

# 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 "Tax Matters" herein.*

## CITY OF NORWALK, CONNECTICUT

### \$15,000,000

### GENERAL OBLIGATION BONDS, ISSUE OF 2014

#### BOOK-ENTRY-ONLY

**Dated: Date of Delivery**

**Due: Serially, August 15, 2016 – 2029**

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, 2015 and semiannually thereafter on February 15 and August 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>
2016	\$1,100,000	4.000 %	0.350 %	668844JY0	2023	\$1,100,000	2.125 %	2.250 %	668844KF9
2017	1,100,000	4.000	0.600	668844JZ7	2024	1,100,000	2.250	2.400	668844KG7
2018	1,100,000	4.000	0.920	668844KA0	2025	1,100,000	2.375	2.550	668844KH5
2019	1,100,000	4.000	1.270	668844KB8	2026	1,000,000	3.000	2.700 *	668844KJ1
2020	1,100,000	3.000	1.570 *	668844KC6	2027	1,000,000	3.000	2.800 *	668844KK8
2021	1,100,000	2.000	1.850 *	668844KD4	2028	1,000,000	3.000	2.900 *	668844KL6
2022	1,100,000	2.000	2.070	668844KE2	2029	1,000,000	3.000	3.000	668844KM4

\* - Priced assuming redemption on August 15, 2019; however any such redemption is at the option of the City (see "Optional Redemption" herein).

## Fidelity Capital Markets

*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 19, 2014.*

**Dated: August 5, 2014**

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

## 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>	Tuesday, August 5, 2014, at 12:00 Noon (E.D.T).
<b>Location of Sale:</b>	Office of the Director of Finance, Room 234, Second Floor, 125 East Avenue, Norwalk, Connecticut 06856.
<b>Issuer:</b>	City of Norwalk, Connecticut (the "City").
<b>Issue:</b>	\$15,000,000 General Obligation Bonds, Issue of 2014 (the "Bonds").
<b>Dated Date:</b>	August 19, 2014.
<b>Principal Due:</b>	Serially, August 15, 2016 - 2029.
<b>Interest Due:</b>	February 15 and August 15 in each year, commencing August 15, 2015.
<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 ("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 S&P. Certain outstanding bond issues of the City are also rated "AAA" by Fitch. 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 19, 2014, 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 \$15,000,000 General Obligation Bonds, Issue of 2014 (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, 2015 and semiannually thereafter on February 15 and August 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, 2019 are not subject to redemption prior to maturity. The Bonds maturing on August 15, 2020, and thereafter are subject to redemption prior to maturity, at the option of the City, on and after August 15, 2019, 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, 2019 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 2002-2003, 2003-04, 2009-10, 2010-2011, 2011-2012, 2012-2013, 2013-2014 and 2014-15 for various 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>
2002-03	\$ 67,100,000 <sup>(1)</sup>	\$ 63,000,000	\$ 1,400,000
2003-04	78,127,414	73,597,084	1,478,000
2009-10	13,693,000	12,793,000	900,000
2010-11	11,378,969	11,078,969	300,000
2011-12	27,143,200	26,093,200	400,000
2012-13	19,742,000	15,498,800	45,000
2013-14	19,053,000	13,647,000	282,000
2014-15	19,878,000	-	10,195,000
Total	<u>\$256,115,583</u>	<u>\$ 215,708,053</u>	<u>\$15,000,000</u>

- (1) Authorization amounts were reduced in April 2007 by adoption of a resolution which eliminated outstanding authorized and unissued amounts for projects which were funded in part by school construction grants and no longer required issuance.

## Ratings

The Bonds have been rated "Aaa" by 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 S&P. Certain outstanding bond issues of the City are also rated "AAA" by Fitch. 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 remains 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.

Legislation affecting the exclusion from gross income of interest on State or local bonds, such as the Bonds, is regularly under consideration by the United States Congress. There can be no assurance that legislation enacted or proposed after the date of issuance of the Bonds will not reduce or eliminate the benefit of the exclusion from gross income of interest on the Bonds or adversely affect the market price of the Bonds.

The opinions of Bond Counsel are rendered as of their date and are based on existing law, which is subject to change. Bond Counsel assumes no obligation to update or supplement its opinions 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 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. The original issue discount attributable to any bond 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, state and local 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, state and local 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. This prohibition applies to any city, borough, metropolitan district and any other political subdivision of the State having the power to levy taxes and issue bonds or other obligations.

**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, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered bonds 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 the Bonds, in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, 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 bond 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 regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a 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 confirmations 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 Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

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

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

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to 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 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on 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 Agent, on 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, Agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or 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 Issuer or 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-only 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 obtained from sources that the City believes to be reliable, but Issuer 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.

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## 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 2012 American Community Survey lists Norwalk's per capita income as \$45,620 and the median family income as \$96,664. 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 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	Harry W. Rilling	Elected – 2 years	8 months
Director of Finance	Thomas S. Hamilton	Appointed – Indefinite	10 years
Superintendent of Schools	Dr. Manuel Rivera	Appointed – Indefinite	1 year

### Biographies of Municipal Officials

**Mayor:** Born and raised in Norwalk, Harry W. Rilling was elected to his first term as Mayor in November of 2013. A Navy veteran, he served on the Norwalk Police force for 41 years and as its Chief of Police for 17 years. He earned a Bachelor of Science Degree in Criminal Justice from Iona College and graduated Summa Cum Laude in 1989. In 1991, as a Graduate Fellow, he earned a Master's Degree in Public Administration with a concentration in Labor Relations and Human Resource Management from the University of New Haven. He is also a graduate of the FBI Executive Development Course. From 1996 to 2004, he was an Adjunct Professor of Criminal Justice at Norwalk Community College.

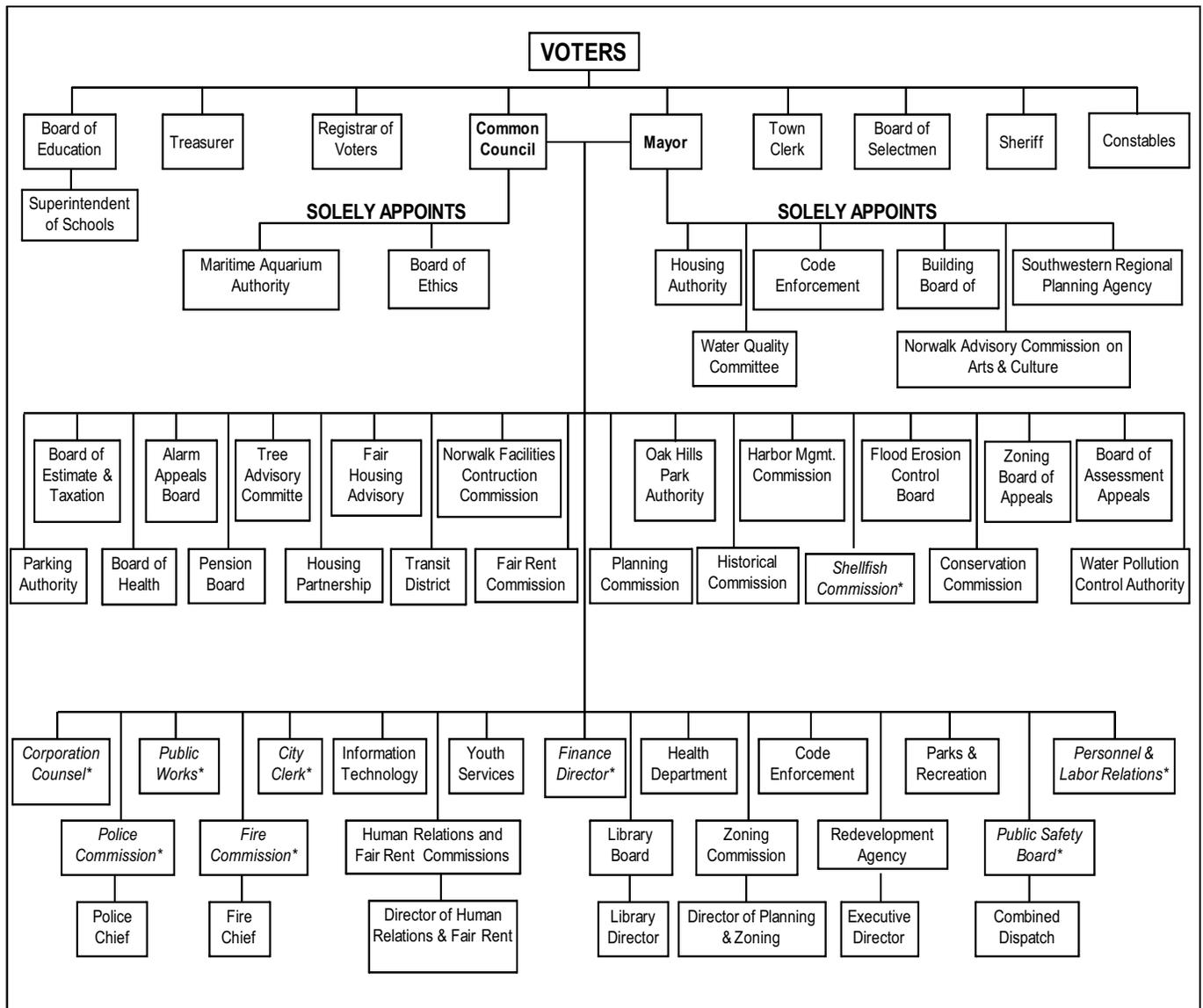
Over the years, Mr. Rilling served on many boards and commissions locally and throughout the nation. He was most recently a member of the Norwalk Zoning Commission.

**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, 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. Manuel Rivera was appointed Superintendent of the Norwalk Public Schools on July 9, 2013. Dr. Rivera received his B.A. in Urban Studies from Brandeis University, and his Master’s and Doctorate degrees in Education from Harvard University.

**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</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
General Government	595	588	597	588	596
Board of Education (full-time)	<u>1,137</u>	<u>1,147</u>	<u>1,229</u>	<u>1,321</u>	<u>1,349</u>
<b>Total</b>	<u><u>1,732</u></u>	<u><u>1,735</u></u>	<u><u>1,826</u></u>	<u><u>1,909</u></u>	<u><u>1,945</u></u>

## Municipal Employees by Category

The following is a breakdown by category of full-time, General Fund supported employees as of July 1, 2014:

<u>Department</u>	<u>Employees</u>
<u>General Government</u>	
General Government	74
Health & Welfare	16
Police	190
Fire	138
Other Protection	43
Public Works	86
Recreation, Arts & Culture	48
Total General Government	<u>595</u>
<u>Board of Education</u>	
Administration	54
Teachers	811
Other	272
Total Board of Education	<u>1,137</u>
Total City Employees	<u><u>1,732</u></u>

Source: City Officials

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## 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	175	June 30, 2013 (1)
Fire	Local 830, IAFF	134	June 30, 2016
Engineers, Labor & Maintenance	Local 2405, Council #4 AFSCME, AFL-CIO	104	June 30, 2016
Clerical & Technical	Norwalk Municipal Employees Association	111	June 30, 2016
Assistants & Supervisors	Norwalk Assistants & Supervisors Association	49	June 30, 2016
Non-Bargaining Management	Non-union	22	
	Subtotal	595	
<b>Board of Education</b>			
Teachers	Norwalk Federation of Teachers Local 1723, AFT, AFL-CIO	811	August 31, 2016
Principals, Assistant Principals and Supervisors	Norwalk Association of School Administrators	39	June 30, 2015
School Nurses	CHCA, District 1199	22	August 31, 2016
Custodians-Maintenance and Monitors	Local 1042, Council #4 AFSCME, AFL-CIO	100	June 30, 2016
Secretaries, Clerks & Teachers Aides	Norwalk Federation of Educational Personnel Local 3793, CSFT, AFL-CIO	143	June 30, 2013 (1)
Technicians	Local 72, Support, AFSA AFL-CIO	7	June 30, 2016
Executive Support Staff	Executive Support Group	10	June 30, 2012 (1)
Cabinet	Non-union	5	N/A
	Subtotal	1,137	
	Grand Total – General Fund Supported Positions	1,732	

(1) In negotiations.

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 (the "Board"), 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 1,137 employees to fulfill its instructional objective. They comprise two groups: 850 certified personnel and 287 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	Total (2)
2004-2005	5,264	2,578	3,238	11,080
2005-2006	5,112	2,505	3,306	10,923
2006-2007	5,041	2,392	3,349	10,782
2007-2008	5,028	2,268	3,320	10,616
2008-2009	5,077	2,337	3,334	10,748
2009-2010	5,240	2,339	3,304	10,883
2010-2011	5,382	2,370	3,313	11,065
2011-2012	5,215	2,326	3,340	10,881
2012-2013	5,282	2,315	3,243	10,840
2013-2014	5,493	2,295	3,290	11,078
<b>Projections</b>				
2014-2015	5,529	2,341	3,302	11,172
2015-2016	5,522	2,454	3,196	11,172
2016-2017	5,311	2,475	3,200	10,986
2017-2018	5,314	2,478	3,284	11,076
2018-2019	5,240	2,453	3,373	11,066

(1) As of October 1.

(2) Special Education students included in total.

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. 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 2014, the District’s services carried over 2,000,000 passengers.

For fiscal year 2014, the City contributed \$473,742 to the District. The 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 (the "Housing Authority") 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 2005:

<u>Fiscal Year</u>	<u>Amount</u>
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
2013	1,003,197
2014	1,194,385

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

Source: City of Norwalk Housing Authority

**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.

### **Norwalk Redevelopment Agency**

The Norwalk Redevelopment Agency (the "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 core. 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 at 515 West Avenue, which is under construction and scheduled for completion in 2014, includes 458 housing units (of which 46 are affordable) and 59,627 sq. ft. of retail to establish a critical mass that will be the link between Wall Street to the north and Reed Putnam/SoNo to the south. 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. At this time 100 units are under lease, 50 people are currently living there and the construction schedule anticipates delivering 50 units a month.

The Waypointe development team has also received Zoning approval for 127 residential units and 10,600 sq. ft. commercial space at 500 West Avenue across the street from Phase I. Plans are also in process of approvals for an additional 69 residential units at 26-36 Orchard Street and for an additional 150,000 sq. ft. commercial space at 467 West Avenue.

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. Consistent with the revitalization strategy of the area's master and redevelopment plans, proposed development focuses 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. The Phase I Improvements totaling 102 residential units and 20,598 square feet of ground floor retail and 10,828 square feet of live work space as well as a roof top garden and a 256 spaces parking garage has advanced into structural demolition and site remediation. The City and the Redevelopment are taking up the Redeveloper's request to extend out by 30 months completion of the Phase I Improvements.

Additionally the Redevelopment Parcel 3 is advancing with 60 residential units fronting on the Norwalk Harbor and 6,000 square feet of ground floor office space along Smith Street and the related parking accommodated both below and at grade. The Common Council is expected to approve an Option Agreement for the conveyance of certain municipal property located on Smith Street in the summer of 2014 which will allow the project to advance to the Zoning Commission for site plan approval.

Avalon Bay's Belden Avenue facility completed in 2010 is fully leased and the second Avalon Norwalk initiative at Norden Place for 240 multi-family residential units and four single family homes is nearing construction completion and is almost fully leased.

The Reed Putnam Plan was originally approved in 1983, and was substantially amended in 1998 to create six waterfront redevelopment parcels and a preservation area. In its amended form the Plan provided for a total of one million square feet of Class A office space, a hotel site, residential as well as retail development. The project also included a 775 car public parking garage for use by new tenants as well as visitors to The Maritime Aquarium. Development on three of the six development parcels, the Lock Art and Technology Center, a 100,000 sq. ft., \$17.5 million renovated historic factory building, \$14.3 million public parking garage on North Water Street and the Maritime Yards, the \$65 million residential project, including 61 ownership units, 136 rental units with 38,400 sq. ft. of commercial space, have been completed.

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. In late 2013, the site was transferred to General Growth Partners. They are currently formulating their development plan and have yet to seek any modification to the currently approved land use plan contained in the LDA, although such a request is anticipated.

Reed Putnam infrastructure improvements including 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 also 100% complete. These improvements were partially funded by a \$20 million grant from the State of Connecticut Department of Economic & Community Development.

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 an Oyster Shell Park Master Plan and completion of the Park Phase I improvements including an open plaza, walkways, lighting and landscaping utilizing State grant funds from the Department of Economic & Community Development ("DECD") and the Department of Energy & Environmental Protection.

The Oyster Shell Park trail system is part of a comprehensive Norwalk Harbor loop trail completing a pedestrian/bicycle system along both sides of the Norwalk River. Two other Loop sections are prepared to go into construction in the second half of 2014.

Stepping Stones Museum for Children, after more than a decade in operation, enjoys an annual attendance of over 200,000 and recently opened a new exhibit, *Express Yourself*, which allows young children to express themselves through art, music and cooperative games. These expanded exhibits take place in the 33,000 sq. ft. (\$17 million) Museum expansion for which they achieved LEED gold rating.

Approvals have been granted to TR SoNo Partners, an affiliate entity of F.D. Rich of Stamford, for The Pearl at 99 Washington Street, a 66 unit residential project currently under construction.

Around the corner on North Water Street, development of the Ironworks (formerly the Norwalk Company Building) has already leased 80% of its 108 residential units as it continues to advance the completion of its 21,000 sq. ft. of ground floor commercial space which is already 90% pre-leased.

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 "complete streets" pedestrian, bicycle and intersection improvements which is currently under contract with CDM Smith for engineering and design. 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 an SCI Place-Making grant in the amount of \$186,000 for project engineering and design. The City has also allocated Capital Budget funding for the construction of streetscape improvements on Monroe Street to improve access at the Station entrance. The City is currently under contract with The Cecil Group planning consultants for the consolidation of multiple South Norwalk Urban Renewal Plan areas into a single TOD district.

