

# OFFICIAL STATEMENT

## NEW 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

**\$26,000,000**

### GENERAL OBLIGATION BONDS, ISSUE OF 2012, SERIES B

#### BOOK-ENTRY-ONLY

**Dated: Date of Delivery**

**Due: Serially, August 15, 2015 – 2032**

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 Bonds will bear interest payable on August 15, 2013 and semiannually thereafter on August 15 and February 15 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 Registrar, Certifying, Transfer and Paying Agent on the Bonds will be U.S. Bank National Association of Hartford, Connecticut.

**The Bonds ARE subject to redemption prior to maturity, as described herein.**

#### 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>
2015	\$1,450,000	3.000 %	0.450 %	668844HQ9	2024	\$1,450,000	2.250 %	2.250 %	668844HZ9
2016	1,450,000	4.000	0.550	668844HR7	2025	1,450,000	2.250	2.450	668844JA2
2017	1,450,000	4.000	0.720	668844HS5	2026	1,450,000	2.500	2.620	668844JB0
2018	1,450,000	2.000	1.000 *	668844HT3	2027	1,450,000	2.750	2.800	668844JC8
2019	1,450,000	2.000	1.350 *	668844HU0	2028	1,450,000	2.750	2.880	668844JD6
2020	1,450,000	2.000	1.550 *	668844HV8	2029	1,450,000	2.750	2.920	668844JE4
2021	1,450,000	2.000	1.750 *	668844HW6	2030	1,450,000	3.000	3.030	668844JF1
2022	1,450,000	2.000	1.900 *	668844HX4	2031	1,450,000	3.000	3.030	668844JG9
2023	1,450,000	2.000	2.100	668844HY2	2032	1,350,000	3.000	3.030	668844JH7

\* -Priced assuming redemption of August 15, 2017. However, any such redemption will be at the option of the City (see "Optional Redemption" herein).

## Hutchinson, Shockey & Erley

*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 August 15, 2012.*

**Dated: August 1, 2012**

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) notice of the occurrence of certain events not in excess of 10 business days after the occurrence of such events, 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.

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## BOND SALE SUMMARY

The information in this Bond Sale Summary is qualified in its entirety by the detailed information and financial statements appearing elsewhere in this Official Statement. The Official Statement speaks only as of its date and the information herein is subject to change.

<b>Date of Sale:</b>	Wednesday, August 1, 2012, at 12:00 Noon (E.D.T).
<b>Location of Sale:</b>	Office of the Mayor, Conference Room 231, Second Floor, 125 East Avenue, Norwalk, Connecticut 06856.
<b>Issuer:</b>	City of Norwalk, Connecticut (the "City").
<b>Issue:</b>	\$26,000,000 General Obligation Bonds, Issue of 2012, Series B (the "Bonds").
<b>Dated Date:</b>	August 15, 2012.
<b>Principal Due:</b>	Serially, August 15, 2015-2032.
<b>Interest Due:</b>	February 15 and August 15 in each year, commencing August 15, 2013.
<b>Purpose and Authority:</b>	The Bonds are being issued to finance various capital improvement projects undertaken by the City and authorized by resolutions adopted by the Common Council.
<b>Redemption:</b>	The Bonds ARE subject to redemption prior to maturity as described herein under "Optional Redemption".
<b>Security:</b>	The Bonds will be general obligations of the City of Norwalk, and the City will pledge its full faith and credit to the payment of the principal of and interest on the Bonds when due.
<b>Credit Rating:</b>	The Bonds have been rated "Aaa" by Moody's Investors Service, Inc ("Moody's") and "AAA" by Fitch Ratings ("Fitch") and Standard & Poor's ("S&P"). The ratings on the City's outstanding bonds have recently been affirmed as "Aaa" by Moody's and "AAA" by Fitch and S&P. See "Ratings" herein.
<b>Basis of Award:</b>	Lowest True Interest Cost (TIC) as of the dated date.
<b>Tax Exemption:</b>	See "Tax Matters" herein.
<b>Continuing Disclosure Undertaking:</b>	See "Availability of Continuing Disclosure" and "Appendix C" herein.
<b>Bank Qualification:</b>	The Bonds shall NOT be designated by the City 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.
<b>Certifying Bank Registrar, Transfer and Paying Agent:</b>	U.S. Bank National Association, Hartford, Connecticut.
<b>Legal Opinion:</b>	Robinson & Cole LLP, of Hartford, Connecticut will act as Bond Counsel.
<b>Delivery and Payment:</b>	It is expected that delivery of the Bonds in book-entry only form will be made on or about August 15, 2012, against payment in federal funds.
<b>Issuer Official:</b>	Questions regarding this Official Statement should be directed to Thomas Hamilton, Director of Finance, City of Norwalk, Connecticut - Telephone (203) 854-7870.

## 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 \$26,000,000 General Obligation Bonds, Issue of 2012, Series B (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 August 15 in each of the years and in the principal amounts set forth on the cover page hereof. Interest on the Bonds will be payable on August 15, 2013 and semiannually thereafter on August 15 and February 15 in each year until maturity. Interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months and will be payable to the registered owners of the Bonds as of the last business day of January and July in each year. 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 and Paying 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 August 15, 2017 are not subject to redemption prior to maturity. The Bonds maturing on August 15, 2018, and thereafter are subject to redemption prior to maturity, at the option of the City, on or after August 15, 2017, 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>
August 15, 2017 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 various resolutions adopted by the Common Council of the City.

Purpose. Proceeds of the Bonds will be used to finance certain capital projects undertaken by the City as detailed herein (see “Capital Project Financing”).

## Capital Project Financing

The Common Council adopted various resolutions authorizing the issuance of general obligation bonds and notes to meet appropriations in the City's capital budgets for 2010-2011, 2011-2012 and special appropriations for various school and public purpose projects. Proceeds of the Bonds will be used to finance the following capital projects:

<u>Capital Budget</u>	<u>Total Bond Authorization</u>	<u>Previously Bonded/Grants</u>	<u>The Bonds</u>
2010-11	\$ 11,378,969	\$ 10,828,969	\$ 90,000
2011-12	27,143,200	12,789,000	11,860,500
2012-13	19,742,000	-	12,049,500
First Taxing District	8,585,000	4,585,000	2,000,000
Total	<u>\$ 66,849,169</u>	<u>\$ 28,202,969</u>	<u>\$26,000,000</u>

## Ratings

The Bonds have been rated "Aaa" by Moody's Investors Service, Inc. ("Moody's") and "AAA" by Fitch Ratings ("Fitch") and 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 Fitch and S&P. 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 authorize 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 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's has Standard & Poor's rating of AA+. 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](http://www.dtcc.com).

Purchases of the 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 the Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee does 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.

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 MMI 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.

## 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 2010 American Community Survey lists Norwalk's per capita income as \$43,303 and the median family income as \$93,009. 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 in 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 may 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 &amp; Term</u>	<u>Length of Service</u>
Mayor	Richard A. Moccia	Elected – 2 years	6 years
Director of Finance	Thomas S. Hamilton	Appointed – Indefinite	8 years
Superintendent of Schools	Vacant	Appointed – Indefinite	n/a

### 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.

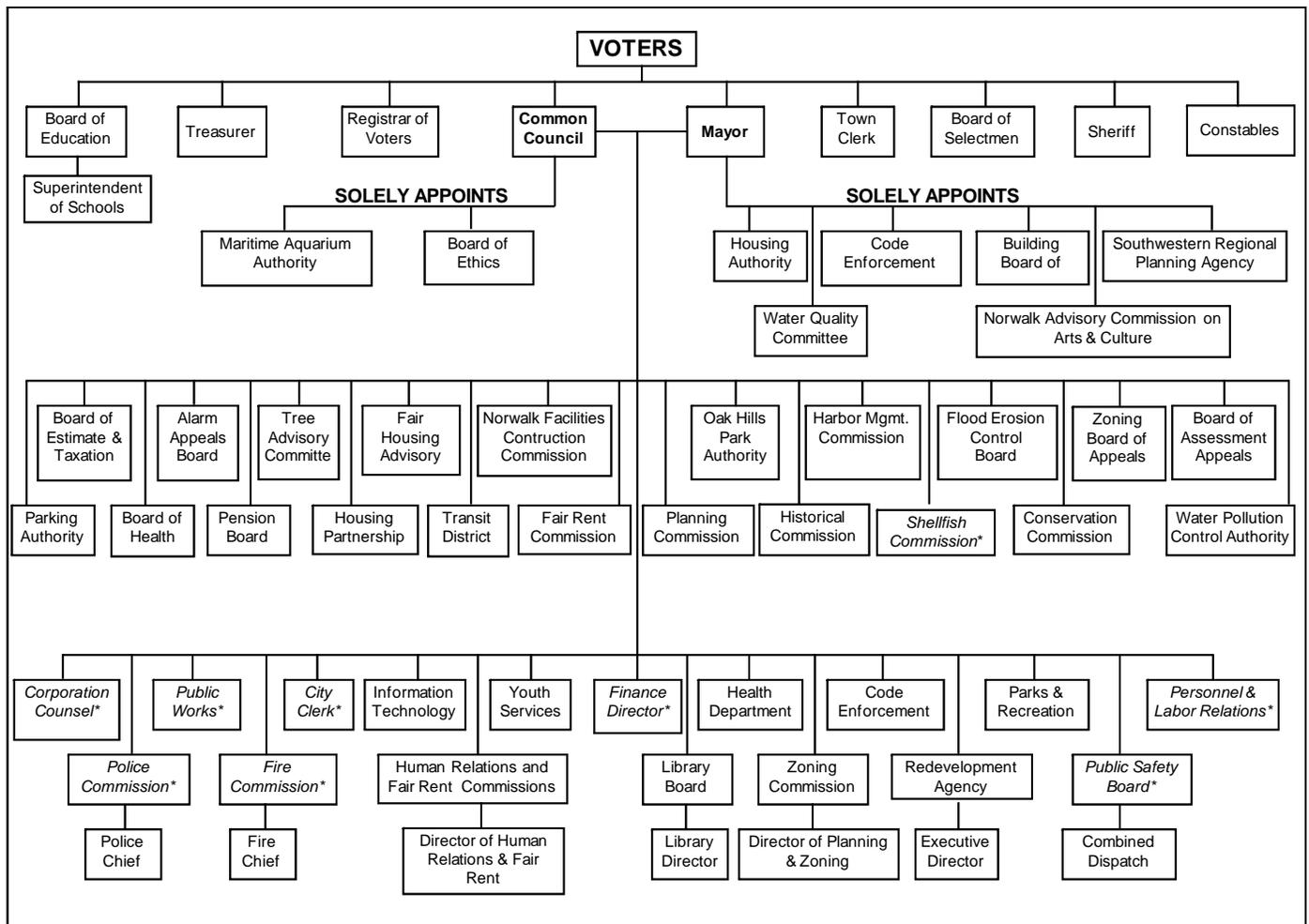
**Director of Finance:** Thomas Hamilton was appointed Director of Finance on September 3, 2003. Mr. Hamilton earned a B.A. in Public Management from the University of Maine and a Master's in Government Administration from the University of Pennsylvania.

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>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
General Government	597	588	596	596	626
Board of Education (full-time)	<u>1,229</u>	<u>1,321</u>	<u>1,349</u>	<u>1,394</u>	<u>1,388</u>
Total	<u>1,826</u>	<u>1,909</u>	<u>1,945</u>	<u>1,945</u>	<u>2,014</u>

## Municipal Employees by Category

The following is a breakdown by category of full-time, General Fund supported employees as of July 1, 2012:

<u>Department</u>	<u>Employees</u>
<u>General Government</u>	
General Government	77
Health & Welfare	16
Police	188
Fire	137
Other Protection	43
Public Works	88
Recreation, Arts & Culture	<u>46</u>
Total General Government	597
<u>Board of Education</u>	
Administration and Principals	65
Teachers	854
Other	<u>310</u>
Total Board of Education	<u>1,229</u>
Total City Employees	<u>1,826</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>
<b>General Government</b>			
Police	Local 1727, Council #15 AFSCME, AFL-CIO	172	June 30, 2013
Fire	Local 830, IAFF	133	June 30, 2012 (1)
Engineers, Labor & Maintenance	Local 2405, Council #4 AFSCME, AFL-CIO	105	June 30, 2012 (1)
Clerical & Technical	Norwalk Municipal Employees Association	114	June 30, 2012 (1)
Public Health Nurses	Council #4 AFSCME, AFL-CIO	1	June 30, 2009 (1)
Assistants & Supervisors	Norwalk Assistants & Supervisors Association	52	June 30, 2012 (1)
Non-Bargaining Management		<u>18</u>	
	Subtotal	597	
<b>Board of Education</b>			
Teachers	Norwalk Federation of Teachers Local 1723, AFT, AFL-CIO	854	August 31, 2013
Principals, Assistant Principals and Supervisors	Norwalk Association of School Administrators	52	June 30, 2015
School Nurses	CHCA, District 1199	21	August 31, 2011 (1)
Custodians-Maintenance and Monitors	Local 1042, Council #4 AFSCME, AFL-CIO	122	June 30, 2012 (1)
Secretaries, Clerks & Teachers Aides	Norwalk Federation of Educational Personnel Local 3793, CSFT, AFL-CIO	159	June 30, 2013
Technicians	Local 72, Support, AFSA AFL-CIO	8	June 30, 2013
Executive Support Staff	Executive Support Group	10	June 30, 2012 (1)
Cabinet	Non-union	<u>3</u>	N/A
	Subtotal	<u>1,229</u>	
	Grand Total – General Fund Supported Positions	1,826	
Cafeteria Workers	Local 1748, Council #4 AFSCME, AFL-CIO	<u>10</u> (2)	June 30, 2013
	Grand Total – All Positions	<u>1,836</u>	

(1) In negotiations.

(2) 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 and are part time employees.

Source: City of Norwalk.

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.

### 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)**

Fiscal Year	Elementary School K – 5	Middle School 6 – 8	High School 9 – 12	Special Education	Total
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
2011-2012	5,215	2,326	3,340	N/A	10,881
<b>Projections</b>					
2012-2013	5,331	2,331	3,274	N/A	10,936
2013-2014	5,393	2,362	3,318	N/A	11,073
2014-2015	5,468	2,404	3,363	N/A	11,235
2015-2016	5,485	2,506	3,356	N/A	11,347

(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 6,800.

**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 Friday 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 2011, the Norwalk Transit District’s services carried over 2,000,000 passengers.

For fiscal year 2012, 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 853 units are federal low-income public housing and 278 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 1,991 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>
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
2011	1,180,757
2012	1,039,239

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

**Maritime Aquarium Authority**

The Maritime Aquarium 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. The development team has proposed 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 is under construction, anticipates 325 housing units and 50,000 sq. ft. retail to establish a critical mass that will be the link between Wall Street to the north and Reed Putnam/SoNo to the south. Phase II, which has received all zoning approvals, will create 95 residential units and 13,000 sq. ft. retail and should break group in 2012. The project is utilizing a \$5 million public improvements grant from the State Department of Economic & Community Development and a \$2 million Federal traffic signalization grant.

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 sq. ft. of commercial and retail space. Due to economic conditions, ground-breaking on this project was delayed and is currently awaiting several state funding applications under review in Hartford. Redevelopment Parcel 3 will consist of 176 residential units (36 rentals and 140 ownership), 359 parking spaces, and 21,000 sq. ft. of commercial and retail space.

Avalon Bay's \$90 million project to build 312 residential rental units and 7,700 sq. ft. of retail on Belden Avenue in the Wall Street area was completed in 2010 and is fully leased. In addition, Avalon has zoning approvals for a second Norwalk project at Norden Place for 240 multi-family residential units and four single family homes.

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 sq. ft., \$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. In addition to the 774 parking spaces, the project also includes 10 residential units (which are fully occupied), 2,880 sq. ft. of office space and 3,750 sq. ft. 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 sq. ft. of commercial space, of which 15,000 sq. ft. is now occupied by the North American headquarters of Virgin Atlantic Airways and 15,000 sq. ft. occupied by Kayak.Com, a travel site search engine.

Between 2002 and 2004, the remaining 3 development parcels, totaling approximately 12 acres, were assembled for the proposed Reed Putnam office development site adjacent to I-95. 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 sq. ft. of retail and 600,000 sq. ft. of Class A office and a 145 room hotel. In 2011, the proposed project was further amended to advance the residential element, consisting of 230 residential units and 25,000 sq. ft. of commercial space as the initial phase in response to market conditions. The amended development plan has received all local land use approvals.

Design and engineering of the associated infrastructure was completed in 2008 and contracts have been 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 open to the public. Improvements to West Avenue including right of way, turning lanes and sidewalks as well as access to Interstate-95 on/off ramps and underground utilities, are approximately 95% complete. These are partially funded by a \$20 million grant from the State of Connecticut Department of Economic & Community Development. Site work and environmental remediation for the private improvements 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.

Recently, an approval was 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. In addition construction has been completed on a small mixed-use (residential/office) project at 1 West Avenue in SoNo and renovations to an existing historic building at 14-16 North Main Street for commercial, residential and retail uses have been completed as well. Development plans for the Norwalk Company Building on North Water Street for 108 residential units and 20,000 sq. ft. of commercial space have received zoning approvals. Project plan for 99 Washington Street for 52 residential units are in initial stages of zoning review.

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 completed a Master Plan design for walkways, lighting and landscape improvements to Oyster Shell Park and Phase I is currently under construction utilizing State grant funds from the Department of Economic & Community Development and the Department of Environmental Protection. Construction completion is anticipated in the 3<sup>rd</sup> quarter of 2012.

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 sq. ft. (\$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 accessibility to the South Norwalk Railroad Station, the City completed a Master Plan for Transit-Oriented Development in the immediate Station neighborhood. The Plan area has received a Connecticut TOD Pilot Program grant of \$486,000 for the engineering and design of streetscape improvements. In addition, the City also participates in a HUD Sustainable Communities Initiative Regional Planning grant consortium to fund improved pedestrian access to the Station and to date has received grants in the amount of \$186,000. The City has also allocated 2012/13 Capital Budget funding for the construction of streetscape improvements on Monroe Street to improve access at the Station entrance.

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 recommends several public improvements to accommodate the development. Public funding for these infrastructure improvements is being pursued at the local, State and Federal levels and has resulted in \$4.4 million, \$5 million and \$2.3 million of allocations, respectively, to begin this work.

This spring, the City approved a capital budget-funded masterplan that specifically addressed transportation and mobility issues in the growing corridor: the *Norwalk Connectivity Master Plan*. The plan recommends \$20 million in transportation investments to improve circulation, including more bicycle facilities, pedestrian enhancements, Wayfinding, and a new

public transit option. Three initiatives from this plan are being prepared for bid this winter: two pedestrian enhancements and intersection improvements at West/Wall/Belden Streets and High/Knight/Wall Streets, and the Comprehensive Wayfinding System.

Overlaying parts of the South Norwalk Urban Renewal areas is Norwalk's Enterprise Zone/Urban Jobs Program, established in 1982 and one of the nation's first. In addition, for program year 2011, two companies were certified for State Enterprise Zone/Urban Jobs Benefits creating and/or retaining 714 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. Among the more significant announcements during the past year are the following.

- In April 2012 it was announced that FactSet Research Systems Inc., a Norwalk-based financial data and software company located at Merritt 7, will receive a long-term, low-interest loan from the Department of Economic and Community Development (DECD) that will help the company create 200 jobs over the next five years.
- Cervalis announced plans in January 2012 to construct a 167,000 sq. ft. data center on the grounds of Fortis Properties' Norden Park. Occupancy is planned for the fourth quarter 2012.
- Construction of the "SONO Ice House", a complex that includes a National Hockey League regulation-size rink and a smaller training rink, commenced in the spring of 2012 at the site of the long-vacant Nash Engineering offices on 310 Wilson Avenue.
- World Wrestling Entertainment announced in November 2011 it will develop its digital production facilities in Norwalk at the "Swank" building on Ely Avenue, occupying 66,000 sq. ft. and bringing jobs to the City.
- Pepperidge Farm celebrated its official ground breaking at 595 Westport Avenue on September 12, 2011 on its 34,000 sq. ft. product innovation center.
- Work has commenced on the \$10 million expansion and renovation plan for Winston Preparatory School at 57 West Rocks Road. Winston Preparatory School, a private institution for students with learning disabilities is constructing a 12,155 sq. ft. energy efficient classroom building with plenty of natural lighting.
- In April 2012, the Maritime Aquarium at Norwalk opened doors to its \$4.5 million renovation which completed a project that began in September 2011.
- The Norwalk Inn and Conference Center, 99 East Avenue, held ground breaking ceremonies in August 2011 on its \$6.5 million project that will add a third story to the Inn and turn historic Grumman St. John House into long term stay facilities.
- Governor Malloy officially marked the opening of the Norwalk Community College Center for Science, Health and Wellness November 4, 2011, celebrating completion of the 55,000 sq. ft. center, a \$38.8 million facility that houses classrooms and libraries for science, nursing and allied health programs.
- Wüsthof-Trident North America doubled its manufacturing space at its U.S. Headquarters on 333 Wilson Ave in the fall of 2011.
- Van Dyk Baler purchased the Beiersdorf manufacturing plant on 360 Dr. Martin Luther King Jr. Boulevard and is in the process of moving its headquarters to the site. Van Dyk Baler is the exclusive North American distributor of Bollegraaf Recycling Machinery. The company's research and development and repair facilities will be located at the site along with its corporate center of operations.
- In 2011 Bridgewater Associates occupied space at 45 Glover Avenue, bringing 230 employees to the City.

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. Construction 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, Connecticut, 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 the 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. A bid package was prepared and advertised. A contractor has been selected for Phase I of the parking lot remediation and will begin work as soon as a site for the displaced commuter parking has been identified.

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, 2011 – June 30, 2012 fiscal year represents Program Year 37 (PY37) 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 the Residential Rehabilitation Program that offers technical assistance and financial loans, the Weatherization/Energy Program that assists households with low interest loans to weatherize their properties and purchase energy efficient appliances, and the Fuel Assistance Program that assists low income families, senior households and veterans with their fuel bills.

The Agency’s Homeownership Program has closed 31 loans totaling \$1,450,000 since June 2008. These loans have leveraged over \$5,000,000 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 Agency’s loan portfolio as of March 2012 includes 148 loans totaling over \$6,100,000 of which 51 loans (\$4,554,000) 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 not-for-profit groups to facilitate the development of affordable housing. This portfolio includes \$15,650, as a grant, invested in existing affordable housing assisting 8 units in the current year as well as a First Time Homebuyers Counseling Program funded with \$26,000 to assist a minimum of 30 households.

The Agency currently is marketing 5 – 2 bedroom condominium units with incentives for first time homebuyers. As part of the Agency's affordable housing strategy, the Agency anticipates it will make construction loans or loan guarantees 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 operation, maintenance and improvement of the existing parking facilities within the City (except for Rowayton and Merritt Seven train stations). 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 is 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 provided 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 two years of independent recycling operations, the City earned over \$100,000 in revenues per year 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 plant flows exceed 30 MGD, up to 95 MGD of wastewater receives treatment through a new headworks facility commissioned in 2012 (an upgrade cost of \$38MM) and is disinfected before discharge into the Norwalk River. Additionally, a future low level nitrogen removal project will reduce the amount of nitrogen discharged into Long Island Sound to reduce the occurrence of hypoxia.

This system has 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 regains its momentum, a number of new developments are underway in the City of Norwalk, providing opportunities in all sectors.

Pepperidge Farm has nearly completed construction on a new 33,000 sq. ft. Innovation Center, an addition to its corporate headquarters on Route 1 in Norwalk. The new addition will assist the company in its plans to develop new products for the snack food market. The Pepperidge Farm property is located adjacent to the recently opened 597 Westport, a 235 unit luxury housing development; this latest addition will bring new jobs to compliment the new housing in this part of Norwalk.

Two facilities for seniors are also under construction: Maplewood at Strawberry Hill: an 84 unit congregate housing and assisted living facility began work at its new location at 73 Strawberry Hill Avenue and is expecting to begin occupancy in summer 2012. ElderHouse, a senior day facility located adjacent to the Congregational Church on the Green, recently finished construction on a new second story addition to its existing building allowing it to expand programming for elderly residents. Both of these developments will be operational in 2012. Construction is also underway on the final phase of Summerview Square, a multifamily development located at Jefferson and West Main Streets. The first units are complete and occupied; the final phase will add another 32 units.

