

OFFICIAL STATEMENT

NEW ISSUE

FITCH RATING: AAA
MOODY'S RATING: Aaa
STANDARD & POOR'S RATING: AAA
(See "Ratings" herein)

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

CITY OF NORWALK, CONNECTICUT

\$34,200,000

GENERAL OBLIGATION BONDS, ISSUE OF 2008

BOOK-ENTRY-ONLY

Dated: July 1, 2008

Due: Serially, July 1, 2011-2028

The Bonds will bear interest payable on July 1, 2009 and semiannually thereafter on January 1 and July 1 in each year until maturity. The Bonds are issuable only as fully registered bonds, without coupons, and when issued, will be registered in the name of Cede & Co., as Bondowner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry-only form, in the denomination of \$5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their ownership interest in the Bonds. So long as Cede & Co. is the Bondowner, as nominee of DTC, reference herein to the Bondowner or owners shall mean Cede & Co. as aforesaid, and shall not mean the Beneficial Owners (as described herein) of the Bonds. (See "Book-Entry Transfer System" herein).

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

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

The Bonds ARE subject to redemption prior to maturity.

MATURITY SCHEDULE AND AMOUNTS

<u>Maturity</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP</u>	<u>Maturity</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP</u>
2011	\$1,900,000	4.000%	2.85%	6688436X8	2020	\$1,900,000	4.000%	4.100%	6688437G4
2012	1,900,000	4.000	3.050	6688436Y6	2021	1,900,000	4.000	4.180	6688437H2
2013	1,900,000	4.000	3.200	6688436Z3	2022	1,900,000	4.125	4.230	6688437J8
2014	1,900,000	4.000	3.350	6688437A7	2023	1,900,000	4.250	4.270	6688437K5
2015	1,900,000	4.000	3.500	6688437B5	2024	1,900,000	4.250	4.310	6688437L3
2016	1,900,000	5.000	3.650	6688437C3	2025	1,900,000	5.000	4.360	6688437M1
2017	1,900,000	5.000	3.780	6688437D1	2026	1,900,000	5.000	4.410	6688437N9
2018	1,900,000	5.000	3.900	6688437E9	2027	1,900,000	4.375	4.450	6688437P4
2019	1,900,000	4.000	4.000	6688437F6	2028	1,900,000	4.500	4.500	6688437Q2

Morgan Stanley & Co., Inc.

The Bonds are offered for delivery when, as and if issued, subject to the final approving opinion of Robinson & Cole LLP, of Hartford, Connecticut, Bond Counsel. It is expected that delivery of the Bonds in book-entry-only form will be made on or about July 1, 2008.

Dated: June 19, 2008

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

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

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

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

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

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

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

BOND COUNSEL

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Hartford, Connecticut
(860) 275-8200

INDEPENDENT FINANCIAL ADVISOR

**INDEPENDENT BOND AND
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BOND SALE SUMMARY

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

Date of Sale:	Thursday, June 19, 2008, at 12:00 Noon (E.D.T).
Location of Sale:	Office of the Mayor, Conference Room 231, Second Floor, 125 East Avenue, Norwalk, Connecticut 06856.
Issuer:	City of Norwalk, Connecticut (the "City").
Issue:	\$34,200,000 General Obligation Bonds, Issue of 2008 (the "Bonds").
Dated Date:	July 1, 2008.
Principal Due:	Serially July 1, 2011-2028.
Interest Due:	January 1 and July 1 in each year, commencing July 1, 2009.
Purpose and Authority:	The Bonds are being issued to finance various capital improvement projects undertaken by the City and authorized by resolutions adopted by the Common Council.
Redemption:	The Bonds ARE subject to redemption prior to maturity as described herein under "Optional Redemption".
Security:	The Bonds will be general obligations of the City of Norwalk, and the City will pledge its full faith and credit to the payment of the principal of and interest on the Bonds when due.
Credit Rating:	The Bonds have been rated "Aaa" by Moody's Investors Service, Inc ("Moody's") and "AAA" by Fitch Ratings ("Fitch") and Standard & Poor's ("S&P"). See "Ratings" herein.
Basis of Award:	Lowest True Interest Cost (TIC) as of the dated date.
Tax Exemption:	See "Tax-Matters" herein.
Continuing Disclosure Undertaking:	See "Availability of Continuing Disclosure" and Appendix C herein.
Bank Qualification:	The Bonds shall NOT be designated by the City as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for interest expense allocable to the Bonds.
Certifying Bank Registrar, Transfer and Paying Agent:	U.S. Bank, National Association, Hartford, Connecticut.
Legal Opinion:	Robinson & Cole LLP, of Hartford, Connecticut will act as Bond Counsel.
Delivery and Payment:	It is expected that delivery of the Bonds in book-entry only form will be made on or about July 1, 2008, against payment in Federal Funds.
Issuer Official:	Questions regarding this Official Statement should be directed to Thomas Hamilton, Director of Finance, City of Norwalk, Connecticut - Telephone (203) 854-7870.

