

Official Statement Dated June 21, 2011

REFUNDING ISSUE

RATINGS: See "Ratings" herein

In the opinion of Bond Counsel, based on existing statutes and court decisions and assuming continuing compliance with certain covenants and procedures relating to requirements of the Internal Revenue Code of 1986, as amended (the "Code"), interest on the Bonds is excluded from gross income for federal income tax purposes and is not treated as an item of tax preference for purposes of computing the federal alternative minimum tax. Interest on the Bonds may be includable in the calculation of certain taxes under the Code, including the federal alternative minimum tax imposed on certain corporations. In the opinion of Bond Counsel, based on existing statutes, interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax. See "SECURITIES OFFERED - Tax Matters" herein.

CITY OF NORWALK, CONNECTICUT

\$18,810,000

GENERAL OBLIGATION REFUNDING BONDS, ISSUE OF 2011, SERIES A

BOOK-ENTRY-ONLY

Dated: Date of Delivery

Due: July 1 as shown below

The Bonds will bear interest payable on January 1, 2012 and semiannually thereafter on July 1 and January 1 in each year until maturity. The Bonds are issuable only as fully registered bonds, without coupons, and when issued, will be registered in the name of Cede & Co., as Bondowner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry-only form, in the denomination of \$5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their ownership interest in the Bonds. So long as Cede & Co. is the Bondowner, as nominee of DTC, reference herein to the Bondowner or owners shall mean Cede & Co. as aforesaid, and shall not mean the Beneficial Owners (as described herein) of the Bonds. (See "Book-Entry Transfer System" herein).

The Bonds will be general obligations of the City of Norwalk, Connecticut (the "City") and the City will pledge its full faith and credit to pay the principal of and the interest on the Bonds when due. (See "Security and Remedies" herein).

The Registrar, Certifying, Transfer, Paying and Escrow Agent on the Bonds will be U.S. Bank National Association of Hartford, Connecticut.

The Bonds ARE subject to redemption prior to maturity.

MATURITY SCHEDULE AND AMOUNTS

<u>Maturity</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP</u>	<u>Maturity</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP</u>
2019	\$1,935,000	4.000%	2.310%	668844FW8	2023	\$3,370,000	4.000%	3.170%*	668844GA5
2020	1,940,000	4.000	2.550	668844FX6	2024	1,460,000	4.000	3.350*	668844GB3
2021	915,000	3.000	2.730	668844FY4	2026	3,345,000	4.000	3.640*	668844GD9
2021	1,020,000	4.000	2.730	668844GC1	2027	1,450,000	4.000	3.750*	668844GE7
2022	3,375,000	4.000	3.010*	668844FZ1					

* -Priced assuming redemption of July 1, 2021. However, any such redemption will be at the option of the City (see "Optional Redemption" herein).

PiperJaffray

The Bonds are offered for delivery when, as and if issued, subject to the final approving opinion of Robinson & Cole LLP, of Hartford, Connecticut, Bond Counsel. It is expected that delivery of the Bonds in book-entry-only form will be made on or about July 1, 2011.

No dealer, broker, salesman or other person has been authorized by the City of Norwalk, Connecticut (the "City"), to give any information or to make any representations, other than those contained in this Official Statement and if given or made, such other information or representation must not be relied upon as having been authorized by the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained by the City from sources which are believed to be reliable but it is not guaranteed as to accuracy or completeness.

The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date of this Official Statement.

Other than as to matters expressly set forth in Appendix A – "Audited Financial Statements" herein, the independent auditors for the City are not passing on and do not assume any responsibility for the accuracy or adequacy of the statements made in this Official Statement and make no representation that they have independently verified the same. The independent auditor has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. The independent auditor also has not performed any procedures relating to this official statement.

Other than as to matters expressly set forth in Appendix B – "Form of Legal Opinion of Bond Counsel" herein, Bond Counsel is not passing on and does not assume any responsibility for the accuracy or adequacy of the statements made in this Official Statement and makes no representation that it has independently verified the same.

Independent Bond and Investment Consultants LLC, the City's Financial Advisor, has assisted the City in the preparation of this Official Statement from information supplied by City officials and other sources. Independent Bond and Investment Consultants LLC does not assume responsibility for the adequacy or accuracy of the statements made herein and makes no representation that it has independently verified the same.

The City deems this Official Statement to be "final" for purposes of Securities and Exchange Commission Rule 15c2-12(b)(1), but is subject to revision or amendment.

In accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the City will agree to provide, or cause to be provided, (i) annual financial information and operating data; (ii) timely notice of an occurrence of certain material events with respect to the Bonds; and (iii) timely notice of a failure by the City to provide the required annual financial information on or before the date specified in the Continuing Disclosure Agreement to be executed in substantially the form of Appendix C to this Official Statement.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT LEVELS ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

BOND COUNSEL

ROBINSON & COLE LLP

Hartford, Connecticut
(860) 275-8200

INDEPENDENT FINANCIAL ADVISOR

**INDEPENDENT BOND AND
INVESTMENT CONSULTANTS LLC**

Madison, Connecticut
(203) 245-8715

TABLE OF CONTENTS

Page #

SECTION I – SECURITIES OFFERED

Introduction 1
Description of the Bonds 1
Optional Redemption 1
Notice of Redemption 1
Authorization and Purpose 1
Plan of Refunding 2
Verification of Mathematical Computations..... 2
Sources and Uses of Proceeds 2
Ratings 3
Tax Matters 3
 Original Issue Premium 4
 Original Issue Discount 4
Security and Remedies 4
Qualification for Financial Institutions 5
Book-Entry Transfer System 5
Replacement Bonds 6
DTC Practices 6
Underwriting 6

SECTION II – THE ISSUER

Description of the City 7
Form of Government 7
Municipal Officials 7
Biographies of Municipal Officials 7
City Organization 8
Municipal Employees 9
Municipal Employees by Category 9
Municipal Employees Bargaining Representation 10
Educational Facilities 10
Public School Enrollment 11
Colleges 11
Norwalk Transit District 11
Housing Authority 12
Maritime Center Authority 12
Norwalk Redevelopment Agency 13
Parking Authority 16
Solid Waste - Solid Waste Disposal 16
Water Pollution Control Authority 17
Wastewater Treatment Plant 17
Economic Factors 17

SECTION III – ECONOMIC AND DEMOGRAPHIC DATA

Population Trends 20
Age Characteristics of Population 20
Educational Attainment 20
Selected Wealth and Income Indicators 21
Income Distribution 21
Per Capita Personal Income - by Metropolitan Area, 2006-2008 21
Employment by Industry 22
Unemployment Rate Statistics 22
Major Employers 23

Norwalk Area Corporate/Regional Headquarters	24
Value of Building Permits	25
Number of Dwelling Units	25
Characteristics of Housing Units	25
Age Distribution of Housing.....	25

SECTION IV – INDEBTEDNESS

Calculation of Statutory Debt Limit	26
Calculation of Net Direct Debt	27
Current Debt Ratios	27
Historic Debt Statement	28
Historic Debt Ratios	28
Clean Water Fund Program	29
Temporary Financing	29
Legal Requirements for Approval of Borrowing	30
Overlapping and Underlying Indebtedness	30
Authorized but Unissued Debt	30
School Construction Projects	32
Capital Improvement Program	32
Combined Schedule of Long Term Debt through Maturity	33
Combined Schedule of City Bonded Debt	34
Combined Schedule of Bonded Debt for Parking Authority and Water Pollution Control Authority	36

SECTION V – FINANCIAL DATA

Accounting Policies	37
Basis of Accounting	37
Audit	37
Budgetary Procedures	37
Tax Districts	38
The Autonomous Districts	38
The Service Districts	38
Tax Rates (Mills)	39
Employee Pension Systems	39
Other Post Employment Benefits	41
Self-Insurance Program	42
Investment Policies and Procedures	42
Assessment Practices	42
Real Property Tax Collection Procedures	43
Real Property Tax Levies	43
Tax Collections	43
Taxable Grand List	44
Largest Taxpayers	45
Revenues	45
Property Tax Revenues	46
Intergovernmental Revenues	46
Expenditures	46
Comparative General Fund Operating Statement (Budgetary Basis)	47
Comparative Balance Sheets – General Fund	48
Statement of Revenues, Expenditures and Changes in Fund Balance - General Fund	49
Comparative Balance Sheets – Capital Project Fund	50
Statement of Revenues, Expenditures and Changes in Fund Balance - Capital Project Fund	51
Comparative Statement of Net Assets – Water Pollution Control Authority	52
Statement of Revenues, Expenses and Changes in Net Assets - Water Pollution Control Authority	53
Comparative Statement of Net Assets – Parking Authority	54
Statement of Revenues, Expenses and Changes in Net Assets - Parking Authority	55

SECTION VI – ADDITIONAL INFORMATION

Litigation 56
Availability of Continuing Disclosure Information 56
Financial Advisor 56
Legal Matters 56
Documents Accompanying Delivery of the Bonds 56
Concluding Statement 57

APPENDICES

Appendix A – Financial Statements A-1
Appendix B – Form of Legal Opinion of Bond Counsel..... B-1
Appendix C – Form of Continuing Disclosure Agreement C-1

SECTION I - SECURITIES OFFERED

Introduction

This Official Statement, including the cover page and appendices, is provided for the purpose of presenting certain information relating to the City of Norwalk, Connecticut (the "City") in connection with the issuance and sale of \$18,810,000 General Obligation Refunding Bonds, Issue of 2011, Series A (the "Bonds") of the City.

All quotations from the summaries and explanations of provisions of statutes, charters, or other laws and acts and proceedings of the City contained herein do not purport to be complete and are qualified in their entirety by reference to the original official documents; and all references to the Bonds and the proceedings of the City relating thereto are qualified in their entirety by reference to the definitive form of the Bonds and such proceedings.

The presentation of information is intended to show recent historical trends and is not intended to indicate future or continuing trends in the financial or other areas presented herein as provided by the City.

Description of the Bonds

The Bonds will be dated the date of delivery and will mature in annual installments thereafter on July 1 in each of the years and in the principal amounts set forth on the cover page hereof. The Bonds will be issued as fully registered bonds in denominations of \$5,000 or any integral multiple thereof. Interest on the Bonds will be payable on January 1, 2012 and semiannually thereafter on July 1 and January 1 in each year until maturity. A book-entry system will be employed evidencing ownership of the Bonds in principal amounts of \$5,000 or integral multiples thereof with transfers of ownership effected on the records of The Depository Trust Company, New York, New York ("DTC"), and its participants pursuant to rules and procedures established by DTC and its participants. (See "Book-Entry Transfer System" herein). The Registrar, Certifying, Transfer, Paying and Escrow Agent on the Bonds will be U.S. Bank National Association of Hartford, Connecticut. The Bonds ARE subject to redemption prior to maturity. (See "Optional Redemption" below).

Optional Redemption

The Bonds maturing on or before July 1, 2021 are not subject to redemption prior to maturity. The Bonds maturing on July 1, 2022, and thereafter are subject to redemption prior to maturity, at the option of the City, on or after July 1, 2021, at any time, in whole or in part, and by lot within a maturity, in such amounts and in such order of maturity as the City may determine at the redemption prices (expressed as a percentage of the principal amount of Bonds to be redeemed) set forth in the following table, together with interest accrued and unpaid to the redemption date:

<u>Redemption Date</u>	<u>Redemption Price</u>
July 1, 2021 and thereafter	100%

Notice of Redemption

Notice of redemption shall be mailed not less than thirty (30) nor more than sixty (60) days prior to the redemption date to the registered owner of such Bonds at his address as it appears on the registration books for the Bonds kept for such purpose. So long as a book-entry system is used for the Bonds, the City will send any notice of redemption only to DTC (or a successor securities depository) or its nominee.

Authorization and Purpose

Authorization. The Bonds are being issued pursuant to Title 7 of the General Statutes of Connecticut, as amended, the Charter of the City of Norwalk and a resolution adopted by the Common Council of the City on May 24, 2011 authorizing the issuance of refunding bonds in an amount not to exceed \$50,000,000.

Purpose. The Bonds are being issued to refund all or any portion of the aggregate principal amount outstanding of certain City of Norwalk General Obligation Bonds (the "Refunded Bonds") as shown under "Plan of Refunding" herein.

Plan of Refunding

The Bonds are being issued to refund the outstanding maturities of the City's General Obligation Bonds listed below. The refunding is contingent upon delivery of the Bonds.

<u>Issue</u>	<u>Dated Date</u>	<u>Maturity Date</u>	<u>Amount Outstanding</u>	<u>Interest Rate</u>	<u>Redemption Date</u>	<u>Redemption Price</u>
2007	07/15/2007	07/15/2022	\$ 1,450,000	4.375%	07/15/2012	100.00%
2007	07/15/2007	07/15/2023	1,450,000	4.375	07/15/2012	100.00
2007	07/15/2007	07/15/2024	1,450,000	4.500	07/15/2012	100.00
2007	07/15/2007	07/15/2026	1,450,000	4.500	07/15/2012	100.00
2007	07/15/2007	07/15/2027	<u>1,450,000</u>	4.500	07/15/2012	100.00
			7,250,000			
2008	07/01/2008	07/01/2019	1,900,000	4.000%	07/01/2013	100.00%
2008	07/01/2008	07/01/2020	1,900,000	4.000	07/01/2013	100.00
2008	07/01/2008	07/01/2021	1,900,000	4.000	07/01/2013	100.00
2008	07/01/2008	07/01/2022	1,900,000	4.125	07/01/2013	100.00
2008	07/01/2008	07/01/2023	1,900,000	4.250	07/01/2013	100.00
2008	07/01/2008	07/01/2026	<u>1,900,000</u>	5.000	07/01/2013	100.00
			<u>11,400,000</u>			
Total			<u>\$18,650,000</u>			

Upon delivery of the Bonds, a portion of the Bond proceeds will be deposited in an irrevocable trust fund (the "Escrow Deposit Fund") established with U.S. Bank National Association, as escrow agent (the "Escrow Agent") under an Escrow Agreement (the "Escrow Agreement") dated as of July 1, 2011 between the Escrow Agent and the City. The Escrow Agent will use such proceeds to purchase a portfolio of non-callable direct obligations of, or obligations guaranteed by the government of the United States of America, including United States Treasury securities, Federal National Mortgage Association ("FNMA") securities, Federal Home Loan Mortgage Corporation ("FHLMC") securities all of which shall not be callable or prepayable at the option of the issuer thereof (the "Escrow Securities"). All investment income on and the maturing principal of the Escrow Securities held in the Escrow Deposit Fund will be irrevocably deposited by the City for payment of the Refunded Bonds. The balance of the proceeds of the Bonds will be used to pay costs of issuance and the Underwriter's discount.

Verification of Mathematical Computations

Barthe & Wahrman, a Professional Association, will verify from the information provided to them the mathematical accuracy as of the date of the closing on the Bonds of: (1) the computations that the anticipated receipts from the Escrow Securities and cash deposits set forth in the Underwriter's schedules, will be sufficient to pay, when due, the principal, interest and applicable call premium, if any, payment requirements of the Refunded Bonds, and (2) the computations of yield on the Bonds and the Escrow Securities contained in the provided schedules. Barthe & Wahrman, a Professional Association, will express no opinion on the assumptions provided to them.

Sources and Uses of Proceeds

Proceeds of the Bonds are to be applied as follows:

Sources:		
Par Amount		\$18,810,000.00
Original Issue Premium		<u>1,331,713.60</u>
Total Sources		<u>\$20,141,713.60</u>
Uses:		
Deposit to Escrow Deposit Fund		\$19,975,090.93
Underwriter's Discount		75,240.00
Costs of Issuance		90,000.00
Additional Proceeds		<u>1,382.67</u>
Total Uses		<u>\$20,141,713.60</u>

Ratings

The Bonds have been rated "Aaa" by Moody's Investors Service, Inc. ("Moody's") and "AAA" by Standard & Poor's Corporation ("S&P"). The ratings on the City's outstanding bonds have recently been affirmed as "Aaa" by Moody's and "AAA" by S&P. The City's outstanding bonds are also rated "AAA" by Fitch Ratings. Such ratings reflect only the views of such organizations and an explanation of the significance of such ratings may be obtained from said agency. There is no assurance that such ratings will continue for any given period of time or that they will not be revised or withdrawn entirely, if in the judgment of said agencies, circumstances so warrant. A revision or withdrawal of such ratings may have an effect on the market price of the City's Bonds.

Tax Matters

The Internal Revenue Code of 1986, as amended (the "Code"), imposes certain requirements which must be met at and subsequent to delivery of the Bonds in order that interest on the Bonds be and remain excluded from gross income for federal income tax purposes. Noncompliance with such requirements could cause interest on the Bonds to be included in gross income retroactive to the date of issuance of the Bonds. The Tax Regulatory Agreement, which will be executed and delivered by the City concurrently with the Bonds, contains representations, covenants and procedures relating to the use, expenditure and investment of proceeds of the Bonds in order to comply with such requirements of the Code. Pursuant to the Tax Regulatory Agreement, the City also covenants and agrees that it shall perform all things necessary or appropriate under any valid provision of law to ensure interest on the Bonds shall be excluded from gross income for federal income tax purposes under the Code.

In the opinion of Bond Counsel, based on existing statutes and court decisions and assuming continuing compliance by the City with its covenants and the procedures contained in the Tax Regulatory Agreement, interest on the Bonds is excluded from gross income for federal income tax purposes and is not treated as an item of tax preference for purposes of computing the federal alternative minimum tax. Interest on the Bonds is, however, includable in adjusted current earnings for purposes of computing the federal alternative minimum tax imposed on certain corporations.

Ownership of the Bonds may also result in certain collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, certain foreign corporations doing business in the United States, certain S corporations with excess passive income, individual recipients of Social Security and Railroad Retirement benefits, taxpayers utilizing the earned income credit and taxpayers who have or are deemed to have incurred indebtedness to purchase or carry tax exempt obligations, such as the Bonds. Prospective purchasers of the Bonds, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of ownership and disposition of, or receipt of interest on, the Bonds.

In the opinion of Bond Counsel, based on existing statutes, interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax. The opinion of Bond Counsel is rendered as of its date and is based on existing law, which is subject to change. Bond Counsel assumes no obligation to update or supplement its opinion to reflect any facts or circumstances that may come to their attention, or to reflect any changes in law that may thereafter occur or become effective.

Prospective purchasers of the Bonds are advised to consult their own tax advisors regarding other State and local tax consequences of ownership and disposition of and receipt of interest on the Bonds.

Original Issue Discount

The initial public offering price of certain maturities of the Bonds may be less than the principal amount payable on such Bonds at maturity. The excess of the principal amount payable at maturity over the initial public offering price at which a substantial amount of these Bonds are sold constitutes original issue discount. The prices set forth on the cover page of the Official Statement may or may not reflect the prices at which a substantial amount of the Bonds were ultimately sold to the public.

Under Section 1288 of the Code, the amount of original issue discount treated as having accrued with respect to any Bond during each day it is owned by a taxpayer is added to the owner's adjusted basis for purposes of determining gain or loss upon the sale or other disposition of such Bonds by such owner. Accrued original issue discount on the Bonds is excluded from gross income for federal income tax purposes. Original issue discount on any bond or note is treated as accruing on the basis of economic accrual for such purposes, computed by a constant semiannual compounding method using the yield to maturity on such bond or note. The original issue discount attributable to any bond or note for any particular semiannual

period is equal to the excess of the product of (i) one-half of the yield to maturity of such bond, and (ii) the amount which would be the adjusted basis of the bond at the beginning of such semiannual period if held by the original owner and purchased by such owner at the initial public offering price, over the interest paid during such period. The amount so treated as accruing during each semiannual period is apportioned in equal amounts among the days in that period to determine the amount of original issue discount accruing for such purposes during each such day. Prospective purchasers of the Bonds should consult their own tax advisors with respect to the federal income tax consequences of the disposition of and receipt of interest on the Bonds.

Original Issue Premium

The initial public offering price of certain maturities of the Bonds may be greater than the principal amount payable on such Bonds at maturity. The excess of the initial public offering price at which a substantial amount of these Bonds are sold over the principal amount payable at maturity or on earlier call date constitutes original issue premium. The prices set forth on the cover page of the Official Statement may or may not reflect the prices at which a substantial amount of the Bonds were ultimately sold to the public.

Under Sections 1016 and 171 of the Code, the amount of original issue premium treated as amortizing with respect to any Bond during each day it is owned by a taxpayer is subtracted from the owner's adjusted basis for purposes of determining gain or loss upon the sale or other disposition of such Bonds by such owner. Amortized original issue premium on the Bonds is not treated as a deduction from gross income for federal income tax purposes. Original issue premium on any bond is treated as amortizing on the basis of the taxpayer's yield to maturity using the taxpayer's cost basis and a constant semiannual compounding method. Prospective purchasers of the Bonds should consult their own tax advisors with respect to the federal income tax consequences of the disposition of and receipt of interest on the Bonds.

Security and Remedies

The Bonds will be general obligations of the City and the City will pledge its full faith and credit to pay the principal of and interest on the Bonds when due. Unless paid from other sources, the Bonds are payable from ad valorem taxes which may be levied on all taxable property subject to taxation by the City without limitation as to rate or amount, except as to certain classified property, such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts.

Payment of the Bonds is not limited to property tax revenues or any other revenue source, but certain revenues of the City may be restricted as to use and therefore may not be available to pay debt service on the Bonds.

There are no statutory provisions for priorities in the payment of general obligations of the City. There are no statutory provisions for a lien on any portion of the tax levy or other revenues to secure the Bonds, or judgments thereon, in priority to other claims.

The City is subject to suit on its general obligation bonds and a court of competent jurisdiction has the power in appropriate proceedings to render a judgment against the City. Courts of competent jurisdiction have the power in appropriate proceedings to order payment of a judgment on such bonds from funds lawfully available therefor or, in the absence thereof, to order the City to take all lawful action to obtain the same, including the raising of the required amount in the next tax levy. In exercising their discretion as to whether to enter such an order, the courts may take into account all relevant factors including the current operating needs of the City and the availability and adequacy of other remedies.

Enforcement of a claim for payment of principal of or interest on the Bonds would also be subject to the applicable provisions of Federal bankruptcy laws and to provisions of other statutes, if any, hereafter enacted by the Congress or the Connecticut General Assembly extending the time for payment or imposing other constraints upon enforcement insofar as the same may be constitutionally applied. Under the federal bankruptcy code, the City may seek relief only, among other requirements, if it is specifically authorized, in its capacity as a municipality or by name, to be a debtor under Chapter 9, Title 11 of the United States Code or by state law or by a governmental officer or organization empowered by state law to authorized such entity to become a debtor under such Chapter. Section 7-566 of the Connecticut General Statutes, as amended, provides that no Connecticut municipality shall file a petition in bankruptcy without the express prior written consent of the Governor.

THE CITY OF NORWALK, CONNECTICUT HAS NEVER DEFAULTED IN THE PAYMENT OF PRINCIPAL OR INTEREST ON ITS BONDS OR NOTES.

Qualification for Financial Institutions

The Bonds shall NOT be designated as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for interest expense allocable to the Bonds.

Book-Entry Transfer System

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each maturity of the Bonds in each series in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its registered subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating of: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmation providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds. DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC if less than all of the Bonds within an issue are being redeemed. DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to

those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on, and redemption premium, if any, with respect to the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC nor its nominee, the Paying Agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest, and redemption premium, if any, to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the City or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, bond certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been provided by DTC. The City takes no responsibility for the accuracy thereof.

Replacement Bonds

The determination of the City authorizing the Bonds provides for issuance of fully registered Bond certificates directly to Beneficial Owners of the Bonds or their nominees in the event that: (a) DTC determines not to continue to act as securities depository for the Bonds, and the City fails to identify another qualified securities depository for the Bonds to replace DTC; or (b) the City determines to discontinue the book-entry system of evidence and transfer of ownership of the Bonds. A Beneficial Owner of the Bonds, upon registration of certificates held in such Beneficial Owner's name, will become the registered owner of the Bonds.

DTC Practices

The City can make no assurances that DTC, Direct Participants, Indirect Participants or other nominees of the Beneficial Owners of the Bonds will act in a manner described in this Official Statement. DTC is required to act according to rules and procedures established by DTC and its participants which are on file with the Securities and Exchange Commission.

Underwriting

The Bonds are being purchased by Piper Jaffray & Co. (the "Underwriter"). The Underwriter has agreed, subject to certain conditions, to purchase the Bonds from the City at the net aggregate purchase price of \$20,066,473.60, (consisting of the principal amount of \$18,810,000.00, plus original issue premium of \$1,331,713.60 and less Underwriter's discount of \$75,240.00). The Underwriter will be obligated to purchase all such Bonds, if any such Bonds are purchased. The Bonds may be offered and sold to certain dealers (including unit investment trusts and other affiliated portfolios of certain underwriters and other dealers depositing the Bonds into investment trusts) at prices lower than such public offering prices, and such public offering prices may be changed, from time to time, by the Underwriter.

The Underwriter has entered into an agreement (the "Distribution Agreement") with Advisors Asset Management, Inc. ("AAM") for the distribution of certain municipal securities offerings, including the Bonds, allocated to the Underwriter at the original offering prices. Under the Distribution Agreement, the Underwriter will share with AAM a portion of the fee or commission, exclusive of management fees, paid to the Underwriter.

[The remainder of this page intentionally left blank]

SECTION II - THE ISSUER

Description of the City

Norwalk, first settled in 1640, is Connecticut's sixth largest city by population. In 1913 the former City of Norwalk, the City of South Norwalk, and the East Norwalk Fire District consolidated and incorporated as the City of Norwalk. Rowayton and Silvermine are also sections of the City. Norwalk covers an area of 26.6 square miles located on Long Island Sound between Bridgeport and Stamford. It is bound on the west by Darien and New Canaan, north by Wilton, and east by Westport.

