

**TOWN OF ORANGE, CONNECTICUT
FINANCIAL REPORT
June 30, 2011**

**TOWN OF ORANGE, CONNECTICUT
FINANCIAL REPORT**

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SEWARD AND MONDE

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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, 2011, 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, 2011, 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 15, 2011 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 60 through 61 be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Government Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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* and 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 15, 2011

Town of Orange, Connecticut
Management's Discussion and Analysis
June 30, 2011

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, 2011.

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 \$38,961,599 (net assets). Of this amount \$11,496,160 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 by \$1,796,148. At the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$8,752,085 reflecting a decrease of \$820,692, including a prior period adjustment of \$444,061, in comparison with the prior year.

As of June 30, 2011, the unassigned fund balance for the general fund (the main operating fund of the Town) was \$5,997,368 or approximately 10.5% 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 \$6,898,615 for the Water Pollution Control Authority (WPCA) and \$2,022,997 for the Congregate Elderly Housing (Silverbrook Estates), a combined decrease of \$199,518.

The town's governmental bonded debt decreased by \$1,570,000 during the current fiscal year due to scheduled principal payments.

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 governmental 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-five (35) 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 and Education Grants Funds are considered major funds. Data from the thirty (30) 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 62-71).

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 pages 60 and 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 26-59 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 \$38,961,599 at the close of the fiscal year ended June 30, 2011. 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, 2011			June 30, 2010		
	Governmental Activities	Business- Type Activities	Total	Governmental Activities	Business- Type Activities	Total
Current and Other Assets	\$ 12,872	\$ 2,964	\$ 15,836	\$ 13,543	\$ 2,839	\$ 16,382
Capital Assets	36,657	5,149	41,806	38,424	5,475	43,899
Noncurrent Assets	711	1,834	2,545	710	1,830	2,540
Total Assets	<u>50,240</u>	<u>9,947</u>	<u>60,187</u>	<u>52,677</u>	<u>10,144</u>	<u>62,821</u>
Current Liabilities	3,580	298	3,878	3,140	217	3,357
Noncurrent Liabilities	16,620	728	17,348	17,456	806	18,262
Total Liabilities	<u>20,200</u>	<u>1,026</u>	<u>21,226</u>	<u>20,596</u>	<u>1,023</u>	<u>21,619</u>
Invested in Capital Assets, net of Related Debt	22,287	5,149	27,436	22,360	5,475	27,835
Restricted	29	-	29	38	-	38
Unrestricted	7,724	3,772	11,496	9,683	3,646	13,329
Total Net Assets	<u>\$ 30,040</u>	<u>\$ 8,921</u>	<u>\$ 38,961</u>	<u>\$ 32,081</u>	<u>\$ 9,121</u>	<u>\$ 41,202</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 - Condensed Statement of Activities (in thousands)

	June 30, 2011			June 30, 2010		
	Governmental Activities	Business- Type Activities	Total	Governmental Activities	Business- Type Activities	Total
Revenues						
Program Revenues						
Charges for Services	\$ 4,460	\$ 946	\$ 5,406	\$ 4,585	\$ 896	\$ 5,481
Operating Grants and Contributions	3,594	345	3,939	3,251	375	3,626
Capital Grants and Contributions	195	-	195	62	740	802
General Revenues						
Property Taxes	51,165	-	51,165	49,600	-	49,600
Grants and Contributions Not						
Restricted to a Specific Program	300	-	300	343	-	343
Unrestricted Investment Earnings	110	12	122	120	6	126
Miscellaneous	382	8	390	20	6	26
Total Revenues	<u>60,206</u>	<u>1,311</u>	<u>61,517</u>	<u>57,981</u>	<u>2,023</u>	<u>60,004</u>
Expenses						
General Government	2,396	-	2,396	1,832	-	1,832
Public Safety	5,750	-	5,750	5,085	-	5,085
Public Works and Sanitation	3,556	-	3,556	3,136	-	3,136
Culture and Recreation	2,415	-	2,415	2,518	-	2,518
Health and Welfare	1,672	-	1,672	1,612	-	1,612
Orange Board of Education	21,052	-	21,052	20,947	-	20,947
Amity Regional School District	19,201	-	19,201	18,956	-	18,956
Sewer	-	639	639	-	665	665
Elderly Housing	-	872	872	-	869	869
Other	5,153	-	5,153	4,790	-	4,790
Interest on Long-term Debt	608	-	608	515	-	515
Total Expenses	<u>61,803</u>	<u>1,511</u>	<u>63,314</u>	<u>59,391</u>	<u>1,534</u>	<u>60,925</u>
Change in Net Assets	(1,597)	(200)	(1,797)	(1,410)	489	(921)
Net Assets, Beginning, as restated	<u>31,637</u>	<u>9,121</u>	<u>40,758</u>	<u>33,490</u>	<u>8,632</u>	<u>42,122</u>
Net Assets, Ending	<u>\$ 30,040</u>	<u>\$ 8,921</u>	<u>\$ 38,961</u>	<u>\$ 32,080</u>	<u>\$ 9,121</u>	<u>\$ 41,201</u>

The Town's net assets decreased by \$1,796,148 during the fiscal year, which includes a \$1,596,630 decrease in the net assets of the governmental activities, while the net assets of business-type activities decreased by \$199,518.

Governmental Activities

Major revenue factors include:

- Year ended June 30, 2011 reflected an increase in the Town's mill rate from 28.3 to 29.3 mills.
- The net grand list for October 1, 2009 equaled \$1,755,214,373, or an increase of .0023% as compared to the October 1, 2008 net grand list of \$1,751,240,924.
- Property tax revenues increased by approximately \$1,566,000 over the previous fiscal year.
- Licenses, permits and fees remained relatively flat except for a decrease due to receipt of a substantial building fee payment from United Illuminating in FY 2010.
- Revenue derived from ongoing intergovernmental sources such as Education Cost Sharing and Special Education Cost Reimbursement remained flat for FY 2011.

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 \$452,000 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.

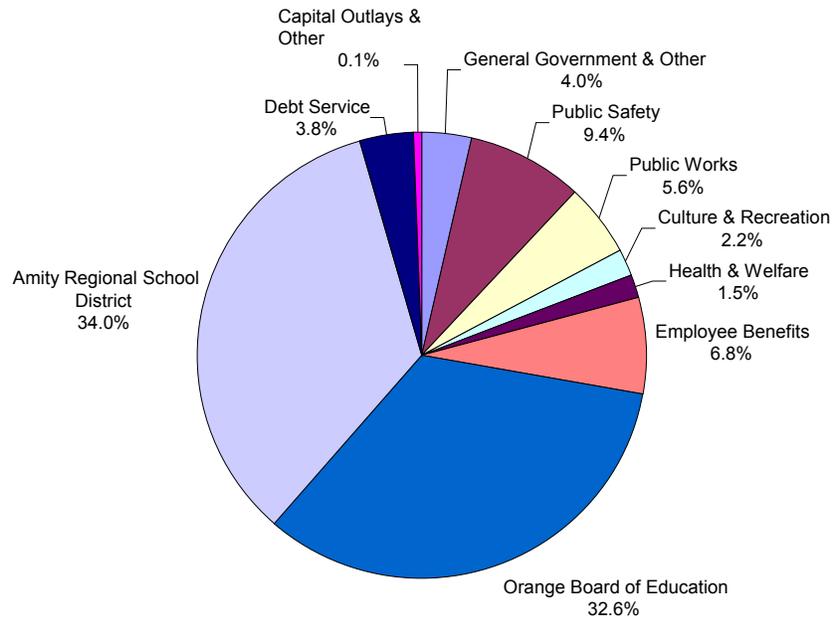
Governmental Funds: The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unreserved fund balance may serve as a useful measure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

At the end of the 2011 fiscal year, the Town's governmental funds reported combined fund balances of \$8,752,085, a decrease of \$820,692 in comparison with the prior year. Approximately \$5,939,000 constitutes unassigned fund balance, with the remainder of the fund balance being designated as nonspendable, restricted, committed and assigned. The assigned fund balance includes \$1,017,138 for contracts and purchase orders.

The general fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance for the general fund decreased from \$7,387,488 to \$5,997,368 while total general fund balance decreased from \$8,000,821, to \$7,014,506 a decrease of \$986,315 or 12.3%.

While an increase in operating budget expenditures occurred for fiscal year ended June 30, 2011 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 miscellaneous revenues.

2010-11 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 negative net budgetary fund balance offset in the amount of \$746,059 due to a revenue shortfall of \$908,198 and under budget expenditures in the amount of \$162,139. The budget included a projected use of fund balance for legal expenditures in the amount of \$200,000.

Revenue:

- Property taxes, liens and fees were approximately \$205,000 under budget.
- Intergovernmental revenues were under budget by approximately \$190,000, most significantly in the payments in lieu of tax and education grants.
- 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 changes in the Community Nursing Special Revenue Fund and no transfer from Park and Recreation self-support fund.

Expenditure:

- All departments showed modest budget saving except for Public Safety, which experienced two unforeseen events, and Employee Benefits.

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, 2011 amounts to \$41,806,235 (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 \$108,949 and total depreciation was \$2,201,955.

Major capital asset activity during the year included the lease-purchase of a loader backhoe.

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

	June 30, 2011			June 30, 2010		
	Governmental Activities	Business- Type Activities	Total	Governmental Activities	Business- Type Activities	Total
Land	\$ 15,438	\$ 19	\$ 15,457	\$ 15,438	\$ 19	\$ 15,457
Land Improvements	202	-	202	238	-	238
Buildings & Improvements	14,924	1,993	16,917	15,943	2,080	18,023
Sewer Lines & Pump Stations	-	3,054	3,054	-	3,279	3,279
Equipment	2,605	83	2,688	3,006	97	3,103
Vehicles	229	-	229	333	-	333
Infrastructure	3,259	-	3,259	3,467	-	3,467
Total	<u>\$ 36,657</u>	<u>\$ 5,149</u>	<u>\$ 41,806</u>	<u>\$ 38,425</u>	<u>\$ 5,475</u>	<u>\$ 43,900</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 \$14,120,000. The Town maintains an Aa1 rating from Moody's Investors Service and a AA from Standard & Poor's.

