

CITY OF NORWALK,  
CONNECTICUT



COMPREHENSIVE ANNUAL  
FINANCIAL REPORT  
**FISCAL YEAR ENDED JUNE 30, 2013**  
DEPARTMENT OF FINANCE  
125 EAST AVENUE  
NORWALK, CONNECTICUT



# **CITY OF NORWALK, CONNECTICUT**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2013



PREPARED BY THE FINANCE DEPARTMENT

DIRECTOR OF FINANCE  
COMPTROLLER

THOMAS S. HAMILTON  
FREDERIC J. GILDEN



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## **Introductory Section**





## DEPARTMENT OF FINANCE OFFICE OF THE DIRECTOR

### LETTER OF TRANSMITTAL

December 30, 2013

Harry W. Rilling, 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, 2013.

State law requires that every general purpose local government publish within six months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2013.

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

McGladrey LLP have issued an unmodified ("clean") opinion on the City of Norwalk's financial statements for the year ended June 30, 2013. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complement this letter of transmittal and should be read in conjunction with it.

#### PROFILE OF THE CITY

Norwalk was first settled in 1640 and, with a population of 87,190, 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**

Norwalk is strategically located with a significant vibrant retail, corporate and tourism center in Southern Connecticut. The City hosts many regional and corporate headquarters, but no one employer accounts for more than 3.0% of the total jobs and no one business comprises more than 2.6% of the City's total grand list. This diversity among employment sectors and industries creates great resilience for the City in economic downturns.

Norwalk's budget occurs within the larger context of the national economic and fiscal climate. The economic climate affects both the revenues available to support the City budget and the expenditure pressures faced by the City. The Fiscal Year 2012-13 occurred as the nation continues to recover from the most severe financial crisis to face the country since the Great Depression. The credit crisis of 2008 was followed by a severe nationwide recession in 2009 and 2010. While 2011 through the first half of 2013 has seen a tepid economic recovery, unemployment remains stubbornly high and consumer spending remains weak. In June of 2013 the preliminary not seasonally adjusted unemployment rate for Connecticut was 8.2% and the United States as a whole was 7.8%, compared to Norwalk's 6.8%. While Norwalk has undeniably been impacted by the Great Recession, the City has generally fared better than the rest of Connecticut through this economic slump.

Norwalk is overwhelmingly dependent upon property taxes; about 90% of the City's budgeted revenue is funded from property taxes. Of all the types of taxes, property taxes are the least susceptible to fluctuation. In good economic times, property tax revenues grow more slowly than income or sales taxes; but in a bad economy, property taxes are also the least likely to contract. This is especially true in the State of Connecticut, where real property is reassessed once every five years. Norwalk's last reassessment of real property was in 2008 and is not required again until 2013.

## **MAJOR DEVELOPMENT INITIATIVES**

As the national economy regains its momentum, the City of Norwalk is witnessing extensive new development, providing opportunities in all sectors. In each instance, City departments are working together to expedite permitting while ensuring that the infrastructure improvements needed to accommodate new development and mitigate any adverse impacts are provided.

2013 has seen substantial progress on several new large-scale developments which are expected to be completed this year bringing new housing, jobs and retail to Norwalk. AvalonBay Communities is nearing completion on its 240 unit multifamily development at 8 Norden Place. This is the second multifamily development by AvalonBay Communities in Norwalk and is bringing new residents to complement the existing employers located at the adjacent development park. Construction is nearly complete on a 168,000 square foot data center at 10 Norden Place by FPG Norden DC, LLC. The new data center will provide secure data storage for Fortune 500 corporations and add a low traffic generating use to the existing development park campus. Together these developments will provide a complementary mix of new commercial and residential development to this important 78 acre parcel.

Construction is well underway on the first phase of Waypointe, a mixed-use development on West Avenue and Orchard Street just north of Interstate 95 and Loehmann's Plaza. After receiving approvals to build the first two phases of its plan in 2012, construction has begun on phase one representing an exciting first step in revitalizing Norwalk Center. This phase will add 341 residential units, 40,000 sq. ft. of retail and 11,500 sq. ft. of restaurant space, bringing new residents and round-the-clock activity to the West Avenue corridor. The second phase located on Merwin Street will add another 98 residential units along with ground floor retail and restaurant space. Occupancy of both developments is scheduled for 2014.

Two developments in the historic Washington Street area of SoNo were approved in 2012 and construction has already begun on one: a new 133,000 square foot mixed use building at 20 North Water St. located across from the Maritime Aquarium. The former Norwalk Company building at 20 North Water St was demolished in August 2012 and construction is well underway on the new building with 108

residential units, ground floor retail and restaurant space and central courtyard with a water feature. Further west on Washington Street, a zoning permit has been issued to redevelop 99 Washington St. with a new 5 story, 66 unit multifamily building and 154 parking spaces in a valet-operated parking garage, replacing an existing surface parking lot. The construction will include the rehabilitation of an adjacent 3 story historic building which provides space for a 3,200 sq. ft. restaurant and 4,750 sq. ft. of office space.

A new two story 24,800 sq. ft. CVS Pharmacy was recently completed at the corner of Connecticut and Scribner Avenue. This represents the third CVS store to open in Norwalk. Construction is well underway on a 96,000 sq. ft. addition to Norwalk Hospital on Maple Street that will include an expanded Emergency Department, new surgical facilities, a state of the art cancer center and rehabilitation of adjacent space. The new hospital facilities will be served by the recently completed 628 space parking garage, designed to accommodate the Hospital's expansion. Construction was recently completed on Hotel Zero: a 96 room hotel with a 4,000 square foot restaurant overlooking the Norwalk River, located on Main Avenue, just south of the Merritt Parkway. Earlier in the year, the Zoning Commission approved the construction of a new Lowe's Home Improvement Center at 100 Connecticut Avenue, the site of the former Purdue Frederick corporate headquarters. This new 135,000 sq. ft. retail home improvement store and garden center represents the latest addition to Norwalk's thriving retail market. Lowe's will join Home Depot and Costco on Connecticut Avenue, Norwalk's golden mile for retail. Construction is scheduled to begin in early 2014.

Norwalk's largest mixed use development is scheduled to move forward in 2014. Plans for District 95/7, a 1.1 million square foot mixed use development with office, retail and restaurant space along the west side of the Norwalk Harbor just south of Interstate 95, are progressing. A zoning permit for a new 232 unit multifamily building in place of the previously approved hotel was approved in August. The residential units will add 24 hour activity to the office, retail and restaurant uses proposed for the northern parcels. In addition, Wall Street Place by POKO-IWSR Developers located in Norwalk Center on Wall and Isaacs Streets, expects to receive new CHFA financing allowing construction to begin in 2014 on its plan to add 101 residential units, retail and restaurant uses and the City's first automated parking garage.

A variety of smaller commercial developments were completed in 2013, and several new developments are in the works. Winston Prep School is now operating in its new 12,000 sq ft classroom building on West Rocks Road and the new City of Norwalk Fire Station at 121 Connecticut Avenue opened in September. Petco has begun construction on a new 15,939 sq. ft. animal care center "Pooch Hotel" in an existing 3 story building at 230 East Ave; converting a former fitness center into 150 overnight suites for dogs with dog daycare and grooming services. Norwalk Inn announced the opening of its newly renovated 11 room historic building at 93 East Avenue and has started work on a new third floor addition to the existing hotel that will add another 44 rooms. Summerview Square, a multifamily development located at Jefferson and West Main Street, is putting the finishing touches on its final phase which will add another 32 units. Shelter Development received Commission approval for a proposed 90 unit congregate housing and assisted living facility at 162 New Canaan Avenue, which is scheduled to begin construction in 2014. Trinity Washington Village Partnership is working with the Norwalk Housing Authority on plans to rebuild the aging 136 unit Washington Village with a new 273 unit mixed income development on 3 parcels along Day and Water Streets. The application is scheduled to go to public hearing later this year.

Under the new management of Marcus Partners, Merritt 7 Corporate Park continues to provide Class A office space to quality corporate tenants including FactSet Research Systems, Emcor Group and the Financial Accounting Foundation, some of the nation's largest corporations. The adjacent Towers at Merritt with 650,000 square feet of Class A office space counts Xerox Corporation, Hewitt Associates, Diageo PLC and General Electric Capital among its corporate tenants. A new proposal, currently in the planning stages, to construct a multifamily development on the site of an existing parking lot just north of the Merritt Parkway, would add 132 high-end residential units to complement these corporate development parks.

The Planning Commission continues to implement the recommendations contained in its 2008 Plan of Conservation and Development for Norwalk. The Plan's vision for new transit-oriented green development with active street level uses and upper floor housing located near existing MetroNorth transportation facilities is coming to fruition with the construction of 20 North Water St and 99 Washington

St, both located just 2 blocks from the South Norwalk Railroad Station. Capital budget funds have been allocated to implement several of the recommended improvements in the Pedestrian and Bikeway Transportation Plan which will create a more walkable community and a system of bikeways over the next decade. Norwalk's historic character is being preserved as plans evolve for the preservation of the Silvermine Tavern on Perry Avenue with new uses. The Tavern is located in the new Silvermine Tavern Village District adopted in 2008.

Given the activity emanating from the above developments, Norwalk will see steady growth continue into 2014. Over the past few years, the number of zoning permits issued has increased gradually, an indicator that development will continue to trend in a positive direction. To date this year, there were more zoning permits issued than for any similar period in the past 22 years – 8% more than the previous record in 2005. This continues the 25 month trend of monthly zoning permits surpassing the 22 year average.

### RELEVANT FINANCIAL POLICIES

The City has a long-term financial plan in its capital program. A five year program for infrastructure capital improvements is updated annually. The plan identifies anticipated funding sources. The City confines long-term borrowing primarily to capital improvements and capital projects financed through the issuance of bonds that will be financed for a period not to exceed the useful life of the project. In addition the City projects its operating budget for 3 years as well as anticipates its debt service and pension costs for multiple years.

Two of the major drivers of the City Budget have been medical insurance costs for both current and retired employees and contributions to Pension Plans. The City Policy has included controlling these costs as part of negotiated contracts. During the 2012-13 Fiscal Year, three settled union agreements had current employees for the first time contributing towards insurance and new employees getting a fixed allowance when they retire. Fiscal Year 2012-13 was the first year that new employees that would have previously been in the Municipal Employees Pension Defined Benefit plan are now in a defined contribution plan where both the City and employee contribute 5% the employee's salary. The plan was effective July 1, 2012 with first contributions plus retroactive contributions starting July 1, 2013. These are steps to control these significant costs.

In another effort to control costs, the budget formulation message to departments for the last 4 budget cycles has stated that no additional programs will be considered unless there are projected revenues to cover them. The effect of this policy will be to lower future years operating costs in the short and long-term.

### AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Norwalk for its comprehensive annual financial report for the fiscal year ended June 30, 2012. 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 22 consecutive years (fiscal years 1991 through 2012). We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

The preparation of this report could not have been accomplished without the hard work and dedication of the Finance Department staff and the members of other departments who assisted in its compilation. Their invaluable assistance made the preparation of this report an easier task. I would also like to thank McGladrey LLP our independent auditors, for their guidance and many helpful comments and suggestions both during the preparation of this report and throughout the year.

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

Respectfully Submitted,

A handwritten signature in cursive script that reads "Thomas S. Hamilton". The signature is written in black ink and is positioned below the text "Respectfully Submitted,".

Thomas S. Hamilton  
Director of Finance



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

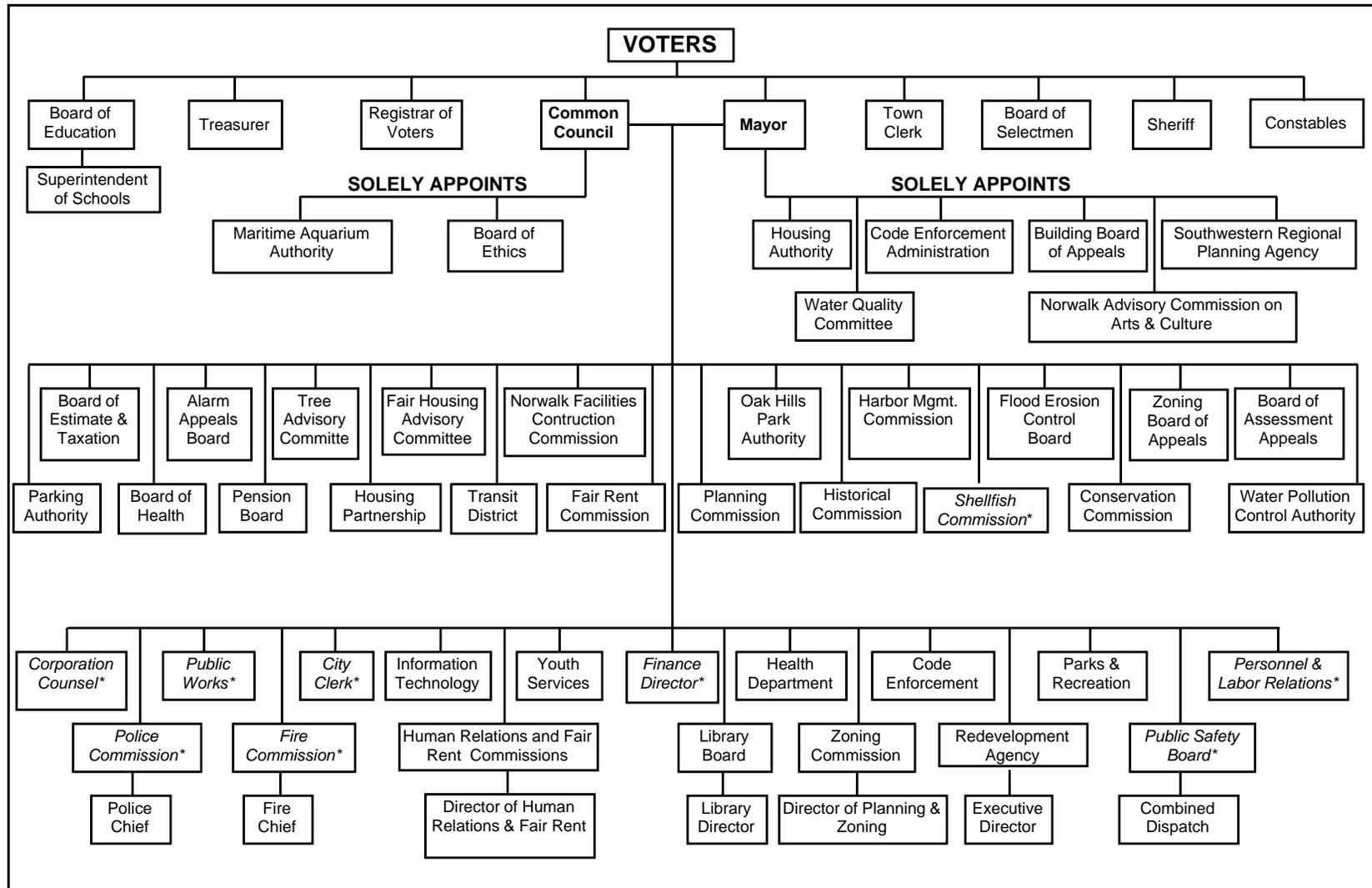
**City of Norwalk  
Connecticut**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2012**

Executive Director/CEO

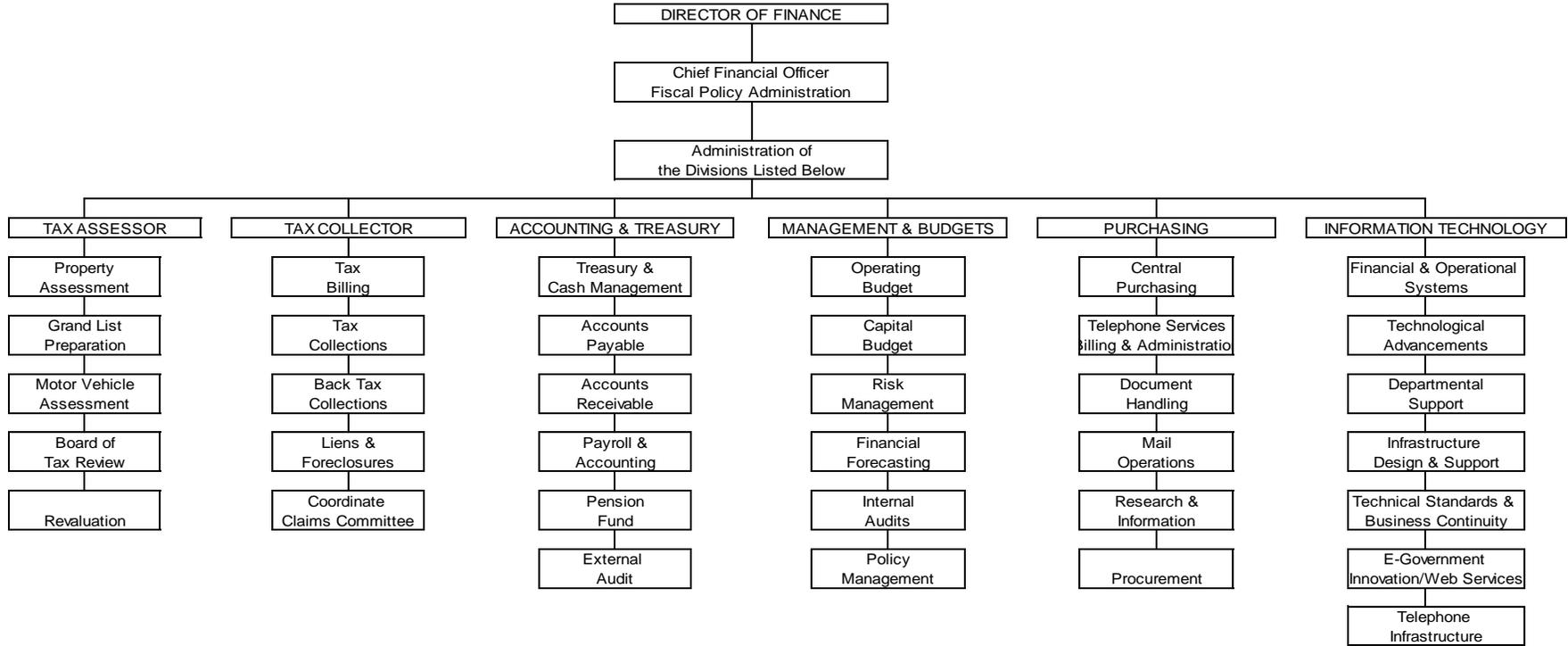
# CITY OF NORWALK GOVERNMENT ORGANIZATION



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

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

# FINANCE DEPARTMENT



**CITY OF NORWALK, CONNECTICUT**

**PRINCIPAL CITY OFFICIALS**

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<b>OFFICE</b>	<b>NAMES</b>	<b>SELECTION/TERM</b>
Mayor	Richard A. Moccia	Elected - 2 Years
Director of Finance	Thomas S. Hamilton	Appointed - Indefinite
Superintendent of Schools	Manuel Rivera	Appointed - Indefinite
Corporation Counsel	Robert Maslan	Appointed - 2 Years

**MEMBERS OF COMMON COUNCIL**

---

	Douglas E. Hempstead President	
	Michelle Maggio Majority Leader	
	David A. Watts Minority Leader	
Fred A. Bondi	Bruce I. Kimmel	Michael K. Geake
Sarah Mann	Annapuma K. Duleep	Jerry E. Petrini
Warren A. Peña	Carvin J. Hilliard	Nicholas D. Kydes
John E. Igneri	Matthew T. Miklave	David T. McCarthy

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

---

Erik T. Anderson	James Feigenbaum
John Federici	James C. Clark
Michael Kolman	Friedrich N. Wilms

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**Financial Section**





## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Norwalk, Connecticut (the "City") as of and for the fiscal year ended June 30, 2013, and the related notes thereto which collectively comprise the City's basic financial statements as listed in the table of content.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our audit opinions.

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Norwalk, Connecticut as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management Discussion and Analysis on pages 3–9, the schedules of funding progress and employers contributions on pages 57-61 and budgetary comparison information on pages 63-68 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and other schedules and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying combining and individual fund financial statements and other schedules are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying combining and individual fund financial statements and other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections, as listed in the table of contents, have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2013 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*McGladrey LLP*

New Haven, Connecticut  
December 30, 2013

## **MANAGEMENT'S DISCUSSION AND ANALYSIS- *Unaudited***

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

### **FINANCIAL HIGHLIGHTS**

- The City's net position increased by \$16.9 million or 4.6 %. The governmental net position increased by \$12.7 million or 4.6% and the business-type net position increased by \$4.2 million or 4.5%.
- The General Fund (the primary operating fund) reflected on a current financial resource basis, reports an increase of \$2.3 million or 7.3%.

### **USING THIS ANNUAL REPORT**

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

#### **Government-Wide Financial Statements**

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

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

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

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

#### **Fund Financial Statements**

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

The Governmental Major Funds (see pages 13 – 14) are presented on a sources and uses of liquid resources basis. This is the manner in which the financial plan is typically developed. The flow and availability of liquid resources is a clear and appropriate focus of any analysis of a government. Funds are

established for various purposes and the Fund Financial Statement allows the demonstration of sources and uses and/or budgeting compliance associated therewith.

The Governmental Funds Total column requires a reconciliation because of the different measurement focus (current financial resources versus total economic resources) (see page 15). The flow of current financial resources will reflect bond proceeds and interfund transfers as other financial sources as well as capital expenditures and bond principal payments as expenditures. The reconciliation will eliminate these transactions and incorporate the capital assets and long-term obligation (bonds and others) into the Governmental Activities column (in the Government-wide statements).

The Fund Financial Statements also allow the government to address its Fiduciary (or Trust) Funds (see pages 19 – 20) summarized by type (pension, private purpose trusts and agency). While these Funds represent trust responsibilities of the government, these assets are restricted in purpose and do not represent discretionary assets of the government. Therefore, these assets are not presented as part of the Government-Wide Financial Statements.

### Infrastructure Assets

The City has implemented GASB Statement No. 34 including reporting of all capitalized infrastructure owned by the City. This includes the government's largest group of assets (infrastructure – roads, bridges, traffic signals, underground pipes, etc). This statement requires that these assets be valued and reported within the Governmental column of the Government-wide Statements. Additionally, the government must elect to either (a) depreciate these assets over their estimated useful life or (b) develop a system of asset management designed to maintain the service delivery potential to near perpetuity. The City has elected to depreciate these assets which should assist financial statement users in evaluating a local government and its performance over time.

## GOVERNMENT-WIDE STATEMENT

### Summary Net Position

**Table 1**  
**Summary Statement of Net Position (In Thousands)**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total Government</b>	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 134,273	\$ 119,831	\$ 19,127	\$ 12,905	\$ 153,400	\$ 132,736
Capital assets	490,269	472,988	141,245	142,300	631,514	615,288
<b>Total assets</b>	<b>624,542</b>	<b>592,819</b>	<b>160,372</b>	<b>155,205</b>	<b>784,914</b>	<b>748,024</b>
Current and other liabilities	49,083	53,590	9,012	27,273	58,095	80,863
Noncurrent liabilities	283,798	260,277	54,457	37,266	338,255	297,543
<b>Total liabilities</b>	<b>332,881</b>	<b>313,867</b>	<b>63,469</b>	<b>64,539</b>	<b>396,350</b>	<b>378,406</b>
Net position:						
Net Investment in capital assets	284,792	274,568	84,119	83,057	368,911	357,625
Restricted	353	1,186	-	-	353	1,186
Unrestricted	6,516	3,198	12,784	9,606	19,300	12,804
<b>Total net position</b>	<b>\$ 291,661</b>	<b>\$ 278,952</b>	<b>\$ 96,903</b>	<b>\$ 92,663</b>	<b>\$ 388,564</b>	<b>\$ 371,615</b>

For more detailed information see the Statement of Net Position (page 11).

### **Normal Impacts**

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

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

**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 position 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 position and increase invested in capital assets, net of debt.

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

## Current Impacts

The major impacts to Net Position in governmental activities was the issuance of \$24.0 million of new debt and the construction on major capital projects this year. The other major impacts were \$15.7 million of principal on debt paid this year and \$9.9 million of depreciation on fixed assets. The major impacts to Net Position in business-type activities was the issuance of \$2 million of new debt, \$4.0 million principal paid on debt this year and \$3.8 million of depreciation on fixed assets.