The City is about one hour from New York City by rail or highway transportation. It is on the main line of Metro North Commuter Railroad, Amtrak and Conrail, which provide daily passenger and freight service. It is served by interstate, intrastate, and local bus lines. The Connecticut Turnpike, Interstate 95; the Boston Post Road, U.S. Route 1; U.S. Route 7; and the Merritt Parkway, State Route 15 traverse the City.

Norwalk is a diversified research, development and industrial center with over three hundred manufacturing establishments. It is also an important residential suburb as well as a shopping and service community located in one of the highest per capita income areas of the United States. The U.S. Bureau of Census 2000 Census Report lists Norwalk's per capita income as \$31,781 and the median family income as \$68,219. Both figures are well above the corresponding state and national figures. A large portion of the City's work force is employed in local industrial, commercial and retail establishments.

Form of Government

The City of Norwalk operates under a Charter adopted in 1913 which was most recently revised November 2005. The most recent charter revision changed the schedule for the adoption of the City's Operating Budget, increasing the time-frame of the process to 15 weeks from 14 weeks. The final budget is now due by the first Monday in May. The Common Council is allowed to establish a cap on expenditures that the Board of Estimate and Taxation may not exceed when setting the budget and the electors to petition for a single binding referendum to reduce the budget.

The chief executive officer of the City is the Mayor, elected for a two-year term of office. The legislative function is performed by an elected fifteen-member Common Council. A Board of Estimate and Taxation, appointed by the Mayor and confirmed by the Common Council, is responsible for fiscal matters. The Director of Finance is appointed by the Mayor. Under the direction of the Mayor, the Director of Finance has supervision over the Department of Finance and is responsible for the administration of the financial affairs of the City.

Municipal Officials

The following provides information about the City's principal officials:

<u>Office</u>	<u>Name</u>	<u>Manner of Selection & Term</u>	<u>Length of Service</u>
Mayor	Richard A. Moccia	Elected - 2 years	5 years
Director of Finance	Thomas S. Hamilton	Appointed - Indefinite	7 years
Superintendent of Schools	Dr. Susan Marks	Appointed - Indefinite	1 year

Biographies of Municipal Officials

Mayor: Richard A. Moccia was elected Mayor in November 2005 to his first term of office. Prior to his election, Mayor Moccia served one term on the Norwalk Common Council and also served on various Commissions/Committees for the City of Norwalk.

Mayor Moccia has lived in Norwalk since 1972 and was elected as Constable and City Sheriff and served these positions for many years.

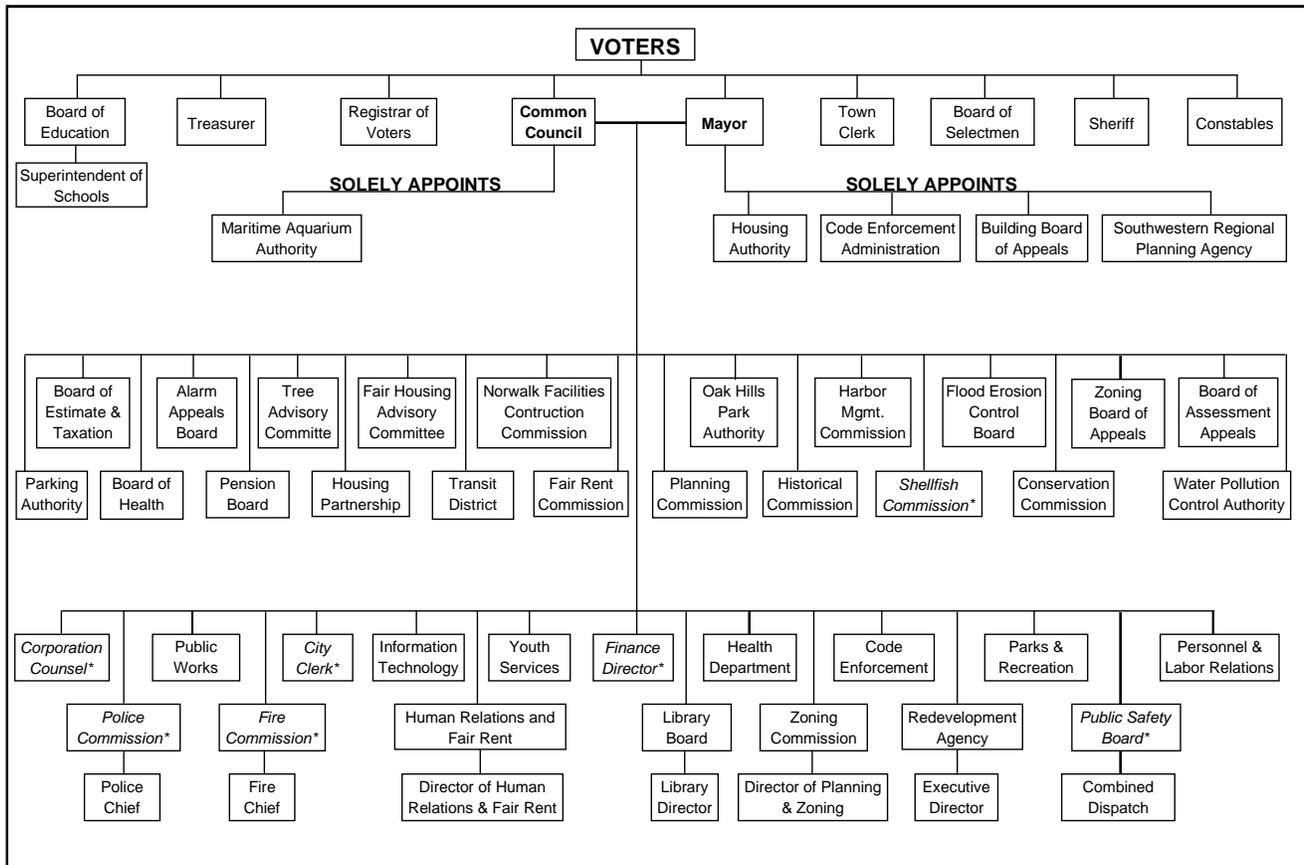
Director of Finance: Thomas Hamilton was appointed Director of Finance on September 3, 2003. Mr. Hamilton earned a B.A. in Public Management from the University of Maine and a Master's in Government Administration from the University of Pennsylvania.

Mr. Hamilton has 24 years experience in municipal administration. Prior to becoming Director of Finance for the City of Norwalk, Mr. Hamilton served as the chief financial officer for the City of Stamford, Connecticut from 1996 until 2003, and served as Finance Director in West Haven, Connecticut between 1992 and 1996. Mr. Hamilton also served as Norwalk's Budget Director from 1987 to 1992. Mr. Hamilton is a member of the Government Finance Officers Association of the United States and Canada, and is a past president of the Government Finance Officers Association of Connecticut.

Superintendent of Schools: Dr. Susan F. Marks was appointed Norwalk's Superintendent of Schools as of July 1, 2010. Dr. Marks was awarded a Ed.D. in Educational Leadership from the University of Maryland in 2009. She also holds a Post-M.A. in Language and Cognitive Development from the University of Wisconsin, a M.A. in Speech and Language Pathology from the University of Connecticut and a B.S. in Education and Speech Pathology from Kent State University.

Dr. Marks has over 38 years in the field of education. She has held positions as Community Superintendent, Associate Superintendent, Executive Assistant, Acting Chief Information Officer, Director of Team Services, Principal, Assistant Principal, Speech Pathologist and Teacher.

City 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

Municipal Employees

<u>Fiscal Year Ending</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
General Government	588	596	596	626	616
Board of Education (full-time)	<u>1,321</u>	<u>1,349</u>	<u>1,394</u>	<u>1,388</u>	<u>1,377</u>
Total	<u>1,909</u>	<u>1,945</u>	<u>1,945</u>	<u>2,014</u>	<u>1,993</u>

Municipal Employees by Category

The following is a breakdown by category of full-time, General Fund supported employees as of June 30, 2011:

<u>Department</u>	<u>Employees</u>
<u>General Government</u>	
General Government	73
Health & Welfare	16
Police	181
Fire	140
Other Protection	42
Public Works	90
Recreation, Arts & Culture	<u>46</u>
Total General Government	588
<u>Board of Education</u>	
Administration and Principals	67
Teachers	841
Other	<u>413</u>
Total Board of Education	<u>1,321</u>
Total City Employees	<u>1,909</u>

Source: City Officials

Municipal Employee Collective Bargaining Representation

<u>Employees</u>	<u>Organization</u>	<u>Number of Employees</u>	<u>Current Contract Expiration Date</u>
General Government			
Police	Local 1727, Council #15 AFSCME, AFL-CIO	166	June 30, 2010 (1)
Fire	Local 830, IAFF	135	June 30, 2012
Engineers, Labor & Maintenance	Local 2405, Council #4 AFSCME, AFL-CIO	105	June 30, 2009 (2)
Clerical & Technical	Norwalk Municipal Employees Association	111	June 30, 2012
Public Health Nurses	Council #4 AFSCME, AFL-CIO	1	June 30, 2009 (1)
Assistants & Supervisors	Norwalk Assistants & Supervisors Association	48	June 30, 2012
Non-Bargaining Management		<u>22</u>	
	Subtotal	588	
Board of Education			
Teachers	Norwalk Federation of Teachers Local 1723, AFT, AFL-CIO	841	August 31, 2013
Principals, Assistant Principals and Supervisors	Norwalk Association of School Administrators	51	June 30, 2012
School Nurses	CHCA, District 1199	21	August 31, 2011 (1)
Custodians-Maintenance and Monitors	Local 1042, Council #4 AFSCME, AFL-CIO	115	June 30, 2011 (3)
Secretaries, Clerks & Teachers Aides	Norwalk Federation of Educational Personnel Local 3793, CSFT, AFL-CIO	269	June 30, 2013
Technicians	Local 72, Support, AFSA AFL-CIO	7	June 30, 2013
Executive Support Staff	Executive Support Group	12	June 30, 2012
Cabinet	Non-union	<u>5</u>	N/A
	Subtotal	<u>1,321</u>	
	Grand Total – General Fund Supported Positions	1,909	
Cafeteria Workers	Local 1748, Council #4 AFSCME, AFL-CIO	<u>16</u> (4)	June 30, 2013
	Grand Total – All Positions	<u><u>1,925</u></u>	

(1) In negotiations.

(2) In arbitration.

(3) Contract is expected to be extended to June 30, 2012 subject to approval of Board of Education.

(4) Cafeteria Workers are not funded by the General Fund, but supported from a self-supporting special enterprise fund. Therefore, Cafeteria Workers are not included in General Fund supported totals.

General Statutes Sections 7-473c, 7-474 and 10-153a to 10-153n provide for a procedure for binding arbitration of collective bargaining agreements between municipal employers and organizations representing municipal employees, including certified teachers and certain other employees. The legislative body of a municipal entity may reject an arbitration panel's decision by a two-thirds majority vote. The State of Connecticut and the employee's organization must be advised in writing of the reasons for rejection. The State then appoints a new panel of either one or three arbitrators to review the decisions on each of the rejected issues. The panel must accept the last best offer of either party. In reaching its determination, the arbitration panel gives priority to the public interest and the financial capability of the municipal employer, including consideration of other demands on the financial capability of the municipal employer. For binding arbitration of teacher's contracts, in assessing the financial capability of a municipality, there is an irrefutable presumption that a budget reserve of 5% or less is not available for payment of any item subject to arbitration. In light of the employer's financial capability, the panel considers prior negotiations between the parties, the interests and welfare of the employee group, changes in the cost of living, existing employment conditions, and wages, salaries, fringe benefits, and other conditions of employment prevailing in the labor market, including developments in private sector wages and benefits.

Source: City of Norwalk.

Educational Facilities

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

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

The City has two high schools, one alternative high school, four middle schools and twelve elementary schools, one of which is a nationally recognized magnet school. The Board has 1,349 employees to fulfill its instructional objective. They comprise two groups: 897 certified personnel and 452 non-certified personnel including secretaries, clerks, nurses, cafeteria workers, custodians, maintenance personnel and teachers' aides.

Public School Enrollment (1)

<u>Fiscal Year</u>	<u>Elementary School K-5</u>	<u>Middle School 6-8</u>	<u>High School 9-12</u>	<u>Special Education</u>	<u>Total</u>
2001-2002	5,391	2,501	3,081	190	11,163
2002-2003	5,294	2,570	3,122	207	11,193
2003-2004	5,313	2,596	3,210	N/A	11,119
2004-2005	5,264	2,578	3,238	N/A	11,080
2005-2006	5,112	2,505	3,306	N/A	10,923
2006-2007	5,041	2,392	3,349	N/A	10,782
2007-2008	5,028	2,268	3,320	N/A	10,616
2008-2009	5,077	2,337	3,334	N/A	10,748
2009-2010	5,240	2,339	3,304	N/A	10,883
2010-2011	5,382	2,370	3,313	N/A	11,065
Projections					
2011-2012	5,515	2,334	3,370	N/A	11,219
2012-2013	5,600	2,340	3,358	N/A	11,298
2013-2014	5,626	2,402	3,441	N/A	11,469

(1) As of October 1.

Source: City of Norwalk Board of Education.

Colleges

Norwalk Community College, the first public two-year liberal arts college in Connecticut, was founded in 1961. It became a part of the State of Connecticut Community College system in 1966. Norwalk Community College provides a broad range of credit and non-credit liberal arts, science, career, and technical programs which offer accessible and affordable learning opportunities to diverse populations. The current enrollment is approximately 6,000.

Norwalk Transit District

The Norwalk Transit District (the "District") provides public transportation services in the communities from Greenwich to Westport. The District's core service is the WHEELS Public Bus System which operates 23 buses, 17 during peak periods on 12 routes throughout Norwalk and Wilton. Service is provided between the hours of 6:00 a.m. and 7:15 p.m. Monday through Friday and 7:00 a.m. to 6:40 p.m. on Saturdays. Evening shuttle service operates from 7 p.m. to 10 p.m. Monday through Fridays and from 6:30 a.m. to 9:30 p.m. on Saturday. Service is within a 5-minute walk of 80% of Norwalk's residents. The District also partners with the Greater Bridgeport and Milford Transit Districts in operating the Coastal Link, a bus service operating 7 days a week between Norwalk and Milford, and Housatonic Area Regional Transit for service between Norwalk and Danbury.

During fiscal year 2010, the Norwalk Transit District's services carried over 2,000,000 passengers.

For fiscal year 2010, the City contributed \$473,742 to the Transit District. The Norwalk Transit District is not a component unit of government of the City under the criteria established by the GASB.

Housing Authority

The Housing Authority of the City of Norwalk consists of five (5) Commissioners appointed by the Mayor. The Commissioners elect housing officials including a Chairman, Vice Chairman, and Treasurer. The Housing Authority also employs an Executive Director, who also acts as the Secretary. The Executive Director hires the staff, which consists of 30 administrative, 22 maintenance and 40 part-time employees.

The Housing Authority owns and manages both federal and state subsidized housing for low income families of Norwalk. The inventory of housing consists of 1,131 apartments of which 823 units are federal low-income public housing and 308 units are state moderate, affordable or elderly rental units. Elderly state housing units are subsidized under the State Rental Assistance Program.

Various Section 8 funded programs provide subsidy for an additional 860 families under the following sections:

Section 8 Voucher	680 Units
Moderate Rehabilitation	162 Units
Single Room Occupancy	8 Units
Shelter Plus Care	10 Units

The Authority provides assistance to 2,043 families or seniors.

The following summary recaps capital improvement funds the City has received from HUD since 2001:

<u>Fiscal Year</u>	<u>Amount</u>
2001	\$1,549,355
2002	1,470,154
2003	1,382,466
2004	1,400,869
2005	1,398,905
2006	1,290,574
2007	1,310,423
2008	1,337,635
2009	1,327,502
2009 ARRA (1)	3,750,681
2010	1,325,311

(1) Represents grants received under the American Recovery and Redevelopment Act of 2009 ("ARRA")

Maritime Center Authority

The Maritime Center Authority (the "Authority") is an agency established by state statute and the City code to oversee the development and operations of the Maritime Center (the "Center"). The ordinance creating the Authority provided that the City would be the sole participating municipality, and that the Authority would have a term of existence until the later of (i) the City's abolition of the Authority by subsequent ordinance of the Common Council or (ii) the extinguishment of all obligations of the Authority, including, without limitation, the retirement of all outstanding debt of the Authority. In addition, the ordinance provides that the powers of the Authority shall be exercised by a commission of nine (9) members consisting of the Mayor, two (2) members of the Common Council, two (2) current or former members of the Common Council and four (4) additional members. The Mayor and the current and former members of the Common Council serve for two-year terms coterminous with the term of the office of the Mayor and the Common Council. Four additional members serve for staggered five-year terms from the date of their appointments. Appointments to the Authority (except for the position held by the Mayor) are made by a majority vote of the membership of the Common Council. Vacancies for any reason during the term of office are filled in the same manner as regular appointments. The operations of the Authority are accounted for as a special revenue fund of the City.

The City as lessor, and the Authority as lessee, have entered into a lease of the property in South Norwalk, Connecticut on which the Center was constructed. The Authority has entered into a sublease with The Maritime Center at Norwalk, Inc., a nonprofit organization that operates the site (the "Operator"), pursuant to which the Operator is obligated to develop and operate the Center. Construction was completed and the Center commenced operations in July, 1988.

The Director of Finance of the City is required to submit to the Authority a recommended annual budget for the Authority on or before March 1 in each year. The Authority then adopts its annual budget for the ensuing fiscal year on or before April 1 in each year. The fiscal year of the Authority commences July 1. In October 1985, the City agreed to lend its full faith and credit backing to the development of the Center and guaranteed payment on the bonds and notes issued to finance the Center and is obligated to cover any deficiency in net revenues from the Center's operations to pay debt service. Beginning in fiscal year 1990-91 the City has included in its annual budget the debt service payments for the Maritime Center debt. Because revenue projections for the Center did not materialize as projected, the City deemed it prudent to include the guaranteed debt payments within its budget until the Center generates adequate revenues to cover operations and debt service. The Maritime Center debt payments are still included in the City's annually approved budget.

Norwalk Redevelopment Agency

The Norwalk Redevelopment Agency consists of five (5) commissioners appointed by the Mayor and approved by the Common Council. The Commissioners elect a Chairman, a Vice Chairman, a Secretary and a Treasurer and employ an Executive Director and staff.

The Agency has responsibility for the development and coordination of programs for the growth of Norwalk's seven urban renewal/redevelopment areas: Wall Street/Main Street in Norwalk Center; South Norwalk including the Webster Street/Martin Luther King Boulevard area; Washington Street/South Main area; the Wood Burbank area; the Reed Putnam area; the South Main Corridor; and Norwalk's most recent, the West Avenue Corridor.

These renewal projects, the earliest of which dates from 1959, have been reviewed regularly and amended as necessary to recognize changing development trends and to be responsive to changing market conditions. The seven area programs continue to serve as catalysts for increasing numbers of private development projects. Most recently, in June 2006, the West Avenue Corridor Redevelopment Plan was approved to provide the stimulus to revitalize the City's urban spine. The Plan centers on a retail and housing development to create a restored downtown for the whole Norwalk community. In response to the current realities of market conditions and availability of financing, a restructured development team is proposing adjustments to the previously approved conceptual plans to undertake a phased new development which brings a portion of the under-performing land parcels back to the tax base within the next two years. Phase I, which has filed for Zoning approval, anticipates 326 housing units, 148,783 s.f. new and existing retail and 20,000 s.f. existing office to establish a critical mass that will be the link between Wall Street to the north and Reed Putnam/SoNo to the south. The Zoning Application anticipates a Phase II and possibly a Phase III of the project at a future date.

The initiative to redevelop Norwalk's Wall Street area resulted in an approved development agreement with the City's designated developer-partner for Redevelopment Parcel 2A shortly before the economic downturn. Negotiations continue on the development program for Parcel 3. Consistent with the revitalization strategy of the area's master and redevelopment plans, each Redevelopment Parcel will focus on residential development with ancillary retail and associated parking.

Redevelopment Parcel 2A will consist of 378 residential units (half rental, half ownership), 788 parking spaces, and 75,000 s.f. of commercial and retail space. Due to economic conditions, ground-breaking on this project was delayed and is expected to proceed not before 2012. Redevelopment Parcel 3 will consist of 176 residential units (36 rentals and 140 ownership), 359 parking spaces, and 21,000 s.f. of commercial and retail space.

In addition, Avalon Bay's \$90 million project to build 312 residential rental units and 7,700 s.f. retail in the Wall Street area completed construction in 2010 and is approximately 90% leased.

The Reed Putnam Plan was originally approved in 1983, and was substantially amended in 1998 to create six waterfront redevelopment parcels and a preservation area. In its amended form the Plan provided for a total of one million square feet of Class A office space, a hotel site, residential as well as retail development. The project also included a 775 car public parking garage for use by new tenants as well as visitors to The Maritime Aquarium. Development on three of the six development parcels has been completed. The first of these, the Lock Art and Technology Center, a 100,000 s.f. \$17.5 million, renovated historic factory building, was completed in 2000, and is now fully leased. Construction of the \$14.3 million public parking garage on North Water Street was completed in 2004, and in addition to 774 parking spaces, the project also includes 10 residential units (which are fully occupied), 2,880 s.f. of office space and 3,750 s.f. of retail. The development of structured parking enabled 4 acres of waterfront property (previously used for Maritime Aquarium parking) to be released for the construction of 197 residential units. Construction of Maritime Yards, the \$65 million residential project, including 61 ownership units and 136 rental units (of which 10% have been set aside as affordable) was completed in 2007. The project also includes 38,400 s.f. of commercial space, of which 15,000 square feet is now occupied by the North American headquarters of Virgin Atlantic Airways and 15,000 s.f. occupied by Kayak.Com, a travel site search engine.

The remaining 3 development parcels, totaling approximately 12 acres, were assembled for the proposed Reed Putnam office development site adjacent to I-95 between 2002 and 2004. This site was transferred in 2005 from the original developer to 95/7 Ventures LLC, which was approved by the City as the developer for a mixed-use project on the site. The revised development program includes 240 residential units, 125,000 s.f. retail and 600,000 s.f. Class A office and a 145 room hotel.

The project has received all local land use approvals. Design and engineering of the associated infrastructure has been completed and contracts awarded for the construction of the infrastructure. The Reed Street Railroad Underpass which connects the east and west sides of the project site is now complete and improvements to access highways, Interstate on/off ramps and underground utilities, are currently under construction. These are partially funded by a \$20 million grant from the State of Connecticut Department of Economic & Community Development. Site work and environmental remediation commenced in late 2007. Design review of the Phase I private improvements were completed in 2008. However, construction of the initial Phase I improvements has been delayed due to the market downturn although site preparation and marketing continue.

Indicative of the latent strength of the South Norwalk real estate market, is the approval granted to TR SoNo Partners, an affiliate entity of F.D. Rich of Stamford, for a new 121 room “select service” hotel in SoNo. This facility, to be located on South Main Street, is designed to take advantage of proximity to the SoNo Historic District restaurants, arts and entertainment as well as being within walking distance of the South Norwalk railroad station. The hotel will be an iconic structure in SoNo. In addition construction has been completed on a small mixed-use (residential/office) project at 1 West Avenue in SoNo.

Also within the Reed Putnam area, the State Heritage Park, which includes the 13-acre Oyster Shell Park, extends a pedestrian/bike path connection along the Norwalk River between the Maritime Aquarium and Mathews Park. The City has completed a Master Plan design for walkways, lighting and landscape improvements to Oyster Shell Park and is currently out for bid on construction of Phase I utilizing State grant funds from the Department of Economic & Community Development and the Department of Environmental Protection.

Stepping Stones Museum for Children, in their tenth year of operation, enjoys an annual attendance of over 200,000 and has a new exhibit educating young children on health and environmental issues that affect them. The Museum opened a 33,000 s.f. (\$17 million) expansion and substantial renovation of the existing Museum space in November 2010 achieving a LEED gold rating for the building.

The South Norwalk urban renewal areas include the successfully revitalized Washington Street Historic District, within which the Agency has a stewardship role to ensure that additional development reinforces the historic integrity of the District and that building renovation and new construction of adjacent neighborhoods is consistent in quality and design. Recognizing the market value of the Historic District and neighboring properties, new private investment continues to occur with a major new housing, office and retail project under design for the corner of Washington Street and North Main Street utilizing the 19th century façade of the former Avrick building as its architectural theme. Other new projects being undertaken in the area include the Master Plan for Transit-Oriented Development in the immediate neighborhood of the South Norwalk railroad station.

In anticipation of increasing traffic and infrastructure demands in urban centers of Norwalk as a result of development projects along the West Avenue Corridor and Wall Street, the City has completed a comprehensive analysis which reviews the potential impact on existing infrastructure and recommends mitigating improvements. Public funding for these infrastructure improvements is being pursued at the State and Federal level and has resulted in \$5 million and \$2.3 million of grants, respectively, to begin this work. In addition, the City is providing local funding for a plan for the connectivity of all of these development projects utilizing alternative circulation options including bicycle, pedestrian and public transit.

Overlaying parts of the South Norwalk Urban Renewal areas is Norwalk’s Enterprise Zone, established in 1982 and one of the nation’s first. To date, 17 projects representing a total public and private investment of \$1,486,483 were undertaken within the Zone. In addition, for program year 2010, three companies are scheduled to become certified for State Enterprise Zone/Urban Jobs Benefits creating and/or retaining 46 jobs. In 2010, the State approved the City’s request to expand the Enterprise Zone to include parcels to the north adjacent to I-95 and parcels to the immediate south along Woodward Avenue.

