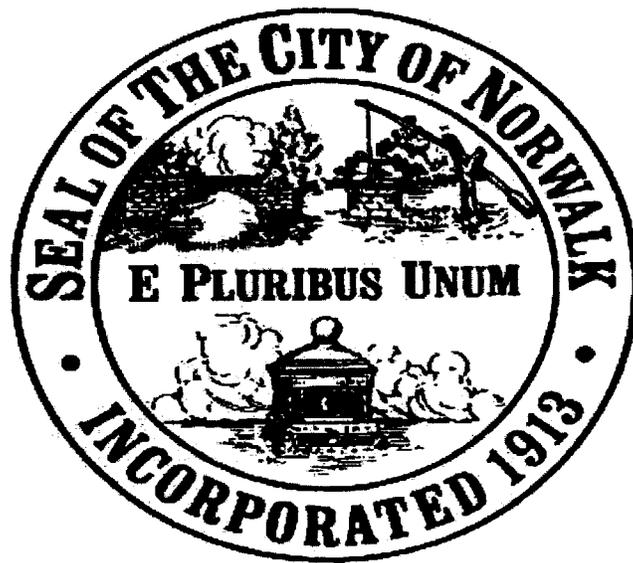


# CITY OF NORWALK, CONNECTICUT



## COMPREHENSIVE ANNUAL FINANCIAL REPORT

**FISCAL YEAR ENDED JUNE 30, 2005**

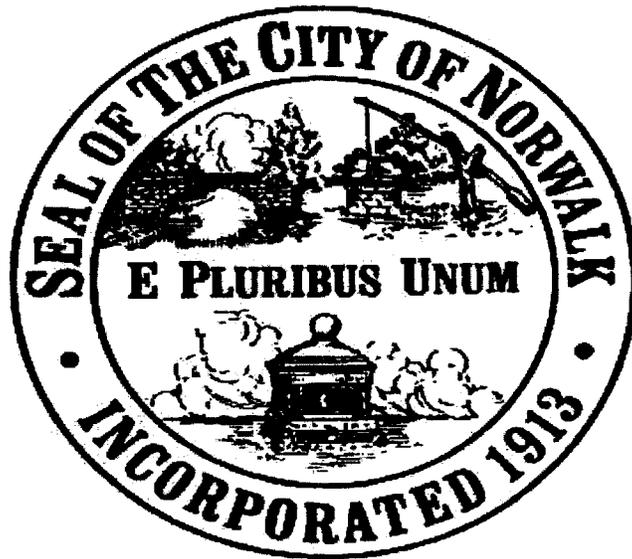
DEPARTMENT OF FINANCE  
125 EAST AVENUE  
NORWALK, CONNECTICUT



# **CITY OF NORWALK, CONNECTICUT**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

FISCAL YEAR ENDED JUNE 30, 2005



PREPARED BY THE FINANCE DEPARTMENT

DIRECTOR OF FINANCE  
COMPTROLLER  
BUDGET DIRECTOR

THOMAS S. HAMILTON  
FREDERIC J. GILDEN  
ANN TWOMEY



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## **Introductory Section**



December 20, 2005

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

Citizens of the City of Norwalk, Connecticut

I am pleased to transmit the Comprehensive Annual Financial Report (CAFR) of the City of Norwalk, Connecticut for the fiscal year ended June 30, 2005.

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, 2005.

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, Connecticut’s financial statements for the year ended June 30, 2005. 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 84,412, 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](http://www.norwalkct.org). The City employs nearly 2,000 full-time people to fulfill its municipal functions.

## **FACTORS AFFECTING FINANCIAL CONDITION**

The City's unemployment continues to be significantly lower than the State and national levels. Norwalk still remains an attractive business location as reflected in new construction permits in FY 2005 and in the current fiscal year.

Norwalk is in a strategic location and will continue to be 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 business comprises more than 2.0% 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 several major development projects.

## **MAJOR INITIATIVES**

Construction activity in Norwalk continued at a healthy pace. The number of zoning permits issued in FY2005 exceeded any in all but one of the past twenty years. Major projects approved in previous years were completed or nearing completion. These include:

- ◆ King Industries, new 27,000 s.f. office expansion, Science Road
- ◆ Norden/United Technologies, the relocation and expansion of Gibbs College (65,000 s.f.)
- ◆ CompHealth, new tenant at Norden Park (19,525 s.f)
- ◆ Diagio new at Merritt 7 Corporate Park
- ◆ New Police Station, South Main and Monroe Streets
- ◆ Summitt TL LLC – 54 Residential units – Richards Avenue

In addition, other major projects began construction, or were approved, and are anticipating completion in the next two years:

- ◆ Delta Group; 57 Waterfront residential units on Smith Street
- ◆ 25 and 35 Glover Ave, LLC, two office buildings totaling 650,000 s.f. – Glover Avenue
- ◆ Hacienda, 14 Waterfront Residential Units, Osborne Avenue
- ◆ Maritime Yards, 275,000 mixed use development that includes 197 residential units and 30,000 sq ft of office along the South Norwalk waterfront.
- ◆ Pepperidge Farm, construction of 235 residential units and additional office space (100,000sq ft total office)

On the environmental front the City has been aggressive in cleaning the environment including:

- ◆ 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.
- ◆ Continued work on the Plan of Conservation and Development, a comprehensive plan of the City for the next ten years.
- ◆ Adopted a Mid Harbor to protect the working waterfront in the former industrial areas of the Norwalk Harbor.

As tourism becomes more and more a part of Norwalk's economy we have continued to grow.

- ◆ Final design of Phase I of the Norwalk River Valley bikeway utilizing TEA-21 funds to link the two business centers in Norwalk and the corresponding tourist attractions. Construction to begin in the summer of 2005.

## **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 in excess of four percent with an average maturity slightly less than 6 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, 2004 to June 30, 2005, the average annualized yield on City investments was 3.3%; during the same period the U.S. Treasury Bill market produced an average yield of 2.2%.

### *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, 2004. 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 14 consecutive years (fiscal years 1991 through 2004). 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 cursive script, appearing to read "Thomas S. Hamilton".

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, 2004

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.

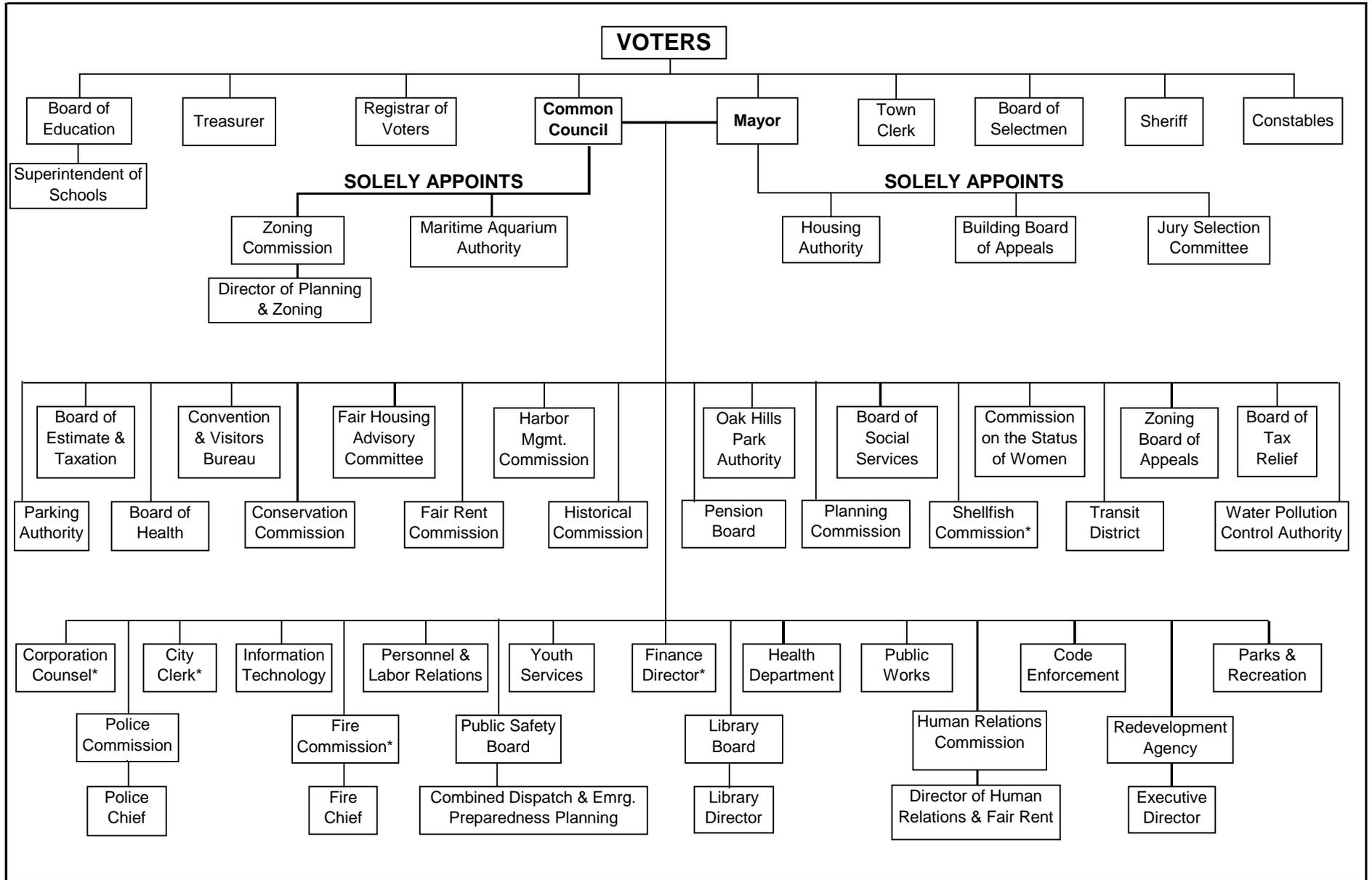


*Nancy L. Zjelde*

President

*Jeffrey R. Emor*

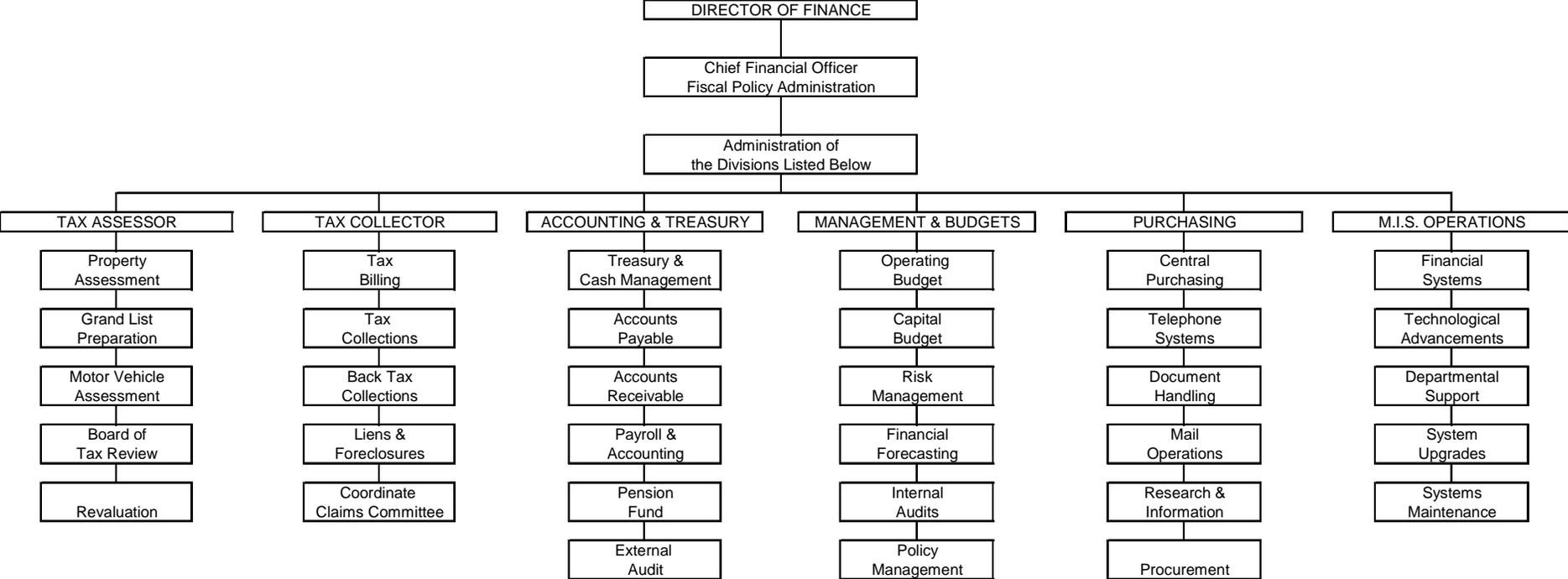
Executive Director



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

\*Solely appointed by the Mayor

# FINANCE DEPARTMENT



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

---

<b>OFFICE</b>	<b>NAMES</b>	<b>SELECTION/TERM</b>
Mayor	Alex A. Knopp	Elected - 2 Years
Director of Finance	Thomas S. Hamilton	Appointed - Indefinite
Superintendent of Schools	Dr. Salvatore Corda	Appointed - Indefinite
Corporation Counsel	Louis S. Ciccarello	Appointed - 2 Years

**MEMBERS OF COMMON COUNCIL**

---

Fred Bondi, Council President	Carvin J. Hillard	Bruce Kimmel
Kenneth C. Baker	William M. Krummel, Majority Leader	Douglas Hempstead
Betsy H. Bain	Jeanette Olmstead-Sawyer	Kevin M. Poruban
Michael Coffey	Douglas W. Sutton	Richard McQuaid, Minority Leader
Matthew T. Miklave	Peter A. Wien	Leona Williams

**MEMBERS OF THE BOARD OF ESTIMATE & TAXATION**

---

Randall Avery	Tanya Court	Tim Buzzee
Gregory Burnett	Alex A. Knopp, Mayor	Ron Coley
James Clark		

**Financial Section**



## 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, 2005, 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 respective 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, 2005, and the respective changes in financial position and cash flows, where applicable, 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 October 28, 2005 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 and 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 and 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  
October 28, 2005

**City of Norwalk, Connecticut**  
**Management's Discussion and Analysis**  
**June 30, 2005**

The City of Norwalk, Connecticut'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 \$28.5 million or 12.3%. The governmental net assets increased by \$27.3 million or 15.1% and the business-type net assets increased by \$1.2 million or 2.3%.
- ◆ The General Fund (the primary operating fund) reflected on a current financial resource basis, reports an increase of \$11.1 million or 55.0% in its fund balance.

**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 Fund (see pages 13 – 14) presentation is 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

### Summary of Net Assets

Summary of Net Assets (In Thousands)						
As of June 30, 2005 and 2004						
	Governmental		Business-Type		Total	
	Activities		Activities		Government	
	2005	2004	2005	2004	2005	2004
Current and other assets	\$ 110,755	\$ 90,396	\$ 6,457	\$ 3,174	\$ 117,212	\$ 93,570
Capital assets	320,455	272,210	110,885	112,599	431,340	384,809
<b>Total assets</b>	<b>431,210</b>	<b>362,606</b>	<b>117,342</b>	<b>115,773</b>	<b>548,552</b>	<b>478,379</b>
Current and other liabilities	36,173	36,089	7,497	5,968	43,670	42,057
Long-term debt outstanding	187,216	145,978	57,145	58,302	244,361	204,280
<b>Total liabilities</b>	<b>223,389</b>	<b>182,067</b>	<b>64,642</b>	<b>64,270</b>	<b>288,031</b>	<b>246,337</b>
Net assets:						
Invested in capital assets, net of debt	160,877	145,421	53,740	49,638	214,617	195,059
Restricted		-	676	663	676	663
Unrestricted (deficit)	46,944	35,118	(1,716)	1,202	45,228	36,320
<b>Total net assets</b>	<b>\$ 207,821</b>	<b>\$ 180,539</b>	<b>\$ 52,700</b>	<b>\$ 51,503</b>	<b>\$ 260,521</b>	<b>\$ 232,042</b>

For more detailed information see the Statement of Net Assets (page 12).

### Normal Impacts

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

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

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

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

**Spending of Non-borrowed Current Assets on New Capital** – which will (a) reduce current assets and increase capital assets and (b) will reduce unrestricted net assets and increase invested in capital assets, net of 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 was the issuance of \$39 million of new debt and the construction on major capital projects this year: Brien McMahon High School, \$34.6 million, and the Police Facility, \$9.1 million. The other major impacts were \$10.5 million of principal on debt paid this year and \$7.4 million of depreciation on fixed assets.

### Summary of Changes in Net Assets

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

	Changes in Net Assets (In Thousands)					
	Governmental Activities		Business-Type Activities		Total Government	
	2005	2004	2005	2004	2005	2004
<b>REVENUES</b>						
<b>Program Revenues:</b>						
Charge for services	\$ 22,345	\$ 22,568	\$ 13,044	\$ 12,089	\$ 35,389	\$ 34,657
Operating grants and contributions	34,276	29,412	-	-	34,276	29,412
Capital grants and contributions	18,571	2,225	347	498	18,918	2,723
<b>General Revenues:</b>						
General property, taxes and assessments	199,969	187,008	-	-	199,969	187,008
Interest income	4,288	1,560	213	32	4,501	1,592
Unrestricted grants	10,174	8,884	-	-	10,174	8,884
<b>Total revenues</b>	<b>289,623</b>	<b>251,657</b>	<b>13,604</b>	<b>12,619</b>	<b>303,227</b>	<b>264,276</b>
<b>EXPENSES</b>						
<b>Program Activities Primary</b>						
<b>Government:</b>						
<b>Governmental Activities:</b>						
General government	14,342	16,275	-	-	14,342	16,275
Education	164,242	149,825	-	-	164,242	149,825
Public safety	34,696	32,584	-	-	34,696	32,584
Health and welfare	3,764	7,547	-	-	3,764	7,547
Public Works	28,045	30,491	-	-	28,045	30,491
Recreation, arts and cultural	7,643	7,035	-	-	7,643	7,035
Debt service	9,609	4,182	-	-	9,609	4,182
	<b>262,341</b>	<b>247,939</b>	<b>-</b>	<b>-</b>	<b>262,341</b>	<b>247,939</b>
<b>Business-Type Activities:</b>						
Parking Authority	-	-	3,942	2,963	3,942	2,963
Water Pollution Control Authority	-	-	8,465	7,977	8,465	7,977
	<b>-</b>	<b>-</b>	<b>12,407</b>	<b>10,940</b>	<b>12,407</b>	<b>10,940</b>
<b>Total expenses</b>	<b>262,341</b>	<b>247,939</b>	<b>12,407</b>	<b>10,940</b>	<b>274,748</b>	<b>258,879</b>
<b>Transfers</b>	<b>-</b>	<b>(13,268)</b>	<b>-</b>	<b>13,268</b>	<b>-</b>	<b>-</b>
<b>Increase (decrease) in net assets</b>	<b>27,282</b>	<b>(9,550)</b>	<b>1,197</b>	<b>14,947</b>	<b>28,479</b>	<b>5,397</b>
<b>Net Assets, beginning</b>	<b>180,539</b>	<b>190,089</b>	<b>51,503</b>	<b>36,556</b>	<b>232,042</b>	<b>226,645</b>
<b>Net Assets, ending</b>	<b>\$ 207,821</b>	<b>\$ 180,539</b>	<b>\$ 52,700</b>	<b>\$ 51,503</b>	<b>\$ 260,521</b>	<b>\$ 232,042</b>

## 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 impacts were increased property tax revenue of \$13.0 million due to an increase in the tax levy and continued aggressive measures in collecting delinquent taxes including a Tax Sale on delinquent real and personal property and an increase in investment income of which was due to increases in interest rates by the Federal Reserve which account for \$1.9 million and a gain on the market value of Federal Agency Paper of \$800,000.

## THE CITY FUNDS

### General Fund

#### *Comparing Fiscal Year 2005 to Fiscal Year 2004*

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 \$31.4 million which is 55.0% more than the beginning of the year (\$20.3 million). Major impacts were Property Taxes rose due to an increase in the tax levy and continued aggressive measures in collecting Property Taxes. Licenses, permits, and fees rose because of a \$3 million increase in real estate conveyance tax which was caused by robust real estate activity for residential and

major commercial sales property transfers. There was increase in investment income due to a rise in interest rates and a gain on Federal Agency Paper. Debt Service interest increased by \$3.2 million mainly due to the first interest payment on the Fiscal Year 2004 \$41 million General Obligation bonds sold primarily for school construction. Education expenses increased by \$7.1 million due to an increase in salaries and health insurance costs.

#### *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. There was an increase in General Government expenditures due to settling union contracts. In Education, \$2.5 million was originally placed in Contingency at the time of the budget process, but was earmarked for Education. Education also received an additional appropriation of \$885,000 for textbooks from Fund Balance. This money was designated in Fiscal Year 2004 for this purpose. Public Safety had a \$390,000 increase in overtime needs caused by staff vacancies in this area, \$235,000 for needed vehicles decided after the budget was adopted, and \$350,000 in severance payments to a recently instituted Deferred Retirement Option Plan (DROP).

#### *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 robust real estate activity for residential and major commercial sales property transfers. There was an increase in investment income due to a rise in interest rates and a gain on Federal Agency Paper. The major variance for expenditures was in Education. Instead of spending this variance by June 30, it was included in the designation for Board of Education Future Appropriations. A similar situation happened with Non-Education variances.

### **Capital Projects Fund**

#### *Comparing Fiscal Year 2005 to Fiscal Year 2004*

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 \$28.4 million which is 24.3% more than the beginning of the year (\$22.8 million). Major impacts were Intergovernmental Revenues for school construction from state, issuance of bonds and expenditures mainly for school construction and the new police facility.

### **Water Pollution Control Authority**

#### *Comparing Fiscal Year 2005 to Fiscal Year 2004*

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 \$39.2 million which is 5.7% more than the beginning of the year (\$37.0 million). Major impacts were a successful year of collecting sewer charges as well as controlling costs.

## Parking Authority

*Comparing Fiscal Year 2005 to Fiscal Year 2004*

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 fund net assets of \$13.5 million which is 6.4% less than the beginning of the year (\$14.5 million). The Parking Authority charges for services increased by \$519 thousand, but still showed an operating loss.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

As of year-end, the City had \$431.3 million invested in a variety of capital assets, as reflected in the following schedule:

	<b>Capital Assets at Year-End (Net of Depreciation) (In Thousands)</b>		
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
Land	\$ 21,905	\$ 4,839	\$ 26,744
Construction in Progress	59,778	-	59,778
Land Improvements	2,721	203	2,924
Machinery and Equipment	4,764	834	5,598
Buildings and Improvements	100,757	87,545	188,302
Infrastructure	130,530	17,464	147,994
<b>Total</b>	<b>\$ 320,455</b>	<b>\$ 110,885</b>	<b>\$ 431,340</b>

Major capital activity during the year included school improvements and the construction of the new Police facility.

The following reconciliation summarizes the change in Capital Assets, which is presented in detail in Note 6.

	<b>Change in Capital Assets (In Thousands)</b>		
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
Beginning balance	\$ 272,210	\$ 112,599	\$ 384,809
Additions	82,458	1,040	83,498
Disposals/Transfers	(38,899)	(8)	(38,907)
Depreciation	4,686	(2,746)	1,940
<b>Total</b>	<b>\$ 320,455</b>	<b>\$ 110,885</b>	<b>\$ 431,340</b>

## Debt Outstanding

As of year-end, the City had \$216.7 million in debt (bonds, notes, etc.) outstanding compared to the \$185.1 million last year, a 17.1% net increase (considering new borrowing and debt retirement). The following summarizes Outstanding Debt which is presented in more detail in Note 7.

