

CITY OF NORWALK,
CONNECTICUT



COMPREHENSIVE ANNUAL
FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2010
DEPARTMENT OF FINANCE
125 EAST AVENUE
NORWALK, CONNECTICUT

CITY OF NORWALK, CONNECTICUT

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2010



PREPARED BY THE FINANCE DEPARTMENT

DIRECTOR OF FINANCE
COMPTROLLER

THOMAS S. HAMILTON
FREDERIC J. GILDEN

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Introductory Section



**DEPARTMENT OF FINANCE
OFFICE OF THE DIRECTOR**

LETTER OF TRANSMITTAL

December 28, 2010

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

Citizens of the City of Norwalk:

I am pleased to transmit the Comprehensive Annual Financial Report (CAFR) of the City of Norwalk for the fiscal year ended June 30, 2010.

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, 2010.

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

McGladrey & Pullen, LLP have issued an unqualified (“clean”) opinion on the City of Norwalk’s financial statements for the year ended June 30, 2010. 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 83,802, is the sixth largest City in Connecticut. The City is located in Fairfield County in the Southwestern part of the State along Long Island Sound. Including a number of islands, the City covers 22.5 square miles. Per capita income in the county remains among the highest in the nation. While preserving its suburban character, the City is a significant commercial, industrial and service center. Many corporations, including the Governmental Accounting Standards Board (GASB) and the Financial Accounting Standards Board (FASB), have chosen to locate their headquarters in Norwalk. The City has also developed a tourist market centered on its outstanding harbor, islands, National Registry Mansions, Museums and a Maritime Aquarium comprised of a nautical museum, aquarium and IMAX theater.

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

FACTORS AFFECTING FINANCIAL CONDITION

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

Norwalk has not been immune to the impact of the great recession of 2008. The City experienced a contraction of real estate conveyance tax, interest income, town clerk recording and other economically sensitive revenues. However, since property tax revenues comprise about 90% of Norwalk's total revenue and property revaluation takes place only once every 5 years in Connecticut, Norwalk has better insulated from the most detrimental impacts of the recession.

MAJOR DEVELOPMENT INITIATIVES

As the real estate market in the United States crested in early 2008, Norwalk, like most metro suburban cities, was experiencing a period of significant new growth in its under developed urban corridor and within its outlying business parks. In addition to what had already been developed over the previous five years and what was immediately under construction in late 2008, the City had approved and publicly entitled three large scale development initiatives totaling more than 2.5 million square feet, representing private investment in Norwalk of over a billion dollars.

These projects included the 95/7, Waypointe and Wall Street Place development initiatives. All of these projects were densely developed, mixed use urban development initiatives, utilizing smart growth and green technology principles. As the real estate bubble crept towards its demise in late 2008 these projects were at the precipice of securing tenants and negotiating the associated construction financing. When the real estate bubble exploded and the markets contracted into the worst recession in United States history, the resulting market reaction plunged tenant interest and conventional financing into a deep freeze. Land values were, and to some extent remain, uncertain. All if not most developer equity was eviscerated early in the recessionary period, 2008-2010.

Since 2008 the City and its development community have been in a period of reformulating the plans and development projects once anticipated to conform to the new post recession market realities. In many cases that has required the complete abandonment of the previous development concepts as they relate to volume of uses such as Class A Office, overall density of the development project in general and much more emphasis on phasing development to be responsive to the needs of the reemerging market. Of the three large scale development projects planned, only Wall Street Place, a predominately residential and much less costly development, is moving forward toward construction. Even that, however, is at a much slower pace than previously anticipated and with greater public (State and Federal) subsidy than the initial proforma contemplated.

In recognizing the lack of market responsiveness to larger scale development initiatives during the recessionary period by both prospective tenants and lenders, the City turned its attention to infill or niche development projects, with which it has had significant success. An example of such a niche development project is 597 Westport, a 235 luxury multi-family rental development which now occupies the former industrial land utilized by Pepperidge Farm. The incorporation of this use on their campus allowed Pepperidge Farm to sell its industrial land and maintain its corporate headquarters adjacent to the new development retaining a significant employer in Norwalk. The City also witnessed the completion of the 312 unit, Avalon Development in the Wall Street Redevelopment Plan Area. Avalon as a REIT,

does not utilize conventional financing and thus was able to push forward its construction effort to take advantage of the reduced construction costs associated with the recession and benefit from the stable rental market in Norwalk for new product. Multi-family rental product throughout the recession in Norwalk has commanded \$2.30 per sq. ft. on an average size unit of 1,000 square feet or less. The City has also been working with a developer on a mixed use 30,000 square foot development which is currently in construction in SoNo, Norwalk's trendy entertainment and retail center, which has both ground floor commercial and approximately 12 units of housing on its upper floors.

The City's Class A Office Market, while seeing small increases in its per square foot rates and relatively healthy occupancy considering the circumstances, is still struggling to lease vacant space and that which is available. The vacancy for Class A Office in Norwalk has been on a downward trajectory for the past year, currently at 16%. This number, however, does not reflect the sublease space in the market, which, when combined with the vacancy, constitutes over 20% of the existing inventory. In addition, this amount of vacancy combined with that in Stamford, which exceeds Norwalk's, has chilled any market or financing interest in new office product being added to the existing inventory in Southern Fairfield County. The exception to this has been Harbor Point in Stamford which is advancing at this point on spec and non-conventional capital structures.

Despite the many challenges in the existing real estate market, the City of Norwalk continues to advance the smaller infill development projects for which there is demand and financing and to readjust and provide the necessary flexibility to reposition the larger scale development projects to be more responsive to the economic forecasting that has been undertaken by the City. This forecasting has been undertaken independently utilizing the expertise of Johnson Controls, Real Estate and Market Research Division. The analysis is based on five year projections which have statistical and data based relevance. The conclusion recommends that Norwalk significantly scale back its level of development, suggesting that the City become more focused on incremental development objectives which are market responsive, situated on unified parcels that are ready to accommodate near term development and the approval of which can be easily facilitated by the City's legislative body.

RELEVANT FINANCIAL POLICY

The City implemented furlough days for a major bargaining unit as well as non union employees as having an extended hiring freeze during the 2009-2010 Fiscal Year. Also in 2009-2010 the City re-negotiated contracts of several bargaining units to have zero salary increases for the 2010-2011 Fiscal Year. Other measures included a zero budget increase for the Board of Education for the 2010-2011 budget, a budget formulation message to departments for 2010-2011 budget and 2011-2012 budget stating that no additional programs will be considered unless there are projected revenues to cover them. The effect of this policy will be to lower future years operating costs in the short and long-term.

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, 2009. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for presentation of state and local government financial reports.

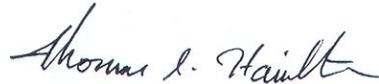
In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to the programs standards. The CAFR must satisfy both generally accepted accounting principles and applicable 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 19 consecutive years (fiscal years 1991 through 2009). 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 that reads "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, 2009

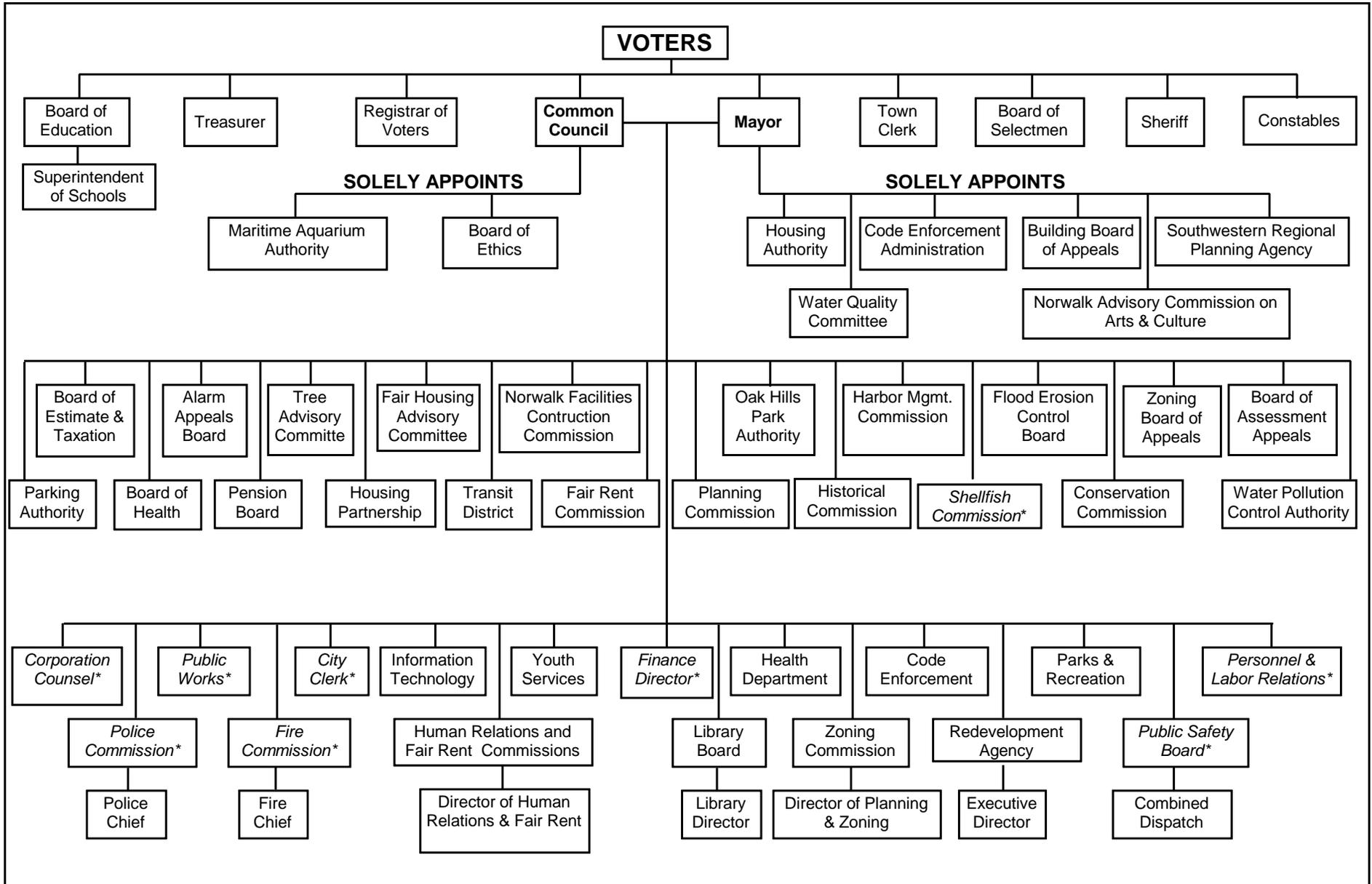
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

Executive Director

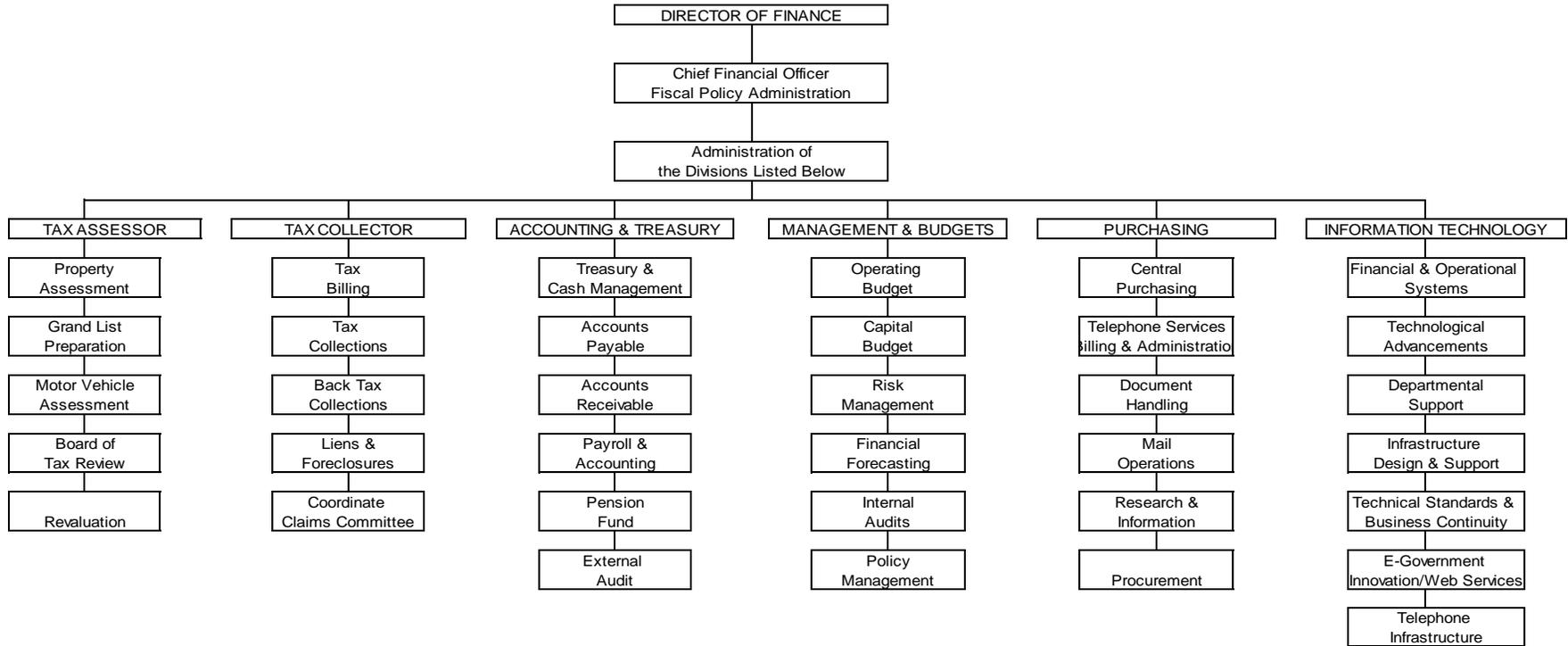
CITY OF NORWALK GOVERNMENT ORGANIZATION



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

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

FINANCE DEPARTMENT



CITY OF NORWALK, CONNECTICUT

PRINCIPAL CITY OFFICIALS

OFFICE	NAMES	SELECTION/TERM
Mayor	Richard A. Moccia	Elected - 2 Years
Director of Finance	Thomas S. Hamilton	Appointed - Indefinite
Superintendent of Schools	Susan F. Marks	Appointed - Indefinite
Corporation Counsel	Robert Maslan	Appointed - 2 Years

MEMBERS OF COMMON COUNCIL

	Douglas E. Hempstead, President	
	Richard Bonenfant, Majority Leader	
	Laurel E. Lindstrom, Minority Leader	
Fred A. Bondi	Andrew T. Conroy	Calvin J. Hilliard
David Jaeger	Nora King	Nicholas D. Kydes
Richard A. McQuaid	Clyde J. Mount	Joanne Romans
Travis Simms	Kelly L. Straniti	John Tobin

MEMBERS OF THE BOARD OF ESTIMATE & TAXATION

Leo Mellow	James Feigenbaum
Michael W. Lyons	Michael Kolman
Friedrich N. Wilms	James C. 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, 2010, 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, 2010, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with "Government Auditing Standards," we have also issued our report dated December 28, 2010 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's discussion and analysis and the schedules of funding progress for pensions and other post-employment benefits, and schedule of employer contributions are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

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

McGladrey & Pullen, LLP

New Haven, Connecticut
December 28, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

FINANCIAL HIGHLIGHTS

- The City's net assets increased by \$14.6 million or 4.4%. The governmental net assets increased by \$9.5 million or 3.9% and the business-type net assets increased by \$5.1 million or 7.2%.
- The General Fund (the primary operating fund) reflected on a current financial resource basis, reports an decrease of \$.9 million or 3.0%.

USING THIS ANNUAL REPORT

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

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

The Governmental Major 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 No. #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

Table 1
Summary of Net Assets (In Thousands)

	Governmental		Business-Type		Total	
	Activities		Activities		Government	
	2010	2009	2010	2009	2010	2009
Current and other assets	\$ 109,626	\$ 101,527	\$ 12,742	\$ 9,540	\$ 122,368	\$ 111,067
Capital assets	455,394	448,632	118,252	111,511	573,646	560,143
Total assets	565,020	550,159	130,994	121,051	696,014	671,210
Current and other liabilities	44,948	40,912	2,457	1,345	47,405	42,257
Noncurrent liabilities	252,430	251,128	53,242	49,483	305,672	300,611
Total liabilities	297,378	292,040	55,699	50,828	353,077	342,868
Net assets:						
Invested in capital assets, net of debt	265,737	250,536	67,625	65,236	333,362	315,772
Restricted	-	-	-	794	-	794
Unrestricted (deficit)	1,905	7,583	7,670	4,193	9,575	11,776
Total net assets	\$ 267,642	\$ 258,119	\$ 75,295	\$ 70,223	\$ 342,937	\$ 328,342

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 in governmental activities was the issuance of \$15.0 million of new debt and the construction on major capital projects this year: The other major impacts were \$17.8 million of principal on debt paid this year and \$9 million of depreciation on fixed assets. The major impacts to Net Assets in business-type activities was the issuance of \$3.7 million of new debt, \$4.2 principal paid on debt this year and \$3 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.

CITY OF NORWALK, CONNECTICUT
Changes in Net Assets (\$000's)

	Governmental		Business-Type		Total	
	Activities		Activities		Government	
	2010	2009	2010	2009	2010	2009
REVENUES						
Program Revenues:						
Charge for services	\$ 19,641	\$ 21,029	\$ 18,391	\$ 17,217	\$ 38,032	\$ 38,246
Operating grants and contributions	47,742	44,291	-	-	47,742	44,291
Capital grants and contributions	5,887	9,404	3,656	-	9,543	9,404
General Revenues:						
General property, taxes and assessments	246,276	237,745	-	-	246,276	237,745
Interest income	1,750	3,591	252	626	2,002	4,217
Other general revenues	5,076	5,997	-	-	5,076	5,997
Total revenues	326,372	322,057	22,299	17,843	348,671	339,900
EXPENSES						
Program Activities Primary Government:						
Governmental Activities:						
General government	15,259	15,809	-	-	15,259	15,809
Education	209,628	201,190	-	-	209,628	201,190
Public safety	43,722	43,292	-	-	43,722	43,292
Health and welfare	5,711	5,155	-	-	5,711	5,155
Public Works	25,524	33,208	-	-	25,524	33,208
Recreation, arts and cultural	9,313	9,922	-	-	9,313	9,922
Debt service	7,692	9,790	-	-	7,692	9,790
	316,849	318,366	-	-	316,849	318,366
Business-Type Activities:						
Parking Authority	-	-	5,827	5,137	5,827	5,137
Water Pollution Control Authority	-	-	11,400	10,454	11,400	10,454
	-	-	17,227	15,591	17,227	15,591
Total expenses	316,849	318,366	17,227	15,591	334,076	333,957
Increase in net assets	9,523	3,691	5,072	2,252	14,595	5,943
Net Assets, beginning	258,119	254,428	70,223	67,971	328,342	322,399
Net Assets, ending	\$ 267,642	\$ 258,119	\$ 75,295	\$ 70,223	\$ 342,937	\$ 328,342

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

The Major revenue impact in governmental activities was an increase in property tax revenue of \$8.5 million due to an increase in the tax levy and continued aggressive measures in collecting delinquent taxes including the sale of property that had delinquent taxes and met certain criteria. The major impact on expenses was an increase in expenses in education due to salary increases and the State of Connecticut on-behalf payments. Major impacts in revenue and expenses in business-type activities included both the Water Pollution Control Authority and Parking Authority being able to collect revenues and control expenses.