In addition to these economic development programs, the Redevelopment Agency collaborates with other City departments to aggressively promote the City of Norwalk as a business location. In the last year, Mechanical Plastics Company, American makers of the Toggler High Performance Anchor systems, moved their operations to Norwalk, occupying the “old” TransLux building on Richards Avenue, bringing real manufacturing jobs to Norwalk. REI opened its second Connecticut Store in Norwalk. The 52,000 Sono Field House indoor sports and special events facility opened its doors, and recently hosted the annual Fairfield County Home Show, a first time in Norwalk for this event which drew 7,000 visitors to the city.

Crabel Capital Management, a global financial services firm, relocated its satellite research office from New York City to Norwalk. The marketing firm Just Kid Inc., focused on product development for children, moved to South Norwalk. Eka Software Solutions, a leading provider of commodity trade and risk management software established its US headquarters in Norwalk. Cartbridge Capital relocated to Norwalk this year. At the Merritt 7 office complex Siemens AG expanded its operations.

Additionally, the Hour Newspapers occupied the 5th floor at One Selleck Street, and the Hour building on Main Avenue is being renovated for a medical office center. The Norwalk Community Health Center occupied the 24,000 square foot building on Connecticut Avenue. “Crunch Norwalk” Sports Club is about to occupy new space at 770 Connecticut Avenue. The American Cancer Society Regional Headquarters completed construction and opened its doors at 38 Richards Avenue. 124 East Avenue, across the street from City Hall, is nearing completion of the mixed use office and residential 12,000 square foot building. Work is underway to replace the Norwalk Hospital 427 space parking garage with a new 628 space facility with construction expected to be completed this year. Work is progressing to restore the iconic Avrick building to its original façade and usefulness. The project will include restaurant and retail on the ground floor with offices and residential units on the upper floors.

A new 12,000 square foot warehouse is underdevelopment at 215 Martin Luther King Drive. The new motor vehicle processing and assembly facility for Mercedes Benz motor cars of Greenwich is operating now at 345 Ely Avenue. The entrepreneurial Adina for Life under the guidance of John Bello who started SoBe in Norwalk before selling the company to Pepsi, established headquarters in MerrittView. JAM (Junior Art & Music) an art and music studio for children established by two Norwalk residents, opened at 140 Water Street.

In addition to these economic development programs, the Redevelopment Agency collaborates with other City departments to aggressively promote the City of Norwalk as a business location. In the last year, the City attracted such major corporations as Wüsthof-Trident which located its North American Headquarters in Norwalk. Sanford LP, part of the consumer products giant Newell Rubbermaid, located their office in Norwalk. Two new specialty food product companies, Ola! Foods and Yumnuts, opened production facilities in Norwalk. Technology Marketing Company, an Internet telecommunications systems company, expanded their facilities in Norwalk as did Ventus Networks, a design telecommunications company. The Norwalk Community College broke ground on their new 55,000 s.f. science and health center. The Norwalk Community Health Center expanded into a new facility on Connecticut Avenue. 770 Connecticut Avenue completed construction of a new 42,500 s.f. office/retail building. REI recently completed construction on their new Norwalk facility. Stew Leonard’s completed a total in-store renovation of their flagship Norwalk store.

Planning for its future, 401 Merritt 7 became the first existing building in the state to achieve LEED EB certification.

A number of residential projects made significant gains this year. Summerview Development Group has begun construction on Phase II of a residential project on West Main Street. The final phases of “597 Westport” 235 unit development on Westport Avenue were occupied as of December 2010. Site work is underway at “Maplewood at Strawberry Hill”, the 84 unit congregate housing and assisted living facility in the former Fitch School Building.

In 2006, the Norwalk Redevelopment Agency was the recipient of a \$400,000 grant award from the U.S. Environmental Protection Agency to capitalize and implement the Norwalk Brownfields Initiative. The Norwalk Brownfields Initiative (“Initiative”) is a formal coordinated effort to characterize the extent of environmental impacts generated by potential Brownfields sites in the City of Norwalk’s urban core areas. This Initiative has relied extensively on community input in order to identify properties for assessment and reuse plans for these sites. The goal of the Initiative is to integrate assessment activities into a comprehensive strategy for revitalization of Norwalk’s urban core neighborhoods.

To date the Initiative has resulted in the completion of a comprehensive inventory of 261 documented, or potential, Brownfields sites. The Agency, in partnership with its Brownfields consultant Vanasse Hangen Brustlin, Inc. (VHB) of Middletown, CT, completed Phase I Environmental Site Assessments (ESAs) on nine (9) properties, Phase II ESAs on five (5) properties and completed a Remedial Action Plan for the property at 30 Monroe Street (i.e. the surface parking lot at the eastbound side of the South Norwalk Train Station). The Agency has focused its efforts on City-held properties located in close proximity to the South Norwalk Train Station. The Agency has chosen this strategy because it recognizes environmental assessment is a vital pre-development activity necessary to foster Transit-Oriented Development (TOD) at Norwalk’s primary transportation node.

Additionally, the activities of the Initiative have served to leverage the initial infusion of U.S. EPA funds. In the Fall 2008 the City of Norwalk and Agency received an award of \$300,000 from the State of Connecticut’s Brownfields Municipal Pilot Program to complete the remediation of the surface parking lot serving the eastside of the South Norwalk Train Station to support the TOD. The Agency has been able to match the State grant with a grant of services from the USEPA that is valued at approximately \$75,000.

The Agency has prepared applications to secure additional Assessment Grant funding and to capitalize a Brownfields Revolving Loan Fund that will assist in completing remedial activities on those Brownfields sites located in proximity to the South Norwalk Train Station.

In order to increase the availability of information regarding sites assessed with U.S. EPA funds and to ensure public input into the redevelopment of these sites, the Agency has worked with VHB to create a Web-based viewer that will allow members of the public to access maps, photos and environmental information regarding those sites assessed with U.S. EPA funds. Agency staff will make this Web-viewer available on its newly created website.

The Agency has been designated by the City of Norwalk as the administrator of Norwalk's annual entitlement of Community Development Block Grant (CDBG) Program. The City receives an annual entitlement of approximately \$1.0 million in CDBG funds from the U.S. Department of Housing and Urban Development (HUD) for the purpose of funding a variety of activities to assist Norwalk's low and moderate income residents. Such programs include, but are not limited to, workforce development, drug prevention activities, after-school programs, affordable housing rehabilitation and small business lending. The Agency oversees the annual process to disseminate CDBG funds to local and regional sub-recipients – social service organizations and stakeholders that implement such activities. The July 1, 2010 – June 30, 2011 fiscal year represents Program Year 36 (PY36) of the CDBG Program.

The Norwalk Redevelopment Agency administers a number of programs which provide assistance to area homeowners and encourage improvements to existing housing stock. These programs include residential rehabilitation, technical assistance and financial loans. The Agency has partnered with the Family and Children's Agency for a program to install accessible ramps to households with mobility issues. This pilot program is funded through the Residential Rehabilitation Program in the form of grants and currently has completed three ramps.

The Agency's Homeownership Program has closed 23 loans totaling \$1,100,000 since June 2008. These loans have leveraged over \$3,800,000 in private funds. This program offers first time homebuyers loans up to \$50,000 at 0%. The loans are forgiven over a 10-15 year period. The State of Connecticut Department of Economic and Community Development has re-funded this program with an additional \$500,000 of which \$400,000 remain available for loans.

The Agency's loan portfolio as of March 2011 includes 157 loans totaling over \$6,000,000 of which 51 loans (\$4,150,000) originated with the Residential Rehabilitation Program. Through funding from the Community Development Block Grant Program, the Agency also provides predevelopment and rehabilitation funding to area for-profit and non-profit groups to facilitate the development of affordable housing. This portfolio includes \$190,000 invested in existing affordable housing assisting 130 units in the current year.

To further the development of affordable housing in Norwalk, the Agency recently made a \$915,000 construction loan to a private developer. This project involves 8 new affordable condominium units and was recently completed in May of 2010. As part of the Agency's affordable housing strategy, the Agency anticipates it will make construction loans of up to \$1,000,000 to for-profit and not-for-profit developers each year for the development of affordable units.

Parking Authority

The City enacted an ordinance establishing a Parking Authority as an enterprise fund of the City which was effective July 1, 2002. The Parking Authority is responsible for the acquisition of land for and the construction of new parking facilities as well as the improvement of the existing parking facilities within the City (except for three facilities located along the Metro-North Railroad). The Parking Authority is also responsible for the payment of debt service on bonds used to finance the acquisition, construction and improvements on both the existing and new parking facilities. Revenues from the parking facilities will be used to pay the debt service on any outstanding existing bonds. The City backs the debt with its full faith and credit for these existing bonds.

Solid Waste - Solid Waste Disposal

Beginning in calendar 2009, the City entered into a five-year contract with City Carting, Inc. of Stamford, Connecticut for the transport and disposal of its MSW and the operation of the Norwalk transfer station. For calendar 2011, the City is being charged \$79.90 per ton (the tipping fee) for transport and disposal of MSW and a \$62,500 per month fee to operate the transfer station. For calendar year 2012, the City will be charged \$83.90 per ton for transport and disposal of MSW and a \$62,500 per month fee to operate the transfer station. The contract has also provided for enhancements at the Norwalk Transfer Station, such as improved appearance and cleanliness, the addition of electronics recycling, the expansion of plastics recycling, the addition of managed disposal of oils and batteries, and generally more efficient operation.

As of July 1, 2009, the City has a separate contract with City Carting & Recycling for curbside recycling collection. The new contract reduced the contract costs for curbside collection, expanded eligible plastics to numbers 1 through 7 and provides for revenue sharing on the sale of the recyclable materials. The City now earns \$17.50 for every ton of recyclable materials and avoids a solid waste disposal cost (roughly \$80) for each of the same tonnage. Mixed paper has also been expanded to include magazines, junk mail, newspaper, office paper, telephone books, etc. Rigid plastics (those numbered above 7) are now separated at the transfer station and the City anticipates future revenue sharing for these materials; it is also looking to future revenue sharing for recycled electronics components. In the first full year of independent recycling operations, the City earned over \$100,000 in revenues from the sale of recyclable materials. The City is working diligently to expand recycling separation, thus tonnage, by both residents and the school system.

Water Pollution Control Authority

The City has enacted an ordinance to create a Water Pollution Control Authority and establish it as an enterprise fund of the City. The Water Pollution Control Authority is responsible for constructing, operating and maintaining the wastewater collection and treatment system for the City. The Authority is also responsible for establishing rates and charges sufficient to pay debt service on all bonds of the City issued to finance the acquisition, construction and improvements of both the existing and new sewerage system. Revenues from sewer charges will be used to pay debt service on the bonds. The bonds are secured by the full faith and credit of the City.

Wastewater Treatment Plant

On April 17, 2000, the City entered into a 20-year contract with Operations Management International, Inc., for the operation and maintenance of the City's wastewater treatment facility, its wastewater collection system, and its 22 pumping stations. The City continues to exercise system management and control over its rate setting authority and the City retains full legal title and ownership of the facility. The contract contains additional performance standards which are more stringent than those required by the City's current NPDES operating permit.

Norwalk's wastewater treatment plant is permitted to treat up to 18 million gallons per day (MGD) in dry weather and 30 MGD in wet weather. When current plant flows exceed 30 MGD, up to 75 MGD of wastewater receives rudimentary treatment through an aged screening system and is disinfected before discharge into the Norwalk River. A planned combined sewer overflow project will maximize flows through the treatment plant up to 95 MGD through screening, grit removal, and disinfection. Additionally, a planned low level nitrogen removal project will reduce the amount of nitrogen discharged into Long Island Sound to reduce the occurrence of hypoxia.

These projects have an enormous impact on the quality of life of Norwalk residents and surrounding communities that rely on Long Island Sound for recreation, tourism, and education. In addition to a positive environmental impact, the projects will favorably impact the regional economy as they support the shell fishing industry, commercial fishing, construction, and redevelopment opportunities. The low level nitrogen removal project will likely increase revenue from the sale of nitrogen trading credits.

The total cost of these projects approaches \$140 million. Norwalk has currently secured \$60 million in Clean Water Fund loans and grants and intends to seek Clean Water Funds for the balance of the projects.

Economic Factors

As the national economy begins to recover, a variety of projects are underway in the City of Norwalk, providing opportunities in all sectors.

Several residential projects were completed in 2010. 597 Westport, a newly constructed 235 unit luxury housing development on U. S. Rte 1 adjacent to Pepperidge Farm's corporate headquarters, is complete and on its way to full occupancy. Avalon Norwalk, a mixed-use development by AvalonBay Communities, with 311 units of multifamily housing and new street level retail space has brought new life to Norwalk Center, adding new residents and round-the clock activity. The Marquis on the River, a new 36 unit mixed use development on East Avenue, is also complete and has two office tenants, Keller Williams Realty and Cottage & Gardens Publications taking space on the ground floor.

Construction is underway at Summerview Square, a 45 unit multifamily development located at Jefferson and West Main Streets. The first 13 units were completed and occupied in 2010 and another 10 units are currently under construction. In 2010, two facilities for seniors were approved: Maplewood at Strawberry Hill: an 84 unit congregate housing and assisted living facility will rehabilitate and occupy a former school building located at 73 Strawberry Hill Avenue and Elder House will construct a new second story addition to its existing building used for elderly care located behind the Congregational Church on the Green. Both of these developments began construction in 2011.

A variety of commercial developments are also moving forward. REI Sports opened its innovative sporting goods store at 189 Connecticut Avenue in 2010 and Crunch, a new 26,200 sq. ft. health club is scheduled to open in its recently completed fitness center at 770 Connecticut Avenue. The new 13,000 sq. ft. office building for the American Cancer Society at 38 Richards Avenue is nearly complete. The renovation of the former Hour Newspaper building at 346 Main Avenue to repurpose it for 38,000 sq. ft. medical & general office use is now under construction. Norwalk Hospital has also begun construction on a new 628 space parking garage that will accommodate its future expansion plans. In 2010, a new CVS Pharmacy at the corner of Connecticut and Scribner Avenue was approved to permit a new two story 24,800 sq. ft. retail store with drive through window. The expansion of the Norwalk Inn & Conference Center at 93 & 99 East Avenue was also approved in 2010 allowing the owners to add a third floor 37 room addition to the existing hotel and to rehabilitate the adjacent historic building for 7 extended stay rooms with kitchens.

New construction is planned for i-Park at 761 Main Avenue where LA Fitness has submitted plans for a new 12,000 sq. ft. addition to their recently opened health club. The existing 48,000 sq. ft. fitness facility was built in 2008 and is located adjacent to new Class A medical office space, which has repositioned this former manufacturing and warehouse facility into a new mixed use complex with state-of-the-art medical offices. In each instance, the City has expedited permitting while ensuring that the infrastructure improvements needed to accommodate new development and mitigate any adverse impacts are provided.

Calendar year 2011 has been another exciting year in Norwalk as several large-scale mixed-use developments have moved forward. Waypointe, a mixed-use development by Seligson Properties, has submitted plans to build the first phase of its plan to reinvent West Avenue. The first phase will include 326 new multifamily units, 43,000 sq. ft. of retail and restaurant uses and a 626 space parking garage on a 10 acre parcel located just north of Loehmann's Plaza. District 95/7 site improvements are continuing as the extension of Reed Street under the Danbury Line Railroad, connecting North Water Street and the Maritime Aquarium with West Avenue. This extension represents an important first step in implementing the approved 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.

Wall Street Place by POKO-IWSR Partners is also advancing. This development will redesign the Isaacs Street municipal parking lot into a new mixed-use development with 101 residential units and the City's first automated parking garage. This development was delayed due to an appeal by an adjacent property owner; however the Commission's action was upheld by the court, enabling the project to move forward. Combined, these projects will bring nearly 500 new housing units to downtown Norwalk.

As the economy continues to improve, the use of major parcels continues to change to reflect new economic realities; repositioning existing commercial properties to permit new uses. After a recent court decision to overturn an appeal, a new 240 unit development at 8 Norden Place is poised to begin construction on the rear parcel at Norden Park. This newly approved multifamily development will convert underutilized industrial land into new uses to ensure the future viability of this important parcel.

Merritt 7 Corporate Park continues to provide corporate tenants with Class A office space and is home to some of the nation's largest corporations including FactSet Research Systems, Emcor Group, Arch Chemicals and the Financial Accounting Foundation. The adjacent Towers at Merritt with three Class A office buildings totaling 650,000 sq.ft. has become home to a number of corporate tenants. Xerox Corporation relocated its corporate headquarters from Stamford to 45 Glover Avenue, where it shares space with Hewitt Associates. Building 801 is fully occupied by the world headquarters of Diageo PLC and Building 901 is home to General Electric Commercial Finance, occupying 87,000 sq.ft. In 2011, a new office building is planned to replace an existing parking lot located south of Glover Avenue adjacent to the Merritt Parkway, adding another 82,700 sq.ft. of prime office space to the property.

The Planning Commission is moving forward with the implementation of the City's newly-adopted Plan of Conservation and Development for Norwalk. The Plan envisions new transit-oriented green development with active street level uses and upper floor housing located near existing MetroNorth transportation facilities. In 2010, the planning firm of Fitzgerald & Halliday was hired to prepare a new Pedestrian and Bikeway Transportation Plan for Norwalk to implement the Plan's

objective to reduce traffic, to create a more walkable community and provide a connected system of bikeways and walkways throughout the City. The plan also recommends the creation of new Village Districts to preserve Norwalk's historic character while permitting compatible new development. The Zoning Commission approved a new Golden Hill Village District, the City's fourth village district, in 2010 and a new Silvermine Tavern Village District in 2008 to ensure that the historic Silvermine Tavern will continue as a historic landmark into the future.

Steady growth has continued in 2011. The number of zoning permits issued has increased over the past two years, an indicator that development will continue to trend in a positive direction.

[The remainder of this page intentionally left blank]

SECTION III - ECONOMIC AND DEMOGRAPHIC DATA

Population Trends

Year	City of Norwalk	Fairfield County	State of Connecticut
1960	67,776	653,589	2,535,234
1970	79,113	792,814	3,032,217
1980	77,767	807,143	3,107,576
1990	78,331	827,542	3,287,116
2000	82,951	882,567	3,405,565
2010	85,603	916,829	3,574,097

Source: U.S. Department of Commerce, Bureau of Census;

Age Characteristics of Population

	City of Norwalk		State of Connecticut	
	Persons	Percent	Persons	Percent
Under 5 years of age	5,883	6.87	202,106	5.65
5 to 9 years of age	5,076	5.93	222,571	6.23
10 to 14 years of age	4,882	5.70	240,265	6.72
15 to 19 years of age	4,651	5.43	250,834	7.02
20 to 24 years of age	4,646	5.43	227,898	6.38
25 to 34 years of age	13,455	15.72	420,377	11.76
35 to 44 years of age	13,260	15.49	484,438	13.55
45 to 54 years of age	13,018	15.21	575,597	16.10
55 to 59 years of age	5,226	6.10	240,157	6.72
60 to 64 years of age	4,553	5.32	203,295	5.69
65 to 74 years of age	5,755	6.72	254,944	7.13
75 to 84 years of age	3,662	4.28	166,717	4.66
Over 85 years of age	1,536	1.79	84,898	2.38
Total	85,603	100.00	3,574,097	100.00

Source: U.S. Department of Commerce, Bureau of Census, Census 2010

Educational Attainment

	City of Norwalk		State of Connecticut	
	Number	Percent	Number	Percent
Less than 9th grade	3,533	6.0	132,917	5.8
9th to 12th grade	6,617	11.2	234,739	10.2
High School graduate	14,768	25.1	653,300	28.4
Some college - no degree	9,901	16.8	402,741	17.5
Associate degree	3,922	6.7	150,926	6.6
Bachelor's degree	12,402	21.1	416,751	18.2
Graduate or professional degree	7,742	13.1	304,243	13.3
Total	58,885	100.0	2,295,617	100.0
Total high school graduate or higher		82.8%		84.0%
Total bachelor's degree or higher		34.2%		31.4%

Source: U. S. Department of Commerce, Bureau of Census, 2000 Census.

Selected Wealth and Income Indicators

	<u>Median Family Income</u>		<u>Per Capita Income</u>	
	<u>(1990)</u>	<u>(2000)</u>	<u>(1990)</u>	<u>(2000)</u>
City of Norwalk	\$55,269	\$68,219	\$23,075	\$31,781
Fairfield County	57,990	77,690	26,161	38,350
Connecticut	49,199	65,521	20,189	28,766
United States	35,353	49,600	14,617	21,690

Source: U.S. Department of Commerce, Bureau of Census, 1990 and 2000 Census.

Income Distribution

	<u>City of Norwalk</u>		<u>State of Connecticut</u>	
	<u>Families</u>	<u>Percent</u>	<u>Families</u>	<u>Percent</u>
\$ -0- to 9,999	641	3.0	33,423	3.8
10,000 to 14,999	442	2.1	23,593	2.7
15,000 to 24,999	1,517	7.2	63,262	7.1
25,000 to 34,999	1,936	9.2	75,413	8.5
35,000 to 49,999	2,546	12.1	120,134	13.6
50,000 to 74,999	4,552	21.6	198,924	22.5
75,000 to 99,999	3,279	15.5	141,981	16.0
100,000 to 149,999	3,302	15.6	132,177	14.9
150,000 to 199,999	1,386	6.6	42,472	4.8
200,000 or more	1,514	7.2	54,368	6.1
	<u>21,115</u>	<u>100.0</u>	<u>885,747</u>	<u>100.0</u>

Source: U. S. Department of Commerce, Bureau of the Census, Census 2000

Per Capita Personal Income - by Metropolitan Area, 2007-2009

<u>Metro-Area Name</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>Rank in 2009</u>
Bridgeport-Stamford-Norwalk, CT	\$79,576	\$79,108	74,767	1
Naples-Marco Island, FL	62,634	62,598	60,049	2
San Francisco-Oakland-Fremont, CA	64,251	62,559	59,993	3
Washington-Arlington-Alexandria, DC-VA-MD-WV	59,365	58,531	56,984	4
Sebastian-Vero Beach, FL	58,074	57,107	56,303	5
San Jose-Sunnyvale-Santa Clara, CA	55,737	56,824	55,169	6
Midland, TX	54,117	55,187	54,164	7
Boston-Cambridge-Quincy, MA-NH	53,156	55,170	53,553	8
Casper, WY	53,864	54,914	53,361	9
New York-Northern New Jersey-Long Island, NY-NJ-PA	49,590	53,968	52,037	10
State of Connecticut	56,477	57,199	55,296	
United States	39,461	40,674	39,635	

Source: "Survey of Current Business," U.S. Bureau of Economic Analysis, May 2011.

Employment by Industry

Industry	City of Norwalk		Fairfield County		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent
Agriculture, forestry, fisheries	61	0.1	1,024	0.2	7,445	0.5
Construction	3,555	7.9	27,627	6.5	99,913	6.0
Manufacturing	5,390	12.0	56,520	13.3	246,607	14.8
Wholesale	1,555	3.5	14,052	3.3	53,231	3.2
Retail trade	5,482	12.3	46,957	11.0	185,633	11.2
Transportation, warehousing, utilities	1,418	3.2	13,636	3.2	64,662	3.9
Information	2,191	4.9	19,367	4.5	55,202	3.3
Finance, insurance, real estate	4,392	9.8	50,701	11.9	163,568	9.8
Professional, scientific, management, administrative	6,978	15.6	61,695	14.5	168,334	10.1
Educational, health, social services	7,535	16.8	78,620	18.4	366,568	22.0
Arts, entertainment, recreation		0.0				
accommodation, food	2,737	6.1	24,357	5.7	111,424	6.7
Other professional services	2,471	5.5	21,097	4.9	74,499	4.5
Public Administration	966	2.2	10,985	2.6	67,354	4.0
Total	44,731	100.0	426,638	100.0	1,664,440	100.0

Source: U. S. Department of Commerce, Bureau of the Census, 2000.

Unemployment Rate Statistics (Not Seasonally Adjusted)

Yearly Average	City of Norwalk	Bridgeport/Stamford Labor Market (1)	State of Connecticut	United States
2002	3.3%	2.8%	3.9%	5.8%
2003	4.1	3.3	5.0	6.0
2004	4.3	2.9	4.7	5.5
2005	4.2	4.7	5.1	5.1
2006	3.6	3.9	4.3	4.6
2007	3.7	4.1	4.5	4.6
2008	4.8	5.3	5.8	5.8
2009	7.2	7.6	8.0	9.3
2010	7.8	8.5	9.0	9.6
		<u>2011 Monthly</u>		
January	8.8%	8.9%	9.6%	9.8%
February	8.9	9.0	9.6	9.5
March	8.5	8.7	9.3	9.2
April	7.8	8.3	8.9	8.7
May	7.7	8.5	9.1	8.7

(1) Beginning in January 2005, the State of Connecticut Department of Labor combined the Stamford and Bridgeport Labor Market Areas.

Source: State of Connecticut, Department of Labor; United States Department of Labor, Bureau of Labor Statistics.

Major Employers

<u>Name</u>	<u>Nature of Business</u>	<u>Employees</u>
Norwalk Health Services Corporation	Hospital/Health Services	1,900
Stew Leonard's	Retail Dairy Store/Grocery	800
MBI	Direct Mail Marketing	800
Diageo	Premium Beverage Manufacturer	700
Hewitt Associates	Management Consultants	600
Covidien	Automatic Suture Instruments	500
Northrup Grumman Norden Systems	Electronic & Radar Systems	500
Reed Exhibition Company	Trade Show/Publisher	450
FactSet Research	Research Systems	356
Act Media, Inc.	In-Store Advertising	350
Xerox	Office equipment	320
Modem Media	Internet Advertising	300
Priceline.com	Internet Marketing	300
Vertrue	Internet Marketing	300
G.E. Capital Corporation	Financial Services	250
G.E. Commercial Finance	Financial Services	250
Information Resources	Consumer Products Manufacturing	250
Virgin Atlantic Airways	Airline & Leisure Company	250
Combustion Engineering	Engineering Services	200
Cablevision of Connecticut	TV/DSL Cable Line Installation	200
R.T. Vanderbilt	Chemical Manufacturing	175
Carlson Marketing Group	Marketing Consultant	175
Tauck World Discovery	Travel Services	175
King Industries, Inc.	Chemical Manufacturing	170
Klaff's	Lighting & Plumbing Supplies	150
Kodak Polychrome Graphics	Graphic Arts Supply	125
Marsh USA Inc	Insurance	120
Webloyalty.com	Membership Services	120
Callanen International	Watches	105
Integrated Marketing Services	Marketing Consultant	100
Muelstein International Ltd.	Plastic Resins Distribution	100

Source: City of Norwalk Redevelopment Authority.

