

*CITY OF NORWALK,  
CONNECTICUT*



**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

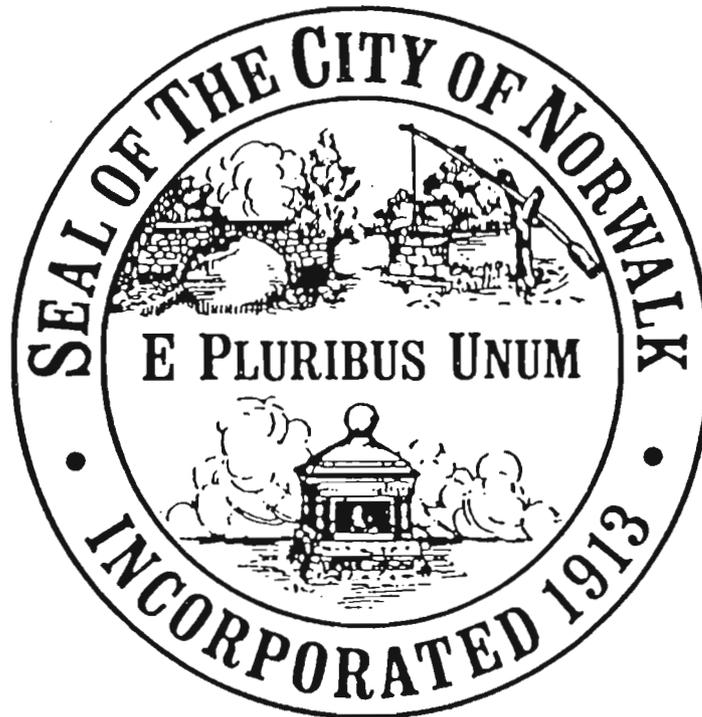
*FISCAL YEAR ENDED JUNE 30, 2002*

DEPARTMENT OF FINANCE  
125 EAST AVENUE  
NORWALK, CONNECTICUT 06856



**CITY OF NORWALK**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

*FISCAL YEAR ENDED JUNE 30, 2002*



*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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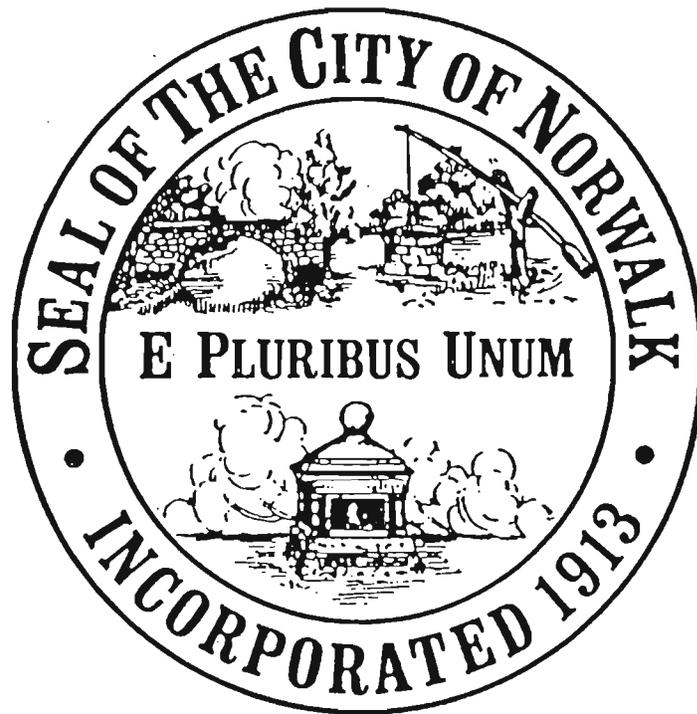
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The seal of the City of Norwalk was adopted in 1913 to represent the political entities that merged to form the new consolidation. The bridge symbolizes the end of the navigation at Wall St. in the old City of Norwalk, now known as the First Taxing 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, 2002

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, 2002.

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.

This year the City is implementing 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 83,316, is the sixth largest City in Connecticut. The City is located in Fairfield County in the Southwestern part of the State along Long Island Sound. Including a number of islands, the City covers 22.5 square miles. Per capita income in the county remains among the highest in the nation. While preserving its suburban character, the City is a significant commercial, industrial and service center. Many corporations, including the Governmental Accounting Standards Board (GASB) and the Financial Accounting Standards Board (FASB), have chosen to locate their headquarters in Norwalk. The City has also developed a tourist market centered on its outstanding harbor, islands, National Registry Mansions, Museums and a Maritime Aquarium comprised of a nautical museum, aquarium and IMAX theater.

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

## **FACTORS AFFECTING FINANCIAL CONDITION**

At this writing, economists declare the country is, and has been in a recession. And, indeed there are local signs of a weakened economy: unemployment and office vacancy rates have climbed 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 and FY 2002 saw a great jump in new construction permits and FY 2003 looks equally promising.

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 2.6% of the total jobs and no business comprises more than 1.8% 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 recession. However, these burdens will be mitigated by growth in the commercial tax base boosted by the carry through of several major development projects.

## **MAJOR INITIATIVES**

Construction activity in Norwalk continued at a healthy pace. The number of permits issued in FY 2002 exceeded any in the past twenty years. Many major projects approved in previous years were completed or nearing completion. Those include:

- Merritt on the River, a 227 unit luxury apartment building on Main Avenue.
- Merritt 7 Building #6, a 255,000 sq. ft. office on Main Avenue.
- Fyber Assoc., mixed use of 10,000 sq. ft. retail and 20 residential units on Westport Avenue.
- King Industries, new 27,000 sq. ft. office expansion, Science Road.
- Norden/United Technologies site, a major upgrade of the facility to accommodate 200,000 sq. ft. of general office use at Norden Place.

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

- 25 and 35 Glover Ave., LLC, two office buildings totaling 650,000 sq. ft. on Glover Ave. Site work is underway.
- SoNo Lofts, 38 residential units on Ann Street.
- WalMart/Home Goods, reoccupy 144,000 sq. ft. of retail space vacated by Bradlees on Connecticut Ave.

Applications are pending for projects with approvals expected in the next year:

- Avalon Bay, 312 apartments on Belden Avenue.
- Brown Associates, 20 residential units on Haviland Street.
- World Gym, re-occupancy or retail space on Wall Street.

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 has begun.
- 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 has begun. Completion expected in Fall, 2003.

## **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 in of five percent with an average maturity slightly less than 10 years.

In order to evaluate the City's investment performance, the City periodically compares the actual investment earnings with the average 90-day U.S. Treasury Bill rate. For the period July 1, 2001 to June 30, 2002, the average annualized yield on City investments was 3.41%; during the same period the U.S. Treasury Bill market produced an average yield of 2.70%. 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, 2001. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for presentation of state and local government financial reports.

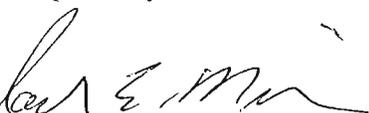
In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to the programs standards. The CAFR must satisfy both generally accepted accounting principles and applicable 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 11 consecutive years (fiscal years 1991 through 2001). 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,



Jack E. Miller  
Director of Finance

**CITY OF NORWALK, CONNECTICUT**

**PRINCIPAL CITY OFFICIALS**

**June 30, 2001**

<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**

Joseph E. Mann, President

Bruce Kimmel, Majority Leader

Kenneth C. Baker  
Douglas W. Sutton  
Peter A. Wien  
Kevin M. Poruban  
William D. Krummel

Barbara P. Hudgins  
William F. Wrenn  
Judith Rivas  
Christopher R. Perrone

Jeanette Olmstead-Sawyer  
Matthew T. Miklave  
Fred A. Bondi  
Betsy H. Bain

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

David S. Davidson, Chairman

June Carroll  
Randall G. Avery  
Alex A. Knopp, Mayor

Patricia Richmond  
Tulio E. Lopez  
Tamara Napoletano

# 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, 2001

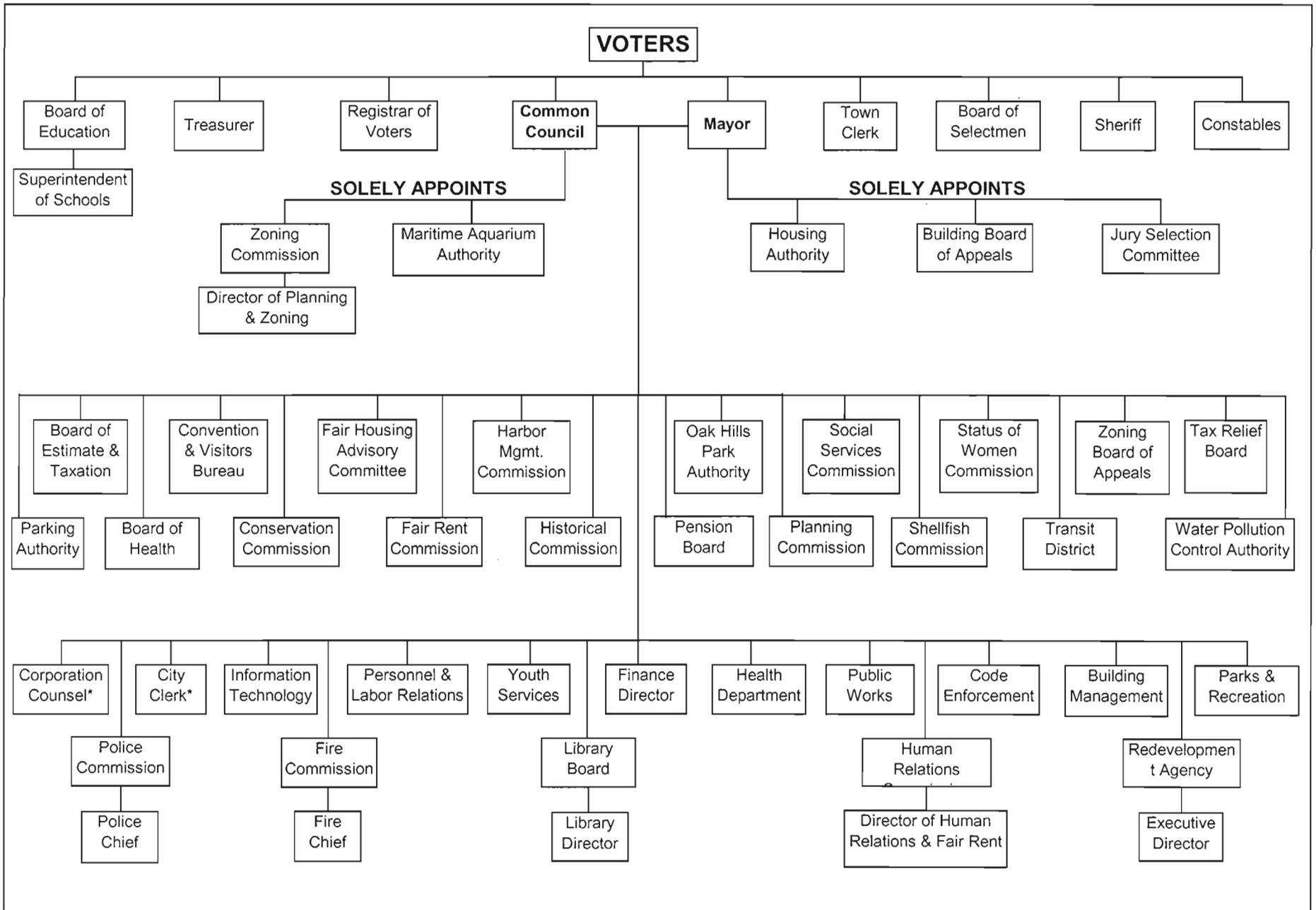
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



*Imelda Arave*  
President

*Jeffrey L. Esler*  
Executive Director

# City of Norwalk Government Organization

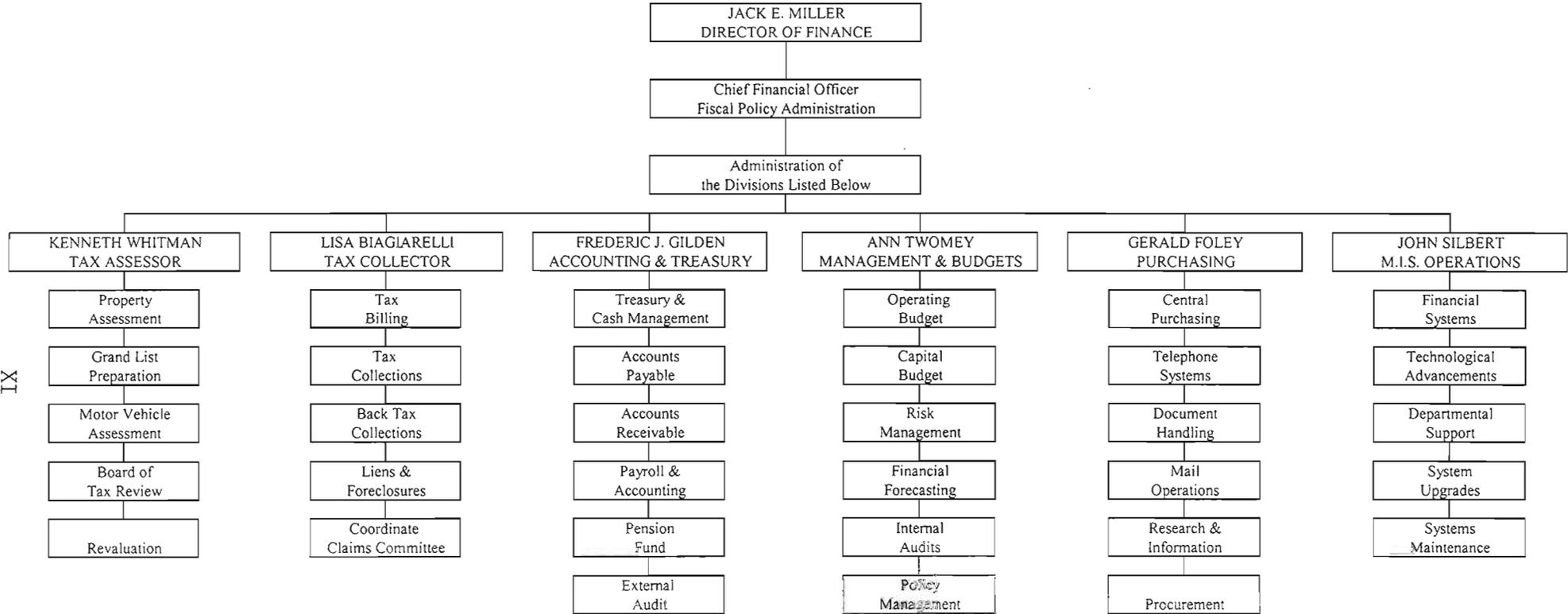


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All Boards, Commissions and Department Heads are chosen by the Mayor and require Common Council approval unless otherwise noted

\*Solely appointed by the Mayor

# FINANCE DEPARTMENT



IX

## 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, 2002, 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.

As described in Note 2, the City has implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as of June 30, 2002.

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, 2002, and the respective changes in financial position and cash flows, where applicable, thereof 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 opinions 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 69 are presented for purposes of additional analysis and are not a required part of the general-purpose 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 general-purpose financial statements and, accordingly, we express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2002 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.

*Sillia Dowling & Natalelli LLC*

New Haven, Connecticut  
December 14, 2002

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

The City of Norwalk's (the "City") discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the City's financial activity, (c) identify changes in the City's financial position (its ability to address the next and subsequent year challenges), (d) identify any material deviations from the financial plan (the approved budget), and (e) identify individual fund issues or concerns. Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current years activities, resulting changes and currently known facts and the City's financial statements (beginning on page 12).

### **FINANCIAL HIGHLIGHTS**

- The City's net assets increased by \$37.2 million (or 20.3%). The City has only governmental activities and no business-type activities.
- The General Fund (the primary operating fund) reflected on a current financial resource basis, reports a decrease of \$6.2 million (or 28.6%) after a planned disbursement of excess revenues to taxpayers of \$3.4 million and a draw down \$2.8 million from Fund Balance for the current Fiscal Year.

### **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 City of Norwalk implemented the new reporting requirements outlined in GASB 34 effective July 1, 2001. Starting in next year's financial report, the City will present a comparative analysis of government-wide data when prior-year information is available. 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 activities. This statement, for the first time, combines and consolidates governmental 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 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 reflects the City's basic services, including education, police and fire protection, public works, health and welfare, and recreational/cultural services. Property taxes, Federal, State & Other Grants, Charges for Services and Investment Income finance the majority of these services. For June 30, 2002, we only have Governmental Activities.

### **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 requires a 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 column (in the Government-wide statements).

The Fund Financial Statements also allow the government to address its Fiduciary (or Trust) Funds (see pages 21-22) 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, 2002**

	Governmental Activities	Component Unit Norwalk Transit District
	<hr/>	<hr/>
Current and other assets	\$ 73,887	\$ 1,254
Capital assets	328,857	19,761
<b>Total assets</b>	<b>402,744</b>	<b>21,015</b>
Current and other liabilities	54,422	1,037
Long-term debt outstanding	128,848	-
<b>Total liabilities</b>	<b>183,270</b>	<b>1,037</b>
Net assets:		
Invested in capital assets, net of debt	189,499	19,761
Restricted	20,139	-
Unrestricted (deficit)	9,836	217
<b>Total net assets</b>	<b>\$ 219,474</b>	<b>\$ 19,978</b>

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.

**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, 2002**

	Governmental Activities	Component Unit Norwalk Transit District
<b>REVENUES</b>		
<b>Program Revenues:</b>		
Charges for services	\$ 10,955	\$ 1,699
Operating Grants and Contributions	40,515	5,635
Capital Grants and Contributions	3,563	6,126
<b>General Revenues:</b>		
General property taxes and assessments	166,406	-
Interest Income	4,284	-
Other general revenues	7,041	-
<b>Total Revenues</b>	<b>232,763</b>	<b>13,460</b>
<b>EXPENSES</b>		
<u>Program Activities</u>		
<b>Primary Government</b>		
General Government	5,812	-
Health and Welfare	1,668	-
Community Grants	5,584	-
Employee Benefits	12,385	-
Protection of persons and property	27,582	-
Public Works	2,079	-
Education:		
Public Schools	122,712	-
Recreation, Arts and Cultural	9,554	-
Capital Outlays	2,218	-
Contingency	475	-
Debt Service	6,271	-
Other	-	11,065
<b>Total expenses</b>	<b>196,340</b>	<b>11,065</b>
<b>Increase in net assets</b>	<b>36,423</b>	<b>2,395</b>
<b>Net Assets, Beginning</b>	<b>183,051</b>	<b>17,583</b>
<b>Net Assets, Ending</b>	<b>\$ 219,474</b>	<b>\$ 19,978</b>

There were no transfers.