In March 2011, the Norwalk Housing Authority with the technical assistance of the Redevelopment Agency was awarded a \$250,000 Choice Neighborhoods Planning Grant by the U.S. Department of Housing and Urban Development ("HUD") to develop a comprehensive plan to transform and revitalize the Washington Village neighborhood. The resulting Washington

Village/South Norwalk Choice Neighborhoods Transformation Plan lays the framework for a sustainable mixed-income development that will transform 36-units of distressed public housing into an economically diverse development that is located in a high-opportunity neighborhood. The Transformation Plan provided the basis for the Redevelopment Agency's co-application with Norwalk Housing Authority to HUD for a project implementation grant. This development as advanced by Trinity Financial from Boston, Massachusetts will improve the existing housing conditions by blending the public housing units with work force and market rate units. The transformative nature of this development will unlock the economic development potential of the entire southeastern portion of the City's urban core, which fronts on Norwalk's lower harbor and is contiguous with the successful redevelopment efforts just to the north. On June 30, 2014, HUD announced the \$30M Choice Neighborhoods Implementation Grant award to the Redevelopment Agency and the Housing Authority for the Washington Village project. Additionally, the Connecticut Department of Housing has made awards to the project totaling \$20 Million.

In 2006, the Redevelopment Agency was the recipient of a \$400,000 grant award from the U.S. Environmental Protection Agency ("EPA") to capitalize and implement the Norwalk Brownfield Initiative. The Norwalk Brownfield Initiative ("Initiative") is a formal coordinated effort to characterize the extent of environmental impacts generated by potential Brownfield sites in the City's urban core areas. 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, Brownfield sites. The Redevelopment Agency, in partnership with its Brownfield 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 Redevelopment Agency has focused its efforts on City-held properties located in close proximity to the South Norwalk Train Station. The Redevelopment 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 served to leverage the initial infusion of U.S. EPA funds to obtain an award of \$300,000 from the State of Connecticut's Brownfield Municipal Pilot Program to complete the remediation of the surface parking lot at 30 Monroe Street, the eastside of the South Norwalk Train Station. This remediation work at the South Norwalk train station has been completed to close-out the State grant funding.

As a further advancement of the Initiative strategy, the City has recently received additional DECD Brownfield Assessment funding (\$200,000) as well as Federal EPA (\$400,000) funding for continued site assessment work at additional South Norwalk sites.

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 and transit improvements is being pursued at the local, State and Federal levels and has resulted \$5 million (DECD) and \$2.3 (Federal DOT signalization) million of allocations as well as a TIGER grant application, respectively, to begin this work.

To further the recommendations contained in the *Norwalk Connectivity Master Plan*, the Redevelopment Agency engaged a designing and engineering firm, to develop a comprehensive landscape design and amenity package for the public spaces along the West Ave Corridor. The plan calls for a substantial increase in the number of trees and amount of landscaping along the corridor, as well as brick crosswalks across West Avenue, lighting underneath the I-95 and Route 7 overpasses, public art installations, and several pedestrian plazas that include bus shelters, benches and bike racks. \$640,000 in Transportation Alternatives Program funding from the Department of Transportation has already been committed toward implementation of the crosswalk enhancements and lighting underneath the highway overpasses. The City has also received a \$50,000 National Endowment for the Arts grant for public art in the West Avenue Corridor.

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 2013, two companies were certified for State Enterprise Zone/Urban Jobs Benefits creating and/or retaining 36 jobs.

In addition to these economic development programs, the Redevelopment Agency collaborates with other City departments to aggressively promote the City as a business location. Among the more significant announcements during the past year are the following.

Projects completed in the past 12 months:

- Cannondale Sports Unlimited opened a 50,000 sq. ft. global headquarters at 761 Main Avenue housing the bicycle company's research and development, engineering and marketing departments
- The SoNo Ice House includes a National Hockey League regulation-size rink and a smaller training rink and is now home to the Connecticut Oilers semi-professional hockey team.
- The Westport YMCA opened its 6,500 sq. ft. Gymnastic Center at 145 Main Street offering classes and activities for gymnasts of all ages including its Showtime Exhibition Team and competitive teams.
- Datto, Inc., the Norwalk-based information technology company, announced a \$15 million expansion at Merritt 7 Corporate Park receiving \$6 million in assistance from the State of Connecticut. Datto is ranked 38<sup>th</sup> on Inc. Magazine's '500'.
- A new CVS store on Connecticut Avenue – 24,000 sq. ft.
- Cervalis Data Recovery center—168,000 sq. ft. center at Norden Park in East Norwalk
- Antenna International, the world-wide leader in providing audio and audio/visual interpretation to museums, exhibitions, historic sites and visitor attractions has doubled their leased space to nearly 6,000 sq. ft. at MerritView.
- Yale New Haven Children's Hospital has opened its first Fairfield County pediatric specialty center at 747 Belden Avenue.
- The Ivy League Chess Championship tournament was hosted at the Chess Club of Fairfield located on West Avenue in Norwalk.
- The Fairfield County Makers Guild, an organization of tinkerers, hobbyists, inventors and builders, opened their center at 327 Main Avenue.
- The Fairfield County Antique & Design Center with over 100 dealer tenants opened a 20,000 sq. ft. facility at 19 Willard Road in Norwalk.

Significant projects currently under development in addition to Waypointe, Ironworks, Avalon II and The Pearl:

- Norwalk Hospital, having completed a parking garage to accommodate it, has begun construction of its 95,000 sq. ft. addition.
- Van Dyk Recycling Solutions is in the process of adapting the Beiersdorf manufacturing plant on Dr. Martin Luther King Jr. The company has moved its headquarters operations and will construct its research and development and repair facilities at the site.
- Having completed renovation of the ancient Grumman-St. John House as an extended stay facility, construction is progressing at the Norwalk Inn and Conference Center on its \$6.5 million project to add new rooms and amenities to the Inn.
- Summer View Development is completing phase four of its housing development—another 32 units ready for occupancy in the spring.
- Winston Preparatory School's \$10 million expansion and renovation including a 12,155 sq. ft. energy efficient classroom building is under construction at 57 West Rocks Road.

With a grant from the One Region Funder's Group Tri-State Transportation Campaign, the Redevelopment Agency contracted the Jonathan Rose Companies to complete a market study and subsequently launch a program for the purchase, rehabilitation and re-sale of the affordable 2- to 4-family housing stock in South Norwalk, Connecticut. Over a four-month period in 2012 Jonathan Rose Companies compiled data from several sources to describe existing market conditions, including rents and sales prices; trends in the 2- to 4-family housing market from 2004 to 2012; a demographic profile of residents, renters and purchasers of 2- to 4-family housing in South Norwalk; and national data on 2- to 4-family housing. As a result, the Redevelopment Agency established the South Norwalk Renovation Program to purchase, rehabilitate and sell small multifamily properties (2- to 4-family houses) with significant capital needs in the half-mile radius (Target Area) around the South Norwalk Train Station. The targeted owner-occupant for the home is an 80% AMI individual/ family. The targeted renter for the rental unit(s) is a 50% AMI individual/ family. During the pilot phase, NWHC will purchase one property for a deeper design and construction analysis with the intent of creating a template that could be replicated on

multiple houses, since this housing stock is generally uniform. The Connecticut Housing Finance Authority ("CHFA") has committed \$600,000 to this project and an application is pending to CT Department of Housing ("DOH").

The Redevelopment Agency has been designated by the City as the administrator of Norwalk's annual entitlement of Community Development Block Grant ("CDBG") Program. The City receives an annual entitlement of approximately \$900,000 in CDBG funds from HUD for the purpose of funding a variety of programs and activities that benefit Norwalk's low and moderate income residents and neighborhoods. Such programs include, but are not limited to, workforce development, drug prevention activities, after-school programs and small business lending. Capital improvements to mostly urban core neighborhoods include affordable housing rehabilitation, brownfields remediation, and public facility improvements. The Agency provides administrative support to the Common Council in its annual process to disseminate CDBG funds to local and regional sub-recipients – social service organizations and stakeholders that implement such activities. Fiscal year 2014-2015 fiscal year represents Program Year 40 of the CDBG Program.

The Redevelopment Agency administers a number of programs which provide assistance to area homeowners and encourage improvements to the city's 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 Hurricane Sandy Relief fund that assists homeowners as well as tenants with unmet needs arising from the storm. These funds are administered as grants up to \$5,000 with special exceptions as high as \$10,000. The Redevelopment Agency estimates that it assisted approximately 50 households through the end of June 2013.

The Redevelopment Agency's loan portfolio as of May 31, 2014 includes 123 loans totaling \$5,200,000 of which 46 loans (\$4,110,000) originated with the Residential Rehabilitation Program. Through funding from the Community Development Block Grant Program, the Redevelopment Agency also provides predevelopment and rehabilitation funding to area for-profit and not-for-profit groups to facilitate the development of affordable housing. Recently a \$70,000 loan was made to the Open Door Shelter, the homeless shelter in Norwalk, for a new roof. Additionally the agency made a \$128,000 loan to the Mid Fairfield Aids Project for the renovation of a building for supportive housing for homeless individuals. Both loans are new and are not included in the above portfolio count. The portfolio includes \$130,000 invested in existing local business to assist expansion of small businesses as well as additional employment in these enterprises. The Redevelopment Agency is in the process of closing a \$25,000 loan to a Norwalk based, small business to assist with relocating and tenant fit-up in a larger facility.

To assist with first time home buying the Redevelopment Agency is applying for a number of grants to fund their First Time Home Buyers Program which recently ran out of funding.

The Redevelopment Agency currently is marketing two 2-bedroom condominium units (both have binder agreements) with incentives for first time homebuyers. As part of the Agency's affordable housing strategy, the Redevelopment 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 contract with City Carting, Inc. of Stamford, Connecticut for the transport and disposal of its Municipal Solid Waste ("MSW") and the operation of the Norwalk transfer station. For Fiscal Year 2014-2015, the City is being charged \$84.00 per ton (the tipping fee) for transport and disposal of MSW and a \$62,500 per month fee to operate the transfer station. For Fiscal Year 2015-2016, the City will be charged \$85.00 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 (which also now generates revenue for the City), the expansion of plastics recycling, the addition of managed disposal of oils and batteries, and generally more efficient operation.

The City has a separate contract with City Carting & Recycling for curbside recycling collection. The contract reduces the contract costs for curbside collection, expands eligible plastics to numbers 1 through 7 and provides for revenue sharing on the sale of the recyclable materials. The City earns \$17.50 for every ton of recyclable materials and avoids a solid waste disposal cost (roughly \$85) 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 separated at the transfer station and the City anticipates future revenue sharing for these materials. In the first several years of independent recycling operations, the City earned over \$100,000 in revenues from the sale of recyclable materials. The City is working diligently to expand recycling separation, thus tonnage, by both residents and the school system.

### **Water Pollution Control Authority**

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

### **Wastewater Treatment Plant**

On April 17, 2000, the City entered into a 20-year contract with Operations Management International, Inc. (now CH2MHill), 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.

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 recent improvements will favorably impact the regional economy as they support the shell fishing industry, commercial fishing, construction, and redevelopment opportunities.

### **Economic Factors**

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

Calendar year 2014 is proving to be an exciting year as several large-scale developments are underway and expected to be completed this year bringing new housing, jobs and retail to the City. AvalonBay Communities is fully leased at its new 240 unit multifamily development at 8 Norden Place. This is the second multifamily development by AvalonBay Communities in Norwalk and brings new residents to complement the existing employers located at the adjacent development park. Construction is also complete on a 168,000 square foot data center for Cervalis at 10 Norden Place. The new data center provides secure data storage for Fortune 500 corporations and adds a low traffic generating use to the existing development park campus. Together these developments will provide a complementary mix of new commercial and residential development to this important 78 acre parcel.

Construction continues at Waypointe, a mixed-use development on West Avenue and Orchard Street just north of Interstate 95 and Loehmann's Plaza. Waypointe began leasing apartments and stores at the Midblock section earlier this year, representing an exciting first step in revitalizing Norwalk Center. This phase will add 362 residential units, 38,431 sq. ft. of retail and 11,500 sq. ft. of restaurant space, bringing new residents and round-the-clock activity to the West Avenue corridor. The North Block section located on Merwin Street is also under construction and will add another 98 residential units along with 4,615 sq. ft. retail and 4,000 sq. ft. restaurant space. Occupancy of both developments is scheduled for 2014. In May, the Zoning Commission approved Quincy Lofts, a 6 story, 69 unit residential building at the corner of Orchard and Quincy Streets; the new East Block represents the third phase to be approved within the 11 acre Design District Development Park.

On the opposite side of West Avenue, The Berkeley, a 150,000 sq ft mixed use development with 127 units is scheduled to break ground later this year.

In the Washington Street area of historic South Norwalk, construction is nearing completion on a new 133,000 sq. ft. mixed use building at 20 North Water Street located across from the Maritime Aquarium. The former Norwalk Company building at 20 North Water St was demolished and a new building is under construction with 108 residential units, ground floor retail and restaurant space and a central courtyard. Further west on Washington Street, a zoning permit was issued to redevelop 99 Washington Street with a new 5 story, 66 unit multifamily building and 154 space valet, tandem and stacked parking garage to replace the existing surface parking lot. The construction will include the rehabilitation of an adjacent 3 story historic building which will continue to provide space for Gingerman, a 3,200 sq. ft. restaurant and 4,750 sq. ft. of office space.

In 2013, the Zoning Commission approved the construction of a new Lowe's Home Improvement Center at 100 Connecticut Avenue, the site of the former Purdue Frederick corporate headquarters. This new 135,000 sq. ft. retail home improvement store and garden center represents the latest addition to Norwalk's thriving retail market. Lowe's will join Home Depot and Costco on Connecticut Avenue, the City's designated location for big-box retailers. Construction is scheduled to begin in the summer of 2014.

Construction is complete on a new two story 24,800 sq. ft. CVS Pharmacy at the corner of Connecticut and Scribner Avenue. This location becomes the third CVS store to open in Norwalk. Construction is nearing completion on a new 96,700 sq. ft. addition to Norwalk Hospital on Maple Street that includes an expanded Emergency Department, new surgical facilities, a state of the art cancer center and rehabilitation of adjacent medical office space. The new hospital facilities will be served by the recently completed 628 space parking garage constructed to accommodate the Hospital's future expansion plans. On Main Avenue, the new Hotel Zero a 96 room hotel with a 4,000 sq. ft. restaurant overlooking the Norwalk River opened to rave reviews in 2013; adding a new facility to Norwalk's growing hospitality industry.

Norwalk's largest mixed use development is scheduled to move forward in 2014. District 95/7, a 1.1 million square foot mixed use development with office, retail and restaurant space along the west side of the Norwalk Harbor just south of Interstate 95, was acquired by General Growth Properties in 2013 and the new owner is anxious to move forward. A zoning permit was issued for the first phase: a new 232 unit multifamily building in place of the previously approved hotel. The new residential units will add 24 hour activity to the office, retail and restaurant uses proposed for the northern parcels. In May, a zoning permit was also issued for Wall Street Place by POKO-IWSR Partners located in Norwalk Center on Wall and Isaacs Streets. The project received new financing from the Connecticut Housing Finance Authority for its plans to add 101 residential units, retail and restaurant uses and the City's first automated parking garage. The development is expected to break ground in the summer.

In 2013, a new facility for seniors was completed and a second was approved; providing new resources to house the region's aging population. Maplewood at Strawberry Hill, an 84 unit congregate housing and assisted living facility opened its new location at 73 Strawberry Hill Avenue and is nearly full. Shelter Development received approval for a new 90 unit congregate housing and assisted living facility at 162 New Canaan Avenue, the site of the former Quartette Club and plans to break ground later this year.

A variety of smaller commercial developments are also progressing. Bender Plumbing plans to break ground on its new 30,000 sq. ft. retail and wholesale distribution facility at 223 Westport Avenue in June. In December 2013, a new mixed use development was approved for 587 Connecticut Avenue which will add a new 4 story, 80 unit multifamily building to the property to complement the existing office building. Also in 2013, construction was completed on a new Fire Station and Headquarters at 121 Connecticut Ave that houses the Fire Department's headquarters and a new citywide telecommunications system. Petco completed work on its new Pooch Hotel, a 15,939 sq. ft. animal care center, located in an existing 3 story building at 230 East Ave. The new facility opened in January and provides 100 overnight suites for dogs along with accessory dog daycare and grooming services. In February, Trinity Washington Village Partnership working with the Norwalk Housing Authority received approval for its plans to rebuild the aging 136 unit Washington Village with a new 273 unit mixed income development on 3 parcels along Day and Raymond Streets. Trinity is currently working on obtaining financing from the U.S. Department of Housing and Urban Development and hopes to begin work later this year.

Under the new management of Marcus Partners, Merritt 7 Corporate Park continues to provide Class A office space to quality corporate tenants including FactSet Research Systems, Emcor Group and the Financial Accounting Foundation, some of the nation's largest corporations. The adjacent Towers at Merritt with 650,000 square feet of Class A office space counts Xerox Corporation, Hewitt Associates, Diageo PLC and General Electric Capital among its corporate tenants. Merritt River Partners obtained approvals in February for a new 132 unit multifamily building to replace an existing parking lot located south of Glover Avenue adjacent to the Merritt Parkway. This development will add new residential units in close proximity

to prime office space and the Danbury Line Rail station; providing convenient commuting options for employees. Construction is scheduled to begin this summer.