Norwalk Area Corporate/Regional Headquarters

The following companies located in the City are either regional or corporate headquarters.

<u>Company</u>	<u>Business</u>
Act Media, Inc.	In-store Promotional Advertising
Arch Chemical, Inc.	Chemical Manufacturing
Bolt Technology Corporation	Oil & Gas Exploration Technologies
Cablevision of Connecticut	Cable/DSL System Operator
Carlson Marketing Group	Marketing Consultants
Cartesis	Financial & Management Software
Charkit Chemicals	Chemical Manufacturing
Combustion Engineering	Engineering Services
Diageo	Premium Beverage Manufacturing
Dooney & Burke	Leather Good Manufacturing
Emcor	Mechanical Contractor
FactSet Research	Research Systems
Financial Accounting Standards Board	Accounting Standards Regulation
Fitlinxx	Computerized System for Fitness Equipment
HEI Hospitality	Hotel/Hospitality Management
Hewitt Associates	Management Consulting
Hitachi Credit America	Financial Credit
IMS Health Inc	Market Data for Pharmaceutical Industry
Information Resources	Consumer Research
King Industries	Chemical Manufacturing
Kodak Polychrome	Graphic Arts Supplier
MBI, Inc.	Direct Mail Marketing/Collectibles
Modem Media	Internet Advertising
mPhase Technologies, Inc	Telecommunications Technologies
Muehlstein International, Inc.	Plastic Resin Distributor
Northrup Grumman Norden Systems	Electronic & Radar Systems
Pepperidge Farm, Inc.	Baked Goods
Priceline, Inc.	Internet Marketing/Shopping
Reed Exhibition Companies	Trade Show Management
Stew Leonard's	Retail Dairy & Grocery
Stolt-Nielson	Shipping
Tauck World Discovery	Travel Services
R.T Vanderbilt Company, Inc.	Industrial Minerals & Chemicals
Virgin Atlantic Airways	Airline/Leisure Travel
Webloyalty.com	Customer Rewards Programs
Wusthof	Cutlery Manufacturer
Xerox Corporation	Documentation Management

Source: City of Norwalk Redevelopment Authority.

Value of Building Permits

Fiscal Year Ended 6/30	Building	Miscellaneous	Total
2011 (1)	\$ 56,980,254	\$ 24,561,718	\$ 81,541,972
2010	87,024,280	30,194,755	117,219,035
2009	116,019,539	32,150,652	148,170,191
2008	122,167,830	41,837,356	164,005,186
2007	168,993,472	53,186,067	222,179,539
2006	173,785,844	17,841,057	191,626,901
2005	154,889,408	21,528,397	176,417,805
2004	226,461,685	20,401,098	246,862,783
2003	122,793,362	9,204,130	131,997,492
2002	88,316,351	7,490,071	95,806,422
2001	168,863,786	15,718,061	184,581,847
2000	112,671,283	7,790,459	120,461,742

(1) As of April 31, 2011.

Source: City of Norwalk, Building Department.

Number of Dwelling Units

2010	2000	1990	% Increase 2010-2000	% Increase 2010-1990
35,415	33,753	32,224	4.92%	9.90%

Source: U.S. Department of Commerce, Bureau of the Census.

Characteristics of Housing Units

Value of Owner Occupied Units	City of Norwalk		Fairfield County		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent
\$ 0 to \$ 50,000	62	0.4	1,435	0.8	5,996	0.8
50,000 to 99,999	253	1.6	6,193	3.4	85,221	11.7
100,000 to 149,999	891	5.7	17,969	9.7	212,010	29.1
150,000 to 199,999	2,335	14.8	26,310	14.3	156,397	21.5
200,000 to 299,999	6,024	38.3	44,679	24.3	137,499	18.9
300,000 to 499,999	4,606	29.3	44,583	24.2	79,047	10.9
500,000 to 999,999	1,359	8.6	30,388	16.5	38,168	5.2
1,000,000 and over	206	1.3	12,635	6.8	13,906	1.9
Total	<u>15,736</u>	<u>100.0</u>	<u>184,192</u>	<u>100.0</u>	<u>728,244</u>	<u>100.0</u>
Median Value	270,100		288,900		166,900	

Source: U. S. Department of Commerce, Bureau of the Census, 2000.

Age Distribution of Housing

Year Structure Built	City of Norwalk		Fairfield County		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent
1939 or earlier	7,136	21.1	71,784	21.1	15,993	1.2
1940 to 1959	10,607	31.4	98,706	29.1	47,028	3.4
1960 to 1969	5,317	15.8	55,332	16.3	56,058	4.0
1970 to 1979	4,522	13.4	47,414	14.0	183,405	13.2
1980 to 1989	4,032	11.9	39,334	11.6	203,377	14.7
1990 to 1994	1,069	3.2	11,303	3.3	212,176	15.3
1995 to 1998	869	2.6	11,587	3.4	359,042	25.9
1999 to March 2000	201	0.6	4,006	1.2	308,896	22.3
Total housing units, 2000	<u>33,753</u>	<u>100.0</u>	<u>339,466</u>	<u>100.0</u>	<u>1,385,975</u>	<u>100.0</u>

Source: U.S. Department of Commerce, Bureau of Census, Census 2000.

SECTION IV – INDEBTEDNESS

Computation of Statutory Debt Limit

As of July 1, 2011 (Pro Forma)

Total Fiscal Year 2010 tax collections (including interest and lien fees)	\$ 247,716,968
State Reimbursement for Revenue Loss on:	
Tax Relief for the Elderly	<u>28,166</u>
Base for Establishing Debt Limit	<u>\$ 247,745,134</u>

Debt Limit	General	Schools	Sewers	Urban	Unfunded	Total
	<u>Purpose</u>	<u>Schools</u>	<u>Sewers</u>	<u>Renewal</u>	<u>Past Pension</u>	<u>Debt</u>
(2.25 times base)	\$557,426,552					
(4.50 times base)		\$1,114,853,103				
(3.75 times base)			\$ 929,044,253			
(3.25 times base)				\$ 805,171,686		
(3.00 times base)					\$ 743,235,402	
(7.00 times base)						\$1,734,215,938

Indebtedness (Including the Bonds and Maritime Center Debt)

Bonds Payable	\$ 75,584,675 (1)	\$ 107,197,772	\$ -	\$ 13,752,724	\$ -	\$ 196,535,170
Refunded Bonds	(5,516,916)	(10,535,881)	(774,010)	(1,823,193)	-	(18,650,000)
The Bonds (<i>This Issue</i>)	5,548,000	10,642,000	788,000	1,832,000	-	18,810,000
Parking Authority (2)	10,795,574	-	-	-	-	10,795,574
Water Pollution Control Authority (WPCA)	-	-	54,562,000 (3)	-	-	54,562,000
Authorized but Unissued Debt	35,979,200	5,405,330	31,358,219	6,050,000	-	78,792,749
Overlapping Indebtedness (4)	<u>21,976,660</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,976,660</u>
Total Bonded Indebtedness	144,367,193	112,709,221	85,934,209	19,811,531	-	362,822,154
School Grants Receivable (5)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Bonded Indebtedness	144,367,193	112,709,221	85,934,209	19,811,531	-	362,822,154
Excess of Limit Over Outstanding and Authorized Debt	<u>\$413,059,359</u>	<u>\$1,002,143,882</u>	<u>\$ 843,110,044</u>	<u>\$ 785,360,155</u>	<u>\$ 743,235,402</u>	<u>\$1,371,393,784</u>

- (1) Includes \$547,743 Maritime Center Authority bonds guaranteed by the full faith and credit of the City. (See "Maritime Center Authority" herein)
- (2) All Parking Authority bonds are guaranteed by the full faith and credit of the City but will be repaid from parking revenues. (See "Parking Authority" herein).
- (3) Includes \$8,595,634 of general obligation bonds and \$24,589,585 of State of Connecticut Clean Water Fund ("CWF") Program Project Loan Obligations and a \$21,376,781 CWF Interim Funding Obligation. (See "Water Pollution Control Authority" and "Clean Water Fund" herein).
- (4) The Second Taxing District currently has \$300,000 in bonds outstanding which qualify as overlapping indebtedness of the City. Additionally, on April 30, 2009 the Second Taxing District issued a PLO through the State of Connecticut's Drinking Water Loan program in the amount of \$24,715,165, of which \$21,676,660 is outstanding as of July 1, 2011. Any loans undertaken will be supported by the full faith and credit of the Second Taxing District and not the City. (See "Overlapping and Underlying Indebtedness" and "Tax Districts" herein).
- (5) Includes outstanding State of Connecticut school building grants receivable on the eligible principal portion of outstanding school bonds. (See "School Projects" herein).

Calculation of Net Direct Debt

As of July 1, 2011(Pro Forma)

Indebtedness (1)	
Bonded Debt	
The Refunded Bonds	\$(18,650,000)
The Bonds – <i>This Issue</i>	18,810,000
General Purpose (2)	75,584,675
Schools	107,197,772
Urban Renewal	13,752,724
Parking Authority (3)	10,795,574
Water Pollution Control Authority (4)	<u>33,185,219</u>
Total Bonded Indebtedness	240,675,964
Short Term Debt	
Water Pollution Control Authority CWF IFO	<u>21,376,781</u>
Total Direct Debt	262,052,745
Exclusions (School Construction Grants) (5)	<u>-</u>
Net Direct Debt	262,052,745
Overlapping Debt (6)	<u>21,976,660</u>
Net Direct and Overlapping Debt	<u>\$284,029,405</u>

- (1) Does not include authorized but unissued debt of \$78,792,749.
- (2) Includes \$547,743 Maritime Center Authority bonds guaranteed by the full faith and credit of the City. (See “Maritime Center Authority” herein)
- (3) All Parking Authority bonds are guaranteed by the full faith and credit of the City but will be repaid from parking revenues. (See “Parking Authority” herein).
- (4) Includes \$8,595,634 of general obligation bonds and \$24,589,585 of State of Connecticut Clean Water Fund (“CWF”) Program Project Loan Obligations and a \$21,376,781 CWF Interim Funding Obligation. (See “Water Pollution Control Authority” and “Clean Water Fund” herein).
- (5) Includes outstanding State of Connecticut school building grants receivable on the eligible principal portion of outstanding school bonds. (See “School Projects” herein).
- (6) The Second Taxing District currently has \$300,000 in bonds outstanding which qualify as overlapping indebtedness of the City. Additionally, on April 30, 2009 the Second Taxing District issued a PLO through the State of Connecticut’s Drinking Water Loan program in the amount of \$24,715,165, of which \$21,676,660 is outstanding as of August 1, 2011. Any loans undertaken will be supported by the full faith and credit of the Second Taxing District and not the City. (See “Overlapping and Underlying Indebtedness” and “Tax Districts” herein).

Current Debt Ratios

As of July 1, 2011 (Pro Forma)

Total Direct Debt (1)	\$262,052,745
Net Direct Debt (1)	\$262,052,745
Net Direct and Overlapping Debt (1)	\$284,029,405
Population (2)	85,603
Net Taxable Grand List (10/1/10)	\$12,774,487,000
Estimated Full Value	\$18,249,267,143
Equalized Net Taxable Grand List (2008) (3)	\$18,035,743,033
Per Capita Income (1999) (4)	38,783

	<u>Total Direct Debt</u>	<u>Net Direct Debt</u>	<u>Net Direct and Overlapping Debt</u>
Per Capita	\$3,061	\$3,061	\$3,318
To Net Taxable Grand List	2.05%	2.05%	2.22%
To Estimated Full Value	1.44%	1.44%	1.56%
To Equalized Net Taxable Grand List	1.45%	1.45%	1.57%
Per Capita to Per Capita Income	7.89%	7.89%	8.56%

- (1) Includes the Bonds, excludes the Refunded Bonds.
- (2) U.S. Department of Commerce, Bureau of Census, Census 2010.
- (3) Office of Policy and Management, State of Connecticut
- (4) U.S. Department of Commerce, Bureau of Census, Census 2000.

Historical Debt Statement

	<u>2009-10</u>	<u>2008-09</u>	<u>2007-08</u>	<u>2006-07</u>	<u>2005-06</u>
Population (1)	83,185	83,185	83,456	83,564	83,636
Net taxable grand list	\$12,639,374,669	\$10,673,889,000	\$10,527,527,000	\$9,468,305,000	\$8,268,992,000
Estimated full value	\$18,056,249,527	\$15,248,412,857	\$15,039,324,286	\$13,526,150,000	\$11,812,845,714
Equalized net taxable grand list (2)	\$18,035,743,033	\$20,990,084,209	\$20,898,752,371	\$18,873,044,733	\$15,734,794,000
Per capita income (3)	\$31,781	\$31,781	\$31,781	\$31,781	\$31,781
Short-term debt	\$ 21,376,781	\$ -	\$ -	\$ -	\$ -
Long-term debt	<u>252,398,359</u>	<u>257,410,475</u>	<u>237,743,423</u>	<u>236,743,268</u>	<u>218,567,149</u>
Total Direct debt	\$273,775,140	\$257,410,475	\$237,743,423	\$236,743,268	\$218,567,149
Net Direct debt	\$273,682,862	\$257,410,475	\$237,513,351	\$236,066,324	\$217,390,745
Net Direct and Overlapping debt	\$297,338,858	\$283,025,640	\$238,943,423	\$238,243,268	\$219,190,745

(1) State of Connecticut, Department of Public Health estimates.

(2) Office of Policy and Management, State of Connecticut

(3) U.S. Department of Commerce, Bureau of Census, Census 2000.

Historical Debt Ratios

	<u>2009-10</u>	<u>2008-09</u>	<u>2007-08</u>	<u>2006-07</u>	<u>2005-06</u>
Total Direct debt:					
Per capita	\$3,291	\$3,094	\$2,849	\$2,833	\$2,613
To net taxable grand list	2.17%	2.41%	2.26%	2.50%	2.64%
To estimated full value	2.56%	2.45%	2.51%	1.75%	1.85%
To equalized net taxable grand list	1.52%	1.23%	1.14%	1.25%	1.39%
Debt per capita to per capita income	10.36%	9.74%	8.96%	8.91%	8.22%
Net direct debt:					
Per capita	\$3,290	\$3,094	\$2,846	\$2,825	\$2,599
To net taxable grand list	2.17%	2.41%	2.26%	2.49%	2.63%
To estimated full value	2.56%	2.45%	2.51%	1.75%	1.84%
To equalized net taxable grand list	1.52%	1.23%	1.14%	1.25%	1.38%
Debt per capita to per capita income	10.35%	9.74%	8.95%	8.89%	8.18%
Net direct and overlapping debt:					
Per capita	\$3,574	\$3,402	\$2,863	\$2,851	\$2,621
To net taxable grand list	2.35%	2.65%	2.27%	2.52%	2.65%
To estimated full value	2.79%	2.69%	2.52%	1.76%	1.86%
To equalized net taxable grand list	1.65%	1.35%	1.14%	1.26%	1.39%
Debt per capita to per capita income	11.25%	10.71%	9.01%	8.97%	8.25%

Clean Water Fund Program

The City has financed the renovations to its Sewer Treatment Plant through the State of Connecticut Clean Water Fund Program (General Statutes Section 22a-475 et seq., as amended) which provides financial assistance through a combination of grants and loans bearing interest at a rate of 2% per annum. All participating municipalities receive a grant of 20% and a loan of 80% of total eligible costs, with the exception of combined sewer overflow correction projects which are financed with a 50% grant and a 50% loan and de-nitrification projects which are financed with a 30% grant and a 70% loan. Loans to participating municipalities are made pursuant to a Project Grant and Project Loan Agreement. Participating municipalities are obligated to repay only that amount which it draws down for the payment of project costs. Participating municipalities must permanently finance draws under the Interim Funding Obligations ("IFO") through the issuance of a Project Loan Obligation ("PLO"). Amortization of each loan is required to begin one year from the earlier of the project completion date specified in the PLO, or the actual project completion date. The final maturity of each loan is twenty years from the earlier of the project completion date specified in the PLO, or the actual completion date. Principal and interest payments are payable 1) in equal monthly installments commencing one month after the scheduled completion date, or 2) in a single annual installment representing, 1/20 of total principal not later than one year from the project completion date specified in the PLO, the first years' date, and thereafter in monthly installments. Municipalities may prepay their loans at any time prior to maturity without penalty. The loans are secured by the full faith and credit, and/or a dedicated source of revenue of the participating municipalities. Although the loans are issued with the guarantee of the full faith and credit of the City, the loans are to be repaid by the Water Pollution Control Authority through user charges. (See "Water Pollution Control Authority" herein).

The City has the following Clean Water Fund loans outstanding:

<u>Loan Number</u>	<u>Date of Issue</u>	<u>Original 2% Loan Amount</u>	<u>Amounts Outstanding As of July 1, 2011</u>
CFW 190	7/1/1996	\$ 4,550,161	\$ 1,051,131
CFW 301-C	12/30/1997	1,934,212	605,384
CFW 397-C	1/31/2000	673,270	284,488
CFW 190-DC	9/29/2000	41,294,122	18,873,228
CFW 190-L1	12/21/2001	4,930,815	2,685,713
CFW 190-CD1	12/30/2004	1,830,187	1,089,641
CFW IFO 612-C	1/11/2010	<u>21,376,781</u>	<u>21,376,781</u>
Total		<u>\$76,589,548</u>	<u>\$45,966,366</u>

Temporary Financing

When general obligation bonds have been authorized by a municipality, temporary notes may be issued maturing in not more than two years (CGS Sec. 7-378). Temporary notes may be renewed up to ten years from their original date of issue as long as all project grant payments are applied toward payment of project costs or temporary notes when they become due and payable, and the legislative body schedules principal reductions by the end of the third year and for each subsequent year during which such temporary notes remain outstanding, in an amount equal to a minimum of 1/20th (1/30th for sewer projects and certain school projects) of the estimated net project cost (CGS Sec. 7-378a). The term of any bonds issued is reduced by the amount of time temporary financing exceeds two years.

Temporary notes must be permanently funded no later than ten years from their initial borrowing date, except sewer notes issued in anticipation of State and/or Federal grants. If written commitments exist, the municipality may renew the sewer notes from time to time in terms not to exceed six months until such time that the final grant payments are received (CGS Sec. 7-378b).

Temporary notes may also be issued for up to 15 years for certain capital projects associated with the operation of a waterworks system (CGS Sec. 7-244a) or a sewage system (CGS Sec. 7-264a). In the first year following the completion of the project(s), or in the sixth year following the original date of issue (whichever is sooner), and in each year thereafter, the notes must be reduced by 1/15th of the total amount of the notes issued by funds derived from sources of payment specified by statute. Temporary notes may be issued in one-year maturities for up to 15 years in anticipation of sewer assessments receivable, such notes to be reduced annually by the amount of assessments received during the preceding year (CGS Sec. 7-269a).

Legal Requirements for Approval of Borrowing

The City has the power to incur indebtedness by issuing its bonds or notes as authorized by the General Statutes of the State of Connecticut subject to statutory debt limitations and the requirements of the City Charter for the authorization of indebtedness.

Overlapping and Underlying Indebtedness

The Second Taxing District (the “District”) of the City currently has \$300,000 in bonds outstanding. The bonds were originally issued on March 15, 1997 in the amount of \$4,600,000 to finance the acquisition of the New Canaan Reservoir and the installation and extension of transmission lines from the New Canaan Reservoir to the District’s City Lake Reservoir. Although the security of the bonds is the full faith and credit of the District, the debt constitutes overlapping indebtedness of the City. (See “Tax Districts” herein).

On May 16, 2006, the Board of District Commissioners of the District adopted a resolution appropriating and authorizing bonds in the amount of \$24,715,165 for the design and construction of improvements to and the expansion of the Water Filtration Plan of the District, which resolution was approved at a Special Meeting of the District in June, 2006. The District is financing the project through the State of Connecticut Drinking Water Loan Program (General Statute 22a-475 et.seq.) which provides financial assistance through loans bearing interest at a rate of 2% per annum. On April 30, 2009 the Second Taxing District issued a PLO in the amount of \$24,715,165 of which \$22,543,132 is outstanding as of July 1, 2011.

Authorized but Unissued Debt

	Authorized but Unissued Debt			Remaining Authorized but Unissued Debt
	General/Urban Purpose	School Purpose	Sewer Purpose	
Capital Budget 2002-03				
Redevelopment Agency				
Norwalk Center Development Project	\$ 4,100,000	\$ -	\$ -	\$ 4,100,000
Subtotal Capital Budget 2002-03	4,100,000	-	-	4,100,000
Capital Budget 2003-04				
Schools				
Board of Education Construction Projects	-	4,530,330	-	4,530,330
Subtotal Capital Budget 2003-04	-	4,530,330	-	4,530,330
Capital Budget 2008-09				
Water Pollution Control Authority				
CSO/Treatment System Facility Upgrade Phase I	-	-	3,500,000	3,500,000
Low Level Nitrogen Removal	-	-	5,500,000	5,500,000
CSO/Treatment System Facility Upgrade Phase 2	-	-	390,000	390,000
Alternative Disinfection	-	-	845,000	845,000
Subtotal Capital Budget 2008-09	-	-	10,235,000	10,235,000
Capital Budget 2009-10				
Public Works				
Fairfield Avenue Construction Match	900,000	-	-	900,000
Subtotal Capital Budget 2009-10	900,000	-	-	900,000
Capital Budget 2010-11				
Planning & Zoning				
Citywide Traffic Study	50,000	-	-	50,000
Parking Authority				
Structural Repairs - SoNo Railroad	226,000	-	-	226,000
Water Pollution Control Authority				
Pump Station Upgrade / Replacement	-	-	250,000	250,000
Redevelopment Agency				
Affordable Housing	250,000	-	-	250,000
Subtotal Capital Budget 2010-11	526,000	-	250,000	776,000

	Authorized but Unissued Debt			Remaining Authorized but Unissued Debt
	General/Urban Purpose	School Purpose	Sewer Purpose	
Capital Budget 2011-12				
Fire				
New Fire Headquarters	13,600,000	-	-	13,600,000
Various Stations: Repairs & Replacements	35,000	-	-	35,000
Planning and Zoning				
Waterfront Public Access	250,000	-	-	250,000
Bikeway Plan	125,000	-	-	125,000
Public Works				
City Hall Repairs & Improvements	360,000	-	-	360,000
Various City Buildings Repairs	50,000	-	-	50,000
Public Works Center - Repairs/Improvements	82,000	-	-	82,000
Roosevelt Senior Center	175,000	-	-	175,000
Energy Conservation -Various Locations	25,000	-	-	25,000
Ben Franklin	85,000	-	-	85,000
Nathaniel Ely	29,000	-	-	29,000
Police Headquarters	30,000	-	-	30,000
Rowayton Avenue Widening	85,000	-	-	85,000
Perry Avenue Bridge Over Norwalk River	24,000	-	-	24,000
James Street Bridge	60,000	-	-	60,000
East Avenue Roadway/Bridge	225,000	-	-	225,000
Fleet Replacement	1,211,000	-	-	1,211,000
Pavement Management Program	4,369,000	-	-	4,369,000
Sidewalk & Curbing – Citywide	300,000	-	-	300,000
Footpath Replacement	150,000	-	-	150,000
Sidewalk & Curbing – Culdipp Avenue	75,000	-	-	75,000
General Drainage	250,000	-	-	250,000
Watercourse Maintenance	250,000	-	-	250,000
Traffic Signals at Various Location	250,000	-	-	250,000
Roton Middle School Crossing	75,000	-	-	75,000
General Tree Planting	30,000	-	-	30,000
Safe Routes to School	125,000	-	-	125,000
Parking Authority				
Emergency Generator/SOno Railroad	300,000	-	-	300,000
Water Pollution Control Authority				
Pump Station Upgrade/Replacement	-	-	250,000	250,000
Collection System Rehabilitation	-	-	500,000	500,000
Schools				
Technology Implementation	-	875,000	-	875,000
Recreation and Parks				
Vehicles	92,000	-	-	92,000
School & Park Playgrounds	235,000	-	-	235,000
Calf Pasture Beach	75,000	-	-	75,000
Cranbury Park	230,000	-	-	230,000
Fodor Farm	80,000	-	-	80,000
Basketball & Tennis Courts	50,000	-	-	50,000
Veteran's Memorial Park	110,000	-	-	110,000
Backstop & Fencing Improvements	50,000	-	-	50,000
Tree Planting	25,000	-	-	25,000
Open Space Fund	25,000	-	-	25,000
50 Washington St. Plaza	100,000	-	-	100,000
Library				
Replace Emergency Generator - Main Library	70,000	-	-	70,000
Historical Commission				
Lockwood Mathews Mansion	19,000	-	-	19,000
Moisture Remediation - Mill Hill & Mathews Park	17,000	-	-	17,000
Cemetery Restoration	10,000	-	-	10,000

	Authorized but Unissued Debt			Remaining Authorized but Unissued Debt
	General/Urban Purpose	School Purpose	Sewer Purpose	
Redevelopment Agency				
Transit Oriented Development	300,000	-	-	300,000
Affordable Housing	250,000	-	-	250,000
Health				
Building Repairs and Improvement	485,700	-	-	485,700
Information Technology				
Citywide IT Projects	669,500	-	-	669,500
Subtotal Capital Budget 2011-12	<u>25,518,200</u>	<u>875,000</u>	<u>750,000</u>	<u>27,143,200</u>
Supplemental Capital Appropriations				
Wall Street Development Project	1,700,000	-	-	1,700,000
Oak Hills Golf Course Improvements	300,000	-	-	300,000
Clean Water Funds	-	-	20,123,219	20,123,219
First Water District	8,585,000	-	-	8,585,000
Sixth Taxing District	400,000	-	-	400,000
Subtotal Supplemental Capital Appropriations	<u>10,985,000</u>	<u>-</u>	<u>20,123,219</u>	<u>31,108,219</u>
Total	<u>\$ 42,029,200</u>	<u>\$ 5,405,330</u>	<u>\$ 31,358,219</u>	<u>\$ 78,792,749</u>

School Construction Projects

Pursuant to Section 10-287i of the Connecticut General Statutes, the State of Connecticut will provide proportional progress payments for eligible school construction expenses on projects approved after July 1, 1996. State grants will be paid directly to the municipality after it submits its request for progress payments, and accordingly, the municipality will issue its bonds only for the net share of project costs. The projects listed below will be reimbursed through progress payments:

Project	Total Appropriation	Outstanding Bond Authorization Prior To This Issue	Reimbursement Rate for Eligible Costs	Total Estimated Grant (1)
Board of Education Construction Projects (2)	<u>\$102,944,076</u>	<u>\$4,959,361</u>	33.00%	<u>\$32,944,076</u>

- (1) Estimated, eligible costs to be determined at completion of the project.
- (2) The total appropriation for the Board of Education Construction Projects is \$102,944,076 of which, approximately \$32,944,076 is expected to be reimbursed by the State of Connecticut. As such, the City's net share of project costs is expected to be \$70,000,000.

