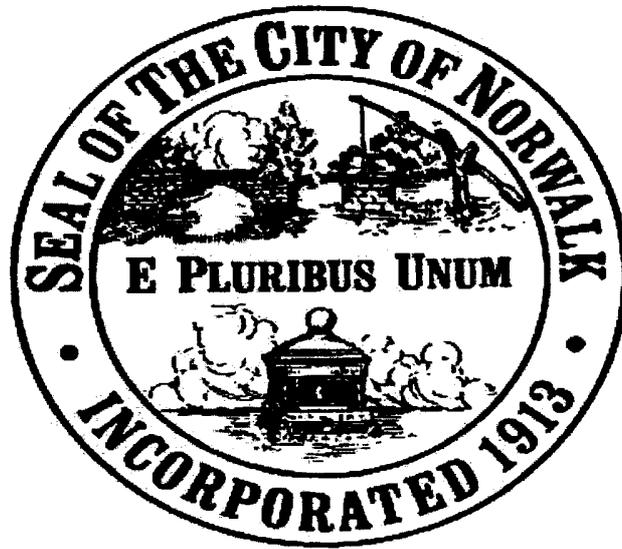


CITY OF NORWALK, CONNECTICUT



COMPREHENSIVE ANNUAL FINANCIAL REPORT

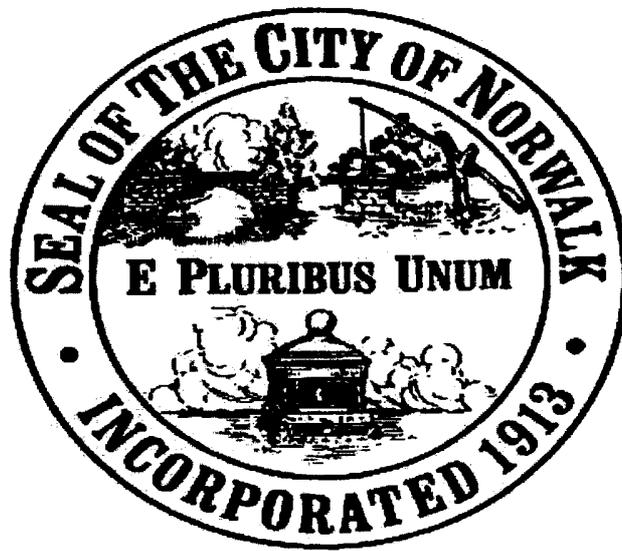
FISCAL YEAR ENDED JUNE 30, 2007

DEPARTMENT OF FINANCE
125 EAST AVENUE
NORWALK, CONNECTICUT

CITY OF NORWALK, CONNECTICUT

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2007



PREPARED BY THE FINANCE DEPARTMENT

DIRECTOR OF FINANCE
COMPTROLLER
BUDGET DIRECTOR

THOMAS S. HAMILTON
FREDERIC J. GILDEN
OSWALD LEWIS

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Introductory Section

LETTER OF TRANSMITTAL

December 17, 2007

Richard A. Moccia , Mayor
Members of the Common Council
Members of the Board of Estimate and Taxation

Citizens of the City of Norwalk:

I am pleased to transmit the Comprehensive Annual Financial Report (CAFR) of the City of Norwalk for the fiscal year ended June 30, 2007.

State law requires that every general purpose local government publish within six months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2007.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

McGladrey & Pullen, LLP have issued an unqualified (“clean”) opinion on the City of Norwalk’s financial statements for the year ended June 30, 2007. The independent auditor’s report is located at the front of the financial section of this report.

Management’s discussion and analysis (MD&A) immediately follows the independent auditor’s report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complement this letter of transmittal and should be read in conjunction with it.

PROFILE OF THE CITY

Norwalk was first settled in 1640 and, with a population of 84,344, is the sixth largest City in Connecticut. The City is located in Fairfield County in the Southwestern part of the State along Long Island Sound. Including a number of islands, the City covers 22.5 square miles. Per capita income in the county remains among the highest in the nation. While preserving its suburban character, the City is a significant commercial, industrial and service center. Many corporations, including the Governmental Accounting Standards Board (GASB) and the Financial Accounting Standards Board (FASB), have chosen to locate their headquarters in Norwalk. The City has also developed a tourist market centered on its outstanding harbor, islands, National Registry Mansions, Museums and a Maritime Aquarium comprised of a nautical museum, aquarium and IMAX theater.

The City provides a full range of municipal services, including education, police and fire protection, public works and sanitation, health and social services, planning and development, and recreational/cultural services. A listing of City Offices and further information about the City may be found on the City's official web site, www.norwalkct.org. The City employs nearly 2,000 full-time people to fulfill its municipal functions.

FACTORS AFFECTING FINANCIAL CONDITION

Norwalk continues to be an attractive business location as reflected in new construction permits in FY 2007 and in the current fiscal year.

Norwalk is in a strategic location and will is a vibrant retail, corporate and tourist center. The City hosts many regional and corporate headquarters, but no one employer accounts for more than 3.0% of the total jobs and no one business comprises more than 1.7% of the City's total grand list. This extraordinary diversity among employment sectors and industries creates great resilience for the City in economic downturns.

The outlook for the City is for increasing, but manageable, residential property tax burdens due to the revaluation. These burdens will be mitigated by anticipated growth in the commercial tax base due to a number of major development projects.

MAJOR INITIATIVES

Construction activity in Norwalk has continued at a healthy pace during the past year. The number of zoning permits issued in FY2007 exceeded any in all but one of the past twenty years. Major projects approved in previous years that are now complete or nearing completion include:

- ◆ Maritime Yards - 275,000 square foot mixed use development with 197 residential units and 30,000 sq ft of office on North Water St along the South Norwalk waterfront is complete and home to Virgin Atlantic
- ◆ 130 Main Street - 19 unit multifamily development with historic preservation component is nearing completion
- ◆ AvalonBay Communities – 30 Belden Ave - Two new buildings with 30,000 sq. ft. of retail & office space are nearly complete with AutoZone and Radio Shack as tenants
- ◆ Towers at Merritt River - Xerox will be relocating from Stamford to join Hewitt, Diageo and GE Capital as a tenant at the Towers at Merritt River on Main Avenue
- ◆ iPark on Main Avenue – Construction is underway for a new 48,161 sq. ft. LA Fitness health club and 85,000 sq. ft. of medical office space for Norwalk Hospital

A number of important redevelopment projects have recently been approved or have submitted applications, which are pending approval. Construction on the following projects is expected to be underway within the next two years:

- ◆ 95-7 Ventures LLC – 1.1 million sq ft mixed use development with major new office space adjacent to I-95 and Oyster Shell Park is scheduled for public hearing

- ◆ Waypointe – 1.2 million sq ft mixed use development with major new retail space on West Avenue north of I-95 is under review and scheduled for public hearing
- ◆ POKO Partners – Planning for a mixed use development that will bring new multifamily residential units to the Wall Street area is moving forward
- ◆ Norwalk Company on North Water St - 128 multifamily dwelling units and 26,882 sq. ft. of new retail space was approved and is expected to break ground in 2008
- ◆ Norden Park – 10 Norden Place - New 154,690 sq. ft. office building is pending approval
- ◆ 80 Fair Street – 59 unit multifamily residential development with a 51,000 sq. ft. warehouse was approved earlier this year
- ◆ Former Gibbs College site – 142-144 East Avenue – Two new buildings with 36 multifamily units & 5,400 square feet office should be underway prior to year's end
- ◆ Pepperidge Farm on Westport Ave - 235 multifamily residential units and additional office space (100,000 sq ft total office) is approved and expected to break ground shortly
- ◆ AvalonBay Communities – 24 Belden Av mixed use development with retail space and 312 multifamily residential units is approved and expected to start construction in 2008
- ◆ Merritt on the River South – 4 story, 82,700 sq. ft. office building on Glover Avenue has been approved and is awaiting ConnDOT action

Several smaller projects began construction or were recently approved and completion is anticipated within the next two years:

- ◆ Norwalk High School – Additions and renovations are currently underway
- ◆ 12 Willard Road – 14 unit multifamily development is under construction
- ◆ Summerview Place - 2 Jefferson St - 41 unit multifamily development with historic preservation component has received approvals

On the environmental front the City has been aggressive in cleaning the environment and planning for the future of Norwalk including:

- ◆ The Planning Commission adopted a new Plan of Conservation and Development, a comprehensive plan of the City for the next ten years, in July 2007; the Plan is now pending before the Common Council
- ◆ Established a Norwalk Brownfields Task Force to target former industrial sites in need of remediation and to pursue clean-up grants from the U. S. Environmental Protection Agency
- ◆ Full conversion of the former landfill into a new waterfront park including the formation of a Park Development Committee to oversee an additional \$800,000 capital investment in the park.

- ◆ Participated in the Action Committee to implement the Norwalk River Watershed Master Plan and completed the restoration of a trout habitat on the Silvermine River.

As tourism becomes a more significant part of Norwalk's economy, we are promoting projects that will enhance the visitor experience, including:

- ◆ Phase I of the Norwalk River Valley bikeway utilizes TEA-21 funds to link the two business centers in Norwalk and connect the adjacent tourist attractions at the Maritime Aquarium and Lockwood Mathews Mansion. Construction is nearing completion.

RELEVANT FINANCIAL POLICIES

CASH MANAGEMENT POLICIES AND PRACTICES

The City's Cash Management Program utilizes a consolidated account for deposits and two zero balance accounts for disbursements. The collected balance of the consolidated deposit account is used to liquidate the financial obligations of the zero balance accounts. Any surplus funds in the deposit account are invested daily.

Temporarily idle cash during the year is invested primarily in certificates of deposit and the State Investment Fund. These investments have terms ranging from one day to six months. Since liquidity demands will vary, a portion of our investments are in longer term United States Federal Agency Paper earning an average return of 5.7% with an average maturity slightly less than 4 years.

In order to evaluate the City's investment performance, the City periodically compares the actual investment earnings with the average 90-day U.S. Treasury Bill rate. For the period July 1, 2006 to June 30, 2007, the average annualized yield on City investments was 5.3%; during the same period the U.S. Treasury Bill market produced an average yield of 5.2%.

RISK MANAGEMENT

The City of Norwalk has a comprehensive program for managing all areas of risk, including health and life insurance for active and retired employees, workers' compensation, heart and hypertension, property and casualty, general liability, professional liability, and other exposures including theft, performance and surety.

The activities of the risk management program are accounted for in an internal service fund. This fund operates on a full accrual basis within self-retention levels. Each year, total risk management costs are charged as an insurance premium to departments based on formulas applying elements of exposure and loss history.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Norwalk for its comprehensive annual financial report for the fiscal year ended June 30, 2006. The Certificate of

Achievement is a prestigious national award recognizing conformance with the highest standards for presentation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to the programs standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City of Norwalk has received a Certificate of Achievement for the last 16 consecutive years (fiscal years 1991 through 2006). We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

The preparation of this report could not have been accomplished without the hard work and dedication of the Finance Department staff and the members of other departments who assisted in its compilation. Their invaluable assistance made the preparation of this report an easier task. I would also like to thank McGladrey & Pullen, LLP our independent auditors, for their guidance and many helpful comments and suggestions both during the preparation of this report and throughout the year.

And finally, special acknowledgment and appreciation goes to those who have contributed to the progressive and financially sound operations of the City; that tribute, belongs to all City Officials, City Staff, and the Community.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Thomas S. Hamilton". The signature is fluid and cursive, with a long horizontal stroke at the end.

Thomas S. Hamilton
Director of Finance

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Norwalk Connecticut

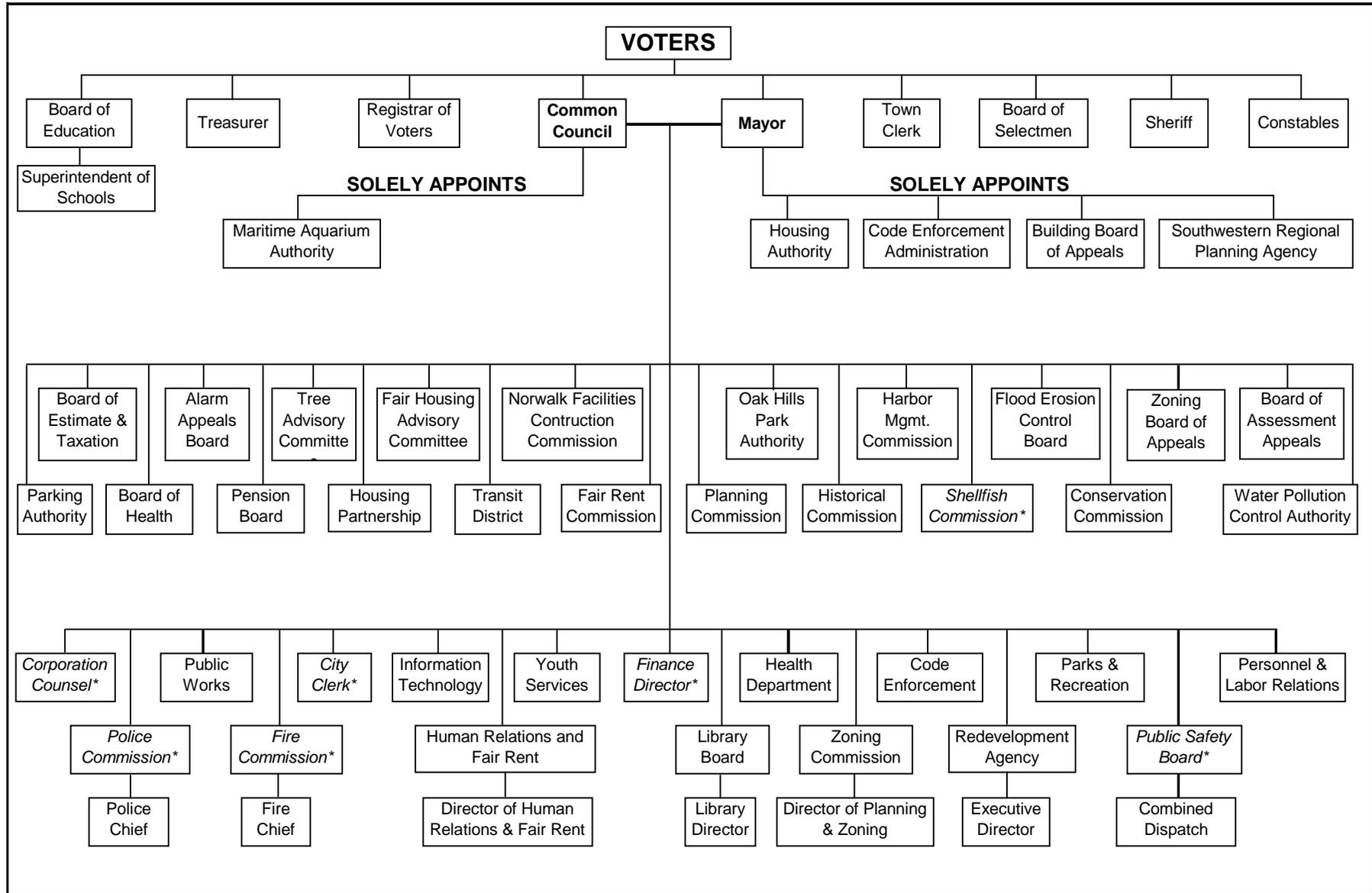
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2006

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

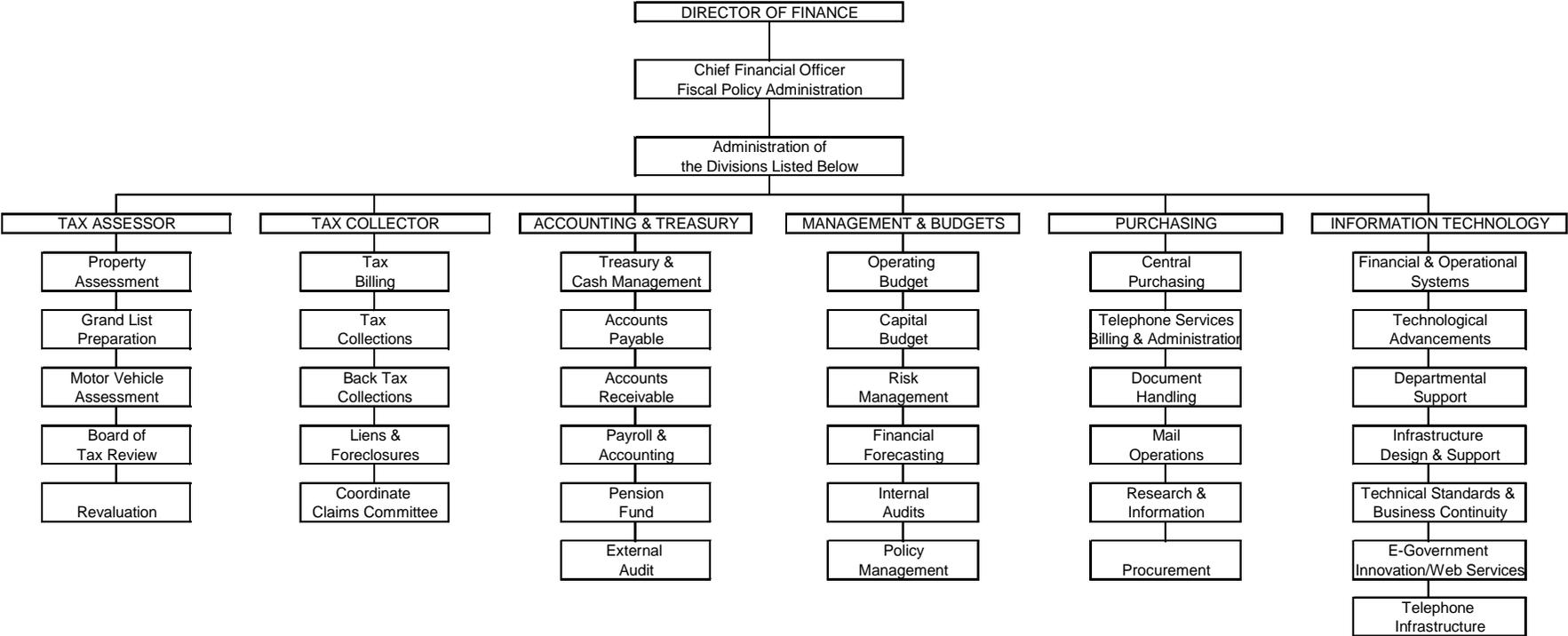
Executive Director



All Boards, Commissions and Department Heads are chosen by the Mayor and require Common Council approval unless otherwise noted

* These Department Heads, Boards and Commissions are solely appointed by the Mayor

FINANCE DEPARTMENT



**CITY OF NORWALK, CONNECTICUT
PRINCIPAL CITY OFFICIALS**

OFFICE	NAMES	SELECTION/TERM
Mayor	Richard A. Moccia	Elected - 2 Years
Director of Finance	Thomas S. Hamilton	Appointed - Indefinite
Superintendent of Schools	Salvatore Corda	Appointed - Indefinite
Corporation Counsel	Peter Nolin	Appointed - 2 Years

MEMBERS OF COMMON COUNCIL

Michael W. Coffey, Council President

Carvin J. Hillard, Majority Leader

Nicholas D. Kydes	Douglas E. Hempstead	Kevin Poruban
Douglas W. Sutton	Fred A. Bondi	Joanne T. Romano
Gwen L. Briggs	Rev. Phyllis Bolden	Richard A. McQuaid, Minority Leader
Kelly L. Staniti	Matthew T. Miklave	Herbert A. Grant
William D. Krummel		

MEMBERS OF THE BOARD OF ESTIMATE & TAXATION

Leo Mellow	James Feigenbaum
Michael W. Lyons	Stuart Wells
Friedrich N. Wilms (Chairman)	James Clark

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Financial Section

McGladrey & Pullen

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Mayor and Members of
the Common Council
City of Norwalk, Connecticut

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Norwalk, Connecticut (the "City"), as of and for the year ended June 30, 2007, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Norwalk, Connecticut's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Norwalk, Connecticut, as of June 30, 2007, 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 accounting principles generally accepted in the United States of America.

In accordance with "Government Auditing Standards," we have also issued our report dated December 17, 2007 on our consideration of the City of Norwalk, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with "Government Auditing Standards" and should be considered in assessing the results of our audit.

The management discussion and analysis on pages 3 through 10 is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, budgetary detail, combining and individual nonmajor fund statements, capital asset schedules, other schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The budgetary detail, combining and individual nonmajor fund statements, capital asset schedules and other schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

McGladrey & Pullen, LLP

New Haven, Connecticut
December 17, 2007

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Norwalk's (the "City") discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the City's financial activity, (c) identify changes in the City's financial position (its ability to address the next and subsequent year challenges), (d) identify any material deviations from the financial plan (the approved budget), and (e) identify individual fund issues or concerns. Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current years activities, resulting changes and currently known facts, please read it in conjunction with the Transmittal Letter beginning on page i and the City's financial statements beginning on page 11.

FINANCIAL HIGHLIGHTS

- ◆ The City's net assets increased by \$23.9 million or 8.4%. The governmental activities net assets increased by \$21.3 million or 9.5% and the business-type activities net assets increased by \$2.6 million or 4.3%.
- ◆ The General Fund (the primary operating fund) reflected on a current financial resource basis, reports an increase of \$4.6 million or 14.2%.

USING THIS ANNUAL REPORT

The financial statement's focus is on both the City as a whole (government-wide) and on the major individual funds. Both perspectives (government-wide and major fund) allow the user to address relevant questions and enhance the City's accountability. The report presents a comparative analysis of government-wide data.

Government-Wide Financial Statements

The government-wide financial statements (see pages 11-12) are designed to be corporate-like in that all governmental and business-type activities are consolidated into columns which add to a total for the Primary Government. The focus of the Statement of Net Assets (the "Unrestricted Net Assets") is designed to be similar to bottom line results for the City and its governmental activities. This statement combines and consolidates governmental fund current financial resources (short-term spendable resources) with capital assets and long term obligations.

The Statement of Activities (see page 12) is focused on both the gross and net cost of various activities (including governmental and component unit) which are supported by the government's general tax and other revenues. This is intended to summarize and simplify the user's analysis of cost of various governmental services.

