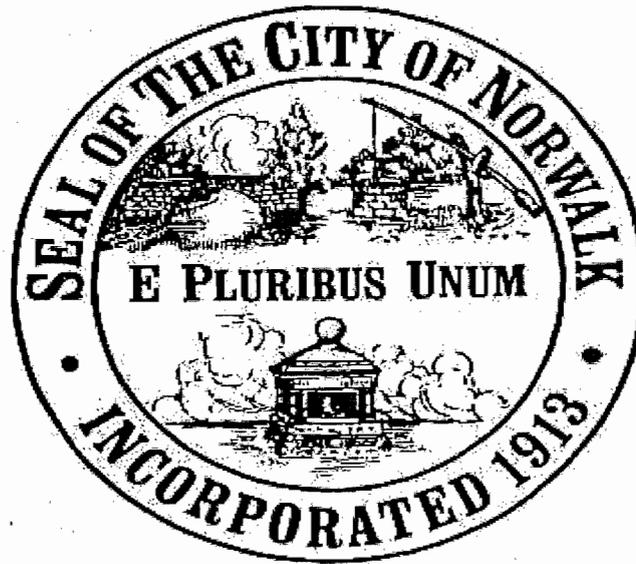


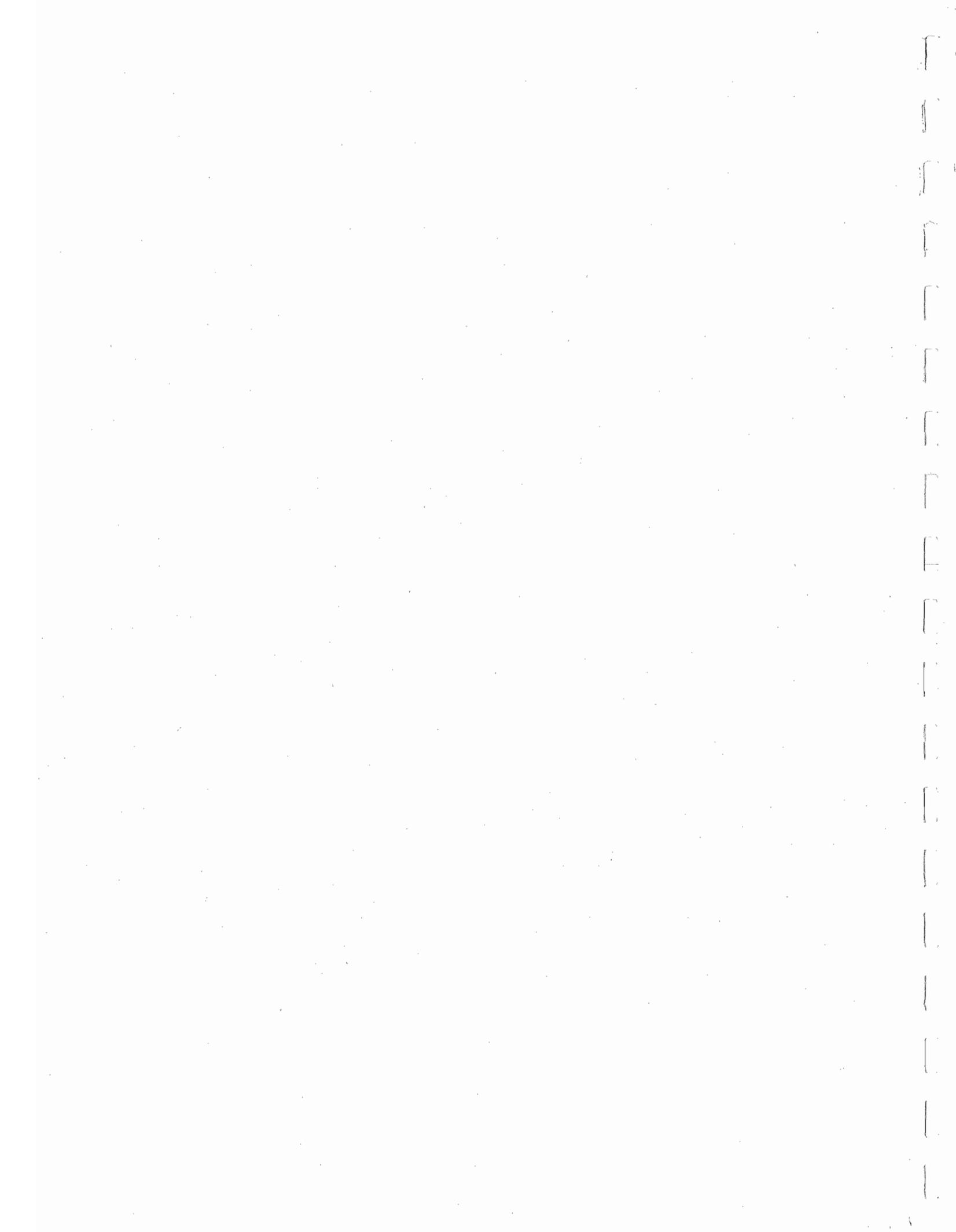
CITY OF NORWALK, CONNECTICUT



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2004

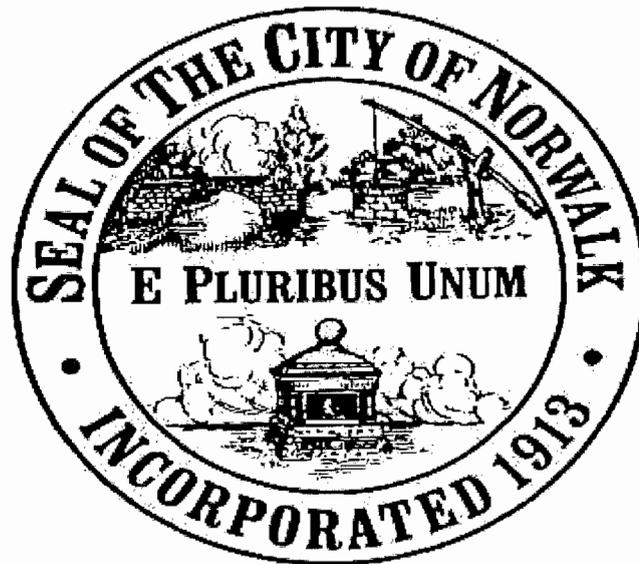
DEPARTMENT OF FINANCE
125 EAST AVENUE
NORWALK, CONNECTICUT



CITY OF NORWALK, CONNECTICUT

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2004



PREPARED BY THE FINANCE DEPARTMENT

DIRECTOR OF FINANCE
COMPTROLLER
BUDGET DIRECTOR

THOMAS S. HAMILTON
FREDERIC J. GILDEN
ANN TWOMEY



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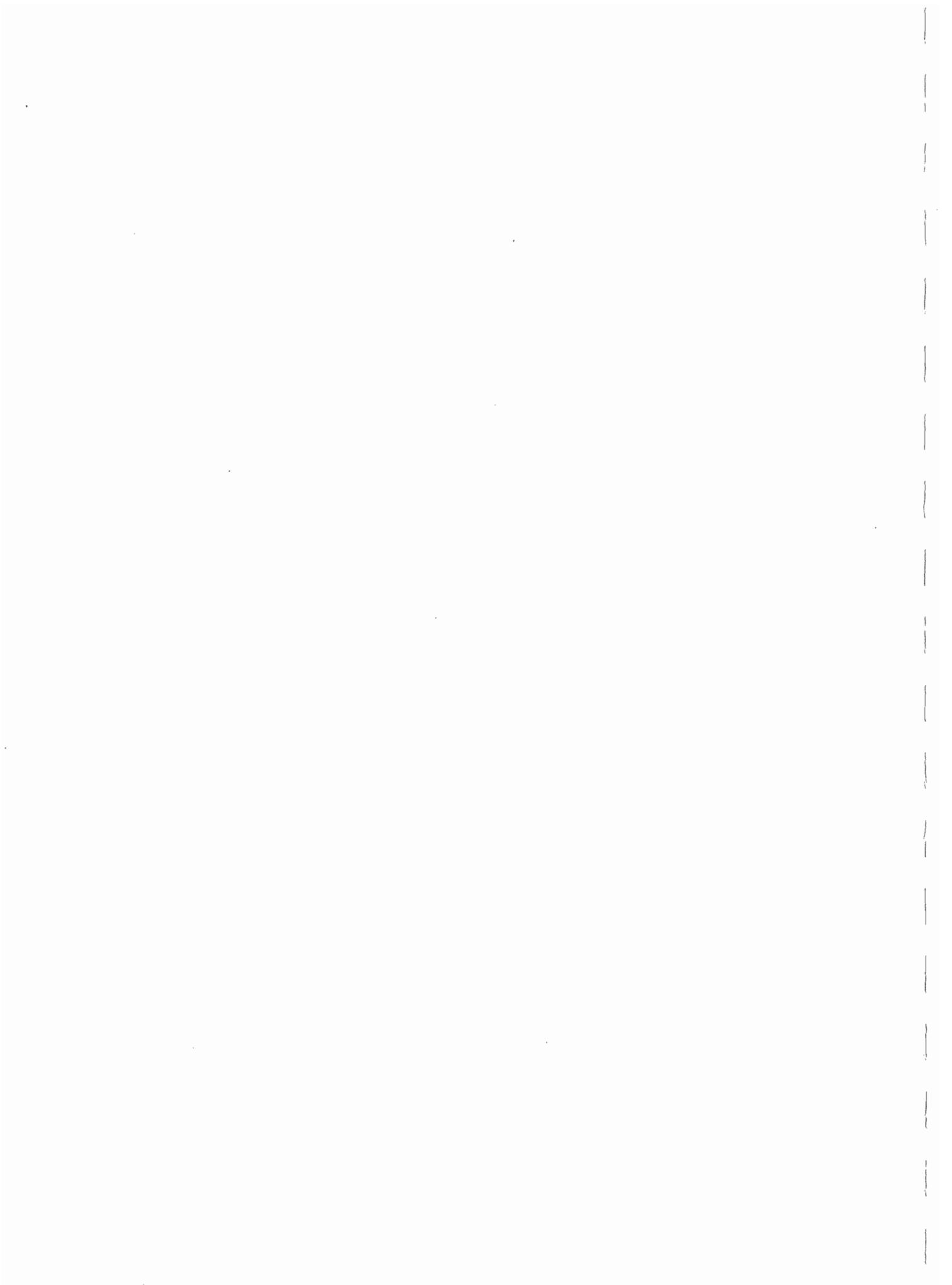
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**DEPARTMENT OF FINANCE
OFFICE OF THE DIRECTOR**

November 24, 2004

Alex A. Knopp, 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, Connecticut (the "City") for the fiscal year ended June 30, 2004.

Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. The enclosed data is accurate in all material respects and is presented in a manner designed to fairly set forth the financial position and results of operations of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

Immediately following the report of the independent auditors is the Management Discussion and Analysis section (MD&A) which provides a narrative introduction, overview and analysis. The letter of transmittal is designed to complement MD&A and should be read in conjunction with it.

DESCRIPTION OF THE CITY

Norwalk was first settled in 1640 and, with a population of 84,170, 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 in a strategic location and will continue to be a vibrant retail, corporate and tourist center. The City hosts many regional and corporate headquarters but no one employer accounts for more than 2.5% of the total jobs and no business comprises more than 2.0% of the City's total grand list. This extraordinary diversity among employment sectors and industries creates great resilience for the City in economic downturns.

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

MAJOR INITIATIVES

Construction activity in Norwalk continued at a healthy pace. The number of zoning permits issued in FY2004 exceeded any in the past twenty years. Major projects approved in previous years were completed or nearing completion. These include:

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

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

- ◆ Delta Group; 57 Waterfront residential units on Smith Street
- ◆ 25 and 35 Glover Ave, LLC, two office buildings totaling 650,000 s.f. – Glover Avenue, Diageo, a global wine and spirit company, will move its North American headquarters into one of these buildings.
- ◆ Hacienda, 14 Waterfront Residential Units, Osborne Avenue
- ◆ 134 East Avenue; 17 Waterfront Residential Units

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

- ◆ Full conversion of the former landfill into a new waterfront park
- ◆ Participated in the Action Committee to implement the Norwalk River Watershed Master Plan.
- ◆ Continued work on the Plan of Conservation and Development, a comprehensive plan of the City for the next ten years.

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

- ◆ Final design of Phase I of the Norwalk River Valley bikeway utilizing TEA-21 funds to link the two business centers in Norwalk and the corresponding tourist attractions. Construction to begin in the summer of 2005.
- ◆ Construction of a 770 space-parking garage next to the Maritime Aquarium was completed in February 2004.

CASH MANAGEMENT POLICIES AND PRACTICES

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

Temporarily idle cash during the year is invested primarily in certificates of deposit and the State Investment Fund. These investments have terms ranging from one day to six months. Since liquidity demands will vary, a portion of our investments are in longer term United States Federal Agency Paper earning an average return in excess of four percent with an average maturity slightly less than 7 years.

In order to evaluate the City's investment performance, the City periodically compares the actual investment earnings with the average 90-day U.S. Treasury Bill rate. For the period July 1, 2003 to June 30, 2004, the average annualized yield on City investments was .93%; during the same period the U.S. Treasury Bill market produced an average yield of 1.00%.

RISK MANAGEMENT

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

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

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Norwalk for its comprehensive annual financial report for the fiscal year ended June 30, 2003. 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 13 consecutive years (fiscal years 1991 through 2003). 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 during the preparation of this report.

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,



Thomas S. Hamilton
Director of Finance

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Norwalk,
Connecticut

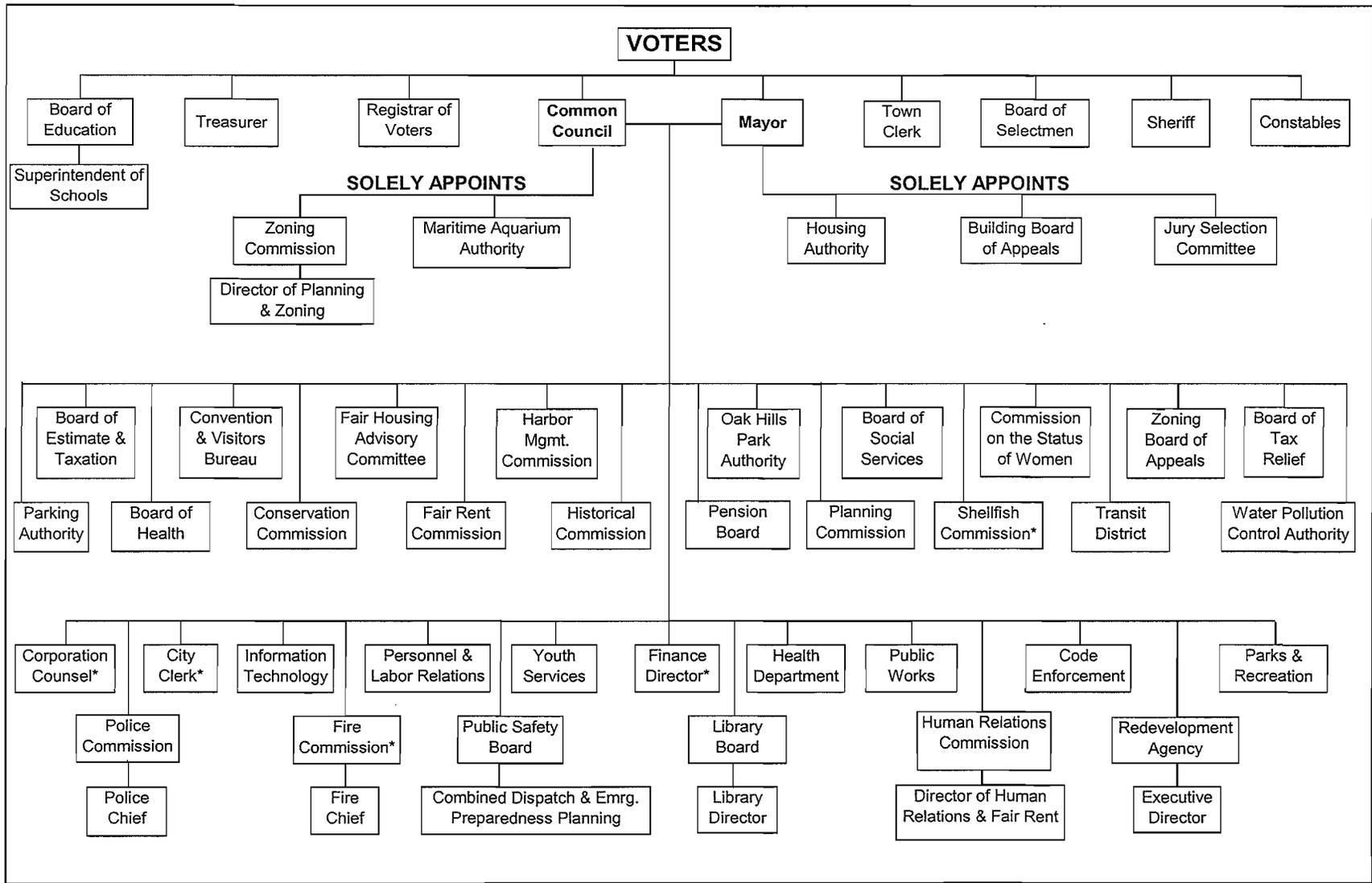
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2003

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



President

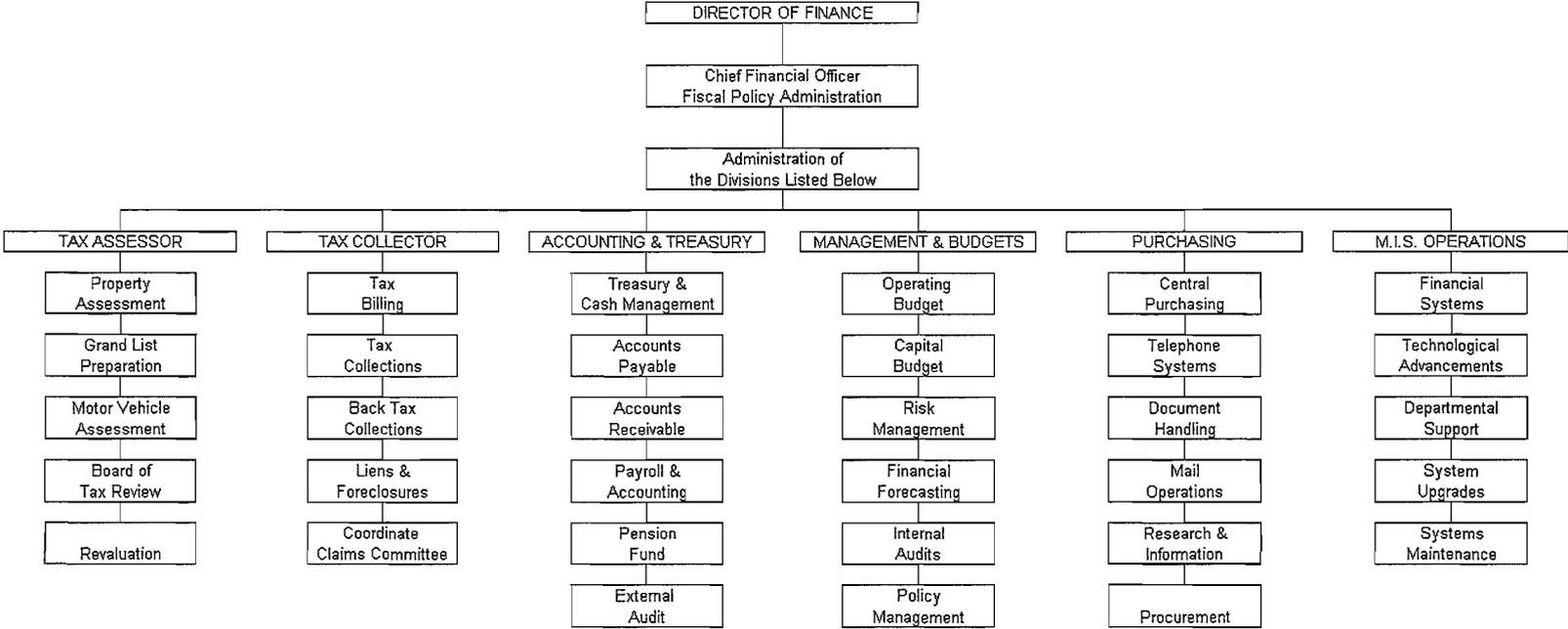
Executive Director



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

*Solely appointed by the Mayor

FINANCE DEPARTMENT



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

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

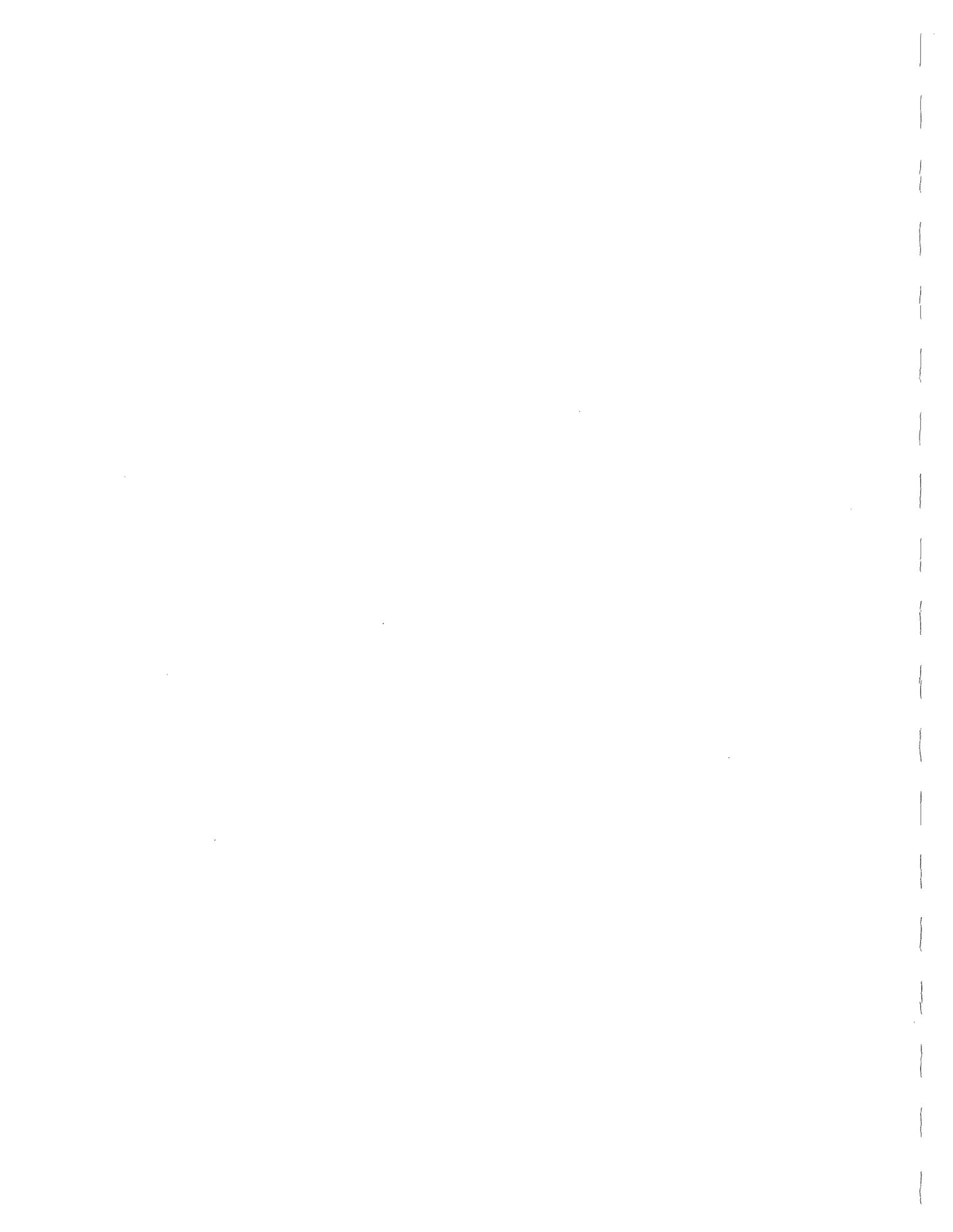
MEMBERS OF COMMON COUNCIL

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

MEMBERS OF THE BOARD OF ESTIMATE & TAXATION

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

Financial Section



McGladrey & Pullen

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Norwalk, Connecticut (the "City"), as of and for the year ended June 30, 2004, 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, 2004, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with "Government Auditing Standards," we have also issued our report dated October 29, 2004 on our consideration of the City of Norwalk, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with "Government Auditing Standards" and should be considered in assessing the results of our audit.

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

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

McGladrey & Pullen, LLP

New Haven, Connecticut
October 29, 2004

City of Norwalk, Connecticut
Management's Discussion and Analysis
June 30, 2004

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 \$5.4 million or 2.4%. The governmental net assets decreased by \$9.6 million or 5.0% and the business-type net assets increased by \$14.9 million. There was a building transfer of \$13.3 million from Governmental Activities to Business-Type Activities. The capital assets for Railroad Station parking became part of the Parking Authority during the fiscal year.
- ◆ The General Fund (the primary operating fund) reflected on a current financial resource basis, reports an increase of \$4.1 million or 25.7%. Property tax revenue increased by \$6.3 million while state and federal revenue went down \$3.3 million, and real estate conveyance tax increased by \$3.9 million due to an increase in these fees and increased real estate transfer activity.