Debt service reimbursement will continue under the old reimbursement program for all projects approved prior to July 1, 1996. Under the old program, a municipality issues bonds for the entire amount of the school construction project and the State of Connecticut reimburses the municipality for principal and interest costs for eligible school construction expenses over the life of outstanding school bonds and the subsequent bond issues necessary to completely fund the project.

Capital Improvement Program

The City annually approves a Five Year Capital Improvement Plan (the "Plan"). The Plan for the five year period beginning fiscal year 2010-11 includes total spending of approximately \$157,297,731 for redevelopment, public works, public safety, education, recreation and other City improvement projects. Funding is proposed from a variety of sources including state and federal grants, user fees and up to \$137,798,000 of bonded debt. A copy of the Plan is available from the Director of Finance. The City expects to issue approximately \$18,000,000 in new money bonds in July 2011.

[The remainder of this page intentionally left blank]

Combined Schedule of Long Term Debt through Maturity
As of July 1, 2011 (Pro Forma)

Fiscal Year	Existing Debt (1)							
	City Principal (2,3)	Maritime Center Principal Payments	City Interest (2,3)	Maritime Center Interest Payments	Total Debt Service	Refunded Bonds Principal Payments	The Bonds Principal Payments	Total Principal All Issues (4,5)
2011-12	\$ 19,207,615	\$283,552	\$ 9,701,370	\$1,401,448	\$ 30,593,985	\$ -	\$ -	\$ 19,491,167
2012-13	19,890,899	264,191	8,652,477	1,420,809	30,228,376	-	-	20,155,090
2013-14	22,215,362	-	7,996,828	-	30,212,190	-	-	22,215,362
2014-15	20,851,023	-	7,286,724	-	28,137,747	-	-	20,851,023
2015-16	19,654,959	-	6,577,509	-	26,232,468	-	-	19,654,959
2016-17	17,906,355	-	5,838,431	-	23,744,786	-	-	17,906,355
2017-18	16,304,917	-	5,153,064	-	21,457,981	-	-	16,304,917
2018-19	17,200,523	-	4,520,428	-	21,720,951	-	-	17,200,523
2019-20	13,616,610	-	3,937,567	-	17,554,177	(1,900,000)	1,935,000	13,651,610
2020-21	12,012,870	-	3,415,840	-	15,428,710	(1,900,000)	1,940,000	12,052,870
2021-22	11,579,671	-	2,909,055	-	14,488,726	(1,900,000)	1,935,000	11,614,671
2022-23	11,590,000	-	2,422,933	-	14,012,933	(3,350,000)	3,375,000	11,615,000
2023-24	11,625,000	-	1,935,920	-	13,560,920	(3,350,000)	3,370,000	11,645,000
2024-25	9,775,000	-	1,467,751	-	11,242,751	(1,450,000)	1,460,000	9,785,000
2025-26	8,265,000	-	1,091,136	-	9,356,136	-	-	8,265,000
2026-27	7,325,000	-	758,115	-	8,083,115	(3,350,000)	3,345,000	7,320,000
2027-28	4,705,000	-	462,778	-	5,167,778	(1,450,000)	1,450,000	4,705,000
2028-29	4,000,000	-	249,334	-	4,249,334	-	-	4,000,000
2029-30	2,100,000	-	108,734	-	2,208,734	-	-	2,100,000
2030-31	1,145,000	-	29,770	-	1,174,770	-	-	1,145,000
Total	<u>\$250,970,804</u>	<u>\$547,743</u>	<u>\$74,515,764</u>	<u>\$2,822,257</u>	<u>\$328,856,568</u>	<u>\$(18,650,000)</u>	<u>\$18,810,000</u>	<u>\$251,678,547</u>

- (1) Includes the Refunded Bonds, excludes the Bonds.
- (2) Includes Maritime Center debt. Beginning in fiscal year 1990-91 the City included in its budget the debt service payments for the Maritime Center debt. Prior to fiscal year 1990-91 such debt was not included in the City's budget, but guaranteed by full faith and credit of the City. Because revenue projections for the Center did not materialize as projected, the City deemed it prudent to include the guaranteed debt payments within its budget until the Center generates adequate revenues to cover operations and debt service. The Maritime Center debt payments are still included in the City's annually approved budget. (See "Maritime Center Authority" herein).
- (3) Includes obligations of the Water Pollution Control Authority and the Parking Authority which will be paid from sewer charges and parking revenues. These obligations are also backed by the full faith and credit of the City of Norwalk. (See "Parking Authority" and "Water Pollution Control Authority" herein).
- (4) Includes the Bonds, excludes the Refunded Bonds.
- (5) Does not reflect principal payments of \$11,002,584 made as of July 1, 2011.

Source: City of Norwalk

[The remainder of this page intentionally left blank]

Combined Schedule of City Bonded Debt

As of July 1, 2011 (Pro Forma) (1, 2)

<u>Fiscal Year</u>	<u>General Principal Payments (3)</u>	<u>General Interest Payments (3)</u>	<u>School Principal Payments</u>	<u>School Interest Payments</u>
2011-12 (4)	\$ 6,171,595	\$ 4,773,729	\$ 8,663,691	\$ 4,496,977
2012-13	6,221,961	4,302,374	8,976,826	4,150,340
2013-14	6,540,642	2,685,779	9,995,658	3,838,111
2014-15	5,847,083	2,458,426	9,383,017	3,495,703
2015-16	5,517,493	2,237,403	8,839,428	3,147,998
2016-17	5,032,675	2,009,793	8,170,436	2,770,829
2017-18	4,211,566	1,818,162	7,511,811	2,397,231
2018-19	4,241,781	1,647,064	7,572,999	2,057,401
2019-20	4,509,210	1,474,826	6,225,720	1,762,411
2020-21	3,956,630	1,274,627	5,888,300	1,515,217
2021-22	3,911,073	1,089,451	5,747,900	1,253,315
2022-23	3,910,069	930,293	5,758,700	1,005,814
2023-24	3,546,083	776,047	6,090,400	755,008
2024-25	3,303,683	628,923	4,631,000	517,260
2025-26	2,614,848	504,013	3,886,800	342,499
2026-27	2,626,748	390,587	2,919,300	201,986
2027-28	2,400,195	275,058	1,952,300	88,186
2028-29	2,191,133	169,932	922,800	23,928
2029-30	1,516,800	83,143	29,800	2,330
2030-31	<u>1,006,569</u>	<u>23,556</u>	<u>2,751</u>	<u>785</u>
Total	<u>\$79,277,837</u>	<u>\$29,553,186</u>	<u>\$113,169,637</u>	<u>\$33,823,330</u>

(1) Does not include this issue.

(2) Excludes obligations of the Water Pollution Control Authority which were issued with the guarantee of the full faith and credit of the City but will be paid from sewer charges. Excludes obligations of the Parking Authority which were issued with the guaranty of the full faith and credit of the City but will be paid from parking revenues. (See "Water Pollution Control Authority" and "Parking Authority" herein).

(3) Includes obligations of the Maritime Center Authority. (See "Maritime Center Authority" herein).

(4) Includes principal payments of \$10,171,230 made as of July 1, 2011.

Source: City of Norwalk

[The remainder of this page intentionally left blank]

Urban Renewal Principal Payments	Urban Renewal Interest Payments	Total Debt Service
\$ 609,503	\$ 595,179	\$ 25,310,674
740,399	514,417	24,906,316
1,156,954	486,102	24,703,247
1,111,555	452,213	22,747,997
926,928	419,434	21,088,684
683,338	390,694	19,057,765
631,271	366,961	16,937,002
633,129	344,110	16,496,484
850,850	316,631	15,139,647
793,300	277,693	13,705,768
789,700	246,237	13,037,676
789,100	214,935	12,608,911
752,750	183,956	12,104,244
715,150	153,601	9,949,617
667,750	125,621	8,141,531
667,250	97,101	6,902,972
642,250	67,318	5,425,307
598,750	39,424	3,945,966
332,750	18,146	1,981,469
<u>166,250</u>	<u>5,230</u>	<u>1,205,141</u>
<u>\$14,258,927</u>	<u>\$5,315,003</u>	<u>\$275,396,416</u>

[The remainder of this page intentionally left blank]

Combined Schedule of Bonded Debt for Parking Authority and Water Pollution Control Authority

As of July 1, 2011 (Pro Forma) (1)

<u>Fiscal Year</u>	<u>Parking Authority Principal Payments (2)</u>	<u>Parking Authority Interest Payments (2)</u>	<u>Parking Authority Total Debt Service (2)</u>	<u>WPCA Principal Payments (3)</u>	<u>WPCA Interest Payments (3)</u>	<u>WPCA Total Debt Service (3)</u>
2011-12 (4)	\$ 523,111	\$ 437,524	\$ 960,635	\$ 3,523,267	\$ 799,400	\$ 4,322,667
2012-13	566,343	400,436	966,779	3,649,562	705,721	4,355,282
2013-14	759,896	383,790	1,143,686	3,762,212	603,045	4,365,257
2014-15	763,651	365,305	1,128,956	3,745,717	515,080	4,260,797
2015-16	728,457	346,297	1,074,754	3,642,653	426,376	4,069,029
2016-17	619,857	326,681	946,538	3,400,049	340,435	3,740,484
2017-18	629,858	306,236	936,094	3,320,411	264,474	3,584,885
2018-19	644,858	283,009	927,867	3,362,756	188,843	3,551,599
2019-20	611,758	258,214	869,972	1,419,072	125,486	1,544,558
2020-21	626,758	233,858	860,616	747,882	114,445	862,327
2021-22	641,758	208,790	850,548	489,240	111,263	600,503
2022-23	666,758	180,495	847,253	465,373	91,395	556,768
2023-24	693,923	148,892	842,815	541,844	72,017	613,861
2024-25	713,923	115,624	829,547	411,244	52,344	463,588
2025-26	744,302	81,512	825,814	351,300	37,491	388,791
2026-27	769,308	44,657	813,965	342,394	23,785	366,179
2027-28	201,153	21,387	222,540	254,102	10,829	264,931
2028-29	188,017	12,624	200,641	69,010	1,209	70,219
2029-30	121,350	5,549	126,899	69,010	604	69,614
2030-31	30,010	1,374	31,384	-	-	-
Total	<u>\$11,245,049</u>	<u>\$4,162,254</u>	<u>\$15,407,303</u>	<u>\$33,567,098</u>	<u>\$4,484,243</u>	<u>\$38,051,341</u>

(1) Does not include this issue.

(2) Debt of the Parking Authority is guaranteed by the full faith and credit of the City but is self-supporting from parking revenues. (See "Parking Authority" herein).

(3) WPCA debt is guaranteed by the full faith and credit of the City but is self-supporting from sewer user fees. (See "Water Pollution Control Authority" herein).

(4) Includes principal payments of \$831,354 made as of July 1, 2011.

Source: City of Norwalk

[The remainder of this page intentionally left blank]

SECTION V - FINANCIAL DATA

Accounting Policies

The City's accounting policies are summarized in Note 1 "Summary of Significant Accounting Policies" in the Notes to General Purpose Financial Statements. (Attached as Appendix A)

Basis of Accounting

See Note 1 of "Notes to General Purpose Financial Statements". (Attached as Appendix A).

Audit

Pursuant to the provisions of the Municipal Auditing Act (Chapter 111 of the Connecticut General Statutes) and the City of Norwalk Charter, the City is obligated to undergo an annual examination by an independent certified public accountant. The City's current auditors, McGladrey & Pullen LLP, were appointed by the Common Council and are required to conduct their examination under the guidelines issued by the State of Connecticut, Office of Policy & Management, who receive a copy of said Audit Report when completed.

The most recent audited report covers the fiscal year ended June 30, 2010, included in this Official Statement and made a part hereof as Appendix "A" are the "Financial Statements of the City of Norwalk, Connecticut," as of June 30, 2010, together with the opinion thereon rendered by McGladrey & Pullen, LLP, independent certified public accountants.

Certificate of Achievement for Excellence in Financial Reporting: The City of Norwalk has received a Certificate of Achievement for Excellence in Financial Reporting for the Government Finance Officers Association ("GFOA") of the United States and Canada for its comprehensive annual financial report for fiscal years ending June 30, 1991 through June 30, 2010. To be eligible for the award, financial reports must include general purpose financial statements presented in conformity with GAAP, and have been audited in accordance with generally accepted auditing standards. The reports also contain statistical information useful in evaluating the financial condition of a government and conform to certain generally accepted formatting standards established for the Certificate Program.

Budgetary Procedures

The City of Norwalk conforms to the following budgetary sequences and time schedules:	<u>By</u>
Each Board, Commission, Committee, Officer and Department of the City shall submit to the Director of Finance a copy of its proposed annual operating budget.	January 15
Capital Budget requests must be submitted to the Planning and Zoning Commission and Director of Finance.	December 31
Finance Director shall submit to the Board of Estimate and Taxation and to the Common Council the proposed annual operating budget for the city by the 2nd Monday and the 2nd Tuesday, respectively.	February
Common Council adopts cap on total appropriations for the operating budget by the 4th Tuesday.	February
Finance Director shall submit to the Board of Estimate & Taxation, the Common Council and the Planning Commission the proposed capital budget along with his comments.	February 1
The Planning & Zoning Commission shall hold hearings on the proposed capital budget.	February 15
Proposed capital budget transmitted to the Mayor for his review and recommendation.	March 5
Mayor's proposed capital budget transmitted to the Board of Estimate and Taxation.	March 15
Board of Estimate and Taxation considers all operating budget requests and recommendations and submits a proposed budget and tax levy to the Common Council – 2 nd Monday February to 1st Monday in April	April
Common Council may amend the cap on the operating budget not later than the 3rd Tuesday.	April
Board of Estimate adjusts operating budget if a new cap is set not later than the 4th Monday.	April
Board of Estimate and Taxation forwards Mayor's proposed capital budget to Common Council. Board may transfer those capital items that it believes should have been included in the operating budget for the ensuing year	April 1
Common Council may approve, reject, reinstate, or reduce any capital budget item by a majority vote of its members present and voting.	April 15
Board of Estimate and Taxation must set final budget and tax levy, 1st Monday.	May

Tax Districts

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

The Autonomous Districts

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

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

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

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

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

The Service Districts

The creation of the City in 1913 included not only the City of Norwalk, South Norwalk and East Norwalk, but also the peripheral territory. As the population increased into this area, the City was obligated to provide residents with essential municipal services. To defray the cost, some taxing system had to be devised and thus, the Fourth District was created, enabling the existing Districts to maintain their distinctive identities. As the City grew and the demand for municipal services increased, an umbrella agency, the Fifth Taxing District, encompassing the entire City of Norwalk, was created. The Fourth District was relegated to those areas of Norwalk with sewers and concomitant garbage collection. This District expands periodically as sewers are extended. However, the incursion of sewers into parts of Rowayton, the Sixth District, in recent years created the need for yet another taxing arrangement inasmuch as the Fourth Taxing District would charge the sewerd Sixth District for garbage collections which they already receive. As a result, the Seventh Taxing District was created.

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

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

In 1981 two new districts were established. The Eighth District is that part of the Third District that is un-sewered and receives no sewer service. The Ninth District is one street in the First District comprising five homes that do not receive sewer service. For Fiscal Year 2003-2004, the Seventh, Eighth and Ninth District were removed. These Districts were used for sewerd residential and commercial within a non-sewerd district. These districts are not needed because sewer charges will be billed directly by the Water Pollution Control Authority.

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

Tax Rates (Mills)

<u>Grand List Date</u>	<u>Fiscal Year</u>	<u>Dist.1</u>	<u>Dist.2</u>	<u>Dist.3</u>	<u>Dist.4</u>	<u>Dist.5</u>	<u>Dist.6</u>	<u>Dist.7</u>	<u>Dist.8</u>	<u>Dist.9</u>	<u>Motor Vehicle Rate</u>
October 1, 2010	2011-12	20.74	20.74	20.74	20.80	20.30	19.02	(1)	(1)	(1)	25.45
October 1, 2009	2010-11	20.52	20.52	20.52	20.58	20.08	18.85	(1)	(1)	(1)	25.17
October 1, 2008	2009-10	19.78	19.78	19.78	19.84	19.37	18.23	(1)	(1)	(1)	24.36
October 1, 2007	2008-09	22.48	22.48	22.48	22.55	21.98	21.06	(1)	(1)	(1)	23.57
October 1, 2006	2007-08	21.66	21.66	21.66	21.72	21.15	20.20	(1)	(1)	(1)	23.28
October 1, 2005	2006-07	23.16	23.16	23.16	23.24	22.63	21.45	(1)	(1)	(1)	23.24
October 1, 2004	2005-06	25.10	25.10	25.10	25.21	24.56	23.47	(1)	(1)	(1)	25.21
October 1, 2003	2004-05	27.12	27.12	27.12	27.23	26.51	25.41	(1)	(1)	(1)	27.23
October 1, 2002	2003-04	28.97	28.97	28.97	29.08	28.33	27.10	(1)	(1)	(1)	25.00
October 1, 2001	2002-03	31.87	31.87	31.87	31.98	31.14	29.63	29.63	31.87	31.87	20.00

(1) These Districts were established for sewer residential and commercial within a non-sewered district. These districts are no longer required as of the October 1, 2002 Grand List because sewer charges are billed directly by the Water Pollution Control Authority.

Employee Pension Systems

The City’s pension plans cover all employees of the City, except teachers who are covered by the State Teachers Retirement Fund. There are four separate plans: Municipal Employees Pension Plan, Police Benefit Plan, Firemen’s Benefit Plan and Food Services Plan. As of the July 1, 2010 actuarial valuation, pension obligations exceed pension assets by \$264,144 for the Municipal Employees’ Pension Fund; \$14,931,391 for the Police Benefit Fund; \$(1,105,523) for the Firemen’s Benefit Fund and \$382,779 for the Food Service Fund or \$14,472,791 for all the funds.

The following is a schedule of contributions by the City to the pension funds:

Based upon a July 1, 2010 valuation, the actuarial value of assets and liabilities of the City' pension plans were as follows:

Police Benefit Fund

Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Liability (AAL) (b)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio (a) / (b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll [(b) - (a) / (c)]</u>
7/1/10	\$92,593,831	\$107,525,222	\$14,931,391	86.1%	\$10,038,206	148.7%
7/1/09	94,249,586	103,712,578	9,462,992	90.9	9,767,044	96.9
7/1/08	94,636,631	97,873,967	3,237,336	96.7	7,836,642	41.3
7/1/07	87,569,890	91,603,735	4,033,845	95.6	8,277,467	48.7
7/1/06	79,834,138	88,299,719	8,465,581	90.4	8,540,939	99.1

Schedule of Employer Contributions

<u>Fiscal Year</u>	<u>Actuarial Required Contribution</u>	<u>Actual Contribution</u>	<u>Percentage Contributed</u>
2012 (1)	\$2,272,357	\$2,272,357	100.0%
2011 (2)	1,925,038	1,925,038	100.0
2010	1,197,083	1,097,327	91.7
2009	1,267,867	1,267,867	100.0
2008	1,605,475	1,605,475	100.0

(1) Adopted Budget.

(2) Unaudited estimate.

Fireman's Benefit Fund**Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL)	Funded Ratio (a) / (b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b) - (a) / (c)]
7/1/10	\$93,528,996	\$92,423,473	\$(1,105,523)	101.2%	\$8,907,133	(12.4)%
7/1/09	96,297,190	88,353,774	(7,943,416)	109.0	8,669,948	(91.6)
7/1/08	97,165,470	84,666,362	(12,499,108)	114.8	7,848,842	(159.2)
7/1/07	90,083,675	80,272,989	(9,810,686)	112.2	7,336,833	(133.7)
7/1/06	82,627,288	77,092,428	(5,534,760)	107.2	8,375,411	(66.1)

Schedule of Employer Contributions

Fiscal Year	Actuarial Required Contribution	Actual Contribution	Percentage Contributed
2012 (1)	\$898,283	\$898,283	100.0%
2011 (2)	335,135	335,135	100.0
2010	-	-	-
2009	62,744	62,744	100.0
2008	391,779	391,779	100.0

Employees' Pension Fund**Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL)	Funded Ratio (a) / (b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b) - (a) / (c)]
7/1/10	\$177,700,315	\$177,964,459	\$ 264,144	99.9%	\$35,648,471	0.7%
7/1/09	182,692,735	172,664,238	(10,028,497)	105.8	35,652,748	(28.1)
7/1/08	184,115,610	164,871,892	(19,243,718)	111.7	34,753,304	(55.4)
7/1/07	170,882,599	151,182,524	(19,700,075)	113.0	34,353,200	(57.3)
7/1/06	156,760,853	145,771,482	(10,989,371)	107.5	33,335,431	(33.0)

Schedule of Employer Contributions

Fiscal Year	Actuarial Required Contribution	Actual Contribution	Percentage Contributed
2012 (1)	\$2,497,652	\$2,497,652	100.0%
2011 (2)	1,677,163	1,677,163	100.0
2010	891,003	889,592	99.8
2009	832,452	863,067	103.7
2008	1,435,823	1,506,611	104.9

Food Service Pension Fund

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL)	Funded Ratio (a) / (b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b) - (a) / (c)]
7/1/10	\$1,648,073	\$2,030,852	\$382,779	81.2%	\$920,435	41.6%
7/1/09	1,612,820	1,930,122	317,302	83.6	937,757	33.8
7/1/08	1,579,233	2,025,521	446,288	78.0	837,065	53.3
7/1/07	1,417,238	1,617,325	200,087	87.6	843,602	23.7
7/1/06	1,217,225	1,546,368	329,143	78.7	620,707	53.0

Schedule of Employer Contributions

Fiscal Year	Actuarial Required Contribution	Actual Contribution	Percentage Contributed
2012 (1)	\$88,905	\$88,905	100.0%
2011 (2)	89,530	89,530	100.0
2010	89,102	89,102	100.0
2009	74,182	74,182	100.0
2008	67,085	67,085	100.0

Other Post Employment Benefits

The City's actuarial consultant, Milliman, performed a valuation of the City's Other Post Employment Benefits ("OPEB") as required under Government Accounting Standards Board Statement (GASB) Statement #45 at July 1, 2007. The valuation included the City and Board of Education employees. As part of that valuation, Milliman determined an implicit rate subsidy where applicable, and employed an 8.25% discount rate. Based upon the valuation by Milliman, the City's accrued liability is \$187.9 million. The City has created an Internal Revenue Code 115 trust effective July 1, 2007 to pay for these benefits and as of August 2010 the market value of assets held in trust was \$14.7 million. The OPEB valuation determined for the fiscal year ending June 30, 2011 that the normal and past service cost would be \$17.8 million, assuming a 30 year amortization of the unfunded liability. The City's administration has notified its various boards that implementation of GASB Statement #45 will affect how much the City budgets for post employment benefits and how information is presented in the Financial Statements. The City has elected to annually review its contribution until it reaches the actuarial required contribution level. The phase-in of the actuarial required contribution began in fiscal year 2007-2008 and is ongoing.

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL)	Funded Ratio (a) / (b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b) - (a) / (c)]
7/1/2005	\$ -	\$152,654,000	\$152,654,000	0.0%	N/A	N/A
7/1/2007	-	187,893,000	187,893,000	0.0	N/A	N/A
7/1/2008	7,819,000	222,571,000	214,752,000	3.5	\$55,028,000	3.90%

Schedule of Employer Contributions

Fiscal Year Ended	Annual Required Contribution	Actual Contribution	Percentage Contributed
2010	\$16,278,000	\$14,050,004	86.31%
2009	15,293,000	12,945,139	84.65
2008	15,573,000	11,647,370	74.79

Self -Insurance Program

The City is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City purchases commercial insurance for property losses in excess of \$50,000 and third party liability insurance up to \$12 million per occurrence for claims above the City's \$1,000,000 self-insured retention limit. The City, including the Board of Education, is self-insured for its medical, dental, workers' compensation and heart and hypertension exposures.