State statutes limit the amount of general obligation debt a governmental entity may issue to seven times its annual tax collections. The current debt limitation for the Town is \$357,851,501 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, 2010 was \$1,753,472,210 or a decrease of .0099%, as compared to the October 1, 2009 net grand list. Overall, residential property comprises approximately 70% of the grand list and commercial property comprises the remaining 30%.

The fiscal year 2011-2012 budget shows an increase of \$647,875 or 1.16% over fiscal year 2010-2011. The Town's portion of the Amity Regional School budget increased by 3.3%, which equates to \$642,727 more than the Town's allocation in the 2010-2011 budget. This represents the greatest portion of the overall budget increase.

The Town of Orange's annual budget for FY 2011-2012 was proposed by the Board of Finance and adopted at Town Meeting and Referendum on May 19, 2011 at \$56,486,995 with a mill rate of 30.2. At the beginning of fiscal year 2011-2012, the Unassigned Fund Balance, as a percentage of the fiscal year 2011-2012 budget is 10.62%.

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, 2011

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS			
Cash and cash equivalents	\$ 11,854,268	\$ 1,586,904	\$ 13,441,172
Uncollected property taxes and sewer assessments, less allowance of \$40,000 for uncollectibles	592,537	703,782	1,296,319
Accounts receivable, less allowance of \$6,500 for uncollectibles	231,801	673,346	905,147
Other assets	185,266	-	185,266
Due from other governments	7,795	-	7,795
Investments	711,071	1,834,376	2,545,447
Capital assets:			
Nondepreciable	15,438,404	18,970	15,457,374
Depreciable, net of accumulated depreciation	21,218,693	5,130,168	26,348,861
Total assets	<u>50,239,835</u>	<u>9,947,546</u>	<u>60,187,381</u>
LIABILITIES			
Accounts payable and accrued liabilities	750,181	176,971	927,152
Due to other governments	-	43,335	43,335
Interest payable	163,981	-	163,981
Unearned revenue	860,265	-	860,265
Long-term liabilities:			
Due within one year	1,730,642	77,500	1,808,142
Due in more than one year	16,694,779	728,128	17,422,907
Total liabilities	<u>20,199,848</u>	<u>1,025,934</u>	<u>21,225,782</u>
NET ASSETS			
Invested in capital assets, net of related debt	22,287,097	5,149,138	27,436,235
Restricted for:			
Nonexpendable permanent endowments	29,204	-	29,204
Unrestricted	7,723,686	3,772,474	11,496,160
Total net assets	<u>\$ 30,039,987</u>	<u>\$ 8,921,612</u>	<u>\$ 38,961,599</u>

See notes to basic financial statements.

**TOWN OF ORANGE, CONNECTICUT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011**

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total	Governmental Activities	Business-Type Activities	Total
Governmental activities:								
General government	\$ 2,396,580	\$ 1,386,866	\$ 3,000	\$ -	\$ 1,389,866	(\$ 1,006,714)	\$ -	(\$ 1,006,714)
Public safety	5,750,354	277,641	49,050	-	326,691	(5,423,663)	-	(5,423,663)
Public works and sanitation	3,555,864	232,434	138,417	194,938	565,789	(2,990,075)	-	(2,990,075)
Culture and recreation	2,415,218	810,851	91,000	-	901,851	(1,513,367)	-	(1,513,367)
Health and welfare	1,672,126	761,895	173,793	-	935,688	(736,438)	-	(736,438)
Education:								
Orange Board of Education	21,051,604	877,556	3,139,279	-	4,016,835	(17,034,769)	-	(17,034,769)
Amity Regional School District	19,200,786	-	-	-	-	(19,200,786)	-	(19,200,786)
Other	5,153,198	113,221	-	-	113,221	(5,039,977)	-	(5,039,977)
Interest on long-term debt	607,754	-	-	-	-	(607,754)	-	(607,754)
Total governmental activities	<u>61,803,484</u>	<u>4,460,464</u>	<u>3,594,539</u>	<u>194,938</u>	<u>8,249,941</u>	<u>(53,553,543)</u>	<u>-</u>	<u>(53,553,543)</u>
Business-type activities:								
Sewer	638,703	484,932	-	-	484,932	-	(153,771)	(153,771)
Elderly Housing	872,373	460,778	345,001	-	805,779	-	(66,594)	(66,594)
Total business-type activities	<u>1,511,076</u>	<u>945,710</u>	<u>345,001</u>	<u>-</u>	<u>1,290,711</u>	<u>-</u>	<u>(220,365)</u>	<u>(220,365)</u>
Total primary government	<u>\$ 63,314,560</u>	<u>\$ 5,406,174</u>	<u>\$ 3,939,540</u>	<u>\$ 194,938</u>	<u>\$ 9,540,652</u>	<u>(53,553,543)</u>	<u>(220,365)</u>	<u>(53,773,908)</u>
General revenues and contributions:								
Property taxes, levied for general purposes						51,165,048	-	51,165,048
Grants and contributions not restricted to specific programs						300,612	-	300,612
Unrestricted investment earnings						109,637	12,362	121,999
Miscellaneous						381,616	8,485	390,101
Total general revenues and contributions						<u>51,956,913</u>	<u>20,847</u>	<u>51,977,760</u>
Change in net assets						<u>(1,596,630)</u>	<u>(199,518)</u>	<u>(1,796,148)</u>
Net assets, beginning, as previously stated						32,080,678	9,121,130	41,201,808
Prior period adjustment						<u>(444,061)</u>	<u>-</u>	<u>(444,061)</u>
Net assets, beginning						<u>31,636,617</u>	<u>9,121,130</u>	<u>40,757,747</u>
Net assets, ending						<u>\$ 30,039,987</u>	<u>\$ 8,921,612</u>	<u>\$ 38,961,599</u>

See notes to basic financial statements.

**TOWN OF ORANGE, CONNECTICUT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011**

	General Fund	Education Grants	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 4,979,899	\$ 181,975	\$ 1,992,329	\$ 7,154,203
Uncollected property taxes, less allowance of \$40,000 for uncollectibles	592,537	-	-	592,537
Accounts receivable, less allowance of \$1,500 for uncollectibles	113,625	-	118,176	231,801
Due from other funds	1,368,197	-	15,898	1,384,095
Due from other governments	-	-	7,795	7,795
Investments	679,508	-	31,563	711,071
Prepaid expense	13,400	-	-	13,400
	<u>\$ 7,747,166</u>	<u>\$ 181,975</u>	<u>\$ 2,165,761</u>	<u>\$ 10,094,902</u>
Total assets				
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable and accrued liabilities	\$ 268,067	\$ 146,710	\$ -	\$ 414,777
Due to other funds	-	-	403,182	403,182
Deferred revenue	464,593	35,265	25,000	524,858
	<u>732,660</u>	<u>181,975</u>	<u>428,182</u>	<u>1,342,817</u>
Total liabilities				
FUND BALANCES				
Nonspendable	-	-	29,204	29,204
Restricted	-	-	688,420	688,420
Committed	-	-	634,875	634,875
Assigned	1,017,138	-	442,861	1,459,999
Unassigned	5,997,368	-	(57,781)	5,939,587
	<u>7,014,506</u>	<u>-</u>	<u>1,737,579</u>	<u>8,752,085</u>
Total fund balances (deficits)				
Total liabilities and fund balances (deficits)	<u>\$ 7,747,166</u>	<u>\$ 181,975</u>	<u>\$ 2,165,761</u>	<u>\$ 10,094,902</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, 2011**

Total fund balances - total governmental funds		\$ 8,752,085
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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.		36,657,097
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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.		464,593
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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.		(163,981)
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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.		2,583,748
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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	(14,120,000)	
Deferred premium on bonds	(651,026)	
Mortgage note payable	(250,000)	
Capital lease obligation	(87,160)	
Other post-employment benefits	(2,066,396)	
Compensated absences	(1,250,839)	

Other assets related to long-term liabilities		<u>171,866</u>
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Net assets of governmental activities		<u>\$ 30,039,987</u>
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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, 2011**

	General Fund	Education Grants	Other Governmental Funds	Total Governmental Funds
REVENUES				
Property taxes	\$ 50,870,384	\$ -	\$ -	\$ 50,870,384
Interest and lien fees	204,498	-	-	204,498
Licenses, permits, fees and fines	699,858	-	-	699,858
Intergovernmental	3,244,842	732,965	456,713	4,434,520
Program revenue	234,590	-	851,946	1,086,536
Investment income	107,564	-	2,073	109,637
Charges for facilities and services	15,569	-	1,826,009	1,841,578
Miscellaneous	800,565	5,520	236,927	1,043,012
Total revenues	<u>56,177,870</u>	<u>738,485</u>	<u>3,373,668</u>	<u>60,290,023</u>
EXPENDITURES				
Current operating:				
General government	1,998,325	-	-	1,998,325
Public safety	5,350,438	-	180,935	5,531,373
Public works and sanitation	3,194,357	-	148,835	3,343,192
Culture and recreation	1,278,839	-	637,228	1,916,067
Health and welfare	879,065	-	756,936	1,636,001
Employee benefits	3,888,997	-	-	3,888,997
Education:				
Orange Board of Education	18,538,491	738,485	1,027,927	20,304,903
Amity Regional School District	19,341,105	-	-	19,341,105
Other	269,260	-	347,184	616,444
Debt service	2,172,711	-	-	2,172,711
Capital outlays	26,485	-	-	26,485
Total expenditures	<u>56,938,073</u>	<u>738,485</u>	<u>3,099,045</u>	<u>60,775,603</u>
Excess (deficiency) of revenues over expenditures	<u>(760,203)</u>	<u>-</u>	<u>274,623</u>	<u>(485,580)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from capital lease	108,949	-	-	108,949
Interfund transfers in	109,000	-	-	109,000
Interfund transfers out	-	-	(109,000)	(109,000)
Total other financing sources (uses)	<u>217,949</u>	<u>-</u>	<u>(109,000)</u>	<u>108,949</u>
Net change in fund balance	<u>(542,254)</u>	<u>-</u>	<u>165,623</u>	<u>(376,631)</u>
Fund balances, beginning, as previously reported	8,000,821	-	1,571,956	9,572,777
Prior period adjustment	(444,061)	-	-	(444,061)
Fund balances, beginning, as restated	<u>7,556,760</u>	<u>-</u>	<u>1,571,956</u>	<u>9,128,716</u>
Fund balances, ending	<u>\$ 7,014,506</u>	<u>\$ -</u>	<u>\$ 1,737,579</u>	<u>\$ 8,752,085</u>

