

Official Statement Dated September 10, 2015

REFUNDING ISSUE

RATINGS: See "Ratings" herein

In the opinion of Bond Counsel, rendered in reliance upon and assuming the accuracy of and continuing compliance with certain representations and covenants relating to the applicable requirements of the Internal Revenue Code of 1986, as amended (the "Code"), under existing law, interest on the Bonds is not included in gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax; however, with respect to certain corporations (as defined for federal income tax purposes) subject to the federal alternative minimum tax, such interest is taken into account in computing the federal alternative minimum tax.

In the opinion of Bond Counsel, 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. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. See "Tax Exemption" herein.

CITY OF NORWALK, CONNECTICUT

\$15,060,000

GENERAL OBLIGATION REFUNDING BONDS, ISSUE OF 2015, SERIES B BOOK-ENTRY-ONLY

Dated: Date of Delivery

Due: Serially, August 15, 2016 – 2031

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 February 15, 2016 and semiannually thereafter on August 15 and February 15 in each year until maturity. The Bonds are issuable only as fully registered bonds, without coupons, and when issued, will be registered in the name of Cede & Co., as Bondowner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry-only form, in the denomination of \$5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their ownership interest in the Bonds. So long as Cede & Co. is the Bondowner, as nominee of DTC, reference herein to the Bondowner or owners shall mean Cede & Co. as aforesaid, and shall not mean the Beneficial Owners (as described herein) of the Bonds. (See "Book-Entry Transfer System" herein).

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

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

MATURITY SCHEDULE AND AMOUNTS

<u>Maturity</u>	<u>Amount</u>	<u>Interest</u>			<u>Maturity</u>	<u>Amount</u>	<u>Interest</u>		
		<u>Rate</u>	<u>Yield</u>	<u>CUSIP</u> ¹			<u>Rate</u>	<u>Yield</u>	<u>CUSIP</u> ¹
2016	\$895,000	3.000 %	0.270 %	668844LC5	2024	\$950,000	5.000 %	2.220 %	668844LL5
2017	885,000	2.000	0.620	668844LD3	2025	965,000	5.000	2.350	668844LM3
2018	890,000	4.000	0.910	668844LE1	2026	975,000	5.000	2.480 *	668844LN1
2019	910,000	5.000	1.190	668844LF8	2027	985,000	4.000	2.670 *	668844LP6
2020	915,000	2.000	1.450	668844LG6	2028	985,000	4.000	2.780 *	668844LQ4
2021	920,000	5.000	1.710	668844LH4	2029	985,000	3.000	3.100	668844LR2
2022	930,000	3.250	1.910	668844LJ0	2030	975,000	3.000	3.170	668844LS0
2023	935,000	5.000	2.060	668844LK7	2031	960,000	3.125	3.240	668844LT8

* Priced assuming redemption on August 15, 2025, however any such redemption is at the option of the City (See "Optional Redemption" herein).

RAYMOND JAMES

The Bonds are offered for delivery when, as and if issued, subject to the final approving opinion of Pullman & Comley, LLC, of Bridgeport, Connecticut, Bond Counsel. Certain matters will be passed upon for the Underwriter by Shipman & Goodwin LLP, of Hartford, Connecticut, Underwriter's Counsel. It is expected that delivery of the Bonds in book-entry-only form will be made on or about September 23, 2015.

¹ Copyright, American Bankers Association CUSIP® is a registered trademark of the American Bankers Association. CUSIP numbers have been assigned by an independent company not affiliated with the City and are included solely for the convenience of the holders of the Bond. The City is not responsible for the selection or use of these CUSIP numbers, does not undertake any responsibility for their accuracy, and makes no representation as to their correctness on the Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

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.

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

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

BOND COUNSEL

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INDEPENDENT FINANCIAL ADVISOR

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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 \$15,060,000 General Obligation Refunding Bonds, Issue of 2015, Series B (the “Bonds”) of the City.

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

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

Description of the Bonds

The Bonds will be dated the date of delivery and will mature in annual installments thereafter on August 15 in each of the years and in the principal amounts set forth on the cover page hereof. Interest on the Bonds will be payable on February 15, 2016 and semiannually thereafter on August 15 and February 15 in each year until maturity. Interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months and will be payable to the registered owners of the Bonds as of the last business day of January and July in each year. A book-entry system will be employed evidencing ownership of the Bonds in principal amounts of \$5,000 or integral multiples thereof with transfers of ownership effected on the records of The Depository Trust Company, New York, New York (“DTC”), and its participants pursuant to rules and procedures established by DTC and its participants. (See “Book-Entry Transfer System” herein). The Registrar, Certifying, Transfer, Paying and Escrow Agent on the Bonds will be U.S. Bank National Association of Hartford, Connecticut. The Bonds ARE subject to redemption prior to maturity. (See “Optional Redemption” below).

Optional Redemption

The Bonds maturing on or before August 15, 2025 are not subject to redemption prior to maturity. The Bonds maturing on August 15, 2026, and thereafter are subject to redemption prior to maturity, at the option of the City, on and after August 15, 2025, 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, 2025 and thereafter	100%

Notice of Redemption

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

Authorization and Purpose

Authorization. The Bonds are being issued pursuant to Title 7 of the General Statutes of Connecticut, as amended, the Charter of the City of Norwalk and a resolution adopted by the Common Council of the City on May 26, 2015 authorizing the issuance of refunding bonds in an amount not to exceed \$18,000,000.

Purpose. The Bonds are being issued to refund the principal amount outstanding of certain City of Norwalk General Obligation Bonds (the “Refunded Bonds”) as shown under “Plan of Refunding” herein.

Plan of Refunding

The Bonds are being issued to refund the City's General Obligation Bonds (the "Refunded Bonds") listed below. The refunding is contingent upon delivery of the Bonds.

<u>Issue</u>	<u>Dated Date</u>	<u>Maturity Date</u>	<u>Amount Outstanding</u>	<u>Interest Rate</u>	<u>Redemption Date</u>	<u>Redemption Price</u>
2011B	8/16/2011	8/15/2016	\$ 1,000,000	4.000 %	N/A	N/A
2011B	8/16/2011	8/15/2017	1,000,000	2.000	8/15/2016	100.00 %
2011B	8/16/2011	8/15/2018	1,000,000	2.000	8/15/2016	100.00
2011B	8/16/2011	8/15/2019	1,000,000	2.375	8/15/2016	100.00
2011B	8/16/2011	8/15/2020	1,000,000	2.625	8/15/2016	100.00
2011B	8/16/2011	8/15/2021	1,000,000	3.000	8/15/2016	100.00
2011B	8/16/2011	8/15/2022	1,000,000	3.125	8/15/2016	100.00
2011B	8/16/2011	8/15/2023	1,000,000	3.250	8/15/2016	100.00
2011B	8/16/2011	8/15/2024	1,000,000	3.375	8/15/2016	100.00
2011B	8/16/2011	8/15/2025	1,000,000	3.500	8/15/2016	100.00
2011B	8/16/2011	8/15/2026	1,000,000	3.500	8/15/2016	100.00
2011B	8/16/2011	8/15/2027	1,000,000	3.625	8/15/2016	100.00
2011B	8/16/2011	8/15/2028	1,000,000	3.750	8/15/2016	100.00
2011B	8/16/2011	8/15/2029	1,000,000	4.000	8/15/2016	100.00
2011B	8/16/2011	8/15/2030	1,000,000	4.000	8/15/2016	100.00
2011B	8/16/2011	8/15/2031	1,000,000	4.000	8/15/2016	100.00
		Total	<u>\$16,000,000</u>			

Upon delivery of the Bonds, a portion of the Bond proceeds will be deposited in an irrevocable trust fund (the "Escrow Deposit Fund") established with U.S. Bank National Association, as escrow agent (the "Escrow Agent") under an Escrow Agreement (the "Escrow Agreement") dated as of September 23, 2015 between the Escrow Agent and the City. The Escrow Agent will use such proceeds to purchase a portfolio of non-callable direct obligations of, or obligations guaranteed by, the government of the United States of America, including United States Treasury securities and any other securities permitted by Section 7-400 of the Connecticut General Statutes, as amended, all of which shall not be callable or pre-payable at the option of the issuer thereof (the "Escrow Securities"). All investment income on and the maturing principal of the Escrow Securities held in the Escrow Deposit Fund will be irrevocably deposited by the City for payment of the Refunded Bonds. The balance of the proceeds of the Bonds will be used to pay costs of issuance and the Underwriter's discount.

Verification of Mathematical Computations

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

Sources and Uses of Proceeds

Proceeds of the Bonds are to be applied as follows:

Sources:	
Par Amount	\$15,060,000.00
Net Original Issue Premium	1,550,065.70
Total Sources	<u>\$16,610,065.70</u>
Uses:	
Deposit to Escrow Deposit Fund	\$16,460,728.67
Underwriter's Discount	60,025.00
Costs of Issuance	89,312.03
Total Uses	<u>\$16,610,065.70</u>

Ratings

The Bonds have been rated "Aaa" by Moody's Investors Service ("Moody's") and "AAA" by 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. The rating on certain outstanding bond issues of the City has recently been affirmed as "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 Exemption

Federal Taxes. In the opinion of Pullman & Comley, LLC, Bond Counsel, under existing law, interest on the Bonds is not included in gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax; however, with respect to certain corporations (as defined for federal income tax purposes) subject to the federal alternative minimum tax, such interest is taken into account in computing the federal alternative minimum tax.

Bond Counsel's opinion with respect to the Bonds will be rendered in reliance upon and assuming the accuracy of and continuing compliance by the City with its representations and covenants relating to certain requirements of the Internal Revenue Code of 1986, as amended (the "Code"). The Code and regulations promulgated thereunder establish certain requirements which must be satisfied at and subsequent to the issuance of the Bonds in order that interest on the Bonds be and remain excludable from gross income for federal income tax purposes. Failure to comply with such requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds irrespective of the date on which such noncompliance occurs. In the Tax Compliance Agreement, which will be delivered concurrently with the issuance of the Bonds, the City will covenant to comply with certain provisions of the Code and will make certain representations designed to assure compliance with such requirements of the Code including, but not limited to, investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of Bond proceeds and certain other matters. The opinion of Bond Counsel delivered on the date of issuance of the Bonds is conditioned upon compliance by the City with such requirements.

No other opinion is expressed by Bond Counsel regarding the federal tax consequences of the ownership of, or the receipt or accrual of interest on, the Bonds.

Original Issue Discount. The initial public offering prices of the Bonds of certain maturities may be less than the stated principal amount. Under existing law, the difference between the stated principal amount and the initial offering price of each maturity of the Bonds will constitute original issue discount. The offering prices relating to the yield set forth on the cover page of this Official Statement for such Bonds is expected to be the initial offering prices to the public (excluding bond houses and brokers) at which a substantial amount of the Bonds are sold. Under existing law, original issue discount on the Bonds accrued and properly allocable to the owners thereof under the Code is excludable from gross income for federal income tax purposes if interest on the Bonds is excludable from gross income for federal income tax purposes.

Under the Code, for purposes of determining an owner's adjusted basis in a Bond purchased at an original issue discount, original issue discount is treated as having accrued while the owner holds such Bond and will be added to the owner's basis. Original issue discount will accrue on a constant-yield-to-maturity method based on regular compounding. The owner's adjusted basis will be used to determine taxable gain or loss upon the sale or other disposition (including redemption or payment at maturity) of such a Bond. For certain corporations (as defined for federal income tax purposes), a portion of the original issue discount that accrues in each year to such Bond will be included in the calculation of the corporation's federal alternative minimum tax liability. As a result, ownership of such a Bond by such a corporation may result in an alternative minimum tax liability even though such owner has not received a corresponding cash payment.

Prospective purchasers of Bonds at an original issue discount should consult their own tax advisors as to the calculation of accrued original issue discount, the accrual of original issue discount in the case of owners purchasing such Bonds after the initial offering and sale, and the state and local tax consequences of owning or disposing of such Bonds.

Original Issue Premium. The initial public offering prices of certain maturities of the Bonds may be more than their stated principal amount. An owner who purchases a Bond at a premium to its principal amount must amortize the original issue premium as provided in the applicable Treasury Regulations, and amortized premium reduces the owner's basis in the Bond for federal income tax purposes. Prospective purchasers of the Bonds should consult their tax advisors regarding the amortization of premium and the effect upon basis.

Other Federal Tax Matters. Prospective purchasers of the Bonds should be aware that ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, certain insurance companies, recipients of Social Security or Railroad Retirement benefits, certain S corporations, foreign corporations subject to the branch profits tax, taxpayers eligible for the earned income credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations. Bond Counsel does not express any opinion regarding such collateral tax consequences. Prospective purchasers of the Bonds should consult their tax advisors regarding collateral federal income tax consequences.

State Taxes. In the opinion of Bond Counsel, 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 for individuals, trusts and estates required to pay the federal alternative minimum tax.

Interest on the Bonds is included in gross income for purposes of the Connecticut corporation business tax.

Accrued original issue discount on a Bond is also 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 for individuals, trusts and estates required to pay the federal alternative minimum tax.

Owners of the Bonds should consult their own tax advisors with respect to the determination for state and local income tax purposes of original issue discount or original issue premium accrued upon sale or redemption thereof, and with respect to the state and local tax consequences of owning or disposing of such Bonds.

Owners of the Bonds should consult their tax advisors with respect to other applicable state and local tax consequences of ownership of the Bonds and the disposition thereof.

Proposed Legislation and Other Matters. Tax legislation and administrative actions taken by tax authorities (whether currently proposed, proposed in the future, or enacted) and court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Bonds under federal or state law or otherwise prevent beneficial owners of the Bonds from realizing the full current benefit of the tax status of such interest. In addition, such legislation, actions or decisions could affect the market price for, or the marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisers regarding the foregoing matters.

General. The opinion of Bond Counsel is rendered as of its date, and Bond Counsel assumes no obligation to update or supplement their opinion to reflect any facts or circumstances that may come to their attention or any changes in law that may occur after the date of their opinion. Bond Counsel's opinions are based on existing law, which is subject to change. Such opinions are further based on factual representations made to Bond Counsel as of the date of issuance. Moreover, Bond Counsel's opinions are not a guarantee of a particular result, and are not binding on the Internal Revenue Service or the courts; rather, such opinions represent Bond Counsel's professional judgment based on its review of existing law, and in reliance on the representations and covenants that it deems relevant to such opinions.

The discussion above does not purport to deal with all aspects of federal or state or local taxation that may be relevant to a particular owner of the Bonds. Prospective owners of the Bonds, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal, state and local tax consequences of owning and disposing of 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.

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.

Underwriting

The Bonds are being purchased by Raymond James & Associates, Inc. (the "Underwriter"). The Underwriter has agreed, subject to certain conditions, to purchase the Bonds from the City at the net aggregate purchase price of \$16,550,040.70, (consisting of the principal amount of \$15,060,000.00, plus original issue premium of \$1,550,065.70 and less Underwriter's discount of \$60,025.00). The Underwriter will be obligated to purchase all such Bonds, if any such Bonds are purchased. The Bonds may be offered and sold to certain dealers (including unit investment trusts and other affiliated portfolios of certain underwriters and other dealers depositing the Bonds into investment trusts) at prices lower than such public offering prices, and such public offering prices may be changed, from time to time, by the Underwriter.

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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 2013 American Community Survey lists Norwalk’s per capita income as \$43,767 and the median family income as \$95,377. 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 final budget is 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 & Term</u>	<u>Length of Service</u>
Mayor	Harry W. Rilling	Elected – 2 years	1 year
Director of Finance (1)	Thomas S. Hamilton	Appointed – Indefinite	11 years
Director of Management and Budgets	Robert O. Barron	Appointed – Indefinite	4 years
Superintendent of Schools	Steven J. Adamowski	Appointed – Indefinite	Less than 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.

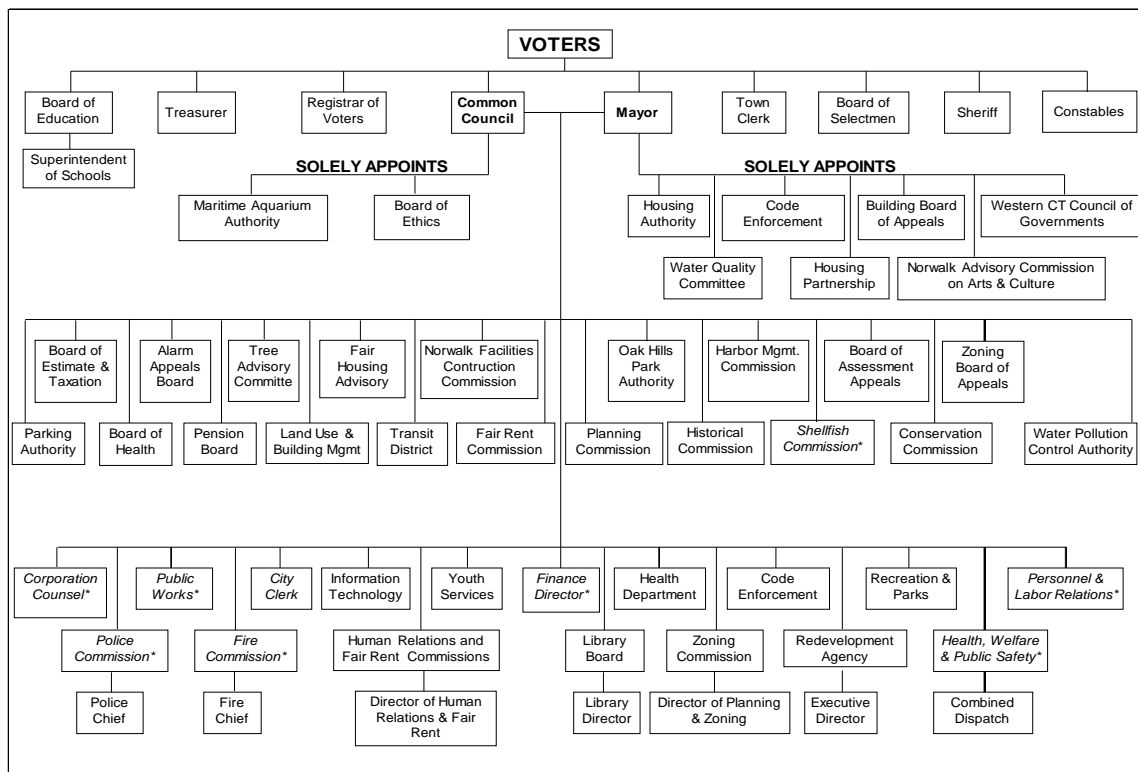
(1) On August 28, 2015 it was announced that Mr. Hamilton has been selected for the position of Chief Financial Officer for the Norwalk Public Schools. On September 1, 2015 the Norwalk Board of Education approved Mr. Hamilton’s appointment effective October 5, 2015. Mayor Rilling has announced that upon Mr. Hamilton’s departure, Robert Barron, currently the Director of Management and Budgets, will serve as Acting Finance Director.

Director of Finance: Thomas S. 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 of 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.

Director of Management and Budgets: Robert O. Barron has served as the city's Director of Management and Budgets since December 2010. Prior to working for the City of Norwalk, Mr. Barron served as the Finance Director for the City of West Haven, Connecticut for close to four years. Mr. Barron has a B.S. in Business Administration and a Master of Business Administration (MBA) degree from the University of Missouri-St. Louis. Mr. Barron also holds a Certified Public Finance Officer (CPFO) certificate from the Government Finance Officers Association. Mr. Barron sits on the board of directors for the Connecticut chapter of the GFOA and is a co-chair for its Education Committee. Prior to coming to public finance Mr. Barron had over a decade long financial management career with FedEx Express in both its domestic and international divisions.

Superintendent of Schools: Steven J. Adamowski was recently appointed by the Board of Education to serve as Superintendent of Schools. Dr. Adamowski earned a B.S. in Education from Southern Connecticut State University, a Master's in Education from Trinity College and a PhD in Educational Administration from Saint Louis University. Dr. Adamowski has also earned a Certificate of Advance Graduate Studies from Harvard Graduate School of Education. Dr. Adamowski has over 36 years of experience in education. Prior to becoming Superintendent of Schools, Dr. Adamowski served as Special Master appointed by the Connecticut State Department of Education to the Windham and New London school districts. Dr. Adamowski previously served as Superintendent of Schools for the City of Hartford from 2006 until 2011; as a Senior Fellow at the American Institutes for Research in Washington, D.C. from 2004 until 2006; as Superintendent for Cincinnati Public Schools from 1998 until 2002; as Associate Secretary of Education for the Delaware State Department of Education from 1996 until 1998 and as Deputy Director of the Modern Red Schoolhouse Project at Hudson Institute in Indianapolis, Indiana from 1995 to 1996. Dr. Adamowski's prior experience also includes service as Superintendent for the Clayton School District in St. Louis, Missouri; as Superintendent for the School District of the Chathams in Chatham, New Jersey; as Superintendent for Norwich Public Schools in Norwich, Connecticut and as Assistant Superintendent for Portland Public School in Portland, Maine.

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>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
General Government	590	595	588	597	588
Board of Education (full-time)	1,163	1,137	1,147	1,229	1,321
Total	<u>1,753</u>	<u>1,732</u>	<u>1,735</u>	<u>1,826</u>	<u>1,909</u>

Municipal Employees by Category

The following is a breakdown by category of full-time, General Fund supported employees as of September 23, 2015:

<u>Department</u>	<u>Employees</u>
<u>General Government</u>	
General Government	76
Health & Welfare	16
Police	192
Fire	139
Other Protection	42
Public Works	78
Recreation, Arts & Culture	47
Total General Government	<u>590</u>
<u>Board of Education</u>	
Administration	47
Teachers	834
Other	282
Total Board of Education	<u>1,163</u>
Total City Employees	<u>1,753</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>
General Government			
Police	Local 1727, Council #15 AFSCME, AFL-CIO	177	June 30, 2016
Fire	Local 830, IAFF	134	June 30, 2016
Engineers, Labor & Maintenance	Local 2405, Council #4 AFSCME, AFL-CIO	97	June 30, 2016
Clerical & Technical	Norwalk Municipal Employees Association	112	June 30, 2016
Assistants & Supervisors	Norwalk Assistants & Supervisors Association	51	June 30, 2016
Non-Bargaining Management	Non-union	19	N/A
	Subtotal	590	
Board of Education			
Teachers	Norwalk Federation of Teachers Local 1723, AFT, AFL-CIO	834	August 31, 2016
Principals, Assistant Principals and Supervisors	Norwalk Association of School Administrators	41	June 30, 2018
School Nurses	CHCA, District 1199	22	August 31, 2016
Custodians-Maintenance and Monitors	Local 1042, Council #4 AFSCME, AFL-CIO	96	June 30, 2016
Secretaries, Clerks & Teachers Aides	Norwalk Federation of Educational Personnel Local 3793, CSFT, AFL-CIO	141	June 30, 2017
Technicians	Local 72, Support, AFSA AFL-CIO	8	June 30, 2016
Executive Support Staff	Executive Support Group	11	June 30, 2016
Cabinet	Non-union	10	N/A
	Subtotal	1,163	
	Grand Total – General Fund Supported Positions	1,753	

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. 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 1,163 employees to fulfill its instructional objective. They comprise two groups: 881 certified personnel and 282 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)
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
2014-2015	5,530	2,360	3,234	11,124
Projections				
2015-2016	5,448	2,479	3,227	11,154
2016-2017	5,423	2,502	3,232	11,157
2017-2018	5,329	2,521	3,266	11,116
2018-2019	5,201	2,516	3,383	11,100
2019-2020	5,121	2,547	3,433	11,101

(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 2014-15 school year enrollment was approximately 6,363.

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, with 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 2015, the District’s services is projected to carry over 2,000,000 passengers.

For fiscal year 2015, the City contributed \$492,881 to the District. The District is not a component unit of government of the City under the criteria established by the Governmental Accounting Standards Board ("GASB").

Housing Authority

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

The Housing Authority owns and manages both federal and state subsidized housing for low income families of Norwalk. The inventory of housing consists of 1,131 apartments of which 853 units are federal low-income public housing and 278 units are state moderate, affordable or elderly rental units. Elderly state housing units are subsidized under the State Rental Assistance Program.

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

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

The Housing Authority provides assistance to 1,991 families or seniors.

The following summary recaps capital improvement funds the City has received from HUD since 2006:

<u>Fiscal Year</u>	<u>Amount</u>
2006	\$1,290,574
2007	1,310,423
2008	1,337,635
2009	1,327,502
2009 (1)	3,750,681
2010	1,325,311
2011	1,180,757
2012	1,039,239
2013	1,003,197
2014	1,194,385
2015	1,222,609

(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 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. 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. Waypointe Phase I at 515 West Avenue which is close to completion, includes 458 housing units (of which 46 are affordable) and 59,627 sq. ft. retail to establish a critical mass that will serve as 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 279 residential units are leased, 256 residential units are occupied and 305 residential units have their certificates of occupancy.