# 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.

**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 \$15.5 million which is 28.6% less than the beginning of the year (\$21.7). One major reason for the decrease was a \$3.4 return of Fund Balance to City of Norwalk Property Taxpayers. At the end of Fiscal Year 2000-2001 the City received from delinquent taxpayers approximately \$3.5 million of taxes owed on prior year levies. It was decided by the Common Council to return these monies to City of Norwalk taxpayers. Increased Health and Property Insurance costs caused a rise of \$1.2 million in Employee Benefits. The only significant variation from budget was that Income from Investments was \$1.3 million less than budget due to general decline in interest rates.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

As of year-end, the City had \$328.8 million invested in a variety of capital assets, as reflected in the following schedule:

**Table 3**

**Capital Assets at Year-end  
(Net of Depreciation) (in millions)  
Governmental Activities  
June 30, 2002**

	<u>Amount</u>
Land	\$ 26.8
Land Improvements	2.1
Buildings	127.4
Infrastructure	152.5
Machinery and Equipment	4.5
Construction in Progress	15.5
<b>Total</b>	<b>\$ 328.8</b>

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

The following reconciliation summarizes the change in Capital Assets, which is presented in detail in Note 5.

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

**Table 4**

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

	<u>Amount</u>
Beginning Balance	\$ 371.1
Additions	44.0
Disposal	(80.0)
Depreciation	(6.3)
<b>Ending Balance</b>	<b>\$ 328.8</b>

**Debt Outstanding**

As of year-end, the City had \$139.4 million in debt (bonds, notes, etc.) outstanding compared to the \$129.1 million last year, an 8.0% net increase (considering new borrowing and debt retirement).

**Table 5**

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

	<u>2002</u>	<u>2001</u>
<b>Governmental:</b>		
General obligation bonds	\$ 139.4	\$ 129.1
<u>Total</u>	<u>\$ 139.4</u>	<u>\$ 129.1</u>

During the year the City issued \$14.6 in new bonds to finance school and infrastructure improvements and \$4.9 million was financed through the State of Connecticut Clean Water Program. In addition the City refinanced some of its existing debt that resulted in present value cash flow savings of \$314,110. The City has maintained its rating of AAA from Fitch Investors Service since June 1991 when the agency first rated the City's debt. Standard and Poors rating was upgraded to AAA in June 2000. Moody's Investors Services rating was upgraded to AAA in June 2001.

**ECONOMIC FACTORS**

The City of Norwalk has not been immune from the effects of the terrorist attacks of September 2001 and the national economic downturn. As of 3<sup>rd</sup> quarter 2002, the vacancy rate on office space in Norwalk was 24.4% up from 15.4% in the prior year. As of the 3<sup>rd</sup> quarter 2002 the unemployment rate for Norwalk was 3.3%, up from 2.4% in the prior year. Connecticut's overall employment rate stands at 3.7% compared with 3.0% for the same time last year. Moreover, Connecticut State government is now reporting serious shortfalls that may translate into reductions in State aid to the City of Norwalk and other municipalities in the State.

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

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 2<sup>nd</sup> 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, 2002**

	Primary Government	Component Unit
	Governmental Activities	Norwalk Transit District
<b>ASSETS</b>		
Cash and cash equivalents	\$ 29,248,797	\$ 444,628
Uncollected property taxes and sewer assessments, less allowance of \$1,998,340 for uncollectibles	6,306,444	-
Other receivables	6,751,421	24,216
Investments	31,534,068	-
Due from federal and state governments	-	574,756
Inventories	46,393	180,572
Prepaid expenses	-	29,333
Capital assets, net of accumulated depreciation	<u>328,857,446</u>	<u>19,760,820</u>
	<u>\$ 402,744,569</u>	<u>21,014,325</u>
<b>LIABILITIES</b>		
Accounts payable	7,149,675	871,531
Due to other governments	1,198,084	-
Other liabilities	2,890,064	-
Accrued claims	9,147,596	-
Accrued compensation	7,213,823	-
Accrued sick, vacation	13,883,515	-
Deferred revenues	2,429,160	-
Noncurrent liabilities:		
Due within one year	10,510,545	165,000
Due in more than one year	<u>128,848,092</u>	<u>-</u>
Total liabilities	<u>183,270,554</u>	<u>1,036,531</u>
<b>NET ASSETS</b>		
Investment in capital assets, net of related debt	189,498,809	19,760,820
Restricted for debt service	20,139,350	-
Unrestricted	<u>9,835,856</u>	<u>216,974</u>
Total net assets	<u>\$ 219,474,015</u>	<u>\$ 19,977,794</u>

CITY OF NORWALK, CONNECTICUT  
STATEMENT OF ACTIVITIES  
Year ended June 30, 2002

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary	Component
					Governmental Activities	Unit Norwalk Transit District
<b>PRIMARY GOVERNMENT</b>						
Governmental activities:						
General government	\$ (5,811,706)	\$ 1,908,578	2,442,202	\$ -	\$ (1,460,926)	\$ -
Health and welfare	(1,668,420)	435,119	-	-	(1,233,301)	-
Community grants	(5,583,412)	-	2,069,252	-	(3,514,160)	-
Employee benefits	(12,385,190)	123,751	8,712,009	-	(3,549,430)	-
Protection of persons and property	(27,582,150)	1,391,542	276,445	-	(25,914,163)	-
Public works	(2,078,757)	2,300,340	242,171	-	463,754	-
Education:	(122,711,515)	4,050,118	26,684,110	2,276,895	(89,700,392)	-
Recreation, arts, and cultural	(9,554,625)	507,032	88,636	-	(8,958,957)	-
Capital outlays	(2,218,399)	238,038	-	1,286,484	(693,877)	-
Contingency	(475,000)	-	-	-	(475,000)	-
Debt service	(6,271,271)	-	-	-	(6,271,271)	-
Total governmental activities	<u>(196,340,445)</u>	<u>10,954,518</u>	<u>40,514,825</u>	<u>3,563,379</u>	<u>(141,307,723)</u>	<u>-</u>
Total business-type activities	-	-	-	-	-	-
Total primary government	<u>\$ (196,340,445)</u>	<u>\$ 10,954,518</u>	<u>\$ 40,514,825</u>	<u>\$ 3,563,379</u>	<u>(141,307,723)</u>	<u>-</u>
<b>COMPONENT UNIT</b>						
Norwalk Transit District	<u>\$ (11,065,134)</u>	<u>\$ 1,699,268</u>	<u>\$ 5,634,704</u>	<u>\$ 6,126,498</u>	<u>-</u>	<u>2,395,336</u>
	<u>\$ (11,065,134)</u>	<u>\$ 1,699,268</u>	<u>\$ 5,634,704</u>	<u>\$ 6,126,498</u>	<u>-</u>	<u>2,395,336</u>
<b>GENERAL REVENUES</b>						
Property taxes					166,405,784	-
Grants and contributions not restricted to specific programs					7,040,842	-
Unrestricted investment earnings					4,284,347	-
Total general revenue and transfers					<u>177,730,973</u>	<u>-</u>
Change in net assets					36,423,250	2,395,336
NET ASSETS, Beginning					<u>183,050,765</u>	<u>17,582,458</u>
NET ASSETS, Ending					<u>\$ 219,474,015</u>	<u>\$ 19,977,794</u>

See notes to financial statements.

**CITY OF NORWALK, CONNECTICUT**  
**BALANCE SHEET - GOVERNMENT FUNDS**  
**June 30, 2002**

	General	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 12,347,835	\$10,253,999	\$ 5,224,528	\$ 27,826,362
Uncollected property taxes and sewer assessments, less allowance of \$1,998,340 for uncollectibles	5,701,424	605,020	-	6,306,444
Other receivables	1,601,539	3,335,438	1,156,656	6,093,633
Investments	13,583,519	10,710,082	323,191	24,616,792
Inventory	-	-	46,393	46,393
	<u>33,234,317</u>	<u>24,904,539</u>	<u>6,750,768</u>	<u>64,889,624</u>
<b>LIABILITIES</b>				
Accounts payable	3,573,608	2,390,701	1,138,670	7,102,979
Due to other governments	338,036	840,144	43,983	1,222,163
Other liabilities	1,973,078	870,146	71,489	2,914,713
Accrued compensation	7,165,094	-	-	-
Deferred revenues	4,704,039	664,198	1,932,674	7,300,911
	<u>17,753,855</u>	<u>4,765,189</u>	<u>3,186,816</u>	<u>25,705,860</u>
<b>FUND BALANCES</b>				
Reserved for debt service	-	20,139,350	-	20,139,350
Unreserved, reported in:				
Designated for subsequent year's expenditures	3,750,000	-	-	3,750,000
General fund	11,730,460	-	-	11,730,460
Special revenue funds	-	-	3,563,952	3,563,952
Capital projects funds	-	-	-	-
	<u>15,480,460</u>	<u>20,139,350</u>	<u>3,563,952</u>	<u>39,183,762</u>
Total fund balances	<u>15,480,460</u>	<u>20,139,350</u>	<u>3,563,952</u>	<u>39,183,762</u>
Total liabilities and fund balances	<u>\$ 33,234,315</u>	<u>\$24,904,539</u>	<u>\$ 6,750,768</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.	\$ 328,857,446
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	4,871,751
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.	(196,792)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(153,242,152)</u>
Net assets of governmental activities	<u>\$ 219,474,015</u>

**CITY OF NORWALK, CONNECTICUT**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**Year ended June 30, 2002**

	General	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
General property				
taxes and assessments	\$ 169,830,039	\$ 238,038	\$ -	\$ 170,068,077
Return of excess taxes	(3,398,331)	-	-	(3,398,331)
Federal and state government	24,440,382	2,276,895	23,225,760	49,943,037
Departmental charges for services	6,837,026	-	3,843,026	10,680,052
Interest on investments	1,918,404	553,955	65,685	2,538,044
Interest and penalties on taxes	1,566,275	-	-	1,566,275
Donations of food	-	-	87,199	87,199
Contributions/grants	169,583	-	-	169,583
Miscellaneous	524,650	99,900	207,095	831,645
<b>Total revenues</b>	<u>201,888,028</u>	<u>3,168,788</u>	<u>27,428,765</u>	<u>232,485,581</u>
<b>EXPENDITURES</b>				
Current				
General government	5,939,788	-	445,374	6,385,162
Health and welfare	1,769,511	-	-	1,769,511
Community grants	2,380,807	-	2,988,780	5,369,587
Employee benefits	11,657,193	-	136,706	11,793,899
Protection of persons and property	29,095,301	-	-	29,095,301
Public works	20,152,954	-	-	20,152,954
Education:				
Public schools	114,508,548	-	1,705,538	116,214,086
Designated grants and nonpublic	-	-	13,140,437	13,140,437
Recreation, arts, and cultural	6,199,041	-	7,747,090	13,946,131
Contingency	475,000	-	-	475,000
Capital outlays	-	17,069,207	1,001,058	18,070,265
Debt service	15,875,018	-	-	15,875,018
<b>Total expenditures</b>	<u>208,053,161</u>	<u>17,069,207</u>	<u>27,164,983</u>	<u>252,287,351</u>
<b>EXCESS (DEFICIENCY) OF</b>				
<b>REVENUES OVER EXPENDITURES</b>	<u>(6,165,133)</u>	<u>(13,900,419)</u>	<u>263,782</u>	<u>(19,801,770)</u>
<b>OTHER FINANCING (USES) SOURCES</b>				
Proceeds from issuance of bonds	-	32,005,000	-	32,005,000
Proceeds from issuance of notes	-	4,930,815	-	4,930,815
Payment to refunded bonds escrow agent	-	(17,065,000)	-	(17,065,000)
Operating transfers in	-	-	37,982	37,982
Operating transfers out	(37,982)	-	-	(37,982)
<b>Total other financing     (uses) sources</b>	<u>(37,982)</u>	<u>19,870,815</u>	<u>37,982</u>	<u>19,870,815</u>
<b>EXCESS (DEFICIENCY) OF REVENUES</b>				
<b>AND OTHER FINANCING</b>				
<b>SOURCES OVER EXPENDITURES</b>				
<b>AND OTHER FINANCING USES</b>	(6,203,115)	5,970,396	301,764	69,045
FUND BALANCE, Beginning	<u>21,683,575</u>	<u>14,168,954</u>	<u>3,262,188</u>	<u>39,114,717</u>
FUND BALANCE, Ending	<u>\$ 15,480,460</u>	<u>\$20,139,350</u>	<u>\$ 3,563,952</u>	<u>\$ 39,183,762</u>

See notes to financial statements.

**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, 2002**

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

Net change in fund balances - total governmental funds	\$ 69,045
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.	47,883,433
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(25,924)
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.	(10,267,068)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(812,278)
The net expenses of certain activities of internal service funds is reported with governmental activities.	<u>(423,958)</u>
Change in net assets of governmental activities	<u>\$ 36,423,250</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, 2002**

	Budgeted Amounts		Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
General property taxes	\$168,655,101	\$168,655,101	\$169,830,039	\$ 1,174,938
Return of excess taxes	-	-	(3,398,331)	(3,398,331)
Federal and state government	19,508,081	20,082,954	19,934,638	(148,316)
Other grants	160,000	160,000	169,583	9,583
Departmental and charges for services	6,881,673	6,955,823	6,837,026	(118,797)
Interest on investments	3,200,000	3,200,000	1,918,404	(1,281,596)
Interest and penalties on taxes	1,872,500	1,872,500	1,566,275	(306,225)
Miscellaneous	501,434	501,434	524,650	23,216
	<u>200,778,789</u>	<u>201,427,812</u>	<u>197,382,284</u>	<u>(4,045,528)</u>
<b>EXPENDITURES</b>				
Current				
General government	5,957,176	6,465,794	5,939,788	526,006
Health and welfare	1,890,322	1,912,007	1,769,511	142,496
Community grants	2,373,732	2,383,732	2,380,807	2,925
Employee benefits	11,643,863	11,652,263	11,657,193	(4,930)
Protection of persons and property	28,531,344	29,451,453	29,095,301	356,152
Public works	21,405,597	21,478,194	20,152,954	1,325,240
Education:				
Public schools	109,696,970	110,265,758	110,002,804	262,954
Recreation, arts and cultural	6,247,619	6,278,445	6,199,041	79,404
Contingency	1,190,053	530,400	475,000	55,400
Debt service	15,592,113	15,875,019	15,875,018	1
	<u>204,528,789</u>	<u>206,293,065</u>	<u>203,547,417</u>	<u>2,745,648</u>
(DEFICIENCY) EXCESS OF REVENUES OVER EXPENDITURES	<u>(3,750,000)</u>	<u>(4,865,253)</u>	<u>(6,165,133)</u>	<u>(1,299,880)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Appropriated fund balance	3,750,000	3,750,000	-	(3,750,000)
Operating transfers out	-	-	(37,982)	(37,982)
	<u>3,750,000</u>	<u>3,750,000</u>	<u>(37,982)</u>	<u>(3,787,982)</u>
Net other financing sources (uses)	<u>3,750,000</u>	<u>3,750,000</u>	<u>(37,982)</u>	<u>(3,787,982)</u>
(DEFICIENCY) EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING	<u>\$ -</u>	<u>\$ (1,115,253)</u>	<u>(6,203,115)</u>	<u>\$ (5,087,862)</u>
FUND BALANCE, Beginning			<u>21,683,575</u>	
FUND BALANCE, Ending			<u>\$ 15,480,460</u>	

See notes to financial statements.