### Summary of Changes in Net Position

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

<b>Table 2</b>						
<b>Summary Statement of Activities (In Thousands)</b>						
	<b>Governmental</b>		<b>Business-Type</b>		<b>Total</b>	
	<b>Activities</b>		<b>Activities</b>		<b>Government</b>	
	2013	2012	2013	2012	2013	2012
<b>REVENUES</b>						
<b>Program Revenues:</b>						
Charge for services	\$ 23,779	\$ 18,641	\$ 20,175	\$ 19,865	\$ 43,954	\$ 38,506
Operating grants and contributions	52,804	53,899	-	-	52,804	53,899
Capital grants and contributions	7,515	5,122	1,032	5,991	8,547	11,113
<b>General Revenues:</b>						
General property, taxes and assessments	269,014	260,827	-	-	269,014	260,827
Interest income	580	1,645	(20)	215	560	1,860
Miscellaneous	1,884	-	-	-	1,884	-
Other general revenues	7,392	5,930	-	135	7,392	6,065
<b>Total revenues</b>	<b>362,968</b>	<b>346,064</b>	<b>21,187</b>	<b>26,206</b>	<b>384,155</b>	<b>372,270</b>
<b>EXPENSES</b>						
<b>Program Activities Primary Government:</b>						
<b>Governmental Activities:</b>						
General government	13,758	14,301	-	-	13,758	14,301
Education	230,695	225,079	-	-	230,695	225,079
Public safety	48,459	46,257	-	-	48,459	46,257
Health and welfare	4,001	4,266	-	-	4,001	4,266
Public Works	34,531	33,984	-	-	34,531	33,984
Recreation, arts and cultural	9,459	9,463	-	-	9,459	9,463
Debt service	9,356	10,605	-	-	9,356	10,605
	<b>350,259</b>	<b>343,955</b>	<b>-</b>	<b>-</b>	<b>350,259</b>	<b>343,955</b>
<b>Business-Type Activities:</b>						
Parking Authority	-	-	5,595	5,422	5,595	5,422
Water Pollution Control Authority	-	-	11,352	10,789	11,352	10,789
	<b>-</b>	<b>-</b>	<b>16,947</b>	<b>16,211</b>	<b>16,947</b>	<b>16,211</b>
<b>Total expenses</b>	<b>350,259</b>	<b>343,955</b>	<b>16,947</b>	<b>16,211</b>	<b>367,206</b>	<b>360,166</b>
<b>Increase in net position</b>	<b>12,709</b>	<b>2,109</b>	<b>4,240</b>	<b>9,995</b>	<b>16,949</b>	<b>12,104</b>
<b>Net Position, beginning</b>	<b>278,952</b>	<b>276,843</b>	<b>92,663</b>	<b>82,668</b>	<b>371,615</b>	<b>359,511</b>
<b>Net Position, ending</b>	<b>\$ 291,661</b>	<b>\$ 278,952</b>	<b>\$ 96,903</b>	<b>\$ 92,663</b>	<b>\$ 388,564</b>	<b>\$ 371,615</b>

## Normal Impacts

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

### Revenues:

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

**Changing Patterns in Intergovernmental and Grant Revenue (both recurring and non-recurring)**– certain recurring revenues may experience significant changes periodically while non-

recurring (or one-time) grants are less predictable and often distorting in their impact on year to year comparisons.

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

**Expenses:**

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

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

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

**Current Impacts**

The major revenue impact in governmental activities was an increase in property tax measures in collecting delinquent taxes. The major impact on expenses was an increase in expenditures in the Education cluster due to the State of Connecticut contributing \$4.1 million addition for City teachers in a defined benefit plan and the remainder due to increases in salaries and fringe benefits. The other impacts included \$3.2 million in employee benefits for increases in non-education health insurance and capital outlay increases in accordance with capital long range plans. Major impacts in revenue and expenses in business-type activities included both the Water Pollution Control Authority and Parking Authority being able to collect revenues and control expenses.

**THE CITY FUNDS**

**General Fund**

*Comparing Fiscal Year 2013 to Fiscal Year 2012*

As of the year-end, the General Fund (as presented on the Schedule of General Fund Expenditures, Encumbrances and Transfers Out – Budget Basis – Budget and Actual on pages 64 to 67) has \$1.5 million more in actual revenues than expenditures. The impact of revenue against expenditures was minimal compared to the size of budget.

*Comparing Original Budget to Final Budget*

As of the year-end, the General Fund (as presented on the Schedule of General Fund Expenditures, Encumbrances and Transfers Out – Budget Basis – Budget and Actual on pages 64 to 67) there was no significant change in revenues. The expenditure budget changes were in three main areas. The tax assessor was increased due to tax revaluation; Parks and Recreation and Public Works were increased due to FEMA reimbursements and Education was increased to assist in funding their costs in the Insurance Fund.

*Comparing Final Budget to Actual Results*

As of the year-end, the General Fund (as presented on the Schedule of General Fund Expenditures, Encumbrances and Transfers Out – Budget Basis – Budget and Actual on pages 64 to 67). There were no significant revenue variances. Actual expenditures were \$3.6 million less than the final budget. A significant difference was caused in Education. Almost all of the variance is Assigned Fund Balance for future year expenditures.

**Capital Projects Fund**

*Comparing Fiscal Year 2013 to Fiscal Year 2012*

As of the year-end, the Capital Projects Fund (as presented on the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds on page 14) major impacts were Intergovernmental Revenues for redevelopment and public works projects from the state, issuance of

bonds, and expenditures mainly for redevelopment, New Fire Headquarters, parks and public works projects.

### Water Pollution Control Authority

*Comparing Fiscal Year 2013 to Fiscal Year 2012*

As of the year-end, the Water Pollution Control Authority (as presented on the Statement of Revenues, Expenses, and Changes in Net Position (Deficits) – Proprietary Funds on page 17) reported fund net position of \$77.7 million which is \$4.3 million more than the beginning of the year. Major impacts was capital construction at the Wastewater Treatment Plan.

### Parking Authority

*Comparing Fiscal Year 2013 to Fiscal Year 2012*

As of the year-end, the Parking Authority (as presented on the Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds on page 17) reported a fund net position of \$19.2 million which is \$.1 million less than the beginning of the year (\$19.3 million). There were no major impacts.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

As of year-end, the City had \$631.5 million invested in a variety of capital assets, as reflected in the following schedule:

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

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
Land	\$ 23,629,897	\$ 4,838,762	\$ 28,468,659
Construction in Progress	12,668,789	-	12,668,789
Land Improvements	8,188,082	30,621	8,218,703
Machinery and Equipment	13,906,565	631,624	14,538,189
Buildings and Improvements	243,796,097	121,722,021	365,518,118
Infrastructure	188,079,604	14,021,560	202,101,164
<b>Total</b>	<b>\$ 490,269,034</b>	<b>\$ 141,244,588</b>	<b>\$ 631,513,622</b>

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

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
Beginning balance	\$ 472,988	\$ 142,300	\$ 615,288
Additions/transfers	27,235	2,740	29,975
Disposals/transfers	(6)	-	(6)
Depreciation	(9,948)	(3,795)	(13,743)
<b>Total</b>	<b>\$ 490,269</b>	<b>\$ 141,245</b>	<b>\$ 631,514</b>

Major capital activity during the year was for a various Capital Improvements. Capital Assets are presented in more detail in Note 5.

## Debt Outstanding

As of year-end, the City had \$276.8 million in debt (bonds, notes, etc.) outstanding compared to the \$250.2 million last year, a 10.6% net decrease (considering new borrowing and debt retirement). The following summarizes Outstanding Debt which is presented in more detail in Note 6.

During the year the City issued \$26.0 million in new General Obligation Bonds to finance school and infrastructure improvements. The City has a AAA from Fitch Investors Service and Standard and Poors. The Moody's Investors Services rating is Aaa.

During the year, the City issued \$18,985,000 of General Obligation Refunding Bonds with an average interest rate of 2.35%, of which the proceeds were used to advance refund portions of the outstanding principal amounts of the general obligation bonds of the City dated 2008 and 2009.

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

	<u>2013</u>	<u>2012</u>
<b>Governmental:</b>		
General obligation bonds	\$ 215,869	\$ 208,705
	<u>215,869</u>	<u>208,705</u>
<b>Business-Type:</b>		
Parking Authority-general obligation bonds	10,296	10,930
Water Pollution Control Authority - general obligation bonds and Clean Water Fund notes	50,600	30,552
	<u>60,896</u>	<u>41,482</u>
<b>Total</b>	<u>\$ 276,765</u>	<u>\$ 250,187</u>

## ECONOMIC FACTORS

The unemployment rate for Norwalk was 6.8%, up from 6.6% a year ago. This compares favorably to the state rate of 8.2% and national rate of 7.8%.

Norwalk's income stream is stable because it relies mainly on property taxes and has a diverse tax base. The City constantly monitors the stock market and its effect on future pension contributions and Intergovernmental Revenue due to the effect economic recession.

## REQUEST FOR INFORMATION

The City's financial statements are designed to present users (citizens, taxpayers, customers, investors and creditors) with a general overview of the City's finances and to demonstrate the City's accountability. If you have questions about the report or need additional financial information, contact the City's Finance Director on the 2nd floor of City Hall, 125 East Avenue, PO Box 5125, Norwalk, Connecticut 06856-5125.

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## **Basic Financial Statements**



CITY OF NORWALK, CONNECTICUT

STATEMENT OF NET POSITION

June 30, 2013

	Governmental Type Activities	Business-Type Activities	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 45,787,588	\$ 4,588,282	\$ 50,375,870
Investments	49,114,625	10,457,405	59,572,030
Receivables, net of allowances for collection losses:			
Property taxes, net	5,311,067	-	5,311,067
Charges, net	-	279,841	279,841
Accounts, net	1,710,450	30,287	1,740,737
Federal and state governments	3,229,681	-	3,229,681
Inventories and prepaids	556,407	-	556,407
Deferred charges	1,101,396	-	1,101,396
Net pension asset	75,886	-	75,886
Advances to taxing districts	11,941,262	-	11,941,262
Restricted cash	15,444,391	3,771,066	19,215,457
Capital assets, not being depreciated	36,298,686	4,838,762	41,137,448
Capital assets, net of accumulated depreciation	453,970,348	136,405,826	590,376,174
<b>Total assets</b>	<b>624,541,787</b>	<b>160,371,469</b>	<b>784,913,256</b>
<b>Liabilities</b>			
Accounts payable and accruals	31,913,495	2,104,317	34,017,812
Unearned revenue	17,169,713	467,685	17,637,398
Long-term liabilities:			
Advances to taxing districts	11,941,262	-	11,941,262
Due within one year	30,249,891	6,439,037	36,688,928
Due in more than one year	241,606,922	54,456,799	296,063,721
<b>Total liabilities</b>	<b>332,881,283</b>	<b>63,467,838</b>	<b>396,349,121</b>
<b>Net Position</b>			
Net investment in capital assets	284,791,646	84,119,818	368,911,464
Restricted:			
General government	183,827	-	183,827
Public safety	20,910	-	20,910
Health and welfare	24,112	-	24,112
Public works	68,692	-	68,692
Machine operations	8,992	-	8,992
Education	43,562	-	43,562
Community grants	2,637	-	2,637
Unrestricted	6,516,126	12,783,813	19,299,939
<b>Total net position</b>	<b>\$ 291,660,504</b>	<b>\$ 96,903,631</b>	<b>\$ 388,564,135</b>

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

CITY OF NORWALK, CONNECTICUT

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2013

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ (13,757,729)	\$ 7,938,230	\$ 1,416,937	\$ -	\$ (4,402,562)	\$ -	\$ (4,402,562)
Education	(230,695,179)	1,280,001	48,034,073	-	(181,381,105)	-	(181,381,105)
Public Safety	(48,458,761)	479,840	-	-	(47,978,921)	-	(47,978,921)
Health and welfare	(4,001,391)	596,997	3,353,122	-	(51,272)	-	(51,272)
Public Works	(34,530,687)	12,621,674	-	7,514,541	(14,394,472)	-	(14,394,472)
Recreation, arts and cultural	(9,459,007)	862,294	-	-	(8,596,713)	-	(8,596,713)
Interest on debt	(9,355,588)	-	-	-	(9,355,588)	-	(9,355,588)
<b>Total governmental activities</b>	<b>(350,258,342)</b>	<b>23,779,036</b>	<b>52,804,132</b>	<b>7,514,541</b>	<b>(266,160,633)</b>	<b>-</b>	<b>(266,160,633)</b>
Business-type activities:							
Parking Authority	(5,592,846)	5,510,814	-	-	-	(82,032)	(82,032)
Water Pollution Control Authority	(11,374,179)	14,664,481	-	1,032,097	-	4,322,399	4,322,399
<b>Total business-type activities</b>	<b>(16,967,025)</b>	<b>20,175,295</b>	<b>-</b>	<b>1,032,097</b>	<b>-</b>	<b>4,240,367</b>	<b>4,240,367</b>
Total primary government	\$ (367,225,367)	\$ 43,954,331	\$ 52,804,132	\$ 8,546,638	(266,160,633)	4,240,367	(261,920,266)
General revenues:							
Property taxes					269,014,099	-	269,014,099
Grants and contributions not restricted to specific programs					7,391,392	-	7,391,392
Miscellaneous					1,883,677	-	1,883,677
Unrestricted investment earnings					580,202	-	580,202
Total general revenues					278,869,370	-	278,869,370
Change in net position					12,708,737	4,240,367	16,949,104
Net position - beginning					278,951,767	92,663,264	371,615,031
Net position - ending					\$ 291,660,504	\$ 96,903,631	\$ 388,564,135

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

CITY OF NORWALK, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2013

	Major Funds			Total Governmental Funds
	General	Capital Projects Fund	Nonmajor Governmental Funds	
<b>Assets</b>				
Cash and cash equivalents	\$ 44,369,857	\$ (4,835,840)	\$ 2,149,117	\$ 41,683,134
Restricted cash	-	15,444,391	-	15,444,391
Investments	23,304,372	12,805,325	2,404,270	38,513,967
Receivables (net of allowances for collection losses):				
Property taxes	5,272,640	38,427	-	5,311,067
Accounts receivable	13,480,885	-	83,048	13,563,933
State and federal governments	572,001	1,419,604	1,238,076	3,229,681
Inventories and prepaids	1,615	-	37,616	39,231
<b>Total assets</b>	<b>\$ 87,001,370</b>	<b>\$ 24,871,907</b>	<b>\$ 5,912,127</b>	<b>\$ 117,785,404</b>
<b>Liabilities</b>				
Accounts payable	\$ 20,419,866	\$ 4,751,848	\$ 1,584,502	\$ 26,756,216
Unearned revenues	14,323,394	880,669	1,965,650	17,169,713
Deferred revenues	6,882,796	38,427	-	6,921,223
Advances to taxing districts	11,941,262	-	-	11,941,262
<b>Total liabilities</b>	<b>53,567,318</b>	<b>5,670,944</b>	<b>3,550,152</b>	<b>62,788,414</b>
<b>Fund balances</b>				
Nonspendable	1,615	-	37,616	39,231
Restricted	-	15,444,391	353,055	15,797,446
Committed	-	3,756,572	1,135,445	4,892,017
Assigned	3,681,569	-	836,185	4,517,754
Unassigned	29,750,868	-	(326)	29,750,542
Total fund balances	33,434,052	19,200,963	2,361,975	54,996,990
<b>Total liabilities and fund balances</b>	<b>\$ 87,001,370</b>	<b>\$ 24,871,907</b>	<b>\$ 5,912,127</b>	

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

Capital assets, net of accumulated depreciation purchased in governmental funds are reported as expenditures, however, the statement of net position includes those capital assets among the assets of the City as a whole.	490,269,034
Deferred charges	1,101,396
Net pension asset	75,886
Deferred revenues are not available and therefore not recognized in the funds.	6,921,223
Accrued interest is not reported in the funds	(4,634,171)
Internal service funds are used by management to charge the costs of risk management to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	(1,052,111)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(256,017,743)

Net position of governmental activities

\$ 291,660,504

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

CITY OF NORWALK, CONNECTICUT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2013

	Major Funds			Total Governmental Funds
	General	Capital Projects Fund	Nonmajor Governmental Funds	
<b>REVENUES</b>				
Property taxes, interest and liens	\$ 267,975,776	\$ 10,707	\$ -	\$ 267,986,483
Intergovernmental	19,941,776	7,412,541	21,572,957	48,927,274
State on-behalf payments	18,672,017	-	-	18,672,017
Licenses, permits, fees and other	12,145,910	102,000	13,525,577	25,773,487
Interest	206,249	8,487	-	214,736
<b>Total revenues</b>	<b>318,941,728</b>	<b>7,533,735</b>	<b>35,098,534</b>	<b>361,573,997</b>
<b>EXPENDITURES</b>				
Current:				
General government	8,628,445	-	349,377	8,977,822
Health and welfare	1,941,562	-	1,592,339	3,533,901
Education	174,748,185	-	21,628,769	196,376,954
Employee benefits	38,482,031	-	-	38,482,031
Public safety	40,305,277	-	5,799	40,311,076
Community grants	1,721,983	-	1,322,617	3,044,600
Public works	17,213,907	4,400,000	524,621	22,138,528
Recreation, arts and culture	7,956,793	-	322,358	8,279,151
Maritime Center operations	-	-	8,659,949	8,659,949
Capital outlay	-	28,690,439	-	28,690,439
Debt service:				
Principal	15,660,999	-	-	15,660,999
Interest	10,145,821	235,178	-	10,380,999
<b>Total expenditures</b>	<b>316,805,003</b>	<b>33,325,617</b>	<b>34,405,829</b>	<b>384,536,449</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>2,136,725</b>	<b>(25,791,882)</b>	<b>692,705</b>	<b>(22,962,452)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of debt	-	24,000,000	-	24,000,000
Issuance of refunding debt	16,006,840	-	-	16,006,840
Premium on bond issuance	2,003,486	154,289	-	2,157,775
Payments to escrow	(17,859,449)	-	-	(17,859,449)
<b>Total other financing sources (uses)</b>	<b>150,877</b>	<b>24,154,289</b>	<b>-</b>	<b>24,305,166</b>
<b>Net change in fund balances</b>	<b>2,287,602</b>	<b>(1,637,593)</b>	<b>692,705</b>	<b>1,342,714</b>
<b>FUND BALANCES, beginning</b>	<b>31,146,450</b>	<b>20,838,556</b>	<b>1,669,270</b>	<b>53,654,276</b>
<b>FUND BALANCES, ending</b>	<b>\$ 33,434,052</b>	<b>\$ 19,200,963</b>	<b>\$ 2,361,975</b>	<b>\$ 54,996,990</b>

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

CITY OF NORWALK, CONNECTICUT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2013

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

Net change in fund balances – total governmental funds	\$ 1,342,714
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.	17,281,098
Change in net pension asset	1,085
Changes in deferred revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	1,027,616
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 position. 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.	(7,645,321)
Changes in some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds at the time the liability is incurred.	(2,070,607)
The net revenue (expense) of certain activities of internal service funds is reported with governmental activities.	<u>2,772,152</u>
Change in net position of governmental activities	<u>\$ 12,708,737</u>

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

CITY OF NORWALK, CONNECTICUT

STATEMENT OF NET POSITION (DEFICIT) - PROPRIETARY FUNDS

June 30, 2013

	Business-Type Activities - Enterprise Funds			Governmental
	Water Pollution			Activities
	Control Authority	Parking Authority	Totals	Internal Service Fund
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 4,471,593	\$ 116,689	\$ 4,588,282	\$ 4,104,454
Charges receivable, net	279,841	-	279,841	-
Other receivables	28,513	1,774	30,287	87,779
Investments	9,774,676	682,729	10,457,405	10,600,658
Prepays	-	-	-	517,176
<b>Total current assets</b>	<b>14,554,623</b>	<b>801,192</b>	<b>15,355,815</b>	<b>15,310,067</b>
Restricted cash	3,232,314	538,752	3,771,066	-
Capital assets, net	112,415,160	28,829,428	141,244,588	-
<b>Total noncurrent assets</b>	<b>115,647,474</b>	<b>29,368,180</b>	<b>145,015,654</b>	<b>-</b>
<b>Total assets</b>	<b>130,202,097</b>	<b>30,169,372</b>	<b>160,371,469</b>	<b>15,310,067</b>
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Current maturities of bonds and notes payable	5,681,050	757,987	6,439,037	-
Accounts payable and accrued liabilities	1,575,570	528,747	2,104,317	523,108
Claims payable	-	-	-	4,853,385
Unearned revenue	350,821	116,864	467,685	-
<b>Total current liabilities</b>	<b>7,607,441</b>	<b>1,403,598</b>	<b>9,011,039</b>	<b>5,376,493</b>
<b>LONG-TERM LIABILITIES</b>				
Bonds and notes payable	44,918,479	9,538,320	54,456,799	-
Claims payable	-	-	-	10,985,685
<b>Total long-term liabilities</b>	<b>44,918,479</b>	<b>9,538,320</b>	<b>54,456,799</b>	<b>10,985,685</b>
<b>Total liabilities</b>	<b>52,525,920</b>	<b>10,941,918</b>	<b>63,467,838</b>	<b>16,362,178</b>
<b>NET POSITION (DEFICIT)</b>				
Net investment in capital assets	65,047,945	19,071,873	84,119,818	-
Unrestricted (Deficit)	12,628,232	155,581	12,783,813	(1,052,111)
<b>Total net position (Deficit)</b>	<b>\$ 77,676,177</b>	<b>\$ 19,227,454</b>	<b>\$ 96,903,631</b>	<b>\$ (1,052,111)</b>

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

CITY OF NORWALK, CONNECTICUT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN  
NET POSITION (DEFICIT) - PROPRIETARY FUNDS

For the Year Ended June 30, 2013

	Business-Type Activities - Enterprise Funds			Governmental
	Water Pollution			Activities
	Control Authority	Parking Authority	Totals	Internal Service Fund
<b>OPERATING REVENUES</b>				
City and member's contributions	\$ -	\$ -	\$ -	\$ 48,694,408
Charges for services	14,664,481	5,510,814	20,175,295	-
<b>Total operating revenues</b>	<b>14,664,481</b>	<b>5,510,814</b>	<b>20,175,295</b>	<b>48,694,408</b>
<b>OPERATING EXPENSES</b>				
Administrative and operations	6,930,578	3,981,592	10,912,170	845,858
Depreciation	2,845,010	951,225	3,796,235	-
Salaries, benefits and claims	639,867	237,815	877,682	45,441,864
<b>Total operating expenses</b>	<b>10,415,455</b>	<b>5,170,632</b>	<b>15,586,087</b>	<b>46,287,722</b>
<b>Operating income</b>	<b>4,249,026</b>	<b>340,182</b>	<b>4,589,208</b>	<b>2,406,686</b>
<b>NONOPERATING INCOME (EXPENSE)</b>				
Investment income	(21,923)	1,828	(20,095)	365,466
Interest expense	(936,801)	(424,042)	(1,360,843)	-
<b>Total nonoperating income (expense)</b>	<b>(958,724)</b>	<b>(422,214)</b>	<b>(1,380,938)</b>	<b>365,466</b>
<b>Net income (loss) before contributions</b>	<b>3,290,302</b>	<b>(82,032)</b>	<b>3,208,270</b>	<b>2,772,152</b>
Capital contributions	1,032,097	-	1,032,097	-
<b>Change in net position</b>	<b>4,322,399</b>	<b>(82,032)</b>	<b>4,240,367</b>	<b>2,772,152</b>
<b>FUND NET POSITION (DEFICIT), beginning</b>	<b>73,353,778</b>	<b>19,309,486</b>	<b>92,663,264</b>	<b>(3,824,263)</b>
<b>FUND NET POSITION (DEFICIT), ending</b>	<b>\$ 77,676,177</b>	<b>\$ 19,227,454</b>	<b>\$ 96,903,631</b>	<b>\$ (1,052,111)</b>

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

## CITY OF NORWALK, CONNECTICUT

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS  
For the Year Ended June 30, 2013