As the economy changes, 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 has received approval to begin construction on the rear parcel at Norden Park. Avalon East Norwalk will be the second new multifamily development in Norwalk by AvalonBay Communities and will add new residents and round-the clock activity to complement the adjacent employers located within this industrial development park. This new multifamily development will convert underutilized industrial land into new uses to ensure the future viability of this important parcel.

In 2012, construction is scheduled to begin at Norwalk Hospital on a new 92,600 sq. ft. outpatient addition to the hospital campus. The addition will be served by the recently completed 628 space parking garage which was designed to accommodate the Hospital's future expansion plans. At i-Park on Main Avenue, LA Fitness is also expected to break ground on a 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, repositioning 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.

2011 was a pivotal year in Norwalk as several large-scale mixed-use developments have moved forward. Waypoint, a mixed-use development by Seligson Properties, received approvals to build the first phase of its plan to reinvent West Avenue. This 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. A second phase for 15 Merwin Street will add another 95 multifamily units along with ground floor retail and restaurant space.

The long awaited extension of Reed Street under the Danbury Line Railroad opened in 2011 making the connection to North Water Street and the Maritime Aquarium from West Avenue. This extension represents an important first step in implementing the approved plans for District 95/7, a 1.1 million sq. ft. mixed use development with office, retail and restaurant space along the west side of the Norwalk Harbor just south of Interstate 95. The District 95/7 plans, approved in 2008, were revised in 2011 to add a new 232 unit multifamily building in place of the previously approved hotel. This will add 24 hour activity to the office, retail and restaurant uses located within the same development. Another mixed use project 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. Combined, these projects will bring nearly 800 new housing units to downtown Norwalk.

A variety of smaller commercial developments are also moving forward. The expansion of the Norwalk Inn & Conference Center at 93 & 99 East Avenue including a third floor 37 room addition to the existing hotel and the rehabilitation of the adjacent historic building into 11 extended stay hotel rooms broke ground in 2011. A new 180 child day care center is

currently under construction on the first floor at 770 Connecticut Avenue; the same location where Crunch, a new 26,200 sq. ft. health club opened in 2011. The new child care center will complement the recently completed fitness center. Winston Prep has started construction on a new 12,000 sq. ft. classroom building to its existing campus on West Rocks Road. The City has started work on the construction of a new fire station and headquarters at 121 Connecticut Avenue which will house the department's headquarters and a new citywide telecommunications system. The American Cancer Society completed construction and began operations at its new 13,000 sq. ft. office building at 38 Richards Avenue in 2011. The renovation of the former Hour Newspaper building at 346 Main Avenue to repurpose it for 38,000 sq. ft. medical and general office use is now partially complete with a new Urgent Care center on the first floor. A new two story 24,800 sq. ft. CVS Pharmacy with drive through window at the corner of Connecticut and Scribner Avenue is poised to break ground in 2012 adding a third CVS store in Norwalk.

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 square feet 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 square feet. 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 square feet of prime office space to the property.

The Planning Commission is moving forward with the implementation of the City's 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 2011, the planning firm of Fitzgerald & Halliday completed work on a new Pedestrian and Bikeway Transportation Plan for Norwalk providing a blueprint for creating a more walkable community with a connected system of bikeways and walkways throughout the City. Another focus of the City's Plan is the creation of new village districts which preserves 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 in Norwalk has continued in 2012. The number of zoning permits issued has increased gradually over the past two years, an indicator that development will continue to trend in a positive direction. In the six months since November 2011 – April 2012, the number of zoning permits issued has exceeded the 20 year average for those months.

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## SECTION III – ECONOMIC AND DEMOGRAPHIC DATA

### Population Trends

Year	City of Norwalk	Fairfield County	State of Connecticut
1970	79,113	792,814	3,032,217
1980	77,767	807,143	3,107,576
1990	78,331	857,270	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

Age	City of Norwalk		Fairfield County		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent
Under 5	5,883	6.9	56,899	6.2	202,106	5.7
5 - 9	5,076	5.9	62,907	6.9	222,571	6.2
10 - 14	4,882	5.7	66,606	7.3	240,265	6.7
15 - 19	4,651	5.4	62,192	6.8	250,834	7.0
20 - 24	4,646	5.4	50,516	5.5	227,898	6.4
25 - 34	13,455	15.7	106,063	11.6	420,377	11.8
35 - 44	13,260	15.5	131,246	14.3	484,438	13.6
45 - 54	13,018	15.2	149,286	16.3	575,597	16.1
55 - 59	5,226	6.1	58,614	6.4	240,157	6.7
60 - 64	4,553	5.3	48,425	5.3	203,295	5.7
65 - 74	5,755	6.7	62,341	6.8	254,944	7.1
75 - 84	3,662	4.3	41,272	4.5	166,717	4.7
85 and over	1,536	1.8	20,462	2.2	84,898	2.4
Total	<u>85,603</u>	<u>100.0</u>	<u>916,829</u>	<u>100.0</u>	<u>3,574,097</u>	<u>100.0</u>

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

### Educational Attainment

Educational Attainment Group	City of Norwalk		Fairfield County		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent
Less than 9th grade	3,074	5.0	33,364	5.5	112,149	4.7
9th to 12th grade	4,469	7.3	37,898	6.2	167,250	7.0
High School graduate	15,607	25.5	144,501	23.8	685,158	28.6
Some college, no degree	9,555	15.6	90,131	14.8	415,439	17.3
Associates degree	4,596	7.5	36,927	6.1	174,712	7.3
Bachelor's degree	14,699	24.0	149,308	24.6	476,316	19.9
Graduate or professional degree	9,202	15.0	115,218	19.0	367,259	15.3
Total	<u>61,202</u>	<u>100.0</u>	<u>607,347</u>	<u>100.0</u>	<u>2,398,283</u>	<u>100.0</u>

Percent of High School Graduates	87.7%	88.3%	88.2%
Percent of College Graduates	39.1%	43.6%	35.1%

Source: U. S. Department of Commerce, Bureau of Census, American Community Survey, 2006-2010.

## Selected Wealth and Income Indicators

	Median Family Income		Per Capita Income	
	(2000)	(2010)	(2000)	(2010)
City of Norwalk	\$ 68,219	\$ 93,009	\$31,781	\$ 43,303
Fairfield County	77,690	100,593	38,350	48,295
Connecticut	65,521	84,170	28,766	36,775
United States	49,600	62,363	21,690	27,041

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

## Income Distribution

	City of Norwalk		Fairfield County		State of Connecticut	
	Families	Percent	Families	Percent	Families	Percent
\$ -0- to 9,999	1,990	5.7	6,130	2.7	28,163	3.1
10,000 to 14,999	1,231	3.5	3,845	1.7	18,987	2.1
15,000 to 24,999	1,887	5.4	10,448	4.5	48,016	5.3
25,000 to 34,999	2,432	6.9	11,700	5.1	57,101	6.3
35,000 to 49,999	3,930	11.2	19,819	8.6	91,930	10.1
50,000 to 74,999	5,874	16.7	32,152	13.9	155,098	17.0
75,000 to 99,999	5,057	14.4	30,366	13.2	142,615	15.6
100,000 to 149,999	6,418	18.3	45,385	19.7	190,257	20.9
150,000 to 199,999	2,637	7.5	23,232	10.1	81,689	9.0
200,000 or more	3,677	10.5	47,484	20.6	97,797	10.7
	<u>35,133</u>	<u>100.0</u>	<u>230,561</u>	<u>100.0</u>	<u>911,653</u>	<u>100.0</u>

Source: U. S. Department of Commerce, Bureau of Census, American Community Survey, 2006-2010.

## Per Capita Personal Income – by Metropolitan Area, 2008-2010

Metro-Area Name	2008	2009	2010	Rank in 2010
Bridgeport-Stamford-Norwalk, CT	\$ 80,016	\$ 70,494	\$ 71,768	1
San Francisco-Oakland-Fremont, CA	62,475	57,554	59,295	2
Naples-Marco Island, FL	66,426	56,731	57,788	3
Washington-Arlington-Alexandria, DC-VA-MD-WV	58,037	55,947	57,343	4
San Jose-Sunnyvale-Santa Clara, CA	59,207	53,959	57,338	5
Boston-Cambridge-Quincy, MA-NH	56,564	53,830	55,431	6
New York-Northern New Jersey-Long Island, NY-NJ-PA	55,986	52,448	54,365	7
Midland, TX	66,959	48,120	53,343	8
Barnstable Town, MA	52,965	50,999	52,798	9
Trenton-Ewing, NJ	53,798	50,916	52,496	10
State of Connecticut	56,959	53,012	54,239	
United States	40,497	38,846	39,937	

Source: "Survey of Current Business," U.S. Bureau of Economic Analysis, April 2012.

## Employment by Industry

Employment Sector	City of Norwalk		Fairfield County		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent
Agriculture, Forestry, Fishing, Hunting & Mining	84	0.2	1,023	0.2	6,592	0.4
Manufacturing	3,866	8.4	33,128	7.5	112,301	6.4
Construction	3,606	7.9	41,533	9.5	207,476	11.8
Wholesale Trade	1,269	2.8	11,923	2.7	47,436	2.7
Retail Trade	5,465	11.9	47,850	10.9	195,667	11.1
Transportation, Warehousing & Utilities	1,480	3.2	14,393	3.3	67,556	3.8
Information	1,709	3.7	13,857	3.2	46,077	2.6
Finance, Insurance & Real Estate	5,181	11.3	53,919	12.3	167,484	9.5
Professional, Scientific & Management	7,721	16.8	65,770	15.0	189,671	10.7
Educational Services & Health Care	8,777	19.1	91,360	20.8	438,801	24.9
Arts, Entertainment, Recreation & Food Services	3,175	6.9	30,697	7.0	140,551	8.0
Other Service (including nonprofit)	2,687	5.9	23,096	5.3	78,859	4.5
Public Administration	844	1.8	10,762	2.4	67,078	3.8
<b>Total</b>	<b>45,864</b>	<b>100.0</b>	<b>439,311</b>	<b>100.0</b>	<b>1,765,549</b>	<b>100.0</b>

Source: U. S. Department of Commerce, Bureau of Census, American Community Survey, 2006-2010.

## 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%
2011	7.6%	8.2%	8.8%	9.0%
<b>2012 Monthly</b>				
January	7.8%	7.9%	8.5%	8.8%
February	7.6%	7.7%	8.2%	8.7%
March	7.2%	7.6%	8.1%	8.4%
April	6.4%	7.0%	7.5%	7.7%
May	6.6%	7.5%	8.0%	7.9%

(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
Reed Exhibition Company	Trade Show/Publisher	450
FactSet Research	Research Systems	356
Act Media, Inc.	In-Store Advertising	350
Xerox	Office equipment	320
Northrup Grumman Norden Systems (1)	Electronic & Radar Systems	315
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.

- (1) In June 2012, Northrop Grumman announced plans to phase out operations at its Norwalk engineering and manufacturing facility over an 18-month period.

## Norwalk Area Corporate/Regional Headquarters

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

### Company

Act Media, Inc.  
Bolt Technology Corporation  
Cablevision of Connecticut  
Carlson Marketing Group  
Cartesis  
Charkit Chemicals  
Combustion Engineering  
Diageo  
Dooney & Burke  
Emcor  
FactSet Research  
Financial Accounting Standards Board  
Fitlinxx  
HEI Hospitality  
Hewitt Associates  
Hitachi Credit America  
IMS Health Inc  
Information Resources  
King Industries  
Kodak Polychrome  
MBI, Inc.  
Modem Media  
mPhase Technologies, Inc  
Muehlstein International, Inc.  
Northrup Grumman Norden Systems (1)  
Pepperidge Farm, Inc.  
Priceline, Inc.  
Reed Exhibition Companies  
Stew Leonard's  
Stolt-Nielson  
Tauck World Discovery  
R.T Vanderbilt Company, Inc.  
Virgin Atlantic Airways  
Webloyalty.com  
Wusthof  
Xerox Corporation

### Business

In-store Promotional Advertising  
Oil & Gas Exploration Technologies  
Cable/DSL System Operator  
Marketing Consultants  
Financial & Management Software  
Chemical Manufacturing  
Engineering Services  
Premium Beverage Manufacturing  
Leather Good Manufacturing  
Mechanical Contractor  
Research Systems  
Accounting Standards Regulation  
Computerized System for Fitness Equipment  
Hotel/Hospitality Management  
Management Consulting  
Financial Credit  
Market Data for Pharmaceutical Industry  
Consumer Research  
Chemical Manufacturing  
Graphic Arts Supplier  
Direct Mail Marketing/Collectibles  
Internet Advertising  
Telecommunications Technologies  
Plastic Resin Distributor  
Electronic & Radar Systems  
Baked Goods  
Internet Marketing/Shopping  
Trade Show Management  
Retail Dairy & Grocery  
Shipping  
Travel Services  
Industrial Minerals & Chemicals  
Airline/Leisure Travel  
Customer Rewards Programs  
Cutlery Manufacturer  
Documentation Management

Source: City of Norwalk Redevelopment Authority.

(1) In June 2012, Northrop Grumman announced plans to phase out operations at its Norwalk engineering and manufacturing facility over an 18-month period.

## Value of Building Permits

Fiscal Year Ended 6/30	Building	Miscellaneous	Total
2012 (1)	\$106,870,749	\$ 39,794,820	\$ 146,665,569
2011	86,190,299	29,639,536	115,829,835
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

(1) As of June 2012.

Source: City of Norwalk, Building Department.

## Number of Dwelling Units

2010	2000	1990	1980	% Increase 2000-2010	% Increase 1980-2010
38,025	33,753	32,224	28,309	12.7%	34.3%

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	126	0.5	2,207	0.9	13,644	1.5
50,000 to 99,999	169	0.7	3,045	1.3	18,668	2.0
100,000 to 149,999	403	1.7	4,848	2.1	56,161	6.0
150,000 to 199,999	636	2.8	9,881	4.2	122,274	13.0
200,000 to 299,999	2,201	9.5	31,717	13.5	267,519	28.5
300,000 to 499,999	9,015	39.0	72,624	31.0	280,008	29.8
500,000 to 999,999	8,885	38.5	73,295	31.3	134,075	14.3
1,000,000 and over	1,666	7.2	36,802	15.7	47,635	5.1
<b>Total</b>	<b>23,101</b>	<b>100.0</b>	<b>234,419</b>	<b>100.0</b>	<b>939,984</b>	<b>100.0</b>
<b>Median Value</b>	\$479,400		\$477,700		\$295,800	

Source: U. S. Department of Commerce, Bureau of Census, American Community Survey, 2006-2010.

## Age Distribution of Housing

Year Structure Built	City of Norwalk		Fairfield County		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent
1939 or earlier	9,412	24.8	80,976	22.6	351,823	23.8
1940 to 1949	3,057	8.0	30,136	8.4	109,487	7.4
1950 to 1959	7,006	18.4	60,736	17.0	225,730	15.3
1960 to 1969	5,352	14.1	51,631	14.4	198,079	13.4
1970 to 1979	5,453	14.3	49,780	13.9	202,661	13.7
1980 to 1989	4,042	10.6	41,006	11.4	189,562	12.8
1990 to 1999	1,837	4.8	22,958	6.4	108,780	7.4
2000 to 2004	1,314	3.5	14,206	4.0	61,101	4.1
2005 or later	552	1.5	6,703	1.9	28,434	1.9
Total housing units	<b>38,025</b>	<b>100.0</b>	<b>358,132</b>	<b>100.0</b>	<b>1,475,657</b>	<b>100.0</b>

Source: U. S. Department of Commerce, Bureau of Census, American Community Survey, 2006-2010.

**SECTION IV – INDEBTEDNESS**

**Computation of Statutory Debt Limit**

As of August 15, 2012 (Pro Forma)

Total Fiscal Year 2011 tax collections (including interest and lien fees)	\$ 257,555,705
State Reimbursement for Revenue Loss on:	
Tax Relief for the Elderly	24,000
Base for Establishing Debt Limit	<u>\$ 257,579,705</u>

**Debt Limit**

	General Purpose	Schools	Sewers	Urban Renewal	Unfunded Past Pension	Total Debt
(2.25 times base)	\$ 579,554,336					
(4.50 times base)		\$ 1,159,108,673				
(3.75 times base)			\$ 965,923,894			
(3.25 times base)				\$ 837,134,041		
(3.00 times base)					\$ 772,739,115	
(7.00 times base)						\$ 1,803,057,935

**Indebtedness** (Including the Bonds and Maritime Center Debt)

Bonds Payable	\$83,777,948 (1)	\$96,926,420	\$ -	\$12,783,875	\$ -	\$ 193,488,243
The Bonds ( <i>This Issue</i> )	23,698,000	200,000	2,000,000	102,000	-	26,000,000
Parking Authority (2)	10,363,594	-	-	-	-	10,363,594
Water Pollution Control Authority (WPCA)	-	-	51,373,145 (3)	-	-	51,373,145
Authorized but Unissued Debt	8,683,200	7,201,330	15,978,788	7,542,000	-	39,405,318
Overlapping Indebtedness (4)	<u>20,617,277</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,617,277</u>
Total Bonded Indebtedness	147,140,019	104,327,750	69,351,933	20,427,875	-	341,247,577
School Grants Receivable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Bonded Indebtedness	147,140,019	104,327,750	69,351,933	20,427,875	-	341,247,577
Excess of Limit Over Outstanding and Authorized Debt	<u>\$ 432,414,317</u>	<u>\$ 1,054,780,923</u>	<u>\$ 896,571,961</u>	<u>\$ 816,706,166</u>	<u>\$ 772,739,115</u>	<u>\$ 1,461,810,358</u>

- (1) Includes \$264,191 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 \$8,049,424 of general obligation bonds and \$21,499,940 of State of Connecticut Clean Water Fund ("CWF") Program Project Loan Obligations and a \$21,823,781 CWF Interim Funding Obligation. (See "Water Pollution Control Authority" and "Clean Water Fund" herein).
- (4) 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 \$20,617,277 is outstanding. 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).

## Calculation of Net Direct Debt

As of August 15, 2012 (Pro Forma)

<b>Indebtedness (1)</b>	
<b>Bonded Debt</b>	
The Bonds – <i>This Issue</i>	\$ 26,000,000
General Purpose (2)	83,777,948
Schools	96,926,420
Urban Renewal	12,783,875
Parking Authority (3)	10,363,594
Water Pollution Control Authority (4)	29,549,364
<b>Total Bonded Indebtedness</b>	<u>259,401,201</u>
<b>Short Term Debt</b>	
Water Pollution Control Authority CWF IFO	21,823,781
<b>Total Direct Debt</b>	281,224,982
<b>Exclusions (School Construction Grants)</b>	<u>-</u>
<b>Net Direct Debt</b>	281,224,982
<b>Overlapping Debt (5)</b>	<u>20,617,277</u>
<b>Net Direct and Overlapping Debt</b>	<u><u>\$301,842,259</u></u>

(1) Does not include authorized but unissued debt of \$39,405,318.

(2) Includes \$264,191 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 \$8,049,424 of general obligation bonds and \$21,499,940 of State of Connecticut Clean Water Fund (“CWF”) Program Project Loan Obligations. (See “Water Pollution Control Authority” and “Clean Water Fund” herein).

(5) 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 \$20,617,277 is outstanding. 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 August 15, 2012 (Pro Forma)

Total Direct Debt	\$281,224,982
Net Direct Debt	\$281,224,982
Net Direct and Overlapping Indebtedness	\$301,842,259
Population (1)	85,603
Net Taxable Grand List (10/1/10)	\$12,808,833,000
Estimated Full Value	\$18,298,332,857
Equalized Net Taxable Grand List (2008) (2)	\$18,035,743,033
Per Capita Income (1999) (3)	\$43,303

	<u>Total Direct Debt</u>	<u>Net Direct Debt</u>	<u>Net Direct and Overlapping Debt</u>
Per Capita	\$3,285	\$3,285	\$3,526
To Net Taxable Grand List	2.20%	2.20%	2.36%
To Estimated Full Value	1.54%	1.54%	1.65%
To Equalized Net Taxable Grand List	1.56%	1.56%	1.67%
Per Capita to Per Capita Income	7.59%	7.59%	8.14%

(1) U.S. Department of Commerce, Bureau of Census, Census 2010.

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

(3) U.S. Department of Commerce, Bureau of Census, American Community Survey, 2006-2010.

## Historical Debt Statement

	<u>2011-12 (1)</u>	<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>	<u>2007-08</u>
Population (2)	85,603	85,603	83,802	84,877	83,456
Net taxable grand list	\$12,808,833,000	\$12,646,134,000	\$12,639,375,000	\$10,673,889,000	\$10,527,527,000
Estimated full value	\$18,482,667,580	\$18,247,899,000	\$18,260,326,000	\$15,462,731,000	\$15,281,287,000
Equalized net taxable grand list (3)	\$17,356,987,045	\$17,356,987,045	\$18,035,743,033	\$20,990,084,209	\$20,898,752,371
Per capita income (4)	\$43,303	\$43,303	\$43,303	\$31,781	\$31,781
Short-term debt	\$19,510,531	\$11,497,605	\$4,744,072	\$ -	\$ -
Long-term debt	235,341,038	250,970,782	252,398,359	257,410,475	237,743,423
Total Direct debt	\$254,851,569	\$262,468,387	\$257,142,431	\$257,410,475	\$237,743,423
Net Direct debt	\$254,851,569	\$262,396,170	\$257,050,153	\$257,410,475	\$237,513,351
Net Direct and Overlapping debt	\$275,557,955	\$284,160,141	\$280,706,149	\$283,025,640	\$238,943,423

(1) Unaudited estimate.

(2) U.S. Department of Commerce, Bureau of Census.

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

(4) U.S. Department of Commerce, Bureau of Census.

## Historical Debt Ratios

	<u>2011-12 (1)</u>	<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>	<u>2007-08</u>
<b>Total Direct debt:</b>					
Per capita	\$2,977	\$3,066	\$3,068	\$3,033	\$2,849
To net taxable grand list	1.99%	2.08%	2.03%	2.41%	2.26%
To estimated full value	1.38%	1.44%	1.41%	1.66%	1.56%
To equalized net taxable grand list	1.47%	1.51%	1.43%	1.23%	1.14%
Debt per capita to per capita income	6.88%	7.08%	7.09%	9.54%	8.96%
<b>Net direct debt:</b>					
Per capita	\$2,977	\$3,065	\$3,067	\$3,033	\$2,846
To net taxable grand list	1.99%	2.07%	2.03%	2.41%	2.26%
To estimated full value	1.38%	1.44%	1.41%	1.66%	1.55%
To equalized net taxable grand list	1.47%	1.51%	1.43%	1.23%	1.14%
Debt per capita to per capita income	6.88%	7.08%	7.08%	9.54%	8.95%
<b>Net direct and overlapping debt:</b>					
Per capita	\$3,219	\$3,320	\$3,350	\$3,335	\$2,863
To net taxable grand list	2.15%	2.25%	2.22%	2.65%	2.27%
To estimated full value	1.49%	1.56%	1.54%	1.83%	1.56%
To equalized net taxable grand list	1.59%	1.64%	1.56%	1.35%	1.14%
Debt per capita to per capita income	7.43%	7.67%	7.74%	10.49%	9.01%

(1) Unaudited estimate.

## 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>	Amounts
			<u>Outstanding as of August 15, 2012</u>
CWF 190	7/1/1996	\$ 4,550,161	\$ 796,171
CWF 301-C	12/30/1997	1,934,212	491,345
CWF 397-C	1/31/2000	673,270	246,438
CWF 190-DC	9/29/2000	41,294,122	16,568,750
CWF 190-L1	12/21/2001	4,930,815	2,440,643
CWF 190-DC1	12/30/2004	1,830,187	956,593
CWF IFO 612-C	1/11/2010	<u>21,376,781</u>	<u>21,823,781</u>
Total		<u>\$ 76,589,548</u>	<u>\$ 43,323,721</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 1/20<sup>th</sup> (1/30<sup>th</sup> 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 1/15<sup>th</sup> 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

On May 16, 2006, the Board of District Commissioners of the Second Taxing 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 Plant 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 \$20,706,786 is outstanding as of August 15, 2012.