**CITY OF NORWALK, CONNECTICUT**  
**STATEMENT OF NET ASSETS - PROPRIETARY FUNDS**  
**June 30, 2002**

	<u>Governmental Activities</u>
	<u>Internal Service Fund</u>
<b>ASSETS</b>	
Current assets	
Cash and cash equivalents	\$ 1,422,436
Accounts receivable and other	657,789
Investments	<u>6,917,276</u>
Total current assets	<u>8,997,501</u>
<b>LIABILITIES</b>	
Current liabilities	
Accounts payable and accrued liabilities	46,697
Claims incurred but not reported	<u>9,147,596</u>
Total current liabilities	<u>9,194,293</u>
<b>DEFICIT in NET ASSETS</b>	
Unrestricted	<u>(196,792)</u>
Total net assets	<u>\$ 8,997,501</u>

**CITY OF NORWALK, CONNECTICUT**  
**COMBINED STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN FUND NET ASSETS - PROPRIETARY FUNDS**  
**Year ended June 30, 2002**

	Governmental Activities
	Internal Service Fund
<b>OPERATING REVENUES</b>	
City and members' contributions	\$ 27,002,802
Total operating revenues	27,002,802
<b>OPERATING EXPENSES</b>	
Salaries, benefits and claims	26,586,127
Administration and operation	1,020,921
Total operating expenses	27,607,048
Operating loss	(604,246)
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Net loss on investment disposals	(82,780)
Investment income	263,068
Total nonoperating revenues	180,288
Change in net assets	(423,958)
NET ASSETS, Beginning	227,166
DEFICIENCY in NET ASSETS, Ending	\$ (196,792)

**CITY OF NORWALK, CONNECTICUT**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS**  
**Year ended June 30, 2002**

	<u>Governmental Activities</u>
	<u>Internal Service Fund</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Contributions received	\$ 27,790,606
Cash payments for claims and fees	<u>(27,657,670)</u>
Net cash provided by operating activities	<u>132,936</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchase of investment securities	(5,951,526)
Proceeds from sale and maturities of investment securities	3,870,724
Investment income	<u>263,068</u>
Net cash used in investing activities	<u>(1,817,734)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(1,684,798)
<b>CASH AND CASH EQUIVALENTS, Beginning</b>	<u>3,107,234</u>
<b>CASH AND CASH EQUIVALENTS, Ending</b>	<u>\$ 1,422,436</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	
Operating loss from operations	\$ (604,246)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Changes in assets and liabilities:	
Accounts receivable	787,804
Claims liabilities	(97,319)
Accounts payable	<u>46,697</u>
Net cash provided by operating activities	<u>\$ 132,936</u>
<b>NONCASH INVESTING ACTIVITIES</b>	
Decrease in fair value of investments	<u>\$ 3,953,504</u>

**CITY OF NORWALK, CONNECTICUT**  
**STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS**  
**June 30, 2002**

	Pension Trust Funds	Private Purpose Trust Fund	Agency Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 18,460,843	\$ 68,620	\$ 162,363
Investments, at fair value	262,691,783	-	-
Accrued interest and dividends	79,953	-	-
	<u>281,232,579</u>	<u>68,620</u>	<u>162,363</u>
<b>LIABILITIES</b>			
Accounts payable	2,142	-	-
Accrued expenses	69,284	-	-
Due to students	-	-	-
Securities lending obligation	18,357,193	-	-
	<u>18,428,619</u>	<u>-</u>	<u>-</u>
<b>NET ASSETS</b>			
Held in trust for pension benefits and other purposes	<u>\$ 262,803,960</u>	<u>\$ 68,620</u>	<u>\$ 162,363</u>

**CITY OF NORWALK, CONNECTICUT**  
**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS - FIDUCIARY FUNDS**  
Year ended June 30, 2002

	Pension Trust Funds	Private Purpose Trust Fund
<b>ADDITIONS</b>		
Contributions		
Employer	\$ 119,988	\$ -
Plan members	2,447,625	-
Other Contributions	-	828
	2,567,613	828
Investment income		
Net appreciation (depreciation) in fair value of investments	(34,493,684)	-
Interest and dividends	8,694,228	600
Other income	-	-
	(25,799,456)	600
Less investment expenses:		
Investment management fees	(1,609,628)	-
	(27,409,084)	600
Net investment income (loss)		
	(24,841,471)	1,428
<b>DEDUCTIONS</b>		
Benefits and other deductions	12,159,930	4,150
	12,159,930	4,150
Change in net assets	(37,001,401)	(2,722)
NET ASSETS, Beginning	299,805,361	71,342
NET ASSETS, End	\$ 262,803,960	\$ 68,620

**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 generally accepted accounting principles. As required by generally accepted accounting principles, these financial statements present the government and its component units, entities for the which the government is considered to be financial 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, 2002 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, 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 and fiduciary 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.

The modified accrual basis of accounting is used by all governmental fund types, expendable trust funds and agency funds. 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

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

incurred. Principal and interest on general long-term 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.

The government has no major proprietary funds for the fiscal year ended June 30, 2002.

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** – account 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 and agencies.

## 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, 2002, supplemental appropriations (adjustments) activity for the General Fund budget was as follows:

Original budget approved		\$ 204,528,789
Supplemental appropriations (adjustments)		
General government	\$ 508,618	
Health and welfare	21,685	
Community grants	10,000	
Employee benefits	8,400	
Protection of persons and property	920,109	
Public works	72,597	
Education	568,788	
Recreation, arts and culture	30,826	
Contingency	(659,653)	
Debt service	282,906	
		<u>1,764,276</u>
Final budget		<u>\$ 206,293,065</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 generally accepted accounting principles. A reconciliation of these differences at June 30, 2002 is as follows:

	<u>Revenues</u>	<u>Expenditures</u>
Budgetary Basis (page 17)	\$ 197,382,284	\$ 203,547,417
State On-Behalf payments for teachers retirement	<u>4,505,744</u>	<u>4,505,744</u>
Modified income GAAP Basis (page 15)	<u>\$ 201,888,028</u>	<u>\$ 208,053,161</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.

***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

## **CITY OF NORWALK, CONNECTICUT**

### **NOTES TO BASIC FINANCIAL STATEMENTS**

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 541 participants eligible to receive benefits at June 30, 2002. For fiscal year 2002, these expenditures totaled \$3,804,603.

#### **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 with 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.

## **CITY OF NORWALK, CONNECTICUT**

### **NOTES TO BASIC FINANCIAL STATEMENTS**

#### **Cash and Cash Equivalents**

Cash equivalents include amounts in demand deposits as well as short-term investments with an initial maturity date within three months of the dates acquired by the City.

#### **Investments**

State statutes authorize the City to invest in obligations of the following: 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 with cost 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**

Quasi-external transactions 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.

**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. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 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 assets lives 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

The amount of depreciation for assets acquired with capital contributions is reflected as a charge to contributed capital since the assets have been financed from sources other than operating funds. 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 combined balance sheet. 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 combined balance sheet and revenue is recognized.

**Management Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles 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.

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

**NOTE 2 — IMPLEMENTATION OF GOVERNMENTAL ACCOUNTING STANDARDS  
BOARD PRONOUNCEMENTS**

As of and for the year ended June 30, 2002, the City implemented the following Governmental Accounting Standards Board (GASB) pronouncements:

Statement No. 34	Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments
Statement No. 36	Recipient Reporting for Certain Shared Nonexchange Revenues – An Amendment of GASB No. 33
Statement No. 37	Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments
Statement No. 38	Certain Financial Statement Note Disclosures

Interpretation

No. 6	Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements
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The above pronouncements are all related to the new financial reporting requirements for all state and local governments. These pronouncements are schedule for a phased implementation (based on the size of the government) through fiscal years ending in 2005. The City was required to implement the new requirements for the fiscal year ending June 30, 2002.

The more significant of the changes affecting the City as required by the new standards include:

- Management's discussion and analysis;
- Basic financial statements that include:
  - Government-wide financial statements, prepared using the economic resources measurement focus and the accrual basis of accounting;
  - Fund financial statements, consisting of a series of statements that focus on a government's major governmental funds and enterprise funds;
  - Schedules to reconcile the fund financial statements to the government-wide financial statements; and
  - Notes to the basic financial statements.

As a result of implementing these pronouncements for the fiscal year ended June 30, 2002, the following restatements were made to beginning fund balance and net asset accounts:

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

*Government-Wide Financial Statements* — Beginning net assets for governmental activities was determined as follows:

Fund balances or general, special revenue, and capital project funds as of June 30, 2001	\$ 39,114,717
Add: governmental capital assets, including general fixed assets and infrastructure as of June 30, 2001	402,381,393
Deduct: accumulated depreciation as of June 30, 2001 on above governmental capital assets	(121,407,380)
Add: governmental internal service fund net assets as of June 30, 2001	227,166
Deduct: general obligation bonds payable as of June 30, 2001	(129,091,569)
Deduct: compensated absences payable and other long-term liabilities as of June 30, 2001	(13,071,237)
Add: property tax receivable, deferred revenue and miscellaneous receivables	<u>4,897,675</u>
Governmental net assets, restated, as of July 1, 2001	<u>\$ 183,050,765</u>

The beginning net assets of the enterprise funds and the internal service fund were derived by aggregating the previously reported retained earnings and contributed capital of those funds.

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

**NOTE 3 — 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 \$153,242,152 difference are as follows:

Bonds payable	\$ 139,358,637
Compensated absences	<u>13,883,515</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net assets - governemntal activities	<u>\$ 153,242,152</u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$47,883,433 difference are as follows:

Capital outlay	\$ 54,197,989
Depreciation expense	<u>(6,314,556)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 47,883,433</u>

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

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 \$18,910,441 difference are as follows:

Long-term liabilities issued or incurred:	
Issuance of general obligation bonds	\$ 36,935,815
Principal repayments:	
General obligation debt	(960,374)
Payment to escrow agent for refunding	<u>(17,065,000)</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 18,910,441</u>

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

**NOTE 4 — DEPOSITS AND INVESTMENTS**

**Deposits and Investment Balances**

Following is a reconciliation of the City's deposit and investment balances as of June 30, 2002:

	<u>Pooled Cash and Investments</u>		
Bank deposits			\$ 22,823,703
Investments			320,635,155
Accrued interest			<u>79,953</u>
Total			<u>\$ 343,538,811</u>
	<u>Government-wide Statement of Net Assets</u>	<u>Fiduciary Funds Statement of Net Assets</u>	<u>Total</u>
Pooled cash and investments	\$ 29,248,797	\$ 19,984,210	\$ 49,233,007
Investments	<u>31,534,068</u>	<u>262,771,736</u>	<u>294,305,804</u>
Total	<u>\$ 60,782,865</u>	<u>\$ 282,755,946</u>	<u>\$ 343,538,811</u>

At June 30, 2002, the carrying amount of the City's deposits was \$22,823,703. The bank balances of funds on deposit totaled \$22,694,052. Of the bank balance, \$686,874 was covered by federal depository insurance, \$2,131,699 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 \$19,875,479 was uninsured and uncollateralized.

At June 30, 2002, the carrying amount of combined cash book balances with financial institutions of the Transit District was \$444,628 and the bank balance was \$477,390 of which \$100,000 was covered by Federal Depository insurance and \$37,739 was collateralized with securities held by the pledging financial institutions but not in the District's name. The balance of \$339,651 was uninsured and uncollateralized.

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

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.

The City's investments at June 30, 2002 are shown below:

	<u>Category 3</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
U.S. Government Securities	\$ 24,225,736	\$ 24,225,736	\$ 24,225,736
Debt Securities	77,807,118	77,807,118	77,807,118
Equity Securities	154,161,358	154,161,358	154,161,358
Money Market Funds	-	8,631,966	8,631,966
Other	<u>3,065,202</u>	<u>3,065,202</u>	<u>3,065,202</u>
	<u>\$ 259,259,414</u>	<u>267,891,380</u>	<u>267,891,380</u>
CT State Treasurer Short Term Investment Fund (1)		1,427,831	1,427,831
Mutual Funds (1)		<u>51,375,199</u>	<u>51,315,944</u>
Total investments		<u>\$ 320,694,410</u>	<u>\$ 320,635,155</u>

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

Due to significantly higher cash flows at certain times of the year, the City's investment in repurchase agreements (under category 3) were substantially higher than at year-end.

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

**NOTE 5 — CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2002 was as follows:

	Balance, as restated, June 30, 2001	Additions	Disposal	Balance June 30, 2002
Capital assets, not being depreciated:				
Land	\$ 26,744,162	\$ -	\$ -	\$ 26,744,162
Construction in progress	<u>92,804,671</u>	<u>2,735,863</u>	<u>79,998,337</u>	<u>15,542,197</u>
	<u>119,548,833</u>	<u>2,735,863</u>	<u>79,998,337</u>	<u>42,286,359</u>
Capital assets, being depreciated:				
Land improvements	6,478,702	154,946	-	6,633,648
Construction	163,445,291	27,713,337	-	191,158,628
Machinery and equipment	37,301,704	855,004	-	38,156,708
Infrastructure	<u>165,756,015</u>	<u>12,587,015</u>	<u>-</u>	<u>178,343,030</u>
	<u>372,981,712</u>	<u>41,310,302</u>	<u>-</u>	<u>414,292,014</u>
Less accumulated depreciation for:				
Land Improvements	4,215,731	279,636	-	4,495,367
Construction	60,409,066	3,376,836	-	63,785,902
Machinery and equipment	32,448,078	1,173,849	-	33,621,927
Infrastructure	<u>24,333,496</u>	<u>1,484,235</u>	<u>-</u>	<u>25,817,731</u>
	<u>121,406,371</u>	<u>6,314,556</u>	<u>-</u>	<u>127,720,927</u>
Total capital assets being depreciated, net	<u>251,575,341</u>	<u>34,995,746</u>	<u>-</u>	<u>286,571,087</u>
Governmental activities capital assets, net	<u>\$ 371,124,174</u>	<u>\$ 37,731,609</u>	<u>\$ 79,998,337</u>	<u>\$ 328,857,446</u>

Depreciation expense was charged to functions of the primary government as follows:

Governmental Activities:	
General government	\$ 47,017
Health and welfare	13,293
Protection of persons and property	401,642
Public works	3,584,555
Education	1,382,289
Recreation, arts, and cultural	<u>885,760</u>
Total depreciation expense-governmental activities	<u>\$ 6,314,556</u>

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

Activity for the Transit District for the year ended June 30, 2002, was as follows:

	Balance June 30, 2001	Additions	Disposal	Balance June 30, 2002
Capital assets, not being depreciated:				
Land	\$ 3,123,683	\$ -	\$ 563,835	\$ 2,559,848
Construction in progress	<u>10,260,220</u>	<u>-</u>	<u>10,259,980</u>	<u>240</u>
	<u>13,383,903</u>	<u>-</u>	<u>10,823,815</u>	<u>2,560,088</u>
Capital assets, being depreciated:				
Building and improvements	3,409,059	10,126,608	-	13,535,667
Transportation equipment	5,525,895	2,305,489	-	7,831,384
Other, primarily garage and shop equipment	<u>953,319</u>	<u>83,885</u>	<u>-</u>	<u>1,037,204</u>
	9,888,273	12,515,982	-	22,404,255
Less, accumulated depreciation	<u>6,251,996</u>	<u>829,960</u>	<u>1,878,433</u>	<u>5,203,523</u>
	<u>3,636,277</u>	<u>11,686,022</u>	<u>(1,878,433)</u>	<u>17,200,732</u>
Governmental activities capital assets, net	<u>\$ 17,020,180</u>	<u>\$ 11,686,022</u>	<u>\$ 8,945,382</u>	<u>\$ 19,760,820</u>

**NOTE 6 — LONG-TERM DEBT OBLIGATIONS**

The following is a summary of changes in general long-term debt for the year ended June 30, 2002:

	Balance at June 30, 2001	Issues/ Additions	Reductions	Balance at June 30, 2002
General obligation bonds and clean water notes	\$ 117,331,712	\$ 36,935,815	\$ (25,423,743)	\$ 128,843,784
Accrued compensated absences	13,071,237	812,278	-	13,883,515
Other liabilities	-	-	-	-
Maritime Center bonds	<u>11,759,857</u>	<u>-</u>	<u>(1,245,004)</u>	<u>10,514,853</u>
	<u>\$ 142,162,806</u>	<u>\$ 37,748,093</u>	<u>\$ (26,668,747)</u>	<u>\$ 153,242,152</u>

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

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	\$ 700,000
General government	6.25 - 6.50	1,400,000
General government	4.80 - 5.10	1,935,000
Capital improvement	4.50 - 5.00	590,000
Capital improvement	4.50 - 5.30	20,000
Capital improvement	4.70 - 5.60	3,300,000
Capital improvement	4.35 - 6.25	3,000,000
Capital improvement	4.10 - 4.75	8,525,000
Capital improvement	4.15 - 6.00	17,750,000
Capital improvement	4.75 - 5.25	13,300,000
Capital improvement	4.00 - 4.75	14,600,000
Capital improvement	4.00 - 5.00	17,405,000
Capital improvement - clean water fund	2.00	3,147,896
Capital improvement - clean water fund	2.00	1,463,126
Capital improvement - clean water fund	2.00	4,930,815
Capital improvement - clean water fund	2.00	570,680
Capital improvement - clean water fund	2.00	36,206,267
		<u>\$ 128,843,784</u>

**Maritime Center Project Bonds**

<u>Purpose</u>	<u>Interest Rate %</u>	<u>Amount</u>
Maritime Center Project - Refunding Bonds, 1986 Series	4.30 - 7.00	\$ 4,359,853
Maritime Center Project - Refunding Bonds, 1992 Series	3.90 - 6.10	<u>6,155,000</u>
		<u>\$ 10,514,853</u>

For the year ended June 30, 2002, the City defeased certain general obligations bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liability for the defeased bonds are not included in these financial statements. At June 30, 2002, \$17,065,000 of bonds outstanding from the prior year advance refunds are considered defeased.

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

In prior years, the City defeased certain general obligations bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liability for the defeased bonds are not included in these financial statements. The City achieved a cash flow difference and an economic gain of approximately \$314,110 as a result of the refunding. At June 30, 2002, \$1,400,000 of bonds outstanding from the prior year advance refunds are considered defeased.

The City, at June 30, 2002, has notes payable of \$860,741 consisting of interim clean water funding obligations, in its Capital Projects Fund. These obligations will be transferred to the General Long-Term Obligations Account Group upon completion of the related projects and final drawdowns.

Long-term notes and bond obligations are expected to be repaid by future tax levies and grants available from the State. A summary of long-term notes and bond principal maturities and grants available from the State of Connecticut for repayment of principal maturities (relating to certain school construction bonds) and related interest on principal amount at June 30, 2002 is as follows:

Year ended June 30,	General Obligation Debt	Maritime Center Project Debt	Total Principal Amount	Grants Available from the State of Connecticut	Interest Amount
2003	\$ 9,274,452	\$ 1,236,093	\$ 10,510,545	\$ 344,741	\$ 6,555,940
2004	10,276,410	1,224,844	11,501,254	371,162	5,846,403
2005	9,908,973	1,226,123	11,135,096	357,568	5,414,161
2006	10,302,496	1,229,828	11,532,324	282,967	5,013,129
2007	10,236,997	1,240,841	11,477,838	271,013	4,599,210
2008 - 2012	45,393,197	4,092,935	49,486,132	653,515	16,940,088
2013 - 2017	26,766,873	264,191	27,031,064	-	4,029,493
Thereafter	6,684,384	-	6,684,384	-	178,420
	<u>\$ 128,843,782</u>	<u>\$ 10,514,855</u>	<u>\$ 139,358,637</u>	<u>\$ 2,280,965</u>	<u>\$ 48,576,844</u>

**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, 2002 was approximately \$2,607,369. 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, 2002 were \$9,105,971 and \$2,170,175, respectively. Accrued compensation earned but not paid increased by approximately \$812,278 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.

