

CITY OF NORWALK, CONNECTICUT



COMPREHENSIVE ANNUAL FINANCIAL REPORT

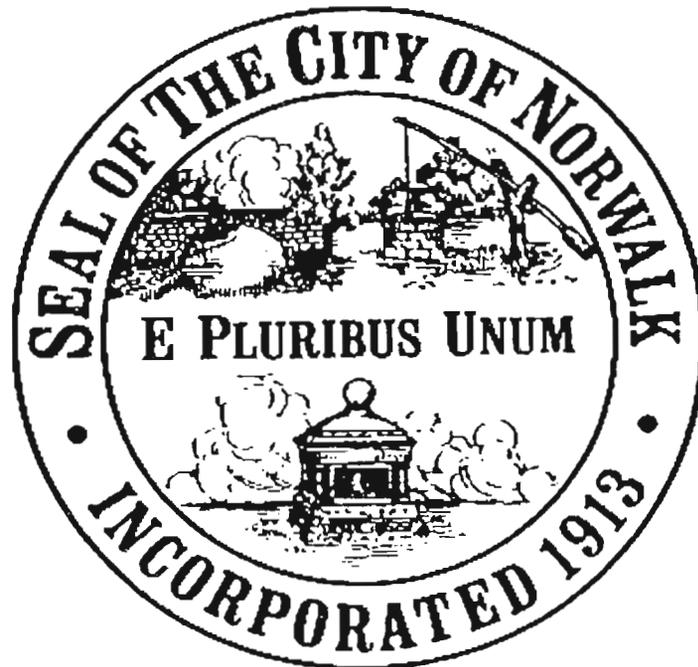
FISCAL YEAR ENDED JUNE 30, 2003

DEPARTMENT OF FINANCE
125 EAST AVENUE
NORWALK, CONNECTICUT 06856

CITY OF NORWALK

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2003



PREPARED BY THE FINANCE DEPARTMENT

<i>FINANCE DIRECTOR:</i>	<i>JACK E. MILLER</i>
<i>COMPTROLLER:</i>	<i>FREDERIC J. GILDEN</i>
<i>BUDGET DIRECTOR:</i>	<i>ANN TWOMEY</i>

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CITY OF NORWALK

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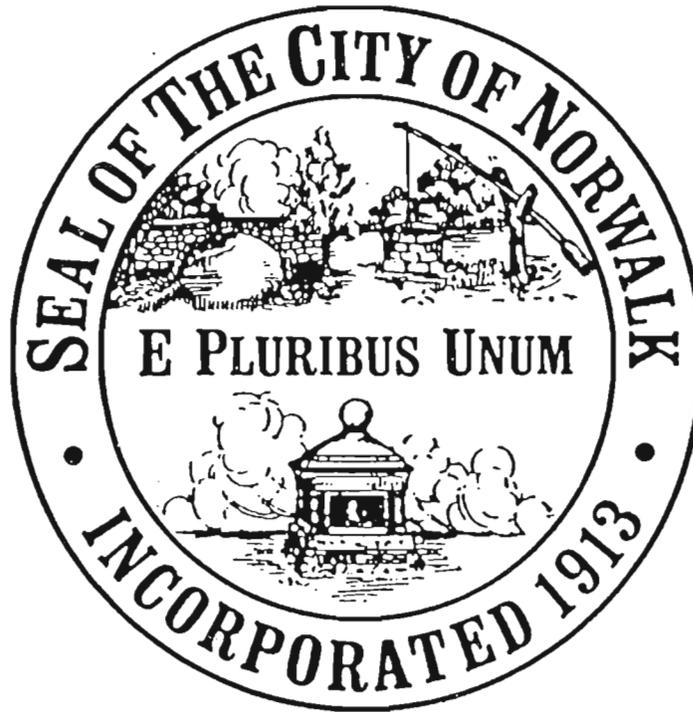
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The seal of the City of Norwalk was adopted in 1913 to represent the political entities that merged to form the new consolidation. The bridge symbolizes the end of the navigation at Wall St. in the old City of Norwalk, now known as the First Taxing District. The well stands for the former City of South Norwalk, which was called Old Well, a place where ships could replenish their water, and is now the Second Taxing District. The monument, which is dedicated to Roger Ludlow, is the emblem for East Norwalk, site of the original settlement and is now known as the Third Taxing District.

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**DEPARTMENT OF FINANCE
OFFICE OF THE DIRECTOR**

December 31, 2003

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 for the fiscal year ended June 30, 2003.

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.

Last year the City implemented a dramatic change in governmental financial reporting. The new format, which provides for Government-wide and Major Fund presentations, expands the alternatives available to review/examine the City and its major activities. We believe this new presentation will provide more comprehensive and explanatory information to the users of the CAFR.

Immediately following the report of the independent auditors is the Management Discussion 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 84,127, 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

At this writing, the country has not recovered from the most recent recession. And, indeed there are local signs of a weakened economy: unemployment and office vacancy rates have remained high since last year, although the City's unemployment continues to be significantly lower than the State and national levels. Norwalk still remains an attractive business location as reflected in new construction permits in FY 2003 and in the current fiscal year.

Norwalk is in a strategic location and will continue to be a vibrant retail, corporate and tourist center. The City hosts many regional and corporate headquarters but no one employer accounts for more than 2.5% of the total jobs and no business comprises more than 1.4% 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 and shrinking revenues and rising costs associated with the economic downturn. However, these burdens will be mitigated by anticipated growth in the commercial tax base due to several major development projects.

MAJOR INITIATIVES

Construction activity in Norwalk continued at a healthy pace. The number of zoning permits issued in FY 2003 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 sq. ft. office expansion, Science Road
- Norden/United Technologies, the relocation and expansion of Gibbs College
- SoNo Lots, 38 residential units, Ann St.
- Wal Mart/Home Goods, reoccupy 144,000 sq. ft. retail space vacated by Bradlees, Connecticut Avenue
- Best Buy, reoccupy 50,000 sq. ft. retail vacated by Nobody Beats The Wiz, Connecticut Avenue
- Brown Associates, 20 Residential Units, Haviland Street

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

- 25 and 35 Glover Ave, LLC, two office buildings totaling 650,000 sq. ft. Glover Avenue
- Summit LLC, 54 Residential Units, Richards Avenue
- Hacienda, 14 Waterfront Residential Units, Osborne Avenue
- Avalon Bay, 312 Residential Units, Belden Avenue

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.
- Wilson Cove tidal wetland restoration is near completion.
- 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.

- Maritime Aquarium expansion into the adjoining Hatch and Bailey Building has been completed.
- 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 2003.
- Construction of a 770 space parking garage next to the Maritime Aquarium is nearing completion.

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 five percent with an average maturity slightly less than 9 years 5 months.

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, 2002 to June 30, 2003, the average annualized yield on City investments was 3.03%; during the same period the U.S. Treasury Bill market produced an average yield of 1.50%. The higher rate of return is mainly attributable to our United States Federal Agency Paper.

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, 2002. 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 12 consecutive years (fiscal years 1991 through 2002). 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 Scillia, Dowling and Natarelli, LLC our independent auditors, for their guidance and many helpful comments and suggestions both during the preparation of this report and throughout the year.

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

Respectfully Submitted,



Thomas S. Hamilton
Director of Finance

CITY OF NORWALK, CONNECTICUT

PRINCIPAL CITY OFFICIALS

June 30, 2003

<u>OFFICE</u>	<u>NAMES</u>	<u>SELECTION/TERM</u>
Mayor	Alex A. Knopp	Elected - 2 Years
Director of Finance	Jack E. Miller	Appointed - Indefinite
Superintendent of Schools	Salvatore Corda	Appointed - Indefinite
Corporation Counsel	Louis S. Ciccarello	Appointed - 2 Years

MEMBERS OF COMMON COUNCIL

Matthew T. Miklave, Council President

William F. Wrenn, Majority Leader

Kenneth C. Baker	Barbara P. Hudgins	Jeanette Olmstead-Sawyer
Douglas W. Sutton	Bruce I. Kimmel	Carvin J. Hilliard
Peter A. Wien	Judith Rivas	Fred A. Bondi
Kevin M. Poruban	Christopher R. Perrone	Betsy H. Bain
William D. Krummel		

MEMBERS OF THE BOARD OF ESTIMATE & TAXATION

Adam Farstrup, Chairman

Ron Coley	David Davidson
G. Randall Avery	Tulio E. Lopez
Alex A. Knopp, Mayor	Tim Buzzee

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, 2002

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.



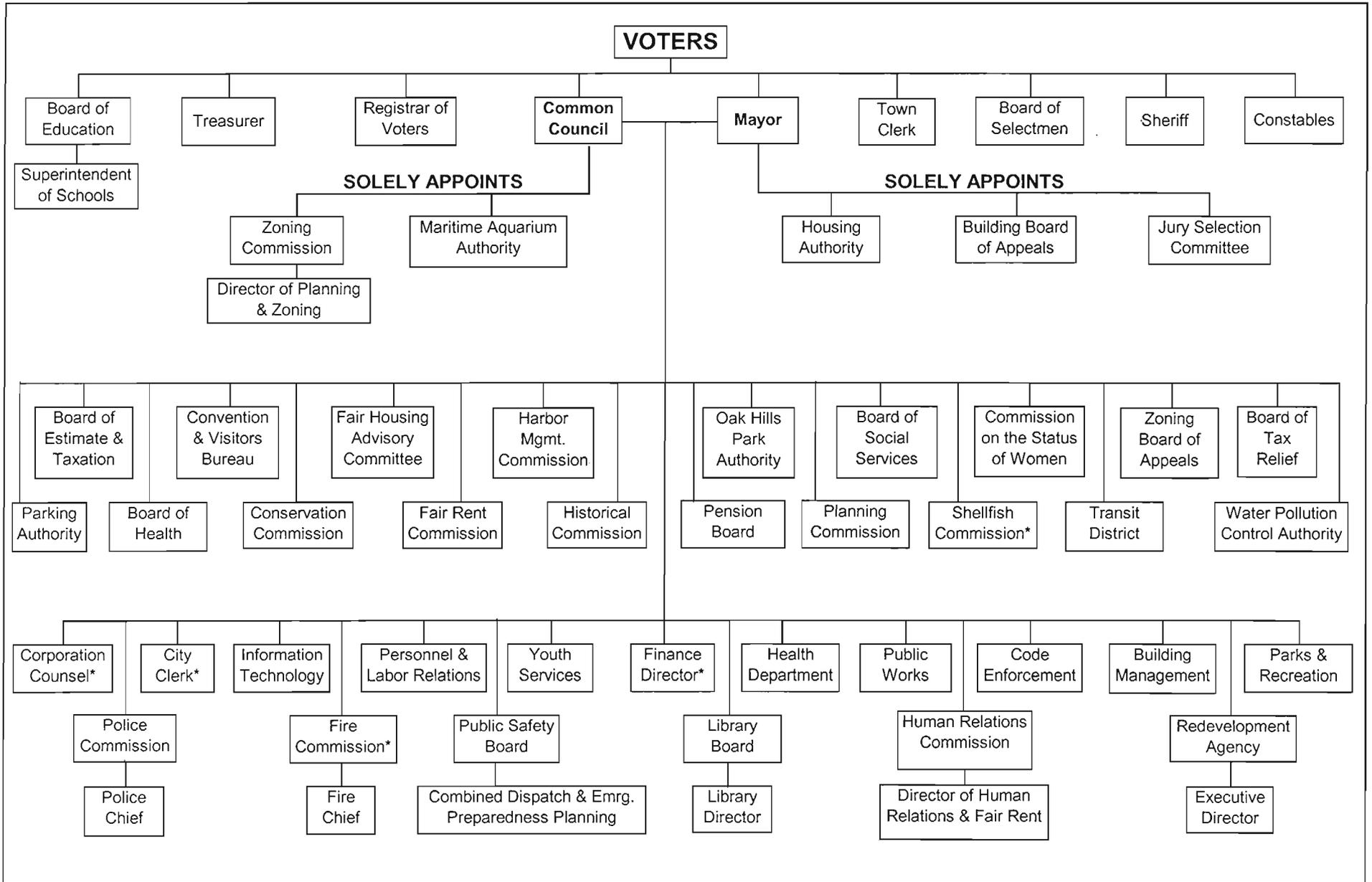
A handwritten signature in black ink, appearing to read "Edward Haney".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emswiler".

Executive Director

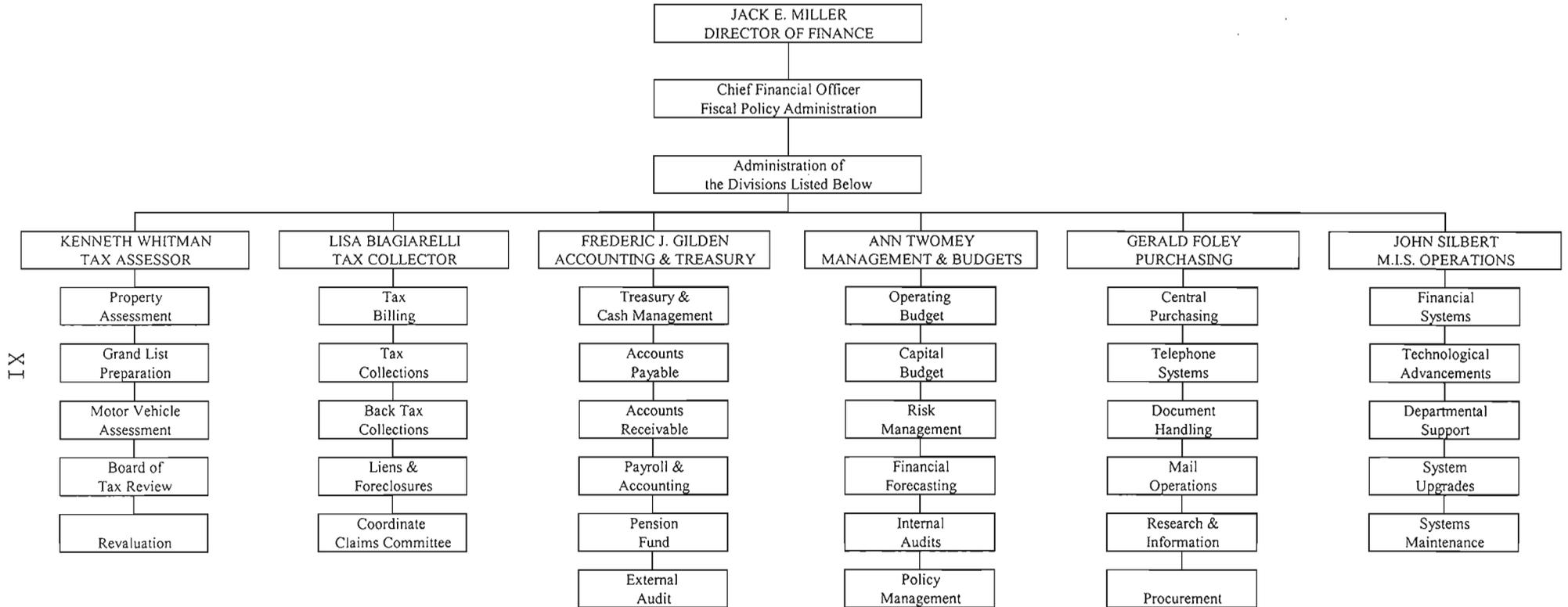
City of Norwalk Government Organization



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

*Solely appointed by the Mayor

FINANCE DEPARTMENT



REPORT OF INDEPENDENT AUDITORS

To the Members of the Common Council
Norwalk, Connecticut

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Norwalk, Connecticut, as of and for the year ended June 30, 2003, 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's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Norwalk Transit District. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Norwalk Transit District, is based on the report of the other auditors.

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 and the report of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Norwalk, Connecticut, as of June 30, 2003, 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.

The required supplementary information of Management's Discussion and Analysis on pages 3 through 11 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 an opinion on the financial statements that collectively comprise the City of Norwalk's basic financial statements. The accompanying supplementary information is presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information has been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The statistical data beginning on page 73 are presented for purposes of additional analysis and are not a required part of the basic financial statements of the City of Norwalk, Connecticut. Such additional information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2003 on our consideration of the City of Norwalk, Connecticut's internal control over financial reporting and over tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Scilla Dowling & Natalelli LLC

New Haven, Connecticut
December 5, 2003

CITY OF NORWALK, CONNECTICUT MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Norwalk's (the "City") Management 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 year's activities, resulting changes and currently known facts, please read it in conjunction with the Transmittal Letter (beginning on page iv) and the City's financial statements (beginning on page 12).

FINANCIAL HIGHLIGHTS

- The City's net assets increased by \$3.3 million (or 1.5%). The governmental net assets decreased by \$33.2 million (or 14.9%) and the business-type net assets increased by \$36.5 million. This was the first year that the City had Business-Type Activities and there was a transfer of \$35.4 million from Governmental Activities to Business-Type Activities to implement these activities.
- The General Fund (the primary operating fund) reflected on a current financial resource basis, reports an increase of \$.6 million (or 4.2%)

USING THIS ANNUAL REPORT

The new 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. When GASB 34 is fully implemented by all governments there will be a broader basis for comparison (year to year or government to government).

Government-Wide Financial Statements

The government-wide financial statements (see pages 12-13) are designed to be corporate-like in that all governmental and business-type activities are consolidated into columns which add to a total for the Primary Government. The focus of the Statement of Net Assets (the "Unrestricted Net Assets") is designed to be similar to bottom line results for the City and its governmental and business-type activities. This statement, combines and consolidates governmental fund's and business fund's current financial resources (short-term spendable resources) with capital assets and long-term obligations.

Component Units, which are other governmental units over which the City (through its Legislative body, the Common Council) can exercise influence and/or may be obligated to provide financial subsidy, are presented as a separate column in the government-wide statements and as individual activities in the Fund Financial Statement. The focus of the statements is clearly on the Primary Government and the presentation allows the user to address the relative relationship with the Component Units.

CITY OF NORWALK, CONNECTICUT MANAGEMENT'S DISCUSSION AND ANALYSIS

The Statement of Activities (see page 13) is focused on both the gross and net cost of various activities (including governmental, business and component unit) which are supported by the government's general tax and other revenues. This is intended to summarize and simplify the user's analysis of cost of various governmental services and/or component units.

The Governmental Activities reflect 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. For June 30, 2003, the City has Governmental and Business-Type Activities.

The Business-type Activities encompass the Parking Authority and Water Pollution Control Authority. Fees charged to customers assist the City in covering all or most of the cost of operations.

Fund Financial Statements

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

The Governmental Major Fund (see pages 14-15) presentation is presented on a sources and uses of liquid resources basis. This is the manner in which the financial plan (the budget) is typically developed. The flow and availability of liquid resources is a clear and appropriate focus of any analysis of a government. Funds are established for various purposes and the Fund Financial Statement allows the demonstration of sources and uses and/or budgeting compliance associated therewith.

The Governmental Funds Total column and Business Funds Total column require reconciliation because of the different measurement focus (current financial resources versus total economic resources), which is reflected on the page of the statement (see page 16). 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 and Business Activities column (in the Government-wide statements).

The Fund Financial Statements also allow the government to address its Fiduciary (or Trust) Funds (see pages 22-23) summarized by type (pension, private purpose trusts and agency). While these Funds represent trust responsibilities of the government, these assets are restricted in purpose and do not represent discretionary assets of the government. Therefore, these assets are not presented as part of the Government-Wide Financial Statements.

CITY OF NORWALK, CONNECTICUT MANAGEMENT'S DISCUSSION AND ANALYSIS

Infrastructure Assets

The City has implemented GASB Statement #34 in 2001-2002 including retroactive reporting of all capitalized infrastructure owned by the City. Historically, a government's largest group of assets (infrastructure – roads, bridges, traffic signals, underground pipes, etc.) have not been reported nor depreciated in governmental financial statements. This new statement requires that these assets be valued and reported within the Governmental column of the Government-wide Statements. Additionally, the government must elect to either (a) depreciate these assets over their estimated useful life or (b) develop a system of asset management designed to maintain the service delivery potential to near perpetuity. The City has elected to depreciate these assets which should assist financial statement users in evaluating a local government and its performance over time.

GOVERNMENT-WIDE STATEMENT

Statement of Net Assets

The following table reflects the condensed Statement of Net Assets:

Table 1

Statement of Net Assets (in thousands) June 30, 2003

	Governmental Activities	Business-type Activities	Total Primary Government	Component Unit Norwalk Transit District
Current and other assets	\$ 78,520	\$ 3,248	\$ 81,768	\$ 1,036
Capital assets	256,025	96,074	352,099	18,883
Total assets	334,545	99,322	433,867	19,919
Current and other liabilities	59,047	5,803	64,850	875
Long-term debt outstanding	85,410	56,962	142,372	-
Total liabilities	144,457	62,765	207,222	875
Net assets:				
Invested in capital assets, net of debt	163,057	35,869	198,926	18,876
Restricted	14,174	-	14,174	-
Unrestricted (deficit)	12,858	687	13,545	167
Total net assets	\$ 190,088	\$ 36,556	\$ 226,645	\$ 19,043

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

CITY OF NORWALK, CONNECTICUT MANAGEMENT'S DISCUSSION AND ANALYSIS

Normal Impacts

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

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

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

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

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

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

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

Current Impacts

The major impacts to Net Assets during the current fiscal year was the issuance of \$20.7 million of new debt and the construction on two major capital projects this year, one of which is the New Brookside School, \$8 million in Fiscal Year 2003, and the Maritime Parking Garage, \$7.9 million in Fiscal Year 2003. An additional impact was the \$16 million of principal on debt paid this year.

**CITY OF NORWALK, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Statement of Activities

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

Table 2

**Changes in Net Assets (in thousands)
June 30, 2003**

	Governmental Activities	Business-type Activities	Governmental Activities	Component Unit Norwalk Transit District
REVENUES				
Program Revenues:				
Charges for services	\$ 28,949	\$ 10,617	\$ 39,566	\$ 1,648
Operating grants and contributions	36,330	-	36,330	5,812
Capital grants and contributions	740	-	740	33
General Revenues:				
General property taxes and assessments	175,563	-	175,563	-
Interest Income	5,085	121	5,205	-
Other general revenues	5,540	-	5,540	-
Total Revenues	252,207	10,737	262,944	7,493
EXPENSES				
Program Activities				
Primary Government				
General Government	5,684	-	5,684	-
Health and Welfare	1,786	-	1,786	-
Community Grants	4,583	-	4,583	-
Employee Benefits	34,089	-	34,089	-
Protection of persons and property	29,034	-	29,034	-
Public Works	16,718	-	16,718	-
Education:				
Public Schools	137,273	-	137,273	-
Recreation, Arts and Cultural	14,900	-	14,900	-
Capital Outlays	214	-	214	-
Contingency	-	-	-	-
Interest on long-term debt	5,711	-	5,711	-
Other	-	-	-	8,569
Business-type Activities				
Parking	-	1,614	1,614	-
Water Pollution Control	-	8,004	8,004	-
Total expenses	249,992	9,618	259,611	8,569
Transfers	(35,437)	35,437	-	-
Increase in net assets	(33,222)	36,556	3,334	(1,076)
Net Assets,				
Beginning as restated	223,311	-	223,311	20,119
Net Assets, Ending	\$ 190,089	\$ 36,556	\$ 226,645	\$ 19,043

CITY OF NORWALK, CONNECTICUT MANAGEMENT'S DISCUSSION AND ANALYSIS

Normal Impacts

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

Revenues:

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

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

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

Expenses:

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

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

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

Current Impacts

Major impacts were increased property tax revenue of \$9.1 million due to an increase in the levy and more aggressive measures in collecting delinquent taxes. Also investment income was reduced by \$.8 million due to continued tightening of interest rates by the Federal Reserve.