USING THIS ANNUAL REPORT

The basic 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 combined to present total amounts for the Primary Government. This statement combines governmental fund current financial resources (short-term spendable resources) with long-term assets and liabilities, including 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, business-type and the 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 government 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 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 funds (see pages 13-14) presentation is presented using current financial resources measurement. This is the manner in which the financial plan is typically developed. The flow and availability of resources is a clear and appropriate focus of any analysis of a government. Funds are established for various purposes and the Fund Financial Statement focus and the modified accrual basis of account reports the 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) which is reflected on the bottom page of this statement (see page 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 City 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 City, these assets are restricted in purpose and do not represent discretionary assets of the government. Therefore, these assets are not presented as part of the Government-Wide Financial Statements.

Infrastructure Assets

The City has implemented GASB Statement 34 including retroactive reporting of all capitalized infrastructure owned by the City. This includes the City'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.

Summary of Net Assets

Table 1
Summary of Net Assets (In Thousands)
As of June 30, 2004 and 2003

	Governmental Activities		Business-Type Activities		Total Government	
	2004	2003	2004	2003	2004	2003
Current and other assets	\$ 90,396	\$ 78,520	\$ 3,174	\$ 3,248	\$ 93,570	\$ 81,768
Capital assets	272,210	256,025	112,599	96,074	384,809	352,099
Total assets	362,606	334,545	115,773	99,322	478,379	433,867
Current and other liabilities	36,089	51,488	5,968	2,561	42,057	54,050
Long-term debt outstanding	145,978	92,968	58,302	60,205	204,280	153,173
Total liabilities	182,067	144,456	64,270	62,766	246,337	207,223
Net assets:						
Invested in capital assets, net of debt	145,421	111,082	49,638	35,869	195,059	146,951
Restricted	-	14,173	663	-	663	14,173
Unrestricted (deficit)	35,118	64,834	1,202	687	36,320	65,520
Total net assets	\$180,539	\$190,089	\$ 51,503	\$ 36,556	\$232,042	\$226,644

For more detailed information see the Statement of Net Assets (page 13).

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 the statement of net assets was the issuance of \$41 million of new debt and the construction on major capital projects this year: New Brookside School, \$5.9 million, Police Facilities, \$7.6 million, Brien McMahon High School, \$11.4 million, and the Maritime Parking Garage, \$5.3 million. The other major impacts were \$13.8 million of principal on debt paid this year and \$6.7 million of depreciation on fixed assets.

The major impact to Net Assets for Business-Type Activities was the issuance of \$970,000 of new debt and the construction on major capital projects this year: Maritime Parking Garage, \$5.3 million. The other major impact for Business-Type Activities was principal payments of \$3.1 million and \$2.5 million of depreciation on fixed assets.

Summary of Changes in Net Assets

The following schedule compares the revenues and expenses from the current fiscal year with the prior fiscal year.

	Governmental Activities		Business-Type Activities		Total Government	
	2004	2003	2004	2003	2004	2003
REVENUES						
Program Revenues:						
Charge for services	\$ 22,568	\$ 28,949	\$ 12,089	\$ 10,617	\$ 34,657	\$ 39,566
Operating grants and contributions	29,412	36,330	-	-	29,412	36,330
Capital grants and contributions	2,225	740	498	-	2,723	740
General Revenues:						
General property, taxes and assessments	187,008	175,563	-	-	187,008	175,563
Interest income	1,560	5,085	32	120	1,592	5,205
Other general revenues	8,884	5,540	-	-	8,884	5,540
Total revenues	251,657	252,207	12,619	10,737	264,276	262,944
EXPENSES						
Program Activities Primary Government:						
Governmental Activities:						
General government	16,275	9,434	-	-	16,275	9,434
Health and welfare	7,547	7,733	-	-	7,547	7,733
Public safety	32,584	33,806	-	-	32,584	33,806
Public works	30,491	18,763	-	-	30,491	18,763
Education	149,825	158,408	-	-	149,825	158,408
Recreation, arts and cultural	7,035	15,923	-	-	7,035	15,923
Capital outlays	-	214	-	-	-	214
Debt service	4,182	5,711	-	-	4,182	5,711
	247,939	249,992	-	-	247,939	249,992
Business-Type Activities:						
Parking Authority	-	-	2,963	1,614	2,963	1,614
Water Pollution Control Authority	-	-	7,977	8,004	7,977	8,004
	-	-	10,940	9,618	10,940	9,618
Total expenses	247,939	249,992	10,940	9,618	258,879	259,610
Transfers	(13,268)	(35,437)	13,268	35,437	-	-
Increase (decrease) in net assets	(9,550)	(33,222)	14,947	36,556	5,397	3,334
Net Assets, beginning	190,089	223,311	36,556	-	226,645	223,311
Net Assets, ending	\$ 180,539	\$ 190,089	\$ 51,503	\$ 36,556	\$ 232,042	\$ 226,645

Certain amounts have been reclassified in Fiscal Year 2003 so that they correspond to how expenses are classified in Fiscal 2004.

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 impact for Governmental Activities was increased property tax revenue of \$6.3 million due to an increase in the levy and continued aggressive measures in collecting delinquent taxes. Investment income was decreased by \$700,000 due to continued tightening of interest rates by the Federal Reserve. While State and Federal Revenue went down \$3.3 million, Licenses, Permits, Fees and Other increased by \$3.9 million due to an increase in these fees and increased real estate transfer activity.

THE CITY FUNDS

General Fund

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 \$20.3 million which is 25.7% more than the beginning of the year (\$16.1 million). Education expenditures rose \$2.3 million due to salary increases and increased health insurance costs. Debt Service decreased by \$7.3 million due to a \$6.4 million payoff of Maritime Center debt that happened in fiscal year 2003 and did not occur in fiscal year 2004.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of year-end, the City had \$384.8 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
Land Improvements	3,027	228	3,255
Buildings and Improvements	53,956	89,179	143,135
Infrastructure	131,573	17,894	149,467
Machinery and Equipment	3,510	452	3,962
Construction in Progress	58,239	7	58,246
Total	\$ 272,210	\$ 112,599	\$ 384,809

Major capital activity during the year included school improvements and site work for the new Police facilities.

Major capital activity for Governmental Activities were additions to Construction in Progress for; New Brookside School, \$5.9 million; Police Facilities, \$7.6 million; Brien McMahan High School, \$11.4 million; and School Roofing Projects, \$5 million. Also, \$13.3 million for Railroad Parking Facilities was transferred to Business Activities.

Major capital activity for Business-Type Activities was the completion of the Maritime Parking Garage, \$8.8 million from Construction in Progress and \$5.3 million of additional cost.

The following reconciliation summarizes the change in Capital Assets, which is presented in detail in pages 37 and 38.

Table 4
Change in Capital Assets
(In Thousands)

	Governmental Activities	Business-Type Activities	Total
Beginning balance	\$ 256,025	\$ 96,074	\$ 352,099
Additions	37,091	14,653	51,744
Disposals/transfers	(3,356)	(8,941)	(12,297)
Transfer to business activities from governmental activities	(13,268)	13,268	-
Depreciation	(4,282)	(2,455)	(6,737)
Total	\$ 272,210	\$ 112,599	\$ 384,809

Debt Outstanding

As of year-end, the City had \$185.0 million in debt (bonds, notes, etc.) outstanding compared to the \$157.0 million last year, a 17.9% net increase (considering new borrowing and debt retirement). The following summarizes Outstanding Debt which is presented in more detail in page 40.

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

	<u>2004</u>	<u>2003</u>
Governmental:		
General obligation bonds	\$ 126,790	\$ 92,968
Bond anticipation note	-	3,860
	<u>126,790</u>	<u>96,828</u>
Business-Type:		
Parking Authority-general obligation bonds	10,396	9,592
Water Pollution Control Authority - general obligation bonds and Clean Water Fund notes	47,906	50,613
	<u>58,302</u>	<u>60,205</u>
Total	<u>\$ 185,092</u>	<u>\$ 157,033</u>

During the year the City issued \$41 million in new General Obligation Bonds to finance school and infrastructure improvements. In addition, the City issued refunding bonds of \$22,805,000 in November 2003, \$11,645,000 in March 2004, and \$19,995,000 in June 2004. The City has a AAA from Fitch Investors Service and Standard and Poors. The Moody's Investors Services rating is Aaa.

ECONOMIC FACTORS

The City of Norwalk has not been immune from the effects of the national economic downturn. As of the June 30, 2004 the unemployment rate for Norwalk was 4.2%, slightly up from 4.1% in the prior year. Moreover, Connecticut State government has reduced aid to the City of Norwalk and other municipalities in the State for the fiscal year ending June 30, 2004.

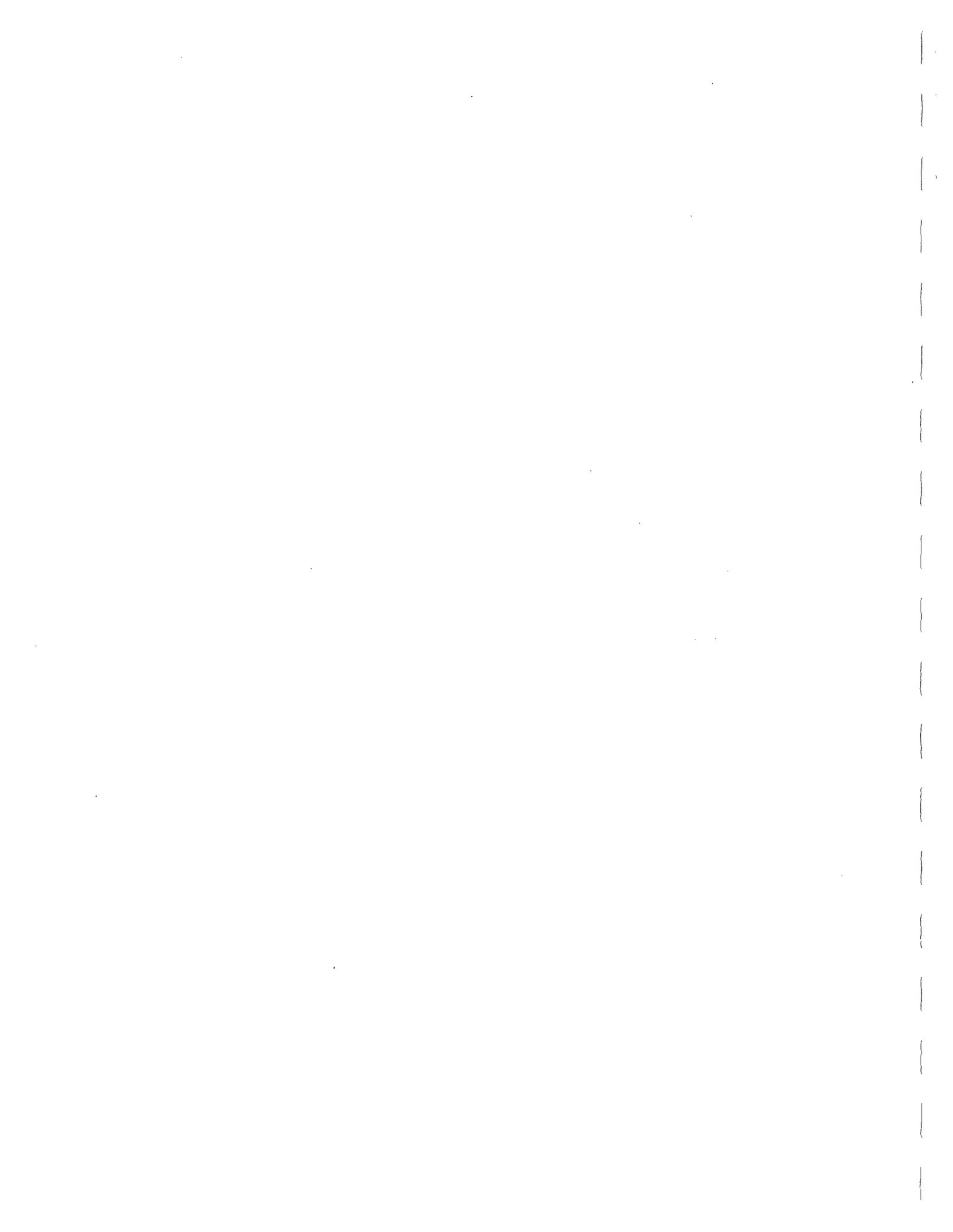
Nevertheless, the City of Norwalk is well positioned to deal with the present economic downturn. The City of Norwalk receives relatively little State aid, and therefore is more insulated from the impact of State revenue shortfalls than most other cities in Connecticut. With an

overwhelming reliance on property taxes, Norwalk's income stream is rather stable, even during a recession. The City's diverse tax base provides stability to the City's revenue.

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, 2004

	Primary Government		
	Governmental Activities	Business-Type Activities	Total*
Assets			
Cash and cash equivalents	\$ 38,586,223	\$ 1,730,651	\$ 40,316,874
Restricted cash	-	663,131	663,131
Investments	33,824,599	575,823	34,400,422
Receivables, net of allowances for collection losses:			
Property taxes, net	5,425,719	-	5,425,719
Charges, net	-	204,623	204,623
Accounts, net	6,634,706	-	6,634,706
Federal and state governments	3,235,846	-	3,235,846
Inventories	46,218	-	46,218
Noncurrent:			
Capital assets, not being depreciated	80,144,127	4,846,299	84,990,426
Capital assets, net of accumulated depreciation	192,065,780	107,753,128	299,818,908
Federal and state governments receivable	2,153,808	-	2,153,808
Pension asset	75,298	-	75,298
Deferred items	413,127	-	413,127
Total assets	362,605,451	115,773,655	478,379,106
Liabilities			
Accounts payable and accruals	21,814,528	1,208,566	23,023,094
Deferred revenue	6,191,380	99,870	6,291,250
Deferred items	1,990,276	-	1,990,276
Claims incurred but not reported	10,752,550	-	10,752,550
Internal balances	(4,659,590)	4,659,590	-
Noncurrent liabilities:			
Due within one year	9,968,349	3,277,047	13,245,396
Due in more than one year	136,009,430	55,025,257	191,034,687
Total liabilities	182,066,923	64,270,330	246,337,253
Net Assets			
Investment in capital assets, net of related debt	145,420,373	49,637,535	195,057,908
Restricted for debt service	-	663,131	663,131
Unrestricted	35,118,155	1,202,659	36,320,814
Total net assets	\$ 180,538,528	\$ 51,503,325	\$ 232,041,853

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

* After internal receivables and payables have been eliminated.

CITY OF NORWALK, CONNECTICUT

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2004

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ (16,274,611)	\$ 7,413,829	\$ 910,269	\$ -	\$ (7,950,513)	\$ -	\$ (7,950,513)
Education	(149,824,711)	3,867,291	23,853,585	2,225,119	(119,878,716)	-	(119,878,716)
Public Safety	(32,583,628)	2,382,866	418,858	-	(29,781,904)	-	(29,781,904)
Health & welfare	(7,547,883)	491,651	2,400,753	-	(4,655,479)	-	(4,655,479)
Public Works	(30,436,305)	7,783,648	1,811,639	-	(20,841,018)	-	(20,841,018)
Recreation, arts and cultural	(7,034,925)	628,579	16,871	-	(6,389,475)	-	(6,389,475)
Debt Service	(4,181,423)	-	-	-	(4,181,423)	-	(4,181,423)
Total governmental activities	(247,883,486)	22,567,864	29,411,975	2,225,119	(193,678,528)	-	(193,678,528)
Business-type activities:							
Parking Authority	(2,963,090)	2,491,293	-	-	-	(471,797)	(471,797)
Water Pollution Control Authority	(7,977,087)	9,597,472	-	498,663	-	2,119,048	2,119,048
Total business-type activities	(10,940,177)	12,088,765	-	498,663	-	1,647,251	1,647,251
Total primary government	\$ (258,823,663)	\$ 34,656,629	\$ 29,411,975	\$ 2,723,782	(193,678,528)	1,647,251	(192,031,277)
General revenues:							
Property taxes					187,007,727	-	187,007,727
Grants and contributions not restricted to specific programs					8,883,640	-	8,883,640
Unrestricted investment earnings					1,560,294	32,922	1,593,216
Property transfer					(13,267,962)	13,267,962	-
Loss on disposal of assets					(54,965)	(1,075)	(56,040)
Total general revenues					184,128,734	13,299,809	197,428,543
Change in net assets					(9,549,794)	14,947,060	5,397,266
Net assets - beginning					190,088,322	36,556,265	226,644,587
Net assets - ending					\$ 180,538,528	\$ 51,503,325	\$ 232,041,853

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

CITY OF NORWALK, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2004

	General	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 11,720,664	\$ 16,671,899	\$ 5,419,112	\$ 33,811,675
Investments	17,850,508	9,213,166	-	27,063,674
Receivables (net of allowances for collection losses):				
Property taxes	5,037,614	388,105	-	5,425,719
Accounts receivable	1,601,152	-	-	1,601,152
State and federal governments	192,461	3,997,689	1,275,610	5,465,760
Other	-	-	7,650	7,650
Inventories	-	-	46,218	46,218
Due from other funds	4,659,590	-	13,557	4,673,147
Total assets	\$ 41,061,989	\$ 30,270,859	\$ 6,762,147	\$ 78,094,995
Liabilities				
Accounts payable	\$ 4,551,340	\$ 6,462,584	\$ 1,220,312	\$ 12,234,236
Accrued wages	7,712,583	-	-	7,712,583
Due to other funds	13,557	-	1,117,000	1,130,557
Deferred revenues	8,513,430	991,641	1,162,718	10,667,789
Total liabilities	20,790,910	7,454,225	3,500,030	31,745,165
Fund balances				
Reserved for:				
Encumbrances	185,512	-	-	185,512
Inventories	-	-	46,218	46,218
Unreserved, reported in:				
General fund	20,085,567	-	-	20,085,567
Special revenue funds	-	-	3,215,899	3,215,899
Capital projects funds	-	22,816,634	-	22,816,634
Total fund balances	20,271,079	22,816,634	3,262,117	46,349,830
Total liabilities and fund balances	\$ 41,061,989	\$ 30,270,859	\$ 6,762,147	

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.	272,209,907
Other long-term assets are not available to pay for current-period expenditures and, therefore, not recognized.	3,344,235
Net pension asset	75,298
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.	1,946,855
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(143,387,597)

Net assets of governmental activities \$ 180,538,528

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, 2004

	General	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Property taxes, interest and liens	\$ 185,043,538	\$ -	\$ -	\$ 185,043,538
Intergovernmental	17,991,831	7,650,264	27,095,270	52,737,365
State on-behalf payments	3,957,000	-	-	3,957,000
Licenses, permits, fees and other	10,882,018	299,310	1,340,611	12,521,939
Interest	800,792	-	37,618	838,410
Total revenues	218,675,179	7,949,574	28,473,499	255,098,252
EXPENDITURES				
Current:				
General government	6,437,167	-	2,046,143	8,483,310
Health and welfare	3,303,274	-	1,342,327	4,645,601
Education	123,731,669	-	16,937,003	140,668,672
Employee benefits	16,904,823	-	-	16,904,823
Public safety	30,019,452	-	-	30,019,452
Community grants	2,535,192	-	1,307,830	3,843,022
Public works	14,085,663	-	-	14,085,663
Recreation, arts and culture	6,474,752	-	-	6,474,752
Maritime Center Subsidy	-	-	7,398,338	7,398,338
Organizational memberships	65,355	-	-	65,355
Capital outlay	-	38,796,471	-	38,796,471
Debt service:				
Principal	7,926,567	540,041	-	8,466,608
Interest	3,385,468	-	-	3,385,468
Total expenditures	214,869,382	39,336,512	29,031,641	283,237,535
Other Financing Sources (Uses)				
Payments to escrow agent	(52,859,895)	-	-	(52,859,895)
Proceeds from issuance of bonds	51,130,600	40,030,023	-	91,160,623
Premium from issuance of bonds	2,067,094	-	-	2,067,094
	337,799	40,030,023	-	40,367,822
Net change in fund balances	4,143,596	8,643,085	(558,142)	12,228,539
FUND BALANCES, beginning	16,127,483	14,173,549	3,820,259	34,121,291
FUND BALANCES, ending	\$ 20,271,079	\$ 22,816,634	\$ 3,262,117	\$ 46,349,830

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, 2004**

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

Net change in fund balances – total governmental funds	\$ 12,228,539
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.	29,452,767
The net effect of transfers of capital assets from governmental funds to business-type activities which decreases net assets.	(13,267,962)
Net pension asset	75,298
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	626,269
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.	(35,398,834)
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.	(3,433,734)
The net revenue (expense) of certain activities of internal service funds is reported with governmental activities.	<u>167,863</u>
Change in net assets of governmental activities	<u>\$ (9,549,794)</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, 2004

	General Fund			
	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes, interest and lien fees	\$ 185,018,588	\$ 185,018,588	\$ 185,043,538	\$ 24,950
Intergovernmental	16,624,367	16,698,681	16,946,846	248,165
Licenses, permits, fees and other	8,744,172	8,765,574	10,601,219	1,835,645
Interest	1,802,561	1,802,561	659,576	(1,142,985)
Total revenues	212,189,688	212,285,404	213,251,179	965,775
EXPENDITURES				
Current:				
General government	6,124,628	6,952,086	6,437,186	514,900
Education	121,095,000	121,431,225	119,960,158	1,471,067
Public safety	28,715,798	30,178,158	30,019,452	158,706
Health and welfare	1,891,286	1,910,386	1,836,274	74,112
Public works	14,091,690	14,403,553	14,085,663	317,890
Community grants	2,498,860	2,539,286	2,535,192	4,094
Employee benefits	17,529,944	17,051,715	16,905,323	146,392
Recreation, arts and cultural	6,496,640	6,555,422	6,474,255	81,167
Organizational memberships	67,410	67,410	65,355	2,055
Contingency	1,641,124	523,421	-	523,421
Debt service	12,037,308	12,037,308	10,974,237	1,063,071
Total expenditures and encumbrances	212,189,688	213,649,970	209,293,095	4,356,875
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ (1,364,566)	3,958,084	\$ (5,322,650)
Net change in unreserved fund balance			3,958,084	
UNRESERVED AND UNDESIGNATED FUND BALANCES, beginning				
Less: Designated for Board of Education Future Appropriations			16,127,483	
Less: Designated for City Future Appropriations			(1,404,531)	
			<u>(1,627,447)</u>	
UNRESERVED AND UNDESIGNATED FUND BALANCES, ending				
			<u>\$ 17,053,589</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, 2004

	Business-Type Activities - Enterprise Funds			Governmental
	Water Pollution			Activities
	Control Authority	Parking Authority	Totals	Internal Service Fund
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 1,730,651	\$ -	\$ 1,730,651	\$ 4,774,548
Restricted cash	-	663,131	663,131	-
Charges receivable, net	204,623	-	204,623	-
Other receivables	-	-	-	46,932
Due from other funds	-	-	-	1,117,000
Investments	575,823	-	575,823	6,760,925
Total current assets	2,511,097	663,131	3,174,228	12,699,405
CAPITAL ASSETS, NET	82,856,755	29,742,672	112,599,427	-
Total assets	85,367,852	30,405,803	115,773,655	12,699,405
LIABILITIES				
CURRENT LIABILITIES				
Current maturities of bonds and notes payable	2,921,273	355,774	3,277,047	-
Accounts payable and accrued liabilities	321,472	887,096	1,208,566	-
Due to other funds	-	4,659,590	4,659,590	-
Claims payable	-	-	-	5,932,335
Deferred revenue	95,800	4,070	99,870	-
Total current liabilities	3,338,545	5,906,530	9,245,075	5,932,335
LONG-TERM LIABILITIES				
Bonds and notes payable	44,984,897	10,040,358	55,025,257	-
Claims payable	-	-	-	4,820,215
Total long-term liabilities	44,984,897	10,040,358	55,025,255	4,820,215
Total liabilities	48,323,442	15,946,888	64,270,330	10,752,550
NET ASSETS				
Invested in capital assets (net of related debt)	34,950,585	14,686,950	49,637,535	-
Restricted for debt service	-	663,131	663,131	-
Unrestricted (deficit)	2,093,825	(891,166)	1,202,659	1,946,855
Total net assets	\$ 37,044,410	\$ 14,458,915	\$ 51,503,325	\$ 1,946,855

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

CITY OF NORWALK, CONNECTICUT

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
NET ASSETS - PROPRIETARY FUNDS**

For the Year Ended June 30, 2004

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Water Pollution Control Authority	Parking Authority	Totals	Internal Service Fund
OPERATING REVENUES				
City and member's contributions	\$ -	\$ -	\$ -	\$ 35,859,133
Charges for services	9,597,472	2,491,293	12,088,765	-
Total operating revenues	9,597,472	2,491,293	12,088,765	35,859,133
OPERATING EXPENSES				
Administrative and operations	4,832,535	1,791,964	6,624,499	632,917
Depreciation	2,020,453	434,762	2,455,215	-
Salaries, benefits and claims	-	274,015	274,015	35,244,346
Total operating expenses	6,852,988	2,500,741	9,353,729	35,877,263
Operating income (loss)	2,744,484	(9,448)	2,735,036	(18,130)
NONOPERATING INCOME (EXPENSE)				
Investment income	32,922	-	32,922	185,993
Interest expense	(1,124,099)	(462,349)	(1,586,448)	-
Net loss on disposals	(1,075)	-	(1,075)	-
Intergovernmental	498,663	-	498,663	-
Total nonoperating income (expense)	(593,589)	(462,349)	(1,055,938)	185,993
Income (loss) before capital contributions	2,150,895	(471,797)	1,679,098	167,863
Capital contributions	-	13,267,962	13,267,962	-
Change in net assets	2,150,895	12,796,165	14,947,060	167,863
FUND NET ASSETS, beginning	34,893,515	1,662,750	36,556,265	1,778,992
FUND NET ASSETS, ending	\$ 37,044,410	\$ 14,458,915	\$ 51,503,325	\$ 1,946,855