The Berkley at Waypointe at 500 West Avenue which is across the street from Waypointe Phase I, will contain 127 residential units and 10,600 sq. ft. of commercial space. Plans have been approved for an additional 69 residential units at 26-36 Orchard Street and for an additional 150,000 sq. ft. of commercial space at 467 West Avenue. Leases are signed with Sedona Tap House, JC Salons, iPic Theatre, The Container Store, Colony Grill and Barcelona restaurants. The Sedona Tap House opened in July 2015.

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, the 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. Phase I improvements which include 102 residential units; 20,598 sq. ft. of ground floor retail; 10,828 sq. ft. of live/work space and a roof top garden; and a 256 spaces parking garage has advanced into structural demolition and site remediation. The City and Redevelopment Agency approved the Developer’s request to extend out by 30 months completion of the Phase I Improvements and are confident that construction will be underway by third quarter 2015.

Redevelopment Parcel 3 is advancing with 60 residential units fronting on the Norwalk Harbor and 6,000 sq. ft. of ground floor office space along Smith Street and the related parking accommodated both below and at grade. The Common Council approved an Option Agreement for the conveyance of municipal property located on Smith Street in July 2014 and the project advanced to receive the Zoning Commission site plan approval. Construction is expected in the second half of 2015.

Construction of Avalon Bay at Norden Place for 240 multi-family residential units and four single family homes is complete and is 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: 1) the Lock Art and Technology Center, a 100,000 sq. ft., \$17.5 million renovated historic factory building; 2) a \$14.3 million public parking garage on North Water Street and the Maritime Yards; and 3) a \$65 million residential project which includes 61 ownership units, 136 rental units with 38,400 sq. ft. of commercial space, have all 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 purchased by General Growth Properties, Inc. (GGP). GGP continues to advance their development plan for an urban retail center and hotel. Bloomingdale's and Nordstrom have announced their intentions to anchor the center, now identified as The SoNo Collection. The next step is for GGP to seek modification to the currently approved land use plan contained in the Land Disposition Agreement. The City and the Redevelopment Agency have indicated their support for the modification.

Reed Putnam infrastructure improvements including the Reed Street railroad underpass, which connects the east and west sides of the project site is complete. 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 and the Department of 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 additional Loop sections are prepared to go into construction in the second half of calendar year 2015.

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

TR SoNo Partners, an affiliate entity of F.D. Rich of Stamford, has begun construction for The Pearl at 99 Washington Street, a 66 unit residential project and expects to complete the development this year allowing them to move forward with a second project for a 121 room extended stay hotel on South Main Street.

Around the corner on North Water Street, the 108 residential units at Ironworks (formerly the Norwalk Company Building) are fully occupied along with most of the 21,000 sq. ft. of ground floor commercial space.

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 received a Connecticut TOD Pilot Program grant of \$486,000 to undertake the design of "complete streets" pedestrian, bicycle and intersection improvements and received a HUD Sustainable Communities Initiative Regional Planning grant consortium to fund improved pedestrian access to the Station. In addition, a SCI Place-Making grant in the amount of \$186,000 for project engineering and design was received. The City allocated Capital Budget funding for the construction of streetscape improvements on Monroe Street to improve access at the Station entrance which are now under construction. 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 Transit-Oriented Development ("TOD") district. The planning work is complete and is advancing to public meetings.

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. The Connecticut Department of Housing has made awards to the project totaling \$20 Million. Additionally, the Maritime Village, another development project, which is comprised of 72 residential units and 5,000 sq. ft. of boutique manufacturing, has received approvals.

In 2006, the Norwalk Redevelopment Agency was the recipient of a \$400,000 grant award from the U.S. Environmental Protection Agency to capitalize and implement the Norwalk Brownfield Initiative (the "Initiative"). The Initiative is a formal coordinated effort to characterize the extent of environmental impacts generated by potential Brownfield sites in the City of Norwalk'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 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 Agency has focused its efforts on City-held properties located in close proximity to the South Norwalk Train Station. The Agency has chosen this strategy because it recognizes environmental assessment is a vital pre-development activity necessary to foster 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 at the local, State and Federal levels resulted in \$5 million ("DECD") and \$2.3 million (Federal DOT signalization) of allocations. A TIGER grant application for a transit circulator between the train station and the urban core is being pursued.

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 2015, three companies filed applications for certification of State Enterprise Zone/Urban Jobs Benefits creating and/or retaining 65 jobs.

In addition to these economic development programs, the Redevelopment Agency collaborates with other City departments to aggressively promote the City of Norwalk as a business location. Among the more significant announcements are the following projects which have either been completed in the past 12 months or currently under construction:

- General Growth Properties, Inc., the second largest retail real estate investment trust in the United States, with a portfolio comprised predominantly of Class A regional mall and flagship urban retail properties purchased and plans to develop a world class mixed use development the 12 acre Reed Putnam 95/7 redevelopment parcel.
- A 135,000 sq. ft. Lowe's Home Improvement Center is under construction on Connecticut Avenue with plans to open during the summer of 2015.
- Matrix Investment Group LLC of Long Island purchased the 179,000 sq. ft. Class A office building at 535 Connecticut Avenue for \$13.5 million. New tenant leases for Belvior Media Group (10,000 sq. ft.), Meadows Financial Group (7,000 sq. ft.) and an expansion of OperationsInc.
- The Davis Companies, based in Boston, owner of 40 Richards Avenue, a seven story office building, completed renovations that include the addition of a full service café, a fitness center, landscaping and bathrooms. CT Business Systems celebrated their expanded footprint in the 148,000 sq. ft. building.
- The historic restoration of the Grumman St. John House at the Norwalk Inn and Conference Center was completed and the Inn will commence on its \$6.5 million third story addition project.
- The Merritt View building at 383 Main Ave. welcomed several new tenants including Choyce Peterson, Arysta Life Science Management Company, Avison Young, Charter Brokerage, Cisco Systems Inc. and RTi Research.
- Swim Seventy Aquacenter opened its 50-meter indoor swimming pool to the public early 2015. The 27,000 sq. ft. facility at 8 Willard Road features an Olympic-sized pool, a warm-water lesson pool, an endless pool, a triathlon training studio, fitness studio and a room for yoga and Zumba classes.
- The AMF Rip Van Winkle Lanes at 701 Connecticut Avenue reopened as Bowlmor under the Bowlmor AMF banner after an extensive renovation. The 38 lane facility features oversized video screens at the end of each lane, high-definition flat screen TVs throughout and a fully equipped DJ booth. The facility also hosts a laser tag arena and gaming center. Bowlmor refers to the lanes as "Connecticut's first boutique bowling alley."
- Datto, Inc. the Norwalk-based hardware based data recovery and business continuity company, expanded into 133,000 sq. ft. at Merritt 7 Corporate Park after announcing a \$15 million expansion which included the receipt of \$6 million in assistance from the State of Connecticut. Datto is ranked 1st on Inc Magazine's Top Connecticut Companies and 314th in their "Inc.5000".
- Norwalk Hospital completed construction of its 95,000 sq. ft. addition and parking garage and opened its new emergency services wing.
- Winston Preparatory School completed a \$10 million expansion and renovation including a 12,155 sq. ft. energy efficient classroom building at 57 West Rocks Road.

To ensure the long-term access to quality affordable housing in South Norwalk, the Norwalk Redevelopment Agency continues the work of 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% of Area Median Income ("AMI") individual/ family. The targeted renter for the rental unit(s) is a 50% AMI individual/ family. The Norwalk Redevelopment Agency will endeavor to acquire up to eight properties (16 housing units) over the period July 1, 2014 – June 30, 2019. At this time, the Agency has purchased one property, has procured an architect who has completed the design and engineering drawings and the rehabilitation work is currently out to bid. A second house will be purchased in summer 2015. End-buyers will be counseled and financed through a partnership with the Housing Development Fund, Inc., a Community Development Financial Institution based in Stamford, CT. HUD has committed Choice Neighborhoods funding to this project in the amount of \$875,000, Community Development Block Grant ("CDBG") Program funds in the amount of \$500,000, the Connecticut Housing Finance Authority ("CHFA") has committed \$600,000 to this project and an application is pending to CT Department of Housing ("DOH"). By increasing the number of occupied, quality, well maintained and affordable housing units, the Program furthers the goals to provide a rich array of amenities to residents and to ensure residents with diverse socio-economic, racial and ethnic backgrounds are able to call South Norwalk home (and are proud to do so). By targeting vacant or under-invested properties with a need for capital improvements, the Program specifically furthers the goals of ensuring South Norwalk is safe and attractive and decreases the opportunity for crime in the Neighborhood. Neighborhoods and streets with occupied and well maintained buildings are considered safer for pedestrians and cycling, thus supporting the goal of developing a walk-able and bike-able community. The financial and counseling assistance provided by the Housing Development Fund to borrowers of the Program, will provide another amenity to residents by setting borrowers up for success both as homeowners and landlords; thereby ensuring the stability and quality of the rental units. The long-lasting effects of improving occupancy rates, visual appearance and particularly the quality of the homes in South Norwalk will promote an immeasurable level of long-term stability for the community.

The Agency has been designated by the City of Norwalk as the administrator of Norwalk's annual entitlement of CDBG Program. The City receives an annual entitlement of approximately \$900,000 in CDBG funds from the U.S. Department of Housing and Urban Development ("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 2015-2016 fiscal year represents Program Year 41 of the CDBG Program.

The Norwalk 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. Funding comes from various sources. The Agency expects to assist up to 80 households by the end of June 2015 with this program.

The Agency's loan portfolio as of May 21, 2015 includes 114 loans totaling \$5,125,000 of which 48 loans (\$4,190,000) originated with the Residential Rehabilitation Program. Through funding from the CDBG Program, the Agency also provides predevelopment and rehabilitation funding to area for-profit and not-for-profit groups to facilitate the development of affordable housing. This year the Agency completed a project that involved a \$128,000 loan to the Mid-Fairfield Aids Project ("MFAP") for the renovation of a building for supportive housing for homeless individuals. The Agency assisted MFAP in obtaining additional funding to complete the project which involved Solar Panels providing electricity for the property. The portfolio includes \$89,400 invested in existing local business to assist expansion of small businesses as well as additional employment in these enterprises.

The Agency began a pilot program this year that involves purchasing properties with 2-4 family structures in selected areas. The Agency will renovate the structures and sell them to a low/mod first time home buyers. The home buyers will have completed a course for landlords through a program called Landlord Entrepreneurship and Affordability Program (LEAP) administered by the Housing Development Fund. The Agency currently is renovating a 2 family property and they are in the process of purchasing a second 2 family property.

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

As part of the Agency's affordable housing strategy, the Agency anticipates it will make construction loans or loan guarantees of up to \$1,000,000 to for-profit and not-for-profit developers each year for the development of affordable units.

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 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 is charged \$85.00 per ton for transport and disposal of MSW and a \$64,400 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 transfer station now also accepts Freon-containing appliances.

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 per year from the sale of recyclable materials. The City implemented single-stream recycling in the summer of 2013, realizing an immediate increase in the tonnage of recyclables collected curbside; on a consistent basis recycling tonnage is running roughly 30% higher than before the implementation of single-stream. The City is working diligently to further expand recycling separation, thus tonnage, by both residents, businesses and the school system.

Economic Factors

As the national economy improves, the City of Norwalk continues to benefit from extensive new development, providing opportunities in all sectors. In each instance, City departments work together to expedite permitting; ensuring that needed infrastructure improvements are in place to accommodate new development and to mitigate any adverse impacts. These large-scale mixed-use developments are bringing new housing, jobs and retail to the City; making Norwalk a destination for residents and travelers alike.

Calendar 2015 is proving to be an exciting year as plans move forward for new development at District 95/7 and as Lowe's Home Improvement Center prepares to open. Norwalk's largest mixed use development District 95/7, a 1.1 million square foot development with office, residential, retail and restaurant space along the west side of the Norwalk Harbor just south of Interstate 95, is scheduled to move forward in 2015. The development was acquired by General Growth Properties in 2013 and the new owner is evaluating development options for the site including a luxury shopping mall in an effort to reposition the property. Construction is nearing completion on a new Lowe's at 100 Connecticut Avenue, the site of the former Purdue Frederick corporate headquarters. This 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 be complete by summer of this year.

Construction continues at Waypointe, a multi-block mixed-use development on West Avenue just north of Interstate 95. Waypointe Midblock is beginning to lease up with new retail and restaurant tenants including Chase Bank, Sedona Taphouse and JC Salons, representing an exciting first step in revitalizing Norwalk Center. This phase brings 362 residential units along with 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 is also nearing completion at 11 Merwin Street and will add another 98 residential units along with 4,615 sq. ft. retail and 4,000 sq. ft. restaurant space. In 2014, the Zoning Commission approved development plans for three additional blocks: Quincy Lofts (East Block) with a new 6 story, 69 unit residential building at the corner of Orchard and Quincy Street; District Center (South Block) which will expand the existing Loehmann's shopping center with a new iPic Cinema, Crate and Barrel store and Blink Fitness center; and The Berkeley and Frost Building (West Block) with 129 multifamily units along with retail, restaurant and medical office space; together this will bring over 1 million sq. ft. of new development to this 14 acre Design District Development Park. All five sites are under construction in 2015.

On Washington Street in historic South Norwalk, the recently completed Ironworks building is bringing new uses and vitality to the SoNo area including Harlan Publick and Washington Prime Restaurants along with retail stores thinqMac, The Stand and Saraswatti Yoga Joint. This 5 story, mixed use building also provides 108 new residential units to SoNo, providing a welcoming new presence particularly for visitors arriving across the bridge from East Norwalk. Further west on Washington Street, construction is underway on The Pearl, a new 5 story, 66 unit multifamily building with 154 space valet parking garage located at 99 Washington Street. This new infill development will replace an existing surface parking lot and create additional housing in the district. The construction includes the rehabilitation of the adjacent historic building which will continue to provide space for the Gingerman Restaurant and upper story offices. SoNo Hotel, a new 110 room extended stay hotel proposed for 43-47 South Main Street, was approved by the Zoning Commission and will get underway as soon as The Pearl is completed later this year.

New Transit Oriented Developments ("TOD") will soon be underway near the South Norwalk train station, while two are currently already underway at the Merritt 7 train station. Maritime Village, a new 68 unit TOD located at 17-19 Day Street was approved in October 2014. This development is scheduled to break ground this year and will bring new infill development to a key site located across the street from Ryan Park. Trinity Washington Village, a partnership between the Norwalk Housing Authority and Trinity Financial, received approval to rebuild the aging 136 units of public housing at Washington Village into a new 273 unit, mixed income development on 3 parcels along Day and Raymond Streets. The applicant is working on obtaining final approvals from the State of Connecticut before construction begins. Near the Merritt 7 train station, a new 132 unit multifamily building is under construction at 1 Glover Avenue and a new 53 unit multifamily development is now complete at 34 Oakwood Avenue. These developments add nearly 200 residential units in close proximity to prime office space and the Danbury Line Rail station; providing convenient commuting options for employees at the nearby Merritt 7 Corporate Park and Towers at Merritt offices. At the adjacent Merritt 7 Corporate Park, Marcus Partners is undertaking impressive building upgrades and continues to maintain its roster of Class A corporate tenants including FactSet Research Systems, Emcor Group and the Financial Accounting Standards Board. The adjacent Towers at Merritt with 650,000 square feet of Class A office space counts Xerox Corporation, Hewitt Associates and Diageo PLC among its corporate tenants.

Wall Street Place, a new mixed use development by POKO-IWSR Partners, located at the corner of Wall and Isaacs Streets in Norwalk Center began demolition and site work in fall 2014 and is scheduled to begin construction on the first phase which will add 101 residential units along with retail and restaurant uses and the city's first automated parking garage. The developers

have received financing commitments from the Connecticut Housing Finance Authority and the Connecticut Department of Economic and Community Development.

In East Norwalk, a state of the art 168,000 sq. ft. data center for Cervalis recently opened at Norden Park providing secure data storage for Fortune 500 corporations and adding a low traffic generating use to this industrial development park. AvalonBay Communities is now fully leased at its new 240 unit multifamily development on the rear parcel 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 data center and industrial park. Together these developments provide a complimentary mix of new commercial and residential development to this important 78 acre parcel.

Shelter Development continues construction on 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 open later this year. This will enhance the senior living opportunities and 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 facility at 73 Strawberry Hill Avenue in 2013 and is fully occupied.

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. A variety of smaller commercial developments are also progressing. On Westport Avenue, Bender Plumbing is constructing a new 30,000 sq. ft. wholesale distribution facility and Swim Seventy recently opened its new aquatic facility at 8 Willard Road. In Rowayton, construction is nearing completion on a new 8 unit multifamily development along the waterfront at 71-77 Rowayton Avenue. A new mixed use development is planned for 587 Connecticut Avenue which will add a 4 story, 50 unit multifamily building to the property along with a new 98,576 sq. ft. storage facility on the same site.

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 108 units at Ironworks and 66 units at The Pearl and the approval of 273 units for Washington Village and 68 units at Maritime Village at 19 Day St; all located just 2 blocks from the South Norwalk Railroad Station. The Commission approved various capital budget requests in 2015 to implement the recommended improvements in the Pedestrian and Bikeway Transportation Plan for Norwalk including the addition of new sidewalks and bike lanes and sharrows throughout the City. The goal of preserving the character of Norwalk's neighborhoods and commercial areas 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. Work was recently completed on Cedar Street improvements in the Golden Hill neighborhood and is underway on new cluster housing to complement the historic buildings at the former Silvermine Tavern.

Given the activity emanating from the above developments, Norwalk anticipates that steady growth will continue in 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 equaled or exceeded the 23 year moving average for that month. This continues a 42 month trend of meeting or surpassing the moving average.

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SECTION III – ECONOMIC AND DEMOGRAPHIC DATA

Population Trends

<u>Year</u>	<u>City of Norwalk</u>	<u>Fairfield County</u>	<u>State of Connecticut</u>
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
2013	86,499	926,233	3,583,561

Source: U.S. Bureau of Census.

Age Characteristics of Population

<u>Age</u>	<u>City of Norwalk</u>		<u>Fairfield County</u>		<u>State of Connecticut</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Under 5	5,154	6.0	55,905	6.0	197,395	5.5
5 - 9	4,594	5.3	62,559	6.8	220,139	6.1
10 - 14	4,723	5.5	66,723	7.2	236,742	6.6
15 - 19	3,818	4.4	65,240	7.0	255,816	7.1
20 - 24	4,400	5.1	51,209	5.5	229,708	6.4
25 - 34	12,620	14.6	107,511	11.6	428,258	12.0
35 - 44	13,631	15.8	128,515	13.9	469,746	13.1
45 - 54	13,770	15.9	149,726	16.2	568,510	15.9
55 - 59	6,358	7.4	60,019	6.5	246,210	6.9
60 - 64	5,287	6.1	51,176	5.5	210,753	5.9
65 - 74	6,431	7.4	65,751	7.1	269,422	7.5
75 - 84	3,878	4.5	41,577	4.5	164,260	4.6
85 and over	1,835	2.1	20,322	2.2	86,602	2.4
Total	<u>86,499</u>	<u>100.0</u>	<u>926,233</u>	<u>100.0</u>	<u>3,583,561</u>	<u>100.0</u>

Source: U. S. Bureau of Census, American Community Survey, 2009-2013.

Educational Attainment

<u>Educational Attainment Group</u>	<u>City of Norwalk</u>		<u>Fairfield County</u>		<u>State of Connecticut</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Less than 9th grade	3,224	5.1	33,429	5.4	109,133	4.5
9th to 12th grade	3,635	5.7	35,076	5.6	155,272	6.4
High School graduate	15,772	24.7	142,179	22.8	678,370	27.8
Some college, no degree	10,747	16.8	97,335	15.6	431,469	17.7
Associates degree	4,057	6.4	36,887	5.9	178,597	7.3
Bachelor's degree	16,419	25.7	157,861	25.3	498,124	20.4
Graduate or professional degree	9,956	15.6	121,830	19.5	392,796	16.1
Total	<u>63,810</u>	<u>100.0</u>	<u>624,597</u>	<u>100.0</u>	<u>2,443,761</u>	<u>100.0</u>
Percent of High School Graduates		89.3%		89.0%		89.2%
Percent of College Graduates		41.3%		44.8%		36.5%

Source: U. S. Bureau of Census, American Community Survey, 2009-2013.

Selected Wealth and Income Indicators

	<u>Median Family Income</u>		<u>Per Capita Income</u>	
	<u>(2000)</u>	<u>(2013)</u>	<u>(2000)</u>	<u>(2013)</u>
City of Norwalk	\$ 68,219	\$ 95,377	\$31,781	\$ 43,767
Fairfield County	77,690	104,250	38,350	48,721
Connecticut	65,521	87,245	28,766	37,892
United States	49,600	64,719	21,690	28,155

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

Income Distribution

	<u>City of Norwalk</u>		<u>Fairfield County</u>		<u>State of Connecticut</u>	
	<u>Families</u>	<u>Percent</u>	<u>Families</u>	<u>Percent</u>	<u>Families</u>	<u>Percent</u>
\$ -0- to 9,999	929	4.3	6,574	2.9	29,895	3.3
10,000 to 14,999	333	1.6	3,732	1.6	19,176	2.1
15,000 to 24,999	678	3.2	11,036	4.8	47,319	5.2
25,000 to 34,999	1,155	5.4	13,273	5.8	56,997	6.3
35,000 to 49,999	2,115	9.9	18,570	8.1	86,025	9.5
50,000 to 74,999	2,780	13.0	30,173	13.1	143,989	15.9
75,000 to 99,999	3,176	14.9	27,532	12.0	131,874	14.6
100,000 to 149,999	4,893	22.9	44,089	19.1	187,718	20.8
150,000 to 199,999	2,077	9.7	24,080	10.5	90,602	10.0
200,000 or more	3,250	15.2	51,249	22.3	109,982	12.2
Total	<u>21,386</u>	<u>100.0</u>	<u>230,308</u>	<u>100.0</u>	<u>903,577</u>	<u>100.0</u>

Source: U. S. Bureau of Census, American Community Survey, 2009-2013.

Per Capita Personal Income – by Metropolitan Area, 2011-2013

<u>Metropolitan Statistical Area</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>Rank in 2013</u>
Midland, TX	\$ 75,767	\$ 85,000	\$ 86,574	1
Bridgeport-Stamford-Norwalk, CT	78,708	81,743	82,009	2
San Jose-Sunnyvale-Santa Clara, CA	61,498	67,069	69,205	3
San Francisco-Oakland-Hayward, CA	62,701	68,029	69,127	4
Naples-Immokalee-Marco Island, FL	59,988	65,042	64,872	5
Barnstable Town, MA	57,861	61,054	62,187	6
Boston-Cambridge-Newton, MA-NH	58,530	61,258	61,754	7
Washington-Arlington-Alexandria, DC-VA-MD-WV	60,547	61,907	61,507	8
New York-Newark-Jersey City, NY-NJ-PA	56,872	58,934	59,246	9
Casper, WY	55,482	59,442	58,983	10
State of Connecticut	57,547	60,223	60,658	
United States	42,332	44,200	44,765	

Source: U.S. Bureau of Economic Analysis, Survey of Current Business, November 2014.

Employment by Industry

Employment Sector	City of Norwalk		Fairfield County		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent
Agriculture, Forestry, Fishing, Hunting & Mining	113	0.2	1,064	0.2	6,945	0.4
Construction	3,322	7.0	29,742	6.6	193,945	11.0
Manufacturing	3,125	6.6	39,461	8.8	99,444	5.7
Wholesale Trade	1,346	2.9	11,099	2.5	43,550	2.5
Retail Trade	5,140	10.9	48,422	10.8	191,841	10.9
Transportation, Warehousing & Utilities	1,624	3.4	14,560	3.2	65,630	3.7
Information	1,629	3.5	12,534	2.8	41,588	2.4
Finance, Insurance & Real Estate	4,560	9.7	53,406	11.9	160,976	9.1
Professional, Scientific & Management	7,591	16.1	69,728	15.5	194,959	11.1
Educational Services & Health Care	10,069	21.4	98,100	21.8	464,177	26.4
Arts, Entertainment, Recreation & Food Services	3,895	8.3	34,826	7.8	148,097	8.4
Other Service (including nonprofit)	3,667	7.8	25,277	5.6	81,443	4.6
Public Administration	1,056	2.2	10,887	2.4	66,817	3.8
Total	47,137	100.0	449,106	100.0	1,759,412	100.0

Source: U. S. Bureau of Census, American Community Survey, 2009-2013.

