2009			\$ 8,233,818	
Resources (inflows):				
Property taxes:				
Real property	\$ 43,412,164	\$ 43,412,164	\$ 42,998,412	(\$ 413,752)
Personal property	2,384,725	2,384,725	2,498,011	113,286
Motor vehicle	2,932,324	2,932,324	3,006,942	74,618
Supplement motor vehicle	360,000	360,000	317,253	(42,747)
Prior years	160,000	160,000	346,944	186,944
Interest and lien fees	75,000	75,000	178,060	103,060
Licenses, permits, fees and fines	834,950	834,950	1,006,251	171,301
Intergovernmental	1,845,611	1,845,611	1,794,802	(50,809)
Program revenues	138,900	138,900	122,247	(16,653)
Investment income	250,000	250,000	114,707	(135,293)
Charges for facilities and services	34,300	34,300	17,792	(16,508)
Other	328,000	328,000	462,206	134,206
Transfers from other funds	540,000	540,000	85,000	(455,000)
Total resources	53,295,974	53,295,974	52,948,627	(347,347)
Charges to appropriations (outflows):				
General government	1,749,940	1,795,472	1,662,183	133,289
Public safety	4,643,731	5,001,577	4,679,940	321,637
Public works and sanitation	2,951,469	2,971,659	2,951,958	19,701
Culture and recreation	1,333,607	1,345,205	1,186,420	158,785
Health and welfare	945,359	968,578	885,057	83,521
Employee benefits	3,631,167	3,177,842	3,451,454	(273,612)
Education:				
Orange Board of Education	17,296,736	17,296,736	17,296,736	-
Regional School District #5	19,074,575	19,074,575	19,075,671	(1,096)
Other	342,530	337,470	258,052	79,418
Debt service	2,126,860	2,126,860	2,195,433	(68,573)
Capital outlay	175,000	175,000	152,053	22,947
Total charges to appropriations	54,270,974	54,270,974	53,794,957	476,017
Use of fund balance	(\$ 975,000)	(\$ 975,000)	(846,330)	\$ 128,670
Budgetary fund balance, June 30, 2010			\$ 7,387,488	

TOWN OF ORANGE, CONNECTICUT
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2010

	Business-Type Activities Enterprise Funds			Governmental Activities
	Water Pollution Control Authority	Congregate Elderly Housing	Totals	Internal Service Fund (Self - Insurance)
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 1,582,506	\$ 12,580	\$ 1,595,086	\$ 3,578,048
Investments	1,830,138	-	1,830,138	-
Accounts receivable, net of allowance for uncollectibles of \$5,000	484,650	3,894	488,544	48,955
Assessments receivable	334,228	-	334,228	-
Total current assets	4,231,522	16,474	4,247,996	3,627,003
Noncurrent assets:				
Assessments receivable	421,621	-	421,621	-
Capital assets:				
Land	-	18,970	18,970	-
Buildings and equipment	8,625,723	3,636,008	12,261,731	-
Less, accumulated depreciation	(5,270,870)	(1,535,214)	(6,806,084)	-
Capital assets, net	3,354,853	2,119,764	5,474,617	-
Total noncurrent assets	3,776,474	2,119,764	5,896,238	-
Total assets	8,007,996	2,136,238	10,144,234	3,627,003
LIABILITIES				
Current liabilities:				
Accounts payable and accrued expenses	93,288	40,685	133,973	39,748
Due to other funds	-	-	-	714,134
Due to other governments	-	6,003	6,003	-
Claims incurred but not reported	-	-	-	344,254
Claims and judgments	77,500	-	77,500	-
Total current liabilities	170,788	46,688	217,476	1,098,136
Noncurrent liabilities:				
Claims and judgments, net of current portion	805,628	-	805,628	-
Total noncurrent liabilities	805,628	-	805,628	-
Total liabilities	976,416	46,688	1,023,104	1,098,136
NET ASSETS				
Invested in capital assets, net of related debt	3,354,853	2,119,764	5,474,617	-
Unrestricted	3,676,727	(30,214)	3,646,513	2,528,867
Total net assets	\$ 7,031,580	\$ 2,089,550	\$ 9,121,130	\$ 2,528,867

See notes to basic financial statements.

TOWN OF ORANGE, CONNECTICUT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	Business-Type Activities Enterprise Funds			Governmental Activities
	Water Pollution Control Authority	Congregate Elderly Housing	Totals	Internal Service Fund (Self - Insurance)
Operating revenues:				
Charges for facilities and services	\$ 434,264	\$ 461,513	\$ 895,777	\$ 5,494,953
Intergovernmental	-	374,905	374,905	-
Total operating revenues	434,264	836,418	1,270,682	5,494,953
Operating expenses:				
Personnel services	105,346	199,055	304,401	-
Contractual services	251,574	266,320	517,894	766,692
Utilities	32,177	124,284	156,461	-
Repairs and maintenance	38,143	79,140	117,283	-
Other supplies and expenses	2,219	110,179	112,398	-
Insurance claims	-	-	-	4,304,946
Depreciation	235,354	89,933	325,287	-
Total operating expenses	664,813	868,911	1,533,724	5,071,638
Operating gain (loss)	(230,549)	(32,493)	(263,042)	423,315
Nonoperating revenues:				
Interest and penalties on assessments	5,965	-	5,965	-
Interest and investment revenue	6,120	6	6,126	12,870
Total nonoperating revenues	12,085	6	12,091	12,870
Change in net assets before capital contribution	(218,464)	(32,487)	(250,951)	436,185
Capital contributions:				
Capital assessments	740,232	-	740,232	-
Change in net assets	521,768	(32,487)	489,281	436,185
Total net assets, beginning	6,509,812	2,122,037	8,631,849	2,092,682
Total net assets, ending	\$ 7,031,580	\$ 2,089,550	\$ 9,121,130	\$ 2,528,867

See notes to basic financial statements.

**TOWN OF ORANGE, CONNECTICUT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2010**

	Business-Type Activities Enterprise Funds			Governmental Activities
	Congregate			Internal Service
	Water Pollution Control Authority	Elderly Housing	Totals	Fund (Self - Insurance)
Cash Flows from Operating Activities:				
Receipts from customers	\$ 498,231	\$ 461,588	\$ 959,819	\$ 5,458,742
Payments to suppliers	(317,284)	(608,910)	(926,194)	-
Payments to employees	(105,346)	(199,055)	(304,401)	-
Claims paid to outsiders	-	-	-	(4,327,107)
Other receipts (payments)	-	329,635	329,635	(513,073)
Net cash provided (used) by operating activities	75,601	(16,742)	58,859	618,562
Cash Flows from Capital and Related Financing Activities:				
Acquisition of capital assets	(18,235)	(22,153)	(40,388)	-
Capital contributions	45,283	-	45,283	-
Receipts from customers	6,723	-	6,723	-
Payments made on claims and judgments	(77,500)	-	(77,500)	-
Net cash used by capital and related financing activities	(43,729)	(22,153)	(65,882)	-
Cash Flows from Investing Activities:				
Interest and investment revenue	-	6	6	12,870
Net cash provided by investing activities	-	6	6	12,870
Net increase (decrease) in cash and cash equivalents	31,872	(38,889)	(7,017)	631,432
Cash and cash equivalents, beginning	1,550,634	51,469	1,602,103	2,946,616
Cash and cash equivalents, ending	\$ 1,582,506	\$ 12,580	\$ 1,595,086	\$ 3,578,048
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	(\$ 230,549)	(\$ 32,493)	(\$ 263,042)	\$ 423,315
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	235,354	89,933	325,287	-
Changes in assets and liabilities:				
Decrease (increase) in accounts receivable	63,967	75	64,042	(36,211)
Increase (decrease) in accounts payable and accrued liabilities	6,829	(28,987)	(22,158)	39,748
Increase in due to other funds	-	-	-	253,619
Decrease in due to other governments	-	(45,270)	(45,270)	-
Decrease in claims incurred but not reported	-	-	-	(61,909)
Net cash provided (used) by operating activities	\$ 75,601	(\$ 16,742)	\$ 58,859	\$ 618,562

See notes to basic financial statements.

**TOWN OF ORANGE, CONNECTICUT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2010**

	Pension Trust Funds	Agency Funds
ASSETS		
Cash and cash equivalents	\$ 669,954	\$ 362,500
Investments, at fair value	<u>22,169,603</u>	<u>-</u>
Total assets	<u><u>\$ 22,839,557</u></u>	<u><u>\$ 362,500</u></u>
LIABILITIES		
Amounts held for others	<u>-</u>	<u><u>\$ 362,500</u></u>
NET ASSETS		
Held in trust for employees pension benefits	<u><u>\$ 22,839,557</u></u>	

See notes to basic financial statements.

**TOWN OF ORANGE, CONNECTICUT
STATEMENT OF CHANGES IN NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Pension Trust Funds</u>
ADDITIONS	
Contributions:	
Employer	\$ 654,901
Employee	<u>512,693</u>
Total contributions	1,167,594
Net investment income	<u>3,203,527</u>
Total additions	<u>4,371,121</u>
DEDUCTIONS	
Pension payments	1,851,246
Administrative expenses	<u>49,798</u>
Total deductions	<u>1,901,044</u>
Change in net assets	2,470,077
Net assets, beginning	<u>20,369,480</u>
Net assets, ending	<u><u>\$ 22,839,557</u></u>

See notes to basic financial statements.

TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

Note 1 - Reporting Entity and Summary of Significant Accounting Policies

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.

Financial information for the Town is accounted for in the accompanying financial statements in accordance with principles defining the governmental reporting entity adopted by the Governmental Accounting Standards Board (GASB). The reporting entity includes the primary government, organizations for which the primary government is financially accountable and 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. Management has considered all potential component units and determined that there are no other entities that are required to be presented in the accompanying financial statements of the Town of Orange, Connecticut.

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.

Basis of Accounting and Measurement Focus

The accounts of the Town are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010
. . . Continued . . .

Government-wide Statements

The government-wide financial statements (i.e., the Statement of Net Assets 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 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 charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 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 government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. The Agency funds do not have a measurement focus but are accounted for using 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 property taxes.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010
. . . Continued . . .

Private-sector standards for accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide and enterprise fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The Town has elected not to follow subsequent private-sector guidance.

Governmental Fund Financial Statements

Governmental fund financial statements include a balance sheet and a statement of revenues, expenditures and changes in fund balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in net assets as presented in these statements to the net assets presented in the government-wide financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable (amount of transaction can be determined) and available (collectible within the current period or soon thereafter) to finance expenditures of the current period. Accordingly, the Town considers property taxes as available if they are collected within 60 days after year-end. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

The Town of Orange 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 Education Grants Fund accounts for the revenues and expenditures relating to federal and state education grants.

The Cafeteria Fund accounts for the revenues and expenditures relating to the operation of school cafeterias.

The Recreation Self Support Fund accounts for the revenues and expenditures relating to Parks and Recreation Department programs.

TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010
. . . Continued . . .

Proprietary Fund Financial Statements

Proprietary fund financial statements include a statement of net assets, a statement of revenues, expenses and changes in net assets, and a statement of cash flows for each major proprietary fund and non-major funds aggregated. A column representing internal service funds is also presented in these statements. However, internal service balances and activities have been combined with the governmental activities in the Government-wide Financial Statements.

Proprietary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or non-current) are included on the statement of net assets. The statement of revenues, expenses and changes in fund net assets presents increases (revenues) and decreases (expenses) in total net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

The Town of Orange reports the following major proprietary 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:

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.

TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010
. . . Continued . . .

Fiduciary Fund Financial Statements

Fiduciary fund financial statements include a statement of net assets and a statement of changes in net assets. The Town's Fiduciary funds represent Pension Trust Funds and Agency Funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The agency funds are accounted for on a spending of current financial resources measurement focus and the modified accrual basis of accounting as are the governmental funds explained above.

Pension trust funds account for the activities in the Town's two defined benefit and one defined contribution pension plans.

Agency funds account for assets held by the Town as an agent for certain employees' pension buy backs and for performance bonds.

Budgets and Budgetary Accounting

The Town uses the following procedures in establishing the General Fund budgetary data reflected in the financial statements:

- A. The Board of Finance develops the budget based on budget requests submitted by the various Town departments.
- B. The Board of Finance presents the budget at a public budget hearing on the first Monday in April.
- C. The budget is approved at a subsequent Town Meeting, usually the second Monday in May.
- D. The Board of Finance is authorized to transfer budgeted amounts within departments.
- E. The Board of Finance approves additions to appropriations.
- F. Generally all appropriations lapse at year-end.
- G. 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.

TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010
. . . Continued . . .

The Town's budgetary fund structure as presented on page 20 accounts for certain transactions differently from those presented on page 18, which presents financial statements in conformity with U.S. generally accepted accounting principles. A reconciliation of those differences at June 30, 2010 is as follows:

	<u>Revenues and Transfers in</u>	<u>Expenditures and Transfers Out</u>	<u>Fund Balance</u>
Budgetary basis (page 20)	\$52,948,627	\$ 53,794,957	\$ 7,387,488
Encumbrances:			
Prior year encumbrances liquidated or lapsed during the year	-	906,856	-
Prior year encumbrances outstanding	-	-	327,123
Current year encumbrances outstanding	-	(286,210)	286,210
State on-behalf payments for teachers' retirement	<u>1,337,751</u>	<u>1,337,751</u>	<u>-</u>
GAAP Basis (page 18)	<u><u>\$54,286,378</u></u>	<u><u>\$ 55,753,354</u></u>	<u><u>\$ 8,000,821</u></u>

Property Taxes

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, 2010, the allowance for uncollectible property taxes is \$40,000.

State statutes require that a revaluation be done every four years. The last revaluation completed and enacted was for the list of October 1, 2006.

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.

TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010
. . . Continued . . .

Cash and Cash Equivalents

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

Investments

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

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

Investments are stated at fair value, which is determined using quoted market prices at June 30. The cost of investments sold is determined by specific identification.

Receivables and Payables

Interfunds

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).

Receivables

Governmental grants and other receivables are considered to be fully collectable and no allowance for collection losses has been applied.

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.

TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010
. . . Continued . . .

Capital Assets

Governmental funds - Capital outlays are recorded as expenditures on the governmental fund financial statements and as assets on the Government-wide Financial Statements. Capital outlays include land, buildings, equipment, and infrastructure assets (e.g., roads, bridges, and similar items). 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. Such assets are recorded at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at estimated fair value at the date of donation.

Depreciation on capital assets has been recorded by the straight-line method using lives ranging from five to fifty years. As required by GASB 34, the Town has applied the provision of GASB 34 related to retroactive reporting of all major general infrastructure assets.

Proprietary fund types - Capital outlays are recorded as capital assets on both the fund and the Government-wide Financial Statements. Such assets are recorded at cost. Depreciation is computed by the straight-line method using lives ranging from five to forty years.

Compensated Absences

Town employees, according to negotiated union contracts, accumulate vacation and sick leave hours for subsequent use or for payment upon termination or retirement. This amount is recorded as a liability and expense in the government-wide financial statements when earned. In the governmental fund financial statements, this amount is expensed when paid.

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, as well as issuance costs, 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. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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, 2010
. . . Continued . . .

Net Assets/Fund Equity

In the Government-wide Financial Statements, net assets are classified in the following categories:

Invested in Capital Assets, Net of Related Debt - This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce this category.

Restricted Net Assets - This category represents restrictions on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through state statute.

Unrestricted Net Assets - This category represents the net assets of the Town, which are not restricted for any project or other purpose.

In the fund financial statements, fund balances of governmental funds are classified in the following categories:

Reserved Fund Balance - This category represents the portion of fund equity which has been legally restricted by outside parties or is not available for appropriation.

Unreserved Fund Balance - This category represents the portion of fund equity which is available for appropriation and expenditure in future periods. Designations of fund balance represent tentative management plans that are subject to change.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is utilized in the governmental funds. Encumbrances outstanding at year-end are reported as a reservation of fund balance as they do not constitute expenditures or liabilities. Generally, all unencumbered appropriations lapse at year end, except those for the Capital Projects Funds. Appropriations for capital projects are continued until completion of applicable projects, even when projects extend more than one fiscal year.

TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010
. . . Continued . . .

Pension Plan Accounting

Pension Trust Funds - Employee contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the Town 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 plan.

Governmental Funds - The net pension obligation (asset), the cumulative difference between annual pension cost and the Town's contributions to the plan, is calculated on an actuarial basis consistent with the requirements of the Governmental Accounting Standards Board Statement No. 27. Expenditures are recognized when they are paid or are expected to be paid with current available resources.

Funding Policy - The Town makes contributions in the amount recommended by the Town's actuaries.

Other Post-Employment Benefits Accounting

Governmental Funds - The net other post-employment benefit obligation (asset) (OPEB), the cumulative difference between annual OPEB cost and the Town's contributions to the plan, is calculated on an actuarial basis consistent with the requirements of the Governmental Accounting Standards Board Statement No. 45. Expenditures are recognized when they are paid or are expected to be paid with current available resources.

Funding Policy - The Town makes annual contributions based upon management decisions.

Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Subsequent Events

The Town evaluated events occurring between the end of our most recent fiscal year and December 13, 2010, the date the financial statements were available to be issued.

TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010
. . . Continued . . .

Note 2 - Cash and Cash Equivalents and Investments

The Town's cash and cash equivalents and investments balances as of June 30, 2010 were:

	Government-wide Statement of Net Assets	Fiduciary Funds Statement of Net Assets	Total
Cash and cash equivalents	\$ 13,650,690	\$ 1,032,454	\$ 14,683,144
Investments	2,540,189	22,169,603	24,709,792
Total	<u>\$ 16,190,879</u>	<u>\$ 23,202,057</u>	<u>\$ 39,392,936</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, 2010, \$10,181,778 of the Town's bank balance of \$14,126,048 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 9,163,600
Uninsured and collateral held by pledging bank's trust department not in the Town's name	<u>1,018,178</u>
Total amount subject to credit risk	<u>\$ 10,181,778</u>

TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010
. . . Continued . . .

Investments

The Town's investments as of June 30, 2010 consisted of the following:

	<u>Carrying and Fair Value</u>	<u>Investment Maturities (In Years)</u>
Treasurer's Short-Term Investment Fund	\$ 2,508,076	N/A
U.S. Treasury Bond	32,113	6
Money market mutual funds	726,029	Less than one
Fixed income mutual funds	8,148,341	Less than one
Equity mutual funds	<u>13,295,233</u>	N/A
Total Investments	<u><u>\$ 24,709,792</u></u>	

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

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

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

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

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

TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010
. . . Continued . . .