SECTION I - SECURITIES OFFERED

Introduction

This Official Statement, including the cover page and appendices, is provided for the purpose of presenting certain information relating to the City of Norwalk, Connecticut (the "City") in connection with the issuance and sale of \$34,200,000 General Obligation Bonds, Issue of 2008 (the "Bonds").

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 July 1, 2008 and will mature in annual installments on July 1 in each of the years and in the principal amounts set forth on the cover page hereof. The Bonds will be issued as fully registered bonds in denominations of \$5,000 or any integral multiple thereof. Interest will be payable on July 1, 2009 and semiannually thereafter on January 1 and July 1 in each year until maturity. A book-entry system will be employed evidencing ownership of the Bonds in principal amounts of \$5,000 or integral multiples thereof with transfers of ownership effected on the records of The Depository Trust Company, New York, New York ("DTC"), and its participants pursuant to rules and procedures established by DTC and its participants. (See "Book-Entry Transfer System" herein). The Registrar, Certifying, Transfer and Paying Agent will be U.S. Bank National Association of Hartford, Connecticut. The Bonds ARE subject to redemption prior to maturity. (See "Optional Redemption" below).

Optional Redemption

The Bonds maturing on or before July 1, 2013 are not subject to redemption prior to maturity. The Bonds maturing on July 1, 2014, and thereafter are subject to redemption prior to maturity, at the option of the City, on or after July 1, 2013, 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 principal amount of Bonds to be redeemed) set forth in the following table, together with interest accrued and unpaid to the redemption date:

<u>Redemption Date</u>	<u>Redemption Price</u>
July 1, 2013 and thereafter	100%

Notice of Redemption

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

Authorization and Purpose

Authorization. The Bonds are being issued pursuant to Title 7 of the General Statutes of Connecticut, as amended, the Charter of the City of Norwalk and various resolutions adopted by the Common Council of the City.

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

Capital Project Financing

The Common Council adopted various resolutions authorizing the issuance of general obligation bonds and notes to meet appropriations in the City's capital budgets for 2000-01, 2002-03, 2003-04, 2007-08, 2008-2009 and special appropriations for various school and public purpose projects. Proceeds of the Bonds will be used to finance the following capital projects:

<u>Capital Budget</u>	<u>Total Bond Authorization</u>	<u>Previously Bonded</u>	<u>The Bonds</u>
Fiscal Year 2000-2001	\$ 5,131,600 (1)	\$ 5,056,600	\$ 75,000
Fiscal Year 2002-2003	67,100,000 (1)	62,100,000	500,000
Fiscal Year 2003-2004 (2)	76,447,000 (1)	55,295,139	16,192,500
Fiscal Year 2007-2008	8,831,000	7,782,000	1,049,000
Fiscal Year 2008-09	27,088,500	-0-	12,933,500
Special Appropriations	<u>10,620,000</u>	<u>-0-</u>	<u>3,450,000</u>
Total	<u>\$195,218,100</u>	<u>\$130,233,739</u>	<u>\$34,200,000</u>

- (1) Authorization amounts were reduced in April 2007 by adoption of a resolution which eliminated outstanding authorized and unissued amounts for projects which were funded in part by school construction grants and no longer required issuance.
- (2) Includes a \$70,000,000 authorization for the City's net share of various Board of Education capital projects. The State of Connecticut will provide proportional progress payment grants during the construction phase of eligible school construction projects. Under this method of reimbursement, the City will only issue bonds for its net share of the project costs. The progress payment grants receivable will therefore reduce the authorized but unissued debt by a similar amount. See "School Projects" herein.

Ratings

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

Tax Matters

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

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

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

In the opinion of Robinson & Cole LLP, Bond Counsel, based on existing statutes, interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax.

