

**TOWN OF ORANGE, CONNECTICUT
FINANCIAL REPORT
June 30, 2013**

**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, Connecticut

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Orange, Connecticut (the Town) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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



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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Orange, Connecticut, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended, in conformity with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 4 to 12 and the Schedules of Funding Progress and Employer Contributions – Police Pension and Retirement Plan and Employee Pension and Retirement Income Plan and Other Post-Employment Benefit Plan on pages 60 and 61, respectively, be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Government Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining and individual nonmajor fund financial statements, schedule of property taxes levied, collected and outstanding, and the schedule of debt limitation are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and schedule of expenditures of state financial assistance as required by the State Single Audit Act are presented for purposes of additional analysis and are also not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 14, 2014 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Seward and Monde

North Haven, Connecticut
March 14, 2014

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

This discussion and analysis of the Town of Orange, Connecticut's (the "Town") financial performance is provided by management as an overview of the Town's financial activities for the fiscal year ended June 30, 2013. The intent of this discussion and analysis is to look at the Town's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the Town's financial performance.

Financial Highlights

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

Overview of the Financial Statements

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

Government-wide Financial Statements

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

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

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

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

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

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

Fund Financial Statements

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

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

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

The Town maintains thirty-six (36) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, Orange Visiting Nurses Association and STEAP which are considered to be major funds. Data from the thirty-three other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining fund statements on pages 62 - 69.

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

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

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

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

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

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

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

The basic fiduciary fund financial statements can be found on pages 23 - 24 of this report with more detailed information in the notes to the financial statements on pages 46 - 52 and in the required supplementary information on page 60.

Notes to the Financial Statements - The notes provide additional information that are essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 25 - 59 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the Town's progress in funding its obligation to provide pension and OPEB benefits to its employees. Required supplementary information can be found on pages 60 - 61 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information on pensions and OPEB. Combining and individual fund statements and schedules can be found on pages 62 - 70 of this report.

Government-wide Financial Analysis

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

Statement of Net Position (in 000's)

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

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2013 the Town's assets exceeded liabilities by \$43,317,758. At year-end, net position was \$34,697,741 and \$8,620,017 for the governmental activities and the business-type activities, respectively.

Capital assets reported on the government-wide statements represent the largest portion of the Town's net position. At year-end, capital assets represented 68.0% of total assets. Capital assets include land, land improvements, buildings and improvements, equipment, vehicles and infrastructure.

The table below shows the change in net assets between fiscal 2013 and 2012.

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

Governmental Activities

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

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

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

Business-type Activities

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

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

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

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

Financial Analysis of Governmental Funds

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

At June 30, 2013, the Town's governmental funds reported combined fund balances of \$11,467,179, an increase of \$2,195,967 in comparison with the prior year. The most significant reasons for the increase were better than projected tax collections and revenue increases and unanticipated savings and reimbursement for catastrophic expenditures. Of this total amount, \$42,604 is nonspendable, \$720,311 is restricted by governmental grants or other legal restrictions, \$629,253 is committed to various projects, \$1,562,450 is assigned and \$8,512,561 is unassigned.

The General Fund is the operating fund of the Town. At the end of the current fiscal year, the General Fund total fund balance was \$9,445,690. Approximately 91.1% of this amount (\$8,607,747) constitutes unassigned fund balance, which is available for spending at the town's discretion. The remainder of the fund balance is either nonspendable or assigned to indicate that it is (1) not in a spendable form (\$13,400), or (2) assigned for a particular purpose (\$824,543).

At the end of the current fiscal year, unassigned fund balance of the general fund was \$8,607,747, while total fund balance increased to \$9,445,690. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Unassigned fund balance represents approximately 14.2% of total general fund expenditures, while total fund balance represents approximately 15.5% of that same amount.

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

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

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

Proprietary Funds

Net position of the proprietary funds, the Town's enterprise funds, reflected a decrease of \$120,947 attributable to depreciation. The Town's proprietary funds are the Water Pollution Control Authority and Congregate Elderly Housing. See analysis above under business-type activities.

General Fund budgetary highlight

Original budget compared to final budget

There was an additional appropriation of \$150,000 during the year for security measures at the four elementary schools. There was a need to make reallocations of appropriations within departments. Generally, the movement of the appropriations was not significant.

Final budget compared to actual results

General property taxes - property tax revenue was \$639,246 higher than budgeted due primarily to higher than anticipated overall tax collections. Intergovernmental revenues were \$1,150,830 higher than budgeted and reimbursements received from FEMA for storm related expenditures accounted for \$640,880 and interest and lien fees were better than anticipated by \$90,234 while overall expenditure were \$145,259 less than anticipated.

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

The Town's General Fund fund balance of \$9,445,690 reported on page 15 differs from the General Fund's budgetary fund balance. The nature of the difference is primarily attributable to encumbrances that are recognized for budgetary purposes.

Capital Asset and Debt Administration

Capital Assets - At June 30, 2013, the Town had a net balance of \$47,092,756 invested in a broad range of capital assets, including land, buildings, vehicles and equipment, roads, bridges, and a water system. This represents a net decrease (including additions and deductions) of \$746,968 or approximately 1.6% from the prior year. The decrease is the result of depreciation in excess of additions.

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

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

Long-term debt

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

Long-term debt (in 000's)

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

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

State statutes limit the amount of general obligation debt a governmental entity may issue to seven times its annual tax collections. The current debt limitation for the Town is \$393,261,414 which is significantly in excess of the Town's outstanding general obligation debt.

Economic Factors and Next Year's Budgets and Rates

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

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

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

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

Requests for Information

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

TOWN OF ORANGE, CONNECTICUT
STATEMENT OF NET POSITION
JUNE 30, 2013

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

See notes to basic financial statements.

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

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

See notes to basic financial statements.

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

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

See notes to basic financial statements.

**TOWN OF ORANGE, CONNECTICUT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
JUNE 30, 2013**

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

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

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds. 42,430,416

Other long-term assets are not available to pay for current period expenditures and, therefore, are unavailable revenue in the funds:

Property tax and interest receivable	429,845
Deferred charge on refundings	234,664

Interest payable on long-term debt does not require current financial resources and therefore interest payable is not reported as a liability in the funds. (173,024)

Internal service funds are used by management to charge the costs of medical insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. 3,850,522

Some long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

General obligation bonds	(18,280,000)
Deferred premium on bonds	(852,400)
Capital lease obligation	(43,580)
Other post-employment benefits	(3,148,499)
Compensated absences	(1,217,382)

Net position of governmental activities \$ 34,697,741

See notes to basic financial statements.

**TOWN OF ORANGE, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013**

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

See notes to basic financial statements.

**TOWN OF ORANGE, CONNECTICUT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013**

Net change in fund balances - governmental funds \$ 2,195,967

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

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

Capital outlay	627,758
Depreciation expense	(1,204,775)

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

Property taxes and interest - accrual basis change	(26,357)
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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.

Principal payments	1,821,790
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Some expenses reported in the statement of activities do not require the use of current
financial resources and, therefore, are not reported as expenditures in governmental
funds:

Change in other postemployment benefits	(580,135)
Change in compensated absences	16,495
Change in accrued interest payable	27,156
Amortization of deferred charges on refunding	(40,823)
Amortization of bond premium	64,851

Internal service funds are used by management to charge costs of medical insurance to individual funds.	900,326
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Change in net position of governmental activities	\$ 3,802,253
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See notes to basic financial statements.

**TOWN OF ORANGE, CONNECTICUT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED JUNE 30, 2013**

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

See notes to basic financial statements.

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

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

See notes to basic financial statements.

TOWN OF ORANGE, CONNECTICUT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

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

See notes to basic financial statements.

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

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

See notes to basic financial statements.

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

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

See notes to basic financial statements.

**TOWN OF ORANGE, CONNECTICUT
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013**

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

See notes to basic financial statements.

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

1. Summary of Significant Accounting Policies

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

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

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

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

A. Financial Reporting Entity

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

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

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

B. Basis of Presentation

Government-wide Financial Statements

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

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

Fund Financial Statements

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

The Town reports the following major governmental funds:

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

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

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

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

The Town of Orange reports the following major enterprise funds:

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

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

Additionally, the Town reports the following fund types:

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

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

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

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

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

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

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

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported as gross amounts as transfers in/out. Certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

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

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

Cash and Cash Equivalents

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

Investments

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

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

Property Taxes and Other Receivables

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

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

Section 12-165 of the General Statutes of the State of Connecticut requires each municipality to write-off, on an annual basis, the property taxes, which are deemed to be uncollectible. Accordingly, an allowance for uncollectible property taxes has been established. As of June 30, 2013, the allowance for uncollectible property taxes is \$35,000.