Note 3 - Interfund Transactions

Current Interfund Balances

Current interfund balances arise in the normal course of business and are expected to be repaid shortly after the end of the fiscal year. The following is a summary of current interfund balances as of June 30, 2010.

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
Major Funds:		
General Fund	\$ 1,527,842	\$ -
Cafeteria	-	338,613
Recreation self support	-	225,224
Nonmajor (aggregate)	-	249,871
Internal Service Fund	<u>-</u>	<u>714,134</u>
Total	<u><u>\$ 1,527,842</u></u>	<u><u>\$ 1,527,842</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) transaction are recorded in the accounting system, and (3) payments between funds are made.

Transfers Between Funds

In the governmental fund financial statements, total transfers out were \$85,000 as follows:

	<u>Transfers In: General Fund</u>
Transfers Out:	
Non major governemental funds (aggregate)	<u><u>\$ 85,000</u></u>

TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010
. . . Continued . . .

Note 4 - Capital Assets

Capital asset activity for the year ended June 30, 2010 was as follows:

	<u>Beginning Balance</u>	<u>Additions and Transfers</u>	<u>Disposals and Transfers</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 15,438,404	\$ -	\$ -	\$ 15,438,404
Total capital assets not being depreciated	<u>15,438,404</u>	<u>-</u>	<u>-</u>	<u>15,438,404</u>
Capital assets, being depreciated:				
Land improvements	549,824	-	-	549,824
Buildings and improvements	35,520,911	252,278	-	35,773,189
Equipment	7,706,735	87,000	-	7,793,735
Vehicles	2,296,560	42,426	127,174	2,211,812
Infrastructure	13,468,762	-	-	13,468,762
Total capital assets being depreciated	<u>59,542,792</u>	<u>381,704</u>	<u>127,174</u>	<u>59,797,322</u>
Less, accumulated depreciation for:				
Land improvements	276,769	35,487	-	312,256
Buildings and improvements	18,820,540	1,010,006	-	19,830,546
Equipment	4,290,719	497,263	-	4,787,982
Vehicles	1,860,774	127,797	110,064	1,878,507
Infrastructure	9,793,402	208,409	-	10,001,811
Total accumulated depreciation	<u>35,042,204</u>	<u>1,878,962</u>	<u>110,064</u>	<u>36,811,102</u>
Total capital assets being depreciated, net	<u>24,500,588</u>	<u>(1,497,258)</u>	<u>17,110</u>	<u>22,986,220</u>
Governmental activities capital assets, net	<u>\$ 39,938,992</u>	<u>(\$ 1,497,258)</u>	<u>\$ 17,110</u>	<u>\$ 38,424,624</u>

TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010
. . . Continued . . .

	Beginning Balance	Additions	Disposals	Ending Balance
Business-Type Activities:				
Capital assets, not being depreciated:				
Land	\$ 18,970	\$ -	\$ -	\$ 18,970
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	439,103	40,388	-	479,491
Total capital assets being depreciated	12,221,343	40,388	-	12,261,731
Less, accumulated depreciation for:				
Buildings and improvements	1,299,731	86,981	-	1,386,712
Sewer lines and pump stations	4,812,148	224,529	-	5,036,677
Equipment	368,918	13,777	-	382,695
Total accumulated depreciation	6,480,797	325,287	-	6,806,084
Total capital assets being depreciated, net	5,740,546	(284,899)	-	5,455,647
Business-type activities capital assets, net	\$ 5,759,516	(\$ 284,899)	\$ -	\$ 5,474,617

Depreciation expense was charged to programs/functions as follows:

Governmental Activities:	
General Government	\$ 81,166
Public Safety	226,717
Public Works and Sanitation	135,758
Culture and Recreation	699,829
Health and Welfare	22,385
Education	713,107
Total depreciation expense in governmental activities	\$ 1,878,962
Business-type Activities:	
Water Pollution Control Authority	\$ 235,354
Congregate Elderly Housing	89,933
Total depreciation expense in business-type activities	\$ 325,287

TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010
. . . Continued . . .

Note 5 - Long-Term Obligations

The following is a summary of long-term obligation transactions of the Town for the year ended June 30, 2010:

	<u>Balance July 1, 2009</u>	<u>Issued/ Additions</u>	<u>Defeased</u>	<u>Matured/ Deletions</u>	<u>Balance June 30, 2010</u>	<u>Due Within One Year</u>
Governmental Activities:						
General obligation bonds	\$ 17,495,000	\$ 10,395,000	\$ 10,830,000	\$ 1,370,000	\$ 15,690,000	\$ 1,570,000
Deferred premium on bonds	49,398	701,706	-	11,909	739,195	54,791
Mortgage note payable	500,000	-	-	125,000	375,000	125,000
Other post-employment benefits	636,600	682,248	-	-	1,318,848	-
Compensated absences	<u>830,541</u>	<u>252,016</u>	<u>-</u>	<u>-</u>	<u>1,082,557</u>	<u>-</u>
Total Governmental Activities	<u>\$ 19,511,539</u>	<u>\$ 12,030,970</u>	<u>\$ 10,830,000</u>	<u>\$ 1,506,909</u>	<u>\$ 19,205,600</u>	<u>\$ 1,749,791</u>
Business-Type Activities:						
Claims and judgments	<u>\$ 960,628</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 77,500</u>	<u>\$ 883,128</u>	<u>\$ 77,500</u>
Total Business-type Activities	<u>\$ 960,628</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 77,500</u>	<u>\$ 883,128</u>	<u>\$ 77,500</u>

TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010
. . . Continued . . .

General Obligation Bonds

As of June 30, 2010, the outstanding general obligation bonded indebtedness of the Town was as follows:

	<u>Outstanding Amount</u>
General Public Improvement:	
\$7,520,000 general obligation refunding bond, issue of 10/19/04, due 8/15/15, interest at 2.0% to 5.0%, annual principal payments of \$425,000 to \$1,020,000.	\$ 1,020,000
\$7,575,000 general obligation bond, issue of 10/1/05, due 10/1/25, interest at 3.50% to 4.15%, annual principal payments of \$375,000 to \$525,000.	375,000
\$3,900,000 general obligation bond, issue of 12/15/07, due 12/15/27, interest at 3.5% to 5.0%, annual principal payments of \$175,000 to \$250,000.	3,900,000
\$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.	<u>10,395,000</u>
	<u>\$ 15,690,000</u>

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 1,570,000	\$ 479,262	\$ 2,049,262
2012	1,470,000	552,813	2,022,813
2013	1,490,000	491,763	1,981,763
2014	1,500,000	417,013	1,917,013
2015	1,500,000	349,731	1,849,731
2016-2020	3,365,000	1,246,569	4,611,569
2021-2025	3,540,000	606,300	4,146,300
2026-2028	1,255,000	55,881	1,310,881
	<u>\$ 15,690,000</u>	<u>\$ 4,199,332</u>	<u>\$ 19,889,332</u>

TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010
. . . Continued . . .

Refunding Bonds

2004 Issue

On October 19, 2004 the Town issued \$7,520,000 of General Obligation Refunding Bonds, with interest rates of 2.0% to 5.0% to advance refund \$4,200,000 and \$2,950,000 of the outstanding principal amounts of the Town's general obligation bond issues of \$7,990,000, dated March 1, 1998 and \$8,085,000, dated May 29, 2001, respectively (Refunded Bonds). The Refunded Bonds were to mature at various dates through June 1, 2016 but were called on March 1, 2007 and August 15, 2008, respectively.

The net proceeds of the 2004 Refunding Bonds of \$7,539,762 were used to purchase U.S. Government securities and those securities were placed in an irrevocable trust with an escrow agent to provide debt service payments until the Refunded Bonds are called on various dates through August 15, 2008. The advance refunding met the requirements of an in-substance debt defeasance and, accordingly, the Refunded Bonds with a principal balance of \$7,150,000 were removed from the Town's balance sheet.

The difference of \$389,762 between the book value of the Refunded Bonds and the amount deposited to the irrevocable trust to fund their debt service represents a loss which has been deferred and is being recognized as an adjustment of interest expense over the life of the 2004 Refunding Bonds using the outstanding bond method. Amortization of the deferred loss for the year ended June 30, 2010 totaled \$43,334.

2010 Issue

On June 1, 2010 the Town issued \$10,395,000 of General Obligation Refunding Bonds, with interest rates of 3.0% to 5.0% to advance refund \$4,380,000 and \$6,450,000 of the outstanding principal amounts of the Town's general obligation bond issues of \$7,520,000, dated October 19, 2004 and \$7,575,000, dated October 1, 2005, respectively (Refunded Bonds). This advance refunding will reduce total debt service payments by \$550,132 over the next 15 years and resulted in an economic gain of \$464,204. The Refunded Bonds were to mature at various dates through October 1, 2025 but will be called on August 15, 2010 and October 1, 2010, respectively.

The net proceeds of the 2010 Refunding Bonds of \$11,023,691 were used to purchase U.S. Government securities and those securities were placed in an irrevocable trust with an escrow agent to provide debt service payments until the Refunded Bonds are called on various dates through October 1, 2010. The advance refunding met the requirements of an in-substance debt defeasance and, accordingly, the Refunded Bonds with a principal balance of \$10,830,000 were removed from the Town's balance sheet.

TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010
. . . Continued . . .

The difference of \$193,691 between the book value of the Refunded Bonds and the amount deposited to the irrevocable trust to fund their debt service represents a loss which has been deferred and is being recognized as an adjustment of interest expense over the life of the 2010 Refunding Bonds using the outstanding bond method. Amortization of the deferred loss for the year ended June 30, 2010 totaled \$0.

Mortgage Note Payable

On May 3, 2000 the Town purchased approximately 230 acres of land from the South Central Connecticut Regional Water Authority for a purchase price of \$3,500,000. The Town paid \$2,000,000 (of which \$450,000 was through a grant awarded by the State of Connecticut, Department of Environmental Protection) at the time of closing. The remaining \$1,500,000 will be payable, without interest, in twelve annual installments of \$125,000 beginning July 1, 2001. The balance payable was \$375,000 at June 30, 2010.

Accrued Compensated Absences

In accordance with GASB Statement No. 16, Accounting for Compensated Absences, the Town accrues compensated absences (vacation and sick pay) as they are earned by employees if the leave is attributable to past service and it is probable that the Town will compensate the employees by cash payments at termination or retirement. The amount of this estimated obligation at June 30, 2010 is \$1,082,557.

Water Pollution Control Authority Judgment

In 1985, the Town and the City of West Haven (the "City") entered into an agreement whereby the City is to provide wastewater treatment services to the Town for fifty years. Charges for these services are based upon the City's operating costs and metered flow of wastewater volumes during each year. In addition, the Town is assessed its proportionate share of capital improvements to the City's sanitary sewer system. In March 2003 a stipulated judgment was entered between the Town and the City regarding such capital improvements. The Town agreed to pay \$2,079,348 in installments through June 2020 for prior capital improvements made by the City. The City has completed two other capital projects for which the Town's share of the costs will be \$382,628. The Town paid the City \$77,500 during the year ended June 30, 2010. The balance payable was \$883,128 at June 30, 2010.

TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010
. . . 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 Number 5 (the District). As of June 30, 2010 the District had general obligation bond issues outstanding aggregating \$52,950,000. 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, 2010 the percentage for the Town of Orange was 46.76%. On December 3, 2010, the District issued \$8,245,000 of general obligation refunding bonds with interest rates of 2.0% to 4.0% to refund \$8,120,000 of outstanding general obligation bond issues.

Note 6 - Capital Projects

The following is a summary of project authorizations at June 30, 2010:

	<u>Project Authorization</u>	<u>Expenditures</u>		<u>Unexpended Authorization June 30, 2010</u>
		<u>During Year</u>	<u>Cumulative</u>	
Edison Road Reconstruction, Connair Road Reconstruction, Boston Post Road Lighting Project	\$ 1,181,000	\$ 13,900	\$ 1,066,249	\$ 114,751
Old Tavern Road Field Improvements	200,000	-	13,812	186,188
2004 Bond Projects:				
Road Improvements	1,940,000	-	1,918,761	21,239
Open Space	4,400,000	-	4,311,316	88,684
HPCC and Public Works Improvements	2,045,000	-	2,051,597	(6,597)
School Building Renovations	4,700,000	-	4,634,563	65,437

Note 7 - Fund Deficits

The Cafeteria Fund and the Summer School Fund had fund deficits as of June 30, 2010 of \$23,603 and \$30,866, respectively. The deficits will be funded by future revenues.

TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010
. . . Continued . . .

Note 8 - Pension Plans

The Town has two defined benefit contributory pension plans and one defined contribution plan covering substantially all full-time Town employees other than teachers. The plans are considered to be a part of the Town's financial reporting entity and are included in the Town's financial statements as pension trust funds. The plans do not issue separate, stand alone, financial reports. The certified faculty and administrative personnel of the Board of Education participate in a contributory retirement plan administered by the State Teachers Retirement Board. The Town does not contribute to this plan.

Defined Benefit Plans

As of January 1, 2010, the date of the most recent actuarial valuations, membership consisted of:

	<u>Police</u>	<u>Town</u>
Retirees, disabled members and beneficiaries currently receiving benefits	30	62
Terminated vested employees	4	14
Active members	<u>16</u>	<u>18</u>
	<u>50</u>	<u>94</u>

Significant Accounting Policies

Basis of Accounting

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

Method Used to Value Investments

Investments are reported at fair market value.

TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010
. . . Continued . . .

Funding Policy

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

Town of Orange Police Pension and Retirement Plan

Plan Description

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

The Town of Orange Police Pension and Retirement Plan provides retirement benefits and death and disability benefits. Benefits vest after 10 years of service. Members may retire at any age with 20 years of credited service or at age 55. Members are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 2.25% of average monthly earnings times years of credited service up to 20 years, plus 2% of average monthly earnings times years of credited service in excess of 20 years. Average monthly earnings are based on the employee's monthly earnings over the last twenty-four months of service.

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

Town of Orange Employee Pension and Retirement Income Plan

Plan Description

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

TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010
. . . Continued . . .

The Town of Orange Employee Pension and Retirement Income Plan provides retirement benefits as well as death benefits. The following table summarizes the retirement benefits of the plan:

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

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

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

TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010
. . . Continued . . .

The Town's annual contribution, annual required contribution (ARC), percentage of ARC contributed and net pension obligation (three-year trend information) is as follows:

<u>Fiscal Year Ending</u>	<u>Actual Contribution</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage of ARC Contributed</u>	<u>Net Pension Obligation</u>
Police Pension and Retirement Plan				
6/30/2008	\$ 558,551	\$ 558,551	100.00%	\$ -
6/30/2009	304,721	304,721	100.00%	-
6/30/2010	304,721	304,721	100.00%	-
Employee Pension and Retirement Income Plan				
6/30/2008	\$ 143,523	\$ 143,523	100.00%	\$ -
6/30/2009	-	-	100.00%	-
6/30/2010	-	-	100.00%	-

Funded Status and Funding Progress

The funded status of each plan as of January 1, 2010, the most recent actuarial valuation date, is as follows:

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Plan Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Unfunded AAL (UAAL) (b - a)</u>	<u>Funded Ratio (a / b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b - a) / c)</u>
Police Pension and Retirement Plan						
1/1/2010	\$14,246,755	\$18,207,883	\$3,961,128	78.24%	\$1,260,560	314.24%
Employee Pension and Retirement Income Plan						
1/1/2010	\$9,007,751	\$9,827,482	\$819,731	91.66%	\$953,405	85.98%

The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, presents multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits.

TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010
. . . Continued . . .

Funding Policy and Annual Pension Cost

Contribution requirements are established through collective bargaining agreements. The Town's annual pension cost for the current year and related information for the plans administered by the Town follows:

	<u>Police</u>	<u>Town</u>
Contribution rates:		
Town	(A)	(A)
Members:		
Police	7%	-
Supervisors	-	3% of earnings to \$7,800 plus 5% of excess
All others	-	2% of earnings to \$7,800 plus 5% of excess
Annual pension cost	\$304,721	\$0
Contributions made	\$304,721	\$0
Actuarial valuation date	1/1/2010	1/1/2010
Actuarial cost method	Entry Age Normal	Entry Age Normal
Asset valuation method	5 yr. smoothed market	5 yr. smoothed market
Amortization method	Level percent, closed	Level percent, closed
Remaining amortization period	16 years	16 years
Actuarial assumptions:		
Investment rate of return	8.00%	8.00%
Projected salary increases	4.00%	4.00%
Includes inflation at	2.50%	2.50%
Cost of living adjustments	2% of retirements after January 1, 2000	None

(A) The Town is required to contribute the remaining amounts necessary to actuarially fund benefits.

TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010
. . . Continued . . .

Defined Contribution Pension Plan for Town of Orange

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.

At June 30, 2010, there were 110 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 \$350,180, not including rollover contributions and forfeitures, to the plan in the year ended June 30, 2010.

Plan members are 100% vested in their employee contributions. Plan members are 20% vested in their employer contribution after 2 years of service, with an additional 20% for each year thereafter. Forfeitures shall be used to reduce future employer contributions.

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

Significant Accounting Policies

Basis of Accounting

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

Method Used to Value Investments

Investments are reported at fair market value.

TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010
. . . Continued . . .