Governmental Activities reflects the City's basic services, including Education, Police and Fire Protection, Public Works, Health and Welfare, and Recreational/Cultural services. Property Taxes, Federal, State & Other Grants, Charges for Services and Investment Income finance the majority of these services.

Business-Type activities encompass the Parking Authority and Water Pollution Control Authority. They are reported here as the City charges a fee to customers to help cover all or most of the cost of operations.

Fund Financial Statements

Traditional users of governmental financial statements will find the Fund Financial Statements presentation more familiar. The focus is on Major Funds, rather than fund types.

The Governmental Major Funds (see pages 13 – 14) presentation are presented on a sources and uses of liquid resources basis. This is the manner in which the financial plan is typically developed. The flow and availability of liquid resources is a clear and appropriate focus of any analysis of a government. Funds are established for various purposes and the Fund Financial Statement allows the demonstration of sources and uses and/or budgeting compliance associated therewith.

The Governmental Funds Total column requires a reconciliation because of the different measurement focus (current financial resources versus total economic resources) (see pages 13 – 15). The flow of current financial resources will reflect bond proceeds and interfund transfers as other financial sources as well as capital expenditures and bond principal payments as expenditures. The reconciliation will eliminate these transactions and incorporate the capital assets and long-term obligation (bonds and others) into the Governmental Activities column (in the Government-wide statements).

The Fund Financial Statements also allow the government to address its Fiduciary (or Trust) Funds (see pages 20 – 21) summarized by type (pension, private purpose trusts and agency). While these Funds represent trust responsibilities of the government, these assets are restricted in purpose and do not represent discretionary assets of the government. Therefore, these assets are not presented as part of the Government-Wide Financial Statements.

Infrastructure Assets

The City has implemented GASB Statement #34 including retroactive reporting of all capitalized infrastructure owned by the City. This includes the government's largest group of assets (infrastructure – roads, bridges, traffic signals, underground pipes, etc). This statement requires that these assets be valued and reported within the Governmental column of the Government-wide Statements. Additionally, the government must elect to either (a) depreciate these assets over their estimated useful life or (b) develop a system of asset management designed to maintain the service delivery potential to near perpetuity. The City has elected to depreciate these assets which should assist financial statement users in evaluating a local government and its performance over time.

GOVERNMENT-WIDE STATEMENT

Table 1
Summary of Net Assets (In Thousands)
As of June 30, 2007 and 2006

	Governmental Activities		Business-Type Activities		Total Government	
	2007	2006	2007	2006	2007	2006
Current and other assets	\$ 110,411	\$ 111,703	\$ 11,820	\$ 9,736	\$ 122,231	\$ 121,439
Capital assets	398,376	356,957	106,870	108,414	505,246	465,371
Total assets	508,787	468,660	118,690	118,150	627,477	586,810
Current and other liabilities	59,208	53,379	1,544	1,681	60,752	55,060
Long-term debt outstanding	202,971	189,980	53,388	55,342	256,359	245,322
Total liabilities	262,179	243,359	54,932	57,023	317,111	300,382
Net assets:						
Invested in capital assets, net of debt	215,021	185,092	53,483	53,072	268,504	238,164
Restricted	-	-	746	705	746	705
Unrestricted (deficit)	31,587	40,209	9,530	7,350	41,117	47,559
Total net assets	\$ 246,608	\$ 225,301	\$ 63,759	\$ 61,127	\$ 310,367	\$ 286,428

For more detailed information see the Statement of Net Assets (page 11).

Normal Impacts

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

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

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

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

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

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

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

Current Impacts

The major impacts to Net Assets in governmental activities was the issuance of \$23.3 million of new debt and the construction on major capital projects this year: School Projects, \$35.6 million. The other major impacts were \$11.8 million of principal on debt paid this year and \$5.1 million of depreciation on fixed assets. The major impacts to Net Assets in business-type activities was the issuance of \$1.7 million of new debt, \$3.7 principal paid on debt this year and \$2.8 million of depreciation on capital assets.

Summary of Changes in Net Assets

The following schedule compares the revenues and expenses for the current fiscal year.

	Governmental Activities		Business-Type Activities		Total Government	
	2007	2006	2007	2006	2007	2006
REVENUES						
Program Revenues:						
Charge for services	\$ 23,868	\$ 23,340	\$ 15,190	\$ 13,840	\$ 39,058	\$ 37,180
Operating grants and contributions	37,645	40,407	-	-	37,645	40,407
Capital grants and contributions	9,621	11,110	184	7,230	9,805	18,340
General Revenues:						
General property, taxes and assessments	215,806	207,198			215,806	207,198
Interest income	6,864	4,632	740	383	7,604	5,015
Other general revenues	7,352	9,940	-	-	7,352	9,940
Total revenues	301,156	296,627	16,114	21,453	317,270	318,080
EXPENSES						
Program Activities Primary Government:						
Governmental Activities:						
General government	15,496	16,091	-	-	15,496	16,091
Education	179,848	176,895	-	-	179,848	176,895
Public safety	39,370	37,415	-	-	39,370	37,415
Health and welfare	4,174	2,163	-	-	4,174	2,163
Public Works	24,552	28,363	-	-	24,552	28,363
Recreation, arts and cultural	8,783	8,308	-	-	8,783	8,308
Debt service	7,626	6,817	-	-	7,626	6,817
	279,849	276,052	-	-	279,849	276,052
Business-Type Activities:						
Parking Authority	-	-	4,282	4,227	4,282	4,227
Water Pollution Control Authority	-	-	9,200	8,799	9,200	8,799
	-	-	13,482	13,026	13,482	13,026
Total expenses	279,849	276,052	13,482	13,026	293,331	289,078
Increase (decrease) in net assets	21,307	20,575	2,632	8,427	23,939	29,002
Net Assets, beginning	225,301	204,726	61,127	52,700	286,428	257,426
Net Assets, ending	\$ 246,608	\$ 225,301	\$ 63,759	\$ 61,127	\$ 310,367	\$ 286,428

Normal Impacts

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

Revenues:

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

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

Market Impacts on Investment income – the City’s investment portfolio includes Federal Agency paper which is effected by market conditions.

Expenses:

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

Salary Increases (cost of living, merit and market adjustment) – the ability to attract and retain human and intellectual resources requires the City to strive to approach a competitive salary range position in the marketplace.

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

Current Impacts

Major revenue impacts in governmental activities were an increase in property tax revenue of \$8.6 million due to an increase in the tax levy and continued aggressive measures in collecting delinquent taxes and an increase in unrestricted investment earnings due higher cash balances and higher interest rates on investments than the previous year. The major impact on expenses was a decrease in expenses in public safety since there was not a retroactive fire contract settlement that happened the year before. Major impacts in revenue and expenses in business-type activities included both the Water Pollution Control Authority being able to collect revenues and control expenses.

THE CITY FUNDS

General Fund

Comparing Fiscal Year 2007 to Fiscal Year 2006

As of the year-end, the General Fund (as presented on the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds on page 14) reported a fund balance of \$37.3 million which is 14.2% more than the beginning of the year (\$32.6 million). Major impacts were that Property Taxes rose due to an increase in the tax levy and continued aggressive measures in collecting Property Taxes. There was increase in investment income due to a rise in interest rates. Debt Service expenditures increased by \$2.7 million mainly due to the first principal payment on the Fiscal Year 2005 \$23 million General Obligation bonds sold primarily for school construction. Employee benefits increased by \$3.2 million due to an increase in the contributions to the insurance and pension funds.

Comparing Original Budget to Final Budget

As of the year-end, the General Fund (as presented on the Statement of Revenues, Expenditures, Encumbrances, Transfers and Changes in Fund Balances – Budgetary Basis – Budget and Actual – General Fund on page 16) there was no significant changes in budgeted revenues and expenses.

Comparing Final Budget to Actual Results

As of the year-end, the General Fund (as presented on the Statement of Revenues, Expenditures, Encumbrances, Transfers and Changes in Fund Balances – Budgetary Basis – Budget and Actual – General Fund on page 16), actual Taxes, interest and liens increased from the final budget due to aggressive measures in collecting Property Taxes. There was a variance in Licenses, permits, fees and other which was caused by a continued active real estate market for residential and major commercial properties. There was an increase in investment income due to a rise in interest rates. The major variance for expenditures was in Non-Education. Instead of spending this variance by June 30, it was included in the designation for City Future Appropriations.

Capital Projects Fund

Comparing Fiscal Year 2007 to Fiscal Year 2006

As of the year-end, the Capital Projects Fund (as presented on the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds on page 14) reported a fund balance of \$8.1 million which is 60.0% less than the beginning of the year (\$20.2 million). Major impacts were Intergovernmental Revenues for school construction from state, issuance of bonds and expenditures mainly for school construction.

Water Pollution Control Authority

Comparing Fiscal Year 2007 to Fiscal Year 2006

As of the year-end, the Water Pollution Control Authority (as presented on the Statement of Revenues, Expenses, and Changes in Net Assets – Proprietary Funds on page 18) reported fund net assets of \$43.8 million which is 6.1% more than the beginning of the year (\$41.3 million). Major impacts were a successful year of collecting sewer charges as well as controlling costs.

Parking Authority

Comparing Fiscal Year 2007 to Fiscal Year 2006

As of the year-end, the Parking Authority (as presented on the Statement of Revenues, Expenses, and Changes in Net Assets – Proprietary Funds on page 18) reported a fund net assets of \$19.9 million which is .6% more than the beginning of the year (\$19.8 million). Major impacts were a successful year of collecting parking fees as well as controlling costs.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of year-end, the City had \$505.2 million invested in a variety of capital assets, as reflected in the following schedule:

Table 3
Capital Assets at Year-End
(Net of Depreciation) (In Thousands)

	Governmental Activities	Business-Type Activities	Total
Land	\$ 21,905	\$ 4,839	\$ 26,744
Construction in Progress	61,908	-	61,908
Land Improvements	2,378	154	2,532
Machinery and Equipment	5,252	1,108	6,360
Buildings and Improvements	178,158	84,165	262,323
Infrastructure	128,775	16,604	145,379
Total	\$ 398,376	\$ 106,870	\$ 505,246

Major capital activity during the year were for school improvements.

Debt Outstanding

As of year-end, the City had \$236.7 million in debt (bonds, notes, etc.) outstanding compared to the \$227.2 million last year, a 4.2% net increase (considering new borrowing and debt retirement). The following summarizes Outstanding Debt which is presented in more detail in Note 7.

Table 4
Outstanding Debt, at Year-End
(In Thousands)
Governmental Activities

	<u>2007</u>	<u>2006</u>
Governmental:		
General obligation bonds	\$ 183,356	\$ 171,865
	<u>183,356</u>	<u>171,865</u>
Business-Type:		
Parking Authority-general obligation bonds	10,084	10,325
Water Pollution Control Authority - general obligation bonds and Clean Water Fund notes	43,303	45,017
	<u>53,387</u>	<u>55,342</u>
Total	<u>\$ 236,743</u>	<u>\$ 227,207</u>

During the year the City issued \$25 million in new General Obligation Bonds to finance school and infrastructure improvements. The City has a AAA from Fitch Investors Service and Standard and Poors. The Moody's Investors Services rating is Aaa.

ECONOMIC FACTORS

The unemployment rate for Norwalk was 3.7%, down from 3.8% a year ago. This compares favorably to the state's unemployment rate of 4.6% and national rate of 4.5%.

Norwalk's income stream is stable because it relies mainly on property taxes and has a diverse tax base.

REQUEST FOR INFORMATION

The City's financial statements are designed to present users (citizens, taxpayers, customers, investors and creditors) with a general overview of the City's finances and to demonstrate the City's accountability. If you have questions about the report or need additional financial information, contact the City's Finance Director on the 2nd floor of City Hall, 125 East Avenue, PO Box 5125, Norwalk, Connecticut 06856-5125.

Basic Financial Statements

CITY OF NORWALK, CONNECTICUT

STATEMENT OF NET ASSETS

June 30, 2007

	Governmental Type Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 56,139,681	\$ 6,198,132	\$ 62,337,813
Restricted cash	-	745,613	745,613
Investments	44,300,337	4,514,458	48,814,795
Receivables, net of allowances for collection losses:			
Property taxes, net	4,313,868	-	4,313,868
Charges, net	-	338,233	338,233
Accounts, net	1,612,174	23,903	1,636,077
Federal and state governments	3,571,938	-	3,571,938
Inventories	34,897	-	34,897
Deferred charges	364,383	-	364,383
Net pension asset	72,917	-	72,917
Capital assets, not being depreciated	83,813,480	4,838,762	88,652,242
Capital assets, net of accumulated depreciation	314,562,846	102,031,364	416,594,210
Total assets	508,786,521	118,690,465	627,476,986
Liabilities			
Accounts payable and accruals	49,374,370	1,328,983	50,703,353
Unearned revenue	9,834,049	215,195	10,049,244
Noncurrent liabilities:			
Due within one year	17,546,506	3,811,350	21,357,856
Due in more than one year	185,424,053	49,576,045	235,000,098
Total liabilities	262,178,978	54,931,573	317,110,551
Net Assets			
Investment in capital assets, net of related debt	215,020,453	53,482,731	268,503,184
Restricted for debt service	-	745,613	745,613
Unrestricted	31,587,090	9,530,548	41,117,638
Total net assets	\$ 246,607,543	\$ 63,758,892	\$ 310,366,435

The notes to the financial statements are an integral part of this statement.

CITY OF NORWALK, CONNECTICUT

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2007

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ (15,496,871)	\$ 7,199,303	\$ 464,688	\$ -	\$ (7,832,880)	\$ -	\$ (7,832,880)
Education	(179,847,808)	2,911,788	34,199,438	7,556,367	(135,180,215)	-	(135,180,215)
Public Safety	(39,369,568)	3,058,982	449,382	-	(35,861,204)	-	(35,861,204)
Health & welfare	(4,173,533)	602,572	2,531,104	-	(1,039,857)	-	(1,039,857)
Public Works	(24,552,609)	9,341,866	-	1,448,411	(13,762,332)	-	(13,762,332)
Recreation, arts and cultural	(8,782,764)	753,425	729	616,667	(7,411,943)	-	(7,411,943)
Interest on debt	(7,626,524)	-	-	-	(7,626,524)	-	(7,626,524)
Total governmental activities	(279,849,677)	23,867,936	37,645,341	9,621,445	(208,714,955)	-	(208,714,955)
Business-type activities:							
Parking Authority	(4,282,318)	4,311,469	-	-	-	29,151	29,151
Water Pollution Control Authority	(9,199,651)	10,878,270	-	184,066	-	1,862,685	1,862,685
Total business-type activities	(13,481,969)	15,189,739	-	184,066	-	1,891,836	1,891,836
Total primary government	\$ (293,331,646)	\$ 39,057,675	\$ 37,645,341	\$ 9,805,511	(208,714,955)	1,891,836	(206,823,119)
General revenues:							
Property taxes					215,806,006	-	215,806,006
Grants and contributions not restricted to specific programs					7,351,983	-	7,351,983
Unrestricted investment earnings					6,863,529	740,308	7,603,837
Total general revenues					230,021,518	740,308	230,761,826
Change in net assets					21,306,563	2,632,144	23,938,707
Net assets - beginning					225,300,980	61,126,748	286,427,728
Net assets - ending					\$ 246,607,543	\$ 63,758,892	\$ 310,366,435

The notes to the financial statements are an integral part of this statement

CITY OF NORWALK, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2007

	Major Funds			Total Governmental Funds
	General	Capital Projects Fund	Nonmajor Governmental Funds	
Assets				
Cash and cash equivalents	\$ 31,819,679	\$ 8,454,703	\$ 3,499,869	\$ 43,774,251
Investments	28,153,186	7,347,059	1,226,618	36,726,863
Receivables (net of allowances for collection losses):				
Property taxes	4,065,169	248,699	-	4,313,868
Accounts receivable	1,386,351	-	190,623	1,576,974
State and federal governments	614,420	1,647,789	1,309,729	3,571,938
Inventories	-	-	34,897	34,897
Total assets	\$ 66,038,805	\$ 17,698,250	\$ 6,261,736	\$ 89,998,791
Liabilities				
Accounts payable	\$ 6,836,487	\$ 9,275,707	\$ 3,560,661	\$ 19,672,855
Accrued wages	8,548,321	2,945	-	8,551,266
Unearned revenues	7,892,022	301,281	1,640,746	9,834,049
Deferred revenues	5,482,104	-	-	5,482,104
Total liabilities	28,758,934	9,579,933	5,201,407	43,540,274
Fund balances				
Reserved for:				
Encumbrances	1,634,117	-	-	1,634,117
Unreserved, reported in:				
General fund	35,645,754	-	-	35,645,754
Special revenue funds	-	-	1,060,329	1,060,329
Capital projects funds	-	8,118,317	-	8,118,317
Total fund balances	<u>37,279,871</u>	<u>8,118,317</u>	<u>1,060,329</u>	<u>46,458,517</u>
Total liabilities and fund balances	\$ 66,038,805	\$ 17,698,250	\$ 6,261,736	

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets, net of accumulated depreciation purchased in governmental funds are reported as expenditures, however, the statement of net assets includes those capital assets among the assets of the City as a whole.	398,376,326
Deferred charges	364,383
Net pension asset	72,917
Deferred revenues are not available and therefore not recognized in the funds.	5,482,104
Internal service funds are used by management to charge the costs of risk management to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	4,029,169
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(208,175,873)</u>

Net assets of governmental activities \$ 246,607,543

The notes to the financial statements are an integral part of this statement.

CITY OF NORWALK, CONNECTICUT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

For the Year Ended June 30, 2007

	Major Funds			Total Governmental Funds
	General	Capital Projects Fund	Nonmajor Governmental Funds	
REVENUES				
Property taxes, interest and liens	\$ 215,669,320	\$ -	\$ -	\$ 215,669,320
Intergovernmental	17,368,955	8,750,147	18,377,266	44,496,368
State on-behalf payments	10,814,019	-	-	10,814,019
Licenses, permits, fees and other	14,138,573	10,541	11,816,788	25,965,902
Interest	5,395,972	1,462,292	1,032	6,859,296
Total revenues	263,386,839	10,222,980	30,195,086	303,804,905
EXPENDITURES				
Current:				
General government	6,752,487	-	644,090	7,396,577
Health and welfare	3,891,397	-	1,417,233	5,308,630
Education	145,969,257	-	17,986,503	163,955,760
Employee benefits	22,272,134	-	-	22,272,134
Public safety	33,930,127	-	6,936	33,937,063
Community grants	2,784,099	-	813,089	3,597,188
Public works	15,351,014	-	249,776	15,600,790
Recreation, arts and culture	7,076,333	-	285,434	7,361,767
Maritime Center Subsidy	-	-	8,905,000	8,905,000
Capital outlay	655,082	45,596,501	-	46,251,583
Debt service:				
Principal	11,769,104	-	-	11,769,104
Interest	8,958,997	-	-	8,958,997
Total expenditures	259,410,031	45,596,501	30,308,061	335,314,593
Excess (deficiency) of revenues over expenditures	3,976,808	(35,373,521)	(112,975)	(31,509,688)
Other Financing Sources				
Issuance of debt	-	23,260,000	-	23,260,000
Premium on bond issuance	-	5,350	-	5,350
Capital lease proceeds	655,082	-	-	655,082
Total other financing sources	655,082	23,265,350	-	23,920,432
Net change in fund balances	4,631,890	(12,108,171)	(112,975)	(7,589,256)
FUND BALANCES, beginning	32,647,981	20,226,488	1,173,304	54,047,773
FUND BALANCES, ending	\$ 37,279,871	\$ 8,118,317	\$ 1,060,329	\$ 46,458,517

The notes to the financial statements are an integral part of this statement.

CITY OF NORWALK, CONNECTICUT

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2007**

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

Net change in fund balances – total governmental funds	\$ (7,589,256)
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. This is the amount by which capital outlays exceeded depreciation in the current period.	41,426,712
Net effect of various miscellaneous transactions involving capital assets is to decrease net assets	(7,603)
Net pension asset	856
Changes in revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(1,137,874)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(11,995,296)
Changes in 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 at the time the liability is incurred.	(2,220,236)
The net revenue (expense) of certain activities of internal service funds is reported with governmental activities.	<u>2,829,260</u>
Change in net assets of governmental activities	<u><u>\$ 21,306,563</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF NORWALK, CONNECTICUT

STATEMENT OF REVENUES, EXPENDITURES, ENCUMBRANCES, TRANSFERS
AND CHANGES IN FUND BALANCES - BUDGETARY BASIS - BUDGET AND ACTUAL -
GENERAL FUND

For the Year Ended June 30, 2007

	General Fund			
	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes, interest and lien fees	\$ 215,164,839	\$ 215,164,839	\$ 215,669,320	\$ 504,481
Intergovernmental	17,350,015	17,370,417	17,368,955	(1,462)
Licenses, permits, fees and other	12,333,974	12,340,597	14,138,573	1,797,976
Interest	3,500,000	3,500,000	5,395,972	1,895,972
Total revenues	248,348,828	248,375,853	252,572,820	4,196,967
EXPENDITURES				
Current:				
General government	7,197,420	8,480,176	7,801,630	678,546
Education	136,373,394	137,175,317	136,961,257	214,060
Public safety	33,275,115	34,516,661	33,888,222	628,439
Health and welfare	2,105,138	2,152,815	2,085,378	67,437
Public works	15,827,708	16,261,528	15,730,178	531,350
Community grants	2,710,063	2,787,543	2,784,099	3,444
Employee benefits	22,173,979	22,233,319	22,194,698	38,621
Recreation, arts and cultural	6,985,232	7,174,039	7,034,987	139,052
Organizational memberships	77,234	77,435	77,435	-
Contingency	2,395,445	1,174,116	-	1,174,116
Debt service	20,728,100	20,728,101	20,728,101	-
Total expenditures and encumbrances	249,848,828	252,761,050	249,285,985	3,475,065
Net changes in fund balance	(1,500,000)	(4,385,197)	3,286,835	7,672,032
OTHER FINANCING SOURCES (USES)				
Appropriated fund balance	1,500,000	1,500,000	-	(1,500,000)
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ (2,885,197)	3,286,835	\$ 6,172,032
Net change in unreserved fund balance			3,286,835	
UNRESERVED AND UNDESIGNATED FUND BALANCES, beginning				
Less: Designated for Board of Education			32,358,919	
Future Appropriations			217,721	
Less: Designated for City Future Appropriations			<u>4,424,988</u>	
UNRESERVED AND UNDESIGNATED FUND BALANCES, ending			<u><u>\$ 31,003,045</u></u>	

The notes to the financial statements are an integral part of this statement.