The Planning Commission continues to implement the recommendations contained in its 2008 Plan of Conservation and Development for Norwalk. The Plan's vision for new transit-oriented green development with active street level uses and upper floor housing located near existing MetroNorth transportation facilities is coming to fruition with the construction of 20 North Water St. and 99 Washington St. and the approval of the 273 unit Transit Oriented Development at 13 and 20 Day St. and Washington Village; all located just 2 blocks from the South Norwalk Railroad Station. The Commission approved various capital budget requests in 2014 to implement the recommended improvements in the Pedestrian and Bikeway Transportation Plan for Norwalk including projects that will add valuable trails to the existing system of bikeways throughout the City. The goal of preserving Norwalk's historic character while permitting compatible new development was implemented with the adoption of two new village districts, one for Golden Hill and one for the Silvermine Tavern, in 2010 and 2008, respectively. Work recently began on the construction of 4 new units of cluster housing at the former Silvermine Tavern; the rehabilitation of historic buildings will follow once the cluster units are completed.

Given the activity emanating from the above developments, Norwalk will see steady growth continue into 2015. Over the past few years, the number of zoning permits issued has increased gradually, an indicator that development will continue to trend in a positive direction. To date this year, the number of zoning permits issued each month has exceeded the 22 year average for that month. This continues a 32 month trend of surpassing the moving average.

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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
2012	85,853	918,892	3,572,213

Source: U.S. Bureau of Census.

#### Age Characteristics of Population

Age	City of Norwalk		Fairfield County		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent
Under 5	5,141	6.0	56,435	6.1	200,031	5.6
5 - 9	4,837	5.6	62,800	6.8	221,806	6.2
10 - 14	4,317	5.0	66,492	7.2	238,955	6.7
15 - 19	3,588	4.2	63,854	6.9	254,462	7.1
20 - 24	3,851	4.5	49,930	5.4	225,619	6.3
25 - 34	12,662	14.7	106,140	11.6	421,617	11.8
35 - 44	14,337	16.7	131,714	14.3	485,127	13.6
45 - 54	13,760	16.0	148,685	16.2	570,253	16.0
55 - 59	5,888	6.9	58,038	6.3	238,882	6.7
60 - 64	5,501	6.4	49,755	5.4	205,639	5.8
65 - 74	6,065	7.1	63,211	6.9	258,464	7.2
75 - 84	4,199	4.9	41,751	4.5	166,552	4.7
85 and over	1,707	2.0	20,087	2.2	84,806	2.4
Total	<u>85,853</u>	<u>100.0</u>	<u>918,892</u>	<u>100.0</u>	<u>3,572,213</u>	<u>100.0</u>

Source: U. S. Bureau of Census, American Community Survey, 2008-2012.

#### Educational Attainment

Educational Attainment Group	City of Norwalk		Fairfield County		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent
Less than 9th grade	3,023	4.7	33,065	5.3	109,649	4.5
9th to 12th grade	3,655	5.7	35,008	5.7	158,805	6.5
High School graduate	16,079	25.1	143,004	23.1	677,253	27.9
Some college, no degree	10,176	15.9	95,069	15.3	429,013	17.6
Associates degree	4,508	7.0	37,043	6.0	177,531	7.3
Bachelor's degree	16,808	26.2	156,603	25.3	494,197	20.3
Graduate or professional degree	9,870	15.4	119,589	19.3	384,892	15.8
Total	<u>64,119</u>	<u>100.0</u>	<u>619,381</u>	<u>100.0</u>	<u>2,431,340</u>	<u>100.0</u>
Percent of High School Graduates		89.6%		89.0%		89.0%
Percent of College Graduates		41.6%		44.6%		36.2%

Source: U. S. Bureau of Census, American Community Survey, 2008-2012.

## Selected Wealth and Income Indicators

	Median Family Income		Per Capita Income	
	(2000)	(2012)	(2000)	(2012)
City of Norwalk	\$ 68,219	\$ 96,664	\$31,781	\$ 45,620
Fairfield County	77,690	104,952	38,350	48,900
Connecticut	65,521	87,182	28,766	37,807
United States	49,600	64,585	21,690	28,051

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	825	3.8	6,334	2.7	29,554	3.3
10,000 to 14,999	369	1.7	3,614	1.6	19,067	2.1
15,000 to 24,999	749	3.5	10,741	4.7	46,703	5.1
25,000 to 34,999	1,058	4.9	12,992	5.6	56,959	6.3
35,000 to 49,999	1,979	9.1	18,164	7.9	86,314	9.5
50,000 to 74,999	3,028	14.0	30,514	13.2	145,557	16.0
75,000 to 99,999	3,265	15.1	27,781	12.1	135,431	14.9
100,000 to 149,999	4,663	21.5	45,233	19.6	190,762	21.0
150,000 to 199,999	2,355	10.9	24,839	10.8	89,839	9.9
200,000 or more	3,351	15.5	50,184	21.8	107,414	11.8
	<u>21,642</u>	<u>100.0</u>	<u>230,396</u>	<u>100.0</u>	<u>907,600</u>	<u>100.0</u>

Source: U. S. Bureau of Census, American Community Survey, 2008-2012.

## Per Capita Personal Income – by Metropolitan Area, 2010-2012

Metropolitan Statistical Area	2010	2011	2012	Rank in 2012
Midland, TX	\$ 61,260	\$ 77,495	\$ 83,049	1
Bridgeport-Stamford-Norwalk, CT	74,193	79,099	81,068	2
San Francisco-Oakland-Hayward, CA	58,691	62,954	66,591	3
San Jose-Sunnyvale-Santa Clara, CA	56,649	61,831	65,679	4
Washington-Arlington-Alexandria, DC-VA-MD-WV	58,223	60,834	61,743	5
Naples-Immokalee-Marco Island, FL	56,681	58,991	60,391	6
Boston-Cambridge-Newton, MA-NH	55,579	58,561	60,387	7
Barnstable Town, MA	53,646	57,844	60,238	8
New York-Newark-Jersey City, NY-NJ-PA	54,322	56,922	58,403	9
Casper, WY	51,127	55,608	57,522	10
State of Connecticut	55,315	57,758	59,687	
United States	40,163	42,298	43,735	

Source: U.S. Bureau of Economic Analysis, Survey of Current Business, November 2013.

## Employment by Industry

Employment Sector	City of Norwalk		Fairfield County		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent
Agriculture, Forestry, Fishing, Hunting & Mining	111	0.2	1,075	0.2	6,786	0.4
Manufacturing	3,438	7.3	30,167	6.8	102,566	5.8
Construction	3,385	7.2	40,103	9.0	197,445	11.2
Wholesale Trade	1,325	2.8	11,024	2.5	43,172	2.4
Retail Trade	5,262	11.1	47,984	10.8	193,133	11.0
Transportation, Warehousing & Utilities	1,493	3.2	14,104	3.2	66,436	3.8
Information	1,731	3.7	12,720	2.9	43,327	2.5
Finance, Insurance & Real Estate	5,080	10.7	54,111	12.2	165,347	9.4
Professional, Scientific & Management	7,729	16.3	67,540	15.2	190,556	10.8
Educational Services & Health Care	9,731	20.6	96,759	21.7	459,463	26.1
Arts, Entertainment, Recreation & Food Services	3,438	7.3	33,487	7.5	145,799	8.3
Other Service (including nonprofit)	3,669	7.8	25,149	5.6	80,847	4.6
Public Administration	895	1.9	11,128	2.5	67,830	3.8
<b>Total</b>	<b>47,287</b>	<b>100.0</b>	<b>445,351</b>	<b>100.0</b>	<b>1,762,707</b>	<b>100.0</b>

Source: U. S. Bureau of Census, American Community Survey, 2008-2012.

## Unemployment Rate Statistics

(Not Seasonally Adjusted)

Yearly Average	City of Norwalk	Bridgeport/Stamford Labor Market (1)	State of Connecticut	United States
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%
2012	7.0%	7.8%	8.3%	8.1%
2013	6.7%	7.3%	7.9%	7.4%
<b>2014 Monthly</b>				
January	6.7%	7.0%	7.5%	7.0%
February	6.8%	7.0%	7.4%	7.0%
March	6.8%	7.0%	7.4%	6.8%
April	5.8%	6.2%	6.6%	5.9%
May	5.8%	6.5%	6.9%	6.1%
June	5.4%	6.0%	6.4%	6.3%

(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
Reed Exhibition Company	Trade Show/Publisher	450
FactSet Research	Research Systems	356
Act Media, Inc.	In-Store Advertising	350
Xerox	Office equipment	320
Modem Media	Internet Advertising	300
Priceline.com	Internet Marketing	300
Vertrue	Internet Marketing	300
G.E. Capital Corporation	Financial Services	250
G.E. Commercial Finance	Financial Services	250
Information Resources	Consumer Products Manufacturing	250
Virgin Atlantic Airways	Airline & Leisure Company	250
Combustion Engineering	Engineering Services	200
Cablevision of Connecticut	TV/DSL Cable Line Installation	200
R.T. Vanderbilt	Chemical Manufacturing	175
Carlson Marketing Group	Marketing Consultant	175
Tauck World Discovery	Travel Services	175
King Industries, Inc.	Chemical Manufacturing	170
Klaff's	Lighting & Plumbing Supplies	150
Marsh USA Inc	Insurance	120
Callanen International	Watches	105
Integrated Marketing Services	Marketing Consultant	100
Muelstein International Ltd.	Plastic Resins Distribution	100

Source: City of Norwalk Redevelopment Authority.

## Norwalk Area Corporate/Regional Headquarters

### Company

ABB Group  
Act Media, Inc.  
American Cancer Society  
Bolt Technology Corporation  
Bloom's Shellfish  
Cablevision of Connecticut  
Carlson Marketing Group  
Cartesis  
Charkit Chemicals  
Combustion Engineering  
Datto, Inc.  
Diageo  
Dooney & Burke  
Emcor  
FactSet Research  
Financial Accounting Standards Board  
Fitlinxx  
Graham Capital Management  
Gus Sclafani  
HEI Hospitality  
Hewitt Associates  
Hitachi Credit America  
IMS Health Inc  
Information Resources  
King Industries  
Klaff's  
Kodak Polychrome  
Marsh USA  
MBI, Inc.  
Mechanical Plastics Corporation  
Modem Media  
mPhase Technologies, Inc  
Muehlstein International, Inc.  
North Mill Equipment Finance LLC  
Pepperidge Farm, Inc.  
Priceline, Inc.  
Reed Exhibition Companies  
Stew Leonard's  
Stolt-Nielson  
Tauck World Discovery  
R.T Vanderbilt Company, Inc.  
Van Dyk Recycling Solution  
Virgin Atlantic Airways  
Webloyalty.com  
Wusthof  
Xerox Corporation

### Business

Automation and Power Technologies  
In-store Promotional Advertising  
Regional Headquarters Philanthropy  
Oil & Gas Exploration Technologies  
Oyster and Shellfish Farmer  
Cable/DSL System Operator  
Marketing Consultants  
Financial & Management Software  
Chemical Manufacturing  
Engineering Services  
Data Protection Services  
Premium Beverage Manufacturing  
Leather Good Manufacturing  
Mechanical Contractor  
Research Systems  
Accounting Standards Regulation  
Computerized System for Fitness Equipment  
Hedge Fund Management  
Foods Importer  
Hotel/Hospitality Management  
Management Consulting  
Financial Credit  
Market Data for Pharmaceutical Industry  
Consumer Research  
Chemical Manufacturing  
High End Home Retail  
Graphic Arts Supplier  
Insurance Broker and Risk Advisor  
Direct Mail Marketing/Collectibles  
Manufacturer of the Toggler System  
Internet Advertising  
Telecommunications Technologies  
Plastic Resin Distributor  
Equipment Financing  
Baked Goods  
Internet Marketing/Shopping  
Trade Show Management  
Retail Dairy & Grocery  
Shipping  
Travel Services  
Industrial Minerals & Chemicals  
High Tech Large Scale Recycling Equipment  
Airline/Leisure Travel  
Customer Rewards Programs  
Cutlery Manufacturer  
Documentation Management

## Value of Building Permits

Fiscal Year Ended 6/30	Building	Miscellaneous	Total
2014 (1)	\$167,163,795	\$ 64,350,860	\$ 231,514,655
2013	187,090,160	53,645,021	240,735,181
2012	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

(1) As of June 30, 2014.

Source: City of Norwalk, Building Department.

## Number of Dwelling Units

2012	2000	1990	1980	% Increase 2000-2012	% Increase 1980-2012
38,957	33,753	32,224	28,309	15.4%	37.6%

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	270	1.1	2,921	1.3	17,515	1.9
50,000 to 99,999	284	1.2	3,577	1.5	21,595	2.3
100,000 to 149,999	485	2.0	5,815	2.5	60,303	6.5
150,000 to 199,999	739	3.1	11,984	5.2	129,791	14.0
200,000 to 299,999	2,691	11.3	34,911	15.0	272,261	29.3
300,000 to 499,999	10,286	43.2	72,643	31.3	262,321	28.2
500,000 to 999,999	7,646	32.1	66,929	28.8	121,757	13.1
1,000,000 and over	1,412	5.9	33,348	14.4	44,017	4.7
<b>Total</b>	<b>23,813</b>	<b>100.0</b>	<b>232,128</b>	<b>100.0</b>	<b>929,560</b>	<b>100.0</b>
<b>Median Value</b>	\$440,700		\$447,500		\$285,900	

Source: U. S. Bureau of Census, American Community Survey, 2008-2012.

## Age Distribution of Housing

Year Structure Built	City of Norwalk		Fairfield County		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent
1939 or earlier	9,026	23.2	78,478	21.8	342,631	23.1
1940 to 1949	3,094	7.9	28,579	7.9	105,863	7.1
1950 to 1959	7,018	18.0	61,682	17.1	228,672	15.4
1960 to 1969	5,955	15.3	52,457	14.5	200,398	13.5
1970 to 1979	5,403	13.9	49,821	13.8	202,110	13.6
1980 to 1989	4,381	11.2	41,533	11.5	193,255	13.0
1990 to 1999	1,751	4.5	24,083	6.7	110,651	7.4
2000 to 2009	2,138	5.5	23,184	6.4	99,443	6.7
2010 or later	191	0.5	875	0.2	2,422	0.2
Total housing units	38,957	100.0	360,692	100.0	1,485,445	100.0

Source: U. S. Bureau of Census, American Community Survey, 2008-2012.

**SECTION IV – INDEBTEDNESS**

**Computation of Statutory Debt Limit**

As of August 19, 2014 (Pro Forma)

Total Fiscal Year 2013 tax collections (including interest and lien fees)	\$ 269,741,123
State Reimbursement for Revenue Loss on:	
Tax Relief for the Elderly	<u>16,000</u>
Base for Establishing Debt Limit	<u>\$ 269,757,123</u>

**Debt Limit**

	General Purpose	Schools	Sewers	Urban Renewal	Unfunded Past Pension	Total Debt
(2.25 times base)	\$ 606,953,527					
(4.50 times base)		\$ 1,213,907,054				
(3.75 times base)			\$ 1,011,589,212			
(3.25 times base)				\$ 876,710,650		
(3.00 times base)					\$ 809,271,369	
(7.00 times base)						\$ 1,888,299,862

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

Bonds Payable	\$110,216,469	\$81,381,145	\$ -	\$12,019,966	\$ -	\$ 203,617,580
The Bonds ( <i>This Issue</i> )	9,051,000	3,999,000	500,000	1,450,000	-	15,000,000
Parking Authority (1)	8,787,219	-	-	-	-	8,787,219
Water Pollution Control Authority (WPCA)	-	-	43,973,013 (2)	-	-	43,973,013
Authorized but Unissued Debt	8,700,000	7,748,330	13,885,000	7,009,200	-	37,342,530
Overlapping Indebtedness (3)	<u>35,432,619</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,432,619</u>
Total Bonded Indebtedness	<u>172,187,307</u>	<u>93,128,475</u>	<u>58,358,013</u>	<u>20,479,166</u>	<u>-</u>	<u>344,152,961</u>
School Grants Receivable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Bonded Indebtedness	<u>172,187,307</u>	<u>93,128,475</u>	<u>58,358,013</u>	<u>20,479,166</u>	<u>-</u>	<u>344,152,961</u>
Excess of Limit Over Outstanding and Authorized Debt	<u>\$ 434,766,220</u>	<u>\$ 1,120,778,579</u>	<u>\$ 953,231,199</u>	<u>\$ 856,231,484</u>	<u>\$ 809,271,369</u>	<u>\$ 1,544,146,901</u>

- (1) 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).
- (2) Includes \$8,675,200 of general obligation bonds and \$35,297,813 of State of Connecticut Clean Water Fund ("CWF") Program Project Loan Obligations. (See "Water Pollution Control Authority" and "Clean Water Fund" herein).
- (3) Include State of Connecticut's Drinking Water Loans in the amount of and \$7,000,000 for the First Taxing District and \$18,432,619 for the Second Taxing District, and \$10,000,000 in General Obligation Bonds for the Second Taxing District. Any loans undertaken by the taxing districts will be supported by the full faith and credit of the districts and not the City. (See "Underlying Indebtedness" and "Tax Districts" herein).

**Calculation of Net Direct Debt**

As of August 19, 2014 (Pro Forma)

<b>Indebtedness (1)</b>	
<b>Bonded Debt</b>	
The Bonds – <i>This Issue</i>	\$ 15,000,000
General Purpose	110,216,469
Schools	81,381,145
Urban Renewal	12,019,966
Parking Authority (2)	8,787,219
Water Pollution Control Authority (3)	43,973,013
<b>Total Bonded Indebtedness</b>	<u>271,377,812</u>
<b>Short Term Debt</b>	-
<b>Total Direct Debt</b>	<u>271,377,812</u>
<b>Exclusions (School Construction Grants)</b>	-
<b>Net Direct Debt</b>	<u>271,377,812</u>
<b>Underlying Debt (4)</b>	<u>35,432,619</u>
<b>Net Direct and Overlapping Debt</b>	<u><u>\$306,810,431</u></u>

- (1) Does not include authorized but unissued debt of \$37,342,530.
- (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 \$8,675,200 of general obligation bonds and \$35,297,813 of State of Connecticut Clean Water Fund (“CWF”) Program Project Loan Obligations. (See “Water Pollution Control Authority” and “Clean Water Fund” herein).
- (4) Include State of Connecticut’s Drinking Water Loans in the amount of and \$7,000,000 for the First Taxing District and \$18,432,619 for the Second Taxing District, and \$10,000,000 in General Obligation Bonds for the Second Taxing District. Any loans undertaken by the taxing districts will be supported by the full faith and credit of the districts and not the City. (See “Underlying Indebtedness” and “Tax Districts” herein).