SCHEDULE OF PLAN NET ASSETS
June 30, 2010

	<u>Police</u>	<u>Town</u>	<u>Defined Contribution</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 552,243	\$ 117,711	\$ -	\$ 669,954
Investments, at fair value	<u>11,243,878</u>	<u>7,259,288</u>	<u>3,666,437</u>	<u>22,169,603</u>
	<u><u>\$ 11,796,121</u></u>	<u><u>\$ 7,376,999</u></u>	<u><u>\$ 3,666,437</u></u>	<u><u>\$ 22,839,557</u></u>
NET ASSETS				
Held in trust for employee pension benefits	<u><u>\$ 11,796,121</u></u>	<u><u>\$ 7,376,999</u></u>	<u><u>\$ 3,666,437</u></u>	<u><u>\$ 22,839,557</u></u>

SCHEDULE OF CHANGES IN PLAN NET ASSETS
Year ended June 30, 2010

	<u>Police</u>	<u>Town</u>	<u>Defined Contribution</u>	<u>Total</u>
ADDITIONS				
Contributions:				
Employer	\$ 304,721	\$ -	\$ 350,180	\$ 654,901
Employee	<u>106,395</u>	<u>44,359</u>	<u>361,939</u>	<u>512,693</u>
Total contributions	<u><u>411,116</u></u>	<u><u>44,359</u></u>	<u><u>712,119</u></u>	<u><u>1,167,594</u></u>
Investment income	374,271	241,979	-	616,250
Net realized/unrealized gain on investments	<u>1,362,634</u>	<u>885,590</u>	<u>339,053</u>	<u>2,587,277</u>
Net investment income	<u><u>1,736,905</u></u>	<u><u>1,127,569</u></u>	<u><u>339,053</u></u>	<u><u>3,203,527</u></u>
Total additions	<u><u>2,148,021</u></u>	<u><u>1,171,928</u></u>	<u><u>1,051,172</u></u>	<u><u>4,371,121</u></u>
DEDUCTIONS				
Pension payments	1,052,690	738,871	59,685	1,851,246
Administrative expenses	<u>26,411</u>	<u>21,621</u>	<u>1,766</u>	<u>49,798</u>
Total deductions	<u><u>1,079,101</u></u>	<u><u>760,492</u></u>	<u><u>61,451</u></u>	<u><u>1,901,044</u></u>
Change in net assets	<u><u>1,068,920</u></u>	<u><u>411,436</u></u>	<u><u>989,721</u></u>	<u><u>2,470,077</u></u>
NET ASSETS, beginning	<u><u>10,727,201</u></u>	<u><u>6,965,563</u></u>	<u><u>2,676,716</u></u>	<u><u>20,369,480</u></u>
NET ASSETS, ending	<u><u>\$ 11,796,121</u></u>	<u><u>\$ 7,376,999</u></u>	<u><u>\$ 3,666,437</u></u>	<u><u>\$ 22,839,557</u></u>

TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010
. . . Continued . . .

Connecticut State Teachers' Retirement System

The faculty and professional personnel of the Board of Education participate in a multiple employer contributory cost-sharing defined benefit plan with a special funding situation, established under Chapter 167a of the Connecticut General Statutes, which is administered by the Connecticut State Teachers' Retirement Board. The financial statements of the plan are available from the State of Connecticut State Teachers' Retirement Board, 21 Grand Street, Hartford, CT 06106.

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

The State of Connecticut contributes based on actuarially determined amounts. The funding level was determined based on an actuarial valuation of the plan as a whole, which does not provide actuarial information on an individual entity basis. Total contributions made by the State of Connecticut were \$559,224,244, of which \$1,337,751 benefited Town employees, and has been included in intergovernmental revenues and education expenditures in the accompanying combined statement of revenues, expenditures and changes in fund balances. For the year ended June 30, 2010, Town teachers contributed \$626,935 to the plan and covered Board of Education payroll for the year was approximately \$8,649,000. The Town's total payroll, inclusive of the Board of Education for the year ended June 30, 2010 was approximately \$19,169,000.

Note 9 - 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. The OPEB plan provides medical and dental coverage to eligible retirees and their spouse. A bi-annual actuarial valuation is made to determine whether the contributions are sufficient to meet the plan obligations. The latest actuarial valuation was made July 1, 2008. The OPEB plan does not issue a separate, stand-alone, financial report.

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

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

TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010
. . . Continued . . .

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

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

BOE central office staff are eligible for medical and dental coverage upon retirement at age 65.

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 62 with 25 years of service or age 33 with 10 years of service.

Town highway and public service employees are eligible for medical and dental coverage upon retirement at age 62 with 25 years of service or age 33 with 10 years of service.

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.

Membership in the plan consisted of the following as of July 1, 2008, the date of the last actuarial valuation:

Active members	293
Retirees and dependents	<u>51</u>
Total	<u><u>344</u></u>

Funding Policy

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

BOE Administrators hired prior to June 30, 1996 with 10 years of service pay 40% of the premium and with 15 years of service pay 30% of the premium for the first five years and 100% thereafter. Administrators hired between June 30, 1996 and June 30, 2001 with 15 years of service pay 50% of the premium for the first five years and 100% thereafter. Administrators hired after June 30, 2001 with 10 years of service as an administrator or 25 years of service pay all but \$1,500 for the first five years and 100% thereafter.

TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010
. . . Continued . . .

BOE custodians/maintenance employees pay 100% of the premium, except for retirees after July 1, 2002 who pay nothing until age 75.

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

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

Police officers pay no share of the premium.

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

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

Contributions

Employer contributions to the plan were \$284,800. Of this amount, \$284,800 represents premium payments.

The Town's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance within the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if it were paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010
. . . Continued . . .

The following table shows the components of the Town's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Town's net OPEB obligation:

	<u>Other Post- Employment Benefits (OPEB)</u>
Annual required contribution (ARC)	\$ 954,400
Interest on net OPEB obligation	50,928
Adjustment to annual required contribution	<u>(38,280)</u>
Annual OPEB cost	967,048
Contributions made	<u>284,800</u>
Increase in net OPEB obligation	682,248
Net OPEB obligation, beginning of year	<u>636,600</u>
Net OPEB obligation, end of Year	<u><u>\$ 1,318,848</u></u>

The Town's annual OPEB cost, the percentage of annual OPEB costs contributed to the plan and the net OPEB obligation (three-year trend information*) is as follows:

<u>Fiscal Year Ending</u>	<u>Actual Contribution</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage of ARC Contributed</u>	<u>Annual OPEB Cost (AOC)</u>	<u>Percentage of AOC Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2009	\$ 261,800	\$ 898,400	29.14%	\$ 898,400	29.14%	\$ 636,600
6/30/2010	284,800	954,400	29.84%	967,048	29.45%	1,318,848

* June 30, 2009 is the first year in which the ARC and the net OPEB obligation calculation was completed.

As of July 1, 2008, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was \$8,210,400, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability of \$8,210,400.

TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010
. . . Continued . . .

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimated are made about the future. The schedule of funding progress presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the AAL for benefits.

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)
7/1/2008	\$ -	\$ 8,210,400	\$ 8,210,400	0.00%	N/A	N/A

Projection of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and 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 methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The information presented was determined as part of the actuarial valuation. Additional information as of the last actuarial valuation follows:

Valuation Date	July 1, 2008
Actuarial Cost Method	Projected Unit Credit
Asset Valuation Method	Market Value
Amortization Method	Level Percent
Remaining Amortization Period	30 years
Actuarial Assumptions:	
Discount rate	8.0%
Investment rate of return	4.0%
Inflation rate	6.9%
Health cost trend rates	A rate of 6.9% initially, reduced to an ultimate rate of 4.1%

TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010
. . . Continued . . .

Note 10 - Risk Management

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

The Town currently is a member in Connecticut Interlocal Risk Management Agency (CIRMA), a public entity risk pool established for the purpose of administering an interlocal risk management program pursuant to the provisions of Section 7-479a et. Seq. of Connecticut General Statutes, for workers compensation and liability-automobile-property insurance. At June 30, 2010, CIRMA had over 200 members in the workers compensation pool and over 150 members in the liability-automobile-property pool. The Town pays annual premium for its coverage in both pools. CIRMA is to be self-sustaining through members' premiums but reinsures in excess of \$1,000,000 for each insured occurrence. Members may be subject to supplemental assessment in the event of deficiencies; however, potential assessments are limited pursuant to the bylaws.

Settled claims have not exceeded commercial coverage in any of the past three years.

Note 11 - 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, 2010, a liability of \$344,254 has been recorded, which represents estimated claims incurred but not yet reported.

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

	Claims Payable July 1	Current Year Claims and Changes in Estimates	Claims Paid	Claims Payable June 30
2007 - 2008	\$ 407,592	\$ 4,249,014	\$ 4,294,811	\$ 361,795
2008 - 2009	361,795	4,387,638	4,343,270	406,163
2009 - 2010	406,163	4,243,037	4,304,946	344,254

TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010
. . . Continued . . .

Note 12 - Commitments and Contingencies

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

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

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 DOH the grant. As a result, the State has a lien on all property associated with the Congregate Elderly Housing.

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

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

TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010
. . . Continued . . .

Note 13 - Subsequent Events

On December 3, 2010 Regional School District No. 5 issued \$8,245,000 in general obligation refunding bonds for payment of principal and interest and redemption premium, if any, on \$2,020,000 of the general obligation bond issue of 2001, \$1,725,000 of the general obligation bond issue of 2005 and on \$4,375,000 of the general obligation bond issue of 2006.

Note 14 - New GASB Pronouncements

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2010 that have effective dates that may impact future financial presentations. Management has not currently determined what, if any, impact implementation of the following statement may have on the financial statements of the Town:

Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions", issued March 2009, will be effective for the Town in the fiscal year ended June 30, 2011.