Within the current year, the City has corrected any prior year misclassifications regarding program revenues and expenditures related to public works and employee benefits.

**CITY OF NORWALK, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS**

THE CITY FUNDS

General Fund

As of the year-end, the General Fund (as presented on the Statement of Revenues, Expenditures, and Changes in Unreserved Fund Balances on page 17) reported a fund balance of \$16.1 million which is 4.2% more than the beginning of the year (\$15.5 million). Increased Health and Property Insurance costs caused a rise of \$2.5 million in Employee Benefits. Education expenditures rose \$7.2 million due to salary increases and increased health insurance costs. Debt Service increased \$2.4 million due to \$6.4 million payoff of Maritime Center debt offset by the newly created Water Pollution Control Authority and Parking Authority paying debt attributable to them. State Funding cuts of \$2.6 million was the major factor in the decrease Federal and State Government revenue while \$1.1 of the decrease in Departmental and charges for services was due to the Water Pollution Control Authority and Parking Authority receiving revenue for their activities which were previously in the General Fund.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of year-end, the City had \$352.1 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 millions)
Governmental Activities
June 30, 2003**

	Governmental Activities	Business-type Activities	Total Primary Government
Land	\$ 21,905	\$ 4,839	\$ 26,744
Land Improvements	1,655	196	1,851
Buildings	65,658	63,711	129,369
Infrastructure	132,724	18,184	150,908
Machinery and Equipment	4,013	205	4,218
Construction in Progress	30,070	8,939	39,009
Total	\$ 256,025	\$ 96,074	\$ 352,099

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

**CITY OF NORWALK, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS**

The following reconciliation summarizes the change in Capital Assets, which is presented in detail in Note 4.

Table 4

**Change in Capital Assets (in millions)
Governmental Activities**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total Primary Government</u>
Beginning Balance	\$ 328,856	\$ -	\$ 328,856
Additions	27,030	8,940	35,970
Disposal	(5,696)	-	(5,696)
Transfers	(89,262)	89,262	-
Depreciation	(4,903)	(2,128)	(7,031)
Ending Balance	256,025	96,074	352,099

Debt Outstanding

As of year-end, the City had \$157.0 million in debt (bonds, notes, etc.) outstanding compared to the \$139.4 million last year, a 12.7% net increase (considering new borrowing and debt retirement). The following summarizes Outstanding Debt which is presented in more detail in Note 5.

Table 5

**Outstanding Debt, at Year-End (in millions)
Governmental Activities**

	<u>2003</u>	<u>2002</u>
Governmental:		
General obligation bonds	\$ 92,968	\$ 139,359
Bond Anticipation Note	3,860	
	92,968	139,359
Business-type:		
Parking Authority	9,592	-
Water Pollution Control Authority	50,613	-
	60,205	-
Total	\$ 153,173	\$ 139,359

CITY OF NORWALK, CONNECTICUT MANAGEMENT'S DISCUSSION AND ANALYSIS

During the year the City issued \$20.7 million in new variable rate bonds to finance school and infrastructure improvements. In addition the Parking Authority issued Lease Revenue Bonds of \$9,110,000 to finance the construction of the Maritime Parking Garage and the City issued a Bond Anticipation Note (BAN) of \$3,860,000. The BAN is expected to be paid from the proceeds of a parcel of land to a developer. 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 June 2003, the vacancy rate on office space in Norwalk was 24.5% down slightly from 25.5% in the prior year. As of the June 30, 2003 the unemployment rate for Norwalk was 4.1%, up from 3.3% in the prior year. Connecticut's overall employment rate stands at 5.2% as of June 30, 2003. Moreover, Connecticut State government has reduced aid to the City of Norwalk and other municipalities in the State for the both the year ending June 30, 2003 and in the current Fiscal Year.

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.

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BASIC FINANCIAL STATEMENTS

CITY OF NORWALK, CONNECTICUT
STATEMENT OF NET ASSETS
June 30, 2003

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Norwalk Transit District
ASSETS				
Cash and cash equivalents	\$ 36,504,812	\$ 948,663	\$ 37,453,475	\$ 215,292
Uncollected property taxes and sewer assessments, less allowance of \$1,796,892 for uncollectibles	5,655,043	169,970	5,825,013	-
Other receivables	6,889,969	-	6,889,969	20,475
Investments	29,410,490	1,678,176	31,088,666	-
Due from federal and state governments	-	-	-	570,452
Due from other funds	-	450,600	450,600	-
Inventories	59,771	-	59,771	193,098
Prepaid expenses	-	-	-	36,346
Capital assets, not being depreciated	51,975,334	13,778,486	65,753,820	2,561,619
Capital assets, net of accumulated depreciation	204,049,768	82,295,759	286,345,527	16,321,398
	<u>334,545,187</u>	<u>99,321,654</u>	<u>433,866,841</u>	<u>19,918,680</u>
LIABILITIES				
Accounts payable	5,819,568	2,307,901	8,127,469	368,556
Due to other governments	406,088	-	406,088	-
Due to other funds	450,600	-	450,600	-
Other liabilities	2,333,414	-	2,333,414	406,924
Advance tax collections	5,391,846	-	5,391,846	-
Accrued claims	8,830,561	-	8,830,561	-
Accrued compensation	7,248,253	-	7,248,253	-
Accrued sick, vacation	13,928,952	-	13,928,952	-
Deferred revenues	1,414,351	252,276	1,666,627	-
Bond anticipation note	3,860,000	-	3,860,000	-
Net pension benefit obligation	1,805,352	-	1,805,352	-
Noncurrent liabilities:				
Due within one year	7,558,031	3,243,224	10,801,255	100,000
Due in more than one year	85,409,849	56,961,988	142,371,837	-
Total liabilities	<u>144,456,865</u>	<u>62,765,389</u>	<u>207,222,254</u>	<u>875,480</u>
NET ASSETS				
Investment in capital assets, net of related debt	163,057,222	35,869,033	198,926,255	18,875,874
Restricted for debt service	14,173,549	-	14,173,549	-
Unrestricted	12,857,551	687,232	13,544,783	167,326
Total net assets	<u>\$ 190,088,322</u>	<u>\$ 36,556,265</u>	<u>\$ 226,644,587</u>	<u>\$ 19,043,200</u>

See notes to financial statements.

CITY OF NORWALK, CONNECTICUT

STATEMENT OF ACTIVITIES

Year ended June 30, 2003

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Unit Norwalk Transit District
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	
					Governmental Activities	Business-type Activities		
PRIMARY GOVERNMENT								
Governmental activities								
General government	\$ (5,683,634)	\$ 2,895,314	1,895,091	\$ -	\$ (893,229)	\$ -	\$ (893,229)	\$ -
Health and welfare	(1,786,136)	524,692	-	-	(1,261,444)	-	(1,261,444)	-
Community grants	(4,583,026)	-	1,201,233	-	(3,381,793)	-	(3,381,793)	-
Employee benefits	(34,089,451)	19,918,618	8,564,651	-	(5,606,182)	-	(5,606,182)	-
Protection of persons and property	(29,033,565)	1,586,297	138,344	-	(27,308,924)	-	(27,308,924)	-
Public works	(16,718,296)	246,230	-	-	(16,472,066)	-	(16,472,066)	-
Education: Public schools	(137,272,706)	3,659,621	24,530,925	-	(109,082,160)	-	(109,082,160)	-
Recreation, arts, and cultural	(14,900,283)	-	-	-	(14,900,283)	-	(14,900,283)	-
Maintenance	(213,871)	118,265	-	740,012	644,406	-	644,406	-
Interest on long-term debt	(5,711,184)	-	-	-	(5,711,184)	-	(5,711,184)	-
Total governmental activities	(249,992,152)	28,949,037	36,330,244	740,012	(183,972,859)	-	(183,972,859)	-
Business-type activities								
Parking	(1,614,354)	1,241,627	-	-	-	(372,727)	(372,727)	-
Water Pollution Control	(8,004,056)	9,375,181	-	-	-	1,371,125	1,371,125	-
Total business-type activities	(9,618,410)	10,616,808	-	-	-	998,398	998,398	-
Total primary government	\$ (259,610,562)	\$ 39,565,845	\$ 36,330,244	\$ 740,012	(183,972,859)	998,398	(182,974,461)	-
COMPONENT UNIT								
Norwalk Transit District	\$ (8,568,639)	\$ 1,648,166	\$ 5,811,810	\$ 32,664	-	-	-	(1,075,999)
	\$ (8,568,639)	\$ 1,648,166	\$ 5,811,810	\$ 32,664	-	-	-	(1,075,999)
GENERAL REVENUES								
Property taxes					175,562,527	-	175,562,527	-
Grants and contributions not restricted to specific programs					5,214,365	-	5,214,365	-
Transfers					(35,437,355)	35,437,355	-	-
Debt service reimbursement					326,062	-	326,062	-
Unrestricted investment earnings					5,084,829	120,512	5,205,341	-
Total general revenue and transfers					150,750,428	35,557,867	186,308,295	-
Change in net assets					(33,222,431)	36,556,265	3,333,834	(1,075,999)
NET ASSETS, Beginning as previously reported					219,474,015	-	219,474,015	20,119,199
PRIOR PERIOD ADJUSTMENT					3,836,738	-	3,836,738	-
NET ASSETS, Beginning restated					223,310,753	-	223,310,753	20,119,199
NET ASSETS, Ending					\$ 190,088,322	\$ 36,556,265	\$ 226,644,587	\$ 19,043,200

See notes to financial statements.

CITY OF NORWALK, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2003

	General	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 14,621,697	\$ 14,586,816	\$ 3,859,647	\$ 33,068,160
Uncollected property taxes and sewer assessments, less allowance of \$1,796,892 for uncollectibles	5,168,288	486,755	-	5,655,043
Other receivables	827,119	1,452,740	1,268,280	3,548,139
Investments	16,220,164	5,829,122	318,317	22,367,603
Inventory	-	-	59,763	59,763
	<u>36,837,268</u>	<u>22,355,433</u>	<u>5,506,007</u>	<u>64,698,708</u>
LIABILITIES				
Accounts payable	2,735,287	2,406,014	693,929	5,835,230
Due to other governments	319,510	80,144	36,363	436,017
Other liabilities	13,351,111	870,146	19,930	14,241,187
Bond anticipation note	-	3,860,000	-	3,860,000
Accrued compensation	643,860	-	-	643,860
Deferred revenues	3,660,017	965,580	935,526	5,561,123
	<u>20,709,785</u>	<u>8,181,884</u>	<u>1,685,748</u>	<u>30,577,417</u>
FUND BALANCES				
Reserved for debt service	-	14,173,549	-	14,173,549
Unreserved, reported in:				
General fund	16,127,483	-	-	16,127,483
Special revenue funds	-	-	3,820,259	3,820,259
	<u>16,127,483</u>	<u>14,173,549</u>	<u>3,820,259</u>	<u>34,121,291</u>
Total fund balances	<u>16,127,483</u>	<u>14,173,549</u>	<u>3,820,259</u>	<u>34,121,291</u>
Total liabilities and fund balances	<u>\$ 36,837,268</u>	<u>\$ 22,355,433</u>	<u>\$ 5,506,007</u>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	256,025,102
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	5,059,769
Internal service funds are used by management to charge the costs of medical insurance of individual funds. The assets and liabilities are included in governmental activities in the statement of net assets.	1,778,992
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(106,896,832)</u>
Net assets of governmental activities	<u>\$ 190,088,322</u>

CITY OF NORWALK, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
Year ended June 30, 2003

	General	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
General property				
taxes and assessments	\$ 176,774,248	\$ 6,618,265	\$ -	\$ 183,392,513
Federal and state government	21,339,077	4,509,949	21,065,793	46,914,819
Departmental charges for services	5,625,790	-	3,626,604	9,252,394
Interest on investments	1,494,741	745,465	29,856	2,270,062
Interest and penalties on taxes	1,961,519	-	-	1,961,519
Contributions/grants	174,842	-	-	174,842
Miscellaneous	443,886	-	33,017	476,903
Total revenues	<u>207,814,103</u>	<u>11,873,679</u>	<u>24,755,270</u>	<u>244,443,052</u>
EXPENDITURES				
Current				
General government	6,182,789	-	116,620	6,299,409
Health and welfare	1,772,828	-	-	1,772,828
Community grants	2,544,091	-	1,922,310	4,466,401
Employee benefits	14,115,564	-	-	14,115,564
Protection of persons and property	28,301,381	-	-	28,301,381
Public works	15,075,041	-	-	15,075,041
Education:				
Public schools	121,175,403	-	-	121,175,403
Designated grants and nonpublic	-	-	14,735,180	14,735,180
Recreation, arts, and cultural	6,123,444	-	7,724,853	13,848,297
Contingency	-	-	-	-
Capital outlays	-	32,094,956	-	32,094,956
Debt service	18,321,063	-	-	18,321,063
Total expenditures	<u>213,611,604</u>	<u>32,094,956</u>	<u>24,498,963</u>	<u>270,205,523</u>
NET CHANGES IN FUND BALANCE	<u>(5,797,501)</u>	<u>(20,221,277)</u>	<u>256,307</u>	<u>(25,762,471)</u>
OTHER FINANCING (USES) SOURCES				
Bond issued	-	20,700,000	-	20,700,000
Transfers in	6,444,524	-	-	6,444,524
Transfers out	-	(6,444,524)	-	(6,444,524)
Total other financing (uses) sources	<u>6,444,524</u>	<u>14,255,476</u>	<u>-</u>	<u>20,700,000</u>
NET CHANGES IN FUND BALANCE	<u>647,023</u>	<u>(5,965,801)</u>	<u>256,307</u>	<u>(5,062,471)</u>
FUND BALANCE, Beginning	<u>15,480,460</u>	<u>20,139,350</u>	<u>3,563,952</u>	<u>39,183,762</u>
FUND BALANCE, Ending	<u>\$ 16,127,483</u>	<u>\$ 14,173,549</u>	<u>\$ 3,820,259</u>	<u>\$ 34,121,291</u>

CITY OF NORWALK, CONNECTICUT
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year ended June 30, 2003

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

Net change in fund balances - total governmental funds	\$ (5,062,471)
<p>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.</p>	
	16,429,885
<p>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.</p>	
	(17,674,455)
<p>The net expenses of certain activities of internal service funds is reported with governmental activities.</p>	
	<u>1,975,784</u>
Change in net assets of governmental activities	<u><u>\$ (33,222,431)</u></u>

CITY OF NORWALK, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
UNRESERVED FUND BALANCES - BUDGETARY BASIS -
BUDGET AND ACTUAL - GENERAL FUND

Year ended June 30, 2003

	Budgeted Amounts		Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
General property taxes	\$ 174,728,516	\$ 174,728,516	176,774,248	\$ 2,045,732
Federal and state government	19,388,385	19,436,960	17,394,216	(2,042,744)
Other grants	160,000	160,000	174,842	14,842
Departmental and charges for services	4,794,555	4,903,098	5,625,790	722,692
Interest on investments	2,300,000	2,300,000	1,494,741	(805,259)
Interest and penalties on taxes	1,773,500	1,773,500	1,961,519	188,019
Miscellaneous	528,492	6,973,016	6,888,410	(84,606)
Total revenues	<u>203,673,448</u>	<u>210,275,090</u>	<u>210,313,766</u>	<u>38,676</u>
EXPENDITURES				
Current				
General government	6,302,465	6,746,966	6,182,789	564,177
Health and welfare	1,877,024	1,907,011	1,772,828	134,183
Community grants	2,497,321	2,547,321	2,544,091	3,230
Employee benefits	14,164,052	14,164,055	14,115,564	48,491
Protection of persons and property	28,730,036	28,851,061	28,301,381	549,680
Public works	15,799,677	16,656,140	15,075,041	1,581,099
Education:				
Public schools	117,000,000	117,533,000	117,230,542	302,458
Recreation, arts and cultural	6,332,714	6,352,141	6,123,444	228,697
Contingency	2,554,114	2,452,868	-	2,452,868
Debt service	12,166,045	18,771,276	18,321,063	450,213
Total expenditures	<u>207,423,448</u>	<u>215,981,839</u>	<u>209,666,743</u>	<u>6,315,096</u>
NET CHANGES IN FUND BALANCE	<u>(3,750,000)</u>	<u>(5,706,749)</u>	<u>647,023</u>	<u>6,353,772</u>
OTHER FINANCING SOURCES (USES)				
Appropriated fund balance	3,750,000	3,750,000	-	(3,750,000)
Net other financing sources (uses)	3,750,000	3,750,000	-	(3,750,000)
NET CHANGES IN FUND BALANCE	<u>\$ -</u>	<u>\$ (1,956,749)</u>	<u>647,023</u>	<u>\$ 2,603,772</u>
FUND BALANCE, Beginning			15,480,460	
FUND BALANCE, Ending			<u>\$ 16,127,483</u>	

See notes to financial statements.

CITY OF NORWALK, CONNECTICUT
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS
June 30, 2003

	Business Activities			Governmental
	Water Pollution Control Authority	Parking Authority	Total	Internal Service Fund
ASSETS				
Current assets				
Cash and cash equivalents	\$ 685,036	\$ 263,627	\$ 948,663	\$ 3,436,653
Accounts receivable and other	169,970	-	169,970	178,740
Due from government funds	450,600	-	450,600	-
Investments	253,440	1,424,736	1,678,176	7,042,887
Total current assets	1,559,046	1,688,363	3,247,409	10,658,280
CAPITAL ASSETS, net of accumulated depreciation				
	84,878,283	11,195,962	96,074,245	-
	86,437,329	12,884,325	99,321,654	10,658,280
LIABILITIES				
Current liabilities				
Bonds payable	3,180,940	62,284	3,243,224	-
Accounts payable and accrued liabilities	759,176	1,548,725	2,307,901	48,727
Deferred revenue	171,126	81,150	252,276	-
Claims incurred but not reported	-	-	-	8,830,561
Total current liabilities	4,111,242	1,692,159	5,803,401	8,879,288
LONG-TERM DEBT, less current portion				
	47,432,572	9,529,416	56,961,988	-
Total liabilities	51,543,814	11,221,575	62,765,389	8,879,288
NET ASSETS				
Investments in capital assets net of related debt	34,264,771	1,604,262	35,869,033	-
Unrestricted	628,744	58,488	687,232	1,778,992
Total net assets	\$ 34,893,515	\$ 1,662,750	\$ 36,556,265	\$ 1,778,992

CITY OF NORWALK, CONNECTICUT
COMBINED STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS - PROPRIETARY FUNDS
Year ended June 30, 2003

	Business Activities			Governmental Activities
	Water Pollution Control Authority	Parking Authority	Total	Internal Service Fund
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
OPERATING REVENUES				
City and members' contributions	\$ -	\$ -	\$ -	\$ 32,914,880
Charges for services	<u>9,214,472</u>	<u>1,241,628</u>	<u>10,456,100</u>	<u>-</u>
Total operating revenues	<u>9,214,472</u>	<u>1,241,628</u>	<u>10,456,100</u>	<u>32,914,880</u>
OPERATING EXPENSES				
Depreciation	2,020,453	107,249	2,127,702	-
Salaries, benefits and claims	-	286,381	286,381	30,818,647
Administration and operation	<u>4,683,005</u>	<u>983,199</u>	<u>5,666,204</u>	<u>944,635</u>
Total operating expenses	<u>6,703,458</u>	<u>1,376,829</u>	<u>8,080,287</u>	<u>31,763,282</u>
Operating income (loss)	<u>2,511,014</u>	<u>(135,201)</u>	<u>2,375,813</u>	<u>1,151,598</u>
NONOPERATING REVENUE (EXPENSE)				
Net gain on investment disposals	-	-	-	216,217
Interest expense on long-term debt	(1,139,891)	(237,524)	(1,377,415)	-
Investment income	<u>73,725</u>	<u>46,787</u>	<u>120,512</u>	<u>607,969</u>
Total nonoperating revenue (expense)	<u>(1,066,166)</u>	<u>(190,737)</u>	<u>(1,256,903)</u>	<u>824,186</u>
TRANSFERS IN	<u>33,448,667</u>	<u>1,988,688</u>	<u>35,437,355</u>	<u>-</u>
Change in net assets	34,893,515	1,662,750	36,556,265	1,975,784
DEFICIENCY IN NET ASSETS, Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>(196,792)</u>
NET ASSETS, Ending	<u>\$ 34,893,515</u>	<u>\$ 1,662,750</u>	<u>\$ 36,556,265</u>	<u>\$ 1,778,992</u>

CITY OF NORWALK, CONNECTICUT
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
Year ended June 30, 2003

	Business Activities			Governmental
	Water Pollution	Parking	Total	Internal
	Control Authority	Authority		Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from operations	\$ 9,215,628	\$ 1,322,778	\$ 10,538,406	\$ 33,393,929
Payments to employees	-	(286,381)	(286,381)	-
Payments of operating costs, claims and fees	(3,923,829)	-	(3,923,829)	(32,078,287)
Net cash provided by operating activities	5,291,799	1,036,397	6,328,196	1,315,642
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Advances to other funds	(450,600)	-	(450,600)	-
Net cash used in non- capital financing activities	(450,600)	-	(450,600)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Bond proceeds	588,600	9,110,000	9,698,600	-
Bond payments	(3,287,157)	(31,099)	(3,318,256)	-
Acquisition of capital assets	(138,030)	(8,236,198)	(8,374,228)	-
Interest paid	(1,139,861)	(237,524)	(1,377,385)	-
Net cash (used in) provided by capital and related financing activities	(3,976,448)	605,179	(3,371,269)	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sales of investments	463,941	2,783,646	3,247,587	4,533,625
Interest income	73,725	46,787	120,512	607,969
Investment purchases	(717,381)	(4,208,382)	(4,925,763)	(4,443,019)
Net cash (used in) provided by investing activities	(179,715)	(1,377,949)	(1,557,664)	698,575

See notes to financial statements.