## Authorized but Unissued Debt

	<u>General and Urban Purpose</u>	<u>School</u>	<u>Sewer</u>	<u>This Issue</u>	<u>Authorized but Unissued Debt</u>
<b>Capital Budget 2002-03</b>					
Redevelopment Agency					
Norwalk Center Development Project	\$ 4,100,000	\$ -	\$ -	\$ -	\$ 4,100,000
<b>Subtotal Capital Budget 2002-03</b>	4,100,000	-	-	-	4,100,000
<b>Capital Budget 2003-04</b>					
Schools					
Board of Education Construction Projects	-	4,530,330	-	-	4,530,330
<b>Subtotal Capital Budget 2003-04</b>	-	4,530,330	-	-	4,530,330
<b>Capital Budget 2008-09</b>					
Water Pollution Control Authority	-	-	-	-	
CSO/Treatment Syst Facility Upgrade Phase I	-	-	3,500,000	-	3,500,000
Low Level Nitrogen Removal	-	-	5,500,000	-	5,500,000
CSO/Treatment Syst Facility Upgrade Phase 2	-	-	390,000	-	390,000
Alternative Disinfection	-	-	845,000	-	845,000
<b>Subtotal Capital Budget 2008-09</b>	-	-	10,235,000	-	10,235,000
<b>Capital Budget 2009-10</b>					
Public Works	-	-	-	-	
Fairfield Avenue Construction Match	900,000	-	-	-	900,000
<b>Subtotal Capital Budget 2009-10</b>	900,000	-	-	-	900,000
<b>Capital Budget 2010-11</b>					
Planning & Zoning	-	-	-	-	
Citywide Traffic Study	50,000	-	-	-	50,000
Water Pollution Control Authority	-	-	-	-	
Pump Station Upgrade / Replacement	-	-	250,000	-	250,000
Redevelopment Agency	-	-	-	-	
Affordable Housing	250,000	-	-	90,000	160,000
<b>Subtotal Capital Budget 2010-11</b>	300,000	-	250,000	90,000	460,000

	<u>General and Urban Purpose</u>	<u>School</u>	<u>Sewer</u>	<u>This Issue</u>	<u>Authorized but Unissued Debt</u>
<b>Capital Budget 2011-12</b>					
Fire	-	-	-	-	-
New Fire Headquarters	10,254,700	-	-	9,500,000	754,700
Planning & Zoning	-	-	-	-	-
Waterfront Public Access	250,000	-	-	-	250,000
Bikeway Plan	125,000	-	-	-	125,000
Public Works	-	-	-	-	-
City Hall Repairs & Improvements	200,000	-	-	-	200,000
Various City Buildings Repairs	20,000	-	-	-	20,000
Energy Conservation - Various Locations	10,000	-	-	-	10,000
Pavement Management Program	2,000,000	-	-	2,000,000	-
Footpath Replacement	150,000	-	-	-	150,000
Sidewalk & Curbing - Culdipp Avenue	75,000	-	-	-	75,000
Parking Authority	-	-	-	-	-
Emergency Generator/SONo Railroad	300,000	-	-	179,000	121,000
Water Pollution Control Authority	-	-	-	-	-
Pump Station Upgrade/Replacement	-	-	250,000	-	250,000
Redevelopment Agency	-	-	-	-	-
Transit Oriented Development	300,000	-	-	12,000	288,000
Affordable Housing	250,000	-	-	-	250,000
Information Technology	-	-	-	-	-
Citywide IT Projects	169,500	-	-	169,500	-
<b>Subtotal Capital Budget 2011-12</b>	<b>14,104,200</b>	<b>-</b>	<b>250,000</b>	<b>11,860,500</b>	<b>2,493,700</b>
<b>Capital Budget 2012-13</b>					
Police	-	-	-	-	-
Replacement of Firearms	65,000	-	-	65,000	-
Combined Dispatch	-	-	-	-	-
Communications Enhancements	33,000	-	-	33,000	-
Fire	-	-	-	-	-
Apparatus Replacement	450,000	-	-	450,000	-
Various Stations: Repairs & Replacements	35,000	-	-	35,000	-
Fire Station Paving	140,000	-	-	140,000	-
SCBA Replacement Cylinders	20,000	-	-	20,000	-
Station Repair Study/Renovaations	15,000	-	-	15,000	-
Public Works	-	-	-	-	-
Various City Buildings Repairs	50,000	-	-	50,000	-
Public Works Center - Repairs/Improvements	93,000	-	-	48,000	45,000
Roosevelt Senior Center	70,000	-	-	70,000	-
Energy Conservation - Various Locations	25,000	-	-	25,000	-
Police Headquarters	20,000	-	-	20,000	-
Rowayton Avenue Widening	50,000	-	-	50,000	-
Perry Avenue Bridge Over Norwalk River	448,000	-	-	200,000	248,000
James Street Bridge	195,000	-	-	80,000	115,000
Westmere Avenue Bridge	113,000	-	-	-	113,000
Fleet Replacement	790,000	-	-	790,000	-
Pavement Management Program	4,369,000	-	-	2,641,500	1,727,500
Sidewalk & Curbing - Citywide	350,000	-	-	350,000	-
General Drainage	250,000	-	-	250,000	-
Watercourse Maintenance	250,000	-	-	100,000	150,000
Stormwater Management Plan	100,000	-	-	100,000	-
Water Street Outlet Maintenance	250,000	-	-	100,000	150,000
Keeler Brook Drainage Area	1,000,000	-	-	650,000	350,000
Culvert Rehabilitation	280,000	-	-	100,000	180,000
Traffic Signals at Various Location	250,000	-	-	-	250,000
Transportation Master Plan Implementation	200,000	-	-	200,000	-
General Tree Planting	45,000	-	-	45,000	-
Transfer Station	80,000	-	-	80,000	-

	<u>General and Urban Purpose</u>	<u>School</u>	<u>Sewer</u>	<u>This Issue</u>	<u>Authorized but Unissued Debt</u>
Water Pollution Control Authority					
Pump Station Upgrade/Replacement	-	-	250,000	-	250,000
Collection System Rehabilitation	-	-	2,000,000	2,000,000	-
Board of Education	-				
Rowayton Construction	-	1,733,000	-	-	1,733,000
Technology Implementation	-	1,075,000	-	200,000	875,000
District Paving & Concrete	-	63,000	-	-	63,000
Recreation & Parks	-				
Vehicles	107,000	-	-	107,000	-
School & Park Playgrounds	180,000	-	-	180,000	-
Calf Pasture Beach	300,000	-	-	300,000	-
Cranbury Park	100,000	-	-	100,000	-
Basketball & Tennis Courts	115,000	-	-	115,000	-
Veteran's Memorial Park	50,000	-	-	50,000	-
Nathan Hale Athletic Complex	1,000,000	-	-	1,000,000	-
Backstop & Fencing Improvements	40,000	-	-	40,000	-
Tree Planting	50,000	-	-	50,000	-
Historical Commission					
Lockwood Mathews Mansion	210,000	-	-	210,000	-
ADA ACCESS MILL HILL	100,000	-	-	100,000	-
Smith Street Buildings	10,000	-	-	10,000	-
Redevelopment Agency					
Affordable Housing	250,000	-	-	-	250,000
Transit Oriented Development	360,000	-	-	-	360,000
Wall Street Redevelopment	434,000	-	-	-	434,000
Information Technology					
Citywide IT Projects	399,000	-	-	-	399,000
Planning & Zoning					
Waterfront Public Access	145,000	-	-	145,000	-
Bikeway Plan	135,000	-	-	135,000	-
Sidewalk Plan	50,000	-	-	50,000	-
Sixth Taxing District					
Rowayton Community Center - Phase II	400,000	-	-	400,000	-
Oak Hills Golf Authority					
Oak Hills Course Improvements	150,000	-	-	150,000	-
<b>Subtotal Capital Budget 2012-13</b>	<u>14,621,000</u>	<u>2,871,000</u>	<u>2,250,000</u>	<u>12,049,500</u>	<u>7,692,500</u>
<b>Supplemental Capital Appropriations</b>					
Wall Street Development Project	1,700,000	-	-	-	1,700,000
Oak Hills Golf Course Improvements	300,000	-	-	-	300,000
Wastewater Treatment Facility Upgrade Phase I	-	-	4,993,788	-	4,993,788
First Taxing District	4,000,000	-	-	2,000,000	2,000,000
<b>Subtotal Special Appropriations</b>	<u>6,000,000</u>	<u>-</u>	<u>4,993,788</u>	<u>2,000,000</u>	<u>8,993,788</u>
<b>TOTAL</b>	<u>\$ 40,025,200</u>	<u>\$ 7,401,330</u>	<u>\$ 17,978,788</u>	<u>\$ 26,000,000</u>	<u>\$ 39,405,318</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:

<u>Project</u>	<u>Total Appropriation</u>	<u>Estimated Reimbursement Rate for Eligible Costs</u>	<u>Total Estimated Grant</u>	<u>Outstanding Bond Authorizations Prior To This Issue</u>
BOE Construction Projects 2003-2004	\$102,944,076	33.00%	\$32,944,076	\$4,530,330
BOE Construction Projects 2012-2013	<u>2,871,000</u>	33.00%	<u>577,661</u>	<u>2,871,000</u>
<b>Total</b>	<b><u>\$105,815,076</u></b>		<b><u>\$33,521,737</u></b>	<b><u>\$7,401,330</u></b>

(1) Estimated, eligible costs to be determined at completion of the project.

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

<u>Department</u>	<u>Council Approved 2012-2013</u>	<u>Finance Recommend 2013-2014</u>	<u>Finance Recommend 2014-2015</u>	<u>Finance Recommend 2015-2016</u>	<u>Finance Recommend 2016-2017</u>	<u>Total</u>
Police	\$ 65,000	\$ 92,000	\$ -	\$ 20,000	\$ -	\$ 177,000
Combined Dispatch	33,000	-	-	-	-	33,000
Fire	660,000	485,000	55,000	785,000	530,000	2,515,000
Public Works	9,909,000	10,009,000	9,947,000	9,480,000	8,278,000	47,623,000
Parking Authority	-	-	-	-	-	-
Water Pollution Authority	2,250,000	750,000	500,000	500,000	500,000	4,500,000
Board of Education	2,871,000	1,532,000	2,017,000	8,853,000	5,984,000	21,257,000
Recreation & Parks	2,392,000	2,105,000	1,531,000	1,135,000	1,110,000	8,273,000
Library	-	-	-	-	-	-
Historical Commission	320,000	110,000	100,000	110,000	100,000	740,000
Redevelopment Agency	1,044,000	1,150,000	1,331,000	750,000	750,000	5,025,000
Information Technology	399,000	298,000	149,000	182,000	144,000	1,172,000
Health	-	-	-	-	-	-
Planning & Zoning	330,000	500,000	500,000	500,000	500,000	2,330,000
Sixth Taxing District	400,000	-	-	-	-	400,000
Oak Hills Authority	150,000	-	-	-	-	150,000
<b>Total</b>	<b><u>\$20,823,000</u></b>	<b><u>\$17,031,000</u></b>	<b><u>\$16,130,000</u></b>	<b><u>\$22,315,000</u></b>	<b><u>\$17,896,000</u></b>	<b><u>\$ 94,195,000</u></b>
<b>Funding Sources</b>						
State Funded	\$ -	\$ 631,000	\$ 631,000	\$ 631,000	\$ 631,000	\$ 2,524,000
WPCA	-	750,000	500,000	500,000	500,000	2,250,000
Reimbursed by Outside Authorities	550,000	-	-	-	-	550,000
General Obligation	20,273,000	15,650,000	14,999,000	21,184,000	16,765,000	88,871,000
<b>Total</b>	<b><u>\$20,823,000</u></b>	<b><u>\$17,031,000</u></b>	<b><u>\$16,130,000</u></b>	<b><u>\$22,315,000</u></b>	<b><u>\$17,896,000</u></b>	<b><u>\$ 94,195,000</u></b>

**Combined Schedule of Long Term Debt through Maturity**  
As of August 15, 2012 (Pro Forma)

Fiscal Year	Existing Debt (1, 2)						Total Principal All Issues
	City Principal	Maritime Center Principal Payments	City Interest	Maritime Center Interest Payments	Total Debt Service	The Bonds Principal Payments	
2012-13 <sup>(3)</sup>	\$ 19,890,899	\$264,191	\$ 9,454,215	\$1,420,809	\$ 31,030,114	\$ -	\$ 20,155,090
2013-14	22,215,362	-	8,498,015	-	30,713,377	-	22,215,362
2014-15	21,851,023	-	7,767,911	-	29,618,934	-	21,851,023
2015-16	20,654,959	-	7,018,696	-	27,673,655	1,450,000	22,104,959
2016-17	18,851,355	-	6,239,556	-	25,090,911	1,450,000	20,301,355
2017-18	17,244,917	-	5,528,058	-	22,772,975	1,450,000	18,694,917
2018-19	17,385,523	-	4,884,409	-	22,269,932	1,450,000	18,835,523
2019-20	14,581,610	-	4,280,304	-	18,861,914	1,450,000	16,031,610
2020-21	12,982,870	-	3,729,915	-	16,712,785	1,450,000	14,432,870
2021-22	12,549,671	-	3,197,355	-	15,747,026	1,450,000	13,999,671
2022-23	12,555,000	-	2,678,901	-	15,233,901	1,450,000	14,005,000
2023-24	12,595,000	-	2,159,851	-	14,754,851	1,450,000	14,045,000
2024-25	10,635,000	-	1,655,076	-	12,290,076	1,450,000	12,085,000
2025-26	9,235,000	-	1,232,074	-	10,467,074	1,450,000	10,685,000
2026-27	8,295,000	-	872,378	-	9,167,378	1,450,000	9,745,000
2027-28	6,310,000	-	566,409	-	6,876,409	1,450,000	7,760,000
2028-29	4,830,000	-	350,565	-	5,180,565	1,450,000	6,280,000
2029-30	3,050,000	-	201,578	-	3,251,578	1,450,000	4,500,000
2030-31	2,145,000	-	89,770	-	2,234,770	1,450,000	3,595,000
2031-32	1,000,000	-	20,000	-	1,020,000	1,450,000	2,450,000
2032-33	-	-	-	-	-	1,350,000	1,350,000
<b>Total</b>	<b>\$248,858,189</b>	<b>\$264,191</b>	<b>\$70,425,036</b>	<b>\$1,420,809</b>	<b>\$320,968,225</b>	<b>\$ 26,000,000</b>	<b>\$275,122,380</b>

- (1) 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).
- (2) 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).
- (3) Includes principal payments of \$15,721,179 made as of August 15, 2012.

Source: City of Norwalk

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**Combined Schedule of City Bonded Debt**  
As of August 15, 2012 (Pro Forma) (1, 2)

Fiscal Year	General Principal Payments <sup>(3)</sup>	General Interest Payments <sup>(3)</sup>	School Principal Payments	School Interest Payments	Urban Renewal Principal Payments	Urban Renewal Interest Payments	Total Debt Service
2012-13 <sup>(4)</sup>	\$ 6,221,961	\$ 5,009,904	\$ 8,976,826	\$ 4,207,464	\$ 740,399	\$ 496,961	\$ 25,653,515
2013-14	6,540,642	3,182,529	9,995,658	3,824,999	1,156,954	477,627	25,178,409
2014-15	6,513,527	2,947,251	9,678,017	3,476,494	1,111,555	443,766	24,170,610
2015-16	6,187,937	2,699,560	9,129,428	3,116,981	926,928	411,005	22,471,839
2016-17	5,666,119	2,445,089	8,460,436	2,728,213	673,338	382,251	20,355,446
2017-18	5,130,010	2,233,071	7,511,811	2,348,815	620,271	359,227	18,203,205
2018-19	5,154,225	2,048,854	7,572,999	2,008,985	620,129	338,034	17,743,226
2019-20	5,285,804	1,871,117	6,413,670	1,709,796	765,350	312,253	16,357,989
2020-21	4,710,674	1,652,628	6,081,100	1,454,147	688,300	275,810	14,862,659
2021-22	4,655,667	1,448,467	5,957,850	1,186,398	676,200	247,569	14,172,151
2022-23	4,848,763	1,259,263	5,759,950	939,769	806,100	216,204	13,830,049
2023-24	4,468,321	1,061,429	6,088,800	694,505	771,250	183,247	13,267,552
2024-25	4,413,621	873,551	4,364,700	464,231	793,650	148,897	11,058,650
2025-26	3,554,292	703,031	3,886,800	235,266	661,750	116,365	9,157,504
2026-27	3,594,036	556,829	2,885,750	160,709	688,250	87,880	7,973,454
2027-28	3,494,941	411,682	1,697,300	63,613	722,750	58,350	6,448,636
2028-29	3,090,577	282,332	861,800	62,435	573,750	33,240	4,904,134
2029-30	2,412,234	172,879	29,800	14,810	323,750	16,829	2,970,302
2030-31	1,996,023	82,497	2,751	785	166,250	5,230	2,253,536
2031-32	959,452	19,189	-	-	-	-	978,641
<b>Total</b>	<b>\$88,898,826</b>	<b>\$30,961,151</b>	<b>\$105,355,446</b>	<b>\$28,698,415</b>	<b>\$13,486,924</b>	<b>\$ 4,610,740</b>	<b>\$272,011,502</b>

- (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 \$14,252,952 made as of August 15, 2012.

Source: City of Norwalk

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**Combined Schedule of Bonded Debt for Parking Authority and Water Pollution Control Authority**  
As of August 15, 2012 (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>
2012-13 (4)	\$ 566,343	\$ 447,175	\$ 1,013,518	\$ 3,649,562	\$ 713,520	\$ 4,363,082
2013-14	759,896	387,647	1,147,543	3,762,212	625,214	4,387,426
2014-15	776,207	363,638	1,139,845	3,771,717	536,765	4,308,482
2015-16	741,013	344,127	1,085,140	3,669,653	447,022	4,116,675
2016-17	632,413	324,009	956,422	3,419,049	359,996	3,779,045
2017-18	642,414	303,188	945,602	3,340,411	283,757	3,624,168
2018-19	657,414	279,710	937,124	3,380,756	208,826	3,589,582
2019-20	624,314	254,640	878,954	1,492,472	132,500	1,624,972
2020-21	639,314	229,970	869,284	863,482	117,361	980,843
2021-22	654,314	204,549	858,863	605,640	110,373	716,013
2022-23	679,314	175,870	855,184	460,873	87,795	548,668
2023-24	706,479	152,832	859,311	560,150	67,839	627,989
2024-25	726,479	119,148	845,627	336,550	49,250	385,800
2025-26	756,858	84,604	841,462	375,300	34,207	409,507
2026-27	781,864	47,309	829,173	345,100	19,650	364,750
2027-28	213,709	23,592	237,301	181,300	9,173	190,473
2028-29	182,573	14,366	196,939	121,300	4,312	125,612
2029-30	163,916	8,178	172,094	115,720	2,422	118,142
2030-31	12,556	753	13,309	-	-	-
2031-32	12,548	251	12,799	-	-	-
<b>Total</b>	<b>\$10,929,938</b>	<b>\$ 3,765,556</b>	<b>\$ 14,695,494</b>	<b>\$30,451,247</b>	<b>\$ 3,809,982</b>	<b>\$ 34,261,229</b>

(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 \$1,468,227 made as of August 15, 2012.

Source: City of Norwalk

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**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, 2011, 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, 2011, 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, 2011. 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
Director of Finance shall submit to the Board of Estimate and Taxation and to the Common Council the proposed annual operating budget for the City by the 2 <sup>nd</sup> Monday and the 2 <sup>nd</sup> Tuesday, respectively.	February February
Common Council adopts cap on total appropriations for the operating budget by the 4 <sup>th</sup> Tuesday.	February 1
Director of Finance shall submit to the Board of Estimate & Taxation, the Common Council and the Planning Commission the proposed capital budget along with his comments.	February 15
The Planning & Zoning Commission shall hold hearings on the proposed capital budget.	March 5
Proposed capital budget transmitted to the Mayor for his review and recommendation.	March 15
Mayor’s proposed capital budget transmitted to the Board of Estimate and Taxation.	April
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 <sup>nd</sup> Monday February to 1 <sup>st</sup> Monday in April.	April
Common Council may amend the cap on the operating budget not later than the 3 <sup>rd</sup> Tuesday.	April 1
Board of Estimate and Taxation adjusts operating budget if a new cap is set not later than the 4 <sup>th</sup> Monday in April	April 1
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 15
Common Council may approve, reject, reinstate, or reduce any capital budget item by a majority vote of its members present and voting.	May
Board of Estimate and Taxation must set final budget and tax levy, 1 <sup>st</sup> 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 sewered 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. In Fiscal Year 2003-2004, the Seventh, Eighth and Ninth District were removed. These districts were used for sewered residential and commercial within a non-sewered district. These districts are not needed because sewer charges are 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>	Motor Vehicle <u>Rate</u>
October 1, 2011	2012-13	21.33	21.33	21.33	21.38	20.89	19.48	26.19
October 1, 2010	2011-12	20.74	20.74	20.74	20.80	20.30	19.02	25.45
October 1, 2009	2010-11	20.52	20.52	20.52	20.58	20.08	18.85	25.17
October 1, 2008	2009-10	19.78	19.78	19.78	19.84	19.37	18.23	24.36
October 1, 2007	2008-09	22.48	22.48	22.48	22.55	21.98	21.06	23.57
October 1, 2006	2007-08	21.66	21.66	21.66	21.72	21.15	20.20	23.28
October 1, 2005	2006-07	23.16	23.16	23.16	23.24	22.63	21.45	23.24
October 1, 2004	2005-06	25.10	25.10	25.10	25.21	24.56	23.47	25.21
October 1, 2003	2004-05	27.12	27.12	27.12	27.23	26.51	25.41	27.23
October 1, 2002	2003-04	28.97	28.97	28.97	29.08	28.33	27.10	25.00

**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, 2011 actuarial valuation, pension obligations exceed pension assets by \$9,019,861 for the Municipal Employees’ Pension Fund; \$21,596,577 for the Police Benefit Fund; \$4,774,016 for the Firemen’s Benefit Fund and \$515,802 for the Food Service Fund or \$35,906,256 for all the funds.

Based upon a July 1, 2011 valuation, the actuarial value of assets and liabilities of the City' pension plans were as follows:

**Police 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)]
7/1/2011	\$92,709,077	\$114,305,654	\$21,596,577	81.1%	\$9,892,305	218.3%
7/1/2010	92,593,831	107,525,222	14,931,391	86.1%	10,038,206	148.7%
7/1/2009	94,249,586	103,712,578	9,462,992	90.9%	9,767,044	96.9%
7/1/2008	94,636,631	97,873,967	3,237,336	96.7%	7,836,642	41.3%
7/1/2007	87,569,890	91,603,735	4,033,845	95.6%	8,277,467	48.7%

**Schedule of Employer Contributions**

Fiscal Year	Actuarial Required Contribution	Actual Contribution	Percentage Contributed
2013 (1)	\$ 2,588,602	\$2,588,602	100.0%
2012 (2)	2,272,357	2,272,357	100.0%
2011	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%

(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)]
7/1/2011	\$92,030,902	\$96,804,918	\$4,774,016	95.1%	\$9,411,149	50.7%
7/1/2010	93,528,996	92,423,473	(1,105,523)	101.2%	8,907,133	-12.4%
7/1/2009	96,297,190	88,353,774	(7,943,416)	109.0%	8,669,948	-91.6%
7/1/2008	97,165,470	84,666,362	(12,499,108)	114.8%	7,848,842	-159.2%
7/1/2007	90,083,675	80,272,989	(9,810,686)	112.2%	7,336,833	-133.7%

**Schedule of Employer Contributions**

Fiscal Year	Actuarial Required Contribution	Actual Contribution	Percentage Contributed
2013 (1)	\$ 1,455,860	\$1,455,860	100.00%
2012 (2)	898,283	898,283	100.00%
2011	335,135	335,135	100.00%
2010	-	-	-
2009	62,744	62,744	100.00%

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

**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)]
7/1/2011	\$175,719,300	\$184,739,161	\$ 9,019,861	95.1%	\$35,205,960	25.6%
7/1/2010	177,700,315	177,964,459	264,144	99.9%	35,648,471	0.7%
7/1/2009	182,692,735	172,664,238	(10,028,497)	105.8%	35,652,748	-28.1%
7/1/2008	184,115,610	164,871,892	(19,243,718)	111.7%	34,753,304	-55.4%
7/1/2007	170,882,599	151,182,524	(19,700,075)	113.0%	34,353,200	-57.3%

**Schedule of Employer Contributions**

Fiscal Year	Actuarial Required Contribution	Actual Contribution	Percentage Contributed
2013 (1)	\$ 3,170,268	\$ 3,170,268	100.00%
2012 (2)	2,497,652	2,533,543	101.44%
2011	1,677,163	1,677,163	100.00%
2010	891,003	889,592	99.84%
2009	832,452	863,067	103.68%

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

**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)]
7/1/2011	\$1,712,480	\$2,228,282	\$515,802	76.85%	\$937,656	55.0%
7/1/2010	1,648,073	2,030,852	382,779	81.15%	920,435	41.6%
7/1/2009	1,612,820	1,930,122	317,302	83.56%	937,757	33.8%
7/1/2008	1,579,233	2,025,521	446,288	77.97%	837,065	53.3%
7/1/2007	1,417,238	1,617,325	200,087	87.63%	843,602	23.7%

**Schedule of Employer Contributions**

Fiscal Year	Actuarial Required Contribution	Actual Contribution	Percentage Contributed
2013 (1)	\$ 88,214	\$ 88,214	100.0%
2012 (2)	88,905	88,905	100.0%
2011	89,530	89,530	100.0%
2010	89,102	89,102	100.0%
2009	74,182	74,182	100.0%

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

**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, 2011. 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 8.0% discount rate. Based upon the valuation by Milliman, the City's accrued liability is \$233.6 million. The City has created an Internal Revenue Code 115 trust effective July 1, 2007 to pay for these benefits and as of February 2012 the market value of assets held in trust was \$21.6 million. 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 and reviewed annually.