**TOWN OF ORANGE, CONNECTICUT
SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS
JUNE 30, 2010**

POLICE PENSION AND RETIREMENT PLAN

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (b)	Total Unfunded Actuarial Accrued Liability (c)	Actuarial Value of Assets as a Percentage of Actuarial Accrued Liability (a) / (b)	Annual Covered Payroll (d)	Unfunded Actuarial Accrued Liability as a Percentage of Annual Covered Payroll (c) / (d)
1/1/05	\$ 11,598,210	\$ 15,890,221	\$ 4,292,011	72.99 %	\$ 2,023,092	212.15 %
1/1/06	13,532,572	17,509,786	3,977,214	77.29	1,778,125	223.67
1/1/07	14,433,895	18,939,228	4,505,333	76.21	1,487,728	302.83
1/1/08	15,199,428	17,107,509	1,908,081	88.85	1,384,044	137.86
1/1/09	14,736,959	17,755,708	3,018,749	83.00	1,248,925	241.71
1/1/10	14,246,755	18,207,883	3,961,128	78.24	1,260,560	314.24

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

Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2005	\$ 412,560	100 %
2006	530,496	100
2007	554,257	100
2008	558,551	100
2009	304,721	100
2010	304,721	100

EMPLOYEE PENSION AND RETIREMENT INCOME PLAN

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (b)	Total Unfunded (Funded) Actuarial Accrued Liability (c)	Actuarial Value of Assets as a Percentage of Actuarial Accrued Liability (a) / (b)	Annual Covered Payroll (d)	Unfunded Actuarial Accrued Liability as a Percentage of Annual Covered Payroll (c) / (d)
1/1/05	\$ 8,452,676	\$ 9,341,359	\$ 888,683	90.49 %	\$ 1,465,984	60.62 %
1/1/06	9,602,643	10,300,392	697,749	93.23	1,462,070	47.72
1/1/07	9,910,114	10,620,767	710,653	93.31	1,439,402	49.37
1/1/08	10,177,678	9,599,467	578,211	106.02	1,162,387	(49.74)
1/1/09	9,486,077	9,682,220	196,143	97.97	1,001,389	19.59
1/1/10	9,007,751	9,827,482	819,731	91.66	953,405	85.98

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

Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2005	\$ 122,472	100 %
2006	225,612	100
2007	141,549	100
2008	143,523	100
2009	-	100
2010	-	100

TOWN OF ORANGE, CONNECTICUT
SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS
OTHER POST-EMPLOYMENT BENEFIT PLAN
JUNE 30, 2010

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (b)	Total Unfunded (Funded) Actuarial Accrued Liability (c)	Actuarial Value of Assets as a Percentage of Actuarial Accrued Liability (a) / (b)	Annual Covered Payroll (d)	Unfunded Actuarial Accrued Liability as a Percentage of Annual Covered Payroll (c) / (d)
7/1/08	\$ -	\$ 8,210,400	\$ 8,210,400	0.00 %	N/A	N/A

Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2009	\$ 898,400	29.14 %
2010	954,400	29.84

Appendix B

Form of Opinion of Bond Counsel and Tax Exemption

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JOSEPH FASI LLC

56 ARBOR STREET, SUITE 418
HARTFORD, CONNECTICUT 06106

A T T O R N E Y S A T L A W

TELEPHONE (860)296-0510
FACSIMILE (860)296-0541

FORM OF OPINION OF BOND COUNSEL

Town of Orange
Orange, Connecticut

Ladies and Gentlemen:

We have represented the Town of Orange, Connecticut as bond counsel with respect to the issuance and sale of \$7,200,000 Town of Orange General Obligation Bonds, Issue of 2011, bearing a Dated Date of October 1, 2011 and an Original Issue Date of October 13, 2011 (the "bonds").

We have examined a record of the proceedings authorizing the bonds, a Tax Regulatory Agreement of the Town dated October 13, 2011 (the "Tax Regulatory Agreement"), and other proofs submitted to us.

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, to effect a book-entry system for the ownership and transfer of the bonds, and are certified by U.S. Bank National Association, Hartford, Connecticut (the "Certifying Agent").

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 (except to the extent, if any, stated in the Official Statement) and we express no opinion relating thereto.

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 statutes of the State of Connecticut and that when certified by the Certifying Agent the bonds are valid and binding general obligations of the Town of Orange payable both principal and interest 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 land taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts. There was, however, no such certified forest land on the last completed grand list of the Town and under existing statutes the State of Connecticut is obligated to pay the Town the amount of tax revenue which the Town would have received except for the limitation upon its power to tax such dwelling houses. 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 subsequent to the issuance and delivery of the bonds in order that interest on the bonds not be included in gross income under Section 103 of the Code. 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 not be included in the gross income of the owners thereof for Federal income tax purposes under the Code.

In our opinion, under existing statutes and court decisions, interest on the bonds is not included in the gross income of the owners thereof for purposes of Federal income taxation pursuant to Section 103 of the Code and is not treated as a preference item for purposes of computing the Federal alternative minimum tax. Interest on the bonds is, however, includable in the adjusted current earnings of a corporation (as defined for federal income tax purposes) for purposes of computing the Federal alternative minimum tax imposed on corporations. We express no opinion regarding 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 income 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) continuing 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 other State income tax consequences caused by ownership or disposition of the bonds.

Respectfully yours,

JOSEPH FASI LLC

TAX EXEMPTION

The Internal Revenue Code of 1986, as amended (the "Code"), imposes certain requirements which must be met subsequent to delivery of the Bonds in order that interest on the Bonds not be included in gross income under Section 103 of the Code. The Tax Regulatory Agreement, which will be executed and delivered by the Issuer 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 Issuer 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 not be included in gross income of owners thereof for purposes of Federal income taxation under the Code. Failure to comply with the continuing requirements of the Code may cause the interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds irrespective of the date on which non compliance occurs. In rendering its opinion, Bond Counsel relies on the continuing compliance by the Town with the Tax Regulatory Agreement.

In the opinion of Bond Counsel, based on existing statutes and court decisions and assuming continuing compliance by the Issuer with its covenants and the procedures contained in the Tax Regulatory Agreement, interest on the Bonds is not included in the gross income of the owners thereof for purposes of Federal income taxation and is not treated as a preference item for purposes of computing the Federal alternative minimum tax. Interest on the Bonds is, however, includable in the adjusted current earnings of corporations (as defined for federal income tax purposes) for purposes of computing the Federal alternative minimum tax on 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 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 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. Prospective purchasers of the Bonds are advised to consult their own tax advisors regarding the state and local tax consequences of ownership and disposition of the Bonds.

ORIGINAL ISSUE DISCOUNT

The following is a general discussion of Original Issue Discount and not an opinion of Bond Counsel.

The initial public offering prices of certain maturities of the Bonds (the “OID Bonds”) may be less than their stated principal amounts. Under existing law, the difference between the stated principal amount and the initial offering price of each maturity of the OID Bonds to the public (excluding bond houses and brokers) at which a substantial amount of such maturity of the OID Bonds is sold will constitute original issue discount (“OID”). The offering prices relating to the yields set forth on the cover page of this Official Statement for the OID Bonds are expected to be the initial offering prices to the public at which a substantial amount of each maturity of the OID Bonds are sold. Under existing law OID on the Bonds accrued and properly allocable to the owners thereof under the Code is not included in gross income for federal income tax purposes if interest on the Bonds is not included in gross income for federal income tax purposes.

In general, under the Code, for purposes of determining an owner’s adjusted basis in an OID Bond, OID treated as having accrued while the owner holds the OID Bond will be added to the owner’s basis. OID will accrue on a constant-yield-to-maturity method based on regular compounding. The owner’s adjusted basis will be used to determine taxable gain or loss upon the sale or other disposition (including redemption or payment at maturity) of an OID Bond. For certain corporations (as defined for federal income tax purposes) a portion of the original issue discount that accrues in each year to such an owner of an OID Bond will be included in the calculation of the corporation’s federal alternative minimum tax liability. As a result, ownership of an OID Bond by such a corporation may result in an alternative minimum tax liability even though such owner has not received a corresponding cash payment.

Prospective purchasers of OID Bonds, should consult their own tax advisors as to the calculation of accrued OID, the accrual of OID in the cases of owners of the OID Bonds purchasing such Bonds after the initial offering and sale, and the state and local tax consequences of owning or disposing of such OID Bonds.

ORIGINAL ISSUE PREMIUM

The following is a general discussion of Original Issue Premium and not an opinion of Bond Counsel.

The initial public offering prices of certain maturities of the Bonds (the “OIP Bonds”) may be more than their stated principal amounts. An owner who purchases a Bond at a premium to its principal amount must amortize bond premium as provided in applicable Treasury Regulations, and amortized premium reduces the owner’s basis in the Bond for federal income tax purposes. Prospective purchasers of OIP Bonds should consult their tax advisors regarding the treatment of bond premium for state and federal income tax purposes, including special rules regarding the consequences of ownership, amortization of bond premium, basis, and gain or loss from the sale or exchange of OIP Bonds.

FUTURE EVENTS

The Federal tax treatment of municipal bonds, including the exclusion of interest paid thereon from gross income pursuant to section 103 of the Internal Revenue Code, is subject to legislation adopted by the Congress of the United States and enacted into law. Connecticut tax treatment of the Bonds and Notes is subject to laws adopted by the State of Connecticut Legislature and enacted into law. From time to time Federal laws are proposed, including introduced into Congress, which would eliminate or curtail the exclusion from gross income of interest paid on municipal bonds or have other collateral tax consequences that will adversely affect their tax treatment. On September 13, 2011, the “American Jobs Act of 2011”, proposed by President Barack Obama, was introduced to Congress and includes provisions to limit exclusions from high income taxpayers of tax exempt bond interest. The enactment of the American Jobs Act of 2011, or other pending or future proposals, may adversely affect the tax treatment of the interest paid on the Bonds, their sale or disposition, market price, or otherwise prevent Beneficial Owners from receiving the full current tax benefit of ownership. There can be no assurance that changes of law by Federal or State governments will not occur. Bond Counsel does not opine as to post issuance acts, including changes of law. Prospective purchases and Beneficial Owners should consult their own tax advisors regarding pending or proposed law changes.