CITY OF NORWALK, CONNECTICUT

STATEMENT OF NET ASSETS - PROPRIETARY FUNDS
June 30, 2007

	Business-Type Activities - Enterprise Funds			Governmental
	Water Pollution			Activities
	Control Authority	Parking Authority	Totals	Internal Service Fund
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 5,727,348	\$ 470,784	\$ 6,198,132	\$ 12,365,430
Restricted cash	-	745,613	745,613	-
Charges receivable, net	338,233	-	338,233	-
Other receivables	21,680	2,223	23,903	35,200
Investments	4,189,889	324,569	4,514,458	7,573,474
Total current assets	10,277,150	1,543,189	11,820,339	19,974,104
CAPITAL ASSETS, NET	78,169,401	28,700,725	106,870,126	-
Total assets	88,446,551	30,243,914	118,690,465	19,974,104
LIABILITIES				
CURRENT LIABILITIES				
Current maturities of bonds and notes payable	3,390,394	420,956	3,811,350	-
Accounts payable and accrued liabilities	1,195,621	133,362	1,328,983	326,693
Claims payable	-	-	-	8,026,588
Unearned revenue	102,142	113,053	215,195	-
Total current liabilities	4,688,157	667,371	5,355,528	8,353,281
LONG-TERM LIABILITIES				
Bonds and notes payable	39,912,738	9,663,307	49,576,045	-
Claims payable	-	-	-	7,591,654
Total long-term liabilities	39,912,738	9,663,307	49,576,045	7,591,654
Total liabilities	44,600,895	10,330,678	54,931,573	15,944,935
NET ASSETS				
Invested in capital assets (net of related debt)	34,866,269	18,616,462	53,482,731	-
Restricted for debt service	-	745,613	745,613	-
Unrestricted	8,979,387	551,161	9,530,548	4,029,169
Total net assets	\$ 43,845,656	\$ 19,913,236	\$ 63,758,892	\$ 4,029,169

The notes to the financial statements are an integral part of this statement.

CITY OF NORWALK, CONNECTICUT

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
NET ASSETS - PROPRIETARY FUNDS
For the Year Ended June 30, 2007**

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Water Pollution		Totals	Internal Service Fund
	Control Authority	Parking Authority		
OPERATING REVENUES				
City and member's contributions	\$ -	\$ -	\$ -	\$ 47,974,936
Charges for services	10,878,270	4,311,469	15,189,739	-
Total operating revenues	10,878,270	4,311,469	15,189,739	47,974,936
OPERATING EXPENSES				
Administrative and operations	6,029,165	2,623,068	8,652,233	401,250
Depreciation	1,962,279	813,770	2,776,049	-
Salaries, benefits and claims	173,847	348,501	522,348	45,459,790
Total operating expenses	8,165,291	3,785,339	11,950,630	45,861,040
Operating income	2,712,979	526,130	3,239,109	2,113,896
NONOPERATING INCOME (EXPENSE)				
Investment income	658,111	82,197	740,308	715,364
Interest expense	(1,034,360)	(481,124)	(1,515,484)	-
Loss on sale of asset	-	(15,855)	(15,855)	-
Total nonoperating income (expense)	(376,249)	(414,782)	(791,031)	715,364
Capital Contributions				
Intergovernmental	184,066	-	184,066	-
Change in net assets	2,520,796	111,348	2,632,144	2,829,260
FUND NET ASSETS, beginning	41,324,860	19,801,888	61,126,748	1,199,909
FUND NET ASSETS, ending	\$ 43,845,656	\$ 19,913,236	\$ 63,758,892	\$ 4,029,169

The notes to the financial statements are an integral part of this statement.

CITY OF NORWALK, CONNECTICUT

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
For the Year Ended June 30, 2007

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Water Pollution Control Authority	Parking Authority	Totals	Internal Service Fund
Cash Flows From Operating Activities				
Receipts from customers and users	\$ 10,747,338	\$ 4,397,439	\$ 15,144,777	\$ 47,978,482
Payments to suppliers	(6,212,604)	(2,572,282)	(8,784,886)	(45,736,776)
Payments to employees	(173,816)	(348,159)	(521,975)	-
Net cash provided by operating activities	4,360,918	1,476,998	5,837,916	2,241,706
Cash Flows From Capital and Related Financing Activities				
Principal payments on debt	(3,314,260)	(380,517)	(3,694,777)	-
Interest paid on debt	(998,679)	(473,693)	(1,472,372)	-
Proceeds from notes payable	1,600,000	140,000	1,740,000	-
Purchase of property and equipment	(1,018,299)	(230,031)	(1,248,330)	-
Intergovernmental revenues	184,066	-	184,066	-
Net cash used in capital and related financing activities	(3,547,172)	(944,241)	(4,491,413)	-
Cash Flows From Investing Activities				
Purchase of investments	(1,871,331)	(264,425)	(2,135,756)	1,509,027
Interest received on investments and cash	658,111	82,197	740,308	715,364
Net cash (used in) provided by investing activities	(1,213,220)	(182,228)	(1,395,448)	2,224,391
Net increase (decrease) in cash and cash equivalents	(399,474)	350,529	(48,945)	4,466,097
Cash and Cash Equivalents				
Beginning	6,126,822	865,868	6,992,690	7,899,333
Ending	\$ 5,727,348	\$ 1,216,397	\$ 6,943,745	\$ 12,365,430
Reconciliation of Operating Income to Net Cash Provided by Operating Activities				
Operating income	\$ 2,712,979	\$ 526,130	\$ 3,239,109	\$ 2,113,896
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	1,962,279	813,770	2,776,049	-
Changes in assets and liabilities:				
Increase in charges receivable	(95,083)	-	(95,083)	-
Decrease in other receivables	61,253	36,812	98,065	3,546
Increase (decrease) in accounts payable and accrued expenses	(183,408)	51,128	(132,280)	-
Increase in claims and judgments payables	-	-	-	124,264
(Decrease) increase in unearned income	(97,102)	49,158	(47,944)	-
Net cash provided by operating activities	\$ 4,360,918	\$ 1,476,998	\$ 5,837,916	\$ 2,241,706

The notes to the financial statements are an integral part of this statement.

CITY OF NORWALK, CONNECTICUT

STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS

June 30, 2007

	Pension Trust Funds	Private Purpose Trust Fund	Agency Funds
ASSETS			
Cash and cash equivalents	\$ 46,886,259	\$ 81,260	\$ 1,665,118
Investments:			
U.S. Government Agency	29,314,380	-	-
Corporate bonds	46,403,823	-	-
Common stock	189,807,713	-	-
Mutual Funds	82,817,472	-	-
Total investments	348,343,388	-	-
Secured lending transactions	33,800,575	-	-
Total assets	429,030,222	81,260	1,665,118
LIABILITIES			
Secured lending transactions	33,800,575	-	-
Other liabilities	-	-	1,665,118
Total liabilities	33,800,575	-	1,665,118
Net Assets Held in Trust for Pension Benefits and Other Purposes	\$ 395,229,647	\$ 81,260	\$ -

The notes to the financial statements are an integral part of this statement.

CITY OF NORWALK, CONNECTICUT

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS -
FIDUCIARY FUNDS**

For the Year Ended June 30, 2007

	Pension Trust Funds	Private Purpose Trust Fund
Additions		
Contributions:		
Employer	\$ 3,339,585	\$ -
Plan members	2,461,920	-
Donations	-	107,224
Total contributions	5,801,505	107,224
Investment Income:		
Interest and dividends	9,104,564	3,996
Net appreciation in fair value of investments	55,238,042	-
Less investment expense	(288,972)	-
Net investment income	64,053,634	3,996
Securities lending transactions income	1,335,269	-
Securities lending transactions expense	(1,230,436)	-
Total net investment income	104,833	-
Total additions	69,959,972	111,220
Deductions		
Benefits paid	17,172,086	85,780
General and administrative	167,979	-
Total deductions	17,340,065	85,780
Net increase	52,619,907	25,440
Net Assets Held in Trust for Pension Benefits and Other Purposes		
Beginning of year	342,609,740	55,820
End of year	\$ 395,229,647	\$ 81,260

The notes to the financial statements are an integral part of this statement.

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

Note 1. Summary of Significant Accounting Policies

The City of Norwalk, Connecticut (the “City”) is segregated into nine taxing districts based on the services provided to taxpayers. The following graph summarizes the services provided to each taxing district. General services include education, police protection, street repairs and maintenance and general government.

District	General	Garbage Collection	Sewers	Fire Protection	Street Lighting
1 st	X	X	X	X	
2 nd	X	X	X	X	
3 rd	X	X	X	X	
4 th	X	X	X	X	X
5 th	X			X	X
6 th	X				
7 th	X		X		
8 th	X	X		X	
9 th	X	X		X	

The First, Second, Third and Sixth districts represent geographic subdivisions of the City. The remaining districts represent parts of the first, second, third and sixth districts that receive different combinations of services.

Reporting entity

Accounting principles generally accepted in the United States of America require that the reporting entity include (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. The criteria provided by the Codification, Section 2100, has been considered and as a result, there are no agencies or entities that should be, but are not, included in the financial statements of the City, other than as discussed below.

In evaluating how to define the City, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in accounting principles generally accepted in the United States of America. The accompanying financial statements present the City and its component unit, legally separate organizations for which the City is considered to be financially accountable. The following component unit provides services or benefits exclusively, or almost exclusively, to the City or its employees and is therefore blended and reported as if it was part of the City:

Blended Component Unit - The Maritime Center Authority (the “Authority”) is an agency established by state statute and City Code to oversee the development and operations of the Maritime Center (the “Center”). The ordinance provides that the powers of the Authority shall

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued **June 30, 2007**

be exercised by a commission of nine members consisting of the Mayor, two members of the Common Council, two current or former members of the Common Council and four additional members.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the City and its component unit. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are 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. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate fund financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. The agency funds are reported using the accrual basis of accounting but do not have a measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied for. 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. 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 City considers revenues to be available if they are collected

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2007

within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred except for debt service expenditures, as well as expenditures related to compensated absences, pension obligations, landfill post-closure monitoring and claims and judgments, which are recorded only when payment is due (matured).

Property taxes when levied for, intergovernmental revenue when eligibility requirements have been met, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual (measurable) and so have been recognized as revenues of the current fiscal period, if available. All other revenue items, primarily fees and permits, are measurable and available when cash is received.

The City reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Capital Project Fund* is used to account for resources used for the acquisition and construction of capital facilities, including those that are financed through Special Assessments. Included in the Capital Projects Fund are sewer assessments which are levied in order to finance both the construction of new and the improvement to existing sewer systems.

The City reports the following major proprietary funds:

The *Parking Authority* accounts for the operation of the City's parking facilities. It is independent of its relationship to other City functions. Its operations are financed from direct charges to the users of the service.

The *Water Pollution Control Authority* accounts for the operation of the City's wastewater divisions. It is independent in terms of its relationship to other City functions. Its operations are financed from direct charges to the users of the service.

Additionally, the City reports the following fund types:

Internal service fund accounts for employee health insurance provided to other departments of the City, and the Board of Education and vehicle maintenance and fuel used by the City.

The *pension trust funds* account for the activities of the City's four defined benefit pension plans, which accumulate resources for pension benefit payments to qualified employees.

The *agency funds* account for monies held as a custodian for outside groups and agencies, and are used for senior activities, performance bonds, and pass-through grants.

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2007

The *private purpose trust fund* accounts for nine individual expendable trusts which provide awards and scholarships to students.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and enterprise fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Proprietary Funds and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for services. Operating expenses for proprietary funds, including both enterprise funds and internal service funds, include the cost of operations and maintenance, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

Accounting estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Property taxes

Property taxes are assessed as of October 1 and are levied for on the following July 1. Real estate and personal property taxes are due in two installments on July 1 and the following

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued **June 30, 2007**

January 1. Motor vehicle taxes are payable on July 1 and supplemental motor vehicle taxes are payable on January 1. Liens are filed on delinquent real estate taxes within one year.

Cash equivalents

Cash equivalents are certificates of deposit with original maturities of three months or less, when purchased.

Investments

Investments are stated at fair value, based on quoted market prices. The Connecticut State Treasurer's Short-Term Investment Fund is an investment pool managed by the State of Connecticut Office of the State Treasurer. Investments must be made in instruments authorized by Connecticut General Statutes 3-27c through 3-27e. Investment guidelines are adopted by the State Treasurer. The fair value of the position in the pool is the same as the value of the pool shares.

Investments in 2a7 like pools are stated at amortized cost.

Allowance for Doubtful Accounts

Accounts receivable for the primary government are reported net of an allowance for doubtful accounts, totaling \$11,516,000 which relates to property taxes. The allowance for doubtful accounts represents those accounts which are deemed uncollectible based upon past collection history and an assessment of the creditor's ability to pay.

Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and proprietary fund financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000-\$100,000, depending on asset type, (\$1,000 for the Parking Authority) and an estimated useful life in excess of two years. Purchased and constructed assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at estimated fair value at the date of donation.

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.

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2007

Property, plant, and equipment of the City is depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	25-50
Land improvements	20
Infrastructure, public domain infrastructure and distribution and collection systems	10-65
Machinery and equipment	5-20
Licensed vehicles	8

Capital assets are reported as expenditures and no depreciation expense is reported in the governmental fund financial statements.

Compensated absences

Vacation earned during the City's fiscal year ending June 30 may be taken through the following June of each year. In addition, certain employee groups may accumulate between 55 and 60 days of unused vested sick leave throughout their employment. Certain employee groups are also entitled to severance and longevity benefits. Since these benefits are to be funded from future financial resources, the liability has been reflected within the government-wide and proprietary fund financial statements. Obligations for accrued compensated absences have typically been liquidated from the general fund in the past.

Long-term obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. Bond principal payments are reported as expenditures. 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.

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2007

Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is utilized in the governmental funds. Encumbrances outstanding at year-end are reported as a reservation of fund balance as they do not constitute expenditures or liabilities.

Fund equity and net assets

In the government-wide and proprietary fund financial statements, net assets are classified in the following categories:

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

Restricted Net Assets – This category presents external restriction imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Assets or Deficit – This category represents the net assets of the City, which are not restricted. A deficit will require future funding.

In the fund financial statements, fund balances of governmental funds are classified in three separate categories. The three categories, and their general meanings, are as follows:

Reserved fund balance - indicates that portion of fund equity which has been legally segregated for specific purposes or is not available for appropriation.

Unreserved-Designated fund balance - indicates that portion of fund equity for which the City has made tentative plans.

Unreserved fund balance - indicates that portion of fund equity which is available for appropriation and expenditure in future periods. A deficit will require future funding.

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2007

Pension accounting

Pension Trust Funds:

Employee contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the City has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

Governmental Funds/Activities:

Expenditures are recognized when they are paid or are expected to be paid with current available resources. The net pension obligation (asset), the cumulative difference between annual pension cost and the City's contributions to the plans since 1986, is calculated on an actuarial basis consistent with the requirements of Government Accounting Standards Board Statement No. 27. The pension obligation (asset) is recorded as a noncurrent liability (asset) in the government-wide financial statements.

Funding Policy:

The City makes annual contributions per the actuaries recommendation.

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2007

Note 2. Reconciliation of Government-Wide and Fund Financial Statements

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds, and net assets – governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$208,175,873 difference are as follows:

Bonds payable	\$ 183,355,873
Premiums and gains/losses on refunding, net of accumulated amortization	378,516
Accrued interest payable	4,719,351
Pension liability	1,527,406
Early retirement	2,095,000
Unsettled labor contracts	485,963
Capital lease	627,376
Compensated absences	<u>14,986,388</u>
Net adjustment to reduce fund balance – total governmental funds to arrive at net assets – governmental activities	<u>\$ 208,175,873</u>

Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds, and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “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 this \$41,426,712 difference are as follows:

Capital outlay	\$ 46,481,290
Depreciation expense	<u>(5,054,578)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 41,426,712</u>

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2007

Another element of that reconciliation states that “the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this \$(11,995,296) difference are as follows:

Long-term liabilities issued or incurred:	
Issuance of general obligation bonds and notes payable	\$ (23,260,000)
Premiums and gain/loss on refunding	122,976
Capital lease	(655,082)
Principal repayments:	
General obligation debt	11,769,104
Capital lease payments	<u>27,706</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u><u>\$ (11,995,296)</u></u>

Another element of that reconciliation states that “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.” The details of this \$(2,220,236) difference are as follows:

Compensated absences	\$ (1,858,895)
Accrued interest	(172,388)
Pension liability	45,532
Unsettled labor contracts	(485,963)
Early Retirement	205,000
Deferred charges	<u>46,478</u>
Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities	<u><u>\$ (2,220,236)</u></u>

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2007

Note 3. Budgets and Budgetary Accounting

The City's general budget policies are as follows:

- A. Prior to the commencement of a fiscal year, an operating budget (a plan of financial operation embodying an estimate of proposed expenditures and the proposed means of financing them) for that year for the General Fund be submitted to the Board of Estimate and Taxation. On the first Monday of April, the Board of Estimate and Taxation by legal resolution must adopt an Operating Budget for the ensuing fiscal year.
- B. The expenditure portion of the operating budget (appropriations) is given legal effect through resolution of the Board of Estimate and Taxation. Appropriations are made by the Board of Estimate and Taxation shall not exceed estimated revenues. The budget is adopted on a department level. Departments, agencies, or other entities may not legally exceed their appropriations.
- C. By resolution of the Board of Estimate and Taxation, the Finance Director may amend the budget by authorizing a transfer within each expenditure item (i.e., the Mayor's office within general government expenditures) of the budget for amounts up to \$5,000. The Board of Estimate and Taxation's authorization is required for transfers of amounts in excess of the Finance Director's authority.
- D. Supplemental appropriations in excess of the adopted budget, together with the means of financing them, must be authorized by the Board of Estimate and Taxation and ratified by a Resolution of two-thirds of the Common Council.
- E. Although budgeted revenues usually are not changed, the ultimate source of revenues for supplemental appropriations (adjustments) are identified when such adjustments are approved. Thus, while the final budget presented in the financial statements reflects a deficit, the budgetary amendment process includes procedures requiring that funding sources, including, if necessary, appropriations of fund balance, be identified.
- F. Expenditures of funds for long-term capital improvements are budgeted by Capital Projects each year. Appropriations for Capital Projects are continued until completion of applicable projects, even when projects extend over more than one fiscal year.

Appropriations from the General Fund lapse at year-end.

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2007

- G. Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order, contract or other commitment is issued and, accordingly, encumbrances outstanding at year-end are reflected in budgetary reports as expenditures of the current year. If an appropriation is not encumbered, it lapses at year-end and may not be used by the department.
- H. Classifications of certain revenues and expenditures under accounting principles generally accepted in the United States of America differ from classifications utilized for budgetary purposes.

For the year ended June 30, 2007, supplemental appropriations totaled approximately \$2,900,000.

A reconciliation of expenditures and transfers out of the General Fund presented in accordance with accounting principles generally accepted in the United States of America ("GAAP") and expenditures, encumbrances and transfers out presented on the budgetary basis is as follows:

Expenditures, encumbrances and transfers out, budgetary basis	\$ 249,285,985
On-behalf payments paid directly by the State of Connecticut Teachers' Retirement System	9,008,000
On-behalf payments, paid directly by the Department of Public Health to WIC recipients, not recognized for budgetary purposes	1,806,019
Capital lease	655,082
Encumbrances and continued appropriations:	
June 30, 2006	289,062
June 30, 2007	(1,634,117)
Expenditures, GAAP basis	<u>\$ 259,410,031</u>

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2007

- I. A reconciliation of General Fund revenues and transfers is presented in accordance with GAAP and the amount presented on the budgetary basis, is as follows:

Revenues and transfers in, budgetary basis	\$ 252,572,820
On-behalf payments paid directly by the State of Connecticut Teachers' Retirement System	9,008,000
On-behalf payments, paid directly by the Department of Public Health to WIC recipients, not recognized for budgetary purposes	1,806,019
Capital lease proceeds	<u>655,082</u>
Revenues, GAAP basis	<u><u>\$ 264,041,921</u></u>

Special revenue funds

The City 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 are non-lapsing and may comprise more than one fiscal year.

Capital projects funds

Legal authorization for expenditures of the 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.

Note 4. Cash and Investments

Deposits: The City has a policy that deposits can include demand and savings accounts and certificates of deposits. The City also follows the state of Connecticut investment 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.

Investments: The City does not have a custodial credit risk policy for investments. The investment policies of the City conform to the policies as set forth by the State of Connecticut. The City policy allows investments in the following: (1) obligations of the United States and its agencies; (2) highly rated obligations of any state of the United States or of any political subdivision, authority or agency thereof; and (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

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2007

are limited to obligations of the United States and its agencies, and repurchase agreements fully collateralized by such obligations. The Statutes (Sections 3-24f and 3-27f) also provide for investment in shares of the Connecticut Short Term Investment Fund and the Tax Exempt Proceeds Fund. Other provisions of the Statutes cover specific municipal funds with particular investment authority. The provisions of the Statutes regarding the investment of municipal pension funds does not specify permitted investments. Therefore, investment of such funds is generally controlled by the laws applicable to fiduciaries and the provisions of the applicable plan.

The Pension Plans set asset allocation parameters, as follows:

Equities	69%
Fixed Income	27%
Hedge Fund	3%
Cash	1%

Interest Rate Risk: The City minimizes the risk that the market value of securities in the portfolio will fall due to changes in general interest rates, by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity. The City of Norwalk, except for pension funds and insurance reserves, will not invest in instruments maturing more than five years from the date of purchase, and no more than 40% of the City's total portfolio shall be invested in instruments maturing more than two years from the date of purchase. All instruments in the portfolio at the time the policy approval date will be grandfathered in and no new instruments which exceed the two years will be purchased until the amount of instruments in the portfolio is less than 40%.