Unemployment Rate Statistics (Not Seasonally Adjusted)

Yearly Average	City of Norwalk	Bridgeport/Stamford Labor Market (1)	State of Connecticut	United States
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%
2014	5.8%	6.2%	6.7%	6.2%
2015 Monthly				
January	5.9%	6.5%	6.8%	6.1%
February	6.2%	6.7%	6.9%	5.8%
March	5.8%	6.3%	6.5%	5.6%
April	4.9%	5.6%	5.8%	5.1%
May	4.7%	5.4%	5.6%	5.3%
June	4.4%	5.2%	5.4%	5.5%

(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>
Western Connecticut Health Network (Norwalk Hospital)	Hospital/Health Services	2,000
GE Capital Corporation (1)	Financial Services	1,900
Cablevision of Connecticut	TV/DSL Cable Line Installation	1,380
Stew Leonard's	Retail Dairy Store/Grocery	900
MBI	Direct Mail Marketing	800
Diageo	Premium Beverage Manufacturer	700
Hewitt Associates	Management Consultants	600
Pepperidge Farm, Inc.	Baked Goods	450
Reed Exhibition Company	Trade Show/Publisher	450
Tauck World Discovery	Travel Services	425
Datto	Information Technology Solutions	400
FactSet Research	Research Systems	400
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
Information Resources	Consumer Products Manufacturing	250
Virgin Atlantic Airways	Airline & Leisure Company	250
Norwalk Community College	Education	245
Frontier Communications Corporation	Voice & Internet Service Provider	200
Combustion Engineering	Engineering Services	200
Klaff's	Lighting & Plumbing Supplies	200
King Industries, Inc.	Chemical Manufacturing	195
Carlson Marketing Group	Marketing Consultant	175
R.T. Vanderbilt	Chemical Manufacturing	170
Financial Accounting Foundation	Accounting Standards Regulation	158
ShopRite	Grocery	150
Maritime Aquarium	Educational Entertainment	135
Marsh USA Inc	Insurance	125
Callanen International	Watches	105
Integrated Marketing Services	Marketing Consultant	100
Muelstein International Ltd.	Plastic Resins Distribution	100
Dooney & Bourke	Leather Good Specialist	100

- (1) In April 2015 General Electric Company ("GE") announced its intent to reduce its interests in General Electric Capital Corporation ("GECC") in an effort to refocus on its core industrial business. The April 2015 press release stated that GE would sell most of GECC's assets until the industrial businesses represent at least 90 percent of the company's operating earnings. On August 11, 2015 GE announced that the sale of GECC assets was progressing quicker than originally anticipated and that GE expected to substantially complete its exit strategy by the end of 2016. The April and August 2015 press releases stated that GE intends to retain key financing divisions which vertically support GE's core industrial businesses. Among those listed were Aviation Services, Energy Financial Services and Healthcare Equipment Finance. The impact of the sale of GECC's assets on the employees at GECC's Norwalk location is unknown at this time.

Source: City of Norwalk Redevelopment Authority.

Norwalk Area Corporate/Regional Headquarters

Company

Act Media, Inc.
American Cancer Society
Aon Hewitt
Applera Corporation
Bolt Technology Corporation
Hillard Bloom Shellfish
Cablevision of Connecticut
Carlson Marketing Group
Cartesis
Charkit Chemicals
Combustion Engineering (ABB)
Datto, Inc.
Diageo North America
Dooney & Burke
Emcor Group Inc.
FactSet Research System
Financial Accounting Standards Board
Fitlinxx
Frontier Communications Corporation
GE Capital Corporation (1)
Graham Capital Management
Gus Sclafani
HEI Hospitality
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.Com
Reed Exhibition Companies
Stew Leonard's

Business

In-store Promotional Advertising
Regional Headquarters Philanthropy
Human Capital & Management Consulting
Biotechnology
Oil & Gas Exploration Technologies
Oyster and Shellfish Farmer
Cable/DSL System Operator
Marketing Consultants
Business Performance Management
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
Broadband, Voice and Internet Provider
Leasing and Financial Services
Hedge Fund Management
Foods Importer
Hotel/Hospitality Management
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

- (1) In April 2015 General Electric Company ("GE") announced its intent to reduce its interests in General Electric Capital Corporation ("GECC") in an effort to refocus on its core industrial business. The April 2015 press release stated that GE would sell most of GECC's assets until the industrial businesses represent at least 90 percent of the company's operating earnings. On August 11, 2015 GE announced that the sale of GECC assets was progressing quicker than originally anticipated and that GE expected to substantially complete its exit strategy by the end of 2016. The April and August 2015 press releases stated that GE intends to retain key financing divisions which vertically support GE's core industrial businesses. Among those listed were Aviation Services, Energy Financial Services and Healthcare Equipment Finance. The impact of the sale of GECC's assets on the employees at GECC's Norwalk location is unknown at this time.

Norwalk Area Corporate/Regional Headquarters (continued)

<u>Company</u>	<u>Business</u>
Stolt-Nielson	Shipping
Tauck World Discovery	Travel Services
R.T Vanderbilt Company, Inc.	Industrial Minerals & Chemicals
Van Dyk Recycling Solution	High Tech Large Scale Recycling Equipment
Virgin Atlantic Airways	Airline/Leisure Travel
Webloyalty.com	Customer Rewards Programs
Western Connecticut Health Network (Norwalk Hospital)	Hospital
Wusthof	Cutlery Manufacturer
Xerox Corporation	Documentation Management

Source: City of Norwalk Redevelopment Authority.

Value of Building Permits

<u>Fiscal Year</u> <u>Ended 6/30</u>	<u>Building</u>	<u>Miscellaneous</u>	<u>Total</u>
2015 (1)	\$192,178,911	\$ 58,567,664	\$ 250,746,575
2014	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

(1) As of June 30, 2015.

Source: City of Norwalk, Building Department.

Number of Dwelling Units

<u>2013</u>	<u>2000</u>	<u>1990</u>	<u>1980</u>	<u>% Increase</u> <u>2000-2013</u>	<u>% Increase</u> <u>1980-2013</u>
38,166	33,753	32,224	28,309	13.1%	34.8%

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

Norwalk Housing Inventory

<u>Type</u>	<u>Units</u>	<u>Percent</u>
1-unit detached	18,593	48.7
1-unit attached	1,936	5.1
2 to 4 units	8,155	21.4
5 to 9 units	2,647	6.9
10 or more units	6,756	17.7
Mobile home, trailer, other	79	0
Total Inventory	<u>38,166</u>	<u>100.0</u>

Source: U. S. Bureau of Census, American Community Survey, 2009-2013.

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	228	1.0	3,702	1.6	20,800	2.3
50,000 to 99,999	251	1.1	3,898	1.7	24,638	2.7
100,000 to 149,999	544	2.4	6,735	2.9	66,934	7.3
150,000 to 199,999	839	3.6	13,838	6.0	135,714	14.8
200,000 to 299,999	2,771	12.0	35,824	15.6	264,832	28.8
300,000 to 499,999	10,527	45.6	70,586	30.8	250,076	27.2
500,000 to 999,999	6,772	29.3	62,910	27.4	114,622	12.5
1,000,000 and over	1,163	5.0	31,993	13.9	41,872	4.6
Total	23,095	100.0	229,486	100.0	919,488	100.0
Median Value	\$424,200		\$432,100		\$278,900	

Source: U. S. Bureau of Census, American Community Survey, 2009-2013.

Age Distribution of Housing

Year Structure Built	City of Norwalk		Fairfield County		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent
1939 or earlier	8,672	22.7	77,884	21.6	336,587	22.6
1940 to 1949	3,219	8.4	27,824	7.7	105,742	7.1
1950 to 1959	7,331	19.2	62,046	17.2	232,555	15.6
1960 to 1969	5,728	15.0	52,500	14.5	200,430	13.5
1970 to 1979	4,926	12.9	50,154	13.9	200,576	13.5
1980 to 1989	4,099	10.7	40,689	11.3	192,185	12.9
1990 to 1999	1,837	4.8	24,224	6.7	111,295	7.5
2000 to 2009	2,060	5.4	24,058	6.7	102,666	6.9
2010 or later	294	0.8	1,893	0.5	4,959	0.3
Total housing units	38,166	100.0	361,272	100.0	1,486,995	100.0

Source: U. S. Bureau of Census, American Community Survey, 2009-2013.

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SECTION IV – INDEBTEDNESS

Computation of Statutory Debt Limit

As of September 23, 2015

Total Fiscal Year 2014 tax collections (including interest and lien fees)	\$ 281,884,901
State Reimbursement for Revenue Loss on:	
Tax Relief for the Elderly	<u>16,000</u>
Base for Establishing Debt Limit	<u><u>\$ 281,900,901</u></u>

Debt Limit	General Purpose	Schools	Sewers	Urban Renewal	Unfunded Past Pension	Total Debt
(2.25 times base)	\$634,277,027					
(4.50 times base)		\$1,268,554,055				
(3.75 times base)			\$1,057,128,379			
(3.25 times base)				\$916,177,928		
(3.00 times base)					\$845,702,703	
(7.00 times base)						\$1,973,306,307

Indebtedness (Including the Bonds and Maritime Center Debt)

Bonds Payable	\$118,741,283	\$80,463,497	\$ -	\$15,392,638	\$ -	\$ 214,597,418
Refunded Bonds	(15,263,000)	(290,000)	(447,000)	-	-	(16,000,000)
The Bonds (<i>This Issue</i>)	14,378,000	260,000	422,000	-	-	15,060,000
Parking Authority (1)	8,126,025	-	-	-	-	8,126,025
Water Pollution Control Authority (WPCA)	-	-	40,653,107 (2)	-	-	40,653,107
Authorized but Unissued Debt	15,489,330	5,380,000	12,485,000	5,381,200	-	38,735,530
Overlapping Indebtedness (3)	33,652,718	-	-	-	-	33,652,718
Total Bonded Indebtedness	<u>175,124,356</u>	<u>85,813,497</u>	<u>53,113,107</u>	<u>20,773,838</u>	<u>-</u>	<u>334,824,798</u>
School Grants Receivable	-	-	-	-	-	-
Net Bonded Indebtedness	<u>175,124,356</u>	<u>85,813,497</u>	<u>53,113,107</u>	<u>20,773,838</u>	<u>-</u>	<u>334,824,798</u>
Excess of Limit Over Outstanding and Authorized Debt	<u>\$ 459,152,671</u>	<u>\$1,182,740,558</u>	<u>\$1,004,015,272</u>	<u>\$895,404,090</u>	<u>\$845,702,703</u>	<u>\$1,638,481,509</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 \$9,641,557 of general obligation bonds and \$31,011,550 State of Connecticut Clean Water Fund ("CWF") Program Project Loan Obligations which are guaranteed by the full faith and credit of the City but will be repaid from sewer charges. (See "Water Pollution Control Authority" and "Clean Water Fund" herein).
- (3) Include State of Connecticut's Drinking Water Loans in the amount of \$6,941,171 for the First Taxing District and \$17,211,547 for the Second Taxing District, and \$9,500,000 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 September 23, 2015

Direct Debt (1)	
Refunded Bonds	\$(16,000,000)
The Bonds – <i>This Issue</i>	15,060,000
General Purpose	118,741,283
Schools	80,463,497
Urban Renewal	15,392,638
Parking Authority (2)	8,126,025
Water Pollution Control Authority ("WPCA") (3)	<u>40,653,107</u>
Direct Debt	<u>262,436,550</u>
Short Term Debt	<u>-</u>
Total Direct Debt	<u>262,436,550</u>
Underlying Debt (4)	<u>33,652,718</u>
Total Direct and Underlying Debt	<u>296,089,268</u>
Exclusions:	
Self supporting Parking Authority Debt	(8,126,025)
Self-supporting WPCA Debt	(40,653,107)
Self-supporting Underling Debt	<u>(33,652,718)</u>
Net Direct and Underlying Debt	<u>\$213,657,418</u>

(1) Does not include authorized but unissued debt of \$38,735,530.

(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 \$9,641,557 of general obligation bonds and \$31,011,550 State of Connecticut Clean Water Fund ("CWF") Program Project Loan Obligations which are guaranteed by the full faith and credit of the City but will be repaid from sewer charges. (See "Water Pollution Control Authority" and "Clean Water Fund" herein).

(4) Include State of Connecticut's Drinking Water Loans in the amount of \$6,941,171 for the First Taxing District and \$17,211,547 for the Second Taxing District, and \$9,500,000 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 September 23, 2015

Total Direct Debt	\$262,436,550
Total Direct and Underlying Indebtedness	\$296,089,268
Net Direct and Underlying Indebtedness	\$213,657,418

Population (1)	86,499
Net Taxable Grand List (10/1/14)	\$11,824,387,000
Estimated Full Value	\$16,891,981,429
Equalized Net Taxable Grand List (2013) (2)	\$16,956,223,841
Per Capita Income (2013) (1)	\$43,767

	<u>Total Direct Debt</u>	<u>Total Direct and Underlying Debt</u>	<u>Net Direct and Underlying Debt</u>
Per Capita	\$3,034	\$3,423	\$2,470
To Net Taxable Grand List	2.22%	2.50%	1.81%
To Estimated Full Value	1.55%	1.75%	1.26%
To Equalized Net Taxable Grand List	1.55%	1.75%	1.26%
Per Capita to Per Capita Income	6.93%	7.82%	5.64%

(1) U.S. Bureau of Census, American Community Survey.

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

Historical Debt Statement

	<u>2014-15 (1)</u>	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>
Population (2)	86,499	86,499	86,499	85,603	85,603
Net taxable grand list	\$11,824,387,000	\$12,806,420,000	\$12,808,833,000	12,774,487,000	\$12,646,134,000
Estimated full value	\$16,891,981,429	\$18,294,885,714	\$18,298,332,857	\$18,249,267,143	\$18,247,899,000
Equalized net taxable grand list (3)	\$16,956,223,841	\$16,572,378,408	\$16,560,812,571	\$16,955,393,390	\$17,356,987,045
Per capita income (2)	\$43,767	\$43,767	\$43,767	\$43,303	\$43,303
Short-term debt	\$ -	\$ -	\$ -	\$19,758,195	\$11,497,605
Long-term debt	\$265,858,120	\$273,630,935	\$276,765,135	\$250,187,387	\$251,518,454
Total Direct debt	\$265,858,120	\$273,630,935	\$276,765,135	\$269,945,582	\$263,016,059
Total Direct and Underlying debt	\$299,759,283	\$309,155,935	\$303,392,135	\$290,651,968	\$284,780,030
Net Direct and Underlying debt	\$216,823,818	\$219,174,135	\$215,869,298	\$228,463,398	\$218,203,912

(1) Unaudited estimate.

(2) U.S. Bureau of Census.

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

Historical Debt Ratios

	<u>2014-15 (1)</u>	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>
Total Direct debt:					
Per capita	\$3,074	\$3,163	\$3,200	\$3,153	\$3,073
To net taxable grand list	2.25%	2.14%	2.16%	2.11%	2.08%
To estimated full value	1.57%	1.50%	1.51%	1.48%	1.44%
To equalized net taxable grand list	1.57%	1.65%	1.67%	1.59%	1.52%
Debt per capita to per capita income	7.02%	7.23%	7.31%	7.28%	7.10%
Total direct and underlying debt:					
Per capita	\$3,465	\$3,574	\$3,507	\$3,395	\$3,327
To net taxable grand list	2.54%	2.41%	2.37%	2.28%	2.25%
To estimated full value	1.77%	1.69%	1.66%	1.59%	1.56%
To equalized net taxable grand list	1.77%	1.87%	1.83%	1.71%	1.64%
Debt per capita to per capita income	7.92%	8.17%	8.01%	7.84%	7.68%
Net direct and underlying debt:					
Per capita	\$2,507	\$2,534	\$2,496	\$2,669	\$2,549
To net taxable grand list	1.83%	1.71%	1.69%	1.79%	1.73%
To estimated full value	1.28%	1.20%	1.18%	1.25%	1.20%
To equalized net taxable grand list	1.28%	1.32%	1.30%	1.35%	1.26%
Debt per capita to per capita income	5.73%	5.79%	5.70%	6.16%	5.89%

(1) Unaudited estimate.

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, however the bonds are secured by the full faith and credit of the City.

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 calendar 2012 (an upgrade cost of \$38,000,000) 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.

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.

Clean Water Fund Program

The City has financed the renovations to its Sewer Treatment Plant through the State of Connecticut Clean Water Fund Program (CGS Sec. 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 September 23, 2015</u>
CWF 301-C	12/30/1997	\$ 1,934,212	\$ 152,926
CWF 397-C	1/31/2000	673,270	133,523
CWF 190-DC	9/29/2000	41,294,122	9,730,079
CWF 190-L1	12/21/2001	4,930,815	1,631,475
CWF 190-DC1	12/30/2004	1,830,187	561,764
CWF 612-C	1/31/2013	21,823,781	18,801,783
		<u>\$ 72,486,387</u>	<u>\$ 31,011,550</u>

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, however the City backs the debt with its full faith and credit for these existing bonds.

Temporary Financing

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

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

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

Legal Requirements for Approval of Borrowing

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

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 \$17,211,547 is outstanding as of September 23, 2015.

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 an 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, of which \$9,500,000 is outstanding as of September 23, 2015.

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 (CGS Sec. 22a-475 et.seq.) which provides financial assistance through loans bearing interest at a rate of 2% per annum. On June 30, 2015, the First Taxing District issued a PLO in the amount of \$7,000,000, of which \$6,941,171 is outstanding as of September 23, 2015.

Authorized but Unissued Debt

	Authorized But Unissued Debt				
	<u>General Purpose</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Total</u>
<u>Capital Budget 2002-03</u>					
Subtotal Capital Budget 2002-03	\$ -	\$ -	\$ -	\$ 600,000	\$ 600,000
<u>Capital Budget 2003-04</u>					
Subtotal Capital Budget 2003-04	-	1,000,000	-	-	1,000,000
<u>Capital Budget 2008-09</u>					
Subtotal Capital Budget 2008-09	-	-	10,235,000	-	10,235,000
<u>Capital Budget 2011-12</u>					
Subtotal Capital Budget 2011-12	275,000	-	-	-	275,000
<u>Capital Budget 2012-13</u>					
Subtotal Capital Budget 2012-13	1,293,000	-	250,000	334,200	1,877,200
<u>Capital Budget 2013-14</u>					
Subtotal Capital Budget 2013-14	749,000	-	2,000,000	662,000	3,411,000
<u>Capital Budget 2014-15</u>					
Subtotal Capital Budget 2014-15	2,643,000	2,063,000	-	760,000	5,466,000
<u>Capital Budget 2015-16</u>					
Subtotal Capital Budget 2015-16	9,029,330	2,317,000	-	1,325,000	12,671,330
<u>Supplemental Capital Appropriations</u>					
Wall Street Development Project	-	-	-	1,700,000	1,700,000
Oak Hills Golf Course Improvements	300,000	-	-	-	300,000
Police Headquarters Inverse Condemnation	1,200,000	-	-	-	1,200,000
Subtotal Special Appropriations	<u>1,500,000</u>	<u>-</u>	<u>-</u>	<u>1,700,000</u>	<u>3,200,000</u>
Grand Total	<u>\$15,489,330</u>	<u>\$ 5,380,000</u>	<u>\$12,485,000</u>	<u>\$ 5,381,200</u>	<u>\$38,735,530</u>

School Construction Projects

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

<u>Project</u>	<u>Total Appropriation</u>	<u>Estimated Reimbursement Rate for Eligible Costs</u>	<u>Total Estimated Grant</u> (1)	<u>Outstanding Bond Authorizations Prior To This Issue</u>
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	2,963,000
BOE Construction Projects 2015-16	2,317,000	33.00%	-	2,317,000
Total	<u>\$ 10,672,000</u>		<u>\$ 829,290</u>	<u>\$ 7,013,000</u>

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

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

Capital Improvement Program

<u>Department</u>	<u>2015-2016 Council Approved</u>	<u>2016-2017 Finance Recommend</u>	<u>2017-2018 Finance Recommend</u>	<u>2018-2019 Finance Recommend</u>	<u>2019-2020 Finance Recommend</u>	<u>Total</u>
Police Department	\$ 38,000	\$ 119,000	\$ -	\$ -	\$ -	\$ 157,000
Combined Dispatch	220,000	-	-	-	-	220,000
Fire Department	250,000	585,000	790,000	435,000	3,535,000	5,595,000
Public Works	9,967,000	11,323,000	10,526,000	12,226,000	9,838,000	53,880,000
Parking Authority	-	947,000	1,047,000	897,000	897,000	3,788,000
Water Pollution Control Authority	6,000,000	7,000,000	4,000,000	3,000,000	1,000,000	21,000,000
Board of Education	2,317,000	3,183,000	9,205,000	7,322,000	1,250,000	23,277,000
Recreation & Parks	2,445,000	1,625,000	740,000	465,000	880,000	6,155,000
Library	62,000	47,000	66,000	65,000	87,000	327,000
Historical Commission	510,000	525,000	315,000	460,000	335,000	2,145,000
Redevelopment Agency	1,325,000	1,650,000	1,350,000	1,350,000	1,150,000	6,825,000
Health	-	-	-	-	-	-
Information Technology	438,000	371,000	500,000	195,000	232,000	1,736,000
Human Relations & Fair Rent	250,000	250,000	250,000	250,000	250,000	1,250,000
Total	<u>\$ 23,822,000</u>	<u>\$ 27,625,000</u>	<u>\$ 28,789,000</u>	<u>\$ 26,665,000</u>	<u>\$ 19,454,000</u>	<u>\$ 126,355,000</u>
Funding Sources						
State Funded	\$ 629,000	\$ 629,000	\$ 629,000	\$ 629,000	\$ 629,000	\$ 3,145,000
Parking Authority	-	947,000	1,047,000	897,000	897,000	3,788,000
Water Pollution Control Authority	6,000,000	7,000,000	4,000,000	3,000,000	1,000,000	21,000,000
General Obligations Bonds	17,193,000	19,049,000	23,113,000	22,139,000	16,928,000	98,422,000
Total	<u>\$ 23,822,000</u>	<u>\$ 27,625,000</u>	<u>\$ 28,789,000</u>	<u>\$ 26,665,000</u>	<u>\$ 19,454,000</u>	<u>\$ 126,355,000</u>

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Combined Schedule of Long Term Debt through Maturity

As of September 23, 2015

Fiscal Year	Existing Debt (1)			Refunded Bonds	The Bonds	Total
	City Principal	City Interest	Total Debt Service	Principal Payments	Principal Payments	Principal All Issues
2015-16 (2)	\$ 24,545,356	\$ 9,312,902	\$ 33,858,258	\$ -	\$ -	\$ 24,545,356
2016-17	23,860,734	9,072,291	32,933,025	(1,000,000)	895,000	23,755,734
2017-18	23,488,660	7,868,187	31,356,847	(1,000,000)	885,000	23,373,660
2018-19	23,649,021	7,012,283	30,661,304	(1,000,000)	890,000	23,539,021
2019-20	20,865,263	6,210,024	27,075,287	(1,000,000)	910,000	20,775,263
2020-21	19,287,083	5,466,575	24,753,658	(1,000,000)	915,000	19,202,083
2021-22	18,874,860	4,751,538	23,626,398	(1,000,000)	920,000	18,794,860
2022-23	18,901,588	4,073,910	22,975,498	(1,000,000)	930,000	18,831,588
2023-24	18,963,420	3,412,034	22,375,454	(1,000,000)	935,000	18,898,420
2024-25	17,025,691	2,759,281	19,784,972	(1,000,000)	950,000	16,975,691
2025-26	15,648,413	2,123,787	17,772,200	(1,000,000)	965,000	15,613,413
2026-27	14,631,593	1,662,387	16,293,980	(1,000,000)	975,000	14,606,593
2027-28	12,670,241	1,187,045	13,857,286	(1,000,000)	985,000	12,655,241
2028-29	10,382,366	841,100	11,223,466	(1,000,000)	985,000	10,367,366
2029-30	8,790,978	502,375	9,293,353	(1,000,000)	985,000	8,775,978
2030-31	6,069,087	256,962	6,326,049	(1,000,000)	975,000	6,044,087
2031-32	3,744,702	98,500	3,843,202	(1,000,000)	960,000	3,704,702
2032-33	1,459,064	20,432	1,479,496	-	-	1,459,064
Total	\$282,858,120	\$66,631,613	\$349,489,733	\$ (16,000,000)	\$ 15,060,000	\$281,918,120

(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 \$19,481,570 made as of September 23, 2015.