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Appendix C

Form of Continuing Disclosure Agreement

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CONTINUING DISCLOSURE AGREEMENT

By The

TOWN OF ORANGE, CONNECTICUT

Dated As Of October 13, 2011

In Connection With The Issuance And Sale Of

\$7,200,000 Town Of Orange, Connecticut

General Obligation Bonds, Issue of 2011,

Dated October 1, 2011

WHEREAS, the Town of Orange, Connecticut (the "Issuer") has heretofore authorized the issuance of \$7,200,000 in aggregate principal amount of its General Obligation Bonds, Issue of 2011 (the "Bonds") to be dated October 1, 2011 and to mature in the principal amounts and on the dates set forth in the Issuer's Official Statement describing the Bonds (the "Official Statement"); and

WHEREAS, the Issuer acknowledges that an underwriter may not purchase or sell the Bonds unless it has reasonably determined that the Issuer 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 Issuer desires to assist the underwriter of the Bonds in complying with the Rule; and

WHEREAS, the Issuer is authorized pursuant to Public Act 95-270 enacted by the Connecticut General Assembly to make 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 is to be made, executed and delivered in connection with the issuance of the Bonds, all for the benefit of the beneficial owners of the Bonds, as they may be from time to time;

NOW, THEREFORE, THE ISSUER 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 Issuer pursuant to, and as described in, Sections 2 and 3 of this Continuing Disclosure Agreement.

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

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

"MSRB" shall mean the Municipal Securities Rulemaking Board established under the Securities Exchange Act of 1934, as amended, or any successor thereto. For purposes of this agreement, continuing disclosure information will be filed where approved from time to time by the MSRB, and which as of the date hereof means:

<http://emma.msrb.org>

Section 2. Annual Reports.

A. The Issuer shall provide or cause to be provided to the MSRB, the following annual financial information and operating data regarding the Issuer:

1) Audited financial statements as of and for the year ending on its Fiscal Year End for the general fund, capital projects funds and special revenue funds, prepared in accordance with generally accepted accounting principles, 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

2) 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 1) 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 or 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 direct debt, net direct debt and overall net debt (reflecting overlapping and underlying debt);
- (f) the direct debt and overall net debt of the Issuer per capita;

(g) the ratios of direct debt and overall net debt of the Issuer to the Issuer's equalized net (taxable) grand list;

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

(i) the funding status of the Issuer's pension benefit obligation.

B. The above-referenced information is expected to be provided by the filing of and cross reference to the Issuer's Annual Report. The information may be provided in whole or in part by cross-reference to other documents provided to the MSRB, including official statements of the Issuer which will be available from the MSRB. The information will be provided in an electronic format and accompanied by identifying information as prescribed by the MSRB.

C. Subject to the requirements of Section 8 hereof, the Issuer reserves the right to modify from time to time the specific types of information or data provided or the format of the presentation of such information or data, to the extent necessary or appropriate; provided that the Issuer agrees that any such modification will be done in a manner consistent with the Rule. The Issuer 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 Issuer shall provide the information and 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 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 Issuer shall provide such information and data no later than eight months after the close of such preceding Fiscal Year End. The Issuer agrees that if audited information is not available eight months after the close of any Fiscal Year End, it shall submit unaudited information by such time and will submit audited information within a reasonable time.

Section 4. Event Notices. The Issuer agrees to provide or cause to be provided, in a timely manner not in excess of 10 business days after the occurrence of the event to the MSRB, notice of the occurrence of any of the following events:

- a) principal and interest payment delinquencies;
- b) non-payment related defaults, if material;
- c) unscheduled draws on debt service reserves reflecting financial difficulties;
- d) unscheduled draws on credit enhancements reflecting financial difficulties;

e) substitution of credit or liquidity providers, or their failure to perform;

f) 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 security, or other material events affecting the tax status of the security;

g) modifications to rights of security holders, if material;

h) bond calls, if material, and tender offers;

i) defeasances;

j) release, substitution or sale of property securing repayment of the securities, if material;

k) rating changes;

l) bankruptcy, insolvency, receivership or similar event of the Issuer;

m) the consummation of a merger, consolidation or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

n) appointment of a successor or additional trustee or the change of name of a trustee, if material.

Section 5. Notice of Failure. The Issuer agrees to provide or cause to be provided, in a timely manner, to the MSRB, notice of any failure by the Issuer to provide the annual financial information described in Section 2.A of this Continuing Disclosure Agreement.

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

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

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Continuing Disclosure Agreement, the Issuer may amend this Continuing Disclosure Agreement, and any provision of this Continuing Disclosure 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 Issuer, 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) the Agreement as so amended would have complied with the requirements of the Rule as of the date of the 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 MSRB. The annual financial information 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 operating or financial information provided.

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

Section 10. Indemnification. The Issuer agrees to indemnify and save its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to any agent's negligence or misconduct. The obligations of the Issuer under this Section shall survive resignation or removal of any agent and payment of the Bonds.

Section 11. Enforceability. The Issuer agrees that its undertaking pursuant to the Rule set forth in this Continuing Disclosure Agreement is intended to be for the benefit and enforceable by the beneficial owners of the Bonds. In the event the Issuer shall fail to perform its duties hereunder, the Issuer 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 Issuer 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 enforcement of the Issuer's obligations hereunder. No monetary damages shall arise or be payable hereunder nor shall any failure to comply with this Agreement constitute default of the Issuer with respect to the Bonds.

[Signature Page Follows]

CONTINUING DISCLOSURE AGREEMENT

By The

TOWN OF ORANGE, CONNECTICUT

Dated As Of October 13, 2011

In Connection With The Issuance And Sale Of

\$7,200,000 Town Of Orange, Connecticut

General Obligation Bonds, Issue of 2011,

Dated October 1, 2011

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

TOWN OF ORANGE, CONNECTICUT

By _____
James M. Zeoli
First Selectman

By _____
Salvatore A. DeCola
Director of Finance

Appendix D

Notice of Sale and Bid Form

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NOTICE OF SALE

\$7,200,000

TOWN OF ORANGE, CONNECTICUT

GENERAL OBLIGATION BONDS, ISSUE OF 2011

BANK QUALIFIED

ELECTRONIC BIDS via **PARITY®** only will be received by the Town of Orange, Connecticut (the "Issuer"), at the Office of the Director of Finance, Town of Orange, 617 Orange Center Road, Orange, Connecticut 06477, until:

**11:30 A.M. (E.D.T.)
Wednesday, September 28, 2011**

for the purchase of \$7,200,000 Town of Orange General Obligation Bonds, Issue of 2011, maturing October 1 in each of the years as follows: \$360,000 in each of the years 2012 through 2031, both inclusive, bearing interest payable semi-annually on April 1 and October 1 in each year until maturity, commencing April 1, 2012 (the "Bonds").

The Bonds maturing on or before October 1, 2019 are not subject to redemption prior to maturity. The Bonds maturing on October 1, 2020 and thereafter are subject to redemption prior to maturity, at the election of the Issuer, on and after October 1, 2019, 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 Issuer 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:

	<u>Redemption Dates</u>	<u>Redemption Price</u>
From:	October 1, 2019 and thereafter	100%

The Bonds will be dated October 1, 2011 and 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. The book-entry system will evidence ownership of the Bonds in principal amounts of \$5,000 or integral multiples thereof, with transfers of ownership effected on the records of DTC and its participants pursuant to rules and procedures adopted by DTC and its participants. The winning bidder, as a condition to delivery of the Bonds, will be required to deposit the bond certificates with DTC, registered in the name of Cede & Co. Principal of and interest on the Bonds will be payable by the Issuer or its agent in same-day funds to DTC or its nominee as registered owner of the Bonds. Transfer of principal and

interest payments to participants of DTC will be the responsibility of DTC; transfer of 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 Issuer 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.

Proposals for the purchase of said Bonds must be in the form of proposal for purchase attached hereto. Each bid must be for the entire \$7,200,000 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, provided such bid shall not state (a) more than one interest rate for any Bonds having like maturity, or (b) any interest rate for any Bonds which exceeds the interest rate stated in the proposal for any other Bonds by more than 2%. Interest shall be computed on the basis of 360-day year consisting of twelve 30-day months. No bid for less than par and accrued interest will be considered. Unless all bids are rejected the Bonds will be awarded to the bidder offering to purchase them at the lowest true interest cost.

For the purposes of determining the successful bidder, the true interest cost to the Issuer will be the annual interest rate, compounded semiannually, which, when used to discount all payments of principal and interest payable on the Bonds to October 1, 2011, the date of the Bonds, results in an amount equal to the purchase price for the Bonds, not including interest accrued to October 13, 2011, the delivery date of the Bonds. It is requested that each proposal be accompanied by a statement of the percentage of true interest cost computed and rounded to four decimal places. Such statement shall not be considered as a part of the proposal. The purchase price must be paid in Federal Funds.