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, 2011**

Net change in fund balances - total governmental funds (\$ 376,631)

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	108,949
Depreciation expense	(1,876,476)

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	(31,019)
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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	1,716,789
Issuance of capital lease obligation	(108,949)

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	(747,548)
Change in compensated absences	(168,282)
Change in accrued interest payable	(127,633)
Amortization of deferred loss	(128,880)
Amortization of bond premium	88,169

Internal service funds are used by management to charge costs of medical insurance to individual funds.	54,881
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Change in net assets of governmental activities	(\$ 1,596,630)
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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, 2011**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1, 2010, as restated			\$ 6,943,427	
Resources (inflows):				
Property taxes:				
Real property	\$ 44,581,635	\$ 44,581,635	\$ 44,508,351	(\$ 73,284)
Personal property	2,658,025	2,658,025	2,625,989	(32,036)
Motor vehicle	3,245,710	3,245,710	3,042,933	(202,777)
Supplement motor vehicle	325,000	325,000	332,130	7,130
Prior years	294,500	294,500	360,981	66,481
Interest and lien fees	175,000	175,000	204,498	29,498
Licenses, permits, fees and fines	743,950	743,950	699,858	(44,092)
Intergovernmental	2,078,850	2,078,850	1,888,894	(189,956)
Program revenues	196,300	196,300	234,590	38,290
Investment income	270,000	270,000	107,564	(162,436)
Charges for facilities and services	38,900	38,900	15,569	(23,331)
Other	621,250	621,250	800,565	179,315
Transfers from other funds	610,000	610,000	109,000	(501,000)
Total resources	55,839,120	55,839,120	54,930,922	(908,198)
Charges to appropriations (outflows):				
General government	1,790,599	1,997,741	1,982,509	15,232
Public safety	5,181,013	5,197,808	5,353,285	(155,477)
Public works and sanitation	3,100,939	3,104,395	3,081,881	22,514
Culture and recreation	1,390,940	1,396,118	1,289,175	106,943
Health and welfare	968,493	972,388	873,440	98,948
Employee benefits	4,012,678	3,976,212	4,041,497	(65,285)
Education:				
Orange Board of Education	17,482,274	17,482,274	17,474,414	7,860
Regional School District #5	19,341,199	19,341,199	19,341,105	94
Other	334,300	334,300	266,964	67,336
Debt service	2,236,685	2,236,685	2,172,711	63,974
Capital outlay	-	-	-	-
Total charges to appropriations	55,839,120	56,039,120	55,876,981	162,139
Use of fund balance	\$ -	(\$ 200,000)	(946,059)	(\$ 746,059)
Budgetary fund balance, June 30, 2011			\$ 5,997,368	

See notes to basic financial statements.

TOWN OF ORANGE, CONNECTICUT
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2011

	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	\$ 1,522,827	\$ 64,077	\$ 1,586,904	\$ 4,700,065
Investments	1,834,376	-	1,834,376	-
Accounts receivable, net of allowance for uncollectibles of \$5,000	671,860	1,486	673,346	-
Assessments receivable	28,474	-	28,474	-
Total current assets	4,057,537	65,563	4,123,100	4,700,065
Noncurrent assets:				
Assessments receivable	675,308	-	675,308	-
Capital assets:				
Land	-	18,970	18,970	-
Buildings and equipment	8,625,723	3,636,008	12,261,731	-
Less, accumulated depreciation	(5,506,203)	(1,625,360)	(7,131,563)	-
Capital assets, net	3,119,520	2,029,618	5,149,138	-
Total noncurrent assets	3,794,828	2,029,618	5,824,446	-
Total assets	7,852,365	2,095,181	9,947,546	4,700,065
LIABILITIES				
Current liabilities:				
Accounts payable and accrued expenses	148,122	28,849	176,971	61,012
Due to other funds	-	-	-	980,913
Due to other governments	-	43,335	43,335	-
Deferred revenue	-	-	-	800,000
Claims incurred but not reported	-	-	-	274,392
Claims and judgments	77,500	-	77,500	-
Total current liabilities	225,622	72,184	297,806	2,116,317
Noncurrent liabilities:				
Claims and judgments, net of current portion	728,128	-	728,128	-
Total noncurrent liabilities	728,128	-	728,128	-
Total liabilities	953,750	72,184	1,025,934	2,116,317
NET ASSETS				
Invested in capital assets, net of related debt	3,119,520	2,029,618	5,149,138	-
Unrestricted	3,779,095	(6,621)	3,772,474	2,583,748
Total net assets	\$ 6,898,615	\$ 2,022,997	\$ 8,921,612	\$ 2,583,748

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, 2011

	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	\$ 484,932	\$ 460,778	\$ 945,710	\$ 5,249,605
Intergovernmental	-	345,001	345,001	-
Total operating revenues	<u>484,932</u>	<u>805,779</u>	<u>1,290,711</u>	<u>5,249,605</u>
Operating expenses:				
Personnel services	94,353	206,123	300,476	-
Contractual services	270,269	267,796	538,065	813,624
Utilities	31,643	129,472	161,115	-
Repairs and maintenance	6,451	91,831	98,282	-
Other supplies and expenses	654	87,005	87,659	-
Insurance claims	-	-	-	4,389,330
Depreciation	235,333	90,146	325,479	-
Total operating expenses	<u>638,703</u>	<u>872,373</u>	<u>1,511,076</u>	<u>5,202,954</u>
Operating gain (loss)	<u>(153,771)</u>	<u>(66,594)</u>	<u>(220,365)</u>	<u>46,651</u>
Nonoperating revenues:				
Interest and penalties on assessments	8,485	-	8,485	-
Interest and investment revenue	12,321	41	12,362	8,230
Total nonoperating revenues	<u>20,806</u>	<u>41</u>	<u>20,847</u>	<u>8,230</u>
Change in net assets	<u>(132,965)</u>	<u>(66,553)</u>	<u>(199,518)</u>	<u>54,881</u>
Total net assets, beginning	<u>7,031,580</u>	<u>2,089,550</u>	<u>9,121,130</u>	<u>2,528,867</u>
Total net assets, ending	<u>\$ 6,898,615</u>	<u>\$ 2,022,997</u>	<u>\$ 8,921,612</u>	<u>\$ 2,583,748</u>

See notes to basic financial statements.

**TOWN OF ORANGE, CONNECTICUT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011**

	Business-Type Activities Enterprise Funds			Governmental Activities
	Congregate			Internal Service Fund
	Water Pollution Control Authority	Elderly Housing	Totals	(Self - Insurance)
Cash Flows from Operating Activities:				
Receipts from customers	\$ 297,722	\$ 463,186	\$ 760,908	\$ 6,098,560
Payments to suppliers	(254,183)	(587,940)	(842,123)	-
Payments to employees	(94,353)	(206,123)	(300,476)	-
Claims paid to outsiders	-	-	-	(4,437,928)
Other receipts (payments)	-	382,333	382,333	(546,845)
Net cash provided (used) by operating activities	<u>(50,814)</u>	<u>51,456</u>	<u>642</u>	<u>1,113,787</u>
Cash Flows from Capital and Related Financing Activities:				
Capital contributions	52,067	-	52,067	-
Receipts from customers	8,485	-	8,485	-
Payments made on claims and judgments	(77,500)	-	(77,500)	-
Net cash used by capital and related financing activities	<u>(16,948)</u>	<u>-</u>	<u>(16,948)</u>	<u>-</u>
Cash Flows from Investing Activities:				
Interest and investment revenue	8,083	41	8,124	8,230
Net cash provided by investing activities	<u>8,083</u>	<u>41</u>	<u>8,124</u>	<u>8,230</u>
Net change in cash and cash equivalents	(59,679)	51,497	(8,182)	1,122,017
Cash and cash equivalents, beginning	<u>1,582,506</u>	<u>12,580</u>	<u>1,595,086</u>	<u>3,578,048</u>
Cash and cash equivalents, ending	<u>\$ 1,522,827</u>	<u>\$ 64,077</u>	<u>\$ 1,586,904</u>	<u>\$ 4,700,065</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	(\$ 153,771)	(\$ 66,594)	(\$ 220,365)	\$ 46,651
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	235,333	90,146	325,479	-
Changes in assets and liabilities:				
Decrease (increase) in accounts receivable	(187,210)	2,408	(184,802)	48,955
Increase (decrease) in accounts payable and accrued liabilities	54,834	(11,836)	42,998	21,264
Increase in due to other funds	-	-	-	266,779
Increase in due to other governments	-	37,332	37,332	-
Increase in deferred revenue	-	-	-	800,000
Decrease in claims incurred but not reported	-	-	-	(69,862)
Net cash provided (used) by operating activities	<u>(\$ 50,814)</u>	<u>\$ 51,456</u>	<u>\$ 642</u>	<u>\$ 1,113,787</u>

See notes to basic financial statements.

**TOWN OF ORANGE, CONNECTICUT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2011**

	Pension Trust Funds	Agency Funds
ASSETS		
Cash and cash equivalents	\$ 1,019,126	\$ 352,750
Investments, at fair value	25,470,646	-
Employer contributions receivable	464,622	-
Total assets	\$ 26,954,394	\$ 352,750
LIABILITIES		
Amounts held for others	-	\$ 352,750
NET ASSETS		
Held in trust for employees pension benefits	\$ 26,954,394	

See notes to basic financial statements.