The opinion of Bond Counsel is rendered as of its date and is based on existing law, which is subject to change. Bond Counsel assumes no obligation to update or supplement its opinion to reflect any facts or circumstances that may come to their attention, or to reflect any changes in law that may thereafter occur or become effective.

Original Issue Premium

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

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

Original Issue Discount

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

Under Section 1288 of the Code, the amount of original issue discount treated as having accrued with respect to any Bond during each day it is owned by a taxpayer is added to the owner's adjusted basis for purposes of determining gain or loss upon the sale or other disposition of such Bonds by such owner. Accrued original issue discount on the Bonds is excluded from gross income for federal income tax purposes. Original issue discount on any bond is treated as accruing on the basis of economic accrual for such purposes, computed by a constant semiannual compounding method using the yield to maturity on such bond. The original issue discount attributable to any bond for any particular semiannual period is equal to the excess of the product of (i) one-half of the yield to maturity of such bond, and (ii) the amount which would be the adjusted basis of the bond at the beginning of such semiannual period if held by the original owner and purchased by such owner at the initial public offering price, over the interest paid during such period. The amount so treated as accruing during each semiannual period is apportioned in equal amounts among the days in that period to determine the amount of original issue discount accruing for such purposes during each such day. Prospective investors in the Bonds should consult their tax advisors with respect to the federal income tax consequences of the disposition of 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 thereof by state law or by a governmental officer or organization empowered by state law to authorized such entity to become a debtor under such Chapter. Section 7-566 of the Connecticut General Statutes, as amended, provides that no Connecticut municipality shall file a petition in bankruptcy without the express prior written consent of the Governor.

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

Qualifications for Financial Institutions

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

Book-Entry Transfer System

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

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

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmation providing details of the

transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds and the Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds and the Notes is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not 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 the Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Town as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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

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

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

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

Replacement Bonds

The determination of the Town 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 Town fails to identify another qualified securities depository for the Bonds to replace DTC; or (b) the Town 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 Town can make no assurances that DTC, Direct Participants, Indirect Participants or other nominees of the Beneficial Owners of the Bonds will act in a manner described in this Official Statement. DTC is required to act according to rules and procedures established by DTC and its participants which are on file with the Securities and Exchange Commission.

SECTION II - THE ISSUER

Description of the City

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

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

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

Form of Government

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

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

Municipal Officials

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

<u>Office</u>	<u>Name</u>	<u>Manner of Selection & Term</u>	<u>Length of Service</u>
Mayor	Richard A. Moccia	Elected - 2 years	2 years
Director of Finance	Thomas S. Hamilton	Appointed - Indefinite	4 years
Superintendent of Schools	Dr. Salvatore Corda	Appointed - 3 years	8 years