	Business-Type Activities - Enterprise Funds			Governmental
	Water Pollution Control Authority	Parking Authority	Totals	Internal Service Fund
<b>Cash Flows From Operating Activities</b>				
Receipts from customers and users	\$ 14,452,454	\$ 5,007,492	\$ 19,459,946	\$ 48,663,352
Payments to suppliers	(7,452,778)	(3,707,825)	(11,160,603)	-
Payments to employees/claims paid	(638,975)	(237,696)	(876,671)	(44,527,299)
<b>Net cash provided by operating activities</b>	<b>6,360,701</b>	<b>1,061,971</b>	<b>7,422,672</b>	<b>4,136,053</b>
<b>Cash Flows From Capital and Related Financing Activities</b>				
Principal payments on debt	(23,407,758)	(580,341)	(23,988,099)	-
Debt refunding	(2,016,000)	(1,116,449)	(3,132,449)	-
Interest paid on debt	(713,519)	(430,751)	(1,144,270)	-
Proceeds from notes payable	25,712,845	1,063,160	26,776,005	-
Purchase of property and equipment	(1,158,739)	(133,948)	(1,292,687)	-
<b>Net cash used in capital and related financing activities</b>	<b>(1,583,171)</b>	<b>(1,198,329)</b>	<b>(2,781,500)</b>	<b>-</b>
<b>Cash Flows From Investing Activities</b>				
Purchase of investments	(12,642,856)	(883,062)	(13,525,918)	(2,697,327)
Sale of investments	8,740,466	877,067	9,617,533	1,108,982
Investment income (expense)	(21,923)	1,828	(20,095)	365,466
<b>Net cash used in investing activities</b>	<b>(3,924,313)</b>	<b>(4,167)</b>	<b>(3,928,480)</b>	<b>(1,222,879)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>853,217</b>	<b>(140,525)</b>	<b>712,692</b>	<b>2,913,174</b>
<b>Cash and Cash Equivalents</b>				
Beginning	6,850,690	795,966	7,646,656	1,191,280
Ending	<b>\$ 7,703,907</b>	<b>\$ 655,441</b>	<b>\$ 8,359,348</b>	<b>\$ 4,104,454</b>
<b>Reconciliation of Operating Income to Net Cash provided by Operating Activities</b>				
Operating income	\$ 4,249,026	\$ 340,182	\$ 4,589,208	\$ 2,406,686
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	2,845,010	951,225	3,796,235	-
Changes in assets and liabilities:				
Increase in charges receivable	(41,914)	-	(41,914)	(31,057)
Increase (decrease) in other receivables	22,706	(503,322)	(480,616)	-
Decrease in prepaids	-	-	-	(16,750)
(Increase) decrease in accounts payable and accrued expenses	(521,307)	273,886	(247,421)	-
Increase in claims and judgments payable	-	-	-	1,777,174
Decrease in unearned income	(192,820)	-	(192,820)	-
<b>Net cash provided by operating activities</b>	<b>\$ 6,360,701</b>	<b>\$ 1,061,971</b>	<b>\$ 7,422,672</b>	<b>\$ 4,136,053</b>
<b>Noncash Investment Activities</b>				
Net increase in fair value of investments	\$ 120,091	\$ 8,388	\$ 128,479	\$ 42,752
<b>Noncash Financing Activities</b>				
Acquisition and construction of capital assets	\$ 1,447,639	\$ -	\$ 1,447,639	\$ -

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

CITY OF NORWALK, CONNECTICUT

STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS

June 30, 2013

	Trust Funds	Private Purpose Trust Fund	Agency Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 8,700,640	\$ 67,175	\$ 1,576,235
Investments:			
U.S. Government Agency	1,255,223	-	10,173
Corporate bonds	15,750	-	-
Common stock	77,417,894	-	-
Hedge/alternative investments	98,987,739	-	-
Index Funds	50,231,738	-	-
Commingled funds	64,649,285	-	-
Mutual Funds	87,416,313	-	71
Certificates of Deposit	3,080,323	-	24,966
<b>Total investments</b>	<b>383,054,265</b>	<b>-</b>	<b>35,210</b>
Secured lending transactions	11,650,600	-	-
Accounts receivable	134,625	-	-
Prepays	26,474	-	-
<b>Total assets</b>	<b>403,566,604</b>	<b>67,175</b>	<b>1,611,445</b>
<b>LIABILITIES</b>			
Secured lending transactions	11,650,600	-	-
Accounts payable	1,138,459	-	1,611,445
<b>Total liabilities</b>	<b>12,789,059</b>	<b>-</b>	<b>1,611,445</b>
<b>Net Position Held in Trust</b>	<b>\$ 390,777,545</b>	<b>\$ 67,175</b>	<b>\$ -</b>

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

CITY OF NORWALK, CONNECTICUT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -  
FIDUCIARY FUNDS

For the Year Ended June 30, 2013

	Trust Funds	Private Purpose Trust Fund
<b>Additions</b>		
Contributions:		
Employer	\$ 23,464,140	\$ -
Plan members	3,345,204	-
Other	379,201	3,700
<b>Total contributions</b>	<u>27,188,545</u>	<u>3,700</u>
Investment income:		
Interest and dividends	7,389,300	-
Net appreciation in fair value of investments	36,726,519	-
Investment expense	(795,788)	-
<b>Net investment income</b>	<u>43,320,031</u>	<u>-</u>
Securities lending transactions income	34,128	-
Securities lending transactions expense	(1,204)	-
<b>Net investment income - securities lending</b>	<u>32,924</u>	<u>-</u>
<b>Deductions</b>		
Benefits paid	34,103,917	-
General and administrative	1,637,206	21,372
<b>Total deductions</b>	<u>35,741,123</u>	<u>21,372</u>
<b>Net increase (decrease)</b>	34,800,377	(17,672)
<b>Net Position Held in Trust</b>		
Beginning of year	<u>355,977,168</u>	<u>84,847</u>
End of year	<u>\$ 390,777,545</u>	<u>\$ 67,175</u>

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

## CITY OF NORWALK, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS

June 30, 2013

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#### Note 1. Summary of Significant Accounting Policies

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

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

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

#### Reporting entity

Accounting principles generally accepted in the United States of America require that the reporting entity include (1) the primary government, (2) organizations for which the primary government is financially accountable and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The criteria provided in Government Accounting Standards Board Codification, Section 2100, have been considered and as a result, there are no agencies or entities that should be included in the financial statements of the City, other than as discussed below.

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

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

## CITY OF NORWALK, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2013

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#### **Government-wide and Fund Financial Statements**

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

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

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

The City adopted GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, in the current year. The adoption of this Statement changed the presentation of the basic financial statements to a statement of net position format.

The City also adopted GASB Statement 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. GASB 62 incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that are included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure. GASB 62 does not have any impact on the City's financial statements

#### **Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred except for debt service

## CITY OF NORWALK, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2013

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expenditures, as well as expenditures related to compensated absences, pension obligations, claims and judgments, and other post-employment benefits which are recorded only when payment is due (matured).

Property taxes when levied for, intergovernmental revenue when eligibility requirements have been met, licenses, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual (measurable) and so have been recognized as revenues of the current fiscal period, if available. All other revenue items, primarily fees and permits, are measurable and available when cash is received.

The City reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for and reports all financial resources of the general government, except those required to be accounted for in another fund.

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

The City reports the following major proprietary funds:

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

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

Additionally, the City reports the following fund types:

*Special Revenue Funds* account for and report the proceeds of specific revenue sources (other than major capital projects) that are restricted or committed for expenditure for specific activities other than debt service or capital projects.

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

The *Trust Funds* account for the activities of the City's four defined benefit pension plans and its OPEB plan, which accumulate resources for pension and OPEB benefit payments to qualified employees.

The *Private Purpose Trust Fund* accounts for fifteen individual expendable trusts and two individual non-expendable trusts which provide awards and scholarships to students.

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

## **CITY OF NORWALK, CONNECTICUT**

### **NOTES TO FINANCIAL STATEMENTS, Continued** **June 30, 2013**

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As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Proprietary Funds and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

#### **Accounting estimates**

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

#### **Property taxes**

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

#### **Cash equivalents**

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

#### **Investments**

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

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

The Connecticut State Treasurer's Short-Term Investment Fund is an investment pool managed by the State of Connecticut Office of the State Treasurer. Investments must be made in instruments authorized by Connecticut General Statutes 3-27c through 3-27e. Investment guidelines are adopted by the State Treasurer. The fair value of the position in the pool is the same as the value of the pool shares. The balance of the pooled fixed income investments were invested in the Cutwater-Connecticut CLASS Plus, a pool similar to a 2a-7 as defined by GASB 59, which operates under State Statutes. These investments

## CITY OF NORWALK, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2013

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are stated at amortized cost. The value of the position in the pool is the same as the value of the pool shares.

#### Allowance for Doubtful Accounts

Accounts receivable, including property taxes receivable, for the primary government are reported net of an allowance for doubtful accounts, totaling approximately \$1,875,000 which relates to property taxes. The allowance for doubtful accounts represents those accounts which are deemed uncollectible based upon past collection history and an assessment of the creditor's ability to pay.

#### Capital assets

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

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

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

Assets	Years
Buildings	25-50
Land improvements	20
Infrastructure, public domain infrastructure and distribution and collection systems	10-65
Machinery and equipment	5-20
Licensed vehicles	8

Capital assets are reported as expenditures and no depreciation expense is reported in the governmental fund financial statements.

#### Compensated absences

Vacation earned during the City's fiscal year ending June 30 may be taken through the following June of each year. In addition, certain employee groups may accumulate between 55 and 60 days of unused vested sick leave throughout their employment. Certain employee groups are also entitled to severance and longevity benefits. In governmental funds, a liability is recognized when amounts are due as a result of retirement or termination, whereas a liability is recognized as benefits are earned in the government-wide and proprietary fund financial statements. Obligations for accrued compensated absences have typically been liquidated from the general fund.

#### Long-term obligations

In the government-wide financial statements, and proprietary fund type financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities,

## CITY OF NORWALK, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2013

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business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

#### **Risks and uncertainties**

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

#### **Restricted Assets**

At June 30, 2013 the City had approximately \$27,400,000 in restricted assets. The amount relates to unspent bond proceeds, and advances to certain taxing districts. The restricted assets are offset with deferred inflows of resources for unavailable revenue and general obligation bonds, leaving no effect on fund balance in the governmental funds and governmental activities.

#### **Net Position**

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

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

***Restricted Net Position*** – These amounts are restricted to specific purposes when constraints placed on the use of resources are either (a) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislations.

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

#### **Fund Balance**

In the governmental fund financial statements, the City reported the following governmental fund balances:

- **Nonspendable Fund Balance** - These amounts cannot be spent because they are not in spendable form, or because they are legally or contractually required to be maintained intact.

## CITY OF NORWALK, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2013

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- **Restricted Fund Balance** - These amounts are restricted to specific purposes when constraints placed on the use of resources are either (a) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislations.
- **Committed Fund Balance** – This represents amounts constrained for a specific purpose by a government using its highest level of decision-making authority. The City of Norwalk Common Council is the highest level of decision-making authority for the City and can commit fund balance through the adoption of a resolution prior to the end of the fiscal year. Once adopted, the limitation imposed by the resolution remains in place until similar action is taken to remove or revise the limitation.
- **Assigned Fund Balance** – Amounts constrained for the intent to be used for a specific purpose by a governing board or a body or official that has been delegated authority to assign amounts. Under the City's adopted policy, the Board of Estimate and Taxation has the authority to authorize the Director of Finance to assign amounts for a specific purpose.
- **Unassigned Fund Balance** – The residual amount not allocated to any other fund balance category in the General Fund and any residual deficit balance of any other governmental funds.

When both restricted and unrestricted amounts are available for use, it is the City's practice to use restricted resources first. Additionally, the City would first use committed, then assigned, and lastly unassigned amounts.

#### **Pension accounting**

##### ***Pension Trust Funds:***

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

##### ***Governmental Funds and Governmental Activities:***

In governmental funds, expenditures are recognized when they are paid or are expected to be paid with current available resources. In governmental activities, expense is recognized based on actuarially required contributions. The net pension obligation (asset), the cumulative difference between annual pension cost and the City's contributions to the plans since 1986, is calculated on an actuarial basis consistent with the requirements of GASB Statement No. 27. The pension obligation (asset) is recorded as a noncurrent liability (asset) in the government-wide financial statements.

##### ***Funding Policy:***

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

#### **Other Post Employment Obligations (OPEB) accounting**

##### ***OPEB Trust:***

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

**CITY OF NORWALK, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2013**

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***Governmental Funds and Governmental Activities:***

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

***Funding Policy:***

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

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

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

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

Bonds payable	\$ 215,869,298
Premiums and gains/losses on refunding, net of accumulated amortization	5,052,481
Gross pension obligation	1,413,033
Early retirement	521,500
Capital lease	81,393
Other post-employment obligation	18,231,560
Claims payable	605,000
Compensated absences	<u>14,243,478</u>
Net adjustment to reduce fund balance – total governmental funds to arrive at net position – governmental activities	<u>\$ 256,017,743</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 position 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.”

**CITY OF NORWALK, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2013**

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The details of this difference are as follows:

Capital outlay	\$ 27,234,740
Loss on disposal	(5,845)
Depreciation expense	<u>(9,947,797)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 17,281,098</u>

Another element of that reconciliation states that “the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this difference are as follows:

Long-term liabilities issued or incurred:	
Issuance of general obligation bonds and notes payable	\$ (40,006,840)
Premium amortization	1,514,736
Deferred gain/loss amortization	(2,099,809)
Principal repayments:	
Bonds refunded	16,917,551
General obligation debt	15,925,194
Capital lease payments	<u>103,847</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ (7,645,321)</u>

Another element of that reconciliation states that “some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of this difference are as follows:

Compensated absences	\$ (113,648)
Accrued interest	9,918
Pension liability	(26,189)
Early retirement	330,000
Other post-employment obligation	(2,144,335)
Deferred charges	16,647
Claims payable	<u>(143,000)</u>
Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net position of governmental activities	<u>\$ (2,070,607)</u>

## CITY OF NORWALK, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2013

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#### Note 3. Cash, Cash Equivalents and Investments

Deposits: The City has a policy that deposits can include demand and savings accounts and certificates of deposits. The City also follows the State of Connecticut policy that requires that each depository maintain segregated collateral in an amount equal to a defined percentage of its public deposits based upon the bank's risk based capital ratio.

Investments: The City does not have a custodial credit risk policy for investments. The investment policies of the City conform to the policies as set forth by the State of Connecticut. The City policy allows investments in the following: (1) obligations of the United States and its agencies; (2) highly rated obligations of any state of the United States or of any political subdivision, authority or agency thereof; and (3) shares or other interests in custodial arrangements or pools maintaining constant net position values and in highly rated no-load open end money market and mutual funds (with constant or fluctuating net position values) whose portfolios are limited to obligations of the United States and its agencies, and repurchase agreements fully collateralized by such obligations. The Statutes (Sections 3-24f and 3-27f) also provide for investment in shares of the Connecticut Short Term Investment Fund, Cutwater CT Class, and the Tax Exempt Proceeds Fund. Other provisions of the Statutes cover specific municipal funds with particular investment authority. The provisions of the Statutes regarding the investment of municipal pension funds does not specify permitted investments. Therefore, investment of such funds is generally controlled by the laws applicable to fiduciaries (i.e ,prudent person rule) and the provisions of the applicable plan.

The Pension Plans set asset allocation parameters, as follows:

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

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

Concentrations: The City's policy is to maintain a diversified portfolio to minimize the risk of loss resulting from over concentration of assets in a specific issuer.

#### Custodial credit risk:

Deposits: This is the risk that, in the event of failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. As of June 30, 2013, approximately \$26,901,000 of the entity's bank balance of \$31,773,000 was uninsured and uncollateralized.

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

**CITY OF NORWALK, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2013**

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Cash, cash equivalents and investments of the City consist of the following at June 30, 2013:

<b>Cash and Cash Equivalents</b>	
Deposits with financial institutions	\$ 79,934,232
State of Connecticut Short-Term Investment Fund	570,123
Cutwater Connecticut Class	18,646,479
<b>Total cash and cash equivalents</b>	<u>99,150,834</u>
<b>Investments</b>	
General Fund	
U.S. Government Agencies	6,730,604 *
Mutual Funds	56,857
Certificates of Deposit	16,516,911
<b>Total general fund</b>	<u>23,304,372</u>
Non-Major Funds	
U.S. Government Agencies	694,384 *
Mutual Funds	5,866
Certificates of Deposit	1,704,020
<b>Total non-major funds</b>	<u>2,404,270</u>
Capital Projects Fund	
U.S. Government Agencies	3,698,342 *
Mutual Funds	31,243
Certificates of Deposit	9,075,740
<b>Total capital projects fund</b>	<u>12,805,325</u>
Internal Service Funds	
Common Stock	3,224,767 *
U.S. Government Securities	2,741,728
U.S. Government Agencies	622,001 *
Mutual Funds	1,290,630
Corporate Bonds	1,195,140 *
Certificates of Deposit	1,526,392
<b>Total internal service fund</b>	<u>10,600,658</u>
WPCA:	
U.S. Government Agencies	2,823,052 *
Mutual Funds	23,848
Certificates of Deposit	6,927,776
<b>Total WPCA</b>	<u>9,774,676</u>
Parking Authority:	
U.S. Government Agencies	197,181 *
Mutual Funds	1,666
Certificates of Deposit	483,882
<b>Total parking authority</b>	<u>682,729</u>

**CITY OF NORWALK, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2013**

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**Investments, Continued**

Trust Funds:	
U.S. Government Agencies	1,255,223 *
Corporate Bonds	15,750 *
Common stock	77,417,894 *
Mutual Funds	87,416,313
Index Funds	50,231,738
Hedge/alternative investments	98,987,739
Commingled funds	64,649,285
Certificates of Deposit	<u>3,080,323</u>
<b>Total trust funds</b>	<u><u>383,054,265</u></u>
Agency Funds:	
U.S. Government Agencies	10,173 *
Mutual Funds	71
Certificates of Deposit	<u>24,966</u>
<b>Total agency funds</b>	<u><u>35,210</u></u>
<b>Total investments</b>	<u><u>442,661,505</u></u>
<b>Total cash, cash equivalents and investments</b>	<u><u>\$ 541,812,339</u></u>

\* *These investments are uninsured and unregistered, with securities held by the counterparty, but in the City's or the pension fund's name.*

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

**Statement of Net Position**

Cash and cash equivalents	\$ 88,806,784
Investments	<u>59,572,030</u>
<b>Total statement of net position</b>	<u><u>148,378,814</u></u>

**Fiduciary Funds:**

Cash and cash equivalents	10,344,050
Investments	<u>383,089,475</u>
	<u><u>393,433,525</u></u>
<b>Total cash, cash equivalents and investments</b>	<u><u>\$ 541,812,339</u></u>

**CITY OF NORWALK, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2013**

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

Summary of Investments and Interest Rate Risk	Fair Value	Investment Maturities (in Years)			
		Less Than 1 Year	1-5 Years	5-10 Years	Greater Than 10 Years
U.S. Government Securities	\$ 2,741,728	\$ -	\$ 1,932,062	\$ 477,915	\$ 331,751
U.S. Government Agencies	16,030,960	-	9,018,684	4,430,914	2,581,362
Pooled fixed income	19,216,602	19,216,602	-	-	-
Mutual Fund- Fixed Income	56,835,612	-	37,273,352	18,152,284	1,409,976
Corporate Bonds	1,210,890	15,750	440,375	450,123	304,642
Certificates of Deposit	84,340,009	49,919,223	28,858,008	4,097,964	1,464,814
<b>TOTAL</b>	<b>\$ 180,375,801</b>	<b>\$ 69,151,575</b>	<b>\$ 77,522,481</b>	<b>\$ 27,609,200</b>	<b>\$ 6,092,545</b>

*Foreign currency risk:* The City and the Pension Trust Fund do not have a policy for foreign currency risk. The City's and the Pension Trust Fund's exposure to foreign currency was one security valued in Euros with a fair value of \$3,805,401.

*Credit Risk:* Generally, credit risk is the risk that an issuer of a debt type investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. U.S. government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure. The City's operating fund will only purchase U.S. Governmental Agencies AA or above. The City allows its fixed income investment managers in its pension funds to purchase corporate bonds rated BBB or better and does not have any guidelines for U.S. Government Agencies.

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

Average Rating	Corporate Bonds	U.S. Government Agencies	Pooled Fixed Income	U.S. Government Securities
AAAm	\$ -	\$ -	\$ 19,216,602	\$ -
AA+	162,193	16,030,960	-	926,763
AA	145,866	-	-	-
A+	150,109	-	-	-
A	289,555	-	-	-
A-	447,417	-	-	-
Unrated	15,750	-	-	1,814,965
	<b>\$ 1,210,890</b>	<b>\$ 16,030,960</b>	<b>\$ 19,216,602</b>	<b>\$ 2,741,728</b>

**CITY OF NORWALK, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2013**

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**Note 4. Unearned Revenue/Deferred Revenue**

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

	Unearned Revenue	Deferred Revenue
<b>General Fund:</b>		
Taxes and accrued interest on delinquent property taxes	\$ -	\$ 6,882,796
Advanced tax collections	10,848,099	-
Tax overpayments	3,475,294	-
Grants and other	1	-
<b>Capital Projects:</b>		
Grants	880,669	-
Tax revenue	-	38,427
<b>Nonmajor Funds:</b>		
Grants	1,965,650	
<b>Total</b>	<b>\$ 17,169,713</b>	<b>\$ 6,921,223</b>

**CITY OF NORWALK, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2013**

**Note 5. Capital Assets**

Capital asset activity for the year ended June 30, 2013 was as follows:

	Beginning Balance	Additions/ Transfers	Disposals/ Transfers	Ending Balance
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 23,629,897	\$ -	\$ -	\$ 23,629,897
Construction in progress	3,099,257	9,569,532	-	12,668,789
Total capital assets, not being depreciated	<u>26,729,154</u>	<u>9,569,532</u>	<u>-</u>	<u>36,298,686</u>
Capital assets, being depreciated:				
Land improvements	15,128,606	1,018,583	-	16,147,189
Machinery and equipment	42,498,071	3,557,282	(393,565)	45,661,788
Buildings and improvements	334,347,288	1,806,240	-	336,153,528
Infrastructure	204,364,874	11,283,103	-	215,647,977
Total capital assets being depreciated	<u>596,338,839</u>	<u>17,665,208</u>	<u>(393,565)</u>	<u>613,610,482</u>
Less accumulated depreciation for:				
Land improvements	7,463,631	495,476	-	7,959,107
Machinery and equipment	29,936,639	2,206,304	(387,720)	31,755,223
Buildings and improvements	86,148,592	6,208,839	-	92,357,431
Infrastructure	26,531,195	1,037,178	-	27,568,373
Total accumulated depreciation	<u>150,080,057</u>	<u>9,947,797</u>	<u>(387,720)</u>	<u>159,640,134</u>
Total capital assets, being depreciated, net	<u>446,258,782</u>	<u>7,717,411</u>	<u>(5,845)</u>	<u>453,970,348</u>
Governmental activities capital assets, net	<u>\$ 472,987,936</u>	<u>\$ 17,286,943</u>	<u>\$ (5,845)</u>	<u>\$ 490,269,034</u>

**CITY OF NORWALK, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2013**

	Beginning Balance	Additions/ Transfers	Disposal/ Transfers	Ending Balance
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 4,838,762	\$ -	\$ -	\$ 4,838,762
Total capital assets, not being depreciated	4,838,762	-	-	4,838,762
Capital assets, being depreciated:				
Land improvements	509,288	-	-	509,288
Machinery and equipment	13,343,139	-	-	13,343,139
Buildings and improvements	162,552,061	2,740,328	-	165,292,389
Infrastructure	28,677,753	-	-	28,677,753
Total capital assets, being depreciated	205,082,241	2,740,328	-	207,822,569
Less accumulated depreciation for:				
Land improvements	460,941	17,726	-	478,667
Machinery and equipment	12,540,615	170,900	-	12,711,515
Buildings and improvements	40,392,813	3,177,555	-	43,570,368
Infrastructure	14,226,116	430,077	-	14,656,193
Total accumulated depreciation	67,620,485	3,796,258	-	71,416,743
Total capital assets, being depreciated, net	137,461,756	(1,055,930)	-	136,405,826
Business-type activities capital assets, net	\$ 142,300,518	\$ (1,055,930)	\$ -	\$ 141,244,588

Depreciation expense was charged to functions/programs as follows:

<b>Governmental Activities:</b>	
General government	\$ 263,670
Education	5,179,684
Public safety	1,352,204
Health and welfare	48,094
Public works	2,372,519
Recreation, arts and cultural	731,626
<b>Total depreciation expense – governmental activities</b>	<b>\$ 9,947,797</b>
<b>Business-type activities:</b>	
Parking Authority	\$ 951,225
Water Pollution Control Authority	2,845,011
<b>Total depreciation expense – business-type activities</b>	<b>\$ 3,796,236</b>

**CITY OF NORWALK, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2013**

**Note 6. Long-Term Liabilities**

Long-term liability activity for the year ended June 30, 2013 was as follows:

	Beginning Balance	Increases/ Transfers	Decreases/ Transfers	Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
Bonds payable:					
General obligation bonds	\$ 208,441,013	\$ 40,006,840	\$ (32,578,555)	\$ 215,869,298	\$ 17,695,163
Maritime Center bonds	264,190	-	(264,190)	-	-
Deferred amounts:					
For issuance premiums and gain/loss	4,467,408	2,099,809	(1,514,736)	5,052,481	-
<b>Total bonds and notes     payable</b>	<b>213,172,611</b>	<b>42,106,649</b>	<b>(34,357,481)</b>	<b>220,921,779</b>	<b>17,695,163</b>
Compensated absences	14,129,830	7,184,127	(7,070,479)	14,243,478	7,070,000
Capital lease	185,240	-	(103,847)	81,393	81,393
Net pension obligation	1,386,844	26,189	-	1,413,033	-
Other post-employment obligation	16,087,225	2,144,335	-	18,231,560	-
Early retirement accrual	851,500	33,000	(363,000)	521,500	286,500
Risk financing activities	14,001,907	44,738,617	(42,901,454)	15,839,070	4,853,835
Claims payable	462,000	143,000	-	605,000	263,000
<b>Total other long     term debt</b>	<b>47,104,546</b>	<b>54,269,268</b>	<b>(50,438,780)</b>	<b>50,935,034</b>	<b>12,554,728</b>
<b>Governmental activity     long-term liabilities</b>	<b>\$ 260,277,157</b>	<b>\$ 96,375,917</b>	<b>\$ (84,796,261)</b>	<b>\$ 271,856,813</b>	<b>\$ 30,249,891</b>
<b>Business-type activities:</b>					
Bonds payable:					
General obligation bonds and notes payable	\$ 41,482,184	\$ 26,776,005	\$ (7,362,352)	\$ 60,895,837	\$ 6,439,037
Interim Clean Water Fund notes	19,758,195	-	(19,758,195)	-	-
<b>Total bonds and notes     payable</b>	<b>61,240,379</b>	<b>26,776,005</b>	<b>(27,120,547)</b>	<b>60,895,837</b>	<b>6,439,037</b>
<b>Business-type activity     long-term liabilities</b>	<b>\$ 61,240,379</b>	<b>\$ 26,776,005</b>	<b>\$ (27,120,547)</b>	<b>\$ 60,895,837</b>	<b>\$ 6,439,037</b>

**Compensated absences**

The obligation represents the employee (vested and nonvested) compensated absences expected to be paid in the future, aggregating approximately \$14,243,000 as of June 30, 2013. This amount is recorded in the government wide statements, and paid out of the General Fund.