Source: City of Norwalk

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Combined Schedule of City Bonded Debt

As of September 23, 2015 (1,2)

Fiscal Year	General Principal Payments	General Interest Payments	School Principal Payments	School Interest Payments	Urban Principal Payments	Urban Interest Payments	Total Debt Service
2015-16 (3)	\$ 8,494,754	\$ 4,139,478	\$ 9,608,578	\$ 3,424,289	\$ 1,030,778	\$ 514,076	\$ 27,211,953
2016-17	8,353,620	4,049,275	9,505,586	3,199,101	838,188	616,529	26,562,299
2017-18	8,326,461	3,590,744	8,959,291	2,687,504	1,011,121	530,608	25,105,729
2018-19	8,410,566	3,295,432	8,952,149	2,291,468	1,012,979	492,599	24,455,193
2019-20	8,764,157	3,044,432	7,588,210	1,940,406	1,158,090	450,043	22,945,338
2020-21	8,494,211	2,722,917	6,881,640	1,644,325	1,125,040	396,477	21,264,610
2021-22	8,485,049	2,411,257	6,640,390	1,348,569	1,157,940	350,163	20,393,368
2022-23	8,655,225	2,126,216	6,456,490	1,082,003	1,287,840	304,175	19,911,949
2023-24	8,240,298	1,849,868	6,785,340	820,611	1,253,990	260,401	19,210,508
2024-25	8,131,358	1,573,337	5,062,240	573,574	1,276,390	214,744	16,831,643
2025-26	7,340,333	1,310,984	4,514,340	327,867	1,184,490	169,780	14,847,794
2026-27	7,372,158	1,064,926	3,551,290	236,006	1,070,990	129,297	13,424,667
2027-28	7,245,454	813,619	2,362,840	119,873	1,105,490	88,717	11,735,993
2028-29	7,021,884	571,033	695,340	98,412	947,490	52,145	9,386,304
2029-30	5,191,834	361,632	1,328,800	33,020	598,750	25,679	7,539,715
2030-31	4,066,023	198,320	334,751	6,180	306,250	7,501	4,919,025
2031-32	2,409,452	81,439	-	-	-	-	2,490,891
2032-33	1,350,000	20,250	-	-	-	-	1,370,250
Total	\$126,352,837	\$ 33,225,159	\$ 89,227,275	\$ 19,833,208	\$16,365,816	\$ 4,602,934	\$289,607,229

(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 \$17,348,510 made as of September 23, 2015.

Source: City of Norwalk

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Combined Schedule of Bonded Debt for Parking Authority and Water Pollution Control Authority
As of September 23, 2015 (1)

Fiscal Year	Parking Authority Principal Payments (2)	Parking Authority Interest Payments (2)	Parking Authority Total Debt Service	WPCA Principal Payments (3)	WPCA Interest Payments (3)	WPCA Total Debt Service
2015-16 (4)	\$ 661,196	\$ 348,080	\$ 1,009,276	\$ 4,750,050	\$ 886,979	\$ 5,637,029
2016-17	617,912	368,098	986,010	4,545,428	839,288	5,384,716
2017-18	627,633	347,792	975,425	4,564,154	711,540	5,275,694
2018-19	642,073	325,141	967,214	4,631,254	607,643	5,238,897
2019-20	590,681	271,856	862,537	2,764,125	503,288	3,267,413
2020-21	620,497	243,192	863,689	2,165,695	459,664	2,625,359
2021-22	635,652	218,300	853,952	1,955,829	423,249	2,379,078
2022-23	669,572	189,618	859,190	1,832,461	371,898	2,204,359
2023-24	715,222	157,081	872,303	1,968,570	324,073	2,292,643
2024-25	788,462	120,983	909,445	1,767,241	276,643	2,043,884
2025-26	770,537	83,411	853,948	1,838,713	231,744	2,070,457
2026-27	797,462	46,003	843,465	1,839,693	186,155	2,025,848
2027-28	256,916	21,595	278,511	1,699,541	143,241	1,842,782
2028-29	218,986	12,406	231,392	1,498,666	107,105	1,605,771
2029-30	149,316	7,526	156,842	1,522,278	74,519	1,596,797
2030-31	12,556	753	13,309	1,349,507	44,208	1,393,715
2031-32	12,548	251	12,799	1,322,702	16,810	1,339,512
2032-33	-	-	-	109,064	182	109,246
Total	\$ 8,787,221	\$ 2,762,086	\$11,549,307	\$42,124,971	\$ 6,208,229	\$48,333,200

(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 \$2,133,060 made as of September 23, 2015.

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, 2014, 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, 2014, 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, 2014. To be eligible for the award, financial reports must include general purpose financial statements presented in conformity with GAAP, and have been audited in accordance with generally accepted auditing standards. The reports also contain statistical information useful in evaluating the financial condition of a government and conform to certain generally accepted formatting standards established for the Certificate Program.

Budgetary Procedures

The City of Norwalk conforms to the following budgetary sequences and time schedules:

	<u>By</u>
Each Board, Commission, Committee, Officer and Department of the City shall submit to the Director of Finance a copy of its proposed annual operating budget.	January 15
Capital Budget requests must be submitted to the Planning and Zoning Commission and Director of Finance.	December 31
Director of Finance shall submit to the Board of Estimate and Taxation and to the Common Council the proposed annual operating budget for the City by the 2 nd Monday and the 2 nd Tuesday, respectively.	February February
Common Council adopts cap on total appropriations for the operating budget by the 4 th 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 nd Monday in February to 1 st Monday in April.	April April
Common Council may amend the cap on the operating budget not later than the 3 rd Tuesday.	
Board of Estimate and Taxation adjusts operating budget if a new cap is set not later than the 4 th 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 st Monday.	May

Public Act No. 15-244 (the “Act”), which becomes effective October 1, 2015, creates certain disincentives on increasing general budget expenditures for municipalities in Connecticut. Beginning in fiscal year 2018, the Office of Policy and Management (“OPM”) must reduce the amount of the municipal revenue sharing grant (which is created by the Act) for those municipalities whose increases in general budget expenditures, with certain exceptions, exceed the spending limits specified in the Act. Each fiscal year, OPM must reduce the municipal revenue sharing grant paid to a municipality if the annual increase in its general budget expenditures is equal to or greater than 2.5% or the inflation rate, whichever is greater. The reduction to the municipal revenue sharing grant will generally equal 50 cents for every dollar the municipality spends over the expenditure cap. However, for municipalities that taxed motor vehicles at more than 32 mills for the 2013 assessment year (for taxes levied in FY 15), the reduction shall not be more than the portion of the grant that exceeds the difference between the amount of property taxes the municipality levied on motor vehicles for the 2013 assessment year and the amount the levy would have been had the motor vehicle mill rate been 32 mills. (See "Motor Vehicle Property Tax Rate" herein.)

The Act requires each municipality to annually certify to the Secretary of OPM whether the municipality has exceeded the increased spending limits, and if so, the amount by which the limit was exceeded.

Under the Act, municipal spending does not include expenditures:

1. for debt service, special education, or costs to implement court orders or arbitration awards;
2. associated with a major disaster or emergency declaration by the President or disaster emergency declaration issued by the Governor under the civil preparedness law; or
3. for any municipal revenue sharing grant the municipality disburses to a district, up to the difference between the amount of property taxes the district levied on motor vehicles in the 2013 assessment year and the amount the levy would have been had the motor vehicle mill rate been 32 mills, for FY 17 disbursements, or 29.63 mills, for FY 18 disbursements and thereafter.

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 7.5% 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 7.5%, the City will take affirmative steps to restore its fund balance to at least 7.5% as soon as practical. The City intends to limit its unassigned fund balance to no more than 15% of operating revenues. Amounts in excess of 15% 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 1st 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, 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 and (5) Obligations of agencies of the United States Government.

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 sewerer 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 Rate
October 1, 2014	2015-16	25.37	25.37	25.37	25.43	24.71	22.85	28.81
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

Motor Vehicle Property Tax Rate

Public Act No. 15-244, which becomes effective October 1, 2015, allows municipalities to tax motor vehicles at a different rate than other taxable property but caps the motor vehicle tax rate at (i) 32.00 mills for the 2015 assessment year and (ii) 29.36 mills for the 2016 assessment year and thereafter. The Act also diverts a portion of state collected sales tax revenue to provide funding to municipalities to fully reimburse the revenue loss attributed to the motor vehicle property tax cap. The City's motor vehicle tax rate for the current 2014 assessment year is 28.81 mills.

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, 2014 actuarial valuation, pension obligations exceed pension assets by \$32,941,760 for the Municipal Employees' Pension Fund; \$36,799,312 for the Police Benefit Fund; \$18,911,183 for the Firemen's Benefit Fund and \$764,200 for the Food Service Fund or \$89,416,455 for all the funds.

The City has implemented Government Accounting Standards Board's (GASB) Statement No. 67 effective Fiscal Year 2013-2014. Net position is based on fair market value as of June 30, 2014 and the Total Pension Liability is based on the actuarial assumptions as of the prior valuation date updated to June 30, 2014. In accordance with GASB Statement No. 67, the components of the net pension liability of the City of June 30, 2014 were as follows:

	<u>Employees' Pension Plan</u>	<u>Fire Benefit Plan</u>	<u>Police Benefit Plan</u>	<u>Food Service Employees' Fund</u>	<u>Total</u>
Total pension liability	\$209,273,133	\$112,043,175	\$134,413,763	\$ 2,745,996	\$458,476,067
Plan fiduciary net position	190,927,256	99,863,900	106,424,468	2,044,495	399,260,119
Net pension liability	<u>\$ 18,345,877</u>	<u>\$ 12,179,275</u>	<u>\$ 27,989,295</u>	<u>\$ 701,501</u>	<u>\$ 59,215,948</u>
Plan fiduciary net position as a % of total pension liability	91.2%	89.1%	79.2%	74.5%	87.1%

The following represents the net pension liability of the City, calculated using the discount rate of 7.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.75%) or 1 percentage point higher (8.75%) than the current rate:

Net Pension Liability (Asset)	1% Decrease	Current Discount Rate	1% Increase
	6.75%	7.75%	8.75%
Employees Pension Plan	\$ 40,430,765	\$ 18,345,877	\$ (362,213)
Fire Benefit Plan	25,348,765	12,179,275	798,001
Police Benefit Fund	44,982,337	27,989,295	13,601,102
Food Service Employees' Fund	980,279	701,501	467,402

Based upon a July 1, 2014 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)]
7/1/2014	\$99,662,664	\$136,461,976	\$36,799,312	73.0%	\$12,880,465	285.7%
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%

Schedule of Employer Contributions

Fiscal Year	Actuarially Determined Contribution	Actual Contribution	Percentage Contributed
2016 (1)	\$ 4,314,628	\$4,314,628	100.0%
2015 (2)	4,080,602	4,080,602	100.0%
2014	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%

(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)]
7/1/2014	\$93,410,923	\$112,322,106	\$18,911,183	83.2%	\$10,148,581	186.3%
7/1/2013	86,558,851	107,494,876	20,936,025	80.5%	9,721,012	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

<u>Fiscal Year</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Contribution</u>	<u>Percentage Contributed</u>
2016 (1)	\$ 2,565,634	\$2,565,634	100.0%
2015 (2)	2,547,300	2,547,300	100.0%
2014	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

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u> (a)	<u>Actuarial Accrued Liability (AAL)</u> (b)	<u>Unfunded AAL (UAAL)</u> (b)-(a)	<u>Funded Ratio</u> (a) / (b)	<u>Covered Payroll</u> (c)	<u>UAAL as a Percentage of Covered Payroll</u> [(b) - (a) / (c)]
7/1/2014	\$178,783,904	\$211,725,664	\$ 32,941,760	84.4%	\$35,518,485	92.7%
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%

Schedule of Employer Contributions

<u>Fiscal Year</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Contribution</u>	<u>Percentage Contributed</u>
2016 (1)	\$ 4,776,855	\$ 4,776,855	100.0%
2015 (2)	4,846,456	4,896,294	101.0%
2014	4,114,985	4,129,672	100.4%
2013	3,170,268	3,240,092	102.2%
2012	2,497,652	2,561,323	102.5%
2011	1,677,163	1,717,429	102.4%

- (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)]
7/1/2014	\$1,914,023	\$2,678,223	\$764,200	71.47%	\$1,056,694	72.3%
7/1/2013	1,735,441	2,598,714	863,273	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	Actuarially Determined Contribution	Actual Contribution	Percentage Contributed
2016 (1)	\$ 127,765	\$ 127,765	100.0%
2015 (2)	134,962	134,962	100.0%
2014	112,571	112,571	100.0%
2013	88,214	88,214	100.0%
2012	89,102	89,102	100.0%
2011	89,530	89,530	100.0%

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

Defined Contribution Pension Plan

As part of the July 1, 2012 Pension Coalition Agreement, management took steps to reduce the City's cost of providing retirement benefits for future employees that were previously covered by the Employees' Pension Plan. To help mitigate future increases in retirement costs, the Agreement approved by the City Common Council required all full-time employees other than sworn Police Officers, Firefighters, Food Service, grant employees and Certified Teachers and Administrators hired after July 1, 2012 to participate in a 401(a) defined contribution plan. In August 2013, full-time grant employees were added to the 401a. This Plan is not reported as a fiduciary fund by the City as it does not meet the reporting criterion. The Defined Contribution Plan requires the City to contribute 5% of each participant's salary. Employees are also required to contribute 5% of their salary. The assets for the Plan are held by ICMA Retirement Corporation. The balance of the Plan amounted to approximately \$513,243 at June 1, 2015 and is not reflected in the accompanying financial statements of the City, as the City's role in the administration of the Plan is limited.

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	\$37,232,000	\$ 282,040,000	\$ 244,808,000	13.20%	N/A	N/A
7/1/2011	21,113,000	233,552,000	212,439,000	9.04%	\$144,988,620	146.5%
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	0.00%	N/A	N/A
7/1/2005	-	152,654,000	152,654,000	0.00%	N/A	N/A

Schedule of Employer Contributions

Fiscal Year Ended	Annual Required Contribution	Actual Contribution	Percentage Contributed
2016 (1)	\$ 23,232,000	\$ 16,288,289	70.1%
2015 (2)	22,287,000	15,788,289	70.8%
2014	19,302,000	15,655,506	81.1%
2013	18,450,000	16,539,021	89.6%
2012	18,629,000	15,524,320	83.3%
2011	17,791,000	14,078,709	79.1%

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

Self-Insurance Program

The City is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City purchases commercial insurance for property losses in excess of \$100,000 up to \$100 million per occurrence for real property 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 also elected to purchase Excess Workers' Compensation insurance for catastrophic employee claims. There is a \$3 million deductible with a \$10 million limit of liability. 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, 2014 the City's, including the Board of Education, maximum loss potential was approximately \$17,605,122 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 \$27,099,656 in the Insurance Fund. Thus, on an accrual basis, in accordance with GASB Statement 10, the Insurance Fund had a net position of \$9,494,534.

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 Ended 30-Jun	Taxable Grand List	Total Tax Rate (Mills)	Adjusted Tax Levy	Uncollected Taxes			
				End of Fiscal Year	%	As of 6/30/2015 ⁽³⁾	%
2016 ⁽¹⁾	\$11,901,253,000	25.43	\$296,608,814	N/A	N/A	N/A	N/A
2015 ^(1,2)	11,824,387,000	25.10	292,174,835	N/A	N/A	\$3,607,825	1.2
2014	12,806,420,000	22.19	275,383,316	\$3,865,003	1.4	1,274,734	0.5
2013	12,808,833,000	21.38	270,616,024	4,173,765	1.5	604,895	0.2
2012	12,774,487,000	20.80	261,927,248	3,502,515	1.3	26,156	0.0
2011	12,646,134,000	20.58	256,900,612	4,025,535	1.6	(59,827)	0.0
2010 ⁽²⁾	12,611,077,000	19.84	245,698,355	3,470,417	1.4	(93,329)	0.0
2009	10,673,889,000	22.55	236,583,751	4,352,629	1.8	(44,120)	0.0
2008	10,527,527,000	21.72	225,998,723	3,431,799	1.5	(124,020)	(0.1)
2007	9,468,305,000	22.63	216,241,703	3,603,142	1.7	(339,103)	(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
2014	\$10,591,819	\$758,214	\$621,060	\$11,971,093	\$69,840	\$11,901,253
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

(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
2014	\$7,606,804	\$2,842,950	\$142,065	\$10,591,819
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

(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, 2014:

<u>Business-Name</u>	<u>Nature Of Business</u>	<u>Total Estimated Gross Assessment</u>
Eversource	Electrical Distribution	\$ 350,349,854
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 Five Glover Partners LLC	Office Buildings	61,698,460
Yankee Gas Co.	Utility Lines	58,559,382
45 Glover Partners LLC	Office Buildings	50,104,470
RB Norwalk Owners LLC	Apartment Complex	47,608,570
Avalon Bay Communities Inc.	Apartment Complex	43,486,990
Norwalk Center LLC	Office, Ind. Complex	43,284,280
CP IV Waypointe BP I LLC	Apartment Complex	42,400,990
Avalon Norden Place LLC	Apartment Complex	40,916,530
i Park Norwalk LLC	Office, Ind. Complex	39,467,740
ESRT Merrittview LLC	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 Property Investors LLC.	Apartment Complex	30,451,200
Merritt River Partners LLC	Office Buildings	26,915,360
150 Glover Avenue 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
COSTCO Wholesale Corporation	Big Box Retail	22,696,770
Elite Development Group LLC	Retail Stores	21,702,780
King Industries	Manufacturing	21,619,503
Passero Rudolph A Jr.	Shopping Center	21,252,350
Home Depot USA	Big Box Retail	20,755,010
Total		<u>\$ 1,480,900,029</u> ⁽¹⁾

(1) Represents 12.44% of the net taxable grand list of \$11,901,253,000 dated October 1, 2014.

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 2010-2014 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 as a % of General Fund Revenues
2015-16 (1)	\$326,989,609	\$294,594,804	90.1%
2014-15 (2)	320,230,145	289,516,802	90.4%
2013-14	335,874,995	281,947,778	83.9%
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%

(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 2014-15 unaudited estimate and 2015-16 adopted budget.

Intergovernmental Revenues

Fiscal Year	General Fund Revenues	Federal and State Aid	Total Aid As a Percentage Of General Fund Revenue
2015-16 (1)	\$326,989,609	17,316,500	5.3%
2014-15 (2)	320,230,145	16,480,212	5.1%
2013-14	335,874,995	39,957,341	11.9%
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%

(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 2014-15 unaudited estimate and 2015-16 adopted budget.

Expenditures

<u>Fiscal Year</u>	<u>Education</u>	<u>Protection of Persons & Property</u>	<u>Employee Benefits</u>	<u>Public Works</u>	<u>Debt Service</u>
2015-16 (1)	52.0%	14.0%	13.0%	6.0%	8.0%
2014-15 (2)	53.0%	14.0%	13.0%	6.0%	8.0%
2013-14	56.0%	13.0%	12.0%	5.0%	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 2014-15 unaudited estimate and 2015-16 adopted budget.

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

	Fiscal Year 2013-2014			Fiscal Year	Fiscal Year
	Revised Budget	Actual Operations	Variance Favorable (Unfavorable)	2014-15 Unaudited Estimate	2015-16 Adopted Budget
Revenues					
Property Taxes	\$280,844,131	\$281,947,778	\$ 1,103,647	\$289,516,802	\$294,594,804
Intergovernmental	15,224,247	16,593,738	1,369,491	16,480,212	17,316,500
Licenses, permits, fees and other	10,978,011	12,806,680	1,828,669	13,389,790	13,318,305
Interest on investments	712,000	771,096	59,096	843,341	760,000
Appropriation of Fund Balance	-	-	-	-	1,000,000
Total Revenues	<u>307,758,389</u>	<u>312,119,292</u>	<u>4,360,903</u>	<u>320,230,145</u>	<u>\$326,989,609</u>
Expenditures					
General government	9,394,589	8,360,355	1,034,234	\$ 8,726,332	\$ 9,309,612
Education	164,318,748	161,243,578	3,075,170	167,341,074	170,987,857
Protection of persons & property	41,863,663	41,733,490	130,173	43,924,636	45,054,666
Health and Welfare	2,038,786	1,967,445	71,341	2,159,679	2,109,452
Public works	17,834,588	17,687,906	146,682	18,596,337	18,507,173
Community Grants	1,746,663	1,746,648	15	1,870,506	2,346,662
Employee Benefits	40,846,702	40,808,827	37,875	41,123,486	41,945,060
Recreation, Arts & Cultural	7,753,155	7,664,395	88,760	8,203,527	8,373,220
Organizational memberships	98,194	92,194	6,000	83,875	98,874
Contingency	781,604	-	781,604	-	1,023,563
Debt Service	26,126,874	26,126,874	-	25,754,739	27,233,470
Total Expenditures	<u>312,803,566</u>	<u>307,431,712</u>	<u>5,371,854</u>	<u>317,784,191</u>	<u>\$326,989,609</u>
Excess of (deficiency) of revenues over (under) expenditures	<u>\$ (5,045,177)</u>	<u>\$ 4,687,580</u>	<u>\$ 9,732,757</u>	<u>\$ 2,445,954</u>	

Source: Annual audited financial statements; fiscal year 2014-15 unaudited estimate and Fiscal Year 2015-16 Adopted Budget.

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Comparative Balance Sheets - General Fund

Fiscal Year Ended:	2010	2011	2012	2013	2014
Assets					
Cash and cash equivalents	\$28,506,700	\$36,254,791	\$35,810,513	\$44,369,857	\$35,646,291
Investments	31,799,243	30,024,936	30,104,405	23,304,372	34,821,220
Net receivables:					
Property taxes	4,600,621	4,934,483	4,236,525	5,272,640	5,456,082
Accounts receivables	1,785,244	4,519,926	4,413,115	13,480,885	13,199,509
Intergovernmental	135,539	72,217	783,468	572,001	54,853
Inventories and prepaids	-	-	22,729	1,615	290
Total Assets	\$66,827,347	\$75,806,353	\$75,370,755	\$87,001,370	\$89,178,245
Liabilities					
Accounts payable	\$20,519,469	\$20,683,784	\$19,788,499	\$20,419,866	\$24,315,552
Unearned revenues	13,064,340	18,923,736	18,591,333	14,323,394	48,434
Deferred revenue	4,630,263	5,624,346	5,844,473	6,882,796	-
Advances to taxing districts	-	-	-	11,941,262	11,320,956
Total Liabilities	38,214,072	45,231,866	44,224,305	53,567,318	35,684,942
Deferred Inflows of Resources					
Advance property tax collections	-	-	-	-	9,622,192
Other	-	-	-	-	6,387,504
Total Deferred Inflows of Resources	-	-	-	-	16,009,696
Fund Balances					
Reserved	103,365	-	-	-	-
Unreserved:					
Designated for subsequent year's expenditures	1,960,039	-	-	-	-
Undesignated	26,549,871	-	-	-	-
Nonspendable	-	-	22,729	1,615	290
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	1,946,156	2,591,791	3,681,569	2,870,095
Unassigned	-	28,628,331	28,531,930	29,750,868	34,613,222
Total Fund Balances	28,613,275	30,574,487	31,146,450	33,434,052	37,483,607
Total Liabilities and Fund Balances	\$66,827,347	\$75,806,353	\$75,370,755	\$87,001,370	\$89,178,245

Source: Annual audited financial statements.

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

Fiscal Year Ended:	2010	2011	2012	2013	2014
Revenues					
Property taxes, interest and liens	\$246,960,127	\$255,380,363	\$261,268,852	\$267,975,776	\$281,947,778
Intergovernmental	15,080,693	15,956,939	16,742,938	19,941,776	18,420,107
State on behalf payments	14,082,000	14,126,829	18,462,058	18,672,017	21,537,234
Licenses, permits, fees and other	8,413,026	8,833,627	9,288,167	12,145,910	13,197,713
Interest on investments	1,399,694	1,077,789	1,005,687	206,249	772,163
Total Revenues	285,935,540	295,375,547	306,767,702	318,941,728	335,874,995
Expenditures					
Current:					
General government	7,170,849	7,861,765	8,159,745	8,628,445	9,329,135
Health and welfare	3,365,487	1,886,496	1,921,248	1,941,562	1,967,445
Education	161,411,159	164,604,885	173,117,163	174,748,185	184,591,078
Employee benefits	24,899,737	29,412,097	32,605,147	38,482,031	40,901,021
Protection of persons & property	38,102,910	39,549,799	38,675,243	40,305,277	41,758,270
Community grants	2,997,946	3,016,523	3,016,255	1,721,983	1,746,648
Public works	15,601,868	15,552,312	16,152,282	17,213,907	17,721,079
Recreation, arts and cultural	6,986,343	6,962,012	7,426,222	7,956,793	7,683,890
Debt service	26,641,673	25,126,904	25,282,077	25,806,820	26,126,874
Total Expenditures	287,177,972	293,972,793	306,355,382	316,805,003	331,825,440
Excess (deficiency) of revenues over expenditures	(1,242,432)	1,402,754	412,320	2,136,725	4,049,555
Other Financing Sources					
Issuance of refunding debt	44,172,685	-	18,022,000	16,006,840	-
Premium on bond issuance	4,136,923	-	1,275,925	2,003,486	-
Payment to escrow	(47,954,220)	-	(19,138,282)	(17,859,449)	-
Net Transfers	-	-	-	-	-
Total other financing sources (uses)	355,388	-	159,643	150,877	-
Net changes in fund balances	(887,044)	1,402,754	571,963	2,287,602	4,049,555
Fund Balance - July 1	29,500,319	29,171,733 (1)	30,574,487	31,146,450	33,434,052
Fund Balance - June 30	<u>\$ 28,613,275</u>	<u>\$ 30,574,487</u>	<u>\$ 31,146,450</u>	<u>\$ 33,434,052</u>	<u>\$ 37,483,607</u>

(1) Restated

Source: Annual audited financial statements.