CITY OF NORWALK, CONNECTICUT
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS - continued
Year ended June 30, 2003

	Business Activities			Governmental Activities
	Water Pollution Control Authority	Parking Authority	Total	Internal Service Fund
NET INCREASE IN CASH AND CASH EQUIVALENTS	\$ 685,036	\$ 263,627	\$ 948,663	\$ 2,014,217
CASH AND CASH EQUIVALENTS, Beginning	-	-	-	1,422,436
CASH AND CASH EQUIVALENTS, Ending	<u>\$ 685,036</u>	<u>\$ 263,627</u>	<u>\$ 948,663</u>	<u>\$ 3,436,653</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Income (loss) from operations	\$ 2,511,014	\$ (135,201)	\$ 2,375,813	\$ 1,151,598
Adjustment for unpaid capital asset costs	-	(565,526)	(565,526)	-
Adjustments to reconcile income (loss) from operations to net cash provided by (used in) operating activities:				
Depreciation	2,020,453	107,249	2,127,702	-
Changes in assets and liabilities:				
Receivables	(169,970)	-	(169,970)	479,049
Accounts payable	759,176	1,548,725	2,307,901	2,030
Deferred revenue	171,126	81,150	252,276	-
Claims incurred but not reported	-	-	-	(317,035)
Net cash provided by operating activities	<u>\$ 5,291,799</u>	<u>\$ 1,036,397</u>	<u>\$ 6,328,196</u>	<u>\$ 1,315,642</u>

CITY OF NORWALK, CONNECTICUT
STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS
June 30, 2003

	Pension Trust Funds	Private Purpose Trust Fund	Agency Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and cash equivalents	\$ -	\$ 66,809	\$ 1,441,215
Investments, at fair value	<u>298,349,025</u>	<u>-</u>	<u>-</u>
	<u>298,349,025</u>	<u>66,809</u>	<u>1,441,215</u>
LIABILITIES			
Accounts payable	2,923	-	-
Due to beneficiaries	-	-	1,441,215
Security lending obligation	<u>35,561,532</u>	<u>-</u>	<u>-</u>
	<u>35,564,455</u>	<u>-</u>	<u>1,441,215</u>
Held in trust for pension benefits and other purposes	<u>\$ 333,913,480</u>	<u>\$ 66,809</u>	<u>\$ -</u>

CITY OF NORWALK, CONNECTICUT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS - FIDUCIARY FUNDS
Year ended June 30, 2003

	Pension Trust Funds	Private Purpose Trust Fund
ADDITIONS		
Contributions		
Employer	\$ 238,993	\$ -
Plan members	2,488,756	-
Other contributions	<u>-</u>	<u>753</u>
Total contributions	<u>2,727,749</u>	<u>753</u>
Investment income		
Net appreciation in fair value of investments	4,241,021	-
Interest and dividends	<u>7,426,018</u>	<u>500</u>
	11,667,039	500
Less investment expenses:		
Investment management fees	<u>(1,078,017)</u>	<u>-</u>
Net investment income	<u>10,589,022</u>	<u>500</u>
Total additions	<u>13,316,771</u>	<u>1,253</u>
DEDUCTIONS		
Benefits and other deductions	<u>13,336,161</u>	<u>3,064</u>
Total deductions	<u>13,336,161</u>	<u>3,064</u>
Change in net assets	(19,390)	(1,811)
NET ASSETS, Beginning	<u>262,803,960</u>	<u>68,620</u>
NET ASSETS, End	<u>\$ 262,784,570</u>	<u>\$ 66,809</u>

See notes to financial statements.

CITY OF NORWALK, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS

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.

<u>District</u>	<u>General</u>	<u>Garbage Collection</u>	<u>Sewers</u>	<u>Fire Protection</u>	<u>Street Lighting</u>
1st	X	X	X	X	
2nd	X	X	X	X	
3rd	X	X	X	X	
4th	X	X	X	X	X
5th	X			X	X
6th	X				
7th	X		X		
8th	X	X		X	
9th	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. As required by accounting principles generally accepted in the United States of America, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. The blended component unit, although a legally separate entity, is, in substance, part of the government's operations and so data from this unit is combined with data of the primary government. The discretely presented component unit is reported in a separate column in the combined financial statements to emphasize that it is legally separate from the government.

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 later 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

CITY OF NORWALK, CONNECTICUT

NOTES TO BASIC FINANCIAL STATEMENTS

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

The Director of Finance of the City is required to submit to the Authority a recommended annual budget for the Authority on or before March 1 in each year. The Authority then adopts its annual budget for the ensuing fiscal year on or before April 1 in each year. The fiscal year of the Authority commences July 1. In October 1985, the City agreed to lend its full faith and credit backing to the development of the Center and guaranteed payment on the bonds and notes issued to finance the Center and is obligated to cover any deficiency in net revenues from the Center's operations to pay debt service.

The Center is designed to be a comprehensive educational facility of the maritime history and marine life of Long Island Sound with an adjoining IMAX film theater. The Center's maritime history component is expected to emphasize the 19th century aspects of the industrial revolution in Connecticut's coastal communities. Its aquarium component is designed to examine the ecological system of Long Island Sound from salt marsh to open ocean. The IMAX film theater is designed to offer one or more films at a time relating to the Center's themes.

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. During July 1988, construction was completed and the Center commenced operations.

The Center's management anticipates that net revenue for the fiscal year ending June 30, 2003 will not be sufficient to meet its debt requirements. As noted above, the City is obligated to cover any deficiency in net revenues from the Center's operations to pay debt service, but is not obligated to cover any operating deficiencies incurred by the Operator.

Discretely Presented Component Unit — The Norwalk Transit District (Transit District) operations are financed through user charges and grants from the State of Connecticut, the Federal government and the City. The Transit District's operations are separately governed and it maintains separate accounting records. The Transit District is managed by a board of two commissioners who are appointed by the Mayor and approved by the Common Council. The Transit District has a June 30 year end.

CITY OF NORWALK, CONNECTICUT

NOTES TO BASIC FINANCIAL STATEMENTS

The Common Council approves all debt agreements entered into by the Transit District. The Transit District is presented as a proprietary fund type. Complete financial statements for the Transit District may be obtained from the Transit District administrative offices.

Government-wide and Fund Financial Statements

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

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

Separate financial statements are provided for governmental funds, enterprise funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental 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, pension and private purpose trust fund financial statements. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

All governmental fund types use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers property taxes as available if they are collected within 60 days after year end. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term

CITY OF NORWALK, CONNECTICUT NOTES TO BASIC FINANCIAL STATEMENTS

debt are recorded as fund liabilities when due or when amounts have been accumulated for payments to be made early in the following year. Certain indirect costs are included in the program expense

Those revenues susceptible to accrual are property taxes, special assessments and interest revenue. Fines, permits and charges for services are not susceptible to accrual because generally they are not measurable until received in cash.

The government reports the following major governmental funds:

- (i) **General Fund** — The General Fund is the general operating fund of the City government. All unrestricted resources except those required to be accounted for in another fund are accounted for in this fund. From this fund are paid general operating expenditures, fixed charges, principal and interest on long-term debt, and capital improvement costs of the City which are not paid through a special fund.
- (ii) **Capital Projects** — The Capital Projects 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.

Additionally, the government reports the following fund types:

- (i) **Internal Service Fund** – accounts for employee health insurance provided to departments of the City and Board of Education.
- (ii) **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.
- (iii) **Private-Purpose Trust Fund** – accounts for assets held by the City in a trustee capacity or as an agent on behalf of others.
- (iv) **Agency Funds** – account for monies held as a custodian for outside groups, primarily school activities and agencies.
- (v) **Business-type Funds** – accounts for the activities of the City’s enterprises for which the rates charged are designed to cover the cost of operations, including capital related costs.

CITY OF NORWALK, CONNECTICUT

NOTES TO BASIC FINANCIAL STATEMENTS

Budgetary Data

The City's charter provides that:

- (i) 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.
- (ii) The expenditure portion of the operating budget (appropriations) is given legal effect through resolution of the Board of Estimate and Taxation. Appropriates 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.
- (iii) 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.
- (iv) 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.
- (v) 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.
- (vi) Expenditures of funds for long-term capital improvements are budgeted by Capital Project each year. Appropriations for Capital Projects are continued until completion of applicable projects, even when projects extend over more than one fiscal year.
- (vii) Appropriations from the general fund lapse at year end.

Budgets are adopted on a modified accrual basis of accounting. The General and Capital Projects Funds are the only funds under budgetary control. Budgeted amounts are as originally adopted, or as amended by Board of Estimate and Taxation and ratified by Common Council for additional appropriations.

**CITY OF NORWALK, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS**

For the year ended June 30, 2003, supplemental appropriations (adjustments) activity for the General Fund budget was as follows:

Original budget approved		\$ 207,423,448
Supplemental appropriations (adjustments)		
General government	\$ 444,501	
Health and welfare	29,987	
Community grants	50,000	
Employee benefits	3	
Protection of persons and property	121,025	
Public works	856,463	
Education	533,000	
Recreation, arts and culture	19,427	
Contingency	(101,246)	
Debt service	6,605,231	8,558,391
		<u>8,558,391</u>
Final budget		<u>\$ 215,981,839</u>

The City's budgetary fund structure as presented on page 17 accounts for certain transactions differently from those presented on page 15, which presents financial statements in conformity with accounting principles generally accepted in the United States of America. A reconciliation of these differences at June 30, 2003 is as follows:

	<u>Revenues and Transfers in (out)</u>	<u>Expenditures and Transfers in (out)</u>
Budgetary Basis (page 17)	\$ 210,313,766	\$ 209,666,743
State On-Behalf payments for teachers retirement	<u>3,944,861</u>	<u>3,944,861</u>
Modified income GAAP Basis (page 15) and transfers in	<u>\$ 214,258,627</u>	<u>\$ 213,611,604</u>

Postemployment Benefits Other Than Pension Benefits

In addition to providing pension benefits, the City provides postemployment health care and life insurance benefits under various collective bargaining agreement provisions and the personnel policies of the City and the Board of Education. Substantially all of the City's employees, both City administration and the Board of Education, may become eligible for postemployment benefits upon reaching retirement age.

CITY OF NORWALK, CONNECTICUT

NOTES TO BASIC FINANCIAL STATEMENTS

Eligibility

- (i) **City Employees:** All City employees are eligible for postemployment health care benefits upon early, normal, or disability retirement. Surviving dependent spouses of retirees may elect to continue coverage under certain terms and conditions. In addition, retirees from the City Administrator's bargaining group who retired on or after July 1, 1986 are reimbursed for the Medicare part B premium upon reaching age 65, and are provided with a \$5,000 life insurance policy. In addition, employees under the Norwalk Municipal Employees Association bargaining group are also entitled to the \$5,000 life insurance policy. Retirees from the Fire Fighters' bargaining group are provided with a \$2,500 life insurance policy.
- (ii) **Board of Education Employees:** All Board of Education employees are eligible for postemployment health care benefits upon normal retirement, and most of the Board's employees are also eligible for such benefits upon early and disability retirement. Coverage for dependents and surviving dependent spouses may be extended under certain terms and conditions.

Employees and Participant Contributions

- (i) **City Employees:** Retired City employees do not contribute to the cost of these benefits. In addition, surviving dependent spouses from the Police and Fire bargaining groups can continue coverage at no cost to them. All other surviving dependent spouses who elect to continue coverage may do so for up to three years and are required to pay for the full cost of such coverage.
- (ii) **Board of Education Employees:** Retirees from the Administrators, Teachers and Nurses bargaining groups are provided with individual coverage from age 55 to age 65 at no cost to the employee. Secretarial employees are provided such coverage at no cost from age 60 to age 65. Coverage for dependents, and coverage beyond age 65 is at the expense of the employee. The Board's Custodial/Maintenance bargaining group is provided with dependent coverage and Medicare Supplement Coverage beyond age 65 at no cost to the employee.

Funding

- (i) Postemployment benefits are funded on a pay-as-you-go basis. The cost of retiree health and life insurance benefits is recorded as an expense in the Risk Management Internal Service Fund as claims are paid. There are 774 participants eligible to receive benefits at June 30, 2003. For fiscal year 2003, these expenditures totaled \$5,276,037.

CITY OF NORWALK, CONNECTICUT

NOTES TO BASIC FINANCIAL STATEMENTS

Property Tax

The City's property tax is levied and payable each July 1 on the assessed value listed as of the prior October 1 for all real and personal property located in the City. Liens are effective on the assessment date and are continued by filing prior to the following levy date. Assessed values are established at 70 percent of estimated market value to conform to State statutes. Formerly, State statutes required each municipality to revalue real property at least every ten years. During the 1995 legislative session, the Legislature extended and revised the requirements for revaluation. The last revaluation completed and enacted was for the list of October 1, 1999. The assessed value for the list of October 1, 2000, upon which the current year's tax levy was based, was \$4,961,132,494.

Cash and Cash Equivalents

For the purposes of the statement of cash flows, cash equivalents are defined as short-term, liquid investments with an original maturity of three months or less.

Investments

State statutes authorize the City to invest in the following obligations: 1) the United States of America including any agency of the United States government, 2) any state of the United States or political subdivision, authority or agency thereof which is exempt from taxation and at the time of the investment is rated within the top two rating categories of any nationally recognized rating service, and 3) the State of Connecticut, or any political subdivision, authority or agency thereof, which are rated within the top three rating categories of any nationally recognized rating service. In addition, the City is authorized to invest in demand deposits, time deposits, certificates of deposit, share accounts, term share accounts and share certificate accounts of any corporation or association receiving deposits which has its main place of business in Connecticut. The Pension Trust Fund is also authorized to invest in corporate bonds and stocks.

Investments are stated at fair value, which is determined using quoted market prices at June 30. The cost of investments sold is determined on a first-in, first-out basis.

Inventory

Inventory consists of food held for consumption. The inventory is stated at cost, which is based on (a) actual cost for purchased food and (b) stated value approximating fair value assigned by the federal government for food donated by the federal government, using the first-in, first-out basis. The food is recorded as an expenditure at the time individual inventory items are consumed rather than when purchased.

In governmental fund types, reported inventories are offset by a fund balance reserve that indicates that they do not constitute "available spendable resources" even though they are a component of assets.

The Transit District records fuel and lubricants on a first-in, first-out basis and spare parts and materials on a last-in, first-out basis.

**CITY OF NORWALK, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS**

Interfund Transactions

Interfund services provided and used are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursement to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

During the year ended June 30, 2003, net assets were transferred from the general fund to the newly created Water Pollution Control Authority and Parking Authority in the amount of \$34,448,667 and \$1,988,688, respectively. In addition, \$588,600 in debt and \$138,000 in capital assets were transferred from the capital fund to the Water Pollution Control Authority.

Capital Assets - City

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 government-wide financial statements. The government defines capital assets 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. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. 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 net asset or materially extend an asset's life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

<u>Type of Asset</u>	<u>Depreciable Lives in years</u>
Land improvements	20
Construction	25-50
Infrastructure	10-65
Machinery and equipment	5-20
Licensed vehicles	8

CITY OF NORWALK, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS

Capital Assets - Transit District Component Unit

Property and equipment for the Transit District are stated at cost, less accumulated depreciation. Expenditures for property and equipment incurred under the various capital grants are recorded as assets and have been designated as contributed capital. Property and equipment in service are depreciated by the straight-line method over the estimated useful lives of the assets. The useful lives employed in computing depreciation of principal classes of property and equipment are as follows:

<u>Type of Asset</u>	<u>Depreciable Lives in years</u>
Computers	5
Office equipment	5
Vehicles	6
Garage equipment	6
Telephone	7
Buses	12
Building and operating property improvements	40

Proceeds in excess of \$5,000 received on disposition of a contributed asset are subject to return to the appropriate granting agencies in their respective proportions. Expenditures for maintenance and repairs are charged to expenses as incurred.

Deferred Revenue

The City reports deferred revenue on its statement of net assets. Deferred revenues arise when a potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Deferred revenues also arise when resources are received by the City before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the liability for deferred revenue is removed from the statement of net assets and revenue is recognized.

Operating and Non-operating Revenue

Operating revenue in the internal service fund is contributions from the City and members. Operating revenues for the Water Pollution Control Authority and the Parking Authority are fees for services provided. For all the above-mentioned funds, non-operating revenue consists primarily of interest and investment earnings.

**CITY OF NORWALK, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS**

Management 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 expenditures during the reporting periods. Actual results could differ from those estimates.

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 are 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 \$106,896,832 difference is as follows:

Bonds payable	\$ 92,967,880
Compensated absences	<u>13,928,952</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net assets - governmental activities	<u>\$ 106,896,832</u>

Explanation of Certain Differences between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of

CITY OF NORWALK, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS

this \$16,429,885 difference is as follows:

Capital outlay	\$ 21,333,136
Depreciation expense	<u>(4,903,251)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 16,429,885</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 \$17,674,455 difference is as follows:

Long-term liabilities issued or incurred:	
Issuance of general obligation bonds	\$ (33,670,000)
Principal repayments:	
General obligation debt	<u>15,995,545</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ (17,674,455)</u>

CITY OF NORWALK, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 3 — DEPOSITS AND INVESTMENTS

Deposits and Investment Balances

Following is a reconciliation of the City's deposit and investment balances as of June 30, 2003:

	<u>Pooled Cash and Investments</u>			
Bank deposits				\$ 38,961,499
Investments				<u>329,437,691</u>
Total				<u>\$ 368,399,190</u>
	<u>Government-wide Statement of Net Assets</u>	<u>Fiduciary Funds Statement of Net Assets</u>	<u>Enterprise Funds Statement of Net Assets</u>	<u>Total</u>
Pooled cash and investments	\$ 36,504,812	\$ 1,508,024	\$ 948,663	\$ 38,961,499
Investments	<u>29,410,490</u>	<u>298,349,025</u>	<u>1,678,176</u>	<u>329,437,691</u>
Total	<u>\$ 65,915,302</u>	<u>\$ 299,857,049</u>	<u>\$ 2,626,839</u>	<u>\$ 368,399,190</u>

At June 30, 2003, the carrying amount of the City's deposits was \$38,961,499. The bank balances of funds on deposit totaled \$37,899,940. Of the bank balance, \$110,064 was covered by federal depository insurance, \$3,635,197 was protected under provisions of the Connecticut General Statutes, which provide for protection against loss in excess of depository insurance through assessment against segregated collateral required to be maintained by public depositories, but not held in the City's name, and \$34,154,679 was uninsured and uncollateralized.

At June 30, 2003, the carrying amount of combined cash book balances with financial institutions of the Transit District was \$215,292 and the bank balance was \$211,080 of which \$100,000 was covered by Federal Depository insurance. The balance of \$111,080 was uninsured and uncollateralized.

The City's investments are categorized as either (1) insured or registered, or securities held by the City or its agency in the City's name, (2) uninsured and unregistered, with securities held by the counterpart's trust department or agent in the City's name or (3) uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the City's name.

CITY OF NORWALK, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS

The City's investments at June 30, 2003 are shown below:

	<u>Category 3</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
U.S. Government Securities	\$ 29,720,572	\$ 29,720,572	\$ 29,720,572
Debt Securities	55,030,340	55,030,340	55,030,340
Equity Securities	149,831,302	149,831,302	149,831,302
Other	<u>16,273,422</u>	<u>16,273,422</u>	<u>16,273,422</u>
	<u>\$ 250,855,636</u>	250,855,636	250,855,636
CT State Treasurer Short Term Investment Fund (1)		1,649,753	1,649,753
Mutual Funds (1)		<u>76,932,302</u>	<u>76,932,302</u>
Total investments		<u>\$ 329,437,691</u>	<u>\$ 329,437,691</u>

(1) These investments are not categorized because they are not evidenced by securities that exist to physical or book entry form.