Concentrations: The City's policy is to maintain a diversified portfolio to minimize the risk of loss resulting from over concentration of assets in a specific issuer.

Custodial credit risk:

Deposits: This is the risk that, in the event of failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. As of June 30, 2007, approximately \$102,191,000 of the entity's bank balance of \$112,108,000 was uninsured and uncollateralized.

Investments: This is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2007

Cash and investments of the City consist of the following at June 30, 2007:

Cash and Cash Equivalents	
Deposits with financial institutions	\$ 94,659,466
State of Connecticut Short-Term Investment fund	10,493,196
Tax Exempt Proceeds Fund	937,857
Municipal Backed Investment Fund	5,625,544
Total cash and cash equivalents	<u>111,716,063</u>
Investments	
General Fund	
U.S. Government Securities	28,145,321 *
U.S. Government Agencies	7,865 *
Total general fund	<u>28,153,186</u>
Capital Projects Fund	
U.S. Government Securities	7,345,006 *
U.S. Government Agencies	2,053 *
Total capital projects fund	<u>7,347,059</u>
Internal Service Fund	
U.S. Government Securities	2,843,877 *
U.S. Government Agencies	794 *
Corporate Bonds	1,234,631 *
Equity Securities	2,241,376 *
Mutual Funds	1,252,796
Total internal service fund	<u>7,573,474</u>
Business Type Activities-WPCA:	
U.S. Government Securities	4,188,718 *
U.S. Government Agencies	1,171 *
Total business type activities-WPCA	<u>4,189,889</u>
Pension Trust Funds:	
U.S. Government Agencies	29,314,380 *
Corporate Bonds	46,403,823 *
Common stock	189,807,713 *
Mutual Funds	82,817,472
Total pension trust funds	<u>348,343,388</u>
Special Revenue Funds:	
U.S. Government Securities	1,226,275 *
U.S. Government Agencies	343 *
Total special revenue funds	<u>1,226,618</u>

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2007

Business-Type Activities - Parking Authority:	
U.S. Government Securities	324,478 *
U.S. Government Agencies	91 *
Total business-type activities-parking authority	<u>324,569</u>
Total investments	<u>397,158,183</u>
Total cash and investments	<u>\$ 508,874,246</u>

* These investments are uninsured and unregistered, with securities held by the counterparty, but not in the City's or the pension fund's name.

Cash and investments are classified in the accompanying financial statements as follows:

Statement of Net Assets	
Cash and cash equivalents	\$ 62,337,813
Restricted cash	745,613
Investments	48,814,795
Total statement of net assets	<u>111,898,221</u>
Fiduciary Funds:	
Cash and cash equivalents	48,632,637
Investments	348,343,388
	<u>396,976,025</u>
Total cash and investments	<u>\$ 508,874,246</u>

Interest rate risk: This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Information about the exposure of the City's debt type investments to this risk using the segmented time distribution model is as follows:

Summary of Investments and Interest Rate Risk	Fair Value	Investment Maturities (in Years)			
		Less Than 1 Year	1-5 Years	5-10 Years	Greater Than 10 Years
U.S. Government Securities	\$ 44,073,675	\$ -	\$ 29,750,286	\$ 13,767,257	\$ 556,132
U.S. Government Agencies	29,326,697	-	3,781,134	5,464,994	20,080,569
Pooled fixed income	17,056,597	17,056,597	-	-	-
Corporate Bonds	47,638,454	23,779,971	6,599,801	5,669,256	11,589,426
TOTAL	<u>\$ 138,095,423</u>	<u>\$ 40,836,568</u>	<u>\$ 40,131,221</u>	<u>\$ 24,901,507</u>	<u>\$ 32,226,127</u>

Credit Risk: Generally, credit risk is the risk that an issuer of a debt type investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2007

by a nationally recognized rating organization. U.S. government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure. The City's operating fund will only purchase U.S. Governmental Agencies AA or above. The City allows its fixed income investment managers in its pension funds to purchase corporate bonds rated BBB or better and does not have any guidelines for U.S. Government Agencies. Presented below is the minimum rating as required for each debt type investment.

Average Rating	Corporate Bonds	U.S. Government Agencies	Pooled Fixed Income
AAA	\$ 31,543,395	\$ 29,314,380	\$ 5,625,544
AAA/M	-	-	10,493,196
AA-	111,542	-	-
A	9,946,962	-	-
A-	111,522	-	-
AA	1,967,708	-	-
BBB	3,957,325	12,317	-
Unrated	-	-	937,857
	\$ 47,638,454	\$ 29,326,697	\$ 17,056,597

Note 5. Unearned Revenue/Deferred Revenue

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds and governmental activities also report unearned revenue in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of unearned revenue and deferred revenue reported in the governmental funds and governmental activities were as follows:

	Unearned Revenue	Deferred Revenue
General Fund:		
Taxes and accrued interest on delinquent property taxes	\$ -	\$ 4,971,592
Advanced tax collections	5,065,549	-
Tax overpayments	2,249,253	-
School construction receivable	-	510,512
Grants	577,220	-
Capital Projects:		
Grants	301,281	-
Nonmajor Funds:		
Grants	1,640,746	-
Total	\$ 9,834,049	\$ 5,482,104

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2007

Note 6. Capital Assets

Capital asset activity for the year ended June 30, 2007 was as follows:

	Beginning Balance	Additions/ Transfers	Disposals/ Transfers	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 21,905,400	\$ -	\$ -	\$ 21,905,400
Construction in progress	98,544,997	41,854,003	(78,490,920)	61,908,080
Total capital assets, not being depreciated	120,450,397	41,854,003	(78,490,920)	83,813,480
Capital assets, being depreciated:				
Land improvements	8,016,057	-	-	8,016,057
Machinery and equipment	30,047,260	1,340,640	(1,463,976)	29,923,924
Buildings and improvements	154,302,631	81,387,489	-	235,690,120
Infrastructure	149,890,277	390,078	-	150,280,355
Total capital assets being depreciated	342,256,225	83,118,207	(1,463,976)	423,910,456
Less accumulated depreciation for:				
Land improvements	5,362,047	276,470	-	5,638,517
Machinery and equipment	25,169,321	956,313	(1,453,227)	24,672,407
Buildings and improvements	54,762,841	2,771,893	(3,146)	57,531,588
Infrastructure	20,455,196	1,049,902	-	21,505,098
Total accumulated depreciation	105,749,405	5,054,578	(1,456,373)	109,347,610
Total capital assets, being depreciated, net	236,506,820	78,063,629	(7,603)	314,562,846
Governmental activities capital assets, net	\$ 356,957,217	\$ 119,917,632	\$ (78,498,523)	\$ 398,376,326

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2007

	Beginning Balance	Additions/ Transfers	Disposal/ Transfers	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 4,838,762	\$ -	\$ -	\$ 4,838,762
Total capital assets, not being depreciated	4,838,762	-	-	4,838,762
Capital assets, being depreciated:				
Land improvements	509,288	-	-	509,288
Machinery and equipment	12,693,976	232,417	(60,524)	12,865,869
Buildings and improvements	111,208,844	1,015,913		112,224,757
Infrastructure	28,677,753	-		28,677,753
Total capital assets, being depreciated	153,089,861	1,248,330	(60,524)	154,277,667
Less accumulated depreciation for:				
Land improvements	330,393	24,654	-	355,047
Machinery and equipment	11,678,791	123,638	(44,669)	11,757,760
Buildings and improvements	25,861,645	2,197,680	-	28,059,325
Infrastructure	11,644,094	430,077	-	12,074,171
Total accumulated depreciation	49,514,923	2,776,049	(44,669)	52,246,303
Total capital assets, being depreciated, net	103,574,938	(1,527,719)	(15,855)	102,031,364
Business-type activities capital assets, net	\$ 108,413,700	\$ (1,527,719)	\$ (15,855)	\$ 106,870,126

Depreciation expense was charged to functions/programs as follows:

Governmental Activities:	
General government	\$ 36,288
Education	1,856,215
Public safety	985,471
Health and welfare	27,276
Public works	1,100,935
Recreation, arts and cultural	1,048,393
Total depreciation expense – governmental activities	<u>\$ 5,054,578</u>
Business-type activities:	
Water Pollution Control Authority	\$ 1,962,279
Parking Authority	813,770
Total depreciation expense – business-type activities	<u>\$ 2,776,049</u>

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2007

Note 7. Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2007 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 169,532,011	\$ 23,260,000	\$ (11,353,263)	\$ 181,438,748	\$ 13,484,440
Maritime Center bonds	2,332,966	-	(415,841)	1,917,125	384,061
Deferred amounts:					
For issuance premiums and gain/loss	501,492	-	(122,976)	378,516	-
Total bonds and notes payable	172,366,469	23,260,000	(11,892,080)	183,734,389	13,868,501
Compensated absences	13,127,493	2,056,993	(198,098)	14,986,388	2,907,180
Capital lease	-	655,082	(27,706)	627,376	110,825
Net pension obligations	1,572,938	-	(45,532)	1,527,406	-
Early Retirement Accrual	2,300,000	489,000	(694,000)	2,095,000	660,000
Total other long term debt	17,000,431	3,201,075	(965,336)	19,236,170	3,678,005
Governmental activity long-term liabilities	\$ 189,366,900	\$ 26,461,075	\$ (12,857,416)	\$ 202,970,559	\$ 17,546,506
Business-type activities:					
Bonds payable:					
General obligation bonds and notes payable	\$ 55,342,172	\$ 1,740,000	\$ (3,694,777)	\$ 53,387,395	\$ 3,811,350
Total bonds and notes payable	55,342,172	1,740,000	(3,694,777)	53,387,395	3,811,350
Business-type activity long-term liabilities	\$ 55,342,172	\$ 1,740,000	\$ (3,694,777)	\$ 53,387,395	\$ 3,811,350

Compensated absences

The obligation represents the employee (vested and nonvested) compensated absences expected to be paid in the future, aggregating \$14,986,388 as of June 30, 2007. This amount is recorded in the government wide statements, and paid out of the general fund.

Net pension obligation

Governmental Accounting Standards Board Statement No. 27, "Accounting for Pensions by State and Local Governments" requires the City to accrue a net pension obligation. The amount

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2007

at June 30, 2007 was \$1,527,406. This amount is recorded in the government wide statements, and paid out of the general fund.

Early Retirement

The obligation represents the early retirement incentive payout for eligible teachers and administrators whose age and years of service total 80. Once eligible they receive annual stipend of \$3,000 over a 3-10 year period. The amount accrued has been calculated at the discounted present value of the expected future benefit. The amount recorded at June 30, 2007 is approximately \$2,095,000 on the government wide statements, and is paid out of the general fund.

Bonded indebtedness

As of June 30, 2007, the outstanding general obligation bonded indebtedness of the City was as follows:

Governmental Activities

General Obligation Debt

<u>Purpose</u>	<u>Interest Rate %</u>	<u>Amount</u>
Capital improvement	4.30-4.75	\$ 702,925
Capital improvement	4.25-6.00	2,820,000
Capital improvement	4.87-5.00	1,914,000
Capital improvement	4.00-4.50	2,069,250
Capital improvement	4.00-5.00	6,987,231
Capital improvement	3.00-5.00	37,553,795
Capital improvement	2.00-4.00	19,789,107
Capital improvement	2.00-4.00	9,583,650
Capital improvement	3.00-5.00	8,970,041
Capital improvement	3.25-4.375	24,548,000
Capital improvement	2.35-5.00	21,915,749
Capital improvement	3.25-5.00	21,325,000
Capital improvement	4.25-5.50	23,260,000
		<u>\$ 181,438,748</u>

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2007

Capital Lease

Property and equipment with a carrying value at June 30, 2007 of approximately \$655,000 and accumulated depreciation of \$16,000 is being acquired under capital lease arrangements. Future minimum payments under capital lease arrangements are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2008	\$ 110,825
2009	110,825
2010	110,825
2011	110,825
2012	110,825
Thereafter	<u>188,534</u>
Total	742,659
Less amount representing interest at 5.05%	<u>(115,283)</u>
Total	<u>\$ 627,376</u>

Maritime Center Project Bonds

<u>Purpose</u>	<u>Interest Rate %</u>	<u>Amount</u>
Maritime Center Project - Refunding Bonds, 1986 Series	6.95-7.20%	<u>\$ 1,917,125</u>

In-Substance Defeasance – Prior Years

In prior years, the City has defeased various bond issues by creating separate irrevocable trust funds. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in the trust funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and therefore removed as a liability from the City's government-wide financial statements. As of June 30, 2007, the amount of defeased debt outstanding, but removed from the City's government-wide financial statements, is as follows:

2005 Refunding	<u>\$ 21,560,000</u>
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CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2007

Business-Type Activities

Enterprise Debt

Purpose	Interest Rate %	Amount
Water Pollution Control Authority		
Bonds and Clean Water Fund	2.00-6.50%	\$ 43,303,132
Parking Authority - Parking Fund	2.00-6.50%	10,084,263
		\$ 53,387,395

Long-term notes and bond obligations and compensated absences are expected to be repaid by future tax levies and grants available from the State. A summary of the Governmental Activities' long-term notes and bond principal maturities and related interest at June 30, 2007 is as follows:

Year Ended June 30,	General Obligation Debt	Maritime Center Project Debt	Total Interest Amount	Total Principal and Interest Amount
2008	\$ 13,484,440	\$ 384,061	\$ 8,939,584	\$ 22,808,085
2009	15,386,155	354,356	7,847,761	23,588,272
2010	16,515,136	326,637	7,148,437	23,990,210
2011	14,482,329	304,328	6,545,238	21,331,895
2012	13,454,793	283,552	5,985,342	19,723,687
2013-2017	57,027,097	264,191	17,351,981	74,643,269
2018-2022	32,844,710	-	7,110,623	39,955,333
Thereafter	18,244,088	-	1,450,897	19,694,985
	\$ 181,438,748	\$ 1,917,125	\$ 62,379,863	\$ 245,735,736

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2007

A summary of the City's business-type activities' long-term notes and bond principal maturities and related interest at June 30, 2007 is as follows:

Year Ended June 30,	WPCA Debt	Parking Authority Debt	Total Interest Amount	Principal and Interest Amount
2008	\$ 3,390,394	\$ 420,956	\$ 1,490,719	\$ 5,302,069
2009	3,448,895	514,540	1,344,998	5,308,433
2010	3,582,863	581,483	1,224,885	5,389,231
2011	3,528,387	554,768	1,113,962	5,197,117
2012	3,591,212	446,610	1,006,838	5,044,660
2013-2017	17,343,208	2,253,293	3,512,645	23,109,146
2018-2022	7,952,976	2,411,905	1,398,133	11,763,014
Thereafter	465,197	2,900,708	476,988	3,842,893
	<u>\$ 43,303,132</u>	<u>\$ 10,084,263</u>	<u>\$ 11,569,168</u>	<u>\$ 64,956,563</u>

School Bond Reimbursements

The State of Connecticut reimburses the City for eligible principal and interest costs of the portion of the capital improvement bond issue used for school construction. The amount of such reimbursement for the year ended June 30, 2007 was approximately \$384,000. Additional payments aggregating approximately \$547,188 are expected to be received through the bonds' maturity dates.

Authorized but unissued bonds

Under regulations issued by the Internal Revenue Service, effective March 2, 1992, in order for capital projects to be funded through tax-exempt debt, all projects must be appropriated and designated as being funded through debt prior to any expenditures on these projects.

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2007

The City has authorized but unissued bonds relating to capital projects at June 30, 2007 as follows:

General purpose	\$ 5,601,300
Schools	40,494,561
Sewer	2,850,000
Urban Renewal	5,830,000
Total	\$ 54,775,861

Legal Debt Limit

The City's indebtedness (including authorized but not unissued bonds), net of principal reimbursements expected from the state, does not exceed the legal debt limitation as required by the Connecticut General Statutes as reflected in the following schedule:

<u>Category</u>	<u>Debt Limit</u>	<u>Indebtedness</u>	<u>Balance</u>
General purpose	\$ 489,067,446	\$ 99,269,157	\$ 389,798,289
Pension	\$ 652,089,928	\$ -	\$ 652,089,928
Schools	\$ 978,134,892	\$ 152,149,085	\$ 825,985,807
Sewers	\$ 815,112,410	\$ 46,153,132	\$ 768,959,278
Urban renewal	\$ 706,430,755	\$ 9,680,184	\$ 696,750,571

The total overall statutory debt limit for the City is equal to seven times annual receipts from taxation, or \$1,521,543,165.

Subsequent Event

On July 15, 2007, the City issued \$27,000,000 of general obligation bonds to finance certain capital projects. The bonds will mature through 2027 with interest from 4.00% to 5.75%.

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2007

Capital Projects

A summary of the uncompleted capital projects of the City at June 30, 2007 follows:

Project	Project	Expenditures		Unexpended Authorization Balances
	Authorizations	Fiscal 2007	Cumulative	
<u>Project</u>	(a)	(b)	(c)	
Department of Public Works:				
Solid Waste	\$ 387,593	\$ -	\$ 386,835	\$ 758
Sanitary Sewers	6,084,130	(187,815)	2,167,522	3,916,608
Drainage	1,883,904	286,461	1,056,746	827,158
Roads and Highways	19,273,187	3,099,178	13,323,388	5,949,799
Other	27,424,431	823,527	27,079,909	344,522
Police Department	30,000	23,962	23,962	6,038
Fire Department	1,677,577	368,219	813,247	864,330
Parks and Recreation	26,347,515	4,930,651	19,843,923	6,503,592
Board of Education	198,286,222	35,603,548	149,410,802	48,875,420
Redevelopment Agency	35,408,588	3,234,831	8,192,052	27,216,536
Traffic and Parking	3,212,652	432,123	1,538,871	1,673,781
	<u>\$ 320,015,799</u>	<u>\$ 48,614,685</u>	<u>\$ 223,837,257</u>	<u>\$ 96,178,542</u>

- (a) Represents cumulative Capital Budgets for projects that remain open at June 30, 2007.
- (b) Represents current year expenditures for projects that were open at June 30, 2007.
- (c) Represents aggregate expenditures for projects that were open at June 30, 2007.

Based on the latest estimates of costs to complete the projects, the City does not anticipate the necessity to increase the related authorizations.

Note 8. Fund Deficit

The following School Lunch Fund had a fund deficit as of June 30, 2007 of \$150,011.

The deficit will be funded by the Board of Education operating budget.

Note 9. Commitments and Contingencies

The City is a defendant in various lawsuits including personal injury, property damage, civil rights violations and other miscellaneous claims. For certain of these cases, where it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated, a loss contingency has been accrued in the Internal Service Fund for approximately \$1,227,000. For certain other cases, where there is a reasonable possibility that a loss has been incurred, the City estimates its possible exposure could range from \$0 to \$4,200,000 and no accrual is made in the financial statements. Based upon the advice of the City Corporation Counsel, management

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2007

believes that the ultimate resolution of these matters will not have a material adverse effect on the financial statements of the City.

Note 10. Employee Retirement Plans

Employee Pension Plan

Plan Descriptions

The City is the administrator of four separate single-employer defined benefit pension plans that were established to provide pension benefits for its police, firefighters, food service, and other full-time employees other than teachers. The plans are considered to be part of the City's financial reporting entity and are included in the City's basic financial statements as pension trust funds. The plans do not issue separate, stand-alone, financial reports. For the year ended June 30, 2007 the actuarial valuation date utilized was July 1, 2006 satisfying the requirement of GASB Nos. 25 and 27.

At the last actuarial valuation date, July 1, 2006, membership consisted of:

	<u>Police</u>	<u>Fire</u>	<u>Employees</u>	<u>Food Service</u>
Retirees, disabled members and beneficiaries currently receiving benefits	179	145	572	30
Terminated employees entitled to benefits but not yet receiving them	-	-	111	3
Active members	137	131	697	37
	<u>316</u>	<u>276</u>	<u>1,380</u>	<u>70</u>

Police Benefit Fund

The City of Norwalk Police Benefit Fund provides retirement benefits as well as death and disability benefits. Benefits vest after 10 years of service. Members who retire after age 48 with 20 years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 2.5 percent of final average salary, for each year of service (maximum benefit of 100% of base salary plus worker's compensation). Benefits being paid to retired members are increased 1.5 percent per year beginning at age 62. For retirements after July 1, 1998, the annual increase may begin at age 55. At the member's death, the benefit is payable to the surviving spouse for the spouse's lifetime, provided the spouse does not remarry, or the member is not married, the accrued benefit at death is payable to any children until they reach age 16.

Police employees are required to contribute 8 percent of their base pay to the Fund. If a police officer leaves covered employment or dies before meeting the vesting requirements, accumulated employee contributions without interest thereon are refunded. The City is required to contribute the remaining amounts necessary to fund the benefits for its Police employees. Benefits and employee contributions are fixed by contract and may be amended by union negotiation. The

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued **June 30, 2007**

City's payroll for employees covered by the Police Benefit Fund for the year ended June 30, 2007 was approximately \$8,541,000.

Fire Benefit Fund

The City of Norwalk Fire Benefit Fund provides retirement benefits as well as death and disability benefits. Benefits vest after 10 years of service. Members who retire after age 48 with 20 years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 2.5 percent of final average salary, for each year of service (maximum benefit of 75% of final average salary). Benefits being paid to retired members are increased 1.5 percent per year beginning at age 62. For retirements after July 1, 1998, the annual increase may begin at age 55. At the member's death, the benefit is payable to the surviving spouse for the spouse's lifetime, provided the spouse does not remarry, or the benefit is payable to any children until they reach the age of 18.

Firefighters are required to contribute 8 percent of their base pay to the Fund. If a firefighter leaves covered employment or dies before meeting the vesting requirements, accumulated employee contributions without interest thereon are refunded. The City is required to contribute the remaining amounts necessary to fund the benefits for its firefighters. Benefits and employee contributions are fixed by contract and may be amended by union negotiation. The City's payroll for employees covered by the Fire Benefit Fund for the year ended June 30, 2007 was approximately \$8,375,000.