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, 2004

	Business-Type Activities - Enterprise Funds			Governmental
	Water Pollution Control Authority	Parking Authority	Totals	Internal Service Fund
Cash Flows From Operating Activities				
Receipts from customers and users	\$ 9,985,081	\$ 7,150,883	\$ 17,135,964	\$ 34,873,941
Payments to suppliers	(4,819,639)	(2,530,673)	(7,350,312)	(34,004,001)
Payments to employees	-	(274,015)	(274,015)	-
Net cash provided by operating activities	5,165,442	4,346,195	9,511,637	869,940
Cash Flows From Capital and Related Financing Activities				
Principal payments on debt	(3,147,938)	(31,403)	(3,179,341)	-
Interest paid on debt	(1,124,099)	(462,349)	(1,586,448)	-
Proceeds from notes payable	440,596	835,835	1,276,431	-
Loss on disposal	1,075	-	1,075	-
Purchase of property and equipment	-	(5,713,510)	(5,713,510)	-
Net cash used in capital and related financing activities	(3,830,366)	(5,371,427)	(9,201,793)	-
Cash Flows From Investing Activities				
Sale (purchase) of investments	(289,461)	1,424,736	1,135,275	467,955
Net cash (used in) provided by investing activities	(289,461)	1,424,736	1,135,275	467,955
Net increase in cash and cash equivalents	1,045,615	399,504	1,445,119	1,337,895
Cash and Cash Equivalents				
Beginning	685,036	263,627	948,663	3,436,653
Ending	<u>\$ 1,730,651</u>	<u>\$ 663,131</u>	<u>\$ 2,393,782</u>	<u>\$ 4,774,548</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities				
Operating income (loss)	\$ 2,744,484	\$ (9,448)	\$ 2,735,036	\$ (17,830)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	2,020,453	434,762	2,455,215	-
Changes in assets and liabilities:				
Increase in charges receivable	(34,653)	-	(34,653)	-
Increase in other receivables	-	-	-	(985,192)
Decrease in due from other funds	450,600	-	450,600	-
Decrease in other current assets	422,262	-	422,262	-
Decrease in accounts payable and accrued expenses	(437,704)	(661,629)	(1,099,333)	(48,727)
Increase in due to other funds	-	4,659,590	4,659,590	-
Increase in claims and judgments payables	-	-	-	1,921,689
Decrease in deferred income	-	(77,080)	(77,080)	-
Net cash provided by operating activities	\$ 5,165,442	\$ 4,346,195	\$ 9,511,637	\$ 869,940
Supplemental Disclosures of Noncash Information				
Transfer in of capital assets	\$ -	\$ 13,267,962	\$ -	\$ -

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, 2004

	Pension Trust Funds	Private Purpose Trust Fund	Agency Funds
ASSETS			
Cash and cash equivalents	\$ 31,713,639	\$ 63,548	\$ 1,439,396
Investments, at fair value	263,189,600	-	-
Secured lending transactions	31,596,535	-	-
Total assets	326,499,774	63,548	1,439,396
LIABILITIES			
Secured lending transactions	31,596,535	-	-
Other liabilities	634	-	1,439,396
Total liabilities	31,597,169	-	1,439,396
Net Assets Held in Trust for Pension			
Benefits and Other Purposes	\$ 294,902,605	\$ 63,548	\$ -

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, 2004

	Pension Trust Funds	Private Purpose Trust Fund
Additions		
Contributions:		
Employer	\$ 2,179,837	\$ -
Plan members	2,411,241	-
Total contributions	<u>4,591,078</u>	<u>-</u>
Investment Income:		
Interest and dividends	5,515,557	389
Net appreciation in fair value of investments	37,065,120	-
Less investment expense	<u>(1,092,555)</u>	<u>-</u>
Net investment income	<u>41,488,122</u>	<u>389</u>
Securities lending transactions income	321,641	-
Securities lending transactions expense	<u>(227,281)</u>	<u>-</u>
Total net investment income	<u>94,360</u>	<u>-</u>
Total additions	<u>46,173,560</u>	<u>389</u>
Deductions		
Benefits paid	13,532,957	3,650
General and administrative	522,568	-
Total deductions	<u>14,055,525</u>	<u>3,650</u>
Net increase (decrease)	32,118,035	(3,261)
Net Assets Held in Trust for Pension Benefits and Other Purposes		
Beginning of year	<u>262,784,570</u>	<u>66,809</u>
End of year	<u>\$ 294,902,605</u>	<u>\$ 63,548</u>

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

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS

June 30, 2004

Note 1. Summary of Significant Accounting Policies

The City of Norwalk (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

In evaluating how to define the City, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in accounting principles generally accepted in the United States of America. These financial statements present the City and its component unit, entity for which the City is considered to be financially accountable. The blended component unit, although a legally separate entity, is, in substance, part of the City’s operations and so data from this unit is combined with data of the primary government.

In prior years, the Norwalk Transit District was considered a component unit of the City (discrete presentation); however, as of July 1, 2003, it no longer meets the criteria for inclusion.

Blended Component Unit - The Maritime Center Authority (the “Authority”) is an agency established by state statute and City Code to oversee the development and operations of the Maritime Center (the “Center”). The ordinance creating the Authority provided that the City would be the sole participating municipality, that the Authority would have a term of existence until the latter of (i) the abolition of the authority by subsequent ordinance of the Common Council or (ii) the extinguishment of all obligations of the Authority, including, without limitation, the retirement of all outstanding debt of the Authority. In addition, the ordinance provides that the powers of the Authority shall be exercised by a commission of nine members consisting of the Mayor, two members of the Common Council, two current or former members

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued **June 30, 2004**

of the Common Council and four additional members. The Mayor and the current and former members of the Common Council serve for two-year terms coterminous with the term of the office of the Mayor and the Common Council. Four additional members serve for staggered five-year terms from the date of their appointments. Appointments to the Authority (except for the position held by the Mayor) are made by a majority vote of the membership of the Common Council. Vacancies for any reason during the term of office are filled in the same manner as regular appointments. The operations of the Authority are accounted for as a special revenue fund.

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

In October 1985, the City agreed to lend its full faith and credit to the development of the Center and guaranteed payment on the bonds to finance the Center and is obligated to cover any deficiency in net revenues from the Center's operations to pay debt service, but the City is not obligated to cover any operating deficiencies incurred by the operator. The Center's management anticipates that net revenue for the fiscal year ending June 30, 2004 will not be sufficient to meet its debt requirements.

Government-wide and Fund Financial Statements

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

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

The Capital Project Fund is used to account for the acquisition and construction of capital facilities, including those that are financed through special assessments. Included in the Capital

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2004

Project Fund are sewer assessments which are levied in order to finance both construction of new, and the improvement to existing systems.

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred except for debt service expenditures, as well as expenditures related to compensated absences, pension obligations, landfill post-closure monitoring and claims and judgments, which are recorded only when payment is due (matured).

Property taxes, when levied for, intergovernmental revenue when eligibility requirements have been met, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual (measurable) and so have been recognized as revenues of the current fiscal period, if available. In determining when to recognize intergovernmental revenues (grants and entitlements), the legal and contractual requirements of the individual programs are used as guidance.

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.

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2004

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

The City reports the following major proprietary funds:

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

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

Additionally, the City reports the following fund types:

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

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

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and enterprise fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their government-wide activities and 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 Enterprise Funds and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2004

contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

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

Accounting estimates

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

Property taxes

Property taxes are assessed as of October 1 and are levied for on the following July 1. Real estate and personal property taxes are due in two installments on July 1 and the following January 1. Motor vehicle taxes are payable on July 1 and supplemental motor vehicle taxes are payable on January 1. Liens are filed on delinquent real estate taxes within one year.

Cash equivalents

Cash equivalents are money market accounts and certificates of deposit with original maturities of 90 days or less.

Investments

Investments are stated at fair value, based on quoted market prices.

Inventories

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

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

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2004

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. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (\$1,000 for the Parking Authority) and an estimated useful life in excess of two years. Purchased and constructed assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at estimated fair value at the date of donation.

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

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

<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 50 days of unused vested sick leave throughout their employment. Certain employee groups are also entitled to severance and longevity benefits. Since these benefits are to be funded from future financial resources, the liability has been reflected within the government-wide and proprietary fund financial statements. Obligations for accrued compensated absences have typically been liquidated from the general fund in the past.

Long-term obligations

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

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2004

the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

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 financial statements and in proprietary fund types, 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 – This category represents the net assets of the City, which are not restricted.

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

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

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

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

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2004

Pension accounting

Pension Trust Funds:

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

Governmental Funds/Activities:

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

Funding Policy:

The City makes annual contributions at the discretion of the Common Council.

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

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

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds, and net assets – governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$143,387,597 difference are as follows:

Bonds payable	\$ 126,789,534
Premiums, issue costs, proceeds and gain on refunding, Net of accumulated amortization	1,577,149
Accrued interest payable	598,587
Deferred revenue, unrelated to debt	(4,476,408)
Pension liability	1,712,008
Compensated absences	17,186,727
	<hr/>
Net adjustment to reduce fund balance – total governmental funds to arrive at net assets – governmental activities	\$ 143,387,597

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2004

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 \$29,452,767 difference are as follows:

Capital outlay	\$ 33,614,887
Depreciation expense	<u>(4,162,120)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 29,452,767</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 \$35,398,834 difference are as follows:

Long-term liabilities issued or incurred:	
Issuance of general obligation bonds and notes payable	\$ 91,160,634
Premiums, issue costs, proceeds and gain on refunding	4,184,820
Principal repayments:	
General obligation debt	(7,086,725)
Payment to escrow agent for refunding	<u>(52,859,895)</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 35,398,834</u>

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2004

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 \$3,433,734 difference are as follows:

Compensated absences	\$ 3,257,775
Accrued interest	598,939
Pension liability	(93,344)
Other	<u>(329,636)</u>
Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 3,433,734</u>

Note 3. Budgets and Budgetary Accounting

The City's general budget policies are as follows:

- A. Prior to the commencement of a fiscal year, an operating budget (a plan of financial operation embodying an estimate of proposed expenditures and the proposed means of financing them) for that year for the General Fund be submitted to the Board of Estimate and Taxation. On the first Monday of April, the Board of Estimate and Taxation by legal resolution must adopt an Operating Budget for the ensuing fiscal year.
- B. The expenditure portion of the operating budget (appropriations) is given legal effect through resolution of the Board of Estimate and Taxation. Appropriations are made by the Board of Estimate and Taxation shall not exceed estimated revenues. The budget is adopted on a department level. Departments, agencies, or other entities may not legally exceed their appropriations.
- C. By resolution of the Board of Estimate and Taxation, the Finance Director may amend the budget by authorizing a transfer within each expenditure item (i.e., the Mayor's office within general government expenditures) of the budget for amounts up to \$5,000. The Board of Estimate and Taxation's authorization is required for transfers of amounts in excess of the Finance Director's authority.
- D. Supplemental appropriations in excess of the adopted budget, together with the means of financing them, must be authorized by the Board of Estimate and Taxation and ratified by a Resolution of two-thirds of the Common Council.

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2004

- E. Although budgeted revenues usually are not changed, the ultimate source of revenues for supplemental appropriations (adjustments) are identified when such adjustments are approved. Thus, while the final budget presented in the financial statements reflects a deficit, the budgetary amendment process includes procedures requiring that funding sources, including, if necessary, appropriations of fund balance, be identified.

- F. Expenditures of funds for long-term capital improvements are budgeted by Capital Projects each year. Appropriations for Capital Projects are continued until completion of applicable projects, even when projects extend over more than one fiscal year.

Appropriations from the General Fund lapse at year-end.

- 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, 2004, supplemental appropriations totaled approximately \$1,460,000.

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2004

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	\$ 209,293,095
On-behalf payments paid directly by the State of Connecticut Teachers' Retirement System	3,957,000
On-behalf payments, paid directly by the Department of Public Health to WIC recipients, not recognized for budgetary purposes	1,467,000
Encumbrances and continued appropriations June 30, 2004	<u>(185,512)</u>
Expenditures, GAAP basis	<u>\$ 214,531,583</u>

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

Revenues and transfers in, budgetary basis	\$ 213,251,179
On-behalf payments paid directly by the State of Connecticut Teachers' Retirement System	3,957,000
On-behalf payments, paid directly by the Department of Public Health to WIC recipients, not recognized for budgetary purposes	<u>1,467,000</u>
Revenues, GAAP basis	<u>\$ 218,675,179</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.

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2004

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

The following is a summary of cash and cash equivalents at June 30, 2004:

Deposits	\$ 71,999,018
State of Connecticut Short-Term Investment Funds	451,224 **
MBIA	410,950
Tax Exempt Proceeds fund	1,335,396
Total cash and cash equivalents	<u>\$ 74,196,588</u>

** These amounts are not subject to risk categorization since the City does not own identifiable securities. Fair value of the position of the City is equal to the value of the investment pool shares.

As of June 30, 2004, the carrying amount of the City's deposits totaled \$71,999,018 with a bank balance of approximately \$75,756,000.

The insured and collateral status of the year-end bank balance was as follows:

Covered by federal depository insurance or by collateral held by the City's agent in the City's name	\$ 608,016
Uninsured and uncollateralized, except as described below	<u>75,147,970</u>
	<u>\$ 75,755,986</u>

The uninsured and uncollateralized balance is partially protected under provisions of the Connecticut General Statutes, which provide for protection against loss in excess of deposit insurance through assessment against segregated collateral required to be maintained by all qualified public depositories in the amount of 10% to 120% of their outstanding public deposits depending on the bank's financial strength as shown by its risk-based capital ratio. At June 30, 2004, approximately \$7,200,000 of uninsured deposits were collateralized under these statutes. It is unclear whether the collateral required for public deposits would stand if challenged by the FDIC since there is no perfected security agreement between the depository and the depositor.

The level of the City's deposits varies significantly throughout the year as a result of higher cash flows during certain periods of the year. As a result, uninsured, uncollateralized amounts at those times were significantly higher than at year-end.

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2004

The City's investments as of June 30, 2004 consisted of the following:

Type of Investment	Fair Value	Risk Category
Governmental Funds		
General Fund:		
U.S. Government and Agency Securities	\$ 17,850,508	3
Capital Projects:		
U.S. Government and Agency Securities	9,213,166	3
Internal Service Fund		
U.S. Government and Agency Securities	1,875,416	3
Government Bonds	1,049,583	3
Corporate Bonds	1,798,615	3
Other	756,659	3
Equity Securities	1,169,139	3
Mutual Funds	111,513	*
	6,760,925	
Business-Type Activities		
WPCA:		
U.S. Government and Agency Securities	575,823	3
Pension Funds		
U.S. Government and Agency Securities	25,880,062	3
Corporate Debt	49,089,371	3
Other	5,493,856	3
Common and Preferred Equities	191,158,855	3
Mutual Funds	23,163,991	*
	294,786,135	
Total	\$ 329,186,557	

* Mutual funds are excluded from this risk classification because specific securities related to the City cannot be identified.

3 The preceding risk category is defined as uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent, but not in the City's name.

State statutes allow the City to invest in obligations of the United States, including its agencies; in obligations of any state or of any political subdivision, authority or agency thereof, provided such obligations are rated within one of the top two rating categories of any recognized rating service; in obligations of the State of Connecticut or of any political subdivision thereof, provided such obligations are rated within one of the top three rating categories of any

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2004

recognized rating service; or in any custodial arrangement, pool or no-load, open-end management-type investment company or investment trust provided certain other requirements are also met. The pension and other trust funds may also invest in certain real estate mortgages, in certain savings banks or savings and loan associations, or in stocks or bonds.

Note 5. Receivables – Fund Basis

Receivables at June 30, 2004, including the applicable allowance for collection losses, are as follows:

	General Fund	Capital Projects Fund	Water Pollution Control Authority	Nonmajor and Other Funds	Totals
Property taxes	\$ 12,506,614	\$ 388,105	\$ 204,623	\$ -	\$ 13,099,342
Accounts receivable	1,601,152	-	-	-	1,601,152
Intergovernmental	192,461	3,997,689	-	1,275,610	5,465,760
Other	-	-	-	7,650	7,650
Total gross receivables	14,300,227	4,385,794	204,623	1,283,260	20,173,904
Allowance for collection losses	7,469,000	-	-	-	7,469,000
Total net receivables	\$ 6,831,227	\$ 4,385,794	\$ 204,623	\$ 1,283,260	\$ 12,704,904

Note 6. Interfund Receivables, Payables and Transfers

As of June 30, 2004, interfund receivables and payables that resulted from various interfund transactions were as follows:

	Due From			Total
	General Fund	Nonmajor Governmental Funds	Internal Service Fund	
Due to:				
General Fund	\$ -	\$ 13,557	\$ -	\$ 13,557
Parking Authority	4,659,590	-	-	4,659,590
Nonmajor governmental	-	-	1,117,000	1,117,000
	\$ 4,659,590	\$ 13,557	\$ 1,117,000	\$ 5,790,147

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2004

Amount due to the General Fund from the Parking Authority reflects the shortfall the Parking Authority has in cash.

The balances above resulted from the time lag between the dates that payments occur between funds for various activities.

Note 7. Capital Assets

Capital asset activity for the year ended June 30, 2004 was as follows:

	Beginning Balance	Additions/ Transfers	Disposals/ Transfers	Transfers To Business Activities	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 21,905,400	\$ -	\$ -	\$ -	\$ 21,905,400
Construction in progress	30,069,934	31,469,555	3,300,762	-	58,238,727
Total capital assets, not being depreciated	51,975,334	31,469,555	3,300,762	-	80,144,127
Capital assets, being depreciated:					
Land improvements	6,224,441	1,691,703	-	100,087	7,816,057
Machinery and equipment	27,781,923	628,173	174,544	95,979	28,139,573
Buildings and improvements	115,863,590	3,300,762	-	15,548,559	103,615,793
Infrastructure	149,803,277	-	-	-	149,803,277
Total capital assets being depreciated	299,673,231	5,620,638	174,544	15,744,625	289,374,700
Less accumulated depreciation for:					
Land improvements	4,569,177	261,778	-	41,795	4,789,160
Machinery and equipment	23,769,221	1,042,719	119,579	62,396	24,629,965
Buildings and improvements	50,205,829	1,826,093	-	2,372,472	49,659,450
Infrastructure	17,079,236	1,151,109	-	-	18,230,345
Total accumulated depreciation	95,623,463	4,281,699	119,579	2,476,663	97,308,920
Total capital assets, being depreciated, net	204,049,768	1,338,939	54,965	13,267,962	192,065,780
Governmental activities capital assets, net	\$ 256,025,102	\$ 32,808,494	\$ 3,355,727	\$ 13,267,962	\$ 272,209,907

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2004

	Beginning Balance	Additions/ Transfers	Disposal/ Transfers	Transfers From Governmental Activities	Ending Balance
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$ 4,838,768	\$ -	\$ -	\$ -	\$ 4,838,768
Construction in progress	8,939,718	7,537	8,939,724	-	7,531
Total capital assets, not being depreciated	13,778,486	7,537	8,939,724	-	4,846,299
Capital assets, being depreciated:					
Land improvements	409,201	-	-	100,087	509,288
Machinery and equipment	11,569,728	312,267	40,267	95,979	11,937,707
Buildings and improvements	80,905,493	14,195,431	-	15,548,559	110,649,483
Infrastructure	28,539,753	138,000	-	-	28,677,753
Total capital assets, being depreciated	121,424,175	14,645,698	40,267	15,744,625	151,774,231
Less accumulated depreciation for:					
Land improvements	213,441	25,465	-	41,795	280,701
Machinery and equipment	11,364,581	98,169	39,191	62,396	11,485,955
Buildings and improvements	17,194,427	1,903,627	-	2,372,472	21,470,526
Infrastructure	10,355,967	427,954	-	-	10,783,921
Total accumulated depreciation	39,128,416	2,455,215	39,191	2,476,663	44,021,103
Total capital assets, being depreciated, net	82,295,759	12,190,483	1,076	13,267,962	107,753,128
Business-type activities capital assets, net	\$ 96,074,245	\$ 12,198,020	\$ 8,940,800	\$ 13,267,962	\$ 112,599,427

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2004

Depreciation expense was charged to functions/programs as follows:

Governmental Activities:

General government	\$ 23,334
Education	1,470,125
Public safety	379,498
Health and welfare	13,969
Public works	1,337,189
Recreation, arts and cultural	<u>1,057,584</u>

Total depreciation expense – governmental activities \$ 4,281,699

Business-type activities:

Water Pollution Control Authority	\$ 2,020,453
Parking Authority	<u>434,762</u>

Total depreciation expense – business-type activities \$ 2,455,215

During the year, the City amended its ordinance for the creation of the Parking Authority to include Parking Facilities located at the City Train Stations. This resulted in the transfer of \$13.3 million of costs from Governmental Activities to the Parking Authority.

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2004

Note 8. Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2004 was as follows:

	Beginning Balance	Increases	Decreases	Transfers to/(from)	Ending Balance	Due Within One Year
Governmental activities:						
Bonds payable:						
General obligation bonds	\$ 89,174,120	\$ 91,160,634	\$ 56,524,626	\$ (289,510)	\$ 123,520,618	\$ 6,647,228
Maritime Center bonds	3,793,760	-	524,844	-	3,268,916	486,121
Bond anticipation notes	3,860,000	-	3,860,000	-	-	-
Total bonds and notes payable	96,827,880	91,160,634	60,909,470	(289,510)	126,789,534	7,133,349
Compensated absences	13,928,952	3,257,775	-	-	17,186,727	2,578,000
Net pension obligations	1,805,352	-	93,344	-	1,712,008	257,000
Governmental activity long-term liabilities	\$ 112,562,184	\$ 94,418,409	\$ 61,002,814	\$ -	\$ 145,977,779	\$ 9,968,349
Business-type activities:						
Bonds payable:						
General obligation bonds and notes payable	\$ 60,205,212	\$ 4,284,365	\$ 6,476,783	\$ 289,510	\$ 58,302,304	\$ 3,277,047
Total bonds and notes payable	60,205,212	4,284,365	6,476,783	289,510	58,302,304	3,277,047
Business-type activity long-term liabilities	\$ 60,205,212	\$ 4,284,365	\$ 6,476,783	\$ 289,510	\$ 58,302,304	\$ 3,277,047

Compensated absences

The obligation represents the employee (vested and nonvested) compensated absences expected to be paid in the future, aggregating \$17,200,000 as of June 30, 2004. This amount is recorded in the government wide statements.

Net pension obligation

Governmental Accounting Standards Board Statement No. 27, "Accounting for Pensions by State and Local Governments" requires the City to accrue a net pension obligation. The amount at June 30, 2004 was \$1,712,000. This amount is recorded in the government wide statements.

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2004

Bonded indebtedness

As of June 30, 2004, the outstanding general obligation bonded indebtedness of the City was as follows:

Governmental Activities

General Obligation Debt

<u>Purpose</u>	<u>Interest Rate %</u>	<u>Amount</u>
General government	6.40-6.50	\$ 653,800
Capital improvement	5.00-5.15	1,521,630
Capital improvement	4.55-4.85	1,740,001
Capital improvement	4.30	1,405,850
Capital improvement	4.25-6.00	6,815,000
Capital improvement	4.87-5.00	4,415,250
Capital improvement	4.00-4.50	3,510,750
Capital improvement	4.00-5.00	12,297,703
Capital improvement	3.00-5.00	40,029,993
Capital improvement	2.00-4.00	20,868,930
Capital improvement	2.00-4.00	10,829,850
Capital improvement	3.00-5.00	19,431,861
		<u>\$ 123,520,618</u>

Maritime Center Project Bonds

<u>Purpose</u>	<u>Interest Rate %</u>	<u>Amount</u>
Maritime Center Project - Refunding Bonds, 1986 Series	4.30-7.00	\$ 3,268,916

2004 General Obligation Bond - In-Substance Defeasance

During 2004, the City issued \$54,445,000 of general obligation bonds with interest rates ranging from 2.0% to 5.0% which was used to advance refund portions of the outstanding principal amounts of general obligation bonds of the City dated 1996, 1997, 1998, 1999, 2000, 2001 and 2002 (the "Refunding Bonds"). Of the net proceeds of \$56,770,000 (after payment of in underwriters fees and other costs), \$56,282,289 was placed in an irrevocable trust fund under an Escrow Agreement dated June 2004 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

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2004

maturities and interest rates sufficient to pay principal and interest payments and redemption premiums on the Refunding Bonds on the dates the payments are due.

The City advance refunded the above bonds to reduce total debt service payments over the next 13 years by approximately \$(321,668) and to obtain an economic gain (difference between the present values of the debt service payments on the old and net debt) of \$65,000.

The balance in escrow was approximately \$55,000,000 at June 30, 2004. The balance of the defeased bonds was approximately \$55 million at June 30, 2004. As a result, the refunded bonds are considered defeased and the liability has been removed from the basic financial statements.