CITY OF NORWALK, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 4 — CAPITAL ASSETS

Capital asset activity for governmental activities for the year ended June 30, 2003 was as follows:

	Balance, June 30, 2002	Additions	Disposal	Transfers to Business Activities	Balance June 30, 2003
Capital assets, not being depreciated:					
Land	\$ 26,744,162	\$ -	\$ -	\$ 4,838,762	\$ 21,905,400
Construction in progress	<u>15,542,197</u>	<u>20,069,114</u>	<u>5,541,377</u>	<u>-</u>	<u>30,069,934</u>
	<u>42,286,359</u>	<u>20,069,114</u>	<u>5,541,377</u>	<u>4,838,762</u>	<u>51,975,334</u>
Capital assets, being depreciated:					
Land improvements	6,633,648	-	-	409,207	6,224,441
Construction	191,158,628	5,731,579	121,123	80,905,494	115,863,590
Machinery and equipment	38,156,708	1,228,943	34,000	11,569,728	27,781,923
Infrastructure	<u>178,343,030</u>	<u>-</u>	<u>-</u>	<u>28,539,753</u>	<u>149,803,277</u>
	<u>414,292,014</u>	<u>6,960,522</u>	<u>155,123</u>	<u>121,424,182</u>	<u>299,673,231</u>
Less accumulated depreciation for:					
Land improvement	4,495,367	266,791	-	192,981	4,569,177
Construction	63,785,902	2,020,752	-	15,600,825	50,205,829
Machinery and equipment	33,621,927	1,426,190	-	11,278,896	23,769,221
Infrastructure	<u>25,817,731</u>	<u>1,189,518</u>	<u>-</u>	<u>9,928,013</u>	<u>17,079,236</u>
	<u>127,720,927</u>	<u>4,903,251</u>	<u>-</u>	<u>37,000,715</u>	<u>95,623,463</u>
Total capital assets being depreciated, net	<u>286,571,087</u>	<u>2,057,271</u>	<u>155,123</u>	<u>84,423,467</u>	<u>204,049,768</u>
Governmental activities capital assets, net	<u>\$ 328,857,446</u>	<u>\$ 22,126,385</u>	<u>\$ 5,696,500</u>	<u>\$ 89,262,229</u>	<u>\$ 256,025,102</u>

CITY OF NORWALK, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS

Capital asset activity for business-type activities for the year ended June 30, 2003 was as follows:

	Balance, June 30, 2002	Additions	Disposals	Transfers from Governmental Activities	Balance June 30, 2003
Capital assets, not being depreciated:					
Land	\$ -	\$ -	\$ -	\$ 4,838,768	\$ 4,838,768
Construction in progress	-	8,939,718	-	-	8,939,718
	<u>-</u>	<u>8,939,718</u>	<u>-</u>	<u>4,838,768</u>	<u>13,778,486</u>
Capital assets, being depreciated:					
Land improvements	-	-	-	409,201	409,201
Construction	-	-	-	80,905,493	80,905,493
Machinery and equipment	-	-	-	11,569,728	11,569,728
Infrastructure	-	-	-	28,539,753	28,539,753
	<u>-</u>	<u>-</u>	<u>-</u>	<u>121,424,175</u>	<u>121,424,175</u>
Less accumulated depreciation for:					
Land Improvements	-	20,460	-	192,981	213,441
Construction	-	1,593,602	-	15,600,825	17,194,427
Machinery and equipment	-	85,686	-	11,278,895	11,364,581
Infrastructure	-	427,954	-	9,928,013	10,355,967
	<u>-</u>	<u>2,127,702</u>	<u>-</u>	<u>37,000,714</u>	<u>39,128,416</u>
Total capital assets being depreciated, net	<u>-</u>	<u>(2,127,702)</u>	<u>-</u>	<u>84,423,461</u>	<u>82,295,759</u>
Business-type activities capital asset, net	<u>\$ -</u>	<u>\$ 6,812,016</u>	<u>\$ -</u>	<u>\$ 89,262,229</u>	<u>\$ 96,074,245</u>

CITY OF NORWALK, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS

Depreciation expense was charged to governmental activities as follows:

Governmental Activities:	
General government	\$ 58,113
Health and welfare	14,283
Protection of persons and property	474,269
Public works	1,764,441
Education	1,462,578
Recreation, arts, and cultural	<u>1,129,567</u>
 Total depreciation expense-governmental activities	 <u>\$ 4,903,251</u>

Activity for the Transit District for the year ended June 30, 2003, is as follows:

	Balance June 30, 2002	Additions	Disposal	Balance June 30, 2003
Capital assets, not being depreciated:				
Land	\$ 2,559,848	\$ -	\$ -	\$ 2,559,848
Construction in progress	<u>240</u>	<u>1,531</u>	<u>-</u>	<u>1,771</u>
	<u>2,560,088</u>	<u>1,531</u>	<u>-</u>	<u>2,561,619</u>
Capital assets, being depreciated:				
Building and improvements	13,535,667	26,402	-	13,562,069
Transportation equipment	7,831,384	-	-	7,831,384
Other, primarily garage and shop equipment	<u>1,037,204</u>	<u>4,731</u>	<u>-</u>	<u>1,041,935</u>
	<u>22,404,255</u>	<u>31,133</u>	<u>-</u>	<u>22,435,388</u>
Less, accumulated depreciation	<u>5,203,523</u>	<u>910,467</u>	<u>-</u>	<u>6,113,990</u>
	<u>17,200,732</u>	<u>(879,334)</u>	<u>-</u>	<u>16,321,398</u>
Governmental activities capital assets, net	<u>\$ 19,760,820</u>	<u>\$ (877,803)</u>	<u>\$ -</u>	<u>\$ 18,883,017</u>

CITY OF NORWALK, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 5 — LONG-TERM DEBT OBLIGATIONS

The following is a summary of changes in general long-term debt for the year ended June 30, 2003:

	Balance at June 30, 2002	Issues/ Additions	Reductions	Transfer to / (from)	Balance at June 30, 2003
<u>Governmental Debt</u>					
General obligation bonds and clean water notes	\$ 128,843,784	\$ 20,111,400	\$ (5,956,196)	\$ (53,824,868)	\$ 89,174,120
Accrued compensated absences	13,883,515	4,855,323	(4,809,886)	-	13,928,952
Bond anticipation note	-	3,860,000	-	-	3,860,000
Net pension obligation	-	1,805,352	-	-	1,805,352
Maritime Center bonds	<u>10,514,853</u>	<u>-</u>	<u>(6,721,093)</u>	<u>-</u>	<u>3,793,760</u>
	<u>\$ 153,242,152</u>	<u>\$ 30,632,075</u>	<u>\$ (17,487,175)</u>	<u>\$ (53,824,868)</u>	<u>\$ 112,562,184</u>
<u>Enterprise Debt</u>					
General obligation bonds and clean water notes	<u>\$ -</u>	<u>\$ 9,698,600</u>	<u>\$ (3,318,256)</u>	<u>\$ 53,824,868</u>	<u>\$ 60,205,212</u>
	<u>\$ 153,242,152</u>	<u>\$ 40,330,675</u>	<u>\$ (20,805,431)</u>	<u>\$ -</u>	<u>\$ 172,767,396</u>

CITY OF NORWALK, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS

General Obligation Debt

The City issues general obligation bonds to provide for the acquisition and construction of major capital facilities. General obligations are direct obligations and pledge the full faith and credit of the City. General obligation bonds currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rate %</u>	<u>Amount</u>
General government	6.40-6.50	\$ 142,170
General government	6.30-6.50	980,700
General government	4.90-5.10	796,500
Capital improvement	4.625-5.00	115,000
Capital improvement	4.85-5.60	3,043,260
Capital improvement	4.350-5.00	2,900,001
Capital improvement	4.30-4.75	7,029,250
Capital improvement	4.15-6.00	15,510,000
Capital improvement	4.75-5.25	10,875,000
Capital improvement	4.00-4.75	13,578,000
Capital improvement	4.00-5.00	14,092,839
Capital improvement	Variable	20,111,400
		<u>\$ 89,174,120</u>

The City's bond anticipation note outstanding is as follows:

<u>Purpose</u>	<u>Interest Rate %</u>	<u>Amount</u>
Bond anticipation note	1.92	\$ 3,860,000

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	\$ 3,793,760

Enterprise Debt

<u>Purpose</u>	<u>Interest Rate %</u>	<u>Amount</u>
Capital improvement - Clean Water Fund	2.00	\$ 50,613,512
Maritime Parking Garage - Parking Fund	2.00	9,591,700
		<u>\$ 60,205,212</u>

CITY OF NORWALK, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS

Long-term notes and bond obligations are expected to be repaid by future tax levies and grants available from the State. A summary of the Governmental Fund's long-term notes and bond principal maturities and grants available from the State of Connecticut for repayment of principal and interest maturities (relating to certain school construction bonds) and related interest on principal amount at June 30, 2003 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	Grants Available from the State of Connecticut
2004	\$ 7,033,187	\$ 524,844	\$ 7,558,031	\$ 3,847,754	\$ 1,160,156	\$ 583,903
2005	8,286,628	486,123	8,772,751	3,494,352	1,198,878	570,310
2006	8,750,362	449,828	9,200,190	3,129,591	1,235,172	496,445
2007	8,713,419	415,841	9,129,260	2,754,369	1,269,159	484,489
2008	8,165,633	384,062	8,549,695	2,369,257	1,300,938	242,661
2009 - 2013	34,391,391	1,533,062	35,924,453	6,955,002	6,891,937	442,577
2014 - 2017	13,833,500	-	13,833,500	1,038,966	-	-
Thereafter	-	-	-	-	-	-
	<u>\$ 89,174,120</u>	<u>\$ 3,793,760</u>	<u>\$ 92,967,880</u>	<u>\$ 23,589,291</u>	<u>\$ 13,056,240</u>	<u>\$ 2,820,385</u>

A summary of the Enterprise Fund's long-term notes and bond principal maturities and related interest on principal amount at June 30, 2003 is as follows:

Year ended June 30,	WPCA Debt	Parking Authority Debt	Total Principal Amount	WPCA Interest Amount	Parking Authority Interest Amount
2004	\$ 3,180,940	\$ 62,284	\$ 3,243,224	\$ 1,166,022	\$ 449,843
2005	2,985,923	316,422	3,302,345	1,075,085	446,710
2006	3,059,746	327,388	3,387,134	1,000,184	431,029
2007	3,121,997	331,581	3,453,578	924,109	414,902
2008	3,194,848	322,017	3,516,865	844,579	398,276
2009 - 2013	16,248,012	1,627,008	17,875,020	3,033,012	1,771,336
2014 - 2017	12,137,662	1,470,000	13,607,662	1,055,324	1,152,526
Thereafter	6,684,384	5,135,000	11,819,384	178,420	1,424,296
	<u>\$ 50,613,512</u>	<u>\$ 9,591,700</u>	<u>\$ 60,205,212</u>	<u>\$ 9,276,735</u>	<u>\$ 6,488,918</u>

CITY OF NORWALK, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS

Accrued Compensation

Vacation earned during the City's fiscal year ending June 30 may be taken through the following June of each year. Vacation earned but not taken as of June 30, 2003 was approximately \$2,339,538. In addition, certain employee groups may accumulate between 55 and 60 days of unused vested sick leave throughout their employment. Certain employee groups are also entitled to severance and longevity benefits. The amounts of such accumulated vested sick leave, and severance and longevity benefits earned at June 30, 2003 were \$9,130,968 and \$2,458,446, respectively. Accrued compensation earned but not paid increased by \$45,437 from the prior year. Since these benefits are to be funded from future financial resources, the liability has been reflected within the General Long-Term Obligations Account Group. Obligations for accrued compensated absences have typically been liquidated from the general fund in the past.

NOTE 6 — CAPITAL PROJECTS

A summary of the uncompleted capital projects of the City at June 30, 2003 follows:

Project	Project Authorizations (a)	Expenditures		Unexpended Authorization Balances
		Fiscal 2003 (b)	Cumulative (c)	
Department of Public Works:				
Clean water	\$ 70,134,800	\$ 51,498	\$ 69,300,264	\$ 834,536
Solid waste	588,793	1,405	579,193	9,600
Sanitary sewers	6,757,538	180,586	4,005,745	2,751,793
Drainage	1,048,904	15,531	461,090	587,814
Roads and highways	10,991,717	2,832,450	8,559,504	2,432,213
Other	29,750,911	3,578,477	11,969,929	17,780,982
Police Department	475,000	72,269	475,000	-
Fire Department	232,000	-	14,205	217,795
Parks and Recreation	18,009,404	1,750,400	11,312,190	6,697,214
Board of Education	92,469,936	16,289,096	37,326,360	55,143,576
Redevelopment Agency	35,377,464	315,295	4,231,518	31,145,946
Traffic and parking	1,293,423	395	867,767	425,656
	<u>\$ 267,129,890</u>	<u>\$ 25,087,402</u>	<u>\$ 149,102,765</u>	<u>\$ 118,027,125</u>

- (a) Represents cumulative Capital Budgets for projects that remain open at June 30, 2003.
- (b) Represents current year expenditures for projects that were open at June 30, 2003.
- (c) Represents aggregate expenditures for projects that were open at June 30, 2003.

Based on the latest estimates of costs to complete the projects, the City does not anticipate the necessity to increase the related authorizations. At June 30, 2003, bonds authorized but not issued for these projects, plus projects not yet bonded were \$41,000,000 and \$161,181,302, respectively.

CITY OF NORWALK, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 7 — PENSION PLANS

A. 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, fire fighters, 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, 2003 the actuarial valuation date utilized was July 1, 2000 satisfying the compliance requirement of GASB 25 and 27.

At the last actuarial valuation date, July 1, 2000, membership consisted of:

	<u>Police</u>	<u>Fire</u>	<u>Employees</u>	<u>Food Service</u>
Retirees, disabled members and beneficiaries currently receiving benefits	133	138	533	22
Terminated employees entitled to benefits but not yet receiving them	3	-	59	1
Active members	<u>174</u>	<u>125</u>	<u>705</u>	<u>41</u>
	<u>310</u>	<u>263</u>	<u>1,297</u>	<u>64</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, 2002 was \$9,628,772.

CITY OF NORWALK, CONNECTICUT NOTES TO BASIC FINANCIAL STATEMENTS

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, 2003 was \$7,126,328.

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, 2003 was \$29,029,836.

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 BASIC FINANCIAL STATEMENTS

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, 2003 was \$618,314.

Teachers

Teachers participate in a contributory defined benefit plan established under Chapter 167a of Connecticut General Statutes and administered by the Connecticut State Teacher's Retirement Board. All certified teachers are eligible to participate in the plan and are required to contribute 7 percent of their annual earnings. The Board of Education does not contribute to the plan. Teachers are vested in their contributions up to 5 percent of their earnings prior to 5 years of service. After 5 years of service teachers are fully vested in their own contributions. After 10 years of service teachers are fully vested and entitled to a monthly pension benefit which is payable at the age of 60. The State of Connecticut contributes amounts based on actuarial estimates. The State's aggregate contribution to the plan for the fiscal year ended June 30, 2003 for all participating local governments was \$179,823,603. The actuarial valuation was performed on the plan as a whole and does not provide information for specific local governments.

For the year ended June 30, 2003, teachers contributed \$4,376,926 to the plan; covered payroll for the year was approximately \$60,000,000 and state on-behalf payments for teachers' retirement was \$3,944,861.

Total Payroll

Total payroll for the City for the year ended June 30, 2003 was \$127,587,932 of which approximately \$96,775,000 was covered under various pension plans described above.

CITY OF NORWALK, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS

B. Funding Policy and Annual Pension Cost

Contribution requirements are generally established through collective bargaining. The City's annual pension cost for the current year and related information for the plans administered by the City follows:

	Employees' Pension Plan	Police Benefit Fund	Firemen's Benefit Fund	Food Service Employees' Pension Plan
Contribution rates:				
City	(A)	(A)	(A)	(A)
Plan Members	3.75%	8%	8%	2.75%
Annual pension cost	\$ -	\$ -	\$ -	\$ 66,929
Contributions made	\$ -	\$ -	\$ -	\$ 63,427
Actuarial valuation date	7/1/02	7/1/02	7/1/02	7/1/02
Actuarial cost method	ProRata Projected Unit Credit	ProRata Projected Unit Credit	ProRata Projected Unit Credit	ProRata Projected Unit Credit
Amortization method	Level Dollar, closed	Level Dollar, closed	Level Dollar, closed	Level Dollar, closed
Remaining amortization period	26 yr.	26 yr.	26 yr.	17 yr.
Asset valuation method	3 yr. smoothed market	3 yr. smoothed market	3 yr. smoothed market	Asset market value
Actuarial assumptions:				
Investment rate of return	8.25%	8.25%	8.25%	7.5%
Projected salary increases	4.0%	4.0%	4.0%	4.0%
Cost of living adjustments	1.5%	1.5%	1.5%	N/A

(A) The City is required to contribute the remaining amounts necessary to actuarial fund benefits.

CITY OF NORWALK, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS

C. Trend Information

Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due.

<u>Actuarial Date</u>	<u>Police</u>	<u>Fire</u>	<u>Employees</u>	<u>Food Service</u>
Annual Pension Cost (APC)				
July 1, 2000	\$ -	\$ -	\$ -	\$ 65,254
July 1, 2001	-	-	-	66,929
July 1, 2002	896,104	-	1,066,852	132,789
Percentage of APC Contributed				
July 1, 2000	100%	100%	100%	113.7%
July 1, 2001	100%	100%	100%	94.8%
July 1, 2002	0%	100%	10.1%	98.4%
Net pension obligation (benefit)				
July 1, 2000	\$ -	\$ -	\$ -	\$ (74,318)
July 1, 2001	-	-	-	(83,275)
July 1, 2002	89,614	-	(50,261)	(79,773)

The net pension obligations (asset) for these Plan's has been calculated as follows:

	<u>Police Pension Plan</u>	<u>Fire Pension Plan</u>	<u>Employees' Pension Plan</u>	<u>Food Service Pension Plan</u>
Annual required contribution	\$ 89,614	\$ -	\$ 1,066,429	\$ 130,611
Interest on net pension obligation	-	-	(4,147)	(5,983)
Adjustments to annual required contribution	-	-	(4,570)	(8,161)
Annual pension cost	896,104	-	1,066,852	132,789
Contributions made	-	-	107,343	130,611
Increase in net pension asset	896,104	-	959,509	2,178
Net pension obligation (asset)				
Beginning of Year	-	-	50,261	(79,773)
Net pension obligation (asset)				
End of Year	<u>\$ 896,104</u>	<u>\$ -</u>	<u>\$ 1,009,770</u>	<u>\$ (77,595)</u>

CITY OF NORWALK, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS

D. Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial 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	\$ 7,677,236	\$ 63,491,569	\$ 55,814,333	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%

E. Securities Lending Transactions

The City of Norwalk Pension Board (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, 2003, 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

CITY OF NORWALK, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS

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, 2003 were \$34,397,154 and \$35,561,532, as follows:

<u>Collateral Type</u>	<u>Market Value June 30, 2003</u>	<u>Collateral Market Value June 30, 2003</u>	<u>Collateral Percentage</u>
Cash	\$ 30,584,517	\$ 31,620,918	103.4%
Non-cash	<u>3,812,637</u>	<u>3,940,614</u>	103.4%
	<u>\$ 34,397,154</u>	<u>\$ 35,561,532</u>	

The Board did not impose any restrictions during the year on the amount of loans that Northern Trust made on their behalf. There were no failures by any borrowers to return the loaned securities or pay distributions thereon during the year. Moreover, there were no losses during the year resulting from a default of the borrowers or Northern Trust. Northern Trust is contractually obligated to indemnify the Plans for a borrower's failure to return the securities or make the distributions as a result of Northern Trust's failure to make a reasoned determination of credit worthiness 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, 2003.

CITY OF NORWALK, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS

Activity for the City's Pension Plans for the year ended June 30, 2003, was as follows:

	Pension Trust Funds				
	Police Benefit Fund	Fire Benefit Fund	Employees' Pension Plan	Food Service Employees' Fund	Total Pension Trust Funds
ASSETS					
Investments, at fair value	<u>\$ 72,226,293</u>	<u>\$ 78,820,120</u>	<u>\$146,469,005</u>	<u>\$ 833,607</u>	<u>\$298,349,025</u>
Total assets	<u>72,226,293</u>	<u>78,820,120</u>	<u>146,469,005</u>	<u>833,607</u>	<u>298,349,025</u>
LIABILITIES					
Accounts payable	-	-	1,932	991	2,923
Securities lending obligation	<u>8,605,891</u>	<u>9,388,244</u>	<u>17,460,712</u>	<u>106,685</u>	<u>35,561,532</u>
Total liabilities	<u>8,605,891</u>	<u>9,388,244</u>	<u>17,462,644</u>	<u>107,676</u>	<u>35,564,455</u>
NET ASSETS					
Held in trust for pension benefits	<u>\$ 63,620,402</u>	<u>\$ 69,431,876</u>	<u>\$129,006,361</u>	<u>\$ 725,931</u>	<u>\$262,784,570</u>

CITY OF NORWALK, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS

	Pension Trust Funds				Total
	Police Benefit Fund	Fire Benefit Fund	Employees' Pension Plan	Food Service Employees' Fund	
ADDITIONS					
Contributions					
Employer contributions from general fund	\$ -	\$ -	\$ 108,382	\$ 130,611	\$ 477,986
Employee contributions	770,309	588,516	1,111,249	18,682	4,977,512
Contributions	-	-	-	-	-
Total contributions	<u>770,309</u>	<u>588,516</u>	<u>1,219,631</u>	<u>149,293</u>	<u>5,455,498</u>
Investment income					
Net appreciation in fair value of investments	1,065,041	1,093,438	2,060,776	21,766	8,482,042
Interest and dividends	<u>1,787,944</u>	<u>1,968,269</u>	<u>3,651,691</u>	<u>18,114</u>	<u>14,852,036</u>
	2,852,985	3,061,707	5,712,467	39,880	23,334,078
Less investment expenses:					
Investment management fees	<u>(256,304)</u>	<u>(296,186)</u>	<u>(522,940)</u>	<u>(2,587)</u>	<u>(2,156,034)</u>
Net investment income (loss)	<u>2,596,681</u>	<u>2,765,521</u>	<u>5,189,527</u>	<u>37,293</u>	<u>21,178,044</u>
Total additions	3,366,990	3,354,037	6,409,158	186,586	26,633,542
DEDUCTIONS					
Benefits and other deductions	<u>2,724,088</u>	<u>3,799,167</u>	<u>6,727,907</u>	<u>84,999</u>	<u>26,672,322</u>
	642,902	(445,130)	(318,749)	101,587	(38,780)
NET ASSETS HELD FOR TRUST FOR PENSION BENEFITS, Beginning					
	<u>62,977,500</u>	<u>69,877,006</u>	<u>129,325,110</u>	<u>624,344</u>	<u>525,607,920</u>
NET ASSETS HELD FOR TRUST FOR PENSION BENEFITS, End of year					
	<u>\$ 63,620,402</u>	<u>\$ 69,431,876</u>	<u>129,006,361</u>	<u>\$ 725,931</u>	<u>\$525,569,140</u>

**CITY OF NORWALK, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 8 — NORWALK TRANSIT DISTRICT PENSION PLAN

The Transit District maintains a defined contribution plan to provide pension benefits for union employees who meet certain age and length of service requirements. In a defined contribution plan, actual benefits will depend solely on amounts contributed to the plan plus investment earnings. Employee and employer contributions are equal to 2 percent and 6 percent of employee annual wages, respectively. The Transit District's contributions for each covered employee are fully vested after seven years of service. Transit District contributions forfeited by employees who leave employment prior to vesting are reallocated to the remaining participants. Allocation of forfeiture shall be allocated in the proportion that the compensation of each participant bears to the total compensation of all participants. Employee contributions and earnings are fully vested at all times.

The Transit District's total covered payroll in fiscal year 2003 was \$2,148,456. Both the Transit District and the covered employees made the required contribution of \$148,598, including a catch-up contribution payment of \$19,691 for prior fiscal years 2000-2002 and \$42,907, respectively.

NOTE 9 — RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of 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 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 then uses these funds to settle all claims.

CITY OF NORWALK, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS

Claims 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, 2003, approximately \$878,147 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.

Liabilities for incurred losses to be settled by fixed or reasonably determinable payments over a long period of time are reported at their present value using an expected future investment rate of return of 8.5 percent. These liabilities are reported at a present value of \$4,272,273 at June 30, 2003.

Changes in the balances of claims liabilities for the years ended June 30, 2003 and 2002 were as follows:

Fiscal Year Ended	Beginning Balance	Current Year Claims and Changes in Estimates	Claim Payments	Ending Balance
June 30, 2003	\$ 9,194,293	\$ 30,818,647	\$ 31,133,652	\$ 8,879,288
June 30, 2002	\$ 9,244,915	\$ 26,586,127	\$ 26,636,749	\$ 9,194,293

At June 30, 2003, the Internal Service Fund held \$10,479,540 in cash equivalents and investments designated for payment of these claims.

Settlement amounts have not exceeded insurance coverage for any of the last three years.

NOTE 10 — CONTINGENCIES

The City is continuously engaged in tax appeal proceedings that may result in refunds to various taxpayers. Any refunds resulting from adverse settlements are provided for in the year in which settlements are made. City management is not aware of any claims that would have a material adverse effect on fund balance.

The City has received State and Federal grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for any expenditures disallowed under the terms of the grant. Based on prior experience, the City management believes that such disallowances, if any, will not be material.

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COMBINING FUND STATEMENTS AND SCHEDULES

GENERAL FUND

The General Fund is the general operating fund of the City government. All unrestricted resources except those required to be accounted for in another fund are accounted for in this fund.

From this fund are paid general operating expenditures, fixed charges, principal and interest on long term debt, and capital improvement costs of the City which are not paid through a special fund.