Employees' Pension Plan

The Norwalk City Employees' Pension Plan provides retirement benefits as well as death and disability benefits. Benefits vest after 5 years of service. Members who retire after age 55 with 10 years of services or after age 62 with 5 years of service are entitled to an annual retirement benefit, payable monthly for life (with 60 months guaranteed), in an amount equal to 2 percent of final average salary, for each year of service (maximum 35 years). Benefits being paid to retired members are increased 1.5 percent per year.

Members are required to contribute 3.75 percent of their base pay to the Plan. If a member leaves covered employment or dies before meeting the vesting requirements, accumulated employee contributions without interest thereon are refunded. The City is required to contribute the remaining amounts necessary to fund the benefits for its members. Benefits and employee contributions are fixed by contract and may be amended by union negotiation. The City's payroll for employees covered by the Employees' Pension Plan for the year ended June 30, 2007 was approximately \$33,335,000.

Food Service Employees' Pension Plan

The City of Norwalk Food Service Employees' Pension Plan provides retirement benefits as well as death benefits. Benefits vest after 5 years of service. Members who retire after age 55 with 10 years of service or after age 65 with 5 years of service are entitled to an annual retirement

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued **June 30, 2007**

benefit, payable monthly for life (with 60 months guaranteed), in an amount equal to 1.5 percent of final salary times years and months of credited service.

Food service employees are required to contribute 3.0 percent of their base pay to the Plan (maximum 30 years or age 70 with 5 years). If an employee leaves covered employment or dies before meeting the vesting requirements, accumulated employee contributions without interest thereon are refunded. The City is required to contribute the remaining amounts necessary to fund the benefits for its Food Service employees. Benefits and employee contributions are fixed by contract and may be amended by union negotiation. The City's payroll for employees covered by the Food Service Employees' Pension Plan for the year ended June 30, 2007 was approximately \$621,000.

Total Payroll

Total payroll for the City for the year ended June 30, 2007 was \$147,699,000 of which approximately \$50,872,000 was covered under various pension plans described above.

Connecticut State Teachers' Retirement System

The faculty and professional personnel of the Board of Education participate in a contributory defined benefit plan, established under Chapter 167a of the Connecticut General Statutes, which is administered by the Connecticut State Teachers' Retirement Board. A teacher is eligible to receive normal retirement benefits if he or she has attained age sixty and has accumulated twenty years of credited service in the public schools of Connecticut or has attained any age and has accumulated thirty-five years of credited service, at least twenty-five of which are service in the public schools of Connecticut. The State of Connecticut Teacher Retirement System is considered to be a part of the State of Connecticut financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports may be obtained in writing to the State of Connecticut, Office of the State Comptroller, 55 Elm Street, Hartford, Connecticut 06106.

Certain part-time and full-time certified teachers are eligible to participate in the plan and are required to contribute 7.25% of their annual earnings to the plan. The City 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 city basis.

In addition, the City has recognized revenues and expenditures for on-behalf payments for pension contributions paid directly to the Connecticut State Teachers' Retirement System by the State of Connecticut. Such on-behalf payments were approximately \$9,008,000, for the year ended June 30, 2007.

The City's annual pension cost and net pension obligation (asset) to the Plans for the year ended June 30, 2007 were as follows:

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2007

	Employees'	Police	Fire	Food Service
Annual required contribution	\$ 1,279,680	\$ 1,599,009	\$ 307,926	\$ 88,755
Interest on net pension obligation	55,429	74,338	-	(5,945)
Adjustment to annual required contribution	(47,449)	(63,635)	-	5,089
Annual pension cost	1,287,660	1,609,712	307,926	87,899
Contributions made	1,343,895	1,599,009	307,926	88,755
Increase (decrease) in net pension obligation (asset)	(56,235)	10,703	-	(856)
Net pension obligation (asset), beginning of year	671,871	901,067	-	(72,061)
Net pension obligation (asset), end of year	\$ 615,636	\$ 911,770	\$ -	\$ (72,917)

Three-Year Trend Information:

	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
<u>Employees' Pension Plan</u>			
June 30, 2005	\$ 908,728	109.5%	\$ 733,373
June 30, 2006	699,626	108.8%	671,871
June 30, 2007	1,287,660	104.4%	615,636
<u>Police Benefit Fund</u>			
June 30, 2005	\$ 864,314	100.4%	\$ 888,909
June 30, 2006	1,252,248	99.0%	901,067
June 30, 2007	1,609,712	99.3%	911,770
<u>Firemans Benefit</u>			
June 30, 2005	\$ -	100%	\$ -
June 30, 2006	-	100%	-
June 30, 2007	307,926	100%	-
<u>Food Service Plan</u>			
June 30, 2005	\$ 127,741	-	\$ 52,443
June 30, 2006	78,685	258.2%	(72,061)
June 30, 2007	87,899	101.0%	(72,917)

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2007

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended June 30,	Employees'		Police		Fire		Food Service	
	Annual Required Contribution	Percentage Contributed						
2007	\$ 1,279,680	105.0%	\$ 1,599,009	100.0%	\$ 307,926	100.0%	\$ 88,755	100.0%
2006	689,596	110.4%	1,240,000	100.0%	-	0.0%	77,967	260.6%
2005	911,816	109.1%	868,054	100.0%	-	0.0%	125,222	0%
2004	1,066,429	108.1%	896,104	100.0%	-	0.0%	130,611	97.3%
2003	1,066,429	10.1%	896,104	0%	-	0.0%	130,611	100.0%
2002	-	100.0%	-	100.0%	-	0.0%	65,194	100.0%

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Valuation of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded/ (Overfunded) AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
Police Benefit Fund						
07/01/01	\$ 69,796,055	N/A	N/A	N/A	N/A	N/A
07/01/02	69,133,242	64,633,704	(4,499,538)	107.0%	10,244,943	-43.9%
07/01/03	74,948,330	69,630,928	(5,317,402)	107.6%	N/A	N/A
07/01/04	76,806,221	78,823,046	2,016,825	97.4%	9,293,105	21.7%
07/01/05	76,869,181	83,468,237	6,599,056	92.1%	N/A	N/A
07/01/06	79,834,138	88,299,719	8,465,581	90.4%	8,540,939	99.1%
Firemen's Benefit Fund						
07/01/01	\$ 78,319,169	N/A	N/A	N/A	N/A	N/A
07/01/02	76,757,236	63,491,569	(13,265,667)	120.9%	7,486,142	-177.2%
07/01/03	82,059,876	66,595,816	(15,464,060)	123.2%	N/A	N/A
07/01/04	82,164,555	70,026,745	(12,137,810)	117.3%	7,685,894	(157.9)%
07/01/05	80,821,609	73,211,471	(7,610,138)	110.4%	N/A	N/A
07/01/06	82,627,288	77,092,528	(5,534,760)	107.2%	8,375,411	(66.1)%

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2007

SCHEDULE OF FUNDING PROGRESS, Continued

Actuarial Valuation Date	Actuarial Valuation of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded/ (Overfunded) AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
Employees' Pension Plan						
07/01/01	\$ 145,290,304	N/A	N/A	N/A	N/A	N/A
07/01/02	142,149,017	122,164,317	(19,984,700)	116.4%	31,025,022	64.4%
07/01/03	152,500,555	129,823,339	(22,677,216)	117.5%	N/A	N/A
07/01/04	153,970,435	134,895,112	(19,075,323)	114.1%	29,953,928	(63.7)%
07/01/05	152,687,018	141,633,432	(11,053,586)	107.8%	N/A	N/A
07/01/06	156,760,853	145,771,482	(10,989,371)	107.5%	33,335,431	(33.0)%
Food Service Employees' Pension Plan						
07/01/01	\$ 656,813	N/A	N/A	N/A	N/A	N/A
07/01/02	625,718	1,304,051	678,333	48.0%	637,681	106.4%
07/01/03	831,369	1,414,442	583,073	58.8%	N/A	N/A
07/01/04	967,991	1,417,698	449,707	68.3%	694,888	64.7%
07/01/05	977,739	1,546,526	568,787	63.2%	N/A	N/A
07/01/06	1,217,225	1,546,368	329,143	78.7%	620,707	53.0%

Additional information as of the latest actuarial valuations follows:

	Employees' Pension Plan	Police Benefit Fund	Firemens' Benefit Fund	Food Service Pension Plan
Valuation date	7/1/06	7/1/06	7/1/06	7/1/06
Actuarial cost method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization method	Level Percent	Level Percent	Level Percent	Level Percent
Remaining amortization period	22 years Closed	22 years Closed	22 years Closed	22 years Closed
Asset valuation method	Investment gains/losses recognized over 5 years			
Actuarial assumptions:				
Investment rate of return	8.25%	8.25%	8.25%	8.25%
Projected salary increases	4.0%	4.0%	4.0%	4.0%
Cost of living adjustments	1.5%	1.5%	1.5%	0.0%

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2007

SCHEDULE OF PLAN NET ASSETS
June 30, 2007

	Pension Plan Employees	Fire Benefit Fund	Police Benefit Fund	Food Service Employees' Fund	Total
ASSETS					
Cash and cash equivalents	\$ 22,842,422	\$ 12,095,018	\$ 11,765,042	\$ 183,777	\$ 46,886,259
Investments, at fair value:					
U.S. Government Agency	14,315,656	7,549,048	7,332,551	117,125	29,314,380
Corporate Bonds	22,661,272	11,949,927	11,607,218	185,406	46,403,823
Common and Preferred					
Equities	92,692,449	48,879,342	47,477,545	758,377	189,807,713
Mutual Funds	40,443,849	21,327,181	20,715,545	330,897	82,817,472
Security lending transactions	16,508,201	8,703,648	8,453,524	135,202	33,800,575
Total assets	209,463,849	110,504,164	107,351,425	1,710,784	429,030,222
LIABILITIES					
Security lending transactions	16,508,201	8,703,648	8,453,524	135,202	33,800,575
Total liabilities	16,508,201	8,703,648	8,453,524	135,202	33,800,575
Net Assets Held in Trust for					
Pension Benefits	\$ 192,955,648	\$ 101,800,516	\$ 98,897,901	\$ 1,575,582	\$ 395,229,647

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2007

SCHEDULE OF CHANGES IN PLAN NET ASSETS
Year Ended June 30, 2007

	Pension Plan Employees	Fire Benefit Fund	Police Benefit Fund	Food Service Employees' Fund	Total Pension Trust Funds
Addition					
Contributions					
Employer	\$ 1,343,895	\$ 307,926	\$ 1,599,009	\$ 88,755	\$ 3,339,585
Plan members	1,242,259	575,417	625,563	18,681	2,461,920
Total contributions	2,586,154	883,343	2,224,572	107,436	5,801,505
Investment Income					
Interest and dividends	4,449,596	2,346,448	2,273,501	35,019	9,104,564
Net appreciation in fair value of investments	27,011,641	14,223,596	13,790,374	212,431	55,238,042
Less investment expense	(141,561)	(74,692)	(71,774)	(945)	(288,972)
Net investment income	31,319,676	16,495,352	15,992,101	246,505	64,053,634
Securities lending transaction income	652,145	343,832	333,951	5,341	1,335,269
Securities lending transaction expense	(600,945)	(316,837)	(307,732)	(4,922)	(1,230,436)
Total net investment income	51,200	26,995	26,219	419	104,833
Total additions	33,957,030	17,405,690	18,242,892	354,360	69,959,972
Deductions					
Benefits paid	8,461,536	3,972,897	4,676,609	61,044	17,172,086
General and administrative	80,705	36,323	46,070	4,881	167,979
Total deductions	8,542,241	4,009,220	4,722,679	65,925	17,340,065
Net increase	25,414,789	13,396,470	13,520,213	288,435	52,619,907
Net Assets Held in Trust for					
Pension Benefits					
Beginning of year	167,540,859	88,404,046	85,377,688	1,287,147	342,609,740
End of year	\$ 192,955,648	\$ 101,800,516	\$ 98,897,901	\$ 1,575,582	\$ 395,229,647

Securities Lending Transactions

State statutes and the City of Norwalk Pension Board (the "Board"), on behalf of the Plans, has authorized the Plans to enter into agreements with The Northern Trust Company ("Northern Trust") for the lending of the Plans' securities for predetermined times and fees, for collateral that may include cash, U.S. government securities and irrevocable letters of credit.

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2007

During the year ended June 30, 2007, Northern Trust loaned securities held by Northern Trust, as a custodian, and received United States dollar cash and U.S. securities as collateral. Northern Trust did not have the ability to pledge or sell collateral securities absent a borrower default. Borrowers were required to put up collateral for each loan equal to: (i) in the case of loaned securities denominated in United States dollars or whose primary trading value was in the United States, 102 percent of the fair market value of the loaned securities; and (ii) in the case of loaned securities not denominated in United States dollars or whose primary trading market was not in the United States, 105 percent of the fair market value of the loaned securities. The market value held and market value of securities on loan for the Plans as of June 30, 2007 were \$32,923,783 and \$33,800,575, as follows:

Collateral Type	Market Value	Collateral	Collateral
	June 30, 2007	Value June 30, 2007	
Cash	\$ 31,657,195	\$ 32,496,977	103%
Non-cash	1,266,588	1,303,598	103%
	<u>\$ 32,923,783</u>	<u>\$ 33,800,575</u>	

The Board did not impose any restrictions during the year on the amount of loans that Northern Trust made on their behalf. There were no failures by any borrowers to return the loaned securities or pay distributions thereon during the year. Moreover, there were no losses during the year resulting from a default of the borrowers or Northern Trust. Northern Trust is contractually obligated to indemnify the Plans for a borrower's failure to return the securities or make the distributions as a result of Northern Trust's failure to make a reasoned determination of creditworthiness of the borrower, its failure to demand adequate and appropriate collateral on a prompt and timely basis, or its failure to perform its duties and responsibilities under the agreement and applicable law.

Cash collateral has been placed in investments that generally match the maturities of the secured loans. The Plans do not have any credit risk on the securities lending transactions as of June 30, 2007.

Note 11. Other Postemployment Benefits

In accordance with various collective bargaining agreements, the City also provides postretirement health care benefits to some employees who retire from the City. Currently, 648 retirees meet these eligibility requirements. Expenditures for post retirement health care benefits are recognized and funded on a pay-as-you-go basis and approximated \$6,295,000 for the year ended June 30, 2007 (see Note 13).

GASB Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits other Than Pensions," issued June 2004, will be effective for the City beginning with its year ending June 30, 2008. In preparation for the implementation of GASB 45, the City obtained an actuarial valuation to determine the benefit obligations of the City and

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2007

the Board of Education. As of July 1, 2006, based on various actuarial assumptions, the City's estimated unfunded liability is \$152,700,000.

Note 12. Risk Management

The City is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions for public officials and law enforcement; medical malpractice for the health department's physicians; injuries to employees; and natural disasters. The City purchases commercial property boiler and machinery insurance for losses in excess of \$50,000 to the City's real estate, third party liability insurance up to \$12,000,000 for claims above a \$500,000 self-insured retention. The City and the Board of Education is self-insured for its medical, dental, workers' compensation and heart and hypertension. The City has opted to manage certain of its risks internally and has set aside assets for claim settlement in its Internal Service Fund. The Internal Service Fund services employee health, workers' compensation, general and automobile liability claims for risk of loss.

All departments of the City participate in the program and make payments to the Internal Service Fund based on estimates of the amount needed to provide for normal occurrence of claims.

Board of Education employees are covered under two health plans for which the Board of Education pays minimum premiums to plan administrators. Both these plans have been determined to be self-insured. Amounts are paid from the General Fund each year to the Internal Service Fund based upon historical cost information adjusted over a reasonable period of time so that Internal Service Fund revenues and expenses are approximately equal. The plan administrators process claims for payment on behalf of the Fund. All other City employees are covered under the City health plan. The General Fund is charged an amount for the City plan each fiscal year by the Internal Service Fund based upon historical cost information adjusted over a reasonable period of time so that Internal Service Fund revenues and expenses are approximately equal. The Internal Service Fund the uses these funds to settle all claims.

Claims and expenses and liabilities are reported when it is probable that a liability has been incurred at the date of the financial statements and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Because actual claims liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards, the process used in computing claims liability does not necessarily result in an exact amount.

The City is a defendant in a significant number of lawsuits. At June 30, 2007, approximately \$1,227,000 represents losses for which the lowest amount in a range of probable losses has been included in accrued claims because no amount within that range is a better estimate of loss.

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2007

Changes in the balances of claim liabilities during the past years are as follows:

Fiscal Year Ended	Claims Payable July 1	Claims and Changes in Estimates	Claims Paid	Claims Payable June 30
2006	\$ 12,114,971	\$ 51,116,259	\$ 47,735,220	\$ 15,496,010
2007	\$ 15,496,010	\$ 45,983,272	\$ 45,861,040	\$ 15,618,242

At June 30, 2007, \$8,027,000 is expected to be paid from current resources in the internal service fund recorded as claims incurred but not reported on the statement of net assets, and \$7,590,000 is recorded as a noncurrent liability on the statement of net assets.

Note 13. Pronouncements Issued, Not Yet Effective

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2007 that have effective dates that may impact future financial presentations.

Other than GASB Statement No. 45 (see Note 11), management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements:

- GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, issued June 2004, will be effective for the City beginning with its year beginning after June 30, 2008. This Statement establishes standards for the measurement, recognition and display of other postemployment benefits expenses and related liabilities or assets, note disclosures and, if applicable, required supplementary information in the financial reports (see Note 11).
- Statement No. 48, "Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues," issued September 2006, is effective for periods beginning after December 15, 2006. This Statement establishes accounting and financial reporting standards for transactions in which a government receives, or is entitled to, resources in exchange for future cash flows generated by collecting specific receivables or specific future revenues. It also provides disclosure requirements for a government that pledges or commits future cash flows from a specific revenue source. In addition, this Statement establishes accounting and financial reporting standards for intra-entity transfers of assets and future revenues.
- GASB Statement No. 49, "Accounting and Financial Reporting for Pollution Remediation Obligations," issued December 1, 2006, will be effective for the City beginning with its fiscal year June 30, 2008, but the liability should be measured at July 1, 2007 so that beginning net assets can be restated. This Statement identifies the circumstances under which a government would have to estimate its expected outlays for

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2007

pollution remediation if it knows a site is polluted, if the pollution poses an imminent danger to the public or the environment, if the government has violated a pollution prevention permit or license, if the government has been named as a responsible party for cleaning up the pollution, if the government began to clean up the pollution, and if the government is named in a lawsuit. In addition, it provides disclosure information about their pollution obligations associated with clean-up efforts.

- GASB Statement No. 50, "Pension Disclosures - an Amendment of GASB Statements No. 25 and No. 27," issued May, 2007. This Statement more closely aligns the financial reporting requirements for pensions with those for other post-employment benefits (OPEB) and, in doing so, enhances information disclosed in notes to financial statements or presented as required supplementary information (RSI) by pension plans and by employers that provide pension benefits. The reporting changes required by the Statement amend applicable note disclosure and RSI requirements of Statements No. 25, "Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans," and No. 27, "Accounting for Pensions by State and Local Governmental Employers," to conform with requirements of Statements No. 43, "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans," and No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions." This Statement is effective for period beginning after June 15, 2007, except for requirements related to the use of the entry age actuarial cost method for the purpose of reporting a surrogate funded status and funding progress of plans that use the aggregate actuarial cost method, which are effective for periods for which the financial statements and RSI contain information resulting from actuarial valuations as of June 15, 2007, or later.
- GASB Statement No. 51, "Accounting and Financial Reporting for Intangible Assets," issued June, 2007. Governments possess many different types of assets that may be considered intangible assets, including easements, water rights, timber rights, patents, trademarks, and computer software. Intangible assets, and more specifically easements, are referred to in the description of capital assets in Statement No. 34, "Basic Financial Statements - and Management's Discussion and analysis - for State and Local Governments." This reference has created questions as to whether and when intangible assets should be considered capital assets for financial reporting purposes. An absence of sufficiently specific authoritative guidance that addresses these questions has resulted in inconsistencies in the accounting and financial reporting of intangible assets among state and local governments, particularly in the areas of recognition, initial measurement, and amortization. The objective of this Statement is to establish accounting and financial reporting requirements for intangible assets to reduce these inconsistencies, thereby enhancing the comparability of the accounting and financial reporting of such assets among state and local governments. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2009.

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**SUPPLEMENTARY AND COMBINING
FUND STATEMENTS AND SCHEDULES**

General Fund

General Fund

The General Fund is used to account for resources traditionally associated with government which are not required legally or by sound financial management to be accounted for in another fund.