As of June 30, 2010 the City's, including the Board of Education, maximum loss potential was approximately \$12,563,713, including accounts payable accruals for claims incurred but not reported and estimates of the costs of settlement for other losses. The City had accumulated total assets of \$12,219,354 in the Internal Service Fund. Thus, on an accrual basis, in accordance with GASB Statement 10, the Internal Service Fund has retained earnings of \$(344,359). The Internal Service Fund is adequately funded to meet the City's immediate requirements and reviews its funding annually.

Investment Policies and Practices

The City Charter and Connecticut General Statutes Sections 7-400, 7-401 and 7-402 govern the investments the City is permitted to acquire. Generally, the City may invest in certificates of deposit, repurchase agreements, municipal notes and bonds, obligations of the United States of America, including joint and several obligations of the Federal Home Loan Mortgage Association, the Federal Savings and Loan Insurance Corporation, obligations of the United States Postal Service, all the Federal Home Loan Banks, all Federal Land Banks, the Tennessee Valley Authority, or any other agency of the United States government, certain mutual funds and money market mutual funds.

The City's investment practices have been to invest only in certificates of deposit, repurchase agreements, the State of Connecticut Short-Term Investment Fund (STIF), United States Federal Agency Paper, MBIA Class Investment Fund, the State of Connecticut Tax-Exempt Proceeds Fund and United States Treasury Bills. The City has followed these investment practices and the City's operating funds, capital funds, and enterprise funds are currently invested in Federal Agency Paper having an average maturity of approximately 3.7 years and in the following short-term investments: (1) various certificates of deposit with Connecticut banks; (2) STIF; (3) the State of Connecticut Tax-Exempt Proceeds fund; (4) United States Treasury Bills; (5) Obligations of agencies of the United States Government and (6) MBIA Class (an investment fund managed by MBIA Municipal Bond Investors Service Corporation, which, according to MBIA Class, invests only in (i) high-grade short-term federal securities and variable rate obligations backed by federal agencies having monthly or quarterly resets based on indices like the prime rate, LIBOR, or a combination of the two, and (ii) very short-term (usually overnight) repurchase agreements secured by high quality collateral which is valued daily and fully delivered to the Program's custodial bank to be held for the benefit of the Plan's participants.

Assessment Practices

The maintenance of an equitable tax base and the location and appraisal of all real and personal property within the City for inclusion onto the Grand List is the responsibility of the Assessor's Office. The Grand List represents the total of assessed value for all taxable real and personal property located within the City on October 1, in accordance with Section 12-62a of the Connecticut General Statutes. A Board of Assessment Appeals determines whether adjustments to the Assessor's list on assessments under appeal are warranted. Assessments are computed at 70 percent of the estimated market value at the time of the last general revaluation.

When a new structure, or modification to an existing structure, is undertaken, the Assessor's Office receives a copy of the permit issued by the Building Inspector. A physical appraisal is then completed and the structure classified and priced from a schedule developed at the time of the revaluation. The property depreciation and obsolescence factors are also considered when arriving at an equitable value.

Motor vehicle lists are furnished to the City by the State of Connecticut and appraisals of motor vehicles are accomplished in accordance with an automobile price schedule recommended by the Office of Policy and Management.

All personal property (furniture, fixtures, equipment, machinery and leased equipment) is assessed annually with manufacturers and businesses completing and returning to the Assessor's Office standard worksheets for computing value. An assessor's check and audit is completed periodically. Assessments for both personal property and motor vehicles are computed at 70 percent of present market value.

Connecticut General Statutes Section 12-62 requires each municipality to revalue real property at least every five years by statistical methods and every ten years by physical inspection. The figures shown herein for the 2008 Grand List (Fiscal Year 2009-10) are the result of the City's most recent revaluation.

The City completed a real property revaluation with a full inspection on October 1, 2008.

Real Property Tax Collection Procedure

Taxes for the fiscal year are paid on the grand list of the prior October 1, and are due July 1, payable in two installments, one half on July 1 and one half on January 1. Payments not received by August 1 and February 1 become delinquent.

According to the provisions of Public Act No. 82-141, effective July 1, 1982, and applicable to property taxes due on or after said date, delinquent property taxes were subject to interest at the rate of 1.5% per month.

Real Property Tax Levies

Property taxes are levied on all assessed property on the Grand List of October 1 prior to the beginning of the fiscal year. At the discretion of the City and for the convenience of the taxpayer, tax bills are payable in installments - July 1 and January 1. A margin against delinquencies, legal reductions, and Grand List adjustments, such as assessor errors, is provided by adjusting the Grand List downward when computing anticipated property tax revenue from the current levy. A modest estimate for delinquent taxes and outstanding interest and lien fees anticipated to be collected during the fiscal year is normally included as a revenue item in the budget. Delinquent taxes are billed at least three times a year, with interest charged at the rate of one and one-half percent per month in accordance with Connecticut General Statutes, with a minimum charge of \$2. Outstanding real estate tax accounts are automatically liened each year prior to June 30 with legal demands and alias tax warrants used in the collection of personal property and motor vehicle tax bills. Real estate accounts and other accounts are transferred to suspense 15 years after the due date in accordance with state statutes.

Tax Collections

Fiscal Year Ended 6/30	Taxable Grand List	Total Tax Rate (Mills)	Adjusted Tax Levy	Uncollected Taxes			
				End of Fiscal Year (1)	%	As of 04/30/2011	%
2012 (2)	\$12,774,487,000	20.80	\$263,351,263	N/A	N/A	N/A	N/A
2011	12,646,134,000	20.58	258,062,887	N/A	N/A	\$4,663,484	1.8
2010 (3)	12,639,375,000	19.84	245,698,355	\$3,470,417	1.4	1,079,158	0.4
2009	10,673,889,000	22.55	236,583,751	4,352,629	1.8	557,315	0.2
2008	10,527,527,000	21.72	226,597,402	3,431,799	1.5	247,788	0.1
2007	9,468,305,000	22.63	216,241,703	3,603,142	1.7	(313,080)	(0.1)
2006	8,268,992,000	24.56	208,336,045	3,089,519	1.5	(323,857)	(0.2)
2005	7,380,516,000	26.51	198,474,780	2,597,162	1.3	(292,274)	(0.1)
2004	6,526,297,000	28.33	186,498,884	2,805,264	1.5	(217,144)	(0.1)
2003	5,794,438,000	31.14	176,659,067	2,861,564	1.6	(217,829)	(0.1)

(1) The amount collected to the end of each fiscal year represents collections of 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. Effective July 1, 1982 (P.A. 82-141 of the 1982 Connecticut General Assembly), if the installment is not paid by August 1, the tax becomes delinquent and a penalty of 1 ½% per month (18% per annum) is charged from the due date on the tax. Real Estate is liened for delinquent taxes within one year after the due date.

(2) Adopted budget.

(3) The City's most recent revaluation was completed on October 1, 2008. Please see "Assessment Practices" herein for more information.

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

Taxable Grand List

The following table sets forth the City's taxable grand lists by component:

(\$ in Thousands)

Grand List As of 10/1	Real Property	Personal Property	Motor Vehicle Property	Gross Taxable Grand List	Less Exemptions	Net Taxable Grand List
2010	\$11,570,490	\$725,531	\$557,086	\$12,853,107	\$ 78,620	\$12,774,487
2009	11,510,668	728,378	534,482	12,773,529	127,395	12,646,134
2008 (1)	11,489,791	754,470	537,966	12,782,228	142,853	12,639,375
2007	9,707,999	555,366	560,547	10,823,912	150,023	10,673,889
2006	9,601,705	552,823	542,373	10,696,901	169,374	10,527,527
2005	8,587,523	516,510	539,399	9,643,432	175,127	9,468,305
2004	7,434,325	408,120	521,445	8,363,890	94,897	8,268,992
2003	6,590,135	410,122	481,571	7,481,828	101,312	7,380,516
2002	5,703,118	421,287	503,046	6,627,451	101,154	6,526,297
2001	4,968,198	417,185	481,815	5,867,198	72,760	5,794,438

(1) The City's most recent revaluation was completed on October 1, 2008. Please see "Assessment Practices" herein for more information.

The following table sets forth the Real Property portion of the City's taxable grand lists by component:

(\$ in Thousands)

Grand List As of 10/1	Residential Real Property	Commercial & Industrial Real Property	Vacant Land	Total Real Property
2010	\$8,645,964	\$2,804,094	\$120,976	\$11,570,490
2009	8,627,768	2,756,925	125,976	11,510,668
2008 (1)	8,646,066	2,684,598	130,830	11,489,791
2007	7,305,104	2,310,099	92,796	9,707,999
2006	7,225,029	2,289,632	87,044	9,601,705
2005	6,455,428	2,038,024	94,071	8,587,523
2004	5,634,018	1,711,745	88,562	7,434,325
2003	4,845,240	1,684,477	60,418	6,590,135
2002	4,161,708	1,495,689	45,721	5,703,118
2001	4,125,244	1,502,898	50,144	5,678,286

(1) The City's most recent revaluation was completed on October 1, 2008. Please see "Assessment Practices" herein for more information.

Largest Taxpayers

The following table sets forth the twenty-five largest taxpayers in the City per the Grand List dated October 1, 2010:

<u>Business-Name</u>	<u>Nature Of Business</u>	Total Estimated <u>Gross Assessment</u>
Connecticut Light & Power	Apartment Complex Electrical Distribution	\$ 328,027,204
Merritt 7 Venture LLC	6 Office Bldg Complex	217,662,760
River Park Property Owner LLC	Office Buildings	67,826,074
Thirty Five Glover Partners LLC	Office Buildings	53,339,297
Twenty Fiver Glover Partners LLC	Office Buildings	50,372,560
Fairfield Norwalk Limited Partnership	Apartment Complex	49,241,530
45 Glover Partners LLC	Office Buildings	48,055,420
Norwalk Center LLC	Office, Ind. Complex	47,107,480
Avalon Bay Communities Inc.	Apartment Complex	36,089,900
Yankee Gas Co.	Utility Lines	34,576,306
Fairfield Merrittview	Office Complex	34,325,760
399 Main Ave. Apartments Investors LLC	Apartment Complex	34,233,310
Merritt River Partners LLC	Office Buildings	33,481,980
Transwestern 535 Connecticut LLC	Office Buildings	29,122,730
Norwalk Power LLC	Power Plant	29,045,590
Beiersdorf	Manufacturer	28,100,524
Townsend Norwalk LLC	Office, R&D complex	26,915,770
HD-Main Avenue LP	Retail Stores	25,848,410
I Park Norwalk LLC	Office, Ind. Complex	25,815,650
COSTCO Wholesale Corporation	Big Box Retail	23,911,910
One Ninety Seven Conn.	Retail Stores	23,282,210
Home Depot USA	Big Box Retail	22,580,180
Passero Rudolph A Jr.	Shopping Center	21,770,280
Jefferson at Maritime L.P.	Apartment Complex	21,712,733
Graham Realty LLC	Office Buildings	20,160,770
Total		<u>\$1,332,606,338</u> (1)

(1) Represents 10.43% of the net taxable grand list of \$12,774,487,000 dated October 1, 2010.

Source: City of Norwalk, Assessor's Office.

Revenues

The City derives its revenues from a direct tax levy on property, state and federal aid, various fees and charges, and other miscellaneous sources. City revenues are summarized for fiscal years ended 2006-2010 in "Statements of General Fund Revenues, Expenditures and Changes in Fund Balance-General Fund" herein.

Property Tax Revenues

<u>Fiscal Year</u>	<u>General Fund Revenues</u>	<u>Property Tax Revenues</u>	<u>Property Tax Revenues as a Percentage of General Fund Revenues</u>
2011-12 (1)	\$288,207,676	\$256,054,473	88.9%
2010-11 (2)	281,946,505	255,487,038	90.6
2009-10	285,935,540	246,960,127	86.4
2008-09	278,839,115	236,316,680	84.8
2007-08	274,289,005	229,072,804	83.5
2006-07	263,386,839	215,669,320	81.9
2005-06	251,641,490	206,567,186	82.1
2004-05	238,741,612	200,532,788	84.0
2003-04	218,675,179	185,043,538	84.6
2002-03	207,814,103	178,735,767	86.0

- (1) Adopted Budget
- (2) Unaudited estimate.

Source: Annual audited financial statements (GAAP) and fiscal year 2010-11 unaudited estimate and 2011-12 adopted budget.

Intergovernmental Revenues

<u>Fiscal Year</u>	<u>General Fund Revenues</u>	<u>Federal and State Aid</u>	<u>Total Aid As a Percentage Of General Fund Revenue</u>
2011-12 (1)	\$288,207,676	\$15,341,567	5.3%
2010-11 (2)	281,946,505	15,818,374	5.6
2009-10	285,935,540	29,162,693	10.2
2008-09	278,839,115	30,386,367	10.9
2007-08	274,289,005	28,626,555	10.4
2006-07	263,386,839	28,182,974	10.7
2005-06	251,641,490	27,086,112	10.8
2004-05	238,741,612	22,370,645	9.4
2003-04	218,675,179	21,948,831	10.0
2002-03	207,814,103	21,339,077	10.3

- (1) Adopted Budget. Budgetary basis, excludes Teacher’s Pension on-behalf payments.
- (2) Unaudited estimate.

Source: Annual audited financial statements (GAAP) and fiscal year 2010-11 unaudited estimate and 2011-12 adopted budget.

Expenditures

<u>Fiscal Year</u>	<u>Education</u>	<u>Public Safety</u>	<u>Employee Benefits</u>	<u>Public Works</u>	<u>Debt Service</u>
2011-12 (1)	53.7%	13.2%	11.1%	5.7%	8.8%
2010-11 (2)	53.6	13.9	10.5	5.7	8.9
2009-10	56.2	13.3	8.7	5.4	9.3
2008-09	55.8	13.0	8.2	6.2	9.0
2007-08	56.0	13.3	8.5	6.0	8.6
2006-07	56.3	13.1	8.6	5.9	8.0
2005-06	56.8	14.6	7.6	6.1	7.0
2004-05	57.5	13.6	7.7	6.4	6.3
2003-04	57.6	14.0	7.9	6.6	5.3
2002-03	56.7	13.2	6.6	7.1	8.6
2001-02	55.0	14.0	5.6	9.7	7.6

- (1) Adopted Budget
- (2) Unaudited estimate.

(3) Source: Annual audited financial statements (GAAP) and fiscal year 2010-11 unaudited estimate and 2011-12 adopted budget.

Comparative General Fund Operating Statement
 (Budget and Actual (Budgetary Basis))

	Fiscal Year 2009-2010			Fiscal Year	Fiscal Year
	Revised Budget	Actual Operations	Variance Favorable (Unfavorable)	2010-11 Unaudited Estimate	2011-12 Adopted Budget
REVENUES					
Property Taxes	\$248,391,014	\$246,960,127	\$(1,430,887)	\$257,108,094	\$262,863,373
Intergovernmental	14,531,326	15,080,693	(549,367)	17,122,647	16,194,409
Licenses, permits, fees and other	9,163,900	8,413,026	(750,874)	6,813,059	8,150,094
Interest on investments	<u>1,700,000</u>	<u>1,399,694</u>	<u>(300,306)</u>	<u>902,705</u>	<u>1,000,000</u>
TOTAL REVENUES	<u>\$273,786,240</u>	<u>271,853,540</u>	<u>(1,932,700)</u>	<u>281,946,505</u>	<u>\$288,207,876</u>
EXPENDITURES					
General government	\$ 7,719,469	7,170,298	549,171	7,473,663	7,935,888.00
Education	149,911,320	148,829,159	1,082,161	150,775,300	154,801,489
Public Safety	38,481,794	38,103,336	378,458	39,059,492	38,049,054
Health and Welfare	2,057,484	1,865,486	191,998	1,984,986	1,996,769
Public works	16,232,915	15,593,639	639,276	15,994,240	16,527,493
Community Grants	2,997,946	2,997,946	-	3,013,602	3,026,600
Employee Benefits	24,941,728	24,814,825	126,903	29,432,328	31,855,527
Recreation, Arts & Cultural	7,168,963	6,986,343	182,620	6,871,629	7,198,174
Organizational memberships	85,390	84,912	478	84,662	157,662
Contingency	1,162,857	-	1,162,857	1,401,735	1,348,537
Debt Service	<u>27,131,135</u>	<u>26,286,285</u>	<u>844,850</u>	<u>25,151,531</u>	<u>25,310,683</u>
TOTAL EXPENDITURES	<u>277,891,001</u>	<u>272,732,229</u>	<u>5,158,772</u>	<u>281,243,168</u>	<u>\$288,207,876</u>
Net Change in Fund Balance	<u>\$(4,104,761)</u>	<u>-(878,689)</u>	<u>\$3,226,072</u>	<u>703,337</u>	
Beginning Fund Balance		29,388,599		26,549,871	
Less:					
Designated for Board of Education Future Appropriations		(1,032,219)		-	
Less:					
Designated for City Future Appropriations		<u>(927,820)</u>		<u>-</u>	
Ending Balance after Reservations		<u>\$ 26,549,871</u>		<u>\$ 27,253,208</u>	

Comparative Balance Sheets - General Fund

Fiscal Years Ended:	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
ASSETS					
Cash and cash equivalents	\$35,328,337	\$31,819,679	\$20,999,490	\$28,478,273	\$28,506,700
Investments	17,553,076	28,153,186	34,185,383	27,401,885	31,799,243
Net receivables:					
Property taxes	4,536,274	4,065,169	4,415,121	6,015,372	4,600,621
Accounts receivables	1,301,823	1,386,351	1,353,569	818,121	1,785,244
Intergovernmental	1,444,885	614,420	390,615	304,528	135,539
Due from other funds	<u>612,261</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>\$60,776,656</u>	<u>\$66,038,805</u>	<u>\$61,344,178</u>	<u>\$63,018,179</u>	<u>\$66,827,347</u>
 LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 5,181,303	\$ 6,836,487	\$16,309,638	\$18,192,287	\$20,519,469
Accrued wages	8,002,335	8,548,321	-		
Unearned revenues	8,904,209	7,892,022	3,446,359	9,647,322	13,064,340
Deferred revenue	<u>6,040,828</u>	<u>5,482,104</u>	<u>4,199,844</u>	<u>5,678,251</u>	<u>4,630,263</u>
TOTAL LIABILITIES	<u>28,128,675</u>	<u>28,758,934</u>	<u>23,955,841</u>	<u>33,517,860</u>	<u>38,214,072</u>
 FUND BALANCES					
Reserved	289,062	1,634,117	1,157,112	111,720	103,365
Unreserved:					
Designated for subsequent years expenditures	3,860,429	4,424,988	4,367,312	4,349,492	1,960,039
Undesignated	<u>28,498,490</u>	<u>31,220,766</u>	<u>31,863,913</u>	<u>25,039,107</u>	<u>26,549,871</u>
TOTAL FUND BALANCES	<u>32,647,981</u>	<u>37,279,871</u>	<u>37,388,337</u>	<u>29,500,319</u>	<u>28,613,275</u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u>\$60,776,656</u>	 <u>\$66,038,805</u>	 <u>\$61,344,178</u>	 <u>\$63,018,179</u>	 <u>\$66,827,347</u>

Source: Annual audited financial statements.

Statement of Revenues, Expenditures and Changes in Fund Balance - General Fund

Fiscal Years Ended:	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
REVENUES					
Property taxes, interest and liens	\$206,567,186	\$215,669,320	\$229,072,804	\$236,316,680	\$246,960,127
Intergovernmental	27,086,112	28,182,974	28,626,555	30,386,367	29,162,693
Licenses, permits, fees and other	14,481,507	14,138,573	12,068,672	9,192,812	8,413,026
Interest on investments	<u>3,506,685</u>	<u>5,395,972</u>	<u>4,520,974</u>	<u>2,943,256</u>	<u>1,399,694</u>
TOTAL REVENUES	<u>251,641,490</u>	<u>263,386,839</u>	<u>274,289,005</u>	<u>278,839,115</u>	<u>285,935,540</u>
EXPENDITURES					
Current:					
General government	6,740,889	6,752,487	7,808,214	8,068,509	7,170,849
Health and welfare	3,737,937	3,891,397	2,624,410	3,583,342	3,365,487
Education	142,256,785	145,969,257	153,675,894	160,083,564	161,411,159
Employee benefits	19,080,858	22,272,134	23,407,173	23,535,296	24,899,737
Public safety	36,475,806	33,930,127	36,593,372	37,407,452	38,102,910
Community grants	2,513,665	2,784,099	2,825,889	2,938,144	2,997,946
Public works	15,368,566	15,351,014	16,409,156	17,741,621	15,601,868
Recreation, arts and cultural	6,812,027	7,076,333	7,371,934	7,671,794	6,986,343
Capital Outlay	-	655,082	-	-	-
Debt service	<u>17,424,811</u>	<u>20,728,101</u>	<u>23,464,497</u>	<u>25,697,411</u>	<u>26,641,673</u>
TOTAL EXPENDITURES	<u>250,411,344</u>	<u>259,410,031</u>	<u>274,180,539</u>	<u>286,727,133</u>	<u>287,177,972</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,230,146</u>	<u>3,976,808</u>	<u>108,466</u>	<u>(7,888,018)</u>	<u>(1,242,432)</u>
OTHER FINANCING SOURCES (USES):					
Issuance of refunding debt	-	-	-	-	44,172,685
Issuance of debt	-	-	15,780,000	72,143,962	-
Premium on bond issuance	-	-	785,957	6,802,158	4,136,923
Payment to escrow	-	-	(16,565,957)	(78,946,120)	(47,954,220)
Net Transfers	-	<u>655,082</u>	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	<u>655,082</u>	-	-	<u>355,848</u>
EXTRAORDINARY ITEMS					
State teachers on-behalf payments	-	-	(44,531,000)	-	-
State teachers on-behalf revenue	-	-	<u>44,531,000</u>	-	-
TOTAL EXTRAORDINARY ITEMS	-	-	-	-	-
NET CHANGE IN FUND BALANCES	<u>1,230,146</u>	<u>4,631,890</u>	<u>108,466</u>	<u>(7,888,018)</u>	<u>(877,044)</u>
Fund balance, July 1	<u>31,417,835</u>	<u>32,647,981</u>	<u>37,279,871</u>	<u>37,388,337</u>	<u>29,500,319</u>
Fund balance, June 30	<u>\$ 32,647,981</u>	<u>\$ 37,279,871</u>	<u>\$ 37,388,337</u>	<u>\$ 29,500,319</u>	<u>\$ 28,613,275</u>

Source: Annual audited financial statements.

Comparative Balance Sheets - Capital Project Fund

Fiscal Years Ended:	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
ASSETS					
Cash and cash equivalents	\$17,449,656	\$ 8,454,703	\$ 3,414,089	\$ 8,702,424	\$10,489,184
Investments	6,291,080	7,347,059	3,558,421	7,309,061	12,254,314
Net receivables:					
Property taxes	193,682	248,699	161,272	108,725	107,879
Intergovernmental	3,134,479	1,647,789	878,364	825,000	825,000
Other receivables	<u>46,776</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>\$27,115,673</u>	<u>\$17,698,250</u>	<u>\$ 8,012,146</u>	<u>\$16,945,210</u>	<u>\$23,676,377</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 5,707,801	\$ 9,275,707	\$ 7,679,441	\$ 3,678,377	\$ 3,089,788
Accrued wages	3,271	2,945	-	-	-
Unearned revenue	<u>1,178,113</u>	<u>301,281</u>	<u>323,213</u>	<u>188,869</u>	<u>188,023</u>
TOTAL LIABILITIES	<u>6,889,185</u>	<u>9,579,933</u>	<u>8,002,654</u>	<u>3,867,246</u>	<u>3,277,811</u>
FUND BALANCES					
Unreserved	<u>20,226,488</u>	<u>8,118,317</u>	<u>9,492</u>	<u>13,077,964</u>	<u>20,398,566</u>
TOTAL FUND BALANCES	<u>20,226,488</u>	<u>8,118,317</u>	<u>9,492</u>	<u>13,077,964</u>	<u>20,398,566</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$27,115,673</u>	<u>\$17,698,250</u>	<u>\$ 8,012,146</u>	<u>\$16,945,210</u>	<u>\$23,676,377</u>

Source: Annual audited financial statements.

Statement of Revenues, Expenditures and Changes in Fund Balance - Capital Project Fund

Fiscal Year Ended:	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
REVENUES					
Property taxes and assessments	\$ -	\$ -	\$ 86,665	\$ 52,547	\$ 39,906
Intergovernmental	13,143,863	8,750,147	9,610,781	9,387,239	5,886,702
Licenses, permits, fees and other	1,945,043	10,541	68,895	79,000	205,000
Interest on investments	<u>1,123,639</u>	<u>1,462,292</u>	<u>708,438</u>	<u>647,854</u>	<u>350,749</u>
TOTAL REVENUES	<u>16,212,545</u>	<u>10,222,980</u>	<u>10,474,779</u>	<u>10,166,640</u>	<u>6,482,357</u>
EXPENDITURES					
Capital Outlay	45,555,432	45,596,501	42,495,571	30,016,408	14,334,901
Debt service	<u>120,891</u>	<u>-</u>	<u>213,033</u>	<u>287,608</u>	<u>271,118</u>
TOTAL EXPENDITURES	<u>45,676,323</u>	<u>45,596,501</u>	<u>42,708,604</u>	<u>30,304,016</u>	<u>14,606,019</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(29,463,778)</u>	<u>(35,373,521)</u>	<u>(32,233,825)</u>	<u>(20,137,376)</u>	<u>(8,123,662)</u>
OTHER FINANCING SOURCES					
Issuance of debt	21,325,000	23,260,000	24,125,000	33,205,848	14,995,000
Premium on bond issuance	<u>-</u>	<u>5,350</u>	<u>-</u>	<u>-</u>	<u>449,264</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>21,325,000</u>	<u>23,265,350</u>	<u>24,125,000</u>	<u>33,205,848</u>	<u>15,444,264</u>
NET CHANGES IN FUND BALANCES	<u>(8,138,778)</u>	<u>(12,108,171)</u>	<u>(8,108,825)</u>	<u>13,068,472</u>	<u>7,320,602</u>
Fund balance, July 1	<u>28,365,266</u>	<u>20,226,488</u>	<u>8,118,317</u>	<u>9,492</u>	<u>13,077,964</u>
Fund balance, June 30	<u>\$20,226,488</u>	<u>\$ 8,118,317</u>	<u>\$ 9,492</u>	<u>\$13,077,964</u>	<u>\$20,398,566</u>

Source: Annual audited financial statements.