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

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

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

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets

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

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

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

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

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

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

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. The Town only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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

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

Compensated Absences

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

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the Town will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the vesting method. The liability is based on the sick leave accumulated at June 30, 2013 by those employees who are currently eligible to receive termination payments and by those employees for whom it is probable they will become eligible to receive termination benefits in the future.

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

Long-Term Obligations

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

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

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

Net Position/Fund Equity

Government-wide Financial Statements

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

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

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

Fund Financial Statements

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

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

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

- d. Assigned Fund Balance - for all governmental funds other than the General Fund, any remaining positive amounts not classified as nonspendable, restricted or committed. For the General Fund, includes amounts constrained for the intent to be used for a specific purpose by the Board of Finance.

- e. Unassigned Fund Balance - represents fund balance in the General Fund in excess of nonspendable, restricted, committed and assigned fund balance. If another governmental fund has a fund balance deficit, it is reported as a negative amount in unassigned fund balance.

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

The Board of Finance adopted a financial policy to maintain the General Fund fund balance 10 percent of current budgetary expenditures to provide for 1) adequate reserves to carry thirty (30) to forty-five (45) days of operating expenditure, 2) unplanned emergent current year expenditures, 3) unrealized projected current year revenue, 4) budgetary and mill rate stabilization in periods of unusual Grand List variances and 5) additional reserves as deemed appropriate by the Board of Finance and the Board of Selectmen.

E. Estimates

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

F. Subsequent Events

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

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

2. Stewardship, Compliance and Accountability

Budgets and Budgetary Accounting

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

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

Application of Accounting Standards

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

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

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

General Fund

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

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

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

Special Revenue Funds

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

Capital Projects Funds

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

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

3. Cash and Cash Equivalents and Investments

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

	Government-wide Statement of Net Position	Fiduciary Funds Statement of Net Position	Total
Cash and cash equivalents	\$ 16,900,440	\$ 1,535,704	\$ 18,436,144
Investments	2,551,826	28,188,264	30,740,090
Total	\$ 19,452,266	\$ 29,723,968	\$ 49,176,234

Cash and Cash Equivalents

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

As of June 30, 2013, \$17,368,074 of the Town's bank balance of \$18,298,900 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 15,631,267
Uninsured and collateral held by pledging bank's trust department not in the Town's name	1,736,807
Total amount subject to credit risk	\$ 17,368,074

Investments

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

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

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

The Town's investments as of June 30, 2013 consisted of the following:

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

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

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

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

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

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

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

4. Interfund Transactions

Interfund Balances

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

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

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

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

Interfund Transfers

Interfund transfers for the year ended June 30, 2013, consisted of the following, as reported in the fund financial statements:

	Transfers In:
	General Fund
Transfers Out:	
Nonmajor funds (aggregate)	\$ 112,000

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

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

5. Capital Assets

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

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

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Business-Type Activities:				
Capital assets, not being depreciated:				
Land	\$ 18,970	\$ -	\$ -	\$ 18,970
Construction in progress	-	150,121	-	150,121
	<u>18,970</u>	<u>150,121</u>	<u>-</u>	<u>169,091</u>
Capital assets, being depreciated:				
Buildings and improvements	3,466,935	-	-	3,466,935
Sewer lines and pump stations	8,315,305	-	-	8,315,305
Equipment	488,118	3,860	-	491,978
	<u>12,270,358</u>	<u>3,860</u>	<u>-</u>	<u>12,274,218</u>
Total capital assets being depreciated				
Less, accumulated depreciation for:				
Buildings and improvements	1,560,674	86,981	-	1,647,655
Sewer lines and pump stations	5,485,735	224,529	-	5,710,264
Equipment	410,628	12,422	-	423,050
	<u>7,457,037</u>	<u>323,932</u>	<u>-</u>	<u>7,780,969</u>
Total accumulated depreciation				
Total capital assets being depreciated, net				
	<u>4,813,321</u>	<u>(320,072)</u>	<u>-</u>	<u>4,493,249</u>
Business-type activities capital assets, net				
	<u>\$ 4,832,291</u>	<u>(\$ 169,951)</u>	<u>\$ -</u>	<u>\$ 4,662,340</u>

Depreciation expense was charged to programs/functions as follows:

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

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

6. Long-Term Obligations

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

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

General Obligation Bonds

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

General Public Improvement:	
\$10,395,000 general obligation refunding bond, issue of 6/1/10, due 8/15/25, interest at 3.0% to 5.0%, annual principal payments of \$390,000 to \$1,325,000.	\$ 7,785,000
\$7,200,000 general obligation bond, issue of 10/01/11, due 10/01/31, interest at 2.0% to 4.0%, annual principal payments of \$360,000.	6,840,000
\$3,655,000 general obligation refunding bond, issue of 2/29/12, due 12/15/27, interest at 2.0% to 4.0%, annual principal payments of \$125,000 to \$280,000.	<u>3,655,000</u>
	<u>\$ 18,280,000</u>

**TOWN OF ORANGE, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013
. . . 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>
2014	\$ 1,810,000	\$ 573,965	\$ 2,383,965
2015	1,900,000	502,665	2,402,665
2016	1,355,000	445,115	1,800,115
2017	960,000	405,590	1,365,590
2018	1,010,000	372,690	1,382,690
2019-2023	5,185,000	1,330,141	6,515,141
2024-2028	4,620,000	515,064	5,135,064
2029-2032	1,440,000	91,890	1,531,890
	<u>\$ 18,280,000</u>	<u>\$ 4,237,120</u>	<u>\$ 22,517,120</u>

Authorized/Unissued Bonds

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

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

Mortgage Note Payable

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

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

Capital Lease

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

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

Water Pollution Control Authority Judgment

In 1985, the Town and the City of West Haven (the "City") entered into an agreement whereby the City is to provide wastewater treatment services to the Town for fifty years. Charges for these services are based upon the City's operating costs and metered flow of wastewater volumes during each year. In addition, the Town is assessed its proportionate share of capital improvements to the City's sanitary sewer system. In March 2003 a stipulated judgment was entered between the Town and the City regarding such capital improvements. The Town agreed to pay \$2,079,348 in installments through June 2020 for prior capital improvements made by the City. The City has completed two other capital projects for which the Town's share of the costs will be \$382,628. The Town paid the City \$77,500 during the year ended June 30, 2013. The balance payable was \$650,628 at June 30, 2013.

Amity Regional School District No. 5

In addition to the Town, the only political subdivision with power to issue debt on behalf of the Town is the Amity Regional School District No. 5 (the District). As of June 30, 2013 the District had general obligation bond issues outstanding aggregating \$54,071,963. These amounts are to be paid back by the three member Towns through their annual proportionate share payments for the operations of the District. Each Town's share of the debt is based on the average daily membership of each Town's student population. For the year ended June 30, 2013 the percentage for the Town of Orange was 49.653% or \$26,848,352.

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

7. Capital Projects

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

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

8. Fund Balances (Deficits)

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

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

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

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

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

9. Pension Plans

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

Defined Benefit Plans

Town of Orange Police Pension and Retirement Plan - Plan Description

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

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

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

Significant Accounting Policies

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

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

Plan Membership

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

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

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.

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

Benefit Provisions

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

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

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

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

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

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

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

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

Three-Year Trend Information

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

Funding Status and Funding Progress

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

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
Police Pension and Retirement Plan						
1/1/2013	\$13,991,784	\$20,664,436	\$6,672,652	67.71%	\$1,228,515	543.15%
Employee Pension and Retirement Income Plan						
1/1/2013	\$7,909,907	\$10,332,650	\$2,422,743	76.55%	\$932,129	259.91%

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

Actuarial Assumptions

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

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

Defined Contribution Plan

Plan Description

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

Significant Accounting Policies

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

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

Plan Membership

At June 30, 2013, there were 127 plan members. Plan members may contribute up to 10% of covered salary. The Town is required to contribute an amount equal to the plan members' contribution up to 10% of covered salary. Plan members and the Town each contributed \$442,652, not including rollover contributions and forfeitures, to the plan in the year ended June 30, 2013.

Benefit Provisions

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

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

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

Combining Statement of Net Position
June 30, 2013

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

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

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

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

Connecticut State Teachers' Retirement System

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

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

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

10. Other Post-Employment Benefits (OPEB)

Plan Description

The Town provides post-retirement medical and dental benefits to eligible retirees and their spouses through a single-employer, contributory, defined benefit OPEB plan. A bi-annual actuarial valuation is made to determine whether the contributions are sufficient to meet the plan obligations. The latest actuarial valuation was made July 1, 2012. The OPEB plan does not issue a separate, stand-alone, financial report.