**TOWN OF ORANGE, CONNECTICUT
STATEMENT OF CHANGES IN NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Pension Trust Funds</u>
ADDITIONS	
Contributions:	
Employer	\$ 871,772
Employee	<u>553,284</u>
Total contributions	1,425,056
Net investment income	<u>4,717,169</u>
Total additions	<u>6,142,225</u>
DEDUCTIONS	
Pension payments	1,968,432
Administrative expenses	<u>58,956</u>
Total deductions	<u>2,027,388</u>
Change in net assets	4,114,837
Net assets, beginning	<u>22,839,557</u>
Net assets, ending	<u><u>\$ 26,954,394</u></u>

See notes to basic financial statements.

**TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

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.

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

TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011
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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. Unrestricted resources are used in the following order: committed, assigned then unassigned.

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.

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NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011
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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.

Additionally, the Town reports the following governmental fund types:

The Special Revenue Funds are used to account for proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes.

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

The Permanent Funds are used to account for and report financial resources that are legally restricted to the extent that only earnings, and not principal, may be used for the purposes that support the Town's programs.

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.

TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011
. . . Continued . . .

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.

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.

TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011
. . . Continued . . .

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.

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, 2011 is as follows:

TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011
. . . Continued . . .

	Revenues and Transfers in	Expenditures and Transfers Out	Fund Balance
Budgetary basis (page 20)	\$ 54,930,922	\$ 55,876,981	\$ 5,997,368
Encumbrances:			
Prior year encumbrances liquidated or lapsed during the year	-	263,893	-
Prior year encumbrances outstanding	-	-	349,440
Current year encumbrances outstanding	-	(667,698)	667,698
Capital lease	108,949	108,949	-
State on-behalf payments for teachers' retirement	1,355,948	1,355,948	-
GAAP Basis (page 18)	\$ 56,395,819	\$ 56,938,073	\$ 7,014,506

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, 2011, 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.

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.

TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011
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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

As of June 30, 2011, the allowance for uncollectible governmental grants and other receivables is \$6,500.

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, 2011
. . . 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, 2011
. . . 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.

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

- a. Nonspendable Fund Balance - represents amounts that cannot be spent because they are either (a) not in spendable form (e.g., inventories and prepaid amounts) or (b) legally or contractually required to be maintained intact.
- b. Restricted Fund Balance - represents amounts that are constrained for a specific purpose by either (a) external parties, such as grantors, creditors, contributors, or laws and regulation of their governments or (b) imposed by law through constitutional provisions or enabling legislation.
- c. Committed Fund Balance - represents amounts constrained for a specific purpose by a government using its highest level of decision-making authority (Orange Town Meeting).
- d. Assigned Fund Balance - for all governmental funds other than the General Fund, any remaining positive amounts not classified as nonspendable, restricted or committed. For the General Fund, includes amounts constrained for the intent to be used for a specific purpose by a governing board or body or official that has been delegated authority to assign amounts by the Town Charter.
- e. Unassigned Fund Balance - represents fund balance in the General Fund in excess of nonspendable, restricted, committed and assigned fund balance. If another governmental fund has a fund balance deficit, it is reported as a negative amount in unassigned fund balance.

TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011
. . . 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.

Prior Period Adjustment

The General Fund fund balance has been restated to correct an error in the cash balance made in prior years. Fund balance as of June 30, 2010 has been adjusted for the effects of the restatement on prior years.

Subsequent Events

The Town evaluated events occurring between the end of our most recent fiscal year and December 15, 2011, the date the financial statements were available to be issued.

TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011
. . . Continued . . .

Note 2 - Cash and Cash Equivalents and Investments

The Town's cash and cash equivalents and investments balances as of June 30, 2011 were:

	Government-wide Statement of Net Assets	Fiduciary Funds Statement of Net Assets	Total
Cash and cash equivalents	\$ 13,441,172	\$ 1,019,126	\$ 14,460,298
Investments	2,545,447	25,470,646	28,016,093
Total	\$ 15,986,619	\$ 26,489,772	\$ 42,476,391

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, 2011, \$9,040,116 of the Town's bank balance of \$15,016,582 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 8,136,104
Uninsured and collateral held by pledging bank's trust department not in the Town's name	904,012
Total amount subject to credit risk	\$ 9,040,116

TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011
. . . Continued . . .

Investments

The Town's investments as of June 30, 2011 consisted of the following:

	Carrying and Fair Value	Investment Maturities (In Years)
Treasurer's Short-Term Investment Fund	\$ 2,513,884	N/A
U.S. Treasury Bond	31,563	6
Money market mutual funds	119,842	Less than one
Fixed income mutual funds	12,791,251	Less than one
Equity mutual funds	12,559,553	N/A
 Total Investments	 \$ 28,016,093	

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, 2011
. . . 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, 2011.

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>	
Major Funds:			
General Fund	\$ 1,368,197	\$ -	
Nonmajor (aggregate)	-	387,284	
Internal Service Fund	<u>-</u>	<u>980,913</u>	
Total	<u>\$ 1,368,197</u>	<u>\$ 1,368,197</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 \$109,000 as follows:

	<u>Transfers In:</u>		
	<u>General Fund</u>		
Transfers Out:			
Non major governemental funds (aggregate)	<u>\$</u>	<u>109,000</u>	

TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011
. . . Continued . . .

Note 4 - Capital Assets

Capital asset activity for the year ended June 30, 2011 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	35,773,189	-	-	35,773,189
Equipment	7,793,735	108,949	-	7,902,684
Vehicles	2,211,812	-	-	2,211,812
Infrastructure	13,468,762	-	-	13,468,762
Total capital assets being depreciated	<u>59,797,322</u>	<u>108,949</u>	<u>-</u>	<u>59,906,271</u>
Less, accumulated depreciation for:				
Land improvements	312,256	35,485	-	347,741
Buildings and improvements	19,830,546	1,018,234	-	20,848,780
Equipment	4,787,982	510,343	-	5,298,325
Vehicles	1,878,507	104,005	-	1,982,512
Infrastructure	10,001,811	208,409	-	10,210,220
Total accumulated depreciation	<u>36,811,102</u>	<u>1,876,476</u>	<u>-</u>	<u>38,687,578</u>
Total capital assets being depreciated, net	<u>22,986,220</u>	<u>(1,767,527)</u>	<u>-</u>	<u>21,218,693</u>
Governmental activities capital assets, net	<u>\$ 38,424,624</u>	<u>(\$ 1,767,527)</u>	<u>\$ -</u>	<u>\$ 36,657,097</u>

TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011
. . . 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	479,491	-	-	479,491
Total capital assets being depreciated	12,261,731	-	-	12,261,731
Less, accumulated depreciation for:				
Buildings and improvements	1,386,712	86,981	-	1,473,693
Sewer lines and pump stations	5,036,677	224,529	-	5,261,206
Equipment	382,695	13,969	-	396,664
Total accumulated depreciation	6,806,084	325,479	-	7,131,563
Total capital assets being depreciated, net	5,455,647	(325,479)	-	5,130,168
Business-type activities capital assets, net	\$ 5,474,617	(\$ 325,479)	\$ -	\$ 5,149,138

Depreciation expense was charged to programs/functions as follows:

Governmental Activities:	
General Government	\$ 81,438
Public Safety	218,981
Public Works and Sanitation	321,097
Culture and Recreation	499,151
Health and Welfare	22,386
Education	733,423
Total depreciation expense in governmental activities	\$ 1,876,476
Business-type Activities:	
Water Pollution Control Authority	\$ 235,333
Congregate Elderly Housing	90,146
Total depreciation expense in business-type activities	\$ 325,479

TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011
. . . 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, 2011:

	<u>Balance July 1, 2010</u>	<u>Issued/ Additions</u>	<u>Matured/ Deletions</u>	<u>Balance June 30, 2011</u>	<u>Due Within One Year</u>
Governmental Activities:					
General obligation bonds	\$ 15,690,000	\$ -	\$ 1,570,000	\$ 14,120,000	\$ 1,470,000
Deferred premium on bonds	739,195	-	88,169	651,026	54,791
Mortgage note payable	375,000	-	125,000	250,000	125,000
Capital lease	-	108,949	21,789	87,160	21,790
Other post-employment benefits	1,318,848	747,548	-	2,066,396	-
Compensated absences	<u>1,082,557</u>	<u>168,282</u>	<u>-</u>	<u>1,250,839</u>	<u>59,061</u>
Total Governmental Activities	<u>\$ 19,205,600</u>	<u>\$ 1,024,779</u>	<u>\$ 1,804,958</u>	<u>\$ 18,425,421</u>	<u>\$ 1,730,642</u>
Business-Type Activities:					
Claims and judgments	<u>\$ 883,128</u>	<u>\$ -</u>	<u>\$ 77,500</u>	<u>\$ 805,628</u>	<u>\$ 77,500</u>
Total Business-type Activities	<u>\$ 883,128</u>	<u>\$ -</u>	<u>\$ 77,500</u>	<u>\$ 805,628</u>	<u>\$ 77,500</u>

General Obligation Bonds

As of June 30, 2011, the outstanding general obligation bonded indebtedness of the Town was as follows:

	<u>Outstanding Amount</u>
General Public Improvement: \$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.	\$ 3,725,000
 \$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>\$ 14,120,000</u>

TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011
. . . Continued . . .

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	955,000	301,069	1,256,069
2017-2021	3,050,000	1,121,575	4,171,575
2022-2026	3,655,000	465,638	4,120,638
2027-2028	500,000	20,469	520,469
	<u>\$ 14,120,000</u>	<u>\$ 3,720,071</u>	<u>\$ 17,840,071</u>

Refunding Bonds

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 were 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.

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, 2011 totaled \$21,826.

TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011
. . . Continued . . .

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 \$250,000 at June 30, 2011.

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, 2011 is \$1,250,839.

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, 2011. The balance payable was \$805,628 at June 30, 2011.

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, 2011 the District had general obligation bond issues outstanding aggregating \$69,407,733. 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, 2011 the percentage for the Town of Orange was 47.49% or \$32,962,426.

TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011
. . . Continued . . .