**Current Debt Ratios**

As of August 19, 2014 (Pro Forma)

Total Direct Debt	\$271,377,812
Net Direct Debt	\$271,377,812
Net Direct and Underlying Indebtedness	\$306,810,431

Population (1)	85,853
Net Taxable Grand List (10/1/13)	\$11,824,387,000
Estimated Full Value	\$16,891,981,429
Equalized Net Taxable Grand List (2011) (2)	\$16,560,812,571
Per Capita Income (2012) (1)	\$45,620

	<u>Total Direct Debt</u>	<u>Net Direct Debt</u>	<u>Net Direct and Underlying Debt</u>
Per Capita	\$3,161	\$3,161	\$3,574
To Net Taxable Grand List	2.30%	2.30%	2.59%
To Estimated Full Value	1.61%	1.61%	1.82%
To Equalized Net Taxable Grand List	1.64%	1.64%	1.85%
Per Capita to Per Capita Income	6.93%	6.93%	7.83%

- (1) U.S. Bureau of Census, American Community Survey.
- (2) Office of Policy and Management, State of Connecticut.

## Historical Debt Statement

	<u>2013-14 (1)</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>
Population (2)	85,853	85,853	85,603	85,603	83,802
Net taxable grand list	\$11,824,387,000	\$12,806,420,000	\$12,808,833,000	\$12,646,134,000	\$12,639,375,000
Estimated full value	\$16,891,981,429	\$18,294,885,714	\$18,298,332,857	\$18,247,899,000	\$18,260,326,000
Equalized net taxable grand list (3)	\$16,560,812,571	\$16,560,812,571	\$16,955,393,390	\$17,356,987,045	\$18,035,743,033
Per capita income (2)	\$45,620	\$45,620	\$43,303	\$43,303	\$43,303
Short-term debt	\$ -	\$ -	\$ 19,758,195	\$ 11,497,605	\$ 4,744,072
Long-term debt	273,630,935	276,765,135	250,187,387	251,518,454	252,398,359
Total Direct debt	\$ 273,630,935	\$ 276,765,135	\$ 269,945,582	\$ 263,016,059	\$ 257,142,431
Net Direct debt	\$ 273,630,935	\$ 276,765,135	\$ 269,945,582	\$ 262,943,842	\$ 257,050,153
Net Direct and Overlapping debt	\$ 309,063,554	\$ 303,392,135	\$ 290,651,968	\$ 284,707,813	\$ 280,706,149

(1) Unaudited estimate.

(2) U.S. Bureau of Census.

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

## Historical Debt Ratios

	<u>2013-14 (1)</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>
<b>Total Direct debt:</b>					
Per capita	\$3,187	\$3,224	\$3,153	\$3,073	\$3,068
To net taxable grand list	2.31%	2.16%	2.11%	2.08%	2.03%
To estimated full value	1.62%	1.51%	1.48%	1.44%	1.41%
To equalized net taxable grand list	1.65%	1.67%	1.59%	1.52%	1.43%
Debt per capita to per capita income	6.99%	7.07%	7.28%	7.10%	7.09%
<b>Net direct debt:</b>					
Per capita	\$3,187	\$3,224	\$3,153	\$3,072	\$3,067
To net taxable grand list	2.31%	2.16%	2.11%	2.08%	2.03%
To estimated full value	1.62%	1.51%	1.48%	1.44%	1.41%
To equalized net taxable grand list	1.65%	1.67%	1.59%	1.51%	1.43%
Debt per capita to per capita income	6.99%	7.07%	7.28%	7.09%	7.08%
<b>Net direct and underlying debt:</b>					
Per capita	\$3,600	\$3,534	\$3,395	\$3,326	\$3,350
To net taxable grand list	2.61%	2.37%	2.27%	2.25%	2.22%
To estimated full value	1.83%	1.66%	1.59%	1.56%	1.54%
To equalized net taxable grand list	1.87%	1.83%	1.71%	1.64%	1.56%
Debt per capita to per capita income	7.89%	7.75%	7.84%	7.68%	7.74%

(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>Amounts</u>	
		<u>Original 2% Loan Amount</u>	<u>Outstanding as of August 19, 2014</u>
CWF 199-L	7/1/1996	\$ 4,550,161	\$ 248,358
CWF 301-C	12/30/1997	1,934,212	274,212
CWF 397-C	1/31/2000	673,270	173,991
CWF 190-DC	9/29/2000	41,294,122	12,181,013
CWF 190-L1	12/21/2001	4,930,815	1,914,076
CWF 190-DC1	12/30/2004	1,830,187	703,268
CWF 612-C	1/31/2013	<u>21,823,781</u>	<u>19,802,894</u>
Total		<u>\$ 77,036,548</u>	<u>\$ 35,297,812</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.

**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 \$18,432,619 is outstanding as of August 15, 2014.

On June 4, 2013, the electors of the Second Taxing District authorized the issuance of \$10 million of General Obligation Bonds at a special meeting for a Electrical Substation Facility Project A resolution for the issuance of the bonds was approved by the District Commissioners. On April 2, 2014 the bonds were sold with a final maturity date of April 1, 2034.

On February 12, 2013, the Board of District Commissioners of the First Taxing District adopted a resolution appropriating and authorizing bonds in the amount of \$7,000,000 for the installation of water system reliability improvements to serve the Spring Hill Area, which resolution was approved at a Special Meeting of the District on January 22, 2013 and ratified at a Special Meeting of the District on February 12, 2013. 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 June 28, 2013, the First Taxing District issued an IFO in the amount of \$7,000,000, maturing June 30, 2015.

**Authorized but Unissued Debt**

	<u>Authorized But Unissued Debt</u>				Authorized but Unissued Debt
	<u>General and Urban Purpose</u>	<u>School</u>	<u>Sewer</u>	<u>This Issue</u>	
<b>Capital Budget 2002-03</b>					
Norwalk Center Development Project	\$ 3,800,000	\$ -	\$ -	\$ 1,400,000	\$ 2,400,000
<b>Subtotal Capital Budget 2002-03</b>	<u>3,800,000</u>	<u>-</u>	<u>-</u>	<u>1,400,000</u>	<u>2,400,000</u>
<b>Capital Budget 2003-04</b>					
Schools					
Board of Education Construction Projects	-	4,530,330	-	1,478,000	3,052,330
<b>Subtotal Capital Budget 2003-04</b>	<u>-</u>	<u>4,530,330</u>	<u>-</u>	<u>1,478,000</u>	<u>3,052,330</u>
<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>	<u>-</u>	<u>-</u>	<u>10,235,000</u>	<u>-</u>	<u>10,235,000</u>
<b>Capital Budget 2009-10</b>					
Public Works					
Fairfield Avenue Construction Match	900,000	-	-	900,000	-
<b>Subtotal Capital Budget 2009-10</b>	<u>\$ 900,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 900,000</u>	<u>\$ -</u>

	<u>Authorized But Unissued Debt</u>			<i>This Issue</i>	Authorized but Unissued Debt
	General and Urban Purpose	School	Sewer		
<b>Capital Budget 2010-11</b>					
Public Works					
Transportation Management Plan	\$ 50,000	\$ -	\$ -	\$ 50,000	\$ -
<b>Subtotal Public Works</b>	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>50,000</u>	<u>-</u>
Water Pollution Control Authority					
Pump Station Upgrade / Replacement	-	-	250,000	250,000	-
Subtotal Water Pollution Control Authority	<u>-</u>	<u>-</u>	<u>250,000</u>	<u>250,000</u>	<u>-</u>
<b>Subtotal Capital Budget 2010-11</b>	<u>50,000</u>	<u>-</u>	<u>250,000</u>	<u>300,000</u>	<u>-</u>
<b>Capital Budget 2011-12</b>					
Public Works					
City Hall Repairs & Improvements	200,000	-	-	-	200,000
Footpath Replacement	150,000	-	-	150,000	-
Sidewalk & Curbing - Culdipp Avenue	75,000	-	-	-	75,000
<b>Subtotal Public Works</b>	<u>425,000</u>	<u>-</u>	<u>-</u>	<u>150,000</u>	<u>275,000</u>
Water Pollution Control Authority					
Pump Station Upgrade/Replacement	-	-	250,000	250,000	-
<b>Subtotal Water Pollution Control Authority</b>	<u>-</u>	<u>-</u>	<u>250,000</u>	<u>250,000</u>	<u>-</u>
Redevelopment Agency					
Waterfront Public Access	250,000	-	-	-	250,000
Bikeway Plan	125,000	-	-	-	125,000
<b>Subtotal Redevelopment Agency</b>	<u>375,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>375,000</u>
<b>Subtotal Capital Budget 2011-12</b>	<u>800,000</u>	<u>-</u>	<u>250,000</u>	<u>400,000</u>	<u>650,000</u>
<b>Capital Budget 2012-13</b>					
Public Works					
Public Works Center - Repairs/Improvements	45,000	-	-	45,000	-
Perry Avenue Bridge Over Norwalk River	248,000	-	-	-	248,000
James Street Bridge	115,000	-	-	-	115,000
Westmere Avenue Bridge	113,000	-	-	-	113,000
Watercourse Maintenance	150,000	-	-	-	150,000
Water Street Outlet Maintenance	150,000	-	-	-	150,000
Keeler Brook Drainage Area	350,000	-	-	-	350,000
Culvert Rehabilitation	180,000	-	-	-	180,000
Traffic Signals at Various Location	250,000	-	-	-	250,000
<b>Subtotal Public Works</b>	<u>1,601,000</u>	<u>-</u>	<u>-</u>	<u>45,000</u>	<u>1,556,000</u>
Water Pollution Control Authority					
Pump Station Upgrade/Replacement	-	-	250,000	-	250,000
<b>Subtotal Water Pollution Control Authority</b>	<u>-</u>	<u>-</u>	<u>250,000</u>	<u>-</u>	<u>250,000</u>
Board of Education					
Rowayton Construction	-	1,733,000	-	-	1,733,000
<b>Subtotal Board of Education</b>	<u>-</u>	<u>1,733,000</u>	<u>-</u>	<u>-</u>	<u>1,733,000</u>
Redevelopment Agency					
Transit Oriented Development	360,000	-	-	-	360,000
Wall Street Redevelopment	299,200	-	-	-	299,200
<b>Subtotal Redevelopment Agency</b>	<u>659,200</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>659,200</u>
<b>Subtotal Capital Budget 2012-13</b>	<u>\$ 2,260,200</u>	<u>\$ 1,733,000</u>	<u>\$ 250,000</u>	<u>\$ 45,000</u>	<u>\$ 4,198,200</u>

	General and Urban Purpose	Authorized But Unissued Debt			Authorized but Unissued Debt
		School	Sewer	<i>This Issue</i>	
<b>Capital Budget 2013-14</b>					
Police					
Prisoner Van	\$ 60,000	\$ -	\$ -	\$ 60,000	\$ -
Pickup Truck	32,000	-	-	20,000	12,000
<b>Subtotal Police</b>	<b>92,000</b>	<b>-</b>	<b>-</b>	<b>80,000</b>	<b>12,000</b>
Public Works					
Watercourse Maintenance	200,000	-	-	-	200,000
Transportation Master Plan Implementation	400,000	-	-	-	400,000
Sidewalk Plan	85,000	-	-	85,000	-
<b>Subtotal Public Works</b>	<b>685,000</b>	<b>-</b>	<b>-</b>	<b>85,000</b>	<b>600,000</b>
<b>Water Pollution Control Authority</b>					
Pump Station Upgrade/Replacement	-	-	250,000	-	250,000
Sammis Street Pump Station and Ann St Siphon	-	-	1,400,000	-	1,400,000
Ann St Siphon Sluice Gates Rehabilitation	-	-	250,000	-	250,000
Collection SySystem Rehabilitation	-	-	1,500,000	-	1,500,000
<b>Subtotal Water Pollution Control Authority</b>	<b>-</b>	<b>-</b>	<b>3,400,000</b>	<b>-</b>	<b>3,400,000</b>
<b>Library</b>					
Main Library Preservation	97,000	-	-	-	97,000
Building Plan for Main Library	15,000	-	-	-	15,000
Tech Team Rooms	15,000	-	-	-	15,000
<b>Subtotal Library</b>	<b>127,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>127,000</b>
<b>Historical Commission</b>					
Cemetery Site Work	20,000	-	-	-	20,000
Museum Collection Archive	40,000	-	-	-	40,000
Mill Hill Buildings	22,000	-	-	22,000	-
Matthews Park Buildings	25,000	-	-	25,000	-
Cemetery Conservation/Restoration	20,000	-	-	20,000	-
<b>Subtotal Historical Commission</b>	<b>127,000</b>	<b>-</b>	<b>-</b>	<b>67,000</b>	<b>60,000</b>
<b>Redevelopment Agency</b>					
Affordable Housing	250,000	-	-	50,000	200,000
Transit Oriented Development	350,000	-	-	-	350,000
North Water Street Lighting	200,000	-	-	-	200,000
Public Art Fund	25,000	-	-	-	25,000
Waterfront Public Access	100,000	-	-	-	100,000
Bikeway Plan	50,000	-	-	-	50,000
<b>Subtotal Redevelopment Agency</b>	<b>975,000</b>	<b>-</b>	<b>-</b>	<b>50,000</b>	<b>925,000</b>
<b>Subtotal Capital Budget 2013-14</b>	<b>2,006,000</b>	<b>0</b>	<b>3,400,000</b>	<b>282,000</b>	<b>5,124,000</b>
<b>Capital Budget 2014-15</b>					
Police					
Building Access for FOB System	75,000	-	-	75,000	-
<b>Subtotal Police</b>	<b>75,000</b>	<b>-</b>	<b>-</b>	<b>75,000</b>	<b>-</b>
Combined Dispatch					
Radio Receiver Relocation	80,000	-	-	80,000	-
<b>Subtotal Combined Dispatch</b>	<b>\$ 80,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 80,000</b>	<b>\$ -</b>

	General and Urban Purpose	Authorized But Unissued Debt			Authorized but Unissued Debt
		School	Sewer	This Issue	
<b>Fire</b>					
Apparatus Replacement	\$ 550,000	\$ -	\$ -	\$ -	\$ 550,000
Various Stations: Repairs & Replacement	30,000	-	-	-	30,000
Removal of Underground Storage Tanks	35,000	-	-	-	35,000
<b>Subtotal Fire</b>	615,000	-	-	-	615,000
<b>Public Works</b>					
City Hall Repairs & Improvements	730,000	-	-	730,000	-
Various City Buildings-General Repairs	50,000	-	-	50,000	-
Nathaniel Ely	145,000	-	-	-	145,000
Public Works Center - Repairs/Improvements	105,000	-	-	-	105,000
Energy Conservation Various Locations	25,000	-	-	25,000	-
Police Headquarters	20,000	-	-	20,000	-
Various Bldgs - Environmental Remediation	20,000	-	-	20,000	-
Lockwood House	30,000	-	-	-	30,000
Ben Franklin	77,000	-	-	-	77,000
Main Library	100,000	-	-	100,000	-
Perry Avenue Bridge over Norwalk River	190,000	-	-	-	190,000
Fleet Replacement	805,000	-	-	720,000	85,000
Pavement Management Program	4,371,000	-	-	2,500,000	1,871,000
Washington Street - Water to MLK	200,000	-	-	200,000	-
Sidewalks & Curbing - Citywide	500,000	-	-	500,000	-
General Drainage	250,000	-	-	250,000	-
Transportation Master Plan Implementation	200,000	-	-	-	200,000
Tree Planting General	50,000	-	-	50,000	-
Transfer Station	276,000	-	-	-	276,000
<b>Subtotal Public Works</b>	8,144,000	-	-	5,165,000	2,979,000
<b>Board of Education</b>					
District Common Core State Standards	-	2,358,000	-	1,100,000	1,258,000
Enhancement to School Security	-	1,725,000	-	800,000	925,000
District Technology	-	521,000	-	521,000	-
District Paving & Concrete	-	100,000	-	100,000	-
Rowayton School Construction	-	780,000	-	-	780,000
<b>Subtotal Board of Education</b>	-	5,484,000	-	2,521,000	2,963,000
<b>Recreation &amp; Parks</b>					
Vehicles	194,000	-	-	-	194,000
Nathan Hale Athletic Complex	2,000,000	-	-	2,000,000	-
Matthews Park	90,000	-	-	-	90,000
Fodor Farm	100,000	-	-	-	100,000
Cranbury Park/Gallagher Estate	550,000	-	-	-	550,000
Veterans Memorial Park	75,000	-	-	-	75,000
Calf Pasture Beach	100,000	-	-	-	100,000
School & Park Playgrounds	150,000	-	-	-	150,000
Basketball & Tennis Courts	54,000	-	-	-	54,000
Backstop & Fencing Improvements	35,000	-	-	-	35,000
Flax Hill Park	50,000	-	-	-	50,000
Tree Planting	40,000	-	-	-	40,000
Open Space Fund	52,000	-	-	-	52,000
<b>Subtotal Recreation &amp; Parks</b>	3,490,000	-	-	2,000,000	1,490,000
<b>Library</b>					
Integrated Library System	50,000	-	-	50,000	-
Library Auditorium	25,000	-	-	25,000	-
Norwalk Newspaper Digitization	11,000	-	-	11,000	-
<b>Subtotal Library</b>	\$ 86,000	\$ -	\$ -	\$ 86,000	\$ -