Benefit Provisions

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

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

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

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

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

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

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

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

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

Plan Membership

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

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

Funding Policy

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

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

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

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

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

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

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

Police officers pay no share of the premium.

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

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

Annual OPEB Cost and Net OPEB Obligation

The annual OPEB cost and net OPEB obligation to the plan as of June 30, 2013 were as follows:

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

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

Three-Year Trend Information

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

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

Funding Status and Funding Progress

The funded status of the plan as of July 1, 2012, the most recent actuarial valuation date, is as follows:

Schedule of Funding Progress						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
7/1/2012	\$ -	\$ 26,549,287	\$ 26,549,287	0.00%	N/A	N/A

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

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

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

Actuarial Methods and Assumptions

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

Valuation Date	July 1, 2012
Actuarial Cost Method	Projected Unit Credit
Asset Valuation Method	Market Value
Amortization Method	Level Percent
Amortization Period	30 years decreasing
Actuarial Assumptions:	
Discount rate	4.0%
Investment rate of return	4.0%
Inflation rate	7.1%
Health cost trend rates	A rate of 7.1% initially, reduced to an ultimate rate of 4.7%

11. Risk Management

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

The Town currently is a member in Connecticut Interlocal Risk Management Agency (CIRMA), a public entity risk pool established for the purpose of administering an interlocal risk management program pursuant to the provisions of Section 7-479a et. Seq. of Connecticut General Statutes, for workers compensation and liability-automobile-property insurance. At June 30, 2013, CIRMA had over 200 members in the workers compensation pool and over 150 members in the liability-automobile-property pool. The Town pays annual premium for its coverage in both pools. CIRMA is to be self-sustaining through members' premiums but reinsures in excess of \$1,000,000 for each insured occurrence. Members may be subject to supplemental assessment in the event of deficiencies; however, potential assessments are limited pursuant to the bylaws.

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

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

12. Internal Service Funds

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

The self-insured claims (medical and dental) paid through the fund are financed through resources obtained from the General Fund and employee payroll deductions. The accounting treatment is to record the resources paid by the General Fund as an expenditure of that fund and as revenue of the Internal Service Fund in the governmental fund financial statements. At June 30, 2013, a liability of \$322,300 has been recorded, which represents estimated claims incurred but not yet reported.

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

	Claims Payable July 1	Current Year Claims and Changes in Estimates	Claims Paid	Claims Payable June 30
2010 - 2011	\$ 344,254	\$ 4,319,468	\$ 4,389,330	\$ 274,392
2011 - 2012	274,392	4,467,919	4,453,833	288,478
2012 - 2013	288,478	4,732,473	4,698,651	322,300

13. Commitments and Contingencies

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

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

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

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

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

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

14. Subsequent Event

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

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

POLICE PENSION AND RETIREMENT PLAN

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (b)	Total Unfunded Actuarial Accrued Liability (c)	Actuarial Value of Assets as a Percentage of Actuarial Accrued Liability (a) / (b)	Annual Covered Payroll (d)	Unfunded Actuarial Accrued Liability as a Percentage of Annual Covered Payroll (c) / (d)
1/1/08	\$ 15,199,428	\$ 17,107,509 *	\$ 1,908,081	88.85 %	\$ 1,384,044	137.86 %
1/1/09	14,736,959	17,755,708	3,018,749	83.00	1,248,925	241.71
1/1/10	14,246,755	18,207,883	3,961,128	78.24	1,260,560	314.24
1/1/11	14,099,716	18,859,254	4,759,538	74.76	1,360,835	349.75
1/1/12	13,777,336	19,446,576	5,669,240	70.85	1,358,468	417.33
1/1/13	13,991,784	20,664,436 **	6,672,652	67.71	1,228,515	543.15

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

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

Schedule of Employer Contributions

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

EMPLOYEE PENSION AND RETIREMENT INCOME PLAN

Schedule of Funding Progress

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

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

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

Schedule of Employer Contributions

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

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

Schedule of Funding Progress

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

* Change in discount rate to 4.0%.

Schedule of Employer Contributions

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

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

	Special Revenue						
	Orange Public Library	Police Programs	School of 21st Century	Education Grants	Cafeteria	School Grants and Donations	Summer School
ASSETS							
Cash and cash equivalents	\$ 223,627	\$ 33,949	\$ 182,886	\$ 63,598	\$ 45,853	\$ 21,965	\$ -
Accounts receivable	-	33,486	-	-	-	-	-
Due from other funds	5,549	-	194	-	-	-	-
Due from other governments	-	-	-	-	9,247	-	-
Investments	-	-	-	-	-	-	-
Total assets	<u>\$ 229,176</u>	<u>\$ 67,435</u>	<u>\$ 183,080</u>	<u>\$ 63,598</u>	<u>\$ 55,100</u>	<u>\$ 21,965</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	55,935	31,504	-	-	78,613	-	194
Unearned revenue	-	-	-	63,598	-	-	-
Total liabilities	<u>55,935</u>	<u>31,504</u>	<u>-</u>	<u>63,598</u>	<u>78,613</u>	<u>-</u>	<u>194</u>
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	173,241	35,931	-	-	-	21,965	-
Committed	-	-	183,080	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	(23,513)	-	(194)
Total fund balances (deficits)	<u>173,241</u>	<u>35,931</u>	<u>183,080</u>	<u>-</u>	<u>(23,513)</u>	<u>21,965</u>	<u>(194)</u>
Total liabilities and fund balances (deficits)	<u>\$ 229,176</u>	<u>\$ 67,435</u>	<u>\$ 183,080</u>	<u>\$ 63,598</u>	<u>\$ 55,100</u>	<u>\$ 21,965</u>	<u>\$ -</u>

...Continued...

**TOWN OF ORANGE, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2013
...Continued...**

	Special Revenue						
	Town Road Aid	LoCIP	Town Improvement Program P.A. 86-1	Easement	Community Services	Orange Drug & Alcohol Action Committee	Gusachik Nursing
ASSETS							
Cash and cash equivalents	\$ 51,432	\$ 56,151	\$ 106,289	\$ 15,060	\$ 223,664	\$ 40,894	\$ 129,570
Accounts receivable	-	6,133	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-
Total assets	<u>\$ 51,432</u>	<u>\$ 62,284</u>	<u>\$ 106,289</u>	<u>\$ 15,060</u>	<u>\$ 223,664</u>	<u>\$ 40,894</u>	<u>\$ 129,570</u>
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	76,370	-	21,752	-	65,595
Unearned revenue	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>76,370</u>	<u>-</u>	<u>21,752</u>	<u>-</u>	<u>65,595</u>
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	51,432	62,284	29,919	15,060	-	40,894	63,975
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	201,912	-	-
Unassigned	-	-	-	-	-	-	-
Total fund balances (deficits)	<u>51,432</u>	<u>62,284</u>	<u>29,919</u>	<u>15,060</u>	<u>201,912</u>	<u>40,894</u>	<u>63,975</u>
Total liabilities and fund balances (deficits)	<u>\$ 51,432</u>	<u>\$ 62,284</u>	<u>\$ 106,289</u>	<u>\$ 15,060</u>	<u>\$ 223,664</u>	<u>\$ 40,894</u>	<u>\$ 129,570</u>

...Continued...

**TOWN OF ORANGE, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2013
...Continued...**

	Special Revenue					
	Orange Agricultural Fair	Town Exchange	Special Events and Programs	Historic Preservation	Recreation Self Support	Total Special Revenue
ASSETS						
Cash and cash equivalents	\$ 246,384	\$ 146,408	\$ 6,248	\$ 29,582	\$ 383,339	\$ 2,006,899
Accounts receivable	-	-	-	-	-	39,619
Due from other funds	-	-	-	-	-	5,743
Due from other governments	-	-	-	-	-	9,247
Investments	-	-	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 246,384</u>	<u>\$ 146,408</u>	<u>\$ 6,248</u>	<u>\$ 29,582</u>	<u>\$ 383,339</u>	<u>\$ 2,061,508</u>
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	494	-	-	-	-	330,457
Unearned revenue	-	-	-	-	-	63,598
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	494	-	-	-	-	394,055
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	29,582	-	524,283
Committed	245,890	-	-	-	-	428,970
Assigned	-	146,408	6,248	-	383,339	737,907
Unassigned	-	-	-	-	-	(23,707)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances (deficits)	245,890	146,408	6,248	29,582	383,339	1,667,453
Total liabilities and fund balances (deficits)	<u>\$ 246,384</u>	<u>\$ 146,408</u>	<u>\$ 6,248</u>	<u>\$ 29,582</u>	<u>\$ 383,339</u>	<u>\$ 2,061,508</u>

...Continued...