Note 6 - Capital Projects

The following is a summary of project authorizations at June 30, 2011:

	<u>Project Authorization</u>	<u>Expenditures</u>		<u>Unexpended Authorization June 30, 2011</u>
		<u>During Year</u>	<u>Cumulative</u>	
Edison Road Reconstruction, Connair Road Reconstruction, Boston Post Road Lighting Project	\$ 1,181,000	\$ 8,750	\$ 1,074,999	\$ 106,001
Old Tavern Road Field Improvements	200,000	186,188	200,000	-
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

TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011
. . . Continued . . .

Note 7 - Fund Balance

	General Fund	Education Grants	Non-major Governmental Funds	Total
Fund balances:				
Nonspendable	\$ -	\$ -	\$ 29,204	\$ 29,204
Restricted for:				
General government	-	-	22,861	22,861
Public safety	-	-	20,043	20,043
Public works	-	-	228,658	228,658
Culture and recreation	-	-	179,500	179,500
Health and welfare	-	-	221,236	221,236
Education	-	-	16,122	16,122
Committed to:				
Public safety	-	-	735	735
Culture and recreation	-	-	167,857	167,857
Health and welfare	-	-	93,747	93,747
Education	-	-	190,758	190,758
Capital projects	-	-	181,778	181,778
Assigned to:				
General government	1,017,138	-	40,782	1,057,920
Culture and recreation	-	-	264,896	264,896
Other	-	-	137,183	137,183
Unassigned	5,997,368	-	(57,781)	5,939,587
Total fund balances	<u>\$ 7,014,506</u>	<u>\$ -</u>	<u>\$ 1,737,579</u>	<u>\$ 8,752,085</u>

Encumbrances at June 30, 2011 are contained in the above table in the assigned category of the General Fund.

The Cafeteria Fund and the Summer School Fund had fund deficits as of June 30, 2011 of \$24,017 and \$33,764, respectively. The deficits will be funded by future revenues.

TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011
. . . 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, 2011, the date of the most recent actuarial valuations, membership consisted of:

	Police	Town
Retirees, disabled members and beneficiaries currently receiving benefits	30	62
Terminated vested employees	4	10
Active members	16	18
	50	90

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, 2011
. . . 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, 2011
. . . 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, 2011
. . . 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:

Fiscal Year Ending	Actual Contribution	Annual Required Contribution (ARC)	Percentage of ARC Contributed	Net Pension Obligation
Police Pension and Retirement Plan				
6/30/2009	\$ 304,721	\$ 304,721	100.00%	\$ -
6/30/2010	304,721	304,721	100.00%	-
6/30/2011	411,639	411,639	100.00%	-
Employee Pension and Retirement Income Plan				
6/30/2009	\$ -	\$ -	100.00%	\$ -
6/30/2010	-	-	100.00%	-
6/30/2011	52,983	52,983	100.00%	-

Funded Status and Funding Progress

The funded status of each plan as of January 1, 2011, the most recent actuarial valuation date, is as follows:

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
Police Pension and Retirement Plan						
1/1/2011	\$14,099,716	\$18,859,254	\$4,759,538	74.76%	\$1,360,835	349.75%
Employee Pension and Retirement Income Plan						
1/1/2011	\$8,591,649	\$9,794,066	\$1,202,417	87.72%	\$990,678	121.37%

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, 2011
. . . 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:

	Police	Town
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	\$411,639	\$52,983
Contributions made	\$411,639	\$52,983
Actuarial valuation date	1/1/2011	1/1/2011
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	20 years	15 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, 2011
. . . 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, 2011, there were 119 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 \$407,150, not including rollover contributions and forfeitures, to the plan in the year ended June 30, 2011.

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, 2011
. . . Continued . . .

SCHEDULE OF PLAN NET ASSETS
June 30, 2011

	<u>Police</u>	<u>Town</u>	<u>Defined Contribution</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 215,692	\$ 141,126	\$ 662,308	\$ 1,019,126
Investments, at fair value	12,920,926	7,988,780	4,560,940	25,470,646
Employer contributions receivable	<u>411,639</u>	<u>52,983</u>	<u>-</u>	<u>464,622</u>
	<u>\$ 13,548,257</u>	<u>\$ 8,182,889</u>	<u>\$ 5,223,248</u>	<u>\$ 26,954,394</u>
NET ASSETS				
Held in trust for employee pension benefits	<u>\$ 13,548,257</u>	<u>\$ 8,182,889</u>	<u>\$ 5,223,248</u>	<u>\$ 26,954,394</u>

SCHEDULE OF CHANGES IN PLAN NET ASSETS
Year ended June 30, 2011

	<u>Police</u>	<u>Town</u>	<u>Defined Contribution</u>	<u>Total</u>
ADDITIONS				
Contributions:				
Employer	\$ 411,639	\$ 52,983	\$ 407,150	\$ 871,772
Employee	<u>101,518</u>	<u>44,616</u>	<u>407,150</u>	<u>553,284</u>
Total contributions	<u>513,157</u>	<u>97,599</u>	<u>814,300</u>	<u>1,425,056</u>
Investment income	421,307	266,030	-	687,337
Net realized/unrealized gain on investments	<u>1,906,158</u>	<u>1,213,593</u>	<u>910,081</u>	<u>4,029,832</u>
Net investment income	<u>2,327,465</u>	<u>1,479,623</u>	<u>910,081</u>	<u>4,717,169</u>
Total additions	<u>2,840,622</u>	<u>1,577,222</u>	<u>1,724,381</u>	<u>6,142,225</u>
DEDUCTIONS				
Pension payments	1,054,212	748,005	166,215	1,968,432
Administrative expenses	<u>34,274</u>	<u>23,327</u>	<u>1,355</u>	<u>58,956</u>
Total deductions	<u>1,088,486</u>	<u>771,332</u>	<u>167,570</u>	<u>2,027,388</u>
Change in net assets	<u>1,752,136</u>	<u>805,890</u>	<u>1,556,811</u>	<u>4,114,837</u>
NET ASSETS, beginning	<u>11,796,121</u>	<u>7,376,999</u>	<u>3,666,437</u>	<u>22,839,557</u>
NET ASSETS, ending	<u>\$ 13,548,257</u>	<u>\$ 8,182,889</u>	<u>\$ 5,223,248</u>	<u>\$ 26,954,394</u>

TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011
. . . 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 \$581,593,216, of which \$1,355,948 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, 2011, Town teachers contributed \$618,278 to the plan and covered Board of Education payroll for the year was approximately \$8,528,000. The Town's total payroll, inclusive of the Board of Education for the year ended June 30, 2011 was approximately \$19,197,000.

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, 2011
. . . 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, 2011
. . . 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 \$318,300. Of this amount, \$318,300 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, 2011
. . . 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)	\$ 1,041,200
Interest on net OPEB obligation	105,508
Adjustment to annual required contribution	<u>(80,860)</u>
Annual OPEB cost	1,065,848
Contributions made	<u>318,300</u>
Increase in net OPEB obligation	747,548
Net OPEB obligation, beginning of year	<u>1,318,848</u>
Net OPEB obligation, end of Year	<u><u>\$ 2,066,396</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
6/30/2011	318,300	1,041,200	30.57%	1,065,848	29.86%	2,066,396

* 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, 2011
. . . 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, 2011
. . . 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, 2011, 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, 2011, a liability of \$274,392 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
2008 - 2009	\$ 361,795	\$ 4,387,638	\$ 4,343,270	\$ 406,163
2009 - 2010	406,163	4,243,037	4,304,946	344,254
2010 - 2011	344,254	4,319,468	4,389,330	274,392

TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011
. . . 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.

Note 13 - Subsequent Events

On October 1, 2011 the Town issued \$7,200,000 in general obligation bonds for the purpose of land acquisition approved by town voters.

TOWN OF ORANGE, CONNECTICUT
SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS
JUNE 30, 2011

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)
1/1/06	\$ 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
1/1/11	14,099,716	18,859,254	4,759,538	74.76	1,360,835	349.75

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

Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2006	\$ 530,496	100 %
2007	554,257	100
2008	558,551	100
2009	304,721	100
2010	304,721	100
2011	411,639	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)
1/1/06	\$ 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
1/1/11	8,591,649	9,794,066	1,202,417	87.72	990,678	121.37

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

Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2006	\$ 225,612	100 %
2007	141,549	100
2008	143,523	100
2009	-	100
2010	-	100
2011	52,983	100

**TOWN OF ORANGE, CONNECTICUT
SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS
OTHER POST-EMPLOYMENT BENEFIT PLAN
JUNE 30, 2011**

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
2011	1,041,200	29.86

**TOWN OF ORANGE, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2011**

	Special Revenue						
	Orange Drug & Alcohol Action Committee	Federal Drug Property Forfeiture	Police Donations	School of 21st Century	Narcotics Task Force	LoCIP	School Grants and Donations
ASSETS							
Cash and cash equivalents	\$ 41,559	\$ 5,132	\$ 5,908	\$ 174,860	\$ 6,503	\$ 45,852	\$ 16,122
Accounts receivable	-	-	-	-	-	-	-
Due from other funds	-	-	-	15,898	-	-	-
Due from other governments	-	-	-	-	-	-	-
Permanently reserved investments	-	-	-	-	-	-	-
Total assets	<u>\$ 41,559</u>	<u>\$ 5,132</u>	<u>\$ 5,908</u>	<u>\$ 190,758</u>	<u>\$ 6,503</u>	<u>\$ 45,852</u>	<u>\$ 16,122</u>
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	-	-
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	41,559	5,132	5,908	-	6,503	45,852	16,122
Committed	-	-	-	190,758	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
Total fund balances (deficits)	<u>41,559</u>	<u>5,132</u>	<u>5,908</u>	<u>190,758</u>	<u>6,503</u>	<u>45,852</u>	<u>16,122</u>
Total liabilities and fund balances (deficits)	<u>\$ 41,559</u>	<u>\$ 5,132</u>	<u>\$ 5,908</u>	<u>\$ 190,758</u>	<u>\$ 6,503</u>	<u>\$ 45,852</u>	<u>\$ 16,122</u>

...Continued...