CITY OF NORWALK, CONNECTICUT
GENERAL FUND REVENUES - BUDGETARY BASIS -
BUDGET AND ACTUAL
Year ended June 30, 2003

	Budgeted Amounts		Revenue	Variance with
	Original	Final		Final Budget Positive (Negative)
GENERAL PROPERTY TAXES	\$ 174,728,516	\$ 174,728,516	\$ 176,774,248	\$ 2,045,732
FEDERAL AND STATE GOVERNMENT				
Education aid	10,151,331	10,151,331	9,953,954	(197,377)
State aid in lieu of taxes for elderly relief and freeze	2,889,300	2,889,300	2,879,792	(9,508)
State grants	6,347,754	6,396,329	4,560,470	(1,835,859)
Total federal and state government	19,388,385	19,436,960	17,394,216	(2,042,744)
OTHER GRANTS	160,000	160,000	174,842	14,842
Total grants	19,548,385	19,596,960	17,569,058	(2,027,902)
DEPARTMENTAL AND CHARGES FOR SERVICES				
Building inspections and permits	1,925,000	1,925,000	1,334,621	(590,379)
Health Department inspection fees	402,500	402,500	500,757	98,257
City Clerk fees	47,725	47,725	48,271	546
Police Department permits	82,850	109,393	149,594	40,201
Public Works licenses, permits and service charges	224,030	224,030	260,821	36,791
Planning and zoning permits	61,500	61,500	71,446	9,946
Town Clerk fees and permits	1,425,900	1,507,900	2,617,992	1,110,092
Police Department service charges	10,300	10,300	9,953	(347)
Other service charges and fees	66,200	66,200	27,816	(38,384)
Rental income	22,000	22,000	28,510	6,510
Recreation and Parks Commission	475,050	475,050	536,239	61,189
Health Department nursing fees	33,000	33,000	23,935	(9,065)
Parking permits and fees	16,500	16,500	15,125	(1,375)
Tax assessor	2,000	2,000	710	(1,290)
Total departmental and charges for services	4,794,555	4,903,098	5,625,790	722,692
INTEREST ON INVESTMENTS	2,300,000	2,300,000	1,494,741	(805,259)
INTEREST AND PENALTIES ON TAXES	1,773,500	1,773,500	1,961,519	188,019
MISCELLANEOUS	528,492	6,973,016	6,888,410	(84,606)
Total revenues	203,673,448	210,275,090	210,313,766	38,676
OTHER FINANCING SOURCES				
Appropriated fund balance	3,750,000	3,750,000	-	(3,750,000)
Total revenues and other financing sources	\$ 207,423,448	\$ 214,025,090	\$ 210,313,766	\$ (3,711,324)

See notes to financial statements.

CITY OF NORWALK, CONNECTICUT
GENERAL FUND EXPENDITURES, ENCUMBRANCES AND OPERATING
TRANSFERS OUT - BUDGETARY BASIS - BUDGET AND ACTUAL
Year ended June 30, 2003

	Budgeted Amounts		Expenditure	Variance with
	Original	Final		Final Budget
				Positive
				(Negative)
GENERAL GOVERNMENT				
Mayor	\$ 200,100	\$ 177,995	\$ 177,995	\$ -
Legislative	18,521	14,801	14,108	693
Legal	531,010	597,927	548,108	49,819
City Clerk	318,206	363,312	363,243	69
Town Clerk	508,899	600,899	566,455	34,444
Data Processing	644,932	644,932	612,645	32,287
Personnel & Labor Relations	397,557	432,515	424,975	7,540
Human Relations & Fair Rent	180,698	180,698	176,595	4,103
Youth Services	287,554	287,845	282,823	5,022
Registrar of Voters	211,265	221,667	237,784	(16,117)
Finance Director	190,444	281,183	198,907	82,276
Tax Assessor	961,916	1,022,902	745,059	277,843
Tax Collector	580,405	580,405	562,571	17,834
Accounting and Treasury	512,919	512,919	510,622	2,297
Management and budgets	350,303	344,149	319,340	24,809
Purchasing	152,643	158,844	152,331	6,513
Central Services	255,093	323,973	289,228	34,745
	<u>6,302,465</u>	<u>6,746,966</u>	<u>6,182,789</u>	<u>564,177</u>
HEALTH AND WELFARE	<u>1,877,024</u>	<u>1,907,011</u>	<u>1,772,828</u>	<u>134,183</u>
COMMUNITY GRANTS				
NEON	358,402	408,402	408,402	-
Transit District	380,000	380,000	380,000	-
Probate Court	25,830	25,830	25,830	-
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	134,550	134,550	134,550	-
Mayor's Commission				
on Hispanic Affairs	11,275	11,275	11,275	-
Mid-Fairfield Guidance Center	10,350	10,350	10,350	-
Norwalk Kiwanis Emergency Shelter	47,100	47,100	47,100	-
Fair Housing Office	75,660	75,660	75,660	-
Human Services Council	12,271	12,271	12,271	-
NEON Summer Camp	131,139	131,139	131,139	-

CITY OF NORWALK, CONNECTICUT
GENERAL FUND EXPENDITURES, ENCUMBRANCES AND OPERATING
TRANSFERS OUT - BUDGETARY BASIS - BUDGET AND ACTUAL - continued
Year ended June 30, 2003

	Budgeted Amounts		Expenditure	Variance with
	Original	Final		Final Budget
				Positive (Negative)
COMMUNITY GRANTS - continued				
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	-
	<u>2,497,321</u>	<u>2,547,321</u>	<u>2,544,091</u>	<u>3,230</u>
EMPLOYEE BENEFITS				
Insurance	12,384,680	12,384,680	12,384,680	-
Social Security	1,698,215	1,698,215	1,665,067	33,148
Unemployment Compensation	39,160	55,833	53,408	2,425
Special Pensions	14,500	14,500	5,479	9,021
Contribution to Municipal Employees'	27,497	10,827	6,930	3,897
	<u>14,164,052</u>	<u>14,164,055</u>	<u>14,115,564</u>	<u>48,491</u>
PROTECTION OF PERSONS AND PROPERTY				
Police Department	14,962,569	15,017,676	14,940,605	77,071
Fire Department	12,395,681	12,455,312	12,032,681	422,631
Civil Preparedness	31,501	34,901	28,394	6,507
Planning and Zoning	800,994	801,282	772,915	28,367
Building inspector	489,176	491,775	476,986	14,789
Sealer - Weights and Measures	50,115	50,115	49,800	315
	<u>28,730,036</u>	<u>28,851,061</u>	<u>28,301,381</u>	<u>549,680</u>
PUBLIC WORKS				
Public Works	14,563,573	15,393,244	13,836,075	1,557,169
Building Management	1,236,104	1,262,896	1,238,966	23,930
	<u>15,799,677</u>	<u>16,656,140</u>	<u>15,075,041</u>	<u>1,581,099</u>

CITY OF NORWALK, CONNECTICUT
GENERAL FUND EXPENDITURES, ENCUMBRANCES AND OPERATING
TRANSFERS OUT - BUDGETARY BASIS - BUDGET AND ACTUAL - continued
Year ended June 30, 2003

	Budgeted Amounts		Expenditure	Variance with Final Budget Positive (Negative)
	Original	Final		
EDUCATION				
Public Schools	<u>\$ 117,000,000</u>	<u>\$ 117,533,000</u>	<u>\$ 117,230,542</u>	<u>\$ 302,458</u>
	<u>117,000,000</u>	<u>117,533,000</u>	<u>117,230,542</u>	<u>302,458</u>
RECREATION, ARTS AND CULTURE				
Recreation and Parks	3,138,732	3,138,733	2,980,494	158,239
Library	3,026,681	3,024,577	2,954,119	70,458
Historical Commission	<u>167,301</u>	<u>188,831</u>	<u>188,831</u>	<u>-</u>
	<u>6,332,714</u>	<u>6,352,141</u>	<u>6,123,444</u>	<u>228,697</u>
CONTINGENCY	<u>2,554,114</u>	<u>2,452,868</u>	<u>-</u>	<u>2,452,868</u>
DEBT SERVICE	<u>12,166,045</u>	<u>18,771,276</u>	<u>18,321,063</u>	<u>450,213</u>
Total	<u>\$ 207,423,448</u>	<u>\$ 215,981,839</u>	<u>\$ 209,666,743</u>	<u>\$ 6,315,096</u>

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NONMAJOR GOVERNMENTAL FUNDS

Nonmajor Governmental Funds are used to account for the proceeds of specific revenue sources (other than special assessments or major capital projects which are accounted for in the Capital Project Fund) that are either required by law or administrative action to be accounted for in a separate fund which the City has deemed appropriate to account for separately.

SPECIAL REVENUE FUNDS

Special Revenue Funds are created pursuant to State statutes or local ordinances and resolutions. The criteria for the creation of a Special Revenue are generally the desire or need to conspicuously segregate revenues which are used for specific purposes, or expenditures incurred for the performance of specific activities, or both.

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

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

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

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

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

Other Programs – This fund is used to account for funds related to grant programs not accounted for in another fund.

CITY OF NORWALK, CONNECTICUT
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS

June 30, 2003

	Special Revenue						Total
	Maritime Center Authority	School Lunch	CDBG	Board of Ed Grants	Health Care Grants	Other Programs	
ASSETS							
CURRENT ASSETS							
Cash and cash equivalents	\$ 8,992	\$ 1,051,025	\$ 2,637	\$ 305,869	\$ 79,617	2,411,507	\$ 3,859,647
Investments	-	-	-	-	-	318,317	318,317
Accounts receivable, net of allowance for collection losses	120,333	-	-	741,290	306,451	100,206	1,268,280
Inventory - purchased	-	59,763	-	-	-	-	59,763
	<u>\$ 129,325</u>	<u>\$ 1,110,788</u>	<u>\$ 2,637</u>	<u>\$ 1,047,159</u>	<u>\$ 386,068</u>	<u>\$ 2,830,030</u>	<u>\$ 5,506,007</u>
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts payable and Other liabilities	\$ 120,333	\$ -	\$ -	\$ 362,898	\$ 101,168	\$ 109,530	\$ 693,929
Due to others	-	-	-	384	11,900	24,079	36,363
Deferred revenue	-	-	-	683,752	251,774	-	935,526
Total liabilities	<u>120,333</u>	<u>-</u>	<u>-</u>	<u>1,047,034</u>	<u>384,772</u>	<u>133,609</u>	<u>1,685,748</u>
FUND BALANCES							
Designated for other purposes	8,992	-	-	-	-	-	8,992
Undesignated	-	1,110,788	2,637	125	1,296	2,696,421	3,811,267
Total fund balances	<u>8,992</u>	<u>1,110,788</u>	<u>2,637</u>	<u>125</u>	<u>1,296</u>	<u>2,696,421</u>	<u>3,820,259</u>
	<u>\$ 129,325</u>	<u>\$ 1,110,788</u>	<u>\$ 2,637</u>	<u>\$ 1,047,159</u>	<u>\$ 386,068</u>	<u>\$ 2,830,030</u>	<u>\$ 5,506,007</u>

CITY OF NORWALK, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (DEFICITS) - NONMAJOR GOVERNMENTAL FUNDS
Year ended June 30, 2003

	Special Revenue						Total
	Maritime Center Authority	School Lunch	CDBG	Board of Ed Grants	Health Care Grants	Other Programs	
REVENUES							
Federal and State Government	\$ 7,724,853	\$ 822,486	\$ 839,798	\$ 10,477,423	\$ 1,201,233	\$ -	\$ 21,065,793
Charges for services	-	1,335,644	-	-	-	2,290,960	3,626,604
Interest on investments	-	23,739	-	-	-	6,117	29,856
Other	-	33,017	-	-	-	-	33,017
	<u>7,724,853</u>	<u>2,214,886</u>	<u>839,798</u>	<u>10,477,423</u>	<u>1,201,233</u>	<u>2,297,077</u>	<u>24,755,270</u>
EXPENDITURES							
Maritime Center Subsidy	7,724,853	-	-	-	-	-	7,724,853
Other expenditures	-	-	-	-	116,620	-	116,620
Community grants	-	-	837,697	-	1,084,613	-	1,922,310
Non-public and special education	-	2,148,438	-	10,477,119	-	2,109,623	14,735,180
	<u>7,724,853</u>	<u>2,148,438</u>	<u>837,697</u>	<u>10,477,119</u>	<u>1,201,233</u>	<u>2,109,623</u>	<u>24,498,963</u>
NET CHANGE IN FUND BALANCE	<u>-</u>	<u>66,448</u>	<u>2,101</u>	<u>304</u>	<u>-</u>	<u>187,454</u>	<u>256,307</u>
FUND BALANCE (DEFICIT), July 1, 2002	<u>8,992</u>	<u>1,044,340</u>	<u>536</u>	<u>(179)</u>	<u>1,296</u>	<u>2,508,967</u>	<u>3,563,952</u>
FUND BALANCE, June 30, 2003	<u>\$ 8,992</u>	<u>\$ 1,110,788</u>	<u>\$ 2,637</u>	<u>\$ 125</u>	<u>\$ 1,296</u>	<u>\$ 2,696,421</u>	<u>\$ 3,820,259</u>

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CITY OF NORWALK, CONNECTICUT FIDUCIARY FUNDS

Fiduciary Funds are used to account for assets held by the City in a trustee capacity for individuals, private organizations, other governments and/or other funds. These include Pension Trust Funds, Private Purpose and Agency Funds. At June 30, 2003, the City maintains the following Trust and Fiduciary Funds:

A. Pension Funds:

Police Benefit Fund – This fund is used to account for the payment of retirement benefits to Police Officers.

Firemen's Benefit Fund – This fund is used to account for the payment of retirement benefits to Fire Fighters.

Employee's Pension Fund – This fund is used to account for the payment of retirement benefits to City employees, excluding Police Officers, Fire Fighters, Certified Board of Education staff, and Food Service employees.

Food Service Employee's 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 development.

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

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

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

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

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

CITY OF NORWALK, CONNECTICUT
COMBINING STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS
June 30, 2003

	Pension Trust Funds				Private Purpose Trust	Agency Funds		
	Police Benefit Fund	Fire Benefit Fund	Employees' Pension Plan	Food Service Employees' Fund	Total Pension Trust Funds	Other Private Purpose Funds	Student Activity Funds	Housing Site Development
ASSETS								
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 66,809	\$ 1,008,401	\$ 311,937
Investments, at fair value	<u>72,226,293</u>	<u>78,820,120</u>	<u>146,469,005</u>	<u>833,607</u>	<u>298,349,025</u>	-	-	-
Total assets	<u>72,226,293</u>	<u>78,820,120</u>	<u>146,469,005</u>	<u>833,607</u>	<u>298,349,025</u>	<u>66,809</u>	<u>1,008,401</u>	<u>311,937</u>
LIABILITIES								
Accounts payable	-	-	1,932	991	2,923	-	-	-
Due to beneficiaries	-	-	-	-	-	-	1,008,401	311,937
Securities lending obligation	<u>8,605,891</u>	<u>9,388,244</u>	<u>17,460,712</u>	<u>106,685</u>	<u>35,561,532</u>	-	-	-
Total liabilities	<u>8,605,891</u>	<u>9,388,244</u>	<u>17,462,644</u>	<u>107,676</u>	<u>35,564,455</u>	<u>-</u>	<u>1,008,401</u>	<u>311,937</u>
NET ASSETS								
Held in trust for pension benefits and other purposes	<u>\$ 63,620,402</u>	<u>\$ 69,431,876</u>	<u>\$ 129,006,361</u>	<u>\$ 725,931</u>	<u>\$ 262,784,570</u>	<u>\$ 66,809</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF NORWALK, CONNECTICUT
COMBINING STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS - continued
June 30, 2003

	Agency Funds						Fiduciary Funds
	City Hall Mural Restoration	Sixth District	Detention Facility Escrow	Roosevelt Deposit	Sewer Escrow	Total Agency Funds	
ASSETS							
Cash and cash equivalents	\$ 1,825	\$ 13,614	\$ 4,541	\$ 16,410	\$ 84,487	\$ 1,441,215	\$ 1,508,024
Investments, at fair value	-	-	-	-	-	-	298,349,025
Total assets	<u>1,825</u>	<u>13,614</u>	<u>4,541</u>	<u>16,410</u>	<u>84,487</u>	<u>120,877</u>	<u>299,857,049</u>
LIABILITIES							
Accounts payable	-	-	-	-	-	-	2,923
Due to beneficiaries	1,825	13,614	4,541	16,410	84,487	1,441,215	1,441,215
Securities lending obligation	-	-	-	-	-	-	35,561,532
Total liabilities	<u>1,825</u>	<u>13,614</u>	<u>4,541</u>	<u>16,410</u>	<u>84,487</u>	<u>1,441,215</u>	<u>37,005,670</u>
NET ASSETS							
Held in trust for pension benefits and other purposes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 262,851,379

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS
Year ended June 30, 2003

	Balance June 30, 2002	Additions	Deductions	Balance June 30, 2003
STUDENT ACTIVITIES FUNDS				
Assets				
Cash and cash equivalents	\$ 983,073	\$ 1,838,132	\$ 1,812,802	\$ 1,008,401
Liabilities				
Due to beneficiaries	\$ 983,073	\$ 1,838,132	\$ 1,812,802	\$ 1,008,401
ALL OTHER				
Assets				
Cash and cash equivalents	\$ 471,615	\$ 14,141	\$ 52,942	\$ 432,814
Liabilities				
Due to beneficiaries	\$ 471,615	\$ 14,141	\$ 52,942	\$ 432,814
TOTAL AGENCY FUNDS				
Assets				
Cash and cash equivalents	\$ 1,454,688	\$ 1,852,273	\$ 1,864,744	\$ 1,441,215
Liabilities				
Due to beneficiaries	\$ 1,454,688	\$ 1,852,273	\$ 1,865,744	\$ 1,441,215

CITY OF NORWALK, CONNECTICUT
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
Year ended June 30, 2003

	Pension Trust Funds				Total	Private
	Police Benefit Fund	Fire Benefit Fund	Employees' Pension Plan	Food Service Employees' Fund		Purpose Trust Other Private Purpose Funds
ADDITIONS						
Contributions						
Employer contributions from general fund	\$ -	\$ -	\$ 108,382	\$ 130,611	\$ 238,993	\$ -
Employee contributions	770,309	588,516	1,111,249	18,682	2,488,756	-
Contributions	-	-	-	-	-	753
Total contributions	<u>770,309</u>	<u>588,516</u>	<u>1,219,631</u>	<u>149,293</u>	<u>2,727,749</u>	<u>753</u>
Investment income						
Net appreciation in fair value of investments	1,065,041	1,093,438	2,060,776	21,766	4,241,021	-
Interest and dividends	<u>1,787,944</u>	<u>1,968,269</u>	<u>3,651,691</u>	<u>18,114</u>	<u>7,426,018</u>	<u>500</u>
	2,852,985	3,061,707	5,712,467	39,880	11,667,039	500
Less investment expenses:						
Investment management fees	<u>(256,304)</u>	<u>(296,186)</u>	<u>(522,940)</u>	<u>(2,587)</u>	<u>(1,078,017)</u>	<u>-</u>
Net investment income	<u>2,596,681</u>	<u>2,765,521</u>	<u>5,189,527</u>	<u>37,293</u>	<u>10,589,022</u>	<u>500</u>
Total additions	3,366,990	3,354,037	6,409,158	186,586	13,316,771	1,253
DEDUCTIONS						
Benefits and other deductions	<u>2,724,088</u>	<u>3,799,167</u>	<u>6,727,907</u>	<u>84,999</u>	<u>13,336,161</u>	<u>3,064</u>
Net change in net assets	642,902	(445,130)	(318,749)	101,587	(19,390)	(1,811)
NET ASSETS HELD FOR TRUST						
FOR PENSION BENEFITS, Beginning of year	<u>62,977,500</u>	<u>69,877,006</u>	<u>129,325,110</u>	<u>624,344</u>	<u>262,803,960</u>	<u>68,620</u>
NET ASSETS HELD FOR TRUST FOR PENSION BENEFITS, End of year	<u>\$ 63,620,402</u>	<u>\$ 69,431,876</u>	<u>\$129,006,361</u>	<u>\$ 725,931</u>	<u>\$ 262,784,570</u>	<u>\$ 66,809</u>

See notes to financial statements.