Business-Type Activities

Enterprise Debt

Purpose	Interest Rate %	Amount
Water Pollution Control Authority Bonds and Clean Water Fund	2.00-5.00%	\$ 47,906,168
Parking Authority - Parking Fund	2.00-5.00%	10,396,136
		<u>\$ 58,302,304</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, 2004 is as follows:

Year Ended June 30,	General Obligation Debt	Maritime Center Project Debt	Total Principal Amount	General Obligation Interest Amount	Maritime Center Interest Amount
2005	\$ 6,647,228	\$ 486,121	\$ 7,133,349	\$ 5,405,970	\$ 1,198,878
2006	7,972,551	449,828	8,422,379	4,692,079	1,235,172
2007	11,285,233	415,841	11,701,074	4,287,021	1,269,159
2008	10,766,264	384,062	11,150,326	3,807,791	1,300,938
2009-2013	46,300,344	1,533,064	47,833,408	12,507,880	6,891,937
2014-2017	25,942,739	-	25,942,739	4,260,881	-
Thereafter	14,606,259	-	14,606,259	1,892,481	-
	<u>\$ 123,520,618</u>	<u>\$ 3,268,916</u>	<u>\$ 126,789,534</u>	<u>\$ 36,854,103</u>	<u>\$ 11,896,084</u>

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2004

A summary of the City's business-type activities' long-term notes and bond principal maturities and related interest at June 30, 2004 is as follows:

Year Ended June 30,	WPCA Debt	Parking Authority Debt	Total Principal Amount	WPCA Interest Amount	Parking Authority Interest Amount
2005	2,921,273	355,774	3,277,047	1,067,434	489,388
2006	2,997,063	367,883	3,364,946	1,002,290	461,789
2007	3,201,246	380,518	3,581,764	928,034	443,187
2008	3,275,278	390,956	3,666,234	847,598	424,302
2009-2013	16,383,502	1,987,566	18,371,068	3,007,897	1,858,372
2014-2017	12,370,882	1,682,541	14,053,423	1,072,381	1,181,530
Thereafter	6,756,926	5,230,896	11,987,822	181,276	1,428,084
	<u>\$ 47,906,170</u>	<u>\$ 10,396,134</u>	<u>\$ 58,302,304</u>	<u>\$ 8,106,910</u>	<u>\$ 6,286,652</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, 2004 was approximately \$660,000. Additional payments aggregating approximately \$2,154,000 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.

The City has authorized but unissued bonds relating to capital projects at June 30, 2004 as follows:

General purpose	\$ 2,230,712
Schools	79,582,820
Total	<u>\$ 86,813,532</u>

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2004

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	\$ 424,403,627	\$ 76,079,191	\$ 348,324,436
Pension	\$ 565,871,502	\$ -	\$ 565,871,502
Schools	\$ 848,807,253	\$ 138,758,884	\$ 710,048,369
Sewers	\$ 707,339,378	\$ 47,906,166	\$ 659,433,210
Urban renewal	\$ 613,027,461	\$ 9,161,129	\$ 603,866,332

The total overall statutory debt limit for the City is equal to seven times annual receipts from taxation, or \$1,320,366,838.

Bond Anticipation Notes

The bond anticipation note transactions for the year ended June 30, 2004 were as follows:

Outstanding, June 30, 2003	\$ 3,860,000
New borrowings	-
Repayments	<u>(3,860,000)</u>
Outstanding June 30, 2004	<u>\$ -</u>

Subsequent Event

On July 1, 2004, the City issued \$39,000,000 of general obligation bonds to finance certain capital projects. The bonds will mature through 2024 with interest from 3.00% to 5.00%.

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2004

Note 9. Capital Projects

A summary of the uncompleted capital projects of the City at June 30, 2004 follows:

Project	Project Authorizations (a)	Expenditures		Unexpended Authorization Balances
		Fiscal 2004 (b)	Cumulative (c)	
Department of Public Works:				
Clean Water	\$ 70,134,800	\$ 1,130	\$ 69,301,394	\$ 833,406
Solid Waste	387,593	-	378,745	8,848
Sanitary Sewers	6,757,538	719,959	4,725,704	2,031,834
Drainage	1,248,904	139,584	600,674	648,230
Roads and Highways	14,203,731	2,061,466	10,620,970	3,582,761
Other	26,324,708	7,631,818	16,006,190	10,318,518
Fire Department	807,000	186,878	201,083	605,917
Parks and Recreation	14,916,258	1,429,997	8,005,866	6,910,392
Board of Education	186,210,922	25,819,578	57,917,094	128,293,828
Redevlopment Agency	32,898,773	637,174	3,500,020	29,398,753
Traffic and Parking	2,483,423	2,548	870,315	1,613,108
	<u>\$ 356,373,650</u>	<u>\$ 38,630,132</u>	<u>\$ 172,128,055</u>	<u>\$ 184,245,595</u>

(a) Represents cumulative Capital Budgets for projects that remain open at June 30, 2004.

(b) Represents current year expenditures for projects that were open at June 30, 2004.

(c) Represents aggregate expenditures for projects that were open at June 30, 2004.

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

Note 10. Commitments and Contingencies

The City is a defendant in various lawsuits including personal injury, property damage, civil rights violations and other miscellaneous claims. For certain of these cases, where it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated, a loss contingency has been accrued for in the Internal Service Fund of approximately \$1,430,000. For certain other cases, where there is a reasonable possibility that a loss has been incurred, the City estimates its possible exposure could be up to \$4.2 million and no accrual is made in the financial statements. Based upon the advice of the City Corporation Counsel, management believes that the ultimate resolution of these matters will not have a material adverse effect on the financial statements of the City.

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2004

Note 11. Employee Retirement Plans

Employee Pension Plan

Plan Descriptions

The City is the administrator of four separate single-employer defined benefit pension plans that were established to provide pension benefits for its police, firefighters, food service, and other full-time employees other than teachers. The plans are considered to be part of the City's financial reporting entity and are included in the City's basic financial statements as pension trust funds. The plans do not issue separate, stand-alone, financial reports. For the year ended June 30, 2004 the actuarial valuation date utilized was July 1, 2002 satisfying the compliance requirement of GASB 25 and 27.

At the last actuarial valuation date, July 1, 2002, membership consisted of:

	<u>Police</u>	<u>Fire</u>	<u>Employees</u>	<u>Food Service</u>
Retirees, disabled members and beneficiaries currently receiving benefits	134	149	542	26
Terminated employees entitled to benefits but not yet receiving them	3	-	83	2
Active members	175	129	696	48
	<u>312</u>	<u>278</u>	<u>1,321</u>	<u>76</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 26 week base pay, for each year of service (maximum 30 years). 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.

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, 2004 was \$10,244,943.

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2004

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 26 week base pay, for each year of service (maximum 30 years). 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.

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, 2004 was \$7,486,142.

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 the highest 12 month base pay, for each year of service (maximum 35 years). Benefits being paid to retired members are increased 1.5 percent per year.

Members are required to contribute 3.75 percent of their base pay to the Plan. If a member leaves covered employment or dies before meeting the vesting requirements, accumulated employee contributions without interest thereon are refunded. The City is required to contribute the remaining amounts necessary to fund the benefits for its members. Benefits and employee contributions are fixed by contract and may be amended by union negotiation. The City's payroll for employees covered by the Employees' Pension Plan for the year ended June 30, 2004 was \$31,025,022.

Food Service Employees' Pension Plan

The City of Norwalk Food Service Employees' Pension Plan provides retirement benefits as well as death benefits. Benefits vest after 5 years of service. Members who retire after age 55 with 10 years of service or after age 65 with 5 years of service are entitled to an annual retirement benefit, payable monthly for life (with 60 months guaranteed), in an amount equal to 1.5 percent of final salary times years and months of credited service.

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2004

Food service employees are required to contribute 2.75 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, 2004 was \$637,681.

Total Payroll

Total payroll for the City for the year ended June 30, 2004 was \$129,762,000 of which approximately \$45,050,000 was covered under various pension plans described above.

Connecticut State Teachers' Retirement System

The faculty and professional personnel of the Board of Education participate in a multiple contributory defined benefit plan, established under Chapter 167a of the Connecticut General Statutes, which is administered by the Connecticut State Teachers' Retirement Board.

Certain part-time and all full-time certified teachers are eligible to participate in the plan and are required to contribute 7% of their annual earnings to the plan. The City does not and is not legally responsible to contribute to the plan. A participant is eligible to receive a normal retirement benefit upon attaining age sixty and when he or she has accumulated twenty years of credited service in the public schools of Connecticut or has attained any age and has accumulated thirty-five years of credited service, of which twenty-five are for service in the public schools of Connecticut.

The State of Connecticut contributes based on actuarially determined amounts. The funding level was determined based on an actuarial valuation of the plan as a whole, which does not provide actuarial information on an individual town basis. The financial statements of the plan are available from the Connecticut State Teachers' Retirement Board, 21 Grand Street, Hartford, CT 06105.

In addition, the City has recognized revenues and expenditures for on-behalf payments for pension contributions paid directly to the Connecticut State Teachers' Retirement System by the State of Connecticut. Such on-behalf payments were approximately \$3,957,000, for the year ended June 30, 2004.

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2004

The City's annual pension cost and net pension obligation (asset) to the Plan for the year ended June 30, 2004 were as follows:

	Employees'	Police	Fire	Food Service
Annual required contribution	\$ 1,066,429	\$ 896,104	\$ -	\$ 130,611
Interest on net pension obligation	75,013	73,929	-	(5,820)
Adjustment to annual required contribution	(78,253)	(77,384)	-	8,161
Annual pension cost	1,063,189	892,649	-	132,952
Contributions made	1,153,078	896,104	-	130,655
Decrease in net pension obligation	(189,889)	(3,455)	-	2,297
Net pension obligation (asset), beginning of year	1,009,770	896,104	-	(77,595)
Adjustments	(100,522)	-	-	-
Net pension obligation (asset), end of year	\$ 819,359	\$ 892,649	\$ -	\$ (75,298)

Three-Year Trend Information:

	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
<u>Employees' Pension Plan</u>			
June 30, 2002	\$ -	-	\$ (50,261)
June 30, 2003	1,066,852	10.1%	909,248
June 30, 2004	1,063,189	108.5%	819,359
<u>Police Benefit Fund</u>			
June 30, 2002	\$ -	100%	\$ -
June 30, 2003	896,104	-	896,104
June 30, 2004	892,649	100.4%	892,649
<u>Firemans Benefit</u>			
June 30, 2002	\$ -	100%	\$ -
June 30, 2003	-	100%	-
June 30, 2004	-	100%	-
<u>Food Service Plan</u>			
June 30, 2002	\$ 66,929	94.8%	\$ (79,773)
June 30, 2003	132,789	98.4%	(77,595)
June 30, 2004	132,952	98.3%	(75,298)

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2004

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended June 30,	Employees'		Police		Fire		Food Service	
	Annual Required Contribution	Percentage Contributed						
2004	\$ 1,066,429	108.1%	\$ 896,104	100.0%	\$ -	-%	\$ 130,611	97.3%
2003	1,066,429	10.1%	896,104	-%	-	-%	130,611	100.0%
2002	-	100.0%	-	100.0%	-	-%	65,194	100.0%

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						
07/01/96	\$ 40,525,020	\$ 38,625,617	\$ (1,899,403)	104.9%	\$ 8,471,215	(22.4)%
07/01/97	44,845,642	41,014,204	(3,831,438)	109.3%	8,894,776	(43.1)%
07/01/98	53,309,730	45,741,008	(7,568,722)	116.5%	8,958,718	(84.5)%
07/01/99	57,782,855	49,283,600	(8,499,255)	117.2%	9,406,654	(90.4)%
07/01/00	67,152,636	54,260,493	(12,892,143)	123.8%	9,623,937	(134.0)%
07/01/02	69,133,242	64,633,704	(4,499,538)	107.0%	10,244,943	(43.9)%
Firemen's Benefit Fund						
07/01/96	\$ 48,387,155	\$ 45,531,826	\$ (2,855,329)	106.3%	\$ 6,477,277	(44.1)%
07/01/97	52,859,267	48,094,178	(4,765,089)	109.9%	6,801,140	(70.1)%
07/01/98	61,961,081	51,210,097	(10,750,984)	121.0%	6,894,038	(155.9)%
07/01/99	66,382,383	54,319,772	(12,062,611)	122.2%	7,238,740	(166.6)%
07/01/00	76,185,347	57,099,348	(19,085,999)	133.4%	7,089,633	(269.2)%
07/01/02	76,757,236	63,491,569	(13,265,667)	120.9%	7,486,142	(177.2)%
Employees' Pension Plan						
07/01/96	\$ 87,133,435	\$ 83,750,485	\$ (3,382,950)	104.0%	\$ 27,793,725	(12.2)%
07/01/97	96,205,087	89,033,678	(7,171,409)	108.1%	29,183,411	(24.6)%
07/01/98	113,787,282	92,336,713	(21,450,569)	123.2%	28,292,478	(75.8)%
07/01/99	123,034,521	98,737,122	(24,297,399)	124.6%	29,707,102	(81.8)%
07/01/00	141,735,321	105,240,721	(36,494,600)	134.7%	29,192,188	(125.0)%
07/01/02	142,149,017	122,164,317	(19,984,700)	116.4%	3,125,022	(64.4)%
Food Service Employees' Pension Plan						
07/01/96	\$ 218,900	\$ 591,153	\$ 372,253	37.0%	\$ 466,044	79.9%
07/01/97	277,881	N/A	N/A	N/A	N/A	N/A
07/01/98	338,311	645,712	307,401	52.4%	507,240	60.6%
07/01/99	361,961	N/A	N/A	N/A	N/A	N/A
07/01/00	618,893	940,618	321,725	65.8%	523,830	61.4%
07/01/02	625,718	1,304,051	678,333	48.0%	637,681	106.4%

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2004

Additional information as of the latest actuarial valuations follows:

	Employees' Pension Plan	Police Benefit Fund	Firemens' Benefit Fund	Food Service Pension Plan
Valuation date	7/1/02	7/1/02	7/1/02	7/1/02
Actuarial cost method	Prorata Projected Unit Credit			
Remaining amortization period	25 years	25 years	26 years	25 years
Asset valuation method	Investment gains/losses recognized over 5 years			
Actuarial assumptions:				
Investment rate of return	8.25%	8.25%	8.25%	8.25%
Projected salary increases	4.0%	4.0%	4.0%	4.0%
Cost of living adjustments	1.5%	1.5%	1.5%	1.5%

Securities Lending Transactions

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, 2004, 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, 2004 were \$30,923,168 and \$31,596,535, as follows:

Collateral Type	Collateral		Collateral Percentage
	Market Value June 30, 2004	Value June 30, 2004	
Cash	\$ 25,415,986	\$ 25,989,210	102%
Non-cash	5,507,182	5,607,325	102%
	<u>\$ 30,923,168</u>	<u>\$ 31,596,535</u>	

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2004

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, 2004.

Note 12. Other Postemployment Benefits

In accordance with various collective bargaining agreements, the City also provides postretirement health care benefits to some employees who retire from the City. Currently, 715 retirees meet these eligibility requirements. Expenditures for post retirement health care benefits are recognized and funded on a pay-as-you-go basis and approximated \$4,878,000 for the year ended June 30, 2004 (see Note 14).

Note 13. Risk Management

The City is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City purchases commercial insurance for property losses in excess of \$50,000, faithful performance, and third party liability insurance up to \$12,000,000 for claims above \$250,000. Effective July 1, 2001, the self-insured retention increased to \$500,000. The City has opted to manage certain of its risks internally and has set aside assets for claim settlement in its Internal Service Fund. The Internal Service Fund services employee health, workers' compensation, general and automobile liability claims for risk of loss.

Except for employee health insurance, all departments of the City participate in the program and make payments to the Internal Service Fund based on estimates of the amount needed to provide for normal occurrence of claims.

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

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2004

covered under the City health plan. The General Fund is charged an amount for the City plan each fiscal year by the Internal Service Fund based upon historical cost information adjusted over a reasonable period of time so that Internal Service Fund revenues and expenses are approximately equal. The Internal Service Fund the uses these funds to settle all claims.

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

The City is a defendant in a significant number of lawsuits. At June 30, 2004, approximately \$4,300,000 represents losses for which the lowest amount in a range of probable losses has been included in accrued claims because no amount within that range is a better estimate of loss.

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

Fiscal Year Ended	Claims Payable July 1	Claims and Changes in Estimates	Claims Paid	Claims Payable June 30
2003	\$ 9,194,293	\$ 30,818,647	\$ 31,133,652	\$ 8,879,288
2004	\$ 8,879,288	\$ 36,784,975	\$ 34,911,713	\$ 10,752,550

At June 30, 2004, \$5,932,250 is expected to be paid from current resources in the internal service fund recorded as claims incurred but not reported on the statement of net assets, and \$4,820,000 is recorded as a noncurrent liability on the statement of net assets.

Note 14. Pronouncements Issued, Not Yet Effective

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2004 that have effective dates that may impact future financial presentations.

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

- GASB Statement No. 40, Deposit and Investment Risk Disclosures, issued March 2003, will be effective for the government beginning with its year ending June 30, 2005. This Statement establishes and modifies disclosure requirements related to investment risks related to credit risk, concentration of credit risk, interest rate risk and foreign currency risk. As an element of interest rate risk, this Statement requires certain disclosures of investments that have fair values that are highly sensitive to

CITY OF NORWALK, CONNECTICUT

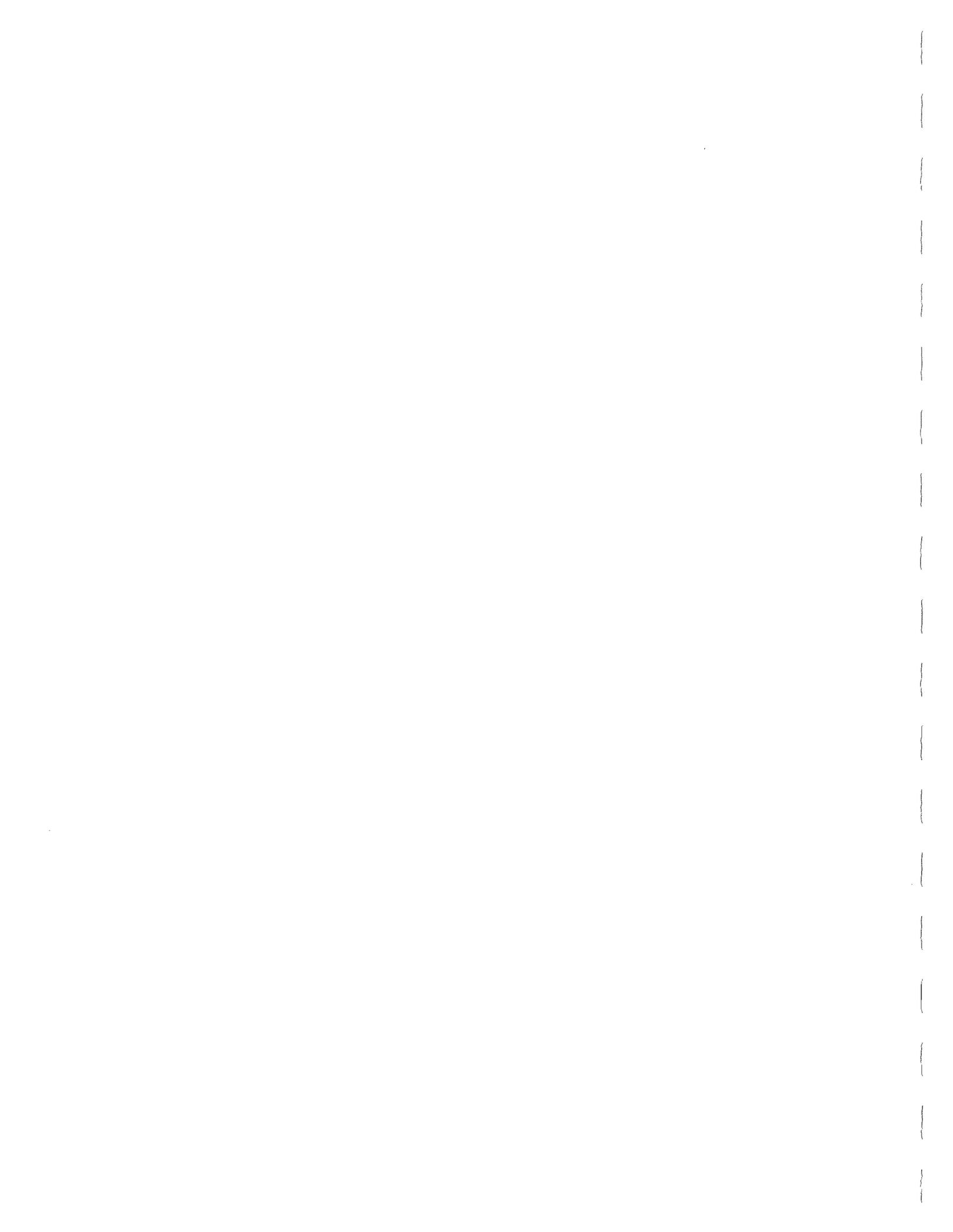
NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2004

changes in interest rates. This Statement also establishes and modifies disclosure requirements for deposit risks.

- GASB Statement No. 42, Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries, will be effective for the government beginning with its year ending June 30, 2006. This Statement requires governments to report the effects of capital asset impairment in their financial statements when it occurs and requires all governments to account for insurance recoveries in the same manner.
- GASB Statement No. 44, Economic Condition Reporting: The Statistical Section, issued in May 2004, will be effective for the City beginning with its year ending June 30, 2006. This Statement improves the understandability and usefulness of statistical section information by addressing the comparability problems that have developed in practice and by adding information from the new financial reporting model required by Statement No. 34 and related statements.
- GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, issued June 2004, will be effective for the City beginning with its year ending June 30, 2008. This Statement establishes standards for the measurement, recognition and display of other postemployment benefits expenses and related liabilities or assets, note disclosures and, if applicable, required supplementary information in the financial reports.

**SUPPLEMENTARY AND COMBINING
FUND STATEMENTS AND SCHEDULES**



General Fund

General Fund

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

CITY OF NORWALK, CONNECTICUT

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

For the Year Ended June 30, 2004

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
TAXES, INTEREST AND LIEN FEES				
Current	\$ 183,850,388	\$ 183,850,388	\$ 183,363,238	\$ (487,150)
Interest and liens	1,168,200	1,168,200	1,680,300	512,100
Total taxes, interest and lien fees	185,018,588	185,018,588	185,043,538	24,950
INTERGOVERNMENTAL				
State grants in aid - general	6,742,612	6,816,926	6,309,813	(507,113)
State grants in aid - Board of Education	9,721,755	9,721,755	10,455,891	734,136
Other grants	160,000	160,000	181,142	21,142
Total intergovernmental	16,624,367	16,698,681	16,946,846	248,165
LICENSES, PERMITS, FEES AND OTHER				
Building inspections and permits	1,842,022	1,842,022	2,035,775	193,753
Health Department inspection fees	167,000	167,000	209,619	42,619
City Clerk fees	2,000	2,000	3,160	1,160
Police Department permits	5,750	5,750	5,495	(255)
Public Works licenses, permits and service charges	116,500	116,500	144,648	28,148
Planning and zoning permits	112,150	112,150	100,424	(11,726)
Town Clerk fees and permits	4,536,850	4,554,380	6,559,009	2,004,629
Police Department service charges	337,800	337,800	237,817	(99,983)
Other service charges and fees	41,200	41,200	43,422	2,222
Rental income	240,602	244,474	256,678	12,204
Recreation and Parks Commission	529,500	529,500	514,269	(15,231)
Health Department nursing fees	236,500	236,500	282,030	45,530
Miscellaneous	576,298	576,298	208,873	(367,425)
Total licenses, permits, fees and other	8,744,172	8,765,574	10,601,219	1,835,645
INTEREST				
Interest on investments	1,802,561	1,802,561	659,576	(1,142,985)
Total	\$ 212,189,688	\$ 212,285,404	\$ 213,251,179	\$ 965,775

CITY OF NORWALK, CONNECTICUT

**SCHEDULE OF GENERAL FUND EXPENDITURES, ENCUMBRANCES AND
TRANSFERS OUT - BUDGETARY BASIS - BUDGET AND ACTUAL**

For the Year Ended June 30, 2004

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
GENERAL GOVERNMENT				
Mayor	\$ 179,901	\$ 185,205	\$ 185,205	-
Legislative	15,386	15,436	15,436	-
Legal	536,068	828,287	785,926	42,361
City Clerk	316,137	322,558	322,558	-
Town Clerk	548,500	575,039	550,139	24,900
Data Processing	644,940	658,483	622,305	36,178
Personnel & Labor Relations	404,854	464,802	464,802	-
Human Relations & Fair Rent	173,092	170,873	101,575	69,299
Youth Services	290,969	291,405	285,347	6,058
Registrar of Voters	213,397	245,813	231,090	14,723
Finance Director	196,345	326,266	220,575	105,691
Tax Assessor	761,056	1,037,463	900,815	136,648
Tax Collector	586,630	594,811	594,762	49
Accounting and Treasury	515,957	515,957	509,189	6,768
Management and budgets	344,535	344,469	308,397	36,072
Purchasing	150,890	151,590	146,624	4,966
Central Services	245,971	223,629	192,440	31,189
Total general government	6,124,628	6,952,086	6,437,186	514,900
HEALTH AND WELFARE	1,891,286	1,910,386	1,836,274	74,112
COMMUNITY GRANTS				
NEON	358,402	358,402	358,402	-
Transit District	380,000	380,000	380,000	-
Probate Court	27,090	27,090	27,090	-
Elder House	1,138	1,138	1,138	-
Senior Center	268,881	268,881	268,881	-
Rape Crisis Center, Inc.	9,134	9,134	9,134	-
CT Counseling Centers	1,055	1,055	1,055	-
Harbor Commission	5,747	5,747	5,747	-
Housing Site Development Agency	68,690	68,690	68,690	-
Redevelopment Agency	126,642	152,068	147,974	4,094
Mayor's Commission on Hispanic Affairs	11,275	11,275	11,275	-
Mid-Fairfield Guidance Center	10,350	10,350	10,350	-

(Continued)