<b>Outstanding Debt, at Year-End</b>		
<b>(In Thousands)</b>		
<b>Governmental Activities</b>		
	<b>2005</b>	<b>2004</b>
<b>Governmental:</b>		
General obligation bonds	\$ 159,578	\$ 126,790
	<u>159,578</u>	<u>126,790</u>
<b>Business-Type:</b>		
Parking Authority-general obligation bonds	10,368	10,396
Water Pollution Control Authority - general obligation bonds and Clean Water Fund notes	46,777	47,906
	<u>57,145</u>	<u>58,302</u>
<b>Total</b>	<u>\$ 216,723</u>	<u>\$ 185,092</u>

During the year the City issued \$39 million in new General Obligation Bonds to finance school and infrastructure improvements. In addition, the City issued refunding bonds of \$22,825,000 in March 2005. 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 4.1%, slightly down from 4.2% a year ago. This compares favorably to the state's unemployment rate of 4.9% and national rate of 4.8%.

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, 2005**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total*
<b>Assets</b>			
Cash and cash equivalents	\$ 57,585,434	\$ 3,945,662	\$ 61,531,096
Restricted cash	-	675,777	675,777
Investments	35,278,002	1,602,378	36,880,380
Receivables, net of allowances for collection losses:			
Property taxes, net	5,810,182	-	5,810,182
Charges, net	-	207,967	207,967
Accounts, net	1,181,460	25,395	1,206,855
Federal and state governments	9,036,589	-	9,036,589
Inventories	46,218	-	46,218
Capital assets, not being depreciated	81,683,426	4,838,762	86,522,188
Capital assets, net of accumulated depreciation	238,772,017	106,046,089	344,818,106
Federal and state governments receivable	1,281,392	-	1,281,392
Deferred charges	535,608	-	535,608
<b>Total assets</b>	<b>431,210,328</b>	<b>117,342,030</b>	<b>548,552,358</b>
<b>Liabilities</b>			
Accounts payable and accruals	29,847,327	757,212	30,604,539
Unearned revenue	12,180,614	195,577	12,376,191
Internal balances	(6,544,477)	6,544,477	-
Noncurrent liabilities:			
Due within one year	24,087,123	3,477,453	27,564,576
Due in more than one year	163,818,902	53,667,171	217,486,073
<b>Total liabilities</b>	<b>223,389,489</b>	<b>64,641,890</b>	<b>288,031,379</b>
<b>Net Assets</b>			
Investment in capital assets, net of related debt	160,876,748	53,740,227	214,616,975
Restricted for debt service	-	675,777	675,777
Unrestricted	46,944,091	(1,715,864)	45,228,227
<b>Total net assets</b>	<b>\$ 207,820,839</b>	<b>\$ 52,700,140</b>	<b>\$ 260,520,979</b>

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

\* After internal receivables and payables have been eliminated.

CITY OF NORWALK, CONNECTICUT

STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2005

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
<b>Primary government:</b>							
Governmental activities:							
General government	\$ (14,342,397)	\$ 7,219,819	\$ 876,321	\$ -	\$ (6,246,257)	\$ -	\$ (6,246,257)
Education	(164,241,846)	3,640,548	27,629,123	18,570,758	(114,401,417)	-	(114,401,417)
Public Safety	(34,695,593)	2,715,574	398,870	-	(31,581,149)	-	(31,581,149)
Health & welfare	(3,764,342)	510,583	2,481,257	-	(772,502)	-	(772,502)
Public Works	(28,045,415)	7,617,060	2,879,475	-	(17,548,880)	-	(17,548,880)
Recreation, arts and cultural	(7,642,641)	641,892	10,720	-	(6,990,029)	-	(6,990,029)
Interest on debt	(9,608,693)	-	-	-	(9,608,693)	-	(9,608,693)
<b>Total governmental activities</b>	<b>(262,340,927)</b>	<b>22,345,476</b>	<b>34,275,766</b>	<b>18,570,758</b>	<b>(187,148,927)</b>	<b>-</b>	<b>(187,148,927)</b>
Business-type activities:							
Parking Authority	(3,942,440)	3,010,050	-	-	-	(932,390)	(932,390)
Water Pollution Control Authority	(8,465,256)	10,034,271	-	347,500	-	1,916,515	1,916,515
<b>Total business-type activities</b>	<b>(12,407,696)</b>	<b>13,044,321</b>	<b>-</b>	<b>347,500</b>	<b>-</b>	<b>984,125</b>	<b>984,125</b>
<b>Total primary government</b>	<b>\$ (274,748,623)</b>	<b>\$ 35,389,797</b>	<b>\$ 34,275,766</b>	<b>\$ 18,918,258</b>	<b>(187,148,927)</b>	<b>984,125</b>	<b>(186,164,802)</b>
General revenues:							
Property taxes					199,969,526	-	199,969,526
Grants and contributions not restricted to specific programs					10,174,063	-	10,174,063
Unrestricted investment earnings					4,287,649	212,690	4,500,339
<b>Total general revenues</b>					<b>214,431,238</b>	<b>212,690</b>	<b>214,643,928</b>
Change in net assets					27,282,311	1,196,815	28,479,126
Net assets - beginning					180,538,528	51,503,325	232,041,853
Net assets - ending					<b>\$ 207,820,839</b>	<b>\$ 52,700,140</b>	<b>\$ 260,520,979</b>

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

CITY OF NORWALK, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2005

	General	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Cash and cash equivalents	\$ 25,666,724	\$ 22,006,185	\$ 5,667,299	\$ 53,340,208
Investments	19,844,121	7,764,418	-	27,608,539
Receivables (net of allowances for collection losses):				
Property taxes	5,158,533	281,229	-	5,439,762
Accounts receivable	1,100,043	-	-	1,100,043
State and federal governments	284,388	5,493,237	3,258,964	9,036,589
Other	-	-	81,416	81,416
Inventories	-	-	46,218	46,218
Due from other funds	6,953,187	-	593,593	7,546,780
<b>Total assets</b>	<b>\$ 59,006,996</b>	<b>\$ 35,545,069</b>	<b>\$ 9,647,490</b>	<b>\$ 104,199,555</b>
<b>Liabilities</b>				
Accounts payable	\$ 5,016,286	\$ 6,481,592	\$ 3,559,049	\$ 15,056,927
Accrued wages	8,181,273	2,673	-	8,183,946
Due to other funds	-	-	2,466,811	2,466,811
Unearned revenues	14,391,602	695,538	977,518	16,064,658
<b>Total liabilities</b>	<b>27,589,161</b>	<b>7,179,803</b>	<b>7,003,378</b>	<b>41,772,342</b>
<b>Fund balances</b>				
Reserved for:				
Encumbrances	554,777	-	-	554,777
Inventories	-	-	46,218	46,218
Unreserved, reported in:				
General fund	30,863,058	-	-	30,863,058
Special revenue funds	-	-	2,597,894	2,597,894
Capital projects funds	-	28,365,266	-	28,365,266
Total fund balances	31,417,835	28,365,266	2,644,112	62,427,213
<b>Total liabilities and fund balances</b>	<b>\$ 59,006,996</b>	<b>\$ 35,545,069</b>	<b>\$ 9,647,490</b>	

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.	320,455,443
Other long-term assets are not available to pay for current-period expenditures and, therefore, not recognized.	1,644,469
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.	969,528
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(177,675,814)

Net assets of governmental activities \$ 207,820,839

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, 2005

	General	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Property taxes, interest and liens	\$ 200,532,788	\$ -	\$ -	\$ 200,532,788
Intergovernmental	18,419,645	22,269,364	28,367,928	69,056,937
State on-behalf payments	3,951,000	-	-	3,951,000
Licenses, permits, fees and other	13,067,122	309,163	1,426,314	14,802,599
Interest	2,771,057	1,505,370	10,822	4,287,249
<b>Total revenues</b>	<b>238,741,612</b>	<b>24,083,897</b>	<b>29,805,064</b>	<b>292,630,573</b>
<b>EXPENDITURES</b>				
Current:				
General government	6,581,024	-	1,867,836	8,448,860
Health and welfare	3,692,368	-	1,205,765	4,898,133
Education	130,808,409	-	18,053,462	148,861,871
Employee benefits	17,558,536	-	-	17,558,536
Public safety	30,906,902	-	-	30,906,902
Community grants	2,696,242	-	1,689,870	4,386,112
Public works	14,584,221	-	-	14,584,221
Recreation, arts and culture	6,371,540	-	-	6,371,540
Maritime Center Subsidy	-	-	7,606,136	7,606,136
Capital outlay	-	57,192,774	-	57,192,774
Debt service:				
Principal	7,307,505	-	-	7,307,505
Interest	7,088,109	-	-	7,088,109
<b>Total expenditures</b>	<b>227,594,856</b>	<b>57,192,774</b>	<b>30,423,069</b>	<b>315,210,699</b>
Other Financing Sources (Uses)				
Proceeds from issuance of bonds	22,600,110	38,657,509	-	61,257,619
Premium from issuance of bonds	78,318	-	-	78,318
Payments to escrow agent	(22,678,428)	-	-	(22,678,428)
	-	38,657,509	-	38,657,509
<b>Net change in fund balances</b>	<b>11,146,756</b>	<b>5,548,632</b>	<b>(618,005)</b>	<b>16,077,383</b>
<b>FUND BALANCES, beginning</b>	<b>20,271,079</b>	<b>22,816,634</b>	<b>3,262,117</b>	<b>46,349,830</b>
<b>FUND BALANCES, ending</b>	<b>\$ 31,417,835</b>	<b>\$ 28,365,266</b>	<b>\$ 2,644,112</b>	<b>\$ 62,427,213</b>

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, 2005**

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

Net change in fund balances – total governmental funds	\$ 16,077,383
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.	48,245,536
Net pension asset	(75,298)
Changes in revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(2,292,130)
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.	(32,789,161)
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.	(906,692)
The net revenue (expense) of certain activities of internal service funds is reported with governmental activities.	(977,327)
Change in net assets of governmental activities	<u>\$ 27,282,311</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, 2005

	General Fund			
	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes, interest and lien fees	\$ 195,971,939	\$ 195,971,939	\$ 200,532,788	\$ 4,560,849
Intergovernmental	15,938,500	16,047,437	16,722,401	674,964
Licenses, permits, fees and other	9,601,459	9,601,459	13,066,836	3,465,377
Interest	1,103,254	1,103,254	2,771,343	1,668,089
<b>Total revenues</b>	<b>222,615,152</b>	<b>222,724,089</b>	<b>233,093,368</b>	<b>10,369,279</b>
<b>EXPENDITURES</b>				
Current:				
General government	6,193,655	6,969,149	6,598,735	370,414
Education	124,829,934	128,416,477	127,075,024	1,341,453
Public safety	29,673,898	31,182,827	30,908,648	274,179
Health and welfare	1,928,309	2,082,464	1,995,124	87,340
Public works	14,312,929	14,746,868	14,680,830	66,038
Community grants	2,498,862	2,696,242	2,696,242	-
Employee benefits	17,554,308	17,554,308	17,469,853	84,455
Recreation, arts and cultural	6,210,876	6,569,956	6,407,123	162,833
Organizational memberships	72,684	88,684	88,684	-
Contingency	4,748,589	316,392	-	316,392
Debt service	14,591,108	14,591,108	14,395,617	195,491
<b>Total expenditures and encumbrances</b>	<b>222,615,152</b>	<b>225,214,475</b>	<b>222,315,880</b>	<b>2,898,595</b>
<b>Revenues and other financing sources over (under) expenditures and other financing uses</b>	<b>\$ -</b>	<b>\$ (2,490,386)</b>	<b>10,777,488</b>	<b>\$ 13,267,874</b>
<b>Net change in unreserved fund balance</b>			<b>10,777,488</b>	
<b>UNRESERVED AND UNDESIGNATED</b>				
<b>FUND BALANCES</b> , beginning			20,085,567	
Less: Designated for Board of Education				
Future Appropriations			(1,654,870)	
Less: Designated for City Future				
Appropriations			(3,458,197)	
<b>UNRESERVED AND UNDESIGNATED</b>				
<b>FUND BALANCES</b> , ending			<b>\$ 25,749,988</b>	

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, 2005**

	Business-Type Activities - Enterprise Funds			Governmental
	Water Pollution			Activities
	Control Authority	Parking Authority	Totals	Internal Service Fund
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 3,945,662	\$ -	\$ 3,945,662	\$ 4,245,226
Restricted cash	-	675,777	675,777	-
Charges receivable, net	207,967	-	207,967	-
Other receivables	6,300	19,095	25,395	-
Due from other funds	-	-	-	1,464,508
Investments	1,602,378	-	1,602,378	7,669,462
<b>Total current assets</b>	<b>5,762,307</b>	<b>694,872</b>	<b>6,457,179</b>	<b>13,379,196</b>
<b>CAPITAL ASSETS, NET</b>	<b>80,874,681</b>	<b>30,010,170</b>	<b>110,884,851</b>	<b>-</b>
<b>Total assets</b>	<b>86,636,988</b>	<b>30,705,042</b>	<b>117,342,030</b>	<b>13,379,196</b>
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Current maturities of bonds and notes payable	3,109,570	367,882	3,477,452	-
Accounts payable and accrued liabilities	490,834	266,378	757,212	294,697
Due to other funds	-	6,544,477	6,544,477	-
Claims payable	-	-	-	7,410,905
Unearned revenue	195,577	-	195,577	-
<b>Total current liabilities</b>	<b>3,795,981</b>	<b>7,178,737</b>	<b>10,974,718</b>	<b>7,705,602</b>
<b>LONG-TERM LIABILITIES</b>				
Bonds and notes payable	43,667,392	9,999,780	53,667,172	-
Claims payable	-	-	-	4,704,066
<b>Total long-term liabilities</b>	<b>43,667,392</b>	<b>9,999,780</b>	<b>53,667,172</b>	<b>4,704,066</b>
<b>Total liabilities</b>	<b>47,463,373</b>	<b>17,178,517</b>	<b>64,641,890</b>	<b>12,409,668</b>
<b>NET ASSETS</b>				
Invested in capital assets (net of related debt)	34,097,719	19,642,508	53,740,227	-
Restricted for debt service	-	675,777	675,777	-
Unrestricted (deficit)	5,075,896	(6,791,760)	(1,715,864)	969,528
<b>Total net assets</b>	<b>\$ 39,173,615</b>	<b>\$ 13,526,525</b>	<b>\$ 52,700,140</b>	<b>\$ 969,528</b>

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, 2005**

	Business-Type Activities - Enterprise Funds			Governmental
				Activities
	Water Pollution Control Authority	Parking Authority	Totals	Internal Service Fund
<b>OPERATING REVENUES</b>				
City and member's contributions	\$ -	\$ -	\$ -	\$ 43,651,282
Charges for services	10,034,271	3,010,050	13,044,321	-
<b>Total operating revenues</b>	<b>10,034,271</b>	<b>3,010,050</b>	<b>13,044,321</b>	<b>43,651,282</b>
<b>OPERATING EXPENSES</b>				
Administrative and operations	5,173,952	2,035,809	7,209,761	92,022
Depreciation	1,982,074	763,702	2,745,776	-
Salaries, benefits and claims	119,628	369,718	489,346	44,921,023
<b>Total operating expenses</b>	<b>7,275,654</b>	<b>3,169,229</b>	<b>10,444,883</b>	<b>45,013,045</b>
<b>Operating income (loss)</b>	<b>2,758,617</b>	<b>(159,179)</b>	<b>2,599,438</b>	<b>(1,361,763)</b>
<b>NONOPERATING INCOME (EXPENSE)</b>				
Investment income	212,690	-	212,690	384,436
Interest expense	(1,189,602)	(773,211)	(1,962,813)	-
<b>Total nonoperating income (expense)</b>	<b>(976,912)</b>	<b>(773,211)</b>	<b>(1,750,123)</b>	<b>384,436</b>
Capital Contributions				
Sale of land	-	-	-	-
Intergovernmental	347,500	-	347,500	-
<b>Total capital contributions</b>	<b>347,500</b>	<b>-</b>	<b>347,500</b>	<b>-</b>
<b>Change in net assets</b>	<b>2,129,205</b>	<b>(932,390)</b>	<b>1,196,815</b>	<b>(977,327)</b>
<b>FUND NET ASSETS, beginning</b>	<b>37,044,410</b>	<b>14,458,915</b>	<b>51,503,325</b>	<b>1,946,855</b>
<b>FUND NET ASSETS, ending</b>	<b>\$ 39,173,615</b>	<b>\$ 13,526,525</b>	<b>\$ 52,700,140</b>	<b>\$ 969,528</b>

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, 2005

	Business-Type Activities - Enterprise Funds			Governmental
	Water Pollution Control Authority	Parking Authority	Totals	Internal Service Fund
<b>Cash Flows From Operating Activities</b>				
Receipts from customers and users	\$ 10,024,627	\$ 2,996,657	\$ 13,021,284	\$ 43,350,706
Payments to suppliers	(4,905,909)	(2,670,740)	(7,576,649)	(43,355,927)
Payments to employees	(118,532)	(365,277)	(483,809)	-
<b>Net cash provided by (used in) operating activities</b>	<b>5,000,186</b>	<b>(39,360)</b>	<b>4,960,826</b>	<b>(5,221)</b>
<b>Cash Flows From Capital and Related Financing Activities</b>				
Principal payments on debt	(3,184,287)	(355,470)	(3,539,757)	-
Interest paid on debt	(1,189,692)	(773,211)	(1,962,903)	-
Proceeds from notes payable	2,055,077	327,000	2,382,077	-
Purchase of property and equipment	-	(1,031,200)	(1,031,200)	-
Intergovernmental revenues	347,590	-	347,590	-
Advances from other funds	-	1,884,887	1,884,887	-
<b>Net cash provided by (used in) capital and related financing activities</b>	<b>(1,971,312)</b>	<b>52,006</b>	<b>(1,919,306)</b>	<b>-</b>
<b>Cash Flows From Investing Activities</b>				
Purchase of investments	(1,026,553)	-	(1,026,553)	(908,537)
Interest received on investments	212,690	-	212,690	384,436
<b>Net cash used in investing activities</b>	<b>(813,863)</b>	<b>-</b>	<b>(813,863)</b>	<b>(524,101)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>2,215,011</b>	<b>12,646</b>	<b>2,227,657</b>	<b>(529,322)</b>
<b>Cash and Cash Equivalents</b>				
Beginning	1,730,651	663,131	2,393,782	4,774,548
Ending	<u>\$ 3,945,662</u>	<u>\$ 675,777</u>	<u>\$ 4,621,439</u>	<u>\$ 4,245,226</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities</b>				
Operating income (loss)	\$ 2,758,617	\$ (159,179)	\$ 2,599,438	\$ (1,361,763)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	1,982,074	763,702	2,745,776	-
Changes in assets and liabilities:				
Increase in charges receivable	(3,344)	-	(3,344)	-
Increase (decrease) in other receivables	(6,300)	(19,095)	(25,395)	46,932
Decrease in due from other funds	-	-	-	(347,508)
Increase (decrease) in accounts payable and accrued expenses	169,362	(620,718)	(451,356)	-
Increase in claims and judgments payables	-	-	-	1,657,118
Increase (decrease) in unearned income	99,777	(4,070)	95,707	-
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 5,000,186</b>	<b>\$ (39,360)</b>	<b>\$ 4,960,826</b>	<b>\$ (5,221)</b>

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, 2005**

	Pension Trust Funds	Private Purpose Trust Fund	Agency Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 26,177,403	\$ 60,252	\$ 1,473,189
Investments:			
U.S. Government Agency	29,858,906	-	-
Government bonds	2,258,198	-	-
Corporate bonds	27,690,367	-	-
Common equities	186,958,915	-	-
Mutual Funds	37,043,816	-	-
<b>Total investments</b>	<b>283,810,202</b>	<b>-</b>	<b>-</b>
Secured lending transactions	26,051,299	-	-
<b>Total assets</b>	<b>336,038,904</b>	<b>60,252</b>	<b>1,473,189</b>
<b>LIABILITIES</b>			
Secured lending transactions	26,051,299	-	-
Other liabilities	-	-	1,473,189
<b>Total liabilities</b>	<b>26,051,299</b>	<b>-</b>	<b>1,473,189</b>
<b>Net Assets Held in Trust for Pension</b>			
<b>Benefits and Other Purposes</b>	<b>\$ 309,987,605</b>	<b>\$ 60,252</b>	<b>\$ -</b>

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, 2005**

	Pension Trust Funds	Private Purpose Trust Fund
<b>Additions</b>		
Contributions:		
Employer	\$ 1,862,768	\$ -
Plan members	2,358,031	-
<b>Total contributions</b>	<b>4,220,799</b>	<b>-</b>
Investment Income:		
Interest and dividends	5,596,161	1,029
Net appreciation in fair value of investments	21,441,557	-
Less investment expense	(731,467)	-
<b>Net investment income</b>	<b>26,306,251</b>	<b>1,029</b>
Securities lending transactions income	604,766	-
Securities lending transactions expense	(519,380)	-
<b>Total net investment income</b>	<b>85,386</b>	<b>-</b>
<b>Total additions</b>	<b>30,612,436</b>	<b>1,029</b>
<b>Deductions</b>		
Benefits paid	14,829,833	4,325
General and administrative	697,603	-
<b>Total deductions</b>	<b>15,527,436</b>	<b>4,325</b>
<b>Net increase (decrease)</b>	<b>15,085,000</b>	<b>(3,296)</b>
<b>Net Assets Held in Trust for Pension Benefits and Other Purposes</b>		
Beginning of year	294,902,605	63,548
End of year	<b>\$ 309,987,605</b>	<b>\$ 60,252</b>

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

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

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**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 <sup>st</sup>	X	X	X	X	
2 <sup>nd</sup>	X	X	X	X	
3 <sup>rd</sup>	X	X	X	X	
4 <sup>th</sup>	X	X	X	X	X
5 <sup>th</sup>	X			X	X
6 <sup>th</sup>	X				
7 <sup>th</sup>	X		X		
8 <sup>th</sup>	X	X		X	
9 <sup>th</sup>	X	X		X	

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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**

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. These financial statements present the City and its component unit, entity for which the City is considered to be financially accountable. The blended component unit, although a legally separate entity, is, in substance, part of the City’s operations and so data from this unit is combined with data of the primary government.

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 Town.

**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 creating the Authority provided that the City would be the sole participating municipality, that the Authority would have a term of existence

## CITY OF NORWALK, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2005

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until the latter of (i) the abolition of the authority by subsequent ordinance of the Common Council or (ii) the extinguishment of all obligations of the Authority, including, without limitation, the retirement of all outstanding debt of the Authority. In addition, the ordinance provides that the powers of the Authority shall 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. The Mayor and the current and former members of the Common Council serve for two-year terms coterminous with the term of the office of the Mayor and the Common Council. Four additional members serve for staggered five-year terms from the date of their appointments. Appointments to the Authority (except for the position held by the Mayor) are made by a majority vote of the membership of the Common Council. Vacancies for any reason during the term of office are filled in the same manner as regular appointments. The operations of the Authority are accounted for as a special revenue fund.

The City as lessor and the Authority as lessee have entered into a lease of certain premises in South Norwalk, Connecticut on which the Center was constructed. The Authority has entered into a sublease with The Maritime Center at Norwalk, Inc., a nonprofit organization that operates such premises (the Operator), pursuant to which the Operator is obligated to develop and operate the Center.

In October 1985, the City agreed to lend its full faith and credit to the development of the Center and guaranteed payment on the bonds to finance the Center and is obligated to cover any deficiency in net revenues from the Center's operations to pay debt service, but the City is not obligated to cover any operating deficiencies incurred by the operator. The Center's management anticipates that net revenue for the fiscal year ending June 30, 2005 will not be sufficient to meet its debt requirements.

#### **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

## CITY OF NORWALK, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2005

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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 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.

## CITY OF NORWALK, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2005

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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.

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.

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

## **CITY OF NORWALK, CONNECTICUT**

### **NOTES TO FINANCIAL STATEMENTS, Continued** **June 30, 2005**

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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 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 money market accounts and certificates of deposit with original maturities of three months or less.