**TOWN OF ORANGE, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2013
...Continued...**

	Permanent Fund	Capital Projects		Total Non-Major Governmental Funds
	Mary T. McGuire Trust	Bonded Capital Projects	Total Capital Projects	
ASSETS				
Cash and cash equivalents	\$ 11,751	\$ 184,359	\$ 184,359	\$ 2,203,009
Accounts receivable	-	-	-	39,619
Due from other funds	-	-	-	5,743
Due from other governments	-	-	-	9,247
Investments	29,938	-	-	29,938
	<u>41,689</u>	<u>184,359</u>	<u>184,359</u>	<u>2,287,556</u>
Total assets	<u>\$ 41,689</u>	<u>\$ 184,359</u>	<u>\$ 184,359</u>	<u>\$ 2,287,556</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	816	71,479	71,479	402,752
Unearned revenue	-	-	-	63,598
	<u>816</u>	<u>71,479</u>	<u>71,479</u>	<u>466,350</u>
Total liabilities	<u>816</u>	<u>71,479</u>	<u>71,479</u>	<u>466,350</u>
FUND BALANCES (DEFICITS)				
Nonspendable	29,204	-	-	29,204
Restricted	11,669	184,359	184,359	720,311
Committed	-	-	-	428,970
Assigned	-	-	-	737,907
Unassigned	-	(71,479)	(71,479)	(95,186)
	<u>40,873</u>	<u>112,880</u>	<u>112,880</u>	<u>1,821,206</u>
Total fund balances (deficits)	<u>40,873</u>	<u>112,880</u>	<u>112,880</u>	<u>1,821,206</u>
Total liabilities and fund balances (deficits)	<u>\$ 41,689</u>	<u>\$ 184,359</u>	<u>\$ 184,359</u>	<u>\$ 2,287,556</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, 2013**

	Special Revenue						
	Orange Public Library	Police Programs	School of 21st Century	Education Grants	Cafeteria	School Grants and Donations	Summer School
REVENUES							
Intergovernmental	\$ 9,386	\$ 13,443	\$ -	\$ 381,754	\$ 57,404	\$ -	\$ -
Program revenues	-	-	631,910	-	-	-	4,225
Investment income	77	-	-	-	-	-	-
Charges for facilities and services	-	340,700	-	-	225,045	-	-
Miscellaneous	12,611	13,445	-	6,425	70,427	37,104	-
Total revenues	22,074	367,588	631,910	388,179	352,876	37,104	4,225
EXPENDITURES							
Public safety	-	254,615	-	-	-	-	-
Public works and sanitation	-	-	-	-	-	-	-
Culture and recreation	21,021	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Education - Orange Board of Education	-	-	627,884	388,179	344,597	32,331	321
Capital outlay	-	-	-	-	-	-	-
Total expenditures	21,021	254,615	627,884	388,179	344,597	32,331	321
Excess (deficiency) of revenues over expenditures	1,053	112,973	4,026	-	8,279	4,773	3,904
OTHER FINANCING SOURCES (USES)							
Interfund transfers out	-	(112,000)	-	-	-	-	-
Net change in fund balance	1,053	973	4,026	-	8,279	4,773	3,904
FUND BALANCES (DEFICITS), beginning	172,188	34,958	179,054	-	(31,792)	17,192	(4,098)
FUND BALANCES (DEFICITS), ending	<u>\$ 173,241</u>	<u>\$ 35,931</u>	<u>\$ 183,080</u>	<u>\$ -</u>	<u>(\$ 23,513)</u>	<u>\$ 21,965</u>	<u>(\$ 194)</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, 2013
 ...Continued...**

	Special Revenue						
	Town Road Aid	LoCIP	Town Improvement Program P.A. 86-1	Easement	Community Services	Orange Drug & Alcohol Action Committee	
REVENUES							
Intergovernmental	\$ 137,915	\$ 46,715	\$ -	\$ -	\$ -	\$ 7,675	\$ -
Program revenues	-	-	-	-	103,138	-	-
Investment income	-	-	269	-	-	-	518
Charges for facilities and services	-	7,575	-	-	-	-	-
Miscellaneous	-	-	-	-	18,830	-	-
Total revenues	137,915	54,290	269	-	121,968	7,675	518
EXPENDITURES							
Public safety	-	-	-	-	-	-	-
Public works and sanitation	245,890	45,415	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	118,405	7,670	-
Education - Orange Board of Education	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Total expenditures	245,890	45,415	-	-	118,405	7,670	-
Excess (deficiency) of revenues over expenditures	(107,975)	8,875	269	-	3,563	5	518
OTHER FINANCING SOURCES (USES)							
Interfund transfers out	-	-	-	-	-	-	-
Net change in fund balance	(107,975)	8,875	269	-	3,563	5	518
FUND BALANCES (DEFICITS), beginning	159,407	53,409	29,650	15,060	198,349	40,889	63,457
FUND BALANCES (DEFICITS), ending	<u>\$ 51,432</u>	<u>\$ 62,284</u>	<u>\$ 29,919</u>	<u>\$ 15,060</u>	<u>\$ 201,912</u>	<u>\$ 40,894</u>	<u>\$ 63,975</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, 2013
 ...Continued...**

	Special Revenue					Total Special Revenue
	Orange Agricultural Fair	Town Exchange	Special Events and Programs	Historic Preservation	Recreation Self Support	
REVENUES						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 654,292
Program revenues	126,281	-	-	-	-	865,554
Investment income	16	-	-	-	-	880
Charges for facilities and services	-	-	-	-	508,309	1,081,629
Miscellaneous	-	33,630	5,889	5,817	-	204,178
	<u>126,297</u>	<u>33,630</u>	<u>5,889</u>	<u>5,817</u>	<u>508,309</u>	<u>2,806,533</u>
Total revenues						
	<u>126,297</u>	<u>33,630</u>	<u>5,889</u>	<u>5,817</u>	<u>508,309</u>	<u>2,806,533</u>
EXPENDITURES						
Public safety	-	-	-	-	-	254,615
Public works and sanitation	-	-	-	-	-	291,305
Culture and recreation	92,859	29,988	4,473	-	456,180	604,521
Health and welfare	-	-	-	-	-	126,075
Education - Orange Board of Education	-	-	-	-	-	1,393,312
Capital outlay	-	-	-	-	-	-
	<u>92,859</u>	<u>29,988</u>	<u>4,473</u>	<u>-</u>	<u>456,180</u>	<u>2,669,828</u>
Total expenditures						
	<u>92,859</u>	<u>29,988</u>	<u>4,473</u>	<u>-</u>	<u>456,180</u>	<u>2,669,828</u>
Excess (deficiency) of revenues over expenditures	<u>33,438</u>	<u>3,642</u>	<u>1,416</u>	<u>5,817</u>	<u>52,129</u>	<u>136,705</u>
OTHER FINANCING SOURCES (USES)						
Interfund transfers out	-	-	-	-	-	(112,000)
Net change in fund balance	33,438	3,642	1,416	5,817	52,129	24,705
FUND BALANCES (DEFICITS), beginning	<u>212,452</u>	<u>142,766</u>	<u>4,832</u>	<u>23,765</u>	<u>331,210</u>	<u>1,642,748</u>
FUND BALANCES (DEFICITS), ending	<u>\$ 245,890</u>	<u>\$ 146,408</u>	<u>\$ 6,248</u>	<u>\$ 29,582</u>	<u>\$ 383,339</u>	<u>\$ 1,667,453</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, 2013
 ...Continued...**

	Permanent Fund	Capital Projects		Total Non-Major Governmental Funds
	Mary T. McGuire Trust	Bonded Capital Projects	Total Capital Projects	
REVENUES				
Intergovernmental	\$ -	\$ -	\$ -	\$ 654,292
Program revenues	-	-	-	865,554
Investment income	104	-	-	984
Charges for facilities and services	-	-	-	1,081,629
Miscellaneous	-	-	-	204,178
	<u>104</u>	<u>-</u>	<u>-</u>	<u>2,806,637</u>
Total revenues	104	-	-	2,806,637
EXPENDITURES				
Public safety	-	-	-	254,615
Public works and sanitation	-	-	-	291,305
Culture and recreation	-	-	-	604,521
Health and welfare	-	-	-	126,075
Education - Orange Board of Education	-	-	-	1,393,312
Capital outlay	-	147,976	147,976	147,976
	<u>-</u>	<u>147,976</u>	<u>147,976</u>	<u>2,817,804</u>
Total expenditures	-	147,976	147,976	2,817,804
Excess (deficiency) of revenues over expenditures	<u>104</u>	<u>(147,976)</u>	<u>(147,976)</u>	<u>(11,167)</u>
OTHER FINANCING SOURCES (USES)				
Interfund transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>(112,000)</u>
Net change in fund balance	104	(147,976)	(147,976)	(123,167)
FUND BALANCES (DEFICITS), beginning	<u>40,769</u>	<u>260,856</u>	<u>260,856</u>	<u>1,944,373</u>
FUND BALANCES (DEFICITS), ending	<u>\$ 40,873</u>	<u>\$ 112,880</u>	<u>\$ 112,880</u>	<u>\$ 1,821,206</u>