THE CITY FUNDS

General Fund

Comparing Fiscal Year 2010 to Fiscal Year 2009

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 \$28.6 million which is \$.9 million less than that at the beginning of the year. Major impacts were that Property Taxes rose due to an increase in the tax levy and continued aggressive measures in collecting Property Taxes. There was decrease in investment income due to a decline in interest rates. Debt Service interest increased mainly due to the first principal payment on the Fiscal Year 2008 \$39 million General Obligation bonds sold primarily for school construction.

Comparing Original Budget to Final Budget

As of the year-end, in 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) was the only significant change in budgeted revenues was Intergovernmental Revenues. After the budget was passed, the State of Connecticut changed the way that they paid the Education Cost Sharing Grant. \$1.4 million was paid directly as Grant Funds rather than being paid to the General Fund.

Comparing Final Budget to Actual Results

As of the year-end, in 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), certain revenues were less than projected in the deteriorated economic environment. There were no significant variances.

Capital Projects Fund

Comparing Fiscal Year 2010 to Fiscal Year 2009

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 \$20.4 which is \$7.3 million more than the beginning of the year. Major impacts were Intergovernmental Revenues for school construction from state, issuance of bonds and expenditures mainly for school construction.

Water Pollution Control Authority

Comparing Fiscal Year 2010 to Fiscal Year 2009

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 \$55.6 million which is 11.5% more than the beginning of the year (\$49.9 million). Major impacts were a successful year of collecting sewer charges as well as controlling costs.

Parking Authority

Comparing Fiscal Year 2010 to Fiscal Year 2009

As of the year-end, the Parking Authority (as presented on the Statement of Revenues, Expenses, and Changes in Net Assets - Proprietary Funds on page 18) reported a fund net assets of \$19.7 million which is 3.2% less than the beginning of the year (\$20.3 million). Expenses impacted parking operations in the down economy.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of year-end, the City had \$573.6 million invested in a variety of capital assets, as reflected in the following schedule :

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

	Governmental Activities	Business-Type Activities	Total
Land	\$ 21,905	\$ 4,839	\$ 26,744
Construction in Progress	20,954	-	20,954
Land Improvements	5,586	84	5,670
Machinery and Equipment	9,177	643	9,820
Buildings and Improvements	257,418	96,972	354,390
Infrastructure	140,354	15,714	156,068
Total	\$ 455,394	\$ 118,252	\$ 573,646

**Table 4
Change in Capital Assets
(In Thousands)**

	Governmental Activities	Business-Type Activities	Total
Beginning balance	\$ 448,631	\$ 111,511	\$ 560,142
Additions/transfers	15,750	9,744	25,494
Disposals/transfers	1	-	1
Depreciation	(8,988)	(3,003)	(11,991)
Total	\$ 455,394	\$ 118,252	\$ 573,646

Major capital activity during the year was for various Capital Improvements. Capital Assets are presented in more detail in Note 6.

Debt Outstanding

As of year-end, the City had \$257.1 million in debt (bonds, notes, etc.) outstanding compared to the \$257.4 million last year, a 1.0% net increase (considering new borrowing and debt retirement). The following summarizes Outstanding Debt which is presented in more detail in Note 7.

Table 5
Outstanding Debt, at Year-End
(In Thousands)
Governmental Activities

	<u>2010</u>	<u>2009</u>
Governmental:		
General obligation bonds	\$ 203,901	\$ 207,928
	<u>203,901</u>	<u>207,928</u>
Business-Type:		
Parking Authority-general obligation bonds	10,577	10,527
Water Pollution Control Authority - general obligation bonds and Clean Water Fund notes	42,664	38,955
	<u>53,241</u>	<u>49,482</u>
Total	<u>\$ 257,142</u>	<u>\$ 257,410</u>

During the year the City issued \$18.7 million in new General Obligation Bonds to finance school and infrastructure improvements. The City has a AAA from Fitch Investors Service and Standard and Poors. The Moody's Investors Services rating is Aaa.

ECONOMIC FACTORS

The unemployment rate for Norwalk was 7.3%, up from 7.1% a year ago. This compares favorably to the states and national rate of 9.3%.

Norwalk's income stream is stable because it relies mainly on property taxes and has a diverse tax base. However real estate conveyance tax went down in Fiscal Year 2009 and 2010 and has continued to be low due to the sluggish real estate market. The City property tax collection rate is lower caused by the current recession in the economy but is constantly monitored as well as the stock market and its effect on future pension contributions. Under Connecticut law, property revaluations are performed every five years, and Norwalk's last property valuation was done October 1, 2008.

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, 2010

	Governmental Type Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 42,846,545	\$ 5,634,150	\$ 48,480,695
Investments	55,445,015	6,629,958	62,074,973
Receivables, net of allowances for collection losses:			
Property taxes, net	4,708,500	-	4,708,500
Charges, net	-	314,438	314,438
Accounts, net	2,521,933	164,364	2,686,297
Federal and state governments	2,030,868	-	2,030,868
Inventories and prepaids	785,382	-	785,382
Deferred charges	1,213,310	-	1,213,310
Net pension asset	74,612	-	74,612
Capital assets, not being depreciated	42,859,651	4,838,762	47,698,413
Capital assets, net of accumulated depreciation	412,534,721	113,412,811	525,947,532
Total assets	565,020,537	130,994,483	696,015,020
Liabilities			
Accounts payable and accruals	30,675,810	2,169,876	32,845,686
Unearned revenue	14,272,349	287,426	14,559,775
Noncurrent liabilities:			
Due within one year	23,296,094	9,005,782	32,301,876
Due in more than one year	229,134,028	44,236,147	273,370,175
Total liabilities	297,378,281	55,699,231	353,077,512
Net Assets			
Investment in capital assets, net of related debt	265,737,104	67,624,510	333,361,614
Unrestricted	1,905,152	7,670,742	9,575,894
Total net assets	\$ 267,642,256	\$ 75,295,252	\$ 342,937,508

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

CITY OF NORWALK, CONNECTICUT

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2010

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ (15,257,837)	\$ 4,986,322	\$ 1,055,510	\$ -	\$ (9,216,005)	\$ -	\$ (9,216,005)
Education	(209,628,272)	1,709,580	42,205,458	1,682,987	(164,030,247)	-	(164,030,247)
Public Safety	(43,721,705)	280,829	254,084	-	(43,186,792)	-	(43,186,792)
Health and welfare	(5,710,818)	605,296	4,226,501	-	(879,021)	-	(879,021)
Public Works	(25,523,887)	10,807,457	-	4,203,715	(10,512,715)	-	(10,512,715)
Recreation, arts and cultural	(9,313,256)	1,251,079	-	-	(8,062,177)	-	(8,062,177)
Interest on debt	(7,692,492)	-	-	-	(7,692,492)	-	(7,692,492)
Total governmental activities	(316,848,267)	19,640,563	47,741,553	5,886,702	(243,579,449)	-	(243,579,449)
Business-type activities:							
Parking Authority	(5,827,341)	5,144,124	-	-	-	(683,217)	(683,217)
Water Pollution Control Authority	(11,399,726)	13,247,271	-	3,655,810	-	5,503,355	5,503,355
Total business-type activities	(17,227,067)	18,391,395	-	3,655,810	-	4,820,138	4,820,138
Total primary government	\$ (334,075,334)	\$ 38,031,958	\$ 47,741,553	\$ 9,542,512	(243,579,449)	4,820,138	(238,759,311)
General revenues:							
Property taxes					246,276,251	-	246,276,251
Grants and contributions not restricted to specific programs					5,076,400	-	5,076,400
Unrestricted investment earnings					1,750,443	251,843	2,002,286
Total general revenues					253,103,094	251,843	253,354,937
Change in net assets					9,523,645	5,071,981	14,595,626
Net assets - beginning					258,118,611	70,223,271	328,341,882
Net assets - ending					\$ 267,642,256	\$ 75,295,252	\$ 342,937,508

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

CITY OF NORWALK, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2010

	Major Funds			Total Governmental Funds
	General	Capital Projects Fund	Nonmajor Governmental Funds	
Assets				
Cash and cash equivalents	\$ 28,506,700	\$ 10,489,184	\$ 1,813,830	\$ 40,809,714
Investments	31,799,243	12,254,314	1,952,739	46,006,296
Receivables (net of allowances for collection losses):				
Property taxes	4,600,621	107,879	-	4,708,500
Accounts receivable	1,785,244	-	579,670	2,364,914
State and federal governments	135,539	825,000	1,070,329	2,030,868
Inventories	-	-	27,422	27,422
Total assets	\$ 66,827,347	\$ 23,676,377	\$ 5,443,990	\$ 95,947,714
Liabilities				
Accounts payable	\$ 20,519,469	\$ 3,089,788	\$ 3,423,072	\$ 27,032,329
Unearned revenues	13,064,340	188,023	1,019,986	14,272,349
Deferred revenues	4,630,263	-	-	4,630,263
Total liabilities	38,214,072	3,277,811	4,443,058	45,934,941
Fund balances				
Reserved for:				
Encumbrances	103,365	-	-	103,365
Unreserved, reported in:				
General fund	28,509,910	-	-	28,509,910
Special revenue funds	-	-	1,000,932	1,000,932
Capital projects funds	-	20,398,566	-	20,398,566
Total fund balances	28,613,275	20,398,566	1,000,932	50,012,773
Total liabilities and fund balances	\$ 66,827,347	\$ 23,676,377	\$ 5,443,990	

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.	455,394,372
Deferred charges	1,213,310
Net pension asset	74,612
Deferred revenues are not available and therefore not recognized in the funds.	4,630,263
Accrued interest	(3,132,688)
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.	(315,378)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(240,235,008)

Net assets of governmental activities

\$ 267,642,256

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, 2010

	Major Funds			Total Governmental Funds
	General	Capital Projects Fund	Nonmajor Governmental Funds	
REVENUES				
Property taxes, interest and liens	\$ 246,960,127	\$ 39,906	\$ -	\$ 247,000,033
Intergovernmental	15,080,693	5,886,702	23,979,466	44,946,861
State on-behalf payments	14,082,000	-	-	14,082,000
Licenses, permits, fees and other	8,413,026	205,000	11,022,537	19,640,563
Interest	1,399,694	350,749	-	1,750,443
Total revenues	285,935,540	6,482,357	35,002,003	327,419,900
EXPENDITURES				
Current:				
General government	7,170,849	-	190,855	7,361,704
Health and welfare	3,365,487	-	2,058,073	5,423,560
Education	161,411,159	-	22,609,132	184,020,291
Employee benefits	24,899,737	-	-	24,899,737
Public safety	38,102,910	-	27,883	38,130,793
Community grants	2,997,946	-	1,006,724	4,004,670
Public works	15,601,868	-	560,527	16,162,395
Recreation, arts and culture	6,986,343	-	434,131	7,420,474
Maritime Center operations	-	-	8,341,555	8,341,555
Capital outlay	-	14,334,901	-	14,334,901
Debt service:				
Principal	17,850,000	-	-	17,850,000
Interest	8,791,673	271,118	-	9,062,791
Total expenditures	287,177,972	14,606,019	35,228,880	337,012,871
Excess (deficiency) of revenues over expenditures	(1,242,432)	(8,123,662)	(226,877)	(9,592,971)
OTHER FINANCING SOURCES				
Issuance of refunding debt	44,172,685	-	-	44,172,685
Issuance of bond proceeds	-	14,995,000	-	14,995,000
Premium on bond issuance	4,136,923	449,264	-	4,586,187
Payment to escrow	(47,954,220)	-	-	(47,954,220)
Total other financing sources	355,388	15,444,264	-	15,799,652
Net change in fund balances	(887,044)	7,320,602	(226,877)	6,206,681
FUND BALANCES, beginning	29,500,319	13,077,964	1,227,809	43,806,092
FUND BALANCES, ending	\$ 28,613,275	\$ 20,398,566	\$ 1,000,932	\$ 50,012,773

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, 2010**

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

Net change in fund balances – total governmental funds	\$ 6,206,681
 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.	 6,763,844
 Net effect of various miscellaneous transactions involving capital assets is to decrease net assets	 (949)
 Net pension asset	 400
 Changes in revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	 (1,047,988)
 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.	 2,179,821
 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.	 (3,006,811)
 The net revenue (expense) of certain activities of internal service funds is reported with governmental activities.	 (1,571,353)
 Change in net assets of governmental activities	 <u>\$ 9,523,645</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, 2010

	General Fund			
	Budgeted Amounts		Actual	Variance With
	Original	Final	Budgetary Basis	Final Budget Positive (Negative)
REVENUES				
Taxes, interest and lien fees	\$ 248,391,014	\$ 248,391,014	\$ 246,960,127	\$ (1,430,887)
Intergovernmental	15,959,161	14,531,326	15,080,693	549,367
Licenses, permits, fees and other	9,104,444	9,163,900	8,413,026	(750,874)
Interest	1,700,000	1,700,000	1,399,694	(300,306)
Total revenues	275,154,619	273,786,240	271,853,540	(1,932,700)
EXPENDITURES				
Current:				
General government	7,370,515	7,719,469	7,170,298	549,171
Education	151,183,303	149,911,320	148,829,159	1,082,161
Public safety	38,090,309	38,481,794	38,103,336	378,458
Health and welfare	2,010,942	2,057,484	1,865,486	191,998
Public works	16,153,259	16,232,915	15,593,639	639,276
Community grants	2,996,285	2,997,946	2,997,946	-
Employee benefits	24,941,728	24,941,728	24,814,825	126,903
Recreation, arts and cultural	7,023,156	7,168,963	6,986,343	182,620
Organizational memberships	129,662	85,390	84,912	478
Contingency	1,624,325	1,162,857	-	1,162,857
Debt service	27,131,135	27,131,135	26,286,285	844,850
Total expenditures and encumbrances	278,654,619	277,891,001	272,732,229	5,158,772
Net change in fund balance	\$ (3,500,000)	\$ (4,104,761)	(878,689)	\$ 3,226,072
UNRESERVED AND UNDESIGNATED				
FUND BALANCES , beginning			29,388,599	
Less: Designated for Board of Education			(1,032,219)	
Less: Designated for City Future Appropriations			(927,820)	
UNRESERVED AND UNDESIGNATED				
FUND BALANCES , ending			<u>\$ 26,549,871</u>	

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

CITY OF NORWALK, CONNECTICUT

STATEMENT OF NET ASSETS - PROPRIETARY FUNDS

June 30, 2010

	Business-Type Activities - Enterprise Funds			Governmental
	Water Pollution			Activities
	Control Authority	Parking Authority	Totals	Internal Service Fund
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 5,251,802	\$ 382,348	\$ 5,634,150	\$ 2,036,831
Charges receivable, net	314,438	-	314,438	-
Other receivables	68,881	95,483	164,364	157,019
Investments	6,179,776	450,182	6,629,958	9,438,719
Prepays	-	-	-	757,960
Total current assets	11,814,897	928,013	12,742,910	12,390,529
CAPITAL ASSETS, NET	88,360,551	29,891,022	118,251,573	-
Total assets	100,175,448	30,819,035	130,994,483	12,390,529
LIABILITIES				
CURRENT LIABILITIES				
Current maturities of bonds and notes payable	8,397,517	608,265	9,005,782	-
Accounts payable and accrued liabilities	1,602,586	567,290	2,169,876	510,793
Claims payable	-	-	-	4,165,978
Unearned revenue	287,426	-	287,426	-
Total current liabilities	10,287,529	1,175,555	11,463,084	4,676,771
LONG-TERM LIABILITIES				
Bonds and notes payable	34,267,098	9,969,049	44,236,147	-
Claims payable	-	-	-	8,029,136
Total long-term liabilities	34,267,098	9,969,049	44,236,147	8,029,136
Total liabilities	44,554,627	11,144,604	55,699,231	12,705,907
NET ASSETS				
Invested in capital assets (net of related debt)	47,450,751	20,173,759	67,624,510	-
Unrestricted	8,170,070	(499,328)	7,670,742	(315,378)
Total net assets	\$ 55,620,821	\$ 19,674,431	\$ 75,295,252	\$ (315,378)

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 (DEFICITS) - PROPRIETARY FUNDS
For the Year Ended June 30, 2010**

	Business-Type Activities - Enterprise Funds			Governmental
				Activities
	Water Pollution Control Authority	Parking Authority	Totals	Internal Service Fund
OPERATING REVENUES				
City and member's contributions	\$ -	\$ -	\$ -	\$ 41,269,330
Charges for services	13,247,271	5,144,124	18,391,395	-
Total operating revenues	13,247,271	5,144,124	18,391,395	41,269,330
OPERATING EXPENSES				
Administrative and operations	7,909,339	3,528,344	11,437,683	1,071,759
Depreciation	2,120,964	882,648	3,003,612	-
Salaries, benefits and claims	410,915	240,581	651,496	42,268,524
Total operating expenses	10,441,218	4,651,573	15,092,791	43,340,283
Operating income (loss)	2,806,053	492,551	3,298,604	(2,070,953)
NONOPERATING INCOME (EXPENSE)				
Investment income	225,782	26,061	251,843	499,600
Interest expense	(958,508)	(427,854)	(1,386,362)	-
Payment to escrow	-	(747,914)	(747,914)	-
Total nonoperating income (expense)	(732,726)	(1,149,707)	(1,882,433)	499,600
Net income (loss) before contributions	2,073,327	(657,156)	1,416,171	(1,571,353)
Capital contributions	3,655,810	-	3,655,810	-
Change in net assets	5,729,137	(657,156)	5,071,981	(1,571,353)
FUND NET ASSETS, beginning	49,891,684	20,331,587	70,223,271	1,255,975
FUND NET ASSETS (DEFICIT), ending	\$ 55,620,821	\$ 19,674,431	\$ 75,295,252	\$ (315,378)