**Net pension obligation**

GASB Statement No. 27, "Accounting for Pensions by State and Local Governments" requires the City to accrue a net pension asset or obligation. The net asset amount at June 30, 2013 was approximately \$76,000 and the net obligation amount was approximately \$1,413,000. These amounts are recorded in the government wide statements, and paid out of the General Fund.

**CITY OF NORWALK, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2013**

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**Other Post Employment Obligation**

GASB Statement No. 45 "Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions" requires the City to accrue a net OPEB obligation. The amount at June 30, 2013 was approximately \$18,232,000. This amount is recorded in the government wide statements, and paid out of the General Fund.

**Early Retirement**

The obligation represents the early retirement incentive payout for eligible teachers and administrators whose age and years of service total 80. Once eligible they receive annual stipend of \$3,000 over a 3-10 year period. The amount accrued has been calculated at the discounted present value of the expected future benefit. The amount recorded at June 30, 2013 is approximately \$522,000 on the government-wide statements, and is paid out of the General Fund.

**Claims Payable**

The obligation represents an accrual for wage increases in relation to unsettled labor contracts, severance and other claims to be paid in the future when negotiations have been settled. The amount at June 30, 2013 is approximately \$605,000. This amount is recorded in the government-wide statements, and will be paid out of the General Fund.

**Bonded indebtedness**

As of June 30, 2013, the outstanding general obligation bonded indebtedness of the City was as follows:

***Governmental Activities***

**General Obligation Debt**

<u>Purpose</u>	<u>Interest Rate %</u>	<u>Amount</u>
Capital improvement	2.25-4.00	\$ 5,319,600
Capital improvement	3.00-5.00	13,680,000
Capital improvement	4.00-5.00	1,516,485
Capital improvement	2.50-5.00	48,473,620
Capital improvement	3.00-5.00	14,680,050
Capital improvement	2.25-4.25	1,374,990
Capital improvement	3.00-5.00	15,859,300
Capital improvement	3.00-5.00	20,818,413
Capital improvement	1.60-5.20	6,000,000
Capital improvement	1.60-5.20	12,844,000
Capital improvement	3.00-4.00	18,022,000
Capital improvement	2.00-4.00	17,274,000
Capital improvement	1.25-5.00	16,006,840
Capital improvement	2.00-4.00	24,000,000
		<u>\$ 215,869,298</u>

**CITY OF NORWALK, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2013**

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**Capital Lease**

Machinery and equipment with a cost of approximately \$655,000 and accumulated depreciation of approximately \$577,000 at June 30, 2013 is committed under capital lease arrangements. Future minimum payments under capital lease arrangements are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2014	<u>\$ 83,115</u>
Less amount representing interest at 5.05%	<u>(1,722)</u>
<b>Total</b>	<b><u><u>\$ 81,393</u></u></b>

***Business-Type Activities***

**Enterprise Debt**

<u>Purpose</u>	<u>Interest Rate %</u>	<u>Amount</u>
Water Pollution Control Authority Bonds	2.00-6.50%	\$ 10,004,388
Water Pollution Control Authority Clean Water Fund Notes	2.00%	40,595,142
Parking Authority G.O. - Parking Fund	2.00-6.50%	<u>10,296,307</u>
		<b><u><u>\$ 60,895,837</u></u></b>

**CITY OF NORWALK, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2013**

Long-term notes and bond obligations and compensated absences are expected to be repaid by future tax levies and grants available from the State. A summary of the Governmental Activities' long-term notes and bond principal maturities and related interest at June 30, 2013 is as follows:

Year Ended June 30, 2013	General Obligation Debt	Total Interest Amount	Total Principal and Interest Amount
2014	\$ 17,695,163	\$ 8,431,711	\$ 26,126,874
2015	17,328,205	7,497,288	24,825,493
2016	17,634,110	6,836,080	24,470,190
2017	16,122,394	6,078,141	22,200,535
2018	14,583,873	5,410,887	19,994,760
2019-2023	66,592,977	18,982,110	85,575,087
2024-2028	48,368,001	7,254,202	55,622,203
Thereafter	17,544,575	1,215,838	18,760,413
	<u>\$ 215,869,298</u>	<u>\$ 61,706,256</u>	<u>\$ 277,575,555</u>

A summary of the City's business-type activities' long-term notes and bond principal maturities and related interest at June 30, 2013 is as follows:

Year Ended June 30,	WPCA Debt	Parking Authority Debt	Total Interest Amount	Total Principal and Interest Amount
2014	\$ 5,681,050	\$ 757,987	\$ 1,680,231	\$ 8,119,268
2015	4,693,509	751,101	1,341,912	6,786,522
2016	4,750,050	661,196	1,213,545	6,624,791
2017	4,520,428	617,912	1,122,616	6,260,956
2018	4,462,154	627,633	1,001,006	6,090,793
2019-2023	12,751,365	3,158,474	3,396,020	19,305,859
2024-2028	8,367,757	3,328,599	1,470,953	13,167,309
Thereafter	5,373,217	393,405	244,529	6,011,151
	<u>\$ 50,599,530</u>	<u>\$ 10,296,307</u>	<u>\$ 11,470,812</u>	<u>\$ 72,366,649</u>

**2013 General Obligation Bond – In-Substance Defeasance**

On July 10, 2012, the City issued \$18,985,000 of general obligation refunding bonds with an average interest rate of 2.35%, of which the proceeds were used to advance refund portions of the outstanding principal amounts of the general obligation bond of the City dated 2008 and 2009 (the Refunding Bonds"). Net proceeds of \$21,182,297 (after payment of expenses of \$178,949), which was placed in an irrevocable trust under an Escrow Agreement dated July 2012 between the City and the Escrow Holder. The Escrow Holder used the proceeds to purchase a portfolio of primarily non-callable direct obligations of the United States of America ("Government Obligations"). The Government Obligations will have maturities and interest rates sufficient to pay principal and interest payments and redemption premiums on the Refunding Bonds on the date the payments are due.

## CITY OF NORWALK, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2013

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The City advance refunded the above bonds to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$1,420,351, and a cash savings of \$1,793,398 between the old debt payments and the new debt payments.

The balance in the escrow was approximately \$19,868,000 at June 30, 2013. The balance of the defeased bonds was approximately \$18,985,000 at June 30, 2013. As a result, the refunded bonds are considered defeased and the liability has been removed from the basic financial statements.

#### **In-Substance Defeasance – Prior Years**

In prior years, the City has defeased various bond issues by creating separate irrevocable trust funds. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in the trust funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and therefore removed as a liability from the City's government-wide financial statements.

#### **Authorized but unissued bonds**

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

The City has authorized but unissued bonds relating to capital projects at June 30, 2013 as follows:

General purpose	\$	20,436,200
Schools		9,901,330
Sewer		14,385,000
Urban Renewal		8,742,000
<b>Total</b>	<b>\$</b>	<b>53,464,530</b>

#### **Legal Debt Limit**

The City's indebtedness (including authorized but not unissued bonds), net of principal reimbursements expected from the state, does not exceed the legal debt limitation as required by the Connecticut General Statutes as reflected in the following schedule:

<u>Category</u>	<u>Debt Limit</u>	<u>Indebtedness</u>	<u>Balance</u>
General purpose	\$ 606,953,527	\$ 163,801,684	\$ 443,151,843
Pension	809,271,369	-	809,271,369
Schools	1,213,907,054	106,479,950	1,107,427,104
Sewers	1,011,589,212	64,984,530	946,604,682
Urban renewal	876,710,650	21,590,525	855,120,125

The total overall statutory debt limit for the City is equal to seven times annual receipts from taxation, or \$1,888,299,862.

## CITY OF NORWALK, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2013

#### Subsequent Event

On August 1, 2013, the City issued \$21,000,000 of general obligation bonds with an interest rate of 2.95% to finance certain capital projects. The bonds will mature through 2028.

#### **Capital Projects**

A summary of the uncompleted capital projects of the City at June 30, 2013 follows:

	Project Authorizations	Expenditures Fiscal 2013	Expenditures Cumulative	Unexpended Authorization Balances
	(a)	(b)	(c)	
Department of Public Works				
Clean Water	\$ 45,000,000	\$ 1,897,055	\$ 35,042,218	\$ 9,957,782
Sanitary Sewers	12,645,001	739,841	4,575,787	8,069,214
Drainage	7,806,939	1,049,260	3,439,905	4,367,034
Roads and Highways	23,736,241	5,627,804	12,114,151	11,622,090
Other	2,876,506	822,778	1,837,264	1,039,242
Police Department	98,000	35,800	14,827	83,173
Fire Department	16,170,000	10,838,384	12,928,998	3,241,002
Parks and Recreation	11,147,157	6,731,366	5,396,800	5,750,357
Board of Education	68,144,043	1,553,944	57,552,624	10,591,419
Redevelopment Agency	48,375,064	3,486,499	30,177,170	18,197,894
Traffic and Parking	8,450,586	2,944,604	5,704,061	2,746,525
Total	<u>\$ 244,449,537</u>	<u>\$ 35,727,335</u>	<u>\$ 168,783,805</u>	<u>\$ 75,665,732</u>

- (a) Represents cumulative Capital Budgets for projects that remain open at June 30, 2013.
- (b) Represents current year expenditures for projects that were open at June 30, 2013.
- (c) Represents aggregate expenditures for projects that were open at June 30, 2013.

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

#### **Note 7. Commitments and Contingencies**

The City is a defendant in various lawsuits including personal injury, property damage, civil rights violations and other miscellaneous claims. For certain of these cases, where it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated, a loss contingency has been accrued in the Internal Service Fund for all claims, of approximately \$1,842,000. Based upon the advice of the City Corporation Counsel, management believes that the ultimate resolution of these matters will not have a material adverse effect on the financial statements of the City.

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

**CITY OF NORWALK, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2013**

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**Note 8. Employee Retirement Plans**

**Employee Pension Plan**

**Plan Descriptions**

The City is the administrator of four separate single-employer defined benefit pension plans that were established to provide pension benefits for its police, firefighters, food service, and other full-time employees other than teachers. The plans are considered to be part of the City's financial reporting entity and are included in the City's basic financial statements as pension trust funds. Administrative fees are paid through the plans. The plans do not issue separate, stand-alone, financial reports. For the year ended June 30, 2013, the actuarial valuation date utilized was July 1, 2012.

At the last actuarial valuation date, July 1, 2012, membership consisted of:

	Police	Fire	Employees'	Food Service
Retirees, disabled members and beneficiaries currently receiving benefits	192	156	628	32
Terminated employees entitled to benefits but not yet receiving them	1	0	106	7
Active members	151	126	630	62
Drop members	21	6	-	-
	<u>365</u>	<u>288</u>	<u>1,364</u>	<u>101</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% of final average salary, for each year of service (maximum benefit of 75% of base salary plus worker's compensation). Benefits being paid to retired members are increased 1.5% per year beginning at age 62. For retirements after July 1, 1998, the annual increase may begin at age 55. At the member's death, the benefit is payable to the surviving spouse for the spouse's lifetime, provided the spouse does not remarry, or the member is not married, the accrued benefit at death is payable to any children until they reach age 16.

Police employees are required to contribute 8% 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, 2013 was approximately \$11,276,000.

**Fire Benefit Fund**

The City of Norwalk Fire Benefit Fund provides retirement benefits as well as death and disability benefits. Benefits vest after 10 years of service. Members who retire after age 48 with 20 years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 2.5 percent of final average salary, for each year of service (maximum benefit of 75% of final average salary). Benefits being paid to retired members are increased 1.5% per year beginning at age 62. For retirements

## **CITY OF NORWALK, CONNECTICUT**

### **NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2013**

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after July 1, 1998, the annual increase may begin at age 55. At the member's death, the benefit is payable to the surviving spouse for the spouse's lifetime, provided the spouse does not remarry, or the benefit is payable to any children until they reach the age of 18.

Firefighters are required to contribute 8% 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, 2013 was approximately \$9,463,000.

#### **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% of final average salary, for each year of service (maximum 35 years). Benefits being paid to retired members are increased 1.5% per year.

Members are required to contribute 3.75% of their base pay to the Plan. No contributions are required after 35 years of service. If a member leaves covered employment or dies before meeting the vesting requirements, accumulated employee contributions without interest thereon are refunded. The City is required to contribute the remaining amounts necessary to fund the benefits for its members. Benefits and employee contributions are fixed by contract and may be amended by union negotiation. The City's payroll for employees covered by the Employees' Pension Plan for the year ended June 30, 2013 was approximately \$36,039,000.

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

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

Food service employees are required to contribute 3.0% 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, 2013 was approximately \$988,000.

## CITY OF NORWALK, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2013

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#### Total Payroll

Total payroll for the City for the year ended June 30, 2013 was approximately \$166,696,000 of which approximately \$57,763,000 was covered under various pension plans described above.

#### Connecticut State Teachers' Retirement System

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

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

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

In addition, the City has recognized revenues and expenditures for on-behalf payments for pension contributions paid directly to the Connecticut State Teachers' Retirement System by the State of Connecticut. Such on-behalf payments were approximately \$17,430,000 for the year ended June 30, 2013.

The City's annual pension cost and net pension obligation (asset) related to the Plans for the year ended June 30, 2013 were as follows:

	Employees'	Police	Fire	Food Service
Annual required contribution	\$ 3,170,268	\$ 2,588,602	\$ 1,455,860	\$ 88,214
Interest on net pension obligation	34,103	82,829	-	(5,984)
Adjustment to annual required contribution	(27,916)	(67,804)	-	4,899
Annual pension cost	3,176,455	2,603,627	1,455,860	87,129
Contributions made	(3,240,092)	(2,588,602)	(1,455,860)	(88,214)
Increase (decrease) in net pension obligation (asset)	(63,637)	15,025	-	(1,085)
Net pension obligation (asset), beginning of year	426,282	1,035,363	-	(74,801)
Net pension obligation (asset), end of year	\$ 362,645	\$ 1,050,388	\$ -	\$ (75,886)

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2013

**Three Year Trend Information**

	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
<b><u>Employees' Pension Plan</u></b>			
June 30, 2011	\$ 1,678,620	102.3%	\$ 490,057
June 30, 2012	2,497,548	102.6%	426,282
June 30, 2013	3,176,455	102.0%	362,645
<b><u>Police Benefit Fund</u></b>			
June 30, 2011	\$ 1,927,883	99.9%	\$ 1,035,583
June 30, 2012	2,272,137	100.0%	1,035,363
June 30, 2013	2,603,627	99.4%	1,050,388
<b><u>Firemen's Benefit</u></b>			
June 30, 2011	\$ 335,135	100.0%	\$ -
June 30, 2012	898,283	100.0%	-
June 30, 2013	1,455,860	100.0%	-
<b><u>Food Service Plan</u></b>			
June 30, 2011	\$ 89,325	100.2%	\$ (74,817)
June 30, 2012	88,921	100.0%	(74,801)
June 30, 2013	87,129	101.2%	(75,886)

**SCHEDULE OF FUNDING PROGRESS**

Actuarial Valuation Date	Actuarial Valuation of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded/ (Overfunded) AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
<b>Police Benefit Fund</b>						
July 1, 2012	\$ 90,854,816	\$ 121,114,987	\$ 30,260,171	75.0%	\$ 11,276,370	268.4%
<b>Firemen's Benefit Fund</b>						
July 1, 2012	\$ 87,436,030	\$ 102,110,071	\$ 14,674,041	85.6%	\$ 9,462,914	155.1%
<b>Employees' Pension Plan</b>						
July 1, 2012	\$ 168,978,808	\$ 191,985,282	\$ 23,006,474	88.0%	\$ 36,038,743	63.8%
<b>Food Service Employees' Pension Plan</b>						
July 1, 2012	\$ 1,708,220	\$ 2,442,179	\$ 733,959	69.9%	\$ 983,732	74.6%

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

**CITY OF NORWALK, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2013**

Additional information as of the latest actuarial valuations follows:

	Employees' Pension Plan	Police Benefit Fund	Firemen's Benefit Fund	Food Service Pension Plan
Valuation date	July 1, 2012	July 1, 2012	July 1, 2012	July 1, 2012
Actuarial cost method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization method	Level Percent Closed	Level Percent Closed	Level Percent Closed	Level Percent Closed
Remaining amortization period	25 years	25 years	25 years	25 years
Asset valuation method	Investment gains/losses recognized over 5 years	Investment gains/losses recognized over 5 years	Investment gains/losses recognized over 5 years	Investment gains/losses recognized over 5 years
Actuarial assumptions:				
Investment rate of return	7.875%	7.875%	7.875%	7.875%
Projected salary increases	4.00%	4.00%	4.00%	4.00%
Cost of living adjustments	1.50%	1.50%	1.50%	0.00%
Inflation	2.50%	2.50%	2.50%	2.50%

**TRUST FUNDS**  
**STATEMENT OF PLAN NET POSITION**  
**June 30, 2013**

	Pension Trust Funds					Total
	Employees Pension Plan	Fire Benefit Fund	Police Benefit Fund	Food Service Employees' Fund	OPEB Trust Fund	
<b>ASSETS</b>						
Cash and cash equivalents	\$ 3,092,737	\$ 1,639,511	\$ 1,722,740	\$ 25,282	\$ 2,220,370	\$ 8,700,640
Investments, at fair value:						
U.S. Government Agency	-	-	-	-	1,255,223	1,255,223
Corporate Bonds	7,585	3,942	4,144	79	-	15,750
Common Stock	37,284,764	19,377,496	20,368,142	387,492	-	77,417,894
Mutual Funds	27,388,373	14,241,638	14,985,802	285,310	30,515,190	87,416,313
Hedge/alternative investments	47,672,823	24,776,403	26,043,060	495,453	-	98,987,739
Commingled funds	31,135,309	16,181,567	17,008,826	323,583	-	64,649,285
Index Funds	24,191,771	12,572,888	13,215,659	251,420	-	50,231,738
Certificates of Deposit	-	-	-	-	3,080,323	3,080,323
Security lending transactions	5,610,967	2,916,118	3,065,201	58,314	-	11,650,600
Accounts receivable	-	-	-	-	134,625	134,625
Prepays	-	-	-	-	26,474	26,474
<b>Total assets</b>	<b>176,384,329</b>	<b>91,709,563</b>	<b>96,413,574</b>	<b>1,826,933</b>	<b>37,232,205</b>	<b>403,566,604</b>
<b>LIABILITIES</b>						
Security lending transactions	5,610,967	2,916,118	3,065,201	58,314	-	11,650,600
Accounts payable	-	-	-	-	1,138,459	1,138,459
<b>Total liabilities</b>	<b>5,610,967</b>	<b>2,916,118</b>	<b>3,065,201</b>	<b>58,314</b>	<b>1,138,459</b>	<b>12,789,059</b>
<b>Net Position Held in Trust</b>	<b>\$ 170,773,362</b>	<b>\$ 88,793,445</b>	<b>\$ 93,348,373</b>	<b>\$ 1,768,619</b>	<b>\$ 36,093,746</b>	<b>\$ 390,777,545</b>

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2013

STATEMENT OF CHANGES IN PLAN NET POSITION  
Year Ended June 30, 2013

	Pension Trust Funds				OPEB Trust Fund	Total Trust Funds
	Employees Pension Plan	Fire Benefit Fund	Police Benefit Fund	Food Service Employees' Fund		
<b>Addition</b>						
Contributions						
Employer	\$ 3,240,092	\$ 1,455,860	\$ 2,588,602	\$ 88,214	\$ 16,091,372	\$ 23,464,140
Plan members	1,408,401	637,496	891,709	32,714	374,884	3,345,204
Other revenue	-	-	-	-	379,201	379,201
<b>Total contributions</b>	<b>4,648,493</b>	<b>2,093,356</b>	<b>3,480,311</b>	<b>120,928</b>	<b>16,845,457</b>	<b>27,188,545</b>
Investment Income						
Interest and dividends	2,459,377	1,279,337	1,342,899	25,517	2,282,170	7,389,300
Net appreciation in fair value of investments	16,794,647	8,742,471	9,135,900	173,340	1,880,161	36,726,519
Investment expense	(382,995)	(199,524)	(209,305)	(3,964)	-	(795,788)
<b>Net investment income</b>	<b>18,871,029</b>	<b>9,822,284</b>	<b>10,269,494</b>	<b>194,893</b>	<b>4,162,331</b>	<b>43,320,031</b>
Securities lending transaction income	16,436	8,542	8,979	171	-	34,128
Securities lending transaction expense	(580)	(301)	(317)	(6)	-	(1,204)
<b>Net investment income- securities lending</b>	<b>15,856</b>	<b>8,241</b>	<b>8,662</b>	<b>165</b>	<b>-</b>	<b>32,924</b>
<b>Deductions</b>						
Benefits paid	11,906,709	5,496,001	6,179,096	157,523	10,364,588	34,103,917
General and administrative	147,731	79,556	72,731	4,102	1,333,086	1,637,206
<b>Total deductions</b>	<b>12,054,440</b>	<b>5,575,557</b>	<b>6,251,827</b>	<b>161,625</b>	<b>11,697,674</b>	<b>35,741,123</b>
<b>Net increase</b>	<b>11,480,938</b>	<b>6,348,324</b>	<b>7,506,640</b>	<b>154,361</b>	<b>9,310,114</b>	<b>34,800,377</b>
<b>Net Position Held in Trust</b>						
Beginning of year	159,292,424	82,445,121	85,841,733	1,614,258	26,783,632	355,977,168
End of year	<b>\$ 170,773,362</b>	<b>\$ 88,793,445</b>	<b>\$ 93,348,373</b>	<b>\$ 1,768,619</b>	<b>\$ 36,093,746</b>	<b>\$ 390,777,545</b>

## CITY OF NORWALK, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2013

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#### Securities Lending Transactions

State statutes and the City of Norwalk Pension Board (the "Board"), on behalf of the Plans, has authorized the Plans to enter into agreements with The Northern Trust Company ("Northern Trust") for the lending of the Plans' securities for predetermined times and fees, for collateral that may include cash, U.S. government securities and irrevocable letters of credit.