Comparative Statement of Net Assets – Water Pollution Control Authority

Fiscal Year Ended:	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
ASSETS					
Current Assets					
Cash and cash equivalents	\$ 6,126,822	\$5,727,348	\$ 6,192,008	\$ 3,864,853	\$ 5,251,802
Charges receivable, net	243,150	338,233	440,266	328,778	314,438
Other receivables	82,933	21,680	62,360	1,938	68,881
Investments	<u>2,318,558</u>	<u>4,189,889</u>	<u>6,979,413</u>	<u>3,479,605</u>	<u>6,179,776</u>
Total current assets	<u>8,771,463</u>	<u>10,277,150</u>	<u>13,674,047</u>	<u>7,675,174</u>	<u>11,814,897</u>
CAPITAL ASSETS					
Net of accumulated depreciation	<u>79,113,381</u>	<u>78,169,401</u>	<u>77,691,903</u>	<u>82,191,752</u>	<u>88,360,551</u>
Total assets	<u>87,884,844</u>	<u>88,446,551</u>	<u>91,365,950</u>	<u>89,866,926</u>	<u>100,175,448</u>
LIABILITIES					
Current liabilities					
Current maturities of bonds payable	3,314,260	3,390,394	3,448,872	3,572,238	8,397,517
Accounts payable and accrued liabilities	1,343,348	1,195,621	1,011,778	795,547	1,602,586
Unearned revenue	<u>199,244</u>	<u>102,142</u>	<u>48,731</u>	<u>224,721</u>	<u>287,426</u>
Total current liabilities	<u>4,856,852</u>	<u>4,688,157</u>	<u>4,509,381</u>	<u>4,592,506</u>	<u>10,287,529</u>
Long-term liabilities					
Bonds and notes payable	<u>41,703,132</u>	<u>39,912,738</u>	<u>39,113,866</u>	<u>35,382,736</u>	<u>34,267,098</u>
Total long-term liabilities	<u>41,703,132</u>	<u>39,912,738</u>	<u>39,113,866</u>	<u>35,382,736</u>	<u>34,267,098</u>
Total liabilities	<u>46,559,984</u>	<u>44,600,895</u>	<u>43,623,247</u>	<u>39,975,242</u>	<u>44,554,627</u>
NET ASSETS					
Investments in capital assets net of					
Related debt	34,095,989	34,866,269	39,593,825	45,932,725	47,450,751
Unrestricted	<u>7,228,871</u>	<u>8,979,387</u>	<u>8,148,878</u>	<u>3,958,959</u>	<u>8,170,070</u>
TOTAL NET ASSETS	<u>\$41,324,860</u>	<u>\$43,845,656</u>	<u>\$47,742,703</u>	<u>\$49,891,684</u>	<u>\$55,620,821</u>

Source: Annual audited financial statements.

Statement of Revenues, Expenses and Changes in Net Assets –Water Pollution Control Authority

Fiscal Year Ended:	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
OPERATING REVENUES					
Charges for services	\$10,268,317	\$10,878,270	\$12,201,319	\$12,071,044	\$13,247,271
Total operating revenues	<u>10,268,317</u>	<u>10,878,270</u>	<u>12,201,319</u>	<u>12,071,044</u>	<u>13,247,271</u>
OPERATING EXPENSES					
Administration and operation	5,778,414	6,029,165	6,041,298	6,626,725	7,909,339
Depreciation	1,943,720	1,962,279	1,986,399	2,014,489	2,120,964
Salaries, benefits and claims	<u>-</u>	<u>173,847</u>	<u>311,266</u>	<u>605,364</u>	<u>410,915</u>
Total operating expenses	<u>7,722,134</u>	<u>8,165,291</u>	<u>8,338,963</u>	<u>9,246,578</u>	<u>10,441,218</u>
Operating income (loss)	<u>2,546,183</u>	<u>2,712,979</u>	<u>3,862,356</u>	<u>2,824,466</u>	<u>2,806,052</u>
NON-OPERATING REVENUE (EXPENSE)					
Investment income	382,899	658,111	707,700	531,750	225,782
Interest expense on long-term debt	(1,076,736)	(1,034,360)	(1,031,658)	(1,207,235)	(958,508)
Intergovernmental	<u>298,899</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total non-operating revenue (expense)	<u>(394,938)</u>	<u>(376,249)</u>	<u>(323,958)</u>	<u>(675,485)</u>	<u>(732,726)</u>
CONTRIBUTED CAPITAL					
	<u>-</u>	<u>184,066</u>	<u>358,649</u>	<u>-</u>	<u>3,655,810</u>
Change in net assets	2,151,245	2,520,796	3,897,047	2,148,981	5,729,137
FUND NET ASSETS, Beginning	<u>39,173,615</u>	<u>41,324,860</u>	<u>43,845,656</u>	<u>47,742,703</u>	<u>49,891,684</u>
FUND NET ASSETS, Ending	<u>\$41,324,860</u>	<u>\$43,845,656</u>	<u>\$47,742,703</u>	<u>\$49,891,684</u>	<u>\$55,620,821</u>

Source: Annual audited financial statements.

Comparative Statement of Net Assets – Parking Authority

Fiscal Year Ended:	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
ASSETS					
Current Assets					
Cash and cash equivalents	\$ 160,794	\$ 470,784	\$ 607,423	\$ 562,325	\$ 382,348
Restricted cash	705,074	745,613	781,113	794,569	-
Other receivables	39,035	2,223	1,639	1,639	95,483
Investments	<u>60,144</u>	<u>324,569</u>	<u>677,327</u>	<u>505,866</u>	<u>450,182</u>
Total current assets	<u>965,047</u>	<u>1,543,189</u>	<u>2,067,502</u>	<u>1,864,399</u>	<u>928,013</u>
CAPITAL ASSETS					
Net of accumulated depreciation	<u>29,300,319</u>	<u>28,700,725</u>	<u>28,316,430</u>	<u>29,319,418</u>	<u>29,891,022</u>
Total assets	<u>30,265,366</u>	<u>30,243,914</u>	<u>30,383,932</u>	<u>31,183,817</u>	<u>30,819,035</u>
LIABILITIES					
Current liabilities					
Current maturities of bonds payable	380,517	420,956	514,540	573,521	608,265
Accounts payable and accrued liabilities	74,605	133,362	83,570	154,489	567,290
Unearned revenue	<u>63,895</u>	<u>113,053</u>	<u>183,897</u>	<u>169,959</u>	<u>-</u>
Total current liabilities	<u>519,017</u>	<u>667,371</u>	<u>782,007</u>	<u>897,969</u>	<u>1,175,555</u>
Long-term liabilities					
Bonds and notes payable	<u>9,944,263</u>	<u>9,663,307</u>	<u>9,373,766</u>	<u>9,954,261</u>	<u>9,969,049</u>
Total long-term liabilities	<u>9,944,263</u>	<u>9,663,307</u>	<u>9,373,766</u>	<u>9,954,261</u>	<u>9,969,049</u>
Total liabilities	<u>10,463,280</u>	<u>10,330,678</u>	<u>10,155,773</u>	<u>10,852,230</u>	<u>11,144,604</u>
NET ASSETS					
Investments in capital assets net of					
Related debt	18,975,539	18,616,462	18,428,125	19,303,467	20,173,759
Restricted for debt service	705,074	745,613	781,113	794,569	-
Unrestricted	<u>121,275</u>	<u>551,161</u>	<u>1,018,921</u>	<u>233,551</u>	<u>(499,328)</u>
TOTAL NET ASSETS	<u>\$19,801,888</u>	<u>\$19,913,236</u>	<u>\$20,228,159</u>	<u>\$20,331,587</u>	<u>\$19,674,431</u>

Source: Annual audited financial statements.

Statement of Revenues, Expenses and Changes in Net Assets –Parking Authority

Fiscal Year Ended:	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
OPERATING REVENUES					
Charges for services	\$ 3,571,713	\$ 4,311,469	\$ 4,935,847	\$ 5,145,637	\$ 5,144,124
Total operating revenues	<u>3,571,713</u>	<u>4,311,469</u>	<u>4,935,847</u>	<u>5,145,637</u>	<u>5,144,124</u>
OPERATING EXPENSES					
Administration and operation	3,009,807	2,623,068	3,113,215	3,497,762	3,528,344
Depreciation	804,324	813,770	831,776	844,955	882,648
Salaries, benefits and claims	<u>-</u>	<u>348,501</u>	<u>319,758</u>	<u>310,676</u>	<u>240,581</u>
Total operating expenses	<u>3,814,131</u>	<u>3,785,339</u>	<u>4,264,749</u>	<u>4,653,393</u>	<u>4,651,573</u>
Operating income (loss)	<u>(242,418)</u>	<u>526,130</u>	<u>671,098</u>	<u>492,244</u>	<u>492,551</u>
NON-OPERATING REVENUE (EXPENSE)					
Investment income	-	82,197	92,149	94,682	26,061
Interest expense on long-term debt	(413,104)	(481,124)	(448,324)	(483,498)	(427,854)
Payment to escrow	-	-	-	-	(747,914)
Intergovernmental	1,541,985	-	-	-	-
Loss on sale of asset	<u>-</u>	<u>(15,855)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total non-operating revenue (expense)	<u>1,128,881</u>	<u>(414,782)</u>	<u>(356,175)</u>	<u>(388,816)</u>	<u>(1,149,707)</u>
CONTRIBUTED CAPITAL	<u>5,388,900</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net assets	6,275,363	111,348	314,923	103,428	(657,156)
FUND NET ASSETS, Beginning	<u>13,526,525</u>	<u>19,801,888</u>	<u>19,913,236</u>	<u>20,228,159</u>	<u>20,331,587</u>
FUND NET ASSETS, Ending	<u>\$19,801,888</u>	<u>\$19,913,236</u>	<u>\$20,228,159</u>	<u>\$20,331,587</u>	<u>\$19,674,431</u>

Source: Annual audited financial statements.

SECTION VI - ADDITIONAL INFORMATION

Litigation

In the opinion of the City's Corporation Counsel, as of the date of this Official Statement, there are no claims or litigation pending or to his knowledge threatened, which would individually or in the aggregate result in final judgments against the City which would have a material adverse affect on the finances of the City or which would impact the validity of the Bonds or the power of the City to levy and collect taxes to pay them.

Availability of Continuing Disclosure Information

The City of Norwalk prepares, in accordance with state law, annual audited financial statements and files such annual audits with the State Office of Policy and Management within six months of the end of its fiscal year. The City provides to Moody's Investors Service, Standard and Poor's Corporation and Fitch Ratings ongoing disclosure in the form of the Comprehensive Annual Financial Report, Recommended and Adopted Budgets, and other materials relating to its management and financial condition, as may be necessary or requested.

In accordance with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission, the City will agree to provide, or cause to be provided, (i) annual financial information and operating data; (ii) timely notices of the occurrence of certain material events with respect to the Bonds; and (iii) timely notice of a failure by the City to provide the required annual financial information on or before the date specified in the Continuing Disclosure Agreement to be executed by the City in substantially the form attached as Appendix C to this Official Statement.

The City has previously undertaken in continuing disclosure agreements entered into for the benefit of holders of certain of its general obligation bonds and notes to provide certain annual financial information and event notices pursuant to Rule 15c2-12(b)(5). To date the City has not failed to meet any of its undertakings under such agreements.

Financial Advisor

The City has retained Independent Bond and Investment Consultants LLC, of Madison, Connecticut, as financial advisor in connection with the issuance and sale of the Bonds. Although Independent Bond and Investment Consultants LLC has assisted in the preparation of the Official Statement, Independent Bond and Investment Consultants LLC is not obligated to undertake, and has not undertaken to make, an independent verification of, nor do they assume responsibility for the accuracy, completeness, or fairness of the information contained in the Official Statement. Independent Bond and Investment Consultants LLC is an independent municipal financial advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

Legal Matters

Robinson & Cole LLP, Hartford, Connecticut is serving as bond counsel with respect to the authorization, issuance and sale of the Bonds and will render its opinion with respect to the Bonds in substantially the form attached as Appendix B to this Official Statement.

Documents Accompanying Delivery of the Bonds

Upon delivery of the Bonds, the Underwriter will be furnished with the following documents:

1. A Signature and No Litigation Certificate stating that at the time of delivery no litigation is pending or threatened effecting the validity of the Bonds or the levy or collection of taxes to pay them;
2. A Certificate on behalf of the City, signed by the Mayor and Director of Finance, which will be dated the date of delivery and attached to a signed copy of the Official Statement, and which will certify to the best of said officials' knowledge and belief, that at the date of execution of the Bond Purchase Agreement, the descriptions and statements in the Official Statement relating to the City of Norwalk and its finances were true and correct in all material respects and did not contain any untrue statements of a material fact or omit to state a material fact necessary to make the statement therein, in the light of the circumstances under which they were made, not misleading, and that there has been no material adverse change in the financial condition of the City from that set forth in or contemplated by the Official Statement;
3. A receipt for the purchase price of the Bonds;

4. The approving opinion of Robinson & Cole LLP, Bond Counsel, Hartford, Connecticut;
5. An executed continuing disclosure agreement for the Bonds in substantially the form attached to the Official Statement as Appendix C.

The City of Norwalk has prepared an Official Statement for the Bonds which is dated June 21, 2011. The City deems such Official Statement final as of its date for the purposes of SEC Rule 15c2-12(b)(1), but it is subject to revision or amendment. The City will make available to the Underwriter a reasonable number of copies of the Official Statement within seven business days of the signing of the Bond Purchase Agreement.

A transcript of the proceedings taken by the City in authorizing the Bonds will be kept on file at the office of U.S. Bank National Association, Hartford, Connecticut and will be available for examination upon reasonable request.

Concluding Statement

Additional information may be obtained upon request from the Director of Finance, City of Norwalk, 125 East Avenue, Norwalk, Connecticut 06856 at (203) 854-7870 or from Independent Bond and Investment Consultants LLC, 129 Samson Rock Drive, Suite A, Madison, Connecticut 06442 at (203) 245-8715.

Independent Bond and Investment Consultants LLC, the City's financial advisor, has assisted the City in the preparation of this Official Statement from documents supplied by City officials and other sources. Independent Bond and Investment Consultants LLC does not assume responsibility for the adequacy or accuracy of statements made herein and makes no representation that it has independently verified the accuracy of supporting documents supplied by the City.

This Official Statement is submitted in connection with the sale of the Bonds and may not be reproduced or used in whole or in part for any other purpose. This Official Statement has been duly authorized and approved by the City and duly executed and delivered on its behalf by the City.

Any statements in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are intended as such and not as representations of fact. No representation is made that any such statements will be realized. This Official Statement is not to be construed as a contract or agreement between the City and the purchasers or holders of any of the Bonds.

CITY OF NORWALK

By: /s/ RICHARD A. MOCCIA
RICHARD A. MOCCIA
MAYOR

By: /s/ THOMAS S. HAMILTON
THOMAS S. HAMILTON
DIRECTOR OF FINANCE

Dated: June 21, 2011

APPENDIX A - AUDITED FINANCIAL STATEMENTS

CITY OF NORWALK, CONNECTICUT

TABLE OF CONTENTS

JUNE 30, 2010

	<u>Page</u>
<i>Independent Auditors' Report</i>	1
<i>Basic Financial Statements:</i>	
Management Discussion and Analysis	3
Statement of Net Assets	11
Statement of Activities	12
Balance Sheet – Government Funds	13
Statement of Revenues, Expenditures and Changes in Fund Balance – Government Funds	14
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	15
Statement of Revenues, Expenditures, Encumbrances, Transfers and Changes in Fund Balances – Budgetary Basis – Budget and Actual – General Fund	16
Statement of Net Assets – Proprietary Funds	17
Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Funds	18
Statement of Cash Flows - Proprietary Funds	19
Statement of Fiduciary Net Assets - Fiduciary Funds	20
Statement of Changes in Fiduciary Net Assets - Fiduciary Funds	21
Notes to General Purpose Financial Statements	22

Appendix A - Financial Statements - is taken from the Annual Report of the City of Norwalk, Connecticut for the Fiscal Year ending June 30, 2010 as presented by the Auditors at that time and does not include all of the schedules or management letter made in such report. A copy of the complete report is available upon request to the Director of Finance, City of Norwalk, Connecticut.



INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Norwalk, Connecticut (the "City"), as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Norwalk, Connecticut's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in "Government Auditing Standards" issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Norwalk, Connecticut, as of June 30, 2010, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with "Government Auditing Standards," we have also issued our report dated December 28, 2010 on our consideration of the City of Norwalk, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with "Government Auditing Standards" and should be considered in assessing the results of our audit.

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

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

McGladrey & Pullen, LLP

New Haven, Connecticut
December 28, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

FINANCIAL HIGHLIGHTS

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

USING THIS ANNUAL REPORT

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

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

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

The Governmental Funds Total column requires a reconciliation because of the different measurement focus (current financial resources versus total economic resources) (see pages 13 - 15). The flow of current financial resources will reflect bond proceeds and interfund transfers as other financial sources as well as capital expenditures and bond principal payments as expenditures. The reconciliation will eliminate these transactions and incorporate the capital assets and long-term obligation (bonds and others) into the Governmental Activities column (in the Government-wide statements).

The Fund Financial Statements also allow the government to address its Fiduciary (or Trust) Funds (see pages 20 - 21) summarized by type (pension, private purpose trusts and agency). While these Funds represent trust responsibilities of the government, these assets are restricted in purpose and do not represent discretionary assets of the government. Therefore, these assets are not presented as part of the Government-Wide Financial Statements.

Infrastructure Assets

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

GOVERNMENT-WIDE STATEMENT

Summary of Net Assets

Table 1
Summary of Net Assets (In Thousands)

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

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

Normal Impacts

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

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

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

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

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

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

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

Current Impacts

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

Summary of Changes in Net Assets

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

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

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

Normal Impacts

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

Revenues:

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

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

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

Expenses:

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

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

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

Current Impacts

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

THE CITY FUNDS

General Fund

Comparing Fiscal Year 2010 to Fiscal Year 2009

As of the year-end, the General Fund (as presented on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds on page 14) reported a fund balance of \$28.6 million which is \$.9 million less than that at the beginning of the year. Major impacts were that Property Taxes rose due to an increase in the tax levy and continued aggressive measures in collecting Property Taxes. There was decrease in investment income due to a decline in interest rates. Debt Service interest increased mainly due to the first principal payment on the Fiscal Year 2008 \$39 million General Obligation bonds sold primarily for school construction.

Comparing Original Budget to Final Budget

As of the year-end, in the General Fund (as presented on the Statement of Revenues, Expenditures, Encumbrances, Transfers and Changes in Fund Balances - Budgetary Basis - Budget and Actual - General Fund on page 16) was the only significant change in budgeted revenues was Intergovernmental Revenues. After the budget was passed, the State of Connecticut changed the way that they paid the Education Cost Sharing Grant. \$1.4 million was paid directly as Grant Funds rather than being paid to the General Fund.

Comparing Final Budget to Actual Results

As of the year-end, in the General Fund (as presented on the Statement of Revenues, Expenditures, Encumbrances, Transfers and Changes in Fund Balances - Budgetary Basis - Budget and Actual - General Fund on page 16), certain revenues were less than projected in the deteriorated economic environment. There were no significant variances.

Capital Projects Fund

Comparing Fiscal Year 2010 to Fiscal Year 2009

As of the year-end, the Capital Projects Fund (as presented on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds on page 14) reported a fund balance of \$20.4 which is \$7.3 million more than the beginning of the year. Major impacts were Intergovernmental Revenues for school construction from state, issuance of bonds and expenditures mainly for school construction.

Water Pollution Control Authority

Comparing Fiscal Year 2010 to Fiscal Year 2009

As of the year-end, the Water Pollution Control Authority (as presented on the Statement of Revenues, Expenses, and Changes in Net Assets - Proprietary Funds on page 18) reported fund net assets of \$55.6 million which is 11.5% more than the beginning of the year (\$49.9 million). Major impacts were a successful year of collecting sewer charges as well as controlling costs.

Parking Authority

Comparing Fiscal Year 2010 to Fiscal Year 2009

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

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

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

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

Table 4
Change in Capital Assets
(In Thousands)

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

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

Debt Outstanding

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

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

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

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

ECONOMIC FACTORS

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

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

REQUEST FOR INFORMATION

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

Basic Financial Statements

CITY OF NORWALK, CONNECTICUT

STATEMENT OF NET ASSETS

June 30, 2010

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

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

CITY OF NORWALK, CONNECTICUT

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2010

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

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

CITY OF NORWALK, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2010

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

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

Capital assets, net of accumulated depreciation purchased in governmental funds are reported as expenditures, however, the statement of net assets includes those capital assets among the assets of the City as a whole.	455,394,372
Deferred charges	1,213,310
Net pension asset	74,612
Deferred revenues are not available and therefore not recognized in the funds.	4,630,263
Accrued interest	(3,132,688)
Internal service funds are used by management to charge the costs of risk management to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	(315,378)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(240,235,008)

Net assets of governmental activities

\$ 267,642,256

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

CITY OF NORWALK, CONNECTICUT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

For the Year Ended June 30, 2010

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

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

CITY OF NORWALK, CONNECTICUT

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2010**

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

Net change in fund balances – total governmental funds	\$ 6,206,681
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	6,763,844
Net effect of various miscellaneous transactions involving capital assets is to decrease net assets	(949)
Net pension asset	400
Changes in revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(1,047,988)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	2,179,821
Changes in some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds at the time the liability is incurred.	(3,006,811)
The net revenue (expense) of certain activities of internal service funds is reported with governmental activities.	<u>(1,571,353)</u>
Change in net assets of governmental activities	<u>\$ 9,523,645</u>

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

CITY OF NORWALK, CONNECTICUT

STATEMENT OF REVENUES, EXPENDITURES, ENCUMBRANCES, TRANSFERS
AND CHANGES IN FUND BALANCES - BUDGETARY BASIS - BUDGET AND ACTUAL -
GENERAL FUND
For the Year Ended June 30, 2010

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

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

CITY OF NORWALK, CONNECTICUT

STATEMENT OF NET ASSETS - PROPRIETARY FUNDS

June 30, 2010

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

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

CITY OF NORWALK, CONNECTICUT

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
NET ASSETS (DEFICITS) - PROPRIETARY FUNDS
For the Year Ended June 30, 2010**

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

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

CITY OF NORWALK, CONNECTICUT

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
For the Year Ended June 30, 2010

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

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

CITY OF NORWALK, CONNECTICUT

STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS

June 30, 2010

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

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

CITY OF NORWALK, CONNECTICUT

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS -
FIDUCIARY FUNDS

For the Year Ended June 30, 2010

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

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

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS
June 30, 2010

Note 1. Summary of Significant Accounting Policies

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

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

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

Reporting entity

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

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

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

Government-wide and Fund Financial Statements

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

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2010

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

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

The City reports the following major governmental funds:

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

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

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2010

The City reports the following major proprietary funds:

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

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

Additionally, the City reports the following fund types:

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

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

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

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and enterprise fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

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

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

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

Accounting estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2010

statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Property taxes

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

Cash equivalents

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

Investments

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

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

The Connecticut State Treasurer's Short-Term Investment Fund is an investment pool managed by the State of Connecticut Office of the State Treasurer. Investments must be made in instruments authorized by Connecticut General Statutes 3-27c through 3-27e. Investment guidelines are adopted by the State Treasurer. The fair value of the position in the pool is the same as the value of the pool shares.

Allowance for Doubtful Accounts

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

Capital assets

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

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

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2010

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

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

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

Compensated absences

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

Long-term obligations

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

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

Risks and uncertainties

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

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2010

Encumbrances

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

Fund equity and net assets

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

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

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

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

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

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

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

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

Pension accounting

Pension Trust Funds:

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

Government-Wide Funds/Activities:

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

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2010

Funding Policy:

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

Other Post Employment Obligations (OPEB) accounting

OPEB Trust:

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

Government-Wide Funds/Activities:

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

Funding Policy:

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

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

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

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

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

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2010

Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

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

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

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

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

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2010

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

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

Note 3. Budgets and Budgetary Accounting

The City's general budget policies are as follows:

- A. Prior to the commencement of a fiscal year, an operating budget (a plan of financial operation embodying an estimate of proposed expenditures and the proposed means of financing them) for that year for the General Fund is to be submitted to the Board of Estimate and Taxation. On the first Monday of May, the Board of Estimate and Taxation by legal resolution must adopt an Operating Budget for the ensuing fiscal year.
- B. The expenditure portion of the operating budget (appropriations) is given legal effect through resolution of the Board of Estimate and Taxation. Appropriations made by the Board of Estimate and Taxation shall not exceed estimated revenues. The budget is adopted on a department level. Departments, agencies, or other entities may not legally exceed their appropriations.
- C. By resolution of the Board of Estimate and Taxation, the Finance Director may amend the budget by authorizing a transfer within each expenditure item (i.e., the Mayor's office within general government expenditures) of the budget for amounts up to \$5,000. The Board of Estimate and Taxation's authorization is required for transfers of amounts in excess of the Finance Director's authority.
- D. Supplemental appropriations in excess of the adopted budget, together with the means of financing them, must be authorized by the Board of Estimate and Taxation and ratified by a resolution of two-thirds of the Common Council.
- E. Although budgeted revenues usually are not changed, the ultimate source of revenues for supplemental appropriations (adjustments) are identified when such adjustments are approved. Thus, while the final budget presented in the financial statements reflects a deficit, the budgetary amendment process includes procedures requiring that funding sources, including, if necessary, appropriations of fund balance, be identified.