CITY OF NORWALK, CONNECTICUT

**SCHEDULE OF GENERAL FUND REVENUES - BUDGETARY BASIS -
BUDGET AND ACTUAL**

For the Year Ended June 30, 2007

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
TAXES, INTEREST AND LIEN FEES				
Current	\$ 213,878,139	\$ 213,878,139	\$ 214,159,690	\$ 281,551
Interest and liens	1,286,700	1,286,700	1,509,630	222,930
Total taxes, interest and lien fees	215,164,839	215,164,839	215,669,320	504,481
INTERGOVERNMENTAL				
State grants in aid - general	7,552,511	7,572,913	7,646,552	73,639
State grants in aid - Board of Education	9,622,504	9,622,504	9,531,688	(90,816)
Other grants	175,000	175,000	190,715	15,715
Total intergovernmental	17,350,015	17,370,417	17,368,955	(1,462)
LICENSES, PERMITS, FEES AND OTHER				
Building inspections and permits	2,438,500	2,438,500	2,635,036	196,536
Health Department inspection fees	257,000	257,000	273,643	16,643
Police Department permits	3,870	3,870	1,910	(1,960)
Public Works licenses, permits and service charges	214,384	214,384	272,818	58,434
Planning and zoning permits	197,225	197,225	154,623	(42,602)
Town Clerk fees and permits	5,620,650	5,620,650	7,171,905	1,551,255
Police Department service charges	250,350	256,973	265,869	8,896
Other service charges and fees	1,995,280	1,995,280	2,030,539	35,259
Rental income	300,815	300,815	282,727	(18,088)
Recreation and Parks Commission	755,400	755,400	720,573	(34,827)
Health Department nursing fees	300,500	300,500	328,930	28,430
Total licenses, permits, fees and other	12,333,974	12,340,597	14,138,573	1,797,976
INTEREST				
Interest on investments	3,500,000	3,500,000	5,395,972	1,895,972
Use of fund balance	1,500,000	1,500,000	-	(1,500,000)
Total interest	5,000,000	5,000,000	5,395,972	395,972
Total	\$ 249,848,828	\$ 249,875,853	\$ 252,572,820	\$ 2,696,967

CITY OF NORWALK, CONNECTICUT

**SCHEDULE OF GENERAL FUND EXPENDITURES, ENCUMBRANCES AND TRANSFERS OUT - BUDGETARY BASIS - BUDGET AND ACTUAL
For the Year Ended June 30, 2007**

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
GENERAL GOVERNMENT				
Mayor	\$ 281,690	\$ 238,859	\$ 190,392	48,467
City Clerk	327,668	371,503	336,086	35,417
Town Clerk	535,429	539,285	497,347	41,938
Legislative	15,386	16,636	14,226	2,410
Legal	726,088	679,742	573,674	106,068
Data Processing	1,065,300	1,102,090	1,056,196	45,894
Personnel & Labor Relations	462,304	597,105	550,721	46,384
Human Relations & Fair Rent	200,690	209,042	172,203	36,839
Youth Services	287,858	289,965	286,395	3,570
Registrar of Voters	259,809	309,409	302,039	7,370
Finance Director	210,303	232,651	232,221	430
Tax Assessor	817,062	1,881,747	1,805,670	76,077
Tax Collector	724,605	729,426	638,264	91,162
Accounting and Treasury	553,077	559,430	535,434	23,996
Management and budgets	312,171	302,752	236,304	66,448
Purchasing	242,395	238,969	227,812	11,157
Central Services	175,585	181,565	146,646	34,919
Total general government	7,197,420	8,480,176	7,801,630	678,546
HEALTH AND WELFARE	2,105,138	2,152,815	2,085,378	67,437
COMMUNITY GRANTS				
NEON	358,402	358,402	358,402	-
Transit District	435,655	435,655	435,655	-
Probate Court	31,434	31,434	31,434	-
Elder House	2,500	2,500	1,100	1,400
Senior Center	278,291	278,291	278,291	-
Sexual Assault Crisis Center	9,134	9,134	9,134	-
CT Counseling Centers	1,500	1,500	1,500	-
Harbor Commission	7,747	7,747	7,747	-
Housing Site Development Agency	68,690	68,690	68,690	-
Redevelopment Agency	132,468	132,468	130,424	2,044
Mayor's Commission on Hispanic Affairs	-	77,480	77,480	-
Mid-Fairfield Guidance Center	11,500	11,500	11,500	-
Neighborhood Improvement	32,592	32,592	32,592	-

(Continued)

CITY OF NORWALK, CONNECTICUT

SCHEDULE OF GENERAL FUND EXPENDITURES, ENCUMBRANCES AND TRANSFERS OUT - BUDGETARY BASIS - BUDGET AND ACTUAL, Continued
For the Year Ended June 30, 2007

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
COMMUNITY GRANTS, Continued				
Americare Free Clinic	10,000	10,000	10,000	-
Human Services Council	12,271	12,271	12,271	-
NEON Summer Camp	131,139	131,139	131,139	-
NEON Headstart	890,347	890,347	890,347	-
Domestic Violence Center	3,000	3,000	3,000	-
Family & Children's Aid	33,861	33,861	33,861	-
SW CT Mental Health Bd	14,628	14,628	14,628	-
School Based Health Centers	16,390	16,390	16,390	-
Summer Youth Employment	12,000	12,000	12,000	-
Children's Connection	75,000	75,000	75,000	-
Other	141,514	141,514	141,514	-
Total community grants	2,710,063	2,787,543	2,784,099	3,444
EMPLOYEE BENEFITS				
Insurance	16,571,988	16,571,988	16,571,988	-
Social Security	1,875,495	1,934,835	1,931,705	3,130
Worker's Compensation	448,892	448,892	448,892	-
Unemployment Compensation	60,000	60,000	50,091	9,909
Special Pensions	1,800	1,800	-	1,800
Police Pension	1,599,009	1,599,009	1,599,009	-
Fire Pension	307,926	307,926	307,926	-
City Pension	1,308,869	1,308,869	1,285,087	23,782
Total employee benefits	22,173,979	22,233,319	22,194,698	38,621
PROTECTION OF PERSONS AND PROPERTY				
Police Department	16,548,693	17,485,024	17,215,627	269,397
Fire Department	13,411,054	13,554,507	13,389,819	164,688
Planning and Zoning	921,931	1,020,339	885,148	135,191
Building Inspector	571,052	596,085	581,183	14,902
Dispatch and Emergency Mgmt Plan	1,822,385	1,860,706	1,816,445	44,261
Total protection of persons and property	33,275,115	34,516,661	33,888,222	628,439
PUBLIC WORKS				
Public Works	15,827,708	16,261,528	15,730,178	531,350

(Continued)

CITY OF NORWALK, CONNECTICUT

**SCHEDULE OF GENERAL FUND EXPENDITURES, ENCUMBRANCES AND
TRANSFERS OUT - BUDGETARY BASIS - BUDGET AND ACTUAL, Continued
For the Year Ended June 30, 2007**

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
EDUCATION				
Public Schools	136,373,394	137,175,317	136,961,257	214,060
RECREATION, ARTS AND CULTURE				
Recreation and Parks	3,477,740	3,572,388	3,495,651	76,737
Library	3,264,417	3,356,670	3,312,910	43,760
Historical Commission	243,075	244,981	226,426	18,555
Total recreations, arts and culture	6,985,232	7,174,039	7,034,987	139,052
CONTINGENCY	2,395,445	1,174,116	-	1,174,116
DEBT SERVICE	20,728,100	20,728,101	20,728,101	-
ORGANIZATIONAL MEMBERSHIPS	77,234	77,435	77,435	-
Total	\$ 249,848,828	\$ 252,761,050	\$ 249,285,985	\$ 3,475,065

Governmental Funds

Nonmajor Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Maritime Center Fund - This fund is used to account for revenue which is received from the Maritime Center at Norwalk, Inc., and expenditures which are restricted for Maritime Center use.

School Lunch Fund - This fund is used to account for the revenues and expenditures of the school program. Revenues consist of sales of food, federal and state government subsidies, and donations.

C.D.B.G. Fund - This fund is used to account for the revenues and expenditures under the Federal Community Development Block Grant Program.

Board of Education Grants - This fund is used to account for grants received for educational purposes

Health Care Grants - This fund is used to account for grants received for Health Care purposes.

Other Programs Fund - This fund is used to account for educational related and grant activities.

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CITY OF NORWALK, CONNECTICUT

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2007**

	Special Revenue			
	Maritime Center Authority	School Lunch	Community Development Block Grant	Board of Education Grants
ASSETS				
Cash and cash equivalents	\$ 8,992	\$ -	\$ 2,637	\$ 1,331,918
Investments	-	-	-	417,303
Intergovernmental receivables	-	238,600	-	338,775
Other receivables	-	17,247	-	152,542
Inventories	-	34,897	-	-
Total assets	\$ 8,992	\$ 290,744	\$ 2,637	\$ 2,240,538
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable and accrued liabilities	\$ -	\$ 440,755	\$ -	\$ 923,359
Unearned revenue	-	-	-	1,317,054
Total liabilities	-	440,755	-	2,240,413
Fund Balances (Deficits)				
Unreserved, undesignated	8,992	(150,011)	2,637	125
Total fund balances (deficits)	8,992	(150,011)	2,637	125
Total liabilities and fund balances	\$ 8,992	\$ 290,744	\$ 2,637	\$ 2,240,538

Special Revenue

	Healthcare Grants	Other Programs	Totals
\$	225,782	\$ 1,930,540	\$ 3,499,869
	-	809,315	1,226,618
	397,818	334,536	1,309,729
	7,408	13,426	190,623
	-	-	34,897
<u>\$</u>	<u>631,008</u>	<u>\$ 3,087,817</u>	<u>\$ 6,261,736</u>

\$	306,020	\$ 1,890,527	\$ 3,560,661
	323,692	-	1,640,746
	<u>629,712</u>	<u>1,890,527</u>	<u>5,201,407</u>

	1,296	1,197,290	1,060,329
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	1,296	1,197,290	1,060,329
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<u>\$</u>	<u>631,008</u>	<u>\$ 3,087,817</u>	<u>\$ 6,261,736</u>
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CITY OF NORWALK, CONNECTICUT

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES (DEFICITS) - NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2007**

	Special Revenue			
	Maritime Center Authority	School Lunch	Community Development Block Grant	Board of Education Grants
REVENUES				
Intergovernmental	\$ -	\$ 1,383,948	\$ 772,242	\$ 14,805,405
Licenses, permits, fees and other	8,905,000	1,528,516	-	-
Interest	-	-	-	-
Total revenues	8,905,000	2,912,464	772,242	14,805,405
EXPENDITURES				
Education	-	3,059,019	-	14,805,405
Maritime Center subsidy	8,905,000	-	-	-
Health and welfare	-	-	-	-
General government	-	-	-	-
Public works	-	-	-	-
Public safety	-	-	-	-
Recreation	-	-	-	-
Community grants	-	-	772,242	-
Total expenditures	8,905,000	3,059,019	772,242	14,805,405
Changes in fund balance	-	(146,555)	-	-
FUND BALANCE (DEFICITS), beginning	8,992	(3,456)	2,637	125
FUND BALANCE (DEFICITS), ending	\$ 8,992	\$ (150,011)	\$ 2,637	\$ 125

Special Revenue

	Healthcare Grants	Other Programs	Totals
\$	1,415,671	\$ -	\$ 18,377,266
	-	1,383,272	11,816,788
	1,032	-	1,032
	<u>1,416,703</u>	<u>1,383,272</u>	<u>30,195,086</u>
	-	122,079	17,986,503
	-	-	8,905,000
	1,416,703	530	1,417,233
	-	644,090	644,090
	-	249,776	249,776
	-	6,936	6,936
	-	285,434	285,434
	-	40,847	813,089
	<u>1,416,703</u>	<u>1,349,692</u>	<u>30,308,061</u>
	-	33,580	(112,975)
	<u>1,296</u>	<u>1,163,710</u>	<u>1,173,304</u>
\$	<u>1,296</u>	<u>\$ 1,197,290</u>	<u>\$ 1,060,329</u>

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Internal Service Funds

Internal Service Funds

Internal service funds are used to account for various services provided by the City for various funds.

Insurance Fund - this fund is used to account for medical, property and casualty and workers compensation.

Fleet Maintenance - this fund is used to account for vehicle maintenance and vehicle fuel used by the City.

CITY OF NORWALK, CONNECTICUT

**COMBINING STATEMENT OF NET ASSETS -
INTERNAL SERVICE FUNDS**

June 30, 2007

	Insurance Fund	Fleet Maintenance	Totals
ASSETS			
Current assets:			
Cash	\$ 12,239,280	\$ 126,150	\$ 12,365,430
Investments	7,527,107	46,367	7,573,474
Receivables	17,582	17,618	35,200
Total assets	19,783,969	190,135	19,974,104
LIABILITIES			
Accounts payable	150,615	176,078	326,693
Accrued medical and workers' compensation	15,612,981	5,261	15,618,242
Total liabilities	15,763,596	181,339	15,944,935
NET ASSETS			
Unrestricted	4,020,373	8,796	4,029,169
Total net assets	\$ 4,020,373	\$ 8,796	\$ 4,029,169

CITY OF NORWALK, CONNECTICUT

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET ASSETS (DEFICITS) - NONMAJOR INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2007**

	Insurance Fund	Fleet Maintenance	Totals
OPERATING REVENUES			
City and member's contributions	\$ 46,272,725	\$ 1,702,211	\$ 47,974,936
Total operating revenues	<u>46,272,725</u>	<u>1,702,211</u>	<u>47,974,936</u>
OPERATING EXPENSES			
Administrative costs	397,000	4,250	401,250
Program expenditures	43,777,340	1,682,450	45,459,790
Total operating expenses	<u>44,174,340</u>	<u>1,686,700</u>	<u>45,861,040</u>
Operating income	<u>2,098,385</u>	<u>15,511</u>	<u>2,113,896</u>
NONOPERATING INCOME			
Investment income	715,364	-	715,364
Total nonoperating income	<u>715,364</u>	<u>-</u>	<u>715,364</u>
Net income	2,813,749	15,511	2,829,260
FUND NET ASSETS (DEFICITS), beginning	<u>1,206,624</u>	<u>(6,715)</u>	<u>1,199,909</u>
FUND NET ASSETS, ending	<u>\$ 4,020,373</u>	<u>\$ 8,796</u>	<u>\$ 4,029,169</u>

CITY OF NORWALK, CONNECTICUT

COMBINING STATEMENT OF CASH FLOWS - NONMAJOR INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2007

	Insurance Fund	Fleet Maintenance	Totals
Cash Flows From Operating Activities			
Receipts from customers and users	\$ 46,276,422	\$ 1,702,060	\$ 47,978,482
Payments for benefits	(44,184,514)	(1,552,262)	(45,736,776)
Net cash provided by operating activities	2,091,908	149,798	2,241,706
Cash Flows From Investing Activities			
Sale (purchase) of investments	1,549,380	(40,353)	1,509,027
Interest received on investments	715,364	-	715,364
Net cash provided by (used in) investing activities	2,264,744	(40,353)	2,224,391
Net increase in cash and cash equivalents	4,356,652	109,445	4,466,097
Cash and Cash Equivalents			
Beginning	7,882,628	16,705	7,899,333
Ending	\$ 12,239,280	\$ 126,150	\$ 12,365,430
Reconciliation of Operating income to Net Cash Provided by Operating Activities			
Operating income	\$ 2,098,385	\$ 15,511	\$ 2,113,896
Adjustments to reconcile operating income to net cash provided by operating activities:			
Changes in assets and liabilities:			
Decrease in accounts receivable	3,697	(151)	3,546
(Decrease) increase in accrued expenses/accounts payable	(10,174)	134,438	124,264
Net cash provided by operating activities	\$ 2,091,908	\$ 149,798	\$ 2,241,706

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Fiduciary Funds

Fiduciary Funds

Agency Funds:

Student Activity Fund - This fund is used to account for the monies generated by student activities in the Norwalk Public School System.

Housing Site Development Fund - This fund is used for donations received from private developers, which are restricted to moderate income housing levels.

City Hall Mural Restoration - This fund is used to account for private donations received to be used for mural restoration.

Sixth Taxing District - This fund is used to account for taxes collected for the benefit of the Sixth Taxing District.

Detention Facility Escrow - This fund is used to account for private donations to maintain drainage facilities.

Roosevelt Deposit - This fund is used to account for assets held for maintenance of Roosevelt School facility.

Sewer Escrow - This fund is used to account for private donations to maintain sewer lines.

CITY OF NORWALK, CONECTICUT

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
AGENCY FUNDS
For the Year Ended June 30, 2007**

	Balance July 1, 2006	Additions	Deletions	Balance June 30, 2007
STUDENT ACTIVITY FUND				
Assets				
Cash and cash equivalents	\$ 1,026,718	\$ 2,201,131	\$ 2,106,821	\$ 1,121,028
Liabilities				
Other liabilities	\$ 1,026,718	\$ 2,201,131	\$ 2,106,821	\$ 1,121,028
HOUSING SITE DEVELOPMENT				
Assets				
Cash and cash equivalents	\$ 332,678	\$ 17,134	\$ -	\$ 349,812
Liabilities				
Other liabilities	\$ 332,678	\$ 17,134	\$ -	\$ 349,812
SIXTH DISTRICT				
Assets				
Cash and cash equivalents	\$ 2,787	\$ 1,068,872	\$ 1,075,480	\$ (3,821)
Liabilities				
Other liabilities	\$ 2,787	\$ 1,068,872	\$ 1,075,480	\$ (3,821)
CITY HALL MURAL RESTORATION				
Assets				
Cash and cash equivalents	\$ 1,777	\$ 92	\$ -	\$ 1,869
Liabilities				
Other liabilities	\$ 1,777	\$ 92	\$ -	\$ 1,869
DETENTION FACILITY ESCROW				
Assets				
Cash and cash equivalents	\$ 4,844	\$ 249	\$ -	\$ 5,093
Liabilities				
Other liabilities	\$ 4,844	\$ 249	\$ -	\$ 5,093
ROOSEVELT DEPOSIT				
Assets				
Cash and cash equivalents	\$ 17,502	\$ 901	\$ -	\$ 18,403
Liabilities				
Other liabilities	\$ 17,502	\$ 901	\$ -	\$ 18,403

CITY OF NORWALK, CONECTICUT

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
 AGENCY FUNDS, Continued
 For the Year Ended June 30, 2007**

	Balance July 1, 2006	Additions	Deletions	Balance June 30, 2007
SEWER ESCROW				
Assets				
Cash and cash equivalents	\$ 157,400	\$ 15,334	\$ -	\$ 172,734
Liabilities				
Other liabilities	\$ 157,400	\$ 15,334	\$ -	\$ 172,734
Total Assets	\$ 1,543,706	\$ 3,303,713	\$ 3,182,301	\$ 1,665,118
Total Liabilities	\$ 1,543,706	\$ 3,303,713	\$ 3,182,301	\$ 1,665,118

**Capital Assets Used in the Operation
of Governmental Funds**

CITY OF NORWALK, CONNECTICUT

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS,
NET OF ACCUMULATED DEPRECIATION**

June 30, 2007

Governmental funds capital assets:

Land	\$ 21,905,400
Buildings and improvements	178,158,532
Land improvements	2,377,540
Machinery and equipment	5,251,517
Infrastructure	128,775,257
Construction in progress	61,908,080
Total governmental funds capital assets	<u>\$ 398,376,326</u>

Investments in governmental funds capital assets:

Assets put into service prior to July 1, 2007	
Total governmental funds capital assets	<u>\$ 398,376,326</u>

CITY OF NORWALK, CONNECTICUT

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS -
SCHEDULE BY FUNCTION AND ACTIVITY - NET OF DEPRECIATION**

June 30, 2007

	Land	Construction in Progress	Land Improvements	Machinery and Equipment	Infrastructure	Buildings and Improvements	Total
General Government	\$ -	\$ -	\$ -	\$ 116,969	\$ -	\$ -	\$ 116,969
Board of Education	4,167,400	44,933,038	1,773,249	479,006	-	128,446,898	179,799,591
Public Works	333,500	9,489,007	175,781	1,665,324	124,507,550	15,701,044	151,872,206
Health & Welfare	-	12,870	-	85,526	-	237,602	335,998
Recreation, Arts and Culture	17,404,500	710,317	421,022	473,168	4,267,707	8,610,961	31,887,675
Public Safety	-	241,187	7,488	2,431,524	-	25,162,027	27,842,226
Community Grants	-	6,521,661	-	-	-	-	6,521,661
	<u>\$ 21,905,400</u>	<u>\$ 61,908,080</u>	<u>\$ 2,377,540</u>	<u>\$ 5,251,517</u>	<u>\$ 128,775,257</u>	<u>\$ 178,158,532</u>	<u>\$ 398,376,326</u>

Other Schedules

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CITY OF NORWALK, CONNECTICUT

**SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING
GENERAL FUND**

For the Year Ended June 30, 2007

Grand List Year	Taxes Receivable July 1, 2006	Current Levy	Lawful Corrections		
			Additions	Deletions	Abatement
2005	\$ -	\$ 216,974,324	\$ 572,087	\$ 102,114	\$ 1,202,594
2004	3,089,519	-	246,952	107,860	(18,073)
2003	865,590	-	96,514	236,785	(12,356)
2002	384,130	-	56,464	396,734	83,506
2001	(151,529)	-	114,484	43,422	93,238
2000	(196,563)	-	92,675	19,674	71,791
1999	(184,059)	-	9,368	7,046	(281)
1998	13,315	-	11,506	5,795	(616)
1997	10,065	-	5,537	3,647	(394)
1996	8,204	-	4,272	4,753	(965)
1995	5,464	-	5,284	4,488	(403)
1994	1,931	-	3,021	1,975	-
1993	1,201	-	2,865	1,795	-
1992	877	-	2,500	2,111	(199)
1991	713	-	1,718	1,122	-
	<u>\$ 3,848,858</u>	<u>\$ 216,974,324</u>	<u>\$ 1,225,247</u>	<u>\$ 939,321</u>	<u>\$ 1,417,842</u>

Balance to be Collected	Collections				Total	Overpayment	Taxes Receivable June 30, 2007
	Taxes	Interest	Fees				
\$ 216,241,703	\$213,174,081	\$ 670,721	\$ 5,112	\$ 213,849,914	\$ 535,520	\$ 3,603,142	
3,246,684	2,072,029	378,003	11,250	2,461,282	369,731	1,544,386	
737,675	420,711	108,780	1,872	531,363	314,671	631,635	
(39,646)	116,888	80,037	504	197,429	291,371	134,837	
(173,705)	58,255	39,630	168	98,053	276,371	44,411	
(195,353)	29,704	24,463	48	54,215	242,218	17,161	
(181,456)	7,764	13,727	-	21,491	204,033	14,813	
19,642	14,591	16,992	-	31,583	4,726	9,777	
12,349	8,511	13,818	-	22,329	3,192	7,030	
8,688	5,013	7,371	-	12,384	2,898	6,573	
6,663	4,929	8,173	-	13,102	1,691	3,425	
2,977	2,408	5,018	-	7,426	1,045	1,614	
2,271	1,996	4,065	-	6,061	601	876	
1,465	1,465	4,996	-	6,461	-	-	
1,309	1,309	3,344	-	4,653	-	-	
<u>\$ 219,691,266</u>	<u>\$215,919,654</u>	<u>\$ 1,379,138</u>	<u>\$ 18,954</u>	<u>\$217,317,746</u>	<u>\$ 2,248,068</u>	<u>\$ 6,019,680</u>	