**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)]
7/1/2011	\$21,113,000	\$ 233,552,000	\$ 212,439,000	9.04%	N/A	N/A
7/1/2009	7,819,000	222,571,000	214,752,000	3.51%	\$55,028,000	3.90%
7/1/2007	-	187,892,000	187,892,000	N/A	N/A	N/A
7/1/2005	-	152,654,000	152,654,000	N/A	N/A	N/A

### Schedule of Employer Contributions

Fiscal Year Ended	Annual Required Contribution	Actual Contribution	Percentage Contributed
2013 (1)	\$ 18,450,000	\$ 15,581,636	84.45%
2012 (2)	18,629,000	15,581,636	83.64%
2011	17,791,000	14,078,709	79.13%
2010	16,278,000	14,050,004	86.31%
2009	15,293,300	12,945,139	84.65%
2008	15,573,000	11,467,370	73.64%

(1) Adopted Budget.

(2) Unaudited estimate.

#### 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 \$100,000 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. The City has opted to manage certain risks internally and has set aside assets in an Insurance Internal Service Fund (the "Insurance Fund"), to which the City, including the Board of Education, provides annual contributions.

As of June 30, 2011 the City's, including the Board of Education, maximum loss potential was approximately \$12,509,836, 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 \$11,587,178 in the Insurance Fund. Thus, on an accrual basis, in accordance with GASB Statement 10, the Insurance Fund has retained earnings of \$(922,658). On July 1, 2011 the City transferred \$542,000 from unexpended funds in Fiscal Year 2010-11 to the City Health Insurance Contribution Line Item to reduce the deficit in the Insurance Fund.

It is projected that there will be a \$3.5 million shortfall in the Board of Education's contribution to the Insurance Fund for fiscal year 2011-12. The City has taken steps to correct the deficit including adding \$3.5 million to the City Contribution Line Item and a corresponding decrease in the Board of Education appropriation in the Fiscal Year 2012-13 operating budget. The \$3.5 million contribution to the Insurance Fund was made on July 1, 2012. The current plan is to have the Board of Education reduce its required contribution in Fiscal Year 2012-13 by \$3.1 million and then fully fund their share of the Insurance Fund within the next 2 years. The City and the Board of Education are refining procedures to prevent the situation from recurring in the future. The Insurance Fund is adequately funded to meet the City's immediate requirements and the City 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, Cutwater 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) Cutwater Asset Management (an investment fund managed by Cutwater Asset Management, which, according to Cutwater, 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 lien-ed 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	Taxable Grand List	Total Tax Rate ( Mills)	Adjusted Tax Levy	Uncollected Taxes			
				End of Fiscal Year	%	As of 6/30/2012 <sup>(1)</sup>	%
2013 <sup>(2)</sup>	\$12,808,833,000	21.38	\$271,290,050	N/A	N/A	N/A	N/A
2012 <sup>(1)</sup>	12,774,487,000	20.80	263,351,263	\$3,307,582	1.3	\$3,307,582	1.3
2011	12,646,134,000	20.58	256,900,612	4,025,535	1.6	1,099,825	0.4
2010 <sup>(3)</sup>	12,639,375,000	19.84	245,698,355	3,470,417	1.4	436,416	0.2
2009	10,673,889,000	22.55	236,583,751	4,352,629	1.8	52,746	0.0
2008	10,527,527,000	21.72	226,597,402	3,431,799	1.5	(98,499)	0.0
2007	9,468,305,000	22.63	216,241,703	3,603,142	1.7	(327,289)	(0.2)
2006	8,268,992,000	24.56	208,336,045	3,089,519	1.5	(328,230)	(0.2)
2005	7,380,516,000	26.51	198,474,780	2,597,162	1.3	(300,094)	(0.2)
2004	6,526,297,000	28.33	186,498,884	2,805,264	1.5	(220,203)	(0.1)

(1) Unaudited estimate.

(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
2011	\$11,574,211	\$718,851	\$590,562	\$12,883,624	\$74,791	\$12,808,833
2010	11,571,034	725,531	557,086	12,853,651	78,620	12,775,031
2009	11,510,669	728,378	534,482	12,773,529	127,395	12,646,134
2008 <sup>(1)</sup>	11,461,494	754,470	537,966	12,753,930	142,853	12,611,077
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	8,268,993
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

(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	Commercial & Industrial	Vacant Land	Total Real Property
	Real Property	Real Property		
2011	\$8,674,127	\$2,788,338	\$111,746	\$11,574,211
2010	8,645,964	2,804,094	120,976	11,571,034
2009	8,627,768	2,756,925	125,976	11,510,669
2008 (1)	8,646,066	2,684,598	130,830	11,461,494
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

(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>	<u>Total Estimated Gross Assessment</u>
Connecticut Light & Power	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
<b>Total</b>		<b>\$ 1,332,606,338 (1)</b>

(1) Represents 10.4% of the net taxable grand list of \$12,808,833,000 dated October 1, 2011.

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 2007-2011 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 % of General Fund Revenues</u>
2012-13 (1)	\$296,842,367	\$269,518,319	90.8%
2011-12 (2)	287,629,765	261,356,811	90.9%
2010-11	295,375,547	255,380,363	86.5%
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%

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

Source: Annual audited financial statements (GAAP) and fiscal year 2011-12 unaudited estimate and 2012-13 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>
2012-13 (1)	\$296,842,367	\$16,366,702	5.51%
2011-12 (2)	287,629,765	16,394,011	5.70%
2010-11	295,375,547	30,083,768	10.2%
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%

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

Source: Annual audited financial statements (GAAP) and fiscal year 2011-12 unaudited estimate and 2012-13 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>
2012-13 (1)	52.0%	13.0%	11.0%	6.0%	9.0%
2011-12 (2)	54.0%	13.0%	9.0%	6.0%	9.0%
2010-11	56.0%	13.0%	10.0%	5.0%	9.0%
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%

(1) Adopted Budget

(2) Unaudited estimate.

Source: Annual audited financial statements (GAAP) and fiscal year 2011-12 unaudited estimate and 2012-13 adopted budget.

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

	Fiscal Year 2010-2011			Fiscal Year	Fiscal Year
	Revised Budget	Actual Operations	Variance Favorable (Unfavorable)	2011-12 Unaudited Estimate	2012-13 Adopted Budget
<b>REVENUES</b>					
Property Taxes	\$ 256,583,655	\$ 255,380,363	\$ (1,203,292)	\$261,356,811	\$269,518,319
Intergovernmental	14,780,379	15,956,939	1,176,560	16,394,011	16,366,702
Licenses, permits, fees and other	7,708,620	8,386,936	678,316	8,857,607	9,245,346
Interest on investments	1,700,000	1,075,369	(624,631)	1,021,336	712,000
Appropriation of Fund Balance	-	-	-	-	1,000,000
<b>TOTAL REVENUES</b>	<u>280,772,654</u>	<u>280,799,607</u>	<u>26,953</u>	<u>287,629,765</u>	<u>\$296,842,367</u>
<b>EXPENDITURES</b>					
General government	7,691,021	7,325,611	(365,410)	7,715,684	8,154,429
Education	150,775,300	150,478,056	(297,244)	155,097,632	155,494,990
Public Safety	39,736,081	39,561,919	(174,162)	38,612,944	39,452,993
Health and Welfare	1,933,893	1,872,224	(61,669)	1,893,989	1,951,904
Public works	15,810,333	15,494,011	(316,322)	16,226,815	16,702,674
Community Grants	3,016,523	3,016,523	-	2,996,275	1,713,638
Employee Benefits	29,973,128	29,329,584	(643,544)	32,442,349	38,963,487
Recreation, Arts & Cultural	7,097,178	6,959,888	(137,290)	7,416,479	7,098,568
Organizational memberships	84,662	84,162	(500)	112,662	98,725
Contingency	947,686	-	(947,686)	-	1,532,686
Debt Service	25,151,531	25,126,904	(24,627)	25,122,434	25,678,273
<b>TOTAL EXPENDITURES</b>	<u>282,217,336</u>	<u>279,248,882</u>	<u>(2,968,454)</u>	<u>287,637,263</u>	<u>\$296,842,367</u>
<b>Net Change in Fund Balance</b>	<u>\$ (1,444,682)</u>	<u>\$ 1,550,725</u>	<u>\$ 2,995,407</u>	<u>\$ (7,498)</u>	

Source: Annual audited financial statements; Fiscal Year 2011-12 unaudited estimate and Fiscal Year 2012-13 Adopted Budget.

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**Comparative Balance Sheets - General Fund**

<b>Fiscal Year Ended:</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$31,819,679	\$20,999,490	\$28,478,273	\$28,506,700	\$36,254,791
Investments	28,153,186	34,185,383	27,401,885	31,799,243	30,024,936
Net receivables:					
Property taxes	4,065,169	4,415,121	6,015,372	4,600,621	4,934,483
Accounts receivables	1,386,351	1,353,569	818,121	1,785,244	4,519,926
Intergovernmental	614,420	390,615	304,528	135,539	72,217
<b>TOTAL ASSETS</b>	<b>\$66,038,805</b>	<b>\$61,344,178</b>	<b>\$63,018,179</b>	<b>\$66,827,347</b>	<b>\$75,806,353</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 6,836,487	\$16,309,638	\$18,192,287	\$20,519,469	\$20,683,784
Accrued wages	8,548,321	-	-	-	-
Unearned revenues	7,892,022	3,446,359	9,647,322	13,064,340	18,923,736
Deferred revenue	5,482,104	4,199,844	5,678,251	4,630,263	5,624,346
<b>TOTAL LIABILITIES</b>	<b>28,758,934</b>	<b>23,955,841</b>	<b>33,517,860</b>	<b>38,214,072</b>	<b>45,231,866</b>
<b>FUND BALANCES</b>					
Reserved	1,634,117	1,157,112	111,720	103,365	-
Unreserved:					
Designated for subsequent year's expenditures	4,424,988	4,367,312	4,349,492	1,960,039	-
Undesignated	31,220,766	31,863,913	25,039,107	26,549,871	-
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	1,946,156
Unassigned	-	-	-	-	28,628,331
<b>TOTAL FUND BALANCES</b>	<b>37,279,871</b>	<b>37,388,337</b>	<b>29,500,319</b>	<b>28,613,275</b>	<b>30,574,487</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$66,038,805</b>	<b>\$61,344,178</b>	<b>\$63,018,179</b>	<b>\$66,827,347</b>	<b>\$75,806,353</b>

Source: Annual audited financial statements.

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

<b>Fiscal Year Ended:</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
<b>REVENUES</b>					
Property taxes, interest and liens	\$215,669,320	\$229,072,804	\$236,316,680	\$246,960,127	\$255,380,363
Intergovernmental	17,368,955	17,093,813	17,041,367	15,080,693	15,956,939
State on behalf payments	10,814,019	11,532,742	13,345,000	14,082,000	14,126,829
Licenses, permits, fees and other	14,138,573	12,068,672	9,192,812	8,413,026	8,833,627
Interest on investments	5,395,972	4,520,974	2,943,256	1,399,694	1,077,789
<b>Total Revenues</b>	<b>263,386,839</b>	<b>274,289,005</b>	<b>278,839,115</b>	<b>285,935,540</b>	<b>295,375,547</b>
<b>EXPENDITURES</b>					
Current:					
General government	6,752,487	7,808,214	8,068,509	7,170,849	7,861,765
Health and welfare	3,891,397	2,624,410	3,583,342	3,365,487	1,886,496
Education	145,969,257	153,675,894	160,083,564	161,411,159	164,604,885
Employee benefits	22,272,134	23,407,173	23,535,296	24,899,737	29,412,097
Public safety	33,930,127	36,593,372	37,407,452	38,102,910	39,549,799
Community grants	2,784,099	2,825,889	2,938,144	2,997,946	3,016,523
Public works	15,351,014	16,409,156	17,741,621	15,601,868	15,552,312
Recreation, arts and cultural	7,076,333	7,371,934	7,671,794	6,986,343	6,962,012
Capital Outlay	655,082	-	-	-	-
Debt service	20,728,101	23,464,497	25,697,411	26,641,673	25,126,904
<b>Total Expenditures</b>	<b>259,410,031</b>	<b>274,180,539</b>	<b>286,727,133</b>	<b>287,177,972</b>	<b>293,972,793</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>3,976,808</b>	<b>108,466</b>	<b>(7,888,018)</b>	<b>(1,242,432)</b>	<b>1,402,754</b>
<b>OTHER FINANCING SOURCES</b>					
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	655,082	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>655,082</b>	<b>-</b>	<b>-</b>	<b>355,388</b>	<b>-</b>
<b>Extraordinary Item</b>					
State teachers on-behalf payments	-	(44,531,000)	-	-	-
State teachers on-behalf revenue	-	44,531,000	-	-	-
<b>Total Extraordinary Items</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net changes in fund balances</b>	<b>4,631,890</b>	<b>108,466</b>	<b>(7,888,018)</b>	<b>(887,044)</b>	<b>1,402,754</b>
Fund Balance - July 1	32,647,981	37,279,871	37,388,337	29,500,319	29,171,733 (1)
Fund Balance - June 30	\$ 37,279,871	\$ 37,388,337	\$ 29,500,319	\$ 28,613,275	\$ 30,574,487

(1) Restated

Source: Annual audited financial statements.

**Comparative Balance Sheets - Capital Project Fund**

<b>Fiscal Year Ended:</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 8,454,703	\$ 3,414,089	\$ 8,702,424	\$10,489,184	\$16,953,868
Investments	7,347,059	3,558,421	7,309,061	12,254,314	14,775,974
Net receivables:					
Property taxes	248,699	161,272	108,725	107,879	68,498
Intergovernmental	1,647,789	878,364	825,000	825,000	827,365
<b>TOTAL ASSETS</b>	<b>\$17,698,250</b>	<b>\$ 8,012,146</b>	<b>\$16,945,210</b>	<b>\$23,676,377</b>	<b>\$32,625,705</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 9,275,707	\$ 7,679,441	\$ 3,678,377	\$ 3,089,788	\$ 5,396,041
Unearned revenues	2,945	-	-	-	80,144
Deferred revenue	301,281	323,213	188,869	188,023	818,498
<b>TOTAL LIABILITIES</b>	<b>9,579,933</b>	<b>8,002,654</b>	<b>3,867,246</b>	<b>3,277,811</b>	<b>6,294,683</b>
<b>FUND BALANCES</b>					
Reserved	-	-	-	-	-
Unreserved:	8,118,317	9,492	13,077,964	20,398,566	-
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	14,160,975
Committed	-	-	-	-	12,170,047
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>8,118,317</b>	<b>9,492</b>	<b>13,077,964</b>	<b>20,398,566</b>	<b>26,331,022</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$17,698,250</b>	<b>\$ 8,012,146</b>	<b>\$16,945,210</b>	<b>\$23,676,377</b>	<b>\$32,625,705</b>

Source: Annual audited financial statements.

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

<b>Fiscal Year Ended:</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
<b>REVENUES</b>					
Property taxes, interest and liens	\$ -	\$ 86,665	\$ 52,547	\$ 39,906	\$ 39,381
Intergovernmental	8,750,147	9,610,781	9,387,239	5,886,702	4,337,468
Licenses, permits, fees and other	10,541	68,895	79,000	205,000	-
Interest on investments	1,462,292	708,438	647,854	350,749	202,651
<b>Total Revenues</b>	<b>10,222,980</b>	<b>10,474,779</b>	<b>10,166,640</b>	<b>6,482,357</b>	<b>4,579,500</b>
<b>EXPENDITURES</b>					
Capital Outlay	45,596,501	42,495,571	30,016,408	14,334,901	17,314,958
Debt service	-	213,033	287,608	271,118	176,086
<b>Total Expenditures</b>	<b>45,596,501</b>	<b>42,708,604</b>	<b>30,304,016</b>	<b>14,606,019</b>	<b>17,491,044</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(35,373,521)</b>	<b>(32,233,825)</b>	<b>(20,137,376)</b>	<b>(8,123,662)</b>	<b>(12,911,544)</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Issuance of debt	23,260,000	24,125,000	33,205,848	14,995,000	18,844,000
Premium on bond issuance	5,350	-	-	449,264	-
<b>Total other financing sources (uses)</b>	<b>23,265,350</b>	<b>24,125,000</b>	<b>33,205,848</b>	<b>15,444,264</b>	<b>18,844,000</b>
<b>Net changes in fund balances</b>	<b>(12,108,171)</b>	<b>(8,108,825)</b>	<b>13,068,472</b>	<b>7,320,602</b>	<b>5,932,456</b>
Fund Balance - July 1	20,226,488	8,118,317	9,492	13,077,964	20,398,566
Fund Balance - June 30	<b>\$ 8,118,317</b>	<b>\$ 9,492</b>	<b>\$ 13,077,964</b>	<b>\$ 20,398,566</b>	<b>\$ 26,331,022</b>

Source: Annual audited financial statements.

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**Comparative Statement of Net Assets – Water Pollution Control Authority**

<b>Fiscal Year Ended:</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and cash equivalents	\$ 5,727,348	\$ 6,192,008	\$ 3,864,853	\$ 5,251,802	\$ 4,873,128
Charges receivable, net	338,233	440,266	328,778	314,438	345,451
Other receivables	21,680	62,360	1,938	68,881	15,232
Investments	4,189,889	6,979,413	3,479,605	6,179,776	3,982,565
<b>Total current assets</b>	<b>10,277,150</b>	<b>13,674,047</b>	<b>7,675,174</b>	<b>11,814,897</b>	<b>9,216,376</b>
<b>CAPITAL ASSETS</b>					
Net of accumulated depreciation	78,169,401	77,691,903	82,191,752	88,360,551	102,010,558
<b>Total assets</b>	<b>88,446,551</b>	<b>91,365,950</b>	<b>89,866,926</b>	<b>100,175,448</b>	<b>111,226,934</b>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Current maturities of bonds payable	3,390,394	3,448,872	3,572,238	8,397,517	15,020,872
Accounts payable and accrued liabilities	1,195,621	1,011,778	795,547	1,602,586	2,460,133
Unearned revenue	102,142	48,731	224,721	287,426	446,136
<b>Total current liabilities</b>	<b>4,688,157</b>	<b>4,509,381</b>	<b>4,592,506</b>	<b>10,287,529</b>	<b>17,927,141</b>
<b>Long-term liabilities</b>					
Bonds and notes payable	39,912,738	39,113,866	35,382,736	34,267,098	30,043,831
<b>Total long-term liabilities</b>	<b>39,912,738</b>	<b>39,113,866</b>	<b>35,382,736</b>	<b>34,267,098</b>	<b>30,043,831</b>
<b>Total liabilities</b>	<b>44,600,895</b>	<b>43,623,247</b>	<b>39,975,242</b>	<b>44,554,627</b>	<b>47,970,972</b>
<b>NET ASSETS</b>					
Investments in capital assets net of					
Related debt	34,866,269	39,593,825	45,932,725	47,450,751	57,995,854
Unrestricted	8,979,387	8,148,878	3,958,959	8,170,070	5,260,108
<b>TOTAL NET ASSETS</b>	<b>\$43,845,656</b>	<b>\$47,742,703</b>	<b>\$ 49,891,684</b>	<b>\$ 55,620,821</b>	<b>\$ 63,255,962</b>

Source: Annual audited financial statements.

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

<b>Fiscal Year Ended:</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and cash equivalents	\$ 470,784	\$ 607,423	\$ 562,325	\$ 382,348	\$ 581,532
Charges receivable, net	745,613	781,113	794,569	-	-
Other receivables	2,223	1,639	1,639	95,483	43,505
Investments	324,569	677,327	505,866	450,182	481,409
<b>Total current assets</b>	<b>1,543,189</b>	<b>2,067,502</b>	<b>1,864,399</b>	<b>928,013</b>	<b>1,106,446</b>
<b>CAPITAL ASSETS</b>					
Net of accumulated depreciation	28,700,725	28,316,430	29,319,418	29,891,022	29,857,097
<b>Total assets</b>	<b>30,243,914</b>	<b>30,383,932</b>	<b>31,183,817</b>	<b>30,819,035</b>	<b>30,963,543</b>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Current maturities of bonds payable	420,956	514,540	573,521	608,265	523,111
Accounts payable and accrued liabilities	133,362	83,570	154,489	567,290	306,162
Unearned revenue	113,053	183,897	169,959	-	-
<b>Total current liabilities</b>	<b>667,371</b>	<b>782,007</b>	<b>897,969</b>	<b>1,175,555</b>	<b>829,273</b>
<b>Long-term liabilities</b>					
Bonds and notes payable	9,663,307	9,373,766	9,954,261	9,969,049	10,721,938
<b>Total long-term liabilities</b>	<b>9,663,307</b>	<b>9,373,766</b>	<b>9,954,261</b>	<b>9,969,049</b>	<b>10,721,938</b>
<b>Total liabilities</b>	<b>10,330,678</b>	<b>10,155,773</b>	<b>10,852,230</b>	<b>11,144,604</b>	<b>11,551,211</b>
<b>NET ASSETS</b>					
Investments in capital assets net of related debt	18,616,462	18,428,125	19,303,467	20,173,759	19,299,167
Restricted for debt service	745,613	781,113	794,569	-	-
Unrestricted	551,161	1,018,921	233,551	(499,328)	113,165
<b>TOTAL NET ASSETS</b>	<b>\$19,913,236</b>	<b>\$20,228,159</b>	<b>\$20,331,587</b>	<b>\$19,674,431</b>	<b>\$19,412,332</b>

Source: Annual audited financial statements.

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**Comparative Statement of Net Assets – Parking Authority**

<b>Fiscal Year Ended:</b>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and cash equivalents	\$ 470,784	\$ 607,423	\$ 562,325	\$ 382,348	\$ 581,532
Charges receivable, net	745,613	781,113	794,569	-	-
Other receivables	2,223	1,639	1,639	95,483	43,505
Investments	324,569	677,327	505,866	450,182	481,409
<b>Total current assets</b>	<u>1,543,189</u>	<u>2,067,502</u>	<u>1,864,399</u>	<u>928,013</u>	<u>1,106,446</u>
<b>CAPITAL ASSETS</b>					
Net of accumulated depreciation	28,700,725	28,316,430	29,319,418	29,891,022	29,857,097
<b>Total assets</b>	<u>30,243,914</u>	<u>30,383,932</u>	<u>31,183,817</u>	<u>30,819,035</u>	<u>30,963,543</u>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Current maturities of bonds payable	420,956	514,540	573,521	608,265	523,111
Accounts payable and accrued liabilities	133,362	83,570	154,489	567,290	306,162
Unearned revenue	113,053	183,897	169,959	-	-
<b>Total current liabilities</b>	<u>667,371</u>	<u>782,007</u>	<u>897,969</u>	<u>1,175,555</u>	<u>829,273</u>
<b>Long-term liabilities</b>					
Bonds and notes payable	9,663,307	9,373,766	9,954,261	9,969,049	10,721,938
<b>Total long-term liabilities</b>	<u>9,663,307</u>	<u>9,373,766</u>	<u>9,954,261</u>	<u>9,969,049</u>	<u>10,721,938</u>
<b>Total liabilities</b>	<u>10,330,678</u>	<u>10,155,773</u>	<u>10,852,230</u>	<u>11,144,604</u>	<u>11,551,211</u>
<b>NET ASSETS</b>					
Investments in capital assets net of related debt	18,616,462	18,428,125	19,303,467	20,173,759	19,299,167
Restricted for debt service	745,613	781,113	794,569	-	-
Unrestricted	551,161	1,018,921	233,551	(499,328)	113,165
<b>TOTAL NET ASSETS</b>	<u>\$19,913,236</u>	<u>\$20,228,159</u>	<u>\$20,331,587</u>	<u>\$19,674,431</u>	<u>\$19,412,332</u>

Source: Annual audited financial statements.