**TOWN OF ORANGE, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2011
...Continued...**

	Special Revenue						
	Town Road Aid	Orange Visiting Nurses Association	Police Special Duty	Senior Reimbursable	Youth Reimbursable	Orange Public Library Estate	Orange Library Endowment
ASSETS							
Cash and cash equivalents	\$ 138,388	\$ 149,271	\$ -	\$ 98,364	\$ 38,819	\$ 6,012	\$ 10,140
Accounts receivable	-	54,086	64,090	-	-	-	-
Due from other funds	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-
Permanently reserved investments	-	-	-	-	-	-	-
Total assets	\$ 138,388	\$ 203,357	\$ 64,090	\$ 98,364	\$ 38,819	\$ 6,012	\$ 10,140
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	109,610	63,355	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-
Total liabilities	-	109,610	63,355	-	-	-	-
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	138,388	-	-	-	-	6,012	10,140
Committed	-	93,747	735	-	-	-	-
Assigned	-	-	-	98,364	38,819	-	-
Unassigned	-	-	-	-	-	-	-
Total fund balances (deficits)	138,388	93,747	735	98,364	38,819	6,012	10,140
Total liabilities and fund balances (deficits)	\$ 138,388	\$ 203,357	\$ 64,090	\$ 98,364	\$ 38,819	\$ 6,012	\$ 10,140

...Continued...

**TOWN OF ORANGE, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2011
...Continued...**

	Special Revenue						
	Elderly Services	Summer School	Orange Library Gift	Pryde Memorial	Orange Agricultural Fair	Allen Poole Memorial	Gusachik Nursing
ASSETS							
Cash and cash equivalents	\$ 2,749	\$ -	\$ 80,885	\$ 122,623	\$ 168,351	\$ -	\$ 123,888
Accounts receivable	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-
Permanently reserved investments	-	-	-	-	-	-	-
Total assets	<u>\$ 2,749</u>	<u>\$ -</u>	<u>\$ 80,885</u>	<u>\$ 122,623</u>	<u>\$ 168,351</u>	<u>\$ -</u>	<u>\$ 123,888</u>
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	33,764	40,160	-	494	-	-
Deferred revenue	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>33,764</u>	<u>40,160</u>	<u>-</u>	<u>494</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	2,749	-	40,725	122,623	-	-	123,888
Committed	-	-	-	-	167,857	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	(33,764)	-	-	-	-	-
Total fund balances (deficits)	<u>2,749</u>	<u>(33,764)</u>	<u>40,725</u>	<u>122,623</u>	<u>167,857</u>	<u>-</u>	<u>123,888</u>
Total liabilities and fund balances (deficits)	<u>\$ 2,749</u>	<u>\$ -</u>	<u>\$ 80,885</u>	<u>\$ 122,623</u>	<u>\$ 168,351</u>	<u>\$ -</u>	<u>\$ 123,888</u>

...Continued...

**TOWN OF ORANGE, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2011
...Continued...**

	Special Revenue						
	Town Improvement Program P.A. 86-1	Easement	Human Services	Police D.A.R.E.	Town Exchange	Special Events and Programs	Historic Preservation
ASSETS							
Cash and cash equivalents	\$ 105,728	\$ 15,060	\$ 43,277	\$ 2,500	\$ 37,973	\$ 2,809	\$ 22,861
Accounts receivable	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-
Permanently reserved investments	-	-	-	-	-	-	-
Total assets	<u>\$ 105,728</u>	<u>\$ 15,060</u>	<u>\$ 43,277</u>	<u>\$ 2,500</u>	<u>\$ 37,973</u>	<u>\$ 2,809</u>	<u>\$ 22,861</u>
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	76,370	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-
Total liabilities	<u>76,370</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	29,358	15,060	43,277	2,500	-	-	22,861
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	37,973	2,809	-
Unassigned	-	-	-	-	-	-	-
Total fund balances (deficits)	<u>29,358</u>	<u>15,060</u>	<u>43,277</u>	<u>2,500</u>	<u>37,973</u>	<u>2,809</u>	<u>22,861</u>
Total liabilities and fund balances (deficits)	<u>\$ 105,728</u>	<u>\$ 15,060</u>	<u>\$ 43,277</u>	<u>\$ 2,500</u>	<u>\$ 37,973</u>	<u>\$ 2,809</u>	<u>\$ 22,861</u>

...Continued...

**TOWN OF ORANGE, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2011
...Continued...**

	Special Revenue		Permanent Fund	Capital Projects		Total Non-Major Governmental Funds
	Cafeteria	Recreation Self Support	Mary T. McGuire Trust	STEAP	2004 Bond Projects Fund	
ASSETS						
Cash and cash equivalents	\$ 46,801	\$ 264,896	\$ 8,220	\$ 25,000	\$ 181,778	\$ 1,992,329
Accounts receivable	-	-	-	-	-	118,176
Due from other funds	-	-	-	-	-	15,898
Due from other governments	7,795	-	-	-	-	7,795
Permanently reserved investments	-	-	31,563	-	-	31,563
Total assets	<u>\$ 54,596</u>	<u>\$ 264,896</u>	<u>\$ 39,783</u>	<u>\$ 25,000</u>	<u>\$ 181,778</u>	<u>\$ 2,165,761</u>
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	78,613	-	816	-	-	403,182
Deferred revenue	-	-	-	25,000	-	25,000
Total liabilities	<u>78,613</u>	<u>-</u>	<u>816</u>	<u>25,000</u>	<u>-</u>	<u>428,182</u>
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	29,204	-	-	29,204
Restricted	-	-	9,763	-	-	688,420
Committed	-	-	-	-	181,778	634,875
Assigned	-	264,896	-	-	-	442,861
Unassigned	(24,017)	-	-	-	-	(57,781)
Total fund balances (deficits)	<u>(24,017)</u>	<u>264,896</u>	<u>38,967</u>	<u>-</u>	<u>181,778</u>	<u>1,737,579</u>
Total liabilities and fund balances (deficits)	<u>\$ 54,596</u>	<u>\$ 264,896</u>	<u>\$ 39,783</u>	<u>\$ 25,000</u>	<u>\$ 181,778</u>	<u>\$ 2,165,761</u>

**TOWN OF ORANGE, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (DEFICITS)
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2011**

	Special Revenue						
	Orange Drug & Alcohol Action Committee	Federal Drug Property Forfeiture	Police Donations	School of 21st Century	Narcotics Task Force	LoCIP	School Grants and Donations
REVENUES							
Intergovernmental:							
Federal	\$ 7,790	\$ -	\$ -	\$ -	\$ 18,000	\$ -	\$ -
State	-	432	-	-	-	279	-
Program revenues	-	-	-	594,623	-	-	-
Investment income	-	-	-	-	-	-	-
Charges for facilities and services	-	-	-	-	-	7,575	-
Miscellaneous	-	-	11,829	-	-	-	17,404
Total revenues	<u>7,790</u>	<u>432</u>	<u>11,829</u>	<u>594,623</u>	<u>18,000</u>	<u>7,854</u>	<u>17,404</u>
EXPENDITURES							
Public safety	-	-	-	-	22,780	-	-
Public works and sanitation	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Health and welfare	655	-	-	-	-	-	-
Education - Orange Board of Education	-	-	-	660,977	-	-	13,876
Other	-	-	8,505	-	-	-	-
Total expenditures	<u>655</u>	<u>-</u>	<u>8,505</u>	<u>660,977</u>	<u>22,780</u>	<u>-</u>	<u>13,876</u>
Excess (deficiency) of revenues over expenditures	<u>7,135</u>	<u>432</u>	<u>3,324</u>	<u>(66,354)</u>	<u>(4,780)</u>	<u>7,854</u>	<u>3,528</u>
OTHER FINANCING SOURCES (USES)							
Interfund transfers out	-	-	-	-	-	-	-
Net change in fund balance	7,135	432	3,324	(66,354)	(4,780)	7,854	3,528
FUND BALANCES (DEFICITS), beginning	<u>34,424</u>	<u>4,700</u>	<u>2,584</u>	<u>257,112</u>	<u>11,283</u>	<u>37,998</u>	<u>12,594</u>
FUND BALANCES (DEFICITS), ending	<u>\$ 41,559</u>	<u>\$ 5,132</u>	<u>\$ 5,908</u>	<u>\$ 190,758</u>	<u>\$ 6,503</u>	<u>\$ 45,852</u>	<u>\$ 16,122</u>

...Continued...

TOWN OF ORANGE, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (DEFICITS)
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2011
...Continued...

	Special Revenue						
	Town Road Aid	Orange Visiting Nurses Association	Police Special Duty	Senior Reimbursable	Youth Reimbursable	Orange Public Library Estate	Orange Library Endowment
REVENUES							
Intergovernmental:							
Federal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State	138,417	-	-	-	-	-	-
Program revenues	-	-	-	96,720	5,472	-	-
Investment income	-	-	-	-	-	-	22
Charges for facilities and services	-	736,201	259,160	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-
	<u>138,417</u>	<u>736,201</u>	<u>259,160</u>	<u>96,720</u>	<u>5,472</u>	<u>-</u>	<u>22</u>
Total revenues							
	<u>138,417</u>	<u>736,201</u>	<u>259,160</u>	<u>96,720</u>	<u>5,472</u>	<u>-</u>	<u>22</u>
EXPENDITURES							
Public safety	-	-	156,955	-	-	-	-
Public works and sanitation	140,085	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	1,464	-
Health and welfare	-	727,605	-	-	-	-	-
Education - Orange Board of Education	-	-	-	-	-	-	-
Other	-	-	-	89,147	3,860	-	-
	<u>140,085</u>	<u>727,605</u>	<u>156,955</u>	<u>89,147</u>	<u>3,860</u>	<u>1,464</u>	<u>-</u>
Total expenditures							
	<u>140,085</u>	<u>727,605</u>	<u>156,955</u>	<u>89,147</u>	<u>3,860</u>	<u>1,464</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	(1,668)	8,596	102,205	7,573	1,612	(1,464)	22
OTHER FINANCING SOURCES (USES)							
Interfund transfers out	-	-	(109,000)	-	-	-	-
Net change in fund balance	(1,668)	8,596	(6,795)	7,573	1,612	(1,464)	22
FUND BALANCES (DEFICITS), beginning	<u>140,056</u>	<u>85,151</u>	<u>7,530</u>	<u>90,791</u>	<u>37,207</u>	<u>7,476</u>	<u>10,118</u>
FUND BALANCES (DEFICITS), ending	<u>\$ 138,388</u>	<u>\$ 93,747</u>	<u>\$ 735</u>	<u>\$ 98,364</u>	<u>\$ 38,819</u>	<u>\$ 6,012</u>	<u>\$ 10,140</u>

...Continued...