Biographies of Municipal Officials

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

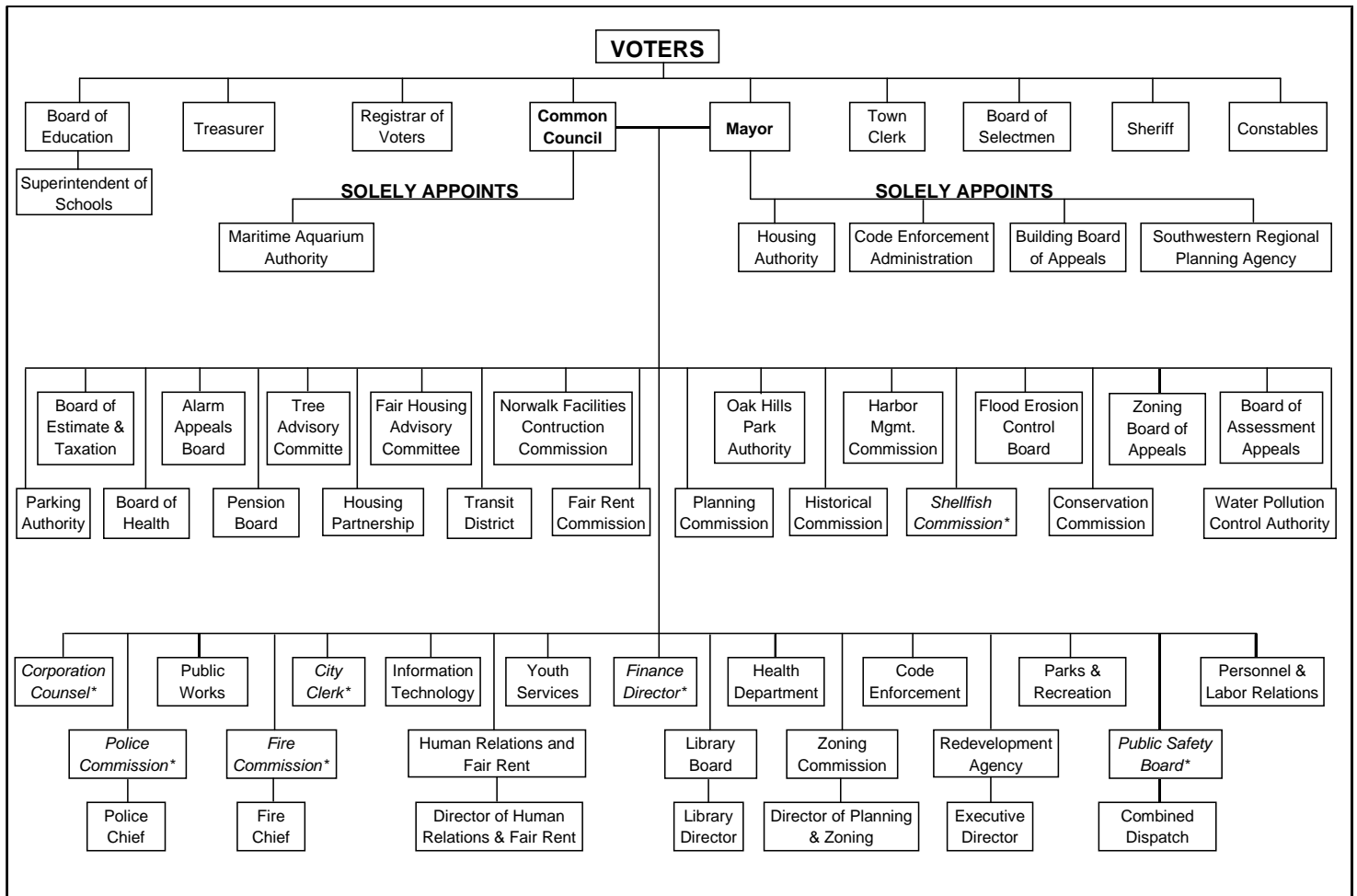
Mayor Moccia has lived in Norwalk since 1972 and was elected as Constable and City Sheriff and served these positions for many years.

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

Mr. Hamilton has 23 years experience in municipal administration. Prior to becoming Director of Finance for the City of Norwalk, Mr. Hamilton served as the chief financial officer for the City of Stamford, Connecticut from 1996 until 2003, and served as Finance Director in West Haven, Connecticut between 1992 and 1996. Mr. Hamilton also served as Norwalk's Budget Director from 1987 to 1992. Mr. Hamilton is a member of the Government Finance Officers Association of the United States and Canada, and is a past president of the Government Finance Officers Association of Connecticut.

Superintendent of Schools: Salvatore Corda is Superintendent of Schools. He earned his PhD from New York University and his B.A. and M.A. from Queens College. Prior to coming to Norwalk, Dr. Corda was Superintendent of Schools in Peekskill, New York for 12 years.

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 (1)

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
General Government	626	616	615	616	601	617
Board of Education (full-time)	<u>1,388</u>	<u>1,377</u>	<u>1,353</u>	<u>1,320</u>	<u>1,304</u>	<u>1,304</u>
Total	<u>2,014</u>	<u>1,993</u>	<u>1,968</u>	<u>1,936</u>	<u>1,905</u>	<u>1,921</u>

(1) General Fund supported employees only as of July 1 in each fiscal year.