CITY OF NORWALK, CONNECTICUT

SCHEDULE OF CAPITAL PROJECT FUND TAX COLLECTORS

ACTIVITY - SEWER ASSESSMENT

For the Year Ended June 30, 2007

Grand List Year	Uncollected Sewer Assessments July 1, 2006	Current Assessment	Lawful Corrections		Assessments Collected
			Additions	Deletions	
1997-1998	\$ 1,608	\$ -	\$ -	\$ -	\$ 893
1999-2000	32,157	-	-	-	14,888
2000-2001	8,929	-	-	-	2,976
2001-2002	150,988	-	-	-	39,039
2002-2003	-	134,139	-	-	21,326
	<u>\$ 193,682</u>	<u>\$ 134,139</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 79,122</u>

Interest	Liens	Total Collected	Taxes Receivable June 30, 2007
\$ 523	\$ 24	\$ 1,440	\$ 715
1,221	24	16,133	17,269
392	-	3,368	5,953
10,415	96	49,550	111,949
-	-	21,326	112,813
<u>\$ 12,551</u>	<u>\$ 144</u>	<u>\$ 91,817</u>	<u>\$ 248,699</u>

CITY OF NORWALK, CONNECTICUT

SCHEDULE OF LONG-TERM BONDED DEBT

For the Year Ended June 30, 2007

Bonds	Bond Number	Issue Date	Interest Rate	Maturity Date	Original Amount
<u>GENERAL GOVERNMENT</u>					
City Capital Improvement Bonds	94	07/15/1997	4.65-4.80	1/15/2012*	\$ 7,400,001
	95	07/15/1998	4.25-6.00	1/15/2013*	9,207,175
	96	07/15/1999	4.40-6.00	1/15/2014*	17,935,000
	97	07/15/2000	4.875-5.00	1/15/2015*	11,571,000
	98	07/15/2001	4.00-5.00	1/15/2016*	13,578,000
	99	04/18/2002	4.00-5.00	10/1/2011	15,598,465
	102	07/15/2003	3.00-5.00	07/15/2023	40,029,993
	103	11/12/2003	2.00-4.00	07/15/2014	20,868,930
	104	03/24/2004	2.00-4.00	01/15/2016	10,829,850
	105	06/10/2004	3.00-5.00	08/01/2016*	19,431,861
	106	07/01/04	3.25-4.375	07/01/2018	38,673,000
	107	03/29/05	2.35-5.00	07/01/2024	22,600,110
	108	07/01/05	3.25-7.20	07/01/2025	21,650,000
	109	07/01/06	4.25-5.50	07/01/2026	23,260,000
Total City capital improvement bonds					
Maritime Center Project Bonds	-	11/15/86	6.95-7.20	2/1/2015	23,314,942

Amount Outstanding June 30, 2006		Additions	Payments/ Refunding	Amount Outstanding June 30, 2007
\$	580,001	\$ -	\$ (580,001)	\$ -
	1,405,850	-	(702,925)	702,925
	4,230,000	-	(1,410,000)	2,820,000
	2,871,000	-	(957,000)	1,914,000
	2,906,250	-	(837,000)	2,069,250
	8,769,064	-	(1,781,833)	6,987,231
	40,029,993	-	(2,476,198)	37,553,795
	20,658,455	-	(869,348)	19,789,107
	9,597,600	-	(13,950)	9,583,650
	10,627,021	-	(1,656,980)	8,970,041
	24,548,000	-	-	24,548,000
	21,983,777	-	(68,028)	21,915,749
	21,325,000	-	-	21,325,000
	-	23,260,000	-	23,260,000
	169,532,011	23,260,000	(11,353,263)	181,438,748
	2,332,966	-	(415,841)	1,917,125

CITY OF NORWALK, CONNECTICUT

SCHEDULE OF LONG-TERM BONDED DEBT, Continued
 For the Year Ended June 30, 2007

Bonds	Bond Number	Issue Date	Interest Rate	Maturity Date	Original Amount	
<u>ENTERPRISE FUNDS</u>						
Parking Authority	94	07/15/1997	4.55-4.80	1/15/2012*	99,999	
	95	07/15/1998	4.30-4.75	1/15/2013*	25,575	
	99	04/18/2002	4.00-5.00	10/1/2011	240,085	
Maritime Parking Garage	101	12/15/2002	4.00-5.00	12/15/2002*	9,110,000	
	102	07/15/2003	3.00-5.00	07/15/2023	553,000	
	103	11/12/2003	2.00-4.00	07/15/2014	111,670	
	106	07/01/04	3.25-4.375	07/01/2018	327,000	
	108	07/01/05	3.25-5.00	07/01/2025	327,000	
	109	07/01/06	4.25-5.50	07/01/2026	140,000	
Total Parking Authority						
Water Pollution Control Authority	95	07/15/1998	4.30-4.75	1/15/2013*	767,250	
	96	07/15/1999	4.40-6.00	1/15/2014*	1,065,000	
	97	07/15/2000	4.875-5.00	1/15/2015*	1,729,000	
	98	07/15/2001	4.00-4.75	1/15/2016*	1,022,000	
	99	04/18/02	4.00-5.00	10/01/11	1,566,450	
	102	07/15/2003	3.00-5.00	07/15/2023	417,007	
	103	11/12/2003	2.00-4.00	07/15/2014	1,824,400	
	104	03/24/2004	2.00-4.00	01/15/2016	815,150	
	105	06/10/2004	3.00-5.00	08/01/2016	563,139	
	107	03/29/05	2.35-5.00	07/01/2024	229,890*	
	108	07/01/05	3.25-5.00	07/01/05	1,350,000	
	109	07/01/06	4.25-5.50	07/01/2026	1,600,000	
		CFW 190-DCI	12/31/04	2.00	09/30/2019	1,830,187
		CWF 199-L	07/01/1996	2.00	7/1/2015	4,550,161
		CWF 301-C	12/30/1997	2.00	12/31/2016	1,934,212
	CWF 397-C	01/31/2000	2.00	1/31/2019	673,270	
	CWF 190DC	09/30/2000	2.00	1/31/2019*	41,294,122	
	CWF 190-L1	12/21/2001	2.00	1/31/2019*	4,930,815	
Total Water Pollution Control Authority						
Total City capital improvement bonds						

Amount Outstanding June 30, 2006	Additions	Payments/ Refunding	Amount Outstanding June 30, 2007
19,999	-	(19,999)	-
4,650	-	(2,325)	2,325
344,586	-	(70,017)	274,569
8,640,000	-	(250,000)	8,390,000
553,000	-	(33,524)	519,476
110,545	-	(4,652)	105,893
327,000	-	-	327,000
325,000	-	-	325,000
-	140,000	-	140,000
10,324,780	140,000	(380,517)	10,084,263
139,500	-	(69,750)	69,750
270,000	-	(90,000)	180,000
429,000	-	(143,000)	286,000
218,750	-	(63,000)	155,750
901,350	-	(183,150)	718,200
417,007	-	(25,279)	391,728
1,806,000	-	(76,000)	1,730,000
722,400	-	(1,050)	721,350
307,979	-	(48,020)	259,959
221,223	-	(1,971)	219,252
1,350,000	-	-	1,350,000
-	1,600,000	-	1,600,000
1,667,728	-	(111,043)	1,556,685
2,271,247	-	(230,332)	2,040,915
1,100,876	-	(95,178)	1,005,698
449,812	-	(31,757)	418,055
28,886,016	-	(1,923,332)	26,962,684
3,858,504	-	(221,398)	3,637,106
45,017,392	1,600,000	(3,314,260)	43,303,132
\$ 227,207,149	\$ 25,000,000	\$ (15,463,881)	\$ 236,743,268

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Statistical Section

Statistical Section

This part of the City of Norwalk, Connecticut's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

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Revenue Capacity

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Debt Capacity

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future. 100

Demographic and Economic Information

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Operating Information

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CITY OF NORWALK
NET ASSETS BY COMPONENT
LAST TEN FISCAL YEARS
(accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year					
	2002	2003	2004	2005	2006	2007
Governmental activities						
Invested in capital assets, net of related debt	\$ 189,499	\$ 163,057	\$ 145,421	\$ 160,877	\$ 185,092	\$ 215,021
Restricted	20,139	14,173	-	-	-	-
Unrestricted	9,836	12,858	35,118	46,944	40,209	31,587
Total governmental activities net assets	<u>219,474</u>	<u>190,088</u>	<u>180,539</u>	<u>207,821</u>	<u>225,301</u>	<u>246,608</u>
Business-type activities						
Invested in capital assets, net of related debt	-	35,869	49,638	53,740	53,072	53,483
Restricted	-	-	663	676	705	745
Unrestricted	-	687	1,202	(1,716)	7,350	9,531
Total business-type activities net assets	<u>-</u>	<u>36,556</u>	<u>51,503</u>	<u>52,700</u>	<u>61,127</u>	<u>63,759</u>
Primary Government						
Invested in capital assets, net of related debt	189,499	198,926	195,059	214,617	238,164	268,504
Restricted	20,139	14,173	663	676	705	745
Unrestricted	9,836	13,545	36,320	45,228	47,559	41,118
Total primary government net assets	<u>\$ 219,474</u>	<u>\$ 226,644</u>	<u>\$ 232,042</u>	<u>\$ 260,521</u>	<u>\$ 286,428</u>	<u>\$ 310,367</u>

1. There were no business activities in Fiscal Year 2002. Capital assets related to business type activities were transferred from governmental to business types activities in Fiscal Year 2003.

2. Data is only available from Fiscal Year 2002 when GASB 34 took effect.

CITY OF NORWALK
CHANGES IN NET ASSETS
LAST TEN FISCAL YEARS
(accrual basis of accounting)
(amounts expressed in thousands)

Expenses	Fiscal Year					
	2002	2003	2004	2005	2006	2007
Governmental activities:						
General government	\$ 12,643	\$ 16,232	\$ 16,275	\$ 14,342	\$ 16,091	\$ 15,497
Education	116,524	149,616	149,825	164,242	176,895	179,848
Public safety	25,340	32,537	32,584	34,696	37,415	39,369
Health & welfare	5,875	7,544	7,548	3,764	2,163	4,173
Public works	23,673	30,395	30,436	28,045	28,363	24,553
Recreation, arts and cultural	5,477	7,033	7,035	7,643	8,308	8,783
Interest on debt	6,809	6,635	4,181	9,609	6,817	7,627
Total governmental activities expenses	<u>196,341</u>	<u>249,992</u>	<u>247,884</u>	<u>262,341</u>	<u>276,052</u>	<u>279,850</u>
Business-type activities: (2)						
Parking Authority	-	1,614	2,963	3,943	4,227	4,282
Water Pollution Control Authority	-	8,004	7,977	8,465	8,799	9,200
Total business-type activities net assets	<u>-</u>	<u>9,618</u>	<u>10,940</u>	<u>12,408</u>	<u>13,026</u>	<u>13,482</u>
Total primary government expenses	<u>\$ 196,341</u>	<u>\$ 259,610</u>	<u>\$ 258,824</u>	<u>\$ 274,749</u>	<u>\$ 289,078</u>	<u>\$ 293,332</u>
Program Revenues						
Governmental activities						
Charges for services:						
General government	1,974	9,363	7,414	7,220	7,680	7,199
Education	4,189	11,842	3,867	3,640	2,687	2,912
Public safety	1,440	5,132	2,383	2,715	3,105	3,059
Health & welfare	450	1,698	492	510	555	603
Public works	2,379	914	7,784	7,617	8,699	9,342
Recreation, arts and cultural	524	-	628	642	614	754
Operating grants and contributions	40,515	36,330	29,412	34,276	40,407	37,645
Capital grants and contributions	3,563	740	2,225	18,571	12,971	9,621
Total governmental activities program revenues	<u>55,034</u>	<u>66,019</u>	<u>54,205</u>	<u>75,191</u>	<u>76,718</u>	<u>71,135</u>

	Fiscal Year					
	2002	2003	2004	2005	2006	2007
Business-type activities: (2)						
Charges for services:						
Parking Authority	-	1,242	2,491	3,010	3,572	4,312
Water Pollution Control Authority	-	9,375	9,597	10,034	10,268	10,878
Capital grants and contributions	-	-	499	348	7,230	184
Total business-type activities program revenues	<u>-</u>	<u>10,617</u>	<u>12,587</u>	<u>13,392</u>	<u>21,070</u>	<u>15,374</u>
Total primary government program revenues	<u>\$ 55,034</u>	<u>\$ 76,636</u>	<u>\$ 66,792</u>	<u>\$ 88,583</u>	<u>\$ 97,788</u>	<u>\$ 86,509</u>
Net (expense)/revenue						
Governmental activities	(141,307)	(183,973)	(193,679)	(187,150)	(199,334)	(208,715)
Business-type activities	-	999	1,647	984	8,044	1,892
Total primary government net expense	<u>\$ (141,307)</u>	<u>\$ (182,974)</u>	<u>\$ (192,032)</u>	<u>\$ (186,166)</u>	<u>\$ (191,290)</u>	<u>\$ (206,823)</u>
General revenues and other changes in net expenses						
Governmental activities:						
Property taxes	166,406	175,563	187,008	199,970	207,199	215,806
Grants and contributions not restricted to specific programs	7,041	5,540	8,884	10,174	8,079	7,352
Unrestricted investment earnings	4,284	5,085	1,560	4,288	4,631	6,864
Transfers and other	-	(35,437)	(13,323)	-	-	-
Total governmental activities	<u>177,731</u>	<u>150,751</u>	<u>184,129</u>	<u>214,432</u>	<u>219,909</u>	<u>230,022</u>
Business-type activities: (2)						
Unrestricted investment earnings	-	120	33	213	383	740
Transfers and other	-	35,437	13,267	-	-	-
Total business-type activities	<u>-</u>	<u>35,557</u>	<u>13,300</u>	<u>213</u>	<u>383</u>	<u>740</u>
Total primary government	<u>\$ 177,731</u>	<u>\$ 186,308</u>	<u>\$ 197,429</u>	<u>\$ 214,645</u>	<u>\$ 220,292</u>	<u>\$ 230,762</u>
Changes in net assets						
Governmental activities	36,424	(33,222)	(9,550)	27,282	20,575	21,307
Business-type activities (2)	-	36,556	14,947	1,197	8,427	2,632
Total primary government	<u>\$ 36,424</u>	<u>\$ 3,334</u>	<u>\$ 5,397</u>	<u>\$ 28,479</u>	<u>\$ 29,002</u>	<u>\$ 23,939</u>

1. There were no business activities in Fiscal Year 2002. Capital assets related to business type activities were transferred from governmental to business types activities in Fiscal Year 2003.
2. Data is only available from Fiscal Year 2002 when GASB 34 took effect.

CITY OF NORWALK
Governmental Activities Tax Revenues By Source
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

Fiscal Year	Property Tax
2002	\$ 166
2003	176
2004	187
2005	200
2006	207
2007	216

1. Data is only available from Fiscal Year 2002 when GASB 34 took effect.

CITY OF NORWALK
Fund Balance of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General fund										
Reserved	\$ 731	\$ 3,050	\$ 3,394	\$ 2,586	\$ -	\$ -	\$ 186	\$ 555	\$ 289	\$ 1,634
Unreserved, designated	2,500	4,000	1,000	3,750	6,817	3,073	3,031	5,113	3,861	4,492
Unreserved, undesignated	11,408	9,414	11,928	15,348	8,663	13,054	17,054	25,750	28,498	31,154
Total general fund	<u>\$ 14,639</u>	<u>\$ 16,464</u>	<u>\$ 16,322</u>	<u>\$ 21,684</u>	<u>\$ 15,480</u>	<u>\$ 16,127</u>	<u>\$ 20,271</u>	<u>\$ 31,418</u>	<u>\$ 32,648</u>	<u>\$ 37,280</u>
All other governmental funds										
Reserved	35	44	55	50	-	-	46	46	-	
Unreserved, reported in:										
Capital projects funds	(21,372)	(23,191)	(27,096)	14,169	20,140	14,174	22,817	28,365	20,226	8,118
Nonmajor governmental funds	2,017	1,956	2,595	3,212	3,564	3,820	3,216	2,598	1,173	1,061
Total all other governmental funds	<u>\$ (19,320)</u>	<u>\$ (21,191)</u>	<u>\$ (24,446)</u>	<u>\$ 17,431</u>	<u>\$ 23,704</u>	<u>\$ 17,994</u>	<u>\$ 26,079</u>	<u>\$ 31,009</u>	<u>\$ 21,399</u>	<u>\$ 9,179</u>

CITY OF NORWALK
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Revenues										
Property taxes, interest and liens	\$ 154,800	\$ 155,045	\$ 161,677	\$ 170,872	\$ 168,236	\$ 185,354	\$ 185,044	\$ 200,533	\$ 206,567	\$ 215,669
Intergovernmental	41,804	45,384	47,141	46,152	49,943	46,915	52,737	69,057	47,752	44,497
State on-behalf payments	- (2)	- (2)	- (2)	- (2)	- (2)	- (2)	3,957	3,951	10,413	10,094
Licenses, permits, fees and other	9,664	9,981	10,741	12,332	11,769	9,904	12,522	14,803	28,619	25,966
Interest	3,519	3,301	4,549	5,196	2,538	2,270	838	4,287	4,632	6,859
Total revenues	<u>209,787</u>	<u>213,711</u>	<u>224,108</u>	<u>234,552</u>	<u>232,486</u>	<u>244,443</u>	<u>255,098</u>	<u>292,631</u>	<u>297,983</u>	<u>303,085</u>
Expenditures										
General government	5,294	5,696	6,090	5,960	6,385	6,299	8,483	8,449	6,963	7,396
Health and welfare	2,170	1,852	1,770	1,772	1,770	1,773	4,646	4,898	5,612	4,589
Education	98,137	102,900	109,459	124,238	129,355	135,911	140,669	148,862	162,733	163,956
Employee benefits	14,373	13,773	11,731	10,493	11,794	14,116	16,905	17,559	19,081	22,272
Public Safety	25,208	25,056	27,605	28,048	29,095	28,301	30,019	30,907	36,476	33,937
Community grants	11,294	14,962	16,253	6,469	5,370	4,466	3,843	4,386	3,216	3,597
Public works	20,320	20,231	21,360	21,176	20,153	15,075	14,086	14,584	15,368	15,601
Recreation arts & culture	5,909	6,025	6,795	6,462	13,946	13,848	6,475	6,372	6,812	7,362
Maritime center subsidy	-	-	-	-	-	-	7,398	7,606	8,325	8,905
Sundry	-	-	-	-	475	-	65	-	-	-
Capital outlay	31,067	18,848	30,304	19,496	18,070	32,095	38,796	57,192	45,555	46,262
Debt service	15,642	14,412	15,137	17,796	15,875	18,321	-	-	-	-
Principal	-	-	-	-	-	-	8,467	7,308	9,039	11,769
Interest	-	-	-	-	-	-	3,385	7,088	8,507	8,959
Total expenditures	<u>229,414</u>	<u>223,755</u>	<u>246,504</u>	<u>241,910</u>	<u>252,288</u>	<u>270,205</u>	<u>283,237</u>	<u>315,211</u>	<u>327,687</u>	<u>334,605</u>
Excess of revenues over (under) expenditures	(19,627)	(10,044)	(22,396)	(7,358)	(19,802)	(25,762)	(28,139)	(22,580)	(29,704)	(31,520)
Other financing sources (uses)										
Transfers in	-	-	-	-	38	6,544	-	-	-	-
Transfers out	-	-	-	-	(38)	(6,544)	-	-	-	-
Proceeds from issuance of bonds (notes)	7,500	10,000	19,000	54,594	36,936	20,700	91,161	61,257	21,325	23,260
Premium from issuance of bonds	-	-	-	-	-	-	2,067	78	-	5
Payments to escrow agent	-	-	-	-	(17,065)	-	(52,860)	(22,678)	-	-
Capital lease proceeds	-	-	-	-	-	-	-	-	-	666
Total from financing sources (uses)	<u>7,500</u>	<u>10,000</u>	<u>19,000</u>	<u>54,594</u>	<u>19,871</u>	<u>20,700</u>	<u>40,368</u>	<u>38,657</u>	<u>21,325</u>	<u>23,931</u>
Net change in fund balances	<u>\$ (12,127)</u>	<u>\$ (44)</u>	<u>\$ (3,396)</u>	<u>\$ 47,236</u>	<u>\$ 69</u>	<u>\$ (5,062)</u>	<u>\$ 12,229</u>	<u>\$ 16,077</u>	<u>\$ (8,379)</u>	<u>\$ (7,589)</u>
Debt service as a percentage of noncapital expenditures	(3)	(3)	(3)	(3)	7.8% (4)	7.4% (4)	4.7% (4)	5.5% (4)	6.1% (4)	7.2% (4)

1. Debt service not broken out between principal and interest Fiscal Year 2003 and before
2. State on-behalf payments for revenue not broken out prior to fiscal year 2004.
3. Debt service as a percentage of noncapital expenditures is only available after GASB 34 was implemented
4. Debt service as a percentage of noncapital expenditures takes into account capitalized assets from all functions.

CITY OF NORWALK
General Governmental Tax Revenues By Source
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

<u>Year</u>	<u>Tax</u>
1998	\$ 153
1999	153
2000	160
2001	168
2002	170
2003	183
2004	185
2005	201
2006	207
2007	216

City of Norwalk
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(amounts expressed in thousands)

Fiscal Year Ended June 30	Real Property		Personal Property			Less Exemptions ⁽³⁾	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Tax Value	Assessed Value as a Percentage of Actual Value
	Residential	Commercial	Land	Motor Vehicles	Other					
1998	\$ 1,188,347	\$ 564,947	\$ 995,691	\$ 354,944	\$ 399,473	\$ 75,298	\$ 3,428,104	42.1%	\$ 8,025,570	43.65%
1999	1,203,715	567,436	995,619	374,794	400,922	70,268	3,472,218	42.2%	8,431,673	42.01%
2000	1,888,461	887,946	21,217	404,030	401,986	73,648	3,529,992	42.5%	9,012,940	39.98%
2001	2,429,610	987,330	32,817	434,416	402,314	73,791	4,212,696	39.0%	9,035,556	47.44%
2002	4,092,740	1,399,316	45,917	466,691	432,201	1,475,733	4,961,132	33.4%	12,290,047	52.37%
2003	4,125,244	1,502,934	50,108	481,815	417,185	782,848	5,794,438	31.1%	11,717,836	56.13%
2004	4,161,708	1,495,689	45,721	503,046	421,287	101,154	6,526,297	28.3%	15,576,344	42.55%
2005	4,845,240	1,684,477	60,418	481,751	410,122	101,312	7,380,696	26.5%	15,183,215	49.28%
2006	5,634,018	1,711,745	88,562	521,445	408,120	94,898	8,268,992	24.6%	15,734,794	53.16%
2007	6,455,428	2,038,024	94,071	539,399	516,510	175,127	9,468,305	22.6%	18,873,045	51.10%

1. Source: City of Norwalk Assessor's Office.

2. The Grand list for the fiscal year would be October 1 prior to the start of the year. For example if the fiscal year begins July 1, 2005 the grand list is dated October 1, 2005.