Comparative Balance Sheets - Capital Project Fund

Fiscal Year Ended:	2010	2011	2012	2013	2014
Assets					
Cash and cash equivalents	\$10,489,184	\$16,953,868	\$13,277,752	\$15,444,391	\$ 7,479,798
Restricted cash	-	-	-	-	15,757,888
Investments	12,254,314	14,775,974	12,110,228	7,969,485	771,752
Net receivables:					
Property taxes	107,879	68,498	49,134	38,427	28,078
Intergovernmental	825,000	827,365	869,453	1,419,604	809,455
Total Assets	\$23,676,377	\$32,625,705	\$26,306,567	\$24,871,907	\$24,846,971
Liabilities					
Accounts payable	\$ 3,089,788	\$ 5,396,041	\$ 4,668,877	\$ 4,751,848	\$ 6,645,241
Unearned revenues	-	80,144	750,000	880,669	-
Deferred revenue	188,023	818,498	49,134	38,427	-
Total Liabilities	3,277,811	6,294,683	5,468,011	5,670,944	6,645,241
Deferred Inflows of Resources					
Advance property tax collections	-	-	-	-	-
Other	-	-	-	-	28,078
Total Deferred Inflows of Resources	-	-	-	-	28,078
Fund Balances					
Reserved	-	-	-	-	-
Unreserved:	20,398,566	-	-	-	-
Nonspendable	-	-	-	-	-
Restricted	-	14,160,975	14,752,858	15,444,391	15,757,888
Committed	-	12,170,047	6,085,698	3,756,572	2,415,764
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total Fund Balances	20,398,566	26,331,022	20,838,556	19,200,963	18,173,652
Total Liabilities and Fund Balances	\$23,676,377	\$32,625,705	\$26,306,567	\$24,871,907	\$24,846,971

Source: Annual audited financial statements.

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

Fiscal Year Ended:	2010	2011	2012	2013	2014
Revenues					
Property taxes, interest and liens	\$ 39,906	\$ 39,381	\$ 19,364	\$ 10,707	\$ 10,348
Intergovernmental	5,886,702	4,337,468	5,122,483	7,412,541	5,586,265
Licenses, permits, fees and other	205,000	-	-	102,000	-
Interest on investments	350,749	202,651	343,962	8,487	231,965
Total Revenues	6,482,357	4,579,500	5,485,809	7,533,735	5,828,578
Expenditures					
Public works	-	-	-	4,400,000	-
Capital outlay	14,334,901	17,314,958	27,126,784	28,690,439	27,749,417
Debt service	271,118	176,086	1,141,074	235,178	106,472
Total Expenditures	14,606,019	17,491,044	28,267,858	33,325,617	27,855,889
Excess (deficiency) of revenues over expenditures	(8,123,662)	(12,911,544)	(22,782,049)	(25,791,882)	(22,027,311)
Other Financing Sources					
Issuance of debt	14,995,000	18,844,000	17,289,583	24,000,000	21,000,000
Premium on bond issuance	449,264	-	-	154,289	-
Total other financing sources (uses)	15,444,264	18,844,000	17,289,583	24,154,289	21,000,000
Net changes in fund balances	7,320,602	5,932,456	(5,492,466)	(1,637,593)	(1,027,311)
Fund Balance - July 1	13,077,964	20,398,566	26,331,022	20,838,556	19,200,963
Fund Balance - June 30	<u>\$20,398,566</u>	<u>\$26,331,022</u>	<u>\$20,838,556</u>	<u>\$19,200,963</u>	<u>\$18,173,652</u>

Source: Annual audited financial statements.

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Comparative Statement of Net Position – Water Pollution Control Authority

Fiscal Year Ended:	2010	2011	2012	2013	2014
Assets					
Current Assets					
Cash and cash equivalents	\$ 5,251,802	\$ 4,873,128	\$ 5,312,995	\$ 4,471,593	\$ 5,547,495
Charges receivable, net	314,438	345,451	237,927	279,841	278,785
Other receivables	68,881	15,232	466,763	28,513	88,274
Investments	6,179,776	3,982,565	5,872,287	9,774,676	8,666,007
Total current assets	11,814,897	9,216,376	11,889,972	14,554,623	14,580,561
Non-current assets					
Restricted cash	-	-	1,537,695	3,232,314	3,158,789
Net of accumulated depreciation	88,360,551	102,010,558	112,653,791	112,415,160	110,288,709
Total non-current assets	88,360,551	102,010,558	114,191,486	115,647,474	113,447,498
Total assets	100,175,448	111,226,934	126,081,458	130,202,097	128,028,059
Liabilities					
Current liabilities					
Current maturities of bonds payable	8,397,517	15,020,872	23,407,757	5,681,050	4,693,509
Accounts payable and accrued liabilities	1,602,586	2,460,133	1,873,597	1,575,570	1,406,473
Unearned revenue	287,426	446,136	543,641	350,821	291,811
Total current liabilities	10,287,529	17,927,141	25,824,995	7,607,441	6,391,793
Long-term liabilities					
Bonds and notes payable	34,267,098	30,043,831	26,902,685	44,918,479	40,224,971
Total long-term liabilities	34,267,098	30,043,831	26,902,685	44,918,479	40,224,971
Total liabilities	44,554,627	47,970,972	52,727,680	52,525,920	46,616,764
Net Position					
Investments in capital assets net of					
Related debt	47,450,751	57,995,854	63,881,043	65,047,945	68,529,018
Unrestricted	8,170,070	5,260,108	9,472,735	12,628,232	12,882,277
Total Net Position	\$55,620,821	\$63,255,962	\$73,353,778	\$77,676,177	\$81,411,295

Source: Annual audited financial statements.

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

Fiscal Year Ended:	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Operating Revenues					
Charges for services	\$13,247,271	\$13,253,692	\$14,566,767	\$14,664,481	\$15,254,400
Total operating revenues	<u>13,247,271</u>	<u>13,253,692</u>	<u>14,566,767</u>	<u>14,664,481</u>	<u>15,254,400</u>
Operating Expenses					
Administration and operation	7,909,339	6,787,683	6,999,773	6,930,578	7,334,890
Depreciation	2,120,964	2,262,543	2,581,488	2,845,010	2,897,138
Salaries, benefits and claims	410,915	474,593	411,133	639,867	659,058
Total operating expenses	<u>10,441,218</u>	<u>9,524,819</u>	<u>9,992,394</u>	<u>10,415,455</u>	<u>10,891,086</u>
Operating income (loss)	<u>2,806,053</u>	<u>3,728,873</u>	<u>4,574,373</u>	<u>4,249,026</u>	<u>4,363,314</u>
Non-operating Income (Expense)					
Investment income	225,782	267,584	194,217	(21,923)	112,813
Other income	-	-	134,737	-	-
Interest expense on long-term debt	(958,508)	(990,667)	(796,872)	(936,801)	(1,055,818)
Total non-operating revenue (expense)	<u>(732,726)</u>	<u>(723,083)</u>	<u>(467,918)</u>	<u>(958,724)</u>	<u>(943,005)</u>
Capital Contributions	<u>3,655,810</u>	<u>4,629,351</u>	<u>5,991,361</u>	<u>1,032,097</u>	<u>314,809</u>
Change in net assets	<u>5,729,137</u>	<u>7,635,141</u>	<u>10,097,816</u>	<u>4,322,399</u>	<u>3,735,118</u>
Fund Net Position, Beginning	<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>
Fund Net Position, Ending	<u>\$55,620,821</u>	<u>\$63,255,962</u>	<u>\$73,353,778</u>	<u>\$77,676,177</u>	<u>\$81,411,295</u>

Source: Annual audited financial statements.

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Comparative Statement of Net Position – Parking Authority

Fiscal Year Ended:	2010	2011	2012	2013	2014
Assets					
Current Assets					
Cash and cash equivalents	\$ 382,348	\$ 581,532	\$ 336,206	\$ 116,689	\$ 157,005
Other receivables	95,483	43,505	1,639	1,774	1,994
Investments	450,182	481,409	676,733	682,729	536,103
Total current assets	928,013	1,106,446	1,014,578	801,192	695,102
Non-current assets					
Restricted cash	-	-	459,760	538,752	491,175
Net of accumulated depreciation	29,891,022	29,857,097	29,646,705	28,829,428	27,973,637
Total non-current assets	29,891,022	29,857,097	30,106,465	29,368,180	28,464,812
Total assets	30,819,035	30,963,543	31,121,043	30,169,372	29,159,914
Liabilities					
Current liabilities					
Current maturities of bonds payable	608,265	523,111	566,343	757,987	751,101
Accounts payable and accrued liabilities	567,290	306,162	261,568	528,747	240,476
Unearned revenue	-	-	620,052	116,864	120,483
Total current liabilities	1,175,555	829,273	1,447,963	1,403,598	1,112,060
Long-term liabilities					
Bonds and notes payable	9,969,049	10,721,938	10,363,594	9,538,320	8,787,219
Total long-term liabilities	9,969,049	10,721,938	10,363,594	9,538,320	8,787,219
Total liabilities	11,144,604	11,551,211	11,811,557	10,941,918	9,899,279
Net Position					
Investments in capital assets net of related debt	20,173,759	19,299,167	19,176,528	19,071,873	18,926,492
Unrestricted	(499,328)	113,165	132,958	155,581	334,143
Total Net Position	\$19,674,431	\$19,412,332	\$19,309,486	\$19,227,454	\$19,260,635

Source: Annual audited financial statements.

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

Fiscal Year Ended:	2010	2011	2012	2013	2014
Operating Revenues					
Charges for services	\$ 5,144,124	\$ 5,267,914	\$ 5,298,397	\$ 5,510,814	\$ 5,697,310
Total operating revenues	<u>5,144,124</u>	<u>5,267,914</u>	<u>5,298,397</u>	<u>5,510,814</u>	<u>5,697,310</u>
Operating Expenses					
Administration and operation	3,528,344	3,968,271	3,849,688	3,981,592	4,062,296
Depreciation	882,648	912,504	936,438	951,225	946,411
Salaries, benefits and claims	240,581	222,287	234,946	237,815	280,907
Total operating expenses	<u>4,651,573</u>	<u>5,103,062</u>	<u>5,021,072</u>	<u>5,170,632</u>	<u>5,289,614</u>
Operating income (loss)	<u>492,551</u>	<u>164,852</u>	<u>277,325</u>	<u>340,182</u>	<u>407,696</u>
Non-operating Income (Expense)					
Investment income	26,061	20,969	20,722	1,828	9,334
Interest expense on long-term debt	(427,854)	(447,920)	(400,893)	(424,042)	(383,849)
Payment to escrow	(747,914)	-	-	-	-
Total non-operating revenue (expense)	<u>(1,149,707)</u>	<u>(426,951)</u>	<u>(380,171)</u>	<u>(422,214)</u>	<u>(374,515)</u>
Capital Contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net assets	(657,156)	(262,099)	(102,846)	(82,032)	33,181
Fund Net Position, Beginning	<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>
Fund Net Position, Ending	<u>\$19,674,431</u>	<u>\$19,412,332</u>	<u>\$19,309,486</u>	<u>\$19,227,454</u>	<u>\$19,260,635</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 effect on the finances of the City or which would impact the validity of the Bonds or the power of the City to levy and collect taxes to pay them.

Availability of Continuing Disclosure Information

The City 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

Pullman & Comley, LLC, of Bridgeport, 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

Pursuant to a Bond Purchase Agreement between the City and the Underwriter, upon delivery of the Bonds, the City will deliver to the Underwriter certain documents required by the Bond Purchase Agreement.

The City has prepared an Official Statement for the Bonds which is dated September 10, 2015. 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 signing of the Bond Purchase Agreement, the City will furnish the underwriter with a reasonable number of copies of the Official Statement, as prepared for this issue at the City's expense.

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, CONNECTICUT

By: /s/ HARRY W. RILLING
HARRY W. RILLING
MAYOR

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

Dated: September 10, 2015

APPENDIX A - AUDITED FINANCIAL STATEMENTS

CITY OF NORWALK, CONNECTICUT

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JUNE 30, 2014

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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, 2014 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, 2014, 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 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, 2014, 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 and the schedule of changes in the City's net pension liabilities on pages 57-60 and budgetary comparison information on pages 61-67 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 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 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 24, 2014 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.



New Haven, Connecticut
December 24, 2014

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 \$27.0 million or 6.9 %. The governmental net position increased by \$23.2 million or 8.0% and the business-type net position increased by \$3.8 million or 3.9%.
- The General Fund (the primary operating fund) reflected on a current financial resource basis, reports a net change in fund balance of \$4.0 million or 12.1%.

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 to analyze governmental type operations. 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)

	Governmental Activities		Business-Type Activities		Total Government	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 149,475	\$ 134,273	\$ 18,926	\$ 19,127	\$ 168,401	\$ 153,400
Capital assets	507,595	490,269	138,262	141,245	645,857	631,514
Total assets	657,070	624,542	157,188	160,372	814,258	784,914
Deferred Charge on Refundings	6,083	-	-	-	6,083	-
Total deferred outflows of resources	6,083	-	-	-	6,083	-
Current and other liabilities	39,586	49,083	7,505	9,012	47,091	58,095
Noncurrent liabilities	299,104	283,798	49,011	54,457	348,115	338,255
Total liabilities	338,690	332,881	56,516	63,469	395,206	396,350
Advance tax collections	9,622	-	-	-	9,622	-
Total deferred inflows of resources	9,622	-	-	-	9,622	-
Net position:						
Net Investment in capital assets	299,719	284,792	87,455	84,119	387,174	368,911
Restricted	2,340	353	-	-	2,340	353
Unrestricted	12,782	6,516	13,217	12,784	25,999	19,300
Total net position	\$ 314,841	\$ 291,661	\$ 100,672	\$ 96,903	\$ 415,513	\$ 388,564

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 \$21.0 million of new debt and the construction on major capital projects this year as well as the \$12.4 million increase in property taxes due to the increase in the mill rate in conjunction with the City's biennial tax sale on property that has delinquent taxes: The other major impacts were \$17.7 million of principal on debt paid this year and \$10.6 million of depreciation on fixed assets. The major impacts to Net Position in business-type activities was \$6.4 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.

Table 2 Summary Statement of Activities (In Thousands)						
	Governmental Activities		Business-Type Activities		Total Government	
	2014	2013	2014	2013	2014	2013
REVENUES						
Program Revenues:						
Charge for services	\$ 24,263	\$ 23,779	\$ 20,952	\$ 20,175	\$ 45,215	\$ 43,954
Operating grants and contributions	58,700	52,804	-	-	58,700	52,804
Capital grants and contributions	5,586	7,515	315	1,032	5,901	8,547
General Revenues:						
General property, taxes and assessments	281,452	269,014	-	-	281,452	269,014
Interest income (expense)	1,004	580	122	(20)	1,126	560
Miscellaneous	2,456	1,884	-	-	2,456	1,884
Other general revenues	5,902	7,392	-	-	5,902	7,392
Total revenues	379,363	362,968	21,389	21,187	400,752	384,155
EXPENSES						
Program Activities Primary Government:						
Governmental Activities:						
General government	13,959	13,758	-	-	13,959	13,758
Education	231,874	230,695	-	-	231,874	230,695
Public safety	48,734	48,459	-	-	48,734	48,459
Health and welfare	3,636	4,001	-	-	3,636	4,001
Public Works	38,122	34,531	-	-	38,122	34,531
Recreation, arts and cultural	11,365	9,459	-	-	11,365	9,459
Debt service	8,493	9,356	-	-	8,493	9,356
	356,183	350,259	-	-	356,183	350,259
Business-Type Activities:						
Parking Authority	-	-	5,673	5,595	5,673	5,595
Water Pollution Control Authority	-	-	11,947	11,352	11,947	11,352
	-	-	17,620	16,947	17,620	16,947
Total expenses	356,183	350,259	17,620	16,947	373,803	367,206
Increase in net position	23,180	12,709	3,769	4,240	26,949	16,949
Net Position, beginning	291,661	278,952	96,903	92,663	388,564	371,615
Net Position, ending	\$ 314,841	\$ 291,661	\$ 100,672	\$ 96,903	\$ 415,513	\$ 388,564

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 Nonrecurring) – 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 pay competitive salaries with 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 \$2.8 million addition for City teachers in a defined benefit plan and the remainder due to increases in salaries and fringe benefits. 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 2014 to Fiscal Year 2013

As of the year-end, the General Fund (as presented on the Schedule of General Fund Revenues and Schedule of General Fund Expenditures, Encumbrances and Transfers Out in Required Supplementary Information) has achieved positive results due to additional property tax revenue a mill rate increase. The major impact on expenditures was in Education due to significant control in expenditures.

Comparing Original Budget to Final Budget

As of the year-end, the General Fund (as presented on the Schedule of General Fund Revenues and Schedule of General Fund Expenditures, Encumbrances and Transfers Out in Required Supplementary Information) there was no significant change in revenues. The expenditure budget changes were in two main areas. The tax assessor was increased due to tax revaluation 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 Revenues and Schedule of General Fund Expenditures, Encumbrances and Transfers Out in Required Supplementary Information). Revenues were increased due to additional State grants, increased building activity and increased taxes from property transfers. Actual expenditures were \$5.4 million less than the final budget. A significant difference was in Education with the school system under-spending its final budget by \$3.075 million. A significant portion of the variance was subsequently set aside for future use by the school system and is reflected in Assigned Fund Balance.

Capital Projects Fund:

Comparing Fiscal Year 2014 to Fiscal Year 2013

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, school construction, parks and public works projects.

Water Pollution Control Authority:

Comparing Fiscal Year 2014 to Fiscal Year 2013

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 \$81.4 million which is \$3.7 million more than the beginning of the year (\$77.7). Major impacts were capital construction within their system.

Parking Authority:

Comparing Fiscal Year 2014 to Fiscal Year 2013

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 \$19.3 million which is \$.1 million more than the beginning of the year (\$19.2 million). There were no major impacts.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets:

As of year-end, the City had \$645.9 million invested in a variety of capital assets, as reflected in the following schedule:

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

	Governmental	Business-Type	
	Activities	Activities	Total
Land	\$ 23,629,897	\$ 4,838,762	\$ 28,468,659
Construction in Progress	461,734	-	461,734
Land Improvements	8,895,876	12,918	8,908,794
Machinery and Equipment	16,630,934	479,852	17,110,786
Buildings and Improvements	255,416,304	119,339,331	374,755,635
Infrastructure	202,559,992	13,591,483	216,151,475
Total	\$ 507,594,737	\$ 138,262,346	\$ 645,857,083

Table 4
Change in Capital Assets
(In Thousands)

	Governmental Activities	Business-Type Activities	Total
Beginning balance	\$ 490,269	\$ 141,245	\$ 631,514
Additions/transfers	40,526	861	41,387
Disposals/transfers	(12,615)	-	(12,615)
Depreciation	(10,585)	(3,844)	(14,429)
Total	\$ 507,595	\$ 138,262	\$ 645,857

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 \$273.6 million in debt (bonds, notes, etc.) outstanding compared to the \$276.8 last year, a 1.1% 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 \$21.0 million in new General Obligation Bonds to finance school and infrastructure improvements. The City has a AAA bond rating from Fitch Investors Service and Standard and Poors. The Moody's Investors Services rating is Aaa.

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

	2014	2013
Governmental		
General obligation bonds	\$ 219,174	\$ 215,869
	<u>219,174</u>	<u>215,869</u>
Business-Type		
Parking Authority-general obligation bonds	9,538	10,296
Water Pollution Control Authority - general obligation bonds and Clean Water Fund notes	44,919	50,600
	<u>54,457</u>	<u>60,896</u>
Total	\$ 273,631	\$ 276,765

ECONOMIC FACTORS

The unemployment rate for Norwalk was 5.4%, down from 6.8% a year ago. This compares favorably to the state rate of 6.4% and national rate of 6.3%.

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.

Basic Financial Statements

City of Norwalk, Connecticut

Statement of Net Position
June 30, 2014

	Governmental Type Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 55,626,199	\$ 5,704,500	\$ 61,330,699
Investments	55,203,992	9,202,110	64,406,102
Receivables, net of allowances for collection losses:			
Property taxes, net	5,484,160	-	5,484,160
Charges, net	-	278,785	278,785
Accounts, net	2,414,328	90,268	2,504,596
Federal and state governments	2,891,338	-	2,891,338
Inventories and prepaids	699,119	-	699,119
Net pension asset	76,830	-	76,830
Advances to taxing districts	11,320,956	-	11,320,956
Restricted cash	15,757,888	3,649,964	19,407,852
Capital assets, not being depreciated	24,091,631	4,838,762	28,930,393
Capital assets, net of accumulated depreciation	483,503,106	133,423,584	616,926,690
Total assets	\$ 657,069,547	\$ 157,187,973	\$ 814,257,520
Deferred Outflows of Resources			
Deferred Charge on bond refundings	\$ 6,083,494	\$ -	6,083,494
Liabilities			
Accounts payable and accruals	\$ 37,854,035	\$ 1,646,949	\$ 39,500,984
Unearned revenue	1,731,419	412,294	2,143,713
Long-term liabilities:			
Advances to taxing districts	11,320,956	-	11,320,956
Due within one year	34,099,062	5,444,610	39,543,672
Due in more than one year	253,684,163	49,012,190	302,696,353
Total liabilities	338,689,635	56,516,043	395,205,678
Deferred Inflows of Resources			
Advance property tax collections	9,622,192	-	9,622,192
Net Position			
Net investment in capital assets	299,719,155	87,455,510	387,174,665
Restricted:			
General government	179,608	-	179,608
Public safety	31,685	-	31,685
Health and welfare	108,780	-	108,780
Public works	5,000	-	5,000
Machine operations	8,992	-	8,992
Education	2,003,271	-	2,003,271
Community grants	2,637	-	2,637
Unrestricted	12,782,086	13,216,420	25,998,506
Total net position	\$ 314,841,214	\$ 100,671,930	\$ 415,513,144

See Notes to Financial Statements.

City of Norwalk, Connecticut

Statement of Activities
For the Year Ended June 30, 2014

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	\$ (13,958,161)	\$ 7,759,246	\$ 1,302,511	\$ -	\$ (4,896,404)	\$ -	\$ (4,896,404)
Education	(231,874,028)	1,153,069	54,152,005	-	(176,568,954)	-	(176,568,954)
Public Safety	(48,734,263)	505,415	-	-	(48,228,848)	-	(48,228,848)
Health and welfare	(3,636,164)	625,459	3,245,070	-	234,365	-	234,365
Public Works	(38,121,934)	13,259,468	-	5,586,265	(19,276,201)	-	(19,276,201)
Recreation, arts and cultural	(11,364,899)	959,994	-	-	(10,404,905)	-	(10,404,905)
Interest on debt	(8,492,842)	-	-	-	(8,492,842)	-	(8,492,842)
Total governmental activities	(356,182,291)	24,262,651	58,699,586	5,586,265	(267,633,789)	-	(267,633,789)
Business-type activities:							
Parking Authority	(5,673,463)	5,697,310	-	-	-	23,847	23,847
Water Pollution Control Authority	(11,946,904)	15,254,400	-	314,809	-	3,622,305	3,622,305
Total business-type activities	(17,620,367)	20,951,710	-	314,809	-	3,646,152	3,646,152
Total primary government	\$ (373,802,658)	\$ 45,214,361	\$ 58,699,586	\$ 5,901,074	(267,633,789)	3,646,152	(263,987,637)
General revenues:							
Property taxes					281,452,485	-	281,452,485
Grants and contributions not restricted to specific programs					5,901,926	-	5,901,926
Miscellaneous					2,455,960	-	2,455,960
Unrestricted investment earnings					1,004,128	122,147	1,126,275
Total general revenues					290,814,499	122,147	290,936,646
Change in net position					23,180,710	3,768,299	26,949,009
Net position - beginning					291,660,504	96,903,631	388,564,135
Net position - ending					\$ 314,841,214	\$ 100,671,930	\$ 415,513,144

See Notes to Financial Statements.