**TOWN OF ORANGE, CONNECTICUT
 COMBINING STATEMENT OF CHANGES IN
 ASSETS AND LIABILITIES
 AGENCY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Balance, July 1, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance, June 30, 2013</u>
Performance Bonds				
ASSETS				
Cash and cash equivalents	<u>\$ 302,750</u>	<u>\$ -</u>	<u>\$ 40,000</u>	<u>\$ 262,750</u>
Total Assets	<u><u>\$ 302,750</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 40,000</u></u>	<u><u>\$ 262,750</u></u>
LIABILITIES				
Amounts held for others	<u>\$ 302,750</u>	<u>\$ -</u>	<u>\$ 40,000</u>	<u>\$ 262,750</u>

**TOWN OF ORANGE, CONNECTICUT
SCHEDULE OF PROPERTY TAXES LEVIED,
COLLECTED AND OUTSTANDING
FOR THE YEAR ENDED JUNE 30, 2013**

Grand List	Balance Uncollected June 30, 2012	Current Levy	Lawful Corrections		Transfers to Suspense	Balance to be Collected	Collections				Balance Uncollected June 30, 2013
			Additions	Deductions			Taxes	Interest	Lien Fees	Total	
2011	\$ -	\$ 55,573,189	\$ 374,658	(\$ 123,231)	\$ -	\$ 55,824,616	\$ 55,421,387	\$ 142,982	\$ 2,297	\$ 55,566,666	\$ 403,229
2010	558,259	-	332	(82,463)	-	476,128	343,160	62,738	2,593	408,491	132,968
2009	168,333	-	-	(13,047)	(59,558)	95,728	62,236	26,138	477	88,851	33,492
2008	42,678	-	218	(2,326)	-	40,570	12,758	8,872	336	21,966	27,812
2007	19,762	-	346	-	-	20,108	7,310	4,715	24	12,049	12,798
2006	(6,427)	-	-	-	-	(6,427)	-	-	-	-	(6,427)
2005	(19,786)	-	-	-	-	(19,786)	(50)	-	-	(50)	(19,736)
2004	(8,695)	-	-	-	-	(8,695)	238	311	5	554	(8,933)
2003	(39,080)	-	-	-	-	(39,080)	-	-	-	-	(39,080)
2002	(22,452)	-	-	-	-	(22,452)	-	-	-	-	(22,452)
2001	(178)	-	-	-	-	(178)	-	-	-	-	(178)
2000	(507)	-	-	-	-	(507)	-	-	-	-	(507)
1999	4,018	-	-	-	-	4,018	-	-	-	-	4,018
1998	(428)	-	-	-	-	(428)	-	-	-	-	(428)
1997	1,706	-	-	-	-	1,706	158	171	-	329	1,548
1996	190	-	-	(190)*	-	-	-	-	-	-	-
	<u>\$ 697,393</u>	<u>\$ 55,573,189</u>	<u>\$ 375,554</u>	<u>(\$ 221,257)</u>	<u>(\$ 59,558)</u>	<u>\$ 56,365,321</u>	<u>\$ 55,847,197</u>	<u>\$ 245,927</u>	<u>\$ 5,732</u>	<u>\$ 56,098,856</u>	<u>\$ 518,124</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, 2013**

The Town's statement of Debt Limitation under Connecticut General Statutes, Section 7-374(b) as of June 30, 2013 is as follows:

Total tax collections (including interest and lien fees) for the year ended June 30, 2013	\$ 56,098,856
Reimbursements for revenue loss: Tax relief for the elderly	<u>81,346</u>
Base	<u>\$ 56,180,202</u>

The Connecticut General Statutes provide that the total authorized debt of the Town shall not exceed seven times the above base cash receipts, or \$393,261,414, 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	\$ 126,405,455	\$ -	\$ -	\$ -	\$ -
4-1/2 times base	-	252,810,909	-	-	-
3-3/4 times base	-	-	210,675,758	-	-
3-1/4 times base	-	-	-	182,585,657	-
3 times base	-	-	-	-	168,540,606
Total debt limitation	<u>126,405,455</u>	<u>252,810,909</u>	<u>210,675,758</u>	<u>182,585,657</u>	<u>168,540,606</u>
Indebtedness:					
Bonds payable	15,357,000	2,923,000	-	-	-
Authorized/Unissued	7,389,000	8,038,000	-	-	-
Net Amity Regional School District debt	-	26,848,352	-	-	-
Claims and judgments	-	-	650,628	-	-
Assessments receivable	-	-	(521,219)	-	-
Total indebtedness	<u>22,746,000</u>	<u>37,809,352</u>	<u>129,409</u>	<u>-</u>	<u>-</u>
Excess of debt limitation over indebtedness at June 30, 2013	<u>\$ 103,659,455</u>	<u>\$ 215,001,557</u>	<u>\$ 210,546,349</u>	<u>\$ 182,585,657</u>	<u>\$ 168,540,606</u>

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

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

We have audited, in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of The Town of Orange, Connecticut (the Town) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated March 14, 2014.

Internal Control Over Financial Reporting

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

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



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

Compliance and Other Matters

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

Purpose of this Report

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

Seward and Monde

North Haven, Connecticut
March 14, 2014

SEWARD AND MONDE

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL 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, Connecticut

Report on Compliance for Each Major Federal Program

We have audited the Town of Orange, Connecticut's (the Town) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Town's major federal programs for the year ended June 30, 2013. The Town's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to each of its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Town's major federal programs based on our audit of the types of compliance requirements referred to above. 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, *Audits of States, Local Governments, and Non-Profit Organizations*. 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the Town's compliance.



Opinion of Each Major Federal Program

In our opinion, the Town of Orange, Connecticut complied, in all material respects, with the types of 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, 2013.

Report on Internal Control Over Compliance

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 Town'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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Seward and Monde

North Haven, Connecticut
March 14, 2014

TOWN OF ORANGE, CONNECTICUT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2013

<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 CT Department of Education:			
National school lunch program		12060-20560-82079-2012-170005	\$ 4,013
National school lunch program		12060-20560-82079-2013-170005	39,461
Total National school lunch program	10.555		<u>43,474</u>
U.S. Department of Education Passed through CT Department of Education:			
Title I - Grants to local educational agencies		12060-20679-82070-2012-170002	18,557
Title I - Grants to local educational agencies		12060-20679-82070-2013-170002	23,599
Total Title I - Grants to local educational agencies	84.010		<u>42,156</u>
Improving teacher quality state grants		12060-20858-84131-2012-170002	15,678
Improving teacher quality state grants		12060-20858-84131-2013-170002	4,778
Total Improving teacher quality state grants	84.367		<u>20,456</u>
Special Education Cluster:			
Special education - grants to states		12060-20977-82032-2012-170002	13,552
Special education - grants to states		12060-20977-82032-2013-170002	256,470
Total Special education - grants to states	84.027		<u>270,022</u>
Special education - preschool grants		12060-20983-82032-2012-170002	378
Special education - preschool grants		12060-20983-82032-2013-170002	8,901
Total Special education - preschool grants	84.173		<u>9,279</u>
Total Special Education Cluster			<u>279,301</u>
U.S. Department of Energy Passed through CT Department of Environmental Protection:			
ARRA - State energy assurance	81.122		<u>1,200</u>
U.S. Department of Transportation Passed through CT Department of Transportation:			
Alcohol impaired driving countermeasures incentive grants	20.601		<u>14,683</u>
U.S. Department of Homeland Security Passed through CT Department of Emergency Management and Homeland Security:			
Disaster grants - public assistance	97.036		640,880
Citizens - community resilience innovation challenge	97.053		1,003
Emergency management performance grants	97.042		6,748
U.S. Department of Justice Passed through CT Department of Emergency Services and Public Protection:			
Edward Byrne memorial justice assistance grant	16.738		23,625
ARRA - Edward Byrne memorial justice assistance grant	16.803		<u>7,499</u>
Total Expenditures of Federal Awards			<u>\$ 1,081,025</u>

See note to schedule.

**TOWN OF ORANGE, CONNECTICUT
NOTE TO SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS
For the Year Ended June 30, 2013**

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.