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

**NOTE 7 — CAPITAL PROJECTS**

A summary of the uncompleted capital projects of the City at June 30, 2002 follows:

Project	Project Authorizations (a)	Expenditures		Unexpended Authorization Balances
		Fiscal 2002 (b)	Cumulative (c)	
Department of				
Public Works:				
Clean water	\$ 70,134,800	\$ 1,097,007	\$ 69,248,766	\$ 866,034
Solid waste	5,241,227	263,203	5,187,342	53,885
Sanitary sewers	6,174,538	255,520	3,825,159	2,349,379
Drainage	488,904	87,868	445,559	43,345
Roads and highways	8,579,169	1,199,169	6,121,932	2,457,237
Other	20,172,256	4,383,952	8,509,506	11,662,750
Police Department	505,000	344,041	432,731	72,269
Fire Department	417,000	234,000	398,205	18,795
Parks and Recreation	16,283,501	2,359,187	10,031,878	6,251,623
Board of Education	39,482,636	4,926,864	21,741,783	17,740,853
Redevelopment Agency	27,511,685	1,768,657	3,916,223	23,595,462
Traffic and parking	1,098,358	121,012	867,372	230,986
	<u>\$ 196,089,074</u>	<u>\$ 17,040,480</u>	<u>\$ 130,726,456</u>	<u>\$ 65,342,618</u>

- (a) Represents cumulative Capital Budgets for projects that remain open at June 30, 2002.
- (b) Represents current year expenditures for projects that were open at June 30, 2002.
- (c) Represents aggregate expenditures for projects that were open at June 30, 2002.

Based on the latest estimates of costs to complete the projects, the City does not anticipate the necessity to increase the related authorizations. Bonds authorized but not issued for these projects plus completed projects not yet bonded \$(20,700,000) amounted to \$101,583,888 at June 30, 2002.

**NOTE 8 — 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 general purpose financial statements as pension trust funds. The plans do not issue separate, stand alone, financial reports. For the year ended June 30, 2002 the actuarial valuation date utilized was July 1, 2000 satisfying the compliance requirement of GASB 25 and 27.

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

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 \$9,869,772.

**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.

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

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, 2002 was \$7,248,669.

### **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 2.75 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, 2002 was \$28,351,909.

### **Food Service Employees' Pension Plan**

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

Food service employees are required to contribute 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, 2002 was \$560,292.

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

### **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, 2002 for all participating local governments was \$204,511,460. 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, 2002, teachers contributed \$4,204,380 to the plan; covered payroll for the year was approximately \$60,000,000 and state on-behalf payments for teachers' retirement was \$4,505,744.

### **Total Payroll**

Total payroll for the City for the year ended June 30, 2002 was \$125,059,610 of which \$106,030,642 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	2.75%	8%	8%	2.75%
Annual pension cost	\$ -	\$ -	\$ -	\$ 66,929
Contributions made	\$ -	\$ -	\$ -	\$ 63,427
Actuarial valuation date	7/1/00	7/1/00	7/1/00	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	28 yr.	28 yr.	28 yr.	19 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	8.5%	8.5%	8.5%	7.5%
Projected salary increases	5.0%	4.5%	5.0%	4.0%
Cost of living adjustments	1.5%	1.5%	1.5%	1.5%

(A) The City is required to contribute the remaining amounts necessary to actuarially 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.

Actuarial Date	Police	Fire	Employees	Food Service
Annual Pension Cost (APC)				
July 1, 1998	\$ 374,200	\$ 188,150	\$ 1,812,625	\$ 43,550
July 1, 1999	405,000	40,000	1,070,000	43,445
July 1, 2000	-	-	-	65,254
Percentage of APC Contributed				
July 1, 1998	100%	100%	100%	0%
July 1, 1999	100%	100%	100%	371.3%
July 1, 2000	100%	100%	100%	113.7%
Net pension obligation (benefit)				
July 1, 1998	-	-	-	43,550
July 1, 1999	-	-	-	(74,318)
July 1, 2000	-	-	-	(83,275)

The net pension obligation (asset) for the Food Service Plan has been calculated as follows:

	Food Service Employees' Pension Plan
Annual required contribution	\$ 63,886
Interest on net pension obligation	5,574
Adjustments to annual required contribution	(4,206)
Annual pension cost	65,254
Contributions made	74,211
Increase in net pension asset	(8,957)
Net pension obligation (asset) Beginning of Year	(74,318)
Net pension obligation (asset) End of Year	\$ (83,275)

**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
<b>Police Benefit Fund</b>						
07/01/95	\$ 36,884,983	\$ 37,922,729	\$ 1,037,746	97.3%	\$ 8,642,169	12.0%
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%
<b>Firemen's Benefit Fund</b>						
07/01/95	\$ 45,091,744	\$ 44,391,364	\$ (700,380)	101.6%	\$ 6,075,433	-11.5%
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%
<b>Employees' Pension Plan</b>						
07/01/95	\$ 79,246,103	\$ 81,468,800	\$ 2,222,697	97.3%	\$ 28,595,746	7.8%
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%
<b>Food Service Employees' Pension Plan</b>						
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, 2002, 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

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

securities not denominated in United States dollars or whose primary trading market was not in the United States, 105 percent of the fair market value of the loaned securities. The market value held and market value of securities on loan for the Plans as of June 30, 2002 were \$18,357,193 and \$17,837,959, as follows:

<u>Collateral Type</u>	<u>Market Value June 30, 2002</u>	<u>Collateral Market Value June 30, 2002</u>	<u>Collateral Percentage</u>
Cash	\$ 17,837,959	\$ 18,357,193	102.9%
Non-cash	-	-	0.0%
	<u>\$ 17,837,959</u>	<u>\$ 18,357,193</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, 2002.

**NOTE 9 — 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 2002 was \$2,273,232. Both the Transit District and the covered employees made the required contribution of \$136,394 and \$45,465, respectively.

## **CITY OF NORWALK, CONNECTICUT**

### **NOTES TO BASIC FINANCIAL STATEMENTS**

#### **NOTE 10 — 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.

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, 2002, approximately \$1,049,637 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 \$6,104,656 at June 30, 2002.

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

Changes in the balances of claims liabilities for the years ended June 30, 2002 and 2001 were as follows:

<u>Fiscal Year Ended</u>	<u>Beginning Balance</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Ending Balance</u>
June 30, 2002	\$ 9,244,915	\$ 26,586,127	\$ 26,636,749	\$ 9,194,293
June 30, 2001	\$ 9,499,091	\$ 24,081,430	\$ 24,355,606	\$ 9,244,915

At June 30, 2002, the Internal Service Fund held \$8,339,712 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 11 — OPERATING AND FUND DEFICITS**

For the year ended June 30, 2002, the Auditorium Special Revenue Fund and the Board of Education Grants Special Revenue Fund had an accumulated deficit fund balance of \$313,857 and \$179, respectively. The Special Revenue Fund deficits will be funded through future grants and contributions. Additionally, the Internal Service Fund has a deficit in net assets of \$196,792, which will be funded through City and members' contributions.

**NOTE 12 — 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, 2002**

	Budgeted Amounts		Revenue	Variance with Final Budget Positive (Negative)
	Original	Final		
GENERAL PROPERTY TAXES	\$ 168,655,101	\$168,655,101	\$ 169,830,039	\$ 1,174,938
Return of taxes	-	-	(3,398,331)	(3,398,331)
FEDERAL AND STATE GOVERNMENT				
Education aid	9,905,216	9,905,216	9,689,278	(215,938)
State aid in lieu of taxes for elderly relief and freeze	4,584,246	4,584,246	3,035,329	(1,548,917)
State grants	5,018,619	5,593,492	7,210,031	1,616,539
Total federal and state government	19,508,081	20,082,954	19,934,638	(148,316)
OTHER GRANTS	160,000	160,000	169,583	9,583
Total grants	19,668,081	20,242,954	20,104,221	(138,733)
DEPARTMENTAL AND CHARGES FOR SERVICES				
Building inspections and permits	1,860,000	1,860,000	1,131,508	(728,492)
Health Department inspection fees	376,894	381,704	412,764	31,060
City Clerk fees	47,700	47,700	50,348	2,648
Police Department permits	-	-	171,528	171,528
Public Works licenses, permits and service charges	425,126	437,674	280,628	(157,046)
Planning and zoning permits	61,000	61,000	62,416	1,416
Town Clerk fees and permits	1,323,400	1,328,380	1,749,254	420,874
Police Department service charges	7,000	13,521	20,494	6,973
Other service charges and fees	206,300	236,591	134,854	(101,737)
Rental income	-	-	32,077	32,077
Recreation and Parks Commission	496,753	496,753	507,032	10,279
Health Department nursing fees	30,000	30,000	22,240	(7,760)
Parking permits and fees	1,872,500	1,887,500	2,019,712	132,212
Town of Wilton sewer use	175,000	175,000	242,171	67,171
Total departmental and charges for services	6,881,673	6,955,823	6,837,026	(118,797)
INTEREST ON INVESTMENTS	3,200,000	3,200,000	1,918,404	(1,281,596)
INTEREST AND PENALTIES ON TAXES	1,872,500	1,872,500	1,566,275	(306,225)
MISCELLANEOUS	501,434	501,434	524,650	23,216
Total revenues	200,778,789	201,427,812	197,382,284	(647,197)
OTHER FINANCING SOURCES				
Appropriated fund balance	3,750,000	3,750,000	-	(3,750,000)
Total revenues and other financing sources	\$ 204,528,789	\$205,177,812	\$ 197,382,284	\$ (4,397,197)

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, 2002**

	Budgeted Amounts		Expenditure	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>GENERAL GOVERNMENT</b>				
Mayor	\$ 236,135	\$ 234,011	\$ 218,186	\$ 15,825
Legislative	18,385	17,722	17,636	86
Legal	537,930	715,130	536,849	178,281
City Clerk	312,946	347,751	347,554	197
Town Clerk	491,232	555,503	555,476	27
Data Processing	630,380	651,550	620,405	31,145
Pt Commission	374,867	395,812	395,795	17
Human Relations & Fair Rent	175,775	175,775	173,468	2,307
Youth Services	281,536	282,518	269,293	13,225
Registrar of Voters	227,036	266,636	266,636	-
Finance Director	185,487	262,132	174,756	87,376
Tax Assessor	707,797	765,468	644,240	121,228
T:Development	511,603	528,933	528,932	1
Accounting and Treasury	519,579	519,579	516,576	3,003
B Economic Development	344,929	344,918	329,021	15,897
Purchasing	144,735	144,536	136,525	8,011
Central Services	256,824	257,820	208,441	49,379
	<u>5,957,176</u>	<u>6,465,794</u>	<u>5,939,789</u>	<u>526,005</u>
<b>HEALTH AND WELFARE</b>				
Health	1,751,722	1,773,407	1,673,782	99,625
Welfare	138,600	138,600	95,728	42,872
	<u>1,890,322</u>	<u>1,912,007</u>	<u>1,769,510</u>	<u>142,497</u>
<b>COMMUNITY GRANTS</b>				
NEON	302,469	302,469	302,469	-
Transit District	375,800	375,800	375,800	-
Probate Court	13,630	13,630	13,630	-
Elder House	1,138	1,138	1,138	-
Senior Center	261,906	261,906	261,906	-
Rape Crisis Center, Inc.	9,134	9,134	9,134	-
CT Counseling Centers	1,055	1,055	1,055	-
Harbor Commission	5,553	5,553	5,553	-
Housing Site Development Agency	66,657	66,657	66,657	-
Redevelopment Agency	130,000	130,000	130,075	(75)
Mayor's Commission on Hispanic Affa	11,275	11,275	11,275	-
Mid-Fairfield Guidance Center	10,000	10,000	10,000	-
Norwalk Kiwanis Emergency Shelter	45,507	45,507	45,507	-
Fair Housing Office	71,452	71,452	71,452	-
Human Services Council	11,856	11,856	11,856	-
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, 2002

	Budgeted Amounts		Expenditure	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>COMMUNITY GRANTS - continued</b>				
NEON Headstart	\$ 860,239	\$ 860,239	\$ 860,239	\$ -
Domestic Violence Center	3,000	3,000	-	3,000
Norwalk 350 anniversary	-	10,000	10,000	-
Meals on Wheels	-	-	-	-
School Based Health Care	15,836	15,836	15,836	-
Family & Children's Aid	31,458	31,458	31,458	-
SW CT Mental Health Bd	14,628	14,628	14,628	-
	<u>2,373,732</u>	<u>2,383,732</u>	<u>2,380,807</u>	<u>2,979</u>
<b>EMPLOYEE BENEFITS</b>				
Insurance	9,920,000	9,920,000	9,920,000	-
Social Security	1,655,000	1,655,000	1,642,387	12,613
Unemployment Compensation	37,654	37,654	81,377	(43,723)
Reorganization and settlement	-	-	-	-
Special Pensions	25,214	25,214	12,029	13,185
Contribution to Police Pension Fund	-	-	-	-
Contribution to Fireman Pension Fund	-	-	-	-
Contribution to Municipal Employees' Pension Fund	5,995	14,395	1,400	12,995
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>11,643,863</u>	<u>11,652,263</u>	<u>11,657,193</u>	<u>(4,930)</u>
<b>PROTECTION OF PERSONS AND PROPERTY</b>				
Police Department	14,816,679	15,354,712	15,053,657	301,055
Fire Department	12,373,315	12,755,372	12,730,341	25,031
Civil Preparedness	35,497	34,346	34,344	2
Planning and Zoning	802,223	803,020	775,680	27,340
Building inspector	452,952	452,475	449,751	2,724
Sealer - Weights and Measures	50,678	51,528	51,528	-
	<u>28,531,344</u>	<u>29,451,453</u>	<u>29,095,301</u>	<u>356,152</u>
<b>PUBLIC WORKS</b>				
Public Works	20,156,046	20,260,131	18,964,027	1,296,104
Building Management	1,249,551	1,218,063	1,188,927	29,136
	<u>21,405,597</u>	<u>21,478,194</u>	<u>20,152,954</u>	<u>1,325,240</u>

**CITY OF NORWALK, CONNECTICUT**  
**GENERAL FUND EXPENDITURES, ENCUMBRANCES AND OPERATING**  
**TRANSFERS OUT - BUDGETARY BASIS - BUDGET AND ACTUAL - continued**  
**Year ended June 30, 2002**

	Budgeted Amounts		Expenditure	Variance with
	Original	Final		Final Budget Positive (Negative)
<b>EDUCATION</b>				
Public Schools	\$109,696,970	\$ 110,265,758	\$110,002,804	\$ 262,954
	<u>109,696,970</u>	<u>110,265,758</u>	<u>110,002,804</u>	<u>262,954</u>
<b>RECREATION, ARTS AND CULTURE</b>				
Recreation and Parks	3,120,747	3,128,108	3,054,692	73,416
Library	2,974,210	2,986,337	2,986,336	1
Historical Commission	152,662	164,000	158,013	5,987
	<u>6,247,619</u>	<u>6,278,445</u>	<u>6,199,041</u>	<u>79,404</u>
CONTINGENCY	<u>1,190,053</u>	<u>530,400</u>	<u>475,000</u>	<u>55,400</u>
DEBT SERVICE	<u>15,592,113</u>	<u>15,875,019</u>	<u>15,875,018</u>	<u>1</u>
Total	<u>\$204,528,789</u>	<u>\$ 206,293,065</u>	<u>\$203,547,417</u>	<u>\$ 2,745,702</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, 2002

	Special Revenue						
	Maritime Center Authority	School Lunch	CDBG	Board of Ed Grants	Health Care Grants	Other Programs	Total
<b>ASSETS</b>							
<b>CURRENT ASSETS</b>							
Cash and cash equivalents	\$ 158,992	\$ 1,152,315	\$ 536	\$ 1,631,541	\$ (123,707)	\$ 2,404,851	\$ 5,224,528
Investments	-	-	-	-	-	323,191	323,191
Accounts receivable, net of allowance for collection losses	55,634	201,126	-	481,986	417,349	561	1,156,656
Inventory - purchased	-	46,393	-	-	-	-	46,393
Inventory - donated	-	-	-	-	-	-	-
	<u>\$ 214,626</u>	<u>\$ 1,399,834</u>	<u>\$ 536</u>	<u>\$ 2,113,527</u>	<u>\$ 293,642</u>	<u>\$ 2,728,603</u>	<u>\$ 6,750,768</u>
<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>							
<b>LIABILITIES</b>							
Accounts payable and Other liabilities	\$ 205,634	\$ 355,494	\$ -	\$ 379,222	\$ 98,903	\$ 99,416	\$ 1,138,669
Due to others	-	-	-	48,728	22,761	-	71,489
Deferred revenue	-	-	-	19,786	119	24,079	43,984
	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,665,970</u>	<u>170,563</u>	<u>96,141</u>	<u>1,932,674</u>
Total liabilities	<u>205,634</u>	<u>355,494</u>	<u>-</u>	<u>2,113,706</u>	<u>292,346</u>	<u>219,636</u>	<u>3,186,816</u>
<b>FUND BALANCES (DEFICITS)</b>							
Reserved:							
Reserved for inventories	-	-	-	-	-	-	-
Unreserved:							
Designated for other purposes	8,992	-	-	-	-	-	8,992
Undesignated	-	1,044,340	536	(179)	1,296	2,508,967	3,554,960
	<u>-</u>	<u>1,044,340</u>	<u>536</u>	<u>(179)</u>	<u>1,296</u>	<u>2,508,967</u>	<u>3,554,960</u>
Total fund balances (deficits)	<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>
	<u>\$ 214,626</u>	<u>\$ 1,399,834</u>	<u>\$ 536</u>	<u>\$ 2,113,527</u>	<u>\$ 293,642</u>	<u>\$ 2,728,603</u>	<u>\$ 6,750,768</u>

**CITY OF NORWALK, CONNECTICUT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES (DEFICITS) - NONMAJOR GOVERNMENTAL FUNDS**  
**Year ended June 30, 2002**

	Special Revenue						Total
	Maritime Center Authority	School Lunch	CDBG	Board of Ed Grants	Health Care Grants	Other Programs	
<b>REVENUES</b>							
Federal and State Government	\$ 7,645,792	\$ 1,109,601	\$ 1,066,217	\$ 11,246,262	\$ 2,069,252	\$ 88,636	\$ 23,225,760
Charges for services	-	1,316,166	-	-	-	2,526,860	3,843,026
Interest on investments	-	52,158	-	-	3,496	10,031	65,685
Donations of food	-	87,199	-	-	-	-	87,199
Other	-	40,165	-	-	-	166,927	207,092
	<u>7,645,792</u>	<u>2,605,289</u>	<u>1,066,217</u>	<u>11,246,262</u>	<u>2,072,748</u>	<u>2,792,454</u>	<u>27,428,762</u>
<b>EXPENDITURES</b>							
Maritime Center Subsidy	7,722,090	-	-	-	25,000	-	7,747,090
Other expenditures	-	-	-	-	213,826	228,515	442,341
Community grants	-	-	1,066,221	-	1,833,922	88,636	2,988,779
Non-public and special education	-	2,581,266	-	11,245,645	-	1,549,642	15,376,553
Capital improvements	-	-	-	-	-	610,218	610,218
	<u>7,722,090</u>	<u>2,581,266</u>	<u>1,066,221</u>	<u>11,245,645</u>	<u>2,072,748</u>	<u>2,477,011</u>	<u>27,164,981</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>(76,298)</u>	<u>24,023</u>	<u>(4)</u>	<u>617</u>	<u>-</u>	<u>315,443</u>	<u>263,781</u>
<b>OTHER FINANCING (USES) SOURCES</b>							
Operating transfers in	-	-	-	-	-	37,982	37,982
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	<u>(76,298)</u>	<u>24,023</u>	<u>(4)</u>	<u>617</u>	<u>-</u>	<u>353,425</u>	<u>301,763</u>
<b>FUND BALANCE (DEFICIT), July 1, 2001</b>	<u>85,290</u>	<u>1,020,317</u>	<u>540</u>	<u>(796)</u>	<u>1,296</u>	<u>2,155,542</u>	<u>3,262,189</u>
<b>FUND BALANCE (DEFICIT), June 30, 2002</b>	<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>

See notes to financial statements.