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, 2010

	Business-Type Activities - Enterprise Funds			Governmental
	Water Pollution Control Authority	Parking Authority	Totals	Activities Internal Service Fund
Cash Flows From Operating Activities				
Receipts from customers and users	\$ 13,257,372	\$ 4,880,322	\$ 18,137,694	\$ 41,286,443
Payments to suppliers	(7,099,647)	(3,228,946)	(10,328,593)	-
Payments to employees/claims paid	(408,173)	(239,784)	(647,957)	(44,832,390)
Net cash provided by (used in) operating activities	5,749,552	1,411,592	7,161,144	(3,545,947)
Cash Flows From Capital and Related Financing Activities				
Principal payments on debt	(3,572,238)	(667,521)	(4,239,759)	-
Payment to escrow	(1,960,915)	(8,819,454)	(10,780,369)	-
Interest paid on debt	(963,902)	(315,232)	(1,279,134)	-
Proceeds from notes payable	9,242,795	8,788,586	18,031,381	-
Intergovernmental	3,655,810	-	3,655,810	-
Purchase of property and equipment	(8,289,763)	(1,454,252)	(9,744,015)	-
Net cash used in capital and related financing activities	(1,888,213)	(2,467,873)	(4,356,086)	-
Cash Flows From Investing Activities				
(Purchase) sale of investments	(2,700,171)	55,684	(2,644,487)	1,491,661
Investment income	225,781	26,061	251,842	79,644
Net cash (used in) provided by investing activities	(2,474,390)	81,745	(2,392,645)	1,571,305
Net increase (decrease) in cash and cash equivalents	1,386,949	(974,536)	412,413	(1,974,642)
Cash and Cash Equivalents				
Beginning	3,864,853	1,356,884	5,221,737	4,011,473
Ending	\$ 5,251,802	\$ 382,348	\$ 5,634,150	\$ 2,036,831
Reconciliation of Operating Income (Loss) to Net Cash provided by (used in) Operating Activities				
Operating income (loss)	\$ 2,806,053	\$ 492,551	\$ 3,298,604	\$ (2,070,953)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	2,120,964	882,648	3,003,612	-
Changes in assets and liabilities:				
Decrease in charges receivable	14,340	-	14,340	17,113
Increase in other receivables	(66,943)	(93,843)	(160,786)	(757,960)
Increase (decrease) in accounts payable and accrued expenses	812,433	300,196	1,112,629	-
Decrease in claims and judgments payable	-	-	-	(734,147)
Increase (decrease) in unearned income	62,705	(169,960)	(107,255)	-
Net cash provided by (used in) operating activities	\$ 5,749,552	\$ 1,411,592	\$ 7,161,144	\$ (3,545,947)
Noncash Investment Activities				
Net (decrease) increase in fair value of investments	\$ (53,256)	\$ -	\$ (53,256)	\$ 419,955

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, 2010

	Trust Funds	Private Purpose Trust Fund	Agency Funds
ASSETS			
Cash and cash equivalents	\$ 23,800,730	\$ 89,928	\$ 1,702,068
Investments:			
U.S. Government Agency	4,504,472	-	-
U.S. Government Securities	9,708,946	-	-
Corporate bonds	4,316,763	-	-
Common stock	55,075,267	-	-
Hedge/alternative investments	86,312,525	-	-
Index Funds	15,584,847	-	-
Commingled funds	54,143,648	-	-
Mutual Funds	65,118,572	-	-
Total investments	294,765,040	-	-
Secured lending transactions	13,546,993	-	-
Accrued income	286,292	-	-
Total assets	332,399,055	89,928	1,702,068
LIABILITIES			
Secured lending transactions	13,546,993		
Other liabilities	969,059		1,702,068
Total liabilities	14,516,052	-	1,702,068
Net Assets Held in Trust	\$ 317,883,003	\$ 89,928	\$ -

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, 2010

	Trust Funds	Private Purpose Trust Fund
Additions		
Contributions:		
Employer	\$ 16,126,025	\$ -
Plan members	2,910,674	-
Other	-	3,889
Total contributions	19,036,699	3,889
Investment Income:		
Interest and dividends	7,963,454	986
Net appreciation in fair value of investments	31,767,375	-
Investment expense	(1,050,682)	-
Net investment income	38,680,147	986
Securities lending transactions income	43,440	-
Securities lending transactions expense	(17,823)	-
Net investment income - securities lending	25,617	-
Deductions		
Benefits paid	31,324,377	-
General and administrative	566,841	6,650
Total deductions	31,891,218	6,650
Net increase (decrease)	25,851,245	(1,775)
Net Assets Held in Trust		
Beginning of year	292,031,758	91,703
End of year	\$ 317,883,003	\$ 89,928

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

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS
June 30, 2010

Note 1. Summary of Significant Accounting Policies

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

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

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

Reporting entity

Accounting principles generally accepted in the United States of America require that the reporting entity include (1) the primary government, (2) organizations for which the primary government is financially accountable and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The criteria provided by the Codification, Section 2100, has been considered and as a result, there are no agencies or entities that should be, but are not, included in the financial statements of the City, other than as discussed below.

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

Blended Component Unit - The Maritime Center Authority (the "Authority") is an agency established by state statute and City Code to oversee the development and operations of the Maritime Center (the "Center"). The ordinance provides that the powers of the Authority shall be exercised by a commission of nine members consisting of the Mayor, two members of the Common Council, two current or former members of the Common Council and four additional members.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the City and its component unit. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2010

are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. The agency funds are reported using the accrual basis of accounting but do not have a measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied for. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected 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, claims and judgments, and other post-employment benefits which are recorded only when payment is due (matured).

Property taxes when levied for, intergovernmental revenue when eligibility requirements have been met, licenses, charges for services, 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, 2010

The City reports the following major proprietary funds:

The *Parking Authority* accounts for the operation of the City's parking facilities. 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.

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:

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

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

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

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.

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 and other funds for premium costs. Operating expenses for proprietary funds, including both enterprise funds and internal service funds, include the cost of operations and maintenance, claims expense, 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

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2010

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

Investments

Investments are stated at fair value, based on quoted market prices, except as discussed below.

The pension funds allow for investments in certain alternative investments. Alternative investments may include private equity partnerships, infrastructure limited partnerships, hedge and absolute return funds for which there may be no ready market to determine fair value. These investments are valued using the most recent valuation available from the external fund manager. These estimated values do not necessarily represent the amounts that will ultimately be realized upon the disposition of those assets, which may be materially higher or lower than values determined if a ready market for the securities existed.

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.

Allowance for Doubtful Accounts

Accounts receivable for the primary government are reported net of an allowance for doubtful accounts, totaling approximately \$2,244,000 which relates to property taxes. The allowance for doubtful accounts represents those accounts which are deemed uncollectible based upon past collection history and an assessment of the creditor's ability to pay.

Capital assets

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2010

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

<u>Assets</u>	<u>Years</u>
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. In governmental funds, a liability is recognized when amounts are due as a result of retirement or termination, whereas a liability is recognized as benefits are earned in 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 type financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

Risks and uncertainties

The City invests in various securities, including commercial paper, government-sponsored enterprises, mutual funds and alternative investments. Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risks associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the statements of net assets and activities.

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2010

Encumbrances

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

Fund equity and net assets

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

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

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

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

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

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

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

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

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.

Government-Wide Funds/Activities:

In governmental funds, expenditures are recognized when they are paid or are expected to be paid with current available resources. In governmental activities, expense is recognized based on actuarially required contributions. 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.

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2010

Funding Policy:

The City is required to make annual contributions based on the actuaries' valuation.

Other Post Employment Obligations (OPEB) accounting

OPEB Trust:

Employer contributions are recognized in the period in which the contributions are due, and the City has made a formal commitment to provide the contributions. Employees begin contributing on July 1, 2007.

Government-Wide Funds/Activities:

In governmental funds, expenditures are recognized when they are paid or are expected to be paid with current available resources. In governmental activities, expense is recognized based on actuarially required contributions. The net OPEB obligation, the cumulative difference between annual OPEB cost and the City's contributions to the plan since July 1, 2007, is calculated on an actuarial basis consistent with the requirements of Government Accounting Standards Board Statement No. 45. The OPEB obligation (OPEB) is recorded as a noncurrent liability in the government-wide financial statements.

Funding Policy:

The City makes annual contributions based on management's disclosures, taking into account the latest actuarial valuation.

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 difference are as follows:

Bonds payable	\$ 203,900,610
Premiums and gains/losses on refunding, net of accumulated amortization	5,714,423
Net pension obligation	1,561,604
Early retirement	1,663,000
Capital lease	377,875
Other post-employment obligation	8,893,764
Claims payable	1,810,000
Compensated absences	<u>16,313,732</u>
Net adjustment to reduce fund balance – total governmental funds to arrive at net assets – governmental activities	<u>\$ 240,235,008</u>

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2010

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 difference are as follows:

Capital outlay	\$ 15,751,449
Depreciation expense	<u>(8,987,605)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 6,763,844</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 difference are as follows:

Long-term liabilities issued or incurred:	
Issuance of general obligation bonds and notes payable	\$ (59,167,685)
Refunding, net	(1,936,564)
Principal repayments:	
General obligation debt	63,194,794
Capital lease payments	<u>89,276</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 2,179,821</u>

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2010

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 difference are as follows:

Compensated absences	\$ (71,808)
Accrued interest	914,484
Pension liability	(109,580)
Early retirement	(183,000)
Other post-employment obligation	(2,355,250)
Pollution remediation	282,000
Deferred charges	326,343
Claims payable	<u>(1,810,000)</u>
Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ (3,006,811)</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 is to be submitted to the Board of Estimate and Taxation. On the first Monday of May, 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 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, 2010

- 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, 2010, supplemental appropriations totaled approximately \$764,000.

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

Expenditures, encumbrances and transfers out, budgetary basis	\$ 272,732,229
On-behalf payments paid directly by the State of Connecticut	
Teachers' Retirement System	12,582,000
On-behalf payments, paid directly by the Department of	
Public Health to WIC recipients, not recognized for	
budgetary purposes	1,500,000
Debt issue costs	355,388
Encumbrances and continued appropriations:	
June 30, 2009	111,720
June 30, 2010	(103,365)
Expenditures, GAAP basis	<u>\$ 287,177,972</u>

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2010

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

Revenues and transfers in, budgetary basis	\$ 271,853,540
On-behalf payments paid directly by the State of Connecticut Teachers' Retirement System	12,582,000
On-behalf payments, paid directly by the Department of Public Health to WIC recipients, not recognized for budgetary purposes	<u>1,500,000</u>
Revenues, GAAP basis	<u><u>\$ 285,935,540</u></u>

Special revenue funds

The City does not have legally adopted annual budgets for the special revenue funds. Budgets for the various special revenue funds which are utilized to account for specific grant programs are established in accordance with the requirements of the grantor agencies. Such budgets are non-lapsing and may comprise more than one fiscal year.

Capital projects funds

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

Note 4. Cash and Investments

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

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2010

The Pension Plans set asset allocation parameters, as follows:

Equities	45%
Fixed Income	25%
Inflation Hedge Fund	3%
Hedge	16%
Cash	1%
Private Investments	10%

Interest Rate Risk: The City minimizes the risk that the market value of securities in the portfolio will fall due to changes in general interest rates, by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity. The City of Norwalk, except for pension funds and insurance reserves, will not invest in instruments maturing more than five years from the date of purchase, and no more than 40% of the City's total portfolio shall be invested in instruments maturing more than two years from the date of purchase. All instruments in the portfolio at the time of 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, 2010, approximately \$61,000,000 of the entity's bank balance of \$63,145,000 was uninsured and uncollateralized.

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

Cash and investments of the City consist of the following at June 30, 2010:

Cash and Cash Equivalents	
Deposits with financial institutions	\$ 62,284,139
State of Connecticut Short-Term Investment fund	281,714
Cutwater Connecticut Class	11,507,568
Total cash and cash equivalents	<u>74,073,421</u>
 Investments	
General Fund	
U.S. Government Securities	23,693,265 *
Mutual Funds	8,105,978
Total general fund	<u>31,799,243</u>

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2010

Investments, Continued

Non-Major Funds	
U.S. Government Securities	1,454,964 *
Mutual Funds	497,775
Total non-major funds	<u>1,952,739</u>
Capital Projects Fund	
U.S. Government Securities	9,130,554 *
Mutual Funds	3,123,760
Total capital projects fund	<u>12,254,314</u>
Internal Service Fund	
Common Stock	1,843,777 *
U.S. Government Securities	4,462,899 *
Mutual Funds	2,118,169
Corporate bonds	1,013,874 *
Total internal service fund	<u>9,438,719</u>
WPCA:	
U.S. Government Securities	4,604,483 *
Mutual Funds	1,575,293
Total WPCA	<u>6,179,776</u>
Parking Authority:	
U.S. Government Securities	335,426 *
Mutual Funds	114,756
Total parking authority	<u>450,182</u>
Trust Funds:	
U.S. Government Agencies	4,504,472 *
U.S. Government Securities	9,708,946 *
Corporate Bonds	4,316,763 *
Common stock	55,075,267 *
Mutual Funds	65,118,572
Index Funds	15,584,847
Hedge/alternative investments	86,312,525
Commingled funds	54,143,648
Total trust funds	<u>294,765,040</u>
Total investments	<u>356,840,013</u>
Total cash and investments	<u>\$ 430,913,434</u>

These investments are uninsured and unregistered, with securities held by the counterparty,

** but not in the City's or the pension fund's name.*

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2010

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

Statement of Net Assets

Cash and cash equivalents	\$ 48,480,695
Investments	62,074,973
Total statement of net assets	110,555,668

Fiduciary Funds:

Cash and cash equivalents	25,592,726
Investments	294,765,040
	320,357,766

Total cash and investments **\$ 430,913,434**

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

Summary of Investments and Interest Rate Risk	Fair Value	Investment Maturities (in Years)			
		Less Than 1 Year	1-5 Years	5-10 Years	Greater Than 10 Years
U.S. Government Securities	\$ 53,390,537	\$ 140,553	\$ 38,460,424	\$ 8,585,830	\$ 6,203,730
U.S. Government Agencies	4,504,472	-	2,462,362	2,042,110	-
Pooled fixed income	11,789,282	11,789,282	-	-	-
Corporate Bonds	5,330,637	-	1,776,983	2,254,620	1,299,034
TOTAL	\$ 75,014,928	\$ 11,929,835	\$ 42,699,769	\$ 12,882,560	\$ 7,502,764

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. The City's operating fund will only purchase U.S. Governmental Agencies AA or above. The City allows its fixed income investment managers in its pension funds to purchase corporate bonds rated BBB or better and does not have any guidelines for U.S. Government Agencies.

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2010

Presented below is the actual credit rating by Standard and Poor's as required for each debt type investment.

Average Rating	Corporate Bonds	U.S. Government Agencies	Pooled Fixed Income	U.S. Government Securities
AAA	\$ -	\$ 4,504,472	\$ -	\$ 53,390,537
AAAm	-	-	11,789,282	-
AA+	145,518	-	-	-
A	4,129,045	-	-	-
AA	143,833	-	-	-
BBB	419,116	-	-	-
CCC	353,245	-	-	-
A+	139,880	-	-	-
	<u>\$ 5,330,637</u>	<u>\$ 4,504,472</u>	<u>\$ 11,789,282</u>	<u>\$ 53,390,537</u>

Note 5. Unearned Revenue/Deferred Revenue

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

	Unearned Revenue	Deferred Revenue
General Fund:		
Taxes and accrued interest on delinquent property taxes	\$ -	\$ 4,486,530
Advanced tax collections	10,630,512	-
Tax overpayments	2,433,828	-
School construction receivable	-	124,142
Grants	-	19,591
Capital Projects:		
Grants	188,023	-
Nonmajor Funds:		
Grants	1,019,986	-
Total	<u>\$ 14,272,349</u>	<u>\$ 4,630,263</u>

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2010

Note 6. Capital Assets

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

	Beginning Balance	Additions/ Transfers	Disposals/ Transfers	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 21,905,400	\$ -	\$ -	\$ 21,905,400
Construction in progress	15,584,407	5,369,844	-	20,954,251
Total capital assets, not being depreciated	37,489,807	5,369,844	-	42,859,651
Capital assets, being depreciated:				
Land improvements	11,240,778	1,003,307	-	12,244,085
Machinery and equipment	34,574,263	1,924,032	(415,429)	36,082,866
Buildings and improvements	328,559,426	2,452,390	-	331,011,816
Infrastructure	159,904,174	5,001,876	-	164,906,050
Total capital assets being depreciated	534,278,641	10,381,605	(415,429)	544,244,817
Less accumulated depreciation for:				
Land improvements	6,288,668	369,395	-	6,658,063
Machinery and equipment	25,993,708	1,326,667	(414,480)	26,905,895
Buildings and improvements	67,343,548	6,250,581	-	73,594,129
Infrastructure	23,511,047	1,040,962	-	24,552,009
Total accumulated depreciation	123,136,971	8,987,605	(414,480)	131,710,096
Total capital assets, being depreciated, net	411,141,670	1,394,000	(949)	412,534,721
Governmental activities capital assets, net	\$ 448,631,477	\$ 6,763,844	\$ (949)	\$ 455,394,372

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2010

	Beginning Balance	Additions/ Transfers	Disposal/ Transfers	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 4,838,762	\$ -	\$ -	\$ 4,838,762
Total capital assets, not being depreciated	4,838,762	-	-	4,838,762
Capital assets, being depreciated:				
Land improvements	509,288	-	-	509,288
Machinery and equipment	13,170,214	80,679	-	13,250,893
Buildings and improvements	122,239,075	9,663,336	-	131,902,411
Infrastructure	28,677,753	-	-	28,677,753
Total capital assets, being depreciated	164,596,330	9,744,015	-	174,340,345
Less accumulated depreciation for:				
Land improvements	404,357	21,178	-	425,535
Machinery and equipment	12,048,916	559,489	-	12,608,405
Buildings and improvements	32,534,744	2,394,790	-	34,929,534
Infrastructure	12,935,905	28,155	-	12,964,060
Total accumulated depreciation	57,923,922	3,003,612	-	60,927,534
Total capital assets, being depreciated, net	106,672,408	6,740,403	-	113,412,811
Business-type activities capital assets, net	\$ 111,511,170	\$ 6,740,403	\$ -	\$ 118,251,573

Depreciation expense was charged to functions/programs as follows:

Governmental Activities:	
General government	\$ 125,730
Education	4,985,060
Public safety	1,126,203
Health and welfare	31,086
Public works	1,472,324
Recreation, arts and cultural	1,247,202
Total depreciation expense – governmental activities	\$ 8,987,605
Business-type activities:	
Parking Authority	\$ 882,648
Water Pollution Control Authority	2,120,964
Total depreciation expense – business-type activities	\$ 3,003,612

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2010

Note 7. Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2010 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 206,749,012	\$ 59,167,685	\$ (62,868,167)	\$ 203,048,530	\$ 15,733,897
Maritime Center bonds	1,178,707	-	(326,627)	852,080	304,328
Deferred amounts:					
For issuance premiums and gain/loss	3,777,859	3,834,149	(1,897,585)	5,714,423	-
Total bonds and notes payable	211,705,578	63,001,834	(65,092,379)	209,615,033	16,038,225
Compensated absences	16,241,924	6,972,245	(6,900,437)	16,313,732	2,500,000
Capital lease	467,151	-	(89,276)	377,875	93,891
Net pension obligation	1,452,024	109,580	-	1,561,604	-
Other post-employment obligation	6,538,514	2,355,250	-	8,893,764	-
Early retirement accrual	1,480,000	685,500	(502,500)	1,663,000	498,000
Risk financing activities	12,960,365	41,503,273	(42,268,524)	12,195,114	4,165,978
Claims payable	-	1,810,000	-	1,810,000	-
Pollution remediation	282,000	-	(282,000)	-	-
Total other long term debt	39,421,978	53,435,848	(50,042,737)	42,815,089	7,257,869
Governmental activity long-term liabilities	\$ 251,127,556	\$ 116,437,682	\$ (115,135,116)	\$ 252,430,122	\$ 23,296,094
Business-type activities:					
Bonds payable:					
General obligation bonds and notes payable	\$ 49,482,756	\$ 13,287,315	\$ (14,272,214)	\$ 48,497,857	\$ 4,261,710
Interim clean water fund notes	-	4,744,072	-	4,744,072	4,744,072
Total bonds and notes payable	49,482,756	18,031,387	(14,272,214)	53,241,929	9,005,782
Business-type activity long-term liabilities	\$ 49,482,756	\$ 18,031,387	\$ (14,272,214)	\$ 53,241,929	\$ 9,005,782

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2010

Compensated absences

The obligation represents the employee (vested and nonvested) compensated absences expected to be paid in the future, aggregating approximately \$16,314,000 as of June 30, 2010. This amount is recorded in the government wide statements, and paid out of the general fund.