**TOWN OF ORANGE, CONNECTICUT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2013**

I. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

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

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

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
97.036	Disaster grants - public assistance

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

Auditee qualified as low-risk auditee? X yes no

. . . Continued . . .

TOWN OF ORANGE, CONNECTICUT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended June 30, 2013
. . . Continued . . .

II. FINANCIAL STATEMENT FINDINGS

No financial statement findings

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No federal award findings or questioned costs.

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE STATE SINGLE AUDIT ACT

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

Report on Compliance for Each Major State Program

We have audited the Town of Orange, Connecticut's (the Town) compliance with the types of compliance requirements described in the Office of Policy and Management's *Compliance Supplement* that could have a direct and material effect on each of the Town's major state programs for the year ended June 30, 2013. The Town's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Town's major state programs based on our audit of the types of compliance requirements referred to above. 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 the State Single Audit Act (C.G.S. Sections 4-230 to 4-236). Those standards and the State Single Audit Act 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 state program occurred. An audit includes examining, on a test basis, evidence about the Town of Orange, Connecticut'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 on compliance for each major state program. However, our audit does not provide a legal determination on the Town's compliance.



Opinion of Each Major State Program

In our opinion, the Town of Orange, Connecticut, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2013.

Report on Internal Control over Compliance

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town's internal control over compliance with the types of requirements that could have a direct and material effect on a major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the State Single Audit Act, 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 Town'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 state 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 state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of the 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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the State Single Audit Act. Accordingly, this report is not suitable to any other purpose.

Seward and Monde

North Haven, Connecticut
March 14, 2014

TOWN OF ORANGE, CONNECTICUT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
For the Year Ended June 30, 2013

<u>STATE GRANTOR/PASS-THROUGH GRANTOR PROGRAM TITLE</u>	<u>STATE GRANT PROGRAM CORE-CT NUMBER</u>	<u>EXPENDITURES</u>
OFFICE OF POLICY AND MANAGEMENT:		
Property Tax Relief for Elderly and Totally Disabled Homeowners	11000-OPM20600-17018	\$ 81,346
Property Tax Relief for Veterans	11000-OPM20600-17024	13,934
Property Tax Relief for Disabled	11000-OPM20600-17011	781
Payment in Lieu of Taxes on State-Owned Property	11000-OPM20600-17004	15,363
Payment in Lieu of Taxes on Private Colleges and General/ Chronic Disease Hospitals	11000-OPM20600-17006	189,928
Local Capital Improvement Program	12050-OPM20600-40254	45,415
DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT:		
Congregate Services Subsidy:	11000-ECD46400-16068	
Core Services		162,962
Expanded Core Services		25,709
Assisted Living Services		69,640
Rental Assistance Payments		76,446
		<u>334,757</u>
DEPARTMENT OF EDUCATION:		
Child Nutrition State Matching Grant	11000-SDE64370-16211	4,391
Healthy Foods Initiative	11000-SDE64370-16212	9,539
Health Services	11000-SDE64370-17034	4,091
Youth Services Bureau	11000-SDE64370-17052	18,076
Youth Services Bureau Enhancement	11000-SDE64370-16201	4,888
Open Choice	11000-SDE64000-17053	36,000
CONNECTICUT STATE LIBRARY:		
Connecticard Payments	11000-CSL66051-17010	8,171
State Grants to Public Libraries	11000-CSL66051-17003	1,215
Historic Document Preservation	12060-CSL66094-35150	4,000
DEPARTMENT OF PUBLIC SAFETY:		
State Asset Forfeiture	12060-DPS32155-35142	1,792
DEPARTMENT OF TRANSPORTATION:		
Town Aid Roads Grant	13033-DOT57131-43459	137,915
Small Town Economic Assistance Program	12052-DOT57191-40532	223,902
CONNECTICUT HOUSING FINANCE AUTHORITY:		
Silverbrook Estates Rehabilitation Grant		150,121
JUDICIAL BRANCH:		
Operating Appropriation	34001-JUD95162-40001	<u>17,993</u>
Total State Financial Assistance Before Exempt Programs		<u>1,303,618</u>
EXEMPT PROGRAMS:		
OFFICE OF POLICY AND MANAGEMENT:		
Municipal Video Competition	12060-OPM20600-35362	61,531
Municipal Revenue Sharing	12060-OPM20600-35458	186,080
Mashantucket Pequot and Mohegan Fund Grant	12009-OPM20600-17005	39,070
DEPARTMENT OF EDUCATION:		
Education Cost Sharing	11000-SDE64370-17041	1,119,853
Public School Transportation	11000-SDE64370-17027	24,075
Nonpublic School Transportation	11000-SDE64370-17049	110
Special Education - Excess Costs Student Based and Equity	11000-SDE64370-17047	334,007
Total Exempt Programs		<u>1,764,726</u>
Total State Financial Assistance		<u>\$ 3,068,344</u>

See Note to Schedule.

**TOWN OF ORANGE, CONNECTICUT
NOTE TO SCHEDULE OF EXPENDITURES OF
STATE FINANCIAL ASSISTANCE
For the Year Ended June 30, 2013**

The accompanying schedule of expenditures of state financial assistance includes state grant activity of the Town of Orange, Connecticut under programs of the State of Connecticut for the fiscal year ended June 30, 2013. Various departments and agencies of the State of Connecticut have provided financial assistance through grants and other authorizations in accordance with the General Statutes of the State of Connecticut. These financial assistance programs fund several programs including elderly congregate services, roadway improvements, property tax relief and education programs.

Summary of Significant Accounting Policies

The accounting policies of the Town of Orange, Connecticut conform to U.S. generally accepted accounting principles as applicable to governments.

The information in the Schedule of Expenditures of State Financial Assistance is presented based upon regulations established by the State of Connecticut, Office of Policy and Management.

Basis of Accounting

The expenditures reported on the Schedule of Expenditures of State Financial Assistance are reported on the modified accrual basis of accounting. In accordance with Section 4-236-22 of the Regulations to the State Single Audit Act, certain grants are not dependent on expenditure activity, and accordingly, are considered to be expended in the fiscal year of receipt. These grant program receipts are reflected in the expenditures column of the Schedule of Expenditures of State Financial Assistance.

**TOWN OF ORANGE, CONNECTICUT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2013**

I. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? ___yes X no

State Financial Assistance

Internal control over major programs:

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

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

Any audit findings disclosed that are required to be reported in accordance with Section 4-236-24 of the Regulations to the State Single Audit Act? ___yes X no

- The following schedule reflects the major programs included in the audit:

State Grantor and Program	State Core-CT Number	Expenditures
Department of Economic and Community Development:		
Congregate Services Subsidy	11000-ECD46400-16068	\$ 334,757
Department of Transportation:		
Small Town Economic Assistance Program	12052-DOT57191-40532	\$ 223,902
Connecticut Housing Finance Authority:		
Silverbrook Estates Rehabilitation Grant		\$ 150,121

- Dollar threshold used to distinguish between type A and type B programs. \$200,000

TOWN OF ORANGE, CONNECTICUT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2013
. . . Continued . . .

II. Financial Statement Findings

There are no financial statement findings.

III. State Financial Assistance Findings and Questioned Costs

There are no State financial assistance findings or questioned costs.

**Connecticut Housing Finance Authority
State Housing Portfolio**

Affidavit for Audited Financial Statements

Sponsor/Authority Name: Town of Orange

Project Name: Silverbrook Estates Project #: C-25

For the Period Ending: 6/30/2013

OWNER / SPONSORS' CERTIFICATION

We hereby certify that we have examined the accompanying Audited Financial Statements and supplemental data of Town of Orange, and, to the best of our knowledge and belief, the same is complete and accurate.

Signed By: _____
President/Chairman Duly Authorized

Date: _____

Employer Identification Number (EIN): 06-6002060

MANAGEMENT AGENT'S CERTIFICATION

We hereby certify that we have examined the accompanying Audited Financial Statements and supplemental data of Town of Orange, and, to the best of our knowledge and belief, the same is complete and accurate.

Signed By: _____
Management Agent Duly Authorized

Date: _____

Employer Identification Number (EIN): _____

**Connecticut Housing Finance Authority
State Housing Portfolio**

Semi-Annual Affidavit for Financial Statements

For the Period Ending: 6/30/13

State of Connecticut)
)
County of: New Haven)

The undersigned, being duly sworn, depose and say that they are the below designated officers of the said Authority or Sponsor and that all of the assets described in the financial statements identified above were the absolute property of said Authority or Sponsor, free and clear from any liens, violations, claims of encumbrance thereon, except as therein stated; that these financial and operating statements together with the schedules and explanations therein contained, annexed or referred to including information with respect to tenants and rental are a full and correct exhibit of all assets, liabilities (actual or contingent) and of the condition and affairs of said Authority or Sponsor insofar as its financial accounts are affected with respect to the contract for financial assistance dated May 29, 2012 between the State of Connecticut and said Authority or Sponsor and that the costs of operating each housing project under its jurisdiction are, for the semi-annual period identified above correctly presented in the respective individual Operating Statements, according to the best of their information, knowledge and belief respectively.