#### **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.

The balance of the pooled fixed income investments were invested in a pool similar to a 2a-7. The fair value of the position in the pool is the same as the value of the pool shares.

#### **Inventories**

Inventories are stated at lower of cost or market using the consumption method on the first-in, first-out basis for governmental fund types.

Enterprise funds of the City record inventory at the lower of cost or market using the first-in, first-out method.

## CITY OF NORWALK, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2005

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#### 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 (\$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.

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

## CITY OF NORWALK, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2005

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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.

#### **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. Deficit will require future funding.

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

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

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

***Unreserved fund balance*** - indicates that portion of fund equity which is available for appropriation and expenditure in future periods.

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2005

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**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 at the discretion of the Common Council.

**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 \$177,675,814 difference are as follows:

Bonds payable	\$ 159,578,695
Premiums, issue costs, proceeds and gain on refunding, Net of accumulated amortization	154,268
Accrued interest payable	6,600,109
Deferred revenue, unrelated to debt	(3,884,044)
Pension liability	1,674,725
Compensated absences	<u>13,552,061</u>
Net adjustment to reduce fund balance – total governmental funds to arrive at net assets – governmental activities	<u>\$ 177,675,814</u>

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2005

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**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 \$48,245,536 difference are as follows:

Capital outlay	\$ 52,931,271
Depreciation expense	<u>(4,685,735)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 48,245,536</u>

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 \$32,789,161 difference are as follows:

Long-term liabilities issued or incurred:	
Issuance of general obligation bonds and notes payable	\$ 61,273,110
Premiums, issue costs, proceeds and gain on refunding	1,159,724
Principal repayments:	
General obligation debt	(7,136,375)
Payment to escrow agent for refunding	<u>(22,507,298)</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 32,789,161</u>

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2005

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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 \$906,692 difference are as follows:

Compensated absences	\$ (3,634,666)
Accrued interest	3,219,513
Pension liability	(36,283)
Other	<u>1,358,128</u>
Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 906,692</u>

**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.

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2005

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- 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.

- 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, 2005, supplemental appropriations totaled approximately \$1,434,780.

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	\$ 222,315,880
On-behalf payments paid directly by the State of Connecticut Teachers' Retirement System	3,951,000
On-behalf payments, paid directly by the Department of Public Health to WIC recipients, not recognized for budgetary purposes	1,697,244
Encumbrances and continued appropriations:	
June 30, 2004	185,509
June 30, 2005	(554,777)
Expenditures, GAAP basis	<u>\$ 227,594,856</u>

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2005

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

Revenues and transfers in, budgetary basis	\$ 233,093,368
On-behalf payments paid directly by the State of Connecticut Teachers' Retirement System	3,951,000
On-behalf payments, paid directly by the Department of Public Health to WIC recipients, not recognized for budgetary purposes	<u>1,697,244</u>
Revenues, GAAP basis	<u>\$ 238,741,612</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 are limited to obligations of the United States and its agencies, and repurchase agreements fully

## CITY OF NORWALK, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2005

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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.

*Interest Rate Risk:* The City will minimize 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, 2005 \$85,566,853 of the entity's bank balance of \$91,000,014 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, 2005**

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Cash and investments of the City consist of the following at June 30, 2005:

<b>Cash and Cash Equivalents</b>	
Deposits with financial institutions	\$ 84,084,556
State of Connecticut Short-Term Investment fund	504,961
Tax Exempt Proceeds Fund	2,958,477
Municipal Backed Investment Fund	2,369,723
<b>Total cash and cash equivalents</b>	<u>89,917,717</u>
<b>Investments</b>	
General Fund	
U.S. Government Securities	<u>19,844,121</u> *
Capital Projects	
U.S. Government Securities	<u>7,764,418</u> *
Internal Service Fund	
U.S. Government Securities	3,638,935 *
Corporate Bonds	1,478,583 *
Equity Securities	1,579,738 *
Mutual Funds	972,207
<b>Total internal service fund</b>	<u>7,669,463</u>
Business Type Activities-WPCA	
U.S. Government Securities	<u>1,602,378</u> *
<b>Total business type activities</b>	<u>1,602,378</u>
Pension Trust Funds:	
U.S. Government Securities	2,258,198 *
U.S. Government Agencies	29,858,906 *
Corporate Bonds	27,690,367 *
Common Equities	186,958,915 *
Mutual Funds	37,043,816
<b>Total pension investments</b>	<u>283,810,202</u>
<b>Total investments</b>	<u>320,690,582</u>
<b>Total cash and investments</b>	<u>\$ 410,608,299</u>

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

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2005

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

<b>Statement of Net Assets</b>	
Cash and cash equivalents	\$ 61,531,096
Restricted cash	675,777
Investments	36,880,380
<b>Total statement of net assets</b>	<u>99,087,253</u>
<b>Fiduciary Funds:</b>	
Cash and cash equivalents	27,710,844
Investments	283,810,202
	<u>311,521,046</u>
<b>Total cash and investments</b>	<u>\$ 410,608,299</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 entity'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	\$ 35,108,050	\$ -	\$ 19,641,573	\$ 11,597,801	\$ 3,868,676
U.S. Government Agencies	29,858,906	-	3,975,150	7,873,405	18,010,351
Pooled fixed income	5,833,161	5,833,161	-	-	-
Corporate Bonds	27,690,367	774,287	10,446,873	9,789,590	6,679,617
<b>TOTAL</b>	<u>\$ 98,490,484</u>	<u>\$ 6,607,448</u>	<u>\$ 34,063,596</u>	<u>\$ 29,260,796</u>	<u>\$ 28,558,644</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 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. Presented below is the minimum rating as required for each debt type investment.

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2005

Average Rating	Corporate Bonds	U.S. Government Agencies	Pooled Fixed Income
AAA	\$ 104,876	\$ 9,375,941	\$ -
AA-	210,054	-	-
A+	318,383	-	-
A	422,875	-	-
A-	317,501	-	-
BBB+	104,894	-	-
Unrated	26,211,784	20,482,965	5,833,161
	<u>\$ 27,690,367</u>	<u>\$ 29,858,906</u>	<u>\$ 5,833,161</u>

**Note 5. Interfund Accounts**

As of June 30, 2005, interfund receivables and payables that resulted from various interfund transactions were as follows:

	Due From Other Funds	Due To Other Funds
General Fund	\$ 6,953,187	\$ -
Nonmajor Governmental Funds	593,593	2,466,811
Parking Authority	-	6,544,477
Internal Service Fund	1,464,508	-
	<u>\$ 9,011,288</u>	<u>\$ 9,011,288</u>

The interfund transfers listed above between the internal service fund and the nonmajor governmental fund is due to the Board of Education medical insurance paid to the internal service fund subsequent to year-end. The parking authority has a cash deficit funded by the general fund.

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2005

**Note 6. Capital Assets**

Capital asset activity for the year ended June 30, 2005 was as follows:

	Beginning Balance	Additions/ Transfers	Disposals/ Transfers	Ending Balance
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 21,905,400	\$ -	\$ -	\$ 21,905,400
Construction in progress	58,238,727	40,437,945	(38,898,646)	59,778,026
Total capital assets, not being depreciated	80,144,127	40,437,945	(38,898,646)	81,683,426
Capital assets, being depreciated:				
Land improvements	7,816,057	-	-	7,816,057
Machinery and equipment	28,139,573	2,199,789	(1,267,224)	29,072,138
Buildings and improvements	103,615,793	49,105,183	-	152,720,976
Infrastructure	149,803,277	87,000	-	149,890,277
Total capital assets being depreciated	289,374,700	51,391,972	(1,267,224)	339,499,448
Less accumulated depreciation for:				
Land improvements	4,789,160	306,417	-	5,095,577
Machinery and equipment	24,629,965	945,285	(1,267,224)	24,308,026
Buildings and improvements	49,659,450	2,304,063	-	51,963,513
Infrastructure	18,230,345	1,129,970	-	19,360,315
Total accumulated depreciation	97,308,920	4,685,735	(1,267,224)	100,727,431
Total capital assets, being depreciated, net	192,065,780	46,706,237	-	238,772,017
Governmental activities capital assets, net	\$ 272,209,907	\$ 87,144,182	\$ (38,898,646)	\$ 320,455,443

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2005

	Beginning Balance	Additions/ Transfers	Disposal/ Transfers	Ending Balance
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 4,838,768	\$ -	\$ (6)	\$ 4,838,762
Construction in progress	7,531	6	(7,537)	-
Total capital assets, not being depreciated	4,846,299	6	(7,543)	4,838,762
Capital assets, being depreciated:				
Land improvements	509,288	-	-	509,288
Machinery and equipment	11,937,707	479,376	-	12,417,083
Buildings and improvements	110,649,483	559,361	-	111,208,844
Infrastructure	28,677,753	-	-	28,677,753
Total capital assets, being depreciated	151,774,231	1,038,737	-	152,812,968
Less accumulated depreciation for:				
Land improvements	280,701	25,038	-	305,739
Machinery and equipment	11,485,955	97,202	-	11,583,157
Buildings and improvements	21,470,526	2,193,439	-	23,663,965
Infrastructure	10,783,921	430,097	-	11,214,018
Total accumulated depreciation	44,021,103	2,745,776	-	46,766,879
Total capital assets, being depreciated, net	107,753,128	(1,707,039)	-	106,046,089
Business-type activities capital assets, net	\$ 112,599,427	\$ (1,707,033)	\$ (7,543)	\$ 110,884,851

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2005

Depreciation expense was charged to functions/programs as follows:

<b>Governmental Activities:</b>		
General government		\$ 51,556
Education		1,762,793
Public safety		528,082
Health and welfare		14,917
Public works		1,198,915
Recreation, arts and cultural		1,129,472
Total depreciation expense – governmental activities		<u>\$ 4,685,735</u>
<b>Business-type activities:</b>		
Water Pollution Control Authority		\$ 1,982,074
Parking Authority		763,702
Total depreciation expense – business-type activities		<u>\$ 2,745,776</u>

**Note 7. Long-Term Liabilities**

Long-term liability activity for the year ended June 30, 2005 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
Bonds payable:					
General obligation bonds	\$ 123,520,618	\$ 61,273,110	\$ (27,997,827)	\$ 156,795,901	\$ 8,588,890
Maritime Center bonds	3,268,916	-	(486,122)	2,782,794	449,828
Deferred amounts:					
For issuance premium	1,990,275	78,318	(249,744)	1,818,849	-
<b>Total bonds and notes payable</b>	<u>128,779,809</u>	<u>61,351,428</u>	<u>(28,733,693)</u>	<u>161,397,544</u>	<u>9,038,718</u>
Compensated absences	17,186,727	74,719	(3,709,385)	13,552,061	2,388,737
Net pension obligations	1,712,008	-	(36,283)	1,675,725	-
<b>Governmental activity long-term liabilities</b>	<u>\$ 147,678,544</u>	<u>\$ 61,426,147</u>	<u>\$ (32,479,361)</u>	<u>\$ 176,625,330</u>	<u>\$ 11,427,455</u>
<b>Business-type activities:</b>					
Bonds payable:					
General obligation bonds and notes payable	\$ 58,302,304	\$ 2,382,077	\$ (3,539,757)	\$ 57,144,624	\$ 3,477,454
<b>Total bonds and notes payable</b>	<u>58,302,304</u>	<u>2,382,077</u>	<u>(3,539,757)</u>	<u>57,144,624</u>	<u>3,477,454</u>
<b>Business-type activity long-term liabilities</b>	<u>\$ 58,302,304</u>	<u>\$ 2,382,077</u>	<u>\$ (3,539,757)</u>	<u>\$ 57,144,624</u>	<u>\$ 3,477,454</u>

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2005

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**Compensated absences**

The obligation represents the employee (vested and nonvested) compensated absences expected to be paid in the future, aggregating \$13,552,091 as of June 30, 2005. This amount is recorded in the government wide statements.

**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 at June 30, 2005 was \$1,676,725. This amount is recorded in the government wide statements.

**Bonded indebtedness**

As of June 30, 2005, 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>
General government	6.40-6.50	\$ 326,900
Capital improvement	5.00-5.15	760,815
Capital improvement	4.55-4.85	1,160,001
Capital improvement	4.30-4.75	1,405,850
Capital improvement	4.25-6.00	5,640,000
Capital improvement	4.87-5.00	3,654,000
Capital improvement	4.00-4.50	3,510,750
Capital improvement	4.00-5.00	10,564,029
Capital improvement	3.00-5.00	40,029,993
Capital improvement	2.00-4.00	20,763,693
Capital improvement	2.00-4.00	9,625,500
Capital improvement	3.00-5.00	12,206,260
Capital improvement	3.25-4.375	24,548,000
Capital improvement	2.35-5.00	22,600,110
		<u>\$ 156,795,901</u>

**Maritime Center Project Bonds**

<u>Purpose</u>	<u>Interest Rate %</u>	<u>Amount</u>
Maritime Center Project - Refunding Bonds, 1986 Series	4.30-7.00	<u>\$ 2,782,794</u>

**CITY OF NORWALK, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2005**

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2005 General Obligation Bond - In-Substance Defeasance

During 2005, the City issued \$22,825,000 of general obligation bonds with interest rates ranging from 2.35% to 5.0% which was used to advance refund portions of the outstanding principal amounts of general obligation bonds of the City dated 2004B and 2004C. Of the net proceeds of \$22,940,643 (after payment of \$207,000 in underwriters fees and other costs), \$22,731,264 was placed in an irrevocable trust fund under an Escrow Agreement dated March 2005 between the City and the Escrow Holder. The Escrow Holder used the proceeds to purchase a portfolio of non-callable direct obligations of the United States of America (“Government Obligations”). The Government Obligations will have maturities and interest rates sufficient to pay principal and interest payments and redemption premiums on the Refunding Bonds on the dates the payments are due.

The City advance refunded the above bonds to reduce total debt service payments over the next 20 years by approximately \$679,000 and to obtain an economic gain (difference between the present values of the debt service payments on the old and net debt) of \$502,000.

The balance in escrow was approximately \$22,700,000 at June 30, 2005. The balance of the defeased bonds was approximately \$21,560,000 at June 30, 2005. As a result, the refunded bonds are considered defeased and the liability has been removed from the basic financial statements.

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, 2005, the amount of defeased outstanding, but removed from the City’s government-wide financial statements, amounted to the following:

2003 Refunding	\$ 20,700,000
2004 Refunding	\$ 21,560,000

***Business-Type Activities***

**Enterprise Debt**

<u>Purpose</u>	<u>Interest Rate %</u>	<u>Amount</u>
Water Pollution Control Authority Bonds and Clean Water Fund	2.00-5.00%	\$ 46,776,962
Parking Authority - Parking Fund	2.00-5.00%	10,367,662
		<u>\$ 57,144,624</u>

**CITY OF NORWALK, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2005**

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, 2005 is as follows:

Year Ended June 30,	General Obligation Debt	Maritime Center Project Debt	Total Principal Amount	General Obligation Interest Amount	Maritime Center Interest Amount
2006	\$ 8,588,890	\$ 449,828	\$ 9,038,718	\$ 6,495,003	\$ 1,235,172
2007	11,353,263	415,841	11,769,104	5,793,431	1,269,159
2008	13,484,433	384,062	13,868,495	5,269,467	1,300,938
2009	13,390,035	354,356	13,744,391	4,696,488	1,330,645
2010	12,906,953	326,638	13,233,591	4,078,576	1,358,363
2010-2014	42,900,279	852,069	43,752,348	11,969,017	4,202,929
2015-2018	29,431,419	-	29,431,419	6,281,186	-
Thereafter	24,740,629	-	24,740,629	3,122,579	-
	<u>\$ 156,795,901</u>	<u>\$ 2,782,794</u>	<u>\$ 159,578,695</u>	<u>\$ 47,705,747</u>	<u>\$ 10,697,206</u>

A summary of the City's business-type activities' long-term notes and bond principal maturities and related interest at June 30, 2005 is as follows:

Year Ended June 30,	WPCA Debt	Parking Authority Debt	Total Principal Amount	WPCA Interest Amount	Parking Authority Interest Amount
2006	\$ 3,109,570	\$ 367,884	\$ 3,477,454	\$ 1,033,098	\$ 480,509
2007	3,314,260	380,517	3,694,777	958,326	455,667
2008	3,390,394	420,956	3,811,350	875,602	436,296
2009	3,352,742	406,813	3,759,555	791,113	416,825
2010	3,430,553	466,975	3,897,528	700,298	396,523
2010-2014	13,676,208	1,767,873	15,444,081	2,007,226	1,411,643
2015-2018	12,317,290	1,788,544	14,105,834	844,545	1,101,715
Thereafter	4,185,945	4,768,100	8,954,045	72,590	1,184,189
	<u>\$ 46,776,962</u>	<u>\$ 10,367,662</u>	<u>\$ 57,144,624</u>	<u>\$ 7,282,798</u>	<u>\$ 5,883,367</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, 2005 was approximately \$872,416. Additional

**CITY OF NORWALK, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2005**

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payments aggregating approximately \$1,807,249 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.

The City has authorized but unissued bonds relating to capital projects at June 30, 2005 as follows:

General purpose	\$ 7,434,038
Schools	80,457,820
Sewer	1,350,000
Urban Renewal	5,200,000
<b>Total</b>	<u>\$ 94,441,858</u>

**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	\$ 452,734,904	\$ 89,520,529	\$ 363,214,375
Pension	\$ 603,646,539	\$ -	\$ 603,646,539
Schools	\$ 905,469,809	\$ 164,222,090	\$ 741,247,719
Sewers	\$ 754,558,174	\$ 48,126,962	\$ 706,431,212
Urban renewal	\$ 653,950,417	\$ 9,295,606	\$ 644,654,811

The total overall statutory debt limit for the City is equal to seven times annual receipts from taxation, or \$1,408,508,591.

**Subsequent Event**

On July 1, 2005, the City issued \$23,000,000 of general obligation bonds to finance certain capital projects. The bonds will mature through 2025 with interest from 3.25% to 5.00%.

**CITY OF NORWALK, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2005**

**Capital Projects**

A summary of the uncompleted capital projects of the City at June 30, 2005 follows:

Project	Project Authorizations	Expenditures		Unexpended Authorization Balances
		Fiscal 2005	Cumulative	
	(a)	(b)	(c)	
Department of Public Works:				
Clean Water	\$ 70,134,800	\$ 87,759	\$ 69,389,153	\$ 745,647
Solid Waste	387,593	8,090	386,835	758
Sanitary Sewers	3,857,235	159,842	1,985,244	1,871,991
Drainage	1,498,904	237,565	838,239	660,665
Roads and Highways	12,488,973	3,493,503	9,396,133	3,092,840
Other	25,819,431	9,667,550	24,773,463	1,045,968
Fire Department	963,577	904,923	931,006	32,571
Parks and Recreation	17,748,582	3,914,395	10,653,569	7,095,013
Board of Education	181,175,242	38,858,492	90,489,586	90,685,656
Redevelopment Agency	33,003,773	998,584	4,330,435	28,673,338
Traffic and Parking	2,683,423	21,983	892,298	1,791,125
	<u>\$ 349,761,533</u>	<u>\$ 58,352,686</u>	<u>\$ 214,065,961</u>	<u>\$ 135,695,572</u>

- (a) Represents cumulative Capital Budgets for projects that remain open at June 30, 2005.
- (b) Represents current year expenditures for projects that were open at June 30, 2005.
- (c) Represents aggregate expenditures for projects that were open at June 30, 2005.

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. 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 for in the Internal Service Fund of approximately \$1,490,000. For certain other cases, where there is a reasonable possibility that a loss has been incurred, the City estimates its possible exposure could be up to \$4,200,000 and no accrual is made in the financial statements. Based upon the advice of the City Corporation Counsel, management believes that the ultimate resolution of these matters will not have a material adverse effect on the financial statements of the City.

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2005

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**Note 9. 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, 2005 the actuarial valuation date utilized was July 1, 2004 satisfying the compliance requirement of GASB 25 and 27.

At the last actuarial valuation date, July 1, 2004, membership consisted of:

	<u>Police</u>	<u>Fire</u>	<u>Employees</u>	<u>Food Service</u>
Retirees, disabled members and beneficiaries currently receiving benefits	156	154	561	28
Terminated employees entitled to benefits but not yet receiving them	-	-	101	1
Active members	151	130	670	44
	<u>307</u>	<u>284</u>	<u>1,332</u>	<u>73</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 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 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, 2005

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City's payroll for employees covered by the Police Benefit Fund for the year ended June 30, 2005 was \$10,654,741.

#### **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 7 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, 2005 was \$7,785,588.

#### **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, 2005 was \$32,266,023.

**CITY OF NORWALK, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2005**

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**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 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, 2005 was \$663,188.

**Total Payroll**

Total payroll for the City for the year ended June 30, 2005 was \$132,923,517 of which approximately \$51,400,000 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 multiple contributory defined benefit plan, established under Chapter 167a of the Connecticut General Statutes, which is administered by the Connecticut State Teachers' Retirement Board.

Certain part-time and all 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. A participant is eligible to receive a normal retirement benefit upon attaining age sixty and when he or she 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, of which twenty-five are for service in the public schools of Connecticut.

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 town basis. The financial statements of the plan are available from the Connecticut State Teachers' Retirement Board, 21 Grand Street, Hartford, CT 06105.

**CITY OF NORWALK, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2005**

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 \$3,951,000, for the year ended June 30, 2005.