Municipal Employees by Category

The following is a breakdown by category of full-time, General Fund supported employees as of April 3, 2008:

<u>Department</u>	<u>Employees</u>
<u>General Government</u>	
General Government	77
Health & Welfare	20
Police	190
Fire	139
Other Protection	43
Public Works	104
Recreation, Arts & Culture	<u>53</u>
Total General Government	<u>626</u>
<u>Board of Education</u>	
Administration and Principals	78
Teachers	852
Other	<u>458</u>
Total Board of Education	<u>1,388</u>
Total City Employees	<u>2,014</u>

Source: City Officials

Municipal Employee Collective Bargaining Representation

<u>Employees</u>	<u>Organization</u>	<u>Number of Employees</u>	<u>Current Contract Expiration Date</u>
General Government			
Police	Local 1727, Council #15 AFSCME, AFL-CIO	173	June 30, 2010
Fire	Local 830, IAFF	134	June 30, 2010
Engineers, Labor & Maintenance	Local 2405, Council #4 AFSCME, AFL-CIO	119	June 30, 2009
Clerical & Technical	Norwalk Municipal Employees Association	123	June 30, 2008 (1)
Public Health Nurses	Council #4 AFSCME, AFL-CIO	3	June 30, 2009
Assistants & Supervisors	Norwalk Assistants & Supervisors Association	53	June 30, 2011
Non-Bargaining Management		<u>21</u>	
	Subtotal	626	
Board of Education			
Teachers	Norwalk Federation of Teachers Local 1723, AFT, AFL-CIO	852	August 31, 2010
Principals, Assistant Principals and Supervisors	Association of Norwalk School Administrators	57	June 30, 2009
School Nurses	CHCA, District 1199	20	August 31, 2008
Custodians-Maintenance and Monitors	Local 1042, Council #4 AFSCME, AFL-CIO	122	June 30, 2008 (1)
Secretaries, Clerks & Teachers Aides	Norwalk Federation of Educational Personnel Local 3793, CSFT, AFL-CIO	308	June 30, 2009
Technicians	Local 72, Support, AFSA AFL-CIO	7	June 30, 2009
Cabinet/Executive Support Staff		<u>21</u>	N/A
	Subtotal	<u>1,388</u>	
	Grand Total – General Fund Supported Positions	2,014	
Cafeteria Workers	Local 1748, Council #4 AFSCME, AFL-CIO	<u>19</u> (2)	June 30, 2009
	Grand Total – All Positions	<u>2,033</u>	

(1) In various stages of negotiation.

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

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. Effective October 1, 1997, for binding arbitration of teacher's contracts, in assessing the financial capability of a municipality, there is an irrefutable presumption that a budget reserve of 5% or less is not available for payment of any item subject to arbitration. In light of the employer's financial capability, the panel considers prior negotiations between the parties, the interests and welfare of the employee group, changes in the cost of living, existing employment conditions, and wages, salaries, fringe benefits, and other conditions of employment prevailing in the labor market, including developments in private sector wages and benefits.

Source: City of Norwalk.

Educational Facilities

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

The primary function of the Board is to establish policy. Some of the areas for which such policies are set include curriculum, budget requests 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 1,399 employees to fulfill its instructional objective. They comprise two groups: 905 certified personnel and 494 non-certified personnel including secretaries, clerks, nurses, cafeteria workers, custodians, maintenance personnel and teachers' aides.

Public School Enrollment (1)

<u>Fiscal Year</u>	<u>Elementary School K – 5</u>	<u>Middle School 6 – 8</u>	<u>High School 9 – 12</u>	<u>Special Education</u>	<u>Total</u>
1998-1999	5,419	2,190	2,755	415	10,779
1999-2000	5,462	2,197	2,801	405	10,865
2000-2001	5,459	2,412	2,940	188	10,999
2001-2002	5,391	2,501	3,081	190	11,163
2002-2003	5,294	2,570	3,122	207	11,193
2003-2004	5,313	2,596	3,210	N/A	11,119
2004-2005	5,264	2,578	3,238	N/A	11,080
2005-2006	5,112	2,505	3,306	N/A	10,923
2006-2007	5,041	2,392	3,349	N/A	10,782
2007-2008	5,028	2,268	3,320	N/A	10,616
Projections					
2008-2009	4,754	2,290	3,431	N/A	10,475
2009-2010	4,717	2,211	3,146	N/A	10,074
2010-2011	4,705	2,146	3,069	N/A	9,920
2011-2012	4,708	2,044	2,982	N/A	9,734
2012-2013	4,734	1,994	2,872	N/A	9,600

(1) As of October 1.

Source: City of Norwalk Board of Education.

Colleges

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

Norwalk Transit District

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

During fiscal year 2007, the Norwalk Transit District's services carried just under 2,140,000 passengers.