Signed under penalty of false statement, Connecticut General Statutes Section 53a-157b.

Legal Name of Authority or Sponsor: Town of Orange

Signed By: _____
President/Chairman Duly Authorized

Date: _____

Subscribed and sworn to before me this _____ day of _____, 200____.

Notary Signature

My Commission Expires: _____

Project Name Silverbrook Estates
 Sponsor/Authority Name: Town of Orange

Project # C-25
 CHFA # _____

**ADMINISTRATION FUND
 BALANCE SHEET**

As of: 6/30/2013

ASSETS

1111	Cash-Checking	\$	22,408.50	
1113	Reserve Cash-Saving and Investments	\$	51,160.03	
1114	Restricted Cash-Security Deposits	\$	220.80	
1115	Restricted Cash-Special Deposits	\$	54,099.14	
1116	Restricted Cash-Sales Program			
1117	Petty Cash Fund	\$	350.00	
1118	Change Fund			
	Total Cash			\$ 128,238.47
1122	Tenants' Accounts Receivable			
1123	Vacated Tenants' Accounts Receivable			
	Total Tenants' Accounts Receivable	\$	-	
1123.1	Less: Allowance for Collection Loss	-\$	2,022.29	
	Net Tenants' Accounts Receivable	\$	2,022.29	
1124.1	Unissued State Subsidy - Congregate			
1124.2	Unissued State Subsidy - Congregate			
1125	Housing Assistance Payments Receivable			
1126.1	Rehabilitation Funds Receivable, No.	\$	3,000,000.00	
1126.2	Rehabilitation Funds Receivable, No.			
1128	Accounts Receivable-ineligible program costs			
1129	Sundry Accounts Receivable			
1145	Accrued Interest Receivable			
1155	Advances to Revolving Fund			
1156	Advances for Travel			
	Total Accounts Receivable			\$ 3,002,022.29
1211	Unexpired Insurance			
1212	Anticipated Dividends			
1269	General Stores			
	Total Deferred Charges and Prepayments			\$ -
1405	Development Cost	\$	3,552,069.86	
1430	Furniture and Equipment	\$	41,516.83	
1440	Capital Improvements - State Rehab. Grants/Loans			
	Total Fixed Assets			\$ 3,593,586.69
1501	Payroll Clearance			
1502	Insurance Claims Clearance			
1503.1	Rehabilitation Program Expenditures, No.	\$	150,121.34	
1503.2	Rehabilitation Program Expenditures, No.			
1504.1	Net Program Cost Congregate - Contract No.	\$	258,311.04	
1504.2	Net Program Cost Congregate - Contract No.	\$	-	
1505	Incomplete Contracts			
1507	RAP Subsidy Payments - Elderly Program Only	\$	76,446.00	
1508	Resident Services Coordinator Expenses-Elderly Program Only			
1509	DECD Rental Subsidy (Congregate Program)			
	Total Clearance			\$ 484,878.38
	TOTAL ASSETS			\$ 7,208,725.83

Project Name: Silverbrook Estates

Project # C-25

Sponsor/Authority Name: Town of Orange

CHFA # _____

**ADMINISTRATION FUND
BALANCE SHEET**

LIABILITIES

2110	Administration Fund Creditors	_____	
2111	Contract Awards	_____	
2112	Contract Retentions	_____	
2113	ALSA Escrow-DSS Tenants and DECD Tenants	_____	
2116	Tenants' Security Deposits	\$ 200.00	
2117	Payroll Deductions	_____	
2119	Sundry Accounts Payable	\$ 192,162.57	
2120	Undistributed Proceeds - Sales Program	\$ -	
	Total Accounts Payable		\$ 192,362.57

2131	Accrued Interest and Principal - Mortgage	_____	
2131.1	Accrued Interest and Principal - Rehab. Loan	\$ -	
2135	Accrued Salaries and Wages	\$ 3,837.62	
2135.1	Accrued Compensated Absences	\$ 4,024.65	
2136	Accrued State Service Charge	_____	
2137	Accrued Liability to Municipalities In Lieu of Taxes (or Ad Valorem Taxes, if Applicable)	\$ -	
2139	Accrued Payroll Taxes	\$ 265.97	
	Total Accrued Expenses		\$ 8,128.24

2240	Tenants' Prepaid Rents	_____	
2313	Indebtedness to the State of Connecticut - Mortgage	_____	
2313.1	Debt Retirement - Mortgage	\$ -	
2314	Indebtedness to the State of Connecticut - Rehabilitation Loan	_____	
2314.1	Debt Retirement - Rehabilitation Loan	\$ -	
	Total Long Term Liabilities		\$ -

TOTAL LIABILITIES \$ 200,490.81

EQUITY

2810	Capital Grant by the State of Connecticut		\$ 3,512,069.86
2810.1	Contribution by the State of Connecticut - Interest Earned on Development Advances		
2811.1	State Subsidy Authorized - Congregate	\$ -	
2811.2	State Subsidy Authorized - Congregate	\$ 277,214.00	
2813	Valuation of Fixed Assets	\$ 41,516.83	
2814	Contribution by the Municipality	_____	
2814.3	Gifts and Donations	\$ -	
2820.1	Rehabilitation Funds Authorized, No.	\$ 3,000,000.00	
2820.2	Rehabilitation Funds Authorized, No.	_____	
2821	Capital Grant by the State of Connecticut -Rehabilitation	_____	
2825	Mortgage Loan Liquidation	_____	
2826	Rehabilitation Loan Liquidation	\$ 40,000.00	
2827	Rental Assistance Grant Authorized-Elderly Program Only	\$ 92,772.00	
2827.1	Rental Assistance Grant Unissued-Elderly Program Only	\$ -	
2828	Resident Services Coordinantor Grant Authorized-Elderly Program Only	_____	
2828.1	Resident Services Coordinator Grant Unissued-Elderly Program Only	_____	
2830	Unappropriated Retained Earnings	-\$ 27,025.12	
2830.1	Income and Expense Clearance	-\$ 15,036.61	
2830.2	Prior Year Adjustments	\$ -	
2830.3	Retained Earnings Appropriated for Development Improvements	\$ -	
2830.4	Retained Earnings Appropriated for Repairs, Maintenance and Replacements RM&R)	\$ 86,724.06	
2830.5	Retained Earnings Appropriated for the Authorities Project Tenant Support (APTS) Program	\$ -	
	Total Retained Earnings		\$ 44,662.33

TOTAL EQUITY \$ 7,008,235.02

TOTAL LIABILITES AND EQUITY \$ 7,208,725.83

Project Name: Silverbrook Estates

Project #: C-25

Sponsor/Authority Name: Town of Orange

CHFA # _____

**ADMINISTRATION FUND
OPERATING STATEMENT**

For the Quarter Ending: 6/30/2013
No. of Dwelling Units: 45
No. of Unit Months: 540