CITY OF NORWALK, CONNECTICUT

SCHEDULE OF GENERAL FUND EXPENDITURES, ENCUMBRANCES AND TRANSFERS OUT - BUDGETARY BASIS - BUDGET AND ACTUAL, Continued
For the Year Ended June 30, 2004

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
COMMUNITY GRANTS, Continued				
Americare Free Clinic	3,000	3,000	3,000	-
Summer Youth Recreation	-	15,000	15,000	-
Norwalk Emergency Shelter	47,100	47,100	47,100	-
Fair Housing Office	80,847	80,847	80,847	-
Human Services Council	12,271	12,271	12,271	-
NEON Summer Camp	131,139	131,139	131,139	-
NEON Headstart	890,347	890,347	890,347	-
Domestic Violence Center	2,175	2,175	2,175	-
School Based Health Care	16,390	16,390	16,390	-
Family & Children's Aid	32,559	32,559	32,559	-
SW CT Mental Health Bd	14,628	14,628	14,628	-
Total community grants	2,498,860	2,539,286	2,535,192	4,094
EMPLOYEE BENEFITS				
Insurance	13,814,944	13,314,944	13,180,496	134,448
Social Security	1,675,000	1,702,905	1,699,390	3,515
Unemployment Compensation	40,000	58,747	58,747	-
Special Pensions	1,972,462	9,408	979	8,429
Police Pension	-	896,104	896,104	-
City Pension	27,538	1,069,607	1,069,607	-
Total employee benefits	17,529,944	17,051,715	16,905,323	146,392
PROTECTION OF PERSONS AND PROPERTY				
Police Department	13,844,384	14,904,711	14,854,824	49,887
Fire Department	12,031,397	12,228,609	12,228,364	245
Civil Preparedness	33,031	12,535	9,592	2,943
Planning and Zoning	821,453	822,053	809,184	12,869
Building Inspector	494,318	494,318	478,647	15,671
Sealer - Weights and Measures	49,661	49,661	49,549	112
Dispatch and Emergency Mgmt Plan	1,441,554	1,666,271	1,589,291	76,980
Total protection of persons and property	28,715,798	30,178,158	30,019,452	158,706

(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, 2004**

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
PUBLIC WORKS				
Public Works	12,865,631	13,145,141	12,828,665	316,476
Building Management	1,226,059	1,258,412	1,256,999	1,413
Total debt service	14,091,690	14,403,553	14,085,663	317,890
EDUCATION				
Public Schools	121,095,000	121,431,225	119,960,158	1,471,067
RECREATION, ARTS AND CULTURE				
Recreation and Parks	3,315,565	3,377,722	3,303,865	73,857
Library	2,995,551	3,005,123	2,997,813	7,310
Historical Commission	185,524	172,577	172,577	-
Total recreations, arts and culture	6,496,640	6,555,422	6,474,255	81,167
CONTINGENCY	1,641,124	523,421	-	523,421
DEBT SERVICE	12,037,308	12,037,308	10,974,237	1,063,071
ORGANIZATIONAL MEMBERSHIPS	67,410	67,410	65,355	2,055
Total	\$ 212,189,688	\$ 213,649,970	\$ 209,293,095	\$ 4,356,875

Nonmajor Governmental Funds

Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

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

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

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

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

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CITY OF NORWALK, CONNECTICUT

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS**

June 30, 2004

	Special Revenue			
	Maritime Center Authority	School Lunch	Community Development Block Grant	Board of Education Grants
ASSETS				
Cash and cash equivalents	\$ 8,992	\$ 794,753	\$ 2,637	\$ 1,071,630
Intergovernmental receivables	140,000	249,655	-	474,305
Other receivables	-	-	-	-
Inventories	-	46,218	-	-
Due from other funds	-	-	-	-
Total assets	\$ 148,992	\$ 1,090,626	\$ 2,637	\$ 1,545,935
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable and accrued liabilities	\$ -	\$ 465,669	\$ -	\$ 558,491
Due to other funds	-	189,000	-	-
Deferred revenue	-	-	-	987,319
Total liabilities	-	654,669	-	1,545,810
Fund Balances				
Reserved for inventories	-	46,218	-	-
Unreserved, undesignated	148,992	389,739	2,637	125
Total fund balances	148,992	435,957	2,637	125
Total liabilities and fund balances	\$ 148,992	\$ 1,090,626	\$ 2,637	\$ 1,545,935

Special Revenue

Healthcare Grants	Other Programs	Totals
\$ 5,111	\$ 3,535,989	\$ 5,419,112
319,436	92,214	1,275,610
-	7,650	7,650
-	-	46,218
13,557	-	13,557
<u>\$ 338,104</u>	<u>\$ 3,635,853</u>	<u>\$ 6,762,147</u>

\$ 161,409	\$ 34,743	\$ 1,220,312
-	928,000	1,117,000
175,399	-	1,162,718
<u>336,808</u>	<u>962,743</u>	<u>3,500,030</u>

-	-	46,218
1,296	2,673,110	3,215,899
<u>1,296</u>	<u>2,673,110</u>	<u>3,262,117</u>

<u>\$ 338,104</u>	<u>\$ 3,635,853</u>	<u>\$ 6,762,147</u>
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CITY OF NORWALK, CONNECTICUT

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

For the Year Ended June 30, 2004

	Special Revenue			
	Maritime Center Authority	School Lunch	Community Development Block Grant	Board of Education Grants
REVENUES				
Intergovernmental	\$ 7,538,338	\$ 910,269	\$ 1,307,830	\$ 11,118,746
Licenses, permits, fees and other	-	1,340,611	-	-
Interest	-	12,142	-	-
Other	-	23,549	-	-
Total revenues	7,538,338	2,286,571	1,307,830	11,118,746
EXPENDITURES				
General government	-	-	-	-
Education	-	2,961,402	-	11,118,746
Maritime Center subsidy	7,398,338	-	-	-
Health and welfare	-	-	-	-
Community grants	-	-	1,307,830	-
Total expenditures	7,398,338	2,961,402	1,307,830	11,118,746
Changes in fund balance	140,000	(674,831)	-	-
FUND BALANCE, beginning	8,992	1,110,788	2,637	125
FUND BALANCE, ending	\$ 148,992	\$ 435,957	\$ 2,637	\$ 125

Special Revenue		
Healthcare Grants	Other Programs	Totals
\$ 1,340,400	\$ 4,879,687	\$ 27,095,270
-	-	1,340,611
1,927	-	14,069
-	-	23,549
<u>1,342,327</u>	<u>4,879,687</u>	<u>28,473,499</u>
-	2,046,143	2,046,143
-	2,856,855	16,937,003
-	-	7,398,338
1,342,327	-	1,342,327
-	-	1,307,830
<u>1,342,327</u>	<u>4,902,998</u>	<u>29,031,641</u>
-	(23,311)	(558,142)
<u>1,296</u>	<u>2,696,421</u>	<u>3,820,259</u>
<u>\$ 1,296</u>	<u>\$ 2,673,110</u>	<u>\$ 3,262,117</u>

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Fiduciary Funds

Fiduciary Funds

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

A. Pension Funds:

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

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

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

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

B. Private Purpose Trust Fund:

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

C. Agency Funds:

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

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

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

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

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

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

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

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CITY OF NORWALK, CONNECTICUT

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

June 30, 2004

	Pension Trust Funds				
	Pension Plan Employees	Fire Benefit Fund	Police Benefit Fund	Food Service Employees' Fund	Total Pension Trust Funds
ASSETS					
Cash and cash equivalents	\$ 15,491,093	\$ 8,307,556	\$ 7,817,002	\$ 97,988	\$ 31,713,639
Investments, at fair value	129,019,351	68,772,806	64,562,973	834,470	263,189,600
Secured lending transactions	15,488,621	8,256,175	7,750,630	101,109	31,596,535
Total assets	159,999,065	85,336,537	80,130,605	1,033,567	326,499,774
LIABILITIES					
Secured lending transactions	15,488,621	8,256,175	7,750,630	101,109	31,596,535
Other liabilities	634	-	-	-	634
Total liabilities	15,489,255	8,256,175	7,750,630	101,109	31,597,169
Net Assets Held in Trust for Pension Benefits and Other Purposes (a schedule of funding progress is presented in Note 11)					
	\$ 144,509,810	\$ 77,080,362	\$ 72,379,975	\$ 932,458	\$ 294,902,605

Private Purpose Trust	Agency Funds							Total Agency Funds
	Student Activities Fund	Housing Development	Sixth District	City Hall Mural Restoration	Detention Facility Excrow	Roosevelt Deposit	Sewer Escrow	
\$ 63,548	\$ 979,278	\$ 314,022	\$ 7,944	\$ 1,678	\$ 4,572	\$ 16,520	\$ 115,382	\$ 1,439,396
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>63,548</u>	<u>979,278</u>	<u>314,022</u>	<u>7,944</u>	<u>1,678</u>	<u>4,572</u>	<u>16,520</u>	<u>115,382</u>	<u>1,439,396</u>
-	-	-	-	-	-	-	-	-
-	979,278	314,022	7,944	1,678	4,572	16,520	115,382	1,439,396
-	979,278	314,022	7,944	1,678	4,572	16,520	115,382	1,439,396
<u>\$ 63,548</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF NORWALK, CONNECTICUT

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

For the Year Ended June 30, 2004

	Pension Trust Funds					Private Purpose Trust
	Pension Plan Employees	Fire Benefit Fund	Police Benefit Fund	Food Service Employees' Fund	Total Pension Trust Funds	Other Private Purpose Trust Funds
Addition						
Contributions						
Employer	\$ 1,153,078	\$ -	\$ 896,104	\$ 130,655	\$ 2,179,837	\$ -
Plan members	1,074,468	584,894	732,817	19,062	2,411,241	-
Total contributions	2,227,546	584,894	1,628,921	149,717	4,591,078	-
Investment Income						
Interest and dividends	2,705,182	1,448,739	1,345,393	16,243	5,515,557	389
Net appreciation in fair value of investments	18,187,683	9,756,587	9,017,620	103,230	37,065,120	-
Less investment expense	(530,879)	(286,918)	(266,442)	(8,316)	(1,092,555)	-
Net investment income	20,361,986	10,918,408	10,096,571	111,157	41,488,122	389
Securities lending transaction income	157,668	84,045	78,899	1,029	321,641	-
Securities lending transaction expense	(111,413)	(59,389)	(55,752)	(727)	(227,281)	-
Total net investment income	46,255	24,656	23,147	302	94,360	-
Total additions	22,635,787	11,527,958	11,748,639	261,176	46,173,560	389
Deductions						
Benefits paid	6,879,728	3,758,858	2,843,193	51,178	13,532,957	3,650
General and administrative	252,610	120,614	145,873	3,471	522,568	-
Total deductions	7,132,338	3,879,472	2,989,066	54,649	14,055,525	3,650
Net increase	15,503,449	7,648,486	8,759,573	206,527	32,118,035	(3,261)
Net Assets Held in Trust for Pension Benefits						
Beginning of year	129,006,361	69,431,876	63,620,402	725,931	262,784,570	66,809
End of year	\$ 144,509,810	\$ 77,080,362	\$ 72,379,975	\$ 932,458	\$ 294,902,605	\$ 63,548

CITY OF NORWALK, CONECTICUT

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
 AGENCY FUNDS
 For the Year Ended June 30, 2004

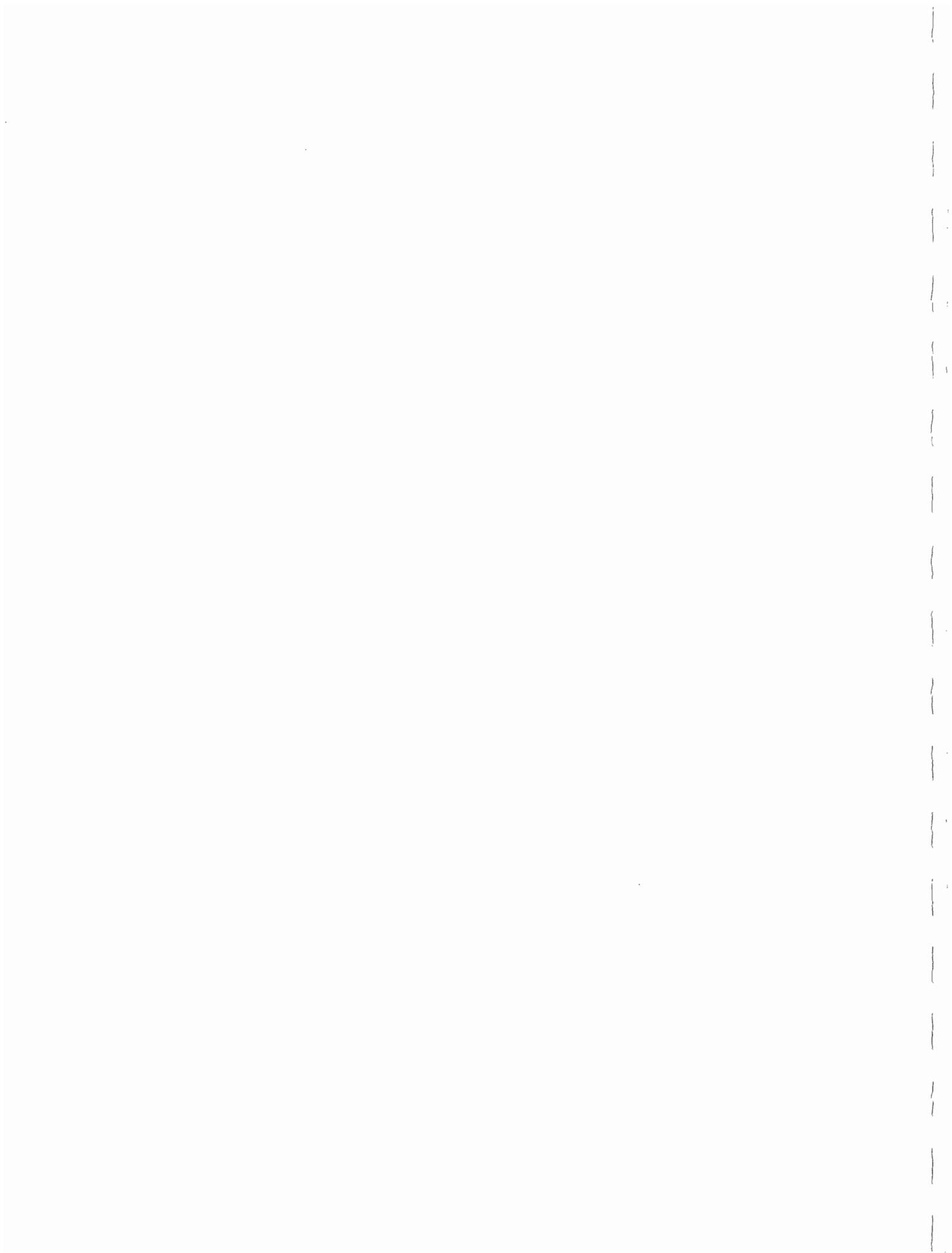
	Balance July 1, 2003	Additions	Deletions	Balance June 30, 2004
STUDENT ACTIVITY FUND				
Assets				
Due from other funds	\$ 1,008,401	\$ 1,772,509	\$ 1,801,632	\$ 979,278
Liabilities				
Other liabilities	\$ 1,008,401	\$ 1,772,509	\$ 1,801,632	\$ 979,278
HOUSING SITE DEVELOPMENT				
Assets				
Cash and cash equivalents	\$ 311,937	\$ 2,085	\$ -	\$ 314,022
Liabilities				
Other liabilities	\$ 311,937	\$ 2,085	\$ -	\$ 314,022
SIXTH DISTRICT				
Assets				
Due from other funds	\$ 13,614	\$ 949,681	\$ 955,351	\$ 7,944
Liabilities				
Other liabilities	\$ 13,614	\$ 949,681	\$ 955,351	\$ 7,944
CITY HALL MURAL RESTORATION				
Assets				
Cash and cash equivalents	\$ 1,826	\$ 12	\$ 160	\$ 1,678
Liabilities				
Other liabilities	\$ 1,826	\$ 12	\$ 160	\$ 1,678
DETENTION FACILITY ESCROW				
Assets				
Due from other funds	\$ 4,542	\$ 30	\$ -	\$ 4,572
Liabilities				
Other liabilities	\$ 4,542	\$ 30	\$ -	\$ 4,572
ROOSEVELT DEPOSIT				
Assets				
Due from other funds	\$ 16,410	\$ 110	\$ -	\$ 16,520
Liabilities				
Other liabilities	\$ 16,410	\$ 110	\$ -	\$ 16,520

CITY OF NORWALK, CONECTICUT

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
 AGENCY FUNDS, Continued
 For the Year Ended June 30, 2004**

	Balance July 1, 2003	Additions	Deletions	Balance June 30, 2004
SEWER ESCROW				
Assets				
Due from other funds	\$ 94,128	\$ 21,254	\$ -	\$ 115,382
Liabilities				
Other liabilities	\$ 94,128	\$ 21,254	\$ -	\$ 115,382
Total Assets	\$ 1,450,858	\$ 2,745,681	\$ 2,757,143	\$ 1,439,396
Total Liabilities	\$ 1,450,858	\$ 2,745,681	\$ 2,757,143	\$ 1,439,396

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



CITY OF NORWALK, CONNECTICUT

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS,
GROSS AMOUNTS

June 30, 2004

Governmental funds capital assets:

Land	\$	21,905,400
Construction		103,615,793
Land improvements		7,816,057
Machinery and equipment		28,139,573
Infrastructure		149,803,277
Construction in progress		58,238,727
Total governmental funds capital assets	\$	369,518,827

Investments in governmental funds capital assets:

Assets put into service prior to July 1, 2004	\$	369,518,827
Total governmental funds capital assets	\$	369,518,827

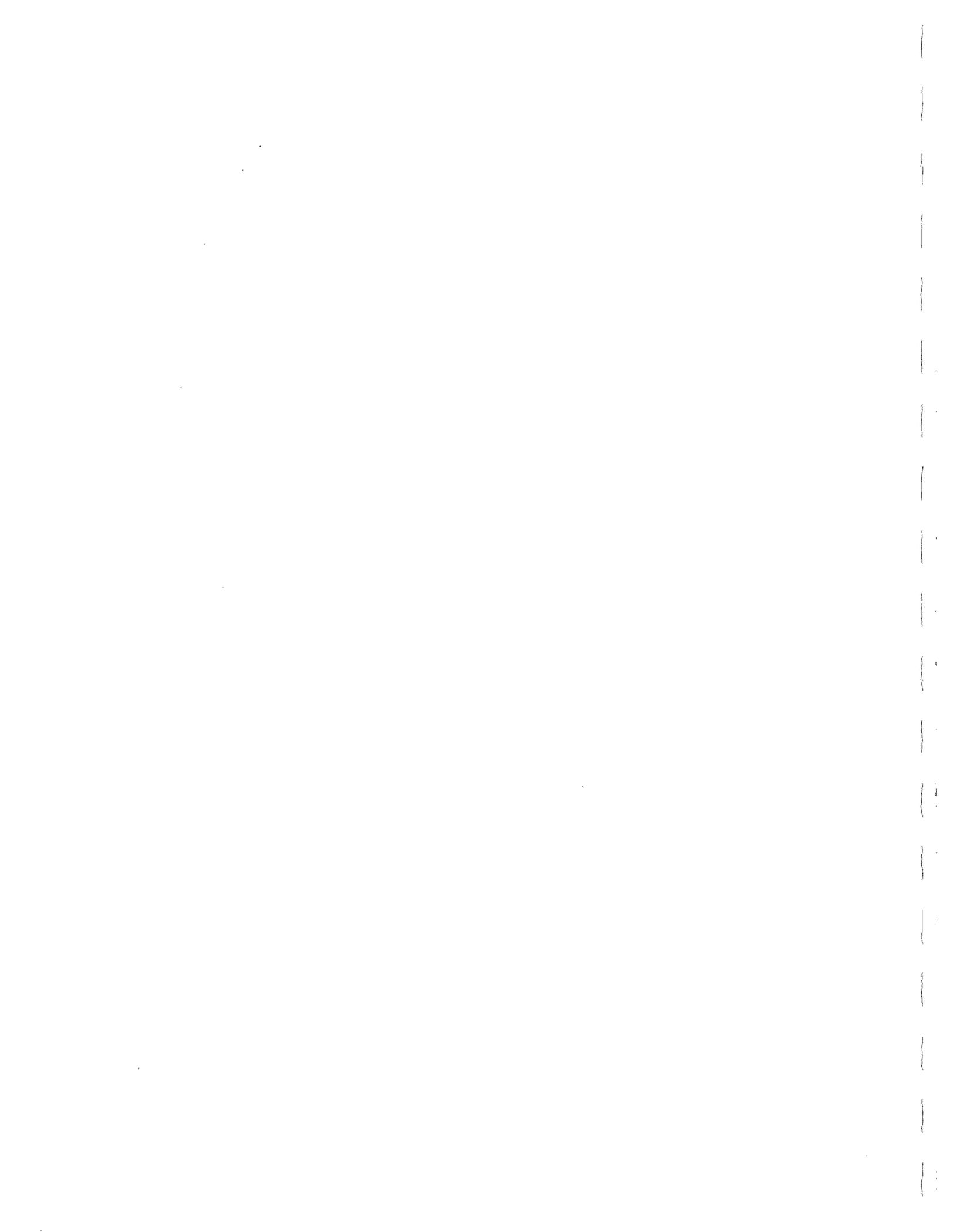
CITY OF NORWALK, CONNECTICUT

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

June 30, 2004

	Land	Construction in Progress	Land Improvements	Machinery and Equipment	Infrastructure	Construction	Total
General Government	\$ -	\$ 2,921,080	\$ -	\$ 86,785	\$ -	\$ 31,585,892	\$ 34,593,757
Board of Education	4,167,400	39,561,202	2,240,808	463,179	-	16,679,231	63,111,820
Public Works	333,500	1,399,729	281,505	1,265,906	124,994,089	186,440	128,461,169
Health & Welfare	-	75,100	483,891	13,977	-	-	572,968
Recreation, Arts and Culture	17,404,500	410,713	-	401,744	6,578,843	3,603,843	28,399,643
Public Safety	-	13,870,903	20,693	1,278,017	-	1,900,937	17,070,550
	<u>\$ 21,905,400</u>	<u>\$ 58,238,727</u>	<u>\$ 3,026,897</u>	<u>\$ 3,509,608</u>	<u>\$ 131,572,932</u>	<u>\$ 53,956,343</u>	<u>\$ 272,209,907</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, 2004

Grand List Year	Taxes Receivable July 1, 2003	Current Levy	Lawful Corrections		
			Additions	Deletions	Abatement
2002	\$ -	\$ 186,349,244	\$ 917,743	\$ 59,677	\$ 708,426
2001	2,861,564	-	403,543	61,570	192,207
2000	935,187	-	199,887	63,081	214,387
1999	254,174	-	90,055	268,453	96,710
1998	393,385	-	21,975	298,536	9,970
1997	167,986	-	30,716	110,143	12,474
1996	60,092	-	32,201	12,880	12,548
1995	54,041	-	19,954	8,180	12,661
1994	38,422	-	14,797	3,601	12,526
1993	38,799	-	12,002	2,549	12,650
1992	36,809	-	10,565	3,229	12,244
1991	30,765	-	9,005	3,047	12,201
1990	25,657	-	9,317	3,334	11,595
1989	21,406	-	9,060	3,620	7,796
1988	19,467	-	9,900	9,877	7,309
	<u>\$ 4,937,754</u>	<u>\$ 186,349,244</u>	<u>\$ 1,790,722</u>	<u>\$ 911,777</u>	<u>\$ 1,335,704</u>

Balance to be Collected	Collections				Taxes Receivable June 30, 2004
	Taxes	Interest	Fees	Total	
\$ 186,498,884	\$ 183,693,620	\$ 606,317	\$ 9,557	\$ 184,309,493	\$ 2,805,264
3,011,330	2,253,557	375,330	13,052	2,641,939	757,774
857,606	553,646	166,070	2,592	722,307	303,960
(20,934)	92,686	54,926	600	148,213	(113,620)
106,854	63,178	46,324	312	109,813	43,676
76,085	49,185	47,071	288	96,544	26,900
66,865	44,351	49,584	288	94,223	22,514
53,154	35,148	40,871	312	76,331	18,006
37,092	21,660	32,044	264	53,968	15,432
35,602	20,748	32,683	264	53,696	14,854
31,901	19,340	35,157	264	54,761	12,561
24,522	16,574	32,537	264	49,374	7,948
20,045	12,390	28,892	240	41,521	7,656
19,050	11,091	26,219	216	37,526	7,959
12,181	12,182	31,609	216	44,007	(1)
<u>\$ 190,830,239</u>	<u>\$ 186,899,355</u>	<u>\$ 1,605,634</u>	<u>\$ 28,729</u>	<u>\$ 188,533,717</u>	<u>\$ 3,930,884</u>

CITY OF NORWALK, CONNECTICUT

SCHEDULE OF CAPITAL PROJECT FUND TAX COLLECTORS

ACTIVITY - SEWER ASSESSMENT

For the Year Ended June 30, 2004

Grand List Year	Uncollected Sewer Assessments July 1, 2003	Current Assessment	Lawful Corrections		Assessments Collected	Balance to be Collected
			Additions	Deletions		
1982-1983	\$ 3,524	\$ -	\$ -	\$ -	\$ -	\$ 3,524
1983-1984	2,374	-	-	-	-	2,374
1984-1985	-	-	-	-	-	-
1985-1986	-	-	-	-	-	-
1986-1987	559	-	-	-	446	1,005
1987-1998	3,014	-	-	-	344	3,358
1995-1996	8,934	-	-	-	6,649	15,583
1997-1998	31,145	-	-	-	11,418	42,563
1999-2000	93,470	-	-	-	21,810	115,280
2000-2001	39,991	-	-	-	8,230	48,221
2001-2002	306,406	-	-	-	49,692	356,098
	<u>\$ 485,893</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 98,589</u>	<u>\$ 584,482</u>