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

Fiscal Year Ended:	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<b>OPERATING REVENUES</b>					
Charges for services	\$ 4,311,469	\$ 4,935,847	\$ 5,145,637	\$ 5,144,124	\$ 5,267,914
<b>Total operating revenues</b>	<u>4,311,469</u>	<u>4,935,847</u>	<u>5,145,637</u>	<u>5,144,124</u>	<u>5,267,914</u>
<b>OPERATING EXPENSES</b>					
Administration and operation	2,623,068	3,113,215	3,497,762	3,528,344	3,968,271
Depreciation	813,770	831,776	844,955	882,648	912,504
Salaries, benefits and claims	<u>348,501</u>	<u>319,758</u>	<u>310,676</u>	<u>240,581</u>	<u>222,287</u>
<b>Total operating expenses</b>	<u>3,785,339</u>	<u>4,264,749</u>	<u>4,653,393</u>	<u>4,651,573</u>	<u>5,103,062</u>
<b>Operating income (loss)</b>	<u>526,130</u>	<u>671,098</u>	<u>492,244</u>	<u>492,551</u>	<u>164,852</u>
<b>NON-OPERATING REVENUE (EXPENSE)</b>					
Investment income	82,197	92,149	94,682	26,061	20,969
Interest expense on long-term debt	(481,124)	(448,324)	(483,498)	(427,854)	(447,920)
Payment to escrow	-	-	-	(747,914)	-
Loss on sale of asset	<u>(15,855)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total non-operating revenue (expense)</b>	<u>(414,782)</u>	<u>(356,175)</u>	<u>(388,816)</u>	<u>(1,149,707)</u>	<u>(426,951)</u>
<b>CONTRIBUTED CAPITAL</b>					
Change in net assets	111,348	314,923	103,428	(657,156)	(262,099)
<b>FUND NET ASSETS, Beginning</b>	<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>
<b>FUND NET ASSETS, Ending</b>	<u>\$19,913,236</u>	<u>\$20,228,159</u>	<u>\$20,331,587</u>	<u>\$19,674,431</u>	<u>\$19,412,332</u>

Source: Annual audited financial statements.

*[The remainder of this page intentionally left blank]*

## 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 Fitch Ratings, Moody's Investors Service and Standard and Poor's Corporation 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) notice of the occurrence of certain events with respect to the Bonds not in excess of 10 business days after the occurrence of such events; 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 winning bidder 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 time that the bids were accepted on the Bonds, 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 August 1, 2012. 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. Within seven business days of the bid opening, the City will furnish the winning bidder of the Bonds 50 copies of the final Official Statement, as prepared for this issue at the City's expense. Additional copies may be obtained by the winning bidder(s) at its own expense by arrangement with the printer.

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: August 1, 2012**

**APPENDIX A - AUDITED FINANCIAL STATEMENTS**

**CITY OF NORWALK, CONNECTICUT**

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**JUNE 30, 2011**

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**Appendix A** - Financial Statements - is taken from the Annual Report of the City of Norwalk, Connecticut for the Fiscal Year ending June 30, 2011 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, 2011, 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, 2011, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 12 to the basic financial statements, the City adopted Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions," which changed its method of accounting of governmental funds fund balance classification and restated various funds' beginning fund balances.

In accordance with "Government Auditing Standards," we have also issued our report dated December 28, 2011 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, schedule of employer contributions and the budgetary comparison information 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, 2011

## 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 year's 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 \$16.6 million or 4.8 %. The governmental net assets increased by \$9.2 million or 3.4% and the business-type net assets increased by \$7.4 million or 9.8%.
- The General Fund (the primary operating fund), reflected on a current financial resource basis, reports an increase of \$1.4 million or 4.8%.

### 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 page 15). The flow of current financial resources will reflect bond proceeds and interfund transfers as other financial sources as well as capital expenditures and bond principal payments as expenditures. The reconciliation will eliminate these transactions and incorporate the capital assets and long-term obligation (bonds and others) into the Governmental Activities column (in the Government-wide statements).

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

### Infrastructure Assets

The City has implemented GASB Statement #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	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 126,208	\$ 109,626	\$ 10,322	\$ 12,742	\$ 136,530	\$ 122,368
Capital assets	460,945	455,394	131,868	118,252	592,813	573,646
<b>Total assets</b>	<b>587,153</b>	<b>565,020</b>	<b>142,190</b>	<b>130,994</b>	<b>729,343</b>	<b>696,014</b>
Current and other liabilities	53,746	44,948	3,212	2,457	56,958	47,405
Noncurrent liabilities	256,564	252,430	56,310	53,242	312,874	305,672
<b>Total liabilities</b>	<b>310,310</b>	<b>297,378</b>	<b>59,522</b>	<b>55,699</b>	<b>369,832</b>	<b>353,077</b>
Net assets:						
Invested in capital assets, net of debt	263,358	265,737	77,295	67,625	340,653	333,362
Restricted	626	-	-	-	626	-
Unrestricted (deficit)	12,859	1,905	5,373	7,670	18,232	9,575
<b>Total net assets</b>	<b>\$ 276,843</b>	<b>\$ 267,642</b>	<b>\$ 82,668</b>	<b>\$ 75,295</b>	<b>\$ 359,511</b>	<b>\$ 342,937</b>

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 \$18.8 million of new debt and the construction on major capital projects this year: The other major impacts were \$15.7 million of principal on debt paid this year and \$9.2 million of depreciation on fixed assets. The major impacts to Net Assets in business-type activities was the issuance of \$1.3 million of new debt, \$5.0 million principal paid on debt this year and \$3.2 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)**

	<b>Table 2</b>					
	<b>Changes in Net Assets (In Thousands)</b>					
	<b>Governmental</b>		<b>Business-Type</b>		<b>Total</b>	
	<b>Activities</b>		<b>Activities</b>		<b>Government</b>	
	2011	2010	2011	2010	2011	2010
<b>REVENUES</b>						
<b>Program Revenues:</b>						
Charge for services	\$ 18,678	\$ 19,641	\$ 18,521	\$ 18,391	\$ 37,199	\$ 38,032
Operating grants and contributions	49,006	47,742	-	-	49,006	47,742
Capital grants and contributions	5,156	5,887	4,629	3,656	9,785	9,543
<b>General Revenues:</b>						
General property, taxes and assessments	256,470	246,276	-	-	256,470	246,276
Interest income	1,950	1,750	289	252	2,239	2,002
Other general revenues	6,439	5,076	-	-	6,439	5,076
<b>Total revenues</b>	<b>337,699</b>	<b>326,372</b>	<b>23,439</b>	<b>22,299</b>	<b>361,138</b>	<b>348,671</b>
<b>EXPENSES</b>						
<b>Program Activities Primary Government:</b>						
<b>Governmental Activities:</b>						
General government	13,725	15,259	-	-	13,725	15,259
Education	214,237	209,628	-	-	214,237	209,628
Public safety	46,491	43,722	-	-	46,491	43,722
Health and welfare	4,896	5,711	-	-	4,896	5,711
Public Works	29,909	25,524	-	-	29,909	25,524
Recreation, arts and cultural	9,112	9,313	-	-	9,112	9,313
Debt service	10,128	7,692	-	-	10,128	7,692
	<b>328,498</b>	<b>316,849</b>	<b>-</b>	<b>-</b>	<b>328,498</b>	<b>316,849</b>
<b>Business-Type Activities:</b>						
Parking Authority	-	-	5,551	5,827	5,551	5,827
Water Pollution Control Authority	-	-	10,515	11,400	10,515	11,400
	<b>-</b>	<b>-</b>	<b>16,066</b>	<b>17,227</b>	<b>16,066</b>	<b>17,227</b>
<b>Total expenses</b>	<b>328,498</b>	<b>316,849</b>	<b>16,066</b>	<b>17,227</b>	<b>344,564</b>	<b>334,076</b>
<b>Increase in net assets</b>	<b>9,201</b>	<b>9,523</b>	<b>7,373</b>	<b>5,072</b>	<b>16,574</b>	<b>14,595</b>
<b>Net Assets, beginning</b>	<b>267,642</b>	<b>258,119</b>	<b>75,295</b>	<b>70,223</b>	<b>342,937</b>	<b>328,342</b>
<b>Net Assets, ending</b>	<b>\$ 276,843</b>	<b>\$ 267,642</b>	<b>\$ 82,668</b>	<b>\$ 75,295</b>	<b>\$ 359,511</b>	<b>\$ 342,937</b>

## Normal Impacts

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

### Revenues:

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

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

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

### Expenses:

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

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

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

## Current Impacts

The Major revenue impact in governmental activities was an increase in property tax revenue of \$8.4 million due to an increase in the tax levy and continued aggressive measures in collecting delinquent taxes. The major impact on expenses was an increase in expenditures in debt service of \$3.0 million as in accordance with our capital and debt service long range plans. Major impacts in revenue and expenses in business-type activities included both the Water Pollution Control Authority and Parking Authority being able to collect revenues and control expenses.

## THE CITY FUNDS

### General Fund

#### *Comparing Fiscal Year 2011 to Fiscal Year 2010*

As of the year-end, the General Fund (as presented on the Schedule of General Fund Expenditures, Encumbrances and Transfers Out - Budget Basis - Budget and Actual on pages 64 to 67) has \$1.6 million more in actual revenues than expenditures. 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 an increase in investment income due to an increase in interest rates. Debt Service interest increased mainly due to the first principal payment on the Fiscal Year 2009 \$18 million General Obligation bonds sold for various capital projects.

#### *Comparing Original Budget to Final Budget*

As of the year-end, the General Fund (as presented on the Schedule of General Fund Expenditures, Encumbrances and Transfers Out - Budget Basis - Budget and Actual on pages 64 to 67) had only one significant change in budgeted revenues which was Intergovernmental Revenues, due to receiving more monies from Federal FEMA and the State of Connecticut than was originally planned.

### *Comparing Final Budget to Actual Results*

As of the year-end, the General Fund (as presented on the Schedule of General Fund Expenditures, Encumbrances and Transfers Out - Budget Basis - Budget and Actual on pages 64 to 67), had no significant revenue or expenditure variances.

### **Capital Projects Fund**

#### *Comparing Fiscal Year 2011 to Fiscal Year 2010*

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 \$26.3 which is \$5.9 million more than the beginning of the year. Major impacts were Intergovernmental Revenues for redevelopment projects from the state and issuance of bonds, and expenditures mainly for redevelopment and public works projects.

### **Water Pollution Control Authority**

#### *Comparing Fiscal Year 2011 to Fiscal Year 2010*

As of the year-end, the Water Pollution Control Authority (as presented on the Statement of Revenues, Expenses, and Changes in Net Assets (Deficits) - Proprietary Funds on page 17) reported fund net assets of \$63.3 million which is 13.7% more than the beginning of the year (\$55.6 million). Major impacts were a successful year of collecting sewer charges as well as controlling costs.

### **Parking Authority**

#### *Comparing Fiscal Year 2011 to Fiscal Year 2010*

As of the year-end, the Parking Authority (as presented on the Statement of Revenues, Expenses, and Changes in Net Assets (Deficits)- Proprietary Funds on page 18) reported a fund net assets of \$19.4 million which is 1.3% less than the beginning of the year (\$19.7 million). Major impacts were a successful year of collecting sewer charges as well as controlling costs.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

As of year-end, the City had \$592.8 million invested in a variety of capital assets, as reflected in the following schedule:

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

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
Land	\$ 23,630	\$ 4,839	\$ 28,469
Construction in Progress	308	-	308
Land Improvements	7,296	66	7,362
Machinery and Equipment	11,291	563	11,854
Buildings and Improvements	252,678	111,116	363,794
Infrastructure	165,742	15,284	181,026
<b>Total</b>	<b>\$ 460,945</b>	<b>\$ 131,868</b>	<b>\$ 592,813</b>

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

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
Beginning balance	\$ 455,394	\$ 118,252	\$ 573,646
Additions/transfers	35,684	16,791	52,475
Disposals/transfers	(20,955)	-	(20,955)
Depreciation	(9,178)	(3,175)	(12,353)
<b>Total</b>	<b>\$ 460,945</b>	<b>\$ 131,868</b>	<b>\$ 592,813</b>

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

## Debt Outstanding

As of year-end, the City had \$263.0 million in debt (bonds, notes, etc.) outstanding compared to the \$257.4 million last year, a 2.2% net increase (considering new borrowing and debt retirement). The following summarizes Outstanding Debt which is presented in more detail in Note 6.

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

	<u>2011</u>	<u>2010</u>
<b>Governmental:</b>		
General obligation bonds	\$ 206,706	\$ 203,901
	<u>206,706</u>	<u>203,901</u>
<b>Business-Type:</b>		
Parking Authority-general obligation bonds	11,245	10,577
Water Pollution Control Authority - general obligation bonds and Clean Water Fund notes	45,064	42,664
	<u>56,309</u>	<u>53,241</u>
<b>Total</b>	<u>\$ 263,015</u>	<u>\$ 257,142</u>

During the year the City issued \$19.4 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 7.9%, up from 7.3% a year ago. This compares favorably to the state rate of 9.1% and national rate of 8.7%.

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.

## 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, 2011

	Governmental Type Activities	Business-Type Activities	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 57,019,485	\$ 5,454,660	\$ 62,474,145
Investments	55,583,230	4,463,974	60,047,204
Receivables, net of allowances for collection losses:			
Property taxes, net	5,002,981	-	5,002,981
Charges, net	-	345,451	345,451
Accounts, net	4,684,972	58,737	4,743,709
Federal and state governments	2,130,526	-	2,130,526
Inventories and prepaids	638,763	-	638,763
Deferred charges	1,072,483	-	1,072,483
Net pension asset	74,817	-	74,817
Capital assets, not being depreciated	23,938,156	4,838,762	28,776,918
Capital assets, net of accumulated depreciation	437,007,229	127,028,893	564,036,122
<b>Total assets</b>	<b>587,152,642</b>	<b>142,190,477</b>	<b>729,343,119</b>
<b>Liabilities</b>			
Accounts payable and accruals	32,425,997	2,766,295	35,192,292
Unearned revenue	21,320,356	446,136	21,766,492
Noncurrent liabilities:			
Due within one year	22,008,225	15,543,983	37,552,208
Due in more than one year	234,555,316	40,765,769	275,321,085
<b>Total liabilities</b>	<b>310,309,894</b>	<b>59,522,183</b>	<b>369,832,077</b>
<b>Net Assets</b>			
Investment in capital assets, net of related debt	263,358,561	77,295,021	340,653,582
Restricted	625,548	-	625,548
Unrestricted	12,858,639	5,373,273	18,231,912
<b>Total net assets</b>	<b>\$ 276,842,748</b>	<b>\$ 82,668,294</b>	<b>\$ 359,511,042</b>

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

CITY OF NORWALK, CONNECTICUT

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2011

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	\$ (13,725,229)	\$ 4,867,815	\$ 2,197,330	\$ -	\$ (6,660,084)	\$ -	\$ (6,660,084)
Education	(214,236,997)	1,298,182	42,519,970	574,921	(169,843,924)	-	(169,843,924)
Public Safety	(46,491,109)	272,177	254,084	-	(45,964,848)	-	(45,964,848)
Health and welfare	(4,895,609)	549,195	4,034,319	-	(312,095)	-	(312,095)
Public Works	(29,908,749)	10,720,361	-	4,581,045	(14,607,343)	-	(14,607,343)
Recreation, arts and cultural	(9,111,858)	969,967	-	-	(8,141,891)	-	(8,141,891)
Interest on debt	(10,127,826)	-	-	-	(10,127,826)	-	(10,127,826)
<b>Total governmental activities</b>	<b>(328,497,377)</b>	<b>18,677,697</b>	<b>49,005,703</b>	<b>5,155,966</b>	<b>(255,658,011)</b>	<b>-</b>	<b>(255,658,011)</b>
Business-type activities:							
Parking Authority	(5,550,982)	5,267,914	-	-	-	(283,068)	(283,068)
Water Pollution Control Authority	(10,515,486)	13,253,692	-	4,629,351	-	7,367,557	7,367,557
<b>Total business-type activities</b>	<b>(16,066,468)</b>	<b>18,521,606</b>	<b>-</b>	<b>4,629,351</b>	<b>-</b>	<b>7,084,489</b>	<b>7,084,489</b>
<b>Total primary government</b>	<b>\$ (344,563,845)</b>	<b>\$ 37,199,303</b>	<b>\$ 49,005,703</b>	<b>\$ 9,785,317</b>	<b>(255,658,011)</b>	<b>7,084,489</b>	<b>(248,573,522)</b>
General revenues:							
Property taxes					256,469,816	-	256,469,816
Grants and contributions not restricted to specific programs					6,438,442	-	6,438,442
Unrestricted investment earnings					1,950,245	288,553	2,238,798
<b>Total general revenues</b>					<b>264,858,503</b>	<b>288,553</b>	<b>265,147,056</b>
Change in net assets					9,200,492	7,373,042	16,573,534
Net assets - beginning					267,642,256	75,295,252	342,937,508
Net assets - ending					<b>\$ 276,842,748</b>	<b>\$ 82,668,294</b>	<b>\$ 359,511,042</b>

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

CITY OF NORWALK, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2011

	Major Funds			Total Governmental Funds
	General	Capital Projects Fund	Nonmajor Governmental Funds	
<b>Assets</b>				
Cash and cash equivalents	\$ 36,254,791	\$ 16,953,868	\$ 1,679,845	\$ 54,888,504
Investments	30,024,936	14,775,974	1,619,014	46,419,924
Receivables (net of allowances for collection losses):				
Property taxes	4,934,483	68,498	-	5,002,981
Accounts receivable	4,519,926	-	148,651	4,668,577
State and federal governments	72,217	827,365	1,230,944	2,130,526
Inventories	-	-	51,225	51,225
<b>Total assets</b>	<b>\$ 75,806,353</b>	<b>\$ 32,625,705</b>	<b>\$ 4,729,679</b>	<b>\$ 113,161,737</b>
<b>Liabilities</b>				
Accounts payable	\$ 20,683,784	\$ 5,396,041	\$ 1,287,754	\$ 27,367,579
Unearned revenues	18,923,736	80,144	2,316,476	21,320,356
Deferred revenues	5,624,346	818,498	-	6,442,844
<b>Total liabilities</b>	<b>45,231,866</b>	<b>6,294,683</b>	<b>3,604,230</b>	<b>55,130,779</b>
<b>Fund balances</b>				
Nonspendable	-	-	51,225	51,225
Restricted	-	14,160,975	625,548	14,786,523
Committed	-	12,170,047	448,676	12,618,723
Assigned	1,946,156	-	-	1,946,156
Unassigned	28,628,331	-	-	28,628,331
Total fund balances	30,574,487	26,331,022	1,125,449	58,030,958
<b>Total liabilities and fund balances</b>	<b>\$ 75,806,353</b>	<b>\$ 32,625,705</b>	<b>\$ 4,729,679</b>	

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.	460,945,385
Deferred charges	1,072,483
Net pension asset	74,817
Deferred revenues are not available and therefore not recognized in the funds.	6,442,844
Accrued interest	(4,621,813)
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.	(910,488)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(244,191,438)

Net assets of governmental activities

\$ 276,842,748

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, 2011

	Major Funds			Total Governmental Funds
	General	Capital Projects Fund	Nonmajor Governmental Funds	
<b>REVENUES</b>				
Property taxes, interest and liens	\$ 255,380,363	\$ 39,381	\$ -	\$ 255,419,744
Intergovernmental	15,956,939	4,337,468	25,416,367	45,710,774
State on-behalf payments	14,126,829	-	-	14,126,829
Licenses, permits, fees and other	8,833,627	-	9,844,070	18,677,697
Interest	1,077,789	202,651	-	1,280,440
<b>Total revenues</b>	<b>295,375,547</b>	<b>4,579,500</b>	<b>35,260,437</b>	<b>335,215,484</b>
<b>EXPENDITURES</b>				
Current:				
General government	7,861,765	-	272,632	8,134,397
Health and welfare	1,886,496	-	2,648,309	4,534,805
Education	164,604,885	-	21,796,705	186,401,590
Employee benefits	29,412,097	-	-	29,412,097
Public safety	39,549,799	-	4,644	39,554,443
Community grants	3,016,523	-	1,231,679	4,248,202
Public works	15,552,312	-	10,879	15,563,191
Recreation, arts and culture	6,962,012	-	66,725	7,028,737
Maritime Center operations	-	-	8,545,888	8,545,888
Capital outlay	-	17,314,958	-	17,314,958
Debt service:				
Principal	15,733,897	-	-	15,733,897
Interest	9,393,007	176,086	-	9,569,093
<b>Total expenditures</b>	<b>293,972,793</b>	<b>17,491,044</b>	<b>34,577,461</b>	<b>346,041,298</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>1,402,754</b>	<b>(12,911,544)</b>	<b>682,976</b>	<b>(10,825,814)</b>
<b>OTHER FINANCING SOURCES</b>				
Issuance of debt	-	18,844,000	-	18,844,000
<b>Total other financing sources</b>	<b>-</b>	<b>18,844,000</b>	<b>-</b>	<b>18,844,000</b>
<b>Net change in fund balances</b>	<b>1,402,754</b>	<b>5,932,456</b>	<b>682,976</b>	<b>8,018,186</b>
<b>FUND BALANCES, beginning, as restated (Note 12)</b>	<b>29,171,733</b>	<b>20,398,566</b>	<b>442,473</b>	<b>50,012,772</b>
<b>FUND BALANCES, ending</b>	<b>\$ 30,574,487</b>	<b>\$ 26,331,022</b>	<b>\$ 1,125,449</b>	<b>\$ 58,030,958</b>

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



CITY OF NORWALK, CONNECTICUT

STATEMENT OF NET ASSETS (DEFICIT) - PROPRIETARY FUNDS

June 30, 2011

	Business-Type Activities - Enterprise Funds			Governmental
	Water Pollution			Activities
	Control Authority	Parking Authority	Totals	Internal Service Fund
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 4,873,128	\$ 581,532	\$ 5,454,660	\$ 2,130,981
Charges receivable, net	345,451	-	345,451	-
Other receivables	15,232	43,505	58,737	16,395
Investments	3,982,565	481,409	4,463,974	9,163,306
Prepays	-	-	-	587,538
<b>Total current assets</b>	<b>9,216,376</b>	<b>1,106,446</b>	<b>10,322,822</b>	<b>11,898,220</b>
<b>CAPITAL ASSETS, NET</b>	<b>102,010,558</b>	<b>29,857,097</b>	<b>131,867,655</b>	<b>-</b>
<b>Total assets</b>	<b>111,226,934</b>	<b>30,963,543</b>	<b>142,190,477</b>	<b>11,898,220</b>
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Current maturities of bonds and notes payable	15,020,872	523,111	15,543,983	-
Accounts payable and accrued liabilities	2,460,133	306,162	2,766,295	436,836
Claims payable	-	-	-	3,531,192
Unearned revenue	446,136	-	446,136	-
<b>Total current liabilities</b>	<b>17,927,141</b>	<b>829,273</b>	<b>18,756,414</b>	<b>3,968,028</b>
<b>LONG-TERM LIABILITIES</b>				
Bonds and notes payable	30,043,831	10,721,938	40,765,769	-
Claims payable	-	-	-	8,840,680
<b>Total long-term liabilities</b>	<b>30,043,831</b>	<b>10,721,938</b>	<b>40,765,769</b>	<b>8,840,680</b>
<b>Total liabilities</b>	<b>47,970,972</b>	<b>11,551,211</b>	<b>59,522,183</b>	<b>12,808,708</b>
<b>NET ASSETS (DEFICIT)</b>				
Invested in capital assets (net of related debt)	57,995,854	19,299,167	77,295,021	-
Unrestricted	5,260,108	113,165	5,373,273	(910,488)
<b>Total net assets (deficit)</b>	<b>\$ 63,255,962</b>	<b>\$ 19,412,332</b>	<b>\$ 82,668,294</b>	<b>\$ (910,488)</b>