	General and Urban Purpose	Authorized But Unissued Debt			Authorized but Unissued Debt
		School	Sewer	This Issue	
Historical Commission					
Lockwood Mansion Leak Repair	\$ 150,000	\$ -	\$ -	\$ -	\$ 150,000
Mill Hill ADA Access	100,000	-	-	-	100,000
Lockwood House Museum ADA Access	50,000	-	-	-	50,000
WPA Murals	12,000	-	-	-	12,000
<b>Subtotal Historical Commission</b>	<b>312,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>312,000</b>
Redevelopment Agency					
Affordable Housing	250,000	-	-	-	250,000
Transit Oriented Development	350,000	-	-	-	350,000
Head of the Harbor	350,000	-	-	-	350,000
<b>Subtotal Redevelopment Agency</b>	<b>950,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>950,000</b>
Information Technology					
Citywide IT Projects	374,000	-	-	-	374,000
<b>Subtotal Information Technology</b>	<b>374,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>374,000</b>
Health					
Security System Replacement	18,000	-	-	18,000	-
<b>Subtotal Health</b>	<b>18,000</b>	<b>-</b>	<b>-</b>	<b>18,000</b>	<b>-</b>
Human Relations & Fair Rent					
ADA Compliance	250,000	-	-	250,000	-
<b>Subtotal Human Relations &amp; Fair Rent</b>	<b>250,000</b>	<b>-</b>	<b>-</b>	<b>250,000</b>	<b>-</b>
<b>Subtotal Capital Budget 2014-15</b>	<b>14,394,000</b>	<b>5,484,000</b>	<b>-</b>	<b>10,195,000</b>	<b>9,683,000</b>
Supplemental Capital Appropriations					
Wall Street Development Project	1,700,000	-	-	-	1,700,000
Oak Hills Golf Course Improvements	300,000	-	-	-	300,000
<b>Subtotal Special Appropriations</b>	<b>2,000,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,000,000</b>
<b>TOTAL</b>	<b><u>\$26,210,200</u></b>	<b><u>\$11,747,330</u></b>	<b><u>\$14,385,000</u></b>	<b><u>\$15,000,000</u></b>	<b><u>\$37,342,530</u></b>

### School Construction Projects

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

Project	Total Appropriation	Estimated Reimbursement Rate for Eligible Costs	Total Estimated Grant	Outstanding Bond Authorizations
				Prior To This Issue
BOE Construction Projects 2003-2004 (2)	\$102,944,076	33.00%	\$32,944,076	\$4,530,330
BOE Construction Projects 2012-2013	2,871,000	33.00%	571,890	1,733,000
BOE Construction Projects 2014-15	5,484,000	33.00%	257,400	5,484,000
<b>Total</b>	<b><u>\$111,299,076</u></b>		<b><u>\$33,773,366</u></b>	<b><u>\$11,747,330</u></b>

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

(2) The originally authorized projects have been completed. Remaining authorizations will be repurposed for future projects.

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>	<b>Council Approved 2014-2015</b>	<b>Finance Recommend 2015-2016</b>	<b>Finance Recommend 2016-2017</b>	<b>Finance Recommend 2017-2018</b>	<b>Finance Recommend 2018-2019</b>	<b>Total</b>
Police	\$ 75,000	\$ 57,000	\$ 118,000	\$ -	\$ -	\$ 250,000
Combined Dispatch	80,000	-	-	-	-	80,000
Fire	615,000	160,000	855,000	790,000	135,000	2,555,000
Public Works	8,773,000	9,655,000	9,881,000	10,198,000	9,809,000	48,316,000
Parking Authority	-	-	302,000	452,000	350,000	1,104,000
Water Pollution Authority	1,950,000	6,000,000	3,000,000	1,000,000	1,000,000	12,950,000
Board of Education	5,484,000	1,709,000	9,188,000	1,555,000	6,923,000	24,859,000
Recreation & Parks	3,490,000	2,060,000	1,027,000	1,605,000	1,045,000	9,227,000
Library	86,000	43,000	91,000	90,000	90,000	400,000
Historical Commission	312,000	475,000	342,000	450,000	265,000	1,844,000
Redevelopment Agency	950,000	950,000	870,000	870,000	870,000	4,510,000
Health	18,000	-	-	-	-	18,000
Information Technology	374,000	198,000	185,000	195,000	180,000	1,132,000
Human Relations & Fair Rent	250,000	250,000	250,000	250,000	250,000	1,250,000
<b>Total</b>	<b>\$22,457,000</b>	<b>\$21,557,000</b>	<b>\$26,109,000</b>	<b>\$17,455,000</b>	<b>\$20,917,000</b>	<b>\$108,495,000</b>
<b>Funding Sources</b>						
State Funded	\$ 629,000	\$ 629,000	\$ 629,000	\$ 629,000	\$ 629,000	\$ 3,145,000
Parking Authority	-	-	302,000	452,000	350,000	1,104,000
WPCA	1,950,000	6,000,000	3,000,000	1,000,000	1,000,000	12,950,000
General Obligation Bonds	19,878,000	14,928,000	22,178,000	15,374,000	18,938,000	91,296,000
<b>Total</b>	<b>\$22,457,000</b>	<b>\$21,557,000</b>	<b>\$26,109,000</b>	<b>\$17,455,000</b>	<b>\$20,917,000</b>	<b>\$108,495,000</b>

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**Combined Schedule of Long Term Debt through Maturity**

As of August 19, 2014 (Pro Forma)

Fiscal Year	Existing Debt (1)			The Bonds Principal Payments	Total Principal All Issues
	City Principal	City Interest	Total Debt Service		
2014-15 (2)	\$ 22,772,815	\$ 9,768,451	\$ 32,541,266	\$ -	\$ 22,772,815
2015-16	24,545,356	8,647,000	33,192,356	-	24,545,356
2016-17	22,760,734	7,753,882	30,514,616	1,100,000	23,860,734
2017-18	21,173,660	6,920,767	28,094,427	1,100,000	22,273,660
2018-19	21,334,021	6,169,613	27,503,634	1,100,000	22,434,021
2019-20	18,550,263	5,472,104	24,022,367	1,100,000	19,650,263
2020-21	16,972,083	4,827,905	21,799,988	1,100,000	18,072,083
2021-22	16,559,860	4,201,118	20,760,978	1,100,000	17,659,860
2022-23	16,586,588	3,588,015	20,174,603	1,100,000	17,686,588
2023-24	16,648,420	2,973,885	19,622,305	1,100,000	17,748,420
2024-25	14,710,691	2,371,775	17,082,466	1,100,000	15,810,691
2025-26	13,333,413	1,790,575	15,123,988	1,100,000	14,433,413
2026-27	12,416,593	1,387,612	13,804,205	1,000,000	13,416,593
2027-28	10,455,241	975,683	11,430,924	1,000,000	11,455,241
2028-29	8,167,366	697,708	8,865,074	1,000,000	9,167,366
2029-30	6,575,978	428,468	7,004,446	1,000,000	7,575,978
2030-31	4,864,087	237,383	5,101,470	-	4,864,087
2031-32	3,744,702	98,500	3,843,202	-	3,744,702
2032-33	1,459,064	20,432	1,479,496	-	1,459,064
Total	<u>\$273,630,935</u>	<u>\$68,330,876</u>	<u>\$341,961,811</u>	<u>\$ 15,000,000</u>	<u>\$288,630,935</u>

(1) 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).

(2) Includes principal payments of \$17,254,122 made as of August 19, 2014.

Source: City of Norwalk

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**Combined Schedule of City Bonded Debt**  
As of August 19, 2014 (Pro Forma) (1, 2)

<u>Fiscal Year</u>	<u>General Principal Payments</u>	<u>General Interest Payments</u>	<u>School Principal Payments</u>	<u>School Interest Payments</u>	<u>Urban Principal Payments</u>	<u>Urban Interest Payments</u>	<u>Total Debt Service</u>
2014-15 (3)	\$ 6,538,633	\$ 4,274,280	\$ 9,678,017	\$ 3,644,816	\$ 1,111,555	\$ 507,442	\$ 25,754,744
2015-16	8,494,754	3,756,144	9,608,578	3,224,558	1,030,778	452,752	26,567,565
2016-17	7,904,620	3,389,087	8,939,586	2,821,293	778,188	420,886	24,253,660
2017-18	7,365,791	3,098,028	7,992,961	2,427,027	725,121	394,707	22,003,635
2018-19	7,449,566	2,846,257	7,986,149	2,073,649	726,979	370,398	21,452,998
2019-20	7,814,157	2,638,583	6,612,210	1,765,437	872,090	341,542	20,044,018
2020-21	7,224,211	2,362,768	6,279,640	1,503,931	795,040	302,026	18,467,616
2021-22	7,169,049	2,096,759	6,156,390	1,230,325	782,940	270,712	17,706,174
2022-23	7,353,225	1,846,237	5,958,490	977,839	912,840	236,274	17,284,905
2023-24	6,938,298	1,596,742	6,287,340	726,718	878,990	200,235	16,628,323
2024-25	6,830,358	1,348,682	4,563,240	490,587	901,390	162,781	14,297,038
2025-26	6,019,333	1,117,000	4,085,340	255,765	769,490	127,133	12,374,062
2026-27	6,057,158	905,126	3,084,290	175,351	795,990	95,522	11,113,437
2027-28	5,930,454	691,694	1,895,840	72,398	830,490	62,842	9,483,718
2028-29	5,706,884	489,345	228,340	65,362	672,490	34,697	7,197,118
2029-30	3,876,834	320,969	861,800	14,810	323,750	16,829	5,414,992
2030-31	3,446,023	188,247	2,751	785	166,250	5,230	3,809,286
2031-32	2,409,452	81,439	-	-	-	-	2,490,891
2032-33	1,350,000	20,250	-	-	-	-	1,370,250
<b>Total</b>	<b>\$115,878,800</b>	<b>\$ 33,067,636</b>	<b>\$ 90,220,962</b>	<b>\$ 21,470,650</b>	<b>\$13,074,371</b>	<b>\$ 4,002,008</b>	<b>\$277,714,428</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 principal payments of \$15,556,552 made as of August 19, 2014.

Source: City of Norwalk

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**Combined Schedule of Bonded Debt for Parking Authority and Water Pollution Control Authority**  
As of August 19, 2014 (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</u>	<u>WPCA Principal Payments (3)</u>	<u>WPCA Interest Payments (3)</u>	<u>WPCA Total Debt Service</u>
2014-15 (4)	\$ 751,101	\$ 365,999	\$ 1,117,100	\$ 4,693,509	\$ 975,913	\$ 5,669,422
2015-16	661,196	348,080	1,009,276	4,750,050	865,465	5,615,515
2016-17	617,912	368,098	986,010	4,520,428	754,518	5,274,946
2017-18	627,633	347,792	975,425	4,462,154	653,214	5,115,368
2018-19	642,073	325,141	967,214	4,529,254	554,167	5,083,421
2019-20	590,681	271,856	862,537	2,661,125	454,687	3,115,812
2020-21	620,497	243,192	863,689	2,052,695	415,988	2,468,683
2021-22	635,652	218,300	853,952	1,815,829	385,023	2,200,852
2022-23	669,572	189,618	859,190	1,692,461	338,047	2,030,508
2023-24	715,222	157,081	872,303	1,828,570	293,109	2,121,679
2024-25	788,462	120,983	909,445	1,627,241	248,742	1,875,983
2025-26	770,537	83,411	853,948	1,688,713	207,265	1,895,978
2026-27	797,462	46,003	843,465	1,681,693	165,610	1,847,303
2027-28	256,916	21,595	278,511	1,541,541	127,154	1,668,695
2028-29	218,986	12,406	231,392	1,340,666	95,899	1,436,565
2029-30	149,316	7,526	156,842	1,364,278	68,335	1,432,613
2030-31	12,556	753	13,309	1,236,507	42,368	1,278,875
2031-32	12,548	251	12,799	1,322,702	16,810	1,339,512
2032-33	-	-	-	109,064	182	109,246
<b>Total</b>	<b>\$ 9,538,322</b>	<b>\$ 3,128,085</b>	<b>\$12,666,407</b>	<b>\$44,918,480</b>	<b>\$ 6,662,496</b>	<b>\$51,580,976</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 \$1,696,570 made as of August 19, 2014.

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, 2013, 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, 2013, 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, 2013. 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:	By
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.	
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 April
Common Council may amend the cap on the operating budget not later than the 3 <sup>rd</sup> Tuesday.	
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	
Board of Estimate and Taxation forwards Mayor’s proposed capital budget to Common Council. Board may transfer those capital items that it believes should have been included in the operating budget for the ensuing year.	April 1
Common Council may approve, reject, reinstate, or reduce any capital budget item by a majority vote of its members present and voting.	April 15
Board of Estimate and Taxation must set final budget and tax levy, 1 <sup>st</sup> Monday.	May

## Financial Policies

The City maintains the following financial management policies:

**Fund Balance Policy** – The City seeks to maintain a minimum unassigned fund balance of at least 5% of operating revenues, to provide the financial resources necessary for cash flow purposes, and to provide a contingency that is available in the event the City suffers a catastrophic event (major hurricane, etc). If fund balance falls below 5%, the City will take affirmative steps to restore its fund balance to at least 5% as soon as practical. The City intends to limit its unassigned fund balance to no more than 10% of operating revenues. Amounts in excess of 10% will be considered available for appropriation, in accordance with this policy. The overall fund balance objective is to maintain its unassigned fund balance at a median of other Aaa/AAA rated municipalities in the State of Connecticut. The City may use fund balance for tax relief purposes, when such use is part of an overall financial strategy that seeks to balance and smooth tax levy increases over a multi-year period; and when the City faces extraordinary operating budget expenses that are projected to level off in future years when fund balance draws will no longer be available to support the budget. The City recognizes that a fund balance draw to support operations is essentially a one-time source of funding, and seeks to prudently manage the draw-down of fund balance in a fiscally responsible manner.

**Capital Budget/Improvement Policy** – A five-year program for infrastructure capital improvements will be maintained and updated annually. The plan will identify anticipated funding sources. The plan confines long-term borrowing primarily to capital improvements and capital projects financed through the issuance of bonds that will be financed for a period not to exceed the useful life of the project. The City will coordinate the development of the capital budget with the development of the operating budget. Future operating costs associated with new capital projects will be forecast and included in the operating budget forecasts. The City will preserve its assets at a level adequate to protect capital investment and minimize future maintenance and replacement costs. The City will establish an appropriate distribution of bonded debt and cash financing in the funding of capital projects.

**Debt Policy** – The City uses general obligation debt to fund general purpose public improvements that cannot be financed from current revenues. Under this policy, general fund supported debt the following ratios:

1. Direct debt shall be less than 2% of the full market value of the respective year's Grand List.
2. Annual debt service shall not exceed 10% of the respective year's operating budget
3. Direct debt per capita shall not exceed \$3,500.

**Tax-Exempt Obligations Post-Issuance Compliance Procedures Policy** – The purpose of the policy is to set forth post-issuance compliance procedures to monitor the federal income tax requirements necessary to maintain the exclusion from gross income of interest on the City's Tax-Exempt Obligations over the life of the securities. The policy outlines the officials responsible for performing the procedures, the required training of said officials and the necessary record retention of certain documents with respect to the procedures. Finally, the policy outlines the required procedures to be followed upon the discovery of any potential noncompliance with the tax requirements.

**Pension Funding Policy** – The City maintains this policy as a statement of the City's objectives in funding the benefits to be paid by the City's four defined benefit pension funds. The policy sets forth the strategy that the City will use to determine the contributions needed to achieve the following objectives:

1. Ensure that the Pension Funds have sufficient assets on hand to pay all benefits due.
2. Minimize the annual volatility of budgeted contributions.
3. Provide for equity among different generations of taxpayers with respect to bearing the costs of the benefits.
4. Ensure that all statutory funding requirements are satisfied.

In order to achieve the objectives of the funding policy, the Board of Estimate and Taxation will base its contributions to the plans on the Actuarially Determined Employer Contribution ("ADEC")(formerly Actuarially Required Contribution) prepared annually in compliance with all applicable Actuarial Standards of Practice. The City is required by Charter to fully fund the ADEC annually. The ADEC will be determined using the following funding method elements:

1. Entry Age Normal actuarial cost method will be used to determine the Normal Cost and the Actuarial Accrued Liability.
2. In order to minimize the impact of investment volatility on the ADEC, an Actuarial Asset valuation method will be used that recognized market gains or losses over a five year period in equal installments.
3. While the pension plans have an Unfunded Actuarial Accrued Liability, an amortization policy shall be utilized to achieve 100% funding over a period of time that provide intergenerational taxpayer equity while minimizing

contribution volatility. Effective with FY 2012, the UAAL is being amortized over a 25-year closed period. The amortization payment will be calculated as a level percent of payroll.

4. In order that the City know the amount of the ADEC for a fiscal year before the budget for that fiscal year has been finalized, the ADEC will be determined based on an actuarial valuation performed as of July 1<sup>st</sup> of the calendar year prior to the calendar year in which the fiscal year begins.

A complete copy of the aforementioned policies is available from the City's Director of Finance.

### **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 maintains formal investment policies for City operating/reserve funds as well the City's Pension and Other Post Employment Benefit Trust fund. For its operating and reserve 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.

More information on the City's investment policies and a description of City investment holdings can be found in the Notes to the Financial Statements in Appendix A of this Official Statement.

### **Tax Districts**

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

#### **The Autonomous Districts**

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

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

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

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

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

**The Service Districts**

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

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

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

In 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, 2013	2014-15	25.04	25.04	25.04	25.10	24.33	22.43	28.24
October 1, 2012	2013-14	22.14	22.14	22.14	22.19	21.68	20.16	27.37
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

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## 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, 2013 actuarial valuation, pension obligations exceed pension assets by \$35,530,653 for the Municipal Employees' Pension Fund; \$36,697,257 for the Police Benefit Fund; \$20,936,025 for the Firemen's Benefit Fund and \$863,267 for the Food Service Fund or \$94,027,202 for all the funds.