Net pension obligation

Governmental Accounting Standards Board Statement No. 27, "Accounting for Pensions by State and Local Governments" requires the City to accrue a net pension obligation. The amount at June 30, 2010 was approximately \$1,562,000. This amount is recorded in the government wide statements, and paid out of the general fund.

Other Post Employment Obligation

Governmental Accounting Standards Board Statement No. 45 "Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions" requires the City to accrue a net OPEB obligation. The amount at June 30, 2010 was approximately \$8,894,000. This amount is recorded in the government wide statements, and paid out of the general fund.

Early Retirement

The obligation represents the early retirement incentive payout for eligible teachers and administrators whose age and years of service total 80. Once eligible they receive annual stipend of \$3,000 over a 3-10 year period. The amount accrued has been calculated at the discounted present value of the expected future benefit. The amount recorded at June 30, 2010 is approximately \$1,663,000 on the government wide statements, and is paid out of the general fund.

Claims Payable

The obligation represents an accrual for wage increases in relation to unsettled labor contracts, severance and other claims to be paid in the future when negotiations have been settled. The amount at June 30, 2010 was approximately \$1,810,000. This amount is recorded in the government-wide statements, and will be paid out of the general fund.

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2010

Bonded indebtedness

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

Governmental Activities

General Obligation Debt

Purpose	Interest Rate %	Amount
Capital improvement	4.20-5.00	\$ 1,482,082
Capital improvement	4.00-5.00	3,187,951
Capital improvement	2.25-4.00	8,835,000
Capital improvement	3.50-5.00	4,859,175
Capital improvement	5.00	2,020,014
Capital improvement	4.00-5.00	2,001,119
Capital improvement	4.25-5.50	2,962,861
Capital improvement	4.125-5.75	11,272,389
Capital improvement	3.00-5.00	15,765,000
Capital improvement	4.00-5.00	21,800,000
Capital improvement	2.50-5.00	53,538,654
Capital improvement	3.00-5.00	17,037,600
Capital improvement	2.25-4.25	14,114,000
Capital improvement	3.00-5.00	15,879,685
Capital improvement	3.00-5.00	28,293,000
		\$ 203,048,530

Capital Lease

Property and equipment with a carrying value at June 30, 2010 of approximately \$655,000 and accumulated depreciation of \$293,000 is being acquired under capital lease arrangements. Future minimum payments under capital lease arrangements are as follows:

Fiscal Year	Amount
2011	\$ 110,820
2012	110,820
2013	110,820
2014	83,115
Total	415,575
Less amount representing interest at 5.05%	37,700
Total	\$ 377,875

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2010

Maritime Center Project Bonds

Purpose	Interest Rate %	Amount
Maritime Center Project - Refunding G.O. Bonds, 1986 Series	6.95-7.20%	<u>\$ 852,080</u>

Business-Type Activities

Enterprise Debt

Purpose	Interest Rate %	Amount
Water Pollution Control Authority Bonds	2.75-6.50%	\$ 10,459,155
Water Pollution Control Authority Clean Water Fund Notes	2.00%	27,461,388
Parking Authority G.O. - Parking Fund	2.00-6.50%	10,577,314
		<u>\$ 48,497,857</u>

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, 2010 is as follows:

Year Ended June 30,	General Obligation Debt	Maritime Center Project Debt	Total Interest Amount	Total Principal and Interest Amount
2011	\$ 15,733,897	\$ 304,328	\$ 9,088,679	\$ 25,126,904
2012	15,161,237	283,562	8,741,526	24,186,325
2013	15,674,994	264,190	8,217,551	24,156,735
2014	16,786,024	-	6,267,673	23,053,697
2015	15,434,905	-	5,680,345	21,115,250
2016-2020	60,379,685	-	19,956,854	80,336,539
2021-2025	45,246,088	-	8,652,821	53,898,909
Thereafter	18,631,700	-	1,470,051	20,101,751
	<u>\$ 203,048,530</u>	<u>\$ 852,080</u>	<u>\$ 68,075,500</u>	<u>\$ 271,976,110</u>

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2010

A summary of the City's business-type activities' long-term notes and bond principal maturities and related interest at June 30, 2010 is as follows:

Year Ended June 30,	WPCA Debt	Parking Authority Debt	Total Interest Amount	Total Principal and Interest Amount
2011	\$ 3,653,445	\$ 608,265	\$ 1,344,516	\$ 5,606,226
2012	3,523,267	523,111	1,214,182	5,260,560
2013	3,649,562	566,343	1,090,995	5,306,900
2014	3,766,832	587,506	973,015	5,327,353
2015	3,750,217	590,901	869,589	5,210,707
2016-2020	15,328,241	2,855,438	2,841,726	21,025,405
2021-2025	2,879,083	3,082,370	1,314,084	7,275,537
Thereafter	1,369,896	1,763,380	234,234	3,367,510
	<u>\$ 37,920,543</u>	<u>\$ 10,577,314</u>	<u>\$ 9,882,341</u>	<u>\$ 58,380,198</u>

Interim financing

The City received interim financing from the State of Connecticut of \$4,744,072 for renovations on their wastewater plant. When the project is complete, the short-term interim financing will be restructured into long-term debt.

2010 General Obligation Bond – In-substance Defeasance

On February 16, 2010, the City issued \$24,065,000 of general obligation bonds with interest rates ranging from 3.00% to 5.00% of which was used to advance refund portions of the outstanding principal amounts of the general obligation bonds of the City dated December 15, 2002, July 1, 2005, July 1, 2006, July 15, 2007, and July 1, 2008 (the "Refunding Bonds"). Of the net proceeds of \$26,802,000 (after payment of \$230,000 in underwriters fees and other costs), \$26,573,000 was placed in an irrevocable trust fund under an Escrow Agreement dated February 2010 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 date the payments are due.

The City advance refunded the above bonds to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$738,000, and a savings of \$2,056,000 between the old debt payments and the new debt payments.

The balance in the escrow was approximately \$24 million at June 30, 2010. The balance of the defeased bonds was approximately \$24 million at June 30, 2010. As a result, the refunded bonds are considered defeased and the liability has been removed from the basic financial statements.

2010 General Obligation Bond – In-substance Defeasance

On April 22, 2010, the City issued \$29,690,000 of general obligation bonds with interest rates ranging from 3.0% to 5.0% of which was used to advance refund portions of the outstanding principal amounts of the

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2010

general obligation bond of the City dated November 1, 2003 and March 15, 2005 (the "Refunding Bonds"). Of the net proceeds of \$32,654,000 (after payment of \$214,000 in underwriters fees and other costs), \$32,440,000 was placed in an irrevocable trust fund under an Escrow Agreement dated April, 2010 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 date the payments are due.

The City advance refunded the above bonds to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$2,085,000, and a savings of \$2,198,000 between the old debt payments and the new debt payments.

The balance in the escrow was approximately \$32.4 at June 30, 2010. The balance of the defeased bonds was approximately \$32.4 million at June 30, 2010. 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, 2010, the amount of defeased debt outstanding, but removed from the City's government-wide financial statements, is as follows:

Prior Year Refundings	\$ 34,975,000
2010 Refunding	<u>56,515,000</u>
	<u>\$ 91,490,000</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, 2010 was approximately \$124,000. Additional principal and interest payments aggregating approximately \$20,000 are expected to be received through the bonds' maturity dates.

Authorized but unissued bonds

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

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2010

The City has authorized but unissued bonds relating to capital projects at June 30, 2010 as follows:

General purpose	\$	13,119,969
Schools		5,794,361
Sewer		31,008,219
Urban Renewal		12,162,000
Total	\$	62,084,549

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	\$ 557,426,552	\$ 119,371,473	\$ 438,055,079
Pension	743,235,403	-	743,235,403
Schools	1,114,853,104	125,893,035	988,960,069
Sewers	929,044,254	90,305,420	838,738,834
Urban renewal	805,171,686	24,012,400	781,159,286

The total overall statutory debt limit for the City is equal to seven times annual receipts from taxation, or \$1,734,215,940.

Subsequent Event

On August 1, 2010, the City issued \$19,420,000 of general obligation bonds to finance certain capital projects. The bonds will mature through 2031.

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2010

Capital Projects

A summary of the uncompleted capital projects of the City at June 30, 2010 follows:

Project	Project Authorizations	Expenditures		Unexpended Authorization Balances
		Fiscal 2010	Cumulative	
	(a)	(b)	(c)	
Department of Public Works:				
Sanitary Sewers	\$ 15,784,001	\$ 2,652,239	\$ 6,775,939	\$ 9,008,062
Drainage	8,025,000	41,241	2,606,087	5,418,913
Roads and Highways	23,344,559	2,857,624	13,598,265	9,746,294
Clean Water	45,000,000	8,550,799	8,839,624	36,160,376
Other	26,985,300	954,124	26,664,099	321,201
Fire Department	2,490,500	495,927	1,367,253	1,123,247
Police Department	103,000	10,793	92,252	10,748
Parks and Recreation	22,855,336	2,045,391	18,443,973	4,411,363
Board of Education	161,772,505	877,366	152,356,654	9,415,851
Redevelopment Agency	40,387,588	5,657,616	22,704,090	17,683,498
Traffic and Parking	6,057,072	2,723,911	4,399,874	1,657,198
	<u>\$ 352,804,861</u>	<u>\$ 26,867,031</u>	<u>\$ 257,848,110</u>	<u>\$ 94,956,751</u>

- (a) Represents cumulative Capital Budgets for projects that remain open at June 30, 2010.
- (b) Represents current year expenditures for projects that were open at June 30, 2010.
- (c) Represents aggregate expenditures for projects that were open at June 30, 2010.

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 in the Internal Service Fund for all claims, for approximately \$2,445,000. 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.

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. Administrative fees are paid through the plans. The plans do not issue separate, stand-alone, financial reports. For the year ended June 30, 2010 the actuarial valuation date utilized was July 1, 2009.

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2010

At the last actuarial valuation date, July 1, 2009, membership consisted of:

	<u>Police</u>	<u>Fire</u>	<u>Employees'</u>	<u>Food Service</u>
Retirees, disabled members and beneficiaries currently receiving benefits	159	146	608	30
Terminated employees entitled to benefits but not yet receiving them	2	1	124	8
Active members	138	119	669	63
Drop members	36	11	-	-
	<u>312</u>	<u>276</u>	<u>1,352</u>	<u>94</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 base salary plus worker's compensation). Benefits being paid to retired members are increased 1.5 percent per year beginning at age 62. For retirements after July 1, 1998, the annual increase may begin at age 55. At the member's death, the benefit is payable to the surviving spouse for the spouse's lifetime, provided the spouse does not remarry, or the member is not married, the accrued benefit at death is payable to any children until they reach age 16.

Police employees are required to contribute 8 percent of their base pay to the Fund. If a police officer leaves covered employment or dies before meeting the vesting requirements, accumulated employee contributions without interest thereon are refunded. The City is required to contribute the remaining amounts necessary to fund the benefits for its Police employees. Benefits and employee contributions are fixed by contract and may be amended by union negotiation. The City's payroll for employees covered by the Police Benefit Fund for the year ended June 30, 2010 was approximately \$9,767,000.

Fire Benefit Fund

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

Firefighters are required to contribute 8 percent of their base pay to the Fund. If a firefighter leaves covered employment or dies before meeting the vesting requirements, accumulated employee contributions without interest thereon are refunded. The City is required to contribute the remaining amounts necessary to fund the benefits for its firefighters. Benefits and employee contributions are fixed by contract and may be amended by union negotiation. The City's payroll for employees covered by the Fire Benefit Fund for the year ended June 30, 2010 was approximately \$8,670,000.

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2010

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. No contributions are required after 35 years of service. 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, 2010 was approximately \$35,653,000.

Food Service Employees' Pension Plan

The City of Norwalk Food Service Employees' Pension Plan provides retirement benefits as well as death benefits. Benefits vest after 5 years of service. Members who retire after age 55 with 10 years of service or after age 65 with 5 years of service are entitled to an annual retirement benefit, payable monthly for life (with 60 months guaranteed), in an amount from 1.0% through 2% of final salary times years and months of credited service, depending on date of hire.

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, 2010 was approximately \$938,000.

Total Payroll

Total payroll for the City for the year ended June 30, 2010 was approximately \$162,882,000 of which approximately \$55,028,000 was covered under various pension plans described above.

Connecticut State Teachers' Retirement System

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

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

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2010

The State of Connecticut contributes based on actuarially determined amounts. The funding level was determined based on an actuarial valuation of the plan as a whole, which does not provide actuarial information on an individual city basis.

In addition, the City has recognized revenues and expenditures for on-behalf payments for pension contributions paid directly to the Connecticut State Teachers' Retirement System by the State of Connecticut. Such on-behalf payments were approximately \$12,582,000 for the year ended June 30, 2010.

The City's annual pension cost and net pension obligation (asset) to the Plans for the year ended June 30, 2010 were as follows:

	Employees'	Police	Fire	Food Service
Annual required contribution	\$ 891,003	\$ 1,197,083	\$ -	\$ 89,102
Interest on net pension obligation	43,281	76,558	-	(6,122)
Adjustment to annual required contribution	(40,449)	(71,548)	-	5,722
Annual pension cost	893,835	1,202,093	-	88,702
Contributions made	(889,592)	(1,097,327)		(89,102)
Increase (decrease) in net pension obligation (asset)	4,243	104,766	-	(400)
Net pension obligation (asset), beginning of year	524,623	927,972	-	(74,212)
Net pension obligation (asset), end of year	<u>\$ 528,866</u>	<u>\$ 1,032,738</u>	<u>\$ -</u>	<u>\$ (74,612)</u>

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2010

Three Year Trend Information

	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
<u>Employees' Pension Plan</u>			
June 30, 2008	\$ 1,441,937	104.5%	\$ 550,962
June 30, 2009	836,728	103.1%	524,623
June 30, 2010	893,835	99.5%	528,866
<u>Police Benefit Fund</u>			
June 30, 2008	\$ 1,614,530	99.4%	\$ 920,825
June 30, 2009	1,275,014	99.4%	927,972
June 30, 2010	1,202,093	91.3%	1,032,738
<u>Firemans Benefit</u>			
June 30, 2008	\$ 391,779	100%	\$ -
June 30, 2009	62,744	100%	-
June 30, 2010	-	100%	-
<u>Food Service Plan</u>			
June 30, 2008	\$ 66,361	101.1%	\$ (73,641)
June 30, 2009	73,611	100.8%	(74,212)
June 30, 2010	88,702	100.5%	(74,612)

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Valuation of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded/ (Overfunded) AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
Police Benefit Fund						
07/01/09	\$ 94,249,586	\$ 103,712,578	\$ 9,462,992	90.9%	\$ 9,767,044	96.9%
Firemen's Benefit Fund						
07/01/09	\$ 96,297,190	\$ 88,353,774	\$ (7,943,416)	109.0%	\$ 8,669,948	(91.6)%
Employees' Pension Plan						
07/01/09	\$ 182,692,735	\$ 172,664,238	\$ (10,028,497)	105.8%	\$ 35,652,748	(28.1)%
Food Service Employees' Pension Plan						
07/01/09	\$ 1,612,820	\$ 1,930,122	\$ 317,302	83.6%	\$ 937,757	33.8%

Historical Trend Information – The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits.

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2010

Additional information as of the latest actuarial valuations follows:

	Employees' Pension Plan	Police Benefit Fund	Firemens' Benefit Fund	Food Service Pension Plan
Valuation date	7/1/09	7/1/09	7/1/09	7/1/09
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	20 years Closed	20 years Closed	20 years Closed	20 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%	0.0%

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2010

TRUST FUNDS
SCHEDULE OF PLAN NET ASSETS
June 30, 2010

	Pension Trust Funds					Total
	Employees Pension Plan	Fire Benefit Fund	Police Benefit Fund	Food Service Employees' Fund	OPEB Trust Fund	
ASSETS						
Cash and cash equivalents	\$ 10,079,505	\$ 5,347,809	\$ 5,330,570	\$ 87,948	\$ 2,954,898	\$ 23,800,730
Investments, at fair value:						
U.S. Government Agency	2,189,197	1,151,079	1,143,553	20,643	-	4,504,472
U.S. Government Securities	3,471,612	1,825,371	1,813,438	32,735	2,565,790	9,708,946
Corporate Bonds	2,097,970	1,103,111	1,095,900	19,782	-	4,316,763
Common and Preferred						
Equities	26,757,489	14,073,602	13,990,024	254,152	-	55,075,267
Mutual Funds	27,331,299	14,370,781	14,276,832	257,716	8,881,944	65,118,572
Hedge/alternative						
investments	41,948,345	22,056,415	21,912,221	395,544	-	86,312,525
Commingled funds	26,314,100	13,835,938	13,745,486	248,124	-	54,143,648
Index Funds	7,574,318	3,982,572	3,956,536	71,421	-	15,584,847
Accrued Income	139,140	73,159	72,681	1,312	-	286,292
Security lending transactions	6,583,910	3,461,816	3,439,185	62,082	-	13,546,993
Total assets	154,486,885	81,281,653	80,776,426	1,451,459	14,402,632	332,399,055
LIABILITIES						
Security lending transactions	6,583,910	3,461,816	3,439,185	62,082	-	13,546,993
Accounts payable	-	-	-	-	969,059	969,059
Total liabilities	6,583,910	3,461,816	3,439,185	62,082	969,059	14,516,052
Net Assets Held in Trust	\$ 147,902,975	\$ 77,819,837	\$ 77,337,241	\$ 1,389,377	\$ 13,433,573	\$ 317,883,003

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2010

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

	Pension Trust Funds					Total Trust Funds
	Employees	Fire	Police	Food Service	OPEB	
	Pension Plan	Benefit Fund	Benefit Fund	Employees' Fund	Trust Fund	
Addition						
Contributions						
Employer	\$ 889,592	\$ -	\$ 1,097,327	\$ 89,102	\$ 14,050,004	\$ 16,126,025
Plan members	1,355,983	652,948	874,428	27,315	-	2,910,674
Total contributions	2,245,575	652,948	1,971,755	116,417	14,050,004	19,036,699
Investment Income						
Interest and dividends	2,972,750	1,562,668	1,545,294	27,003	1,855,739	7,963,454
Net appreciation in fair value of investments	15,477,871	8,144,882	8,008,717	135,905	-	31,767,375
Investment expense	(506,888)	(271,009)	(268,049)	(4,736)	-	(1,050,682)
Net investment income	17,943,733	9,436,541	9,285,962	158,172	1,855,739	38,680,147
Securities lending transaction income	21,112	11,101	11,028	199	-	43,440
Securities lending transaction expense	(8,662)	(4,554)	(4,525)	(82)	-	(17,823)
Net investment income- securities lending	12,450	6,547	6,503	117	-	25,617
Deductions						
Benefits paid	10,648,901	5,192,245	5,418,706	110,055	9,954,470	31,324,377
General and administrative	110,238	57,732	57,415	4,798	336,658	566,841
Total deductions	10,759,139	5,249,977	5,476,121	114,853	10,291,128	31,891,218
Net increase	9,442,619	4,846,059	5,788,099	159,853	5,614,615	25,851,245
Net Assets Held in Trust						
Beginning of year	138,460,356	72,973,778	71,549,142	1,229,524	7,818,958	292,031,758
End of year	\$ 147,902,975	\$ 77,819,837	\$ 77,337,241	\$ 1,389,377	\$ 13,433,573	\$ 317,883,003

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2010

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, 2010, 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, 2010 were as follows:

<u>Collateral Type</u>	<u>Market Value June 30, 2010</u>	<u>Collateral Value June 30, 2010</u>	<u>Collateral Percentage</u>
Cash	<u>\$ 13,146,370</u>	<u>\$ 13,546,993</u>	103%

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, 2010.