TOWN OF ORANGE, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (DEFICITS)
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2011
...Continued...

	Special Revenue						
	Elderly Services	Summer School	Orange Library Gift	Pryde Memorial	Orange Agricultural Fair	Allen Poole Memorial	Gusachik Nursing
REVENUES							
Intergovernmental:							
Federal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State	-	-	23,789	-	-	-	-
Program revenues	-	13,800	-	-	141,331	-	-
Investment income	-	-	64	-	48	-	-
Charges for facilities and services	-	-	-	-	-	-	-
Miscellaneous	-	-	3,521	5,426	-	1,340	123,888
Total revenues	<u>-</u>	<u>13,800</u>	<u>27,374</u>	<u>5,426</u>	<u>141,379</u>	<u>1,340</u>	<u>123,888</u>
EXPENDITURES							
Public safety	-	-	-	-	-	-	-
Public works and sanitation	-	-	-	-	-	-	-
Culture and recreation	-	-	21,853	4,500	109,409	-	-
Health and welfare	1,690	-	-	-	-	4,144	-
Education - Orange Board of Education	-	16,698	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total expenditures	<u>1,690</u>	<u>16,698</u>	<u>21,853</u>	<u>4,500</u>	<u>109,409</u>	<u>4,144</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(1,690)</u>	<u>(2,898)</u>	<u>5,521</u>	<u>926</u>	<u>31,970</u>	<u>(2,804)</u>	<u>123,888</u>
OTHER FINANCING SOURCES (USES)							
Interfund transfers out	-	-	-	-	-	-	-
Net change in fund balance	<u>(1,690)</u>	<u>(2,898)</u>	<u>5,521</u>	<u>926</u>	<u>31,970</u>	<u>(2,804)</u>	<u>123,888</u>
FUND BALANCES (DEFICITS), beginning	<u>4,439</u>	<u>(30,866)</u>	<u>35,204</u>	<u>121,697</u>	<u>135,887</u>	<u>2,804</u>	<u>-</u>
FUND BALANCES (DEFICITS), ending	<u>\$ 2,749</u>	<u>(\$ 33,764)</u>	<u>\$ 40,725</u>	<u>\$ 122,623</u>	<u>\$ 167,857</u>	<u>\$ -</u>	<u>\$ 123,888</u>

...Continued...

**TOWN OF ORANGE, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (DEFICITS)
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2011
...Continued...**

	Special Revenue						
	Town Improvement Program P.A. 86-1	Easement	Human Services	Police D.A.R.E.	Town Exchange	Special Events and Programs	Historic Preservation
REVENUES							
Intergovernmental:							
Federal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State	-	-	-	-	-	-	-
Program revenues	-	-	-	-	-	-	-
Investment income	668	-	-	-	-	-	-
Charges for facilities and services	-	-	-	-	-	-	-
Miscellaneous	-	-	17,596	3,200	30,498	19,510	618
Total revenues	<u>668</u>	<u>-</u>	<u>17,596</u>	<u>3,200</u>	<u>30,498</u>	<u>19,510</u>	<u>618</u>
EXPENDITURES							
Public safety	-	-	-	1,200	-	-	-
Public works and sanitation	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Health and welfare	-	-	22,842	-	-	-	-
Education - Orange Board of Education	-	-	-	-	-	-	-
Other	10,150	-	-	-	30,400	18,934	-
Total expenditures	<u>10,150</u>	<u>-</u>	<u>22,842</u>	<u>1,200</u>	<u>30,400</u>	<u>18,934</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(9,482)</u>	<u>-</u>	<u>(5,246)</u>	<u>2,000</u>	<u>98</u>	<u>576</u>	<u>618</u>
OTHER FINANCING SOURCES (USES)							
Interfund transfers out	-	-	-	-	-	-	-
Net change in fund balance	<u>(9,482)</u>	<u>-</u>	<u>(5,246)</u>	<u>2,000</u>	<u>98</u>	<u>576</u>	<u>618</u>
FUND BALANCES (DEFICITS), beginning	<u>38,840</u>	<u>15,060</u>	<u>48,523</u>	<u>500</u>	<u>37,875</u>	<u>2,233</u>	<u>22,243</u>
FUND BALANCES (DEFICITS), ending	<u>\$ 29,358</u>	<u>\$ 15,060</u>	<u>\$ 43,277</u>	<u>\$ 2,500</u>	<u>\$ 37,973</u>	<u>\$ 2,809</u>	<u>\$ 22,861</u>

...Continued...

**TOWN OF ORANGE, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (DEFICITS)
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2011
...Continued...**

	Special Revenue		Permanent Fund	Capital Projects		Total Non-Major Governmental Funds
	Cafeteria	Recreation Self Support	Mary T. McGuire Trust	STEAP	2004 Bond Projects Fund	
REVENUES						
Intergovernmental:						
Federal	\$ 73,068	\$ -	\$ -	\$ -	\$ -	\$ 98,858
State	-	-	-	194,938	-	357,855
Program revenues	-	-	-	-	-	851,946
Investment income	-	-	1,271	-	-	2,073
Charges for facilities and services	260,797	562,276	-	-	-	1,826,009
Miscellaneous	2,097	-	-	-	-	236,927
Total revenues	<u>335,962</u>	<u>562,276</u>	<u>1,271</u>	<u>194,938</u>	<u>-</u>	<u>3,373,668</u>
EXPENDITURES						
Public safety	-	-	-	-	-	180,935
Public works and sanitation	-	-	-	8,750	-	148,835
Culture and recreation	-	500,002	-	-	-	637,228
Health and welfare	-	-	-	-	-	756,936
Education - Orange Board of Education	336,376	-	-	-	-	1,027,927
Other	-	-	-	186,188	-	347,184
Total expenditures	<u>336,376</u>	<u>500,002</u>	<u>-</u>	<u>194,938</u>	<u>-</u>	<u>3,099,045</u>
Excess (deficiency) of revenues over expenditures	<u>(414)</u>	<u>62,274</u>	<u>1,271</u>	<u>-</u>	<u>-</u>	<u>274,623</u>
OTHER FINANCING SOURCES (USES)						
Interfund transfers out	-	-	-	-	-	(109,000)
Net change in fund balance	<u>(414)</u>	<u>62,274</u>	<u>1,271</u>	<u>-</u>	<u>-</u>	<u>165,623</u>
FUND BALANCES (DEFICITS), beginning	<u>(23,603)</u>	<u>202,622</u>	<u>37,696</u>	<u>-</u>	<u>181,778</u>	<u>1,571,956</u>
FUND BALANCES (DEFICITS), ending	<u>(\$ 24,017)</u>	<u>\$ 264,896</u>	<u>\$ 38,967</u>	<u>\$ -</u>	<u>\$ 181,778</u>	<u>\$ 1,737,579</u>

**TOWN OF ORANGE, CONNECTICUT
 COMBINING STATEMENT OF CHANGES IN
 ASSETS AND LIABILITIES
 AGENCY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Balance, July 1, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance, June 30, 2011</u>
ASSETS				
Cash and cash equivalents				
Performance Bonds	<u>\$ 362,500</u>	<u>\$ 130,000</u>	<u>\$ 139,750</u>	<u>\$ 352,750</u>
Total cash and cash equivalents	<u>362,500</u>	<u>130,000</u>	<u>139,750</u>	<u>352,750</u>
Total Assets	<u><u>\$ 362,500</u></u>	<u><u>\$ 130,000</u></u>	<u><u>\$ 139,750</u></u>	<u><u>\$ 352,750</u></u>
LIABILITIES				
Amounts held for others	<u><u>\$ 362,500</u></u>	<u><u>\$ 130,000</u></u>	<u><u>\$ 139,750</u></u>	<u><u>\$ 352,750</u></u>

**TOWN OF ORANGE, CONNECTICUT
SCHEDULE OF PROPERTY TAXES LEVIED,
COLLECTED AND OUTSTANDING
FOR THE YEAR ENDED JUNE 30, 2011**

Grand List	Balance Uncollected June 30, 2010	Current Levy	Lawful Corrections		Transfers to Suspense	Balance to be Collected	Collections				Balance Uncollected June 30, 2011
			Additions	Deductions			Taxes	Interest	Lien Fees	Total	
2009	\$ -	\$ 51,036,278	\$ 87,473	(\$ 153,095)	\$ -	\$ 50,970,656	\$ 50,511,953	\$ 120,620	\$ 8,110	\$ 50,640,683	\$ 458,703
2008	541,242	-	2,973	(40,518)	-	503,697	293,142	49,680	1,433	344,255	210,555
2007	118,714	-	355	(1,404)	(62,672)	54,993	30,871	11,423	251	42,545	24,122
2006	69,141	-	202	(2,744)	(33,674)	32,925	9,360	4,936	72	14,368	23,565
2005	(15,618)	-	-	(40)	1,206	(14,452)	5,165	3,722	24	8,911	(19,617)
2004	(8,380)	-	-	-	6	(8,374)	-	-	-	-	(8,374)
2003	(39,079)	-	-	-	-	(39,079)	-	-	-	-	(39,079)
2002	(22,452)	-	-	-	-	(22,452)	-	-	-	-	(22,452)
2001	(178)	-	-	-	-	(178)	-	-	-	-	(178)
2000	(461)	-	-	-	-	(461)	-	-	-	-	(461)
1999	4,018	-	-	-	-	4,018	-	-	-	-	4,018
1998	(429)	-	-	-	-	(429)	-	-	-	-	(429)
1997	1,935	-	-	-	-	1,935	-	-	-	-	1,935
1996	190	-	-	-	-	190	-	-	-	-	190
1995	39	-	-	-	-	39	-	-	-	-	39
1994	198	-	-	(198)*	-	-	-	-	-	-	-
	<u>\$ 648,880</u>	<u>\$ 51,036,278</u>	<u>\$ 91,003</u>	<u>(\$ 197,999)</u>	<u>(\$ 95,134)</u>	<u>\$ 51,483,028</u>	<u>\$ 50,850,491</u>	<u>\$ 190,381</u>	<u>\$ 9,890</u>	<u>\$ 51,050,762</u>	<u>\$ 632,537</u>