Based upon a July 1, 2013 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) (b)-(a)	Funded Ratio (a) / (b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b) - (a) / (c)]
7/1/2013	\$91,094,177	\$127,791,434	\$36,697,257	71.3%	\$12,425,033	295.3%
7/1/2012	90,854,816	121,114,987	30,260,171	75.0%	11,276,370	268.4%
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%

#### Schedule of Employer Contributions

Fiscal Year	Actuarial Required Contribution	Actual Contribution	Percentage Contributed
2015 (1)	\$ 4,080,602	\$4,080,602	100.0%
2014 (2)	3,388,517	3,388,517	100.0%
2013	2,588,602	2,588,602	100.0%
2012	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%

(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) (b)-(a)	Funded Ratio (a) / (b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b) - (a) / (c)]
7/1/2013	\$86,558,851	\$107,494,876	\$20,936,025	80.5%	\$9,721,018	215.4%
7/1/2012	87,436,030	102,110,071	14,674,041	85.6%	9,462,914	155.1%
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%

**Schedule of Employer Contributions**

Fiscal Year	Actuarial	Actual Contribution	Percentage Contributed
	Required Contribution		
2015 (1)	\$ 2,547,300	\$2,547,300	100.0%
2014 (2)	2,150,257	2,150,257	100.0%
2013	1,455,860	1,455,860	100.0%
2012	898,283	898,283	100.0%
2011	335,135	335,135	100.0%

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

**Employees' Pension Fund**

**Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial	Actuarial	Unfunded	Funded Ratio (a) / (b)	Covered Payroll (c)	UAAL as a
	Value of Assets (a)	Accrued Liability (AAL) (b)	AAL (UAAL) (b)-(a)			Percentage of Covered Payroll [(b) - (a) / (c)]
7/1/2013	\$166,703,760	\$202,234,413	\$ 35,530,653	82.4%	\$35,768,820	99.3%
7/1/2012	168,978,808	191,985,282	23,006,474	88.0%	36,038,743	63.8%
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%

**Schedule of Employer Contributions**

Fiscal Year	Actuarial	Actual Contribution	Percentage Contributed
	Required Contribution		
2015 (1)	\$ 4,846,456	\$ 4,846,456	100.0%
2014 (2)	4,114,985	4,114,985	100.0%
2013	3,170,268	3,240,092	102.2%
2012	2,497,652	2,533,543	101.4%
2011	1,677,163	1,677,163	100.0%

- (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) (b)-(a)	Funded Ratio (a) / (b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b) - (a) / (c)]
7/1/2013	\$1,735,447	\$2,598,714	\$863,267	66.78%	\$1,117,166	77.3%
7/1/2012	1,708,220	2,442,179	733,959	69.95%	983,732	74.6%
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%

**Schedule of Employer Contributions**

Fiscal Year	Actuarial Required Contribution	Actual Contribution	Percentage Contributed
2015 (1)	\$ 134,962	\$ 134,962	100.0%
2014 (2)	112,571	112,571	100.0%
2013	88,214	88,214	100.0%
2012	88,905	88,905	100.0%
2011	89,530	89,530	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, 2013. 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 \$282.0 million. The City has created an Internal Revenue Code 115 trust effective July 1, 2007 to pay for these benefits and as of May 31, 2014 the market value of assets held in trust was \$42.3 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) (b)-(a)	Funded Ratio (a) / (b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b) - (a) / (c)]
7/1/2013	\$37,232,201	\$ 282,040,457	\$ 244,808,256	13.20%	N/A	N/A
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%	N/A	N/A
7/1/2008	2,412,900	197,474,900	195,062,000	1.22%	N/A	N/A
7/1/2007	-	187,892,000	187,892,000	N/A	N/A	N/A

## Schedule of Employer Contributions

Fiscal Year Ended	Annual Required Contribution	Actual Contribution	Percentage Contributed
2015 (1)	\$ 22,287,070	\$ 15,582,000	69.9%
2014 (2)	19,302,000	15,582,000	80.7%
2013	18,450,000	16,539,021	89.6%
2012	18,629,000	15,581,636	83.6%
2011	17,791,000	14,078,709	79.1%

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

### 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 deductible 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, 2013 the City's, including the Board of Education, maximum loss potential was approximately \$16,125,588 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 \$15,025,832 in the Insurance Fund. Thus, on an accrual basis, in accordance with GASB Statement 10, the Insurance Fund has retained earnings of \$(1,099,756).

There was a deficit of \$3.4 million in the insurance fund at June 30, 2012. The City took 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 plan was to have the Board of Education reduce its required contribution in Fiscal Year 2012-13 by \$3.1 million and then the City was to fund additional amounts to eliminate the deficit in two years. The City contributed an additional amount of \$1.7 million in Fiscal Year 2013-14 and with better than expected health claims results, the deficit is now eliminated. The City and the Board of Education have refined 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.

### 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 City completed a real property revaluation with a full inspection on October 1, 2013 which was effective for fiscal year 2014-15.

**Real Property Tax Collection Procedure**

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

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

**Real Property Tax Levies**

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

**Tax Collections**

Fiscal Year Ended 30-Jun	Taxable Grand List	Total Tax Rate ( Mills)	Adjusted Tax Levy	Uncollected Taxes			
				End of Fiscal Year	%	As of 6/30/2014 <sup>(3)</sup>	%
2015 <sup>(1,2)</sup>	\$11,824,387,000	25.10	\$292,174,835	N/A	N/A	N/A	N/A
2014 <sup>(3)</sup>	12,806,420,000	22.19	275,383,316	\$3,662,200	1.3	\$3,662,200	1.3
2013	12,808,833,000	21.38	270,616,024	4,173,765	1.5	1,336,663	0.5
2012	12,774,487,000	20.80	261,927,248	3,502,515	1.3	562,995	0.2
2011	12,646,134,000	20.58	256,900,612	4,025,535	1.6	61,386	0.0
2010 <sup>(2)</sup>	12,611,077,000	19.84	245,698,355	3,470,417	1.4	(67,109)	0.0
2009	10,673,889,000	22.55	236,583,751	4,352,629	1.8	(19,420)	0.0
2008	10,527,527,000	21.72	225,998,723	3,431,799	1.5	(132,326)	(0.1)
2007	9,468,305,000	22.63	216,241,703	3,603,142	1.7	(353,984)	(0.2)
2006	8,268,992,000	24.56	208,336,045	3,089,519	1.5	(324,454)	(0.2)

(1) Adopted budget.

(2) Revaluation. The City’s most recent revaluation was completed on October 1, 2013. Please see “Assessment Practices” herein for more information.

(3) Unaudited estimate.

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
2013 (1)	\$10,553,971	\$744,898	\$605,011	\$11,903,880	\$79,493	\$11,824,387
2012	11,581,541	724,286	586,822	12,892,649	86,229	12,806,420
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	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

(1) The City's most recent revaluation was completed on October 1, 2013. Please see "Assessment Practices" herein for more information.

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

(\$ in Thousands)

Grand List As of 10/1	Residential Real Property	Commercial & Industrial Real Property	Vacant Land	Total Real Property
2013 (1)	\$7,590,578	\$2,815,260	\$148,133	\$10,553,971
2012	8,722,720	2,740,715	118,106	11,581,541
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	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

(1) The City's most recent revaluation was completed on October 1, 2013. 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, 2013:

<u>Business-Name</u>	<u>Nature Of Business</u>	<u>Total Estimated Gross Assessment</u>
Connecticut Light & Power	Electrical Distribution	\$ 335,956,544
Merritt 7 Venture LLC	6 Office Bldg Complex	222,594,200
Thirty Five Glover Partners LLC	Office Buildings	69,008,830
Metropolitan Life Insurance Company	Office Building	65,992,100
Twenty Fiver Glover Partners LLC	Office Buildings	61,698,460
45 Glover Partners LLC	Office Buildings	50,104,470
Yankee Gas Co.	Utility Lines	49,580,426
Avalon Bay Communities Inc.	Apartment Complex	43,486,990
Norwalk Center LLC	Office, Ind. Complex	43,284,280
RB Norwalk Owners LLC	Apartment Complex	41,551,780
I Park Norwalk LLC	Office, Ind. Complex	39,467,740
Avalon Norden Place LLC	Apartment Complex	39,414,920
Fairfield Merrittview	Office Complex	39,020,510
399 Main Ave. Apartments Investors LLC	Apartment Complex	37,619,690
Norwalk Power LLC	Power Plant	30,599,360
SONO Propertiey Investors LLC.	Apartment Complex	28,167,360
Merritt River Partners LLC	Office Buildings	26,915,360
Townsend Norwalk LLC	Office, R&D complex	24,921,880
HD-Main Avenue LP	Retail Stores	24,830,810
One Hundred Ninety Seven Conn.	Retail Stores	23,042,410
Home Depot USA	Big Box Retail	22,995,530
COSTCO Wholesale Corporation	Big Box Retail	22,696,770
Elite Development Group LLC	Retail Stores	21,702,780
King Industries	Manufacturing	21,326,108
Passero Rudolph A Jr.	Shopping Center	21,252,350
Total		<u>\$ 1,407,231,658</u> (1)

(1) Represents 11.9% of the net taxable grand list of \$11,824,387,000 dated October 1, 2013.

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 2009-2013 in "Statements of General Fund Revenues, Expenditures and Changes in Fund Balance-General Fund" herein.

## Property Tax Revenues

Fiscal Year	General Fund Revenues	Property Tax Revenues	Property Tax Revenues as a % of General Fund Revenues
2014-15 (1)	\$317,542,155	\$287,198,616	90.4%
2013-14 (2)	311,496,886	281,550,553	90.4%
2012-13	318,941,728	267,975,776	84.0%
2011-12	306,767,702	261,268,852	85.2%
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%

(1) Adopted Budget. Budgetary basis, excludes Teacher's Pension on-behalf payments.

(2) Unaudited estimate. Budgetary basis, excludes Teacher's Pension on-behalf payments.

Source: Annual audited financial statements (GAAP) and fiscal year 2013-14 unaudited estimate and 2014-15 adopted budget.

## Intergovernmental Revenues

Fiscal Year	General Fund Revenues	Federal and State Aid	Total Aid As a Percentage Of General Fund Revenue
2014-15 (1)	\$317,542,155	\$16,505,401	5.2%
2013-14 (2)	311,496,886	16,714,560	5.4%
2012-13	318,941,728	38,613,793	12.1%
2011-12	306,767,702	35,204,996	11.5%
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%

(1) Adopted Budget. Budgetary basis, excludes Teacher's Pension on-behalf payments.

(2) Unaudited estimate. Budgetary basis, excludes Teacher's Pension on-behalf payments.

Source: Annual audited financial statements (GAAP) and fiscal year 2013-14 unaudited estimate and 2014-15 adopted budget.

## Expenditures

<u>Fiscal Year</u>	<u>Education</u>	<u>Protection of Persons &amp; Property</u>	<u>Employee Benefits</u>	<u>Public Works</u>	<u>Debt Service</u>
2014-15 (1)	52.0%	14.0%	13.0%	6.0%	8.0%
2013-14 (2)	53.0%	13.0%	13.0%	6.0%	8.0%
2012-13	55.0%	13.0%	12.0%	5.0%	8.0%
2011-12	57.0%	13.0%	11.0%	5.0%	8.0%
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%

(1) Adopted Budget. Budgetary basis, excludes Teacher's Pension on-behalf payments.

(2) Unaudited estimate. Budgetary basis, excludes Teacher's Pension on-behalf payments.

Source: Annual audited financial statements (GAAP) and fiscal year 2013-14 unaudited estimate and 2014-15 adopted budget.

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

	Fiscal Year 2012-2013			Fiscal Year	Fiscal Year
	Revised Budget	Actual Operations	Variance Favorable (Unfavorable)	2013-14 Unaudited Estimate	2014-15 Adopted Budget
<b>REVENUES</b>					
Property Taxes	\$269,518,319	\$267,975,775	\$ (1,542,544)	\$281,550,553	\$287,198,616
Intergovernmental	16,421,398	18,204,822	1,783,424	16,714,560	16,505,401
Licenses, permits, fees and other	9,340,395	11,736,317	2,395,922	12,651,063	12,388,138
Interest on investments	712,000	201,248	(510,752)	580,710	450,000
Appropriation of Fund Balance	-	-	-		1,000,000
<b>TOTAL REVENUES</b>	<u>295,992,112</u>	<u>298,118,162</u>	<u>2,126,050</u>	<u>311,496,886</u>	<u>\$317,542,155</u>
<b>EXPENDITURES</b>					
General government	9,387,342	8,993,157	394,185	9,319,375	8,880,964
Education	156,380,228	154,334,920	2,045,308	164,318,748	166,430,865
Protection of persons & property	40,372,618	40,308,879	63,739	41,919,811	43,201,008
Health and Welfare	1,999,624	1,941,564	58,060	2,009,495	2,100,421
Public works	17,613,890	17,235,182	378,708	17,851,416	18,400,424
Community Grants	1,722,733	1,721,983	750	1,746,608	1,871,391
Employee Benefits	38,463,487	38,383,837	79,650	40,885,361	41,230,782
Recreation, Arts & Cultural	8,067,605	7,976,667	90,938	7,764,289	8,051,935
Organizational memberships	98,725	98,194	531	98,194	98,874
Contingency	442,980	-	442,980	316,801	1,520,747
Debt Service	25,678,273	25,655,943	22,330	26,126,874	25,754,744
<b>TOTAL EXPENDITURES</b>	<u>300,227,505</u>	<u>296,650,326</u>	<u>3,577,179</u>	<u>312,356,972</u>	<u>\$317,542,155</u>
<b>Net Change in Fund Balance</b>	<u>\$ (4,235,393)</u>	<u>\$ 1,467,836</u>	<u>\$ (1,451,129)</u>	<u>\$ (860,086)</u>	

Source: Annual audited financial statements; Fiscal Year 2013-14 unaudited estimate and Fiscal Year 2014-15 Adopted Budget.

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**Comparative Balance Sheets - General Fund**

<b>Fiscal Year Ended:</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$28,478,273	\$28,506,700	\$36,254,791	\$35,810,513	\$44,369,857
Investments	27,401,885	31,799,243	30,024,936	30,104,405	23,304,372
Net receivables:					
Property taxes	6,015,372	4,600,621	4,934,483	4,236,525	5,272,640
Accounts receivables	818,121	1,785,244	4,519,926	4,413,115	13,480,885
Intergovernmental	304,528	135,539	72,217	783,468	572,001
Inventories and prepaids	-	-	-	22,729	1,615
<b>TOTAL ASSETS</b>	<b>\$63,018,179</b>	<b>\$66,827,347</b>	<b>\$75,806,353</b>	<b>\$75,370,755</b>	<b>\$87,001,370</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$18,192,287	\$20,519,469	\$20,683,784	\$19,788,499	\$20,419,866
Unearned revenues	9,647,322	13,064,340	18,923,736	18,591,333	14,323,394
Deferred revenue	5,678,251	4,630,263	5,624,346	5,844,473	6,882,796
Advances to taxing districts	-	-	-	-	11,941,262
<b>TOTAL LIABILITIES</b>	<b>33,517,860</b>	<b>38,214,072</b>	<b>45,231,866</b>	<b>44,224,305</b>	<b>53,567,318</b>
<b>FUND BALANCES</b>					
Reserved	111,720	103,365	-	-	-
Unreserved:					
Designated for subsequent year's expenditures	4,349,492	1,960,039	-	-	-
Undesignated	25,039,107	26,549,871	-	-	-
Nonspendable	-	-	-	22,729	1,615
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	1,946,156	2,591,791	3,681,569
Unassigned	-	-	28,628,331	28,531,930	29,750,868
<b>TOTAL FUND BALANCES</b>	<b>29,500,319</b>	<b>28,613,275</b>	<b>30,574,487</b>	<b>31,146,450</b>	<b>33,434,052</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$63,018,179</b>	<b>\$66,827,347</b>	<b>\$75,806,353</b>	<b>\$75,370,755</b>	<b>\$87,001,370</b>

Source: Annual audited financial statements.

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

<b>Fiscal Year Ended:</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
<b>REVENUES</b>					
Property taxes, interest and liens	\$236,316,680	\$246,960,127	\$255,380,363	\$261,268,852	\$267,975,776
Intergovernmental	17,041,367	15,080,693	15,956,939	16,742,938	19,941,776
State on behalf payments	13,345,000	14,082,000	14,126,829	18,462,058	18,672,017
Licenses, permits, fees and other	9,192,812	8,413,026	8,833,627	9,288,167	12,145,910
Interest on investments	2,943,256	1,399,694	1,077,789	1,005,687	206,249
<b>Total Revenues</b>	<b>278,839,115</b>	<b>285,935,540</b>	<b>295,375,547</b>	<b>306,767,702</b>	<b>318,941,728</b>
<b>EXPENDITURES</b>					
Current:					
General government	8,068,509	7,170,849	7,861,765	8,159,745	8,628,445
Health and welfare	3,583,342	3,365,487	1,886,496	1,921,248	1,941,562
Education	160,083,564	161,411,159	164,604,885	173,117,163	174,748,185
Employee benefits	23,535,296	24,899,737	29,412,097	32,605,147	38,482,031
Protection of persons & property	37,407,452	38,102,910	39,549,799	38,675,243	40,305,277
Community grants	2,938,144	2,997,946	3,016,523	3,016,255	1,721,983
Public works	17,741,621	15,601,868	15,552,312	16,152,282	17,213,907
Recreation, arts and cultural	7,671,794	6,986,343	6,962,012	7,426,222	7,956,793
Debt service	25,697,411	26,641,673	25,126,904	25,282,077	25,806,820
<b>Total Expenditures</b>	<b>286,727,133</b>	<b>287,177,972</b>	<b>293,972,793</b>	<b>306,355,382</b>	<b>316,805,003</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(7,888,018)</b>	<b>(1,242,432)</b>	<b>1,402,754</b>	<b>412,320</b>	<b>2,136,725</b>
<b>OTHER FINANCING SOURCES</b>					
Issuance of refunding debt	72,143,962	44,172,685	-	18,022,000	16,006,840
Premium on bond issuance	6,802,158	4,136,923	-	1,275,925	2,003,486
Payment to escrow	(78,946,120)	(47,954,220)	-	(19,138,282)	(17,859,449)
Net Transfers	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>355,388</b>	<b>-</b>	<b>159,643</b>	<b>150,877</b>
<b>Net changes in fund balances</b>	<b>(7,888,018)</b>	<b>(887,044)</b>	<b>1,402,754</b>	<b>571,963</b>	<b>2,287,602</b>
Fund Balance - July 1	37,388,337	29,500,319	29,171,733 (1)	30,574,487	31,146,450
Fund Balance - June 30	<u>\$ 29,500,319</u>	<u>\$ 28,613,275</u>	<u>\$ 30,574,487</u>	<u>\$ 31,146,450</u>	<u>\$ 33,434,052</u>

(1) Restated

Source: Annual audited financial statements.