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

CITY OF NORWALK, CONNECTICUT

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN  
NET ASSETS (DEFICITS) - PROPRIETARY FUNDS  
For the Year Ended June 30, 2011**

	Business-Type Activities - Enterprise Funds			Governmental
	Water Pollution			Activities
	Control Authority	Parking Authority	Totals	Internal Service Fund
<b>OPERATING REVENUES</b>				
City and member's contributions	\$ -	\$ -	\$ -	\$ 44,644,137
Charges for services	13,253,692	5,267,914	18,521,606	-
<b>Total operating revenues</b>	<b>13,253,692</b>	<b>5,267,914</b>	<b>18,521,606</b>	<b>44,644,137</b>
<b>OPERATING EXPENSES</b>				
Administrative and operations	6,787,683	3,968,271	10,755,954	1,093,417
Depreciation	2,262,543	912,504	3,175,047	-
Salaries, benefits and claims	474,593	222,287	696,880	44,815,635
<b>Total operating expenses</b>	<b>9,524,819</b>	<b>5,103,062</b>	<b>14,627,881</b>	<b>45,909,052</b>
<b>Operating income (loss)</b>	<b>3,728,873</b>	<b>164,852</b>	<b>3,893,725</b>	<b>(1,264,915)</b>
<b>NONOPERATING INCOME (EXPENSE)</b>				
Investment income	267,584	20,969	288,553	669,805
Interest expense	(990,667)	(447,920)	(1,438,587)	-
<b>Total nonoperating income (expense)</b>	<b>(723,083)</b>	<b>(426,951)</b>	<b>(1,150,034)</b>	<b>669,805</b>
<b>Net income (loss) before contributions</b>	<b>3,005,790</b>	<b>(262,099)</b>	<b>2,743,691</b>	<b>(595,110)</b>
Capital contributions	4,629,351	-	4,629,351	-
<b>Change in net assets</b>	<b>7,635,141</b>	<b>(262,099)</b>	<b>7,373,042</b>	<b>(595,110)</b>
<b>FUND NET ASSETS (DEFICIT), beginning</b>	<b>55,620,821</b>	<b>19,674,431</b>	<b>75,295,252</b>	<b>(315,378)</b>
<b>FUND NET ASSETS (DEFICIT), ending</b>	<b>\$ 63,255,962</b>	<b>\$ 19,412,332</b>	<b>\$ 82,668,294</b>	<b>\$ (910,488)</b>

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

CITY OF NORWALK, CONNECTICUT

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS  
For the Year Ended June 30, 2011

	Business-Type Activities - Enterprise Funds			Governmental
	Water Pollution	Parking	Totals	Activities
	Control Authority	Authority		Internal Service Fund
<b>Cash Flows From Operating Activities</b>				
Receipts from customers and users	\$ 13,413,696	\$ 5,319,861	\$ 18,733,557	\$ 44,784,761
Payments to suppliers	(5,956,311)	(4,300,550)	(10,256,861)	
Payments to employees/claims paid	(471,424)	(219,973)	(691,397)	(45,635,829)
<b>Net cash provided by (used in) operating activities</b>	<b>6,985,961</b>	<b>799,338</b>	<b>7,785,299</b>	<b>(851,068)</b>
<b>Cash Flows From Capital and Related Financing Activities</b>				
Principal payments on debt	(3,653,345)	(608,266)	(4,261,611)	-
Transfer of debt	(700,000)	-	(700,000)	-
Interest paid on debt	(967,761)	(379,051)	(1,346,812)	-
Proceeds from notes payable	6,753,533	1,276,000	8,029,533	-
Intergovernmental	4,629,351	-	4,629,351	-
Purchase of property and equipment	(15,912,550)	(878,579)	(16,791,129)	-
<b>Net cash used in capital and related financing activities</b>	<b>(9,850,772)</b>	<b>(589,896)</b>	<b>(10,440,668)</b>	<b>-</b>
<b>Cash Flows From Investing Activities</b>				
Sale (purchase) of investments	2,218,553	(31,227)	2,187,326	275,413
Investment income	267,584	20,969	288,553	669,805
<b>Net cash provided by (used in) investing activities</b>	<b>2,486,137</b>	<b>(10,258)</b>	<b>2,475,879</b>	<b>945,218</b>
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(378,674)</b>	<b>199,184</b>	<b>(179,490)</b>	<b>94,150</b>
<b>Cash and Cash Equivalents</b>				
Beginning	5,251,802	382,348	5,634,150	2,036,831
Ending	<u>\$ 4,873,128</u>	<u>\$ 581,532</u>	<u>\$ 5,454,660</u>	<u>\$ 2,130,981</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash provided by (used in) Operating Activities</b>				
Operating income (loss)	\$ 3,728,873	\$ 164,852	\$ 3,893,725	\$ (1,264,915)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	2,262,543	912,504	3,175,047	-
Changes in assets and liabilities:				
Increase in charges receivable	(31,013)	-	(31,013)	-
Decrease in other receivables	32,307	51,978	84,285	140,624
Decrease in prepaids	-	-	-	170,422
Increase (decrease) in accounts payable and accrued expenses	834,541	(329,996)	504,545	-
Increase in claims and judgments payable	-	-	-	102,801
Increase in unearned income	158,710	-	158,710	-
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 6,985,961</b>	<b>\$ 799,338</b>	<b>\$ 7,785,299</b>	<b>\$ (851,068)</b>
<b>Noncash Investment Activities</b>				
Net increase in fair value of investments	<u>\$ 505,609</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 505,609</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, 2011

	Trust Funds	Private Purpose Trust Fund	Agency Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 24,974,741	\$ 91,104	\$ 1,737,618
Investments:			
U.S. Government Agency	2,446,388	-	-
U.S. Government Securities	9,886,945	-	-
Corporate bonds	6,078,116	-	-
Common stock	57,906,727	-	-
Hedge/alternative investments	97,260,756	-	-
Index Funds	19,901,793	-	-
Commingled funds	81,948,809	-	-
Mutual Funds	70,875,316	-	-
<b>Total investments</b>	<b>346,304,850</b>	<b>-</b>	<b>-</b>
Secured lending transactions	16,635,736	-	-
Accounts receivable	14,159	-	-
Prepays	41,470	-	-
Accrued income	343,229	-	-
<b>Total assets</b>	<b>388,314,185</b>	<b>91,104</b>	<b>1,737,618</b>
<b>LIABILITIES</b>			
Secured lending transactions	16,635,736	-	-
Other liabilities	1,013,142	-	1,737,618
<b>Total liabilities</b>	<b>17,648,878</b>	<b>-</b>	<b>1,737,618</b>
<b>Net Assets Held in Trust</b>	<b>\$ 370,665,307</b>	<b>\$ 91,104</b>	<b>\$ -</b>

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

CITY OF NORWALK, CONNECTICUT

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS -  
FIDUCIARY FUNDS

For the Year Ended June 30, 2011

	Trust Funds	Private Purpose Trust Fund
<b>Additions</b>		
Contributions:		
Employer	\$ 18,145,841	\$ -
Plan members	3,058,868	-
Other	505,870	6,411
<b>Total contributions</b>	<b>21,710,579</b>	<b>6,411</b>
Investment Income:		
Interest and dividends	7,117,638	1,215
Net appreciation in fair value of investments	59,521,473	-
Investment expense	(1,043,503)	-
<b>Net investment income</b>	<b>65,595,608</b>	<b>1,215</b>
Securities lending transactions income	53,198	-
Securities lending transactions expense	(21,238)	-
<b>Net investment income - securities lending</b>	<b>31,960</b>	<b>-</b>
<b>Deductions</b>		
Benefits paid	34,131,245	-
General and administrative	424,598	6,450
<b>Total deductions</b>	<b>34,555,843</b>	<b>6,450</b>
<b>Net increase</b>	<b>52,782,304</b>	<b>1,176</b>
<b>Net Assets Held in Trust</b>		
Beginning of year	317,883,003	89,928
End of year	<b>\$ 370,665,307</b>	<b>\$ 91,104</b>

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

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS  
June 30, 2011

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

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

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

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

**Reporting entity**

Accounting principles generally accepted in the United States of America require that the reporting entity include (1) the primary government, (2) organizations for which the primary government is financially accountable and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The criteria provided 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

## CITY OF NORWALK, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2011

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effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

Separate 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 and reports all financial resources of the general government, except those required to be accounted for in another fund.

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

## CITY OF NORWALK, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2011

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The City reports the following major proprietary funds:

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

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

Additionally, the City reports the following fund types:

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

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

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

#### **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, 2011**

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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 \$2,566,000 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, 2011**

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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, 2011

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**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 assigned fund balance as they do not constitute expenditures or liabilities.

**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.

**Fund Balance**

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

- Nonspendable Fund Balance - These amounts cannot be spent because they are not in spendable form, or because they are legally or contractually required to be maintained intact.
- Restricted Fund Balance - These amounts are restricted to specific purposes when constraints placed on the use of resources are either (a) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislations.
- Committed Fund Balance – This represents amounts constrained prior to year-end, for a specific purpose by a government using its highest level of decision-making authority (City of Norwalk, Common Council).
- Assigned Fund Balance – Amounts constrained for the intent to be used for a specific purpose by a governing board or a body or official that has been delegated authority to assign amounts.
- Unassigned Fund Balance – The residual amount not allocated to any other fund balance category in the General Fund and any residual deficit balance of any other governmental funds.

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

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2011

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**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.

***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 decisions, taking into account the latest actuarial valuation.

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2011

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**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	\$ 206,706,307
Premiums and gains/losses on refunding, net of accumulated amortization	5,041,502
Net pension obligation	1,525,640
Early retirement	1,259,500
Capital lease	283,984
Other post-employment obligation	12,767,854
Claims payable	805,000
Compensated absences	<u>15,801,651</u>
 Net adjustment to reduce fund balance – total governmental funds to arrive at net assets – governmental activities	 <u>\$ 244,191,438</u>

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

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

Capital outlay	\$ 14,729,900
Depreciation expense	<u>(9,178,414)</u>
 Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	 <u>\$ 5,551,486</u>

**CITY OF NORWALK, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2011**

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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	\$ (18,844,000)
Premium amortization	1,391,476
Deferred gain/loss amortization	(718,555)
Principal repayments:	
General obligation debt	16,038,303
Capital lease payments	<u>93,891</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ (2,038,885)</u>

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

Compensated absences	\$ 512,081
Accrued interest	(1,489,124)
Pension liability	35,964
Early retirement	403,500
Other post-employment obligation	(3,874,090)
Deferred charges	(140,827)
Claims payable	<u>1,005,000</u>
Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ (3,547,496)</u>

**Note 3. 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.

**CITY OF NORWALK, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2011**

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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, Cutwater CT Class, and the Tax Exempt Proceeds Fund. Other provisions of the Statutes cover specific municipal funds with particular investment authority. The provisions of the Statutes regarding the investment of municipal pension funds does not specify permitted investments. Therefore, investment of such funds is generally controlled by the laws applicable to fiduciaries and the provisions of the applicable plan.

The Pension Plans set asset allocation parameters, as follows:

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

Interest Rate Risk: The City minimizes the risk that the market value of securities in the portfolio will fall due to changes in general interest rates, by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity. The City of Norwalk, except for pension funds and insurance reserves, will not invest in instruments maturing more than five years from the date of purchase, and no more than 40% of the City's total portfolio shall be invested in instruments maturing more than two years from the date of purchase. 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, 2011, approximately \$69,245,000 of the entity's bank balance of \$72,943,000 was uninsured and uncollateralized.

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

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2011

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Cash and investments of the City consist of the following at June 30, 2011:

<b>Cash and Cash Equivalents</b>	
Deposits with financial institutions	\$ 74,082,093
State of Connecticut Short-Term Investment Fund	282,173
Cutwater Connecticut Class	14,913,342
<b>Total cash and cash equivalents</b>	<u>89,277,608</u>
<b>Investments</b>	
General Fund	
U.S. Government Securities	17,539,344 *
Mutual Funds	12,485,592
<b>Total general fund</b>	<u>30,024,936</u>
Non-Major Funds	
U.S. Government Securities	943,274 *
Mutual Funds	675,740
<b>Total non-major funds</b>	<u>1,619,014</u>
Capital Projects Fund	
U.S. Government Securities	8,610,281 *
Mutual Funds	6,165,693
<b>Total capital projects fund</b>	<u>14,775,974</u>
Internal Service Funds	
Common Stock	2,615,622 *
U.S. Government Securities	3,655,953 *
Mutual Funds	2,036,269
Corporate bonds	855,462 *
<b>Total internal service fund</b>	<u>9,163,306</u>
WPCA:	
U.S. Government Securities	2,320,727 *
Mutual Funds	1,661,838
<b>Total WPCA</b>	<u>3,982,565</u>
Parking Authority:	
U.S. Government Securities	280,527 *
Mutual Funds	200,882
<b>Total parking authority</b>	<u>481,409</u>

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2011

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**Investments, Continued**

Trust Funds:		
U.S. Government Agencies	2,446,388	*
U.S. Government Securities	9,886,945	*
Corporate Bonds	6,078,116	*
Common stock	57,906,727	*
Mutual Funds	70,875,316	
Index Funds	19,901,793	
Hedge/alternative investments	97,260,756	
Commingled funds	81,948,809	
<b>Total trust funds</b>	<u>346,304,850</u>	
<b>Total investments</b>	<u>406,352,054</u>	
<b>Total cash and investments</b>	<u><u>\$ 495,629,662</u></u>	

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

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

**Statement of Net Assets**

Cash and cash equivalents	\$ 62,474,145
Investments	<u>60,047,204</u>
<b>Total statement of net assets</b>	<u>122,521,349</u>

**Fiduciary Funds:**

Cash and cash equivalents	26,803,463
Investments	<u>346,304,850</u>
	<u>373,108,313</u>
<b>Total cash and investments</b>	<u><u>\$ 495,629,662</u></u>

**CITY OF NORWALK, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2011**

*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	\$ 43,237,051	\$ 278,360	\$ 25,182,072	\$ 7,512,169	\$ 10,264,450
U.S. Government Agencies	2,446,388	-	611,774	1,834,614	-
Pooled fixed income	15,195,515	15,195,515	-	-	-
Corporate Bonds	6,933,578	-	2,966,123	3,512,238	455,217
<b>TOTAL</b>	<b>\$ 67,812,532</b>	<b>\$ 15,473,875</b>	<b>\$ 28,759,969</b>	<b>\$ 12,859,021</b>	<b>\$ 10,719,667</b>

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

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

Average Rating	Corporate Bonds	U.S. Government Agencies	Pooled Fixed Income	U.S. Government Securities
AAA	\$ -	\$ 2,446,388	\$ -	\$ 43,237,051
AAAm	-	-	15,195,515	-
A-	284,410	-	-	-
AA+	149,089	-	-	-
A	4,109,755	-	-	-
AA	1,337,604	-	-	-
BBB	910,492	-	-	-
A+	142,228	-	-	-
	<b>\$ 6,933,578</b>	<b>\$ 2,446,388</b>	<b>\$ 15,195,515</b>	<b>\$ 43,237,051</b>

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2011

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

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

	Unearned Revenue	Deferred Revenue
<b>General Fund:</b>		
Taxes and accrued interest on delinquent property taxes	\$ -	\$ 5,536,603
Advanced tax collections	13,458,429	-
Tax overpayments	2,497,339	-
Grants and other	2,967,968	87,743
<b>Capital Projects:</b>		
Grants	80,144	-
Tax revenue	-	818,498
<b>Nonmajor Funds:</b>		
Grants	2,316,476	-
<b>Total</b>	<u>\$ 21,320,356</u>	<u>\$ 6,442,844</u>

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2011

**Note 5. Capital Assets**

Capital asset activity for the year ended June 30, 2011 was as follows:

	Beginning Balance	Additions/ Transfers	Disposals/ Transfers	Ending Balance
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 21,905,400	\$ 1,724,497	\$ -	\$ 23,629,897
Construction in progress	20,954,251	308,259	(20,954,251)	308,259
Total capital assets, not being depreciated	42,859,651	2,032,756	(20,954,251)	23,938,156
Capital assets, being depreciated:				
Land improvements	12,244,085	2,061,352	-	14,305,437
Machinery and equipment	36,082,866	3,583,484	(301,858)	39,364,492
Buildings and improvements	331,011,816	1,528,537	-	332,540,353
Infrastructure	164,906,050	26,478,022	-	191,384,072
Total capital assets being depreciated	544,244,817	33,651,395	(301,858)	577,594,354
Less accumulated depreciation for:				
Land improvements	6,658,063	351,250	-	7,009,313
Machinery and equipment	26,905,895	1,469,301	(301,385)	28,073,811
Buildings and improvements	73,594,129	6,267,964	-	79,862,093
Infrastructure	24,552,009	1,089,899	-	25,641,908
Total accumulated depreciation	131,710,096	9,178,414	(301,385)	140,587,125
Total capital assets, being depreciated, net	412,534,721	24,472,981	(473)	437,007,229
Governmental activities capital assets, net	\$ 455,394,372	\$ 26,505,737	\$ (20,954,724)	\$ 460,945,385

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2011

	Beginning Balance	Additions/ Transfers	Disposal/ Transfers	Ending Balance
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 4,838,762	\$ -	\$ -	\$ 4,838,762
Total capital assets, not being depreciated	4,838,762	-	-	4,838,762
Capital assets, being depreciated:				
Land improvements	509,288	-	-	509,288
Machinery and equipment	13,250,893	83,394	-	13,334,287
Buildings and improvements	131,902,411	16,707,735	-	148,610,146
Infrastructure	28,677,753	-	-	28,677,753
Total capital assets, being depreciated	174,340,345	16,791,129	-	191,131,474
Less accumulated depreciation for:				
Land improvements	425,535	17,703	-	443,238
Machinery and equipment	12,608,405	162,704	-	12,771,109
Buildings and improvements	34,929,534	2,564,563	-	37,494,097
Infrastructure	12,964,060	430,077	-	13,394,137
Total accumulated depreciation	60,927,534	3,175,047	-	64,102,581
Total capital assets, being depreciated, net	113,412,811	13,616,082	-	127,028,893
Business-type activities capital assets, net	\$ 118,251,573	\$ 13,616,082	\$ -	\$ 131,867,655

Depreciation expense was charged to functions/programs as follows:

<b>Governmental Activities:</b>	
General government	\$ 120,604
Education	4,956,009
Public safety	1,201,588
Health and welfare	31,742
Public works	1,615,839
Recreation, arts and cultural	1,252,632
<b>Total depreciation expense – governmental activities</b>	<b>\$ 9,178,414</b>
<b>Business-type activities:</b>	
Parking Authority	\$ 912,504
Water Pollution Control Authority	2,262,543
<b>Total depreciation expense – business-type activities</b>	<b>\$ 3,175,047</b>

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2011

**Note 6. Long-Term Liabilities**

Long-term liability activity for the year ended June 30, 2011 was as follows:

	Beginning Balance	Increases/ Transfers	Decreases/ Transfers	Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
Bonds payable:					
General obligation bonds	\$ 203,048,530	\$ 18,844,000	\$ (15,733,895)	\$ 206,158,635	\$ 15,161,237
Maritime Center bonds	852,080	-	(304,408)	547,672	283,552
Deferred amounts:					
For issuance premiums and gain/loss	5,714,423	718,555	(1,391,476)	5,041,502	-
<b>Total bonds and notes payable</b>	<b>209,615,033</b>	<b>19,562,555</b>	<b>(17,429,779)</b>	<b>211,747,809</b>	<b>15,444,789</b>
Compensated absences	16,313,732	6,220,449	(6,732,530)	15,801,651	2,500,000
Capital lease	377,875	-	(93,891)	283,984	98,744
Net pension obligation	1,561,604	-	(35,964)	1,525,640	-
Other post-employment obligation	8,893,764	3,874,090	-	12,767,854	-
Early retirement accrual	1,663,000	94,500	(498,000)	1,259,500	433,500
Risk financing activities	12,195,114	44,992,393	(44,815,635)	12,371,872	3,531,192
Claims payable	1,810,000	-	(1,005,000)	805,000	-
<b>Total other long term debt</b>	<b>42,815,089</b>	<b>55,181,432</b>	<b>(53,181,020)</b>	<b>44,815,501</b>	<b>6,563,436</b>
<b>Governmental activity long-term liabilities</b>	<b>\$ 252,430,122</b>	<b>\$ 74,743,987</b>	<b>\$ (70,610,799)</b>	<b>\$ 256,563,310</b>	<b>\$ 22,008,225</b>
<b>Business-type activities:</b>					
Bonds payable:					
General obligation bonds and notes payable	\$ 48,497,857	\$ 1,276,000	\$ (4,961,710)	\$ 44,812,147	\$ 4,046,378
Interim clean water fund notes	4,744,072	6,753,533	-	11,497,605	11,497,605
<b>Total bonds and notes payable</b>	<b>53,241,929</b>	<b>8,029,533</b>	<b>(4,961,710)</b>	<b>56,309,752</b>	<b>15,543,983</b>
<b>Business-type activity long-term liabilities</b>	<b>\$ 53,241,929</b>	<b>\$ 8,029,533</b>	<b>\$ (4,961,710)</b>	<b>\$ 56,309,752</b>	<b>\$ 15,543,983</b>

**CITY OF NORWALK, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2011**

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**Compensated absences**

The obligation represents the employee (vested and nonvested) compensated absences expected to be paid in the future, aggregating approximately \$15,802,000 as of June 30, 2011. 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, 2011 was approximately \$1,526,000. 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, 2011 was approximately \$12,768,000. 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, 2011 is approximately \$1,259,500 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, 2011 is approximately \$805,000. 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, 2011**

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**Bonded indebtedness**

As of June 30, 2011, the outstanding general obligation bonded indebtedness of the City was as follows:

***Governmental Activities***

**General Obligation Debt**

<u>Purpose</u>	<u>Interest Rate %</u>	<u>Amount</u>
Capital improvement	4.20-5.00	\$ 534,952
Capital improvement	3.00-4.00	7,649,250
Capital improvement	3.00-4.00	3,304,249
Capital improvement	4.25-5.50	1,422,790
Capital improvement	4.00-5.75	9,636,652
Capital improvement	3.00-5.00	15,750,000
Capital improvement	4.00-5.00	21,800,000
Capital improvement	2.00-5.00	52,307,606
Capital improvement	3.00-5.00	17,037,600
Capital improvement	2.25-5.00	14,114,000
Capital improvement	2.00-5.00	15,879,306
Capital improvement	3.00-5.00	27,878,230
Capital improvement	1.60-5.20	6,000,000
Capital improvement	1.60-5.20	12,844,000
		<u>\$ 206,158,635</u>

**Capital Lease**

Property and equipment with a carrying value at June 30, 2011 of approximately \$655,000 and accumulated depreciation of \$390,000 is being acquired under capital lease arrangements. Future minimum payments under capital lease arrangements are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2012	\$ 110,820
2013	110,820
2014	83,115
<b>Total</b>	<u>304,755</u>
Less amount representing interest at 5.05%	20,771
<b>Total</b>	<u>\$ 283,984</u>

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2011

**Maritime Center Project Bonds**

Purpose	Interest Rate %	Amount
Maritime Center Project - Refunding G.O. Bonds, 1986 Series	6.95-7.20%	\$ <u>547,672</u>

***Business-Type Activities***

**Enterprise Debt**

Purpose	Interest Rate %	Amount
Water Pollution Control Authority Bonds	2.75-6.50%	\$ 8,936,294
Water Pollution Control Authority Clean Water Fund Notes	2.00%	24,630,804
Parking Authority G.O. - Parking Fund	2.00-6.50%	11,245,049
		<u>\$ 44,812,147</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, 2011 is as follows:

Year Ended June 30,	General Obligation Debt	Maritime Center Project Debt	Total Interest Amount	Total Principal and Interest Amount
2012	\$ 15,161,237	\$ 283,552	\$ 9,865,894	\$ 25,310,683
2013	15,674,994	264,120	8,967,129	24,906,243
2014	17,693,254	-	7,009,993	24,703,247
2015	16,341,655	-	6,406,339	22,747,994
2016	15,283,849	-	5,804,836	21,088,685
2017-2021	61,658,016	-	20,423,649	82,081,665
2022-2026	47,115,006	-	8,726,972	55,841,978
Thereafter	17,230,624	-	1,486,713	18,717,337
	<u>\$ 206,158,635</u>	<u>\$ 547,672</u>	<u>\$ 68,691,525</u>	<u>\$ 275,397,832</u>

**CITY OF NORWALK, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2011**

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A summary of the City's business-type activities' long-term notes and bond principal maturities and related interest at June 30, 2011 is as follows:

Year Ended June 30,	WPCA Debt	Parking Authority Debt	Total Interest Amount	Total Principal and Interest Amount
2012	\$ 3,523,267	\$ 523,111	\$ 1,236,924	\$ 5,283,302
2013	3,649,562	566,343	1,106,157	5,322,062
2014	3,762,212	759,896	986,835	5,508,943
2015	3,745,717	763,651	880,385	5,389,753
2016	3,642,653	728,457	772,673	5,143,783
2017-2021	12,250,170	3,133,089	2,441,681	17,824,940
2022-2026	2,259,001	3,460,664	1,099,823	6,819,488
Thereafter	734,516	1,309,838	122,018	2,166,372
	<u>\$ 33,567,098</u>	<u>\$ 11,245,049</u>	<u>\$ 8,646,496</u>	<u>\$ 53,458,643</u>

**Interim financing**

The City received interim financing from the State of Connecticut of \$11,497,605 for renovations on their wastewater plant. When the project is complete, the short-term interim financing will be restructured into long-term debt.