Note 10. Other Postemployment Benefits

Post retirement benefits

The City provides post-retirement benefits for certain employees for current and future health and life insurance benefit expenses through a single-employer defined benefit plan. An annual actuarial valuation is made to determine whether the contributions are sufficient to meet the plan obligations. The latest actuarial valuation was made July 1, 2007. The post-retirement plan does not issue stand-alone financial reports.

From an accrual accounting perspective, the cost of post-employment healthcare benefits, like the cost of pension benefits, generally should be associated with the periods in which the cost occurs, rather than in the future year when it will be paid. In adopting the requirements of GASB Statement No. 45 during the year ended June 30, 2008, the City recognizes the cost of post-employment healthcare in the year when the employee services are received, reports the accumulated liability from prior years, and provides information useful in assessing potential demands on the City's future cash flows. Recognition of the liability accumulated from prior years will be phased in over 30 years, commencing with the 2008 liability.

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2010

The contribution requirements of plan members and the City are established and may be amended by the City. The City determines the required contribution using the Projected Unit Credit Method.

Membership in the plan consisted of the following at July 1, 2007, the date of the last actuarial valuation.

Retirees and beneficiaries receiving benefits	1,242
Active plan members	<u>1,944</u>
Total	<u><u>3,186</u></u>

OPEB Obligation

Annual required contribution	\$ 16,278,000
Interest on net OPEB obligation	539,427
Adjustments to ARC	<u>(412,173)</u>
Annual OPEB cost	16,405,254
Contributions made	<u>14,050,004</u>
Increase in net OPEB liability	2,355,250
Net OPEB obligation, beginning of year	<u>6,538,514</u>
Net OPEB obligation, end of year	<u><u>\$ 8,893,764</u></u>

The City's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The schedule of funding progress is as follows:

Schedule of Employer Contributions

Fiscal Year Ending	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/08	\$ 15,573,000	\$ 11,467,370	73.64%	\$ 4,105,630
6/30/09	15,378,023	12,945,139	84.20%	6,538,514
6/30/10	16,405,254	14,050,004	85.64%	8,893,764

Actuarial Valuation Date	Actuarial Value of Assets (a)	Accrued Liability (b)	Unfunded Accrued Liability (UAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (C)	UAL as a Percentage of Covered Payroll ((b-a)/c)
07/01/2009	\$ 7,819,000	\$ 222,571,000	\$ 214,752,000	3.5%	\$ 55,028,000	3.90%

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2010

Historical Trend Information – The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits.

Actuarial assumptions are as follows:

Valuation Date:	July 1, 2007
Actuarial Cost Method:	Projected Unit Credit
Asset Valuation Method:	Market Value
Amortization Method:	Level percent
Remaining Amortization Period	30 Years Decreasing Closed
Actuarial Assumptions:	
Investment rate of return	8.25%
Inflation rate	5.0%
Health cost trend rates	Annual increases in premium for retired medical and prescription drug benefits are assumed to be as follows:

Year After Valuation Date	Increase
1	9%
2	8%
3	7%
4	6%
5	5%
6	5%
7 or more	5%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

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

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

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2010

The Internal Service Fund services employee health, workers' compensation, general and automobile liability claims for risk of loss.

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

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

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 calculated by actuarial valuations include amounts 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.

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

Fiscal Year Ended	Claims Payable July 1	Claims and Changes in Estimates	Claims Paid	Claims Payable June 30
2009	\$ 12,942,573	\$ 43,715,110	\$ 43,697,318	\$ 12,960,365
2010	12,960,365	41,503,273	42,268,524	12,195,114

Note 12. Pronouncements Issued, Not Yet Effective

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2010 that have effective dates that may impact future financial presentations. Management is currently assessing the impact, if any, that the adoption of these standards will have on future financial statements of the City.

Statement No. 54

Fund Balance Reporting and Governmental Fund Type Definitions

This Statement will be implemented by the City as required by the GASB during the fiscal year ending June 30, 2011. This Statement establishes accounting and financial reporting standards for all governments that report governmental funds. This Statement establishes the criteria for classifying fund balances into specifically defined classifications and clarifies definitions for governmental fund types. The implementation of this Statement will result in changes to the classification of fund balances in the City's governmental funds.

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2010

Statement No. 57

OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans

The provisions of Statement No. 57 related to the use and reporting of the alternative measurement method are effective immediately. The provisions related to the frequency and timing of measurements are effective for actuarial valuations first used to report funded status information in OPEB plan financial statements for periods beginning after June 15, 2011.

Statement No. 59

Financial Instrument Omnibus

The objective of Statement No. 59 is to update and improve existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2010.

**Required Supplementary
Information**

CITY OF NORWALK, CONNECTICUT

**REQUIRED SUPPLEMENTARY INFORMATION
POLICE BENEFIT FUND
June 30, 2010**

Schedule of Funding Progress

Actuarial Valuation Date*	Actuarial Valuation of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded/ (Overfunded) AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
Police Benefit Fund						
07/01/04	\$ 76,806,221	\$ 78,823,046	\$ 2,016,825	97.4%	\$ 9,293,105	21.7%
07/01/05	76,869,181	83,468,237	6,599,056	92.1%	N/A	N/A
07/01/06	79,834,138	88,299,719	8,465,581	90.4%	8,540,939	99.1%
07/01/07	87,569,890	91,603,735	4,033,845	95.6%	8,277,467	48.7%
07/01/08	94,636,631	97,873,967	3,237,336	96.7%	7,836,642	41.3%
07/01/09	94,249,586	103,712,578	9,462,992	90.9%	9,767,044	96.9%

Schedule of Employer Contributions

Year Ended June 30,	Annual Required Contribution	Percentage Contributed
2010	\$ 1,197,083	91.7%
2009	1,267,867	100.0%
2008	1,605,475	100.0%
2007	1,599,009	100.0%
2006	1,240,000	100.0%
2005	868,054	100.0%

CITY OF NORWALK, CONNECTICUT

REQUIRED SUPPLEMENTARY INFORMATION
 FIREMEN'S BENEFIT FUND
 June 30, 2010

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Valuation of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded/ (Overfunded) AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
Firemen's Benefit Fund						
07/01/04	\$ 82,164,555	\$ 70,026,745	\$ (12,137,810)	117.3%	\$ 7,685,894	(157.9)%
07/01/05	80,821,609	73,211,471	(7,610,138)	110.4%	N/A	N/A
07/01/06	82,627,288	77,092,528	(5,534,760)	107.2%	8,375,411	(66.1)%
07/01/07	90,083,675	80,272,989	(9,810,686)	112.2%	7,336,833	(133.7)%
07/01/08	97,165,470	84,666,362	(12,499,108)	114.8%	7,848,842	(159.2)%
07/01/09	96,297,190	88,353,774	(7,943,416)	109.0%	8,669,948	(91.6)%

Schedule of Employer Contributions

Year Ended June 30,	Annual Required Contribution	Percentage Contributed
2010	\$ -	0.00%
2009	62,744	100.00%
2008	391,779	100.00%
2007	307,926	100.00%
2006	-	0.00%
2005	-	0.00%

CITY OF NORWALK, CONNECTICUT

**REQUIRED SUPPLEMENTARY INFORMATION
EMPLOYEES' PENSION PLAN
June 30, 2010**

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Valuation of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded/ (Overfunded) AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
Employees' Pension Plan						
07/01/04	\$ 153,970,435	\$ 134,895,112	\$ (19,075,323)	114.1%	\$ 29,953,928	(63.7)%
07/01/05	152,687,018	141,633,432	(11,053,586)	107.8%	N/A	N/A
07/01/06	156,760,853	145,771,482	(10,989,371)	107.5%	33,335,431	(33.0)%
07/01/07	170,882,599	151,182,524	(19,700,075)	113.0%	34,353,200	(57.3)%
07/01/08	184,115,610	164,871,892	(19,243,718)	111.7%	34,753,304	(55.4)%
07/01/09	182,692,735	172,664,238	(10,028,497)	105.8%	35,652,748	(28.1)%

Schedule of Employer Contributions

Year Ended June 30,	Annual Required Contribution	Percentage Contributed
2010	\$ 891,003	99.80%
2009	832,452	103.70%
2008	1,435,823	104.00%
2007	1,279,680	105.00%
2006	689,596	110.40%
2005	911,816	109.10%

CITY OF NORWALK, CONNECTICUT

**REQUIRED SUPPLEMENTARY INFORMATION
FOOD SERVICE BENEFIT FUND
June 30, 2010**

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Valuation of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded/ (Overfunded) AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
Food Service						
07/01/04	\$ 967,991	\$ 1,417,698	\$ 449,707	68.3%	\$ 694,888	64.7%
07/01/05	977,739	1,546,526	568,787	63.2%	N/A	N/A
07/01/06	1,217,225	1,546,368	329,143	78.7%	620,707	53.0%
07/01/07	1,417,238	1,617,325	200,087	87.6%	843,602	23.7%
07/01/08	1,579,233	2,025,521	446,288	78.0%	837,065	53.3%
07/01/09	1,612,820	1,930,122	317,302	83.6%	937,757	33.8%

Schedule of Employer Contributions

Year Ended June 30,	Annual Required Contribution	Percentage Contributed
2010	\$ 89,102	100.00%
2009	74,182	100.00%
2008	67,085	100.00%
2007	88,755	100.00%
2006	77,967	260.60%
2005	125,222	0.00%

CITY OF NORWALK, CONNECTICUT

REQUIRED SUPPLEMENTARY INFORMATION
 OPEB TRUST
 June 30, 2010

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Accrued Liability (b)	Unfunded Accrued Liability (UAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (C)	UAL as a Percentage of Covered Payroll ((b-a)/c)
OPEB Trust						
07/01/2005	\$ -	\$ 152,654,000	\$ 152,654,000	0%	N/A	N/A
07/01/2007	-	187,893,000	187,893,000	0%	N/A	N/A
07/01/2008	7,819,000	222,571,000	214,752,000	3.5%	\$ 55,028,000	3.90%

Schedule of Employer Contributions

Year Ended June 30,	Annual Required Contribution	Percentage Contributed
2010	\$ 16,278,000	86.30%
2009	15,293,300	84.65%
2008	15,573,000	73.60%

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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 a 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, 2010

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
TAXES, INTEREST AND LIEN FEES				
Property Taxes	\$ 246,762,814	\$ 246,762,814	\$ 244,918,006	\$ (1,844,808)
Interest and liens	1,628,200	1,628,200	2,042,121	413,921
Total taxes, interest and lien fees	248,391,014	248,391,014	246,960,127	(1,430,887)
INTERGOVERNMENTAL				
State grants in aid - general	5,176,496	5,188,883	5,076,400	(112,483)
State grants in aid - Board of Education	10,572,665	9,132,443	9,053,922	(78,521)
Other grants	210,000	210,000	950,371	740,371
Total intergovernmental	15,959,161	14,531,326	15,080,693	549,367
LICENSES, PERMITS, FEES AND OTHER				
Building inspections and permits	1,811,500	1,811,500	1,546,263	(265,237)
Health Department inspection fees	379,827	379,827	324,660	(55,167)
Police Department permits	2,200	2,200	3,052	852
Public Works licenses, permits and service charges	291,584	291,584	245,986	(45,598)
Planning and zoning permits	205,700	213,656	214,257	601
Town Clerk fees and permits	3,139,600	3,139,600	3,023,947	(115,653)
Police Department service charges	318,500	323,500	277,777	(45,723)
Other service charges and fees	1,405,576	1,432,076	1,224,560	(207,516)
Rental income	317,570	317,570	323,248	5,678
Recreation and Parks Commission	916,887	936,887	948,640	11,753
Health Department nursing fees	315,500	315,500	280,636	(34,864)
Total licenses, permits, fees and other	9,104,444	9,163,900	8,413,026	(750,874)
INTEREST				
Interest on investments	1,700,000	1,700,000	1,399,694	(300,306)
Total interest	1,700,000	1,700,000	1,399,694	(300,306)
Total revenues	275,154,619	273,786,240	271,853,540	(1,932,700)
Total	\$ 275,154,619	\$ 273,786,240	\$ 271,853,540	\$ (1,932,700)

CITY OF NORWALK, CONNECTICUT

**SCHEDULE OF GENERAL FUND EXPENDITURES, ENCUMBRANCES AND
TRANSFERS OUT - BUDGETARY BASIS - BUDGET AND ACTUAL
For the Year Ended June 30, 2010**

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
GENERAL GOVERNMENT				
Mayor	\$ 204,351	\$ 206,521	\$ 202,734	\$ 3,787
City Clerk	321,274	340,351	335,160	5,191
Town Clerk	588,809	573,585	523,231	50,354
Legislative	13,510	13,068	12,595	473
Legal	818,850	797,345	738,311	59,034
Data Processing	1,218,320	1,222,295	1,199,797	22,498
Personnel & Labor Relations	555,551	623,112	462,998	160,114
Human Relations & Fair Rent	166,798	236,050	190,394	45,656
Youth Services	270,338	283,913	274,500	9,413
Registrar of Voters	272,318	280,209	274,993	5,216
Finance Director	184,781	213,721	167,148	46,573
Tax Assessor	709,815	814,799	756,175	58,624
Tax Collector	705,575	829,725	829,530	195
Accounting and Treasury	584,229	569,282	562,264	7,018
Management and budgets	335,536	295,535	292,446	3,089
Purchasing	271,197	274,200	266,150	8,050
Central Services	149,263	145,758	81,872	63,886
Total general government	7,370,515	7,719,469	7,170,298	549,171
HEALTH AND WELFARE	2,010,942	2,057,484	1,865,486	191,998
COMMUNITY GRANTS				
NEON	389,500	389,500	389,500	-
Transit District	462,187	462,187	462,187	-
Probate Court	33,495	33,495	33,495	-
Elder House	9,400	9,400	9,400	-
Senior Center	310,575	310,575	310,575	-
Sexual Assault Crisis Center	9,134	9,134	9,134	-
CT Counseling Centers	2,000	2,000	2,000	-
Harbor Commission	13,875	13,875	13,875	-
Housing Site Development Agency	104,955	104,955	104,955	-
Redevelopment Agency	137,521	139,182	139,182	-
Mid-Fairfield Guidance Center	13,750	13,750	13,750	-
Neighborhood Improvement	67,783	67,783	67,783	-

(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, 2010

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
COMMUNITY GRANTS, Continued				
Americare Free Clinic	15,000	15,000	15,000	-
Human Services Council	13,000	13,000	13,000	-
NEON Summer Camp	141,450	141,450	141,450	-
NEON Headstart	937,875	937,875	937,875	-
Domestic Violence Center	5,500	5,500	5,500	-
Family & Children's Aid	36,329	36,329	36,329	-
SW CT Mental Health Board	14,628	14,628	14,628	-
School Based Health Centers	18,500	18,500	18,500	-
Summer Youth Employment	75,000	75,000	75,000	-
Children's Connection	16,000	16,000	16,000	-
Other	168,828	168,828	168,828	-
Total community grants	2,996,285	2,997,946	2,997,946	-
EMPLOYEE BENEFITS				
Insurance	7,191,163	7,191,163	7,141,563	49,600
Social Security	2,067,390	2,067,390	2,016,021	51,369
Worker's Compensation	230,056	230,056	230,056	-
Unemployment Compensation	125,000	125,000	121,367	3,633
Special Pensions	1,854	1,854	-	1,854
Police Pension	1,197,083	1,197,083	1,197,083	-
City Pension	888,669	888,669	868,222	20,447
OPEB Contribution	12,395,200	12,395,200	12,395,200	-
Worker's Compensation Insurance	845,313	845,313	845,313	-
Total employee benefits	24,941,728	24,941,728	24,814,825	126,903
PROTECTION OF PERSONS AND PROPERTY				
Police Department	18,661,975	18,909,740	18,771,479	138,261
Fire Department	15,705,683	15,853,721	15,667,814	185,907
Planning and Zoning	1,007,078	1,031,654	1,021,493	10,161
Building Inspector	636,605	631,817	610,429	21,388
Dispatch and Emergency Mgmt Plan	2,078,968	2,054,862	2,032,121	22,741
Total protection of persons and property	38,090,309	38,481,794	38,103,336	378,458
PUBLIC WORKS				
Public Works	16,153,259	16,232,915	15,593,639	639,276

(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, 2010

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
EDUCATION				
Public Schools	151,183,303	149,911,320	148,829,159	1,082,161
RECREATION, ARTS AND CULTURE				
Recreation and Parks	3,354,873	3,497,343	3,438,731	58,612
Library	3,365,800	3,369,137	3,259,365	109,772
Historical Commission	302,483	302,483	288,247	14,236
Total recreations, arts and culture	7,023,156	7,168,963	6,986,343	182,620
CONTINGENCY	1,624,325	1,162,857	-	1,162,857
DEBT SERVICE	27,131,135	27,131,135	26,286,285	844,850
ORGANIZATIONAL MEMBERSHIPS	129,662	85,390	84,912	478
Total	\$ 278,654,619	\$ 277,891,001	\$ 272,732,229	\$ 5,158,772

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

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CITY OF NORWALK, CONNECTICUT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

June 30, 2010

	Special Revenue			
	Maritime Center Authority	School Lunch	Community Development Block Grant	Board of Education Grants
ASSETS				
Cash and cash equivalents	\$ 8,992	\$ -	\$ 2,637	\$ 315,916
Investments	-	-	-	403,410
Intergovernmental receivables	-	439,594	-	306,474
Other receivables	-	6,001	-	560,094
Inventories	-	27,422	-	-
Total assets	\$ 8,992	\$ 473,017	\$ 2,637	\$ 1,585,894
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable and accrued liabilities	\$ -	\$ 384,395	\$ -	\$ 791,212
Unearned revenue	-	-	-	794,255
Total liabilities	-	384,395	-	1,585,467
Fund Balances (Deficits)				
Unreserved, undesignated	8,992	88,622	2,637	427
Total fund balances (deficits)	8,992	88,622	2,637	427
Total liabilities and fund balances (deficits)	\$ 8,992	\$ 473,017	\$ 2,637	\$ 1,585,894

Special Revenue

Healthcare Grants	Other Programs	Totals
\$ 4,956	\$ 1,481,329	\$ 1,813,830
-	1,549,329	1,952,739
324,261	-	1,070,329
-	13,575	579,670
-	-	27,422
<u>\$ 329,217</u>	<u>\$ 3,044,233</u>	<u>\$ 5,443,990</u>