The City's annual pension cost and net pension obligation (asset) to the Plan for the year ended June 30, 2005 were as follows:

	Employees'	Police	Fire	Food Service
Annual required contribution	\$ 911,816	\$ 868,054	\$ -	\$ 125,222
Interest on net pension obligation	67,597	73,644	-	(5,647)
Adjustment to annual required contribution	(70,685)	(77,384)	-	8,166
Annual pension cost	908,728	864,314	-	127,741
Contributions made	994,714	868,054	-	-
Increase (decrease) in net pension obligation	(85,986)	(3,740)	-	127,741
Net pension obligation (asset), beginning of year	819,359	892,649	-	(75,298)
Net pension obligation, end of year	\$ 733,373	\$ 888,909	\$ -	\$ 52,443

***Three-Year Trend Information:***

	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
<b><u>Employees' Pension Plan</u></b>			
June 30, 2003	\$ 1,066,852	10.1%	\$ 909,248
June 30, 2004	1,063,189	108.5%	819,359
June 30, 2005	908,728	109.5%	733,373
<b><u>Police Benefit Fund</u></b>			
June 30, 2003	\$ 896,104	-	\$ 896,104
June 30, 2004	892,649	100.4%	892,649
June 30, 2005	864,314	100.4%	888,909
<b><u>Firemans Benefit</u></b>			
June 30, 2003	\$ -	100%	\$ -
June 30, 2004	-	100%	-
June 30, 2005	-	100%	-
<b><u>Food Service Plan</u></b>			
June 30, 2003	\$ 132,789	98.4%	\$ (77,595)
June 30, 2004	132,952	98.3%	(75,298)
June 30, 2005	127,741	-	52,443

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2005

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

Year Ended June 30,	Employees'		Police		Fire		Food Service	
	Annual Required Contribution	Percentage Contributed						
2005	\$ 911,816	109.1%	\$ 868,054	100.0%	\$ -	-%	\$ 125,222	0%
2004	1,066,429	108.1%	896,104	100.0%	-	-%	130,611	97.3%
2003	1,066,429	10.1%	896,104	-%	-	-%	130,611	100.0%
2002	-	100.0%	-	100.0%	-	-%	65,194	100.0%
2001	1,070,000	100.0%	405,000	100.0%	40,000	100.0%	63,886	116.0%
2000	1,812,625	100.0%	374,200	100.0%	188,150	100.0%	44,153	365.0%

**SCHEDULE OF FUNDING PROGRESS**

Actuarial Valuation Date	Actuarial Valuation of Assets	Actuarial Liability (AAL) Entry Age	Unfunded/ (Overfunded) AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
<b>Police Benefit Fund</b>						
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%
<b>Firemen's Benefit Fund</b>						
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)%
<b>Employees' Pension Plan</b>						
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)%
<b>Food Service Employees' Pension Plan</b>						
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%

**CITY OF NORWALK, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2005**

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Additional information as of the latest actuarial valuations follows:

	Employees' Pension Plan	Police Benefit Fund	Firemens' Benefit Fund	Food Service Pension Plan
Valuation date	7/1/04	7/1/04	7/1/04	7/1/04
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	24 years Closed	24 years Closed	24 years Closed	24 years Closed
Asset valuation method	Investment gains/losses recognized over 5 years	Investment gains/losses recognized over 5 years	Investment gains/losses recognized over 5 years	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%	1.5%

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2005

**SCHEDULE OF PLAN NET ASSETS**  
**June 30, 2005**

	Pension Plan Employees	Fire Benefit Fund	Police Benefit Fund	Food Service Employees' Fund	Total
<b>ASSETS</b>					
Cash and cash equivalents	\$ 12,775,424	\$ 6,809,088	\$ 6,512,648	\$ 80,243	\$ 26,177,403
Investments, at fair value:					
U.S. Government Agency	14,639,823	7,745,400	7,378,135	95,548	29,858,906
Government Bonds	1,107,195	585,777	558,000	7,226	2,258,198
Corporate Bonds	13,576,587	7,182,881	6,842,290	88,609	27,690,367
Common and Preferred					
Equities	91,665,959	48,497,141	46,197,547	598,268	186,958,915
Mutual Funds	18,163,895	9,610,524	9,160,710	108,687	37,043,816
Secured lending transactions	12,772,952	6,757,707	6,437,276	83,364	26,051,299
<b>Total assets</b>	<b>164,701,835</b>	<b>87,188,518</b>	<b>83,086,606</b>	<b>1,061,945</b>	<b>336,038,904</b>
<b>LIABILITIES</b>					
Secured lending transactions	12,772,952	6,757,707	6,437,276	83,364	26,051,299
<b>Total liabilities</b>	<b>12,772,952</b>	<b>6,757,707</b>	<b>6,437,276</b>	<b>83,364</b>	<b>26,051,299</b>
<b>Net Assets Held in Trust for Pension Benefits</b>	<b>\$ 151,928,883</b>	<b>\$ 80,430,811</b>	<b>\$ 76,649,330</b>	<b>\$ 978,581</b>	<b>\$ 309,987,605</b>

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2005

**SCHEDULE OF CHANGES IN PLAN NET ASSETS  
Year Ended June 30, 2005**

	Pension Plan Employees	Fire Benefit Fund	Police Benefit Fund	Food Service Employees' Fund	Total Pension Trust Funds
<b>Addition</b>					
Contributions					
Employer	\$ 994,714	\$ -	\$ 868,054	\$ -	\$ 1,862,768
Plan members	1,078,741	557,278	700,606	21,406	2,358,031
<b>Total contributions</b>	<b>2,073,455</b>	<b>557,278</b>	<b>1,568,660</b>	<b>21,406</b>	<b>4,220,799</b>
Investment Income					
Interest and dividends	2,743,182	1,456,593	1,378,692	17,694	5,596,161
Net appreciation in fair value of investments	10,510,887	5,579,625	5,283,352	67,693	21,441,557
Less investment expense	(358,430)	(191,003)	(179,799)	(2,235)	(731,467)
<b>Net investment income</b>	<b>12,895,639</b>	<b>6,845,215</b>	<b>6,482,245</b>	<b>83,152</b>	<b>26,306,251</b>
Securities lending transaction income	296,517	156,876	149,438	1,935	604,766
Securities lending transaction expense	(254,652)	(134,727)	(128,339)	(1,662)	(519,380)
<b>Total net investment income</b>	<b>41,865</b>	<b>22,149</b>	<b>21,099</b>	<b>273</b>	<b>85,386</b>
<b>Total additions</b>	<b>15,010,959</b>	<b>7,424,642</b>	<b>8,072,004</b>	<b>104,831</b>	<b>30,612,436</b>
<b>Deductions</b>					
Benefits paid	7,271,454	3,860,543	3,643,894	53,942	14,829,833
General and administrative	320,432	213,650	158,755	4,766	697,603
<b>Total deductions</b>	<b>7,591,886</b>	<b>4,074,193</b>	<b>3,802,649</b>	<b>58,708</b>	<b>15,527,436</b>
<b>Net increase</b>	<b>7,419,073</b>	<b>3,350,449</b>	<b>4,269,355</b>	<b>46,123</b>	<b>15,085,000</b>
<b>Net Assets Held in Trust for Pension Benefits</b>					
Beginning of year	144,509,810	77,080,362	72,379,975	932,458	294,902,605
End of year	\$ 151,928,883	\$ 80,430,811	\$ 76,649,330	\$ 978,581	\$ 309,987,605

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2005

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**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.

During the year ended June 30, 2005, 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, 2005 were \$25,323,659 and \$26,051,299, as follows:

<u>Collateral Type</u>	<u>Market Value June 30, 2005</u>	<u>Collateral Value June 30, 2005</u>	<u>Collateral Percentage</u>
Cash	\$ 24,690,532	\$ 25,405,147	102%
Non-cash	633,127	646,152	102%
	<u>\$ 25,323,659</u>	<u>\$ 26,051,299</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, 2005.

## CITY OF NORWALK, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2005

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#### **Note 10. 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, 928 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 \$7,435,000 for the year ended June 30, 2005 (see Note 12).

#### **Note 11. 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; injuries to employees; and natural disasters. The City purchases commercial insurance for property losses in excess of \$50,000, faithful performance, and third party liability insurance up to \$12,000,000 for claims above \$250,000. Effective July 1, 2001, the self-insured retention increased to \$500,000. 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. During the last three years, the amount of settlements did not exceed insurance coverage.

Except for employee health insurance, 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.

**CITY OF NORWALK, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2005**

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The City is a defendant in a significant number of lawsuits. At June 30, 2005, approximately \$1,500,000 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.

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
2004	\$ 8,879,288	\$ 36,784,975	\$ 34,911,713	\$ 10,752,550
2005	\$ 10,752,550	\$ 41,318,156	\$ 39,661,037	\$ 12,114,971

At June 30, 2005, \$7,410,905 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 \$4,704,066 is recorded as a noncurrent liability on the statement of net assets.

**Note 12. Pronouncements Issued, Not Yet Effective**

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2005 that have effective dates that may impact future financial presentations.

Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements:

- ◆ GASB Statement No. 42, Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries, will be effective for the government beginning with its year ending June 30, 2006. This Statement requires governments to report the effects of capital asset impairment in their financial statements when it occurs and requires all governments to account for insurance recoveries in the same manner.
- ◆ GASB Statement No. 43, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, issued April 2004, will be effective in phases using the same criteria applied in the implementation of the new governmental reporting model, starting with periods beginning after June 30, 2006. This Statement establishes uniform financial reporting standards for other postemployment benefit plans (OPEB plans) and supersedes existing guidance.
- ◆ GASB Statement No. 44, Economic Condition Reporting: The Statistical Section, issued in May 2004, will be effective for the City beginning with its year ending June 30, 2006. This Statement improves the understandability and usefulness of statistical section information by addressing the comparability problems that have developed in practice and by adding information from the new financial reporting model required by Statement No. 34 and related statements.

**CITY OF NORWALK, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2005**

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- ◆ 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 starting with the period beginning after June 30, 2007. 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.
- ◆ GASB Statement No. 46, Net Assets Restricted by Enabling Legislation, an amendment of GASB Statement No. 34, issued December 2004, will be effective for the City beginning with its year ending June 30, 2006. This Statement requires that limitations on the use of net assets imposed by enabling legislation be reported as restricted net assets.
- ◆ GASB Statement No. 47, Accounting for Termination Benefits, issued June 2005, will be effective for the City beginning with its year ending June 30, 2006. This Statement requires employers to disclose a description of the termination benefit arrangement, the cost of the termination benefits, and significant methods and assumptions used to determine termination benefit liabilities.

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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, 2005**

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>TAXES, INTEREST AND LIEN FEES</b>				
Current	\$ 194,715,339	\$ 194,715,339	\$ 198,665,640	\$ 3,950,301
Interest and liens	1,256,600	1,256,600	1,867,148	610,548
<b>Total taxes, interest and lien fees</b>	<b>195,971,939</b>	<b>195,971,939</b>	<b>200,532,788</b>	<b>4,560,849</b>
<b>INTERGOVERNMENTAL</b>				
State grants in aid - general	5,483,303	5,483,303	6,559,731	1,076,428
State grants in aid - Board of Education	10,295,197	10,326,134	9,975,965	(350,169)
Other grants	160,000	238,000	186,705	(51,295)
<b>Total intergovernmental</b>	<b>15,938,500</b>	<b>16,047,437</b>	<b>16,722,401</b>	<b>674,964</b>
<b>LICENSES, PERMITS, FEES AND OTHER</b>				
Building inspections and permits	1,825,834	1,825,834	2,419,438	593,604
Health Department inspection fees	210,000	210,000	228,831	18,831
City Clerk fees	2,000	2,000	2,480	480
Police Department permits	5,785	5,785	5,673	(112)
Public Works licenses, permits and service charges	110,400	110,400	55,986	(54,414)
Planning and zoning permits	168,725	168,725	118,116	(50,609)
Town Clerk fees and permits	4,378,540	4,378,540	7,194,738	2,816,198
Police Department service charges	288,400	288,400	168,462	(119,938)
Other service charges and fees	114,300	114,300	51,703	(62,597)
Rental income	262,182	262,182	252,423	(9,759)
Recreation and Parks Commission	550,440	550,440	641,892	91,452
Health Department nursing fees	236,500	236,500	281,733	45,233
Miscellaneous	1,448,353	1,448,353	1,645,361	197,008
<b>Total licenses, permits, fees and other</b>	<b>9,601,459</b>	<b>9,601,459</b>	<b>13,066,836</b>	<b>3,465,377</b>
<b>INTEREST</b>				
Interest on investments	1,103,254	1,103,254	2,771,343	1,668,089
<b>Total</b>	<b>\$ 222,615,152</b>	<b>\$ 222,724,089</b>	<b>\$ 233,093,368</b>	<b>\$ 10,369,279</b>

**CITY OF NORWALK, CONNECTICUT**

**SCHEDULE OF GENERAL FUND EXPENDITURES, ENCUMBRANCES AND  
TRANSFERS OUT - BUDGETARY BASIS - BUDGET AND ACTUAL  
For the Year Ended June 30, 2005**

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>GENERAL GOVERNMENT</b>				
Mayor	\$ 184,939	\$ 188,610	\$ 188,176	434
Legislative	15,386	15,386	14,316	1,070
Legal	604,762	746,777	741,393	5,384
City Clerk	319,057	337,366	335,602	1,764
Town Clerk	498,643	553,789	543,621	10,168
Data Processing	771,231	931,384	876,189	55,195
Personnel & Labor Relations	386,260	459,896	456,273	3,623
Human Relations & Fair Rent	173,571	105,299	94,730	10,569
Youth Services	242,849	285,784	280,440	5,344
Registrar of Voters	228,899	248,311	243,446	4,865
Finance Director	196,293	293,464	161,976	131,488
Tax Assessor	688,076	833,005	723,347	109,658
Tax Collector	631,279	665,434	663,103	2,331
Accounting and Treasury	516,368	571,215	570,082	1,133
Management and budgets	346,487	348,699	345,232	3,467
Purchasing	153,416	166,643	161,287	5,356
Central Services	236,139	218,087	199,522	18,565
<b>Total general government</b>	<b>6,193,655</b>	<b>6,969,149</b>	<b>6,598,735</b>	<b>370,414</b>
<b>HEALTH AND WELFARE</b>	<b>1,928,309</b>	<b>2,082,464</b>	<b>1,995,124</b>	<b>87,340</b>
<b>COMMUNITY GRANTS</b>				
NEON	358,402	358,402	358,402	-
Transit District	380,000	380,000	380,000	-
Probate Court	27,090	27,090	27,090	-
Elder House	1,138	1,138	1,138	-
Senior Center	268,881	268,881	268,881	-
Rape Crisis Center, Inc.	9,134	9,134	9,134	-
CT Counseling Centers	1,055	1,055	1,055	-
Harbor Commission	5,747	5,747	5,747	-
Housing Site Development Agency	68,690	68,690	68,690	-
Redevelopment Agency	126,644	203,464	203,464	-
Mayor's Commission on Hispanic Affairs	11,275	11,275	11,275	-
Mid-Fairfield Guidance Center	10,350	10,350	10,350	-
Neighborhood Improvement		4,560	4,560	-

(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, 2005**

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>COMMUNITY GRANTS, Continued</b>				
Americare Free Clinic	3,000	3,000	3,000	-
Summer Youth Employment	-	116,000	116,000	-
Norwalk Emergency Shelter	47,100	47,100	47,100	-
Fair Housing Office	80,847	80,847	80,847	-
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	2,175	2,175	2,175	-
School Based Health Care	16,390	16,390	16,390	-
Family & Children's Aid	32,559	32,559	32,559	-
SW CT Mental Health Bd	14,628	14,628	14,628	-
<b>Total community grants</b>	<b>2,498,862</b>	<b>2,696,242</b>	<b>2,696,242</b>	<b>-</b>
<b>EMPLOYEE BENEFITS</b>				
Insurance	13,862,541	13,862,541	13,862,541	-
Social Security	1,638,730	1,769,225	1,766,417	2,808
Unemployment Compensation	55,000	55,000	51,064	3,936
Special Pensions	1,970,499	1,840,004	979	1,839,025
Police Pension	-	-	868,054	(868,054)
City Pension	27,538	27,538	920,798	(893,260)
<b>Total employee benefits</b>	<b>17,554,308</b>	<b>17,554,308</b>	<b>17,469,853</b>	<b>84,455</b>
<b>PROTECTION OF PERSONS AND PROPERTY</b>				
Police Department	14,604,832	15,751,306	15,496,342	254,964
Fire Department	12,061,142	12,291,772	12,291,882	(110)
Planning and Zoning	846,663	918,813	907,826	10,987
Building Inspector	492,532	533,370	526,181	7,189
Dispatch and Emergency Mgmt Plan	1,668,729	1,687,566	1,686,417	1,149
<b>Total protection of persons and property</b>	<b>29,673,898</b>	<b>31,182,827</b>	<b>30,908,648</b>	<b>274,179</b>

(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, 2005**

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>PUBLIC WORKS</b>				
Public Works	12,989,995	13,288,567	13,294,610	(6,043)
Building Management	1,322,934	1,458,301	1,386,220	72,081
<b>Total public works</b>	<b>14,312,929</b>	<b>14,746,868</b>	<b>14,680,830</b>	<b>66,038</b>
<b>EDUCATION</b>				
Public Schools	124,829,934	128,416,477	127,075,024	1,341,453
<b>RECREATION, ARTS AND CULTURE</b>				
Recreation and Parks	3,227,857	3,359,133	3,204,321	154,812
Library	2,787,915	3,002,428	3,002,428	-
Historical Commission	195,104	208,395	200,374	8,021
<b>Total recreations, arts and culture</b>	<b>6,210,876</b>	<b>6,569,956</b>	<b>6,407,123</b>	<b>162,833</b>
<b>CONTINGENCY</b>	4,748,589	316,392	-	316,392
<b>DEBT SERVICE</b>	14,591,108	14,591,108	14,395,617	195,491
<b>ORGANIZATIONAL MEMBERSHIPS</b>	72,684	88,684	88,684	-
<b>Total</b>	<b>\$ 222,615,152</b>	<b>\$ 225,214,475</b>	<b>\$ 222,315,880</b>	<b>\$ 2,898,595</b>

**Nonmajor 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 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, 2005**

	Special Revenue			
	Maritime Center Authority	School Lunch	Community Development Block Grant	Board of Education Grants
<b>ASSETS</b>				
Cash and cash equivalents	\$ 8,992	\$ 543,470	\$ 2,637	\$ 895,665
Intergovernmental receivables	-	335,256	1,193,340	57,261
Other receivables	-	-	-	28,378
Inventories	-	46,218	-	-
Due from other funds	-	-	-	593,593
<b>Total assets</b>	<b>\$ 8,992</b>	<b>\$ 924,944</b>	<b>\$ 1,195,977</b>	<b>\$ 1,574,897</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities				
Accounts payable and accrued liabilities	\$ -	\$ 93,585	\$ 1,193,340	\$ 905,590
Due to other funds	-	806,134	-	-
Unearned revenue	-	-	-	669,182
<b>Total liabilities</b>	<b>-</b>	<b>899,719</b>	<b>1,193,340</b>	<b>1,574,772</b>
Fund Balances				
Reserved for inventories	-	46,218	-	-
Unreserved, undesignated	8,992	(20,993)	2,637	125
<b>Total fund balances</b>	<b>8,992</b>	<b>25,225</b>	<b>2,637</b>	<b>125</b>
<b>Total liabilities and fund balances</b>	<b>\$ 8,992</b>	<b>\$ 924,944</b>	<b>\$ 1,195,977</b>	<b>\$ 1,574,897</b>

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Special Revenue

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Healthcare Grants	Other Programs	Totals
\$ 173,602	\$ 4,042,933	\$ 5,667,299
160,268	1,512,839	3,258,964
53,038		81,416
-	-	46,218
-	-	593,593
<u>\$ 386,908</u>	<u>\$ 5,555,772</u>	<u>\$ 9,647,490</u>

\$ 77,276	\$ 1,289,258	\$ 3,559,049
-	1,660,677	2,466,811
308,336	-	977,518
<u>385,612</u>	<u>2,949,935</u>	<u>7,003,378</u>

-	-	46,218
1,296	2,605,837	2,597,894
<u>1,296</u>	<u>2,605,837</u>	<u>2,644,112</u>

<u>\$ 386,908</u>	<u>\$ 5,555,772</u>	<u>\$ 9,647,490</u>
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**CITY OF NORWALK, CONNECTICUT**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS**

**For the Year Ended June 30, 2005**

	Special Revenue			
	Maritime Center Authority	School Lunch	Community Development Block Grant	Board of Education Grants
<b>REVENUES</b>				
Intergovernmental	\$ 7,466,136	\$ 1,256,908	\$ 1,689,870	\$ 12,958,482
Licenses, permits, fees and other	-	1,426,314	-	-
Interest	-	9,125	-	-
<b>Total revenues</b>	<b>7,466,136</b>	<b>2,692,347</b>	<b>1,689,870</b>	<b>12,958,482</b>
<b>EXPENDITURES</b>				
General government	-	-	-	-
Education	-	3,103,079	-	12,958,482
Maritime Center subsidy	7,606,136	-	-	-
Health and welfare	-	-	-	-
Community grants	-	-	1,689,870	-
<b>Total expenditures</b>	<b>7,606,136</b>	<b>3,103,079</b>	<b>1,689,870</b>	<b>12,958,482</b>
<b>Changes in fund balance</b>	<b>(140,000)</b>	<b>(410,732)</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCE, beginning</b>	<b>148,992</b>	<b>435,957</b>	<b>2,637</b>	<b>125</b>
<b>FUND BALANCE, ending</b>	<b>\$ 8,992</b>	<b>\$ 25,225</b>	<b>\$ 2,637</b>	<b>\$ 125</b>

Special Revenue		
Healthcare Grants	Other Programs	Totals
\$ 1,204,068	\$ 3,792,464	\$ 28,367,928
-	-	1,426,314
1,697	-	10,822
<u>1,205,765</u>	<u>3,792,464</u>	<u>29,805,064</u>
-	1,867,836	1,867,836
-	1,991,901	18,053,462
-	-	7,606,136
1,205,765	-	1,205,765
-	-	1,689,870
<u>1,205,765</u>	<u>3,859,737</u>	<u>30,423,069</u>
-	(67,273)	(618,005)
<u>1,296</u>	<u>2,673,110</u>	<u>3,262,117</u>
<u>\$ 1,296</u>	<u>\$ 2,605,837</u>	<u>\$ 2,644,112</u>

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**Fiduciary Funds**

## *Fiduciary Funds*

Fiduciary Funds are used to account for assets held in a trustee capacity for others, and include Pension Trusts and Agency Funds.

### **A. Pension Funds:**

**Police Benefit Fund** - This fund is used to account for the payment of retirement benefits to police officers.

**Firemens' Benefit Fund** - This fund is used to account for the payment of retirement benefits to firefighters.

**Employees' Pension Fund** - This fund is used to account for the payment of retirement benefits to City employees, excluding police officers, firefighters, certified Board of Education staff and Food Service employees.

**Food Service Employees' Pension Fund** - This fund is used to account for the payment of retiree benefits to Food Service employees.

### **B. Private Purpose Trust Fund:**

This fund is used to account for nine individual expendable trusts which provide awards and scholarships to students.