**Comparative Balance Sheets - Capital Project Fund**

<b>Fiscal Year Ended:</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 8,702,424	\$10,489,184	\$16,953,868	\$13,277,752	\$15,444,391
Investments	7,309,061	12,254,314	14,775,974	12,110,228	7,969,485
Net receivables:					
Property taxes	108,725	107,879	68,498	49,134	38,427
Intergovernmental	825,000	825,000	827,365	869,453	1,419,604
<b>TOTAL ASSETS</b>	<b>\$16,945,210</b>	<b>\$23,676,377</b>	<b>\$32,625,705</b>	<b>\$26,306,567</b>	<b>\$24,871,907</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 3,678,377	\$ 3,089,788	\$ 5,396,041	\$ 4,668,877	\$ 4,751,848
Unearned revenues	-	-	80,144	750,000	880,669
Deferred revenue	188,869	188,023	818,498	49,134	38,427
<b>TOTAL LIABILITIES</b>	<b>3,867,246</b>	<b>3,277,811</b>	<b>6,294,683</b>	<b>5,468,011</b>	<b>5,670,944</b>
<b>FUND BALANCES</b>					
Reserved	-	-	-	-	-
Unreserved:	13,077,964	20,398,566	-	-	-
Nonspendable	-	-	-	-	-
Restricted	-	-	14,160,975	14,752,858	15,444,391
Committed	-	-	12,170,047	6,085,698	3,756,572
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>13,077,964</b>	<b>20,398,566</b>	<b>26,331,022</b>	<b>20,838,556</b>	<b>19,200,963</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$16,945,210</b>	<b>\$23,676,377</b>	<b>\$32,625,705</b>	<b>\$26,306,567</b>	<b>\$24,871,907</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>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
<b>REVENUES</b>					
Property taxes, interest and liens	\$ 52,547	\$ 39,906	\$ 39,381	\$ 19,364	\$ 10,707
Intergovernmental	9,387,239	5,886,702	4,337,468	5,122,483	7,412,541
Licenses, permits, fees and other	79,000	205,000	-	-	102,000
Interest on investments	647,854	350,749	202,651	343,962	8,487
<b>Total Revenues</b>	<b>10,166,640</b>	<b>6,482,357</b>	<b>4,579,500</b>	<b>5,485,809</b>	<b>7,533,735</b>
<b>EXPENDITURES</b>					
Public works	-	-	-	-	4,400,000
Capital outlay	30,016,408	14,334,901	17,314,958	27,126,784	28,690,439
Debt service	287,608	271,118	176,086	1,141,074	235,178
<b>Total Expenditures</b>	<b>30,304,016</b>	<b>14,606,019</b>	<b>17,491,044</b>	<b>28,267,858</b>	<b>33,325,617</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(20,137,376)</b>	<b>(8,123,662)</b>	<b>(12,911,544)</b>	<b>(22,782,049)</b>	<b>(25,791,882)</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Issuance of debt	33,205,848	14,995,000	18,844,000	17,289,583	24,000,000
Premium on bond issuance	-	449,264	-	-	154,289
<b>Total other financing sources (uses)</b>	<b>33,205,848</b>	<b>15,444,264</b>	<b>18,844,000</b>	<b>17,289,583</b>	<b>24,154,289</b>
<b>Net changes in fund balances</b>	<b>13,068,472</b>	<b>7,320,602</b>	<b>5,932,456</b>	<b>(5,492,466)</b>	<b>(1,637,593)</b>
Fund Balance - July 1	9,492	13,077,964	20,398,566	26,331,022	20,838,556
Fund Balance - June 30	<u>\$13,077,964</u>	<u>\$20,398,566</u>	<u>\$26,331,022</u>	<u>\$20,838,556</u>	<u>\$19,200,963</u>

Source: Annual audited financial statements.

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

<b>Fiscal Year Ended:</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and cash equivalents	\$ 3,864,853	\$ 5,251,802	\$ 4,873,128	\$ 5,312,995	\$ 4,471,593
Charges receivable, net	328,778	314,438	345,451	237,927	279,841
Other receivables	1,938	68,881	15,232	466,763	28,513
Investments	<u>3,479,605</u>	<u>6,179,776</u>	<u>3,982,565</u>	<u>5,872,287</u>	<u>9,774,676</u>
<b>Total current assets</b>	<u>7,675,174</u>	<u>11,814,897</u>	<u>9,216,376</u>	<u>11,889,972</u>	<u>14,554,623</u>
<b>CAPITAL ASSETS</b>					
Restricted cash	-	-	-	1,537,695	3,232,314
Net of accumulated depreciation	<u>82,191,752</u>	<u>88,360,551</u>	<u>102,010,558</u>	<u>112,653,791</u>	<u>112,415,160</u>
<b>Total assets</b>	<u>89,866,926</u>	<u>100,175,448</u>	<u>111,226,934</u>	<u>126,081,458</u>	<u>130,202,097</u>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Current maturities of bonds payable	3,572,238	8,397,517	15,020,872	23,407,757	5,681,050
Accounts payable and accrued liabilities	795,547	1,602,586	2,460,133	1,873,597	1,575,570
Unearned revenue	<u>224,721</u>	<u>287,426</u>	<u>446,136</u>	<u>543,641</u>	<u>350,821</u>
<b>Total current liabilities</b>	<u>4,592,506</u>	<u>10,287,529</u>	<u>17,927,141</u>	<u>25,824,995</u>	<u>7,607,441</u>
<b>Long-term liabilities</b>					
Bonds and notes payable	<u>35,382,736</u>	<u>34,267,098</u>	<u>30,043,831</u>	<u>26,902,685</u>	<u>44,918,479</u>
<b>Total long-term liabilities</b>	<u>35,382,736</u>	<u>34,267,098</u>	<u>30,043,831</u>	<u>26,902,685</u>	<u>44,918,479</u>
<b>Total liabilities</b>	<u>39,975,242</u>	<u>44,554,627</u>	<u>47,970,972</u>	<u>52,727,680</u>	<u>52,525,920</u>
<b>NET ASSETS</b>					
Investments in capital assets net of					
Related debt	45,932,725	47,450,751	57,995,854	63,881,043	65,047,945
Unrestricted	<u>3,958,959</u>	<u>8,170,070</u>	<u>5,260,108</u>	<u>9,472,735</u>	<u>12,628,232</u>
<b>TOTAL NET ASSETS</b>	<u>\$49,891,684</u>	<u>\$55,620,821</u>	<u>\$63,255,962</u>	<u>\$73,353,778</u>	<u>\$77,676,177</u>

Source: Annual audited financial statements.

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

Fiscal Year Ended:	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<b>OPERATING REVENUES</b>					
Charges for services	<u>\$12,071,044</u>	<u>\$13,247,271</u>	<u>\$13,253,692</u>	<u>\$14,566,767</u>	<u>\$14,664,481</u>
<b>Total operating revenues</b>	<u>12,071,044</u>	<u>13,247,271</u>	<u>13,253,692</u>	<u>14,566,767</u>	<u>14,664,481</u>
<b>OPERATING EXPENSES</b>					
Administration and operation	6,626,725	7,909,339	6,787,683	6,999,773	6,930,578
Depreciation	2,014,489	2,120,964	2,262,543	2,581,488	2,845,010
Salaries, benefits and claims	<u>605,364</u>	<u>410,915</u>	<u>474,593</u>	<u>411,133</u>	<u>639,867</u>
<b>Total operating expenses</b>	<u>9,246,578</u>	<u>10,441,218</u>	<u>9,524,819</u>	<u>9,992,394</u>	<u>10,415,455</u>
<b>Operating income (loss)</b>	<u>2,824,466</u>	<u>2,806,053</u>	<u>3,728,873</u>	<u>4,574,373</u>	<u>4,249,026</u>
<b>NON-OPERATING REVENUE (EXPENSE)</b>					
Investment income	531,750	225,782	267,584	194,217	(21,923)
Other income	-	-	-	134,737	-
Interest expense on long-term debt	<u>(1,207,235)</u>	<u>(958,508)</u>	<u>(990,667)</u>	<u>(796,872)</u>	<u>(936,801)</u>
<b>Total non-operating revenue (expense)</b>	<u>(675,485)</u>	<u>(732,726)</u>	<u>(723,083)</u>	<u>(467,918)</u>	<u>(958,724)</u>
<b>CONTRIBUTED CAPITAL</b>					
	<u>-</u>	<u>3,655,810</u>	<u>4,629,351</u>	<u>5,991,361</u>	<u>1,032,097</u>
Change in net assets	2,148,981	5,729,137	7,635,141	10,097,816	4,322,399
<b>FUND NET ASSETS, Beginning</b>	<u>47,742,703</u>	<u>49,891,684</u>	<u>55,620,821</u>	<u>63,255,962</u>	<u>73,353,778</u>
<b>FUND NET ASSETS, Ending</b>	<u>\$49,891,684</u>	<u>\$55,620,821</u>	<u>\$63,255,962</u>	<u>\$73,353,778</u>	<u>\$77,676,177</u>

Source: Annual audited financial statements.

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

<b>Fiscal Year Ended:</b>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and cash equivalents	\$ 562,325	\$ 382,348	\$ 581,532	\$ 336,206	\$ 116,689
Charges receivable, net	794,569	-	-	-	-
Other receivables	1,639	95,483	43,505	1,639	1,774
Investments	505,866	450,182	481,409	676,733	682,729
<b>Total current assets</b>	<u>1,864,399</u>	<u>928,013</u>	<u>1,106,446</u>	<u>1,014,578</u>	<u>801,192</u>
<b>CAPITAL ASSETS</b>					
Restricted cash	-	-	-	459,760	538,752
Net of accumulated depreciation	29,319,418	29,891,022	29,857,097	29,646,705	28,829,428
<b>Total assets</b>	<u>31,183,817</u>	<u>30,819,035</u>	<u>30,963,543</u>	<u>31,121,043</u>	<u>30,169,372</u>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Current maturities of bonds payable	573,521	608,265	523,111	566,343	757,987
Accounts payable and accrued liabilities	154,489	567,290	306,162	261,568	528,747
Unearned revenue	169,959	-	-	620,052	116,864
<b>Total current liabilities</b>	<u>897,969</u>	<u>1,175,555</u>	<u>829,273</u>	<u>1,447,963</u>	<u>1,403,598</u>
<b>Long-term liabilities</b>					
Bonds and notes payable	9,954,261	9,969,049	10,721,938	10,363,594	9,538,320
<b>Total long-term liabilities</b>	<u>9,954,261</u>	<u>9,969,049</u>	<u>10,721,938</u>	<u>10,363,594</u>	<u>9,538,320</u>
<b>Total liabilities</b>	<u>10,852,230</u>	<u>11,144,604</u>	<u>11,551,211</u>	<u>11,811,557</u>	<u>10,941,918</u>
<b>NET ASSETS</b>					
Investments in capital assets net of related debt	19,303,467	20,173,759	19,299,167	19,176,528	19,071,873
Restricted for debt service	794,569	-	-	-	-
Unrestricted	233,551	(499,328)	113,165	132,958	155,581
<b>TOTAL NET ASSETS</b>	<u>\$ 20,331,587</u>	<u>\$ 19,674,431</u>	<u>\$ 19,412,332</u>	<u>\$ 19,309,486</u>	<u>\$ 19,227,454</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>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<b>OPERATING REVENUES</b>					
Charges for services	\$ 5,145,637	\$ 5,144,124	\$ 5,267,914	\$ 5,298,397	\$ 5,510,814
<b>Total operating revenues</b>	<u>5,145,637</u>	<u>5,144,124</u>	<u>5,267,914</u>	<u>5,298,397</u>	<u>5,510,814</u>
<b>OPERATING EXPENSES</b>					
Administration and operation	3,497,762	3,528,344	3,968,271	3,849,688	3,981,592
Depreciation	844,955	882,648	912,504	936,438	951,225
Salaries, benefits and claims	<u>310,676</u>	<u>240,581</u>	<u>222,287</u>	<u>234,946</u>	<u>237,815</u>
<b>Total operating expenses</b>	<u>4,653,393</u>	<u>4,651,573</u>	<u>5,103,062</u>	<u>5,021,072</u>	<u>5,170,632</u>
<b>Operating income (loss)</b>	<u>492,244</u>	<u>492,551</u>	<u>164,852</u>	<u>277,325</u>	<u>340,182</u>
<b>NON-OPERATING REVENUE (EXPENSE)</b>					
Investment income	94,682	26,061	20,969	20,722	1,828
Interest expense on long-term debt	(483,498)	(427,854)	(447,920)	(400,893)	(424,042)
Loss on sale of asset	-	-	-	-	-
Payment to escrow	<u>-</u>	<u>(747,914)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total non-operating revenue (expense)</b>	<u>(388,816)</u>	<u>(1,149,707)</u>	<u>(426,951)</u>	<u>(380,171)</u>	<u>(422,214)</u>
<b>CONTRIBUTED CAPITAL</b>					
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net assets	103,428	(657,156)	(262,099)	(102,846)	(82,032)
<b>FUND NET ASSETS, Beginning</b>	<u>20,228,159</u>	<u>20,331,587</u>	<u>19,674,431</u>	<u>19,412,332</u>	<u>19,309,486</u>
<b>FUND NET ASSETS, Ending</b>	<u>\$20,331,587</u>	<u>\$19,674,431</u>	<u>\$19,412,332</u>	<u>\$19,309,486</u>	<u>\$19,227,454</u>

Source: Annual audited financial statements.

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## 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.

The City is a defendant in a federal court action filed by Al Madany Islamic Center of Norwalk, Inc. appealing a decision of the Norwalk Zoning Commission which denied a special permit application for a 27,000 square foot mosque and multipurpose hall on a 1.5 acre site in the City. The plaintiff's appeal alleges a violation of the Religious Land Use and Institutionalized Persons Act, which prohibits governments from imposing or implementing a land use regulation that discriminates against any assembly or institution on the basis of religion or religious denomination. The City denies the plaintiff's allegations and has asserted that the Act is unconstitutional. The U.S. Department of Justice has filed a notice to intervene in the litigation for the sole purpose of defending the constitutionality of the Act. The City's Corporation Counsel does not believe the litigation will result in any judgment which would be material to the City's finances or its operations.