Electronic Proposals Bidding Procedure. Electronic bids for the purchase of the Bonds must be submitted through the facilities of **PARITY**[®] until 11:30 A.M. (E.D.T.) on Wednesday, September 28, 2011. Any prospective bidder must be a subscriber of i-Deal's BiDCOMP competitive bidding system. Further information about **PARITY**[®], including any fee charged, may be obtained from **PARITY**[®], c/o i-Deal LLC, 1359 Broadway, 2nd Floor New York, New York 10018, Attention: Customer Support (telephone: (212) 849-5021 - email notice: parity@i-deal.com). The Issuer neither will confirm any subscription nor be responsible for any failure of a prospective bidder to subscribe.

Once an electronic bid made through the facilities of **PARITY**[®] is communicated to the Issuer, it shall constitute an irrevocable offer, in response to this Notice, and shall be binding upon the bidder as if made by the signed, sealed bid delivered to the Issuer. By submitting a bid for the Bonds via **PARITY**[®], the bidder represents and warrants to the Issuer that such bidder's bid for the purchase of the bonds is submitted for and on behalf of such prospective bidder by an officer or agent who is duly authorized to bind the prospective bidder by an irrevocable offer and that acceptance of such bid by the Issuer will bind the bidder by a legal, valid and enforceable contract, for the purchase of the Bonds on the terms described in this Notice. **The Issuer shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of PARITY[®], or the inaccuracies of any information, including bid information or worksheets supplied by PARITY[®], the use of PARITY[®] facilities being the sole risk of the**

prospective bidder. Each Bidder is solely responsible for knowing the terms of the sale as set forth herein.

Disclaimer. Each of **PARITY**[®] prospective electronic bidders shall be solely responsible to make necessary arrangements to access **PARITY**[®] for the purpose of submitting its bid in a timely manner and in compliance with the requirements of this Notice. Neither the Issuer nor **PARITY**[®] shall have any duty or obligation to undertake such arrangements to bid for any prospective bidder or to provide or assure such access to any prospective bidder, and neither the Issuer or **PARITY**[®] shall be responsible for a bidder's failure to make a bid or for the proper operation of, or have any liability for any delays or interruptions of, or any damages caused by, **PARITY**[®]. The Issuer is using **PARITY**[®] as a communication mechanism, and not as the Issuer's agent, to conduct the electronic bidding for the Bonds. The Issuer is not bound by any advice and determination of **PARITY**[®] to the effect that any particular bid complies with the terms of this Notice and in particular the bid requirements herein set forth. All cost and expenses incurred by prospective bidders in connection with their subscription to, arrangements with and submission of bids via **PARITY**[®] are the sole responsibility of the bidders; and the Issuer is not responsible directly or indirectly, for any of such costs or expenses. If the prospective bidder encounters any difficulty in arranging to bid or submitting, modifying or withdrawing a bid for the Bonds, the prospective bidder should telephone **PARITY**[®] at (212) 849-5021. If any provision of this Notice shall conflict with information provided by **PARITY**[®], this Notice shall control.

For the purpose of the electronic bidding process, the time maintained on **PARITY**[®] shall constitute the official time.

The Bonds will be general obligations of the Issuer payable, unless paid from other sources, from ad valorem taxes which may be levied on all taxable property subject to taxation by the Issuer without limit as to rate or amount except as to classified property such as certified forest land taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts. There was, however, no such certified forest land on the last completed grand list of the Issuer and under existing statutes the State of Connecticut is obligated to pay to the Issuer the amount of tax revenue which the Issuer would have received except for the limitation upon its power to tax such dwelling houses.

The Bonds will be certified by U.S. Bank National Association. The legality of the issue will be passed upon by Joseph Fasi LLC, Bond Counsel, of Hartford, Connecticut, and the winning bidder will be furnished with their opinion without charge. The winning bidder will also be furnished with a signature and no litigation certificate, a receipt of payment satisfactory in form to said firm, a confirmed copy of the Official Statement prepared for this sale, a certificate signed by the appropriate officials of the Issuer relating to the accuracy and completeness of information contained in the Official Statement, and an executed continuing disclosure agreement.

The legal opinion will further state that, under existing statutes and court decisions interest on the Bonds (i) is not included in the gross income of the owners thereof for purposes of Federal income taxation pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), (ii) is not treated as a preference item for purposes of computing the

Federal alternative minimum tax; such interest is, however, includable in the adjusted current earnings of a corporation (as defined for federal income tax purposes) for purposes of computing the Federal alternative minimum tax imposed on corporations under the Code.

Under existing statutes, the 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 Federal alternative minimum tax.

In rendering the legal opinion, Joseph Fasi LLC 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 Issuer for the benefit of the owners of the Bonds, and further, will assume continuing compliance by the Issuer 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, in Hartford, Connecticut, and will be available for examination upon request.

The Bonds **shall** be designated by the Issuer as qualified tax exempt obligations under the provisions of Section 265(b) of the Code for purposes of the deduction by financial institutions for interest expense allocable to the Bonds.

IT SHALL BE THE RESPONSIBILITY OF THE WINNING BIDDER TO CERTIFY TO THE ISSUER BEFORE DELIVERY OF THE BONDS AND IN A MANNER SATISFACTORY TO BOND COUNSEL THE PRICES AT WHICH A SUBSTANTIAL AMOUNT OF THE BONDS OF EACH MATURITY WERE INITIALLY OFFERED AND SOLD TO THE PUBLIC.

The Bonds will be delivered to DTC or its Agent via "Fast" on or about October 13, 2011. The deposit of the Bonds with DTC 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 Issuer will not be responsible for any delay occasioned by the inability to deposit the Bonds with DTC due to the failure of the winning bidder to obtain such numbers and to supply them to the Issuer in a timely manner. The Issuer 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 the purchaser.

The Bonds will be awarded or all bids will be rejected promptly after the bid opening and not later than 4:00 P.M. (Hartford time) on September 28, 2011. The right is reserved to reject any and all proposals and to waive any irregularity or informality with respect to any proposal.

For more information regarding this issue and the Issuer, reference is made to the Official Statement. Bid forms and copies of the Official Statement dated September 21, 2011, may be obtained from Matthew A. Spoerndle, Managing Director, Phoenix Advisors, LLC, 53 River Street, Suite 3, Milford, Connecticut 06460, (203) 878-4945. The Official Statement is in a form "deemed final" by the Issuer for purposes of SEC Rule 15c2-12(b)(1), but is subject to revision or amendment. The Issuer will provide to the winning bidder 100 copies of the Official

Statement prepared at the Issuer's expense and delivered not later than seven business days after the bid opening. Additional copies may be obtained by the winning bidder at its own expense by arrangement with the printer. If the Issuer's financial advisor is provided with the necessary information from the winning bidder by noon of the day after the bid opening, the copies of the Official Statement will include an additional cover page and other pages, if necessary, indicating the interest rates, rating, yields or reoffering prices, the name of the managing underwriter, and the name of the insurer, if any, of the Bonds.

The Issuer 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) timely notice of the occurrence of certain material 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.

James M. Zeoli
First Selectman

Salvatore A. DeCola
Director of Finance

September 21, 2011

(See attached for form of Proposal for Bonds)

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PROPOSAL FOR BONDS
ONLY Electronic Bids via **PARITY**® Accepted

September 28, 2011

James M. Zeoli, First Selectman
Salvatore A. DeCola, Director of Finance
Town of Orange
c/o Office of the Director of Finance
Town of Orange
617 Orange Center Road
Orange, Connecticut 06477

Ladies and Gentlemen:

Subject to the provisions of the Notice of Sale dated September 21, 2011, which Notice is made a part of this proposal, we offer to purchase all \$7,200,000 bonds of the Town of Orange comprising the issue described in said notice and to pay therefor par and accrued interest to date of delivery, plus a premium of \$_____, provided that the bonds maturing in the several years set forth below shall bear interest from their date until maturity at the respective rates per annum stated in the following table:

Year of Maturity	Principal Amount	Interest Rate	Year of Maturity	Principal Amount	Interest Rate
2012	\$360,000	_____ %	2022	\$360,000	_____ %
2013	\$360,000	_____ %	2023	\$360,000	_____ %
2014	\$360,000	_____ %	2024	\$360,000	_____ %
2015	\$360,000	_____ %	2025	\$360,000	_____ %
2016	\$360,000	_____ %	2026	\$360,000	_____ %
2017	\$360,000	_____ %	2027	\$360,000	_____ %
2018	\$360,000	_____ %	2028	\$360,000	_____ %
2019	\$360,000	_____ %	2029	\$360,000	_____ %
2020	\$360,000	_____ %	2030	\$360,000	_____ %
2021	\$360,000	_____ %	2031	\$360,000	_____ %

(Name of Bidder)

(Mailing Address)

(Telephone Number)

(Authorized Signature)

(Facsimile Number)

The following is our computation of the interest cost, made as provided in the above-mentioned Notice of Sale, but not constituting any part of the foregoing proposal, for the purchase of \$7,200,000 bonds under the foregoing proposal:

Gross Interest	\$ _____
Less Premium Bid Over Par	\$ _____
Net Interest Cost	\$ _____
Percent True Interest Cost	_____ %
	(Four Decimals)

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