Interest	Liens	Taxes Receivable June 30, 2004
\$ -	\$ -	\$ 3,524
-	-	2,374
-	-	-
-	-	-
1,055	19	2,079
899	19	4,276
1,975	528	18,086
2,767	24	45,354
3,317	48	118,645
1,617	24	49,862
15,871	48	372,017
<u>\$ 27,501</u>	<u>\$ 710</u>	<u>\$ 612,693</u>

CITY OF NORWALK, CONNECTICUT

SCHEDULE OF LONG-TERM BONDED DEBT

For the Year Ended June 30, 2004

Bonds	Bond Number	Issue Date	Interest Rate	Maturity Date	Original Amount
<u>GENERAL GOVERNMENT</u>					
City Capital Improvement Bonds	86	07/15/1989	6.40-6.50	1/15/2004	\$ 4,584,340
	88	07/15/1991	6.30-6.50	1/15/2006	4,907,600
	89	06/01/1993	4.90-5.10	1/15/2008	14,147,475
	91	01/01/1994	4.625-5.00	1/15/2007	5,000,000
	93	07/15/1996	4.85-5.60	1/15/2011	9,743,260
	94	07/15/1997	4.350-5.00	1/15/2012	7,400,001
	95	07/15/1998	4.30-4.75	1/15/2013	9,207,175
	96	07/15/1999	4.15-6.00	1/15/2014	17,935,000
	97	07/15/2000	4.75-5.25	1/15/2015	11,571,000
	98	07/15/2001	4.00-4.75	1/15/2016	13,578,000
	99	04/18/2002	4.00-5.00	10/1/2011	15,598,465
	100	08/21/2002	Variable	8/21/2002	20,111,400
	102	07/15/2003	3.00-5.00	07/15/2023	40,029,993
	103	11/12/2003	2.00-4.00	07/15/2014	20,868,930
	104	03/24/2004	2.00-4.00	01/15/2016	10,829,850
	105	06/10/2004	3.00-5.00	08/01/2016	19,431,861
Total city capital improvement bonds					
Maritime Center Project Bonds	-	11/15/86	4.30-7.00	2/1/2015	23,314,942
Total maritime center project bonds					
Bond Anticipation Notes		1/21/2003	1.92	1/15/2004	3,860,000

Amount Outstanding June 30, 2003	Additions	Payments/ Refunding	Transfers Out	Amount Outstanding June 30, 2004
\$ 142,170	\$ -	\$ (142,170)	\$ -	\$ -
980,700	-	(326,900)	-	653,800
796,500	-	(796,500)	-	-
115,000	-	(115,000)	-	-
3,043,260	-	(1,521,630)	-	1,521,630
2,900,001	-	(1,160,000)	-	1,740,001
7,029,250	-	(5,623,400)	-	1,405,850
15,510,000	-	(8,695,000)	-	6,815,000
10,875,000	-	(6,459,750)	-	4,415,250
13,578,000	-	(10,067,250)	-	3,510,750
14,092,839	-	(1,505,626)	(289,510)	12,297,703
20,111,400	-	(20,111,400)	-	-
-	40,029,993	-	-	40,029,993
-	20,868,930	-	-	20,868,930
-	10,829,850	-	-	10,829,850
-	19,431,861	-	-	19,431,861
89,174,120	91,160,634	(56,524,626)	(289,510)	123,520,618
3,793,760	-	(524,844)	-	3,268,916
3,793,760	-	(524,844)	-	3,268,916
3,860,000	-	(3,860,000)	-	-

CITY OF NORWALK, CONNECTICUT

SCHEDULE OF LONG-TERM BONDED DEBT, Continued
 For the Year Ended June 30, 2004

Bonds	Bond Number	Issue Date	Interest Rate	Maturity Date	Original Amount
ENTERPRISE FUNDS					
Parking Authority	88	07/15/1991	6.30-6.50	1/15/2006	22,400
	93	07/15/1996	4.85-5.60	1/15/2011	124,740
	94	07/15/1997	4.350-5.00	1/15/2012	99,999
	95	07/15/1998	4.30-4.75	1/15/2013	25,575
	99	04/18/2002	4.00-5.00	10/1/2011	240,085
Maritime Parking Garage	101	12/15/2002	4.00-5.00	12/15/2002	9,110,000
	102	07/15/2003	3.00-5.00	07/15/2023	553,000
	103	11/12/2003	2.00-4.00	07/15/2014	111,670
Total Parking Authority					
Water Pollution Control Authority	86	07/15/1989	6.40-6.50	1/15/2004	415,660
	88	07/15/1991	6.30-6.50	1/15/2006	70,000
	89	06/01/1993	4.90-5.10	1/15/2008	222,525
	92	07/15/1995	4.65-5.30	2/15/2010	3,400
	93	07/15/1996	4.85-5.60	1/15/2011	132,000
	95	07/15/1998	4.30-4.75	1/15/2013	767,250
	96	07/15/1999	4.15-6.00	1/15/2014	1,065,000
	97	07/15/2000	4.75-5.25	1/15/2015	1,729,000
	98	07/15/2001	4.00-4.75	1/15/2016	1,022,000
	99	04/18/2002	4.00-5.00	10/1/2011	1,566,450
	100	08/21/2002	Variable	8/21/2002	588,600
	102	07/15/2003	3.00-5.00	07/15/2023	417,007
	103	07/15/2003	2.00-4.00	07/15/2014	1,824,400
	104	03/24/2004	2.00-4.00	01/15/2016	815,150
	105	06/10/2004	3.00-5.00	08/01/2016	563,139
	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					
Total city capital improvement bonds					

Amount Outstanding June 30, 2003	Additions	Payments/ Refunding	Transfers Out	Amount Outstanding June 30, 2004
16,800	-	(5,600)	-	11,200
124,740	-	(62,370)	-	62,370
99,999	-	(40,000)	-	59,999
23,250	-	(18,600)	-	4,650
216,911	-	(23,174)	289,510	483,247
9,110,000	-	-	-	9,110,000
-	553,000	-	-	553,000
-	111,670	-	-	111,670
9,591,700	664,670	(149,744)	289,510	10,396,136
207,830	-	(207,830)	-	-
52,500	-	(17,500)	-	35,000
103,500	-	(103,500)	-	-
-	-	-	-	-
132,000	-	(66,000)	-	66,000
697,500	-	(558,000)	-	139,500
990,000	-	(555,000)	-	435,000
1,625,000	-	(965,250)	-	659,750
1,022,000	-	(757,750)	-	264,250
1,415,250	-	(151,200)	-	1,264,050
588,600	-	(588,600)	-	-
-	417,007	-	-	417,007
-	1,824,400	-	-	1,824,400
-	815,150	-	-	815,150
-	563,139	-	-	563,139
2,935,259	-	(216,929)	-	2,718,330
1,375,260	-	(89,640)	-	1,285,620
541,363	-	(29,909)	-	511,454
34,430,689	-	(1,811,417)	-	32,619,272
4,496,761	-	(208,515)	-	4,288,246
50,613,512	3,619,696	(6,327,040)	-	47,906,168
\$ 157,033,092	\$ 95,445,000	\$ (67,386,254)	\$ -	\$ 185,091,838

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Statistical Section



A. GENERAL FUND REVENUES, EXPENDITURES AND FUND BALANCE

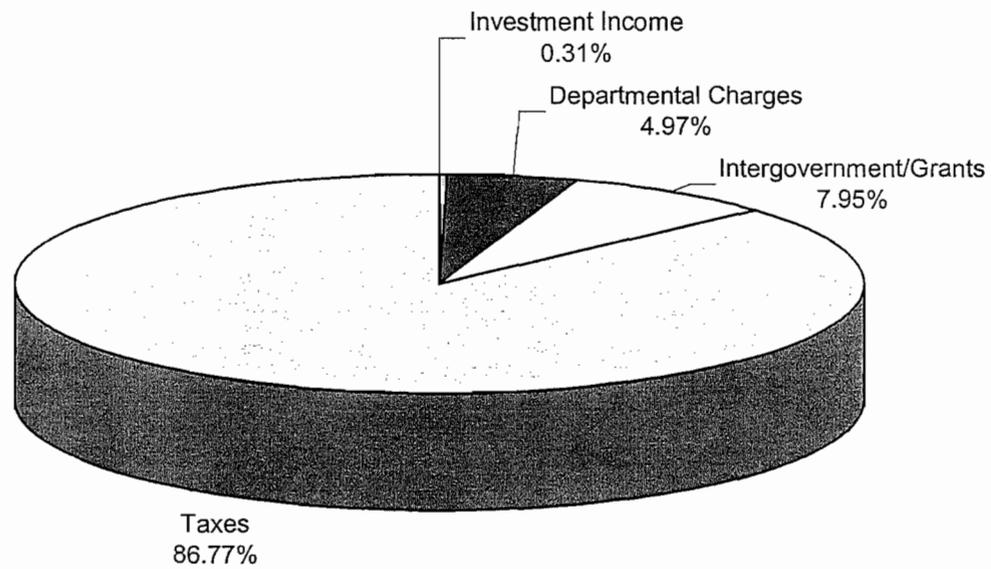
CITY OF NORWALK

GENERAL FUND REVENUES BY SOURCE FISCAL YEAR 1994-95 THROUGH 2003-04

<u>Fiscal Year</u>	<u>Taxes</u>	<u>Intergovern- Mental/Grants</u>	<u>Departmental Charges</u>	<u>Interest & Penalties</u>	<u>Interest on Investments</u>	<u>Miscellaneous</u>	<u>Total</u>
1994-95	\$145,930,391	\$25,564,975	\$7,827,836	\$2,106,717	\$2,553,909	\$175,789	\$184,159,617
1995-96	146,096,873	25,593,796	7,058,998	2,120,393	3,023,752	164,588	184,058,400
1996-97	149,212,369	25,914,730	5,652,479	2,263,664	2,622,858	65,983	185,732,083
1997-98	152,750,650	21,663,711	6,169,214	1,987,032	2,876,041	0	185,446,648
1998-99	153,178,604	21,615,346	6,614,497	1,839,718	2,865,211	0	186,113,376
1999-00	159,517,658	20,928,309	6,470,301	2,049,341	3,358,625	0	192,324,234
2000-01	167,877,086	20,822,492	7,538,811	2,937,459	3,622,919	0	202,798,767
2001-02	169,830,039	20,104,221	7,361,676	1,566,275	1,918,404	0	200,780,615
2002-03	176,774,248	17,569,058	12,514,200	1,961,519	1,494,741	0	210,313,766
2003-04	185,043,538	16,946,846	10,601,219	0	659,576	0	213,251,179

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

GENERAL FUND REVENUE BY SOURCE FISCAL YEAR 2003-2004



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

CITY OF NORWALK

GENERAL FUND EXPENDITURES BY FUNCTION 1994-95 TO 2003-04

<u>Fiscal Year</u>	<u>General Government</u>	<u>Health & Welfare</u>	<u>Protection of Persons & Prop.</u>	<u>Public Works</u>	<u>Education Public</u>	<u>Education Non-Public</u>
1994-95	\$5,321,004	\$ 8,838,590	\$23,093,334	\$21,237,237	\$84,056,171	\$2,803,540
1995-96	5,198,791	7,946,410	23,800,396	19,604,661	85,052,558	3,822,789
1996-97	5,292,282	4,392,731	24,292,246	19,429,486	87,693,128	4,196,204
1997-98	5,192,604	2,170,491	25,208,293	20,319,401	90,726,012	0
1998-99	5,589,395	1,851,923	25,056,432	20,231,101	94,583,363	0
1999-00	6,017,343	1,769,631	27,604,748	21,359,976	100,615,225	0
2000-01	5,784,267	1,771,346	28,048,042	21,175,682	104,409,491	0
2001-02	5,939,788	1,769,511	29,095,301	20,152,954	110,002,804	0
2002-03	6,182,789	1,772,828	28,301,381	15,075,041	117,230,542	0
2003-04	6,437,187	1,836,274	30,019,452	14,085,663	119,960,158	0

(Continued)

- *Note: Schedule reflects Budgetary basis.*

CITY OF NORWALK

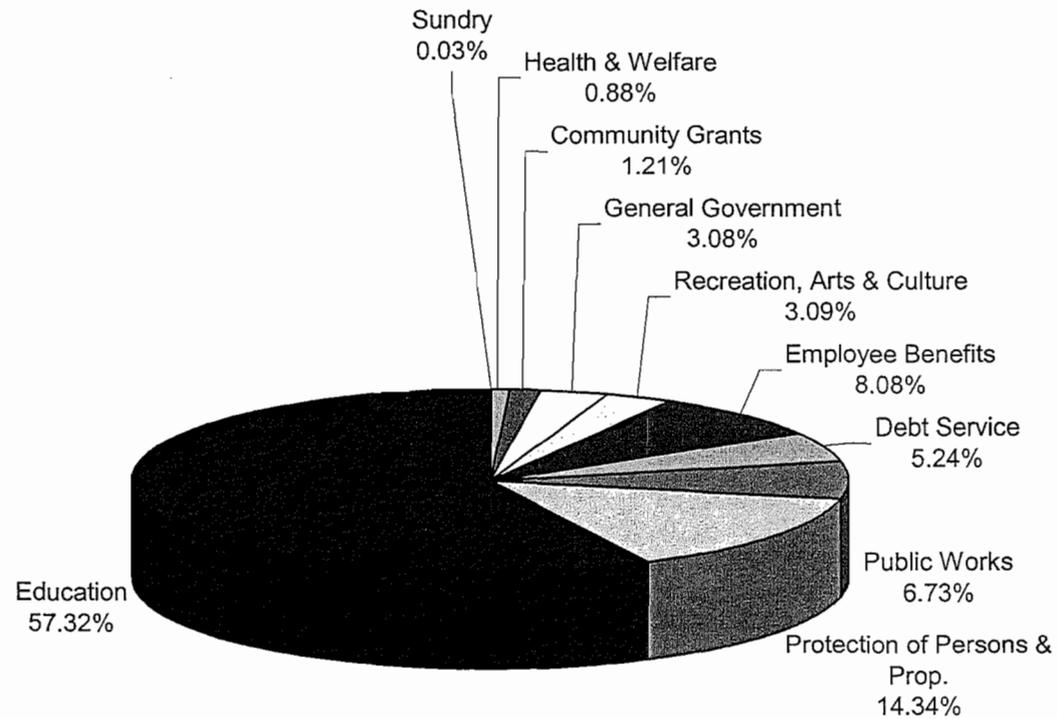
GENERAL FUND EXPENDITURES BY FUNCTION 1994-95 TO 2003-04

<u>Fiscal Year</u>	<u>Recreation, Arts & Culture</u>	<u>Community Grants</u>	<u>Debt Service</u>	<u>Employee Benefits</u>	<u>Sundry</u>	<u>Total</u>
1994-95	\$ 6,723,090	\$ 2,050,642	\$15,670,323	\$14,452,344	\$ 0	\$184,246,275
1995-96	6,627,300	2,011,249	16,350,051	16,678,107	0	187,092,312
1996-97	6,390,460	3,339,690	16,261,944	13,020,933	0	184,309,104
1997-98	5,490,000	3,387,333	15,641,624	14,373,344	0	182,509,102
1998-99	5,298,103	3,492,370	14,412,535	13,772,835	0	184,288,057
1999-00	5,962,278	2,268,519	15,137,021	11,731,145	0	192,465,886
2000-01	5,719,594	2,240,362	17,795,690	10,493,109	0	197,437,583
2001-02	6,199,041	2,380,807	15,875,018	11,657,193	475,000	203,547,417
2002-03	6,123,444	2,544,091	18,321,063	14,115,564	0	209,666,743
2003-04	6,474,254	2,535,192	10,974,237	16,905,323	65,355	209,293,095

(Concluded)

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

GENERAL FUND EXPENDITURE BY FUNCTION FISCAL YEAR 2003-04



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

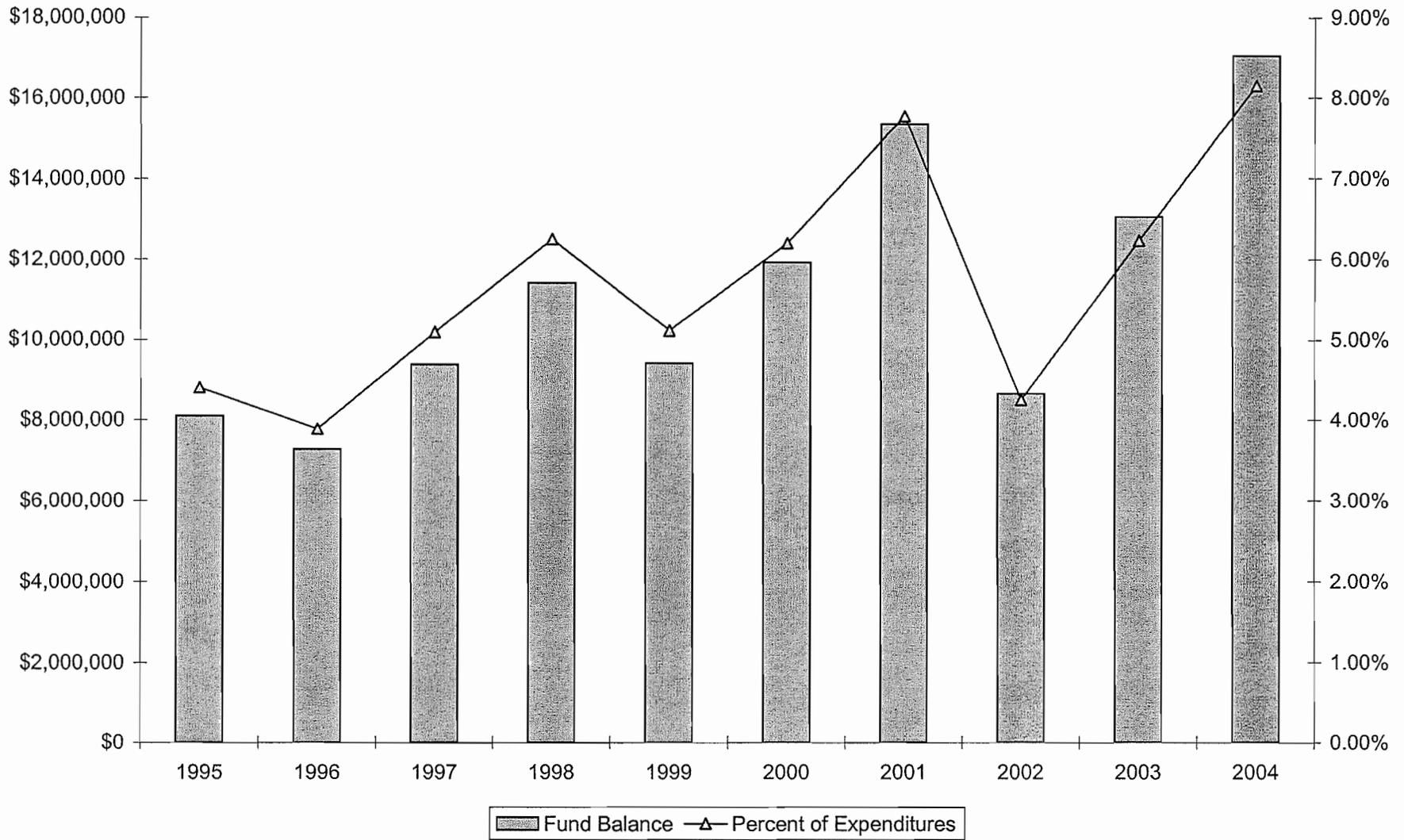
GENERAL FUND BALANCE COMPARED TO ANNUAL EXPENDITURES LAST TEN YEARS

<u>FISCAL YEAR ENDING JUNE 30TH</u>	<u>UNDESIGNATED FUND BALANCE</u>	<u>ANNUAL EXPENDITURES</u>	<u>BALANCE AS % OF EXPENDITURES</u>
1995	\$8,099,916	\$184,246,275	4.40%
1996	7,283,109	187,092,312	3.89%
1997	9,377,054	184,309,104	5.09%
1998	11,408,053	182,509,102	6.25%
1999	9,413,661	184,288,057	5.11%
2000	11,928,224	192,465,886	6.20%
2001	15,347,823	197,437,583	7.77%
2002	8,657,565*	203,547,417	4.25%
2003	13,060,442**	209,666,743	6.23%
2004	17,053,589	209,293,095	8.15%

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

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

UNDESIGNATED GENERAL FUND BALANCE



**SUMMARY OF REVENUES, EXPENDITURES, &
CHANGES IN GENERAL FUND FUND BALANCE
FISCAL YEAR 1994-95 TO 2003-04**

	<u>2003-04</u>	<u>2002-03</u>	<u>2001-02</u>	<u>2000-01</u>	<u>1999-00</u>
<u>REVENUES</u>					
Property Taxes	\$185,043,538	\$176,774,248	\$169,830,039	\$167,877,086	\$159,517,668
Return on Excess Taxes	0	0	(3,398,331)	0	0
Intergovernmental	16,946,846	17,394,216	19,934,638	20,624,784	20,681,791
Departmental Charges	10,601,219	12,514,200	7,361,676	7,538,811	6,670,301
Interest and Penalties	0	1,961,519	1,566,275	2,937,459	2,049,341
Interest On Investments	659,576	1,494,741	1,918,404	3,622,919	3,358,625
Other Grants	0	174,842	169,583	197,708	246,518
TOTAL REVENUE	<u>\$213,251,179</u>	<u>\$210,313,766</u>	<u>\$197,382,284</u>	<u>\$202,798,767</u>	<u>\$192,324,234</u>
<u>EXPENDITURES</u>					
General Government	\$ 6,437,187	\$ 6,182,789	\$ 5,939,788	\$ 5,784,267	\$ 6,017,343
Health & Welfare	1,836,274	1,772,828	1,769,511	1,771,346	1,769,631
Protection of Persons & Property	30,019,452	28,301,381	29,095,301	28,048,042	27,604,748
Education: Public	119,960,158	117,230,542	110,002,804	104,409,491	100,615,255
Public Works	14,085,663	15,075,041	20,152,954	21,175,682	21,359,976
Recreation, Arts & Cultural	6,474,254	6,123,444	6,199,041	5,719,594	5,962,278
Community Grants	2,535,192	2,544,091	2,380,807	2,240,362	2,268,519
Employee Benefits	16,905,323	14,115,564	11,657,193	10,493,109	11,731,145
Debt Service	10,974,237	18,321,063	15,875,018	17,795,690	15,137,021
Sundry	65,355	0	475,000	0	0
TOTAL EXPENDITURES	<u>\$209,293,095</u>	<u>\$209,666,743</u>	<u>\$203,547,417</u>	<u>\$197,437,583</u>	<u>\$192,465,886</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 3,958,084</u>	<u>\$ 647,023</u>	<u>\$ (6,165,133)</u>	<u>\$ 5,361,184</u>	<u>\$ (141,652)</u>
Other Financing Sources (Uses)					
Other Transfers	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (37,982)</u>	<u>\$ 0</u>	<u>\$ 0</u>
Excess (Def.) of Rev. & Other Financing Sources over Expendi- tures & Other Financing Uses	<u>\$ 3,958,084</u>	<u>\$ (647,023)</u>	<u>\$ (6,203,115)</u>	<u>\$ 5,361,184</u>	<u>\$ (141,652)</u>
Beginning Fund Balance	<u>\$ 16,127,483</u>	<u>\$ 15,480,460</u>	<u>\$ 21,683,575</u>	<u>\$ 16,322,391</u>	<u>\$ 16,464,043</u>
Ending Fund Balance	<u>\$ 20,085,567*</u>	<u>\$ 16,127,483</u>	<u>\$ 15,480,460</u>	<u>\$ 21,683,575</u>	<u>\$ 16,322,391</u>

(Continued)

* Ending Fund Balance: \$20,085,567
Less: Designated for Board of Education
Future Appropriations (1,404,531)
Less: Designated for City
Future Appropriations (1,627,447)
Unreserved & Undesignated Fund Balance \$17,053,589

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

**SUMMARY OF REVENUES, EXPENDITURES,
& CHANGES IN GENERAL FUND FUND BALANCE
FISCAL YEAR 1994-95 TO 2003-04**

	<u>1998-99</u>	<u>1997-98</u>	<u>1996-97</u>	<u>1995-96</u>	<u>1994-95</u>
<u>REVENUES</u>					
Property Taxes	\$153,178,604	\$152,750,650	\$149,212,369	\$146,096,873	\$145,930,391
Intergovernmental	- 21,436,801	21,506,570	25,914,730	25,593,796	25,564,975
Departmental Charges	6,614,497	6,169,214	5,652,479	7,058,998	7,827,836
Interest and Penalties	1,839,718	1,987,032	2,263,664	2,120,393	2,106,717
Interest on Investments	2,865,211	2,876,041	2,622,858	2,023,752	2,553,909
Miscellaneous	<u>178,545</u>	<u>157,141</u>	<u>65,983</u>	<u>164,588</u>	<u>175,789</u>
TOTAL REVENUE	<u>\$186,113,376</u>	<u>\$185,446,648</u>	<u>\$185,732,083</u>	<u>\$184,058,400</u>	<u>\$184,159,617</u>
<u>EXPENDITURES</u>					
General Government	\$ 5,589,343	\$ 5,192,604	\$ 5,292,282	\$ 5,198,791	\$ 5,321,004
Health & Welfare	1,851,923	2,170,491	4,392,731	7,946,410	8,838,590
Protection of Persons & Property	25,056,432	25,208,293	24,292,246	23,800,396	23,093,334
Education: Public	94,583,363	90,726,012	87,693,128	85,052,558	84,056,171
Non-Public & Special	0	0	4,196,204	3,822,789	2,803,540
Public Works	20,231,101	20,319,401	19,429,486	19,604,661	21,237,237
Recreation, Arts & Cultural	5,298,103	5,490,000	6,390,460	6,627,300	6,723,090
Community Grants	3,492,370	3,387,333	3,339,690	2,011,249	2,050,642
Employee Benefits	13,772,835	14,373,344	13,020,933	16,678,107	14,452,344
Debt Service	14,412,535	15,641,624	16,261,944	16,350,944	15,670,323
TOTAL EXPENDITURES	<u>\$184,288,057</u>	<u>\$182,509,102</u>	<u>\$184,309,104</u>	<u>\$187,092,312</u>	<u>\$184,246,275</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 1,825,319</u>	<u>\$ 2,937,546</u>	<u>\$ 1,422,979</u>	<u>\$ (3,033,912)</u>	<u>\$ (86,658)</u>
Other Financing Sources (Uses)					
Other Transfers	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (337,658)</u>	<u>\$ (337,658)</u>
Excess (Def.) of Rev. & Other Financing Sources over Expendi- tures & Other Financing Uses	<u>\$ 1,825,319</u>	<u>\$ 2,937,546</u>	<u>\$ 1,422,979</u>	<u>\$ (3,371,570)</u>	<u>\$ (424,316)</u>
Beginning Fund Balance	<u>\$ 14,638,724</u>	<u>\$ 11,701,178</u>	<u>\$ 10,278,199</u>	<u>\$ 13,649,769</u>	<u>\$ 14,074,085</u>
Ending Fund Balance	<u>\$ 16,464,043</u>	<u>\$ 14,638,724</u>	<u>\$ 11,701,178</u>	<u>\$ 10,278,199</u>	<u>\$ 13,649,769</u>

(Concluded)

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

B. PROPERTY VALUES AND TAXES

TAX DISTRICTS

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

The Autonomous Districts

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

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

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

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

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

The Service Districts

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

TAXING DISTRICTS (cont'd.)