12 # months

	Budget Amount	PUM	Actual Amount	PUM	
INCOME					
3100	Rental Income - Base	278,100.00	515.00	277,112.74	513.17
3100.1	Rental Income - Excess of Base				
3110	Excess Utilities	6,000.00	11.11	5,780.00	10.70
3120	Surcharges				
	Total Rental Income	\$ 284,100.00	526.11	\$ 282,892.74	523.88
3210	Dwelling Vacancy Loss	(3,500.00)	(6.48)	(5,334.74)	(9.88)
3220	Dwelling Vacancy Subsidy				
	Net Rental Income	\$ 280,600.00	519.63	\$ 277,558.00	514.00
3300	Non Dwelling Rental Income				
3510	Sales and Service to Tenants (including Cable TV fees)	23,220.00	43.00	23,097.00	42.77
3610	Interest Income			79.48	0.15
3620	Other Income	2,080.00	3.85	2,834.38	5.25
	GROSS INCOME	\$ 305,900.00	566.48	\$ 303,568.86	562.16
EXPENSE					
4120	Salaries - Office	22,935.00	42.47	23,596.03	43.70
4120.1	Compensated Absences-Administrative Salaries			716.57	1.33
4130	Legal and Other Services	1,000.00	1.85	214.50	0.40
4130.1	Less: Legal Charges to Tenants				
4131	Accounting Fees				
4132	Management Fees	10,800.00	20.00	10,800.00	20.00
4151	Office Supplies	1,050.00	1.94	1,123.04	2.08
4152	Rents				
4153	Travel	500.00	0.93		
4159	Other Office Expense	14,069.00	26.05	15,685.01	29.05
4160	Pensions and Other Funds	8,175.00	15.14	8,543.74	15.82
4161	Payroll Taxes	2,963.00	5.49	3,025.78	5.60
	Total Management Expense	\$ 61,492.00	113.87	\$ 63,704.67	\$ 117.97
4310	Water	6,400.00	11.85	8,060.82	14.93
4320	Electricity	53,700.00	99.44	49,353.99	91.40
4330	Gas	28,752.00	53.24	29,793.77	55.17
4340	Fuel				
4350	Cable Television	26,433.00	48.95	27,222.96	50.41
4360	Sewer	7,603.00	14.08	6,595.92	12.21
	Total Utility Expense	\$ 122,888.00	227.57	\$ 121,027.46	\$ 224.12
4410	Maintenance Wages	16,265.00	30.12	15,780.10	29.22
4410.1	Compensated Absences-Maintenance Wages				
4420	Materials and Supplies	13,098.00	24.26	19,025.43	35.23
4430	Contractual Services	38,299.00	70.92	45,291.04	83.87
4440	Maintenance & Shop Equipment Expense	1,000.00	1.85	450.69	0.83
	Total Maintenance Expense	\$ 68,662.00	127.15	\$ 80,547.26	\$ 149.16
4710	Refuse Removal	6,732.00	12.47	7,227.75	13.38
4711	Insurance	681.00	1.26	653.33	1.21
4715	Pilot or Taxes				
4716	State Service Charge				
4717	Interest Expense				
	Total Other Expense	\$ 7,413.00	13.73	\$ 7,881.08	\$ 14.59
4810	Provision for Repairs,Maint. & Replacements	44,445.00	82.31	44,445.00	82.31
4820	Provision for Collection Loss	1,000.00	1.85	1,000.00	1.85
	Total Provisions	\$ 45,445.00	84.16	\$ 45,445.00	\$ 84.16
4910	Principal Payment-Mortgage				
4920	Principal Payment-Rehabilitation Loan				
	Total Principal Payments	\$ -		\$ -	
6100	Extraordinary Income				
6200	Extraordinary Expense				
	TOTAL EXPENSES	\$ 305,900.00	566.48	\$ 318,605.47	590.01
	NET GAIN (LOSS) FOR THE PERIOD	\$ -		\$ (15,036.61)	\$ (27.85)

**ADMINISTRATION FUND
OPERATING STATEMENT - CONGREGATE SERVICES**

For the Quarter Ending: 6/30/2013 12.00 # months
 No. of Dwelling Units: 45
 No. of Unit Months: 540

	BUDGET Amount	P.U.M.	ACTUAL Amount	P.U.M.	VARIANCE
Revenue					
7010 Tenants' Contributions-Core Services	\$ 249,456.00	461.96	\$ 265,271.00	491.24	(15,815.00)
7020 Tenants' Contributions-Assist. Living Services					-
7011 Other Income/Meals			\$ 496.00	0.92	(496.00)
2811 State Subsidy- Core	\$ 177,593.00	328.88			177,593.00
2811 State Subsidy-Expanded Core	\$ 27,000.00	50.00			27,000.00
2811 State Subsidy-ALSA	\$ 72,704.00	134.64			72,704.00
Total Revenue Congregate Services	\$ 526,753.00	975.47	\$ 265,767.00	492.16	260,986.00

CONGREGATE CORE SERVICES

House Management

8101 Bookkeeping	\$ 19,596.00	36.29	\$ 19,596.00	36.29	-
8102 House Manager Salary	\$ 22,935.00	42.47	\$ 24,098.04	44.63	(1,163.04)
8103 Attendants' Wages					-
8104 O.T./Vacation Overlap			\$ -		-
8105 Fringe Benefits	\$ 18,457.00	34.18	\$ 15,985.42	29.60	2,471.58
8106 Payroll Taxes	\$ 9,235.00	17.10	\$ 9,797.33	18.14	(562.33)
8107 Insurance-Workers Comp.	\$ 2,043.00	3.78	\$ 3,708.39	6.87	(1,665.39)
8108 Outside Security Services	\$ 90,400.00	167.41	\$ 94,022.52	174.12	(3,622.52)
Total Management	\$ 162,666.00	301.23	\$ 167,207.70	309.64	(4,541.70)

Housekeeping

8201 Chore Service Wages	\$ 32,632.00	60.43	\$ 31,507.26	58.35	1,124.74
8202 Cleaning Common Areas	\$ 16,265.00	30.12	\$ 15,780.09	29.22	484.91
8203 Laundry (Non Tenant)					-
8204 Cleaning Supplies	\$ 400.00	0.74	\$ 136.23	0.25	263.77
Total Housekeeping	\$ 49,297.00	91.29	\$ 47,423.58	87.82	1,873.42

Meal Expense

8301 Food Costs					-
8302 Meal Services	\$ 186,150.00	344.72	\$ 186,150.00	344.72	-
8303 Supplies/Utensils	\$ 500.00	0.93	\$ 282.36	0.52	217.64
8304 Utilities	\$ 1,820.00	3.37	\$ 1,092.61	2.02	727.39
Total Meals	\$ 188,470.00	349.02	\$ 187,524.97	347.27	945.03

Social Services

8401 Social Service Salary	\$ 26,333.00	48.76	\$ 26,572.84	49.21	(239.84)
8402 Supplies	\$ 200.00	0.37	\$ -		200.00
Total Social Services	\$ 26,533.00	49.14	\$ 26,572.84	49.21	(39.84)

TOTAL EXPENSES -CORE SERVICES \$ 426,966.00 790.68 \$ 428,729.09 \$ 793.94 (1,763.09)

EXPANDED CORE SERVICES

9001 Resident Services Coordinator	\$ 18,000.00	33.33	\$ 17,609.41	32.61	390.59
9002 Wellness/Preventive Program	\$ 8,100.00	15.00	\$ 8,100.00	15.00	-
9003 Emergency Transportation	\$ 900.00	1.67			900.00
TOTAL EXPENSES- EXPANDED CORE	\$ 27,000.00	50.00	\$ 25,709.41	47.61	1,290.59

ASSISTED LIVING SERVICES

9004 Assisted Living	\$ 71,904.00	133.16	\$ 69,639.54	128.96	2,264.46
9005 Initial Assessment Eligibility	\$ 800.00	1.48	\$ -		800.00
TOTAL ALSA EXPENSES	\$ 72,704.00	134.64	\$ 69,639.54	128.96	3,064.46

Total All Expenses \$ 526,670.00 975.31 \$ 524,078.04 970.51

1504 **Net Program Cost (expenses minus revenue)** -\$ 83.00 -0.15 \$ 258,311.04 478.35

Without DECD approval, expenses exceeding the authorized budget amount will be considered ineligible costs.

Project Name: Silverbrook Estates

Project #: C-25

Sponsor/Authority Name: Town of Orange

CHFA #

**ADMINISTRATION FUND
OPERATING STATEMENT - CONGREGATE SERVICES
SUPPLEMENTAL INFORMATION - PROGRAM COSTS**

1504	Program Cost - Core Service	
	Total Expenses - Core Services (Acct. 8101 thru 8402)	428,729.09
	Less: Income - Acct. #7010 Tenant Contributions	265,271.00
	Less: Income - Acct. #7011 Other Income	496.00
	PROGRAM COST	<u>\$ 162,962.09</u>
	Less: DECD Core Service Subsidy Authorized (per M.Plan)	177,593.00
		Due to DECD 14,630.91
	Program Cost Exceeds Authorized Subsidy	<u></u>
1504	Program Cost - Expanded Core Service	
	Total Expenses - Expanded Core Services (Acct. 9001, 9002, 9003)	25,709.41
	PROGRAM COST	<u>\$ 25,709.41</u>
	Less: DECD Expanded Core Service Subsidy Authorized (per M.Plan)	27,000.00
		Due to DECD 1,290.59
	Program Cost Exceeds Authorized Subsidy	<u></u>
1504	Program Cost - Assisted Living Services (DECD Component)	
	Total Expenses - Assisted Living Services (Acct. 9004 & 9005)	69,639.54
	Less: Income - Acct. #7020 Tenant Contributions	-
	PROGRAM COST	<u>\$ 69,639.54</u>
	Less: DECD ALSA Subsidy Authorized (per M.Plan)	72,704.00
		Due to DECD 3,064.46
	Program Cost Exceeds Authorized Subsidy	<u></u>