During the year ended June 30, 2013, Northern Trust loaned securities held by Northern Trust, as a custodian, and received United States dollar cash and U.S. securities as collateral. Northern Trust did not have the ability to pledge or sell collateral securities absent a borrower default. Borrowers were required to put up collateral for each loan equal to: (i) in the case of loaned securities denominated in United States dollars or whose primary trading value was in the United States, 102 percent of the fair market value of the loaned securities; and (ii) in the case of loaned securities not denominated in United States dollars or whose primary trading market was not in the United States, 105 percent of the fair market value of the loaned securities. The market value held and market value of securities on loan for the Plans as of June 30, 2013 were as follows:

<u>Collateral Type</u>	<u>Market Value June 30, 2013</u>	<u>Collateral Value June 30, 2013</u>	<u>Collateral Percentage</u>
Cash	<u>\$ 11,355,474</u>	<u>\$ 11,650,600</u>	103%

The Board did not impose any restrictions during the year on the amount of loans that Northern Trust made on their behalf. There were no failures by any borrowers to return the loaned securities or pay distributions thereon during the year. Moreover, there were no losses during the year resulting from a default of the borrowers or Northern Trust. Northern Trust is contractually obligated to indemnify the Plans for a borrower's failure to return the securities or make the distributions as a result of Northern Trust's failure to make a reasoned determination of creditworthiness of the borrower, its failure to demand adequate and appropriate collateral on a prompt and timely basis, or its failure to perform its duties and responsibilities under the agreement and applicable law.

Cash collateral has been placed in investments that generally match the maturities of the secured loans. The Plans do not have any credit risk on the securities lending transactions as of June 30, 2013.

#### **Note 9. Other Postemployment Benefits**

##### Post retirement benefits

The City provides post-retirement benefits for certain employees for current and future health and life insurance benefit expenses through a single-employer defined benefit plan. An annual actuarial valuation is made to determine whether the contributions are sufficient to meet the plan obligations. The latest actuarial valuation was performed as of July 1, 2011. The post-retirement plan does not issue stand-alone financial reports.

From an accrual accounting perspective, the cost of post-employment healthcare benefits, like the cost of pension benefits, generally should be associated with the periods in which the cost occurs, rather than in the future year when it will be paid. In adopting the requirements of GASB Statement No. 45 as of July 1, 2007, the City recognizes the cost of post-employment healthcare in the year when the employee services are received, reports the accumulated liability from prior years, and provides information useful in assessing potential demands on the City's future cash flows. Recognition of the liability accumulated from prior years will be phased in over 30 years, commencing with the 2007/2008 liability.

**CITY OF NORWALK, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2013**

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

Membership in the plan consisted of the following at July 1, 2011, the date of the last actuarial valuation.

Retirees and beneficiaries receiving benefits	1,529
Active plan members	1,898
Total	<u>3,427</u>

OPEB Obligation

Annual required contribution	\$ 18,450,000
Interest on net OPEB obligation	1,286,978
Adjustments to ARC	<u>(1,053,622)</u>
Annual OPEB cost	18,683,356
Contributions made	<u>16,539,021</u>
Increase in net OPEB liability	2,144,335
Net OPEB obligation, beginning of year	<u>16,087,225</u>
Net OPEB obligation, end of year	<u>\$ 18,231,560</u>

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

***Schedule of Employer Contributions***

Fiscal Year Ending	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/11	\$ 17,952,799	\$ 14,078,709	78.42%	\$ 12,767,854
6/30/12	18,843,691	15,524,320	83.38%	16,087,225
6/30/13	18,683,356	16,539,021	88.52%	18,231,560

Actuarial Valuation Date	Actuarial Value of Assets (a)	Accrued Liability (b)	Unfunded Accrued Liability (UAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (C)	UAL as a Percentage of Covered Payroll ((b-a)/c)
July 1, 2011	\$ 21,113,000	\$ 233,552,000	\$ 212,439,000	9.0%	N/A	N/A

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

## CITY OF NORWALK, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2013

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Actuarial assumptions are as follows:

Valuation Date:	July 1, 2011
Actuarial Cost Method:	Projected Unit Credit
Asset Valuation Method:	Market Value
Amortization Method:	Level percent
Remaining Amortization Period	30 Years Decreasing Closed
Actuarial Assumptions:	
Investment rate of return	8.0%
Inflation rate	4.4%
Health cost trend rates	Annual increases in premium for retired medical and prescription drug benefits are assumed to be as follows:

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

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

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

#### **Note 10. Risk Management**

The City is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions for public officials and law enforcement; medical malpractice for the health department's physicians; injuries to employees; and natural disasters. The City purchases commercial property, boiler and machinery insurance for losses in excess of \$100,000 to the City's real estate, third party liability insurance up to \$12,000,000 for claims above a \$1,000,000 self-insured retention. The City and the Board of Education is self-insured for its medical, dental, workers' compensation and heart and hypertension. The City has opted to manage certain of its risks internally and has set aside assets for claim settlement in its Internal Service Fund. The Internal Service Fund services employee health, workers' compensation, general and automobile liability claims for risk of loss. Under the program, the City and City of Norwalk Board of Education are obligated for claim payments. The City has purchased a stop loss policy for individual claims exceeding \$400,000 for hospital and major medical. The City of Norwalk Board of Education has purchased a stop loss policy for total claims in any one year exceeding

**CITY OF NORWALK, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**June 30, 2013**

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an aggregate of 130% of expected claims and for individual claims exceeding \$250,000 for hospital and major medical.

Settled claims have not exceeded commercial coverage nor has coverage been materially reduced in any of the last three years.

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

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

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

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

<u>Fiscal Year Ended</u>	<u>Claims Payable July 1</u>	<u>Claims and Changes in Estimates</u>	<u>Claims Paid</u>	<u>Claims Payable June 30,</u>
2012	\$ 12,371,872	\$ 51,690,223	\$ 50,060,188	\$ 14,001,907
2013	14,001,907	44,738,617	42,901,454	15,839,070

**CITY OF NORWALK, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2013**

**Note 11. Fund Balance**

Below is a table of fund balance categories and classifications at June 30, 2013 for the City governmental funds:

	General Fund	Capital Projects	Nonmajor Governmental Funds
Fund balances (deficit):			
Nonspendable:			
Inventory	\$ 1,615	\$ -	\$ 37,616
Total nonspendable	<u>1,615</u>	<u>-</u>	<u>37,616</u>
Restricted:			
General government	-	-	183,827
Public safety	-	-	20,910
Health and welfare	-	-	24,112
Public works	-	-	68,692
Maritime operations	-	-	8,992
Education	-	-	43,885
Capital projects	-	15,444,391	-
Community grants	-	-	2,637
Total restricted	<u>-</u>	<u>15,444,391</u>	<u>353,055</u>
Committed:			
General government	-	-	449,429
Education	-	-	152,516
Health and welfare	-	-	533,500
Capital projects	-	3,756,572	-
Total committed	<u>-</u>	<u>3,756,572</u>	<u>1,135,445</u>
Assigned:			
General government*	1,718,999	-	-
Education	1,723,770	-	836,185
Public safety	238,800	-	-
Total assigned	<u>3,681,569</u>	<u>-</u>	<u>836,185</u>
Unassigned (deficit):			
General government	29,750,868	-	(326)
Total unassigned	<u>29,750,868</u>	<u>-</u>	<u>(326)</u>
<b>Total fund balance</b>	<u>\$ 33,434,052</u>	<u>\$ 19,200,963</u>	<u>\$ 2,361,975</u>

\* Included in the General Fund is approximately \$863,000 of encumbrances, all of which is for General Government purposes

**Note 12. Governmental Accounting Standards Board Statements**

The GASB has issued several pronouncements that have effective dates that may impact future financial presentations.

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

- **GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities***, was issued March 2012. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The provisions of this Statement will be effective for financial statements for periods beginning after December 15, 2012.
- **GASB Statement No. 66, *Technical Corrections—2012***, was issued in March 2012. *The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, and No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.* The provisions of this Statement will be effective for financial statements for periods beginning after December 15, 2012.
- **GASB Statement No. 67, *Financial Reporting for Pension Plans an Amendment of GASB Statement No. 25***, was issued in June 2012. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. This Statement replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 25 and 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this Statement and to defined contribution plans that provide postemployment benefits other than pensions. The provisions of this Statement will be effective for financial statements for fiscal years beginning after June 30, 2015.
- **GASB Statement No. 68, *Accounting and Financial Reporting for Pensions, an Amendment of GASB Statement No. 27***, was issued in June 2012. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. This Statement is effective for fiscal years beginning after June 15, 2014.

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2013

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- **GASB Statement No. 69, *Government Combinations and Disposals of Government Operations***, was issued in January 2013. This Statement provides guidance for:
  - Determining whether a specific government combination is a government merger, a government acquisition, or a transfer of operations.
  - Using carrying values (generally, the amounts recognized in the pre-combination financial statements of the combining governments or operations) to measure the assets, deferred outflows of resources, liabilities, and deferred inflows of resources combined in a government merger or transfer of operations.
  - Measuring acquired assets, deferred outflows of resources, liabilities, and deferred inflows of resources based on their acquisition values in a government acquisition.
  - Reporting the disposal of government operations that have been transferred or sold.

The requirements of this Statement are effective for periods beginning after December 15, 2013, and should be applied on a prospective basis.

- **GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees***. This Statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. This Statement also requires a government that has issued an obligation guaranteed in a nonexchange transaction to recognize revenue to the extent of the reduction in its guaranteed liabilities. This Statement also requires a government that is required to repay a guarantor for making a payment on a guaranteed obligation or legally assuming the guaranteed obligation to continue to recognize a liability until legally released as an obligor. The provisions of this Statement are effective for reporting periods beginning after June 15, 2013.
- **GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement date, an amendment of GASB Statement No. 68***. The objective of this Statement is to improve accounting and financial reporting by addressing an issue in Statement No. 68, Accounting and Financial Reporting for Pensions, concerning transition provisions related to certain pension contributions made to defined benefit pension plans prior to implementation of that Statement by employers and nonemployer contributing entities. The provisions of this Statement are effective for reporting periods beginning after June 15, 2014.

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**Required Supplementary  
Information- unaudited**



**CITY OF NORWALK, CONNECTICUT**

**REQUIRED SUPPLEMENTARY INFORMATION - *unaudited***  
**POLICE BENEFIT FUND**  
**June 30, 2013**

***Schedule of Funding Progress***

Actuarial Valuation Date	Actuarial Valuation of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded/ (Overfunded) AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
<b>Police Benefit Fund</b>						
July 1, 2007	87,569,890	91,603,735	4,033,845	95.6%	8,277,467	48.7%
July 1, 2008	94,636,631	97,873,967	3,237,336	96.7%	7,836,642	41.3%
July 1, 2009	94,249,586	103,712,578	9,462,992	90.9%	9,767,044	96.9%
July 1, 2010	92,593,831	107,525,222	14,931,391	86.1%	10,038,206	148.7%
July 1, 2011	92,709,077	114,305,654	21,596,577	81.1%	9,892,305	218.3%
July 1, 2012	90,854,816	121,114,987	30,260,171	75.0%	11,276,370	268.4%

***Schedule of Employer Contributions***

Year Ended June 30,	Annual Required Contribution	Percentage Contributed
2013	\$ 2,588,602	100.0%
2012	2,272,357	100.0%
2011	1,925,038	100.0%
2010	1,197,083	91.7%
2009	1,267,867	100.0%
2008	1,605,475	100.0%

**CITY OF NORWALK, CONNECTICUT**

**REQUIRED SUPPLEMENTARY INFORMATION - *unaudited***  
**FIREMEN'S BENEFIT FUND**  
**June 30, 2013**

***Schedule of Funding Progress***

Actuarial Valuation Date	Actuarial Valuation of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded/ (Overfunded) AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
<b>Firemen's Benefit Fund</b>						
July 1, 2007	90,083,675	80,272,989	(9,810,686)	112.2%	7,336,833	(133.7)%
July 1, 2008	97,165,470	84,666,362	(12,499,108)	114.8%	7,848,842	(159.2)%
July 1, 2009	96,297,190	88,353,774	(7,943,416)	109.0%	8,669,948	(91.6)%
July 1, 2010	93,528,996	92,423,473	(1,105,523)	101.2%	8,907,133	(12.4)%
July 1, 2011	92,030,902	96,804,918	4,774,016	95.1%	9,411,149	50.7%
July 1, 2012	87,436,030	102,110,071	14,674,041	85.6%	9,462,914	155.1%

***Schedule of Employer Contributions***

Year Ended June 30,	Annual Required Contribution	Percentage Contributed
2013	\$ 1,455,860	100.0%
2012	898,283	100.0%
2011	335,135	100.0%
2010	-	0.0%
2009	62,744	100.0%
2008	391,779	100.0%

**CITY OF NORWALK, CONNECTICUT**

**REQUIRED SUPPLEMENTARY INFORMATION - *unaudited***  
**EMPLOYEES' PENSION PLAN**  
**June 30, 2013**

***Schedule of Funding Progress***

Actuarial Valuation Date	Actuarial Valuation of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded/ (Overfunded) AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
<b>Employees' Pension Plan</b>						
July 1, 2007	170,882,599	151,182,524	(19,700,075)	113.0%	34,353,200	(57.3)%
July 1, 2008	184,115,610	164,871,892	(19,243,718)	111.7%	34,753,304	(55.4)%
July 1, 2009	182,692,735	172,664,238	(10,028,497)	105.8%	35,652,748	(28.1)%
July 1, 2010	177,700,315	177,964,459	264,144	99.9%	35,648,471	0.7%
July 1, 2011	175,719,300	184,739,161	9,019,861	95.1%	35,205,960	25.6%
July 1, 2012	168,978,808	191,985,282	23,006,474	88.0%	36,038,743	63.8%

***Schedule of Employer Contributions***

Year Ended June 30,	Annual Required Contribution	Percentage Contributed
2013	\$ 3,170,268	102.2%
2012	2,497,652	102.5%
2011	1,677,163	102.4%
2010	891,003	99.8%
2009	832,452	103.7%
2008	1,435,823	104.0%

**CITY OF NORWALK, CONNECTICUT**

**REQUIRED SUPPLEMENTARY INFORMATION - *unaudited***  
**FOOD SERVICE BENEFIT FUND**  
**June 30, 2013**

***Schedule of Funding Progress***

Actuarial Valuation Date	Actuarial Valuation of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded/ (Overfunded) AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
<b>Food Service</b>						
July 1, 2007	1,417,238	1,617,325	200,087	87.6%	843,602	23.7%
July 1, 2008	1,579,233	2,025,521	446,288	78.0%	837,065	53.3%
July 1, 2009	1,612,820	1,930,122	317,302	83.6%	937,757	33.8%
July 1, 2010	1,648,073	2,030,852	382,779	81.2%	920,435	41.6%
July 1, 2011	1,712,480	2,228,282	515,802	76.9%	937,656	55.0%
July 1, 2012	1,708,220	2,442,179	733,959	69.9%	983,732	74.6%

***Schedule of Employer Contributions***

Year Ended June 30,	Annual Required Contribution	Percentage Contributed
2013	\$ 88,214	100.0%
2012	89,102	100.0%
2011	89,530	100.0%
2010	89,102	100.0%
2009	74,182	100.0%
2008	67,085	100.0%

**CITY OF NORWALK, CONNECTICUT**

**REQUIRED SUPPLEMENTARY INFORMATION - *unaudited***  
**OPEB TRUST**  
**June 30, 2013**

***Schedule of Funding Progress***

Actuarial Valuation Date	Actuarial Value of Assets (a)	Accrued Liability (b)	Unfunded Accrued Liability (UAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (C)	UAL as a Percentage of Covered Payroll ((b-a)/c)
July 1, 2006	\$ -	\$ 163,771,000	\$ 163,771,000	0%	N/A	N/A
July 1, 2007	-	187,892,000	187,892,000	0%	N/A	N/A
July 1, 2008	2,412,900	197,474,900	195,062,000	1.2%	N/A	N/A
July 1, 2009	7,819,000	222,571,000	214,752,000	3.5%	N/A	N/A
July 1, 2011	21,113,000	233,552,000	212,439,000	9.0%	N/A	N/A

***Schedule of Employer Contributions***

Year Ended June 30,	Annual Required Contribution	Percentage Contributed
2013	\$ 18,450,000	89.64%
2012	18,629,000	83.00%
2011	17,791,000	79.13%
2010	16,278,000	86.30%
2009	15,293,300	84.65%
2008	15,573,000	73.60%

CITY OF NORWALK, CONNECTICUT

REQUIRED SUPPLEMENTARY INFORMATION - *unaudited*  
 SCHEDULE OF GENERAL FUND REVENUES - BUDGETARY BASIS -  
 BUDGET AND ACTUAL  
 For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>TAXES, INTEREST AND LIEN FEES</b>				
Property Taxes	\$ 267,923,251	\$ 267,923,251	\$ 266,542,517	\$ (1,380,734)
Interest and liens	1,595,068	1,595,068	1,433,258	(161,810)
<b>Total taxes, interest and lien fees</b>	<b>269,518,319</b>	<b>269,518,319</b>	<b>267,975,775</b>	<b>(1,542,544)</b>
<b>INTERGOVERNMENTAL</b>				
State grants in aid - general	5,811,800	5,866,496	7,391,392	1,524,896
State grants in aid - Board of Education	10,344,902	10,344,902	10,294,664	(50,238)
Other grants	210,000	210,000	518,766	308,766
<b>Total intergovernmental</b>	<b>16,366,702</b>	<b>16,421,398</b>	<b>18,204,822</b>	<b>1,783,424</b>
<b>LICENSES, PERMITS, FEES AND OTHER</b>				
Building inspections and permits	2,181,500	2,181,500	3,008,376	826,876
Health Department inspection fees	317,000	317,000	345,178	28,178
Police Department permits	3,000	3,000	47,404	44,404
Public Works licenses, permits and service charges	339,135	339,135	685,727	346,592
Planning and zoning permits	233,550	233,550	267,622	34,072
Town Clerk fees and permits	3,102,980	3,102,980	3,692,042	589,062
Police Department service charges	357,700	413,575	432,436	18,861
Other service charges and fees	1,326,728	1,365,902	1,959,206	593,304
Rental income	153,353	153,353	184,213	30,860
Recreation and Parks Commission	1,004,900	1,004,900	862,294	(142,606)
Health Department nursing fees	225,500	225,500	251,819	26,319
<b>Total licenses, permits, fees and other</b>	<b>9,245,346</b>	<b>9,340,395</b>	<b>11,736,317</b>	<b>2,395,922</b>
<b>INTEREST</b>				
Interest on investments	712,000	712,000	201,248	(510,752)
<b>Total interest</b>	<b>712,000</b>	<b>712,000</b>	<b>201,248</b>	<b>(510,752)</b>
<b>Total revenues</b>	<b>\$ 295,842,367</b>	<b>\$ 295,992,112</b>	<b>\$ 298,118,162</b>	<b>\$ 2,126,050</b>

See Note to Required Supplementary Information.

CITY OF NORWALK, CONNECTICUT

REQUIRED SUPPLEMENTARY INFORMATION - *unaudited*  
 SCHEDULE OF GENERAL FUND EXPENDITURES, ENCUMBRANCES AND  
 TRANSFERS OUT - BUDGETARY BASIS - BUDGET AND ACTUAL  
 For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>GENERAL GOVERNMENT</b>				
Mayor	\$ 272,386	\$ 273,506	\$ 263,298	\$ 10,208
City Clerk	329,553	338,448	332,543	5,905
Town Clerk	580,055	605,839	603,881	1,958
Legislative	12,450	10,230	9,380	850
Legal	944,067	971,835	873,548	98,287
Data Processing	1,415,414	1,500,259	1,407,976	92,283
Personnel & Labor Relations	557,062	570,143	566,629	3,514
Human Relations & Fair Rent	217,861	254,758	249,599	5,159
Youth Services	229,846	241,892	238,761	3,131
Registrar of Voters	446,990	404,789	383,293	21,496
Finance Director	194,280	248,578	224,627	23,951
Tax Assessor	760,740	796,984	792,436	4,548
Tax Assessor Revaluation	13,420	1,096,086	1,034,848	61,238
Tax Collector	788,781	800,789	762,754	38,035
Accounting and Treasury	663,223	610,408	604,657	5,751
Management and budgets	371,532	315,610	309,888	5,722
Purchasing	268,310	275,302	273,204	2,098
Central Services	88,459	71,886	61,835	10,051
<b>Total general government</b>	<b>8,154,429</b>	<b>9,387,342</b>	<b>8,993,157</b>	<b>394,185</b>
<b>HEALTH AND WELFARE</b>	<b>1,951,904</b>	<b>1,999,624</b>	<b>1,941,564</b>	<b>58,060</b>
<b>COMMUNITY GRANTS</b>				
Transit District	473,742	473,742	473,742	-
Probate Court	23,924	23,924	23,924	-
Elder House	9,682	9,682	9,682	-
Senior Center	326,291	326,291	326,291	-
Sexual Assault Crisis Center	16,480	16,480	16,480	-
CT Counseling Centers	2,060	2,060	2,060	-
Harbor Commission	11,368	11,368	11,368	-
Housing Site Development Agency	104,955	104,955	104,955	-
Redevelopment Agency	137,521	141,601	141,601	-
Mid-Fairfield Guidance Center	14,163	14,163	14,163	-
Neighborhood Improvement	67,783	67,783	67,783	-

See Note to Required Supplementary Information.

(Continued)

CITY OF NORWALK, CONNECTICUT

REQUIRED SUPPLEMENTARY INFORMATION - *unaudited*  
**SCHEDULE OF GENERAL FUND EXPENDITURES, ENCUMBRANCES AND  
 TRANSFERS OUT - BUDGETARY BASIS - BUDGET AND ACTUAL, Continued**  
 For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>COMMUNITY GRANTS, Continued</b>				
Americare Free Clinic	20,600	20,600	20,600	-
Human Services Council	13,390	13,390	13,390	-
NEON Summer Camp	145,694	145,694	145,694	-
Domestic Violence Center	5,665	5,665	5,665	-
Family & Children's Aid	37,419	37,419	37,419	-
SW CT Mental Health Board	15,067	15,067	15,067	-
School Based Health Centers	19,055	19,055	19,055	-
Summer Youth Employment	75,000	75,000	75,000	-
Children's Connection	16,480	16,480	16,480	-
Other	177,299	182,314	181,564	750
<b>Total community grants</b>	<b>1,713,638</b>	<b>1,722,733</b>	<b>1,721,983</b>	<b>750</b>
<b>EMPLOYEE BENEFITS</b>				
Insurance	10,142,504	10,142,504	10,142,504	-
Social Security	2,169,978	2,169,978	2,113,735	56,243
Unemployment Compensation	125,000	125,000	103,689	21,311
Special Pensions	1,854	1,854	-	1,854
Police Pension	2,588,602	2,588,602	2,588,602	-
Fire Pension	1,455,860	1,455,860	1,455,860	-
City Pension	3,083,346	3,083,346	3,083,104	242
OPEB Contribution	13,846,636	13,846,636	13,846,636	-
Worker's Compensation Insurance	5,549,707	5,049,707	5,049,707	-
<b>Total employee benefits</b>	<b>38,963,487</b>	<b>38,463,487</b>	<b>38,383,837</b>	<b>79,650</b>
<b>PROTECTION OF PERSONS AND PROPERTY</b>				
Police Department	19,310,461	19,729,227	19,721,556	7,671
Fire Department	16,294,462	16,593,250	16,555,203	38,047
Planning and Zoning	1,054,095	1,086,703	1,072,494	14,209
Building Inspector	663,573	687,914	687,914	-
Dispatch and Emergency Mgmt Plan	2,130,402	2,275,524	2,271,712	3,812
<b>Total protection of persons and property</b>	<b>39,452,993</b>	<b>40,372,618</b>	<b>40,308,879</b>	<b>63,739</b>
<b>PUBLIC WORKS</b>				
Public Works	16,702,674	17,613,890	17,235,182	378,708

See Note to Required Supplementary Information.