City of Norwalk, Connecticut

Balance Sheet - Governmental Funds
June 30, 2014

	Major Funds			Total Governmental Funds
	General	Capital Projects Fund	Nonmajor Governmental Funds	
Assets				
Cash and cash equivalents	\$ 35,646,291	\$ 7,479,798	\$ 3,093,678	\$ 46,219,767
Restricted cash	-	15,757,888	-	15,757,888
Investments	34,821,220	771,752	2,482,084	38,075,056
Receivables (net of allowances for collection losses):				
Property taxes	5,456,082	28,078	-	5,484,160
Accounts receivable	13,199,509	-	409,123	13,608,632
State and federal governments	54,853	809,455	2,027,030	2,891,338
Inventories and prepaids	290	-	33,310	33,600
Total assets	\$ 89,178,245	\$ 24,846,971	\$ 8,045,225	\$ 122,070,441
Liabilities				
Accounts payable	\$ 24,315,552	\$ 6,645,241	\$ 2,468,640	\$ 33,429,433
Unearned revenues	48,434	-	1,682,985	1,731,419
Advances to taxing districts	11,320,956	-	-	11,320,956
Total liabilities	35,684,942	6,645,241	4,151,625	46,481,808
Deferred inflows of resources				
Unavailable revenues - advanced property tax collections	9,622,192	-	-	9,622,192
Unavailable revenues - other	6,387,504	28,078	-	6,415,582
Total deferred inflows of resources	16,009,696	28,078	-	16,037,774
Fund Balances				
Nonspendable	290	-	33,310	33,600
Restricted	-	15,757,888	2,339,973	18,097,861
Committed	-	2,415,764	1,520,317	3,936,081
Assigned	2,870,095	-	-	2,870,095
Unassigned	34,613,222	-	-	34,613,222
Total fund balances	37,483,607	18,173,652	3,893,600	59,550,859
Total liabilities and fund balances	\$ 89,178,245	\$ 24,846,971	\$ 8,045,225	

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.	507,594,737
Net pension asset	76,830
Deferred Charge on Bond Refundings	6,083,494
Long-Term assets are not available and therefore not recognized in the funds.	6,415,582
Accrued interest is not reported in the funds	(4,161,974)
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.	9,566,491
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(270,284,805)

Net position of governmental activities \$ 314,841,214

See Notes to Financial Statements.

City of Norwalk, Connecticut

Statement of Revenues, Expenditures and Changes in Fund Balances
 Governmental Funds
 For the Year Ended June 30, 2014

	Major Funds			Total Governmental Funds
	General	Capital Projects Fund	Nonmajor Governmental Funds	
Revenues				
Property taxes, interest and liens	\$ 281,947,778	\$ 10,348	\$ -	\$ 281,958,126
Intergovernmental	18,420,107	5,586,265	24,660,274	48,666,646
State on-behalf payments	21,537,234	-	-	21,537,234
Licenses, permits, fees and other	13,197,713	-	4,745,980	17,943,693
Interest	772,163	231,965	-	1,004,128
Total revenues	335,874,995	5,828,578	29,406,254	371,109,827
Expenditures				
Current:				
General government	9,329,135	-	139,938	9,469,073
Health and welfare	1,967,445	-	1,455,407	3,422,852
Education	184,591,078	-	24,486,385	209,077,463
Employee benefits	40,901,021	-	-	40,901,021
Public safety	41,758,270	-	16,318	41,774,588
Community grants	1,746,648	-	1,162,393	2,909,041
Public works	17,721,079	-	566,747	18,287,826
Recreation, arts and culture	7,683,890	-	47,441	7,731,331
Maritime Center operations	-	-	-	-
Capital outlay	-	27,749,417	-	27,749,417
Debt service:				
Principal	17,695,163	-	-	17,695,163
Interest	8,431,711	106,472	-	8,538,183
Total expenditures	331,825,440	27,855,889	27,874,629	387,555,958
Excess (deficiency) of revenues over (under) expenditures	4,049,555	(22,027,311)	1,531,625	(16,446,131)
Other Financing Sources				
Issuance of debt	-	21,000,000	-	21,000,000
Total other financing sources (uses)	-	21,000,000	-	21,000,000
Net change in fund balances	4,049,555	(1,027,311)	1,531,625	4,553,869
Fund Balances, beginning	33,434,052	19,200,963	2,361,975	54,996,990
Fund Balances, ending	\$ 37,483,607	\$ 18,173,652	\$ 3,893,600	\$ 59,550,859

See Notes to Financial Statements.

City of Norwalk, Connecticut

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2014**

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

Net change in fund balances – total governmental funds \$ 4,553,869

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. 17,325,703

Change in net pension asset 944

Change in deferred charge on bond refundings (855,860)

Changes in revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (505,641)

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 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. (1,774,437)

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. (6,182,470)

The net revenue (expense) of certain activities of internal service funds is reported with governmental activities. 10,618,602

Change in net position of governmental activities \$ 23,180,710

See Notes to Financial Statements.

City of Norwalk, Connecticut

Statement of Net Position - Proprietary Funds
June 30, 2014

	Business-Type Activities - Enterprise Funds			Governmental
	Water Pollution			Activities
	Control Authority	Parking Authority	Totals	Internal Service Fund
Assets				
Current Assets				
Cash and cash equivalents	\$ 5,547,495	\$ 157,005	\$ 5,704,500	\$ 9,406,432
Charges receivable, net	278,785	-	278,785	-
Other receivables	88,274	1,994	90,268	126,652
Investments	8,666,007	536,103	9,202,110	17,128,936
Prepays	-	-	-	665,519
Total current assets	14,580,561	695,102	15,275,663	27,327,539
Restricted cash	3,158,789	491,175	3,649,964	-
Capital assets, net	110,288,709	27,973,637	138,262,346	-
Total noncurrent assets	113,447,498	28,464,812	141,912,310	-
Total assets	128,028,059	29,159,914	157,187,973	27,327,539
Liabilities				
Current Liabilities				
Current maturities of bonds and notes payable	4,693,509	751,101	5,444,610	-
Accounts payable and accrued liabilities	1,406,473	240,476	1,646,949	262,628
Claims payable	-	-	-	6,597,333
Unearned revenue	291,811	120,483	412,294	-
Total current liabilities	6,391,793	1,112,060	7,503,853	6,859,961
Long-Term Liabilities				
Bonds and notes payable	40,224,971	8,787,219	49,012,190	-
Claims payable	-	-	-	10,901,087
Total long-term liabilities	40,224,971	8,787,219	49,012,190	10,901,087
Total liabilities	46,616,764	9,899,279	56,516,043	17,761,048
Net Position				
Net investment in capital assets	68,529,018	18,926,492	87,455,510	-
Unrestricted	12,882,277	334,143	13,216,420	9,566,491
Total net position	\$ 81,411,295	\$ 19,260,635	\$ 100,671,930	\$ 9,566,491

See Notes to Financial Statements.

City of Norwalk, Connecticut

Statement of Revenues, Expenses and Changes in Net Position (Deficit) - Proprietary Funds
For the Year Ended June 30, 2014

	Business-Type Activities - Enterprise Funds			Governmental
				Activities
	Water Pollution Control Authority	Parking Authority	Totals	Internal Service Fund
Operating Revenues				
City and member's contributions	\$ -	\$ -	\$ -	\$ 58,357,661
Charges for services	15,254,400	5,697,310	20,951,710	-
Total operating revenues	15,254,400	5,697,310	20,951,710	58,357,661
Operating Expenses				
Administrative and operations	7,334,890	4,062,296	11,397,186	781,716
Depreciation	2,897,138	946,411	3,843,549	-
Salaries, benefits and claims	659,058	280,907	939,965	47,911,361
Total operating expenses	10,891,086	5,289,614	16,180,700	48,693,077
Operating income	4,363,314	407,696	4,771,010	9,664,584
Nonoperating Income (Expense)				
Investment income	112,813	9,334	122,147	954,018
Interest expense	(1,055,818)	(383,849)	(1,439,667)	-
Total nonoperating income (expense)	(943,005)	(374,515)	(1,317,520)	954,018
Net income before contributions	3,420,309	33,181	3,453,490	10,618,602
Capital contributions	314,809	-	314,809	-
Change in net position	3,735,118	33,181	3,768,299	10,618,602
Fund Net Position (Deficit), beginning	77,676,177	19,227,454	96,903,631	(1,052,111)
Fund Net Position, ending	\$ 81,411,295	\$ 19,260,635	\$ 100,671,930	\$ 9,566,491

See Notes to Financial Statements.

City of Norwalk, Connecticut

Statement of Cash Flows - Proprietary Funds
For the Year Ended June 30, 2014

	Business-Type Activities - Enterprise Funds			Governmental
	Water Pollution Control Authority	Parking Authority	Totals	Internal Service Fund
Cash Flows From Operating Activities				
Receipts from customers and users	\$ 15,136,685	\$ 5,700,709	\$ 20,837,394	\$ 58,318,788
Payments to suppliers	(7,310,614)	(4,345,534)	(11,656,148)	-
Payments to employees/claims paid	(652,856)	(280,490)	(933,346)	(47,442,551)
Net cash provided by operating activities	7,173,215	1,074,685	8,247,900	10,876,237
Cash Flows From Capital and Related Financing Activities				
Principal payments on debt	(5,681,049)	(757,987)	(6,439,036)	-
Interest paid on debt	(1,255,393)	(389,297)	(1,644,690)	-
Purchase of property and equipment	(455,878)	(90,620)	(546,498)	-
Net cash used in capital and related financing activities	(7,392,320)	(1,237,904)	(8,630,224)	-
Cash Flows From Investing Activities				
Purchase of investments	(2,644,120)	(136,637)	(2,780,757)	(13,300,789)
Sale of investments	3,752,789	283,261	4,036,050	6,772,512
Investment income	112,813	9,334	122,147	954,018
Net cash provided by (used in) investing activities	1,221,482	155,958	1,377,440	(5,574,259)
Net increase (decrease) in cash and cash equivalents	1,002,377	(7,261)	995,116	5,301,978
Cash and Cash Equivalents				
Beginning	7,703,907	655,441	8,359,348	4,104,454
Ending	<u>\$ 8,706,284</u>	<u>\$ 648,180</u>	<u>\$ 9,354,464</u>	<u>\$ 9,406,432</u>
Reconciliation of Operating Income to Net Cash provided by Operating Activities				
Operating income	\$ 4,363,314	\$ 407,696	\$ 4,771,010	\$ 9,664,584
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	2,897,138	946,411	3,843,549	-
Changes in assets and liabilities:				
Decrease (increase) in charges receivable	1,056	-	1,056	(38,873)
(Increase) decrease in other receivables	(59,761)	3,399	(56,362)	-
Increase in prepaids	-	-	-	(148,343)
Increase (decrease) in accounts payable and accrued expenses	30,478	(282,821)	(252,343)	(260,481)
Increase in claims and judgments payable	-	-	-	1,659,350
Decrease in unearned income	(59,010)	-	(59,010)	-
Net cash provided by operating activities	\$ 7,173,215	\$ 1,074,685	\$ 8,247,900	\$ 10,876,237
Noncash Investment Activities				
Net increase in fair value of investments	<u>\$ 137,643</u>	<u>\$ 8,515</u>	<u>\$ 146,158</u>	<u>\$ 388,424</u>
Noncash Financing Activities				
Contributions toward construction of capital assets	<u>\$ 314,809</u>	<u>\$ -</u>	<u>\$ 314,809</u>	<u>\$ -</u>

See Notes to Financial Statements.

City of Norwalk, Connecticut

Statement of Fiduciary Net Position - Fiduciary Funds
June 30, 2014

	Trust Funds	Private Purpose Trust Fund	Agency Funds
Assets			
Cash and cash equivalents	\$ 13,220,340	\$ 65,826	\$ 1,556,127
Investments:			
U.S. Government Agency	1,255,221	-	-
Corporate bonds	15,750	-	-
Common stock	90,035,343	-	-
Hedge/alternative investments	101,110,847	-	-
Index Funds	68,358,403	-	-
Commingled funds	73,556,586	-	-
Mutual Funds	98,714,424	-	-
Certificates of Deposit	2,583,052	-	-
Total investments	435,629,626	-	-
Secured lending transactions	11,820,073	-	-
Accounts receivable	85,014	-	-
Prepays	21,941	-	-
Total assets	460,776,994	65,826	1,556,127
Liabilities			
Secured lending transactions	11,820,073	-	-
Accounts payable	887,599	-	1,556,127
Total liabilities	12,707,672	-	1,556,127
Net Position - Restricted for Benefits	\$ 448,069,322	\$ 65,826	\$ -

See Notes to Financial Statements.

City of Norwalk, Connecticut

Statement of Changes in Fiduciary Net Position - Fiduciary Funds
For the Year Ended June 30, 2014

	Trust Funds	Private Purpose Trust Fund
Additions		
Contributions:		
Employer	\$ 24,951,773	\$ -
Plan members	3,638,734	-
Other	245,578	6,951
Total contributions	<u>28,836,085</u>	<u>6,951</u>
Investment income:		
Interest and dividends	7,123,470	-
Net appreciation in fair value of investments	57,621,710	-
Investment expense	(904,678)	-
Net investment income	<u>63,840,502</u>	<u>-</u>
Securities lending transactions income	30,684	-
Securities lending transactions expense	(1,502)	-
Net investment income - securities lending	<u>29,182</u>	<u>-</u>
Deductions		
Benefits paid	34,794,886	8,300
General and administrative	619,106	-
Total deductions	<u>35,413,992</u>	<u>8,300</u>
Net increase (decrease)	57,291,777	(1,349)
Net Position - Restricted for Benefits		
Beginning of year	<u>390,777,545</u>	<u>67,175</u>
End of year	<u>\$ 448,069,322</u>	<u>\$ 65,826</u>

See Notes to Financial Statements.

City of Norwalk, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

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

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

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

Reporting Entity: The City of Norwalk has incorporated as a city on September 11, 1651. The City operates under a Mayor-Council form of government and provides a full range of services including public safety, roads, health, social services, culture and recreation, education, planning, development, zoning and general administrative services to its residents.

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 as the Maritime Authority no longer qualifies as a component unit of the City.

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.

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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.

Accounting Standards Adopted in the Current Year: The City adopted *GASB Statement No. 65, Items Previously Reported as Assets and Liabilities*, which was implemented as of July 1, 2013. This statement clarified the appropriate reporting of deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. As a result of the adoption of this standard, deferred amounts on refundings were required to be reclassified to Deferred Outflows of Resources. In addition, amounts previously classified as unavailable revenue were reclassified as deferred inflows of resources.

The City adopted *GASB Statement No. 67, Financial Reporting for Pension Plans an amendment of GASB Statement No. 25*, issued in June 2012, which became effective for the Town as of July 1, 2013. This Statement replaces the requirements of *Statements No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and *Statement 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 implementation of this statement did not have a material impact on the Town's financial statements.

The City adopted *GASB Statement No. 70, Accounting and Financial Reporting for Nonexchange Financial Guarantees*, which became effective on July 1, 2013. This statement provides guidance to governments that extend and receive nonexchange financial guarantees. The implementation of this statement had no impact on the Town'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 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.

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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.

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.

City of Norwalk, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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 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 \$1,891,000 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.

Inventories and Prepaid Items: Inventory is valued at specific cost using the first-in/first-out (FIFO) method for the Governmental Funds. Inventory in the Governmental Funds consists of supplies and materials.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and enterprise fund financial statements.

Deferred Outflows/Inflows of Resources: In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The City reports a deferred charge on refunding in this manner in the government-wide statement of net position. A deferred charge on debt refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period or periods and so will not be recognized as an inflow of resources (revenue) until that time. The City reports advance property tax collections in the government-wide statement of net position and in the governmental funds balance sheet. Advance property tax collections represent taxes inherently associated with a future period. This amount is recognized during the period in which the revenue is associated. Also, for governmental funds, the City reports unavailable revenue, which arises only under the modified accrual basis of accounting. The governmental funds report unavailable revenues from several sources: property taxes, sewer assessments, grants and charges for services. These amounts are deferred and recognized as an inflow of resources (revenue) in the period in which the amounts become available.

City of Norwalk, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts 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. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenses.

In the fund financial statements, governmental fund types recognize bond premiums and discounts 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.

City of Norwalk, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Restricted Assets: At June 30, 2014 the City had approximately \$19,408,000 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.
- 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.

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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.

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	\$ 219,174,135
Premiums, net of accumulated amortization	10,542,828
Gross pension obligation	1,415,920
Early retirement	488,815
Other post-employment obligation	22,112,509
Claims payable	380,024
Compensated absences	16,170,574
	<hr/>
Net adjustment to reduce fund balance – total governmental funds to arrive at net position – governmental activities	<u>\$ 270,284,805</u>

Notes to Financial Statements

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

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.”

The details of this difference are as follows:

Capital outlay	\$ 27,910,914
Depreciation expense	<u>(10,585,211)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 17,325,703</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	\$ (21,000,000)
Premium amortization	1,449,007
Principal repayments:	
General obligation debt	17,695,163
Capital lease payments	<u>81,393</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ (1,774,437)</u>

City of Norwalk, Connecticut

Notes to Financial Statements

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

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	\$ (1,927,096)
Accrued interest	472,197
Pension liability	(2,887)
Early retirement	32,685
Other post-employment obligation	(3,880,949)
Deferred charges	(1,101,396)
Claims payable	224,976
Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net position of governmental activities	<u>\$ (6,182,470)</u>

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%

City of Norwalk, Connecticut

Notes to Financial Statements

Note 3. Cash, Cash Equivalents and Investments (Continued)

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, 2014, approximately \$22,310,000 of the entity's bank balance of \$27,544,000 was uninsured and uncollateralized.

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

Cash, cash equivalents and investments of the City consist of the following at June 30, 2014:

Cash and Cash Equivalents

Deposits with financial institutions	\$ 70,829,381
State of Connecticut Short-Term Investment Fund	284,506
Cutwater Connecticut Class	24,466,957
Total cash and cash equivalents	95,580,844

Investments

General Fund	
U.S. Government Agencies	11,361,737 *
Mutual Funds	78,777
Certificates of Deposit	23,380,706
Total general fund	34,821,220

Non-Major Funds

U.S. Government Agencies	809,874 *
Mutual Funds	5,615
Certificates of Deposit	1,666,595
Total non-major funds	2,482,084

Capital Projects Fund

U.S. Government Agencies	251,813 *
Mutual Funds	1,746
Certificates of Deposit	518,193
Total capital projects fund	771,752

City of Norwalk, Connecticut

Notes to Financial Statements

Note 3. Cash, Cash Equivalents and Investments (Continued)

Investments, Continued

Internal Service Funds

Common Stock	3,427,732	*
U.S. Government Securities	2,898,417	
U.S. Government Agencies	2,541,199	*
Mutual Funds	1,514,191	
Corporate Bonds	1,518,002	*
Certificates of Deposit	5,229,395	
Total internal service fund	17,128,936	

WPCA:

U.S. Government Agencies	2,827,612	*
Mutual Funds	19,605	
Certificates of Deposit	5,818,790	
Total WPCA	8,666,007	

Parking Authority:

U.S. Government Agencies	174,924	*
Mutual Funds	1,213	
Certificates of Deposit	359,966	
Total parking authority	536,103	

Trust Funds:

U.S. Government Agencies	1,255,221	*
Corporate Bonds	15,750	*
Common stock	90,035,343	*
Mutual Funds	98,714,424	
Index Funds	68,358,403	
Hedge/alternative investments	101,110,847	
Commingled funds	73,556,586	
Certificates of Deposit	2,583,052	
Total trust funds	435,629,626	

Total investments 500,035,728

Total cash, cash equivalents and investments \$ 595,616,572

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

City of Norwalk, Connecticut

Notes to Financial Statements

Note 3. Cash, Cash Equivalents and Investments (Continued)

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

Statement of Net Position

Cash and cash equivalents	\$ 80,738,551
Investments	64,406,102
Total statement of net position	145,144,653

Fiduciary Funds:

Cash and cash equivalents	14,842,293
Investments	435,629,626
Total cash, cash equivalents and investments	\$ 595,616,572

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	\$ 2,898,417	\$ -	\$ 2,172,767	\$ 335,383	\$ 390,267
U.S. Government Agencies	19,222,380	-	12,195,630	4,543,716	2,483,034
Pooled fixed income	24,751,463	24,751,463	-	-	-
Mutual Fund- Fixed Income	61,028,118	5,919,727	26,181,063	10,130,668	18,796,660
Corporate Bonds	1,533,752	15,750	332,288	840,101	345,613
Certificates of Deposit	39,556,697	2,139,033	33,911,106	2,342,894	1,163,664
Total	\$ 148,990,827	\$ 32,825,973	\$ 74,792,854	\$ 18,192,762	\$ 23,179,238

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 \$4,006,554.

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

City of Norwalk, Connecticut

Notes to Financial Statements

Note 3. Cash, Cash Equivalents and Investments (Continued)

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	\$ -	\$ -	\$ 24,751,463	\$ -
AA+	178,817	19,222,380	-	1,004,541
A+	167,971	-	-	-
A	333,368	-	-	-
A-	334,869	-	-	-
BBB+	165,717	-	-	-
BBB	169,859	-	-	-
BBB-	167,401	-	-	-
Unrated	15,750	-	-	1,893,876
	<u>\$ 1,533,752</u>	<u>\$ 19,222,380</u>	<u>\$ 24,751,463</u>	<u>\$ 2,898,417</u>

Note 4. Unearned Revenue/Unavailable Revenue

Governmental funds report deferred inflow of resources from unavailable 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 unavailable revenue reported in the governmental funds and governmental activities were as follows:

	Unearned Revenue	Unavailable Revenue
General Fund		
Taxes and accrued interest on delinquent property taxes	\$ -	\$ 6,387,504
Advanced tax collections	-	9,622,192
Grants	48,434	-
Capital Projects		
Tax revenue	-	28,078
Nonmajor Funds		
Grants	1,682,985	-
Total	<u>\$ 1,731,419</u>	<u>\$ 16,037,774</u>

City of Norwalk, Connecticut

Notes to Financial Statements

Note 5. Capital Assets

Capital asset activity for the year ended June 30, 2014 was as follows:

	Beginning Balance	Additions/ Transfers	Disposals/ Transfers	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 23,629,897	\$ -	\$ -	\$ 23,629,897
Construction in progress	12,668,789	408,328	(12,615,383)	461,734
Total capital assets, not being depreciated	36,298,686	408,328	(12,615,383)	24,091,631
Capital assets, being depreciated:				
Land improvements	16,147,189	1,254,499	-	17,401,688
Machinery and equipment	45,661,788	5,282,443	-	50,944,231
Buildings and improvements	336,153,528	17,891,636	-	354,045,164
Infrastructure	215,647,977	15,689,391	-	231,337,368
Total capital assets being depreciated	613,610,482	40,117,969	-	653,728,451
Less accumulated depreciation for:				
Land improvements	7,959,107	546,705	-	8,505,812
Machinery and equipment	31,755,223	2,558,074	-	34,313,297
Buildings and improvements	92,357,431	6,271,429	-	98,628,860
Infrastructure	27,568,373	1,209,003	-	28,777,376
Total accumulated depreciation	159,640,134	10,585,211	-	170,225,345
Total capital assets, being depreciated, net	453,970,348	29,532,758	-	483,503,106
Governmental activities capital assets, net	\$ 490,269,034	\$ 29,941,086	\$ (12,615,383)	\$ 507,594,737

	Beginning Balance	Additions/ Transfers	Disposal/ Transfers	Ending Balance
Business-Type Activities:				
Capital assets, not being depreciated:				
Land	\$ 4,838,762	\$ -	\$ -	\$ 4,838,762
Total capital assets, not being depreciated	4,838,762	-	-	4,838,762
Capital assets, being depreciated:				
Land improvements	509,288	-	-	509,288
Machinery and equipment	13,343,139	11,635	-	13,354,774
Buildings and improvements	165,292,389	849,672	-	166,142,061
Infrastructure	28,677,753	-	-	28,677,753
Total capital assets, being depreciated	207,822,569	861,307	-	208,683,876
Less accumulated depreciation for:				
Land improvements	478,667	17,703	-	496,370
Machinery and equipment	12,711,515	163,407	-	12,874,922
Buildings and improvements	43,570,368	3,232,362	-	46,802,730
Infrastructure	14,656,193	430,077	-	15,086,270
Total accumulated depreciation	71,416,743	3,843,549	-	75,260,292
Total capital assets, being depreciated, net	136,405,826	(2,982,242)	-	133,423,584
Business-type activities capital assets, net	\$ 141,244,588	\$ (2,982,242)	\$ -	\$ 138,262,346

City of Norwalk, Connecticut

Notes to Financial Statements

Note 5. Capital Assets (Continued)

Depreciation expense was charged to functions/programs as follows:

Governmental Activities

General government	\$ 358,519
Health and welfare	48,372
Public safety	1,578,233
Public works	2,547,888
Education	5,227,964
Recreation, arts and cultural	824,235

Total depreciation expense – governmental activities	\$ 10,585,211
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Business-Type Activities

Parking Authority	\$ 946,411
Water Pollution Control Authority	2,897,138

Total depreciation expense – business-type activities	\$ 3,843,549
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Note 6. Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2014 was as follows:

	Beginning Balance	Increases/ Transfers	Decreases/ Transfers	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds payable:					
General obligation bonds	\$ 215,869,298	\$ 21,000,000	\$ (17,695,163)	\$ 219,174,135	\$ 17,328,205
Deferred amounts:					
For issuance premiums	11,991,835	-	(1,449,007)	10,542,828	-
Total bonds and notes payable	227,861,133	21,000,000	(19,144,170)	229,716,963	17,328,205
Compensated absences	14,243,478	11,473,367	(9,546,271)	16,170,574	9,546,000
Capital lease	81,393	-	(81,393)	-	-
Net pension obligation	1,413,033	2,887	-	1,415,920	-
Other post-employment obligation	18,231,560	3,880,949	-	22,112,509	-
Early retirement accrual	521,500	261,315	(294,000)	488,815	247,500
Risk financing activities	15,839,070	45,289,685	(43,630,335)	17,498,420	6,597,333
Claims payable	605,000	-	(224,976)	380,024	380,024
Total other long term debt	50,935,034	60,908,203	(53,776,975)	58,066,262	16,770,857
Governmental activity long-term liabilities	\$ 278,796,167	\$ 81,908,203	\$ (72,921,145)	\$ 287,783,225	\$ 34,099,062

City of Norwalk, Connecticut

Notes to Financial Statements

Note 6. Long-Term Liabilities (Continued)

	Beginning Balance	Increases/ Transfers	Decreases/ Transfers	Ending Balance	Due Within One Year
Business-Type Activities:					
Bonds payable:					
General obligation bonds and notes payable	\$ 60,895,837	\$ -	\$ (6,439,037)	\$ 54,456,800	\$ 5,444,610
Total bonds and notes payable	60,895,837	-	(6,439,037)	54,456,800	5,444,610
Business-type activity long-term liabilities	\$ 60,895,837	\$ -	\$ (6,439,037)	\$ 54,456,800	\$ 5,444,610

Compensated Absences: The obligation represents the employee (vested and nonvested) compensated absences expected to be paid in the future, aggregating approximately \$16,171,000 as of June 30, 2014. 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, 2014 was approximately \$76,830 and the net obligation amount was approximately \$1,416,000. These amounts are recorded in the government wide statements, and paid out of the General Fund.