\$ 129,779	\$ 2,117,686	\$ 3,423,072
225,731	-	1,019,986
<u>355,510</u>	<u>2,117,686</u>	<u>4,443,058</u>

(26,293)	926,547	1,000,932
<u>(26,293)</u>	<u>926,547</u>	<u>1,000,932</u>

<u>\$ 329,217</u>	<u>\$ 3,044,233</u>	<u>\$ 5,443,990</u>
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CITY OF NORWALK, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES (DEFICITS) - NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended June 30, 2010

	Special Revenue			
	Maritime Center Authority	School Lunch	Community Development Block Grant	Board of Education Grants
REVENUES				
Intergovernmental	\$ -	\$ 2,083,108	\$ 1,006,724	\$ 18,810,634
Licenses, permits, fees and other	8,275,023	1,408,720	-	-
Total revenues	8,275,023	3,491,828	1,006,724	18,810,634
EXPENDITURES				
Education	-	3,403,206	-	18,811,102
Maritime Center operations	8,275,023	-	-	-
Health and welfare	-	-	-	-
General government	-	-	-	-
Public works	-	-	-	-
Public safety	-	-	-	-
Recreation	-	-	-	-
Community grants	-	-	1,006,724	-
Total expenditures	8,275,023	3,403,206	1,006,724	18,811,102
Changes in fund balance	-	88,622	-	(468)
FUND BALANCE, beginning	8,992	-	2,637	895
FUND BALANCE (DEFICITS), ending	\$ 8,992	\$ 88,622	\$ 2,637	\$ 427

Special Revenue

Healthcare Grants	Other Programs	Totals
\$ 2,030,214	\$ 48,786	\$ 23,979,466
-	1,338,794	11,022,537
<u>2,030,214</u>	<u>1,387,580</u>	<u>35,002,003</u>
-	394,824	22,609,132
-	66,532	8,341,555
2,057,803	270	2,058,073
-	190,855	190,855
-	560,527	560,527
-	27,883	27,883
-	434,131	434,131
-	-	1,006,724
<u>2,057,803</u>	<u>1,675,022</u>	<u>35,228,880</u>
<u>(27,589)</u>	<u>(287,442)</u>	<u>(226,877)</u>
<u>1,296</u>	<u>1,213,989</u>	<u>1,227,809</u>
<u>\$ (26,293)</u>	<u>\$ 926,547</u>	<u>\$ 1,000,932</u>

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Internal Service Funds

Internal Service Funds

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

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

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

CITY OF NORWALK, CONNECTICUT

COMBINING STATEMENT OF NET ASSETS -
INTERNAL SERVICE FUNDS

June 30, 2010

	Insurance Fund	Fleet Maintenance	Totals
ASSETS			
Cash	\$ 1,973,388	\$ 63,443	\$ 2,036,831
Investments	9,351,021	87,698	9,438,719
Receivables	136,985	20,034	157,019
Prepays	757,960	-	757,960
Total assets	12,219,354	171,175	12,390,529
LIABILITIES			
Accounts payable	368,599	142,194	510,793
Accrued medical and workers' compensation	12,195,114	-	12,195,114
Total liabilities	12,563,713	142,194	12,705,907
NET ASSETS			
Unrestricted	(344,359)	28,981	(315,378)
Total net assets	\$ (344,359)	\$ 28,981	\$ (315,378)

CITY OF NORWALK, CONNECTICUT

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET ASSETS - NONMAJOR INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2010**

	Insurance Fund	Fleet Maintenance	Totals
OPERATING REVENUES			
City and member's contributions	\$ 39,269,687	\$ 1,999,643	\$ 41,269,330
Total operating revenues	39,269,687	1,999,643	41,269,330
OPERATING EXPENSES			
Administrative costs	1,062,225	9,534	1,071,759
Program expenditures	40,300,507	1,968,017	42,268,524
Total operating expenses	41,362,732	1,977,551	43,340,283
Operating (loss) income	(2,093,045)	22,092	(2,070,953)
NONOPERATING INCOME			
Investment income	499,600	-	499,600
Total nonoperating income	499,600	-	499,600
Net (loss) income	(1,593,445)	22,092	(1,571,353)
FUND NET ASSETS, beginning	1,249,086	6,889	1,255,975
FUND NET ASSETS, ending	\$ (344,359)	\$ 28,981	\$ (315,378)

CITY OF NORWALK, CONNECTICUT

COMBINING STATEMENT OF CASH FLOWS - NONMAJOR INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2010

	Insurance Fund	Fleet Maintenance	Totals
Cash Flows From Operating Activities			
Receipts from customers and users	\$ 39,139,224	\$ 2,147,219	\$ 41,286,443
Payments for program and administration costs	(42,836,312)	(1,996,078)	(44,832,390)
Net cash (used in) provided by operating activities	(3,697,088)	151,141	(3,545,947)
Cash Flows From Investing Activities			
Sale (purchase) of investments	1,579,359	(87,698)	1,491,661
Investment income	79,644	-	79,644
Net cash provided by (used in) investing activities	1,659,003	(87,698)	1,571,305
Net (decrease) increase in cash and cash equivalents	(2,038,085)	63,443	(1,974,642)
Cash and Cash Equivalents			
Beginning	4,011,473	-	4,011,473
Ending	<u>\$ 1,973,388</u>	<u>\$ 63,443</u>	<u>\$ 2,036,831</u>
Reconciliation of operating (loss) Income to net cash (used in) provided by operating activities:			
Operating (loss) income	\$ (2,093,045)	\$ 22,092	\$ (2,070,953)
Adjustments to reconcile operating (loss) income to net cash (used in) provided by operating activities:			
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(130,463)	147,576	17,113
Increase in prepaids	(757,960)	-	(757,960)
(Decrease) in accrued expenses/ accounts payable	(715,620)	(18,527)	(734,147)
Net cash (used in) provided by operating activities	\$ (3,697,088)	\$ 151,141	\$ (3,545,947)
Noncash Investment Activities			
Net increase in fair value of investments	\$ 419,955	-	\$ 419,955

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Fiduciary Funds

Fiduciary Funds

Agency Funds:

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

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

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

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

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

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

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

CITY OF NORWALK, CONECTICUT

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
AGENCY FUNDS

For the Year Ended June 30, 2010

	Balance July 1, 2009	Additions	Deletions	Balance June 30, 2010
STUDENT ACTIVITY FUND				
Assets				
Cash and cash equivalents	\$ 1,184,032	\$ 2,136,389	\$ 2,218,216	\$ 1,102,205
Liabilities				
Other liabilities	\$ 1,184,032	\$ 2,136,389	\$ 2,218,216	\$ 1,102,205
HOUSING SITE DEVELOPMENT				
Assets				
Cash and cash equivalents	\$ 372,435	\$ 7,613	\$ -	\$ 380,048
Liabilities				
Other liabilities	\$ 372,435	\$ 7,613	\$ -	\$ 380,048
SIXTH TAXING DISTRICT				
Assets				
Cash and cash equivalents	\$ 1,649	\$ 1,304,536	\$ 1,305,065	\$ 1,120
Liabilities				
Other liabilities	\$ 1,649	\$ 1,304,536	\$ 1,305,065	\$ 1,120
CITY HALL MURAL RESTORATION				
Assets				
Cash and cash equivalents	\$ 2,195	\$ 45	\$ -	\$ 2,240
Liabilities				
Other liabilities	\$ 2,195	\$ 45	\$ -	\$ 2,240
DETENTION FACILITY ESCROW				
Assets				
Cash and cash equivalents	\$ 5,425	\$ 112	\$ -	\$ 5,537
Liabilities				
Other liabilities	\$ 5,425	\$ 112	\$ -	\$ 5,537

CITY OF NORWALK, CONECTICUT

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
 AGENCY FUNDS, Continued
 For the Year Ended June 30, 2010

	Balance July 1, 2009	Additions	Deletions	Balance June 30, 2010
ROOSEVELT DEPOSIT				
Assets				
Cash and cash equivalents	\$ 19,593	\$ 400	\$ -	\$ 19,993
Liabilities				
Other liabilities	\$ 19,593	\$ 400	\$ -	\$ 19,993
SEWER ESCROW				
Assets				
Cash and cash equivalents	\$ 191,376	\$ 6,445	\$ 6,896	\$ 190,925
Liabilities				
Other liabilities	\$ 191,376	\$ 6,445	\$ 6,896	\$ 190,925
Total Assets	\$ 1,776,705	\$ 3,455,540	\$ 3,530,177	\$ 1,702,068
Total Liabilities	\$ 1,776,705	\$ 3,455,540	\$ 3,530,177	\$ 1,702,068

**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, 2010

Governmental funds capital assets:

Land	\$ 21,905,400
Buildings and improvements	257,417,687
Land improvements	5,586,022
Machinery and equipment	9,176,971
Infrastructure	140,354,041
Construction in progress	20,954,251
Total governmental funds capital assets	<u>\$ 455,394,372</u>

Investments in governmental funds capital assets:

Assets put into service prior to July 1, 2010	
Total governmental funds capital assets	<u>\$ 455,394,372</u>

CITY OF NORWALK, CONNECTICUT

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

June 30, 2010

	Land	Construction in Progress	Land Improvements	Machinery and Equipment	Infrastructure	Buildings and Improvements	Total
General Government	\$ -	\$ -	\$ -	\$ 548,239	\$ -	\$ -	\$ 548,239
Board of Education	4,167,400	-	1,352,008	513,222	-	200,700,450	206,733,080
Public Works	333,500	-	393,092	4,517,104	137,990,139	21,126,530	164,360,365
Health & Welfare	-	-	-	68,114	-	428,066	496,180
Recreation, Arts and Culture	17,404,500	-	3,840,922	320,005	2,279,939	9,236,430	33,081,796
Public Safety	-	369,626	-	3,210,287	-	23,972,135	27,552,048
Community Grants	-	20,584,625	-	-	83,963	1,954,076	22,622,664
	<u>\$ 21,905,400</u>	<u>\$ 20,954,251</u>	<u>\$ 5,586,022</u>	<u>\$ 9,176,971</u>	<u>\$ 140,354,041</u>	<u>\$ 257,417,687</u>	<u>\$ 455,394,372</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, 2010

Grand List Year	Taxes Receivable July 1, 2009	Current Levy	Lawful Corrections		Abatement
			Additions	Deletions	
2008	\$ -	\$ 247,716,968	\$ 786,073	\$ 107,125	\$ 2,697,561
2007	4,109,692	-	144,456	26,735	(260,977)
2006	940,559	-	71,559	25,110	(3,707)
2005	187,812	-	47,501	350,218	23,698
2004	(300,875)	-	75,891	10,670	29,157
2003	(280,514)	-	38,587	4,532	23,754
2002	(210,144)	-	6,516	2,679	155
2001	(213,781)	-	3,961	1,981	-
2000	(171,143)	-	2,650	1,443	(348)
1999	(196,330)	-	2,442	1,187	-
1998	(2,308)	-	4,518	1,332	-
1997	953	-	5,460	1,304	-
1996	1,550	-	3,634	1,045	-
1995	1,367	-	2,733	654	-
1994	402	-	2,613	972	(187)
	<u>\$ 3,867,240</u>	<u>\$ 247,716,968</u>	<u>\$ 1,198,594</u>	<u>\$ 536,987</u>	<u>\$ 2,509,106</u>

Balance to be Collected	Collections					Taxes Receivable June 30, 2010
	Taxes	Interest	Fees	Total	Overpayment	
\$ 245,698,355	\$ 242,491,414	\$ 871,700	\$ 14,427	\$ 243,377,541	\$ 263,476	\$ 3,470,417
4,488,390	3,377,019	632,860	15,496	4,025,375	149,669	1,261,040
990,715	591,892	214,438	3,576	809,906	134,732	533,555
(138,603)	149,385	67,437	1,440	218,262	351,388	63,400
(264,811)	46,012	33,868	336	80,216	346,763	35,940
(270,213)	14,944	12,428	24	27,396	312,327	27,170
(206,462)	4,759	6,461	-	11,220	230,076	18,855
(211,801)	3,458	4,499	-	7,957	229,304	14,045
(169,588)	2,702	3,479	-	6,181	178,328	6,038
(195,075)	2,939	3,091	-	6,030	202,680	4,666
878	3,186	5,412	-	8,598	4,953	2,645
5,109	4,156	7,493	-	11,649	2,743	3,696
4,139	2,589	5,821	-	8,410	2,140	3,690
3,446	2,079	4,529	-	6,608	562	1,929
2,230	2,230	5,561	-	7,791	-	-
<u>\$ 249,736,709</u>	<u>\$ 246,698,764</u>	<u>\$ 1,879,077</u>	<u>\$ 35,299</u>	<u>\$ 248,613,140</u>	<u>\$ 2,409,141</u>	<u>\$ 5,447,086</u>

CITY OF NORWALK, CONNECTICUT

SCHEDULE OF CAPITAL PROJECT FUND TAX COLLECTORS

ACTIVITY - SEWER ASSESSMENT

For the Year Ended June 30, 2010

Grand List Year	Uncollected Sewer Assessments July 1, 2009	Current Assessment	Lawful Corrections		Assessments Collected
			Additions	Deletions	
1997-1998	\$ 58	\$ -	\$ -	\$ -	\$ -
1999-2000	4,061	-	-	-	-
2001-2002	37,810	-	-	-	27,021
2005-2006	105,855	-	-	-	12,884
	<u>\$ 147,784</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 39,905</u>

Interest	Liens	Total Collected	Taxes Receivable June 30, 2010
\$ -	\$ -	\$ -	\$ 58
-	-	-	4,061
2,185	1,032	30,238	10,789
2,708	24	15,616	92,971
<u>\$ 4,893</u>	<u>\$ 1,056</u>	<u>\$ 45,854</u>	<u>\$ 107,879</u>

CITY OF NORWALK, CONNECTICUT

SCHEDULE OF LONG-TERM BONDED DEBT
For the Year Ended June 30, 2010

Bonds	Bond Number	Issue Date	Interest Rate	Maturity Date	Original Amount
GENERAL GOVERNMENT					
City Capital Improvement Bonds	99	04/18/2002	4.00-5.00	10/1/2011	15,598,465
	103	11/12/2003	4.00-5.00	07/15/2010	20,868,930
	104	03/24/2004	2.25-4.00	01/15/2016	10,829,850
	105	06/10/2004	3.50-5.00	08/01/2012	19,431,861
	106	07/01/04	3.50	07/01/2009	38,673,000
	107	03/29/05	5.00	07/01/2010	22,600,110
	108	07/01/05	4.00-5.00	07/01/2010	21,325,100
	109	07/01/06	4.25-5.50	07/01/2011	23,260,000
	110	07/01/07	4.125-5.75	07/15/2027	24,125,000
	111	04/30/08	3.00-5.00	07/01/2018	15,780,000
	112	07/01/08	4.00-5.00	07/01/2028	33,000,000
	113	03/03/09	2.50-5.00	07/01/2022	55,312,186
	114	06/03/09	3.00-5.00	07/01/2026	17,037,600
	115	07/15/09	2.25-4.25	07/01/2029	17,495,000
	116	02/16/10	3.00-5.00	07/01/2026	15,879,685
	117	04/28/10	3.00-5.00	07/01/2024	29,480,600
Total City capital improvement bonds					
Maritime Center Project Bonds	-	11/15/86	6.95-7.20	2/1/2015	23,314,942

Amount Outstanding June 30, 2009	Additions	Payments/ Refunding	Amount Outstanding June 30, 2010
3,402,652	-	(1,920,570)	1,482,082
18,531,601	-	(15,343,650)	3,187,951
8,835,000	-	-	8,835,000
6,365,521	-	(1,506,346)	4,859,175
2,888,000	-	(2,888,000)	-
21,769,410	-	(19,749,396)	2,020,014
6,852,233	-	(4,851,114)	2,001,119
7,326,490	-	(4,363,629)	2,962,861
15,148,295	-	(3,875,906)	11,272,389
15,780,000	-	(15,000)	15,765,000
27,500,000	-	(5,700,000)	21,800,000
55,312,186	-	(1,773,532)	53,538,654
17,037,600	-	-	17,037,600
-	14,995,000	(881,000)	14,114,000
-	15,879,685	-	15,879,685
-	28,293,000	-	28,293,000
206,748,988	59,167,685	(62,868,143)	203,048,530
1,178,707	-	(326,627)	852,080

CITY OF NORWALK, CONNECTICUT

SCHEDULE OF LONG-TERM BONDED DEBT, Continued
For the Year Ended June 30, 2010

Bonds	Bond Number	Issue Date	Interest Rate	Maturity Date	Original Amount
ENTERPRISE FUNDS					
Parking Authority	99	04/18/2002	4.20-5.00	10/1/2011	240,085
Maritime Parking Garage	101	12/15/2002	4.00-5.00	12/15/2009	9,110,000
	103	11/12/2003	4.00-5.00	07/15/2010	111,670
	106	07/01/04	3.50	07/01/2009	327,000
	108	07/01/05	4.00-5.00	07/01/2010	325,000
	109	07/01/06	4.25-5.50	07/01/2011	140,000
	110	07/01/2007	4.125-5.75	07/15/2027	225,000
	112	07/01/08	3.00-5.00	07/01/2028	1,200,000
	113	03/03/09	2.50-5.00	07/01/2022	818,158
	115	07/15/2009	2.25-4.25	07/01/2029	1,205,000
	116	02/16/2010	3.00-5.00	07/01/2026	7,374,315
	117	04/28/2010	3.00-5.00	07/01/2024	209,400
Total Parking Authority					
Water Pollution Control Authority	99	04/18/02	4.20-5.00	10/01/11	1,566,450
	103	11/12/2003	4.00-5.00	07/15/2014	1,824,400
	104	03/24/2004	2.25-4.00	01/15/2016	815,150
	105	06/10/2004	3.50-5.00	08/01/2016	563,139
	107	03/29/05	5.00	07/01/2024	229,890
	108	07/01/05	4.00-5.00	07/01/05	1,350,000
	109	07/01/06	4.25-5.50	07/01/2026	1,600,000
	110	07/01/2007	4.125-5.75	07/15/2027	2,650,000
	113	03/03/09	2.50-5.00	07/01/2022	2,314,656
	114	06/03/09	3.00-5.00	07/01/2024	1,282,400
	115	07/15/09	2.25-4.25	07/01/2029	2,500,000
	116	02/16/10	3.00-5.00	07/01/2026	811,000
	117	04/28/10	3.00-5.00	07/01/2024	1,187,600
	CWF 190-DCI	12/31/04	2.00	09/30/2019	1,830,187
	CWF 199-L	07/01/1996	2.00	7/1/2015	4,550,161
	CWF 301-C	12/30/1997	2.00	12/31/2016	1,934,212
	CWF 397-C	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
Total Water Pollution Control Authority					