(Continued)

CITY OF NORWALK, CONNECTICUT

REQUIRED SUPPLEMENTARY INFORMATION - *unaudited*  
**SCHEDULE OF GENERAL FUND EXPENDITURES, ENCUMBRANCES AND  
 TRANSFERS OUT - BUDGETARY BASIS - BUDGET AND ACTUAL, Continued**  
 For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>EDUCATION</b>				
Public Schools	155,494,990	156,380,228	154,334,920	2,045,308
<b>RECREATION, ARTS AND CULTURE</b>				
Recreation and Parks	3,616,144	4,317,297	4,286,959	30,338
Golf Course	-	150,000	150,000	-
Library	3,280,785	3,323,668	3,279,800	43,868
Historical Commission	201,639	276,640	259,908	16,732
<b>Total recreations, arts and culture</b>	<b>7,098,568</b>	<b>8,067,605</b>	<b>7,976,667</b>	<b>90,938</b>
<b>CONTINGENCY</b>	<b>1,532,686</b>	<b>442,980</b>	<b>-</b>	<b>442,980</b>
<b>DEBT SERVICE</b>	<b>25,678,273</b>	<b>25,678,273</b>	<b>25,655,943</b>	<b>22,330</b>
<b>ORGANIZATIONAL MEMBERSHIPS</b>	<b>98,725</b>	<b>98,725</b>	<b>98,194</b>	<b>531</b>
<b>Total Expenditures</b>	<b>\$ 296,842,367</b>	<b>\$ 300,227,505</b>	<b>\$ 296,650,326</b>	<b>\$ 3,577,179</b>

See Note to Required Supplementary Information.

## CITY OF NORWALK, CONNECTICUT

### NOTE TO REQUIRED SUPPLEMENTARY INFORMATION-unaudited June 30, 2013

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#### **Note 1. Budgets and Budgetary Accounting**

The City's general budget policies are as follows:

- A. Prior to the commencement of a fiscal year, an operating budget (a plan of financial operation embodying an estimate of proposed expenditures and the proposed means of financing them) for that year for the General Fund is to be submitted to the Board of Estimate and Taxation. On the first Monday of May, the Board of Estimate and Taxation by legal resolution must adopt an Operating Budget for the ensuing fiscal year.
- B. The expenditure portion of the operating budget (appropriations) is given legal effect through resolution of the Board of Estimate and Taxation. Appropriations made by the Board of Estimate and Taxation shall not exceed estimated revenues. The budget is adopted on a department level. Departments, agencies, or other entities may not legally exceed their appropriations.
- C. By resolution of the Board of Estimate and Taxation, the Finance Director may amend the budget by authorizing a transfer within each expenditure item (i.e., the Mayor's office within general government expenditures) of the budget for amounts up to \$5,000 at the Department level. The Board of Estimate and Taxation's authorization is required for transfers of amounts in excess of the Finance Director's authority.
- D. Supplemental appropriations in excess of the adopted budget, together with the means of financing them, must be authorized by the Board of Estimate and Taxation and ratified by a resolution of two-thirds of the Common Council.
- E. Although budgeted revenues usually are not changed, the ultimate source of revenues for supplemental appropriations (adjustments) are identified when such adjustments are approved. Thus, while the final budget presented in the financial statements reflects a deficit, the budgetary amendment process includes procedures requiring that funding sources, including, if necessary, appropriations of fund balance, be identified.
- F. Expenditures of funds for long-term capital improvements are budgeted by Capital Projects each year. Appropriations for Capital Projects are continued until completion of applicable projects, even when projects extend over more than one fiscal year.  
  
Appropriations from the General Fund lapse at year-end.
- G. Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order, contract or other commitment is issued and, accordingly, encumbrances outstanding at year-end are reflected in budgetary reports as expenditures of the current year. If an appropriation is not encumbered, it lapses at year-end and may not be used by the department.
- H. Classifications of certain revenues and expenditures under accounting principles generally accepted in the United States of America differ from classifications utilized for budgetary purposes.

For the year ended June 30, 2013, supplemental appropriations totaled approximately \$3,235,000.

**CITY OF NORWALK, CONNECTICUT**

**NOTE TO REQUIRED SUPPLEMENTARY INFORMATION- unaudited, Continued**  
**June 30, 2013**

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

Expenditures, encumbrances and transfers out, budgetary basis	\$ 296,650,326
Effect of combined funds under GASB No. 54.	399,320
On-behalf payments paid directly by the State of Connecticut Teachers' Retirement System	17,430,000
On-behalf payments, paid directly by the Department of Public Health to WIC recipients, not recognized for budgetary purposes	1,242,017
Excess Cost -Special Education	1,736,248
Refunding, net	150,877
Encumbrances and continued appropriations:	
June 30, 2012	58,908
June 30, 2013	<u>(862,693)</u>
Expenditures, GAAP basis	<u><u>\$ 316,805,003</u></u>

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

Revenues and transfers in, budgetary basis	\$ 298,118,162
Effect of combined funds under GASB No. 54	415,301
Excess Cost -Special Education	1,736,248
On-behalf payments paid directly by the State of Connecticut Teachers' Retirement System	17,430,000
On-behalf payments, paid directly by the Department of Public Health to WIC recipients, not recognized for budgetary purposes	<u>1,242,017</u>
Revenues, GAAP basis	<u><u>\$ 318,941,728</u></u>

**CITY OF NORWALK, CONNECTICUT**

**NOTE TO REQUIRED SUPPLEMENTARY INFORMATION- unaudited, Continued**  
**June 30, 2013**

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Special revenue funds

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

Capital projects funds

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

**COMBINING AND INDIVIDUAL FUND  
FINANCIAL STATEMENTS AND OTHER SCHEDULES**



**Nonmajor  
Governmental Funds**

## **Nonmajor Governmental Funds**

### ***Special Revenue Funds***

Special revenue funds account for and report the proceeds of specific revenue sources (other than major capital projects) that are restricted or committed for expenditure for specific activities other than debt service or capital projects.

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

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

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

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

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

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

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CITY OF NORWALK, CONNECTICUT

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
June 30, 2013

	Special Revenue			
	Maritime Center Authority	School Lunch	Community Development Block Grant	Board of Education Grants
<b>ASSETS</b>				
Cash and cash equivalents	\$ 173,992	\$ -	\$ 2,637	\$ 998,765
Investments	-	-	-	1,556,406
Intergovernmental receivables	-	484,135	-	418,165
Other receivables	-	-	-	49,983
Inventories	-	37,616	-	-
<b>Total assets</b>	<b>\$ 173,992</b>	<b>\$ 521,751</b>	<b>\$ 2,637</b>	<b>\$ 3,023,319</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities				
Accounts payable and accrued liabilities	\$ 165,000	\$ 457,114	\$ -	\$ 848,941
Unearned revenue	-	-	-	1,338,519
<b>Total liabilities</b>	<b>165,000</b>	<b>457,114</b>	<b>-</b>	<b>2,187,460</b>
Fund Balances				
Nonspendable	-	37,616	-	-
Restricted	8,992	27,021	2,637	-
Committed	-	-	-	-
Assigned	-	-	-	836,185
Unassigned (deficit)	-	-	-	(326)
<b>Total fund balances</b>	<b>8,992</b>	<b>64,637</b>	<b>2,637</b>	<b>835,859</b>
<b>Total liabilities and fund balances</b>	<b>\$ 173,992</b>	<b>\$ 521,751</b>	<b>\$ 2,637</b>	<b>\$ 3,023,319</b>

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Special Revenue

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Healthcare Grants	Other Programs	Totals
\$ 180,768	\$ 792,955	\$ 2,149,117
-	847,864	2,404,270
335,776	-	1,238,076
-	33,065	83,048
-	-	37,616
<u>\$ 516,544</u>	<u>\$ 1,673,884</u>	<u>\$ 5,912,127</u>

\$ 71,225	\$ 42,222	\$ 1,584,502
443,913	183,218	1,965,650
<u>515,138</u>	<u>225,440</u>	<u>3,550,152</u>

-	-	37,616
1,406	312,999	353,055
-	1,135,445	1,135,445
-	-	836,185
-	-	(326)
<u>1,406</u>	<u>1,448,444</u>	<u>2,361,975</u>

<u>\$ 516,544</u>	<u>\$ 1,673,884</u>	<u>\$ 5,912,127</u>
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CITY OF NORWALK, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2013

	Special Revenue			
	Maritime Center Authority	School Lunch	Community Development Block Grant	Board of Education Grants
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ 2,663,646	\$ 1,322,617	\$ 15,909,515
Licenses, permits, fees and other	8,659,949	1,280,001	-	1,883,677
<b>Total revenues</b>	<b>8,659,949</b>	<b>3,943,647</b>	<b>1,322,617</b>	<b>17,793,192</b>
<b>EXPENDITURES</b>				
Education	-	3,964,833	-	17,497,380
Maritime Center operations	8,659,949	-	-	-
Health and welfare	-	-	-	-
General government	-	-	-	-
Public works	-	-	-	-
Public safety	-	-	-	-
Recreation	-	-	-	-
Community grants	-	-	1,322,617	-
<b>Total expenditures</b>	<b>8,659,949</b>	<b>3,964,833</b>	<b>1,322,617</b>	<b>17,497,380</b>
<b>Changes in fund balance</b>	<b>-</b>	<b>(21,186)</b>	<b>-</b>	<b>295,812</b>
<b>FUND BALANCE, beginning</b>	<b>8,992</b>	<b>85,823</b>	<b>2,637</b>	<b>540,047</b>
<b>FUND BALANCE, ending</b>	<b>\$ 8,992</b>	<b>\$ 64,637</b>	<b>\$ 2,637</b>	<b>\$ 835,859</b>

Special Revenue		
Healthcare Grants	Other Programs	Totals
\$ 1,592,339	\$ 84,840	\$ 21,572,957
-	1,701,950	13,525,577
1,592,339	1,786,790	35,098,534
-	166,556	21,628,769
-	-	8,659,949
1,592,339	-	1,592,339
-	349,377	349,377
-	524,621	524,621
-	5,799	5,799
-	322,358	322,358
-	-	1,322,617
1,592,339	1,368,711	34,405,829
-	418,079	692,705
1,406	1,030,365	1,669,270
\$ 1,406	\$ 1,448,444	\$ 2,361,975

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**Internal Service Funds**

### **Internal Service Funds**

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

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

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

CITY OF NORWALK, CONNECTICUT

COMBINING STATEMENT OF NET POSITION (DEFICIT)

INTERNAL SERVICE FUNDS

June 30, 2013

	Insurance Fund	Fleet Maintenance	Totals
<b>ASSETS</b>			
Cash	\$ 3,873,052	\$ 231,402	\$ 4,104,454
Investments	10,589,214	11,444	10,600,658
Receivables	46,390	41,389	87,779
Prepays	517,176	-	517,176
<b>Total assets</b>	<b>15,025,832</b>	<b>284,235</b>	<b>15,310,067</b>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable	286,518	236,590	523,108
Claims payable	4,853,835	-	4,853,835
<b>Total current liabilities</b>	<b>5,140,353</b>	<b>236,590</b>	<b>5,376,943</b>
Noncurrent liabilities:			
Claims payable	10,985,235	-	10,985,235
<b>Total noncurrent liabilities</b>	<b>10,985,235</b>	<b>-</b>	<b>10,985,235</b>
<b>Total liabilities</b>	<b>16,125,588</b>	<b>236,590</b>	<b>16,362,178</b>
<b>NET POSITION (DEFICIT)</b>			
Unrestricted	(1,099,756)	47,645	(1,052,111)
<b>Total net position (deficit)</b>	<b>\$ (1,099,756)</b>	<b>\$ 47,645</b>	<b>\$ (1,052,111)</b>

CITY OF NORWALK, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN  
FUND NET POSITION (DEFICIT) - INTERNAL SERVICE FUNDS

For the Year Ended June 30, 2013

	Insurance Fund	Fleet Maintenance	Totals
<b>OPERATING REVENUES</b>			
City and member's contributions	\$ 46,164,148	\$ 2,530,260	\$ 48,694,408
<b>Total operating revenues</b>	<u>46,164,148</u>	<u>2,530,260</u>	<u>48,694,408</u>
<b>OPERATING EXPENSES</b>			
Administrative costs	838,002	7,856	845,858
Program expenditures	42,901,454	2,540,410	45,441,864
<b>Total operating expenses</b>	<u>43,739,456</u>	<u>2,548,266</u>	<u>46,287,722</u>
<b>Operating income (loss)</b>	<u>2,424,692</u>	<u>(18,006)</u>	<u>2,406,686</u>
<b>NONOPERATING INCOME</b>			
Investment income	364,158	1,308	365,466
<b>Total nonoperating income</b>	<u>364,158</u>	<u>1,308</u>	<u>365,466</u>
<b>Net income (loss)</b>	2,788,850	(16,698)	2,772,152
<b>FUND NET POSITION (DEFICIT), beginning</b>	<u>(3,888,606)</u>	<u>64,343</u>	<u>(3,824,263)</u>
<b>FUND NET POSITION (DEFICIT), ending</b>	<u>\$ (1,099,756)</u>	<u>\$ 47,645</u>	<u>\$ (1,052,111)</u>

CITY OF NORWALK, CONNECTICUT

COMBINING STATEMENT OF CASH FLOWS - NONMAJOR INTERNAL SERVICE FUNDS  
For the Year Ended June 30, 2013

	Insurance Fund	Fleet Maintenance	Totals
<b>Cash Flows From Operating Activities</b>			
Receipts from customers and users	\$ 46,142,693	\$ 2,520,659	\$ 48,663,352
Payments for program and administration costs	(42,047,957)	(2,479,342)	(44,527,299)
<b>Net cash provided by operating activities</b>	<b>4,094,736</b>	<b>41,317</b>	<b>4,136,053</b>
<b>Cash Flows From Investing Activities</b>			
Purchase of investments	(2,782,585)	85,258	(2,697,327)
Sale of investments	1,111,989	(3,007)	1,108,982
Investment income	364,158	1,308	365,466
<b>Net cash provided by (used in) investing activities</b>	<b>(1,306,438)</b>	<b>83,559</b>	<b>(1,222,879)</b>
<b>Net increase in cash and cash equivalents</b>	<b>2,788,298</b>	<b>124,876</b>	<b>2,913,174</b>
<b>Cash and Cash Equivalents</b>			
Beginning	1,084,754	106,526	1,191,280
Ending	<u>\$ 3,873,052</u>	<u>\$ 231,402</u>	<u>\$ 4,104,454</u>
<b>Reconciliation of operating (loss) income to net cash used in operating activities:</b>			
Operating income (loss)	\$ 2,424,692	\$ (18,006)	\$ 2,406,686
Adjustments to reconcile operating (loss) income to net cash provided by operating activities:			
Changes in assets and liabilities:			
Increase in accounts receivable	(21,456)	(9,601)	(31,057)
Increase in prepaids	(16,750)	-	(16,750)
Increase in accrued expenses/ accounts payable	1,708,250	68,924	1,777,174
<b>Net cash provided by operating activities</b>	<b>\$ 4,094,736</b>	<b>\$ 41,317</b>	<b>\$ 4,136,053</b>
<b>Noncash investment activities</b>			
Net increase in fair value of investments	\$ 42,752	\$ -	\$ 42,752

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**Fiduciary Funds**

## **Fiduciary Funds**

### **Agency Funds:**

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

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

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

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

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

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

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

**Miscellaneous Board of Education** – This fund is used to account for monies held for groups related to students for specific purposes.

CITY OF NORWALK, CONECTICUT

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -  
AGENCY FUNDS

For the Year Ended June 30, 2013

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
<b>STUDENT ACTIVITY FUND</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 927,085	\$ 2,541,811	\$ 2,544,109	\$ 924,787
<b>Liabilities</b>				
Other liabilities	\$ 927,085	\$ 2,541,811	\$ 2,544,109	\$ 924,787
<b>HOUSING SITE DEVELOPMENT</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 389,650	\$ -	\$ 752	\$ 388,898
<b>Liabilities</b>				
Other liabilities	\$ 389,650	\$ -	\$ 752	\$ 388,898
<b>SIXTH TAXING DISTRICT</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ -	\$ 1,347,594	\$ 1,347,594	\$ -
<b>Liabilities</b>				
Other liabilities	\$ -	\$ 1,347,594	\$ 1,347,594	\$ -
<b>CITY HALL MURAL RESTORATION</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 2,300	\$ -	\$ 6	\$ 2,294
<b>Liabilities</b>				
Other liabilities	\$ 2,300	\$ -	\$ 6	\$ 2,294
<b>DETENTION FACILITY ESCROW</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 5,688	\$ -	\$ 11	\$ 5,677
<b>Liabilities</b>				
Other liabilities	\$ 5,688	\$ -	\$ 11	\$ 5,677

CITY OF NORWALK, CONECTICUT

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -  
 AGENCY FUNDS, Continued  
 For the Year Ended June 30, 2013

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
<b>ROOSEVELT DEPOSIT</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 20,497	\$ -	\$ 39	\$ 20,458
<b>Liabilities</b>				
Other liabilities	\$ 20,497	\$ -	\$ 39	\$ 20,458
<b>SEWER ESCROW</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 194,392	\$ 1,200	\$ 274	\$ 195,318
<b>Liabilities</b>				
Other liabilities	\$ 194,392	\$ 1,200	\$ 274	\$ 195,318
<b>MISCELLANEOUS BOARD OF EDUCATION</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 89,556	\$ 52,623	\$ 94,872	\$ 47,307
Investments	65,073	47,790	86,157	26,706
Total Assets	\$ 154,629	\$ 100,413	\$ 181,029	\$ 74,013
<b>Liabilities</b>				
Other liabilities	\$ 154,629	\$ 100,413	\$ 181,029	\$ 74,013
<b>Total Assets</b>	<b>\$ 1,694,241</b>	<b>\$ 3,991,018</b>	<b>\$ 4,073,814</b>	<b>\$ 1,611,445</b>
<b>Total Liabilities</b>	<b>\$ 1,694,241</b>	<b>\$ 3,991,018</b>	<b>\$ 4,073,814</b>	<b>\$ 1,611,445</b>

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



CITY OF NORWALK, CONNECTICUT

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS,  
NET OF ACCUMULATED DEPRECIATION**

**June 30, 2013**

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Governmental funds capital assets:

Land	\$ 23,629,897
Buildings and improvements	243,796,097
Land improvements	8,188,082
Machinery and equipment	13,906,565
Infrastructure	188,079,604
Construction in progress	12,668,789
<b>Total governmental funds capital assets</b>	<b><u>\$ 490,269,034</u></b>

Investments in governmental funds capital assets:

Assets put into service prior to July 1, 2013	
<b>Total governmental funds capital assets</b>	<b><u>\$ 490,269,034</u></b>

CITY OF NORWALK, CONNECTICUT

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS -  
SCHEDULE BY FUNCTION AND ACTIVITY - NET OF DEPRECIATION  
June 30, 2013**

	Land	Construction in Progress	Land Improvements	Machinery and Equipment	Infrastructure	Buildings and Improvements	Total
General Government	\$ -	\$ -	\$ -	\$ 1,475,844	\$ -	\$ 3,918	\$ 1,479,762
Board of Education	4,167,400	96,924	1,139,761	2,395,947	27,355	187,360,597	195,187,984
Public Works	2,057,997	-	1,840,188	5,106,573	184,345,141	20,945,685	214,295,584
Health & Welfare	-	-	-	65,391	-	1,067,325	1,132,716
Recreation, Arts and Culture	17,404,500	-	5,206,783	495,345	3,707,108	11,461,789	38,275,525
Public Safety	-	12,571,865	1,350	4,367,465	-	22,956,783	39,897,463
	<u>\$ 23,629,897</u>	<u>\$ 12,668,789</u>	<u>\$ 8,188,082</u>	<u>\$ 13,906,565</u>	<u>\$ 188,079,604</u>	<u>\$ 243,796,097</u>	<u>\$ 490,269,034</u>

**Other Schedules**



CITY OF NORWALK, CONNECTICUT

BALANCE SHEET - BY ACCOUNT - GENERAL FUND

June 30, 2013

	General Fund	Other Programs Fund	Totals
<b>ASSETS</b>			
Cash and cash equivalents	\$ 44,138,374	\$ 231,483	\$ 44,369,857
Investments	23,009,673	294,699	23,304,372
Receivables (net of allowances for collection losses):			
Property taxes	5,272,640	-	5,272,640
Accounts receivable	13,473,356	7,529	13,480,885
State and federal governments	572,001	-	572,001
Prepays	1,615	-	1,615
<b>Total assets</b>	<b>\$ 86,467,659</b>	<b>\$ 533,711</b>	<b>\$ 87,001,370</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	\$ 20,408,839	\$ 11,027	\$ 20,419,866
Unearned revenue	14,323,394	-	14,323,394
Deferred revenues	6,882,796	-	6,882,796
Advances to taxing districts	11,941,262		11,941,262
<b>Total liabilities</b>	<b>53,556,291</b>	<b>11,027</b>	<b>53,567,318</b>
<b>FUND BALANCES</b>			
Nonexpendable	1,615	-	1,615
Assigned	3,681,569	-	3,681,569
Unassigned	29,228,184	522,684	29,750,868
<b>Total fund balances</b>	<b>32,911,368</b>	<b>522,684</b>	<b>33,434,052</b>
<b>Total liabilities and fund balances</b>	<b>\$ 86,467,659</b>	<b>\$ 533,711</b>	<b>\$ 87,001,370</b>

CITY OF NORWALK, CONNECTICUT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BY ACCOUNT - GENERAL FUND  
 For the Year Ended June 30, 2013

	General Fund	Other Programs Fund	Totals
<b>REVENUES</b>			
Property taxes, interest and liens	\$ 267,975,776	\$ -	\$ 267,975,776
Intergovernmental	19,932,296	9,480	19,941,776
State on-behalf payments	18,672,017	-	18,672,017
Licenses, permits, fees and other	11,745,090	400,820	12,145,910
Interest	201,248	5,001	206,249
<b>Total revenues</b>	<b>318,526,427</b>	<b>415,301</b>	<b>318,941,728</b>
<b>EXPENDITURES</b>			
Current:			
General government	8,229,191	399,254	8,628,445
Health and welfare	1,941,562	-	1,941,562
Education	174,748,185	-	174,748,185
Employee benefits	38,482,031	-	38,482,031
Public safety	40,305,277	-	40,305,277
Community grants	1,721,983	-	1,721,983
Public works	17,213,907	-	17,213,907
Recreation, arts and culture	7,956,793	-	7,956,793
Debt service:			
Principal	15,660,999	-	15,660,999
Interest	9,994,944	-	9,994,944
<b>Total expenditures</b>	<b>316,254,872</b>	<b>399,254</b>	<b>316,654,126</b>
<b>Net change in fund balances</b>	<b>2,271,555</b>	<b>16,047</b>	<b>2,287,602</b>
<b>FUND BALANCES,</b> beginning of year	<b>30,639,813</b>	<b>506,637</b>	<b>31,146,450</b>
<b>FUND BALANCES,</b> end of year	<b>\$ 32,911,368</b>	<b>\$ 522,684</b>	<b>\$ 33,434,052</b>

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CITY OF NORWALK, CONNECTICUT

SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING  
 GENERAL FUND  
 For the Year Ended June 30, 2013

Grand List Year	Taxes Receivable July 1, 2012	Current Levy	Lawful Corrections		Abatement
			Additions	Deletions	
2011	\$ -	\$ 271,222,692	\$ 719,422	\$ 13,324	\$ 1,312,766
2010	3,502,515	-	106,486	75,067	812,369
2009	1,262,724	-	12,128	60,719	614,638
2008	615,759	-	9,075	282,140	525,750
2007	172,097	-	19,436	14,709	3,087
2006	3,043	-	15,927	7,289	5,311
2005	20,276	-	11,146	5,059	2,417
2004	18,025	-	9,003	3,512	3,689
2003	11,802	-	4,841	1,725	-
2002	10,798	-	2,673	764	-
2001	11,084	-	1,987	825	-
2000	4,402	-	1,743	752	-
1999	3,364	-	1,034	474	-
1998	1,657	-	2,563	697	-
1997	2,881	-	2,885	1,973	-
	<u>\$ 5,640,427</u>	<u>\$ 271,222,692</u>	<u>\$ 920,349</u>	<u>\$ 469,029</u>	<u>\$ 3,280,027</u>