### **Availability of Continuing Disclosure Information**

The City 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). In the past five years, the City has not failed to comply in any material respect with 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 has prepared an Official Statement for the Bonds which is dated August 5, 2014. 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/ HARRY W. RILLING  
**HARRY W. RILLING**  
*MAYOR*

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

**Dated: August 5, 2014**

**APPENDIX A - AUDITED FINANCIAL STATEMENTS**

**CITY OF NORWALK, CONNECTICUT**

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**JUNE 30, 2013**

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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, 2013 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

### Report on the Financial Statements

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

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

### Opinions

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

## **Other Matters**

### *Required Supplementary Information*

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

### *Supplementary and Other Information*

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

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

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

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

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

*McGladrey LLP*

New Haven, Connecticut  
December 30, 2013

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

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

### **FINANCIAL HIGHLIGHTS**

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

### **USING THIS ANNUAL REPORT**

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

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

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

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

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

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

#### **Fund Financial Statements**

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

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

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

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

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

### Infrastructure Assets

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

## GOVERNMENT-WIDE STATEMENT

### Summary Net Position

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

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

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

### **Normal Impacts**

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

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

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

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

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

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

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

## Current Impacts

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

### Summary of Changes in Net Position

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

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

## Normal Impacts

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

### Revenues:

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

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

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

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

**Expenses:**

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

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

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

**Current Impacts**

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

**THE CITY FUNDS**

**General Fund**

*Comparing Fiscal Year 2013 to Fiscal Year 2012*

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

*Comparing Original Budget to Final Budget*

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

*Comparing Final Budget to Actual Results*

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

**Capital Projects Fund**

*Comparing Fiscal Year 2013 to Fiscal Year 2012*

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

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

### Water Pollution Control Authority

*Comparing Fiscal Year 2013 to Fiscal Year 2012*

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

### Parking Authority

*Comparing Fiscal Year 2013 to Fiscal Year 2012*

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

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

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

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

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

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

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

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

## Debt Outstanding

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

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

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

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

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

## ECONOMIC FACTORS

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

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

## REQUEST FOR INFORMATION

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

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## **Basic Financial Statements**

CITY OF NORWALK, CONNECTICUT

STATEMENT OF NET POSITION

June 30, 2013

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

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

CITY OF NORWALK, CONNECTICUT

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2013

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

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

CITY OF NORWALK, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2013

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

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

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

Net position of governmental activities \$ 291,660,504

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

CITY OF NORWALK, CONNECTICUT

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

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

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

CITY OF NORWALK, CONNECTICUT

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

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

Net change in fund balances – total governmental funds	\$ 1,342,714
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	17,281,098
Change in net pension asset	1,085
Changes in deferred revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	1,027,616
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(7,645,321)
Changes in some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds at the time the liability is incurred.	(2,070,607)
The net revenue (expense) of certain activities of internal service funds is reported with governmental activities.	<u>2,772,152</u>
Change in net position of governmental activities	<u><u>\$ 12,708,737</u></u>

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

CITY OF NORWALK, CONNECTICUT

STATEMENT OF NET POSITION (DEFICIT) - PROPRIETARY FUNDS

June 30, 2013

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

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

CITY OF NORWALK, CONNECTICUT

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

For the Year Ended June 30, 2013

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

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

## CITY OF NORWALK, CONNECTICUT

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

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

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

CITY OF NORWALK, CONNECTICUT

STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS

June 30, 2013

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

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

CITY OF NORWALK, CONNECTICUT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -  
FIDUCIARY FUNDS

For the Year Ended June 30, 2013

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

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

## CITY OF NORWALK, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS

June 30, 2013

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

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

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

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

#### Reporting entity

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

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

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

## CITY OF NORWALK, CONNECTICUT

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

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

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

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

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

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

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

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

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

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

## CITY OF NORWALK, CONNECTICUT

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

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

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

The City reports the following major governmental funds:

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

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

The City reports the following major proprietary funds:

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

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

Additionally, the City reports the following fund types:

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

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

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

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

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

## **CITY OF NORWALK, CONNECTICUT**

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

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

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

#### **Accounting estimates**

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

#### **Property taxes**

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

#### **Cash equivalents**

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

#### **Investments**

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

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

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

## CITY OF NORWALK, CONNECTICUT

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

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

#### **Allowance for Doubtful Accounts**

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

#### **Capital assets**

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

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

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

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

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

#### **Compensated absences**

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

#### **Long-term obligations**

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

## CITY OF NORWALK, CONNECTICUT

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

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

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

#### **Risks and uncertainties**

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

#### **Restricted Assets**

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

#### **Net Position**

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

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

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

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

#### **Fund Balance**

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

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

## CITY OF NORWALK, CONNECTICUT

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

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

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

#### **Pension accounting**

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

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

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

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

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

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

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

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

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

**CITY OF NORWALK, CONNECTICUT**

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

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

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

***Funding Policy:***

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

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

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

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

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

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

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

**CITY OF NORWALK, CONNECTICUT**

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

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The details of this difference are as follows:

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

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

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

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

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

## CITY OF NORWALK, CONNECTICUT

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

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

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

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

The Pension Plans set asset allocation parameters, as follows:

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

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

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

#### Custodial credit risk:

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

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

**CITY OF NORWALK, CONNECTICUT**

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

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

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

**CITY OF NORWALK, CONNECTICUT**

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

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**Investments, Continued**

Trust Funds:

U.S. Government Agencies	1,255,223	*
Corporate Bonds	15,750	*
Common stock	77,417,894	*
Mutual Funds	87,416,313	
Index Funds	50,231,738	
Hedge/alternative investments	98,987,739	
Commingled funds	64,649,285	
Certificates of Deposit	3,080,323	
<b>Total trust funds</b>	<u>383,054,265</u>	

Agency Funds:

U.S. Government Agencies	10,173	*
Mutual Funds	71	
Certificates of Deposit	24,966	
<b>Total agency funds</b>	<u>35,210</u>	

<b>Total investments</b>	<u>442,661,505</u>
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<b>Total cash, cash equivalents and investments</b>	<u><u>\$ 541,812,339</u></u>
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\* *These investments are uninsured and unregistered, with securities held by the counterparty, but in the City's or the pension fund's name.*

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

**Statement of Net Position**

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

**Fiduciary Funds:**

Cash and cash equivalents	10,344,050
Investments	383,089,475
	<u>393,433,525</u>

<b>Total cash, cash equivalents and investments</b>	<u><u>\$ 541,812,339</u></u>
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**CITY OF NORWALK, CONNECTICUT**

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

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

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

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

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

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

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

**CITY OF NORWALK, CONNECTICUT**

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

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

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

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

**CITY OF NORWALK, CONNECTICUT**

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

**Note 5. Capital Assets**

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

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

**CITY OF NORWALK, CONNECTICUT**

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

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

Depreciation expense was charged to functions/programs as follows:

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

**CITY OF NORWALK, CONNECTICUT**

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

**Note 6. Long-Term Liabilities**

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

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

**Compensated absences**

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

**Net pension obligation**

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

**CITY OF NORWALK, CONNECTICUT**

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

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**Other Post Employment Obligation**

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

**Early Retirement**

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

**Claims Payable**

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

**Bonded indebtedness**

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

***Governmental Activities***

**General Obligation Debt**

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

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2013

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**Capital Lease**

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

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

***Business-Type Activities***

**Enterprise Debt**

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

**CITY OF NORWALK, CONNECTICUT**

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

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

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

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

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

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

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

## CITY OF NORWALK, CONNECTICUT

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

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

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

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

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

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

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

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

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

#### **Legal Debt Limit**

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

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

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

**CITY OF NORWALK, CONNECTICUT**

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

**Subsequent Event**

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

**Capital Projects**

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

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

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

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

**Note 7. Commitments and Contingencies**

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

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

**CITY OF NORWALK, CONNECTICUT**

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

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**Note 8. Employee Retirement Plans**

**Employee Pension Plan**

**Plan Descriptions**

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

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

	Police	Fire	Employees'	Food Service
Retirees, disabled members and beneficiaries currently receiving benefits	192	156	628	32
Terminated employees entitled to benefits but not yet receiving them	1	0	106	7
Active members	151	126	630	62
Drop members	21	6	-	-
	<u>365</u>	<u>288</u>	<u>1,364</u>	<u>101</u>

**Police Benefit Fund**

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

Police employees are required to contribute 8% of their base pay to the Fund. If a police officer leaves covered employment or dies before meeting the vesting requirements, accumulated employee contributions without interest thereon are refunded. The City is required to contribute the remaining amounts necessary to fund the benefits for its Police employees. Benefits and employee contributions are fixed by contract and may be amended by union negotiation. The City's payroll for employees covered by the Police Benefit Fund for the year ended June 30, 2013 was approximately \$11,276,000.

**Fire Benefit Fund**

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

## **CITY OF NORWALK, CONNECTICUT**

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

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

Firefighters are required to contribute 8% of their base pay to the Fund. If a firefighter leaves covered employment or dies before meeting the vesting requirements, accumulated employee contributions without interest thereon are refunded. The City is required to contribute the remaining amounts necessary to fund the benefits for its firefighters. Benefits and employee contributions are fixed by contract and may be amended by union negotiation. The City's payroll for employees covered by the Fire Benefit Fund for the year ended June 30, 2013 was approximately \$9,463,000.

#### **Employees' Pension Plan**

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

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

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

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

Food service employees are required to contribute 3.0% of their base pay to the Plan (maximum 30 years or age 70 with 5 years). If an employee leaves covered employment or dies before meeting the vesting requirements, accumulated employee contributions without interest thereon are refunded. The City is required to contribute the remaining amounts necessary to fund the benefits for its Food Service employees. Benefits and employee contributions are fixed by contract and may be amended by union negotiation. The City's payroll for employees covered by the Food Service Employees' Pension Plan for the year ended June 30, 2013 was approximately \$988,000.

**CITY OF NORWALK, CONNECTICUT**

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

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**Total Payroll**

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

**Connecticut State Teachers' Retirement System**

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

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

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

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

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

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

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2013

**Three Year Trend Information**

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

**SCHEDULE OF FUNDING PROGRESS**

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

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

**CITY OF NORWALK, CONNECTICUT**

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

Additional information as of the latest actuarial valuations follows:

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

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

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

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2013

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

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

## CITY OF NORWALK, CONNECTICUT

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

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#### Securities Lending Transactions

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

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

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

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

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

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

##### Post retirement benefits

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

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

**CITY OF NORWALK, CONNECTICUT**

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

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

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

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

OPEB Obligation

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

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

***Schedule of Employer Contributions***

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

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

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

## CITY OF NORWALK, CONNECTICUT

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

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Actuarial assumptions are as follows:

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

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

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

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

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

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

## CITY OF NORWALK, CONNECTICUT

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

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

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

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

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

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

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

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

**CITY OF NORWALK, CONNECTICUT**

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

**Note 11. Fund Balance**

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

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

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

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

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

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

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

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2013

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

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

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

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**Required Supplementary  
Information- unaudited**

**CITY OF NORWALK, CONNECTICUT**

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

***Schedule of Funding Progress***

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

***Schedule of Employer Contributions***

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

**CITY OF NORWALK, CONNECTICUT**

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

***Schedule of Funding Progress***

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

***Schedule of Employer Contributions***

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

**CITY OF NORWALK, CONNECTICUT**

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

***Schedule of Funding Progress***

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

***Schedule of Employer Contributions***

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

**CITY OF NORWALK, CONNECTICUT**

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

***Schedule of Funding Progress***

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

***Schedule of Employer Contributions***

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

**CITY OF NORWALK, CONNECTICUT**

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

***Schedule of Funding Progress***

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

***Schedule of Employer Contributions***

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

CITY OF NORWALK, CONNECTICUT

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

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

See Note to Required Supplementary Information.

CITY OF NORWALK, CONNECTICUT

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

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

See Note to Required Supplementary Information.

(Continued)

CITY OF NORWALK, CONNECTICUT

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

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

See Note to Required Supplementary Information.

(Continued)

CITY OF NORWALK, CONNECTICUT

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

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

See Note to Required Supplementary Information.

## CITY OF NORWALK, CONNECTICUT

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

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

The City's general budget policies are as follows:

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

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

**CITY OF NORWALK, CONNECTICUT**

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

---

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

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

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

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

**CITY OF NORWALK, CONNECTICUT**

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

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Special revenue funds

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

Capital projects funds

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

ROBINSON & COE LLP

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FORM OF OPINION OF BOND COUNSEL

August \_\_, 2014

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 \_\_, 2014 (the “Tax Regulatory Agreement”), and other proofs submitted to us relative to the issuance and sale of \$15,000,000 City of Norwalk, Connecticut General Obligation Bonds, Issue of 2014, dated August \_\_, 2014 (the “Bonds”), maturing on August 15 in each of the years, in the principal amounts and bearing interest payable on August 15, 2015 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>
2016	\$1,100,000	%	2023	\$1,100,000	%
2017	1,100,000		2024	1,100,000	
2018	1,100,000		2025	1,100,000	
2019	1,100,000		2026	1,000,000	
2020	1,100,000		2027	1,000,000	
2021	1,100,000		2028	1,000,000	
2022	1,100,000		2029	1,000,000	

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 July and January 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.

Legislation affecting the exclusion from gross income of interest on State or local bonds, such as the Bonds, is regularly under consideration by the United States Congress. There can be no assurance that legislation enacted or proposed after the date of issuance of the Bonds will not reduce or eliminate the benefit of the exclusion from gross income of interest on the Bonds or adversely affect the market price of the Bonds.

These opinions are rendered as of the date hereof and are based on existing law, which is subject to change. We assume no obligation to update or supplement these opinions to reflect any facts or circumstances that may come to our attention, or to reflect any changes in law that may hereafter occur or become effective.

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**

**FORM OF CONTINUING DISCLOSURE AGREEMENT**

**CONTINUING DISCLOSURE AGREEMENT**

City of Norwalk, Connecticut  
\$15,000,000 General Obligation Bonds, Issue of 2014  
dated August \_\_, 2014

August \_\_, 2014

WHEREAS, the City of Norwalk, Connecticut (the "City") has heretofore authorized the issuance of \$15,000,000 in aggregate principal amount of its General Obligation Bonds, Issue of 2014, dated August \_\_, 2014 (the "Bonds"), and to mature on the dates and in the amounts and set forth in the City's Official Statement dated August \_\_, 2014 describing the Bonds (the "Official Statement"); and

WHEREAS, the Bonds have been sold by a competitive bid pursuant to a Notice of Sale, dated August \_\_, 2014 (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: \_\_\_\_\_  
Harry W. Rilling  
Mayor

By: \_\_\_\_\_  
Thomas S. Hamilton  
Director of Finance

**APPENDIX D – NOTICE OF SALE AND BID FORM**

**NOTICE OF SALE  
\$15,000,000  
CITY OF NORWALK, CONNECTICUT  
GENERAL OBLIGATION BONDS, ISSUE OF 2014**

Sealed proposals and electronic bids (as described herein) will be received by the **CITY OF NORWALK**, Connecticut (the “City”), until 12:00 Noon (E.D.T.) Tuesday,

**AUGUST 5, 2014**

for the purchase of all, but not less than all, of the \$15,000,000 City of Norwalk, Connecticut General Obligation Bonds, Issue of 2014 (the “Bonds”). Sealed proposals will be received at the Office of the Director of Finance, Second Floor, Room 234, City Hall, 125 East Avenue, Norwalk, Connecticut, 06856. (See “Sealed Proposal Procedures”). 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 August 19, 2014, mature in the principal amounts of \$1,100,000 on August 15 in each of the years 2016-2025, both inclusive, and \$1,000,000 on August 15 in each of the years 2026-2029, both inclusive, bear interest payable on August 15, 2015 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 29, 2014 (the “Preliminary Official Statement”).

The Bonds maturing on or before August 15, 2019 are not subject to redemption prior to maturity. The Bonds maturing on August 15, 2020 and thereafter are subject to redemption prior to maturity, at the election of the City, on and after August 15, 2019, 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 price (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>
August 15, 2019 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 1986, 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 i-Deal LLC’s 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.

All electronic bids shall be deemed to incorporate the provisions of this Notice of Sale and the form of Proposal for Bonds. 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, 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)).

## **Sealed Proposal Procedures**

Bids will be accepted in written form on the form of Proposal for Bonds at the place and time indicated above. Bids must be enclosed in sealed envelopes marked “Proposal for Bonds” and addressed to Harry W. Rilling, Mayor, City of Norwalk, Office of Director of Finance, Room 234, Second Floor, 125 East Avenue, Norwalk, Connecticut, 06856. Proposals for purchase may be submitted in person at the place shown above or by telephone call to Harry W. Rilling, Mayor, City of Norwalk, telephone number (203) 854-7870. In submitting a bid by telephonic means, the bidder accepts the terms and conditions of this Notice of Sale and agrees to be bound thereby, and, further, such bidder accepts and understands the risk that its bid may not be received by the City or may be received later than the time specified as the result of a failure in communications, including but not limited to a failure in telephonic communications, or the inability to reach the City by the time specified. Any bid received after the time specified will not be accepted, as determined in the sole discretion of the City.

## **Bid Specifications/Basis of Award**

Each bid must be for the entire \$15,000,000 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 more than one interest rate for any Bonds having the same maturity date. The highest interest rate bid for a maturity and the lowest rate bid for any other maturity may not differ by more than three (3%) percentage points. 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 will be considered.

For purposes of the both the sealed proposal process and 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.

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 19, 2014, the date of the Bonds, results in an amount equal to the purchase price for the Bonds, not including interest accrued to August 19, 2014, the delivery date of the Bonds. It is requested that each bid 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, but not later than 4:00 P.M. (E.D.T.) on August 5, 2014. The purchase price must be paid in Federal funds.

The City reserves the right to reject any and all bids and to waive any irregularity or 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, (i) under existing statutes and court decisions, 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, includable in adjusted current earnings for purposes of computing the federal 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 on or about August 19, 2014. 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) notice of the occurrence of certain events within 10 business days of the occurrence of such events with respect to the Bonds; 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. Bid forms and copies of the Preliminary Official Statement may be obtained from the undersigned, or from William N. Lindsay, Independent Bond & Investment Consultants LLC, 129 Samson Rock Drive, Suite A, Madison, Connecticut 06443, Telephone No. (203) 245-8715.

**HARRY W. RILLING**  
Mayor

**THOMAS S. HAMILTON**  
Director of Finance

July 29, 2014

(See attached for form of Proposal for Bonds)

PROPOSAL FOR BONDS

August 5, 2014

**HARRY W. RILLING**, Mayor  
**THOMAS S. HAMILTON**, Director of Finance  
 City of Norwalk  
 Mayor's Conference Room  
 City Hall, 125 East Avenue  
 Room 231, Second Floor  
 Norwalk, CT 06856

Gentlemen:

Subject to the provisions of the Notice of Sale dated July 29, 2014, which Notice is made a part of this proposal, we offer to purchase all \$15,000,000 City of Norwalk, Connecticut General Obligation Bonds, Issue of 2014, comprising the issue described in said Notice of Sale and to pay therefor par and accrued interest, to date of delivery, plus a premium of \$\_\_\_\_\_, provided that the bonds maturing in the several years set forth below shall bear interest from their date until maturity at the respective rates per annum stated in the following table:

<u>Date of Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
August 15, 2016	\$1,100,000	%	August 15, 2023	\$1,100,000	%
August 15, 2017	1,100,000		August 15, 2024	1,100,000	
August 15, 2018	1,100,000		August 15, 2025	1,100,000	
August 15, 2019	1,100,000		August 15, 2026	1,000,000	
August 15, 2020	1,100,000		August 15, 2027	1,000,000	
August 15, 2021	1,100,000		August 15, 2028	1,000,000	
August 15, 2022	1,100,000		August 15, 2029	1,000,000	

**Name of Bidder:** \_\_\_\_\_

**Mailing Address:** \_\_\_\_\_

**Authorized Signature:** \_\_\_\_\_

**Telephone Number:** \_\_\_\_\_

The following is our computation of the true interest cost, made as provided in the above-mentioned Notice of Sale, but not constituting any part of the foregoing proposal, for the purchase of \$15,000,000 bonds under the foregoing proposal:

Percent True Interest Cost \_\_\_\_\_%  
 (Six Decimals)