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2010

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

Appropriations from the General Fund lapse at year-end.

- G. Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order, contract or other commitment is issued and, accordingly, encumbrances outstanding at year-end are reflected in budgetary reports as expenditures of the current year. If an appropriation is not encumbered, it lapses at year-end and may not be used by the department.
- H. Classifications of certain revenues and expenditures under accounting principles generally accepted in the United States of America differ from classifications utilized for budgetary purposes.

For the year ended June 30, 2010, supplemental appropriations totaled approximately \$764,000.

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

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

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2010

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

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

Special revenue funds

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

Capital projects funds

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

Note 4. Cash and Investments

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

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

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2010

The Pension Plans set asset allocation parameters, as follows:

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

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

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

Custodial credit risk:

Deposits: This is the risk that, in the event of failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. As of June 30, 2010, approximately \$61,000,000 of the entity's bank balance of \$63,145,000 was uninsured and uncollateralized.

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

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

Cash and Cash Equivalents

Deposits with financial institutions	\$ 62,284,139
State of Connecticut Short-Term Investment fund	281,714
Cutwater Connecticut Class	11,507,568
Total cash and cash equivalents	74,073,421

Investments

General Fund	
U.S. Government Securities	23,693,265 *
Mutual Funds	8,105,978
Total general fund	31,799,243

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2010

Investments, Continued

Non-Major Funds

U.S. Government Securities	1,454,964	*
Mutual Funds	497,775	
Total non-major funds	<u>1,952,739</u>	

Capital Projects Fund

U.S. Government Securities	9,130,554	*
Mutual Funds	3,123,760	
Total capital projects fund	<u>12,254,314</u>	

Internal Service Fund

Common Stock	1,843,777	*
U.S. Government Securities	4,462,899	*
Mutual Funds	2,118,169	
Corporate bonds	1,013,874	*
Total internal service fund	<u>9,438,719</u>	

WPCA:

U.S. Government Securities	4,604,483	*
Mutual Funds	1,575,293	
Total WPCA	<u>6,179,776</u>	

Parking Authority:

U.S. Government Securities	335,426	*
Mutual Funds	114,756	
Total parking authority	<u>450,182</u>	

Trust Funds:

U.S. Government Agencies	4,504,472	*
U.S. Government Securities	9,708,946	*
Corporate Bonds	4,316,763	*
Common stock	55,075,267	*
Mutual Funds	65,118,572	
Index Funds	15,584,847	
Hedge/alternative investments	86,312,525	
Commingled funds	54,143,648	
Total trust funds	<u>294,765,040</u>	

Total investments

356,840,013

Total cash and investments

\$ 430,913,434

*These investments are uninsured and unregistered, with securities held by the counterparty,
* but not in the City's or the pension fund's name.*

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2010

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

Statement of Net Assets

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

Fiduciary Funds:

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

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

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

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

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

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2010

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

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

Note 5. Unearned Revenue/Deferred Revenue

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

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

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2010

Note 6. Capital Assets

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

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

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2010

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

Depreciation expense was charged to functions/programs as follows:

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

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2010

Note 7. Long-Term Liabilities

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

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

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2010

Compensated absences

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

Net pension obligation

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

Other Post Employment Obligation

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

Early Retirement

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

Claims Payable

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

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2010

Bonded indebtedness

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

Governmental Activities

General Obligation Debt

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

Capital Lease

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

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

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2010

Maritime Center Project Bonds

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

Business-Type Activities

Enterprise Debt

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

Long-term notes and bond obligations and compensated absences are expected to be repaid by future tax levies and grants available from the State. A summary of the Governmental Activities' long-term notes and bond principal maturities and related interest at June 30, 2010 is as follows:

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

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2010

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

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

Interim financing

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

2010 General Obligation Bond – In-substance Defeasance

On February 16, 2010, the City issued \$24,065,000 of general obligation bonds with interest rates ranging from 3.00% to 5.00% of which was used to advance refund portions of the outstanding principal amounts of the general obligation bonds of the City dated December 15, 2002, July 1, 2005, July 1, 2006, July 15, 2007, and July 1, 2008 (the "Refunding Bonds"). Of the net proceeds of \$26,802,000 (after payment of \$230,000 in underwriters fees and other costs), \$26,573,000 was placed in an irrevocable trust fund under an Escrow Agreement dated February 2010 between the City and the Escrow Holder. The Escrow Holder used the proceeds to purchase a portfolio of non-callable direct obligations of the United States of America ("Government Obligations"). The Government Obligations will have maturities and interest rates sufficient to pay principal and interest payments and redemption premiums on the Refunding Bonds on the date the payments are due.

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

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

2010 General Obligation Bond – In-substance Defeasance

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

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2010

general obligation bond of the City dated November 1, 2003 and March 15, 2005 (the "Refunding Bonds"). Of the net proceeds of \$32,654,000 (after payment of \$214,000 in underwriters fees and other costs), \$32,440,000 was placed in an irrevocable trust fund under an Escrow Agreement dated April, 2010 between the City and the Escrow Holder. The Escrow Holder used the proceeds to purchase a portfolio of non-callable direct obligations of the United States of America ("Government Obligations"). The Government Obligations will have maturities and interest rates sufficient to pay principal and interest payments and redemption premiums on the Refunding Bonds on the date the payments are due.

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

The balance in the escrow was approximately \$32.4 at June 30, 2010. The balance of the defeased bonds was approximately \$32.4 million at June 30, 2010. As a result, the refunded bonds are considered defeased and the liability has been removed from the basic financial statements.

In-Substance Defeasance – Prior Years

In prior years, the City has defeased various bond issues by creating separate irrevocable trust funds. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in the trust funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and therefore removed as a liability from the City's government-wide financial statements. As of June 30, 2010, the amount of defeased debt outstanding, but removed from the City's government-wide financial statements, is as follows:

Prior Year Refundings	\$ 34,975,000
2010 Refunding	<u>56,515,000</u>
	<u>\$ 91,490,000</u>

School Bond Reimbursements

The State of Connecticut reimburses the City for eligible principal and interest costs of the portion of the capital improvement bond issue used for school construction. The amount of such reimbursement for the year ended June 30, 2010 was approximately \$124,000. Additional principal and interest payments aggregating approximately \$20,000 are expected to be received through the bonds' maturity dates.

Authorized but unissued bonds

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

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2010

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

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

Legal Debt Limit

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

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

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

Subsequent Event

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

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2010

Capital Projects

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

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

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

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

Note 8. Commitments and Contingencies

The City is a defendant in various lawsuits including personal injury, property damage, civil rights violations and other miscellaneous claims. For certain of these cases, where it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated, a loss contingency has been accrued in the Internal Service Fund for all claims, for approximately \$2,445,000. Based upon the advice of the City Corporation Counsel, management believes that the ultimate resolution of these matters will not have a material adverse effect on the financial statements of the City.

Note 9. Employee Retirement Plans

Employee Pension Plan

Plan Descriptions

The City is the administrator of four separate single-employer defined benefit pension plans that were established to provide pension benefits for its police, firefighters, food service, and other full-time employees other than teachers. The plans are considered to be part of the City's financial reporting entity and are included in the City's basic financial statements as pension trust funds. Administrative fees are paid through the plans. The plans do not issue separate, stand-alone, financial reports. For the year ended June 30, 2010 the actuarial valuation date utilized was July 1, 2009.

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2010

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

	<u>Police</u>	<u>Fire</u>	<u>Employees'</u>	<u>Food Service</u>
Retirees, disabled members and beneficiaries currently receiving benefits	159	146	608	30
Terminated employees entitled to benefits but not yet receiving them	2	1	124	8
Active members	138	119	669	63
Drop members	36	11	-	-
	<u>312</u>	<u>276</u>	<u>1,352</u>	<u>94</u>

Police Benefit Fund

The City of Norwalk Police Benefit Fund provides retirement benefits as well as death and disability benefits. Benefits vest after 10 years of service. Members who retire after age 48 with 20 years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 2.5 percent of final average salary, for each year of service (maximum benefit of 75% of base salary plus worker's compensation). Benefits being paid to retired members are increased 1.5 percent per year beginning at age 62. For retirements after July 1, 1998, the annual increase may begin at age 55. At the member's death, the benefit is payable to the surviving spouse for the spouse's lifetime, provided the spouse does not remarry, or the member is not married, the accrued benefit at death is payable to any children until they reach age 16.

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

Fire Benefit Fund

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

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

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2010

Employees' Pension Plan

The Norwalk City Employees' Pension Plan provides retirement benefits as well as death and disability benefits. Benefits vest after 5 years of service. Members who retire after age 55 with 10 years of services or after age 62 with 5 years of service are entitled to an annual retirement benefit, payable monthly for life (with 60 months guaranteed), in an amount equal to 2 percent of final average salary, for each year of service (maximum 35 years). Benefits being paid to retired members are increased 1.5 percent per year.

Members are required to contribute 3.75 percent of their base pay to the Plan. No contributions are required after 35 years of service. If a member leaves covered employment or dies before meeting the vesting requirements, accumulated employee contributions without interest thereon are refunded. The City is required to contribute the remaining amounts necessary to fund the benefits for its members. Benefits and employee contributions are fixed by contract and may be amended by union negotiation. The City's payroll for employees covered by the Employees' Pension Plan for the year ended June 30, 2010 was approximately \$35,653,000.

Food Service Employees' Pension Plan

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

Food service employees are required to contribute 3.0 percent of their base pay to the Plan (maximum 30 years or age 70 with 5 years). If an employee leaves covered employment or dies before meeting the vesting requirements, accumulated employee contributions without interest thereon are refunded. The City is required to contribute the remaining amounts necessary to fund the benefits for its Food Service employees. Benefits and employee contributions are fixed by contract and may be amended by union negotiation. The City's payroll for employees covered by the Food Service Employees' Pension Plan for the year ended June 30, 2010 was approximately \$938,000.

Total Payroll

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

Connecticut State Teachers' Retirement System

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

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

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2010

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

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

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

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

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2010

Three Year Trend Information

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

SCHEDULE OF FUNDING PROGRESS

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

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

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2010

Additional information as of the latest actuarial valuations follows:

	Employees' Pension Plan	Police Benefit Fund	Firemens' Benefit Fund	Food Service Pension Plan
Valuation date	7/1/09	7/1/09	7/1/09	7/1/09
Actuarial cost method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization method	Level Percent	Level Percent	Level Percent	Level Percent
Remaining amortization period	20 years Closed	20 years Closed	20 years Closed	20 years Closed
Asset valuation method	Investment gains/losses recognized over 5 years	Investment gains/losses recognized over 5 years	Investment gains/losses recognized over 5 years	Investment gains/losses recognized over 5 years
Actuarial assumptions:				
Investment rate of return	8.25%	8.25%	8.25%	8.25%
Projected salary increases	4.0%	4.0%	4.0%	4.0%
Cost of living adjustments	1.5%	1.5%	1.5%	0.0%

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2010

TRUST FUNDS
SCHEDULE OF PLAN NET ASSETS
June 30, 2010

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

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2010

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

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

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2010

Securities Lending Transactions

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

During the year ended June 30, 2010, Northern Trust loaned securities held by Northern Trust, as a custodian, and received United States dollar cash and U.S. securities as collateral. Northern Trust did not have the ability to pledge or sell collateral securities absent a borrower default. Borrowers were required to put up collateral for each loan equal to: (i) in the case of loaned securities denominated in United States dollars or whose primary trading value was in the United States, 102 percent of the fair market value of the loaned securities; and (ii) in the case of loaned securities not denominated in United States dollars or whose primary trading market was not in the United States, 105 percent of the fair market value of the loaned securities. The market value held and market value of securities on loan for the Plans as of June 30, 2010 were as follows:

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

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

Cash collateral has been placed in investments that generally match the maturities of the secured loans. The Plans do not have any credit risk on the securities lending transactions as of June 30, 2010.

Note 10. Other Postemployment Benefits

Post retirement benefits

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

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

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2010

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

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

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

OPEB Obligation

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

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

Schedule of Employer Contributions

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

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

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2010

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

Actuarial assumptions are as follows:

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

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

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

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

Note 11. Risk Management

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

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2010

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

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

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

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

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

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

Note 12. Pronouncements Issued, Not Yet Effective

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

Statement No. 54

Fund Balance Reporting and Governmental Fund Type Definitions

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

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2010

Statement No. 57

OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans

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

Statement No. 59

Financial Instrument Omnibus

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

**Required Supplementary
Information**

CITY OF NORWALK, CONNECTICUT

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

Schedule of Funding Progress

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

Schedule of Employer Contributions

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

CITY OF NORWALK, CONNECTICUT

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

Schedule of Funding Progress

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

Schedule of Employer Contributions

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

CITY OF NORWALK, CONNECTICUT

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

Schedule of Funding Progress

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

Schedule of Employer Contributions

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

CITY OF NORWALK, CONNECTICUT

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

Schedule of Funding Progress

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

Schedule of Employer Contributions

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

CITY OF NORWALK, CONNECTICUT

REQUIRED SUPPLEMENTARY INFORMATION
 OPEB TRUST
 June 30, 2010

Schedule of Funding Progress

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

Schedule of Employer Contributions

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

APPENDIX B - FORM OF LEGAL OPINION OF BOND COUNSEL

ROBINSON & COLE LLP

280 Trumbull Street
 Hartford, CT 06103-3597
 Main (860) 275-8200
 Fax (860) 275-8299

July 1, 2011

City of Norwalk,
 Norwalk, Connecticut

Ladies and Gentlemen:

We have examined certified copies of the proceedings of the City of Norwalk, Connecticut (the “City”), a Tax Regulatory Agreement of the City, dated July 1, 2011 (the “Tax Regulatory Agreement”), and other proofs submitted to us relative to the issuance and sale of \$18,810,000 City of Norwalk, Connecticut General Obligation Refunding Bonds, Issue of 2011, Series A, dated as of the date of delivery (the “Bonds”), maturing on July 1 in each of the years, in the principal amounts and bearing interest payable on January 1, 2012 and semiannually thereafter on July 1 and January 1 in each year until maturity or earlier redemption, at the rates per annum as follows:

<u>Year of Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate Per Annum</u>	<u>Year of Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate Per Annum</u>
2019	\$1,935,000	4.000%	2023	\$3,370,000	4.000%
2020	1,940,000	4.000	2024	1,460,000	4.000
2021	915,000	3.000	2026	3,345,000	4.000
2021	1,020,000	4.000	2027	1,450,000	4.000
2022	3,375,000	4.000			

with principal payable at the principal office of U.S. Bank National Association, in Hartford, Connecticut, and with interest payable to the registered owner as of the close of business on the fifteenth day of June and December in each year, or the preceding business day if such fifteenth day is not a business day, by check mailed to such registered owner at his address as shown on the registration books of the City kept for such purpose. The Bonds are subject to redemption prior to maturity as therein provided.

The Bonds are originally registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), to effect a book-entry system for the ownership and transfer of the Bonds. So long as DTC or its nominee is the registered owner, principal and interest payments on the Bonds will be made to DTC.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds, and we express no opinion relating thereto, excepting only the matters set forth as our opinion in the Official Statement.

We are of the opinion that such proceedings and proofs show lawful authority for the issuance and sale of the Bonds under authority of the Constitution and General Statutes of Connecticut and that the Bonds are a valid general obligation of the City the principal of and interest on which is payable from ad valorem taxes which may be levied on all taxable property subject to taxation by the City without limitation as to rate or amount except as to classified property, such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts. We are further of the opinion that the Tax Regulatory Agreement is a valid and binding agreement of the City.

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met at and subsequent to the issuance and delivery of the Bonds in order that interest on the Bonds be and remain excluded from gross income for federal income tax purposes. The City has covenanted in the Tax Regulatory Agreement that it will at all times perform all acts and things necessary or appropriate under any valid provision of law to ensure that interest paid on the Bonds shall be excluded from gross income for federal income tax purposes under the Code.

In our opinion, under existing statutes and court decisions, interest on the Bonds is excluded from gross income for federal income tax purposes and is not treated as an item of tax preference for purposes of computing the federal alternative minimum tax. Interest on the Bonds is, however, includable in adjusted current earnings for purposes of computing the federal alternative minimum tax imposed on certain corporations. We express no opinion regarding any other federal income tax consequences caused by ownership or disposition of, or receipt of interest on, the Bonds.

In rendering the foregoing opinions regarding the federal tax treatment of interest on the Bonds, we have relied upon and assumed (i) the material accuracy of the representations, statements of intention and expectations, and certifications of fact contained in the Tax Regulatory Agreement, and (ii) the compliance by the City with the covenants and procedures set forth in the Tax Regulatory Agreement as to such tax matters.

We are further of the opinion that, under existing statutes, interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax. We express no opinion regarding any other State or local tax consequences caused by the ownership or disposition of the Bonds.

The rights of owners of the Bonds and the enforceability of the Bonds and the Tax Regulatory Agreement may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and by application of equitable principles, whether considered at law or in equity.

Very truly yours,

ROBINSON & COLE LLP

APPENDIX C - FORM OF CONTINUING DISCLOSURE AGREEMENT

CONTINUING DISCLOSURE AGREEMENT

City of Norwalk, Connecticut
\$18,810,000 General Obligation Refunding Bonds, Issue of 2011, Series A
dated as of the date of delivery

July 1, 2011

WHEREAS, the City of Norwalk, Connecticut (the "City") has heretofore authorized the issuance of \$18,810,000 in aggregate principal amount of its General Obligation Refunding Bonds, Issue of 2011, Series A dated as of the date of delivery (the "Bonds"), and to mature on the dates and in the amounts and set forth in the City's Official Statement dated June 21, 2011 describing the Bonds (the "Official Statement"); and

WHEREAS, the Bonds have been sold by a negotiated sale pursuant to a Bond Purchase Agreement, dated June 21, 2011, (the "Bond Purchase Agreement"); and

WHEREAS, in the Bond Purchase Agreement, the City has heretofore acknowledged that an underwriter may not purchase or sell the Bonds unless it has reasonably determined that the City has undertaken in a written agreement for the benefit of the beneficial owners of the Bonds to provide certain continuing disclosure information as required by Securities and Exchange Commission Rule 15c2-12(b)(5), as amended from time to time (the "Rule"), and the City desires to assist the underwriter of the Bonds in complying with the Rule; and

WHEREAS, the City is authorized pursuant to Section 3-20e of the General Statutes of Connecticut to make such representations and agreements for the benefit of the beneficial owners of the Bonds to meet the requirements of the Rule; and

WHEREAS, in order to assist the underwriter of the Bonds in complying with the Rule, this Continuing Disclosure Agreement (this "Agreement") is to be made, executed and delivered by the City in connection with the issuance of the Bonds and to be described in the Official Statement, all for the benefit of the beneficial owners of the Bonds, as they may be from time to time;

NOW, THEREFORE, the City hereby represents, covenants and agrees as follows:

Section 1. Definitions. In addition to the terms defined above, the following capitalized terms shall have the meanings ascribed thereto:

"Annual Report" shall mean any Annual Report provided by the City pursuant to, and as described in, Sections 2 and 3 of this Agreement.

"Fiscal Year End" shall mean the last day of the City's fiscal year, currently July 30.

"Listed Events" shall mean any of the events listed in Section 4 of this Agreement.

"MSRB" shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, as amended, or any successor thereto.

"Repository" shall mean the Electronic Municipal Market Access system as described in 1934 Act Release No. 57577 for purposes of the Rule, the MSRB or any other nationally recognized municipal securities information repository or organization recognized by the SEC from time to time for purposes of the Rule.

"SEC" shall mean the Securities and Exchange Commission of the United States or any successor thereto.

Section 2. Annual Reports.

(a) The City shall provide or cause to be provided to the Repository in electronic format, accompanied by identifying information, as prescribed by the MSRB, the following annual financial information and operating data regarding the City:

(i) Audited financial statements as of and for the year ending on its Fiscal Year End prepared in accordance with accounting principles generally accepted in the United States, as promulgated by the Governmental Accounting Standards Board from time to time or mandated state statutory principles as in effect from time to time; and

(ii) Financial information and operating data as of and for the year ending on its Fiscal Year End of the following type to the extent not included in the audited financial statements described in (i) above:

- (A) the amounts of the gross and net taxable grand list;
- (B) a listing of the ten largest taxpayers on the grand list, together with each such taxpayer's taxable valuation thereon;
- (C) the percentage and amount of the annual property tax levy collected and uncollected;
- (D) a schedule of the annual debt service on outstanding long-term bonded indebtedness;
- (E) a calculation of the net direct debt, total direct debt, and total overall net debt (reflecting overlapping and underlying debt);
- (F) the total direct debt, total net direct debt and total overall net debt of the City per capita;
- (G) the ratios of total direct debt and total overall net debt of the City to the City's net taxable grand list;
- (H) a statement of statutory debt limitations and debt margins; and
- (I) the funding status of the City's pension benefit obligations.

(b) The above-referenced information is expected to be provided by the filing of and cross reference to the City's audited financial statements. The information may be provided in whole or in part by cross-reference to other documents previously provided to the Repository, including official statements of the City which will be available from the MSRB.

(c) Subject to the requirements of Section 8 hereof, the City reserves the right to modify from time to time the type of financial information and operating data provided or the format of the presentation of such financial information and operating data, to the extent necessary or appropriate; provided that the City agrees that any such modification will be done in a manner consistent with the Rule. The City also reserves the right to modify the preparation and presentation of financial statements described herein as may be required to conform with changes in Connecticut law applicable to municipalities or any changes in generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board from time to time.

Section 3. Timing. The City shall provide the financial information and operating data referenced in Section 2(a) not later than eight months after each Fiscal Year End subsequent to the date of issuance of the Bonds, provided, however, that if such financial information and operating data for the Fiscal Year End preceding the date of issuance of the Bonds is not contained in the Official Statement for the Bonds or has not otherwise been previously provided, the City shall provide such financial information and operating data no later than eight months after the close of such preceding Fiscal Year End. The City agrees that if audited financial statements are not available eight months after the close of any Fiscal Year End, it shall submit unaudited financial statements by such time and will submit audited financial statements information when and if available.

Section 4. Event Notices. The City agrees to provide, or cause to be provided, in a timely manner not in excess of ten (10) business days after the occurrence of the event, notice to the Repository in electronic format, accompanied by identifying information, as prescribed by the MSRB, of the occurrence of any of the following events:

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults, if material;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions; the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (vii) modifications to rights of Bondholders, if material;
- (viii) Bond calls, if material, and tender offers;
- (ix) defeasances;
- (x) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (xi) rating changes;
- (xii) bankruptcy, insolvency, receivership, or similar event of any obligated person;
- (xiii) the consummation of a merger, consolidation, or acquisition involving any obligated person or the sale of all or substantially all of the assets of any obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake any such an action or the termination of a definitive agreement relating to such actions, other than pursuant to its terms, if material; and
- (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if any, if material.

Section 5. Notice of Failure. The City agrees to provide, or cause to be provided, in a timely manner to the Repository in electronic format, accompanied by identifying information, as prescribed by the MSRB, notice of any failure by the City to provide the annual financial information described in Section 2(a) of this Agreement on or before the date described in Section 3 of this Agreement.

Section 6. Termination of Reporting Obligation. The City's obligations under this Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds.

Section 7. Agent. The City may, from time to time, appoint or engage an agent to assist it in carrying out its obligations under this Agreement, and may discharge any such agent, with or without appointing a successor agent.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Agreement, the City may amend this Agreement, and any provision of this Agreement may be waived, if such amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, a change in law, or a change in the identity, nature or status of the City, and is supported by an opinion of counsel expert in federal securities laws, to the effect that (i) such amendment or waiver would not materially adversely affect the beneficial owners of the Bonds and (ii) this Agreement, as so amended, would have complied with the requirements of the Rule as of the date of this Agreement, taking into account any amendments or interpretations of the Rule as well as any changes in circumstances. A copy of any such amendment will be filed in a timely manner with the Repository in electronic format. The Annual Report provided on the first date following adoption of any such amendment will explain, in narrative form, the reasons for the amendment and the impact of the change in the type of financial information or operating data provided.

Section 9. Additional Information. Nothing in this Agreement shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Report or providing notice of the occurrence of any other event, in addition to that which is required by this Agreement. If the City chooses to include any other information in any Annual Report or provide notice of the occurrence of any other event in addition to that which is specifically required by this Agreement, the City shall have no obligation under this Agreement to update such information or include or provide such information or notice of the occurrence of such event in the future.

Section 10. Indemnification. The City agrees, pursuant to applicable law, to indemnify and save its officials, officers and employees harmless against any loss, expense or liability which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorney's fees) of defending against any claim of liability hereunder, but excluding any loss, expense or liability due to any such person's malicious, wanton, or willful act. The obligations of the City under this Section shall survive termination of this Agreement.

Section 11. Enforceability. The City agrees that its undertaking pursuant to the Rule set forth in this Agreement is intended to be for the benefit of and enforceable by the beneficial owners of the Bonds. In the event the City shall fail to perform its duties hereunder, the City shall have the option to cure such failure after its receipt of written notice from any beneficial owner of the Bonds of such failure. In the event the City does not cure such failure, the right of any beneficial owner of the Bonds to enforce the provisions of this undertaking shall be limited to a right to obtain specific performance of the City's obligations hereunder. No monetary damages shall arise or be payable hereunder, nor shall any failure to comply with this Agreement constitute a default of the City with respect to the Bonds.

IN WITNESS WHEREOF, the City has caused this Continuing Disclosure Agreement to be executed in its name by its undersigned officers, duly authorized, all as of the date first above written.

CITY OF NORWALK, CONNECTICUT

By: _____
Name: Richard A. Moccia
Title: Mayor

By: _____
Name: Thomas S. Hamilton.
Title: Director of Finance