Amount Outstanding June 30, 2009	Additions	Payments/ Refunding	Amount Outstanding June 30, 2010
128,148	-	(72,330)	55,818
7,845,000	-	(7,845,000)	-
89,199	-	(24,950)	64,249
262,000	-	(262,000)	-
217,273	-	(108,636)	108,637
34,014	-	(5,869)	28,145
132,990	-	-	132,990
1,000,000	-	-	1,000,000
818,158	-	(34,398)	783,760
-	1,205,000	-	1,205,000
-	7,374,315	(385,000)	6,989,315
-	209,400	-	209,400
10,526,782	8,788,715	(8,738,183)	10,577,314
349,550	-	(197,450)	152,100
1,619,200	-	(1,336,400)	282,800
665,000	-	-	665,000
184,479	-	(43,654)	140,825
215,590	-	(195,604)	19,986
130,494	-	(65,250)	65,244
389,494	-	(265,500)	123,994
1,568,714	-	(474,094)	1,094,620
2,314,656	-	(37,070)	2,277,586
1,282,400	-	-	1,282,400
-	2,500,000	(144,000)	2,356,000
-	811,000	-	811,000
-	1,187,600	-	1,187,600
1,327,829	-	(117,804)	1,210,025
1,566,210	-	(244,562)	1,321,648
809,540	-	(101,058)	708,482
352,605	-	(33,719)	318,886
22,998,773	-	(2,042,162)	20,956,611
3,180,820	-	(235,084)	2,945,736
38,955,354	4,498,600	(5,533,411)	37,920,543
\$ 257,409,831	\$ 72,455,000	\$ (77,466,364)	\$ 252,398,467

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Statistical Section

Statistical Section

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

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

Debt Capacity

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

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

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

	Fiscal Year								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
Governmental activities									
Invested in capital assets, net of related debt	\$ 189,499	\$ 163,057	\$ 145,421	\$ 160,877	\$ 185,092	\$ 215,021	\$ 236,918	\$ 250,536	\$ 265,737
Restricted	20,139	14,173	-	-	-				
Unrestricted	9,836	12,858	35,118	46,944	40,209	31,587	17,510	7,583	1,905
Total governmental activities net assets	<u>219,474</u>	<u>190,088</u>	<u>180,539</u>	<u>207,821</u>	<u>225,301</u>	<u>246,608</u>	<u>254,428</u>	<u>258,119</u>	<u>267,642</u>
Business-type activities									
Invested in capital assets, net of related debt	-	35,869	49,638	53,740	53,072	53,483	58,022	65,236	67,625
Restricted	-	-	663	676	705	745	781	794	-
Unrestricted	-	687	1,202	(1,716)	7,350	9,531	9,168	4,193	7,671
Total business-type activities net assets	<u>-</u>	<u>36,556</u>	<u>51,503</u>	<u>52,700</u>	<u>61,127</u>	<u>63,759</u>	<u>67,971</u>	<u>70,223</u>	<u>75,296</u>
Primary Government									
Invested in capital assets, net of related debt	189,499	198,926	195,059	214,617	238,164	268,504	294,940	315,772	333,362
Restricted	20,139	14,173	663	676	705	745	781	794	-
Unrestricted	9,836	13,545	36,320	45,228	47,559	41,118	26,678	11,776	9,576
Total primary government net assets	<u>\$ 219,474</u>	<u>\$ 226,644</u>	<u>\$ 232,042</u>	<u>\$ 260,521</u>	<u>\$ 286,428</u>	<u>\$ 310,367</u>	<u>\$ 322,399</u>	<u>\$ 328,342</u>	<u>\$ 342,938</u>

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

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

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

Expenses	Fiscal Year								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
Governmental activities:									
General government	\$ 12,643	\$ 16,232	\$ 16,275	\$ 14,342	\$ 16,091	\$ 15,497	\$ 18,093	\$ 15,809	\$ 15,258
Education	116,524	149,616	149,825	164,242	176,895	179,848	192,383	201,190	209,628
Public safety	25,340	32,537	32,584	34,696	37,415	39,369	45,115	43,292	43,722
Health & welfare	5,875	7,544	7,548	3,764	2,163	3,453	2,210	5,155	5,711
Public works	23,673	30,395	30,436	28,045	28,363	24,553	31,020	33,208	25,524
Recreation, arts and cultural	5,477	7,033	7,035	7,643	8,308	8,783	9,387	9,922	9,313
Interest on debt	6,809	6,635	4,181	9,609	6,817	7,627	9,291	9,790	7,692
Total governmental activities expenses	<u>196,341</u>	<u>249,992</u>	<u>247,884</u>	<u>262,341</u>	<u>276,052</u>	<u>279,130</u>	<u>307,499</u>	<u>318,366</u>	<u>316,848</u>
Business-type activities: (2)									
Parking Authority	-	1,614	2,963	3,943	4,227	4,282	4,713	5,136	5,827
Water Pollution Control Authority	-	8,004	7,977	8,465	8,799	9,200	9,371	10,454	11,400
Total business-type activities net assets	<u>-</u>	<u>9,618</u>	<u>10,940</u>	<u>12,408</u>	<u>13,026</u>	<u>13,482</u>	<u>14,084</u>	<u>15,590</u>	<u>17,227</u>
Total primary government expenses	<u>\$ 196,341</u>	<u>\$ 259,610</u>	<u>\$ 258,824</u>	<u>\$ 274,749</u>	<u>\$ 289,078</u>	<u>\$ 292,612</u>	<u>\$ 321,583</u>	<u>\$ 333,956</u>	<u>\$ 334,075</u>
Program Revenues									
Governmental activities									
Charges for services:									
General government	1,974	9,363	7,414	7,220	7,680	7,199	9,246	5,193	4,986
Education	4,189	11,842	3,867	3,640	2,687	2,912	1,691	1,890	1,710
Public safety	1,440	5,132	2,383	2,715	3,105	3,059	2,544	429	281
Health & welfare	450	1,698	492	510	555	603	555	569	605
Public works	2,379	914	7,784	7,617	8,699	9,342	8,901	11,669	10,807
Recreation, arts and cultural	524	-	628	642	614	754	8	1,279	1,251
Operating grants and contributions	40,515	36,330	29,412	34,276	40,407	36,925	44,278	44,291	47,742
Capital grants and contributions	3,563	740	2,225	18,571	12,971	9,621	7,605	9,404	5,887
Total governmental activities program revenues	<u>55,034</u>	<u>66,019</u>	<u>54,205</u>	<u>75,191</u>	<u>76,718</u>	<u>70,415</u>	<u>74,828</u>	<u>74,724</u>	<u>73,269</u>

	Fiscal Year								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
Business-type activities: (2)									
Charges for services:									
Parking Authority	-	1,242	2,491	3,010	3,572	4,312	4,936	5,145	5,144
Water Pollution Control Authority	-	9,375	9,597	10,034	10,268	10,878	12,201	12,071	13,247
Capital grants and contributions	-	-	499	348	7,230	184	359	-	3,656
Total business-type activities program revenues	-	10,617	12,587	13,392	21,070	15,374	17,496	17,216	22,047
Total primary government program revenues	<u>\$ 55,034</u>	<u>\$ 76,636</u>	<u>\$ 66,792</u>	<u>\$ 88,583</u>	<u>\$ 97,788</u>	<u>\$ 85,789</u>	<u>\$ 92,324</u>	<u>\$ 91,940</u>	<u>\$ 95,316</u>
Net (expense)/revenue									
Governmental activities	(141,307)	(183,973)	(193,679)	(187,150)	(199,334)	(208,715)	(232,671)	(243,642)	(243,579)
Business-type activities	-	999	1,647	984	8,044	1,892	3,412	1,626	4,820
Total primary government net expense	<u>\$(141,307)</u>	<u>\$(182,974)</u>	<u>\$(192,032)</u>	<u>\$(186,166)</u>	<u>\$(191,290)</u>	<u>\$ (206,823)</u>	<u>\$ (229,259)</u>	<u>\$(242,016)</u>	<u>\$ (238,759)</u>
General revenues and other changes in net expenses									
Governmental activities:									
Property taxes	166,406	175,563	187,008	199,970	207,199	215,806	228,023	237,745	246,277
Grants and contributions not restricted to specific programs	7,041	5,540	8,884	10,174	8,079	7,352	6,473	5,997	5,076
Unrestricted investment earnings	4,284	5,085	1,560	4,288	4,631	6,864	5,229	3,591	1,750
Transfers and other	-	(35,437)	(13,323)	-	-	-	-	-	-
Total governmental activities	<u>177,731</u>	<u>150,751</u>	<u>184,129</u>	<u>214,432</u>	<u>219,909</u>	<u>230,022</u>	<u>239,725</u>	<u>247,333</u>	<u>253,103</u>
Business-type activities: (2)									
Unrestricted investment earnings	-	120	33	213	383	740	800	626	252
Transfers and other	-	35,437	13,267	-	-	-	-	-	-
Total business-type activities	-	<u>35,557</u>	<u>13,300</u>	<u>213</u>	<u>383</u>	<u>740</u>	<u>800</u>	<u>626</u>	<u>252</u>
Total primary government	<u>\$ 177,731</u>	<u>\$ 186,308</u>	<u>\$ 197,429</u>	<u>\$ 214,645</u>	<u>\$ 220,292</u>	<u>\$ 230,762</u>	<u>\$ 240,525</u>	<u>\$ 247,959</u>	<u>\$ 253,355</u>
Changes in net assets									
Governmental activities	36,424	(33,222)	(9,550)	27,282	20,575	21,307	7,054	3,691	9,524
Business-type activities (2)	-	36,556	14,947	1,197	8,427	2,632	4,212	2,252	5,072
Total primary government	<u>\$ 36,424</u>	<u>\$ 3,334</u>	<u>\$ 5,397</u>	<u>\$ 28,479</u>	<u>\$ 29,002</u>	<u>\$ 23,939</u>	<u>\$ 11,266</u>	<u>\$ 5,943</u>	<u>\$ 14,596</u>

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

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

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

<u>Fiscal Year</u>	<u>Property Tax</u>
2002	\$ 166
2003	176
2004	187
2005	200
2006	207
2007	216
2008	228
2009	238
2010	246

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

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

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General fund										
Reserved	\$ 2,586	\$ -	\$ -	\$ 186	\$ 555	\$ 289	\$ 1,634	\$ 112	\$ 112	\$ 103
Unreserved, designated	3,750	6,817	3,073	3,031	5,113	3,861	4,492	4,349	4,349	1,960
Unreserved, undesignated	15,348	8,663	13,054	17,054	25,750	28,498	31,154	25,039	25,039	26,550
Total general fund	<u>\$ 21,684</u>	<u>\$ 15,480</u>	<u>\$ 16,127</u>	<u>\$ 20,271</u>	<u>\$ 31,418</u>	<u>\$ 32,648</u>	<u>\$ 37,280</u>	<u>\$ 29,500</u>	<u>\$ 29,500</u>	<u>\$ 28,613</u>
All other governmental funds										
Reserved	50	-	-	46	46	-	-	-	-	-
Unreserved, reported in:										
Capital projects funds	14,169	20,140	14,174	22,817	28,365	20,226	8,118	13,078	13,078	20,399
Nonmajor governmental funds	3,212	3,564	3,820	3,216	2,598	1,173	1,061	1,228	1,228	1,001
Total all other governmental funds	<u>\$ 17,431</u>	<u>\$ 23,704</u>	<u>\$ 17,994</u>	<u>\$ 26,079</u>	<u>\$ 31,009</u>	<u>\$ 21,399</u>	<u>\$ 9,179</u>	<u>\$ 14,306</u>	<u>\$ 14,306</u>	<u>\$ 21,400</u>

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

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Revenues										
Property taxes, interest and liens	\$ 170,872	\$ 168,236	\$ 185,354	\$ 185,044	\$ 200,533	\$ 206,567	\$ 215,669	\$ 229,160	\$ 236,369	\$ 247,000
Intergovernmental	46,152	49,943	46,915	52,737	69,057	47,752	44,497	46,244	46,244	44,947
State on-behalf payments	- ⁽²⁾	- ⁽²⁾	- ⁽²⁾	3,957	3,951	10,413	10,094	13,345	13,345	14,082
Licenses, permits, fees and other	12,332	11,769	9,904	12,522	14,803	28,619	25,966	21,029	21,029	19,641
Interest	5,196	2,538	2,270	838	4,287	4,632	6,859	3,591	3,591	1,750
Total revenues	<u>234,552</u>	<u>232,486</u>	<u>244,443</u>	<u>255,098</u>	<u>292,631</u>	<u>297,983</u>	<u>303,085</u>	<u>313,369</u>	<u>320,578</u>	<u>327,420</u>
Expenditures										
General government	5,960	6,385	6,299	8,483	8,449	6,963	7,396	8,191	8,191	7,362
Health and welfare	1,772	1,770	1,773	4,646	4,898	5,612	4,589	4,853	4,853	5,423
Education	124,238	129,355	135,911	140,669	148,862	162,733	163,956	179,596	179,596	184,020
Employee benefits	10,493	11,794	14,116	16,905	17,559	19,081	22,272	23,535	23,535	24,900
Public Safety	28,048	29,095	28,301	30,019	30,907	36,476	33,937	37,419	37,419	38,131
Community grants	6,469	5,370	4,466	3,843	4,386	3,216	3,597	3,728	3,728	4,005
Public works	21,176	20,153	15,075	14,086	14,584	15,368	15,601	18,359	18,359	16,162
Recreation arts & culture	6,462	13,946	13,848	6,475	6,372	6,812	7,362	8,001	8,001	7,420
Maritime center subsidy	-	-	-	7,398	7,606	8,325	8,905	8,653	8,653	8,342
Sundry	-	475	-	65	-	-	-	-	-	-
Capital outlay	19,496	18,070	32,095	38,796	57,192	45,555	46,262	42,496	30,017	14,335
Debt service	17,796	15,875	18,321	-	-	-	-	-	-	-
Principal	-	-	-	8,467	7,308	9,039	11,769	13,484	15,386	17,850
Interest	-	-	-	3,385	7,088	8,507	8,959	10,193	10,598	9,063
Total expenditures	<u>241,910</u>	<u>252,288</u>	<u>270,205</u>	<u>283,237</u>	<u>315,211</u>	<u>327,687</u>	<u>334,605</u>	<u>358,508</u>	<u>348,336</u>	<u>337,013</u>
Excess of revenues over (under) expenditures	(7,358)	(19,802)	(25,762)	(28,139)	(22,580)	(29,704)	(31,520)	(45,139)	(27,758)	(9,593)
Other financing sources (uses)										
Transfers in	-	38	6,544	-	-	-	-	-	-	-
Transfers out	-	(38)	(6,544)	-	-	-	-	-	-	-
Proceeds from issuance of bonds (notes)	54,594	36,936	20,700	91,161	61,257	21,325	23,260	39,905	105,350	59,168
Premium from issuance of bonds	-	-	-	2,067	78	-	5	786	6,802	5,078
Payments to escrow agent	-	(17,065)	-	(52,860)	(22,678)	-	-	(16,566)	(78,946)	(48,446)
Capital lease proceeds	-	-	-	-	-	-	666	-	-	-
Total from financing sources (uses)	<u>54,594</u>	<u>19,871</u>	<u>20,700</u>	<u>40,368</u>	<u>38,657</u>	<u>21,325</u>	<u>23,931</u>	<u>24,125</u>	<u>33,206</u>	<u>15,800</u>
Net change in fund balances	<u>\$ 47,236</u>	<u>\$ 69</u>	<u>\$ (5,062)</u>	<u>\$ 12,229</u>	<u>\$ 16,077</u>	<u>\$ (8,379)</u>	<u>\$ (7,589)</u>	<u>\$ (21,014)</u>	<u>\$ 5,448</u>	<u>\$ 6,207</u>
Debt service as a percentage of noncapital expenditures	(3)	7.8% ⁽⁴⁾	7.4% ⁽⁴⁾	4.7% ⁽⁴⁾	5.5% ⁽⁴⁾	6.1% ⁽⁴⁾	7.2%	7.6% ⁽⁴⁾	8.1% ⁽⁴⁾	8.4%

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

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

Fiscal Year	Property Tax
2001	\$ 168
2002	170
2003	183
2004	185
2005	201
2006	207
2007	216
2008	229
2009	236
2010	247

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

Fiscal Year Ended June 30	Real Property		Personal Property			Less Exemptions ⁽³⁾	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Value
	Residential	Commercial	Land	Motor Vehicles	Other				
2001	\$ 2,429,610	\$ 987,330	\$ 32,817	\$ 434,416	\$ 402,314	\$ 73,791	\$ 4,212,696	39.0%	\$ 6,123,553
2002	4,092,740	1,399,316	45,917	466,691	432,201	1,475,733	4,961,132	33.4%	9,195,521
2003	4,125,244	1,502,934	50,108	481,815	417,185	782,848	5,794,438	31.1%	9,396,123
2004	4,161,708	1,495,689	45,721	503,046	421,287	101,154	6,526,297	28.3%	9,467,787
2005	4,845,240	1,684,477	60,418	481,751	410,122	101,312	7,380,696	26.5%	10,688,583
2006	5,634,018	1,711,745	88,562	521,445	408,120	94,898	8,268,992	24.6%	11,948,414
2007	6,455,428	2,038,024	94,071	539,399	516,510	175,127	9,468,305	22.6%	13,776,331
2008	7,225,029	2,289,632	87,044	542,373	552,823	169,374	10,527,527	21.2%	15,281,287
2009	7,305,104	2,310,099	92,796	560,547	555,366	150,023	10,673,889	22.0%	15,462,731
2010	8,674,364	2,684,598	130,830	537,966	754,470	142,853	12,639,375	19.4%	18,260,326

1. Source: City of Norwalk Assessor's Office.
2. The Grand list for the fiscal year would be October 1 prior to the start of the year. For example if the fiscal year begins July 1, 2005 the grand list is dated October 1, 2005.
3. Includes corrections.
4. State statute requires each municipality to revalue real property every five years and to conduct a mass appraisal once every ten years. Norwalk completed a revaluation in 2008 by an independent appraisal group.

**City of Norwalk
DIRECT GOVERNMENTS ⁽⁵⁾
Last Ten Fiscal Years**

Fiscal Year Ended June 30 ⁽²⁾	District 1	District 2	District 3	District 4	District 5	District 6	Motor Vehicle	General Government Services	General Obligation Debt Service	Total
2001	42.8	42.8	42.8	42.9	39.0	37.2	20.0	36.5	2.5	39.0
2002	36.5	36.5	36.5	36.7	33.4	32.0	20.0	31.1	2.3	33.4
2003	31.9	31.9	31.9	32.0	31.1	29.6	20.0	29.8	1.3	31.1
2004	29.0	29.0	29.0	29.1	28.3	27.1	25.0	27.0	1.3	28.3
2005	27.1	27.1	27.1	27.2	26.5	25.4	27.2	25.1	1.4	26.5
2006	25.1	25.1	25.1	25.2	24.6	23.5	25.2	23.1	1.5	24.6
2007	23.2	23.2	23.2	23.2	22.6	21.5	23.2	21.1	1.5	22.6
2008	21.7	21.7	21.7	21.7	21.2	20.2	23.3	19.8	1.4	21.2
2009	22.5	22.5	22.5	22.6	22.0	21.0	23.6	20.5	1.5	22.0
2010	19.8	19.8	19.8	19.8	19.4	18.2	24.4	17.8	1.6	19.4

1. Source: City of Norwalk Assessor's Office
2. The Grand list for the fiscal year would be October 1 prior to the start of the year. For example if the fiscal year begins July 1, 2005 the grand list is dated October 1, 2005.
3. Includes corrections.
4. State statute requires each municipality to revalue real property every five years and to conduct a mass appraisal once every ten years. Norwalk completed a revaluation in 2008 by an independent appraisal group.
5. The City has multiple districts that are provided services. The First District is downtown Norwalk, the second is South Norwalk, the third is East Norwalk, The fourth includes street lighting and garbage pickup, and the fifth includes no garbage but street lightning. The Sixth District (Rowayton) does not include fire services, garbage, or street lighting. A portion of the milage goes back to their district office to provide certain services.