Balance to be Collected	Collections				Taxes Receivable June 30, 2013
	Taxes	Interest	Fees	Total	
\$ 270,616,024	\$ 266,442,259	\$ 715,327	\$ 7,077	\$ 267,164,663	\$ 4,173,765
2,721,565	1,383,699	364,323	9,341	1,757,363	1,337,866
599,495	(79,935)	147,685	2,208	69,958	679,430
(183,056)	(324,762)	58,930	720	(265,112)	141,706
173,737	47,063	34,058	384	81,505	126,674
6,370	14,628	15,240	24	29,892	(8,258)
23,946	8,673	11,330	24	20,027	15,273
19,827	5,427	10,985	24	16,436	14,400
14,918	5,439	6,659	24	12,122	9,479
12,707	3,799	4,549	24	8,372	8,908
12,246	1,368	5,585	-	6,953	10,878
5,393	1,188	2,440	-	3,628	4,205
3,924	707	1,597	-	2,304	3,217
3,523	1,803	4,509	-	6,312	1,720
3,793	3,793	4,892	-	8,685	-
<u>\$ 274,034,412</u>	<u>\$ 267,515,149</u>	<u>\$ 1,388,109</u>	<u>\$ 19,850</u>	<u>\$ 268,923,108</u>	<u>\$ 6,519,263</u>

CITY OF NORWALK, CONNECTICUT

SCHEDULE OF CAPITAL PROJECT FUND TAX COLLECTORS  
 ACTIVITY - SEWER ASSESSMENT  
 For the Year Ended June 30, 2013

Grand List Year	Uncollected Sewer Assessments July 1, 2012	Current Assessment	Lawful Corrections		Assessments Collected
			Additions	Deletions	
1997-1998	\$ 58	\$ -	\$ -	\$ -	\$ -
1999-2000	646	-	-	-	-
2001-2002	4,605	-	-	-	2,475
2005-2006	43,826	-	-	-	8,233
	<u>\$ 49,135</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,708</u>

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Interest	Liens	Total Collected	Taxes Receivable June 30, 2013
\$ -	\$ -	\$ -	\$ 58
-	-	-	646
2,950	24	5,449	2,130
1,426	24	9,683	35,593
<u>\$ 4,376</u>	<u>\$ 48</u>	<u>\$ 15,132</u>	<u>\$ 38,427</u>

CITY OF NORWALK, CONNECTICUT

SCHEDULE OF LONG-TERM BONDED DEBT

For the Year Ended June 30, 2012

Bonds	Bond Number	Issue Date	Interest Rate	Maturity Date	Original Amount
<b>GENERAL GOVERNMENT</b>					
<b>City Capital Improvement Bonds</b>					
	104	03/24/2004	2.25-4.00	01/15/2016	10,829,850
	105	06/10/2004	3.50-5.00	08/01/2012	19,431,861
	110	07/01/2007	4.125-5.75	07/15/2027	24,125,000
	111	04/30/2008	3.00-5.00	07/01/2018	15,780,000
	112	07/01/2008	4.00-5.00	07/01/2028	33,000,000
	113	03/03/2009	2.50-5.00	07/01/2022	55,312,186
	114	06/03/2009	3.00-5.00	07/01/2026	17,037,600
	115	07/15/2009	2.25-4.25	07/01/2029	17,495,000
	116	02/16/2010	3.00-5.00	07/01/2026	15,879,685
	117	04/28/2010	3.00-5.00	07/01/2024	29,480,600
	118	08/01/2010	1.60-5.20	08/01/2030	6,000,000
	119	08/01/2010	1.60-5.20	08/01/2030	12,844,000
	120	07/01/2011	3.00-4.00	07/01/2027	18,022,000
	121	08/16/2011	2.00-4.00	08/15/2031	17,274,000
	122	07/10/2012	1.25-5.00	7/15/2029	16,006,840
	123	08/01/2012	2.00-4.00	8/15/2032	24,000,000
<b>Total City capital improvement bonds</b>					
<b>Maritime Center Project Bonds</b>	-	11/15/86	6.95-7.20	02/01/2015	23,314,942

Amount Outstanding June 30, 2012	Additions/ Transfers	Payments/ Refunding/ Transfers	Amount Outstanding June 30, 2013
6,477,450	-	(1,157,850)	5,319,600
1,686,142	-	(1,686,142)	-
1,530,563	-	(1,530,563)	-
15,735,000	-	(2,055,000)	13,680,000
8,584,667	-	(7,068,182)	1,516,485
50,928,021	-	(2,454,401)	48,473,620
15,935,550	-	(1,255,500)	14,680,050
14,114,000	-	(12,739,010)	1,374,990
15,869,127	-	(9,827)	15,859,300
23,440,493	-	(2,622,080)	20,818,413
6,000,000	-	-	6,000,000
12,844,000	-	-	12,844,000
18,022,000	-	-	18,022,000
17,274,000	-	-	17,274,000
-	16,006,840	-	16,006,840
-	24,000,000	-	24,000,000
<b>208,441,013</b>	<b>40,006,840</b>	<b>(32,578,555)</b>	<b>215,869,298</b>
<b>264,190</b>	-	<b>(264,190)</b>	-

CITY OF NORWALK, CONNECTICUT

SCHEDULE OF LONG-TERM BONDED DEBT, Continued  
For the Year Ended June 30, 2012

Bonds	Bond Number	Issue Date	Interest Rate	Maturity Date	Original Amount
<b>ENTERPRISE FUNDS</b>					
<b>Maritime Parking Garage</b>	110	07/01/2007	4.125-5.75	07/15/2027	225,000
	112	07/01/2008	3.00-5.00	07/01/2028	1,200,000
	113	03/03/2009	2.50-5.00	07/01/2022	818,158
	115	07/15/2009	2.25-4.25	07/01/2029	1,205,000
	116	02/16/2010	3.00-5.00	07/01/2026	7,374,315
	117	04/28/2010	3.00-5.00	07/01/2024	209,400
	119	08/01/2010	1.60-5.20	08/01/2030	1,276,000
	121	08/16/2011	2.00-4.00	08/15/2031	226,000
	122	07/10/2012	1.25-5.00	07/15/2029	1,063,160
<b>Total Parking Authority</b>					
<b>Water Pollution Control Authority</b>	104	03/24/2004	2.25-4.00	01/15/2016	815,150
	105	06/10/2004	3.50-5.00	08/01/2016	563,139
	110	07/01/2007	4.125-5.75	07/15/2027	2,650,000
	113	03/03/2009	2.50-5.00	07/01/2022	2,314,656
	114	06/03/2009	3.00-5.00	07/01/2024	1,282,400
	115	07/15/2009	2.25-4.25	07/01/2029	2,500,000
	116	02/16/2010	3.00-5.00	07/01/2026	811,000
	117	04/28/2010	3.00-5.00	07/01/2024	1,187,600
	119	08/01/2010	1.60-5.20	08/01/2030	(700,000)
	120	07/01/2011	3.00-4.00	07/01/2027	788,000
	121	08/16/2011	2.00-4.00	08/15/2031	500,000
	122	07/10/2012	1.25-5.00	07/15/2029	-
	123	08/01/2012	2.00-4.00	08/15/2032	-
	CWF 190-DCI	12/31/2004	2.00	09/30/2019	1,830,187
	CWF 199-L	07/01/1996	2.00	07/01/2015	4,550,161
	CWF 301-C	12/30/1997	2.00	12/31/2016	1,934,212
	CWF 397-C	07/01/1999	2.00	01/31/2019	673,270
	CWF 190DC	09/30/2000	2.00	01/31/2019	41,294,122
	CWF 190-L1	07/01/2002	2.00	01/31/2019	4,930,815
	CWF 612-C	01/01/2013	2.00	07/01/2032	21,797,845
<b>Total Water Pollution Control Authority</b>					
<b>Total City capital improvement bonds</b>					

Amount Outstanding June 30, 2012	Additions/ Transfers	Payments/ Refunding/ Transfers	Amount Outstanding June 30, 2013
114,437	-	(114,437)	-
915,334	-	(531,819)	383,515
707,586	-	(51,951)	655,635
1,205,000	-	(592,990)	612,010
6,310,073	-	(330,073)	5,980,000
175,507	-	(75,520)	99,987
1,276,000	-	-	1,276,000
226,000	-	-	226,000
-	1,063,160	-	1,063,160
<b>10,929,937</b>	<b>1,063,160</b>	<b>(1,696,790)</b>	<b>10,296,307</b>
487,550	-	(87,150)	400,400
48,858	-	(48,858)	-
105,000	-	(105,000)	-
2,219,393	-	(148,655)	2,070,738
1,199,450	-	(94,500)	1,104,950
2,356,000	-	(2,128,000)	228,000
820,800	-	4,900	825,700
984,000	-	(112,400)	871,600
(700,000)	-	-	(700,000)
788,000	-	-	788,000
500,000	-	-	500,000
-	1,915,000	-	1,915,000
-	2,000,000	-	2,000,000
966,930	-	(125,188)	841,742
817,614	-	(259,672)	557,942
500,205	-	(107,302)	392,903
249,393	-	(35,802)	213,591
16,747,795	-	(2,168,334)	14,579,461
2,461,259	-	(249,601)	2,211,658
-	21,797,845	-	21,797,845
<b>30,552,247</b>	<b>25,712,845</b>	<b>(5,665,562)</b>	<b>50,599,530</b>
<b>\$ 250,187,387</b>	<b>\$ 66,782,845</b>	<b>\$ (40,205,097)</b>	<b>\$ 276,765,135</b>

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**Statistical Section**

# ***Statistical Section***

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

## **Contents**

### **Financial Trends**

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

### **Revenue Capacity**

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

### **Debt Capacity**

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

### **Demographic and Economic Information**

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

### **Operating Information**

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

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental activities										
Net Investment in capital assets	\$ 145,421	\$ 160,877	\$ 185,092	\$ 215,021	\$ 236,918	\$ 250,536	\$ 265,737	\$ 263,359	\$ 274,568	\$ 284,792
Restricted	-	-	-	-	-	-	-	626	1,186	353
Unrestricted	35,118	46,944	40,209	31,587	17,510	7,583	1,905	12,859	3,198	6,516
Total governmental activities net position	<u>180,539</u>	<u>207,821</u>	<u>225,301</u>	<u>246,608</u>	<u>254,428</u>	<u>258,119</u>	<u>267,642</u>	<u>276,844</u>	<u>278,952</u>	<u>291,661</u>
Business-type activities										
Net Investment in capital assets	49,638	53,740	53,072	53,483	58,022	65,236	67,625	77,295	83,058	84,119
Restricted	663	676	705	745	781	794	-	-	-	-
Unrestricted	1,202	(1,716)	7,350	9,531	9,168	4,193	7,671	5,373	9,605	12,784
Total business-type activities net position	<u>51,503</u>	<u>52,700</u>	<u>61,127</u>	<u>63,759</u>	<u>67,971</u>	<u>70,223</u>	<u>75,296</u>	<u>82,668</u>	<u>92,663</u>	<u>96,903</u>
Primary Government										
Net Investment in capital assets	195,059	214,617	238,164	268,504	294,940	315,772	333,362	340,654	357,626	368,911
Restricted	663	676	705	745	781	794	-	626	1,186	353
Unrestricted	36,320	45,228	47,559	41,118	26,678	11,776	9,576	18,232	12,803	19,300
Total primary government net position	<u>\$ 232,042</u>	<u>\$ 260,521</u>	<u>\$ 286,428</u>	<u>\$ 310,367</u>	<u>\$ 322,399</u>	<u>\$ 328,342</u>	<u>\$ 342,938</u>	<u>\$ 359,512</u>	<u>\$ 371,615</u>	<u>\$ 388,564</u>

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

<b>Expenses</b>	<b>Fiscal Year</b>									
	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
Governmental activities:										
General government	\$ 16,275	\$ 14,342	\$ 16,091	\$ 15,497	\$ 18,093	\$ 15,809	\$ 15,258	\$ 13,725	\$ 14,301	\$ 13,758
Education	149,825	164,242	176,895	179,848	192,383	201,190	209,628	214,237	225,079	230,695
Public safety	32,584	34,696	37,415	39,369	45,115	43,292	43,722	46,491	46,257	48,459
Health & welfare	7,548	3,764	2,163	3,453	2,210	5,155	5,711	4,895	4,266	4,001
Public works	30,436	28,045	28,363	24,553	31,020	33,208	25,524	29,909	33,984	34,531
Recreation, arts and cultural	7,035	7,643	8,308	8,783	9,387	9,922	9,313	9,112	9,463	9,459
Interest on debt	4,181	9,609	6,817	7,627	9,291	9,790	7,692	10,128	10,605	9,356
Total governmental activities expenses	<u>247,884</u>	<u>262,341</u>	<u>276,052</u>	<u>279,130</u>	<u>307,499</u>	<u>318,366</u>	<u>316,848</u>	<u>328,497</u>	<u>343,955</u>	<u>350,258</u>
Business-type activities:										
Parking Authority	2,963	3,943	4,227	4,282	4,713	5,136	5,827	5,551	5,422	5,593
Water Pollution Control Authority	7,977	8,465	8,799	9,200	9,371	10,454	11,400	10,515	10,789	11,374
Total business-type activities net position	<u>10,940</u>	<u>12,408</u>	<u>13,026</u>	<u>13,482</u>	<u>14,084</u>	<u>15,590</u>	<u>17,227</u>	<u>16,066</u>	<u>16,211</u>	<u>16,967</u>
Total primary government expenses	<u>\$ 258,824</u>	<u>\$ 274,749</u>	<u>\$ 289,078</u>	<u>\$ 292,612</u>	<u>\$ 321,583</u>	<u>\$ 333,956</u>	<u>\$ 334,075</u>	<u>\$ 344,563</u>	<u>\$ 360,166</u>	<u>\$ 367,225</u>
<b>Program Revenues</b>										
Governmental activities										
Charges for services:										
General government	7,414	7,220	7,680	7,199	9,246	5,193	4,986	4,868	4,828	7,938
Education	3,867	3,640	2,687	2,912	1,691	1,890	1,710	1,298	1,263	1,280
Public safety	2,383	2,715	3,105	3,059	2,544	429	281	272	398	480
Health & welfare	492	510	555	603	555	569	605	549	559	597
Public works	7,784	7,617	8,699	9,342	8,901	11,669	10,807	10,720	10,627	12,622
Recreation, arts and cultural	628	642	614	754	8	1,279	1,251	970	966	862
Operating grants and contributions	29,412	34,276	40,407	36,925	44,278	44,291	47,742	49,006	53,899	52,804
Capital grants and contributions	2,225	18,571	12,971	9,621	7,605	9,404	5,887	5,156	5,122	7,515
Total governmental activities program revenues	<u>54,205</u>	<u>75,191</u>	<u>76,718</u>	<u>70,415</u>	<u>74,828</u>	<u>74,724</u>	<u>73,269</u>	<u>72,839</u>	<u>77,662</u>	<u>84,098</u>

Fiscal Year

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Business-type activities: (2)										
Charges for services:										
Parking Authority	2,491	3,010	3,572	4,312	4,936	5,145	5,144	5,268	5,298	5,511
Water Pollution Control Authority	9,597	10,034	10,268	10,878	12,201	12,071	13,247	13,254	14,702	14,664
Capital grants and contributions	499	348	7,230	184	359	-	3,656	4,629	5,991	1,032
Total business-type activities program revenues	12,587	13,392	21,070	15,374	17,496	17,216	22,047	23,151	25,991	21,207
Total primary government program revenues	\$ 66,792	\$ 88,583	\$ 97,788	\$ 85,789	\$ 92,324	\$ 91,940	\$ 95,316	\$ 95,990	\$ 103,653	\$ 105,305
Net (expense)/revenue										
Governmental activities	(193,679)	(187,150)	(199,334)	(208,715)	(232,671)	(243,642)	(243,579)	(255,658)	(266,293)	(266,161)
Business-type activities	1,647	984	8,044	1,892	3,412	1,626	4,820	7,085	9,780	4,240
Total primary government net expense	\$ (192,032)	\$ (186,166)	\$ (191,290)	\$ (206,823)	\$ (229,259)	\$ (242,016)	\$ (238,759)	\$ (248,573)	\$ (256,513)	\$ (261,920)
General revenues and other changes in net expenses										
Governmental activities:										
Property taxes	187,008	199,970	207,199	215,806	228,023	237,745	246,277	256,470	260,827	269,014
Grants and contributions not restricted to specific programs	8,884	10,174	8,079	7,352	6,473	5,997	5,076	6,438	5,930	7,391
Miscellaneous	-	-	-	-	-	-	-	-	-	1,884
Unrestricted investment earnings	1,560	4,288	4,631	6,864	5,229	3,591	1,750	1,950	1,645	580
Transfers and other	(13,323)	-	-	-	-	-	-	-	-	-
Total governmental activities	184,129	214,432	219,909	230,022	239,725	247,333	253,103	264,858	268,402	278,869
Business-type activities: (2)										
Unrestricted investment earnings	33	213	383	740	800	626	252	289	215	-
Transfers and other	13,267	-	-	-	-	-	-	-	-	-
Total business-type activities	13,300	213	383	740	800	626	252	289	215	-
Total primary government	\$ 197,429	\$ 214,645	\$ 220,292	\$ 230,762	\$ 240,525	\$ 247,959	\$ 253,355	\$ 265,147	\$ 268,617	\$ 278,869
<b>Changes in net position</b>										
Governmental activities	(9,550)	27,282	20,575	21,307	7,054	3,691	9,524	9,200	2,109	12,709
Business-type activities (2)	14,947	1,197	8,427	2,632	4,212	2,252	5,072	7,374	9,995	4,240
Total primary government	\$ 5,397	\$ 28,479	\$ 29,002	\$ 23,939	\$ 11,266	\$ 5,943	\$ 14,596	\$ 16,574	\$ 12,104	\$ 16,949

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

<u>Fiscal Year</u>	<u>Property Tax</u>
2004	\$ 187
2005	200
2006	207
2007	216
2008	228
2009	238
2010	246
2011	256
2012	261
2013	269

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011*	2012	2013
General fund										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23	\$ 2
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	1,946	2,592	3,682
Unassigned	-	-	-	-	-	-	-	28,628	28,532	29,751
Reserved	186	555	289	1,634	112	112	103	-	-	-
Unreserved, designated	3,031	5,113	3,861	4,492	4,349	4,349	1,960	-	-	-
Unreserved, undesignated	17,054	25,750	28,498	31,154	31,154	25,039	26,550	-	-	-
Total general fund	<u>\$ 20,271</u>	<u>\$ 31,418</u>	<u>\$ 32,648</u>	<u>\$ 37,280</u>	<u>\$ 35,615</u>	<u>\$ 29,500</u>	<u>\$ 28,613</u>	<u>\$ 30,574</u>	<u>\$ 31,147</u>	<u>\$ 33,434</u>
All other governmental funds										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 51	\$ 30	\$ 38
Restricted	-	-	-	-	-	-	-	14,787	15,939	15,797
Committed	-	-	-	-	-	-	-	12,619	6,539	4,892
Assigned	-	-	-	-	-	-	-	-	-	836
Unassigned	-	-	-	-	-	-	-	-	-	-
Reserved	46	46	-	-	-	-	-	-	-	-
Unreserved, reported in:										
Capital projects funds	22,817	28,365	20,226	8,118	13,078	13,078	20,399	-	-	-
Nonmajor governmental funds	3,216	2,598	1,173	1,061	1,228	1,228	1,001	-	-	-
Total all other governmental funds	<u>\$ 26,079</u>	<u>\$ 31,009</u>	<u>\$ 21,399</u>	<u>\$ 9,179</u>	<u>\$ 14,306</u>	<u>\$ 14,306</u>	<u>\$ 21,400</u>	<u>\$ 27,457</u>	<u>\$ 22,508</u>	<u>\$ 21,563</u>

\* The City implemented GASB 54 in FY 2011.

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Revenues</b>										
Property taxes, interest and liens	\$ 185,044	\$ 200,533	\$ 206,567	\$ 215,669	\$ 229,160	\$ 236,369	\$ 247,000	\$ 255,420	\$ 261,288	\$ 267,986
Intergovernmental	52,737	69,057	47,752	44,497	46,244	46,244	44,947	45,711	46,577	48,927
State on-behalf payments	3,957	3,951	10,413	10,094	13,345	13,345	14,082	14,127	18,462	18,672
Licenses, permits, fees and other	12,522	14,803	28,619	25,966	21,029	21,029	19,641	18,678	18,641	25,773
Interest	838	4,287	4,632	6,859	3,591	3,591	1,750	1,280	1,350	215
Total revenues	<u>255,098</u>	<u>292,631</u>	<u>297,983</u>	<u>303,085</u>	<u>313,369</u>	<u>320,578</u>	<u>327,420</u>	<u>335,216</u>	<u>346,318</u>	<u>361,573</u>
<b>Expenditures</b>										
General government	8,483	8,449	6,963	7,396	8,191	8,191	7,362	8,134	8,653	8,978
Health and welfare	4,646	4,898	5,612	4,589	4,853	4,853	5,423	4,535	3,870	3,534
Education	140,669	148,862	162,733	163,956	179,596	179,596	184,020	186,402	194,263	196,377
Employee benefits	16,905	17,559	19,081	22,272	23,535	23,535	24,900	29,412	32,605	38,482
Public Safety	30,019	30,907	36,476	33,937	37,419	37,419	38,131	39,554	38,695	40,311
Community grants	3,843	4,386	3,216	3,597	3,728	3,728	4,005	4,248	4,173	3,045
Public works	14,086	14,584	15,368	15,601	18,359	18,359	16,162	15,563	16,426	22,139
Recreation arts & culture	6,475	6,372	6,812	7,362	8,001	8,001	7,420	7,029	7,820	8,279
Maritime center subsidy	7,398	7,606	8,325	8,905	8,653	8,653	8,342	8,546	8,090	8,660
Sundry	65	-	-	-	-	-	-	-	-	-
Capital outlay	38,796	57,192	45,555	46,262	42,496	30,017	14,335	17,315	27,127	28,690
Debt service										
Principal	8,467	7,308	9,039	11,769	13,484	15,386	17,850	15,734	15,451	15,661
Interest	3,385	7,088	8,507	8,959	10,193	10,598	9,063	9,569	10,972	10,381
Total expenditures	<u>283,237</u>	<u>315,211</u>	<u>327,687</u>	<u>334,605</u>	<u>358,508</u>	<u>348,336</u>	<u>337,013</u>	<u>346,041</u>	<u>368,145</u>	<u>384,537</u>
Excess of revenues over (under) expenditures	(28,139)	(22,580)	(29,704)	(31,520)	(45,139)	(27,758)	(9,593)	(10,825)	(21,827)	(22,964)
<b>Other financing sources (uses)</b>										
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Proceeds from issuance of bonds (notes)	91,161	61,257	21,325	23,260	39,905	105,350	59,168	18,844	35,312	40,007
Premium from issuance of bonds	2,067	78	-	5	786	6,802	5,078	-	1,276	2,158
Payments to escrow agent	(52,860)	(22,678)	-	-	(16,566)	(78,946)	(48,446)	-	(19,138)	(17,859)
Capital lease proceeds	-	-	-	666	-	-	-	-	-	-
Total from financing sources (uses)	<u>40,368</u>	<u>38,657</u>	<u>21,325</u>	<u>23,931</u>	<u>24,125</u>	<u>33,206</u>	<u>15,800</u>	<u>18,844</u>	<u>17,450</u>	<u>24,305</u>
Net change in fund balances	<u>\$ 12,229</u>	<u>\$ 16,077</u>	<u>\$ (8,379)</u>	<u>\$ (7,589)</u>	<u>\$ (21,014)</u>	<u>\$ 5,448</u>	<u>\$ 6,207</u>	<u>\$ 8,019</u>	<u>\$ (4,377)</u>	<u>\$ 1,341</u>
Debt service as a percentage of noncapital expenditures	4.7% <sup>(3)</sup>	5.5% <sup>(3)</sup>	6.1% <sup>(3)</sup>	7.2% <sup>(3)</sup>	7.6% <sup>(3)</sup>	8.1% <sup>(3)</sup>	8.4% <sup>(3)</sup>	8.1% <sup>(3)</sup>	7.3% <sup>(3)</sup>	7.3% <sup>(3)</sup>

1. Debt service not broken out between principal and interest Fiscal Year 2003.

2. State on-behalf payments for revenue not broken out prior to fiscal year 2004.

3. Debt service as a percentage of noncapital expenditures takes into account capitalized assets from all functions. Calculation is debt service divided by total expenditures less capital outlay used in Note 2 reconciliation between the government-wide statement of activities and the statement of revenues, expenditures, and changes in fund balance.