**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, 2011, the amount of defeased debt outstanding, but removed from the City's government-wide financial statements, is as follows:

Prior Year Refundings	<u>\$ 54,360,000</u>
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**CITY OF NORWALK, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2011**

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**Authorized but unissued bonds**

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

The City has authorized but unissued bonds relating to capital projects at June 30, 2011 as follows:

General purpose	\$	35,979,200
Schools		5,405,330
Sewer		31,358,219
Urban Renewal		6,050,000
<b>Total</b>	<b>\$</b>	<b>78,792,749</b>

**Legal Debt Limit**

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

<u>Category</u>	<u>Debt Limit</u>	<u>Indebtedness</u>	<u>Balance</u>
General purpose	\$ 579,554,335	\$ 148,478,746	\$ 431,075,589
Pension	772,739,114	-	772,739,114
Schools	1,159,108,671	118,574,967	1,040,533,704
Sewers	965,923,892	64,925,317	900,998,575
Urban renewal	837,134,040	20,308,927	816,825,113

The total overall statutory debt limit for the City is equal to seven times annual receipts from taxation, or \$1,803,057,933.

**Subsequent Event**

On July 1, 2011, the City refunded \$18,810,000 of general obligation bonds to refinance previous general obligation bonds at a lower interest rate. The bonds will mature through 2027.

On August 15, 2011, the City issued \$18,000,000 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, 2011**

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**Capital Projects**

A summary of the uncompleted capital projects of the City at June 30, 2011 follows:

	Project Authorizations	Expenditures Fiscal 2011	Expenditures Cumulative	Unexpended Authorization Balances
	(a)	(b)	(c)	
Department of Public Works				
Clean Water	\$ 45,000,000	\$ 11,590,078	\$ 20,429,702	\$ 24,570,298
Sanitary Sewers	13,985,001	3,780,923	7,857,862	6,127,139
Drainage	8,410,000	531,348	2,609,134	5,800,866
Roads and Highways	24,790,791	6,394,719	15,010,675	9,780,116
Other	11,529,500	416,124	10,531,059	998,441
Police Department	263,000	26,950	119,202	143,798
Fire Department	3,541,250	1,285,952	1,408,955	2,132,295
Parks and Recreation	32,354,303	3,108,234	18,435,398	13,918,905
Board of Education	69,531,043	908,003	60,151,217	9,379,826
Redevelopment Agency	40,234,265	4,253,529	25,723,619	14,510,646
Traffic and Parking	10,498,894	813,360	4,464,235	6,034,659
	<u>\$ 260,138,047</u>	<u>\$ 33,109,220</u>	<u>\$ 166,741,058</u>	<u>\$ 93,396,989</u>

- (a) Represents cumulative Capital Budgets for projects that remain open at June 30, 2011.
- (b) Represents current year expenditures for projects that were open at June 30, 2011.
- (c) Represents aggregate expenditures for projects that were open at June 30, 2011.

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

**Note 7. Commitments and Contingencies**

The City is a defendant in various lawsuits including personal injury, property damage, civil rights violations and other miscellaneous claims. For certain of these cases, where it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated, a loss contingency has been accrued in the Internal Service Fund for all claims, for approximately \$1,168,000. 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.

**CITY OF NORWALK, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2011**

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**Note 8. Employee Retirement Plans**

**Employee Pension Plan**

**Plan Descriptions**

The City is the administrator of four separate single-employer defined benefit pension plans that were established to provide pension benefits for its police, firefighters, food service, and other full-time employees other than teachers. The plans are considered to be part of the City's financial reporting entity and are included in the City's basic financial statements as pension trust funds. Administrative fees are paid through the plans. The plans do not issue separate, stand-alone, financial reports. For the year ended June 30, 2011, the actuarial valuation date utilized was July 1, 2010.

At the last actuarial valuation date, July 1, 2010, membership consisted of:

	<u>Police</u>	<u>Fire</u>	<u>Employees'</u>	<u>Food Service</u>
Retirees, disabled members and beneficiaries currently receiving benefits	167	146	619	29
Terminated employees entitled to benefits but not yet receiving them	1	1	108	9
Active members	140	122	652	62
Drop members	34	8	-	-
	<u>342</u>	<u>277</u>	<u>1,379</u>	<u>100</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, 2011 was approximately \$10,038,000.

**CITY OF NORWALK, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2011**

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**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, 2011 was approximately \$8,907,000.

**Employees' Pension Plan**

The Norwalk City Employees' Pension Plan provides retirement benefits as well as death and disability benefits. Benefits vest after 5 years of service. Members who retire after age 55 with 10 years of services or after age 62 with 5 years of service are entitled to an annual retirement benefit, payable monthly for life (with 60 months guaranteed), in an amount equal to 2 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, 2011 was approximately \$35,648,000.

**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, 2011 was approximately \$920,000.

**CITY OF NORWALK, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2011**

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**Total Payroll**

Total payroll for the City for the year ended June 30, 2011 was approximately \$165,220,000 of which approximately \$55,514,000 was covered under various pension plans described above.

**Connecticut State Teachers' Retirement System**

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

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

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

In addition, the City has recognized revenues and expenditures for on-behalf payments for pension contributions paid directly to the Connecticut State Teachers' Retirement System by the State of Connecticut. Such on-behalf payments were approximately \$13,030,000 for the year ended June 30, 2011.

The City's annual pension cost and net pension obligation (asset) to the Plans for the year ended June 30, 2011 were as follows:

	Employees'	Police	Fire	Food Service
Annual required contribution	\$ 1,677,163	\$ 1,925,038	\$ 335,135	\$ 89,530
Interest on net pension obligation	43,631	85,201	-	(6,155)
Adjustment to annual required contribution	(42,174)	(82,356)	-	5,950
Annual pension cost	1,678,620	1,927,883	335,135	89,325
Contributions made	(1,717,429)	(1,925,038)	(335,135)	(89,530)
Increase (decrease) in net pension obligation (asset)	(38,809)	2,845	-	(205)
Net pension obligation (asset), beginning of year	528,866	1,032,738	-	(74,612)
Net pension obligation (asset), end of year	<u>\$ 490,057</u>	<u>\$ 1,035,583</u>	<u>\$ -</u>	<u>\$ (74,817)</u>

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2011

**Three Year Trend Information**

	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
<b><u>Employees' Pension Plan</u></b>			
June 30, 2009	\$ 836,728	103.1%	\$ 524,623
June 30, 2010	893,835	99.5%	528,866
June 30, 2011	1,678,620	102.3%	490,057
<b><u>Police Benefit Fund</u></b>			
June 30, 2009	\$ 1,275,014	99.4%	\$ 927,972
June 30, 2010	1,202,093	91.3%	1,032,738
June 30, 2011	1,927,883	99.9%	1,035,583
<b><u>Firemans Benefit</u></b>			
June 30, 2009	\$ 62,744	100%	\$ -
June 30, 2010	-	100%	-
June 30, 2011	335,135	100%	-
<b><u>Food Service Plan</u></b>			
June 30, 2009	\$ 73,611	100.8%	\$ (74,212)
June 30, 2010	88,702	100.5%	(74,612)
June 30, 2011	89,325	100.2%	(74,817)

**SCHEDULE OF FUNDING PROGRESS**

Actuarial Valuation Date	Actuarial Valuation of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded/ (Overfunded) AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
<b>Police Benefit Fund</b>						
07/01/10	\$ 92,593,831	\$ 107,525,222	\$ 14,931,391	86.1%	\$ 10,038,206	148.7%
<b>Firemen's Benefit Fund</b>						
07/01/10	\$ 93,528,996	\$ 92,423,473	\$ (1,105,523)	101.2%	\$ 8,907,133	(12.4)%
<b>Employees' Pension Plan</b>						
07/01/10	\$ 177,700,315	\$ 177,964,459	\$ 264,144	99.9%	\$ 35,648,471	0.7%
<b>Food Service Employees' Pension Plan</b>						
07/01/10	\$ 1,648,073	\$ 2,030,852	\$ 382,779	81.2%	\$ 920,435	41.6%

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

**CITY OF NORWALK, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2011**

Additional information as of the latest actuarial valuations follows:

	Employees' Pension Plan	Police Benefit Fund	Firemens' Benefit Fund	Food Service Pension Plan
Valuation date	7/1/10	7/1/10	7/1/10	7/1/10
Actuarial cost method	Entry Age	Entry Age	Entry Age	Entry Age
	Normal	Normal	Normal	Normal
Amortization method	Level Percent	Level Percent	Level Percent	Level Percent
	Closed	Closed	Closed	Closed
Remaining amortization period	18 years	18 years	18 years	18 years
Asset valuation method	Investment gains/losses recognized over 5 years	Investment gains/losses recognized over 5 years	Investment gains/losses recognized over 5 years	Investment gains/losses recognized over 5 years
Actuarial assumptions:				
Investment rate of return	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%

**TRUST FUNDS**  
**SCHEDULE OF PLAN NET ASSETS**  
**June 30, 2011**

	Pension Trust Funds					Total
	Employees Pension Plan	Fire Benefit Fund	Police Benefit Fund	Food Service Employees' Fund	OPEB Trust Fund	
<b>ASSETS</b>						
Cash and cash equivalents	\$ 10,678,754	\$ 5,629,723	\$ 5,706,366	\$ 99,212	\$ 2,860,686	\$ 24,974,741
Investments, at fair value:						
U.S. Government Agency	1,186,289	620,854	627,538	11,707	-	2,446,388
U.S. Government Securities	3,658,945	1,914,938	1,935,555	36,109	2,341,398	9,886,945
Corporate Bonds	2,947,366	1,542,528	1,559,135	29,087	-	6,078,116
Common and Preferred						
Equities	28,078,382	14,692,338	14,856,921	279,086	-	57,906,727
Mutual Funds	26,696,797	13,971,983	14,122,409	263,464	15,820,663	70,875,316
Hedge/alternative investments	47,163,146	24,683,212	24,948,957	465,441	-	97,260,756
Commingled funds	39,738,162	20,797,286	21,021,195	392,166	-	81,948,809
Index Funds	9,650,667	5,050,754	5,105,132	95,240	-	19,901,793
Accrued Income	160,353	83,922	84,825	1,582	12,547	343,229
Security lending transactions	8,066,909	4,221,882	4,267,335	79,610	-	16,635,736
Accounts receivable	-	-	-	-	14,159	14,159
Prepays	-	-	-	-	41,470	41,470
<b>Total assets</b>	<b>178,025,770</b>	<b>93,209,420</b>	<b>94,235,368</b>	<b>1,752,704</b>	<b>21,090,923</b>	<b>388,314,185</b>
<b>LIABILITIES</b>						
Security lending transactions	8,066,909	4,221,882	4,267,335	79,610	-	16,635,736
Accounts payable	-	-	-	-	1,013,142	1,013,142
<b>Total liabilities</b>	<b>8,066,909</b>	<b>4,221,882</b>	<b>4,267,335</b>	<b>79,610</b>	<b>1,013,142</b>	<b>17,648,878</b>
<b>Net Assets Held in Trust</b>	<b>\$ 169,958,861</b>	<b>\$ 88,987,538</b>	<b>\$ 89,968,033</b>	<b>\$ 1,673,094</b>	<b>\$ 20,077,781</b>	<b>\$ 370,665,307</b>

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2011

SCHEDULE OF CHANGES IN PLAN NET ASSETS  
Year Ended June 30, 2011

	Pension Trust Funds					Total Trust Funds
	Employees	Fire	Police	Food Service	OPEB	
	Pension Plan	Benefit Fund	Benefit Fund	Employees' Fund	Trust Fund	
<b>Addition</b>						
Contributions						
Employer	\$ 1,717,429	\$ 335,135	\$ 1,925,038	\$ 89,530	\$ 14,078,709	\$ 18,145,841
Plan members	1,257,207	673,208	756,805	29,070	342,578	3,058,868
Other revenue	-	-	-	-	505,870	505,870
<b>Total contributions</b>	<b>2,974,636</b>	<b>1,008,343</b>	<b>2,681,843</b>	<b>118,600</b>	<b>14,927,157</b>	<b>21,710,579</b>
Investment Income						
Interest and dividends	2,591,789	1,361,924	1,364,075	24,701	1,775,149	7,117,638
Net appreciation in fair value of investments	27,970,568	14,704,412	14,695,434	265,401	1,885,658	59,521,473
Investment expense	(508,946)	(264,567)	(265,173)	(4,817)	-	(1,043,503)
<b>Net investment income</b>	<b>30,053,411</b>	<b>15,801,769</b>	<b>15,794,336</b>	<b>285,285</b>	<b>3,660,807</b>	<b>65,595,608</b>
Securities lending transaction income	25,845	13,526	13,572	255	-	53,198
Securities lending transaction expense	(10,298)	(5,390)	(5,448)	(102)	-	(21,238)
<b>Net investment income- securities lending</b>	<b>15,547</b>	<b>8,136</b>	<b>8,124</b>	<b>153</b>	<b>-</b>	<b>31,960</b>
<b>Deductions</b>						
Benefits paid	10,946,908	5,628,974	5,830,896	118,276	11,606,191	34,131,245
General and administrative	40,800	21,573	22,615	2,045	337,565	424,598
<b>Total deductions</b>	<b>10,987,708</b>	<b>5,650,547</b>	<b>5,853,511</b>	<b>120,321</b>	<b>11,943,756</b>	<b>34,555,843</b>
<b>Net increase</b>	<b>22,055,886</b>	<b>11,167,701</b>	<b>12,630,792</b>	<b>283,717</b>	<b>6,644,208</b>	<b>52,782,304</b>
<b>Net Assets Held in Trust</b>						
Beginning of year	147,902,975	77,819,837	77,337,241	1,389,377	13,433,573	317,883,003
End of year	\$ 169,958,861	\$ 88,987,538	\$ 89,968,033	\$ 1,673,094	\$ 20,077,781	\$ 370,665,307

**CITY OF NORWALK, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2011**

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**Securities Lending Transactions**

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

During the year ended June 30, 2011, 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, 2011 were as follows:

<u>Collateral Type</u>	<u>Market Value</u> <u>June 30, 2011</u>	<u>Collateral Value</u> <u>June 30, 2011</u>	<u>Collateral</u> <u>Percentage</u>
Cash	<u>\$ 16,271,892</u>	<u>\$ 16,635,736</u>	102%

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, 2011.

**Note 9. Other Postemployment Benefits**

**Post retirement benefits**

The City provides post-retirement benefits for certain employees for current and future health and life insurance benefit expenses through a single-employer defined benefit plan. An annual actuarial valuation is made to determine whether the contributions are sufficient to meet the plan obligations. The latest actuarial valuation was made July 1, 2009. 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, 2011**

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, 2009, the date of the last actuarial valuation.

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

OPEB Obligation

Annual required contribution	\$ 17,791,000
Interest on net OPEB obligation	733,736
Adjustments to ARC	<u>(571,937)</u>
Annual OPEB cost	17,952,799
Contributions made	<u>14,078,709</u>
Increase in net OPEB liability	3,874,090
Net OPEB obligation, beginning of year	<u>8,893,764</u>
Net OPEB obligation, end of year	<u><u>\$ 12,767,854</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
6/30/09	\$ 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
6/30/11	17,952,799	14,078,709	78.42%	12,767,854

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%	\$ 162,800,000	3.90%

**CITY OF NORWALK, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2011**

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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, 2009
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 10. Risk Management**

The City is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions for public officials and law enforcement; medical malpractice for the health department's physicians; injuries to employees; and natural disasters. The City purchases commercial property, boiler and machinery insurance for losses in excess of \$100,000 to the City's real estate, third party liability insurance up to \$12,000,000 for claims above a \$1,000,000 self-insured retention. The City and the Board of Education is self-insured for its medical, dental, workers' compensation and heart and hypertension. The City has opted to manage certain of its risks internally and has set aside assets for claim settlement in its Internal Service Fund.

**CITY OF NORWALK, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2011**

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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
2010	\$ 12,960,365	\$ 41,503,273	\$ 42,268,524	\$ 12,195,114
2011	12,195,114	44,992,393	44,815,635	12,371,872

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2011

**Note 11. Fund Balance**

In Fiscal Year 2011, the Town adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which establishes accounting and financial reporting standards for governmental funds. It establishes criteria for classifying fund balances into specifically defined classification and clarifies definitions for governmental fund types. Fund balances for governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Below is a table of fund balance categories and classifications at June 30, 2011 for the City governmental funds:

	General Fund	Capital Projects	Nonmajor Governmental Funds
Fund balances:			
Nonspendable:			
Inventory	\$ -	\$ -	\$ 51,225
Total nonspendable	-	-	51,225
Restricted:			
General government	-	-	165,190
Public safety	-	-	114,659
Health & welfare	-	-	1,295
Public works	-	-	15,000
Maritime operations	-	-	8,992
Education	-	-	193,887
Recreation	-	-	123,888
Capital projects	-	14,160,975	-
Community grants	-	-	2,637
Total restricted	-	14,160,975	625,548
Committed:			
Public Safety	-	-	448,676
Capital projects	-	12,170,047	-
Total committed	-	12,170,047	448,676
Assigned:			
Education	296,143	-	-
General government	1,594,216	-	-
Public works	55,797	-	-
Total assigned	1,946,156	-	-
Unassigned:			
General government	28,628,331	-	-
Total unassigned	28,628,331	-	-
<b>Total fund balance</b>	<b>\$ 30,574,487</b>	<b>\$ 26,331,022</b>	<b>\$ 1,125,449</b>

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2011

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**Note 12. Accounting Change/Restatement**

Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, was implemented as of July 1, 2010. The effect of fund type reclassification is as follows:

	General	Nonmajor Governmental Funds
	<u>                    </u>	<u>                    </u>
Fund balance, June 30, 2010, as previously reported	\$ 28,613,275	\$ 1,000,931
Change in fund type classification per implementation of GASB Statement No. 54:		
Other Programs	558,458	(558,458)
Fund balance, July 1, 2010, as restated	<u>\$ 29,171,733</u>	<u>\$ 442,473</u>

**Note 13. Governmental Accounting Standards Board (GASB) Statements**

The City adopted the following statements during the year ended June 30, 2011:

- GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.** This Statement is intended to improve the usefulness of information provided to financial report users about fund balances by providing clearer, more structured fund balance classifications, and by clarifying the definitions of existing governmental fund types. Fund balance information is among the most widely and frequently used information in state and local government financial reports. The GASB developed this standard to address the diversity of practice and the resulting lack of consistency that had evolved in fund balance reporting. To reduce confusion, the new standard establishes a hierarchy of fund balance classification based primarily on the extent to which a government is bound to observe spending constraints. As explained in Notes 11 and 12 to the basic financial statements, the City reclassified the fund balances for governmental funds and restated the General Fund and the Nonmajor Governmental fund balance by \$558,458 as a result of the implementation of this Statement.
- GASB Statement No. 59, *Financial Instruments Omnibus*.** This Statement is intended to update and improve existing standards regarding financial reporting of certain financial instruments and external investment pools. Specifically, this Statement provides financial reporting guidance by emphasizing the applicability of SEC requirements to certain external investment pools, addressing the applicability of GASB 53, Accounting and Financial Reporting for Derivative Instruments, and applying the reporting provisions for interest-earning investment contracts of GASB 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools.

## CITY OF NORWALK, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2011

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The Governmental Accounting Standards Board (GASB) has issued several pronouncements that have effective dates that may impact future financial presentations.

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

- **GASB Statement 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans***, was issued in December 2009. The objective of this Statement is to address issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other postemployment benefit (OPEB) plans (that is, agent employers). This Statement amends Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, to permit certain OPEB plans to use an alternative measurement method. Consistent with this change to the employer-reporting requirements, this Statement also amends a Statement No. 43, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, requirement that a defined benefit OPEB plan obtain an actuarial valuation. In addition, this Statement clarifies that when actuarially determined OPEB measures are reported by an agent multiple-employer OPEB plan and its participating employers, those measures should be determined as of a common date and at a minimum frequency to satisfy the agent multiple-employer OPEB plan's financial reporting requirements. The provisions of this Statement will be effective for the City beginning with its year ending June 30, 2012.
- **GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements***, issued November 2010, will be effective for the City beginning with its year ending June 30, 2013. This Statement is intended to improve financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. Specifically, this Statement improves financial reporting by establishing recognition, measurement, and disclosure requirements SCAs for both transferors and governmental operators, requiring governments to account for and report SCAs in the same manner, which improves the comparability of financial statements. This Statement also improves the decision usefulness of financial reporting by requiring that specific relevant disclosures be made by transferors and governmental operators about SCAs.
- **GASB Statement No. 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34***, issued November 2010, will be effective for the City beginning with its year ending June 30, 2013. This Statement is intended to improve financial reporting for a governmental financial reporting entity by improving guidance for including, presenting, and disclosing information about component units and equity interest transactions of a financial reporting entity. The amendments to the criteria for including component units allow users of financial statements to better assess the accountability of elected officials by ensuring that the financial reporting entity includes only organizations for which the elected officials are financially accountable or that are determined by the government to be misleading to exclude. The amendments to the criteria for blending also improve the focus of a financial reporting entity on the primary government by ensuring that the primary government includes only those component units that are so intertwined with the primary government that they are essentially the same as the primary government, and by clarifying which component units have that characteristic.

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2011

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- **GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements***, issued January 2011, will be effective for the City beginning with its year ending June 30, 2013. This Statement is intended to enhance the usefulness of the Codification of Governmental Accounting and Financial Reporting Standards by incorporating guidance that previously could only be found in certain FASB and AICPA pronouncements. This Statement incorporates into the GASB's authoritative literature the applicable guidance previously presented in the following pronouncements issued before November 30, 1989: FASB Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the AICPA's Committee on Accounting Procedure. By incorporating and maintaining this guidance in a single source, the GASB believes that GASB 62 reduces the complexity of locating and using authoritative literature needed to prepare state and local government financial reports.
- **GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position***, issued July 2011, will be effective for the City beginning with its year ending June 30, 2013. This Statement is intended to improve financial reporting by providing citizens and other users of state and local government financial reports with information about how past transactions will continue to impact a government's financial statements in the future. This Statement provides a new statement of net position format to report all assets, deferred outflows of resources, liabilities deferred inflows of resources, and net position (which is the net residual amount of the other elements). The Statement requires that deferred outflows of resources and deferred inflows of resources be reported separately from assets and liabilities. This Statement also amends certain provisions of Statement No. 34, Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments, and related pronouncements to reflect the residual measure in the statement of financial position as net position, rather than net assets.
- **GASB Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions*** (an amendment of GASB Statement No. 53), issued July 2011, will be effective for the City beginning with its year ending June 30, 2012. This Statement clarifies that when certain conditions are met, the use of hedge accounting should not be terminated. Those conditions are: (a) the collectibility of swap payments is considered to be probable, (b) the replacement of the counterparty or credit support provider meets the criteria of an assignment or in-substance assignment as described in the Statement, and (c) the counterparty or counterparty credit support provider (and not the government) has committed the act of default or termination event. When all of these conditions exist, the GASB believes that the hedging relationship continues and hedge accounting should continue to be applied.