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

**TOWN OF ORANGE, CONNECTICUT
SCHEDULE OF DEBT LIMITATION
YEAR ENDED JUNE 30, 2011**

The Town's statement of Debt Limitation under Connecticut General Statutes, Section 7-374(b) as of June 30, 2011 is as follows:

Total tax collections (including interest and lien fees) for the year ended June 30, 2011	\$ 51,050,762
Reimbursements for revenue loss: Tax relief for the elderly and disabled	<u>70,881</u>
Base	<u><u>\$ 51,121,643</u></u>

The Connecticut General Statutes provide that the total authorized debt of the Town shall not exceed seven times the above base cash receipts, of \$357,851,501, nor shall the total authorized particular purpose debt exceed the individual debt limitations reflected in the table below:

	General Purpose	Schools	Sewers	Urban Renewal	Pension Deficit
Debt limitation:					
2-1/4 times base	\$ 115,023,697	\$ -	\$ -	\$ -	\$ -
4-1/2 times base	-	230,047,394	-	-	-
3-3/4 times base	-	-	191,706,161	-	-
3-1/4 times base	-	-	-	166,145,340	-
3 times base	-	-	-	-	153,364,929
Total debt limitation	<u>115,023,697</u>	<u>230,047,394</u>	<u>191,706,161</u>	<u>166,145,340</u>	<u>153,364,929</u>
Indebtedness:					
Bonds payable	10,596,000	3,524,000	-	-	-
Net Amity Regional School District debt	-	32,623,778	-	-	-
Claims and judgments	-	-	805,628	-	-
Mortgage payable	250,000	-	-	-	-
Assessments receivable	-	-	(703,782)	-	-
Total indebtedness	<u>10,846,000</u>	<u>36,147,778</u>	<u>101,846</u>	<u>-</u>	<u>-</u>
Excess of debt limitation over indebtedness at June 30, 2011	<u><u>\$ 104,177,697</u></u>	<u><u>\$ 193,899,616</u></u>	<u><u>\$ 191,604,315</u></u>	<u><u>\$ 166,145,340</u></u>	<u><u>\$ 153,364,929</u></u>

SEWARD AND MONDE

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

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of The Town of Orange, Connecticut (the Town) as of and for the year ended June 30, 2011, which collectively comprise the Town's basic financial statements and have issued our report thereon dated December 15, 2011. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified a deficiency in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we considered to be a significant deficiency in internal control over financial reporting as item 2011-1. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

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

We noted certain matters that we reported to management of the Town, in a separate letter dated December 15, 2011.

The Town's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the Town's responses and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Board of Finance, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Seward and Monde

North Haven, Connecticut
December 15, 2011

SEWARD AND MONDE

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

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited the Town of Orange, Connecticut's (the Town) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. The Town's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Town's management. Our responsibility is to express an opinion on the Town's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Town's compliance with those requirements.

In our opinion, the Town of Orange complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Town's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Board of Finance, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Seward and Monde

North Haven, Connecticut
December 15, 2011

TOWN OF ORANGE, CONNECTICUT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2011

<u>FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM OR CLUSTER TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>PASS-THROUGH ENTITY IDENTIFYING NUMBER</u>	<u>FEDERAL EXPENDITURES</u>
U.S. Department of Agriculture			
Passed through State Department of Administrative Services:			
National school lunch program - commodities			\$ 18,546
Passed through State Department of Education:			
National school lunch program		12060-20560-82079-2010-170005	4,260
National school lunch program		12060-20560-82079-2011-170005	35,655
Total National school lunch program	10.555		<u>58,461</u>
Passed through State Department of Energy and Environmental Protection:			
Urban & community forestry programs	10.675		<u>1,374</u>
Total U.S. Department of Agriculture			<u>59,835</u>
U.S. Department of Education			
Passed through State Department of Education:			
Title I - Grants to local educational agencies		12060-20679-82070-2010-170002	17,051
Title I - Grants to local educational agencies		12060-20679-82070-2011-170002	18,912
Total Title I - Grants to local educational agencies	84.010		<u>35,963</u>
Improving teacher quality state grants		12060-20858-84131-2010-170002	18,567
Improving teacher quality state grants		12060-20858-84131-2011-170002	10,304
Total Improving teacher quality state grants	84.367		<u>28,871</u>
Safe and drug-free schools and communities	84.186	12060-20873-84131-2010-170002	<u>1,366</u>
Special Education Cluster:			
Special education - grants to states		12060-20977-82032-2010-170002	103,057
Special education - grants to states		12060-20977-82032-2011-170002	219,442
Total Special education - grants to states	84.027		<u>322,499</u>
Special education - preschool grants		12060-20983-82032-2010-170002	6,966
Special education - preschool grants		12060-20983-82032-2011-170002	11,684
Total Special education - preschool grants	84.173		<u>18,650</u>
ARRA - Special education - grants to states	84.391	12060-29011-82032-2009-170002	71,251
ARRA - Special education - preschool grants	84.392	12060-29012-82010-2009-170002	<u>7,558</u>
Total Special Education Cluster			<u>419,958</u>
ARRA - State Fiscal Stabilization Fund - Education State Grant	84.394	12060-29054-82010-2010-170002	<u>157,353</u>
Total U.S. Department of Education			<u>643,511</u>
U.S. Department of Transportation			
Passed through State Department of Transportation:			
Alcohol traffic safety grants	20.601		7,962
Alcohol open container requirements	20.607		<u>7,571</u>
Total U.S. Department of Transportation			<u>15,533</u>

. . . Continued . . .

TOWN OF ORANGE, CONNECTICUT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2011
. . . Continued . . .

<u>FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM OR CLUSTER TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>PASS-THROUGH ENTITY IDENTIFYING NUMBER</u>	<u>FEDERAL EXPENDITURES</u>
U.S. Department of Homeland Security			
Passed through State Department of Emergency and Homeland Security:			
Citizen Corps	97.053		1,768
Emergency management protection grants	97.042		<u>1,837</u>
Total U.S. Department of Homeland Security			<u>3,605</u>
U.S. Department of Energy			
Passed through State Office of Policy and Management:			
ARRA - Energy efficiency & conservation block grant	81.128		<u>59,430</u>
U.S. Department of Justice			
Passed through State Department of Public Safety:			
ARRA - Edward Byrne memorial justice assistance grant program			<u>22,780</u>
Total ARRA - Edward Byrne memorial justice assistance grant program	16.804		<u>22,780</u>
Total Expenditures of Federal Awards			<u>\$ 804,694</u>

See notes to schedule.

**TOWN OF ORANGE, CONNECTICUT
NOTES TO SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS
For the Year Ended June 30, 2011**

1 - Significant Accounting Policy

The accounting policies of the Town of Orange, Connecticut conform to U.S. generally accepted accounting principles promulgated by the Governmental Accounting Standards Board. The following is the significant policy relating to Federal awards:

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Town of Orange, Connecticut and is presented on the modified accrual basis of accounting and a current financial resources measurement focus. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from the amounts presented in, or used in the preparation of, the basic financial statements.

2 - Noncash Federal Awards

The Town received and consumed \$18,546 of USDA donated commodities under the Federal Food Distribution program.

**TOWN OF ORANGE, CONNECTICUT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended June 30, 2011**

Department of Education

Finding 2010-4 - Special Education Cluster

Condition - The Board of Education reported approximately \$189,000 of unspent special education cluster grant funds as deferred revenue at June 30, 2010.

Recommendation - We recommended that procedures be developed and implemented to ensure advance funding requests are properly monitored by personnel with appropriate accounting knowledge and are requested in compliance with applicable cash management provisions.

Current status - The recommendation was adopted during the current fiscal year. No similar findings were noted during 2011.

**TOWN OF ORANGE, CONNECTICUT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2011**

I. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? yes X no
- Significant deficiency(ies) identified? X yes none reported

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes X no
- Significant deficiency(ies)? yes X none reported

Type of auditors' report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? yes X no

Identification of major programs:

CFDA NUMBER	NAME OF FEDERAL PROGRAM
84.027/84.173/84.391/84.392	Special Education Cluster (IDEA)

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? yes X no

TOWN OF ORANGE, CONNECTICUT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
. . . Continued . . .
Year ended June 30, 2011

II. FINANCIAL STATEMENT FINDINGS

FINDING # 2011-1 (Previously reported as 2010-1 and 2010-3)

Criteria - Timely preparation of complete and accurate bank reconciliations is a key to maintaining adequate control over both cash receipts and disbursements.

Condition - During much of the year, the main bank accounts of the Town, including those maintained by the Board of Education, were not reconciled to the general ledger. Specifically, they contained significant unreconciled differences to the general ledger balance.

Questioned Cost - None

Context - This has been an ongoing issue for the past few years.

Effect - An unreconciled difference can obscure significant items such as bank errors or improperly recorded transactions that would be cause for investigation.

Cause - The significant number of transactions being recorded to the general ledger as well as the various sources for transactions with the use of one bank account for several funds.

Recommendation - We recommend that all bank accounts be reconciled to the general ledger on a timely basis.

Views of Responsible Officials and Planned Corrective Actions - All Town and Board of Education checking accounts were reconciled as of June 30, 2011.

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No federal award findings or questioned costs.