**CAPITAL ASSETS USED IN THE
OPERATION OF GOVERNMENTAL FUNDS**

CITY OF NORWALK, CONNECTICUT
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS - BY FUNCTION
June 30, 2003

	Land	Land Improvements	Construction	Infrastructure	Machinery and Equipment	Construction in Progress	Total
FUNCTIONS							
General Government	\$ -	\$ -	\$ -	\$ -	\$ 145,303	\$ -	\$ 145,303
Health and Welfare		32,127	199,733		-		231,860
Protection of Persons and Property		379,011	1,976,363		1,325,683	6,424,720	10,105,777
Public Works	333,500	666,131	30,342,480	125,361,485	1,644,163	706,981	159,054,740
Education	4,167,400	577,998	29,424,736		528,377	20,411,770	55,110,281
Recreation, Arts and Culture	17,404,500		3,714,449	7,362,556	369,172	121,125	28,971,802
Construction in Progress	-	-	-	-	-	2,405,338	2,405,338
Total governmental fund capital assets	<u>21,905,400</u>	<u>1,655,267</u>	<u>65,657,761</u>	<u>132,724,041</u>	<u>4,012,698</u>	<u>30,069,934</u>	<u>256,025,101</u>
Parking Authority	84,400	149,809	2,156,099		3,931	8,801,724	11,195,963
Water Pollution Control Authority	<u>4,754,362</u>	<u>45,951</u>	<u>61,554,968</u>	<u>18,183,787</u>	<u>201,215</u>	<u>138,000</u>	<u>84,878,283</u>
Total business fund capital assets	<u>4,838,762</u>	<u>195,760</u>	<u>63,711,067</u>	<u>18,183,787</u>	<u>205,146</u>	<u>8,939,724</u>	<u>96,074,246</u>
Total	<u>\$ 26,744,162</u>	<u>\$ 1,851,027</u>	<u>\$ 129,368,828</u>	<u>\$ 150,907,828</u>	<u>\$ 4,217,844</u>	<u>\$ 39,009,658</u>	<u>\$ 352,099,347</u>

OTHER SCHEDULES

CITY OF NORWALK, CONNECTICUT
SCHEDULE OF GENERAL FUND TAX COLLECTOR'S ACTIVITY
Year ended June 30, 2003

Grand List Year	Uncollected Taxes July 1, 2002	Certificate of Error Additions	Over-Payments	Suspense Collections	Abatements	Outlawed by Operation of Law	Transfer to Suspense	Adjustments	Taxes Collected*	Uncollected Taxes June 30, 2003*	Interest and Penalties Collected	
											Interest	Liens*
1987	\$ 15,640	\$ -	\$ -	\$ 1,246	\$ -	\$ -	\$ 13,156	\$ -	\$ 3,730	\$ -	\$ 9,505	\$ 24
1988	23,550	-	-	3,181	-	-	-	-	7,263	19,467	16,658	48
1989	27,402	-	-	4,864	-	-	-	-	10,860	21,406	23,321	96
1990	34,574	-	-	5,676	116	-	-	-	14,709	25,657	28,705	120
1991	42,532	-	-	5,374	(726)	-	-	-	16,415	30,765	30,775	144
1992	54,424	-	-	7,067	(2,392)	-	-	-	22,289	36,809	36,522	216
1993	58,422	-	-	6,781	(1,780)	-	-	-	24,624	38,799	37,539	216
1994	63,138	-	-	9,398	(2,999)	-	-	-	31,116	38,422	41,021	264
1995	84,537	194	37	16,662	(4,047)	-	-	(37)	43,305	54,041	42,489	360
1996	105,894	-	-	17,683	(3,357)	-	-	-	60,128	60,092	57,574	552
1997	243,367	-	-	17,961	(793)	-	-	(174)	92,376	167,986	70,965	864
1998	581,034	709	430	7,330	(11,255)	-	-	(545)	184,317	393,385	104,068	1,512
1999	920,215	615	41,545	2,738	(26,450)	-	-	(333)	684,156	254,174	241,741	4,896
2000	<u>3,290,354</u>	<u>8,818</u>	<u>196,899</u>	<u>323</u>	<u>13,488</u>	<u>-</u>	<u>-</u>	<u>5,501</u>	<u>2,580,195</u>	<u>935,187</u>	<u>489,423</u>	<u>14,664</u>
	5,545,083	10,335	238,910	106,283	(40,195)	-	13,156	4,414	3,775,484	2,076,191	1,230,306	23,976
2001	<u>176,518,342</u>	<u>142,504</u>	<u>389,100</u>	<u>-</u>	<u>(761,679)</u>	<u>-</u>	<u>-</u>	<u>(1,779)</u>	<u>173,424,925</u>	<u>2,861,564</u>	<u>644,358</u>	<u>11,740</u>
	<u>\$ 182,063,425</u>	<u>\$ 152,839</u>	<u>\$ 628,010</u>	<u>\$ 106,283</u>	<u>\$ (801,874)</u>	<u>\$ -</u>	<u>\$ 13,156</u>	<u>\$ 2,635</u>	<u>\$ 177,200,408</u>	<u>\$ 4,937,755</u>	<u>\$ 1,874,664</u>	<u>\$ 35,716</u>

* Includes the following amounts for Districts 1,3, and 6 which are not reporting entities of the City and accordingly are not recorded in the City's financial statements:

Taxes collected	<u>\$ 803,391</u>
Interest and penalties collected	<u>\$ 7,551</u>
Uncollected taxes at June 30, 2002	<u>\$ 13,622</u>

CITY OF NORWALK, CONNECTICUT

SCHEDULE OF CAPITAL PROJECTS FUND TAX COLLECTOR'S ACTIVITY - SEWER ASSESSMENTS

Year ended June 30, 2003

Levy of Fiscal Year	Uncollected Sewer Assessments at July 1, 2002	Current Assessment	Outlawed by Operation of Law	Adjustments	Assessments Collected	Uncollected Sewer Assessments at June 30, 2003	Interest and Penalties Collected	
							Interest	Liens
1982 - 1983	\$ 4,195	\$ -	\$ -	\$ -	\$ 672	\$ 3,523	\$ 2,631	\$ 19
1983 - 1984	2,622	-	-	-	248	2,374	656	19
1984 - 1985	-	-	-	-	-	-	-	-
1985 - 1986	-	-	-	-	-	-	-	-
1986 - 1987	1,783	-	-	-	880	903	1,985	38
1992 - 1993	836	-	-	-	836	-	606	24
1994 - 1995	752	-	-	-	752	-	36	96
1995 - 1996	20,102	-	-	-	11,168	8,934	6,346	96
1997 - 1998	50,863	-	-	-	19,718	31,145	6,937	48
1998 - 1999	-	-	-	-	-	-	-	-
1999 - 2000	160,082	-	-	-	22,471	137,611	6,381	24
2000 - 2001	-	-	-	-	4,142	(4,142)	1,394	-
	<u>241,235</u>	-	-	-	60,886	180,349	26,971	364
2001 - 2002	<u>363,785</u>	-	-	-	57,379	306,406	17,990	24
	<u>\$ 605,020</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 118,265</u>	<u>\$ 486,755</u>	<u>\$ 44,961</u>	<u>\$ 388</u>

CITY OF NORWALK, CONNECTICUT
SCHEDULE OF LONG-TERM BONDED DEBT
Year ended June 30, 2003

<u>Bonds</u>	<u>Bond Number</u>	<u>Issue Date</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Original Amount</u>	<u>Amount Outstanding June 30, 2002</u>	<u>Additions</u>	<u>Payments</u>	<u>Amount Outstanding June 30, 2003</u>
GENERAL GOVERNMENT									
CITY CAPITAL									
IMPROVEMENT BONDS									
	86	07/15/1989	6.40-6.50	1/15/2004	\$ 4,584,340	\$ 284,340	\$ -	\$ 142,170	\$ 142,170
	88	07/15/1991	6.30-6.50	1/15/2006	4,907,600	1,307,600	-	326,900	980,700
	89	06/01/1993	4.90-5.10	1/15/2008	14,147,475	1,712,475	-	915,975	796,500
	91	01/01/1994	4.625-5.00	1/15/2007	5,000,000	590,000	-	475,000	115,000
	92	07/15/1995	4.65-5.30	2/15/2010	8,496,600	16,600	-	16,600	-
	93	07/15/1996	4.85-5.60	1/15/2011	9,743,260	3,043,260	-	-	3,043,260
	94	07/15/1997	4.350-5.00	1/15/2012	7,400,001	2,900,001	-	-	2,900,001
	95	07/15/1998	4.30-4.75	1/15/2013	9,207,175	7,732,175	-	702,925	7,029,250
	96	07/15/1999	4.15-6.00	1/15/2014	17,935,000	16,685,000	-	1,175,000	15,510,000
	97	07/15/2000	4.75-5.25	1/15/2015	11,571,000	11,571,000	-	696,000	10,875,000
	98	07/15/2001	4.00-4.75	1/15/2016	13,578,000	13,578,000	-	-	13,578,000
	99	04/18/2002	4.00-5.00	10/1/2011	15,598,465	15,598,465	-	1,505,626	14,092,839
	100	08/21/2002	Variable	8/21/2002	20,111,400	-	20,111,400	-	20,111,400
Total city capital improvement bonds						<u>75,018,916</u>	<u>20,111,400</u>	<u>5,956,196</u>	<u>89,174,120</u>
MARITIME CENTER PROJECT BONDS		11/15/86	4.30-7.00	2/1/2015	23,314,942	4,359,853	-	566,093	3,793,760
MARITIME CENTER PROJECT BONDS		10/15/92	3.90-6.10	2/1/2010	11,640,000	6,155,000	-	6,155,000	-
Total maritime center project bonds						<u>10,514,853</u>	<u>-</u>	<u>6,721,093</u>	<u>3,793,760</u>
Bond Anticipation Note		1/21/2003	1.92	1/15/2004	3,860,000	-	3,860,000	-	3,860,000
Total governmental debt						<u>\$ 85,533,769</u>	<u>\$ 23,971,400</u>	<u>\$ 12,677,289</u>	<u>\$ 96,827,880</u>

CITY OF NORWALK, CONNECTICUT
SCHEDULE OF LONG-TERM BONDED DEBT - continued
Year ended June 30, 2003

Bonds	Bond Number	Issue Date	Interest Rate	Maturity Date	Original Amount	Amount Outstanding June 30, 2002	Additions	Payments	Amount Outstanding June 30, 2003
ENTERPRISE FUNDS									
Parking Authority									
	88	07/15/1991	6.30-6.50	1/15/2006	\$ 22,400	\$ 22,400	\$ -	\$ 5,600	\$ 16,800
	93	07/15/1996	4.85-5.60	1/15/2011	124,740	124,740	-	-	124,740
	94	07/15/1997	4.350-5.00	1/15/2012	99,999	99,999	-	-	99,999
	95	07/15/1998	4.30-4.75	1/15/2013	25,575	25,575	-	2,325	23,250
	99	04/18/2002	4.00-5.00	10/1/2011	240,085	240,085	-	23,174	216,911
Maritime Parking Garage	101	12/15/2002	4.00-5.00	12/15/2002	9,110,000	-	9,110,000	-	9,110,000
Total Parking Authority						512,799	9,110,000	31,099	9,591,700
Water Pollution Control Authority									
	86	07/15/1989	6.40-6.50	1/15/2004	415,660	415,660	-	207,830	207,830
	88	07/15/1991	6.30-6.50	1/15/2006	70,000	70,000	-	17,500	52,500
	89	06/01/1993	4.90-5.10	1/15/2008	222,525	222,525	-	119,025	103,500
	92	07/15/1995	4.65-5.30	2/15/2010	3,400	3,400	-	3,400	-
	93	07/15/1996	4.85-5.60	1/15/2011	132,000	132,000	-	-	132,000
	95	07/15/1998	4.30-4.75	1/15/2013	767,250	767,250	-	69,750	697,500
	96	07/15/1999	4.15-6.00	1/15/2014	1,065,000	1,065,000	-	75,000	990,000
	97	07/15/2000	4.75-5.25	1/15/2015	1,729,000	1,729,000	-	104,000	1,625,000
	98	07/15/2001	4.00-4.75	1/15/2016	1,022,000	1,022,000	-	-	1,022,000
	99	04/18/2002	4.00-5.00	10/1/2011	1,566,450	1,566,450	-	151,200	1,415,250
	100	08/21/2002	Variable	8/21/2002	588,600	-	588,600	-	588,600
	CWF 190-L	07/01/1996	2.00	7/1/2015	4,550,161	3,147,896	-	212,637	2,935,259
	CWF 301-C	12/30/1997	2.00	12/31/2016	1,934,212	1,463,126	-	87,866	1,375,260
	CWF 397-C	07/01/1999	2.00	1/31/2019	673,270	570,680	-	29,317	541,363
	CWF 190DC	09/30/2000	2.00	1/31/2019	41,294,122	36,206,267	-	1,775,578	34,430,689
	CWF 190-L1	07/01/2002	2.00	1/31/2019	4,930,815	4,930,815	-	434,054	4,496,761
Total city capital improvement bonds						53,312,069	588,600	3,287,157	50,613,512
						<u>\$ 139,358,637</u>	<u>\$ 33,670,000</u>	<u>\$ 15,995,545</u>	<u>\$ 157,033,092</u>

CITY OF NORWALK, CONNECTICUT
SCHEDULE OF DEBT LIMITATIONS
June 30, 2003

RECEIPTS, Year ended June 30, 2003

Taxes, interest and fees for year ended June 30, 2003	\$ 179,110,788
Tax relief for the elderly	<u>552,704</u>

BASE	<u>\$ 179,663,492</u>
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	<u>General</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Funding</u>
DEBT LIMITATION					
2-1/4 times base	\$ 404,242,857	\$ -	\$ -	\$ -	\$ -
4-1/2 times base	-	808,485,715	-	-	-
3-3/4 times base	-	-	673,738,096	-	-
3-1/4 times base	-	-	-	583,906,349	-
3 times base	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>538,990,476</u>
Total limitation	<u>404,242,857</u>	<u>808,485,715</u>	<u>673,738,096</u>	<u>583,906,349</u>	<u>538,990,476</u>
INDEBTEDNESS					
School construction grants receivable	-	(2,820,385)	-	-	-
Clean Water Fund obligations	-	-	7,212,879	-	-
Bonds and notes issued	25,791,070	15,068,850	2,531,080	1,054,000	-
Authorized, unissued bonds	<u>3,880,000</u>	<u>61,820,888</u>	<u>417,000</u>	<u>5,187,000</u>	<u>-</u>
Total	<u>29,671,070</u>	<u>74,069,353</u>	<u>10,160,959</u>	<u>6,241,000</u>	<u>-</u>
EXCESS OF LIMITATION OVER INDEBTEDNESS AT JUNE 30, 2003	<u>\$ 374,571,787</u>	<u>\$ 734,416,362</u>	<u>\$ 663,577,137</u>	<u>\$ 577,665,349</u>	<u>\$ 538,990,476</u>

NOTE: The total indebtedness for all classes cannot exceed seven times the base, or \$1,257,644,444.

GOVERNMENT AUDITING STANDARDS

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

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

We have audited the basic financial statements of the City of Norwalk, Connecticut as of and for the year ended June 30, 2003, and have issued our report thereon dated December 5, 2003. 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.

Compliance

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Norwalk, Connecticut's internal control over financial reporting in order to determine our auditing procedures for the purpose of expression our opinion on the basic financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters

involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information and use of the Mayor, Common Council, Finance Committee, management and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Sicilia Dowling & Natarulli LLC

New Haven, Connecticut
December 5, 2003

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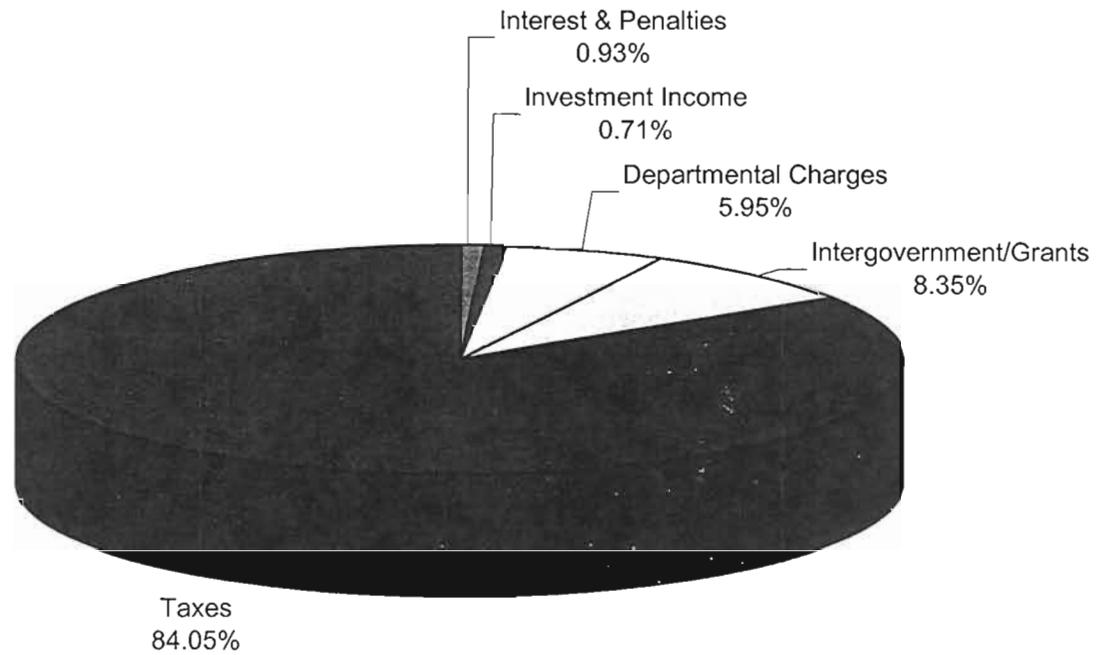
CITY OF NORWALK

GENERAL FUND REVENUES BY SOURCE FISCAL YEAR 1993-94 THROUGH 2002-03

<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>
1993-94	\$147,961,449	\$25,125,398	\$7,657,844	\$2,781,106	\$1,503,188	\$292,161	\$185,321,146
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

- 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.*

GENERAL FUND REVENUE BY SOURCE FISCAL YEAR 2002-2003



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

CITY OF NORWALK

GENERAL FUND EXPENDITURES BY FUNCTION 1993-94 TO 2002-03

<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>
1993-94	\$ 5,272,359	\$ 8,764,031	\$23,431,144	\$21,948,142	\$81,093,925	\$3,900,316
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

(Continued)

- *Note: Schedule reflects Budgetary basis.*

CITY OF NORWALK

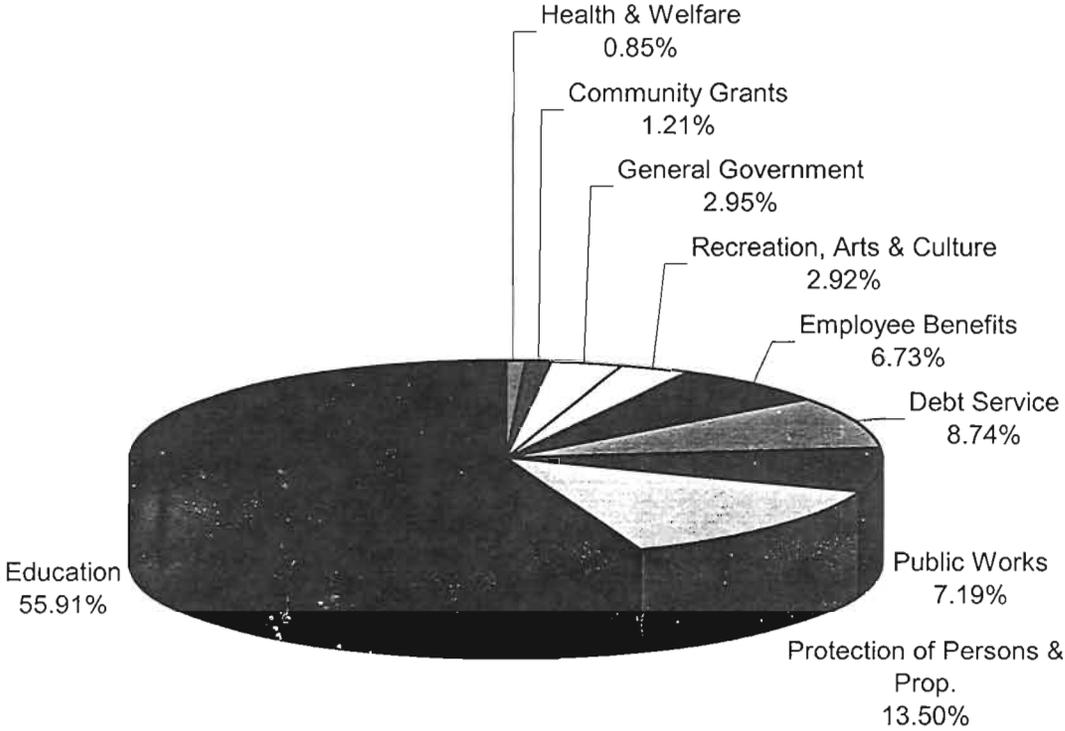
GENERAL FUND EXPENDITURES BY FUNCTION 1993-94 TO 2002-03

<u>Fiscal Year</u>	<u>Recreation, Arts & Culture</u>	<u>Community Grants</u>	<u>Debt Service</u>	<u>Risk Mgmt. & Insurance</u>	<u>Employee Benefits</u>	<u>Sundry</u>	<u>Total</u>
1993-94	\$ 6,608,415	\$ 1,756,253	\$13,825,409	\$ 0	\$14,375,515	\$ 0	\$180,975,509
1994-95	6,723,090	2,050,642	15,670,323	0	14,452,344	0	184,246,275
1995-96	6,627,300	2,011,249	16,350,051	0	16,678,107	0	187,092,312
1996-97	6,390,460	3,339,690	16,261,944	0	13,020,933	0	184,309,104
1997-98	5,490,000	3,387,333	15,641,624	0	14,373,344	0	182,509,102
1998-99	5,298,103	3,492,370	14,412,535	0	13,772,835	0	184,288,057
1999-00	5,962,278	2,268,519	15,137,021	0	11,731,145	0	192,465,886
2000-01	5,719,594	2,240,362	17,795,690	0	10,493,109	0	197,437,583
2001-02	6,199,041	2,380,807	15,875,018	0	11,657,193	475,000	203,547,417
2002-03	6,123,444	2,544,091	18,321,063	0	14,115,564	0	209,666,743

(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 2002-03



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

**SUMMARY OF REVENUES, EXPENDITURES, & CHANGES IN GENERAL FUND BALANCE
FISCAL YEAR 1993-94 TO 2002-03**

	<u>2002-03</u>	<u>2001-02</u>	<u>2000-01</u>	<u>1999-00</u>	<u>1998-99</u>
<u>REVENUES</u>					
Property Taxes	\$176,774,248	\$169,830,039	\$167,877,086	\$159,517,658	\$153,178,604
Return on Excess Taxes	0	(3,398,331)	0	0	0
Intergovernmental	17,394,216	19,934,638	20,624,784	20,681,791	21,436,801
Departmental Charges	12,514,200	7,361,676	7,538,811	6,470,301	6,614,497
Interest and Penalties	1,961,519	1,566,275	2,937,459	2,049,341	1,839,718
Interest On Investments	1,494,741	1,918,404	3,622,919	3,358,625	2,865,625
Other Grants	174,842	169,583	197,708	246,518	178,545
Miscellaneous	0	0	0	0	0
TOTAL REVENUE	<u>\$210,313,766</u>	<u>\$197,382,284</u>	<u>\$202,798,767</u>	<u>\$192,324,234</u>	<u>\$186,113,376</u>
<u>EXPENDITURES</u>					
General Government	\$ 6,182,789	\$ 5,939,788	\$ 5,784,267	\$ 6,017,343	\$ 5,589,343
Health & Welfare	1,772,828	1,769,511	1,771,346	1,769,631	1,851,923
Protection of Persons & Property	28,301,381	29,095,301	28,048,042	27,604,748	25,056,432
Education: Public	117,230,542	110,002,804	104,409,491	100,615,255	94,583,363
Non-Public & Special	0	0	0	0	0
Public Works	15,075,041	20,152,954	21,175,682	21,359,976	20,231,101
Recreation, Arts & Cultural	6,123,444	6,199,041	5,719,594	5,962,278	5,298,103
Community Grants	2,544,091	2,380,807	2,240,362	2,268,519	3,492,370
Risk Management	0	0	0	0	0
Employee Benefits	14,115,564	11,657,193	10,493,109	11,731,145	13,772,835
Debt Service	18,321,063	15,875,018	17,795,690	15,137,021	14,412,535
Sundry	0	475,000	0	0	0
Capital Outlay	0	0	0	0	0
Unfunded Accrued Pension Costs	0	0	0	0	0
TOTAL EXPENDITURES	<u>\$209,666,743</u>	<u>\$203,547,417</u>	<u>\$197,437,583</u>	<u>\$192,465,886</u>	<u>\$184,288,057</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 647,023</u>	<u>\$ (6,165,133)</u>	<u>\$ 5,361,184</u>	<u>\$ (141,652)</u>	<u>\$ 1,825,319</u>
Other Financing Sources (Uses)					
Sale of Property	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Proceeds from Refunding Bonds					
Payment to Refunded Bond Escrow Agent					
L/T Portion of Accrued Pension Costs					
Other Transfers	<u>\$ 0</u>	<u>\$ (37,982)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Excess (Def.) of Rev. & Other Financing Sources over Expendi- tures & Other Financing Uses	<u>\$ 647,023</u>	<u>\$ (6,203,115)</u>	<u>\$ 5,361,184</u>	<u>\$ (141,652)</u>	<u>\$ 1,825,319</u>
Beginning Fund Balance	<u>\$ 15,480,460</u>	<u>\$ 21,683,575</u>	<u>\$ 16,322,391</u>	<u>\$ 16,464,043</u>	<u>\$ 14,638,724</u>
Ending 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>