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**Required Supplementary  
Information**

**CITY OF NORWALK, CONNECTICUT**

**REQUIRED SUPPLEMENTARY INFORMATION  
POLICE BENEFIT FUND  
June 30, 2011**

***Schedule of Funding Progress***

Actuarial Valuation Date	Actuarial Valuation of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded/ (Overfunded) AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
<b>Police Benefit Fund</b>						
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%
07/01/10	92,593,831	107,525,222	14,931,391	86.1%	10,038,206	148.7%

***Schedule of Employer Contributions***

Year Ended June 30,	Annual Required Contribution	Percentage Contributed
2011	\$ 1,925,038	100.0%
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%

CITY OF NORWALK, CONNECTICUT

REQUIRED SUPPLEMENTARY INFORMATION  
 FIREMEN'S BENEFIT FUND  
 June 30, 2011

*Schedule of Funding Progress*

Actuarial Valuation Date	Actuarial Valuation of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded/ (Overfunded) AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
<b>Firemen's Benefit Fund</b>						
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)%
07/01/10	93,528,996	92,423,473	(1,105,523)	101.2%	8,907,133	(12.4)%

*Schedule of Employer Contributions*

Year Ended June 30,	Annual Required Contribution	Percentage Contributed
2011	\$ 335,135	100.00%
2010	-	0.00%
2009	62,744	100.00%
2008	391,779	100.00%
2007	307,926	100.00%
2006	-	0.00%

CITY OF NORWALK, CONNECTICUT

REQUIRED SUPPLEMENTARY INFORMATION  
 EMPLOYEES' PENSION PLAN  
 June 30, 2011

*Schedule of Funding Progress*

Actuarial Valuation Date	Actuarial Valuation of Assets	Actuarial Liability (AAL) Entry Age	Unfunded/ (Overfunded) AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
<b>Employees' Pension Plan</b>						
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)%
07/01/10	177,700,315	177,964,459	264,144	99.9%	35,648,471	0.7%

*Schedule of Employer Contributions*

Year Ended June 30,	Annual Required Contribution	Percentage Contributed
2011	\$ 1,677,163	102.40%
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%

**CITY OF NORWALK, CONNECTICUT**

**REQUIRED SUPPLEMENTARY INFORMATION  
FOOD SERVICE BENEFIT FUND  
June 30, 2011**

***Schedule of Funding Progress***

Actuarial Valuation Date	Actuarial Valuation of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded/ (Overfunded) AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
<b>Food Service</b>						
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%
07/01/10	1,648,073	2,030,852	382,779	81.2%	920,435	41.6%

***Schedule of Employer Contributions***

Year Ended June 30,	Annual Required Contribution	Percentage Contributed
2011	\$ 89,530	100.00%
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%

**CITY OF NORWALK, CONNECTICUT**

**REQUIRED SUPPLEMENTARY INFORMATION  
OPEB TRUST  
June 30, 2011**

***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)
07/01/2006	\$ -	\$ 163,771,000	\$ 163,771,000	0%	N/A	N/A
07/01/2007	-	187,892,000	187,892,000	0%	N/A	N/A
07/01/2008	2,412,900	197,474,900	195,062,000	1.2%	N/A	N/A
07/01/2009	7,819,000	225,571,000	214,752,000	3.5%	55,028,000	3.90%

***Schedule of Employer Contributions***

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

CITY OF NORWALK, CONNECTICUT

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

For the Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>TAXES, INTEREST AND LIEN FEES</b>				
Property Taxes	\$ 254,967,755	\$ 254,967,755	\$ 253,718,873	\$ (1,248,882)
Interest and liens	1,643,900	1,615,900	1,661,490	45,590
<b>Total taxes, interest and lien fees</b>	<b>256,611,655</b>	<b>256,583,655</b>	<b>255,380,363</b>	<b>(1,203,292)</b>
<b>INTERGOVERNMENTAL</b>				
State grants in aid - general	5,459,667	5,600,032	6,438,442	838,410
State grants in aid - Board of Education	8,970,347	8,970,347	9,002,820	32,473
Other grants	210,000	210,000	515,677	305,677
<b>Total intergovernmental</b>	<b>14,640,014</b>	<b>14,780,379</b>	<b>15,956,939</b>	<b>1,176,560</b>
<b>LICENSES, PERMITS, FEES AND OTHER</b>				
Building inspections and permits	1,546,000	1,546,000	1,568,446	22,446
Health Department inspection fees	261,000	261,000	330,715	69,715
Police Department permits	22,500	22,500	2,227	(20,273)
Public Works licenses, permits and service charges	353,855	353,855	379,655	25,800
Planning and zoning permits	227,975	227,975	226,372	(1,603)
Town Clerk fees and permits	2,981,300	2,981,300	3,149,576	168,276
Police Department service charges	293,000	293,000	269,950	(23,050)
Other service charges and fees	487,184	487,184	956,072	468,888
Rental income	317,936	317,936	315,476	(2,460)
Recreation and Parks Commission	981,370	981,370	969,967	(11,403)
Health Department nursing fees	236,500	236,500	218,480	(18,020)
<b>Total licenses, permits, fees and other</b>	<b>7,708,620</b>	<b>7,708,620</b>	<b>8,386,936</b>	<b>678,316</b>
<b>INTEREST</b>				
Interest on investments	1,700,000	1,700,000	1,075,369	(624,631)
<b>Total interest</b>	<b>1,700,000</b>	<b>1,700,000</b>	<b>1,075,369</b>	<b>(624,631)</b>
<b>Total revenues</b>	<b>280,660,289</b>	<b>280,772,654</b>	<b>280,799,607</b>	<b>26,953</b>
<b>Total</b>	<b>\$ 280,660,289</b>	<b>\$ 280,772,654</b>	<b>\$ 280,799,607</b>	<b>\$ 26,953</b>

CITY OF NORWALK, CONNECTICUT

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

For the Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>GENERAL GOVERNMENT</b>				
Mayor	\$ 202,084	\$ 208,072	\$ 224,497	\$ (16,425)
City Clerk	324,211	351,024	349,579	1,445
Town Clerk	587,256	565,999	561,198	4,801
Legislative	13,050	13,050	12,071	979
Legal	801,292	878,558	826,567	51,991
Data Processing	1,257,249	1,276,070	1,210,278	65,792
Personnel & Labor Relations	557,533	646,668	569,463	77,205
Human Relations & Fair Rent	218,889	218,889	200,801	18,088
Youth Services	237,429	229,677	226,698	2,979
Registrar of Voters	287,306	348,222	340,795	7,427
Finance Director	187,554	239,642	194,585	45,057
Tax Assessor	707,576	736,368	653,471	82,897
Tax Collector	747,905	752,594	747,471	5,123
Accounting and Treasury	593,063	600,763	600,004	759
Management and budgets	336,318	270,549	261,575	8,974
Purchasing	262,091	262,279	261,563	716
Central Services	110,334	92,597	84,995	7,602
<b>Total general government</b>	<b>7,431,140</b>	<b>7,691,021</b>	<b>7,325,611</b>	<b>365,410</b>
<b>HEALTH AND WELFARE</b>	<b>1,952,355</b>	<b>1,933,893</b>	<b>1,872,224</b>	<b>61,669</b>
<b>COMMUNITY GRANTS</b>				
NEON	389,500	389,500	389,500	-
Transit District	473,742	473,742	473,742	-
Probate Court	37,950	37,950	37,950	-
Elder House	9,400	9,400	9,400	-
Senior Center	310,575	310,575	310,575	-
Sexual Assault Crisis Center	9,134	9,134	9,134	-
CT Counseling Centers	2,000	2,000	2,000	-
Harbor Commission	13,875	13,875	13,875	-
Housing Site Development Agency	104,955	104,955	104,955	-
Redevelopment Agency	137,521	138,778	138,778	-
Mid-Fairfield Guidance Center	13,750	13,750	13,750	-
Neighborhood Improvement	67,783	67,783	67,783	-

(Continued)

CITY OF NORWALK, CONNECTICUT

SCHEDULE OF GENERAL FUND EXPENDITURES, ENCUMBRANCES AND  
 TRANSFERS OUT - BUDGETARY BASIS - BUDGET AND ACTUAL, Continued  
 For the Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>COMMUNITY GRANTS, Continued</b>				
Americare Free Clinic	15,000	15,000	15,000	-
Human Services Council	13,000	13,000	13,000	-
NEON Summer Camp	141,450	141,450	141,450	-
NEON Headstart	937,875	937,875	937,875	-
Domestic Violence Center	5,500	5,500	5,500	-
Family & Children's Aid	36,329	36,329	36,329	-
SW CT Mental Health Board	14,628	14,628	14,628	-
School Based Health Centers	18,500	18,500	18,500	-
Summer Youth Employment	75,000	75,000	75,000	-
Children's Connection	16,000	16,000	16,000	-
Other	171,799	171,799	171,799	-
<b>Total community grants</b>	<b>3,015,266</b>	<b>3,016,523</b>	<b>3,016,523</b>	<b>-</b>
<b>EMPLOYEE BENEFITS</b>				
Insurance	9,828,074	9,828,074	9,829,724	(1,650)
Social Security	2,089,624	2,057,296	1,968,619	88,677
Worker's Compensation	230,056	772,056	230,056	542,000
Unemployment Compensation	125,000	157,328	157,296	32
Special Pensions	1,854	1,854	-	1,854
Police Pension	1,925,038	1,925,038	1,925,038	-
Fire Pension	335,135	335,135	335,135	-
City Pension	1,659,753	1,658,553	1,645,922	12,631
OPEB Contribution	12,395,200	12,395,200	12,395,200	-
Worker's Compensation Insurance	842,594	842,594	842,594	-
<b>Total employee benefits</b>	<b>29,432,328</b>	<b>29,973,128</b>	<b>29,329,584</b>	<b>643,544</b>
<b>PROTECTION OF PERSONS AND PROPERTY</b>				
Police Department	19,127,698	19,918,412	19,858,364	60,048
Fire Department	15,836,921	15,974,366	15,874,514	99,852
Planning and Zoning	1,006,590	1,019,086	1,012,089	6,997
Building Inspector	630,031	636,700	634,926	1,774
Dispatch and Emergency Mgmt Plan	2,117,758	2,187,517	2,182,026	5,491
<b>Total protection of persons and property</b>	<b>38,718,998</b>	<b>39,736,081</b>	<b>39,561,919</b>	<b>174,162</b>
<b>PUBLIC WORKS</b>				
Public Works	16,541,545	15,810,333	15,494,011	316,322

(Continued)

CITY OF NORWALK, CONNECTICUT

SCHEDULE OF GENERAL FUND EXPENDITURES, ENCUMBRANCES AND  
 TRANSFERS OUT - BUDGETARY BASIS - BUDGET AND ACTUAL, Continued  
 For the Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>EDUCATION</b>				
Public Schools	149,743,081	150,775,300	150,478,056	297,244
<b>RECREATION, ARTS AND CULTURE</b>				
Recreation and Parks	3,342,433	3,410,063	3,408,319	1,744
Library	3,369,247	3,372,147	3,241,863	130,284
Historical Commission	301,952	314,968	309,706	5,262
<b>Total recreations, arts and culture</b>	<b>7,013,632</b>	<b>7,097,178</b>	<b>6,959,888</b>	<b>137,290</b>
<b>CONTINGENCY</b>	<b>1,530,751</b>	<b>947,686</b>	<b>-</b>	<b>947,686</b>
<b>DEBT SERVICE</b>	<b>25,151,531</b>	<b>25,151,531</b>	<b>25,126,904</b>	<b>24,627</b>
<b>ORGANIZATIONAL MEMBERSHIPS</b>	<b>129,662</b>	<b>84,662</b>	<b>84,162</b>	<b>500</b>
<b>Total</b>	<b>\$ 280,660,289</b>	<b>\$ 282,217,336</b>	<b>\$ 279,248,882</b>	<b>\$ 2,968,454</b>

## CITY OF NORWALK, CONNECTICUT

### NOTE TO REQUIRED SUPPLEMENTARY INFORMATION June 30, 2011

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

The City's general budget policies are as follows:

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

For the year ended June 30, 2011, supplemental appropriations totaled approximately \$1,445,000.

## CITY OF NORWALK, CONNECTICUT

### NOTE TO REQUIRED SUPPLEMENTARY INFORMATION, Continued June 30, 2011

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

Expenditures, encumbrances and transfers out, budgetary basis	\$ 279,248,882
Special Revenue Funds rolled into the General Fund (Notes 11 and 12)	549,515
On-behalf payments paid directly by the State of Connecticut Teachers' Retirement System	13,030,000
On-behalf payments, paid directly by the Department of Public Health to WIC recipients, not recognized for budgetary purposes	1,096,829
Encumbrances and continued appropriations:	
June 30, 2010	103,365
June 30, 2011	<u>(55,798)</u>
Expenditures, GAAP basis	<u>\$ 293,972,793</u>

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

Revenues and transfers in, budgetary basis	\$ 280,799,607
Special Revenue Funds rolled into the General Fund (Notes 11 and 12)	449,111
On-behalf payments paid directly by the State of Connecticut Teachers' Retirement System	13,030,000
On-behalf payments, paid directly by the Department of Public Health to WIC recipients, not recognized for budgetary purposes	<u>1,096,829</u>
Revenues, GAAP basis	<u>\$ 295,375,547</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.

ROBINSON & COE LLP

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 Main (860) 275-8200  
 Fax (860) 275-8299

August \_\_, 2012

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 August 15, 2012 (the “Tax Regulatory Agreement”), and other proofs submitted to us relative to the issuance and sale of \$26,000,000 City of Norwalk, Connecticut General Obligation Bonds, Issue of 2012, Series B, dated the date of delivery (the “Bonds”), maturing on August 15 in each of the years, in the principal amounts and bearing interest payable on August 15, 2013 and semiannually thereafter on February 15 and August 15 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>
2015	\$1,450,000	%	2024	\$1,450,000	%
2016	1,450,000		2025	1,450,000	
2017	1,450,000		2026	1,450,000	
2018	1,450,000		2027	1,450,000	
2019	1,450,000		2028	1,450,000	
2020	1,450,000		2029	1,450,000	
2021	1,450,000		2030	1,450,000	
2022	1,450,000		2031	1,450,000	
2023	1,450,000		2032	1,350,000	

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 last business day of January and July in each year, 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  
\$26,000,000 General Obligation Bond, Issue of 2012, Series B  
dated the date of delivery

August 15, 2012

WHEREAS, the City of Norwalk, Connecticut (the "City") has heretofore authorized the issuance of \$26,000,000 in aggregate principal amount of its General Obligation Bonds, Issue of 2012, Series B, dated 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 July 24, 2012 describing the Bonds (the "Official Statement"); and

WHEREAS, the Bonds have been sold by a competitive bid pursuant to a Notice of Sale, dated July 24, 2012 (the "Notice of Sale"); and

WHEREAS, in the Notice of Sale, 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 June 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

**APPENDIX D – NOTICE OF SALE**

**NOTICE OF SALE**

**\$26,000,000  
CITY OF NORWALK, CONNECTICUT  
GENERAL OBLIGATION BONDS  
ISSUE OF 2011, SERIES B**

Electronic bids (as described herein) will be received by the **CITY OF NORWALK, CONNECTICUT** (the “City”), until 12:00 NOON (E.D.T.), Wednesday,

**AUGUST 1, 2012**

for the purchase of all, but not less than all, of the \$26,000,000 City of Norwalk, Connecticut General Obligation Bonds, Issue of 2012, Series B (the “Bonds”). Electronic bids must be submitted via **PARITY®**. (See “Electronic Bidding Procedures”.)

The City reserves the right to make changes to the provisions of this Notice of Sale, including the date and time of the sale, prior to the date and time of sale set forth above. Any such changes will be posted through **PARITY®**. Prospective bidders are advised to check for such **PARITY®** postings prior to the above stated sale time.

**The Bonds**

The Bonds will be dated as of the date of delivery, mature in the principal amounts of \$1,450,000 on August 15 in each of the years 2015-2031, both inclusive, and \$1,350,000 on August 15, 2032, bearing interest payable on August 15, 2013 and semiannually thereafter on February 15 and August 15 in each year until maturity, or earlier redemption, as further described in the Preliminary Official Statement for the Bonds dated July 24, 2012 (the “Preliminary Official Statement”).

**Redemption**

The Bonds maturing on August 15, 2018 and thereafter are subject to redemption prior to maturity, at the election of the City, on and after August 15, 2017, 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 respective prices (expressed as percentages of the principal amounts 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>
From: August 15, 2017 and thereafter.....	100%

**Nature of Obligation**

The full faith and credit of the City will be pledged for the prompt payment of the principal of and interest on the Bonds when due. The Bonds will be general obligations of the City payable, unless paid from other sources, 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.

**Bank Qualification**

The Bonds shall NOT be designated by the City as qualified tax exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1886, as amended, for purposes of the deduction by financial institutions for interest expense allocable to the Bonds.

## Registration

The Bonds will be issued by means of a book-entry system with no physical distribution of bond certificates made to the public. The Bonds will be issued in registered form and one bond certificate for each maturity will be issued to The Depository Trust Company, New York, New York (“DTC”), registered in the name of its nominee, Cede & Co., and immobilized in their custody. 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 DTC and its participants pursuant to rules and procedures adopted by DTC and its participants. The winning bidder, as a condition to delivery of the Bonds, will be required to deposit the bond certificates with DTC, or its custodian, registered in the name of Cede & Co. Principal of and interest on the Bonds will be payable by the City or its agent in Federal funds to DTC or its nominee as registered owner of the Bonds. Principal and interest payments to participants of DTC will be the responsibility of DTC. Principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The City will not be responsible or liable for payments by DTC to its participants or by DTC participants to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants.

## Electronic Bidding Procedures

Any prospective bidder intending to submit an electronic bid must submit its electronic bid through the facilities of *PARITY*®. Subscription to the i-Deal LLC BiDCOMP Competitive Bidding System is required in order to submit an electronic bid and the City will neither confirm any subscription nor be responsible for the failure of any prospective bidder to subscribe.

An electronic bid made through the facilities of *PARITY*® shall be deemed an irrevocable offer to purchase the Bonds on the terms provided in this Notice of Sale, and shall be binding upon the bidder as if made by a signed, sealed bid delivered to the City. The City shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of, *PARITY*®, the use of such facilities being the sole risk of the prospective bidder.

If any provisions of this Notice of Sale shall conflict with information provided by *PARITY*® as the approved provider of electronic bidding services, this Notice of Sale shall control. Further information about *PARITY*®, including any fee charged, may be obtained from *PARITY*®, 1359 Broadway, 36<sup>th</sup> Street, 2nd Floor, New York, New York 10018, Attention: Customer Service Department (telephone: (212) 849-5021 - email notice: [parity@i-deal.com](mailto:parity@i-deal.com)).

For purposes of the electronic bidding process, the time as maintained by *PARITY*® shall constitute the official time. For information purposes only, bidders are requested to state in their electronic bids the true interest cost to the City, computed and rounded to six decimal places, as described under “Bid Specifications/Basis of Award” below. All electronic bids shall be deemed to incorporate the provisions of this Notice of Sale.

## Bid Specifications/ Basis of Award

Each bid must be for the entire \$26,000,000 of Bonds and must specify the rate or rates of interest therefor in a multiple of 1/20 or 1/8 of 1% per annum. Bids shall not state (a) more than one interest rate for any Bonds having the same maturity date, or (b) any interest rate for any Bonds which exceeds the interest rate stated in the proposal for any other Bonds by more than 3%. Interest shall be computed on the basis of twelve 30 day months and a 360 day year. No bid for less than all of the Bonds or for less than par and accrued interest, if any, will be considered.

For the purpose of determining the successful bidder, the true interest cost to the City will be the annual interest rate, compounded semiannually, which, when used to discount all payments of principal and interest payable on the Bonds to August 15, 2012, the date of the Bonds, results in an amount equal to the purchase price for the Bonds, not including interest accrued to August 15, 2012, the delivery date of the Bonds. It is requested that each proposal be accompanied by a statement of the percentage of true interest cost computed and rounded to six decimal places. Such statement shall not be considered as a part of the proposal. The Bonds will be awarded or all bids will be rejected promptly after the bid opening and not later than 4:00 P.M. (E.D.T.) on August 1, 2012. The purchase price must be paid in Federal funds.

The City reserves the right to reject any and all proposals and to waive any irregularity of informality with respect to any proposal. The City further reserves the right to postpone the sale to another time and date in its sole and absolute discretion for any reason, including, without limitation, internet difficulties. The City will use its best efforts to notify prospective bidders in a timely manner of any need for a postponement. Unless all bids are rejected or the bid is postponed, the Bonds will be awarded to the bidder offering to purchase them at the lowest true interest cost.

## **Closing Documents and Legal Opinion**

The Bonds will be certified by U.S. Bank National Association, Hartford Connecticut. The legality of the Bonds will be passed upon by Robinson & Cole LLP, Bond Counsel, Hartford, Connecticut, and the winning bidder will be furnished with their opinion without charge. The winning bidder will also be furnished with a signature and no litigation certificate, a receipt of payment satisfactory in form to Bond Counsel, a signed copy of the final Official Statement prepared for the Bonds, a certificate signed by the appropriate officials of the City relating to the accuracy and completeness of information contained in the final Official Statement, and an executed continuing disclosure agreement.

The legal opinion will further state that, under existing statutes and court decisions (i) interest on the Bonds is excluded from gross income for federal income tax purposes, (ii) such interest is not treated as an item of tax preference for purposes of computing the federal alternative minimum tax, but is, however, includible in adjusted current earnings for purposes of computing the alternative minimum tax imposed on certain corporations, (iii) 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 (iv) such interest is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay federal alternative minimum tax. In rendering the legal opinion, Robinson & Cole LLP will rely upon and assume the material accuracy of the representations and statements of expectation contained in the Tax Regulatory Agreement entered into by the City for the benefit of the owners of the Bonds, and further, will assume compliance by the City with the covenants and procedures set forth in such Tax Regulatory Agreement. A copy of the opinion will be printed upon each of the Bonds, and a signed opinion and transcript of proceedings will be filed with U.S. Bank National Association, Hartford, Connecticut, and will be available for examination upon request.

## **Settlement of the Bonds**

It shall be the responsibility of the winning bidder to certify to the City before delivery of the Bonds the prices at which a substantial amount of the Bonds of each maturity were initially offered and sold to the public.

The Bonds will be available for delivery to DTC on or about August 15, 2012. The deposit of the Bonds with DTC or its custodian under a book-entry system requires the assignment of CUSIP numbers prior to delivery. It shall be the responsibility of the winning bidder to obtain CUSIP numbers for the Bonds prior to delivery, and the City will not be responsible for any delay occasioned by the failure of the winning bidder to obtain such numbers and to supply them to the City in a timely manner. The City assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers, which charges shall be the responsibility of and shall be paid for by the winning bidder.

The Preliminary Official Statement is in a form "deemed final" by the City for purposes of SEC Rule 15c2-12(b)(1). The winning bidder will be furnished 50 copies of the final Official Statement prepared for the Bonds at the City's expense. Additional copies may be obtained by the winning bidder at its own expense by arrangement with the printer. The copies of the final Official Statement will be made available to the winning bidder no later than seven business days after the bid opening at the office of the City's financial advisor. If the City's financial advisor is provided with the necessary information from the winning bidder by 12:00 p.m. (noon) on the day after the bid opening, the copies of the final Official Statement will include an additional cover page and other pages, if necessary, indicating the interest rates, ratings, yields or reoffering prices, the name of the managing underwriter, and the name of the insurer, if any, of the Bonds.

## **Continuing Disclosure**

The City will undertake in a Continuing Disclosure Agreement entered into in accordance with the requirements of Rule 15c2-12(b)(5), promulgated by the Securities and Exchange Commission, to provide (i) certain annual financial information and operating data, including audited financial statements; (ii) timely notice of the occurrence of certain events within 10 business days of the occurrence of such events; and (iii) timely notice of its failure to provide such annual financial information. The winning bidder's obligation to purchase the Bonds shall be conditioned upon its receiving, at or prior to the delivery of the Bonds, an executed copy of the Continuing Disclosure Agreement for the Bonds.

**Related Information**

For more information regarding the Bonds and the City, reference is made to the Preliminary Official Statement. Copies of the Preliminary Official Statement may be obtained from the undersigned, or from the City's financial advisor, Mr. William N. Lindsay, Independent Bond and Investment Consultants, LLC, 129 Samson Rock Drive, Suite A, Madison, Connecticut 06443 Tel. (203)245-9603.

**RICHARD A. MOCCIA**  
Mayor

**THOMAS S. HAMILTON**  
Director of Finance

July 24, 2012