### **C. 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.

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**CITY OF NORWALK, CONNECTICUT**

**COMBINING STATEMENT OF FIDUCIARY NET ASSETS - PENSION TRUST FUNDS,  
PRIVATE PURPOSE TRUST FUNDS AND AGENCY FUNDS**

**June 30, 2005**

	Pension Trust Funds				
	Pension Plan	Fire	Police	Food Service	Total
	Employees	Benefit Fund	Benefit Fund	Employees' Fund	Pension Trust Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 12,775,424	\$ 6,809,088	\$ 6,512,648	\$ 80,243	\$ 26,177,403
Investments, at fair value	139,153,459	73,621,723	70,136,682	898,338	283,810,202
Secured lending transactions	12,772,952	6,757,707	6,437,276	83,364	26,051,299
<b>Total assets</b>	<b>164,701,835</b>	<b>87,188,518</b>	<b>83,086,606</b>	<b>1,061,945</b>	<b>336,038,904</b>
<b>LIABILITIES</b>					
Secured lending transactions	12,772,952	6,757,707	6,437,276	83,364	26,051,299
Other liabilities	-	-	-	-	-
<b>Total liabilities</b>	<b>12,772,952</b>	<b>6,757,707</b>	<b>6,437,276</b>	<b>83,364</b>	<b>26,051,299</b>
<b>Net Assets Held in Trust for Pension Benefits and Other Purposes (a schedule of funding progress is presented in Note 11)</b>	<b>\$ 151,928,883</b>	<b>\$ 80,430,811</b>	<b>\$ 76,649,330</b>	<b>\$ 978,581</b>	<b>\$ 309,987,605</b>

<b>Private Purpose Trust</b>	<b>Agency Funds</b>							<b>Total Agency Funds</b>
	<b>Other Private Purpose Trust Funds</b>	<b>Student Activities Fund</b>	<b>Housing Development</b>	<b>Sixth District</b>	<b>City Hall Mural Restoration</b>	<b>Detention Facility Escrow</b>	<b>Roosevelt Deposit</b>	
<b>\$ 60,252</b>	\$ 1,001,010	\$ 320,018	\$ 4,845	\$ 1,709	\$ 4,659	\$ 16,836	\$ 124,112	<b>\$ 1,473,189</b>
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<b>60,252</b>	1,001,010	320,018	4,845	1,709	4,659	16,836	124,112	<b>1,473,189</b>
-	-	-	-	-	-	-	-	-
-	1,001,010	320,018	4,845	1,709	4,659	16,836	124,112	<b>1,473,189</b>
-	1,001,010	320,018	4,845	1,709	4,659	16,836	124,112	<b>1,473,189</b>
<b>\$ 60,252</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	<b>\$ -</b>

**CITY OF NORWALK, CONNECTICUT**

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS - PENSION TRUST FUNDS AND PRIVATE PURPOSE TRUST FUNDS**

**For the Year Ended June 30, 2005**

	Pension Trust Funds					Private Purpose Trust
	Pension Plan Employees	Fire Benefit Fund	Police Benefit Fund	Food Service Employees' Fund	Total Pension Trust Funds	Other Private Purpose Trust Funds
<b>Addition</b>						
Contributions						
Employer	\$ 994,714	\$ -	\$ 868,054	\$ -	\$ 1,862,768	\$ -
Plan members	1,078,741	557,278	700,606	21,406	2,358,031	-
<b>Total contributions</b>	<b>2,073,455</b>	<b>557,278</b>	<b>1,568,660</b>	<b>21,406</b>	<b>4,220,799</b>	<b>-</b>
Investment Income						
Interest and dividends	2,743,182	1,456,593	1,378,692	17,694	5,596,161	1,029
Net appreciation in fair value of investments	10,510,887	5,579,625	5,283,352	67,693	21,441,557	-
Less investment expense	(358,430)	(191,003)	(179,799)	(2,235)	(731,467)	-
<b>Net investment income</b>	<b>12,895,639</b>	<b>6,845,215</b>	<b>6,482,245</b>	<b>83,152</b>	<b>26,306,251</b>	<b>1,029</b>
Securities lending transaction income	296,517	156,876	149,438	1,935	604,766	-
Securities lending transaction expense	(254,652)	(134,727)	(128,339)	(1,662)	(519,380)	-
<b>Total net investment income</b>	<b>41,865</b>	<b>22,149</b>	<b>21,099</b>	<b>273</b>	<b>85,386</b>	<b>-</b>
<b>Total additions</b>	<b>15,010,959</b>	<b>7,424,642</b>	<b>8,072,004</b>	<b>104,831</b>	<b>30,612,436</b>	<b>1,029</b>
<b>Deductions</b>						
Benefits paid	7,271,454	3,860,543	3,643,894	53,942	14,829,833	4,325
General and administrative	320,432	213,650	158,755	4,766	697,603	-
<b>Total deductions</b>	<b>7,591,886</b>	<b>4,074,193</b>	<b>3,802,649</b>	<b>58,708</b>	<b>15,527,436</b>	<b>4,325</b>
<b>Net increase (decrease)</b>	<b>7,419,073</b>	<b>3,350,449</b>	<b>4,269,355</b>	<b>46,123</b>	<b>15,085,000</b>	<b>(3,296)</b>
<b>Net Assets Held in Trust for Pension Benefits</b>						
Beginning of year	144,509,810	77,080,362	72,379,975	932,458	294,902,605	63,548
End of year	\$ 151,928,883	\$ 80,430,811	\$ 76,649,330	\$ 978,581	\$ 309,987,605	\$ 60,252

**CITY OF NORWALK, CONECTICUT**

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -  
AGENCY FUNDS**

**For the Year Ended June 30, 2005**

	Balance July 1, 2004	Additions	Deletions	Balance June 30, 2005
<b>STUDENT ACTIVITY FUND</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 979,278	\$ 1,842,277	\$ 1,820,545	\$ 1,001,010
<b>Liabilities</b>				
Other liabilities	\$ 979,278	\$ 1,842,277	\$ 1,820,545	\$ 1,001,010
<b>HOUSING SITE DEVELOPMENT</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 314,022	\$ 5,996	\$ -	\$ 320,018
<b>Liabilities</b>				
Other liabilities	\$ 314,022	\$ 5,996	\$ -	\$ 320,018
<b>SIXTH DISTRICT</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 7,944	\$ 948,028	\$ 951,127	\$ 4,845
<b>Liabilities</b>				
Other liabilities	\$ 7,944	\$ 948,028	\$ 951,127	\$ 4,845
<b>CITY HALL MURAL RESTORATION</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 1,678	\$ 31	\$ -	\$ 1,709
<b>Liabilities</b>				
Other liabilities	\$ 1,678	\$ 31	\$ -	\$ 1,709
<b>DETENTION FACILITY ESCROW</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 4,572	\$ 87	\$ -	\$ 4,659
<b>Liabilities</b>				
Other liabilities	\$ 4,572	\$ 87	\$ -	\$ 4,659
<b>ROOSEVELT DEPOSIT</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 16,520	\$ 316	\$ -	\$ 16,836
<b>Liabilities</b>				
Other liabilities	\$ 16,520	\$ 316	\$ -	\$ 16,836

**CITY OF NORWALK, CONECTICUT**

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -  
AGENCY FUNDS, Continued  
For the Year Ended June 30, 2005**

---

	Balance July 1, 2004	Additions	Deletions	Balance June 30, 2005
<b>SEWER ESCROW</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 115,382	\$ 8,730	\$ -	\$ 124,112
<b>Liabilities</b>				
Other liabilities	\$ 115,382	\$ 8,730	\$ -	\$ 124,112
<b>Total Assets</b>	<b>\$ 1,439,396</b>	<b>\$ 2,805,465</b>	<b>\$ 2,771,672</b>	<b>\$ 1,473,189</b>
<b>Total Liabilities</b>	<b>\$ 1,439,396</b>	<b>\$ 2,805,465</b>	<b>\$ 2,771,672</b>	<b>\$ 1,473,189</b>

**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, 2005**

---

Governmental funds capital assets:

Land	\$ 21,905,400
Buildings and improvements	100,757,463
Land improvements	2,720,480
Machinery and equipment	4,764,112
Infrastructure	130,529,962
Construction in progress	59,778,026
<b>Total governmental funds capital assets</b>	<b><u><u>\$ 320,455,443</u></u></b>

Investments in governmental funds capital assets:

Assets put into service prior to July 1, 2005	<u><u>\$ 320,455,443</u></u>
<b>Total governmental funds capital assets</b>	<b><u><u>\$ 320,455,443</u></u></b>

**CITY OF NORWALK, CONNECTICUT**

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

**June 30, 2005**

	Land	Construction in Progress	Land Improvements	Machinery and Equipment	Infrastructure	Buildings and Improvements	Total
General Government	\$ -	\$ 3,645,463	\$ -	\$ 138,345	\$ -	\$ -	\$ 3,783,808
Board of Education	4,167,400	51,441,043	2,066,654	568,101	-	55,798,371	114,041,569
Public Works	333,500	2,817,262	244,674	1,486,528	124,726,829	16,192,069	145,800,862
Health & Welfare	-	3,000	-	12,512	-	267,988	283,500
Recreation, Arts and Culture	17,404,500	1,783,640	395,673	388,454	5,803,133	3,647,374	29,422,774
Public Safety	-	87,618	13,479	2,170,172	-	24,851,661	27,122,930
	<u>\$ 21,905,400</u>	<u>\$ 59,778,026</u>	<u>\$ 2,720,480</u>	<u>\$ 4,764,112</u>	<u>\$ 130,529,962</u>	<u>\$ 100,757,463</u>	<u>\$ 320,455,443</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, 2005**

Grand List Year	Taxes Receivable July 1, 2004	Current Levy	Lawful Corrections		
			Additions	Deletions	Abatement
2003	\$ -	\$ 198,319,501	\$ 737,711	\$ 6,750	\$ 575,682
2002	2,797,512	-	307,846	6,801	78,159
2001	756,957	-	162,861	41,470	(10,467)
2000	304,174	-	104,347	272,506	(131,953)
1999	(113,066)	-	107,262	33,448	52,763
1998	43,604	-	50,997	15,104	97
1997	26,829	-	30,469	6,949	-
1996	22,505	-	16,683	3,986	(343)
1995	18,006	-	14,181	2,852	-
1994	15,432	-	9,646	2,413	(106)
1993	14,854	-	3,595	1,399	-
1992	12,561	-	3,908	1,351	-
1991	7,948	-	3,003	714	-
1990	7,656	-	4,340	2,167	-
1989	7,959	-	3,075	4,292	-
	<u>\$ 3,922,931</u>	<u>\$ 198,319,501</u>	<u>\$ 1,559,924</u>	<u>\$ 402,202</u>	<u>\$ 563,832</u>

Balance to be Collected	Collections				Taxes Receivable June 30, 2005
	Taxes	Interest	Fees	Total	
\$ 198,474,780	\$ 195,877,618	\$ 704,997	\$ 14,073	\$ 196,596,688	\$ 2,597,162
3,020,398	2,180,203	406,417	11,155	2,597,775	840,195
888,815	679,262	183,720	2,832	865,814	209,553
267,968	387,362	120,906	936	509,204	(119,394)
(92,015)	78,512	54,371	336	133,219	(170,527)
79,400	59,770	58,648	120	118,538	19,630
50,349	35,631	41,307	96	77,034	14,718
35,545	21,066	28,623	48	49,737	14,479
29,335	18,103	28,135	48	46,286	11,232
22,771	13,835	21,968	48	35,851	8,936
17,050	10,242	17,785	72	28,099	6,808
15,118	8,171	16,513	24	24,708	6,947
10,237	4,804	10,378	24	15,206	5,433
9,829	6,042	15,269	24	21,335	3,787
6,742	6,742	16,789	-	23,531	-
<u>\$ 202,836,322</u>	<u>\$ 199,387,363</u>	<u>\$ 1,725,826</u>	<u>\$ 29,836</u>	<u>\$ 201,143,025</u>	<u>\$ 3,448,959</u>

**CITY OF NORWALK, CONNECTICUT**

**SCHEDULE OF CAPITAL PROJECT FUND TAX COLLECTORS  
ACTIVITY - SEWER ASSESSMENT**

**For the Year Ended June 30, 2005**

Grand List Year	Uncollected Sewer		Lawful Corrections		Assessments Collected
	Assessments July 1, 2004	Current Assessment	Additions	Deletions	
1982-1983	\$ 3,524	\$ -	\$ -	\$ -	\$ 1,143
1983-1984	2,374	-	-	-	43
1986-1987	113	-	-	-	113
1995-1996	2,284	-	-	-	1,876
1997-1998	19,727	-	-	-	9,439
1999-2000	71,608	-	-	-	20,853
2000-2001	31,761	-	-	-	5,588
2001-2002	256,714	-	-	-	67,821
	<u>\$ 388,105</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 106,876</u>

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Interest	Liens	Total Collected	Taxes Receivable June 30, 2005
\$ 6,417	\$ 19	\$ 7,579	\$ 2,381
141	19	203	2,331
304	19	436	-
2,562	24	4,462	408
1,394	48	10,881	10,288
4,287	24	25,164	50,755
691	24	6,303	26,173
16,504	264	84,589	188,893
<u>\$ 32,300</u>	<u>\$ 441</u>	<u>\$ 139,617</u>	<u>\$ 281,229</u>

**CITY OF NORWALK, CONNECTICUT**

**SCHEDULE OF LONG-TERM BONDED DEBT**

**For the Year Ended June 30, 2005**

Bonds	Bond Number	Issue Date	Interest Rate	Maturity Date	Original Amount
<b><u>GENERAL GOVERNMENT</u></b>					
<b>City Capital Improvement Bonds</b>	88	07/15/1991	6.40-6.50	1/15/2006	\$ 4,907,600
	93	07/15/1996	5.00-5.15	1/15/2011	9,743,260
	94	07/15/1997	4.55-4.85	1/15/2012	7,400,001
	95	07/15/1998	4.25-6.00	1/15/2013	9,207,175
	96	07/15/1999	4.87-5.00	1/15/2014	17,935,000
	97	07/15/2000	4.00-4.50	1/15/2015	11,571,000
	98	07/15/2001	4.00-5.00	1/15/2016	13,578,000
	99	04/18/2002	3.00-5.00	10/1/2011	15,598,465
	102	07/15/2003	2.00-4.00	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
<b>Total City capital improvement bonds</b>					
<b>Maritime Center Project Bonds</b>	-	11/15/86	4.30-7.00	2/1/2015	23,314,942

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Amount Outstanding June 30, 2004	Additions	Payments/ Refunding	Amount Outstanding June 30, 2005
\$ 653,800	\$ -	\$ (326,900)	\$ 326,900
1,521,630	-	(760,815)	760,815
1,740,001	-	(580,000)	1,160,001
1,405,850	-	-	1,405,850
6,815,000	-	(1,175,000)	5,640,000
4,415,250	-	(761,250)	3,654,000
3,510,750	-	-	3,510,750
12,297,703	-	(1,733,674)	10,564,029
40,029,993	-	-	40,029,993
20,868,930	-	(105,237)	20,763,693
10,829,850	-	(1,204,350)	9,625,500
19,431,861	-	(7,225,601)	12,206,260
-	38,673,000	(14,125,000)	24,548,000
-	22,600,110	-	22,600,110
<b>123,520,618</b>	<b>61,273,110</b>	<b>(27,997,827)</b>	<b>156,795,901</b>
3,268,916	-	(486,122)	2,782,794

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CITY OF NORWALK, CONNECTICUT

SCHEDULE OF LONG-TERM BONDED DEBT, Continued

For the Year Ended June 30, 2005

Bonds	Bond Number	Issue Date	Interest Rate	Maturity Date	Original Amount
<b>ENTERPRISE FUNDS</b>					
<b>Parking Authority</b>	88	07/15/1991	6.30-6.50	1/15/2006	22,400
	93	07/15/1996	4.85-5.60	1/15/2011	124,740
	94	07/15/1997	4.350-5.00	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
<b>Maritime Parking Garage</b>	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
<b>Total Parking Authority</b>					
<b>Water Pollution Control Authority</b>	88	07/15/1991	6.30-6.50	1/15/2006	70,000
	93	07/15/1996	4.85-5.60	1/15/2011	132,000
	95	07/15/1998	4.30-4.75	1/15/2013	767,250
	96	07/15/1999	4.15-6.00	1/15/2014	1,065,000
	97	07/15/2000	4.75-5.25	1/15/2015	1,729,000
	98	07/15/2001	4.00-4.75	1/15/2016	1,022,000
	100	08/21/2002	Variable	8/21/2002	588,600
	102	07/15/2003	3.00-5.00	07/15/2023	417,007
	103	07/15/2003	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
	CFW 190-DCI	01/01/05	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	07/01/1999	2.00	1/31/2019	673,270	
CWF 190DC	09/30/2000	2.00	1/31/2019	41,294,122	
CWF 190-L1	07/01/2002	2.00	1/31/2019	4,930,815	
<b>Total Water Pollution Control Authority</b>					
<b>Total City capital improvement bonds</b>					

Amount Outstanding June 30, 2004	Additions	Payments/ Refunding	Amount Outstanding June 30, 2005
11,200	-	(5,600)	5,600
62,370	-	(31,185)	31,185
59,999	-	(20,000)	39,999
4,650	-	-	4,650
483,247	-	(68,126)	415,121
9,110,000	-	(230,000)	8,880,000
553,000	-	-	553,000
111,670	-	(563)	111,107
-	327,000	-	327,000
<b>10,396,136</b>	<b>327,000</b>	<b>(355,474)</b>	<b>10,367,662</b>
35,000	-	(17,500)	17,500
66,000	-	(33,000)	33,000
139,500	-	-	139,500
435,000	-	(75,000)	360,000
659,750	-	(113,750)	546,000
264,250	-	-	264,250
1,264,050	-	(178,200)	1,085,850
417,007	-	-	417,007
1,824,400	-	(9,200)	1,815,200
815,150	-	(90,650)	724,500
563,139	-	(209,399)	353,740
-	224,890	-	224,890
-	1,830,187	(53,613)	1,776,574
2,718,330	-	(221,308)	2,497,022
1,285,620	-	(91,449)	1,194,171
511,454	-	(30,513)	480,941
32,619,272	-	(1,847,977)	30,771,295
4,288,246	-	(212,724)	4,075,522
<b>47,906,168</b>	<b>2,055,077</b>	<b>(3,184,283)</b>	<b>46,776,962</b>
<b>\$ 185,091,838</b>	<b>\$ 63,655,187</b>	<b>\$ (32,023,706)</b>	<b>\$ 216,723,319</b>

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**Statistical Section**



**A. GENERAL FUND REVENUES, EXPENDITURES AND FUND BALANCE**

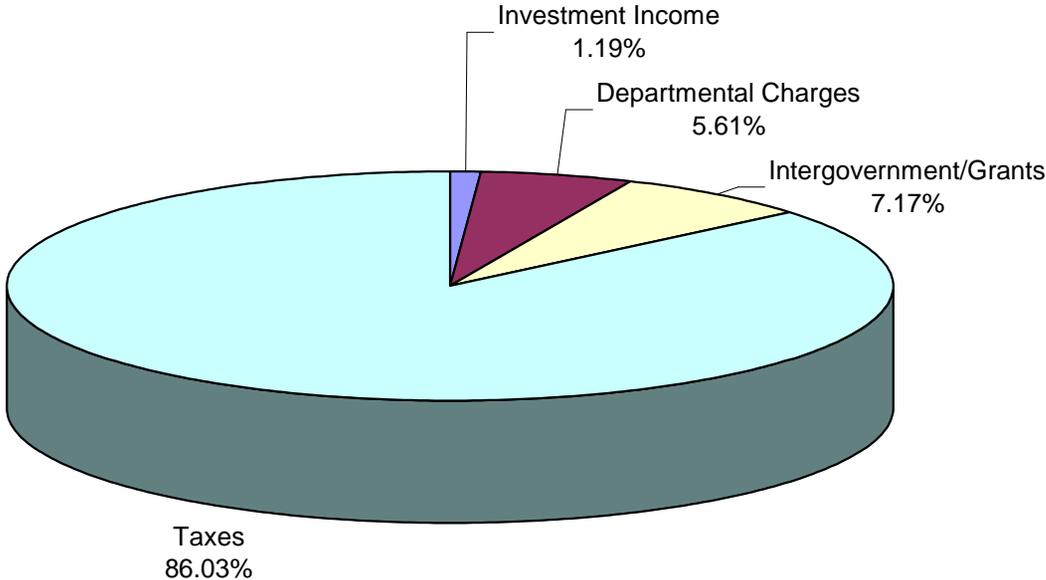
## CITY OF NORWALK

### GENERAL FUND REVENUES BY SOURCE FISCAL YEAR 1995-96 THROUGH 2004-05

<u>Fiscal Year</u>	<u>Taxes</u>	<u>Intergovern- Mental/Grants</u>	<u>Departmental Charges</u>	<u>Interest &amp; Penalties</u>	<u>Interest on Investments</u>	<u>Miscellaneous</u>	<u>Total</u>
1995-96	\$146,096,873	\$25,593,796	\$7,058,998	\$2,120,393	\$3,023,752	\$164,588	\$184,058,400
1996-97	149,212,369	25,914,730	5,652,479	2,263,664	2,622,858	65,983	185,732,083
1997-98	152,750,650	21,663,711	6,169,214	1,987,032	2,876,041	0	185,446,648
1998-99	153,178,604	21,615,346	6,614,497	1,839,718	2,865,211	0	186,113,376
1999-00	159,517,658	20,928,309	6,470,301	2,049,341	3,358,625	0	192,324,234
2000-01	167,877,086	20,822,492	7,538,811	2,937,459	3,622,919	0	202,798,767
2001-02	169,830,039	20,104,221	7,361,676	1,566,275	1,918,404	0	200,780,615
2002-03	176,774,248	17,569,058	12,514,200	1,961,519	1,494,741	0	210,313,766
2003-04	185,043,538	16,946,846	10,601,219	0	659,576	0	213,251,179
2004-05	200,532,788	16,722,401	13,066,836	0	2,771,343	0	233,093,368

- Note:*
1. *Miscellaneous revenue has now been included under Departmental charges.*
  2. *Schedule reflects Budgetary basis*
  3. *In 2001-02 there was a return on excess taxes of \$3,398,331, and total revenue with the return of excess taxes was \$197,382,284.*
  4. *As of 2003-04 Interest Penalties is included under taxes.*

# GENERAL FUND REVENUE BY SOURCE FISCAL YEAR 2004-2005



Note: percents may not add to 100% due to rounding

## CITY OF NORWALK

### GENERAL FUND EXPENDITURES BY FUNCTION 1995-96 TO 2004-05

<u>Fiscal Year</u>	<u>General Government</u>	<u>Health &amp; Welfare</u>	<u>Public Safety</u>	<u>Public Works</u>	<u>Education Public</u>	<u>Education Non-Public</u>
1995-96	\$5,198,791	\$ 7,946,410	\$23,800,396	\$19,604,661	\$85,052,558	\$3,822,789
1996-97	5,292,282	4,392,731	24,292,246	19,429,486	87,693,128	4,196,204
1997-98	5,192,604	2,170,491	25,208,293	20,319,401	90,726,012	0
1998-99	5,589,395	1,851,923	25,056,432	20,231,101	94,583,363	0
1999-00	6,017,343	1,769,631	27,604,748	21,359,976	100,615,225	0
2000-01	5,784,267	1,771,346	28,048,042	21,175,682	104,409,491	0
2001-02	5,939,788	1,769,511	29,095,301	20,152,954	110,002,804	0
2002-03	6,182,789	1,772,828	28,301,381	15,075,041	117,230,542	0
2003-04	6,437,187	1,836,274	30,019,452	14,085,663	119,960,158	0
2004-05	6,598,735	1,995,124	30,908,648	14,680,830	127,075,024	0

(Continued)

- *Note: Schedule reflects Budgetary basis.*

## CITY OF NORWALK

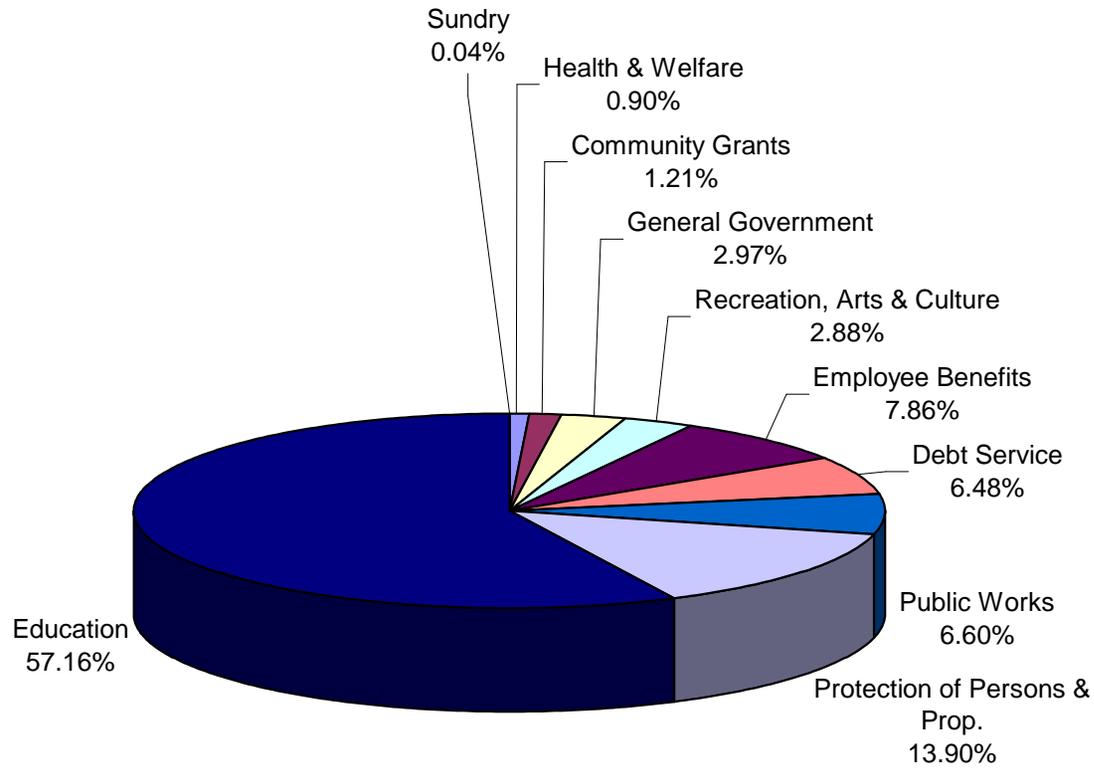
### GENERAL FUND EXPENDITURES BY FUNCTION 1995-96 TO 2004-05