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, 2014 was approximately \$22,113,000. 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 or \$1,500 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, 2014 is approximately \$489,000 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, 2014 is approximately \$380,000. This amount is recorded in the government-wide statements, and will be paid out of the General Fund.

City of Norwalk, Connecticut

Notes to Financial Statements

Note 6. Long-Term Liabilities (Continued)

Bonded Indebtedness: As of June 30, 2014, the outstanding general obligation bonded indebtedness of the City was as follows:

Governmental Activities:

General Obligation Debt

Purpose	Date of Maturity	Interest Rate %	Amount
Capital improvement	1/15/2016	2.25-4.00	\$ 3,557,250
Capital improvement	7/1/2018	3.00-5.00	11,600,000
Capital improvement	7/1/2018	2.50-5.00	44,053,047
Capital improvement	7/1/2024	3.00-5.00	13,350,150
Capital improvement	7/15/2029	2.25-4.25	450,030
Capital improvement	7/1/2026	3.00-5.00	15,537,385
Capital improvement	7/1/2024	3.00-5.00	16,386,663
Capital improvement	8/1/2030	1.60-5.20	5,670,000
Capital improvement	8/1/2030	1.60-5.20	12,266,770
Capital improvement	7/1/2027	3.00-4.00	18,022,000
Capital improvement	8/15/2031	2.00-4.00	17,274,000
Capital improvement	7/15/2029	1.25-5.00	16,006,840
Capital improvement	8/15/2032	2.00-4.00	24,000,000
Capital improvement	8/15/2028	2.95-2.95	21,000,000
			\$ 219,174,135

Business-Type Activities:

Enterprise Debt

Purpose	Interest Rate %	Amount
Water Pollution Control Authority Bonds	2.00-5.00%	\$ 9,247,538
Water Pollution Control Authority Clean Water Fund Notes	2.00%	35,670,942
Parking Authority G.O. - Parking Fund	2.00-5.00%	9,538,320
		\$ 54,456,800

City of Norwalk, Connecticut

Notes to Financial Statements

Note 6. Long-Term Liabilities (Continued)

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, 2014 is as follows:

Year Ended June 30,	General Obligation Debt	Total Interest Amount	Total Principal and Interest Amount
2015	\$ 17,328,205	\$ 8,426,539	\$ 25,754,744
2016	19,134,110	7,433,455	26,567,565
2017	17,622,394	6,631,266	24,253,660
2018	16,083,873	5,919,762	22,003,635
2019	16,162,694	5,290,304	21,452,998
2020-2024	72,034,911	18,096,126	90,131,037
2025-2029	48,371,087	6,094,285	54,465,372
Thereafter	12,436,861	648,559	13,085,420
	<u>\$ 219,174,135</u>	<u>\$ 58,540,296</u>	<u>\$ 277,714,431</u>

A summary of the City's business-type activities' long-term notes and bond principal maturities and related interest at June 30, 2014 is as follows:

Year Ended June 30,	WPCA Debt	Parking Authority Debt	Total Interest Amount	Total Principal and Interest Amount
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	4,529,254	642,073	879,309	6,050,636
2020-2024	10,050,680	3,231,623	2,966,901	16,249,204
2025-2029	7,879,853	2,832,363	1,129,067	11,841,283
Thereafter	4,032,552	174,419	136,224	4,343,195
	<u>\$ 44,918,480</u>	<u>\$ 9,538,320</u>	<u>\$ 9,790,580</u>	<u>\$ 64,247,380</u>

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.

City of Norwalk, Connecticut

Notes to Financial Statements

Note 6. Long-Term Liabilities (Continued)

The City has authorized but unissued bonds relating to capital projects at June 30, 2014 as follows:

General purpose	\$ 17,751,000
Schools	11,747,330
Sewer	14,385,000
Urban Renewal	8,459,200
Total	\$ 52,342,530

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:

Category	Debt Limit	Indebtedness	Balance
General purpose	\$ 634,277,027	\$ 178,693,557	\$ 455,583,470
Pension	845,702,703	-	845,702,703
Schools	1,268,554,055	101,968,292	1,166,585,763
Sewers	1,057,128,379	59,303,480	997,824,899
Urban renewal	916,177,928	21,533,571	894,644,357

The total overall statutory debt limit for the City is equal to seven times annual receipts from taxation, or \$1,973,306,307.

Subsequent Event: On August 1, 2014, the City issued \$15,000,000 of general obligation bonds with an average interest rate of 2.98% to finance certain capital projects. The bonds will mature through 2029.

Capital Projects: A summary of the uncompleted capital projects of the City at June 30, 2014 follows:

	Project Authorizations	Expenditures Fiscal 2014	Expenditures Cumulative	Unexpended Authorization Balances
	(a)	(b)	(c)	
Department of Public Works				
Sanitary Sewers	\$ 10,138,564	\$ 666,558	\$ 1,802,975	\$ 8,335,589
Drainage	7,606,939	565,026	3,154,931	4,452,008
Roads and Highways	22,041,696	8,567,717	9,922,049	12,119,647
Other	2,335,506	1,470,516	1,666,780	668,726
Police Department	158,000	101,343	84,170	73,830
Fire Department	16,470,000	1,825,955	14,619,953	1,850,047
Parks and Recreation	13,288,045	4,337,277	7,645,751	5,642,294
Board of Education	58,747,233	5,224,659	46,810,373	11,936,860
Redevelopment Agency	49,250,064	4,958,173	34,535,343	14,714,721
Traffic and Parking	9,400,586	789,371	6,243,432	3,157,154
Total	\$ 189,436,633	\$ 28,506,595	\$ 126,485,757	\$ 62,950,876

- (a) Represents cumulative Capital Budgets for projects that remain open at June 30, 2014.
- (b) Represents current year expenditures for projects that were open at June 30, 2014.
- (c) Represents aggregate expenditures for projects that were open at June 30, 2014.

City of Norwalk, Connecticut

Notes to Financial Statements

Note 6. Long-Term Liabilities (Continued)

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 \$17,498,000. 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.

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 City of Norwalk Charter and ordinances established the four Pension Plans. For the Police, Fire Plans and Food Service amendments to the provisions for benefits and contributions are made as part of union negotiations and are included in the Union Contracts and then approved by Norwalk Common Council for Police and Fire and the Norwalk Board of Education for Food Service. There is a coalition of unions for the Municipal Employees Pension Plan. Members of the Coalition must ratify any changes including benefits and contributions and then the Norwalk Common Council has to approve the agreement. All four plans are administered by the Municipal Employees Pension Board. The Municipal Employees Pension Board is appointed by the Mayor and Common Council and is comprised of a maximum of twelve members who serve five-year terms. 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, 2014, the actuarial valuation date utilized was July 1, 2013.

At the last actuarial valuation date, July 1, 2013, membership consisted of:

	Police	Fire	Employees'	Food Service
Retirees, disabled members and beneficiaries currently receiving benefits	196	156	638	32
Terminated employees entitled to benefits but not yet receiving them	-	-	97	8
Active members	161	123	608	69
DROP members	12	7	-	-
	<u>369</u>	<u>286</u>	<u>1,343</u>	<u>109</u>

Note 8. Employee Retirement Plans (Continued)

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, 2014 was approximately \$12,425,000.

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 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 9% 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, 2014 was approximately \$9,721,000.

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 4.5% 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, 2014 was approximately 35,769,000.

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.

City of Norwalk, Connecticut

Notes to Financial Statements

Note 8. Employee Retirement Plans (Continued)

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, 2014 was approximately \$1,117,000.

Deferred Retirement Option Program (DROP): The Police Pension Plan and Fire Pension Plan offers a Deferred Retirement Option Program (DROP) to its bargaining unit employees. The DROP is intended to provide an alternative retirement option to police employees who are eligible to retire. An employee is considered eligible if they are a full-time employee and must have completed a specific amount of years of service. During the DROP period, pension payments will be accounted for in the pension plan and paid out at the end of the DROP. The Fire Pension Plan has eliminated the DROP for employees hired after July 1, 2012.

Total Payroll: Total payroll for the City for the year ended June 30, 2014 was approximately \$168,799,000 of which approximately \$59,032,000 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 \$20,272,000 for the year ended June 30, 2014.

The City's annual pension cost and net pension obligation (asset) related to the Plans for the year ended June 30, 2014 were as follows:

	Employees'	Police	Fire	Food Service
Annual required contribution	\$ 4,114,985	\$ 3,388,517	\$ 2,150,257	\$ 112,571
Interest on net pension obligation	28,558	82,718	-	(5,976)
Adjustment to annual required contribution	24,048	69,654	-	(5,032)
Annual pension cost	4,167,591	3,540,889	2,150,257	101,563
Contributions made	(4,129,672)	(3,388,517)	(2,150,257)	(112,571)
Increase (decrease) in net pension obligation (asset)	(10,177)	13,064	-	(944)
Net pension obligation (asset), beginning of year	362,645	1,050,388	-	(75,886)
Net pension obligation (asset), end of year	\$ 352,468	\$ 1,063,452	\$ -	\$ (76,830)

City of Norwalk, Connecticut

Notes to Financial Statements

Note 8. Employee Retirement Plans (Continued)

Three Year Trend Information

	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
<u>Employees' Pension Plan</u>			
June 30, 2012	\$ 2,497,548	102.6%	\$ 426,282
June 30, 2013	3,176,455	102.0%	362,645
June 30, 2014	4,167,591	100.4%	352,468
<u>Police Benefit Fund</u>			
June 30, 2012	\$ 2,272,137	100.0%	\$ 1,035,363
June 30, 2013	2,603,627	99.4%	1,050,388
June 30, 2014	3,540,889	100.0%	1,063,452
<u>Firemen's Benefit</u>			
June 30, 2012	\$ 898,283	100.0%	\$ -
June 30, 2013	1,455,860	100.0%	-
June 30, 2014	2,150,257	100.0%	-
<u>Food Service Plan</u>			
June 30, 2012	\$ 88,921	100.0%	\$ (74,801)
June 30, 2013	87,129	101.2%	(75,886)
June 30, 2014	101,563	100.0%	(76,830)

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Valuation of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded/ (Overfunded) AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
Police Benefit Fund						
July 1, 2013	\$ 106,424,468	\$ 134,413,763	\$ 27,989,295	79.2%	\$ 11,276,370	248.2%
Firemen's Benefit Fund						
July 1, 2013	\$ 99,863,900	\$ 112,043,175	\$ 12,179,275	89.1%	\$ 9,462,914	128.7%
Employees' Pension Plan						
July 1, 2013	\$ 190,927,256	\$ 209,273,133	\$ 18,345,877	91.2%	\$ 36,038,743	50.9%
Food Service Employees' Pension Plan						
July 1, 2013	\$ 2,044,495	\$ 2,745,996	\$ 701,501	74.5%	\$ 983,732	71.3%

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

Note 8. Employee Retirement Plans (Continued)

The following is a summary of certain significant actuarial assumptions and other information that were used to calculate the actuarial required contribution as required by GASB 27:

	Employees' Pension Plan	Police Benefit Fund	Firemen's Benefit Fund	Food Service Pension Plan
Valuation date	July 1, 2013	July 1, 2013	July 1, 2013	July 1, 2013
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	23 years	23 years	23 years	23 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	7.750%	7.750%	7.750%	7.750%
Projected salary increases	4.00%	4.00%	4.00%	4.00%
Cost of living adjustments	1.50%	1.50%	1.50%	1.50%
Inflation	2.75%	2.75%	2.75%	2.75%

**Trust Funds
Statement of Plan Net Position
June 30, 2014**

	Pension Trust Funds					Total
	Employees Pension Plan	Fire Benefit Fund	Police Benefit Fund	Food Service Employees' Fund	OPEB Trust Fund	
Assets						
Cash and cash equivalents	\$ 2,450,477	\$ 1,322,631	\$ 1,422,732	\$ 20,050	\$ 8,004,450	\$ 13,220,340
Investments, at fair value:						
U.S. Government Agency	-	-	-	-	1,255,221	1,255,221
Corporate Bonds	7,532	3,939	4,198	81	-	15,750
Common Stock	43,055,144	22,519,856	23,999,299	461,044	-	90,035,343
Mutual Funds	29,218,498	15,282,649	16,286,649	312,882	37,613,746	98,714,424
Hedge/alternative investments	48,351,480	25,290,088	26,951,521	517,758	-	101,110,847
Commingled funds	35,174,958	18,398,150	19,606,817	376,661	-	73,556,586
Index Funds	32,689,173	17,097,968	18,221,219	350,043	-	68,358,403
Certificates of Deposit	-	-	-	-	2,583,052	2,583,052
Security lending transactions	5,652,391	2,956,465	3,150,690	60,527	-	11,820,073
Accounts receivable	-	-	-	-	85,014	85,014
Prepays	-	-	-	-	21,941	21,941
Total assets	196,599,653	102,871,746	109,643,125	2,099,046	49,563,424	460,776,994
Liabilities						
Security lending transactions	5,652,391	2,956,465	3,150,690	60,527	-	11,820,073
Accounts payable	-	-	-	-	887,599	887,599
Total liabilities	5,652,391	2,956,465	3,150,690	60,527	887,599	12,707,672
Net Position- Restricted for Benefits	\$ 190,947,262	\$ 99,915,281	\$ 106,492,435	\$ 2,038,519	\$ 48,675,825	\$ 448,069,322

City of Norwalk, Connecticut

Notes to Financial Statements

Note 8. Employee Retirement Plans (Continued)

Statement of Changes in Plan Net Position
Year Ended June 30, 2014

	Pension Trust Funds					Total Trust Funds
	Employees Pension Plan	Fire Benefit Fund	Police Benefit Fund	Food Service Employees' Fund	OPEB Trust Fund	
Addition						
Contributions						
Employer	\$ 4,129,672	\$ 2,150,257	\$ 3,388,517	\$ 112,571	\$ 15,170,756	\$ 24,951,773
Plan members	1,512,089	783,055	917,959	34,110	391,521	3,638,734
Other revenue	-	-	-	-	245,578	245,578
Total contributions	5,641,761	2,933,312	4,306,476	146,681	15,807,855	28,836,085
Investment Income						
Interest and dividends	2,182,779	1,143,455	1,209,187	23,232	2,564,817	7,123,470
Net appreciation in fair value of investments	25,211,721	13,239,843	13,942,841	267,262	4,960,043	57,621,710
Investment expense	(433,138)	(227,106)	(239,830)	(4,604)	-	(904,678)
Net investment income	26,961,362	14,156,192	14,912,198	285,890	7,524,860	63,840,502
Securities lending transaction income	14,673	7,675	8,179	157	-	30,684
Securities lending transaction expense	(718)	(376)	(400)	(8)	-	(1,502)
Net investment income-securities lending	13,955	7,299	7,779	149	-	29,182
Deductions						
Benefits paid	12,365,065	5,945,534	6,051,249	154,942	10,278,096	34,794,886
General and administrative	78,113	29,433	31,142	7,878	472,540	619,106
Total deductions	12,443,178	5,974,967	6,082,391	162,820	10,750,636	35,413,992
Net increase	20,173,900	11,121,836	13,144,062	269,900	12,582,079	57,291,777
Net Position- Restricted for Benefits						
Beginning of year	170,773,362	88,793,445	93,348,373	1,768,619	36,093,746	390,777,545
End of year	\$ 190,947,262	\$ 99,915,281	\$ 106,492,435	\$ 2,038,519	\$ 48,675,825	\$ 448,069,322

City of Norwalk, Connecticut

Notes to Financial Statements

Note 8. Employee Retirement Plans (Continued)

Investments:

Investment Policy: The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Pension Board. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension plan. The following was the adopted allocation policy as of June 30, 2014.

Asset Class	Pension Funds Allocation %
Core Fixed Income	20.00%
Inflation-Indexed Bonds	6.00%
Large Cap US Equities	14.69%
Mid Cap US Equities	8.29%
Small Cap US Equities	4.13%
Developed Foreign Equities	17.82%
Emerging Market Equities	4.19%
Private Equity	9.09%
Hedge Funds / Absolute Return	6.79%
Real Estate (Property)	6.00%
Commodities	3.00%

Rate of Return: For the year ended June 30, 2014, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was as follows. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

	Employees Pension Plan	Fire Benefit Fund	Police Benefit Fund	Food Service Employees' Fund
Rate of Return	16.06%	16.08%	16.03%	16.01%

Net Pension Liability of the City: The components of the net pension liability of the Town at June 30, 2014 were as follows:

Net Pension Liability as of June 30, 2014	Employees Pension Plan	Fire Benefit Fund	Police Benefit Fund	Food Service Employees' Fund	Total
Total Pension Liability	\$ 209,273,133	\$ 112,043,175	\$ 134,413,763	\$ 2,745,996	\$ 458,476,067
Plan Fiduciary Net Position	190,927,256	99,863,900	106,424,468	2,044,495	399,260,119
Net Pension Liability	18,345,877	12,179,275	27,989,395	701,501	59,216,048
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	91%	89%	79%	74%	87%

City of Norwalk, Connecticut

Notes to Financial Statements

Note 8. Employee Retirement Plans (Continued)

Actuarial Assumptions (GASB 67): The total pension liability was determined by an actuarial valuation as of July 1, 2013, calculated based on the discount rate and actuarial assumptions below, and then was projected forward to the measurement date June 30, 2014. There have been no significant changes between the valuation date and the fiscal year end.

	Employees Pension Plan	Fire Benefit Fund	Police Benefit Fund	Food Service Employees' Fund
Actuarial cost method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Investment rate of return	7.75%	7.75%	7.75%	7.75%
Projected salary increases	Age Dependent	Fixed 4% Increase Rate	Fixed 4% Increase Rate	Age Dependent
Inflation rate	2.75%	2.75%	2.75%	2.75%

Mortality rates were based on the RP-2000 Mortality Table for Employees, Health Annuitants and Disabled Annuitants with a generational projection to the valuation date with Scale AA.

Concentrations: The pension plans held the following investments, excluding mutual funds and investments issued or explicitly guaranteed by the United States government, representing 5% or more of the pension trust funds' fiduciary net position as of June 30, 2014:

Investment	Fair Value at June 30, 2014
Northern Trust S&P 500 Index Fund - Non Lending	\$44,313,783
Silchester International Investors International Value Equity Group Trust	39,190,004
Artisan International Growth Trust	38,045,630

City of Norwalk, Connecticut

Notes to Financial Statements

Note 8. Employee Retirement Plans (Continued)

Assumed Rate of Return: The long-term expected rate of return on pension plan investments was determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. Best estimates of the real rates of returns for each major asset class are included in the pension plan's target asset allocation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of July 1, 2013, and the final vestment return assumption, are summarized in the following table:

Asset Class	Long-Term Expected Arithmetic Real Return - Portfolio	Long-Term Expected Geometric Real Return - Portfolio
Core Fixed Income	2.20%	1.95%
Inflation-Indexed Bonds	0.96%	0.88%
Large Cap US Equities	5.86%	4.39%
Mid Cap US Equities	6.63%	4.49%
Small Cap US Equities	7.64%	4.63%
Developed Foreign Equities	6.29%	4.39%
Emerging Market Equities	8.94%	4.88%
Private Equity	9.15%	5.37%
Hedge Funds / Absolute Return	3.37%	2.93%
Real Estate (Property)	4.43%	3.66%
Commodities	4.57%	2.93%
Assumed Inflation - Mean	2.75%	2.75%
Assumed Inflation - Standard Deviation	2.00%	2.00%
Portfolio Real Mean Return	7.97%	7.31%
Portfolio Standard Deviation	12.00%	12.00%
Long-Term Expected Rate of Return		7.75%

City of Norwalk, Connecticut

Notes to Financial Statements

Note 8. Employee Retirement Plans (Continued)

Discount Rate: The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Therefore, the long-term expected rates of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate: The following presents the net pension liability (asset) of the City, calculated using the discount rate of 7.75%, as well as what the City's net pension liability (asset) would be if it were calculated using a discount rate that is 1.00% lower or 1.00% higher than the rate utilized:

	1% Decrease	Current	1% Increase
Net Pension Liability (Asset)	6.75%	Discount Rate 7.75%	8.75%
Employees Pension Plan	\$ 40,430,765	\$ 18,345,877	\$ (362,213)
Fire Benefit Fund	25,348,765	12,179,275	798,001
Police Benefit Fund	44,982,337	27,989,295	13,601,102
Food Service Employees' Fund	980,279	701,501	467,402

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, 2014, 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, 2014 were as follows:

Collateral Type	Market Value June 30, 2014	Collateral Value June 30, 2014	Collateral Percentage
Cash	\$ 11,560,529	\$ 11,820,073	102%

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

Cash collateral has been placed in investments that generally match the maturities of the secured loans. The Plans do not have any credit risk on the securities lending transactions as of June 30, 2014.

City of Norwalk, Connecticut

Notes to Financial Statements

Note 8. Employee Retirement Plans (Continued)

City of Norwalk Retirement Plan - Defined Contribution Pension Plan: As part of the July 1, 2012 Pension Coalition Agreement, management took steps to reduce the town's cost of providing retirement benefits for future employees that were previously covered by the Employees' Pension Plan. To help mitigate future increases in retirement costs, the Agreement approved by the City Common Council required all full-time employees other than sworn Police Officers, Firefighters, Food Service, grant employees and Certified Teachers and Administrators hired after July 1, 2012 to participate in a 401(a) defined contribution plan. In August 2013, fulltime grant employees were added to the 401a. This Plan is not reported as a fiduciary fund by the City as it does not meet the reporting criterion.

The Defined Contribution Plan requires the City to contribute 5% of each participant's salary. Employees are also required to contribute 5% of their salary.

The assets for the Plan are held by ICMA Retirement Corporation. The balance of the Plan amounted to approximately \$206,000 at June 30, 2014 and is not reflected in the accompanying financial statements of the City, as the City's role in the administration of the Plan is limited.

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, 2013. 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.

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, 2013, the date of the last actuarial valuation.

Retirees and beneficiaries receiving benefits	1,340
Active plan members	1,680
Total	<u>3,020</u>

OPEB Obligation:

Annual required contribution	\$ 19,302,000
Interest on net OPEB obligation	1,458,525
Adjustments to ARC	<u>(1,224,070)</u>
Annual OPEB cost	19,536,455
Contributions made	<u>15,655,506</u>
Increase in net OPEB liability	3,880,949
Net OPEB obligation, beginning of year	<u>18,231,560</u>
Net OPEB obligation, end of year	<u>\$ 22,112,509</u>

City of Norwalk, Connecticut

Notes to Financial Statements

Note 9. Other Post-Employment Benefits (Continued)

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 Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
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
6/30/14	19,536,455	15,655,506	80.13%	22,112,509

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	\$ 27,789,106	\$ 242,053,000	\$ 214,263,894	11.5%	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.

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%

Note 9. Other Post-Employment Benefits (Continued)

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 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.