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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, 2002, the City maintains the following 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, 2002

	Pension Trust Funds				Total Pension Trust Funds	Private Purpose Trust	Agency Funds	
	Police Benefit Fund	Fire Benefit Fund	Employees' Pension Plan	Food Service Employees' Fund		Other Private Purpose Funds	Student Activity Funds	Housing Site Development
<b>ASSETS</b>								
Cash and cash equivalents	\$ 4,461,084	\$ 4,930,723	\$ 9,026,263	\$ 42,773	\$ 18,460,843	\$ 68,620	\$ 983,073	\$ 309,311
Investments, at fair value	62,908,573	69,824,931	129,330,842	627,437	262,691,783	-	-	-
Accrued interest and dividends	19,141	21,251	39,361	200	79,953	-	-	-
Total assets	<u>67,388,798</u>	<u>74,776,905</u>	<u>138,396,466</u>	<u>670,410</u>	<u>281,232,579</u>	<u>68,620</u>	<u>983,073</u>	<u>309,311</u>
<b>LIABILITIES</b>								
Accounts payable	-	2,142	-	-	2,142	-	-	-
Accrued expenses	16,586	18,415	34,110	173	69,284	-	-	-
Due to students	-	-	-	-	-	-	983,073	-
Securities lending obligation	4,394,712	4,879,342	9,037,246	45,893	18,357,193	-	-	-
Total liabilities	<u>4,411,298</u>	<u>4,899,899</u>	<u>9,071,356</u>	<u>46,066</u>	<u>18,428,619</u>	<u>-</u>	<u>983,073</u>	<u>-</u>
<b>NET ASSETS</b>								
Held in trust for pension benefits and other purposes	<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>	<u>\$ 983,073</u>	<u>\$ 309,311</u>

See notes to financial statements.

CITY OF NORWALK, CONNECTICUT  
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS - continued  
 June 30, 2002

	Agency Funds						Fiduciary Funds
	City Hall Mural Restoration	Sixth District	Detention Facility Escrow	Roosevelt Deposit	Sewer Escrow	Total Agency Funds	
<b>ASSETS</b>							
Cash and cash equivalents	\$ 1,696	\$ 55,697	\$ 4,503	\$ 16,272	\$ 84,195	\$ 162,363	\$ 18,691,826
Investments, at fair value							262,691,783
Accrued interest and dividends	-	-	-	-	-	-	79,953
<b>Total assets</b>	<u>1,696</u>	<u>55,697</u>	<u>4,503</u>	<u>16,272</u>	<u>84,195</u>	<u>162,363</u>	<u>281,463,562</u>
<b>LIABILITIES</b>							
Accounts payable	-	-	-	-	-	-	2,142
Accrued expenses	-	-	-	-	-	-	69,284
Due to students	-	-	-	-	-	-	-
Securities lending obligation	-	-	-	-	-	-	18,357,193
<b>Total liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,428,619</u>
<b>NET ASSETS</b>							
Held in trust for pension benefits and other purposes	<u>\$ 1,696</u>	<u>\$ 55,697</u>	<u>\$ 4,503</u>	<u>\$ 16,272</u>	<u>\$ 84,195</u>	<u>\$ 162,363</u>	<u>\$ 281,463,562</u>

See notes to financial statements.

**CITY OF NORWALK, CONNECTICUT**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**  
**June 30, 2002**

	Pension Trust Funds				Total	Private
	Police Benefit Fund	Fire Benefit Fund	Employees' Pension Plan	Food Service Employees' Fund		Purpose Trust Other Private Purpose Funds
<b>ADDITIONS</b>						
Contributions						
Employer contributions from general fund	\$ 3,850	\$ 2,450	\$ 50,261	\$ 63,427	\$ 119,988	\$ -
Employee contributions	785,331	595,888	1,050,620	15,786	2,447,625	-
Contributions	-	-	-	-	-	828
Total contributions	<u>789,181</u>	<u>598,338</u>	<u>1,100,881</u>	<u>79,213</u>	<u>2,567,613</u>	<u>828</u>
Investment income						
Net depreciation in fair value of investments	(8,223,850)	(9,180,135)	(17,011,433)	(78,266)	(34,493,684)	-
Interest and dividends	2,072,291	2,314,148	4,287,618	20,171	8,694,228	600
Other income	-	-	-	-	-	-
	(6,151,559)	(6,865,987)	(12,723,815)	(58,095)	(25,799,456)	600
Less investment expenses:						
Investment management fees	(386,283)	(428,807)	(789,851)	(4,687)	(1,609,628)	-
Net investment income (loss)	<u>(6,537,842)</u>	<u>(7,294,794)</u>	<u>(13,513,666)</u>	<u>(62,782)</u>	<u>(27,409,084)</u>	<u>600</u>
Total additions	(5,748,661)	(6,696,456)	(12,412,785)	16,431	(24,841,471)	1,428
<b>DEDUCTIONS</b>						
Benefits and other deductions	<u>2,452,640</u>	<u>3,318,272</u>	<u>6,339,273</u>	<u>49,745</u>	<u>12,159,930</u>	<u>4,150</u>
Net change in net assets	(8,201,301)	(10,014,728)	(18,752,058)	(33,314)	(37,001,401)	(2,722)
<b>NET ASSETS HELD FOR TRUST</b>						
FOR PENSION BENEFITS, Beginning of year	<u>71,178,801</u>	<u>79,891,734</u>	<u>148,077,168</u>	<u>657,658</u>	<u>299,805,361</u>	<u>71,342</u>
NET ASSETS HELD FOR TRUST						
FOR PENSION BENEFITS, End 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>

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, 2002

	<u>Land</u>	<u>Land Improvements</u>	<u>Construction</u>	<u>Infrastructure</u>	<u>Machinery and Equipment</u>	<u>Construction in Progress</u>	<u>Total</u>
FUNCTIONS							
General Government	\$ -	\$ -	\$ -	\$ -	\$ 154,679	\$ -	\$ 154,679
Health and Welfare	-	-	213,026	-	-	-	213,026
Protection of Persons and Property		43,560	1,669,288	-	1,138,533	3,947,118	6,798,499
Public Works	5,087,862	639,452	96,444,335	144,374,547	2,175,260	-	248,721,456
Education	4,167,400	783,151	25,224,180	-	688,994	9,334,843	40,198,568
Recreation, Arts and Culture	17,488,900	672,105	3,825,055	8,147,605	377,317	-	30,510,982
Construction in Progress	-	-	-	-	-	2,260,236	2,260,236
Total governmental fund capital assets	<u>\$ 26,744,162</u>	<u>\$ 2,138,268</u>	<u>\$127,375,884</u>	<u>\$152,522,152</u>	<u>\$ 4,534,783</u>	<u>\$ 15,542,197</u>	<u>\$328,857,446</u>

## OTHER SCHEDULES

CITY OF NORWALK, CONNECTICUT  
SCHEDULE OF GENERAL FUND TAX COLLECTOR'S ACTIVITY  
Year ended June 30, 2002

Grand List Year	Uncollected Taxes July 1, 2001	Certificate of Error Additions	Over-Payments	Suspense Collections	Abatements	Outlawed by Operation of Law	Transfer to Suspense	Adjustments	Taxes Collected*	Uncollected Taxes June 30, 2002*	Interest and Penalties Collected	
											Interest	Liens*
1986	\$ 14,943	\$ (12)	\$ -	\$ 1,250	\$ -	\$ 14,744	\$ -	\$ -	\$ 1,437	\$ -	\$ 3,526	\$ 24
1987	23,700	45	-	1,653	-	-	8,105	-	1,653	15,641	3,601	-
1988	34,725	(105)	25	2,493	-	-	10,280	-	3,308	23,551	7,462	24
1989	44,049	(167)	19	2,814	-	-	15,426	-	3,888	27,402	7,755	24
1990	59,262	(388)	19	2,475	-	-	19,013	-	7,781	34,574	13,462	48
1991	86,825	(1,554)	-	2,542	-	-	34,408	-	10,873	42,532	18,138	72
1992	118,379	(2,078)	64	4,484	-	-	53,306	64	13,056	54,424	18,994	72
1993	112,369	(2,271)	-	3,695	-	-	43,482	-	11,891	58,421	17,434	72
1994	126,506	(2,628)	-	6,136	-	-	49,182	-	17,694	63,138	19,217	96
1995	162,200	(4,205)	67	8,953	-	-	56,816	-	25,662	84,537	31,584	96
1996	231,023	(7,867)	67	36,463	-	-	83,550	-	70,243	105,894	51,387	192
1997	446,088	(10,233)	67	70,046	-	-	90,820	-	171,782	243,367	100,624	792
1998	1,082,777	(19,331)	1,147	11,007	-	-	50,194	-	444,373	581,034	157,924	2,496
1999	<u>3,232,139</u>	<u>(185,817)</u>	<u>212,889</u>	<u>14,548</u>	<u>-</u>	<u>-</u>	<u>163,710</u>	<u>54,207</u>	<u>2,135,628</u>	<u>920,214</u>	<u>408,331</u>	<u>14,808</u>
	5,774,985	(236,609)	214,364	168,560	-	14,744	678,288	54,271	2,919,267	2,254,728	859,438	18,816
2000	<u>170,939,948</u>	<u>(441,882)</u>	<u>503,134</u>	<u>-</u>	<u>-</u>	<u>48,655</u>	<u>-</u>	<u>(123,197)</u>	<u>167,785,389</u>	<u>3,290,354</u>	<u>652,494</u>	<u>3,024</u>
	<u>\$ 176,714,933</u>	<u>\$ (678,491)</u>	<u>\$ 717,499</u>	<u>\$ 168,560</u>	<u>\$ -</u>	<u>\$ 63,399</u>	<u>\$ 678,288</u>	<u>\$ (68,927)</u>	<u>\$ 170,704,656</u>	<u>\$ 5,545,082</u>	<u>\$ 1,511,932</u>	<u>\$ 21,840</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>\$ 744,003</u>
Interest and penalties collected	<u>\$ 3,461</u>
Uncollected taxes at June 30, 2001	<u>\$ 55,705</u>

**CITY OF NORWALK, CONNECTICUT**  
**SCHEDULE OF CAPITAL PROJECTS FUND TAX COLLECTOR'S ACTIVITY - SEWER ASSESSMENTS**

Year ended June 30, 2002

Levy of Fiscal Year	Uncollected Sewer Assessments at July 1, 2001	Current Assessment	Outlawed by Operation of Law	Adjustments	Assessments Collected	Uncollected Sewer Assessments at June 30, 2002	Interest and Penalties Collected	
							Interest	Liens
1982 - 1983	\$ 4,195	\$ -	\$ -	\$ -	\$ -	\$ 4,195	\$ -	\$ -
1983 - 1984	2,622	-	-	-	-	2,622	-	-
1984 - 1985	-	-	-	-	-	-	-	-
1985 - 1986	-	-	-	-	-	-	-	-
1986 - 1987	2,156	-	-	-	373	1,783	730	19
1992 - 1993	836	-	-	-	-	836	-	-
1994 - 1995	2,524	-	-	-	1,772	752	194	48
1995 - 1996	26,792	-	-	-	6,690	20,102	1,046	72
1997 - 1998	61,523	-	-	-	10,660	50,863	4,127	-
1998 - 1999	-	-	-	-	-	-	-	-
1999 - 2000	203,534	-	-	-	43,452	160,082	9,655	96
	304,182	-	-	-	62,948	241,234	15,752	235
2000 - 2001	-	-	-	-	-	-	-	-
2001 - 2002	-	538,875	-	-	175,090	363,785	8,193	-
	<u>\$ 304,182</u>	<u>\$ 538,875</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 238,038</u>	<u>\$ 605,019</u>	<u>\$ 23,945</u>	<u>\$ 235</u>

CITY OF NORWALK, CONNECTICUT  
 SCHEDULE OF LONG-TERM BONDED DEBT  
 Year ended June 30, 2002

Bonds	Bond Number	Issue Date	Interest Rate	Maturity Date	Original Amount	Amount Outstanding June 30, 2001	Additions	Payments	Refunded	Amount Outstanding June 30, 2002
CITY CAPITAL IMPROVEMENT BOND	86	7/15/89	6.40 - 6.50	1/15/04	\$ 5,000,000	\$ 1,050,000	\$ -	\$ 350,000	\$ -	\$ 700,000
	88	7/15/91	6.25 - 6.50	1/15/06	5,000,000	1,750,000	-	350,000	-	1,400,000
	89	6/01/93	4.80 - 5.10	1/15/08	14,370,000	6,630,000	-	1,095,000	3,600,000	1,935,000
	91	1/15/94	4.50 - 5.00	1/15/07	5,000,000	2,475,000	-	475,000	1,410,000	590,000
	92	7/15/95	4.50 - 5.30	2/15/10	8,500,000	6,000,000	-	625,000	5,355,000	20,000
	93	7/15/96	4.70 - 5.60	1/15/11	10,000,000	7,875,000	-	825,000	3,750,000	3,300,000
	94	7/15/97	4.35 - 6.25	7/15/12	7,500,000	6,500,000	-	550,000	2,950,000	3,000,000
	95	7/15/98	4.10 - 4.75	7/15/13	10,000,000	9,300,000	-	775,000	-	8,525,000
	96	7/15/99	4.15 - 6.00	1/15/14	19,000,000	19,000,000	-	1,250,000	-	17,750,000
	97	7/15/00	4.75 - 5.25	1/15/15	13,300,000	13,300,000	-	-	-	13,300,000
	98	7/15/01	4.00 - 4.75	1/15/16	14,600,000	-	14,600,000	-	-	14,600,000
	99	4/18/02	4.00 - 5.00	10/01/11	17,405,000	-	17,405,000	-	-	17,405,000
	CWF	7/1/96	2.00	7/1/15	4,550,161	3,356,326	-	208,430	-	3,147,896
	CWF	12/30/97	2.00	12/31/16	1,934,212	1,549,254	-	86,128	-	1,463,126
	CWF	7/1/99	2.00	1/31/19	673,270	599,417	-	28,737	-	570,680
	CWF	9/30/00	2.00	1/31/19	41,294,122	37,946,715	-	1,740,448	-	36,206,267
	CWF	12/21/01	2.00	1/31/19	4,930,815	-	4,930,815	-	-	4,930,815
						<u>117,331,712</u>	<u>36,935,815</u>	<u>8,358,743</u>	<u>17,065,000</u>	<u>128,843,784</u>
Total city capital improvement bonds		11/15/86 10/15/92	4.30 - 7.00 3.90 - 6.10	2/01/15 2/01/10	23,314,942 11,640,000	4,969,857 6,790,000	- -	610,004 635,000	- -	4,359,853 6,155,000
MARITIME CENTER PROJECTS BONDS						<u>11,759,857</u>	<u>-</u>	<u>1,245,004</u>	<u>-</u>	<u>10,514,853</u>
Total maritime center project bonds						<u>\$ 129,091,569</u>	<u>\$ 36,935,815</u>	<u>\$ 9,603,747</u>	<u>\$ 17,065,000</u>	<u>\$ 139,358,637</u>

**CITY OF NORWALK, CONNECTICUT**  
**SCHEDULE OF DEBT LIMITATIONS**

June 30, 2002

RECEIPTS, Year ended June 30, 2002

Taxes, interest and fees for year ended June 30, 2002	\$ 172,238,428
Tax relief for the elderly	<u>436,173</u>

BASE \$ 172,674,601

	<u>General</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Funding</u>
DEBT LIMITATION					
2-1/4 times base	\$ 388,517,852	\$ -	\$ -	\$ -	\$ -
4-1/2 times base	-	777,035,704	-	-	-
3-3/4 times base	-	-	647,529,754	-	-
3-1/4 times base	-	-	-	561,192,453	-
3 times base	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>518,023,803</u>
Total limitation	<u>388,517,852</u>	<u>777,035,704</u>	<u>647,529,754</u>	<u>561,192,453</u>	<u>518,023,803</u>
INDEBTEDNESS					
School grants receivable	-	(2,280,965)	-	-	-
Clean Water Fund obligations	-	-	46,318,784	-	-
Bonds and notes issued	57,583,645	24,620,925	6,993,283	3,842,000	-
Authorized, unissued bonds	<u>11,948,000</u>	<u>16,158,888</u>	<u>417,000</u>	<u>50,000</u>	<u>-</u>
Total	<u>69,531,645</u>	<u>38,498,848</u>	<u>53,729,067</u>	<u>3,892,000</u>	<u>-</u>
EXCESS OF LIMITATION OVER INDEBTEDNESS AT JUNE 30, 2001	<u>\$ 318,986,207</u>	<u>\$ 738,536,856</u>	<u>\$ 593,800,687</u>	<u>\$ 557,300,453</u>	<u>\$ 518,023,803</u>

NOTE: The total indebtedness for all classes cannot exceed seven times the base, or \$1,208,722,207.