<u>Fiscal Year</u>	<u>Recreation, Arts &amp; Culture</u>	<u>Community Grants</u>	<u>Debt Service</u>	<u>Employee Benefits</u>	<u>Sundry</u>	<u>Total</u>
1995-96	\$ 6,627,300	\$ 2,011,249	\$16,350,051	\$16,678,107	\$ 0	\$187,092,312
1996-97	6,390,460	3,339,690	16,261,944	13,020,933	0	184,309,104
1997-98	5,490,000	3,387,333	15,641,624	14,373,344	0	182,509,102
1998-99	5,298,103	3,492,370	14,412,535	13,772,835	0	184,288,057
1999-00	5,962,278	2,268,519	15,137,021	11,731,145	0	192,465,886
2000-01	5,719,594	2,240,362	17,795,690	10,493,109	0	197,437,583
2001-02	6,199,041	2,380,807	15,875,018	11,657,193	475,000	203,547,417
2002-03	6,123,444	2,544,091	18,321,063	14,115,564	0	209,666,743
2003-04	6,474,254	2,535,192	10,974,237	16,905,323	65,355	209,293,095
2004-05	6,407,123	2,696,242	14,395,617	17,469,853	88,684	222,315,880

(Concluded)

*Note:* (1) *Education Non-Public was transferred to a Special revenue fund beginning in 1997-98.*  
(2) *Schedule reflects Budgetary basis.*

# GENERAL FUND EXPENDITURE BY FUNCTION FISCAL YEAR 2004-05



Note: percents may not add to 100% due to rounding

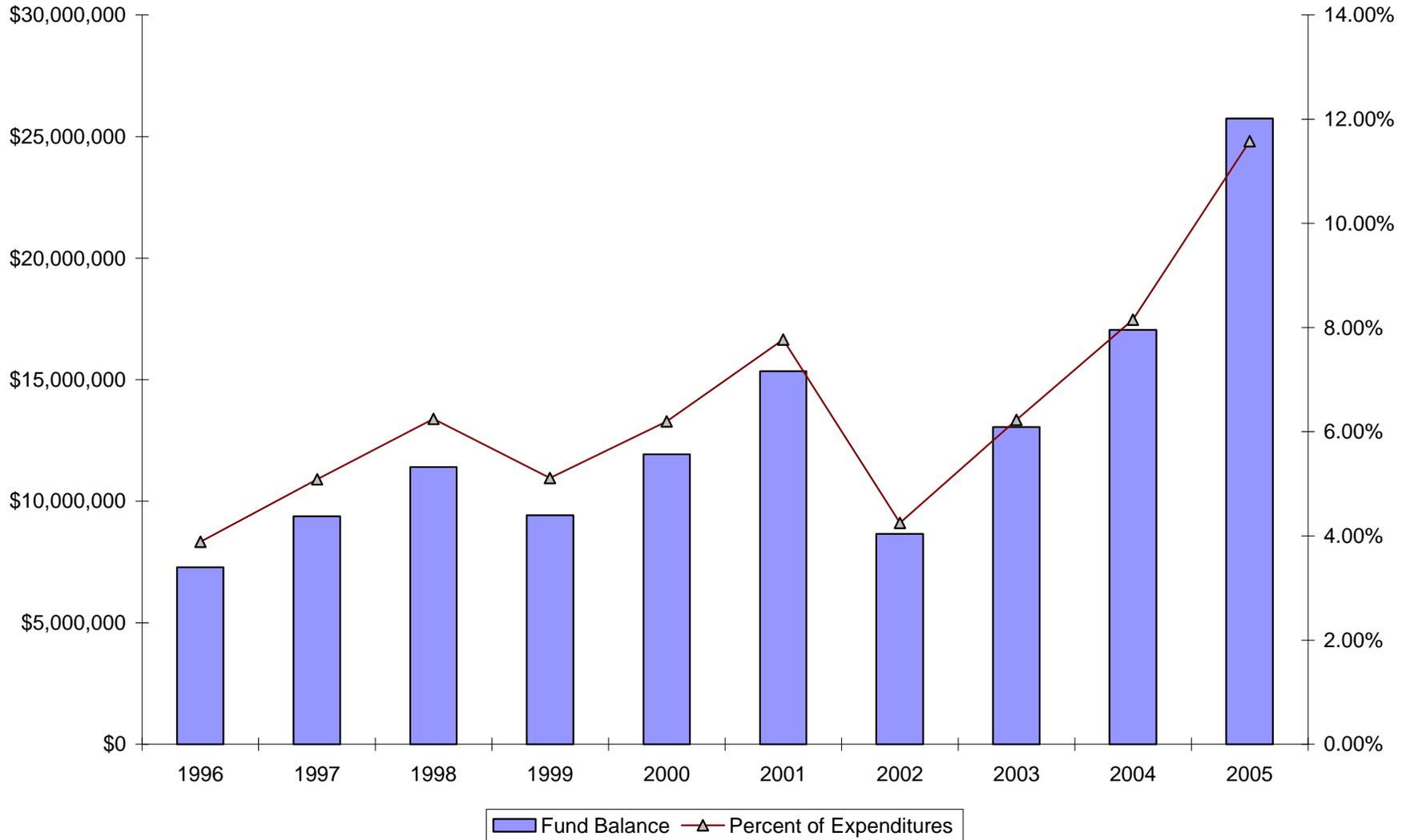
**GENERAL FUND BALANCE COMPARED TO ANNUAL EXPENDITURES LAST TEN YEARS**

<b><u>FISCAL YEAR ENDING JUNE 30<sup>TH</sup></u></b>	<b><u>UNDESIGNATED FUND BALANCE</u></b>	<b><u>ANNUAL EXPENDITURES</u></b>	<b><u>BALANCE AS % OF EXPENDITURES</u></b>
1996	\$7,283,109	\$187,092,312	3.89%
1997	9,377,054	184,309,104	5.09%
1998	11,408,053	182,509,102	6.25%
1999	9,413,661	184,288,057	5.11%
2000	11,928,224	192,465,886	6.20%
2001	15,347,823	197,437,583	7.77%
2002	8,657,565*	203,547,417	4.25%
2003	13,060,442**	209,666,743	6.23%
2004	17,053,589	209,293,095	8.15%
2005	25,749,988	222,315,880	11.58%

(\*) Does not include \$3,072,895 which is reserved for encumbrances.

(\*\*) Does not include \$3,067,041 which is reserved for encumbrances.

# UNDESIGNATED GENERAL FUND BALANCE



**SUMMARY OF REVENUES, EXPENDITURES, & CHANGES IN GENERAL FUND BALANCE  
FISCAL YEAR 1995-96 TO 2004-05**

	<u>2004-05</u>	<u>2003-04</u>	<u>2002-03</u>	<u>2001-02</u>	<u>2000-01</u>
<b><u>REVENUES</u></b>					
Property Taxes	\$200,532,788	\$185,043,538	\$176,774,248	\$169,830,039	\$167,877,086
Return on Excess Taxes	0	0	0	(3,398,331)	0
Intergovernmental	16,722,401	16,946,846	17,394,216	19,934,638	20,624,784
Departmental Charges	13,066,836	10,601,219	12,514,200	7,361,676	7,538,811
Interest and Penalties	0	0	1,961,519	1,566,275	2,937,459
Interest On Investments	2,771,343	659,576	1,494,741	1,918,404	3,622,919
Other Grants	<u>0</u>	<u>0</u>	<u>174,842</u>	<u>169,583</u>	<u>197,708</u>
<b>TOTAL REVENUE</b>	<b><u>\$233,093,368</u></b>	<b><u>\$213,251,179</u></b>	<b><u>\$210,313,766</u></b>	<b><u>\$197,382,284</u></b>	<b><u>\$202,798,767</u></b>
<b><u>EXPENDITURES</u></b>					
General Government	\$ 6,598,735	\$ 6,437,187	\$ 6,182,789	\$ 5,939,788	\$ 5,784,267
Health & Welfare	1,995,124	1,836,274	1,772,828	1,769,511	1,771,346
Protection of Persons & Property	30,908,648	30,019,452	28,301,381	29,095,301	28,048,042
Education: Public	127,075,024	119,960,158	117,230,542	110,002,804	104,409,491
Public Works	14,680,830	14,085,663	15,075,041	20,152,954	21,175,682
Recreation, Arts & Cultural	6,407,123	6,474,254	6,123,444	6,199,041	5,719,594
Community Grants	2,696,242	2,535,192	2,544,091	2,380,807	2,240,362
Employee Benefits	17,469,853	16,905,323	14,115,564	11,657,193	10,493,109
Debt Service	14,395,617	10,974,237	18,321,063	15,875,018	17,795,690
Sundry	88,684	65,355	0	475,000	0
<b>TOTAL EXPENDITURES</b>	<b><u>\$222,315,880</u></b>	<b><u>\$209,293,095</u></b>	<b><u>\$209,666,743</u></b>	<b><u>\$203,547,417</u></b>	<b><u>\$197,437,583</u></b>
Excess (Deficiency) of Revenues Over Expenditures	<b><u>\$ 10,777,488</u></b>	<b><u>\$ 3,958,084</u></b>	<b><u>\$ 647,023</u></b>	<b><u>\$ (6,165,133)</u></b>	<b><u>\$ 5,361,184</u></b>
Other Financing Sources (Uses)					
Other Transfers	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (37,982)</u>	<u>\$ 0</u>
Excess (Def.) of Rev. & Other Financing Sources over Expendi- tures & Other Financing Uses	<b><u>\$ 10,777,488</u></b>	<b><u>\$ 3,958,084</u></b>	<b><u>\$ 647,023</u></b>	<b><u>\$ (6,203,115)</u></b>	<b><u>\$ 5,361,184</u></b>
Beginning Fund Balance	<b><u>\$ 20,085,567</u></b>	<b><u>\$ 16,127,483</u></b>	<b><u>\$ 15,480,460</u></b>	<b><u>\$ 21,683,575</u></b>	<b><u>\$ 16,322,391</u></b>
Ending Fund Balance	<b><u>\$ 30,863,055*</u></b>	<b><u>\$ 20,085,567</u></b>	<b><u>\$ 16,127,483</u></b>	<b><u>\$ 15,480,460</u></b>	<b><u>\$ 21,683,575</u></b>

(Continued)

\* Ending Fund Balance: \$30,863,055  
Less: Designated for Board of Education  
Future Appropriations (1,654,870)  
Less: Designated for City  
Future Appropriations (3,458,197)  
Unreserved & Undesignated Fund Balance \$25,749,988

*Source: City of Norwalk audited Financial Statements.  
Schedule reflects Budgeting basis.*

**SUMMARY OF REVENUES, EXPENDITURES, & CHANGES IN GENERAL FUND BALANCE  
FISCAL YEAR 1995-96 TO 2004-05**

	<u>1999-00</u>	<u>1998-99</u>	<u>1997-98</u>	<u>1996-97</u>	<u>1995-96</u>
<b><u>REVENUES</u></b>					
Property Taxes	\$159,517,668	\$153,178,604	\$152,750,650	\$149,212,369	146,096,873
Return on Excess Taxes	0	0	0	0	0
Intergovernmental	20,681,791	21,436,801	21,506,570	25,914,730	25,593,796
Departmental Charges	6,670,301	6,614,497	6,169,214	5,652,479	7,058,998
Interest and Penalties	2,049,341	1,839,718	1,987,032	2,263,664	2,120,393
Interest on Investments	3,358,625	2,865,211	2,876,041	2,623,858	2,023,752
Miscellaneous	<u>246,518</u>	<u>178,545</u>	<u>157,141</u>	<u>65,983</u>	<u>164,588</u>
<b>TOTAL REVENUE</b>	<b><u>\$192,324,234</u></b>	<b><u>\$186,113,376</u></b>	<b><u>\$185,446,648</u></b>	<b><u>\$185,732,083</u></b>	<b><u>\$184,058,400</u></b>
<b><u>EXPENDITURES</u></b>					
General Government	\$ 6,017,343	\$ 5,589,343	\$ 5,192,604	\$ 5,292,282	\$ 5,198,791
Health & Welfare	1,769,631	1,851,923	2,170,491	4,392,731	7,946,410
Protection of Persons & Property	27,604,748	25,056,432	25,208,293	24,292,246	23,800,396
Education: Public	100,615,255	94,583,363	90,726,012	87,693,128	85,052,558
Non-Public & Special	0	0	0	4,196,204	3,822,789
Public Works	21,359,976	20,231,101	20,319,401	19,429,486	19,604,661
Recreation, Arts & Cultural	5,962,278	5,298,103	5,490,000	6,390,460	6,627,300
Community Grants	2,268,519	3,492,370	3,387,333	3,339,690	2,011,249
Employee Benefits	11,731,145	13,722,835	14,373,344	13,020,933	16,678,107
Debt Service	15,137,021	14,412,535	15,641,624	16,261,944	16,350,944
Sundry	0				
<b>TOTAL EXPENDITURES</b>	<b><u>\$192,465,886</u></b>	<b><u>\$184,288,057</u></b>	<b><u>\$182,509,102</u></b>	<b><u>\$184,309,104</u></b>	<b><u>\$187,092,312</u></b>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (141,652)</u>	<u>\$ 1,825,319</u>	<u>\$ 2,937,546</u>	<u>\$ 1,422,979</u>	<u>\$ (3,033,912)</u>
Other Financing Sources (Uses)					
Other Transfers	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (337,658)</u>
Excess (Def.) of Rev. & Other Financing Sources over Expendi- tures & Other Financing Uses	<u>\$ (141,652)</u>	<u>\$ 1,825,319</u>	<u>\$ 2,937,546</u>	<u>\$ 1,422,979</u>	<u>\$(3,371,570)</u>
Beginning Fund Balance	<u>\$ 16,464,043</u>	<u>\$ 14,638,724</u>	<u>\$ 11,701,178</u>	<u>\$ 10,278,199</u>	<u>\$ 13,649,769</u>
Ending Fund Balance	<u>\$ 16,322,391</u>	<u>\$ 16,464,043</u>	<u>\$ 14,638,724</u>	<u>\$ 11,701,178</u>	<u>\$ 10,278,199</u>

(Concluded)

*Source: City of Norwalk audited Financial Statements.  
Schedule reflects Budgetary basis.*

## **B. PROPERTY VALUES AND TAXES**

## **TAX DISTRICTS**

The City of Norwalk is divided into a number of districts for taxing purposes. Four of these districts originated with the former independent municipal areas and retain a degree of autonomous government. These districts own certain properties and supply various services to households within, and in some instances, outside the district. By contrast, other taxing districts are essentially taxing units designed to calculate and collect taxes for specific services; they have no autonomous government and they own no properties.

### **The Autonomous Districts**

The First and Second Districts are the former independent cities of Norwalk and South Norwalk respectively; the Third District is the former East Norwalk Fire District. The districts were consolidated into the City of Norwalk under the Charter of 1913. The Charter created a federation rather than a union form of government, whereby each district retains a degree of self-government. The Town of Rowayton was incorporated into the City of Norwalk in 1921 and thus became the Sixth Taxing District, and it, too, retained some of its own autonomous features. The four Districts are self-governing within the areas of their responsibilities but the City of Norwalk, as provided by the Charter, is required to levy and collect taxes for each District from the District residents.

The First District owns and operates a water department, maintains street lights and a number of small parks.

The Second District owns and operates a water department, an electric plant and distribution system, maintains street lights and numerous small public land areas.

The Third District owns an electric distribution system, a library building, a graveyard, a firehouse, and as with other Districts, various parcels of land.

The Sixth District of Rowayton has its own library, a beach, and two parks for District residents. The District maintains street lights, operates a volunteer fire department and collects garbage for those residing within the District.

### **The Service Districts**

The creation of the City in 1913 included not only the City of Norwalk, South Norwalk and East Norwalk, but also the peripheral territory. As the population increased into this area, the City was obligated to provide residents with essential municipal services. To defray the cost, some taxing system had to be devised and thus, the Fourth District was created, enabling the existing Districts to maintain their distinctive identities. As the City grew and the demand for municipal services increased, an umbrella agency, the Fifth Taxing District, encompassing the entire City of Norwalk, was born. The Fourth District was relegated to those areas of Norwalk with sewers and concomitant garbage collection.

## **TAXING DISTRICTS (cont'd.)**

In addition to the aforementioned Taxing Districts, there are separate service districts. In 1970 the amended City Charter extended the jurisdiction of the Norwalk Fire Department to the entire City, excluding Rowayton which still has its own fire house and volunteer fire company. Accordingly, a separate mill rate for fire protection services is computed and applied to all other Districts.

Street lights also receive special revenues. The First, Second, Third and Sixth Districts have a special street lighting tax imposed.

In July 2002 the City began billing residential, commercial and industrial sewer use charges separately from real estate taxes. Previously sewer use revenues were billed as a component of the mill rates on real estate taxes. Under the present billing system, residential and commercial customers with usage under a set amount pay a flat fee, while commercial and industrial customers with usage in excess of that amount pay a unit charge based upon their actual consumption.

In 1987 the Common Council adopted an ordinance establishing a uniform automobile tax rate.

## TWENTY-FIVE LARGEST TAXPAYERS

<u>Name</u>	<u>Nature of Business</u>	<u>Total Assessment</u>	<u>% of Taxable Grand List</u>
Merritt 7 Ventures	Office Complex	\$144,974,620	1.96
National Office Partners, LP	Real Estate	55,226,500	.75
45 Glover Partners, LLC	Office Building	45,553,270	.62
Norwalk Power, LLC	Utility	40,619,946	.55
Merritt River Residential, LLC	Office Building	35,123,270	.48
Connecticut Light & Power	Division Northeast Utilities	34,375,316	.47
Norden Place, LLC	Manufacturing Facility	31,684,520	.43
Merritt River Partners, LLC	Office Building	28,749,000	.39
Fairfield Merritt View, LP	Office Building	25,233,740	.34
Yankee Gas Services Company	Gas Supplier	23,310,045	.32
Beiersdorf	Manufacturing Facility	22,449,147	.30
Townsend Norwalk, LLC	Medical Equipment Facility	22,342,670	.30
Two Hundred One Merritt, LLC	Office Building	22,050,280	.30
Costco Wholesale Corporation	Retail Discount	21,791,840	.30
HD-Main Avenue	Retail Complex	21,686,350	.29
One Hundred Ninety Seven	Real Estate	21,679,490	.29
Dorcal Associates Limited	Retail	20,687,030	.28
Home Depot, USA	Retail Home Improvement	19,818,890	.27
Rudolf A. Passero, Jr.	Retail Complex	18,777,920	.25
Pepperidge Farm, Inc.	Bakery Facility	15,955,133	.22
Mack-Cali	Office Building	15,688,890	.21
Connecticut Avenue Realty	Office Building	14,642,180	.20
Prudential Insurance Company.	Corporate Education Center	14,044,940	.19
Perkin-Elmer Corporation	Retail Estate	14,031,430	.19
Harwill Homes, Inc.	Retail Center	13,776,770	.19

*I. Based on 10/1/03 Net Taxable Grand List of \$7,380,516,000.*

*Source: City of Norwalk Tax Assessor's Office.*

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**TAXABLE GRAND LIST (in 000's)**

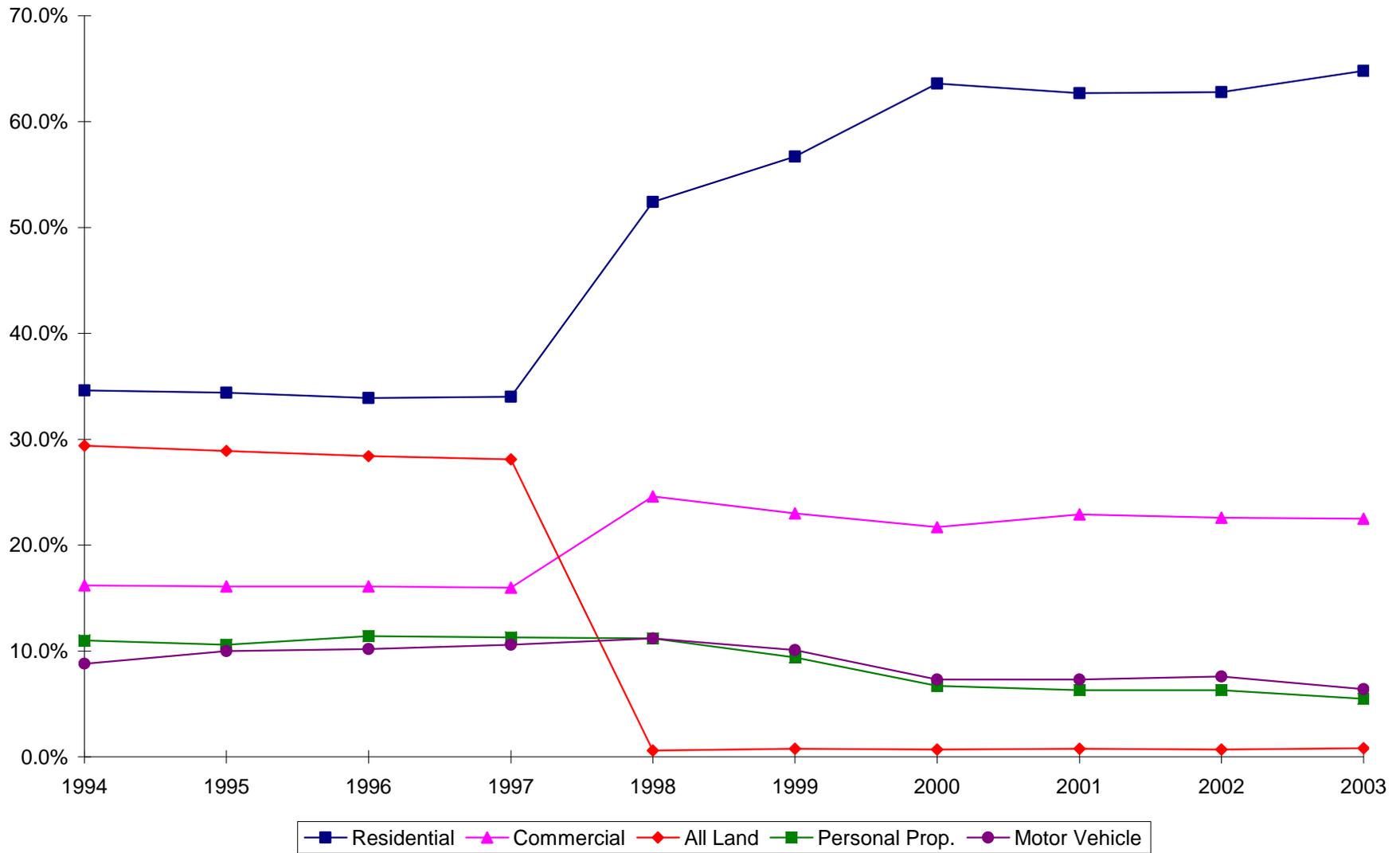
*(Numbers may not add due to rounding)*

<b>Grand List As of 10/1</b>	<b>Residential Real Property</b>	<b>%</b>	<b>Commercial &amp; Indust. Real Property</b>	<b>%</b>	<b>All Land</b>	<b>%</b>	<b>Personal Property</b>	<b>%</b>	<b>Motor Vehicle</b>	<b>%</b>	<b>Gross Taxable Grand List</b>	<b>Less Exemptions/ Corrections</b>	<b>Net Taxable Grand List</b>
1994	\$1,166,940	34.6	\$548,116	16.2	\$991,091	29.4	\$370,641	11.0	\$299,705	8.9	\$3,376,493	\$61,032	\$3,315,461
1995	1,178,797	34.4	551,113	16.1	991,612	28.9	365,475	10.6	340,196	9.9	3,427,193	74,376	3,352,817
1996	1,188,347	33.9	564,947	16.1	995,691	28.4	399,473	11.4	354,944	10.1	3,503,602	75,298	3,428,305
1997	1,203,715	34.0	567,436	16.0	995,619	28.1	400,922	11.3	374,794	10.6	3,542,486	70,268	3,472,218
1998	1,888,461	52.4	887,946	24.6	21,217	.59	401,986	11.2	404,030	11.2	3,603,640	73,648	3,529,991
1999	2,429,610	56.7	987,330	23.0	32,817	.77	402,314	9.4	434,416	10.1	4,286,487	73,791	4,212,696
2000	4,092,740	63.6	1,399,316	21.7	45,917	.71	432,201	6.7	466,691	7.3	6,436,865	1,475,733	4,961,132
2001	4,125,244	62.7	1,502,934	22.9	50,108	.76	417,185	6.3	481,815	7.3	6,577,286	782,848	5,794,438
2002	4,161,708	62.8	1,495,689	22.6	45,721	.70	421,287	6.4	503,046	7.6	6,627,452	101,154	6,526,297
2003	4,845,240	64.8	1,684,477	22.5	60,418	.81	410,122	5.5	481,571	6.4	7,481,828	101,312	7,380,516

**GRAND LIST REVALUATION**

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 from FY 2004 – 2005 through FY 2007-2008.