City of Norwalk
Principal Property Taxpayers
June 30 2010
(amounts expressed in thousands)

Taxpayer	2010			2001		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Merritt 7 Venture LLC	\$ 324,819	1	2.6%	\$ 61,915	2	1.5%
Connecticut Light and Power	217,663	2	1.7%	62,767	1	1.5%
Thirty Five Glover Partners LLC	67,826	3	0.5%	-	-	-
Twenty Five Glover Partners LLC	53,339	4	0.4%	-	-	-
River Park Property Owner LLC	50,373	5	0.4%	-	-	-
Norwalk Center LLC	48,055	6	0.4%	-	-	-
Norwalk Power LLC	47,531	7	0.4%	-	-	-
Merritt River Residential LLC	45,440	8	0.4%	-	-	-
Diageo North America Inc	35,233	9	0.3%	-	-	-
Merritt River Partners LLC	34,326	10	0.3%	-	-	-
System	-	-	-	30,551	4	0.7%
U.S Surgical Corporation	-	-	-	18,846	3	0.5%
Prudential Insurance Company	-	-	-	16,800	5	0.4%
Oxford Health	-	-	-	16,228	6	0.4%
Metropolitan Life Insurance Company	-	-	-	15,359	7	0.4%
Beiersdorf	-	-	-	15,260	9	0.4%
Yankee Gas Services Company	-	-	-	14,999	9	0.4%
Mercedes Benz Credit Corporation	-	-	-	14,868	10	0.4%
Totals	\$ 924,605		7.4%	\$ 267,593		6.6%

1. Source: City of Norwalk Assessor's Office

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

Fiscal Year Ended June 30	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Years	Total Collections to Date	
		Amount	Levy		Amount	Levy
2001	\$ 167,648	\$ 164,416	98.1%	\$ 3,226	\$ 167,642	100.0%
2002	171,075	167,785	98.1%	3,283	171,068	100.0%
2003	176,659	173,425	98.2%	2,846	176,271	99.8%
2004	186,499	183,694	98.5%	2,785	186,479	100.0%
2005	198,475	195,878	98.7%	2,566	198,444	100.0%
2006	208,336	205,247	98.5%	3,038	208,285	100.0%
2007	216,242	213,174	98.6%	3,039	216,213	100.0%
2008	225,888	222,694	98.6%	2,305	224,999	99.6%
2009	236,584	232,474	98.3%	3,092	235,566	99.6%
2010	245,698	242,491	98.7%	-	242,491	98.7%

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

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

Fiscal Year	Governmental Activities		Business Type Activities		Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Capital Leases	General Obligation Bonds	Lease Revenue Bonds			
2001	\$ 129,092	\$ -	\$ -	\$ -	\$ 129,092	4.75%	1,556
2002	139,359	-	-	-	139,359	4.97%	1,673
2003	92,968	-	51,096	9,110	153,174	5.26%	1,821
2004	126,790	-	49,192	9,110	185,092	6.18%	2,199
2005	159,579	-	48,264	8,880	216,723	7.02%	2,575
2006	171,865	-	46,702	8,640	227,207	7.18%	2,691
2007	183,356	627	44,997	8,390	237,370	7.32%	2,814
2008	193,417	552	44,326	8,125	246,420	7.49%	2,953
2009	207,928	467	41,636	7,845	257,876	7.53%	3,038
2010	203,901	378	48,498	-	252,777	7.30%	3,016

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

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

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

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

Fiscal Year	Governmental	Business	Total Primary Government	Percentage of Estimated Actual Value of Property	Per Capita
	General Obligation Bonds	General Obligation Bonds			
2001	129,092	-	129,092	2.11%	1,653
2002	139,359	-	139,359	1.52%	1,680
2003	92,968	51,096	144,064	0.99%	1,821
2004	126,790	49,192	175,982	1.34%	2,199
2005	159,579	48,264	207,843	1.49%	2,567
2006	171,865	46,702	218,567	1.44%	2,691
2007	183,356	44,997	228,353	1.33%	2,814
2008	193,417	44,326	237,743	1.27%	2,953
2009	207,928	41,636	249,564	1.34%	3,038
2010	203,901	48,498	252,399	1.12%	3,016

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

CITY OF NORWALK
Direct and Overlapping Governmental Activities Debt
For Fiscal Year 2010
(amounts expressed in thousands)

Second Taxing District of the City of Norwalk (Water and Electric)	\$ 23,656
Subtotal, overlapping debt	<u>23,656</u>
City of Norwalk direct debt	<u>203,901</u>
Total direct and overlapping debt	<u><u>\$ 227,557</u></u>

Note: The Second taxing district of Norwalk provides water and electricity for its residents and has received grants from the State of Connecticut which they must pay back.

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

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Debt										
Debt Limit	\$ 389,294	\$ 388,518	\$ 404,243	\$ 424,404	\$ 452,735	\$ 470,780	\$ 489,068	\$ 513,052	\$ 531,118	\$ 557,427
Total net debt applicable to limit	<u>74,030</u>	<u>69,532</u>	<u>85,942</u>	<u>76,079</u>	<u>89,521</u>	<u>83,647</u>	<u>99,270</u>	<u>115,630</u>	<u>120,775</u>	<u>119,371</u>
Legal Debt Margin	<u>\$ 315,264</u>	<u>\$ 318,986</u>	<u>\$ 318,301</u>	<u>\$ 348,325</u>	<u>\$ 363,214</u>	<u>\$ 387,133</u>	<u>\$ 389,798</u>	<u>\$ 397,422</u>	<u>\$ 410,343</u>	<u>\$ 438,056</u>
Total net debt applicable to the limit as percentage of debt limit	19.02%	17.90%	21.26%	17.93%	19.77%	17.77%	20.30%	22.54%	22.74%	21.41%
Schools										
Debt Limit	\$ 778,589	\$ 777,036	\$ 808,486	\$ 848,807	\$ 905,470	\$ 941,562	\$ 978,135	\$ 1,026,104	\$ 1,062,237	\$ 1,114,853
Total net debt applicable to limit	<u>35,966</u>	<u>38,499</u>	<u>92,204</u>	<u>138,759</u>	<u>164,222</u>	<u>161,038</u>	<u>152,149</u>	<u>144,016</u>	<u>135,400</u>	<u>125,893</u>
Legal Debt Margin	<u>\$ 742,623</u>	<u>\$ 738,537</u>	<u>\$ 716,282</u>	<u>\$ 710,048</u>	<u>\$ 741,248</u>	<u>\$ 780,524</u>	<u>\$ 825,986</u>	<u>\$ 882,088</u>	<u>\$ 926,837</u>	<u>\$ 988,960</u>
Total net debt applicable to the limit as percentage of debt limit	4.62%	4.95%	11.40%	16.35%	18.14%	17.10%	15.56%	14.04%	12.75%	11.29%
Sewers										
Debt Limit	\$ 648,824	\$ 647,530	\$ 673,738	\$ 707,339	\$ 754,558	\$ 784,634	\$ 815,112	\$ 855,086	\$ 885,197	\$ 929,044
Total net debt applicable to limit	<u>63,288</u>	<u>53,729</u>	<u>51,031</u>	<u>47,906</u>	<u>48,127</u>	<u>45,018</u>	<u>46,153</u>	<u>54,398</u>	<u>93,190</u>	<u>90,305</u>
Legal Debt Margin	<u>\$ 585,536</u>	<u>\$ 593,801</u>	<u>\$ 622,707</u>	<u>\$ 659,433</u>	<u>\$ 706,431</u>	<u>\$ 739,616</u>	<u>\$ 768,959</u>	<u>\$ 800,688</u>	<u>\$ 792,007</u>	<u>\$ 838,739</u>
Total net debt applicable to the limit as percentage of debt limit	9.75%	8.30%	7.57%	6.77%	6.38%	5.74%	5.66%	6.36%	10.53%	9.72%
Urban Renewal										
Debt Limit	\$ 562,314	\$ 561,192	\$ 583,906	\$ 613,027	\$ 653,950	\$ 680,017	\$ 706,431	\$ 741,075	\$ 767,171	\$ 805,172
Total net debt applicable to limit	<u>14,957</u>	<u>3,892</u>	<u>8,739</u>	<u>9,161</u>	<u>9,296</u>	<u>8,946</u>	<u>9,680</u>	<u>20,458</u>	<u>20,469</u>	<u>24,013</u>
Legal Debt Margin	<u>\$ 547,357</u>	<u>\$ 557,300</u>	<u>\$ 575,167</u>	<u>\$ 603,866</u>	<u>\$ 644,654</u>	<u>\$ 671,071</u>	<u>\$ 696,751</u>	<u>\$ 720,617</u>	<u>\$ 746,702</u>	<u>\$ 781,159</u>
Total net debt applicable to the limit as percentage of debt limit	2.66%	0.69%	1.50%	1.49%	1.42%	1.32%	1.37%	2.76%	2.67%	2.98%
Pension Funding (1)										
Debt Limit	\$ 519,059	\$ 518,024	\$ 538,990	\$ 565,872	\$ 603,647	\$ 627,708	\$ 652,090	\$ 684,069	\$ 708,158	\$ 743,235
Total net debt applicable to limit	<u>-</u>									
Legal Debt Margin	<u>\$ 519,059</u>	<u>\$ 518,024</u>	<u>\$ 538,990</u>	<u>\$ 565,872</u>	<u>\$ 603,647</u>	<u>\$ 627,708</u>	<u>\$ 652,090</u>	<u>\$ 684,069</u>	<u>\$ 708,158</u>	<u>\$ 743,235</u>
Total net debt applicable to the limit as percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total										
Debt Limit	\$ 1,211,138	\$ 1,208,722	\$ 1,257,644	\$ 1,320,367	\$ 1,408,509	\$ 1,464,651	\$ 1,521,543	\$ 1,596,162	\$ 1,652,369	\$ 1,734,216
Total net debt applicable to limit	<u>188,241</u>	<u>165,652</u>	<u>237,916</u>	<u>271,905</u>	<u>311,166</u>	<u>298,649</u>	<u>307,252</u>	<u>334,502</u>	<u>369,834</u>	<u>359,583</u>
Legal Debt Margin	<u>\$ 1,022,897</u>	<u>\$ 1,043,070</u>	<u>\$ 1,019,728</u>	<u>\$ 1,048,462</u>	<u>\$ 1,097,343</u>	<u>\$ 1,166,002</u>	<u>\$ 1,214,291</u>	<u>\$ 1,261,660</u>	<u>\$ 1,282,535</u>	<u>\$ 1,374,633</u>
Total net debt applicable to the limit as percentage of debt limit	15.54%	13.70%	18.92%	20.59%	22.09%	20.39%	20.19%	20.96%	22.38%	20.73%

CITY OF NORWALK
Legal Debt Margin Information
For Fiscal For Fiscal Year 2010
(amounts expressed in thousands)

Total Fiscal Year 2010 tax collections (taxes, interest and fees)	\$ 247,717
Tax Relief for the elderly	<u>28</u>
Base for establishing debt limit	<u><u>\$ 247,745</u></u>

	General Purpose	Schools	Sewers	Urban Renewal	Pension Funding	Total
Debt Limitation						
2 1/4 times base	\$ 557,427	\$ -	\$ -	\$ -	\$ -	\$ -
4 1/2 times base	-	1,114,853	-	-	-	-
3 3/4 times base	-	-	929,044	-	-	-
3 1/4 times base	-	-	-	805,172	-	-
3 times base	-	-	-	-	743,235	-
7 times base	-	-	-	-	-	1,734,217
Total net debt applicable to limit	<u>119,371</u>	<u>125,893</u>	<u>90,305</u>	<u>24,013</u>	<u>-</u>	<u>359,582</u>
Legal Debt Margin	<u><u>\$ 438,056</u></u>	<u><u>\$ 988,960</u></u>	<u><u>\$ 838,739</u></u>	<u><u>\$ 781,159</u></u>	<u><u>\$ 743,235</u></u>	<u><u>\$ 1,374,635</u></u>

City of Norwalk
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population	Personal Income (amount expressed in thousands)	Per Capita Personal Income	Median Family Income	Median Age	School Enrollment	Unemployment Rate
2001	82,951	2,715,318	32,734	109,800	37.6	10,999	2.7%
2002	83,316	2,806,749	33,688	115,500	37.0	11,163	3.3%
2003	84,127	2,914,243	34,641	110,500	(1)	11,193	4.1%
2004	84,170	2,996,031	35,595	111,600	(1)	11,119	4.2%
2005	84,412	3,085,090	36,548	(1)	38.5	11,080	4.1%
2006	84,437	3,166,556	37,502	(1)	39.0	10,923	3.8%
2007	84,344	3,243,449	38,455	(1)	(1)	10,782	3.6%
2008	83,456	3,288,834	39,408	(1)	(1)	10,616	4.1%
2009	84,877	3,368,451	40,362	(1)	(1)	10,748	6.5%
2010	83,802	3,462,280	41,315	(1)	(1)	10,692	7.7%

Data Sources

(1) Data not available for this particular year

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

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

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

Employer	Nature of Business	2010			2001		
		Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
City of Norwalk	Municipal Government	1,945	1	3.1%	1,967	1	3.1%
Norwalk Health Services Corporation	Hospital/Health Services	1,900	2	3.0%	1,600	2	2.5%
Stew Leonard's	Retail Dairy Store/Grocery	800	3	1.3%	800	4	1.3%
MBI	Direct Mail Marketing	800	3	1.3%	700	6	1.1%
Diageo	Premium Beverage Manufacturer	700	5	1.1%	-	-	-
Hewitt Associates	Management Consultants	600	6	1.0%	600	9	1.0%
Covidien	Automatic Suture Instruments	500	7	0.8%	500	10	0.8%
Northrup Grumman Norden Systems	Electronic & Radar Systems	500	7	0.8%	650	7	1.0%
Beiersdorf, Inc.	Personal Care Products	450	9	0.7%	-	-	-
Reed Exhibition Company	Trade Show/Publisher	450	9	0.7%	-	-	-
Pepperidge Farm Inc.	Corporate Headquarters and Bakery	-	-	-	850	3	1.3%
Fort James Corporation	Regional Office - Wood & Paper Products	-	-	-	800	4	1.3%
Micro Warehouse	Corporate Headquarters - Computer Products	-	-	-	650	7	1.0%
Total		8,645		10.7%	9,117		11.3%

(1) Source: City of Norwalk Redevelopment Authority

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

Function	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General government	44	44	44	44	45	48	49	48	48	45
Finance	35	35	35	33	34	34	35	35	35	34
Health & welfare	20	20	20	20	21	21	21	21	21	16
Police	206	206	206	196	196	196	199	199	199	198
Fire	147	148	149	144	143	143	143	146	146	145
Other protection	19	19	19	35	42	43	45	45	45	43
Public works & traffic	119	119	113	109	114	107	107	107	107	100
Education	1,299	1,318	1,327	1,304	1,304	1,320	1,353	1,343	1,343	1,331
Recreation, arts & cultural	55	57	57	57	54	54	54	54	54	51
Total	1,944	1,966	1,970	1,942	1,953	1,966	2,006	1,998	1,998	1,963

Data Sources: City Budget Office and Education Budget Office.

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

Function	2004	2005	2006	2007	2008	2009	2010
General government							
Land records recorded	31,810	26,452	22,931	20,831	16,335	15,500	16,100
Vital records recorded	2,879	3,166	3,000	3,758	3,810	3,083	3,306
Dog licenses issued	1,718	2,048	2,165	2,339	2,360	2,540	2,700
Absentee ballots issued	(3)	2,515	664	1,667	1,667	500	1,613
Health & welfare							
Food establishment inspections conducted	1,826	1,800	1,715	1,826	1,738	1,749	1,405
Septic systems and lots inspected	70	75	91	72	55	33	68
Beauty salons inspected	100	95	88	139	106	118	114
Police							
Calls for service	61,510	61,639	64,318	67,087	68,778	69,304	68,413
Criminal arrests	3,923	4,312	3,965	3,333	3,492	3,582	3,496
Traffic citations issued	4,264	4,212	6,065	6,593	6,786	6,882	6,237
Medical emergencies responded to	6,620	7,115	6,794	7,403	7,586	7,602	8,653
Marine assistance calls	252	267	246	202	200	206	167
Fire							
Fire calls	2,885	3,024	2,910	2,957	2,957	2,456	1,544
Medical calls	3,135	3,014	2,948	2,857	2,857	2,946	3,326
Fire alarms answered	(2)	(2)	(2)	(2)	(2)	(2)	1,058
Combined Dispatch							
Emergency calls received	(2)	(2)	82,000	(2)	(2)	33,634	33,768
Non-emergency calls received	(2)	(2)	281,000	(2)	(2)	124,093	125,515
Public works							
Lane miles of roadways swept	625	1,250	625	625	625	625	625
Tons of solid waste collected and disposed	82,349	88,240	94,125	85,312	77,163	53,445	32,350
Tons of recyclable materials collected and disposed	7,082	7,600	9,000	7,404	7,607	6,049	14,044
Recreation, arts & cultural							
Athletic contests played at City venues	20,000	25,000	25,000	26,000	26,000	30,000	30,000
Athletic activities practiced at City venues	5,000	5,000	5,000	5,500	5,500	10,000	10,000
Visitors to library	388,000	392,000	420,000	428,000	480,000	395,001	388,437

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

(2) Not available

Data Sources: City Budget Office and City Departments

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

Function	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Police										
Police cars	107	124	114	122	122	119	120	105	110	103
Marine vessels	3	3	3	3	3	3	3	3	3	3
Fire										
Fire stations	5	5	5	5	5	5	5	5	5	5
Public works										
Miles of streets	625	625	625	625	625	625	625	625	625	625
Miles of sidewalks	125	125	125	125	125	125	125	125	125	125
Miles of sanitary sewers	165	165	165	165	165	180	180	180	180	180
Municipal parking spaces	3,785	3,846	4,487	4,487	4,487	3,973	3,973	3,973	3,973	kh
Vehicles	(1)	(1)	(1)	132	147	171	210	119	119	272
Pump Stations	26	26	26	26	26	24	24	24	24	25
Recreation, arts & cultural										
Acres of public park lands	1,000	1,000	1,000	1,000	1,000	1,050	1,050	1,100	1,100	1,100
Public beaches	2	2	2	2	2	2	2	2	2	2
Boat launching areas	2	2	2	2	2	2	2	2	2	2
Municipal marinas	1	1	1	1	2	2	2	2	2	2
Athletic diamonds	41	41	41	41	41	41	41	41	41	41
Municipal golf courses (18 holes)	1	1	1	1	1	1	1	1	1	1
Senior Centers	1	1	1	1	1	1	1	1	1	1
Library branches	4	4	4	4	4	4	4	4	4	4
Library volumes ⁽²⁾	275,000+	275,000+	275,000+	305,000+	305,000+	275,000+	259,788	248,718	261,401	262,905
Public museums	3	3	3	3	3	3	3	3	3	3

(1) Not available

(2) Includes only the 2 libraries that are funded within the City of Norwalk entity

Data Source: City of Norwalk Departments

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