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

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

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

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

TWENTY-FIVE LARGEST TAXPAYERS

<u>Name</u>	<u>Nature of Business</u>	<u>Total Assessment</u>	<u>% of Taxable Grand List</u>
Merritt 7 Ventures	Office Complex	\$94,606,120	1.45
Hewitt Properties, LLC	Office Building	48,991,983	.75
National Office Partners, LP	Real Estate	38,202,850	.59
Connecticut Light & Power	Division Northeast Utilities	36,762,278	.56
Norwalk Power, LLC	Utility	36,296,837	.56
Merritt River Partners, LLC	Office Building	24,286,570	.37
Beiersdorf	Manufacturing Facility	22,934,724	.35
Merritt River Residential, LLC.	Office Building	22,554,210	.35
Two Hundred One Merritt, LLC.	Office Building	22,050,280	.34
Pepperidge Farm, Inc.	Bakery Facility	21,888,343	.34
Fairfield Merritt View, LP	Office Building	19,921,510	.31
Prudential Insurance Company	Corporate Education Center	18,161,095	.28
Yankee Gas Services Company	Gas Supplier	18,065,162	.28
Norden Place, LLC	Manufacturing Facility	16,671,710	.21
FCI USA, Inc.	Retail Discount	15,353,730	.24
HD-Main Avenue	Retail Complex	14,671,440	.22
Costco Wholesale Corporation	Retail Discount	14,663,905	.22
Tyco Healthcare Group, LP	Medical Equipment Facility	13,658,767	.21
Townsend Norwalk, LLC	Medical Equipment Facility	13,657,420	.21
Mack-Cali	Office Building	12,730,410	.20
Synn-Conn, LLC.	Office Building	12,619,950	.19
Home Depot USA, Inc.	Retail Home Improvement	12,446,560	.19
Elite Development Group, LLC.	Retail Complex	12,025,090	.18
Dorcal Associates Limited	Retail	11,618,950	.18
Perkin-Elmer Corporation	Real Estate	10,996,790	.17

1. Based on 10/1/02 Net Taxable Grand List of \$6,526,297,390.

Source: City of Norwalk Tax Assessor's Office.

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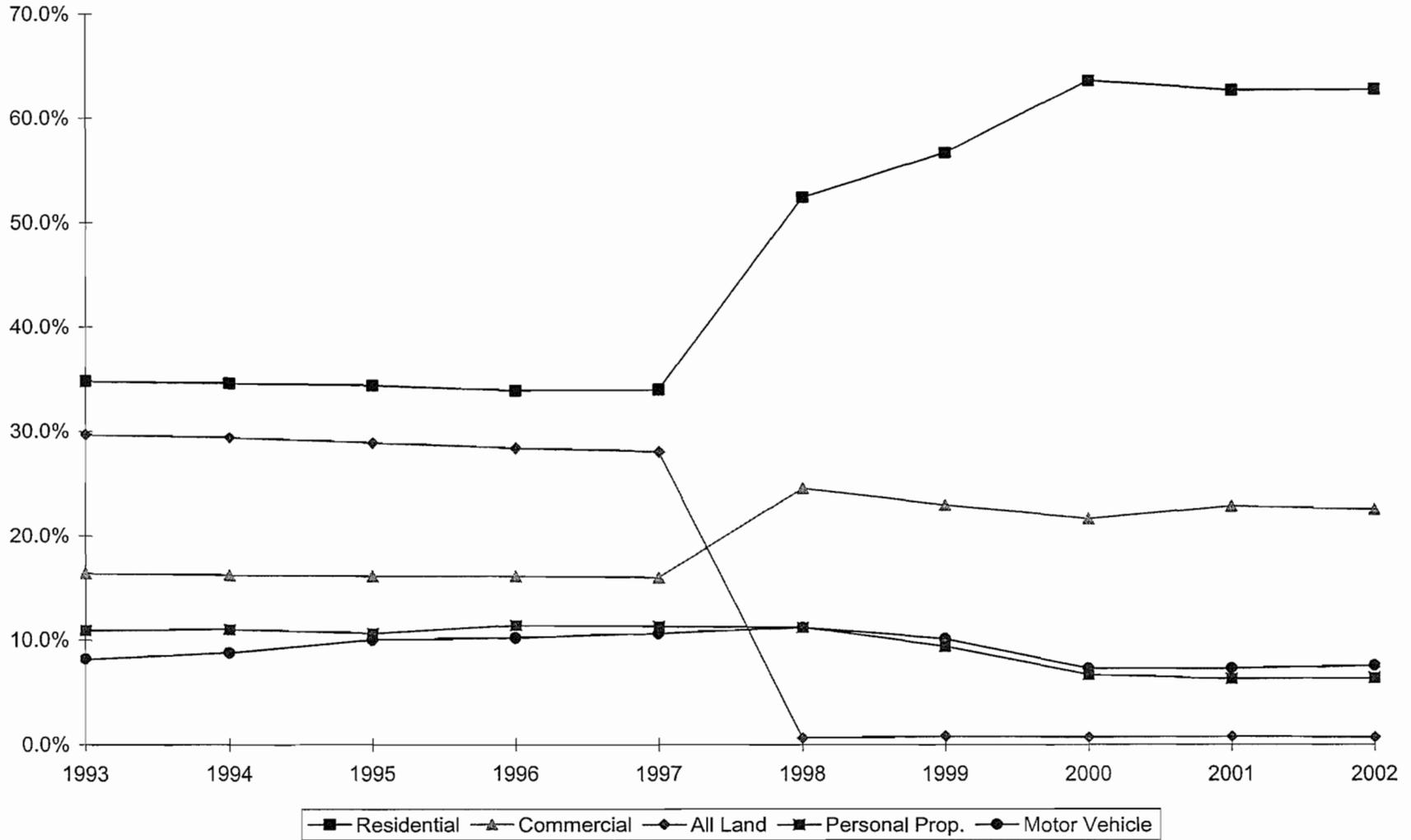
TAXABLE GRAND LIST (in 000's)
(Numbers may not add due to rounding)

<u>Grand List As of 10/1</u>	<u>Residential Real Property</u>	<u>%</u>	<u>Commercial & Indust. Real Property</u>	<u>%</u>	<u>All Land</u>	<u>%</u>	<u>Personal Property</u>	<u>%</u>	<u>Motor Vehicle</u>	<u>%</u>	<u>Gross Taxable Grand List</u>	<u>Less Exemptions/ Corrections</u>	<u>Net Taxable Grand List</u>
1993	\$1,161,335	34.8	\$548,613	16.4	\$991,880	29.7	\$363,734	10.9	\$276,059	8.3	\$3,341,621	\$59,482	\$3,282,139
1994	1,166,940	34.6	548,116	16.2	991,091	29.4	370,641	11.0	299,705	8.9	3,376,493	61,032	3,315,461
1995	1,178,797	34.4	551,113	16.1	991,612	28.9	365,475	10.6	340,196	9.9	3,427,193	74,376	3,352,817
1996	1,188,347	33.9	564,947	16.1	995,691	28.4	399,473	11.4	354,944	10.1	3,503,602	75,298	3,428,305
1997	1,203,715	34.0	567,436	16.0	995,619	28.1	400,922	11.3	374,794	10.6	3,542,486	70,268	3,472,218
1998	1,888,461	52.4	887,946	24.6	21,217	.59	401,986	11.2	404,030	11.2	3,603,640	73,648	3,529,991
1999	2,429,610	56.7	987,330	23.0	32,817	.77	402,314	9.4	434,416	10.1	4,286,487	73,791	4,212,696
2000	4,092,740	63.6	1,399,316	21.7	45,917	.71	432,201	6.7	466,691	7.3	6,436,865	1,475,733	4,961,132
2001	4,125,244	62.7	1,502,934	22.9	50,108	.76	417,185	6.3	481,815	7.3	6,577,286	782,848	5,794,438
2002	4,161,708	62.8	1,495,689	22.6	45,721	.70	421,287	6.4	503,046	7.6	6,627,452	101,154	6,526,297

GRAND LIST REVALUATION

State statute requires each municipality to revalue real property every four years and to conduct a mass appraisal once every twelve years. Norwalk completed a revaluation in 1993 by an independent appraisal group. However, extensions were granted through State legislation and the implementation of revaluation occurred with the October 1, 1999 grand list. The revaluation is being phased in over a four year period.

COMPONENTS OF GRAND LIST (PRIOR TO EXEMPTIONS)



CITY OF NORWALK

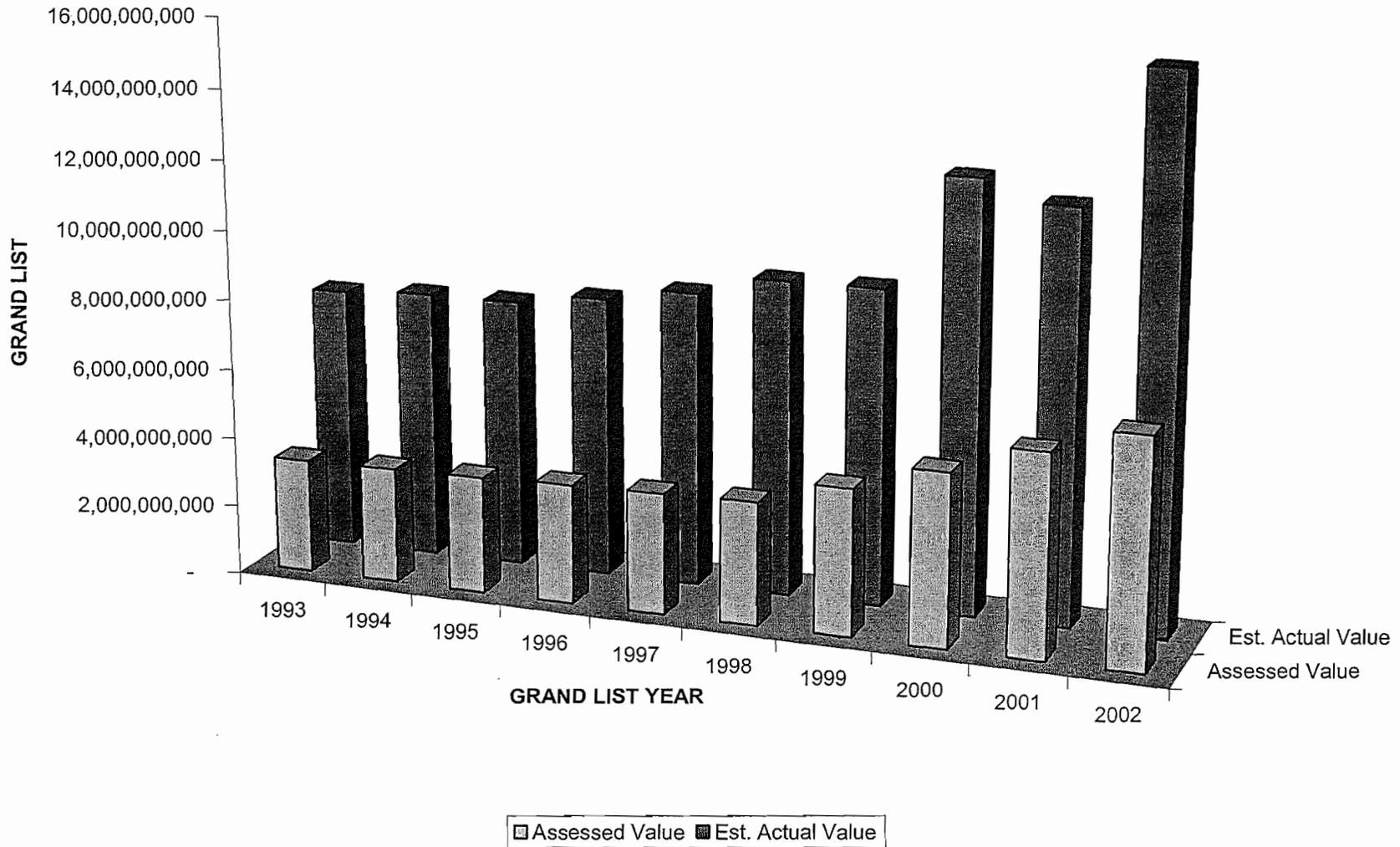
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

Fiscal Year Ended June 30	Grand List of October 1Real PropertyPersonal Property.....	Total.....	
		<u>Assessed Value</u>	<u>Est. Actual Value</u>	<u>Assessed Value</u>	<u>Est. Actual Value</u>	<u>Assessed Value</u>	<u>Est. Actual Value</u>
1995	1993	\$ 2,685,243,095	\$6,681,879,436	\$596,895,740	\$852,708,200	\$3,282,138,835	\$7,534,587,636
1996	1994	2,690,470,744	6,790,656,497	624,990,017	892,842,881	3,315,460,761	7,683,499,378
1997	1995	2,696,939,447	6,757,423,577	654,584,504	935,120,720	3,351,523,951	7,692,544,297
1998	1996	2,727,863,173	7,024,938,169	700,442,028	1,000,631,469	3,428,305,201	8,025,569,638
1999	1997	2,747,670,220	7,343,757,809	724,548,283	1,087,915,043	3,472,218,503	8,431,672,852
2000	1998	2,776,750,767	7,875,422,661	753,239,824	1,137,517,251	3,529,990,591	9,012,939,912
2001	1999	3,423,664,790	7,842,254,064	789,031,145	1,193,301,790	4,212,695,935	9,035,555,854
2002	2000	4,110,186,409	11,046,109,301	850,946,085	1,243,937,784	4,961,132,494	12,290,047,085
2003	2001	4,934,799,305	10,436,996,005	859,638,505	1,280,840,036	5,794,437,810	11,717,836,041
2004	2002	5,653,448,526	14,278,209,885	872,848,864	1,298,134,100	6,526,297,390	15,576,343,985

- Notes:**
1. *Under State Law, property revaluations are conducted once every four years, with a mass appraisal once every twelve years. Norwalk's most recent revaluation was effective with the Grand List of October 1, 1999. The assessments are being "phased in" over the next four fiscal years (FY 2000-01 to FY 2003-04).*
 2. *Estimated actual values represent equalized net Grand Lists as reported by the State of Connecticut Office of Policy and Management.*
 3. *Assessed values are actual net assessments as filed in the Assessor's abstract, adjusted for use in the final equalized net grand list as reported by OPM.*

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

ASSESSED AND ESTIMATED ACTUAL PROPERTY VALUES



TAX RATES (MILLS)

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

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

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

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

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COMPARATIVE STATISTICS AND TAX COLLECTIONS

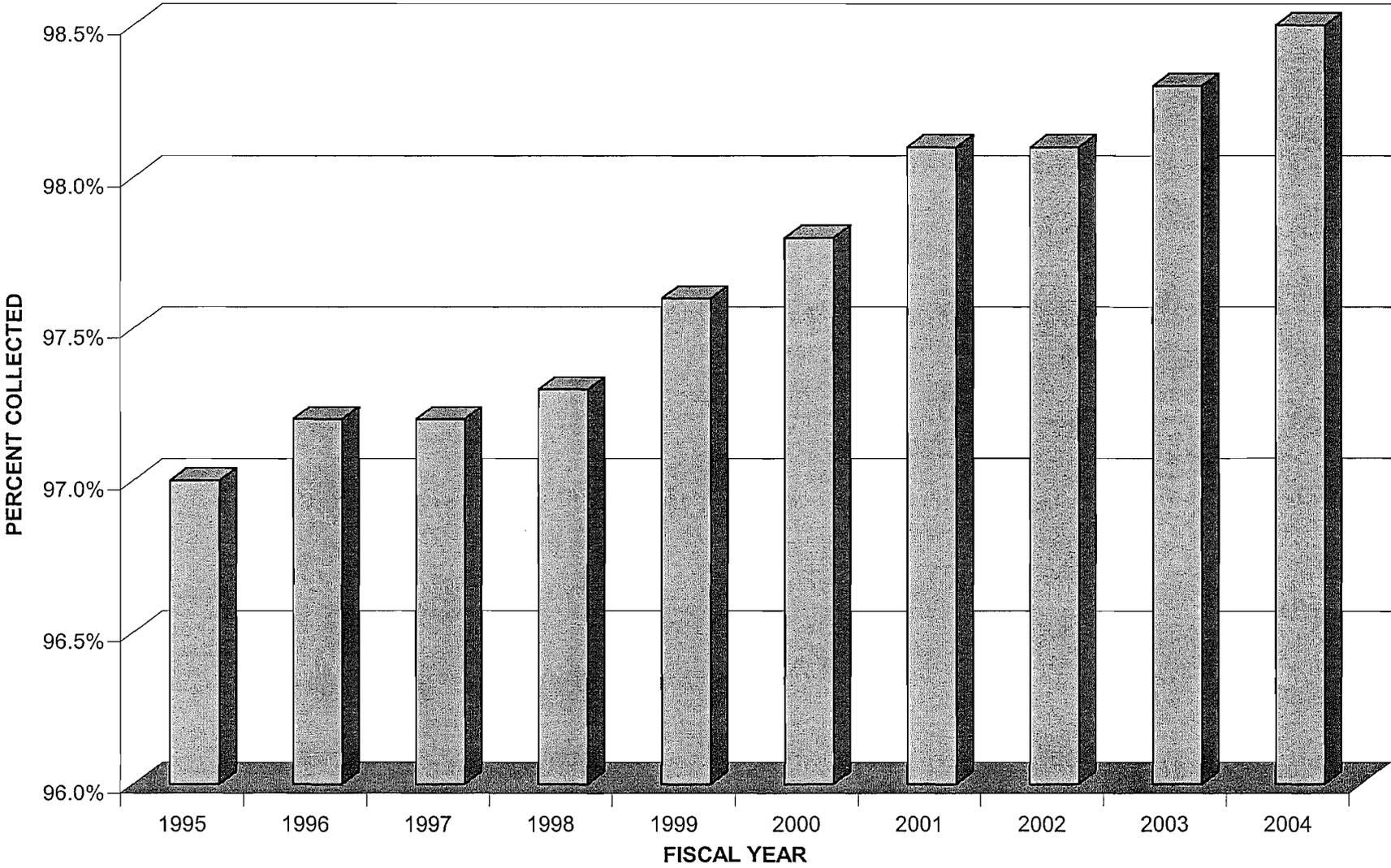
<u>Fiscal Year Ended 6/30</u>	<u>Grand List Year</u>	<u>Taxable Grand List</u>	<u>1 Tax Rate Mills</u>	<u>Total Adjusted Tax Levy</u>	<u>Tax Collections</u>Uncollected Taxes.....		<u>As of 6/30/04</u>	<u>%</u>
						<u>2 End of Fiscal Year</u>	<u>%</u>		
1995	1993	\$ 3,282,138,835	42.85	\$147,325,731	\$142,892,143	\$ 4,433,588	3.0	\$ 38,799	.03
1996	1994	3,315,460,761	41.70	147,303,951	143,158,062	4,145,889	2.8	38,422	.03
1997	1995	3,351,523,951	42.0	150,693,677	146,418,937	4,274,740	2.8	54,041	.04
1998	1996	3,428,305,201	42.1	154,345,909	150,175,910	4,169,999	2.7	60,092	.04
1999	1997	3,472,218,503	42.2	155,530,375	151,871,174	3,659,200	2.4	167,986	.11
2000	1998	3,529,990,591	42.47	160,965,677	157,053,317	3,502,714	2.2	393,385	.24
2001	1999	4,212,695,935	38.97	167,648,305	164,416,166	3,232,139	1.9	254,174	.15
2002	2000	4,961,132,494	33.36	170,449,270	167,785,389	3,290,354	1.9	935,187	.55
2003	2001	5,794,437,810	31.14	176,659,067	173,424,925	2,861,564	1.7	2,861,564	1.6
2004	2002	6,526,297,390	28.33	186,498,884	183,693,620	2,805,264	1.5	2,805,264	1.5

1. *Mill Rates listed above represent Fifth District Mill Rate for all years.*

2. *The amount to be collected to the end of each fiscal year represents collections for twelve months. Taxes for the fiscal year are laid on the Grand List of October 1, and are and payable in two installments one-half July and one-half January 1. Failure to pay an installment one month of the installment due date makes the installment delinquent. If the installment is not paid by August 1, the tax becomes delinquent and penalty of 1-1/2% per month (18% per annum) is charged from the due on the tax. Real estate is liened for delinquent taxes within one year after the due date.*

TAX COLLECTION RATES

1994-95 TO 2003-04



SPECIAL SEWER ASSESSMENTS AND COLLECTIONS LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Due Beginning</u>	<u>.....Assessments Current Year.....</u>			<u>Collections</u>	<u>Balance</u>
		<u>Levy</u>	<u>Adjustments</u>			
1994-95	\$ 58,979	\$ 19,074	\$ (1,050)	\$ 20,466	\$ 56,537	
1995-96	56,537	110,758	17,338	61,322	123,311	
1996-97	123,311	0	(1,239)	25,176	96,896	
1997-98	96,896	146,635	(156)	62,390	180,985	
1998-99	180,985	0	(8,481)	26,183	146,321	
1999-00	146,321	317,063	8,866	110,466	361,784	
2000-01	361,784	0	0	57,602	304,182	
2001-02	304,182	538,875	0	238,038	605,019	
2002-03	605,019	0	0	118,265	486,754	
2003-04	485,893	0	0	98,589	584,482	

C. LONG-TERM DEBT

CITY OF NORWALK

SCHEDULE OF DEBT LIMITATIONS - JUNE 30, 2004

RECEIPTS, YEAR ENDED JUNE 30, 2004

Taxes, interest and fees

\$188,533,717

Tax Relief for the Elderly

\$ 90,117

BASE \$188,623,834

	<u>GENERAL</u>	<u>SCHOOLS</u>	<u>SEWERS</u>	<u>URBAN RENEWAL</u>	<u>PENSION FUNDING</u>
DEBT LIMITATION					
2 1/4 times base	\$424,403,627				
4 1/2 times base		\$848,807,253			
3 3/4 times base			\$707,339,378		
3 1/4 times base				\$613,027,461	
3 times base					\$565,871,502
TOTAL LIMITATION	<u>\$424,403,627</u>	<u>\$848,807,253</u>	<u>\$707,339,378</u>	<u>\$613,027,461</u>	<u>\$565,871,502</u>
INDEBTEDNESS:	\$ 76,079,191	\$138,758,884	\$ 47,906,166	\$ 9,161,129	\$ -
Excess of limitation Over indebtedness at June 30, 2004	<u>\$ 348,324,436</u>	<u>\$710,048,369</u>	<u>\$ 659,433,212</u>	<u>\$603,866,332</u>	<u>\$565,871,502</u>

Note: Total indebtedness of all classes cannot exceed seven times the base, or \$1,320,366,838.