## COMPONENTS OF GRAND LIST (PRIOR TO EXEMPTIONS)



# CITY OF NORWALK

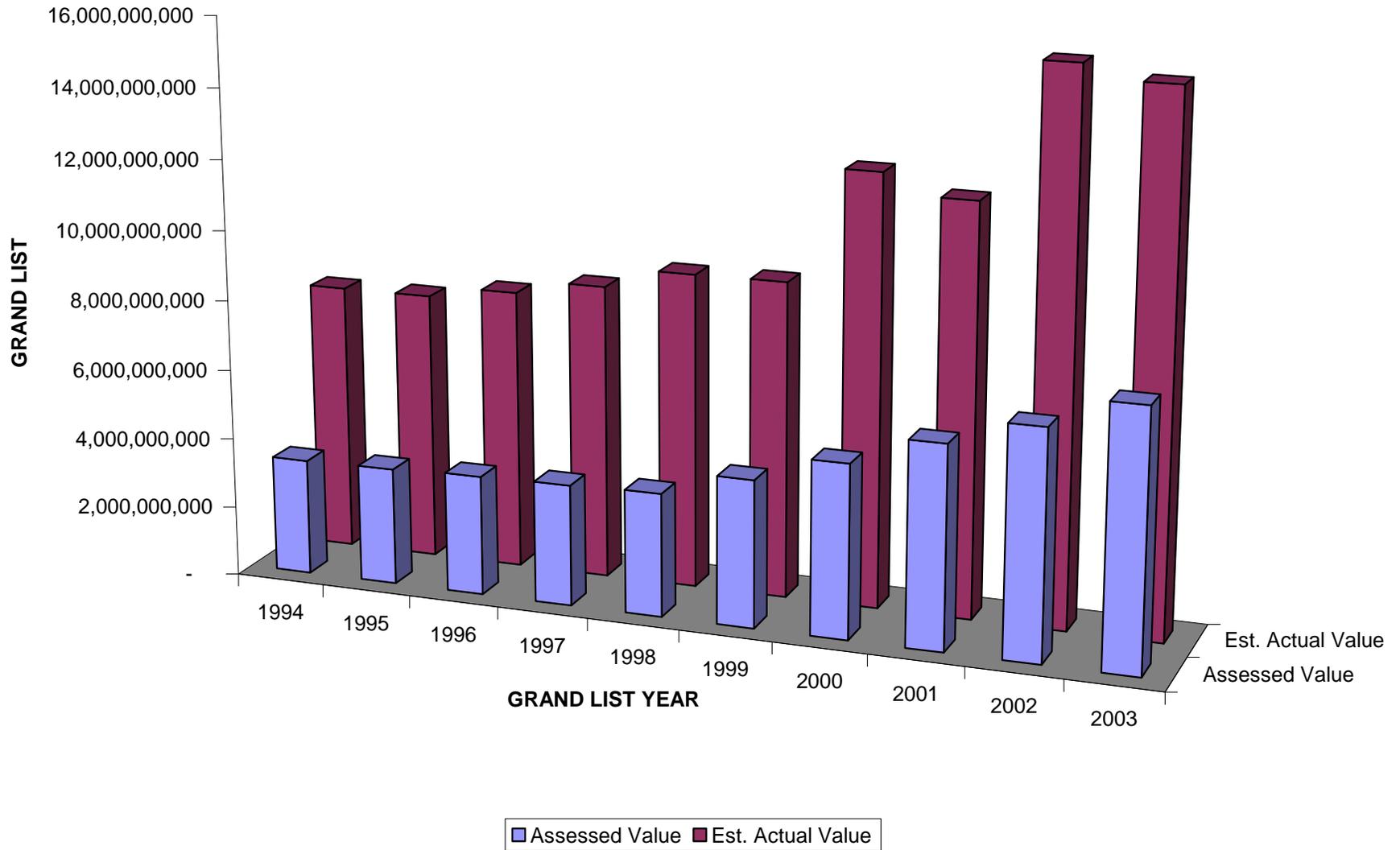
## ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

Fiscal Year Ended <u>June 30</u>	Grand List of <u>October 1</u>	.....Real Property .....		.....Personal Property.....		.....Total.....	
		<u>Assessed Value</u>	<u>Est. Actual Value</u>	<u>Assessed Value</u>	<u>Est. Actual Value</u>	<u>Assessed Value</u>	<u>Est. Actual Value</u>
1996	1994	\$ 2,690,470,744	\$6,790,656,497	\$624,990,017	\$892,842,881	\$3,315,460,761	\$7,683,499,378
1997	1995	2,696,939,447	6,757,423,577	654,584,504	935,120,720	3,351,523,951	7,692,544,297
1998	1996	2,727,863,173	7,024,938,169	700,442,028	1,000,631,469	3,428,305,201	8,025,569,638
1999	1997	2,747,670,220	7,343,757,809	724,548,283	1,087,915,043	3,472,218,503	8,431,672,852
2000	1998	2,776,750,767	7,875,422,661	753,239,824	1,137,517,251	3,529,990,591	9,012,939,912
2001	1999	3,423,664,790	7,842,254,064	789,031,145	1,193,301,790	4,212,695,935	9,035,555,854
2002	2000	4,110,186,409	11,046,109,301	850,946,085	1,243,937,784	4,961,132,494	12,290,047,085
2003	2001	4,934,799,305	10,436,996,005	859,638,505	1,280,840,036	5,794,437,810	11,717,836,041
2004	2002	5,653,448,526	14,278,209,885	872,848,864	1,298,134,100	6,526,297,390	15,576,343,985
2005	2003	6,530,391,113	13,968,751,044	850,124,695	1,214,463,850	7,380,515,808	15,183,214,894

- Notes:*
1. *Under State Law, property revaluations are conducted once every four years, with a mass appraisal once every twelve years. Norwalk's most recent revaluation was effective with the Grand List of October 1, 2003. The assessments are being "phased in" over the next four fiscal years (FY 2004-05 to FY 2007-08).*
  2. *Estimated actual values represent equalized net Grand Lists as reported by the State of Connecticut Office of Policy and Management, except 1999 and 2003 which are estimated by the Assessor.*
  3. *Assessed values are actual net assessments as filed in the Assessor's abstract, adjusted for use in the final equalized net grand list as reported by OPM.*

*Estimated actual values for FY 2002-03 (Grand List 2001) are lower than the values for FY 2001-02 (Grand List 2000) because the third year phased-in values were used by the State instead of the full revaluation values.*

# ASSESSED AND ESTIMATED ACTUAL PROPERTY VALUES



**TAX RATES (MILLS)**

<b><u>Tax List</u></b>	<b><u>Year</u></b>	<b><u>Dist. 1</u></b>	<b><u>Dist. 2</u></b>	<b><u>Dist. 3</u></b>	<b><u>Dist. 4</u></b>	<b><u>Dist. 5</u></b>	<b><u>Dist. 6</u></b>	<b><u>Dist. 7</u></b>	<b><u>Dist. 8</u></b>	<b><u>Dist. 9</u></b>	<b><u>Motor Vehicle District</u></b>
Oct. 1, 1993	1994-95	46.4	46.4	46.4	46.6	42.9	41.7	44.6	43.4	43.4	37.6
Oct. 1, 1994	1995-96	46.3	46.3	46.3	46.5	41.7	41.5	44.6	43.2	43.2	37.6
Oct. 1, 1995	1996-97	46.5	46.5	46.5	46.7	42.0	41.6	44.6	43.5	43.5	37.8
Oct. 1, 1996	1997-98	46.5	46.5	46.5	46.7	42.1	41.3	44.3	43.5	43.5	37.9
Oct. 1, 1997	1998-99	46.4	46.4	46.4	46.6	42.2	41.4	44.2	43.7	43.7	37.9
Oct. 1, 1998	1999-00	47.0	47.0	47.0	47.2	42.5	41.6	45.0	43.6	43.6	38.4
Oct. 1., 1999*	2000-01	42.8	42.8	42.8	42.9	39.0	37.2	40.0	39.9	39.9	20.0
Oct. 1, 2000	2001-02	36.5	36.5	36.5	36.7	33.4	32.0	34.4	34.2	34.2	20.0
Oct. 1, 2001	2002-03	31.9	31.9	31.9	32.0	31.1	29.6	**	**	**	20.0
Oct. 1, 2002	2003-04	29.0	29.0	29.0	29.1	28.3	27.1	**	**	**	25.0
Oct. 1, 2003	2004-05	27.1	27.1	27.1	27.2	26.5	25.4	**	**	**	27.2

*The owner of property on October 1 in any year is liable for taxes the following July 1. Current taxes on real and personal property may be paid in two equal installments. First installment is due July 1, and the second installment is due January 1. Current taxes on motor vehicle are due in one installment on July 1. Delinquent taxes are subject to an interest charge of 1-1/2% per month.*

\* **Note:** First year of a four year phase in of revaluation

\*\* **Note:** These districts were used for sewer residential and commercial properties within a non-sewered district. These districts are not needed for FY 2002-03 and thereafter because sewer charges will be billed directly by the WPCA.

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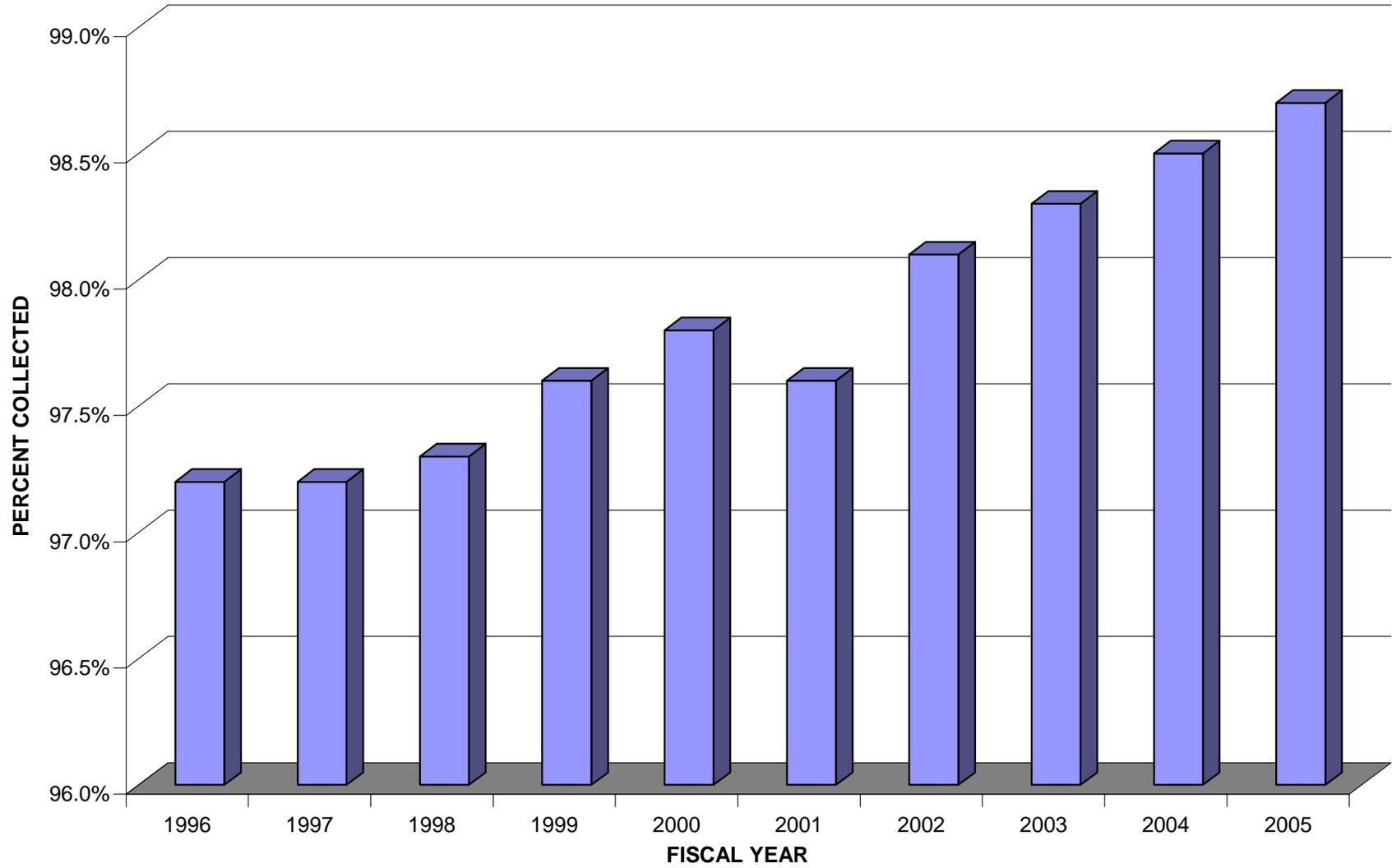
**COMPARATIVE STATISTICS AND TAX COLLECTIONS**

.....Uncollected Taxes.....

<u>Fiscal Year Ended 6/30</u>	<u>Grand List Year</u>	<u>Taxable Grand List</u>	<u>1 Tax Rate Mills</u>	<u>Total Adjusted Tax Levv</u>	<u>Tax Collections</u>	<u>2 End of Fiscal Year</u>	<u>%</u>	<u>As of 6/30/05</u>	<u>%</u>
1996	1994	3,315,460,761	41.70	\$147,303,951	\$143,158,062	\$4,145,889	2.8	\$ 8,936	.01
1997	1995	3,351,523,951	42.0	150,693,677	146,418,937	4,274,740	2.8	11,232	.01
1998	1996	3,428,305,201	42.1	154,345,909	150,175,910	4,169,999	2.7	14,479	.01
1999	1997	3,472,218,503	42.2	155,530,375	151,871,174	3,659,200	2.4	14,718	.01
2000	1998	3,529,990,591	42.47	160,965,677	157,053,317	3,502,714	2.2	19,630	.01
2001	1999	4,212,695,935	38.97	167,648,305	164,416,166	3,232,139	1.9	(170,527)	N/A
2002	2000	4,961,132,494	33.36	170,449,270	167,785,389	3,290,354	1.9	(119,394)	N/A
2003	2001	5,794,437,810	31.14	176,659,067	173,424,925	2,861,564	1.7	209,553	.12
2004	2002	6,526,297,390	28.33	186,498,884	183,693,620	2,805,264	1.5	840,195	.45
2005	2003	7,380,516,000	26.51	198,474,780	195,877,618	2,597,162	1.3	2,597,162	1.3

1. *Mill Rates listed above represent Fifth District Mill Rate for all years.*
2. *The amount to be collected to the end of 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 and one-half January 1. Failure to pay an installment 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 penalty of 1-1/2% per month (18% per annum) is charged from the due on the tax. Real estate is liened for delinquent taxes within one year after the due date.*

# TAX COLLECTION RATES 1995-96 TO 2004-05



**SPECIAL SEWER ASSESSMENTS AND COLLECTIONS LAST TEN FISCAL YEARS**

<b><u>Fiscal Year</u></b>	<b><u>Due Beginning</u></b>	<b>.....Assessments Current Year.....</b>			<b><u>Collections</u></b>	<b><u>Balance</u></b>
		<b><u>Levy</u></b>	<b><u>Adjustments</u></b>			
1995-96	\$ 56,537	\$ 110,758	\$ 17,338	\$ 61,322	\$ 123,311	
1996-97	123,311	0	(1,239)	25,176	96,896	
1997-98	96,896	146,635	(156)	62,390	180,985	
1998-99	180,985	0	(8,481)	26,183	146,321	
1999-00	146,321	317,063	8,866	110,466	361,784	
2000-01	361,784	0	0	57,602	304,182	
2001-02	304,182	538,875	0	238,038	605,019	
2002-03	605,019	0	0	118,265	486,754	
2003-04	485,893	0	0	98,589	387,304	
2004-05	388,105	0	0	106,876	281,229	

## **C. LONG-TERM DEBT**

# CITY OF NORWALK

## SCHEDULE OF DEBT LIMITATIONS - JUNE 30, 2005

RECEIPTS, YEAR ENDED JUNE 30, 2005

Taxes, interest and fees

\$201,143,025

Tax Relief for the Elderly

\$ 72,488

BASE \$201,215,513

	<u>GENERAL</u>	<u>SCHOOLS</u>	<u>SEWERS</u>	<u>URBAN RENEWAL</u>	<u>PENSION FUNDING</u>
DEBT LIMITATION					
2 1/4 times base	\$452,734,904				
4 1/2 times base		\$905,469,809			
3 3/4 times base			\$754,558,174		
3 1/4 times base				\$653,950,417	
3 times base					\$603,646,539
TOTAL LIMITATION	<u>\$452,734,904</u>	<u>\$905,469,809</u>	<u>\$754,558,174</u>	<u>\$653,950,417</u>	<u>\$603,646,539</u>
INDEBTEDNESS:	\$ 89,520,529	\$164,222,090	\$ 48,126,962	\$ 9,295,606	\$ -
Excess of limitation Over indebtedness at June 30, 2005	<u>\$363,214,375</u>	<u>\$441,247,719</u>	<u>\$ 706,431,212</u>	<u>\$644,654,811</u>	<u>\$603,646,539</u>

*Note: Total indebtedness of all classes cannot exceed seven times the base, or \$1,408,508,591.*

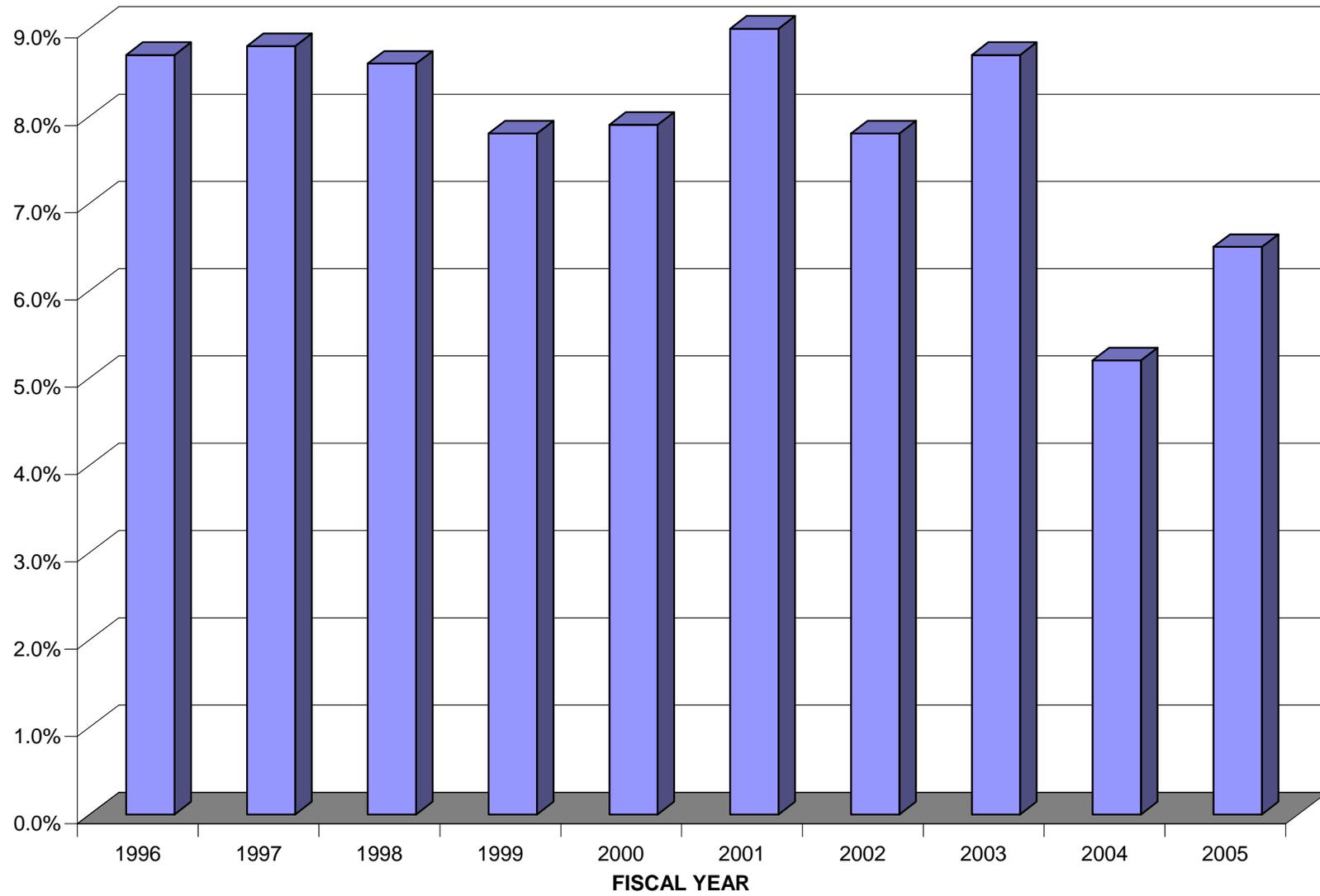
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# CITY OF NORWALK

## RATIO OF DEBT SERVICE EXPENDITURES FOR GENERAL BONDED DEBT TO TOTAL GENERAL FUND EXPENDITURES

<b>Fiscal Year Ended <u>June 30</u></b>	<b><u>Debt Service</u></b>	<b><u>Total General Fund Expenditures</u></b>	<b><u>Ratio of Debt Service to General Fund Expenditures</u></b>
1996	\$16,350,051	\$187,092,312	8.7%
1997	16,261,944	184,309,104	8.8%
1998	15,641,624	182,509,102	8.6%
1999	14,412,535	184,288,057	7.8%
2000	15,137,021	192,465,886	7.9%
2001	17,795,690	197,437,583	9.0%
2002	15,875,018	203,547,417	7.8%
2003	18,321,063	209,666,743	8.7%
2004	10,974,237	209,293,095	5.2%
2005	14,395,617	222,315,880	6.5%