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# **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, 2002, and have issued our report thereon dated December 14, 2002. 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 & Natalelli LLC*

New Haven, Connecticut  
December 14, 2002

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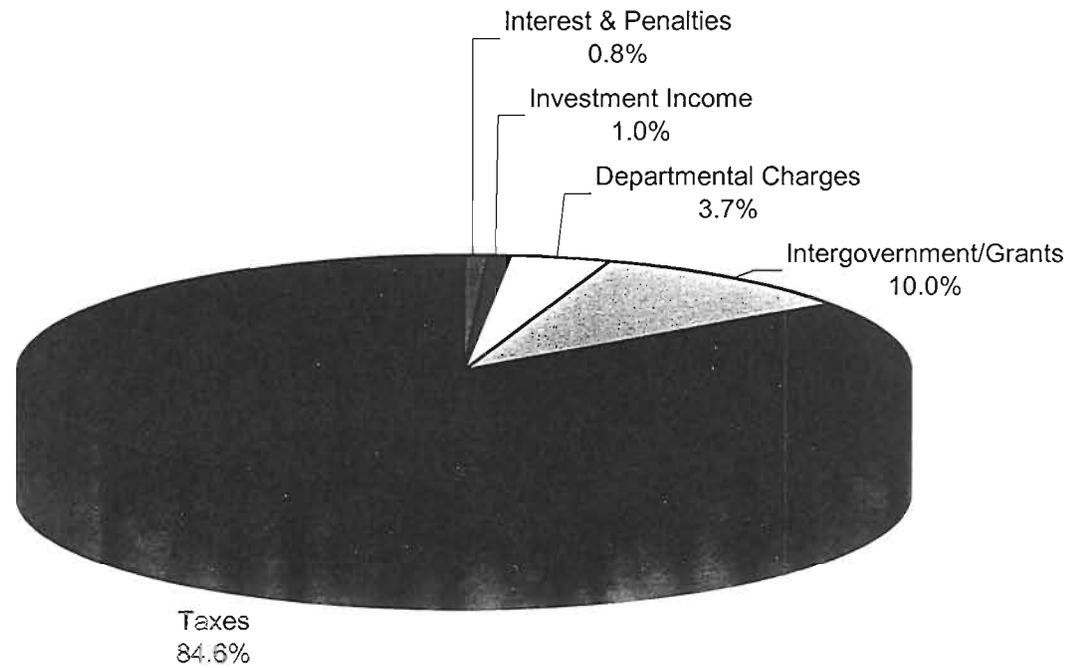
## CITY OF NORWALK

### GENERAL FUND REVENUES BY SOURCE FISCAL YEAR 1992-93 THROUGH 2001-02

<u>Fiscal Year</u>	<u>Taxes</u>	<u>Intergovern- Mental/Grants</u>	<u>Departmental Charges</u>	<u>Interest &amp; Penalties</u>	<u>Interest on Investments</u>	<u>Miscellaneous</u>	<u>Total</u>
1992-93	\$142,359,937	\$22,778,296	\$6,444,676	\$1,825,656	\$1,315,071	\$298,025	\$175,021,661
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

- *Note: Miscellaneous revenue has now been included under Departmental charges.*
- *Schedule reflects Budgetary basis*
- *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 2001-2002



**THE CITY OF NORWALK**

## CITY OF NORWALK

### GENERAL FUND EXPENDITURES BY FUNCTION 1992-93 TO 2001-02

<u>Fiscal Year</u>	<u>General Government</u>	<u>Health &amp; Welfare</u>	<u>Protection of Persons &amp; Prop.</u>	<u>Public Works</u>	<u>Education Public</u>	<u>Education Non-Public</u>
1992-93	\$ 5,170,090	\$ 7,972,216	\$22,012,680	\$19,307,725	\$77,837,710	\$4,168,742
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

(Continued)

- *Note: Schedule reflects Budgetary basis.*

# CITY OF NORWALK

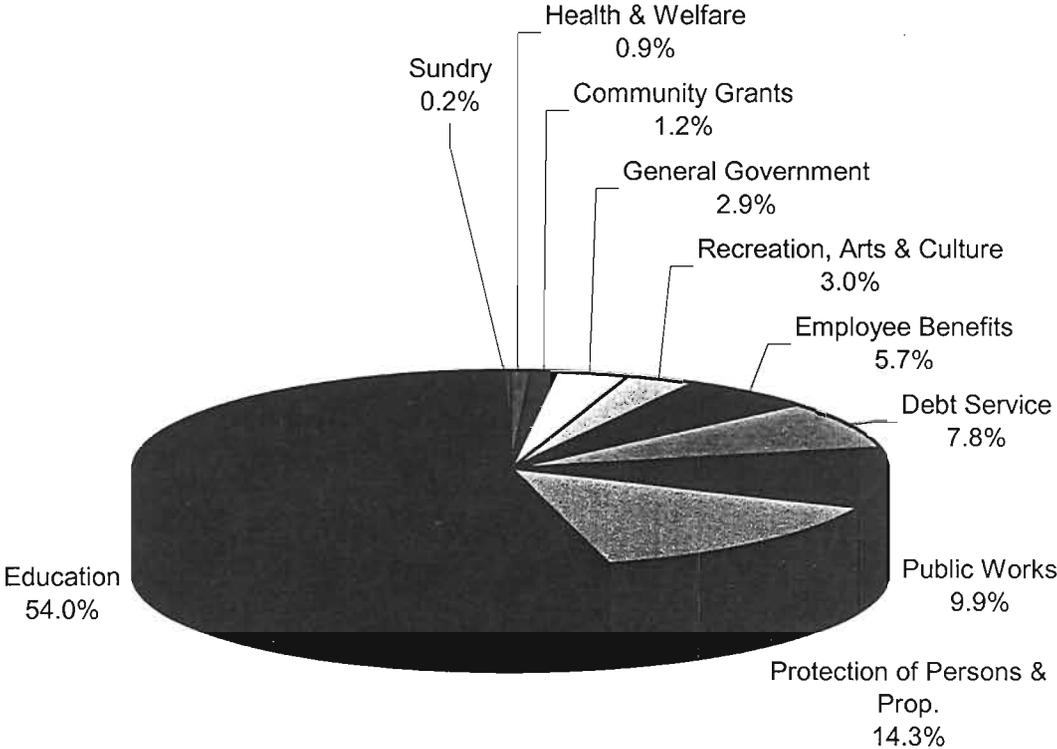
## GENERAL FUND EXPENDITURES BY FUNCTION 1992-93 TO 2001-02

<u>Fiscal Year</u>	<u>Recreation, Arts &amp; Culture</u>	<u>Community Grants</u>	<u>Debt Service</u>	<u>Risk Mgmt. &amp; Insurance</u>	<u>Employee Benefits</u>	<u>Sundry</u>	<u>Total</u>
1992-93	\$ 6,452,691	\$ 1,909,261	\$16,843,710	\$ 0	\$12,645,669	\$ 0	\$174,320,494
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

(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 2001-02



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

**SUMMARY OF REVENUES, EXPENDITURES, & CHANGES IN GENERAL FUND BALANCE  
FISCAL YEAR 1992-93 TO 2001-02**

	<u>2001-02</u>	<u>2000-01</u>	<u>1999-00</u>	<u>1998-99</u>	<u>1997-98</u>
<b><u>REVENUES</u></b>					
Property Taxes	\$169,830,039	\$167,877,086	\$159,517,658	\$153,178,604	\$152,750,650
Return on Excess Taxes	(3,398,331)	0	0	0	0
Intergovernmental	19,934,638	20,624,784	20,681,791	21,436,801	21,506,570
Departmental Charges	7,361,676	7,538,811	6,470,301	6,614,497	6,169,214
Interest and Penalties	1,566,275	2,937,459	2,049,341	1,839,718	1,987,032
Interest On Investments	1,918,404	3,622,919	3,358,625	2,865,625	2,876,041
Other Grants	169,583	197,708	246,518	178,545	157,141
Miscellaneous	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>TOTAL REVENUE</b>	<b><u>\$197,382,284</u></b>	<b><u>\$202,798,767</u></b>	<b><u>\$192,324,234</u></b>	<b><u>\$186,113,376</u></b>	<b><u>\$185,446,648</u></b>
<b><u>EXPENDITURES</u></b>					
General Government	\$ 5,939,788	\$ 5,784,267	\$ 6,017,343	\$ 5,589,343	\$ 5,192,604
Health & Welfare	1,769,511	1,771,346	1,769,631	1,851,923	2,170,491
Protection of Persons & Property	29,095,301	28,048,042	27,604,748	25,056,432	25,208,293
Education: Public	110,002,804	104,409,491	100,615,255	94,583,363	90,726,012
Non-Public & Special	0	0	0	0	0
Public Works	20,152,954	21,175,682	21,359,976	20,231,101	20,319,401
Recreation, Arts & Cultural	6,199,041	5,719,594	5,962,278	5,298,103	5,490,000
Community Grants	2,380,807	2,240,362	2,268,519	3,492,370	3,387,333
Risk Management	0	0	0	0	0
Employee Benefits	11,657,193	10,493,109	11,731,145	13,772,835	14,373,344
Debt Service	15,875,018	17,795,690	15,137,021	14,412,535	15,641,624
Sundry	475,000	0	0	0	0
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>
<b>TOTAL EXPENDITURES</b>	<b><u>\$203,547,417</u></b>	<b><u>\$197,437,583</u></b>	<b><u>\$192,465,886</u></b>	<b><u>\$184,288,057</u></b>	<b><u>\$182,509,102</u></b>
Excess (Deficiency) of Revenues Over Expenditures	<b><u>\$ (6,165,133)</u></b>	<b><u>\$ 5,361,184</u></b>	<b><u>\$ (141,652)</u></b>	<b><u>\$ 1,825,319</u></b>	<b><u>\$ 2,937,546</u></b>
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>\$ (37,982)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Excess (Def.) of Rev. & Other Financing Sources over Expendi- tures & Other Financing Uses	<b><u>\$ (6,203,115)</u></b>	<b><u>\$ 5,361,184</u></b>	<b><u>\$ (141,652)</u></b>	<b><u>\$ 1,825,319</u></b>	<b><u>\$ 2,937,546</u></b>
Beginning Fund Balance	<u>\$ 21,683,575</u>	<u>\$ 16,322,391</u>	<u>\$ 16,464,043</u>	<u>\$ 14,638,724</u>	<u>\$ 11,701,178</u>
Ending Fund Balance	<b><u>\$ 15,480,460</u></b>	<b><u>\$ 21,683,575</u></b>	<b><u>\$ 16,322,391</u></b>	<b><u>\$ 16,464,043</u></b>	<b><u>\$ 14,638,724</u></b>

(Continued)

Source: City of Norwalk audited Financial Statements.

**SUMMARY OF REVENUES, EXPENDITURES, & CHANGES IN GENERAL FUND BALANCE  
FISCAL YEAR 1992-93 TO 2001-02**

	<u>1996-97</u>	<u>1995-96</u>	<u>1994-95</u>	<u>1993-94</u>	<u>1992-93</u>
<b>REVENUES</b>					
Property Taxes	\$149,212,369	\$146,096,873	\$145,930,391	\$147,961,449	\$142,359,937
Intergovernmental	25,914,730	25,593,796	25,564,975	25,125,398	22,778,296
Departmental Charges	5,652,479	7,058,998	7,827,836	7,657,844	6,444,676
Interest and Penalties	2,263,664	2,120,393	2,106,717	2,781,106	1,825,656
Interest on Investments	2,622,858	2,023,752	2,553,909	1,503,188	1,315,071
Miscellaneous	<u>65,983</u>	<u>164,588</u>	<u>175,789</u>	<u>292,161</u>	<u>298,025</u>
<b>TOTAL REVENUE</b>	<b><u>\$185,732,083</u></b>	<b><u>\$184,058,400</u></b>	<b><u>\$184,159,617</u></b>	<b><u>\$185,321,146</u></b>	<b><u>\$175,021,661</u></b>
<b>EXPENDITURES</b>					
General Government	\$ 5,292,282	\$ 5,198,791	\$ 5,321,004	\$ 5,272,359	\$ 5,170,090
Health & Welfare	4,392,731	7,946,410	8,838,590	8,764,031	7,972,216
Protection of Persons & Property	24,292,246	23,800,396	23,093,334	23,431,144	22,012,680
Education: Public	87,693,128	85,052,558	84,056,171	81,093,925	77,837,710
Non-Public & Special	4,196,204	3,822,789	2,803,540	3,900,316	4,168,742
Public Works	19,429,486	19,604,661	21,237,237	21,948,142	19,307,725
Recreation, Arts & Cultural	6,390,460	6,627,300	6,723,090	6,608,415	6,452,691
Community Grants	3,339,690	2,011,249	2,050,642	1,756,253	1,909,261
Risk Management	0	0	0	0	0
Employee Benefits	13,020,933	16,678,107	14,452,344	14,375,515	12,645,669
Debt Service	16,261,944	16,350,051	15,670,323	13,825,409	16,843,710
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>
<b>TOTAL EXPENDITURES</b>	<b><u>\$184,309,104</u></b>	<b><u>\$187,092,312</u></b>	<b><u>\$184,246,275</u></b>	<b><u>\$180,975,509</u></b>	<b><u>\$174,320,494</u></b>
Excess (Deficiency) of Revenues Over Expenditures	<b><u>\$ 1,422,979</u></b>	<b><u>\$ (3,033,912)</u></b>	<b><u>\$ (86,658)</u></b>	<b><u>\$ 4,345,637</u></b>	<b><u>\$ 701,167</u></b>
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				\$ (8,350,000)	
Other Transfers	\$ 0	\$ (337,658)	\$ (337,658)	\$ (339,422)	\$ (25,195)
Excess (Def.) of Rev. & Other Financing Sources over Expendi- tures & Other Financing Uses	<b><u>\$ 1,422,979</u></b>	<b><u>\$ (3,371,570)</u></b>	<b><u>\$ (424,316)</u></b>	<b><u>\$ 4,006,215</u></b>	<b><u>\$ 675,972</u></b>
Beginning Fund Balance	<b><u>\$ 10,278,199</u></b>	<b><u>\$ 13,649,769</u></b>	<b><u>\$ 14,074,085</u></b>	<b><u>\$ 10,067,870</u></b>	<b><u>\$ 9,391,898</u></b>
Ending Fund Balance	<b><u>\$ 11,701,178</u></b>	<b><u>\$ 10,278,199</u></b>	<b><u>\$ 13,649,769</u></b>	<b><u>\$ 14,074,085</u></b>	<b><u>\$ 10,067,870</u></b>

(Concluded)

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

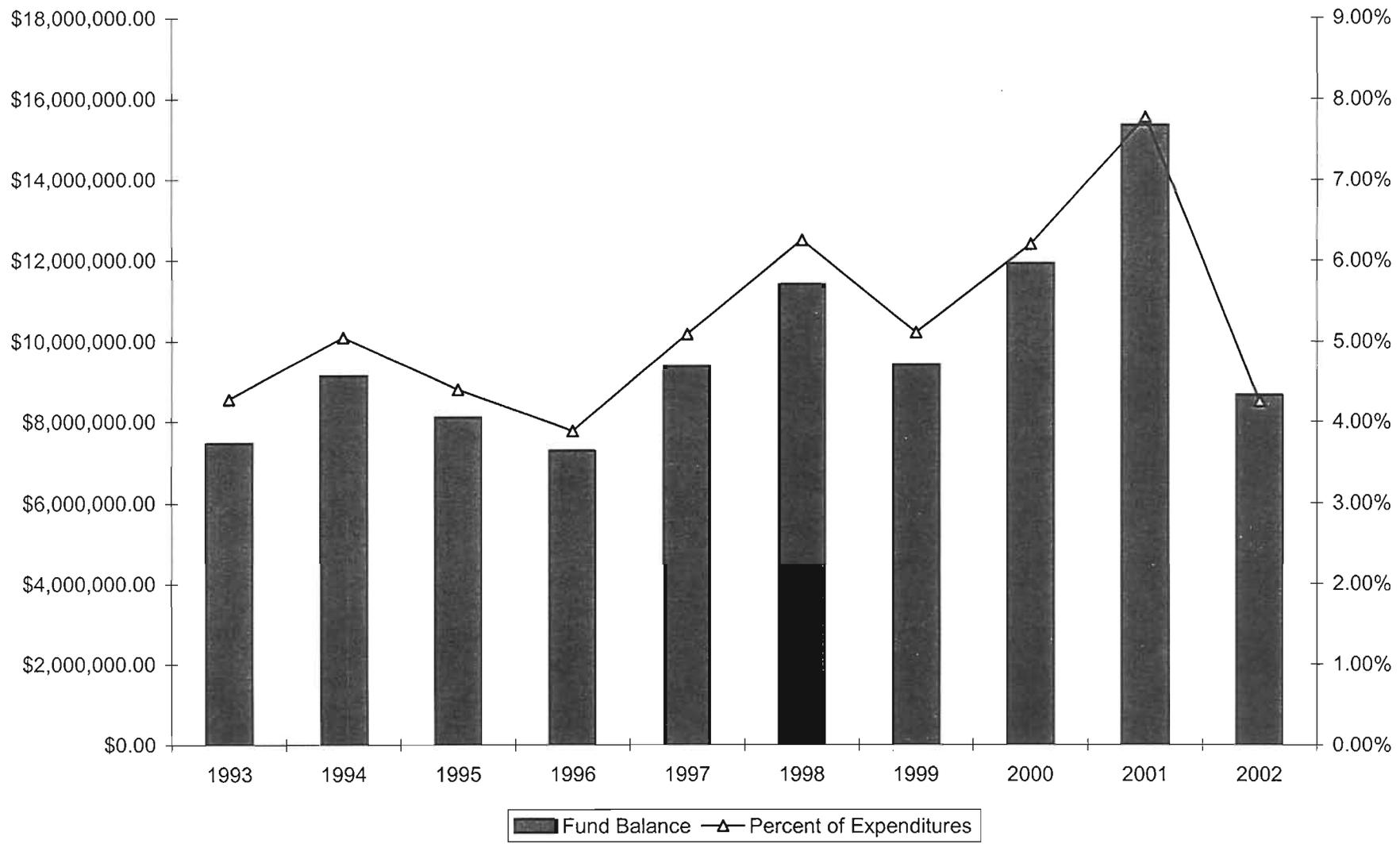
**GENERAL FUND BALANCE COMPARED TO ANNUAL EXPENDITURES LAST TEN YEARS**