City of Norwalk, Connecticut

Notes to Financial Statements

Note 10. Risk Management (Continued)

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,
2013	\$ 14,001,907	\$ 44,738,617	\$ 42,901,454	\$ 15,839,070
2014	15,839,070	45,289,685	43,630,335	17,498,420

Note 11. Fund Balance

Below is a table of fund balance categories and classifications at June 30, 2014 for the City governmental funds:

	General Fund	Capital Projects	Nonmajor Governmental Funds
Fund Balances:			
Nonspendable:			
Inventory	\$ 290	\$ -	\$ 33,310
Total nonspendable	290	-	33,310
Restricted:			
General government	-	-	179,608
Public safety	-	-	31,685
Health and welfare	-	-	108,780
Public works	-	-	5,000
Maritime operations	-	-	8,992
Education	-	-	2,003,271
Capital projects	-	15,757,888	-
Community grants	-	-	2,637
Total restricted	-	15,757,888	2,339,973
Committed:			
General government	-	-	84,768
Education	-	-	29,947
Public works	-	-	1,199,680
Health and welfare	-	-	205,922
Capital projects	-	2,415,764	-
Total committed	-	2,415,764	1,520,317
Assigned:			
General government*	609,718	-	-
Education	1,886,376	-	-
Public safety	356,301	-	-
Public works	17,700	-	-
Total assigned	2,870,095	-	-
Unassigned:			
General government	34,613,222	-	-
Total unassigned	34,613,222	-	-
Total fund balance	\$ 37,483,607	\$ 18,173,652	\$ 3,893,600

* Included in the General Fund is approximately \$192,000 of encumbrances, all of which is for General Government purposes

Notes to Financial Statements

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. 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.
- **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. 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.

**Required Supplementary
Information- unaudited**

City of Norwalk, Connecticut

Required Supplementary Information - *unaudited*
 Schedule of Funding Progress and Schedule of Employer Contributions - Police Benefit Fund
 June 30, 2014

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Valuation of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded/ (Overfunded) AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
Police Benefit Fund						
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%
July 1, 2013	91,094,177	127,791,434	36,697,257	71.3%	12,425,033	295.3%

Schedule of Employer Contributions

Year Ended June 30,	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a % of Covered Payroll	Percentage Contributed
2014	\$ 3,388,517	\$ 3,388,517	\$ -	\$ 11,276,370	30.05%	100.0%
2013	2,588,602	2,588,602	-	9,892,305	26.17%	100.0%
2012	2,272,357	2,272,357	-	10,038,206	22.64%	100.0%
2011	1,925,038	1,925,038	-	9,767,044	19.71%	100.0%
2010	1,197,083	1,197,083	-	7,836,642	15.28%	100.0%
2009	1,267,867	1,267,867	-	8,277,467	15.32%	100.0%
2008	1,605,475	1,605,475	-	8,540,939	18.80%	100.0%
2007	1,599,009	1,599,009	-	N/A	N/A	100.0%
2006	1,240,000	1,240,000	-	9,293,105	13.34%	100.0%
2005	868,054	868,054	-	N/A	N/A	100.0%

City of Norwalk, Connecticut

Required Supplementary Information - *unaudited*
 Schedule of Funding Progress and Schedule of Employer Contributions - Firemen's Benefit Fund
 June 30, 2014

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Valuation of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded/ (Overfunded) AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
Firemen's Benefit Fund						
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%
July 1, 2013	86,558,851	107,494,876	20,936,025	80.5%	9,721,012	215.4%

Schedule of Employer Contributions

Year Ended June 30,	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a % of Covered Payroll
2014	\$ 2,150,257	\$ 2,150,257	\$ -	\$ 9,462,914	22.72%
2013	1,455,860	1,455,860	-	9,411,149	15.47%
2012	898,283	898,283	-	8,907,133	10.08%
2011	335,135	335,135	-	8,669,948	3.87%
2010	-	-	-	7,848,842	0.00%
2009	62,744	62,744	-	7,336,833	0.86%
2008	391,779	391,779	-	8,374,111	4.68%
2007	307,926	307,926	-	N/A	N/A
2006	-	-	-	7,865,894	0.00%
2005	-	-	-	N/A	N/A

City of Norwalk, Connecticut

Required Supplementary Information - *unaudited*
 Schedule of Funding Progress and Schedule of Employer Contributions - Employees' Pension Plan
 June 30, 2014

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Valuation of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded/ (Overfunded) AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
Employees' Pension Plan						
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%
July 1, 2013	166,703,760	202,234,413	35,530,653	82.4%	35,768,820	99.3%

Schedule of Employer Contributions

Year Ended June 30,	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a % of Covered Payroll
2014	\$ 4,114,985	\$ 4,129,672	\$ (14,687)	\$ 36,038,743	11.46%
2013	3,170,268	3,240,092	(69,824)	35,768,820	9.06%
2012	2,497,652	2,561,323	(63,671)	36,038,743	7.11%
2011	1,677,163	1,717,429	(40,266)	35,205,960	4.88%
2010	891,003	889,592	1,411	35,648,471	2.50%
2009	832,452	863,067	(30,615)	35,652,748	2.42%
2008	1,435,823	1,506,611	(70,788)	34,753,304	4.34%
2007	1,279,680	1,343,895	(64,215)	34,353,200	3.91%
2006	689,596	761,128	(71,532)	33,335,431	2.28%
2005	911,816	994,714	(82,898)	N/A	N/A

City of Norwalk, Connecticut

Required Supplementary Information - *unaudited*
Schedule of Funding Progress and Schedule of Employer Contributions - Food Service Benefit Fund
June 30, 2014

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Valuation of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded/ (Overfunded) AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
Food Service						
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%
July 1, 2013	1,735,441	2,598,714	863,273	66.8%	1,117,166	77.3%

Schedule of Employer Contributions

Year Ended June 30,	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a % of Covered Payroll
2014	\$ 112,571	\$ 112,571	\$ -	\$ 983,732	11.44%
2013	88,214	88,214	-	937,656	9.41%
2012	89,102	89,102	-	920,435	9.68%
2011	89,530	89,530	-	937,757	9.55%
2010	89,102	89,102	-	837,065	10.64%
2009	74,182	74,182	-	843,602	8.79%
2008	67,085	67,085	-	620,707	10.81%
2007	88,755	88,755	-	N/A	N/A
2006	77,967	203,189	(125,222)	694,888	29.24%
2005	125,222	-	125,222	N/A	N/A

City of Norwalk, Connecticut

Required Supplementary Information - *unaudited*
 Schedule of Funding Progress and Schedule of Employer Contributions - OPEB Trust
 June 30, 2014

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%	\$ 144,988,620	146.5%
July 1, 2013	37,232,000	282,040,000	244,808,000	13.2%	N/A	N/A

Schedule of Employer Contributions

Year Ended June 30,	Annual Required Contribution	Percentage Contributed
2014	\$ 19,302,000	81.11%
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 Changes in the City's Net Pension Liability and Related Ratios
 (Dollar Values In Thousands)
 Last Fiscal Year

	Police	Fire	Police	Food Service
Changes in Net Pension Liability				
Total Pension Liability				
Service cost	\$ 4,009	\$ 2,019	\$ 2,616	\$ 109
Interest on total pension liability	15,513	8,261	9,876	204
Effect of economic/demographic gains or (losses)	(96)	215	181	(3)
Benefit payments	(12,387)	(5,947)	(6,051)	(162)
Net change in total pension liability	7,039	4,548	6,622	148
Total Pension Liability, beginning	202,234	107,495	127,791	2,599
Total pension liability, ending (a)	209,273	112,043	134,413	2,747
Fiduciary Net Position				
Employer contributions	\$ 4,130	\$ 2,150	\$ 3,389	\$ 113
Member contributions	1,512	783	918	34
Investment income net of investment expenses	26,975	14,163	14,920	286
Benefit payments	(12,387)	(5,947)	(6,051)	(162)
Administrative expenses	(56)	(29)	(31)	(1)
Net change in plan fiduciary net position	20,174	11,120	13,145	270
Fiduciary Net Position, beginning	170,753	88,744	93,280	1,775
Fiduciary net position, ending (b)	190,927	99,864	106,425	2,045
Net pension liability, ending = (a) - (b)	\$ 18,346	\$ 12,179	\$ 27,988	\$ 702
Fiduciary net position as a % of total pension liability	91.23%	89.13%	79.18%	74.44%
Covered payroll	\$ 36,039	\$ 9,463	\$ 11,276	\$ 984
Net pension liability as a % of covered payroll	50.91%	128.70%	248.21%	71.34%

NOTE: As 2014 is the implementation year, only 2014 information is available.

City of Norwalk, Connecticut

Required Supplementary Information - *unaudited*
 Schedule of General Fund Revenues - Budgetary Basis - Budget and Actual
 For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Taxes, Interest and Lien Fees				
Property Taxes	\$ 278,987,034	\$ 278,987,034	\$ 280,077,282	\$ 1,090,248
Interest and liens	1,857,097	1,857,097	1,870,496	13,399
Total taxes, interest and lien fees	280,844,131	280,844,131	281,947,778	1,103,647
Intergovernmental				
State grants in aid - general	4,037,529	4,077,374	5,901,926	1,824,552
State grants in aid - Board of Education	10,620,868	10,620,868	10,167,383	(453,485)
Other grants	526,005	526,005	524,429	(1,576)
Total intergovernmental	15,184,402	15,224,247	16,593,738	1,369,491
Licenses, Permits, Fees and Other				
Building inspections and permits	2,640,500	2,660,500	3,572,053	911,553
Health Department inspection fees	318,000	318,000	370,485	52,485
Police Department permits	32,300	32,300	41,819	9,519
Public Works licenses, permits and service charges	722,320	723,820	737,621	13,801
Planning and zoning permits	234,550	234,550	189,845	(44,705)
Town Clerk fees and permits	3,514,580	3,514,580	4,191,215	676,635
Police Department service charges	504,150	504,150	463,596	(40,554)
Other service charges and fees	1,569,918	1,583,315	1,813,674	230,359
Rental income	165,596	165,596	211,404	45,808
Recreation and Parks Commission	1,015,800	1,015,800	959,994	(55,806)
Health Department nursing fees	225,400	225,400	254,974	29,574
Total licenses, permits, fees and other	10,943,114	10,978,011	12,806,680	1,828,669
Interest on investments				
Interest on investments	712,000	712,000	771,096	59,096
Total interest	712,000	712,000	771,096	59,096
Total revenues	\$ 307,683,647	\$ 307,758,389	\$ 312,119,292	\$ 4,360,903

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, 2014

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
General Government				
Mayor	\$ 290,295	\$ 336,428	\$ 336,428	\$ -
City Clerk	339,885	364,630	364,531	99
Town Clerk	608,139	566,935	558,492	8,443
Legislative	12,450	11,610	11,610	-
Legal	972,678	904,900	870,280	34,620
Data Processing	1,598,132	1,647,389	1,561,626	85,763
Personnel & Labor Relations	571,376	609,337	592,785	16,552
Human Relations & Fair Rent	248,091	248,010	241,162	6,848
Youth Services	248,174	252,675	250,276	2,399
Registrar of Voters	354,700	384,879	359,957	24,922
Finance Director	197,745	228,122	197,027	31,095
Tax Assessor	824,236	755,193	728,912	26,281
Tax Assessor Revaluation	12,720	776,690	10,225	766,465
Tax Collector	880,202	908,233	904,401	3,832
Accounting and Treasury	690,747	655,275	651,349	3,926
Management and budgets	387,411	384,254	377,580	6,674
Purchasing	276,900	281,806	280,946	860
Central Services	81,350	78,223	62,768	15,455
Total general government	8,595,231	9,394,589.00	8,360,355	1,034,234
Health and Welfare	2,031,468	2,038,786.00	1,967,445	71,341
Community Grants				
Transit District	483,217	483,217.00	483,217	-
Probate Court	24,402	24,402.00	24,402	-
Elder House	9,972	9,972.00	9,972	-
Senior Center	336,080	336,080.00	336,080	-
Sexual Assault Crisis Center	16,810	16,810.00	16,810	-
CT Counseling Centers	2,101	2,101.00	2,101	-
Harbor Commission	9,822	9,822.00	9,822	-
Carver Foundation	55,000	55,000.00	55,000	-
Housing Site Development Agency	107,054	107,054.00	107,054	15
Redevelopment Agency	137,521	138,447.00	138,432	-
Mid-Fairfield Guidance Center	14,446	14,446.00	14,446	-
Neighborhood Improvement	68,525	68,525.00	68,525	-

(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, 2014

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Community Grants, Continued				
Americare Free Clinic	\$ 21,012	\$ 21,012	\$ 21,012	\$ -
Human Services Council	13,658	13,658	13,658	-
NEON Summer Camp	90,694	90,694	90,694	-
Domestic Violence Center	5,778	5,778	5,778	-
Family & Children's Aid	38,167	38,167	38,167	-
SW CT Mental Health Board	15,368	15,368	15,368	-
School Based Health Centers	19,436	19,436	19,436	-
Summer Youth Employment	75,000	75,000	75,000	-
Children's Connection	16,810	16,810	16,810	-
Other	180,845	184,864	184,864	-
Total community grants	1,741,718	1,746,663	1,746,648	15
Employee Benefits				
Insurance	11,376,673	11,376,673	11,376,673	-
Social Security	2,264,152	2,232,771	2,195,734	37,037
Unemployment Compensation	135,000	160,986	160,986	-
Police Pension	3,388,517	3,388,517	3,388,517	-
Fire Pension	2,150,257	2,150,257	2,150,257	-
City Pension	4,042,507	4,047,902	4,047,064	838
OPEB Contribution	13,846,636	13,846,636	13,846,636	-
Worker's Compensation Insurance	3,642,960	3,642,960	3,642,960	-
Total employee benefits	40,846,702	40,846,702	40,808,827	37,875
Protection of Persons and Property				
Police Department	19,995,580	20,360,209	20,355,577	4,632
Fire Department	16,779,405	17,403,470	17,305,549	97,921
Planning and Zoning	1,105,684	1,073,056	1,064,638	8,418
Building Inspector	695,413	717,460	708,552	8,908
Dispatch and Emergency Mgmt Plan	2,281,721	2,309,468	2,299,174	10,294
Total protection of persons and property	40,857,803	41,863,663	41,733,490	130,173
Public Works				
Public Works	17,542,765	17,834,588	17,687,906	146,682

(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, 2014

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Education				
Public Schools	\$ 162,271,864	\$ 164,318,748	\$ 161,243,578	\$ 3,075,170
Recreation, Arts and Culture				
Recreation and Parks	3,815,937	4,027,544	3,976,937	50,607
Library	3,474,751	3,508,064	3,472,956	35,108
Historical Commission	223,674	217,547	214,502	3,045
Total recreations, arts and culture	7,514,362	7,753,155	7,664,395	88,760
Contingency	1,800,968	781,604	-	781,604
Debt Service	26,126,874	26,126,874	26,126,874	-
Organizational Memberships	98,194	98,194	92,194	6,000
Total expenditures	\$ 309,427,949	312,803,566	\$ 307,431,712	\$ 5,371,854

See Note to Required Supplementary Information.

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, 2014, supplemental appropriations totaled approximately \$3,376,000.

City of Norwalk, Connecticut

Note to Required Supplementary Information - unaudited

Note 1. Budgets and Budgetary Accounting (Continued)

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	\$ 307,431,712
Effect of combined funds under GASB No. 54.	375,272
On-behalf payments paid directly by the State of Connecticut Teachers' Retirement System	20,272,000
On-behalf payments, paid directly by the Department of Public Health to WIC recipients, not recognized for budgetary purposes	1,265,234
Excess Cost -Special Education	1,810,266
Encumbrances and continued appropriations:	
June 30, 2013	862,693
June 30, 2014	<u>(191,737)</u>
Expenditures, GAAP basis	<u><u>\$ 331,825,440</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	\$ 312,119,292
Effect of combined funds under GASB No. 54	408,203
Excess Cost -Special Education	1,810,266
On-behalf payments paid directly by the State of Connecticut Teachers' Retirement System	20,272,000
On-behalf payments, paid directly by the Department of Public Health to WIC recipients, not recognized for budgetary purposes	<u>1,265,234</u>
Revenues, GAAP basis	<u><u>\$ 335,874,995</u></u>

City of Norwalk, Connecticut

Note to Required Supplementary Information - unaudited

Note 1. Budgets and Budgetary Accounting (Continued)

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.

APPENDIX B - FORM OF OPINION OF BOND COUNSEL

September __, 2015

City of Norwalk
City Hall
125 East Avenue
Norwalk, Connecticut 06856

We have acted as Bond Counsel to the City of Norwalk, Connecticut (the "City") in connection with the issuance by the City of its \$15,060,000 General Obligation Refunding Bonds, Issue of 2015, Series B, dated September 23, 2015 (the "Bonds"). In such capacity, we have examined a record of proceedings of the City authorizing the Bonds, a Tax Compliance Agreement of the City dated September 23, 2015 (the "Agreement"), such law and such other proceedings, certifications, and documents as we have deemed necessary to render this opinion.

As to questions of fact material to our opinion we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

We are of the opinion that when the Bonds are duly certified by U.S. Bank National Association, they will be valid and legally binding general obligations of the City payable as to both principal and interest 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 pursuant to Connecticut statutes. We are further of the opinion that the Agreement is a valid and binding agreement of the City and was duly authorized by the City.

The rights of the holders of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and by equitable principles, whether considered at law or in equity.

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be satisfied at and subsequent to the issuance and delivery of the Bonds in order that interest on the Bonds be excluded from gross income under Section 103 of the Code. In the Agreement, the City has made covenants and representations designed to assure compliance with such requirements of the Code. The City has covenanted in the Agreement that it will at all times comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds to ensure that interest on the Bonds shall not be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds, including covenants regarding, among other matters, the use, expenditure and investment of the proceeds of the Bonds.

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

In our opinion, under existing law, interest on the Bonds is not included in gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax; however, with respect to certain corporations (as defined for federal income tax purposes) subject to the federal alternative minimum tax, such interest is taken into account in computing the federal alternative minimum tax. We express no opinion regarding other federal income tax consequences caused by the ownership or disposition of, or receipt of interest on the Bonds.

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 for individuals, trusts and estates required to pay the federal alternative minimum tax. We express no opinion regarding other State income tax consequences caused by the ownership or disposition of, or receipt of interest on the Bonds.

We express no opinion herein regarding the accuracy, adequacy, or completeness of the Official Statement dated September 10, 2015 and other offering material relating to the Bonds.

We have not undertaken to advise whether any events after the date of issuance of the Bonds, including the adoption of federal tax legislation, may affect the tax status of interest on the Bonds.

Although we have rendered an opinion that interest on the Bonds is not included in gross income for federal income tax purposes, federal income tax liability may otherwise be affected by the ownership or disposition of the Bonds. We express no opinion regarding any tax consequence caused by ownership or disposition of, or receipt of interest income on, the Bonds not specifically described herein.

Respectfully,

PULLMAN & COMLEY, LLC

APPENDIX C - FORM OF CONTINUING DISCLOSURE AGREEMENT

**CONTINUING DISCLOSURE AGREEMENT
BY THE CITY OF NORWALK, CONNECTICUT**

**In Connection With The Issuance and Sale of
\$15,060,000 City of Norwalk, Connecticut
General Obligation Refunding Bonds, Issue of 2015, Series B**

This Continuing Disclosure Agreement (“Agreement”) is made as of September 23, 2015, by the City of Norwalk, Connecticut (the “Issuer”) acting by its undersigned officers, duly authorized, in connection with the issuance of its \$15,060,000 General Obligation Refunding Bonds, Issue of 2015, dated September 23, 2015 (the “Bonds”).

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 Issuer pursuant to, and as described in, Section 2 of this Agreement.

“EMMA” means the Electronic Municipal Market Access System as described in the 1934 Act Release #59062 and maintained by the Municipal Securities Rulemaking Board for the purposes of the Rule and as further described in Section 13 hereof.

“Final Official Statement” means the official statement of the Issuer dated September 10, 2015 prepared in connection with the issuance of the Bonds.

“Fiscal Year End” shall mean the last day of the Issuer’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.

“Rule” means rule 15c2-12 under the Securities Exchange Act of 1934, as of the date of this Agreement.

“SEC” means the Securities and Exchange Commission of the United States, or any successor thereto.

Section 2. Annual Reports.

(a) The Issuer shall provide or cause to be provided to the MSRB, in accordance with the provisions of the Rule and of this Agreement, the following annual financial information and operating data regarding the Issuer:

(i) Audited financial statements as of and for the year ending on its Fiscal Year End, prepared in accordance with generally accepted accounting principles, 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 or 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 total direct debt, net 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 Issuer per capita;

(G) the ratios of total direct debt and total overall net debt of the Issuer to the Issuer's net taxable grand list;

(H) a statement of statutory debt limitations and debt margins; and

(I) the funding status of the Issuer's pension benefit obligation.

(b) The above-referenced information is expected to be provided by the filing of and cross reference to the Issuer's audited financial statements. The information may be provided in whole or in part by cross-reference to other documents provided to the MSRB, including official statements of the Issuer which will be available from the MSRB's internet web site or filed with the SEC. All or a portion of the financial information and operating data may be provided in the form of a comprehensive annual financial report or the annual adopted budget.

(c) Subject to the requirements of Section 8 hereof, the Issuer reserves the right to modify from time to time the specific types 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 Issuer agrees that any such modification will be done in a manner consistent with the Rule. The Issuer 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 Issuer 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 Final Official Statement for the Bonds or has not otherwise been previously provided, the Issuer shall provide such financial information and operating data no later than eight months after the close of such preceding Fiscal Year End. The Issuer 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 when available.

Section 4. Event Notices.

(a) The Issuer agrees to provide or cause to be provided to the MSRB, within ten (10) business days of the occurrence of any of the following events with respect to the Bonds, notice of the occurrence of such event:

(i) principal and interest payment delinquencies;

(ii) unscheduled draws on debt service reserves reflecting financial difficulties;

(iii) unscheduled draws on credit enhancements reflecting financial difficulties;

(iv) substitution of credit or liquidity providers, or their failure to perform;

(v) 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 events affecting the tax status of the Bonds;

(vi) tender offers;

(vii) bankruptcy, insolvency, receivership, or a similar proceeding by the Issuer;

(viii) Bond defeasances; and

(ix) rating changes.

(b) The Issuer agrees to provide or cause to be provided to the MSRB, within ten (10) business days of the occurrence of any of the following events with respect to the Bonds, notice of the occurrence of such event, if material:

(i) non-payment related defaults;

(ii) modifications to rights of Bondholders;

(iii) Bond calls;

(iv) release, substitution, or sale of property securing repayment of the Bonds;

(v) consummation of a merger, consolidation, acquisition involving the Issuer, other than the ordinary course of business, or the sale of all or substantially all the assets of the Issuer, or the entry into a definitive agreement to engage in such a transaction, or a termination of such an agreement, other than in accordance with its terms; and

(vi) appointment of a successor or additional trustee, or the change in the name of the trustee.

Section 5. Notice of Failure. The Issuer agrees to provide or cause to be provided, in a timely manner to the MSRB, notice of any failure by the Issuer to provide the annual financial information described in Section 2(a) of this Agreement on or before the date set forth in Section 3 hereof.

Section 6. Termination of Reporting Obligation. The Issuer'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 Issuer 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 Issuer 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 Issuer, 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) the Agreement as so amended would have complied with the requirements of the Rule as of the date of the 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 MSRB. The annual financial information 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 operating data or financial information provided.

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

Section 10. Indemnification. The Issuer agrees to indemnify and save its officials, officers and employees harmless against any loss, expense and liabilities 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 such liabilities due to any such person's malicious, wanton, or willful act. The obligations of the Issuer under this Section shall survive, notwithstanding that such person may no longer be serving in such capacity.

Section 11. Enforceability. The Issuer 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 Issuer shall fail to perform its duties hereunder, the Issuer shall have the option to cure such failure after its receipt of written notice from any beneficial owner of the Bonds of such failure. The present address of the Issuer is City of Norwalk, Office of the Finance Director, 125 East Avenue, Second Floor, Norwalk, Connecticut 06856, Attn: Mr. Thomas S. Hamilton, Director of Finance. In the event the Issuer 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 enforcement of the Issuer's obligations hereunder. No monetary damages shall arise or be payable hereunder nor shall any failure to comply with this Agreement constitute default of the Issuer with respect to the Bonds.

Section 12. Governing Law. This Agreement shall be governed by the laws of the State of Connecticut.

Section 13. Method of Filing. To the extent filings are required to be made to the MSRB under this Agreement, the Issuer shall transmit such filings or notices in an electronic format to the continuing disclosure service portal provided through MSRB's EMMA as provided at <http://emma.msrb.org/> or any similar system that is acceptable to the SEC.

IN WITNESS WHEREOF, the Issuer has caused this 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