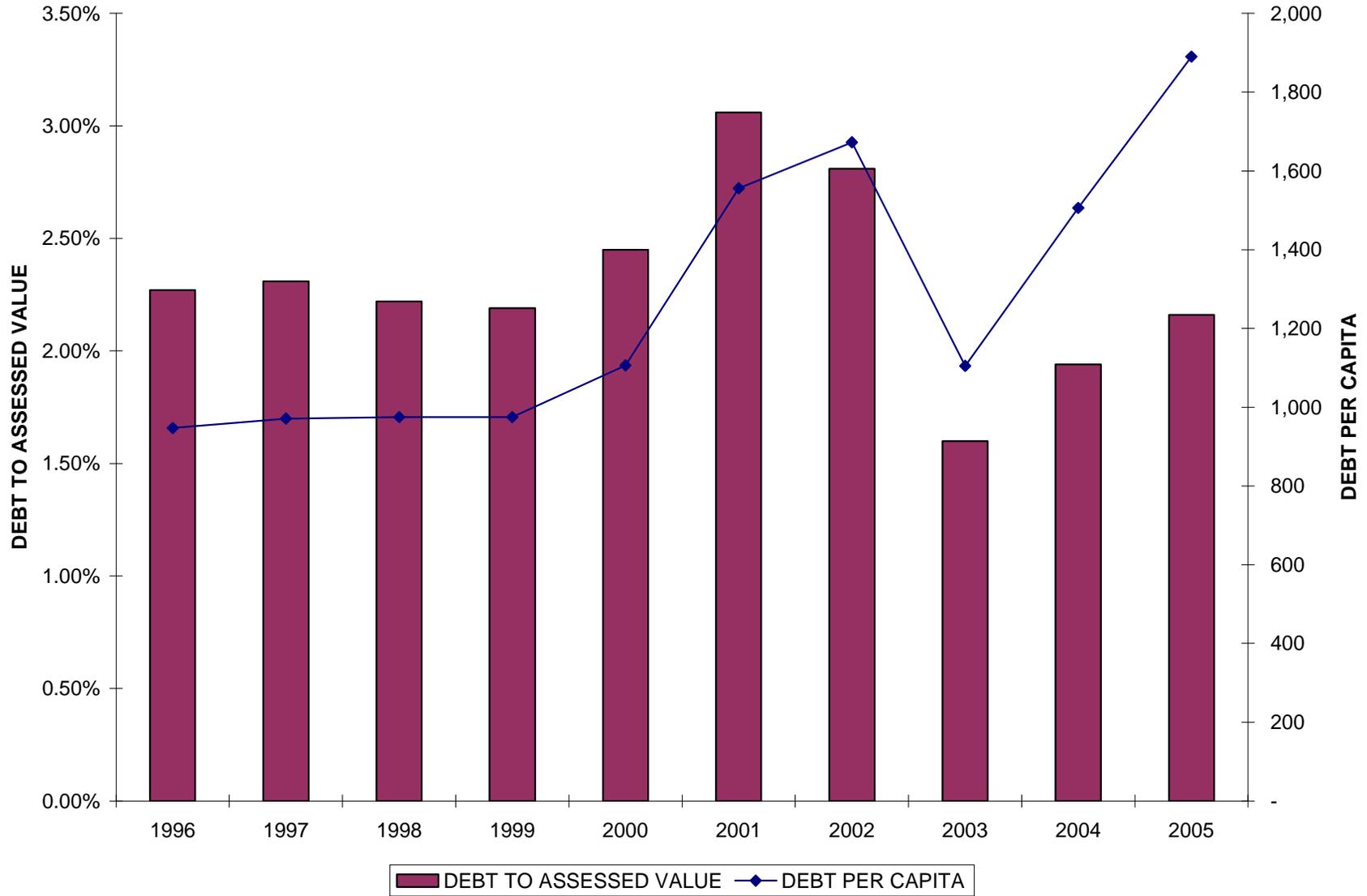
## DEBT SERVICE AS PERCENT OF TOTAL EXPENDITURES



**RATIO GENERAL BONDED DEBT TO ASSESSED VALUE AND PER CAPITA LAST TEN FISCAL YEARS**

<b><u>Fiscal Year</u></b>	<b><u>Bonded Debt</u></b>	<b><u>Assessed Value</u></b>	<b><u>Ratio to Assessed Value</u></b>	<b><u>Population</u></b>	<b><u>Debt Per Capita</u></b>
1996	\$ 75,169,942	\$3,315,460,761	2.27%	79,358	\$ 947
1997	77,438,290	3,351,523,951	2.31%	79,732	971
1998	76,018,516	3,428,305,201	2.22%	77,937	975
1999	76,158,711	3,472,218,503	2.19%	78,064	975
2000	86,387,964	3,529,990,591	2.45%	78,083	1,106
2001	129,091,569	4,212,695,935	3.06%	82,951	1,556
2002	139,358,637	4,961,132,494	2.81%	83,316	1,673
2003	92,967,880	5,794,437,810	1.60%	84,127	1,105
2004	126,789,534	6,526,297,390	1.94%	84,170	1,506
2005	159,578,695	7,380,516,000	2.16%	84,412	1,890

# SELECTED DEBT RATIOS



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## **D. DEMOGRAPHIC DATA**

## EDUCATIONAL FACILITIES

Norwalk has a nine (9) member Board of Education, with the Mayor serving as an ex-officio member. The Board members are elected to four-year terms, four and five, respectively, every two years. The Officers of the Board include a Chairman, Vice-Chairman and a Secretary. They are elected by the Board members at the organizational meeting held every year in January.

The primary function of the Board is to establish policy. Some of the areas for which such policies are set include curriculum, budget requests submission, ensuring that funds for education as appropriated by the City are properly expended, implementation of both state and federal laws, and planning for facilities needed by the system, including construction and renovation.

The City has one center for vocational arts, two high schools, four middle schools and twelve elementary schools. The Board has 1,320 employees to fulfill its instructional objective. They comprise two groups: 865 certified personnel and 455 non-certified personnel including secretaries, clerks, custodians, maintenance personnel and teachers' aides.

### Public School Enrollment (1)

<u>Fiscal Year</u>	<u>Elementary Head K-5</u>	<u>Middle School 6-8</u>	<u>High School 9-12</u>	<u>Special Education</u>	<u>Total</u>
1995-96	5,347	2,101	2,742	335	10,525
1996-97	5,346	2,122	2,815	382	10,665
1997-98	5,372	2,168	2,726	437	10,703
1998-99	5,419	2,190	2,755	415	10,779
1999-00	5,462	2,197	2,801	405	10,865
2000-01	5,459	2,412	2,837	308	11,016
2001-02	5,391	2,501	3,081	190	11,163
2002-03	5,294	2,570	3,122	207	11,193
2003-04	5,313	2,596	3,210	N/A	11,119
2004-05	5,264	2,578	3,238	N/A	11,080

### PROJECTIONS

2005-06	5,244	2,675	3,529	N/A	11,448
2006-07	5,320	2,680	3,701	N/A	11,701
2007-08	5,340	2,685	3,727	N/A	11,752
2008-09	5,337	2,690	3,707	N/A	11,734

*Note: (1) As of October 1*

*Source: City of Norwalk Board of Education.*

**CITY OF NORWALK**  
**DEMOGRAPHIC STATISTICS**  
**LAST TEN FISCAL YEARS**

<b><u>Fiscal year Ended</u></b> <b><u>June 30</u></b>	<b><u>Population</u></b>	<b><u>Per Capita Income</u></b>	<b><u>Median Family Income</u></b>	<b><u>Median Age</u></b>	<b><u>Unemployment Rate</u></b>
1996	79,358	\$ *	\$ 82,200	*	3.2%
1997	79,732	*	82,900	*	3.6%
1998	77,937	32,479	89,300	*	3.1%
1999	78,064	34,132	94,300	*	3.1%
2000	78,083	38,289	102,400	37.8	1.8%
2001	82,951	40,121	109,800	36.6	2.7%
2002	83,316	40,402	115,500	37.0	3.3%
2003	84,127	*	110,500	*	4.1%
2004	84,170	*	111,600	*	4.2%
2005	84,412	*	*	38.0	4.1%

*Notes: Population estimates based upon U.S. Census Bureau for fiscal year ending 2001; CT Dept. of Public Health for all other years.*

*Median family income figures represent Stamford/ Norwalk metropolitan Statistical Area (MSA) as prepared by HUD.*

*\* Data not available for this particular year.*

*Sources: US Dept. of Housing and Urban Development (HUD); Southwestern Regional Planning Agency; CT Department of Labor, CT Dept. of Economic & Community Development (DECD).*

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## **E. MISCELLANEOUS STATISTICS**

## MANUFACTURING AND LARGEST EMPLOYERS

Norwalk is home to several of Connecticut's largest employers. Norwalk's employers provide approximately 63,000 jobs illustrating the strength and diversity of Norwalk's economic base. Below is a list of some of the major manufacturing facilities and the largest employers.

<u>Name</u>	<u>Nature of Business</u>	<u>No. of Employees</u>
Stew Leonard's	Retail Grocery Store*	800
MBI, Inc.	Direct Mail Marketing*	800
Diageo	Premium Beverage Manufacturer*	700
G. E. Commercial Finance	Financial Services	650
Hewitt Associates	Consulting Firm	600
Northrup Grumman/Norden Systems	Electronic & Radar Systems Manufacturer*	500
U. S. Surgical Corp./Tyco Corp.	Automatic Suture Stapling Instruments	500
Beiersdorf, Inc	Personal Care Products*	450
Reed Exhibition Company	Trade Show Production*	450
Trilegiant (formerly Cendant)	Internet Marketing*	425
Fact Set Research	Research Systems*	360
Act Media, Inc.	In-Store Promotional Advertising*	350
Modem Media	Internet Advertising*	300
Priceline.com	Internet Marketing*	300
Information Resources, Inc.	Consumer Research Firm	250
Virgin Atlantic Airways	Airline & Leisure Company	250
Trans-Lux Corporation	Electronic Signage*	200
Asea Brown Boveri, Inc.	Engineering Firm*	200
Cablevision of Connecticut	TV/DSL, Cable-Line Installation	200
Arch Chemicals	Chemical Manufacturing*	200
R. T. Vanderbilt Company, Inc.	Industrial Materials & Chemical Manufacturing*	175
Peppers and Rogers	Marketing Firm*	175
Tauk World Discovery	Travel/Tourism	175
King Industries	Chemical Manufacturing*	170
Octagon	Sports Marketing	150
Klaff's	Lighting & Plumbing Supplies	150
AimNet Solutions, Inc.	Data Solutions	135
Applera Corp.	Biotech	130
Kodak Polychrome Graphics	Graphic Arts Supply*	125
Olin Corporation	Chemical, Metals, Defense Products*	125
Marsh, Inc.	Insurance	120
InBev USA	Beverage Manufacturer*	110
Callanen International	Watches	105
Muelstein International, Ltd.	Plastic Resins Distribution*	100
Stolt-Nielsen	Shipping*	100

**Norwalk Health Services (Norwalk Hospital), a 328 bed facility, also employs approximately 1,900.**

**Source: Marketing & Business Development (City of Norwalk).**

## SUMMARY OF INSURANCE COVERAGE

### PROPERTY:

Carrier:	Allianz Insurance Company
Limits:	\$100,000,000 – Per Occurrence and in the aggregate
Deductible:	100,000 Each Occurrence
Policy Period:	July 1, 2004 – July 1, 2005
Policy No.: CLP3004942	Inland Marine
Other Coverage:	Inland Marine Crime Coverage Boiler & Machinery Flood

### EMPLOYEE FIDELITY:

Carrier:	The Travelers Group
Limits:	\$500,000 per loss
Deductible:	\$5,000
Policy Period:	July 1, 2004 – June 30, 2005
Policy No.: 104340077	

### TAX COLLECTOR BOND:

Carrier:	The Hartford Insurance Group
Limits:	\$250,000 per loss
Deductible:	\$0 (no deductible)
Policy Period:	December 1, 2004 – December 1, 2005

### SCHOOL BOARD LEADER'S LIABILITY (CLAIMS MADE):

Carrier:	CT Interlocal Risk Management Agency
Limits:	\$1,000,000 – Each Wrongful Act \$1,000,000 - Aggregate
Deductible:	\$500,000 - Each Wrongful Act
Policy Period:	July 1, 2004 – July 1, 2005
Retro Date:	July 1, 1998

### GENERAL LIABILITY:

Carrier:	CT Interlocal Risk Management Agency
Limits:	\$1,000,000 – Each Occurrence \$3,000,000 - Aggregate
Deductible:	\$500,000
Policy Period:	July 1, 2004 – July 1, 2005

### AUTOMOBILE LIABILITY:

Carrier:	CT Interlocal Risk Management Agency
Limits:	\$1,000,000 – Each Occurrence
Deductible:	\$500,000
Policy Period:	July 1, 2004 – July 1, 2005

**SUMMARY OF INSURANCE COVERAGE**

(Continued)

**UNINSURED/UNDERINSURED MOTORIST COVERAGE:**

Carrier: CT Interlocal Risk Management Agency  
Limits: \$1,000,000 – Each Occurrence  
Policy Period: July 1, 2004 – July 1, 2005

**AUTOMOBILE PHYSICAL DAMAGE:**

Carrier: CT Interlocal Risk Management Agency  
Limits: Actual Cash Value Unless otherwise indicated  
Catastrophic Coverage: Actual Cash Value  
Deductible: Comprehensive \$1,000  
Collision \$1,000  
Catastrophic \$5,000  
Policy Period: July 1, 2004 – July 1, 2005

**LAW ENFORCEMENT LIABILITY:**

Carrier: CT Interlocal Risk Management Agency  
Limits: \$1,000,000 Each Wrongful Act  
\$1,000,000 Aggregate  
Deductible: \$500,000  
Policy Period: July 1, 2004 – June 30, 2005

**PUBLIC OFFICIALS LIABILITY: (Claims Made)**

Carrier: CT Interlocal Risk Management Agency  
Limits: \$1,000,000 Each Wrongful Act  
\$1,000,000 Aggregate  
Deductible: \$500,000  
Policy Period: July 1, 2004 – July 1, 2005  
Retro Date: July 1, 1998

**FOLLOWING FORM EXCESS LIABILITY:**

Carrier: CT Interlocal Risk Management Agency  
Limits: \$10,000,000 Each Occurrence  
\$10,000,000 Aggregate  
Underlying Coverage: General Liability  
Auto Liability  
Law Enforcement Liability  
Public Officials Liability  
School Leaders Liability  
Personal Injury  
Policy Period: July 1, 2004 – July 1, 2005

**SUMMARY OF INSURANCE COVERAGE**

(Concluded)

**BUILDER'S RISK: (POLICE station):**

Carrier	Liberty Insurance Underwriters
Limits:	\$15,000,000
Deductible:	\$10,000
Policy Period:	August 11, 2003 – February 11, 2005
Policy No.:	NY190131001

**BUILDER'S RISK (BRIEN MCMAHON):**

Carrier	Travelers
Limits:	\$55,073,785
Deductible:	\$10,000
Policy Period:	October 29, 2003 – October 29, 2005

**TENANTS & USERS LIABILITY INSURANCE POLICY:**

Carrier	Gulf Insurance Company
Limits:	\$1,000,000 Each Occurrence
\$2,000,000 Aggregate	
Policy Period:	July 1, 2004 – July 1, 2005

**BUILDER'S RISK (10 WASHINGTON STREET – NORWALK LIBRARY):**

Carrier:	Peerless Insurance
Limits:	\$1,300,000
Deductible:	\$1,000
Policy Period:	November 5, 2004 – November 5, 2005

**INLAND MARINE – (TRANSIT):**

Carrier:	Peerless Insurance
Limits:	\$1,200,000 (Property Limit) \$250,000 (Transit Limit)
Deductible:	\$1,000
Policy Period:	October 13, 2004 – October 13, 2005

**SUPPLEMENTAL DATA**

June 30, 2005

Date of Incorporation:	September 11, 1651
Form of Government:	Mayor, 15 Member Common Council, 7 Member Board of Estimate & Taxation
Town and City Consolidated:	July, 1913
Area of City (including Norwalk Islands):	22.5 square miles

**PUBLIC WORKS INFORMATION**

Miles of Streets	625	Number of Fire Stations	22
Miles of Sidewalks	125	Municipal Parking Spaces	4,487
Miles of Sanitary Sewers	165	Number of Employees	120
		Number of Vehicles	147

**PUBLIC SAFETY INFORMATION**

Number of Police Cars (Marked & Unmarked)	122	Number of Fire Stations	5
Number of Sworn Police Personnel	179	No. of Sworn Fire Personnel	137
No of Police Marine Vessels	3	No. of Vehicles	50

**RECREATION AND CULTURAL INFORMATION**

Acres of Public Park Lands	1,000	No. of Municipal Golf Courses (18 Holes)	1
Number of Public Beaches	2	Senior Centers	1
Boat Launching Areas	2	Library Branches (Includes Taxing Dist. Libraries)	4
Municipal Marinas	2	Library Volumes	305,000+
Athletic Diamonds	41	Public Museums (8 Bldgs.)	3

**ELECTION INFORMATION**

	<u>Votes Cast In</u>	<u>Percent Voting In:</u>
Last National Election	35,801	75.1%
Last State Election	19,379	47.8%
Last Municipal Election	14,990	37.3%
Registered Voters	47,651	

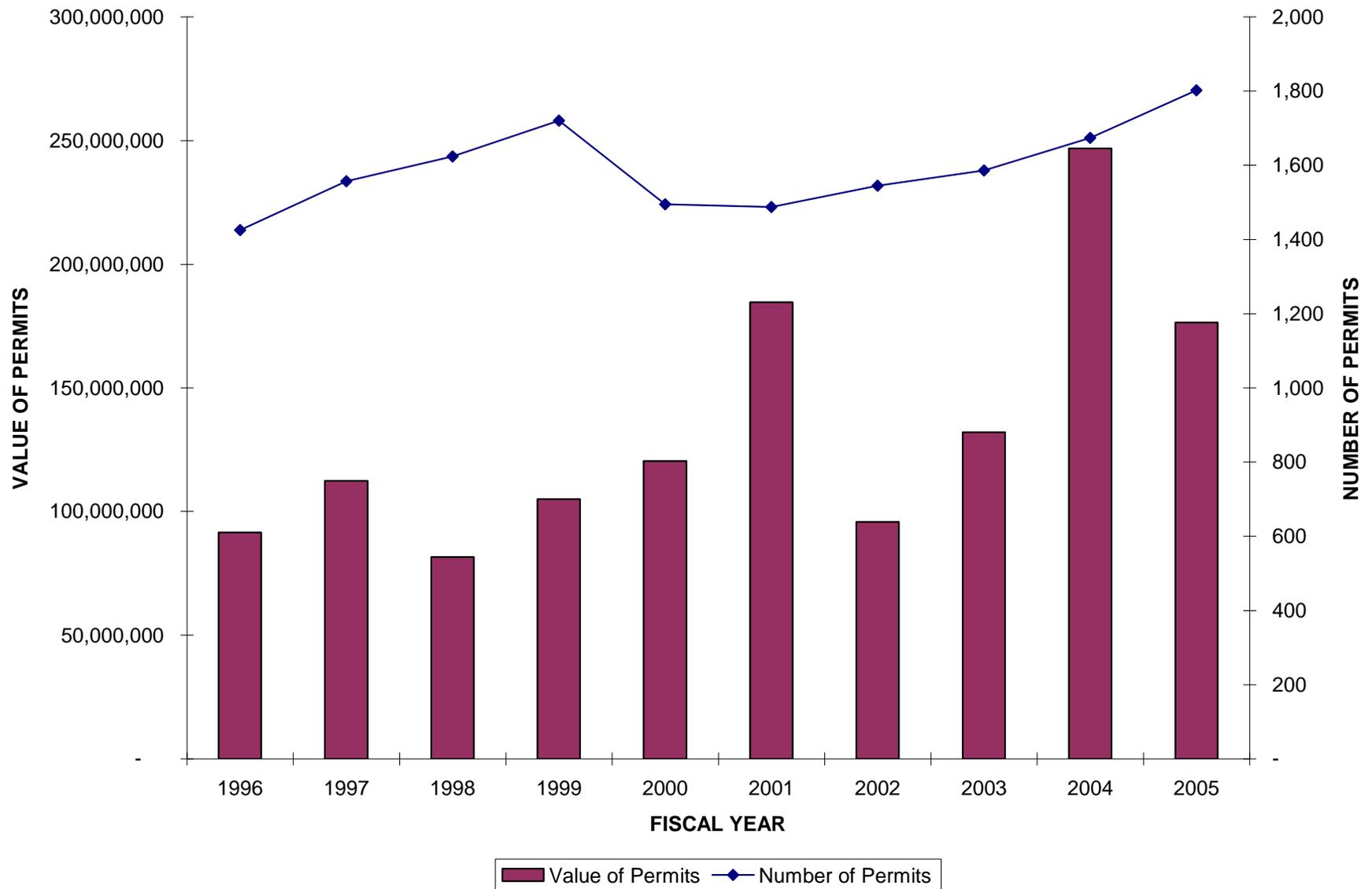
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**NUMBER AND VALUE OF BUILDING PERMITS**

<b><u>Fiscal Year Ended 6/30</u></b>	<b><u>Number of Permits</u></b>	<b><u>Building</u></b>	<b><u>Miscellaneous</u></b>	<b><u>Total</u></b>
1996	1,425	78,887,827	12,649,815	91,537,642
1997	1,557	103,735,403	8,686,803	112,422,206
1998	1,624	72,768,186	8,923,104	81,691,290
1999	1,721	94,793,869	10,176,410	104,970,279
2000	1,495	112,671,283	7,790,459	120,461,742
2001	1,488	168,863,786	15,718,061	184,581,847
2002	1,545	88,316,351	7,490,071	95,806,422
2003	1,586	122,793,362	9,204,130	131,997,492
2004	1,674	226,461,685	20,401,098	246,862,783
2005	1,802	154,889,408	21,528,397	176,417,805

*Source: City of Norwalk, Building Department.*

# NUMBER AND VALUE OF PERMITS



## CITY OF NORWALK

### BANK DEPOSITS, CONSTRUCTION AND PROPERTY VALUES

<u>Fiscal Year Ended June 30</u>	<u>Bank Deposits (000)</u>	<u>Construction Permits</u>		<u>Property Values (000)</u>			<u>Real Estate Exemptions</u>
		<u>Number</u>	<u>Value</u>	<u>Real Property Commercial</u>	<u>Real Property Residential</u>	<u>Land</u>	
1996	\$1,106,316	1,425	\$ 91,537,642	548,116	1,166,940	991,880	16,585
1997	1,129,279	1,557	112,422,206	551,113	1,178,797	991,091	15,675
1998	1,141,269	1,624	81,691,290	564,947	1,188,347	991,612	23,166
1999	N/A	1,721	104,970,279	567,436	1,203,715	995,691	21,013
2000	1,171,197	1,495	120,461,742	887,946	1,888,461	995,619	19,096
2001	1,164,986	1,488	184,581,847	987,330	2,429,610	21,217	20,953
2002	1,131,076	1,545	95,806,422	1,399,316	4,092,740	32,817	26,092
2003	1,333,584	1,586	131,997,492	1,502,934	4,125,244	45,917	1,427,787
2004	1,472,587	1,674	246,862,783	1,495,689	4,161,708	50,108	743,486
2005	1,412,330	1,802	154,889,408	1,684,477	4,845,240	60,418	59,744

N/A                      *Information unavailable.*

*Source: State of Connecticut Banking Department; Code Enforcement Dept. - City of Norwalk; City of Norwalk Grand List Reports.*

**CITY OF NORWALK**  
**BUDGETED FULL-TIME PERSONNEL**  
**TEN YEAR HISTORY**

<b><u>Function</u></b>	<b><u>2004-05</u></b>	<b><u>2003-04</u></b>	<b><u>2002-03</u></b>	<b><u>2001-02</u></b>	<b><u>2000-01</u></b>	<b><u>1990-00</u></b>	<b><u>1998-99</u></b>	<b><u>1997-98</u></b>	<b><u>1996-97</u></b>	<b><u>1995-96</u></b>
General Government	46	44	44	44	44	44	41	40	42	42
Finance	34	33	35	35	35	36	36	36	38	38
Health & Welfare	21	20	20	20	20	20	20	22	33	60
Police	196	196	206	206	206	204	205	206	206	208
Fire	143	143	149	147	147	146	146	147	147	147
Other Protection	42	35	19	19	19	19	19	19	26	20
Public Works & Traffic	114	110	113	119	119	147	145	151	158	158
Education	1,320	1,304	1,344	1,327	1,318	1,299	1,295	1,282	1,273	1,241
Recreation, Arts & Cultural	<u>54</u>	<u>57</u>	<u>57</u>	<u>57</u>	<u>55</u>	<u>55</u>	<u>55</u>	<u>56</u>	<u>57</u>	<u>71</u>
TOTAL	<u>1,970</u>	<u>1,942</u>	<u>1,987</u>	<u>1,974</u>	<u>1,963</u>	<u>1,970</u>	<u>1,962</u>	<u>1,959</u>	<u>1,980</u>	<u>1,985</u>

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