<b><u>FISCAL YEAR ENDING JUNE 30<sup>TH</sup></u></b>	<b><u>UNDESIGNATED FUND BALANCE</u></b>	<b><u>ANNUAL EXPENDITURES</u></b>	<b><u>BALANCE AS % OF EXPENDITURES</u></b>
1993	\$ 7,466,695	\$174,320,494	4.28%
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%

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

# UNDESIGNATED GENERAL FUND BALANCE

77



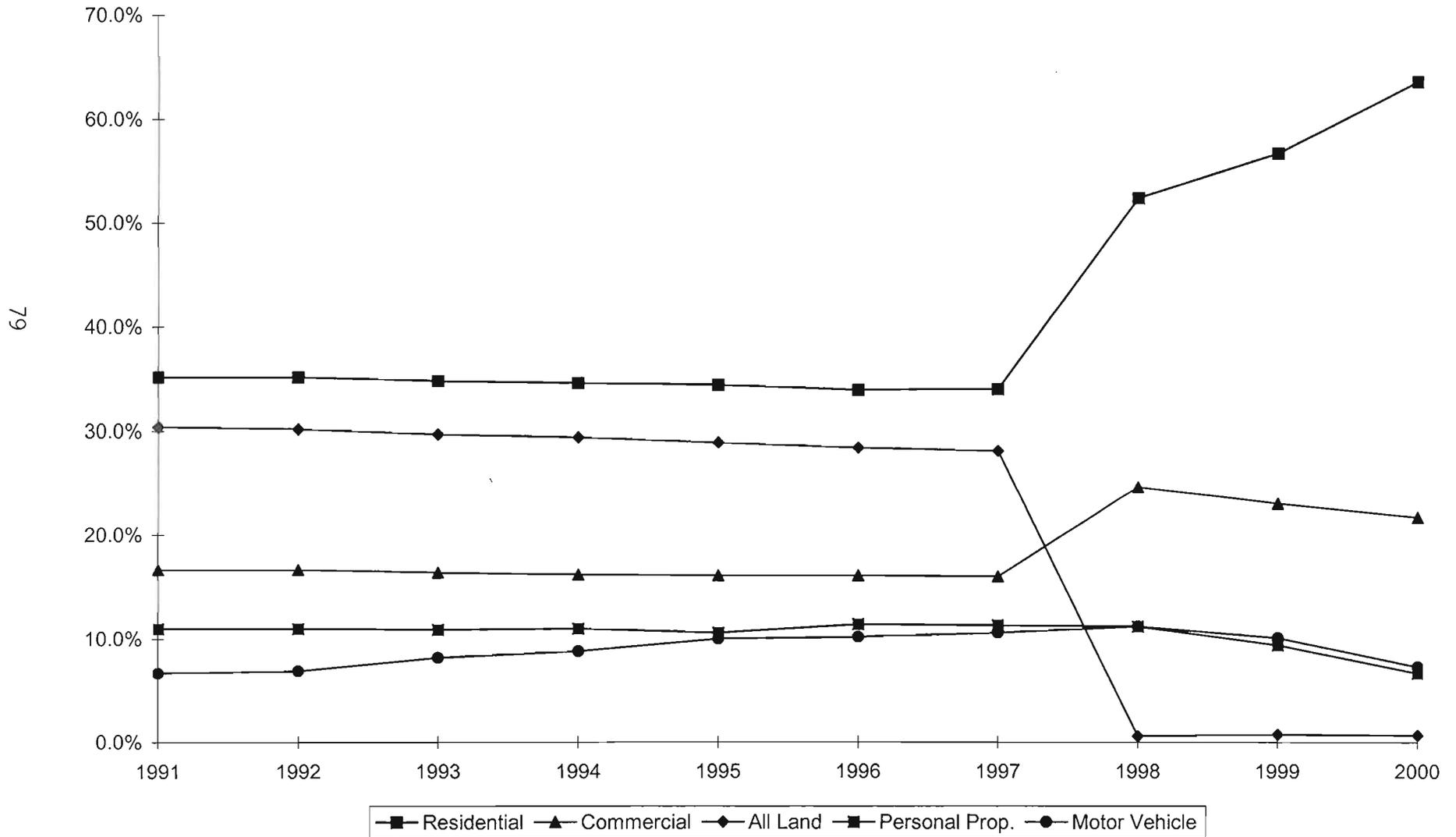
**TAXABLE GRAND LIST (in 000's)**  
*(Numbers may not add due to rounding)*

<u>Grand List As of 10/1</u>	<u>Residential Real Property</u>	<u>%</u>	<u>Commercial &amp; Indust. Real Property</u>	<u>%</u>	<u>All Land</u>	<u>%</u>	<u>Personal Property</u>	<u>%</u>	<u>Motor Vehicle</u>	<u>%</u>	<u>Gross Taxable Grand List</u>	<u>Less Exemptions/ Corrections</u>	<u>Net Taxable Grand List</u>
1991	\$1,148,724	35.2	\$544,216	16.7	\$ 992,787	30.4	\$359,126	11.0	\$220,034	6.7	\$ 3,264,887	\$45,903	\$3,218,983
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

**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

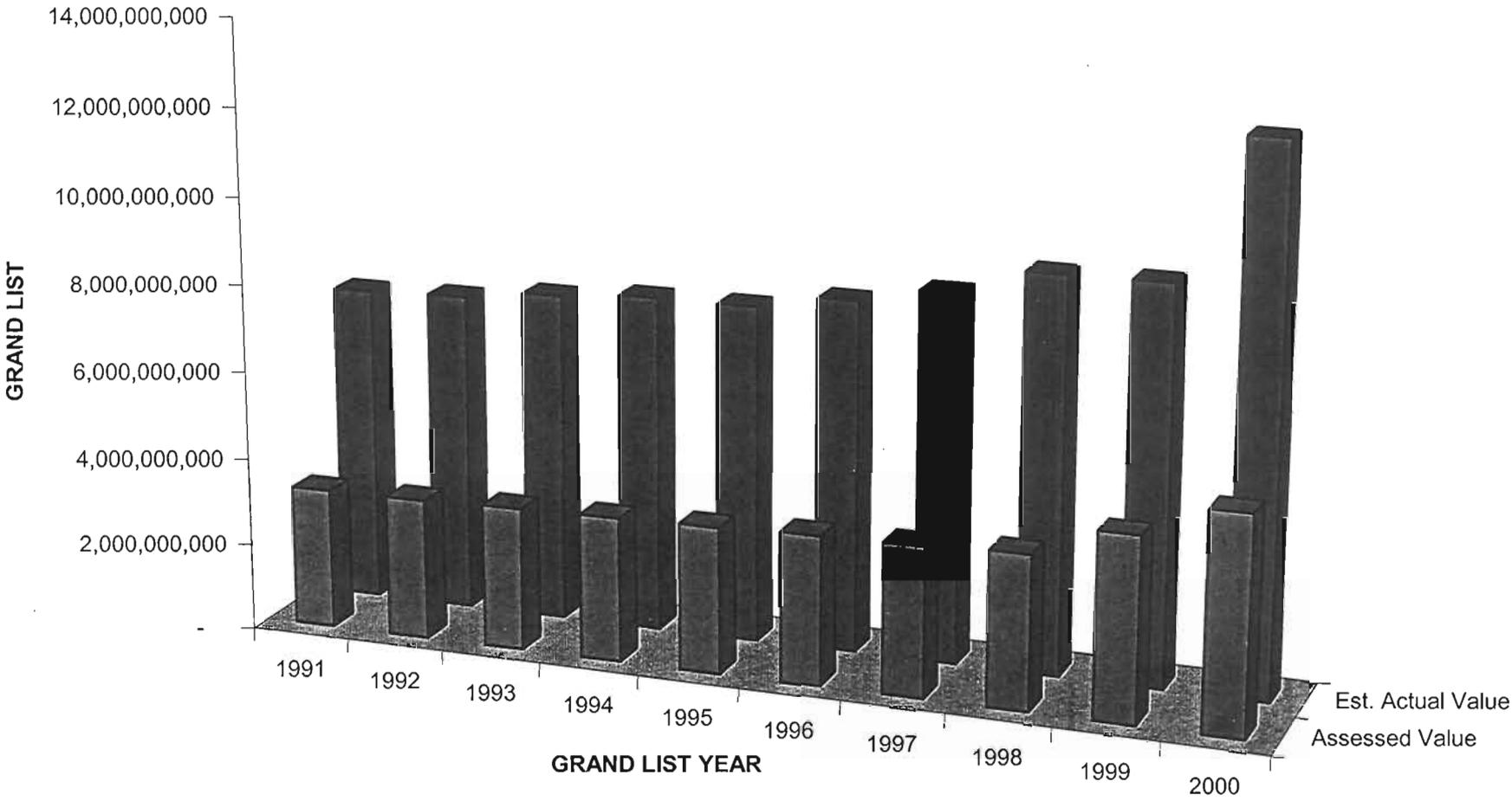
## ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

Fiscal Year Ended June 30	Grand List of October 1	.....Real Property .....		.....Personal Property.....		.....Total.....	
		<u>Assessed Value</u>	<u>Est. Actual Value</u>	<u>Assessed Value</u>	<u>Est. Actual Value</u>	<u>Assessed Value</u>	<u>Est. Actual Value</u>
1993	1991	\$ 2,661,443,740	\$6,453,549,321	\$557,539,670	\$796,485,243	\$ 3,218,983,410	\$7,250,034,564
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

- 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.*

# ASSESSED AND ESTIMATED ACTUAL PROPERTY VALUES

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■ Assessed Value ■ Est. Actual Value

**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, 1991	1992-93	45.9	45.9	45.9	46.1	42.3	41.5	44.5	42.8	42.8	45.9
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

*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

## **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, two parks for District residents, maintains the 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. However, the incursion of sewers into parts of Rowayton, the Sixth District, in recent years created the need for yet another taxing arrangement inasmuch as the Fourth Taxing District would charge the seweried Sixth District for garbage collections which they already receive. As a result, the Seventh Taxing District was born.

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

In addition to the aforementioned Taxing Districts, there are separate services. 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 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 1981 two new districts were established. The Eighth District is that part of the Third District that is unsewered and receives no sewer services. The Ninth District is one street in the First District comprising five homes that do not receive sewer service.

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

## COMPARATIVE STATISTICS AND TAX COLLECTIONS

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

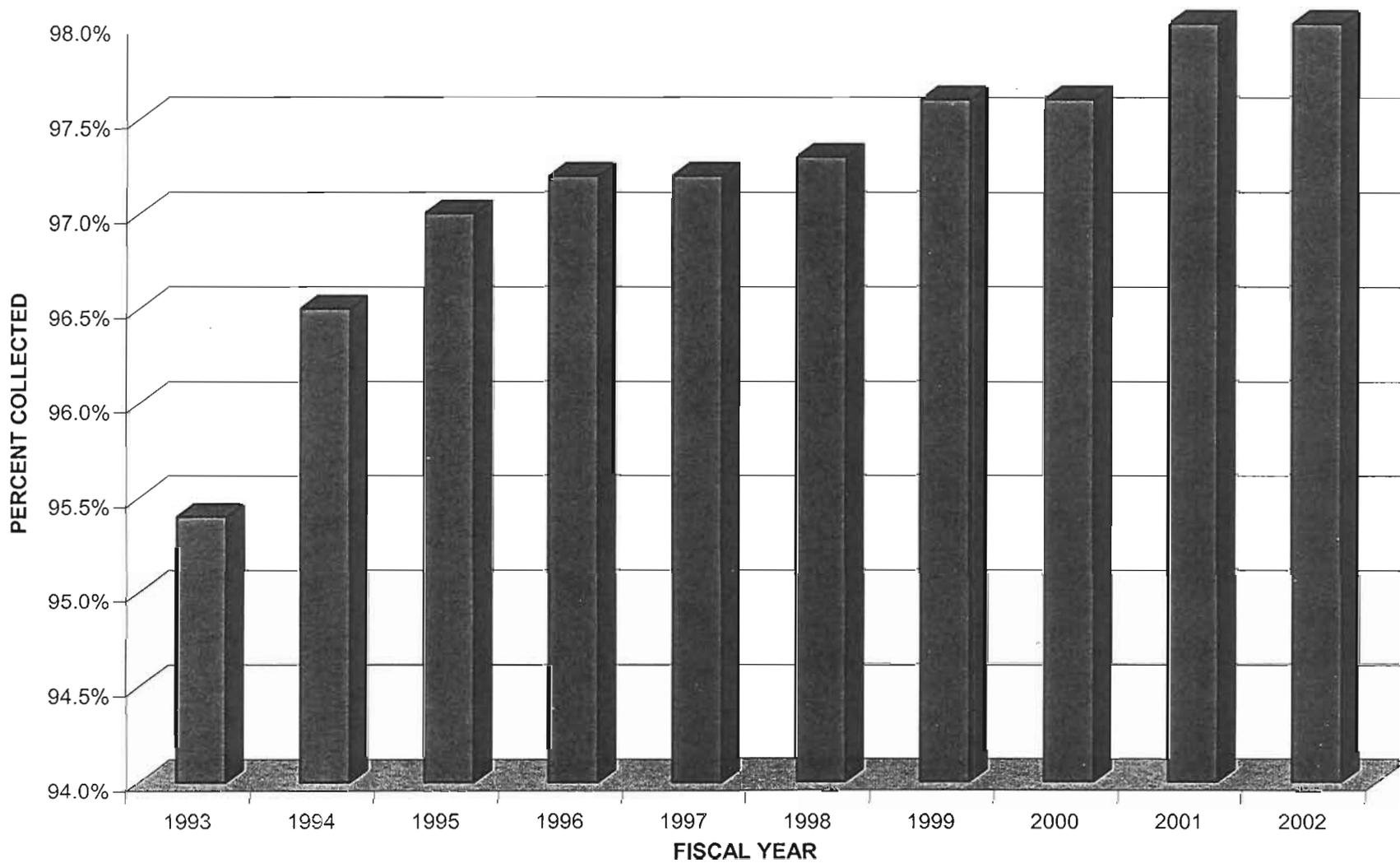
Fiscal Year Ended 6/30	Taxable Grand List	Tax Rate Mills	Total Adjusted Tax Levy	Tax Collections	2		3	
					End of Fiscal Year	%	As of 6/30/02	%
1993	\$ 3,218,983,410	42.31	\$ 145,621,039	\$138,977,458	\$ 6,643,581	4.6	\$ 42,532	.03
1994	3,226,421,125	42.95	148,468,267	143,268,752	5,199,515	3.5	54,424	.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

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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 1992-93 TO 2001-02

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**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>		
1992-93	\$ 124,187	\$ 0	\$ (997)	\$ 38,701	\$ 84,489
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

**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	\$87,634,470	1.77
Norwalk Power, LLC	Utility	42,669,790	0.86
National Office Partners, LP	Real Estate	38,202,850	.77
Connecticut Light & Power	Division Northeast Utilities	30,102,030	.61
Beiersdorf	Manufacturing Facility	22,988,440	.46
Knickerbocker (2 <sup>nd</sup> Merritt Seven)	Office Building	22,050,280	.44
Fairfield Merritt View, LP	Office Building	19,921,510	.40
U. S. Surgical Corporation	Medical Equipment Facility	18,893,350	.38
Metropolitan Life Insurance	Insurance Company	17,953,110	.36
Merritt River Partners, LLC	Office Building	17,826,900	.36
Prudential Insurance	Corporate Education Center	15,922,690	.32
Perkin-Elmer Corporation	Manufacturing Facility	15,422,120	.31
Pepperidge Farm, Inc.	Bakery Facility	15,230,000	.31
Tyco Healthcare Group, LP	Medical Equipment Facility	14,929,690	.30
HD-Main Avenue	Retail Complex	14,708,820	.30
Yankee Gas Services, Co.	Gas Supplier	13,670,930	.28
Priceline.com	Internet Shopping Service	13,303,130	.27
Mack-Cali	Office Building	12,730,410	.26
Five Hundred Thirty-Five	Office Building	12,619,950	.25
Elite Development Group, LLC	Retail Complex	12,025,090	.24
Dorcal Associates Limited	Retail	11,618,950	.23
Norwalk Realty Development, LLC	Real Estate	10,961,720	.22
One Hundred Ninety-Seven	Office Building	10,606,750	.21
Fort James Corporation	Reg. Office-Wood & Paper Prod.	10,337,510	.21
Home Depot USA, Inc.	Retail Home Improvement	10,314,080	.21

1. *Based on 10/1/00 Net Taxable Grand List of \$4,961,132,494.*

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

# CITY OF NORWALK

## SCHEDULE OF DEBT LIMITATIONS - JUNE 30, 2002

RECEIPTS, YEAR ENDED JUNE 30, 2002

Taxes, Interest and fees for year ended June 30, 2002  
 Tax relief for the elderly

\$172,238,428  
436,173

BASE \$172,674,601

	<u>GENERAL</u>	<u>SCHOOLS</u>	<u>SEWERS</u>	<u>URBAN RENEWAL</u>	<u>PENSION FUNDING</u>
DEBT LIMITATION					
2 1/4 times base	\$388,517,852				
4 1/2 times base		\$777,035,704			
3 3/4 times base			\$647,529,754		
3 1/4 times base				\$561,192,453	
3 times base					\$518,023,803
<b>TOTAL LIMITATION</b>	<u>\$388,517,852</u>	<u>\$777,035,704</u>	<u>\$647,529,754</u>	<u>\$561,192,453</u>	<u>\$518,023,803</u>
INDEBTEDNESS:					
School Grants Receivable	\$ -	\$( 2,280,965)	\$ -	\$ -	\$ -
Clean Water Fund Obligations	-	-	46,318,784	-	-
Bonds & Notes Issued	57,583,645	24,620,925	6,993,283	3,842,000	-
Authorized, Unissued Bonds	11,948,000	16,158,888	417,000	50,000	-
<b>Total</b>	<u>\$ 69,531,645</u>	<u>\$ 38,498,848</u>	<u>\$ 53,729,067</u>	<u>\$ 3,892,000</u>	<u>\$ -</u>
Excess of limitation Over indebtedness at June 30, 2002	<u>\$318,986,207</u>	<u>\$738,536,856</u>	<u>\$593,800,687</u>	<u>\$557,300,453</u>	<u>\$518,023,803</u>