(Continued)

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

**SUMMARY OF REVENUES, EXPENDITURES, & CHANGES IN GENERAL FUND BALANCE
FISCAL YEAR 1993-94 TO 2002-03**

	<u>1997-98</u>	<u>1996-97</u>	<u>1995-96</u>	<u>1994-95</u>	<u>1993-94</u>
<u>REVENUES</u>					
Property Taxes	\$152,750,650	\$149,212,369	\$146,096,873	\$145,930,391	\$147,961,449
Intergovernmental	21,506,570	25,914,730	25,593,796	25,564,975	25,125,398
Departmental Charges	6,169,214	5,652,479	7,058,998	7,827,836	7,657,844
Interest and Penalties	1,987,032	2,263,664	2,120,393	2,106,717	2,781,106
Interest on Investments	2,876,041	2,622,858	2,023,752	2,553,909	1,503,188
Miscellaneous	<u>157,141</u>	<u>65,983</u>	<u>164,588</u>	<u>175,789</u>	<u>292,161</u>
TOTAL REVENUE	<u>\$185,446,648</u>	<u>\$185,732,083</u>	<u>\$184,058,400</u>	<u>\$184,159,617</u>	<u>\$185,321,146</u>
<u>EXPENDITURES</u>					
General Government	\$ 5,192,604	\$ 5,292,282	\$ 5,198,791	\$ 5,321,004	\$ 5,272,359
Health & Welfare	2,170,491	4,392,731	7,946,410	8,838,590	8,764,031
Protection of Persons & Property	25,208,293	24,292,246	23,800,396	23,093,334	23,431,144
Education: Public	90,726,012	87,693,128	85,052,558	84,056,171	81,093,925
Non-Public & Special	0	4,196,204	3,822,789	2,803,540	3,900,316
Public Works	20,319,401	19,429,486	19,604,661	21,237,237	21,948,142
Recreation, Arts & Cultural	5,490,000	6,390,460	6,627,300	6,723,090	6,608,415
Community Grants	3,387,333	3,339,690	2,011,249	2,050,642	1,756,253
Risk Management	0	0	0	0	0
Employee Benefits	14,373,344	13,020,933	16,678,107	14,452,344	14,375,515
Debt Service	15,641,624	16,261,944	16,350,051	15,670,323	13,825,409
Capital Outlay	0	0	0	0	0
Unfunded Accrued Pension Costs	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL EXPENDITURES	<u>\$182,509,102</u>	<u>\$184,309,104</u>	<u>\$187,092,312</u>	<u>\$184,246,275</u>	<u>\$180,975,509</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 2,937,546</u>	<u>\$ 1,422,979</u>	<u>\$ (3,033,912)</u>	<u>\$ (86,658)</u>	<u>\$ 4,345,637</u>
Other Financing Sources (Uses)					
Sale of Property	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Proceeds from Refunding Bonds					\$ 8,350,000
Payment to Refunded Bond Escrow Agent					
L/T Portion of Accrued Pension Costs				\$ 0	\$ (8,350,000)
Other Transfers	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (337,658)</u>	<u>\$ (337,658)</u>	<u>\$ (339,422)</u>
Excess (Def.) of Rev. & Other Financing Sources over Expendi- tures & Other Financing Uses	<u>\$ 2,937,546</u>	<u>\$ 1,422,979</u>	<u>\$ (3,371,570)</u>	<u>\$ (424,316)</u>	<u>\$ 4,006,215</u>
Beginning Fund Balance	<u>\$ 11,701,178</u>	<u>\$ 10,278,199</u>	<u>\$ 13,649,769</u>	<u>\$ 14,074,085</u>	<u>\$ 10,067,870</u>
Ending 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>

(Concluded)

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

GENERAL FUND BALANCE COMPARED TO ANNUAL EXPENDITURES LAST TEN YEARS

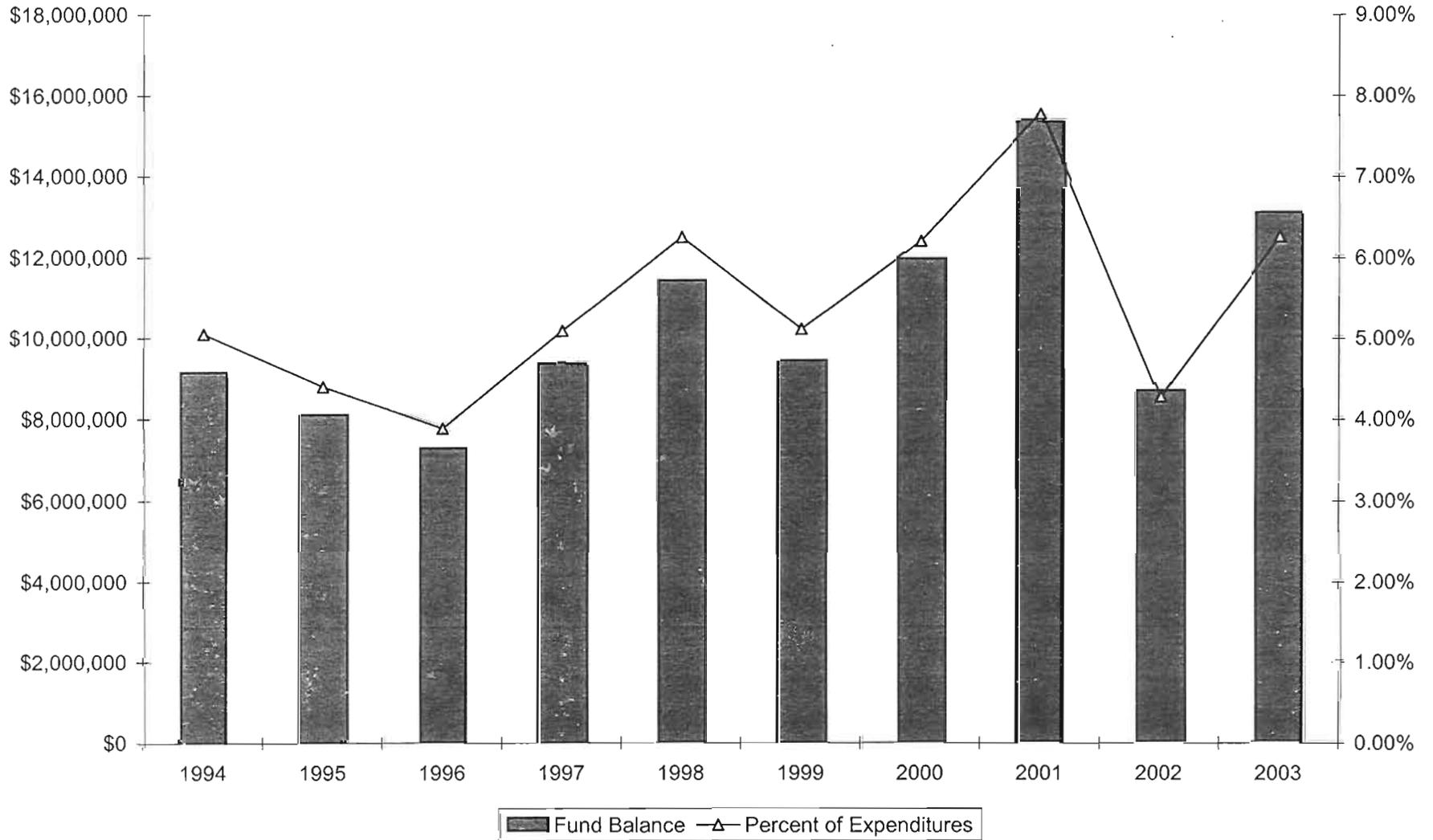
<u>FISCAL YEAR ENDING JUNE 30TH</u>	<u>UNDESIGNATED FUND BALANCE</u>	<u>ANNUAL EXPENDITURES</u>	<u>BALANCE AS % OF EXPENDITURES</u>
1994	\$ 9,133,276	\$180,975,509	5.05%
1995	8,099,916	184,246,275	4.40%
1996	7,283,109	187,092,312	3.89%
1997	9,377,054	184,309,104	5.09%
1998	11,408,053	182,509,102	6.25%
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%

(*) 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

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TAXABLE GRAND LIST (in 000's)

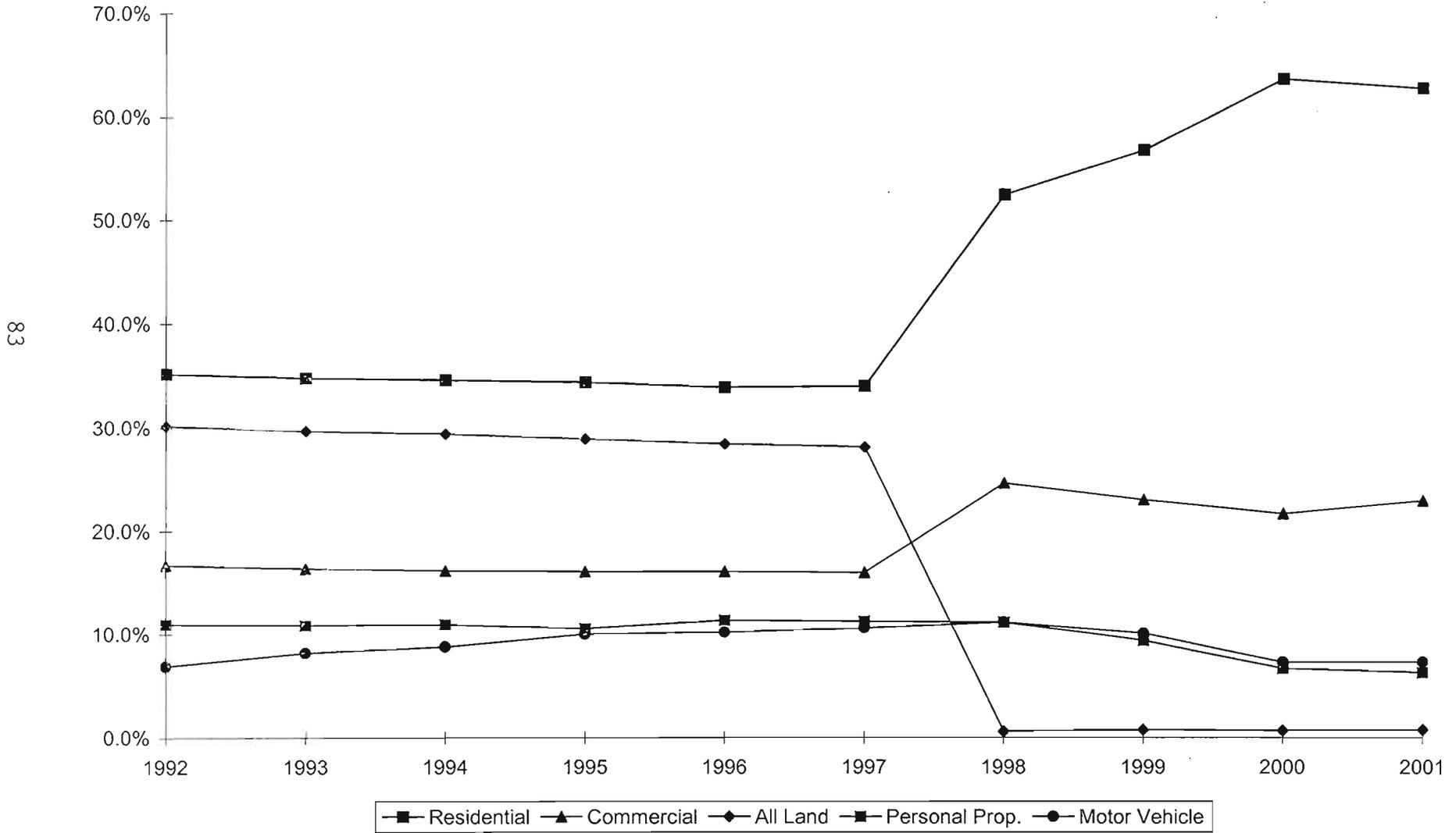
(Numbers may not add due to rounding)

Grand List As of 10/1	Residential Real Property	%	Commercial & Indust. Real Property	%	All Land	%	Personal Property	%	Motor Vehicle	%	Gross Taxable Grand List	Less Exemptions/ Corrections	Net Taxable Grand List
1992	\$1,156,168	35.2	\$547,412	16.7	\$991,669	30.2	\$361,779	11.0	\$225,113	6.9	\$3,282,141	\$55,720	\$3,226,421
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

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

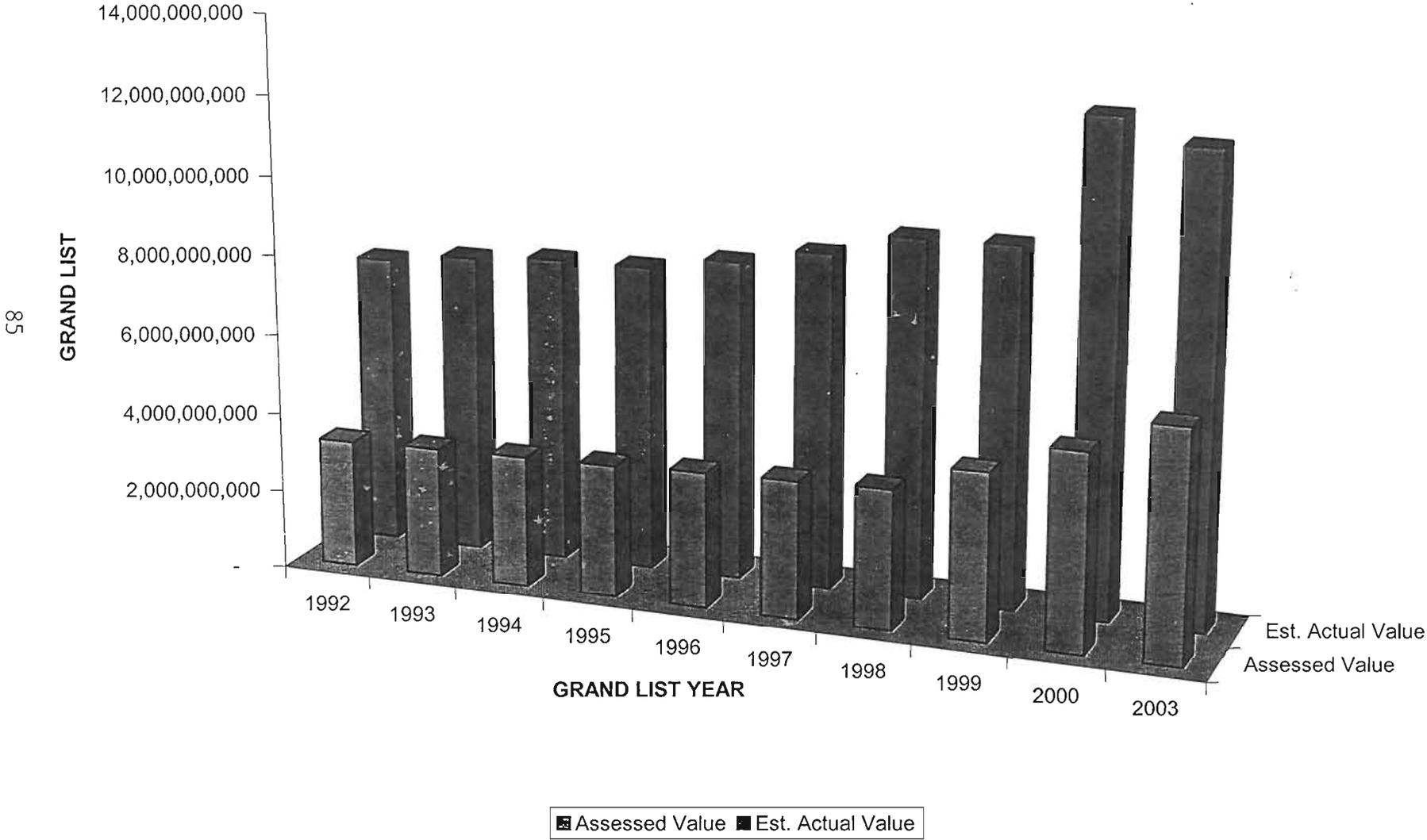
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

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>
1994	1992	\$ 2,671,189,079	\$6,510,331,657	\$555,232,046	\$793,188,637	\$3,226,421,125	\$7,303,520,294
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

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- 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.*
 4. *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, 1992	1993-94	46.5	46.5	46.5	46.7	42.9	42.2	45.2	43.5	43.5	46.6
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

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.

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.

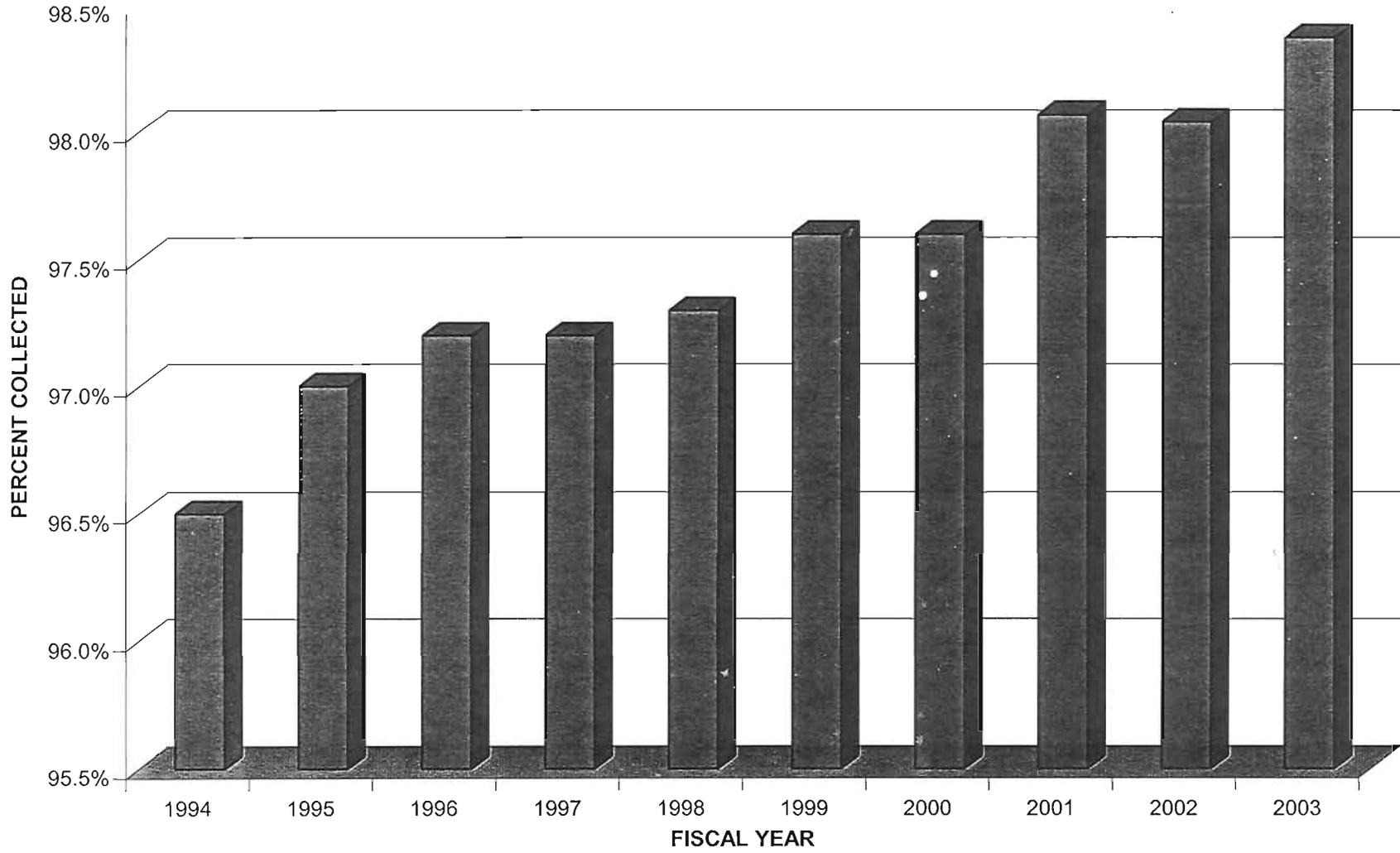
COMPARATIVE STATISTICS AND TAX COLLECTIONS

<u>Fiscal Year Ended 6/30</u>	<u>Taxable Grand List</u>	<u>1 Tax Rate Mills</u>	<u>Total Adjusted Tax Levy</u>	<u>Tax Collections</u>	<u>.....Uncollected Taxes.....</u>		<u>3 As of 6/30/03</u>	<u>%</u>
					<u>2 End of Fiscal Year</u>	<u>%</u>		
1994	\$ 3,226,421,125	42.95	\$148,468,267	\$143,268,752	\$ 5,199,515	3.5	\$ 54,424	.04
1995	3,282,138,835	42.85	147,325,731	142,892,143	4,433,588	3.0	58,421	.04
1996	3,315,460,761	41.70	147,303,951	143,158,062	4,145,889	2.8	63,138	.04
1997	3,351,523,951	42.0	150,693,677	146,418,937	4,274,740	2.8	84,537	.06
1998	3,428,305,201	42.1	154,345,909	150,175,910	4,169,999	2.7	105,894	.07
1999	3,472,218,503	42.2	155,530,375	151,871,174	3,659,200	2.4	243,367	.16
2000	3,529,990,591	42.47	160,965,677	157,053,317	3,502,714	2.2	581,034	.37
2001	4,212,695,935	38.97	167,648,305	164,416,166	3,232,139	1.9	920,214	.56
2002	4,961,132,494	33.36	170,449,270	167,785,389	3,290,354	1.9	3,290,354	1.9
2003	5,794,437,810	31.14	176,659,067	173,424,925	2,861,564	1.7	2,861,564	1.6

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1. *Mill Rates listed above represent Fifth District Mill Rate for all years.*
2. *The amount to be collected to the end of each fiscal year represents collections for twelve months. Taxes for the fiscal year are laid on the Grand List of October 1, and are due and payable in two installments one-half July and one-half January 1. Failure to pay an installment one month of the installment due date makes the installment delinquent. Effective July 1, 1982 (P.A. 82-141 of the 1983 Connecticut General Assembly), 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.*
3. *There are no taxes outstanding prior to the Fiscal year ended June 30, 1987.*

TAX COLLECTION RATES 1993-94 TO 2002-03



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>		
1993-94	\$ 84,489	\$ 0	\$ 0	\$ 25,510	\$ 58,979
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

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	\$90,350,820	1.56
Hewitt Properties, LLC	Office Building	39,773,372	.69
National Office Partners, LP	Real Estate	38,202,850	.66
Connecticut Light & Power	Division Northeast Utilities	36,859,993	.64
Norwalk Power, LLC	Utility	36,047,777	.62
Merritt River Partners, LLC	Office Building	31,593,730	.55
Beiersdorf	Manufacturing Facility	24,855,220	.43
Knickerbocker (2 nd Merritt Seven)	Office Building	22,050,280	.38
Pepperidge Farm, Inc.	Bakery Facility	20,364,643	.35
Fairfield Merritt View, LP	Office Building	19,921,510	.34
Townsend Norwalk, LLC	Medical Equipment Facility	18,893,350	.33
Norden Place, LLC	Manufacturing Facility	17,671,710	.30
Prudential Insurance	Corporate Education Center	15,922,690	.27
FCI USA, Inc.	Retail Discount	15,353,730	.26
HD-Main Avenue	Retail Complex	14,708,820	.25
Yankee Gas Services, Co.	Gas Supplier	14,663,035	.25
Tyco Healthcare Group, LP	Medial Equipment Facility	13,644,642	.24
Mack-Cali	Office Building	12,730,410	.22
Five Hundred Thirty-Five	Office Building	12,619,950	.22
Elite Development Group, LLC	Retail Complex	12,025,090	.21
Dorcal Associates Limited	Retail	11,618,950	.20
Home Depot USA, Inc.	Retail Home Improvement	11,540,480	.20
Perkin-Elmer Corporation	Manufacturing Facility	10,996,790	.19
Div. Dunham 29	Real Estate	10,961,720	.19
One Hundred Ninety-Seven	Office Building	10,606,750	.18

1. *Based on 10/1/01 Net Taxable Grand List of \$5,794,437,810.*

Source: City of Norwalk Tax Assessor's Office.