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

<b>Fiscal Year</b>	<b>Property Tax</b>
2004	\$ 185
2005	201
2006	207
2007	216
2008	229
2009	236
2010	247
2011	255
2012	261
2013	268

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

Fiscal Year Ended June 30	Real Property		Personal Property			Less Exemptions <sup>(3)</sup>	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Value
	Residential <sup>(2)</sup>	Commercial	Land	Motor Vehicles	Other				
2004	\$ 4,161,708	\$ 1,495,689	\$ 45,721	\$ 503,046	\$ 421,287	\$ 101,154	\$ 6,526,297	28.3%	\$ 9,467,787
2005	4,845,240	1,684,477	60,418	481,751	410,122	101,312	7,380,696	26.5%	10,688,583
2006	5,634,018	1,711,745	88,562	521,445	408,120	94,898	8,268,992	24.6%	11,948,414
2007	6,455,428	2,038,024	94,071	539,399	516,510	175,127	9,468,305	22.6%	13,776,331
2008	7,225,029	2,289,632	87,044	542,373	552,823	169,374	10,527,527	21.2%	15,281,287
2009	7,305,104	2,310,099	92,796	560,547	555,366	150,023	10,673,889	22.0%	15,462,731
2010	8,674,364	2,684,598	130,830	537,966	754,470	142,853	12,639,375	19.4%	18,260,326
2011	8,627,768	2,756,925	125,976	534,482	728,378	127,395	12,646,134	20.1%	18,247,899
2012	8,645,964	2,804,094	120,976	557,086	725,531	78,620	12,775,031	20.3%	18,362,359
2013	8,674,127	2,788,338	111,746	590,562	718,851	74,791	12,808,833	20.9%	18,405,177

1. Source: City of Norwalk Assessor's Office.

2. The Grand list for the fiscal year would be October 1 prior to the start of the year. For example if the fiscal year begins July 1, 2005 the grand list is dated October 1, 2005.

3. Includes corrections.

4. State statute requires each municipality to revalue real property every five years and to conduct a mass appraisal once every ten years. Norwalk completed a revaluation in 2008 by an independent appraisal group.

**City of Norwalk**  
**DIRECT GOVERNMENTS <sup>(5)</sup>**  
**Last Ten Fiscal Years- *unaudited***

<b>Fiscal Year Ended June 30</b> <sup>(2)</sup>	<b>District 1</b>	<b>District 2</b>	<b>District 3</b>	<b>District 4</b>	<b>District 5</b>	<b>District 6</b>	<b>Motor Vehicle</b>	<b>General Government Services</b>	<b>General Obligation Debt Service</b>	<b>Total</b>
2004	29.0	29.0	29.0	29.1	28.3	27.1	25.0	26.8	1.5	28.3
2005	27.1	27.1	27.1	27.2	26.5	25.4	27.2	24.9	1.6	26.5
2006	25.1	25.1	25.1	25.2	24.6	23.5	25.2	23.0	1.6	24.6
2007	23.2	23.2	23.2	23.2	22.6	21.5	23.2	20.9	1.7	22.6
2008	21.7	21.7	21.7	21.7	21.2	20.2	23.3	19.6	1.6	21.2
2009	22.5	22.5	22.5	22.6	22.0	21.0	23.6	20.4	1.6	22.0
2010	19.8	19.8	19.8	19.8	19.4	18.2	24.4	17.8	1.6	19.4
2011	20.5	20.5	20.5	20.6	20.1	18.9	25.2	18.6	1.5	20.1
2012	20.7	20.7	20.7	20.8	20.3	19.0	25.5	18.8	1.5	20.3
2013	21.3	21.3	21.3	21.4	20.9	19.4	26.2	19.2	1.7	20.9

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

**City of Norwalk**  
**Principal Property Taxpayers - unaudited**  
**June 30, 2013**  
(amounts expressed in thousands)

Taxpayer	2013			2004		
	Taxable Assessed	Rank	Percentage of Total Taxable Assessed	Taxable Assessed	Rank	Percentage of Total Taxable Assessed
	Value		Value	Value		Value
Connecticut Light and Power	\$ 332,312	1	2.6%	\$ 36,762	4	0.6%
Merritt 7 Venture LLC	217,663	2	1.7%	94,606	1	1.4%
River Park Property Owner LLC	67,826	3	0.5%			
Thirty Five Glover Partners LLC	53,339	4	0.4%			
Twenty Five Glover Partners LLC	50,373	5	0.4%			
Fairfield Norwalk Limited Partnership	49,242	6	0.4%			
Forty Five Glover Partners LLC	48,055	7	0.4%			
Norwalk Center LLC	47,107	8	0.4%			
Avalon Bay Communities Inc	42,838	9	0.3%			
Yankee Gas Company	38,592	10	0.3%			
Hewitt Properties LLC				48,992	2	0.8%
National Office Partners LP				38,203	3	0.6%
Norwalk Power LLC				36,297	5	0.6%
Merritt River Partners LLC				24,287	6	0.4%
Beiersdorf				22,935	7	0.4%
Merritt River Residential LLC				22,554	8	0.3%
Two Hundred One Merritt LLC				22,050	9	0.3%
Pepperidge Farm Inc				21,888	10	0.3%
Totals	<u>\$ 947,347</u>		<u>7.4%</u>	<u>\$ 368,574</u>		<u>5.6%</u>

1. Source: City of Norwalk Assessor's Office

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

Fiscal Year Ended June 30	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Years	Total Collections to Date	
		Amount	Levy		Amount	Levy
2004	\$ 186,499	\$ 183,694	98.5%	2,796	\$ 186,490	100.0%
2005	198,475	195,878	98.7%	2,588	198,466	100.0%
2006	208,336	205,247	98.5%	3,075	208,322	100.0%
2007	216,242	213,174	98.6%	3,053	216,227	100.0%
2008	225,888	222,694	98.6%	3,202	225,896	100.0%
2009	236,584	232,474	98.3%	3,983	236,457	99.9%
2010	245,698	242,491	98.7%	3,065	245,556	99.9%
2011	256,901	253,070	98.5%	3,152	256,222	99.7%
2012	261,927	258,620	98.7%	1,969	260,589	99.5%
2013	270,616	266,442	98.5%	-	266,442	98.5%

1. Source: City of Norwalk Tax Collector's Office.

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

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

Fiscal Year	Governmental Activities		Business Type Activities		Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Capital Leases	General Obligation Bonds	Lease Revenue Bonds			
2004	\$ 126,790	\$ -	\$ 49,192	\$ 9,110	\$ 185,092	6.18%	\$ 2,199
2005	159,579	-	48,264	8,880	216,723	7.02%	2,575
2006	171,865	-	46,702	8,640	227,207	7.18%	2,691
2007	183,356	627	44,997	8,390	237,370	7.32%	2,814
2008	193,417	552	44,326	8,125	246,420	7.49%	2,953
2009	207,928	467	41,636	7,845	257,876	7.53%	3,038
2010	203,901	378	48,498	-	252,777	7.30%	3,016
2011	206,707	284	44,812	-	251,803	6.95%	2,940
2012	208,705	185	41,482	-	250,372	6.70%	2,896
2013	220,922	81	60,896	-	281,899	6.75%	3,233

- (1) Details regarding the City's outstanding debt can be found in the notes to the financial statements
- (2) Ratios are calculated using personal income and population data found in the Demographic and Economic section of statistical information.
- (3) Total personal income is estimated based on the 2000 U.S. Bureau of Census and adjusting by 3% for each year.

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

<b>Fiscal Year</b>	<u><b>Governmental</b></u>	<u><b>Business</b></u>	<b>Total Primary Government</b>	<b>Percentage of Estimated Actual Value of Property</b>	<b>Per Capita</b>
	<b>General Obligation Bonds</b>	<b>General Obligation Bonds</b>			
2003	\$ 92,968	\$ 51,096	\$ 144,064	0.99%	\$ 1,821
2004	126,790	49,192	175,982	1.34%	2,199
2005	159,579	48,264	207,843	1.49%	2,567
2006	171,865	46,702	218,567	1.44%	2,691
2007	183,356	44,997	228,353	1.33%	2,814
2008	193,417	44,326	237,743	1.27%	2,953
2009	207,928	41,636	249,564	1.34%	3,038
2010	203,901	48,498	252,399	1.12%	3,016
2011	206,707	44,812	251,518	1.13%	2,936
2012	208,705	41,482	250,187	1.13%	2,894
2013	220,922	60,896	281,818	1.53%	3,232

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

**CITY OF NORWALK**  
**Direct and Overlapping Governmental Activities Debt**  
**For Fiscal Year 2013 - *unaudited***  
**(amounts expressed in thousands)**

Second Taxing District of the City of Norwalk (Water and Electric)	\$ 26,627
Subtotal, overlapping debt	<u>26,627</u>
City of Norwalk direct debt	<u>221,003</u>
Total direct and overlapping debt	<u><u>\$ 247,630</u></u>

1. The First Taxing District provides water to its residents and Second taxing district of Norwalk provides water and electricity for its residents and have received grants from the State of Connecticut which they must pay back.
2. Direct Debt See Note 6: Total Bonds and Notes Payable plus Capital Leases

**Legal Debt Margin Information**  
**Last Ten Fiscal Years - *unaudited***  
(amounts expressed in thousands)

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>General Debt</b>										
Debt Limit	\$ 424,404	\$ 452,735	\$ 470,780	\$ 489,068	\$ 513,052	\$ 531,118	\$ 557,427	\$ 579,554	\$ 590,751	\$ 606,954
Total net debt applicable to limit	76,079	89,521	83,647	99,270	115,630	120,775	119,371	148,478	153,537	163,802
Legal Debt Margin	<u>\$ 348,325</u>	<u>\$ 363,214</u>	<u>\$ 387,133</u>	<u>\$ 389,798</u>	<u>\$ 397,422</u>	<u>\$ 410,343</u>	<u>\$ 438,056</u>	<u>\$ 431,076</u>	<u>\$ 437,214</u>	<u>\$ 443,152</u>
Total net debt applicable to the limit as percentage of debt limit	17.93%	19.77%	17.77%	20.30%	22.54%	22.74%	21.41%	25.62%	25.62%	26.99%
<b>Schools</b>										
Debt Limit	\$ 848,807	\$ 905,470	\$ 941,562	\$ 978,135	\$ 1,026,104	\$ 1,062,237	\$ 1,114,853	\$ 1,159,109	\$ 1,181,503	\$ 1,213,907
Total net debt applicable to limit	138,759	164,222	161,038	152,149	144,016	135,400	125,893	118,575	112,919	106,480
Legal Debt Margin	<u>\$ 710,048</u>	<u>\$ 741,248</u>	<u>\$ 780,524</u>	<u>\$ 825,986</u>	<u>\$ 882,088</u>	<u>\$ 926,837</u>	<u>\$ 988,960</u>	<u>\$ 1,040,534</u>	<u>\$ 1,068,584</u>	<u>\$ 1,107,427</u>
Total net debt applicable to the limit as percentage of debt limit	16.35%	18.14%	17.10%	15.56%	14.04%	12.75%	11.29%	10.23%	9.56%	8.77%
<b>Sewers</b>										
Debt Limit	\$ 707,339	\$ 754,558	\$ 784,634	\$ 815,112	\$ 855,086	\$ 885,197	\$ 929,044	\$ 965,924	\$ 984,586	\$ 1,011,589
Total net debt applicable to limit	47,906	48,127	45,018	46,153	54,398	93,190	90,305	76,423	85,037	64,984
Legal Debt Margin	<u>\$ 659,433</u>	<u>\$ 706,431</u>	<u>\$ 739,616</u>	<u>\$ 768,959</u>	<u>\$ 800,688</u>	<u>\$ 792,007</u>	<u>\$ 838,739</u>	<u>\$ 889,501</u>	<u>\$ 899,549</u>	<u>\$ 946,605</u>
Total net debt applicable to the limit as percentage of debt limit	6.77%	6.38%	5.74%	5.66%	6.36%	10.53%	9.72%	7.91%	8.64%	6.42%
<b>Urban Renewal</b>										
Debt Limit	\$ 613,027	\$ 653,950	\$ 680,017	\$ 706,431	\$ 741,075	\$ 767,171	\$ 805,172	\$ 837,134	\$ 853,308	\$ 876,711
Total net debt applicable to limit	9,161	9,296	8,946	9,680	20,458	20,469	24,013	20,309	21,312	21,591
Legal Debt Margin	<u>\$ 603,866</u>	<u>\$ 644,654</u>	<u>\$ 671,071</u>	<u>\$ 696,751</u>	<u>\$ 720,617</u>	<u>\$ 746,702</u>	<u>\$ 781,159</u>	<u>\$ 816,825</u>	<u>\$ 831,996</u>	<u>\$ 855,120</u>
Total net debt applicable to the limit as percentage of debt limit	1.49%	1.42%	1.32%	1.37%	2.76%	2.67%	2.98%	2.43%	2.50%	2.46%
<b>Pension Funding (1)</b>										
Debt Limit	\$ 565,872	\$ 603,647	\$ 627,708	\$ 652,090	\$ 684,069	\$ 708,158	\$ 743,235	\$ 772,739	\$ 787,669	\$ 809,271
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal Debt Margin	<u>\$ 565,872</u>	<u>\$ 603,647</u>	<u>\$ 627,708</u>	<u>\$ 652,090</u>	<u>\$ 684,069</u>	<u>\$ 708,158</u>	<u>\$ 743,235</u>	<u>\$ 772,739</u>	<u>\$ 787,669</u>	<u>\$ 809,271</u>
Total net debt applicable to the limit as percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Total</b>										
Debt Limit	\$ 1,320,367	\$ 1,408,509	\$ 1,464,651	\$ 1,521,543	\$ 1,596,162	\$ 1,652,369	\$ 1,734,216	\$ 1,803,058	\$ 1,837,894	\$ 1,888,300
Total net debt applicable to limit	271,905	311,166	298,649	307,252	334,502	369,834	359,583	363,786	372,805	356,857
Legal Debt Margin	<u>\$ 1,048,462</u>	<u>\$ 1,097,343</u>	<u>\$ 1,166,002</u>	<u>\$ 1,214,291</u>	<u>\$ 1,261,660</u>	<u>\$ 1,282,535</u>	<u>\$ 1,374,633</u>	<u>\$ 1,439,272</u>	<u>\$ 1,465,089</u>	<u>\$ 1,531,443</u>
Total net debt applicable to the limit as percentage of debt limit	20.59%	22.09%	20.39%	20.19%	20.96%	22.38%	20.73%	20.18%	20.28%	18.90%

**CITY OF NORWALK**  
**Legal Debt Margin Information**  
**For Fiscal For Fiscal Year 2013 - *unaudited***  
**(amounts expressed in thousands)**

Total Fiscal Year 2013 tax collections (taxes, interest and fees)	\$ 269,741
Tax Relief for the elderly	16
Base for establishing debt limit	<u>\$ 269,757</u>

	<u>General Purpose</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Funding</u>	<u>Total</u>
Debt Limitation						
2 1/4 times base	\$ 606,954	\$ -	\$ -	\$ -	\$ -	\$ -
4 1/2 times base	-	1,213,907	-	-	-	-
3 3/4 times base	-	-	1,011,589	-	-	-
3 1/4 times base	-	-	-	876,711	-	-
3 times base	-	-	-	-	809,271	-
7 times base	-	-	-	-	-	1,888,300
Total net debt applicable to limit	<u>163,802</u>	<u>106,480</u>	<u>64,984</u>	<u>21,591</u>	<u>-</u>	<u>356,857</u>
Legal Debt Margin	<u>\$ 443,152</u>	<u>\$ 1,107,427</u>	<u>\$ 946,605</u>	<u>\$ 855,120</u>	<u>\$ 809,271</u>	<u>\$ 1,531,443</u>

**City of Norwalk**  
**Demographic and Economic Statistics**  
**Last Ten Fiscal Years - *unaudited***

<b>Fiscal Year</b>	<b>Population</b>	<b>Personal Income (amount expressed in thousands)</b>	<b>Per Capita Personal Income</b>	<b>Median Family Income</b>	<b>Median Age</b>	<b>School Enrollment</b>	<b>Unemployment Rate</b>
2004	84,170	2,996,031	35,595	111,600	(1)	11,119	4.2%
2005	84,412	3,085,090	36,548	(1)	38.5	11,080	4.1%
2006	84,437	3,166,556	37,502	(1)	39.0	10,923	3.8%
2007	84,344	3,243,449	38,455	(1)	(1)	10,782	3.6%
2008	83,456	3,288,834	39,408	(1)	(1)	10,616	4.1%
2009	84,877	3,368,451	40,362	(1)	(1)	10,748	6.5%
2010	83,802	3,462,280	41,315	(1)	(1)	10,883	7.7%
2011	85,653	3,620,467	42,269	(1)	(1)	11,065	7.9%
2012	86,460	3,736,974	43,222	(1)	(1)	10,881	6.6%
2013	87,190	4,173,779	47,870	(1)	(1)	10,840	6.9%

Data Sources

(1) Data not available for this particular year

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

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

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

Employer	Nature of Business	2013			2004		
		Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Norwalk Health Services Corporation	Hospital/Health Services	1,900	1	3.0%	1,600	2	2.5%
City of Norwalk	Municipal Government	1,870	2	3.0%	1,942	1	3.1%
Stew Leonard's	Retail Dairy Store/Grocery	800	3	1.3%	800	3	1.3%
MBI	Direct Mail Marketing	800	3	1.3%	700	5	1.1%
Diageo	Premium Beverage Manufacturer	700	5	1.1%			
Hewitt Associates	Management Consultants	600	6	1.0%	600	7	1.0%
Reed Exhibition Company	Trade Show/Publisher	450	7	0.7%	450	9	0.7%
FactSet Research	Research Systems	356	8	0.6%			
Act Media, Inc.	In-Store Advertising	350	9	0.6%			
Xerox	Office Equipment	320	10	0.5%			
Fort James Corporation	Wood and Paper Products				800	3	1.3%
Northup Grumman/Norden	Electronic and Radar Systems				650	6	1.0%
Covidien	Automatic Suture Instruments				500	8	0.8%
Beiersdorf, Inc.	Personal Care Products				450	9	0.7%
<b>Total</b>		<b>8,146</b>		<b>13.1%</b>	<b>8,492</b>		<b>13.5%</b>

(1) Source: City of Norwalk Redevelopment Authority

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

<b>Function</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
General government	44	45	48	49	48	48	45	45	47	47
Finance	33	34	34	35	35	35	34	34	34	35
Health & welfare	20	21	21	21	21	21	16	16	16	16
Police	196	196	196	199	199	199	198	198	197	197
Fire	144	143	143	143	146	146	145	146	146	145
Other protection	35	42	43	45	45	45	43	43	43	43
Public works & traffic	109	114	107	107	107	107	100	100	114	102
Education	1,304	1,304	1,320	1,353	1,343	1,343	1,331	1,325	1,310	1,236
Recreation, arts & cultural	57	54	54	54	54	54	51	51	51	49
<b>Total</b>	<b>1,942</b>	<b>1,953</b>	<b>1,966</b>	<b>2,006</b>	<b>1,998</b>	<b>1,998</b>	<b>1,963</b>	<b>1,958</b>	<b>1,958</b>	<b>1,870</b>

Data Sources: City Budget Office and Education Budget Office.

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

Function	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General government										
Land records recorded	31,810	26,452	22,931	20,831	16,335	15,500	16,100	13,712	16,574	16,326
Vital records recorded	2,879	3,166	3,000	3,758	3,810	3,083	3,306	3,230	1,299	1,897
Dog licenses issued	1,718	2,048	2,165	2,339	2,360	2,540	2,700	2,556	2,650	2,504
Absentee ballots issued	(3)	2,515	664	1,667	1,667	500	1,613	659	3,484	3,332
Health & welfare										
Food establishment inspections conducted	1,826	1,800	1,715	1,826	1,738	1,749	1,405	(2)	1,674	1,695
Septic systems and lots inspected	70	75	91	72	55	33	68	(2)	32	31
Beauty salons inspected	100	95	88	139	106	118	114	(2)	135	147
Police										
Calls for service	61,510	61,639	64,318	67,087	68,778	69,304	68,413	69,385	68,000	70,500
Criminal arrests	3,923	4,312	3,965	3,333	3,492	3,582	3,496	3,425	3,100	3,000
Traffic citations issued	4,264	4,212	6,065	6,593	6,786	6,882	6,237	5,150	6,600	9,510
Medical emergencies responded to	6,620	7,115	6,794	7,403	7,586	7,602	8,653	7,620	8,500	5,287
Marine assistance calls	252	267	246	202	200	206	167	212	215	215
Fire										
Fire calls	2,885	3,024	2,910	2,957	2,957	2,456	1,544	1,564	2,150	1,237
Medical calls	3,135	3,014	2,948	2,857	2,857	2,946	3,326	3,496	9,090	9,288
Fire alarms answered	(2)	(2)	(2)	(2)	(2)	(2)	1,058	1,045	473	1,453
Combined Dispatch										
Emergency calls received	(2)	(2)	82,000	(2)	(2)	33,634	33,768	35,000	35,000	5,356
Non-emergency calls received	(2)	(2)	281,000	(2)	(2)	124,093	125,515	76,407	81,370	52,252
Public works										
Lane miles of roadways swept	625	1,250	625	625	625	625	625	900	900	900
Tons of solid waste collected and disposed	82,349	88,240	94,125	85,312	77,163	53,445	32,350	27,258	25,131	24,927
Tons of recyclable materials collected and disposed	7,082	7,600	9,000	7,404	7,607	6,049	14,044	5,701	5,805	5,722
Recreation, arts & cultural										
Athletic contests played at City venues	20,000	25,000	25,000	26,000	26,000	30,000	30,000	30,000	30,250	30,250
Athletic activities practiced at City venues	5,000	5,000	5,000	5,500	5,500	10,000	10,000	10,000	12,000	12,000
Visitors to library	388,000	392,000	420,000	428,000	480,000	395,001	388,437	400,000	414,259	420,528

<sup>(1)</sup> Data is not available prior to fiscal year 2004

<sup>(2)</sup> Not available

Data Sources: City Budget Office and City Departments

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

<b>Function</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
<b>Police</b>										
Police cars	122	122	119	120	105	110	103	110	114	121
Marine vessels	3	3	3	3	3	3	3	3	3	3
<b>Fire</b>										
Fire stations	5	5	5	5	5	5	5	5	5	5
<b>Public works</b>										
Miles of streets	625	625	625	625	625	625	625	625	625	625
Miles of sidewalks	125	125	125	125	125	125	125	125	125	125
Miles of sanitary sewers	165	165	180	180	180	180	180	180	180	180
Municipal parking spaces	4,487	4,487	3,973	3,973	3,973	3,973	3,973	4,019	4,225	4,225
Vehicles	132	147	171	210	119	119	272	307	326	331
Pump Stations	26	26	24	24	24	24	25	25	25	25
<b>Recreation, arts &amp; cultural</b>										
Acres of public park lands	1,000	1,000	1,050	1,050	1,100	1,100	1,100	1,100	1,100	1,100
Public beaches	2	2	2	2	2	2	2	2	2	2
Boat launching areas	2	2	2	2	2	2	2	2	2	2
Municipal marinas	1	2	2	2	2	2	2	2	2	2
Athletic diamonds	41	41	41	41	41	41	41	41	41	41
Municipal golf courses (18 holes)	1	1	1	1	1	1	1	1	1	1
Senior Centers	1	1	1	1	1	1	1	1	1	1
Library branches	4	4	4	4	4	4	4	4	4	4
Library volumes <sup>(2)</sup>	305,000+	305,000+	275,000+	259,788	248,718	261,401	262,905	257,463	(1)	260,832
Public museums	3	3	3	3	3	3	3	3	3	3

(1) Not available

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

Data Source: City of Norwalk Departments

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