*Note: Total indebtedness of all classes cannot exceed seven times the base, or \$1,208,722,207.*

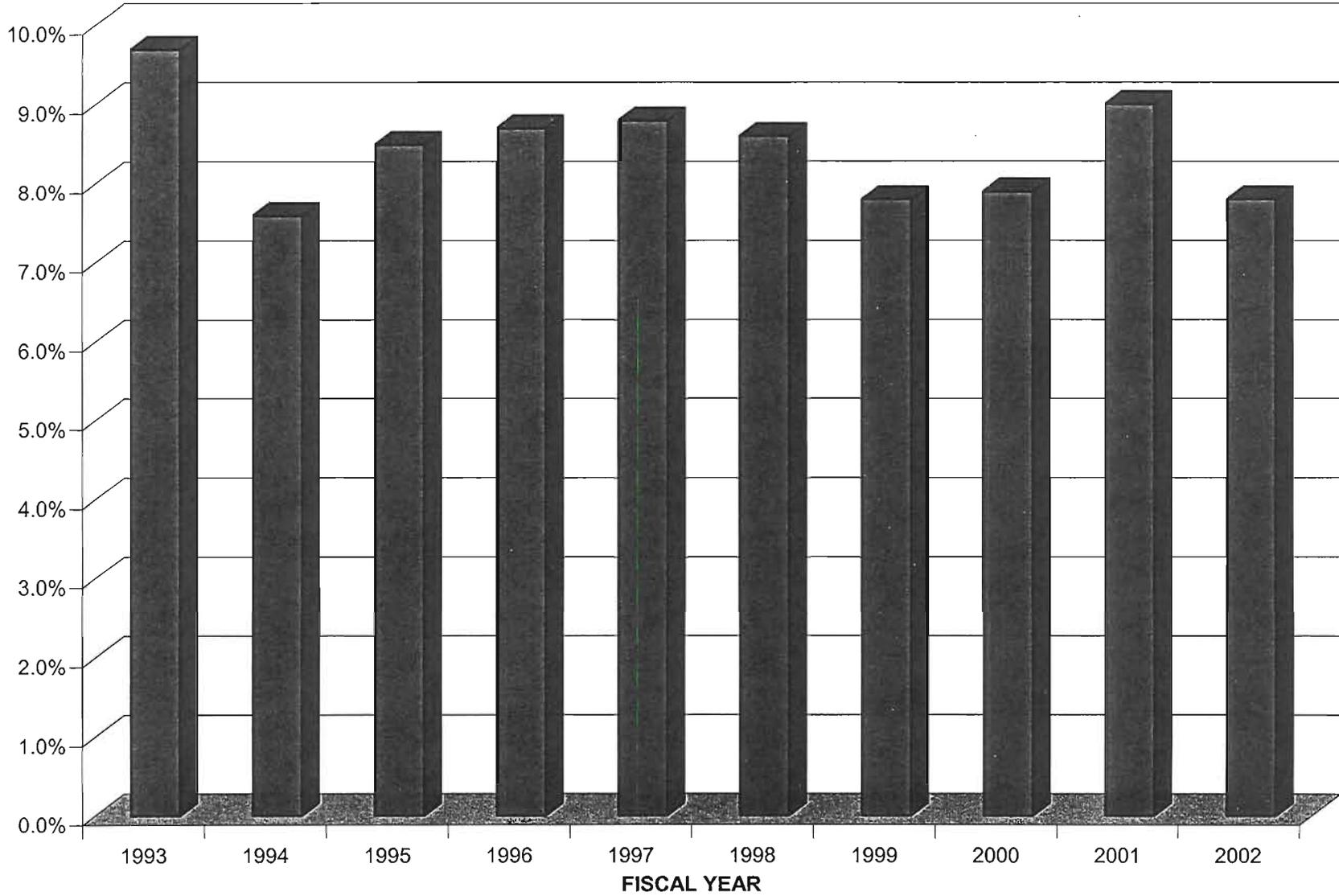
# CITY OF NORWALK

## 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>
1993	\$16,843,710	\$174,320,494	9.7%
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%

# DEBT SERVICE AS PERCENT OF TOTAL EXPENDITURES

91

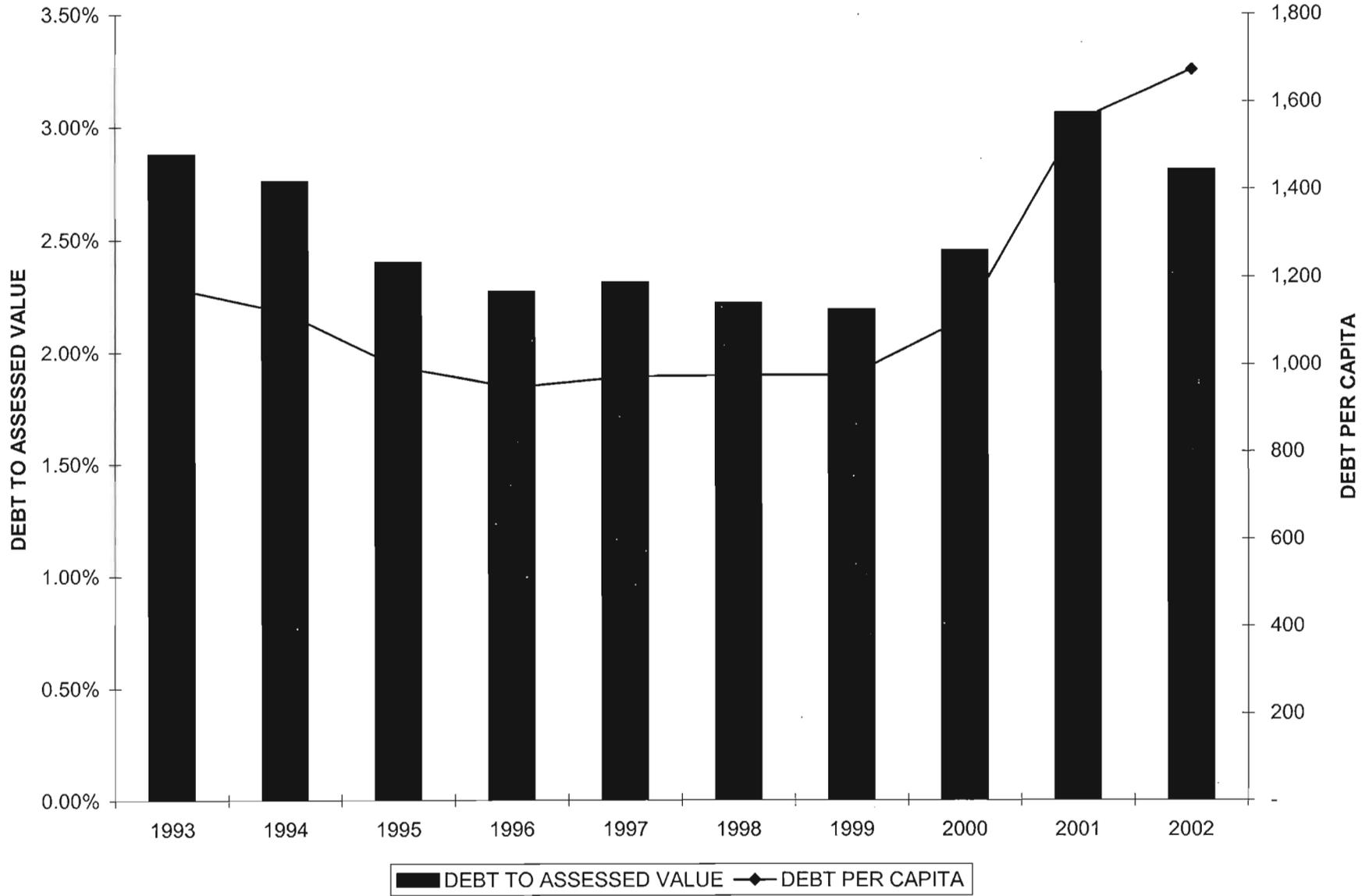


**RATIO GENERAL BONDED DEBT TO ASSESSED VALUE AND PER CAPITA LAST TEN FISCAL YEARS**

<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>
1993	\$ 92,774,942	\$ 3,218,983,410	2.88%	78,830	\$1,177
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

# SELECTED DEBT RATIOS

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**CITY OF NORWALK**

**DEMOGRAPHIC STATISTICS**

**LAST TEN FISCAL YEARS**

<b><u>Fiscal year Ended June 30</u></b>	<b><u>Population</u></b>	<b><u>Per Capita Income</u></b>	<b><u>Median Family Income</u></b>	<b><u>Median Age</u></b>	<b><u>Unemployment Rate</u></b>
1993	78,830	\$ **	\$ 70,700	**	4.5%
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%

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

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

**\*\*** *Denotes that information is the most current available.*

*Sources: Fleet Bank, Hartford: 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 1,327 employees to fulfill its instructional objective. They comprise two groups: 920 certified personnel and 407 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>
1992-93	-	4,808	1,963	2,709	379	9,859
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

### PROJECTIONS

2002-03	-	5,294	2,507	3,122	403	11,389
2003-04	-	5,296	2,597	3,277	403	11,573
2004-05	-	5,217	2,593	3,371	403	11,584
2005-06	-	5,205	2,572	3,490	403	11,670
2006-07	-	5,189	2,524	3,579	403	11,695

*Note: (1) As of October 1*

*Source: City of Norwalk Board of Education.*

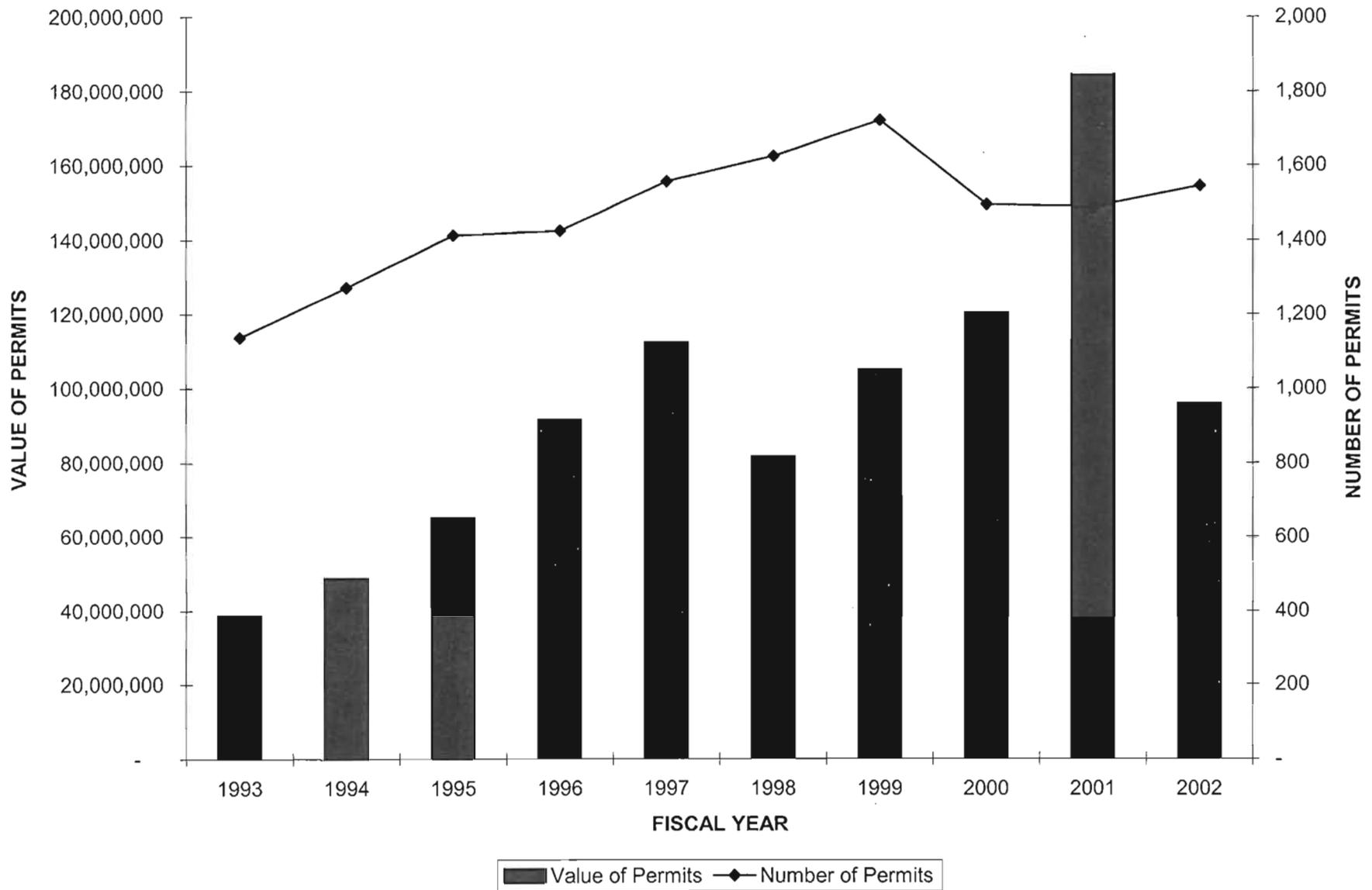
**NUMBER AND VALUE OF BUILDING PERMITS**

<b><u>Fiscal Year Ended 6/30</u></b>	<b><u>Number of Permits</u></b>	<b><u>Building</u></b>	<b><u>Miscellaneous</u></b>	<b><u>Total</u></b>
1993	1,137	34,950,610	3,667,163	38,617,773
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

*Source: City of Norwalk, Building Department.*

# NUMBER AND VALUE OF PERMITS

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# CITY OF NORWALK

## BUDGETED FULL-TIME PERSONNEL TEN YEAR HISTORY

<u>Function</u>	<u>2001-02</u>	<u>2000-01</u>	<u>1999-00</u>	<u>1998-99</u>	<u>1997-99</u>	<u>1996-97</u>	<u>1995-96</u>	<u>1994-95</u>	<u>1993-94</u>	<u>1992-93</u>
General Government	44	44	44	41	40	42	42	43	43	42
Finance	35	35	36	36	36	38	38	38	38	37
Health & Welfare	20	20	20	20	22	33	60	59	56	53
Police	206	206	204	205	206	206	208	208	198	195
Fire	147	147	146	146	147	147	147	147	147	146
Other Protection	19	19	19	19	19	26	20	20	21	21
Public Works & Traffic	119	119	147	145	151	158	158	162	163	164
Education	1,327	1,318	1,299	1,293	1,282	1,273	1,241	1,227	1,189	1,164
Recreation, Arts & Cultural	<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>	<u>77</u>
TOTAL	<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>	<u>1,899</u>

## SUMMARY OF INSURANCE COVERAGE

(Continued)

### PROPERTY:

Carrier: St. Paul Guardian Insurance Company  
Limits: \$370,140,055  
Deductible: \$50,000 per occurrence  
Policy Period: July 1, 2001 - June 30, 2002

### EMPLOYEE FIDELITY:

Carrier: The Hartford Fire Insurance Company  
Limits: \$500,000 per loss  
Deductible: \$5,000  
Policy Term: July 1, 1989 until cancelled

### TAX COLLECTOR BOND:

Carrier: Hartford Fire Insurance Company  
Limits: \$250,000 per loss  
Deductible: \$0 (no deductible)  
Policy Period: 12/1/88 until cancelled

### BOILER AND MACHINERY:

Carrier: St. Paul Guardian Insurance Company  
Limits: \$50,000,000 per accident  
Deductible: \$1,000 per accident  
Policy Period: July 1, 2001 - June 30, 2002

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

Carrier: St. Paul Guardian Insurance Company  
Limits: \$11,000,000 - per wrongful act  
\$11,000,000 - Aggregate  
Retention: \$250,000  
Policy Period: July 1, 2001 - June 30, 2002  
Retro Date: July 1, 1998

### GENERAL LIABILITY:

Carrier: St. Paul Guardian Insurance Company  
Limits: \$1,000,000 - each occurrence  
\$3,000,000 - Aggregate  
Retention: \$500,000  
Policy Period: July 1, 2001 - June 30, 2002

### AUTOMOBILE LIABILITY:

Carrier: St. Paul Guardian Insurance Company  
Limits: \$1,000,000 - Each Occurrence  
Retention: \$500,000  
Policy Period: July 1, 2001 - June 30, 2002

**SUMMARY OF INSURANCE COVERAGE**

(Concluded)

**AUTOMOBILE PHYSICAL DAMAGE:**

Carrier:	St. Paul Guardian Insurance Company
Limits:	Actual Cash Value; State Amount for designated vehicles.
Catastrophic Coverage:	Actual Cash Value
Deductible: Comprehensive	\$1,000
Collision	\$1,000
Catastrophic	\$5,000

**LAW ENFORCEMENT LIABILITY:**

Carrier:	St. Paul Guardian Insurance Company
Limits:	\$1,000,000 Each Wrongful Act \$1,000,000 Aggregate
Retention:	\$500,000
Policy Period:	July 1, 2001 – June 30, 2002

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

Carrier:	St. Paul Guardian Insurance Company
Limits:	\$11,000,000 Each Wrongful Act \$11,000,000 Aggregate
Retention:	\$500,000
Policy Period:	July 1, 2001 – June 30, 2002
Retro Date:	July 1, 1998

**FOLLOWING FORM EXCESS LIABILITY:**

Carrier:	St. Paul Guardian Insurance Company
Limits:	\$10,000,000 Each Occurrence or Wrongful Act \$10,000,000 Aggregate
Underlying Coverage:	General Liability Auto Liability Law Enforcement Liability
Policy Period:	July 1, 2001 – June 30, 2002

**CITY OF NORWALK**  
**SUPPLEMENTAL DATA**

June 30, 2002

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	3,846
Miles of Sanitary Sewers	165	Number of Employees	119

**PUBLIC SAFETY INFORMATION**

Number of Police Cars (Marked & Unmarked)	124	Number of Fire Stations	5
Number of Sworn Police Personnel	174	No. of Sworn Fire Personnel	137
No. of Police Marine Vessels	3	No. of Pieces of Equipment	14

**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**

	<b><u>Votes Cast In:</u></b>	<b><u>Percent Voting In:</u></b>
Last National Election	31,563	78.6%
Last State Election	19,309	46.1%
Last Municipal Election	18,705	43.7%
Registered Voters	41,885	

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