3. Includes corrections.

4. State statute requires each municipality to revalue real property every five years and to conduct a mass appraisal once every ten years. Norwalk completed a revaluation in 2003 by an independent appraisal group. The revaluation is being phased in over a four year period for fiscal years ending 2005 through 2008.

**City of Norwalk
DIRECT GOVERNMENTS ⁽¹⁾
Last Ten Fiscal Years**

Fiscal Year Ended June 30	(2)	District 1	District 2	District 3	District 4	District 5	District 6	Motor Vehicle	General Government Services	General Obligation Debt Service	Total
1998		46.5	46.5	46.5	46.7	42.1	41.3	37.9	39.2	2.9	42.1
1999		46.4	46.4	46.4	46.6	42.2	41.4	37.9	39.5	2.7	42.2
2000		47.0	47.0	47.0	47.2	42.5	41.6	38.4	39.9	2.6	42.5
2001		42.8	42.8	42.8	42.9	39.0	37.2	20.0	36.1	2.9	39.0
2002		36.5	36.5	36.5	36.7	33.4	32.0	20.0	31.3	2.1	33.4
2003		31.9	31.9	31.9	32.0	31.1	29.6	20.0	29.0	2.1	31.1
2004		29.0	29.0	29.0	29.1	28.3	27.1	25.0	27.1	1.2	28.3
2005		27.1	27.1	27.1	27.2	26.5	25.4	27.2	25.3	1.2	26.5
2006		25.1	25.1	25.1	25.2	24.6	23.5	25.2	23.3	1.3	24.6
2007		23.2	23.2	23.2	23.2	22.6	21.5	23.2	21.2	1.4	22.6

1. Source: City of Norwalk Assessor's Office

2. The Grand list for the fiscal year would be October 1 prior to the start of the year. For example if the fiscal year begins July 1, 2005 the grand list is dated October 1, 2005.

3. Includes corrections.

4. State statute requires each municipality to revalue real property every five years and to conduct a mass appraisal once every ten years. Norwalk completed a revaluation in 2003 by an independent appraisal group. The revaluation is being phased in over a four year period for fiscal years ending 2005 through 2008.

5. The City has multiple districts that are provided services. The First District is downtown Norwalk, the second is South Norwalk, the third is East Norwalk, The fourth includes street lighting and garbage pickup, and the fifth includes no garbage but street lightning. The Sixth District (Rowayton) does not include fire services, garbage, or street lighting. A portion of the milage goes back to their district office to provide certain services.

City of Norwalk
Principal Property Taxpayers
June 30 2007
(amounts expressed in thousands)

Taxpayer	2007			1998		
	Taxable Assessed	Rank	Percentage of Total Taxable Assessed	Taxable Assessed	Rank	Percentage of Total Taxable Assessed
	Value		Value	Value		Value
Merritt 7 Venture LLC	\$ 164,682	1	1.7%	\$ 53,555	2	1.6%
Connecticut Light and Power	50,202	2	0.5%	75,739	1	2.2%
Twenty Five Glover Partners LLC	48,717	3	0.5%			
SP III River Park LLC	46,312	4	0.5%			
Thirty Five Glover Partners LLC	46,108	5	0.5%			
Norden Place LLC	44,463	6	0.5%			
Merritt River Partners LLC	32,414	7	0.3%			
Factset Research System LLC	32,124	8	0.3%			
Norwalk Power LLC	30,155	9	0.3%			
Townsend Norwalk LLC	25,349	10	0.3%			
U.S Surgical Corporation Retirement System				32,636	3	1.0%
GTE Realty & GTE Service Corp.				28,005	4	0.8%
United Technology (Norden)				26,261	5	0.8%
Dorcal Associates (Caldor)				17,836	6	0.5%
Beiersdorf				15,957	7	0.5%
Yankee Gas Services Company				15,491	9	0.5%
Second Merritt Seven Joint Venture				14,214	9	0.4%
				12,520	10	0.4%
Totals	<u>\$ 520,526</u>		<u>5.4%</u>	<u>\$ 292,214</u>		<u>8.7%</u>
Total Taxable Grand List	\$ 9,468,305			\$ 3,428,305		

1. Source: City of Norwalk Assessor's Office

City of Norwalk
Property Tax Levies and Collections
Last Ten Fiscal Years
(amounts expressed in thousands)

Fiscal Year Ended June 30	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
1998	\$ 154,346	\$ 150,176	97.3%	\$ 4,166	154,342	100.0%
1999	155,530	151,871	97.6%	3,655	155,526	100.0%
2000	160,966	157,463	97.8%	3,498	160,961	100.0%
2001	167,648	164,416	98.1%	3,421	167,837	100.1%
2002	170,449	167,785	98.4%	3,515	171,300	100.5%
2003	176,659	173,425	98.2%	3,094	176,519	99.9%
2004	186,499	183,694	98.5%	2,962	186,656	100.1%
2005	198,475	195,878	98.7%	2,280	198,158	99.8%
2006	208,336	205,247	98.5%	1,915	207,162	99.4%
2007	218,410	213,174	97.6%	-	213,174	97.6%

1. Source: City of Norwalk Tax Collector's Office.
2. The amount collected each fiscal year represents collections for twelve months. Taxes for the fiscal year are laid on the grand list of October 1, and are due and payable in two installments one-half July 1 and one-half January 1. Failure to pay an installment within one month of the installment due date makes the installment delinquent. If the installment is not paid by August 1, the tax becomes delinquent and a penalty of 1-1/2% per month (18% per annum) is charged from the due date. Real estate is liened for delinquent taxes within one year after the due date.

City of Norwalk
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(amounts expressed in thousands, except per capita amount)

Fiscal Year	Activities	Business Type Activities		Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	General Obligation Bonds	Lease Revenue Bonds			
1998	76,019	-	-	76,019	3.27%	975
1999	76,159	-	-	76,159	3.16%	976
2000	86,388	-	-	86,388	3.48%	1,106
2001	129,092	-	-	129,092	4.75%	1,556
2002	139,359	-	-	139,359	4.97%	1,673
2003	92,968	51,096	9,110	153,174	5.26%	1,821
2004	126,790	49,192	9,110	185,092	6.18%	2,199
2005	159,579	48,264	8,880	216,723	7.02%	2,567
2006	171,865	46,702	8,640	227,207	7.18%	2,691
2007	183,356	44,997	8,390	236,743	7.30%	2,807

(1) Details regarding the City's outstanding debt can be found in the notes to the financial statements

(2) Ratios are calculated using personal income and population data found in the Demographic and Economic section of statistical information.

(3) Total personal income is estimated based on the 2000 U.S. Bureau of Census and adjusting by 3% for each year.

City of Norwalk
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years
(amounts expressed in thousands, except per capita amount)

Fiscal Year	General Obligation Bonds	Percentage of Estimated Actual Taxable Value of Property	Per Capita
1998	\$ 76,019	0.95%	\$ 975
1999	76,159	0.90%	976
2000	86,388	0.96%	1,106
2001	129,092	1.43%	1,556
2002	139,359	1.13%	1,673
2003	92,968	0.79%	1,105
2004	126,790	0.81%	1,506
2005	159,579	1.05%	1,890
2006	171,865	1.09%	2,035
2007	183,356	0.97%	2,174

- (1) Details regarding the City's outstanding debt can be found in the notes to the financial statements.
- (2) Ratios are calculated using estimated actual value of taxable property shown within this section of statistical information.
- (3) Ratios are calculated using population data found in the Demographic and Economic section of statistical information.

CITY OF NORWALK
Direct and Overlapping Governmental Activities Debt
For Fiscal Year 2007
(amounts expressed in thousands)

Second Taxing District of the City of Norwalk (Water and Electric)	\$ 15,732
Subtotal, overlapping debt	<u>15,732</u>
City of Norwalk direct debt	<u>183,356</u>
Total direct and overlapping debt	<u><u>\$ 199,088</u></u>

CITY OF NORWALK
Legal Debt Margin Information
Last Ten Fiscal Years
(amounts expressed in thousands)

	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General Debt										
Debt Limit	\$ 352,313	\$ 354,597	\$ 367,940	\$ 389,294	\$ 388,518	\$ 404,243	\$ 424,404	\$ 452,735	\$ 470,780	\$ 489,068
Total net debt applicable to limit	48,935	65,970	67,060	74,030	69,532	85,942	76,079	89,521	83,647	99,270
Legal Debt Margin	<u>\$ 303,378</u>	<u>\$ 288,627</u>	<u>\$ 300,880</u>	<u>\$ 315,264</u>	<u>\$ 318,986</u>	<u>\$ 318,301</u>	<u>\$ 348,325</u>	<u>\$ 363,214</u>	<u>\$ 387,133</u>	<u>\$ 389,798</u>
Total net debt applicable to the limit as percentage of debt limit	13.89%	18.60%	18.23%	19.02%	17.90%	21.26%	17.93%	19.77%	17.77%	20.30%
Schools										
Debt Limit	\$ 704,627	\$ 709,194	\$ 735,879	\$ 778,589	\$ 777,036	\$ 808,486	\$ 848,807	\$ 905,470	\$ 941,562	\$ 978,135
Total net debt applicable to limit	22,145	25,021	23,610	35,966	38,499	92,204	138,759	164,222	161,038	152,149
Legal Debt Margin	<u>\$ 682,482</u>	<u>\$ 684,173</u>	<u>\$ 712,269</u>	<u>\$ 742,623</u>	<u>\$ 738,537</u>	<u>\$ 716,282</u>	<u>\$ 710,048</u>	<u>\$ 741,248</u>	<u>\$ 780,524</u>	<u>\$ 825,986</u>
Total net debt applicable to the limit as percentage of debt limit	3.14%	3.53%	3.21%	4.62%	4.95%	11.40%	16.35%	18.14%	17.10%	15.56%
Sewers										
Debt Limit	\$ 587,189	\$ 590,995	\$ 613,233	\$ 648,824	\$ 647,530	\$ 673,738	\$ 707,339	\$ 754,558	\$ 784,634	\$ 815,112
Total net debt applicable to limit	70,708	45,581	52,012	63,288	53,729	51,031	47,906	48,127	45,018	46,153
Legal Debt Margin	<u>\$ 516,481</u>	<u>\$ 545,414</u>	<u>\$ 561,221</u>	<u>\$ 585,536</u>	<u>\$ 593,801</u>	<u>\$ 622,707</u>	<u>\$ 659,433</u>	<u>\$ 706,431</u>	<u>\$ 739,616</u>	<u>\$ 768,959</u>
Total net debt applicable to the limit as percentage of debt limit	12.04%	7.71%	8.48%	9.75%	8.30%	7.57%	6.77%	6.38%	5.74%	5.66%
Urban Renewal										
Debt Limit	\$ 508,897	\$ 512,196	\$ 531,468	\$ 562,314	\$ 561,192	\$ 583,906	\$ 613,027	\$ 653,950	\$ 680,017	\$ 706,431
Total net debt applicable to limit	4,353	4,770	15,080	14,957	3,892	8,739	9,161	9,296	8,946	9,680
Legal Debt Margin	<u>\$ 504,544</u>	<u>\$ 507,426</u>	<u>\$ 516,388</u>	<u>\$ 547,357</u>	<u>\$ 557,300</u>	<u>\$ 575,167</u>	<u>\$ 603,866</u>	<u>\$ 644,654</u>	<u>\$ 671,071</u>	<u>\$ 696,751</u>
Total net debt applicable to the limit as percentage of debt limit	0.86%	0.93%	2.84%	2.66%	0.69%	1.50%	1.49%	1.42%	1.32%	1.37%
Pension Funding (1)										
Debt Limit	Not applicable	Not applicable	\$ 490,586	\$ 519,059	\$ 518,024	\$ 538,990	\$ 565,872	\$ 603,647	\$ 627,708	\$ 652,090
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal Debt Margin	<u>-</u>	<u>-</u>	<u>\$ 490,586</u>	<u>\$ 519,059</u>	<u>\$ 518,024</u>	<u>\$ 538,990</u>	<u>\$ 565,872</u>	<u>\$ 603,647</u>	<u>\$ 627,708</u>	<u>\$ 652,090</u>
Total net debt applicable to the limit as percentage of debt limit	-	-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total										
Debt Limit	\$ 1,096,086	\$ 1,103,191	\$ 1,144,701	\$ 1,211,138	\$ 1,208,722	\$ 1,257,644	\$ 1,320,367	\$ 1,408,509	\$ 1,464,651	\$ 1,521,543
Total net debt applicable to limit	146,141	141,342	157,762	188,241	165,652	237,916	271,905	311,166	298,649	307,252
Legal Debt Margin	<u>\$ 949,945</u>	<u>\$ 961,849</u>	<u>\$ 986,939</u>	<u>\$ 1,022,897</u>	<u>\$ 1,043,070</u>	<u>\$ 1,019,728</u>	<u>\$ 1,048,462</u>	<u>\$ 1,097,343</u>	<u>\$ 1,166,002</u>	<u>\$ 1,214,291</u>
Total net debt applicable to the limit as percentage of debt limit	13.33%	12.81%	13.78%	15.54%	13.70%	18.92%	20.59%	22.09%	20.39%	20.19%

(1) There was no legal debt limit for Pension Funding prior to Fiscal Year 2000.

CITY OF NORWALK
Legal Debt Margin Information
For Fiscal For Fiscal Year 2007
(amounts expressed in thousands)

Total Fiscal Year 2007 tax collections (taxes, interest and fees)	\$ 217,318
Tax Relief for the elderly	<u>46</u>
Base for establishing debt limit	<u><u>\$ 217,364</u></u>

	<u>General</u>			<u>Urban</u>	<u>Pension</u>	
	<u>Purpose</u>	<u>Schools</u>	<u>Sewers</u>	<u>Renewal</u>	<u>Funding</u>	<u>Total</u>
Debt Limitation						
2 1/4 times base	\$ 489,068	-	-	-	-	\$ -
4 1/2 times base	-	\$ 978,135	-	-	-	-
3 3/4 times base	-	-	\$ 815,112	-	-	-
3 1/4 times base	-	-	-	\$ 706,431	-	-
3 times base	-	-	-	-	\$ 652,090	-
7 times base	-	-	-	-	-	1,521,543
Total net debt applicable to limit	<u>99,270</u>	<u>152,149</u>	<u>46,153</u>	<u>9,680</u>	<u>-</u>	<u>307,252</u>
Legal Debt Margin	<u><u>\$ 389,798</u></u>	<u><u>\$ 825,986</u></u>	<u><u>\$ 768,959</u></u>	<u><u>\$ 696,751</u></u>	<u><u>\$ 652,090</u></u>	<u><u>\$ 1,214,291</u></u>

**City of Norwalk
Demographic and Economic Statistics
Last Ten Fiscal Years**

Fiscal Year	Population	Personal Income (amount expressed in thousands)	Per Capita Personal Income	Median Family Income	Median Age	School Enrollment	Unemployment Rate
1998	77,937	\$ 2,328,368	\$ 29,875	\$ 89,300	(1)	10,703	3.1%
1999	78,064	2,406,557	30,828	94,300	(1)	10,779	3.1%
2000	78,083	2,481,556	31,781	102,400	37.8	10,865	1.8%
2001	82,951	2,715,318	32,734	109,800	37.6	10,999	2.7%
2002	83,316	2,806,666	33,687	115,500	37.0	11,163	3.3%
2003	84,127	2,914,159	34,640	110,500	(1)	11,193	4.1%
2004	84,170	2,995,863	35,593	111,600	(1)	11,119	4.2%
2005	84,412	3,084,921	36,546	(1)	38.5	11,080	4.1%
2006	84,437	3,166,303	37,499	(1)	39.0	10,923	3.8%
2007	84,344	3,243,195	38,452	(1)	(1)	10,782	3.5%

Data Sources

(1) Data not available for this particular year

(2) Total personal income and per capita personal income is estimated based on the 2000 U.S. Bureau of Census and adjusting by 3% for each year.

(3) School Enrollment is per the City of Norwalk Board of Education.

**City of Norwalk
Principal Employers
Current Year and Nine Years Ago**

Employer	Nature of Business	2007			1998		
		Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
City of Norwalk	Municipal Government	2,031	1	3.2%	1,959	1	3.1%
Norwalk Health Services Corporation	Hospital/Health Services	1,900	2	3.0%	1,600	2	2.5%
Stew Leonard's	Retail Dairy Store/Grocery	800	3	1.3%	750	8	1.2%
MBI	Direct Mail Marketing	800	3	1.3%	700	9	1.1%
Diageo	Premium Beverage Manufacturer	700	5	1.1%			
Hewitt Associates	Management Consultants	600	6	1.0%			
U.S. Surgical Corporation	Automatic Suture Instruments	500	7	0.8%	1,000	4	1.6%
Northrup Grumman Norden Systems	Electronic & Radar Systems	500	7	0.8%	650	10	1.0%
Beiersdorf, Inc.	Personal Care Products	450	9	0.7%			
Reed Exhibition Company	Trade Show/Publisher	450	9	0.7%			
Perkin Elmer Corporation	Corp. Headquarters and Optical Electronics				1,300	3	2.1%
Caldor, Inc.	Corporate Headquarters and Retail Stores				1,000	4	1.6%
Pepperidge Farm Inc.	Corporate Headquarters and Bakery				850	6	1.3%
Oxford Health Plans	Health Plan Organization				800	7	1.3%
Total		<u>8,731</u>		<u>10.7%</u>	<u>10,609</u>		<u>13.7%</u>

(1) Source: City of Norwalk Redevelopment Authority

CITY OF NORWALK
Budget Full-time Employees
Last Ten Fiscal Years

Function	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General government	40	41	44	44	44	44	44	46	48	49
Finance	36	36	36	35	35	35	33	34	34	35
Health & welfare	22	20	20	20	20	20	20	21	21	21
Police	206	205	204	206	206	206	196	196	196	199
Fire	147	146	146	147	147	149	143	143	143	143
Other protection	19	19	19	19	19	19	35	42	43	45
Public works & traffic	151	145	147	119	119	119	116	119	121	122
Education	1,282	1,295	1,299	1,318	1,327	1,344	1,304	1,320	1,353	1,363
Recreation, arts & cultural	56	55	55	55	57	57	57	54	54	54
Total	1,959	1,962	1,970	1,963	1,974	1,993	1,948	1,975	2,013	2,031

Data Sources: City Budget Office and Education Budget Office.

CITY OF NORWALK
Operating Indicators by Function
Last Ten Fiscal Years (1)

Function	2004	2005	(2) 2006	2007
General government				
Land records recorded	31,810	26,452	28,500	22,931
Vital records recorded	2,879	3,166	3,000	3,641
Dog licenses issued	1,718	2,048	2,165	2,201
Absentee ballots issued	(3)	2,515	664	1,667
Health & welfare				
Food establishment inspections conducted	1,826	1,800	1,715	1,826
Septic systems and lots inspected	70	75	91	72
Beauty salons inspected	100	95	88	139
Police				
Calls for service	61,510	61,639	64,318	67,087
Criminal arrests	3,923	4,312	3,965	3,333
Traffic citations issued	4,264	4,212	6,065	6,593
Medical emergencies responded to	6,620	7,115	6,794	7,403
Marine assistance calls	252	267	246	202
Fire				
Fire calls	2,885	3,024	2,910	2,957
Medical calls	3,135	3,014	2,948	2,857
Fire alarms answered	(2)	(2)	(2)	(2)
Combined Dispatch				
Emergency calls received	(2)	(2)	82,000	(2)
Non-emergency calls received	(2)	(2)	281,000	(2)
Public works				
Lane miles of roadways swept	625	1,250	625	625
Tons of solid waste collected and disposed	82,349	88,240	94,125	94,125
Tons of recyclable materials collected and disposed	7,082	7,600	9,000	9,000
Recreation, arts & cultural				
Athletic contests played at City venues	20,000	25,000	25,000	26,000
Athletic activities practiced at City venues	5,000	5,000	5,000	5,500
Visitors to library	388,000	392,000	420,000	428,000

(1) Data is not available prior to fiscal year 2004

(2) Not available

CITY OF NORWALK
Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Police										
Police cars	72	72	92	107	124	114	122	122	119	120
Marine vessels	3	3	3	3	3	3	3	3	3	3
Fire										
Fire stations	5	5	5	5	5	5	5	5	5	5
Public works										
Miles of streets	625	625	625	625	625	625	625	625	625	625
Miles of sidewalks	125	125	125	125	125	125	125	125	125	125
Miles of sanitary sewers	165	165	165	165	165	165	165	165	180	180
Municipal parking spaces	3,216	3,356	3,356	3,785	3,846	4,487	4,487	4,487	3,973	3,973
Vehicles	(1)	(1)	(1)	(1)	(1)	(1)	132	147	171	210
Pump Stations	26	26	26	26	26	26	26	26	24	24
Recreation, arts & cultural										
Acres of public park lands	1,215	1,300	1,000	1,000	1,000	1,000	1,000	1,000	1,050	1,050
Public beaches	2	2	2	2	2	2	2	2	2	2
Boat launching areas	2	2	2	2	2	2	2	2	2	2
Municipal marinas	1	1	1	1	1	1	1	2	2	2
Athletic diamonds	41	41	41	41	41	41	41	41	41	41
Municipal golf courses (18 holes)	1	1	1	1	1	1	1	1	1	1
Senior Centers	1	1	1	1	1	1	1	1	1	1
Library branches	4	4	4	4	4	4	4	4	4	4
Library volumes	275,000+	275,000+	275,000+	275,000+	275,000+	275,000+	305,000+	305,000+	275,000+	259,788
Public museums	3	3	3	3	3	3	3	3	3	3

(1) Not available