CITY OF NORWALK

SCHEDULE OF DEBT LIMITATIONS - JUNE 30, 2003

RECEIPTS, YEAR ENDED JUNE 30, 2003

Taxes, Interest and fees for year ended June 30, 2003
 Tax relief for the elderly

\$179,110,788
552,704

BASE \$179,663,492

	<u>GENERAL</u>	<u>SCHOOLS</u>	<u>SEWERS</u>	<u>URBAN RENEWAL</u>	<u>PENSION FUNDING</u>
DEBT LIMITATION					
2 1/4 times base	\$404,242,857				
4 1/2 times base		\$808,485,715			
3 3/4 times base			\$673,738,096		
3 1/4 times base				\$583,906,349	
3 times base					\$538,990,476
93 TOTAL LIMITATION	<u>\$404,242,857</u>	<u>\$808,485,715</u>	<u>\$673,738,096</u>	<u>\$583,906,349</u>	<u>\$538,990,476</u>
INDEBTEDNESS:					
School Grants Receivable	\$ -	\$ -	\$ -	\$ -	\$ -
Clean Water Fund Obligations	-	-	7,212,879	-	-
Bonds & Notes Issued	25,791,070	15,068,850	2,531,080	1,054,000	-
Authorized, Unissued Bonds	3,880,000	61,820,888	417,000	5,187,000	-
Total	<u>\$ 29,671,070</u>	<u>\$ 76,889,738</u>	<u>\$ 10,160,959</u>	<u>\$ 6,241,000</u>	<u>\$ 0</u>
Excess of limitation Over indebtedness at June 30, 2003	<u>\$374,571,787</u>	<u>\$731,595,977</u>	<u>\$663,577,137</u>	<u>\$577,665,349</u>	<u>\$538,990,476</u>

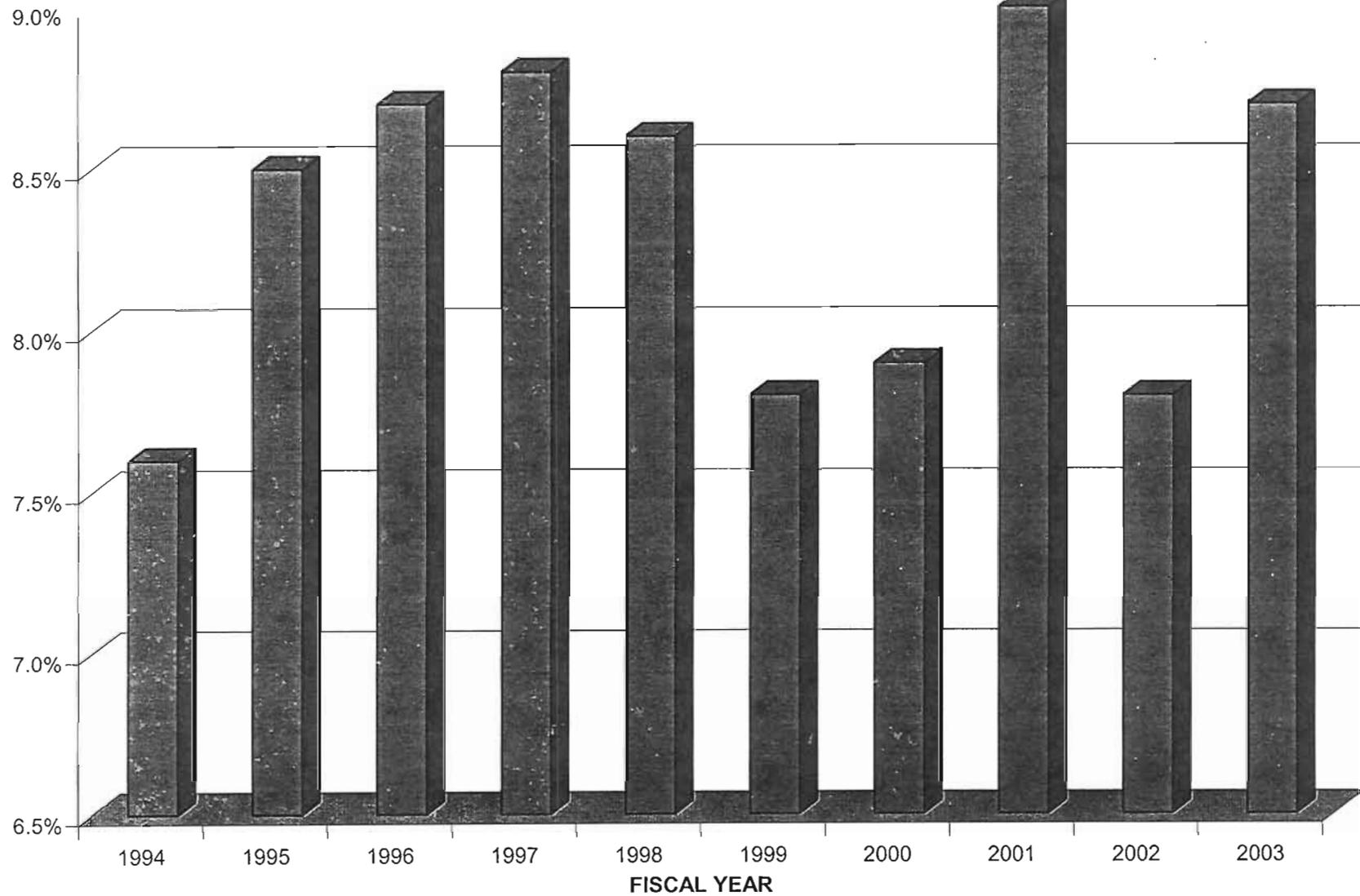
Note: Total indebtedness of all classes cannot exceed seven times the base, or \$1,257,644,444.

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>
1994	\$13,825,409	\$180,975,509	7.6%
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%

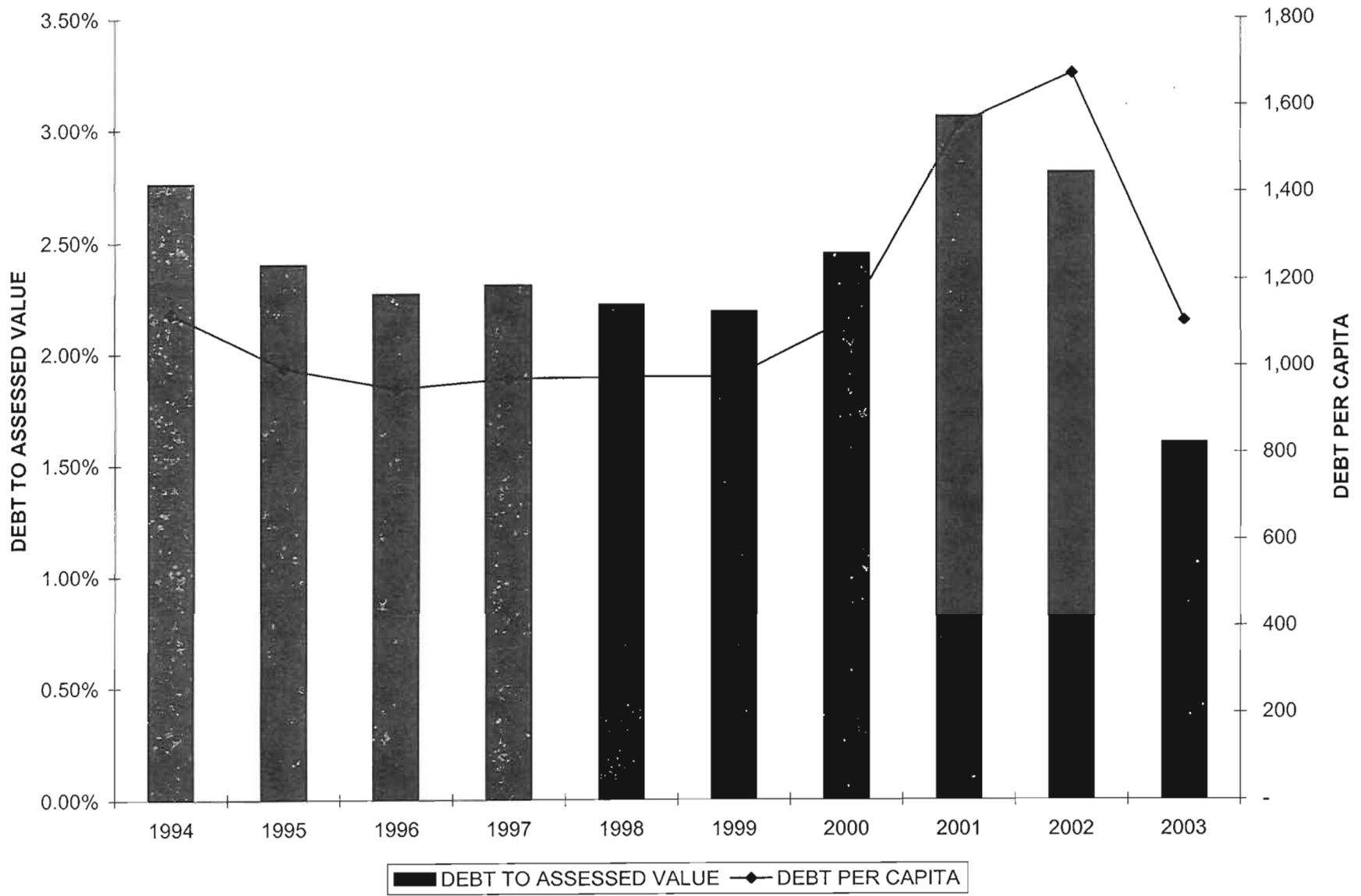
DEBT SERVICE AS PERCENT OF TOTAL EXPENDITURES



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>
1994	\$ 89,084,942	\$3,226,421,125	2.76%	79,450	\$1,121
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

SELECTED DEBT RATIOS



CITY OF NORWALK
DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS

<u>Fiscal year Ended June 30</u>	<u>Population</u>	<u>Per Capita Income</u>	<u>Median Family Income</u>	<u>Median Age</u>	<u>Unemployment Rate</u>
1994	79,450	\$ *	\$ 73,600	*	3.7%
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%

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).*

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 1,344 employees to fulfill its instructional objective. They comprise two groups: 910 certified personnel and 434 non-certified personnel including secretaries, clerks, custodians, maintenance personnel and teachers' aides.

Public School Enrollment (1)

<u>Fiscal Year</u>	<u>Head-Start</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>
1993-94	-	4,877	2,006	2,673	366	9,922
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

PROJECTIONS

2003-04	-	5,296	2,597	3,277	207	11,377
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

Note: (1) As of October 1

Source: City of Norwalk Board of Education.

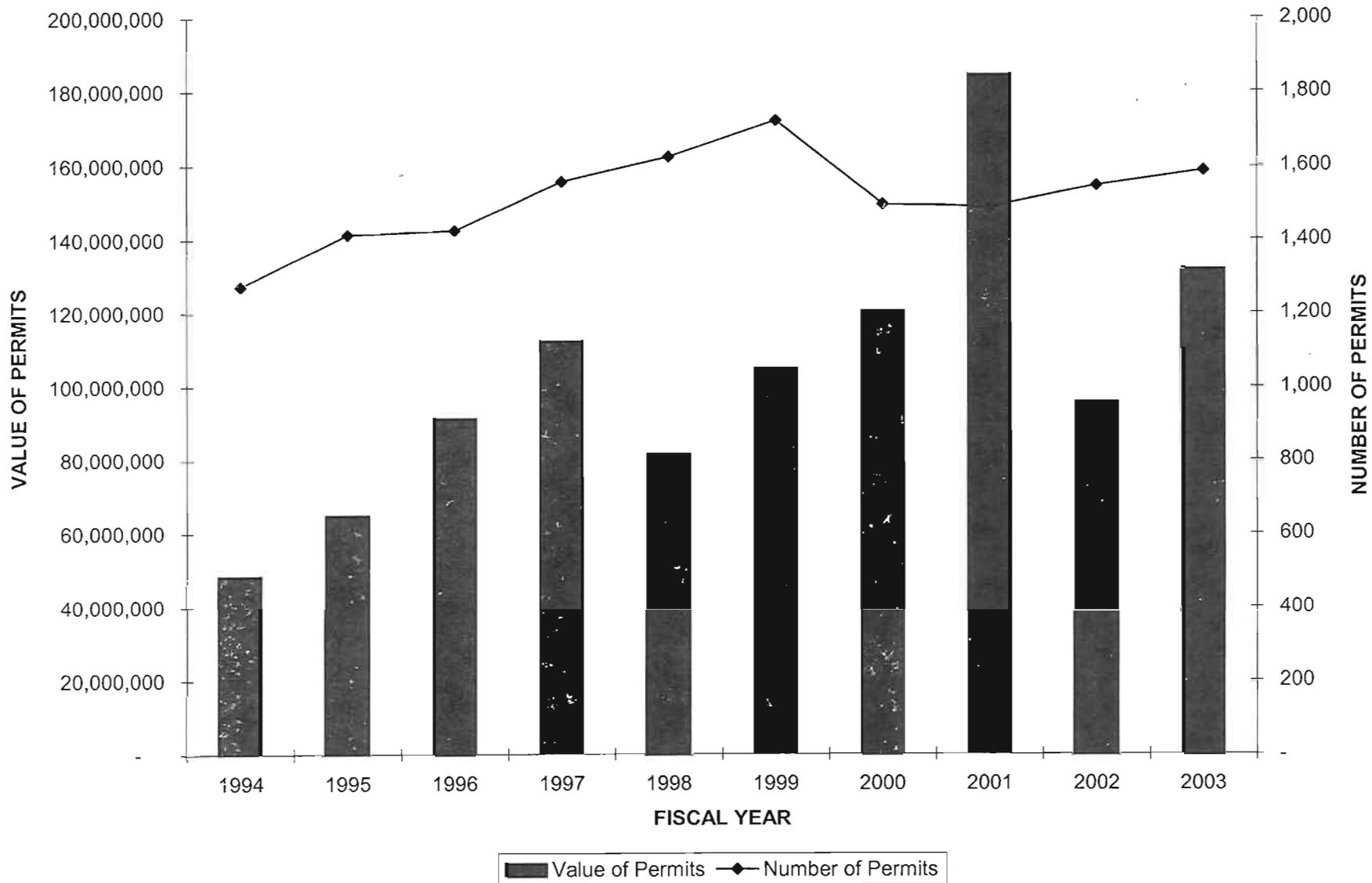
NUMBER AND VALUE OF BUILDING PERMITS

<u>Fiscal Year Ended 6/30</u>	<u>Number of Permits</u>	<u>Building</u>	<u>Miscellaneous</u>	<u>Total</u>
1994	1,272	44,985,149	3,682,725	48,667,874
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

Source: City of Norwalk, Building Department.

NUMBER AND VALUE OF PERMITS

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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>	
1994	\$1,089,493	1,272	\$ 48,667,874	547,412	1,156,168	991,669	24,060
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

N/A *Information unavailable.*

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

MANUFACTURING AND LARGEST EMPLOYERS

Norwalk is home to several of Connecticut's largest employers. Norwalk's major employers provide jobs for more than 14,000 people, illustrating the strength and diversity of Norwalk's economic base.

<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
CDW/Microwarehouse	Computer product Distributor	650
Pepperidge Farm, Inc.	Corporate Headquarters/Bakery	650
Hewitt Associates	Consulting Firm	600
Northrup Grumman/Norden Systems	Electronic & Radar Systems Manufacturer	500
U.S. Surgical Corp./Tyco Corp.	Div.Hqrs. & Automatic Suture Stapling Instruments	500
Trilegiant (formerly Cendant)	Internet Marketing (Corporate Headquarters)	450
G.E. Commercial Finance	Financial Services	450
Georgia Pacific (formerly Fort James)	Regional Office – Consumer & Ind. Paper Prods.	370
ActMedia	In-Store Promotional Advertising	350
Modem Media	Internet Advertising (Corporate Headquarters)	300
Reed Exhibition Companies	Trade Show Production	300
Perkin-Elmer Corporation	Optical Electronics Manufacturing	300
Beiersdorf, Inc.	Nivea Skin Care Products	275
Priceline.Com	Internet Marketing (Corp. Headquarters)	250
G. E. Capital Corporation	Financial Services	250
Information Resources Inc.	Consumer Research Firm	250
TGL, Inc.	Leather Products Manufacturing	250
Vectron Laboratories	Headquarters – Oscillators Manufacturer	200
ABB, Inc.	Headquarters – Engineering Firm	200
Cablevision/Lightpath-CT, Inc.	Production & Distribution of Telecommunications	200
R.T. Vanderbilt Company	Industrial Minerals & Chemicals	180
Tauck World Discovery	Travel/Tourism	180
King Industries	Chemical Manufacturers	170
Virgin Atlantic Airlines	Airline & Leisure Company	150
Arch Chemicals	Chemical Headquarters	150
Debis Financial (formerly Daimler)	Financial Services Firm	150
FASB (Fin. Acctg. Standards Board)	Financial Standards	150
Trans-Lux Corporation	Electronic Signage (Corporate Headquarters)	125
Kodak Polychrome Graphics	Graphic Arts Supply	125
Olin Corporation	Headquarters, Chemicals, Metal & Ammunition	125
Sieman's Business Services	Medical/Electronic Eqpt. Manufacturing	125
Marsh USA	Consulting Firm	125
Peppers & Rogers	Marketing Firm (Corporate Headquarters)	100
Swank, Inc. Crestline Division	Leather Belts & Products	100
Callanen International	Watches	100
Labatt USA	Beverage Manufacturing/Distribution	100
Emcor Group, Inc	Mechanical/Electrical 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).

CITY OF NORWALK

BUDGETED FULL-TIME PERSONNEL TEN YEAR HISTORY

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<u>Function</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>	<u>1993-94</u>
General Government	44	44	44	44	41	40	42	42	43	43
Finance	35	35	35	36	36	36	38	38	38	38
Health & Welfare	20	20	20	20	20	22	33	60	59	56
Police	206	206	206	204	205	206	206	208	208	198
Fire	149	147	147	146	146	147	147	147	147	147
Other Protection	19	19	19	19	19	19	26	20	20	21
Public Works & Traffic	113	119	119	147	145	151	158	158	162	163
Education	1,344	1,327	1,318	1,299	1,293	1,282	1,273	1,241	1,227	1,189
Recreation, Arts & Cultural	<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>	<u>77</u>
TOTAL	<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>	<u>1,932</u>

SUMMARY OF INSURANCE COVERAGE

(Continued)

PROPERTY:

Carrier: CT Interlocal Risk Management Agency
Limits: \$406,356,000
Deductible: \$50,000 per occurrence
Policy Period: July 1, 2002 - June 30, 2003

EMPLOYEE FIDELITY:

Carrier: The Hartford Insurance Group
Limits: \$500,000 per loss
Deductible: \$5,000
Policy Term: July 1, 2002 – June 30, 2003

TAX COLLECTOR BOND:

Carrier: The Hartford Insurance Group
Limits: \$250,000 per loss
Deductible: \$0 (no deductible)
Policy Period: July 1, 2002 – June 30, 2003

BOILER AND MACHINERY:

Carrier: CT Interlocal Risk Management Agency
Limits: \$50,000,000 per accident
Deductible: \$100,000 per accident
Policy Period: July 1, 2002 - June 30, 2003

SCHOOL BOARD LEADER'S LIABILITY (CLAIMS MADE):

Carrier: CT Interlocal Risk Management Agency
Limits: \$1,000,000 - per wrongful act
\$1,000,000 - Aggregate
Deductible: \$500,000
Policy Period: July 1, 2002 – June 30, 2003
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, 2002 – June 30, 2003

AUTOMOBILE LIABILITY:

Carrier: CT Interlocal Risk Management Agency
Limits: \$1,000,000 – Each Occurrence
Deductible: \$500,000
Policy Period: July 1, 2002 – June 30, 2003

SUMMARY OF INSURANCE COVERAGE

(Concluded)

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, 2002 – June 30, 2003
Retro Date:	July 1, 1998

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, 2002 – June 30, 2003
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
Policy Period:	July 1, 2002 – June 30, 2003

**CITY OF NORWALK
SUPPLEMENTAL DATA**

June 30, 2003

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 Pump Stations	26
Miles of Sidewalks	125	Municipal Parking Spaces	4,487
Miles of Sanitary Sewers	165	Number of Employees	117

PUBLIC SAFETY INFORMATION

Number of Police Cars (Marked & Unmarked)	114	Number of Fire Stations	5
Number of Sworn Police Personnel	179	No. of Sworn Fire Personnel	140
No. of Police Marine Vessels	3	No. of Pieces of Equipment	14
		No. of Vehicles	7

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	275,000+
Athletic Diamonds	41	Public Museums (8 Bldg.)	3

ELECTION INFORMATION

	<u>Votes Cast In:</u>	<u>Percent Voting In:</u>
Last National Election	31,563	78.6%
Last State Election	19,379	47.8%
Last Municipal Election	18,705	43.7%
Registered Voters	40,555	

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