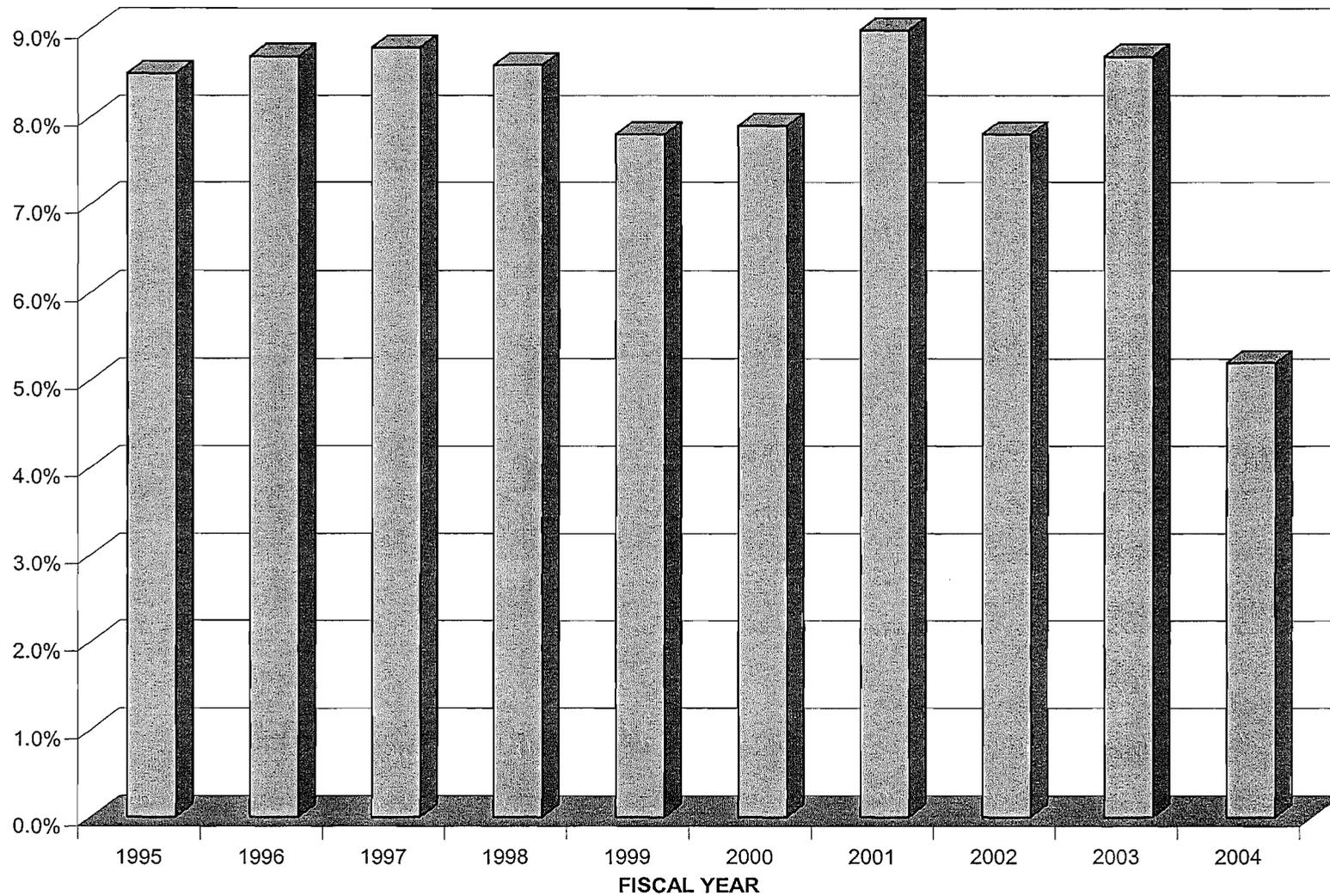
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CITY OF NORWALK

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

<u>Fiscal Year Ended June 30</u>	<u>Debt Service</u>	<u>Total General Fund Expenditures</u>	<u>Ratio of Debt Service to General Fund Expenditures</u>
1995	\$15,670,323	\$184,246,275	8.5%
1996	16,350,051	187,092,312	8.7%
1997	16,261,944	184,309,104	8.8%
1998	15,641,624	182,509,102	8.6%
1999	14,412,535	184,288,057	7.8%
2000	15,137,021	192,465,886	7.9%
2001	17,795,690	197,437,583	9.0%
2002	15,875,018	203,547,417	7.8%
2003	18,321,063	209,666,743	8.7%
2004	10,974,237	209,293,095	5.2%

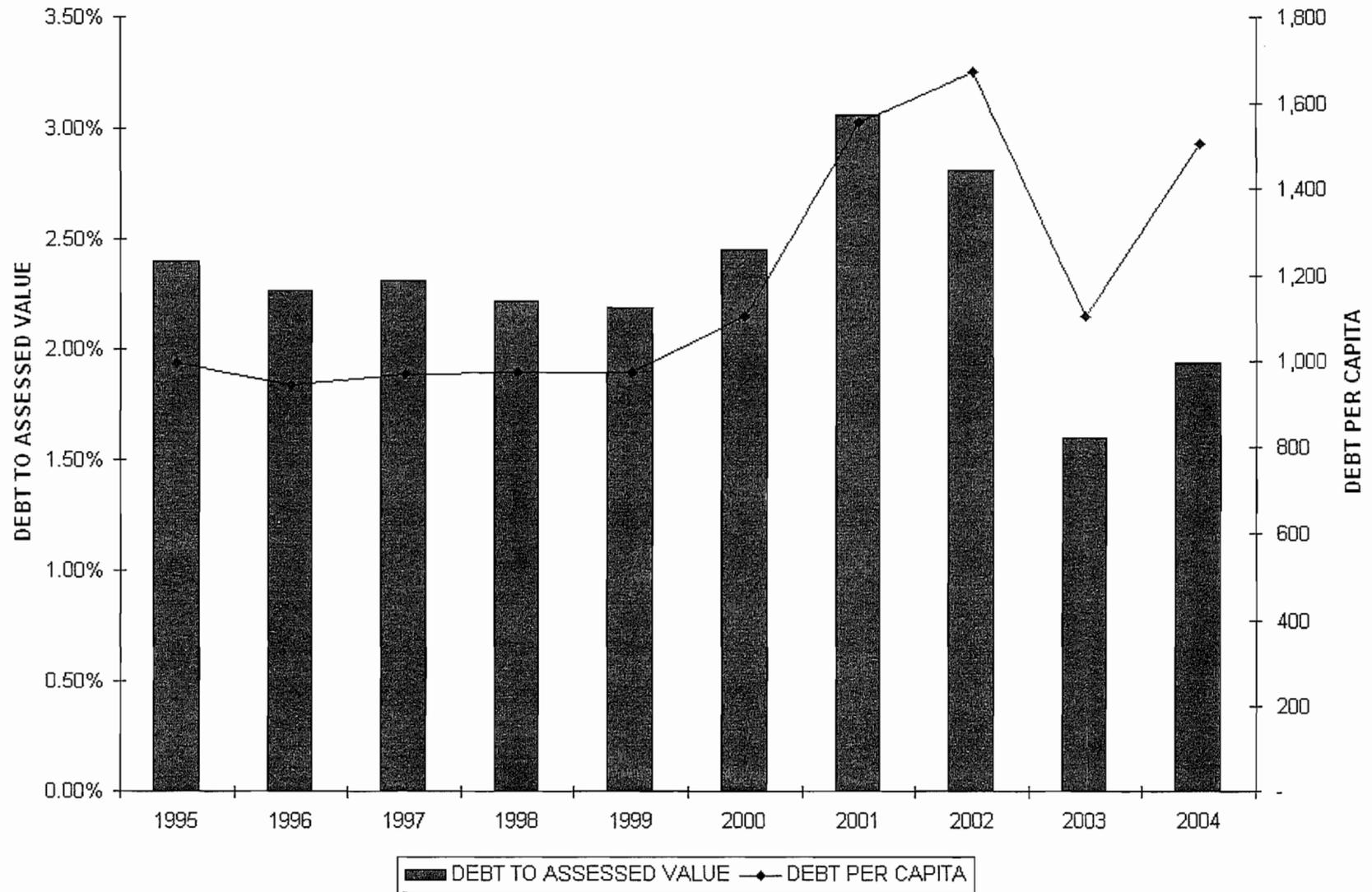
DEBT SERVICE AS PERCENT OF TOTAL EXPENDITURES



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

<u>Fiscal Year</u>	<u>Bonded Debt</u>	<u>Assessed Value</u>	<u>Ratio to Assessed Value</u>	<u>Population</u>	<u>Debt Per Capita</u>
1995	\$ 78,684,942	\$3,282,138,835	2.40%	79,106	\$ 995
1996	75,169,942	3,315,460,761	2.27%	79,358	947
1997	77,438,290	3,351,523,951	2.31%	79,732	971
1998	76,018,516	3,428,305,201	2.22%	77,937	975
1999	76,158,711	3,472,218,503	2.19%	78,064	975
2000	86,387,964	3,529,990,591	2.45%	78,083	1,106
2001	129,091,569	4,212,695,935	3.06%	82,951	1,556
2002	139,358,637	4,961,132,494	2.81%	83,316	1,673
2003	92,967,880	5,794,437,810	1.60%	84,127	1,105
2004	126,789,534	6,526,297,390	1.94%	84,170	1,506

SELECTED DEBT RATIOS



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D. DEMOGRAPHIC DATA

EDUCATIONAL FACILITIES

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

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

The City has one center for vocational arts, two high schools, four middle schools and twelve elementary schools. The Board has 1,331 employees to fulfill its instructional objective. They comprise two groups: 865 certified personnel and 466 non-certified personnel including secretaries, clerks, custodians, maintenance personnel and teachers' aides.

Public School Enrollment (1)

<u>Fiscal Year</u>	<u>Elementary Head K-5</u>	<u>Middle School 6-8</u>	<u>High School 9-12</u>	<u>Special Education</u>	<u>Total</u>
1994-95	5,164	2,056	2,695	334	10,249
1995-96	5,347	2,101	2,742	335	10,525
1996-97	5,346	2,122	2,815	382	10,665
1997-98	5,372	2,168	2,726	437	10,703
1998-99	5,419	2,190	2,755	415	10,779
1999-00	5,462	2,197	2,801	405	10,865
2000-01	5,459	2,412	2,837	308	11,016
2001-02	5,391	2,501	3,081	190	11,163
2002-03	5,294	2,570	3,122	207	11,193
2003-04	5,313	2,596	3,210	N/A	11,119

PROJECTIONS

2004-05	5,217	2,593	3,371	207	11,388
2005-06	5,205	2,572	3,490	207	11,474
2006-07	5,189	2,524	3,579	207	11,499
2007-08	5,321	2,453	3,619	207	11,600
2008-09	4,914	2,498	3,810	N/A	11,222

Note: (1) As of October 1

Source: City of Norwalk Board of Education.

CITY OF NORWALK

DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS

<u>Fiscal year Ended</u> <u>June 30</u>	<u>Population</u>	<u>Per Capita Income</u>	<u>Median Family Income</u>	<u>Median Age</u>	<u>Unemployment Rate</u>
1995	79,106	\$ *	\$ 77,100	*	4.3%
1996	79,358	*	82,200	*	3.2%
1997	79,732	*	82,900	*	3.6%
1998	77,937	32,479	89,300	*	3.1%
1999	78,064	34,132	94,300	*	3.1%
2000	78,083	38,289	102,400	37.8	1.8%
2001	82,951	40,121	109,800	36.6	2.7%
2002	83,316	40,402	115,500	37.0	3.3%
2003	84,127	*	110,500	*	4.1%
2004	84,170	*	111,600	*	4.2%

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

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

* *Data not available for this particular year.*

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

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E. MISCELLANEOUS STATISTICS

MANUFACTURING AND LARGEST EMPLOYERS

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

<u>Name</u>	<u>Nature of Business</u>	<u>No. of Employees</u>
Stew Leonard's	Retail Grocery Store	800
MBI, Inc.	Direct Mail Marketing (Corporate Headquarters)	700
Northrup Grumman/Norden Systems	Electronic & Radar Systems Manufacturer	650
Hewitt Associates	Consulting Firm	600
G. E. Financial Services	Financial Services	500
Beiersdorf, Inc.	Personal Care Products/Nivea Skin Care Products	450
Reed Exhibition Company	Trade Show Production (Corporate Headquarters)	450
Cedant Corporation	Membership Services	425
U. S. Surgical Corporation	Automatic Suture Instruments (Division Headquarters)	400
Factset Research Systems	Internet Financial Systems	380
Georgia Pacific	Wood and Paper Products (Regional Office)	370
Act Media, Inc.	In-Store Promotional Advertising (Corp. Headquarters)	350
Modem Media	In-Store Promotional Advertising	300
Priceline.com	Internet Marketing (Corporate Headquarters)	300
Vectron Laboratories	Crystal Oscillators Manufacturer (Corp. Headquarters)	250
Information Resources	Consumer Research Firm (Corporate Headquarters)	250
Virgin Atlantic Airways	Airline & Leisure Company (U.S. Headquarters)	250
Trafalgar, Ltd.	Leather Products Manufacturer (Corp. Headquarters)	250
Trans-Lux Corporation	Electronic Signage (Corporate Headquarters)	200
Asea Brown Boveri, Inc.	Engineering Services Firm (U.S. Headquarters)	200
Cablevision of Connecticut	Production & Distribution of Telecommunications	200
Arch Chemical	Chemical Manufacturing (Corporate Headquarters)	200
R.T. Vanderbilt Company	Chemical Manufacturing (Corporate Headquarters)	175
Peppers & Rodgers	Marketing Consultants (Corporate Headquarters)	175
Tauk World Discovery	Travel & Tourism	175
King Industries	Chemical Manufacturers (Corporate Headquarters)	170
FASB (Fin. Acctg. Standards Board)	Financial Standards	150
Applera Corporation	Biotech (Corporate Headquarters)	130
Kodak Polychrome Graphics	Graphic Arts Supply (Corporate Headquarters)	125
Olin Corporation	Chemical, Metals, Ammunition & Defense (Reg. Hqtrs.)	125
Siemen's Business Services	Medical/Electronic Eqpt. Manufacturing	125
Marsh USA	Consulting Firm	120
Callanen International	Watches	100
Labatt USA	Beverage Manufacturing/Distribution	100
Emcor Group, Inc	Mechanical/Electronic Systems	100
Graham Capital Management	Financial Services	100
Hitachi Credit Corporation	Financial Services	100

Norwalk Health Services (Norwalk Hospital), a 328 bed facility, also employs approximately 1,600.

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

SUMMARY OF INSURANCE COVERAGE

(Continued)

PROPERTY:

Carrier: Illinois Union Insurance
Limits: \$405,727,100 – Blanket Bldg. & Prop.
\$75,000,000 – Loss Limit
Deductible: \$100,000 Each Occurrence
Policy Period: July 1, 2003 – July 1, 2004
Other Coverage: Inland Marine
Crime Coverage

EMPLOYEE FIDELITY:

Carrier: The Hartford Insurance Group
Limits: \$500,000 per loss
Deductible: \$5,000
Policy Period: July 1, 2003 – June 30, 2004

TAX COLLECTOR BOND:

Carrier: The Hartford Insurance Group
Limits: \$250,000 per loss
Deductible: \$0 (no deductible)
Policy Period: December 1, 2003 – December 1, 2004

BOILER AND MACHINERY:

Carrier: CT Interlocal Risk Management Agency
Limits: \$50,000,000 per accident
Deductible: \$100,000 per accident
Policy Period: July 1, 2003 – July 1, 2004

SCHOOL BOARD LEADER'S LIABILITY (CLAIMS MADE):

Carrier: CT Interlocal Risk Management Agency
Limits: \$1,000,000 – each wrongful act
\$1,000,000 - Aggregate
Deductible: \$500,000
Policy Period: July 1, 2003 – July 1, 2004
Retro Date: July 1, 1998

GENERAL LIABILITY:

Carrier: CT Interlocal Risk Management Agency
Limits: \$1,000,000 – Each Occurrence
\$3,000,000 - Aggregate
Deductible: \$500,000
Policy Period: July 1, 2003 – July 1, 2004

AUTOMOBILE LIABILITY:

Carrier: CT Interlocal Risk Management Agency
Limits: \$1,000,000 – Each Occurrence
Deductible: \$500,000
Policy Period: July 1, 2003 – July 1, 2004

SUMMARY OF INSURANCE COVERAGE

(Continued)

AUTOMOBILE PHYSICAL DAMAGE:

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

LAW ENFORCEMENT LIABILITY:

Carrier:	CT Interlocal Risk Management Agency
Limits:	\$1,000,000 Each Wrongful Act \$1,000,000 Aggregate
Deductible:	\$500,000
Policy Period:	July 1, 2003 – June 30, 2004

PUBLIC OFFICIALS LIABILITY: (Claims Made)

Carrier:	CT Interlocal Risk Management Agency
Limits:	\$1,000,000 Each Wrongful Act \$1,000,000 Aggregate
Deductible:	\$500,000
Policy Period:	July 1, 2003 – July 1, 2004
Retro Date:	July 1, 1998

FOLLOWING FORM EXCESS LIABILITY:

Carrier:	CT Interlocal Risk Management Agency
Limits:	\$10,000,000 Each Occurrence \$10,000,000 Aggregate
Underlying Coverage:	General Liability Auto Liability Law Enforcement Liability Public Officials Liability School Leaders Liability Personal Injury
Policy Period:	July 1, 2003 – July 1, 2004

BUILDER'S RISK: (POLICE station):

Carrier:	Liberty Insurance Underwriters
Limits:	\$15,000,000
Deductible:	\$10,000
Policy Period:	August 11, 2003 – February 11, 2005

SUMMARY OF INSURANCE COVERAGE

(Concluded)

BUILDER'S RISK (BRIEN MCMAHON):

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

TENANTS & USERS LIABILITY INSURANCE POLICY:

Carrier	Gulf Insurance
Limits:	\$1,000,000 Each Occurrence \$2,000,000 Aggregate
Policy Period:	July 1, 2003 – July 1, 2004

SUPPLEMENTAL DATA

June 30, 2004

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

PUBLIC WORKS INFORMATION

Miles of Streets	243	Number of Fire Stations	25
Miles of Sidewalks	125	Municipal Parking Spaces	4,487
Miles of Sanitary Sewers	165	Number of Employees	109
		Number of Vehicles	132

PUBLIC SAFETY INFORMATION

Number of Police Cars (Marked & Unmarked)	122	Number of Fire Stations	5
Number of Sworn Police Personnel	179	No. of Sworn Fire Personnel	145
No of Police Marine Vessels	3	No. of Vehicles	50

RECREATION AND CULTURAL INFORMATION

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

ELECTION INFORMATION

	Votes Cast In	Percent Voting In:
Last National Election	31,563	78.6%
Last State Election	19,379	47.8%
Last Municipal Election	14,990	37.3%
Registered Voters	40,208	

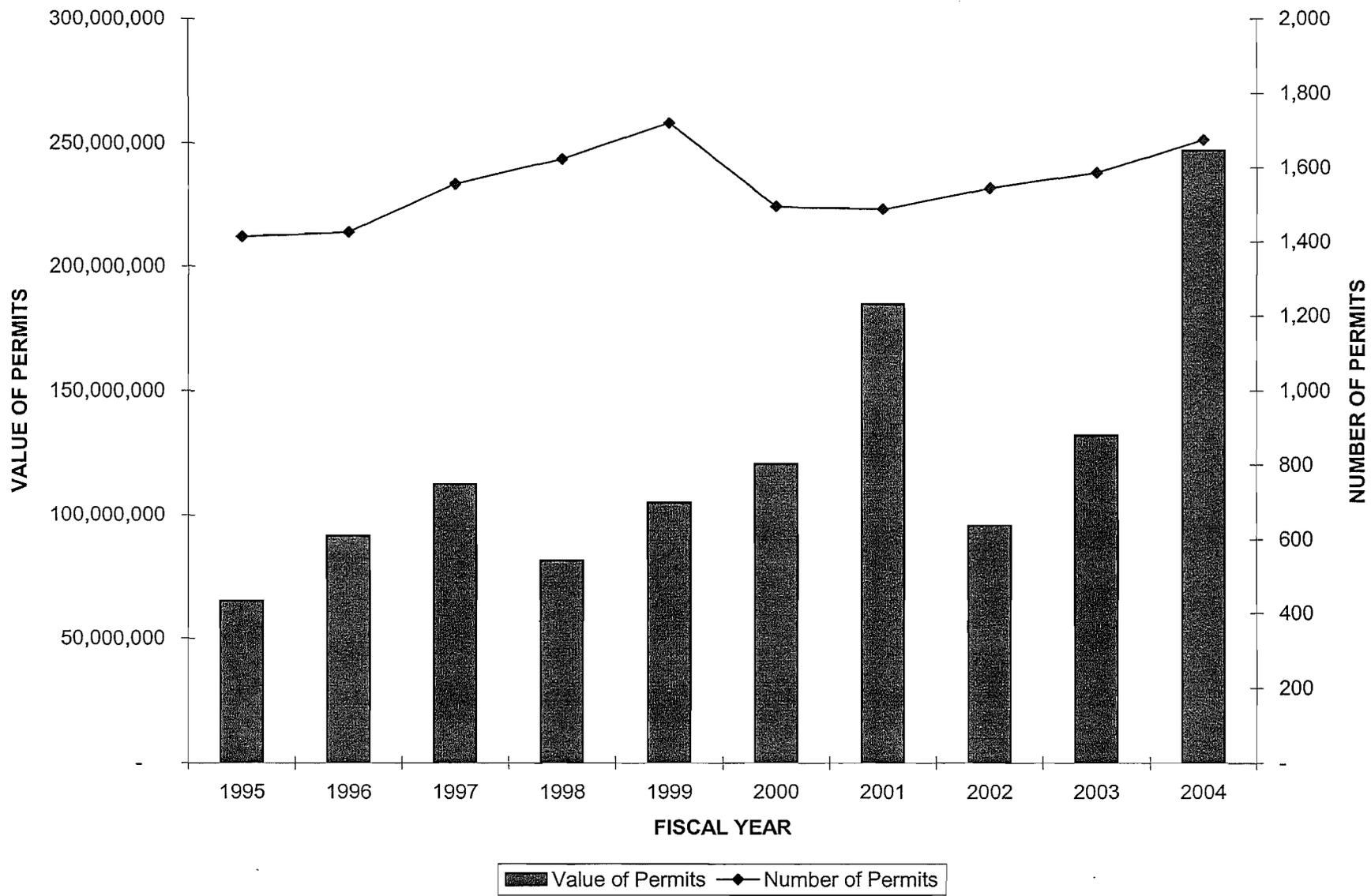
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NUMBER AND VALUE OF BUILDING PERMITS

<u>Fiscal Year Ended 6/30</u>	<u>Number of Permits</u>	<u>Building</u>	<u>Miscellaneous</u>	<u>Total</u>
1995	1,413	57,403,385	7,577,998	64,981,383
1996	1,425	78,887,827	12,649,815	91,537,642
1997	1,557	103,735,403	8,686,803	112,422,206
1998	1,624	72,768,186	8,923,104	81,691,290
1999	1,721	94,793,869	10,176,410	104,970,279
2000	1,495	112,671,283	7,790,459	120,461,742
2001	1,488	168,863,786	15,718,061	184,581,847
2002	1,545	88,316,351	7,490,071	95,806,422
2003	1,586	122,793,362	9,204,130	131,997,492
2004	1,674	226,461,685	20,401,098	246,862,783

Source: City of Norwalk, Building Department.

NUMBER AND VALUE OF PERMITS



CITY OF NORWALK

BANK DEPOSITS, CONSTRUCTION AND PROPERTY VALUES

<u>Fiscal Year Ended June 30</u>	<u>Bank Deposits (000)</u>	<u>Construction Permits</u>		<u>Property Values (000)</u>			<u>Real Estate Exemptions</u>
		<u>Number</u>	<u>Value</u>	<u>Real Property Commercial</u>	<u>Real Property Residential</u>	<u>Land</u>	
1995	\$1,036,793	1,413	\$ 64,981,383	548,613	1,161,335	991,880	16,585
1996	1,106,316	1,425	91,537,642	548,116	1,166,940	991,091	15,675
1997	1,129,279	1,557	112,422,206	551,113	1,178,797	991,612	23,166
1998	1,141,269	1,624	81,691,290	564,947	1,188,347	995,691	21,013
1999	N/A	1,721	104,970,279	567,436	1,203,715	995,619	19,096
2000	1,171,197	1,495	120,461,742	887,946	1,888,461	21,217	20,953
2001	1,164,986	1,488	184,581,847	987,330	2,429,610	32,817	26,092
2002	1,131,076	1,545	95,806,422	1,399,316	4,092,740	45,917	1,427,787
2003	1,333,584	1,586	131,997,492	1,502,934	4,125,244	50,108	743,486
2004	1,472,587	1,674	246,862,783	1,495,689	4,161,708	45,721	49,669

N/A *Information unavailable.*

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

CITY OF NORWALK

BUDGETED FULL-TIME PERSONNEL TEN YEAR HISTORY

<u>Function</u>	<u>2003-04</u>	<u>2002-03</u>	<u>2001-02</u>	<u>2000-01</u>	<u>1999-00</u>	<u>1998-99</u>	<u>1997-98</u>	<u>1996-97</u>	<u>1995-96</u>	<u>1994-95</u>
General Government	44	44	44	44	44	41	40	42	42	43
Finance	33	35	35	35	36	36	36	38	38	38
Health & Welfare	20	20	20	20	20	20	22	33	60	59
Police	196	206	206	206	204	205	206	206	208	208
Fire	143	149	147	147	146	146	147	147	147	147
Other Protection	35	19	19	19	19	19	19	26	20	20
Public Works & Traffic	110	113	119	119	147	145	151	158	158	162
Education	1,331	1,344	1,327	1,318	1,299	1,293	1,282	1,273	1,241	1,227
Recreation, Arts & Cultural	<u>57</u>	<u>57</u>	<u>57</u>	<u>55</u>	<u>55</u>	<u>55</u>	<u>56</u>	<u>57</u>	<u>71</u>	<u>75</u>
TOTAL	<u>1,969</u>	<u>1,987</u>	<u>1,974</u>	<u>1,963</u>	<u>1,970</u>	<u>1,960</u>	<u>1,959</u>	<u>1,980</u>	<u>1,985</u>	<u>1,979</u>

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