For fiscal year 2007, the City contributed \$435,655 to the Transit District. The Norwalk Transit District is not a component unit of government of the City under the criteria established by the GASB.

Housing Authority

The Housing Authority of the City of Norwalk consists of five (5) Commissioners appointed by the Mayor. The Commissioners elect housing officials including a Chairman, Vice Chairman, and Treasurer. The Housing Authority also employs an Executive Director, who also acts as the Secretary. The Executive Director hires the staff, which consists of 30 administrative, 22 maintenance and 33 part-time employees.

The Housing Authority owns and manages both Federal and State subsidized housing for low income families of Norwalk. The inventory of housing consists of 1,131 apartments of which 823 units are federal low-income public housing and 308 units are state moderate, affordable or elderly rental units. Eighteen (18) of the elderly state housing units are subsidized under the State Rental Assistance Program.

Various Section 8 funded programs provide subsidy for 909 additional families under the following sections:

New Construction	45 Units
Section 8 Voucher	680 Units
Moderate Rehabilitation	166 Units
Single Room Occupancy	8 Units
Shelter Plus Care	10 Units

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

The following summary recaps capital improvement funds the City has received from HUD since 1998:

<u>Fiscal Year</u>	<u>Amount</u>
1998	\$1,301,707
1999	1,478,673
2000	1,518,439
2001	1,549,355
2002	1,470,154
2003	1,382,466
2004	1,400,869
2005	1,398,905
2006	1,290,574
2007	1,310,423

The Housing Authority is not a component unit of the City under criteria established by the GASB.

Maritime Center Authority

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

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

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

Norwalk Redevelopment Agency

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

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

These renewal projects, the earliest of which dates from 1959, have been reviewed regularly and amended as necessary to recognize changing development trends and to be responsive to changing market conditions. The seven area programs continue to serve as catalysts for increasing numbers of private development projects. Most recently, in June 2006, the West Avenue Corridor Redevelopment Plan was approved to provide the stimulus to revitalize the City's urban spine. The Plan centers on a retail and housing development to create a restored downtown for the whole Norwalk community. The City is currently completing negotiations with a local developer, who was approved in March 2007, to undertake the new development which intendeds to bring under-performing land parcels back to the tax base at a level typical of healthy commercial centers nation-wide. The project anticipates approximate 350 housing units, 567,350SF new and existing retail and 149,000 SF new and existing office to establish a critical mass that will be the link between Wall Street to the north and Reed Putnam/SoNo to the south.

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

Redevelopment Parcel 2A will consist of 378 residential units (half rental, half ownership), 788 parking spaces, and 75,000 s.f. of commercial and retail space scheduled to break ground within 2008. Redevelopment Parcel 3 will consist of 176 residential units (36 rental, and 140 ownership), 359 parking spaces, and 21,000 s.f. of commercial and retail space.

In addition, the Avalon Bay project to build 312 housing units in the Wall Street area is progressing despite some delay brought about by the settlement of some existing leases.

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

The remaining 3 development parcels, totaling approximately 12 acres, were assembled for the proposed Reed Putnam office

development site adjacent to I-95 between 2002 and 2004. This site was transferred in 2005 from the original developer to 95/7 Ventures LLC, who was approved by the City as the developer for a mixed-use project on the site. The revised development program includes 240 residential units, 125,000SF retail and 600,000SF Class A office and a 150 room hotel. This project has now received all local land use approvals. Design of the associated infrastructure is 90% complete and contracts have been awarded for the construction of major segments of the infrastructure (Reed Street Railroad Underpass) which is partially funded by a \$20 million grant from the State of Connecticut Department of Economic & Community Development. Site work and environmental remediation commenced in late 2007 and construction of the Phase I improvements is scheduled to commence in Fall 2008.

Also within the Reed Putnam area, the State Heritage Park, which includes the 13-acre Oyster Shell Park, creates a pedestrian/bike path connection along the Norwalk River between the Maritime Aquarium and Mathews Park. The City has completed a Master Plan design for walkways, lighting and landscape improvements to Oyster Shell Park and is preparing to go out for bid on construction of Phase I in the third quarter of 2008 utilizing State grant funds from the Department of Economic & Community Development and the Department of Environmental Protection.

Stepping Stones Museum for Children, in their sixth year of operation, enjoys an annual attendance of over 200,000 and has opened a new exhibit educating young children on health issues that affect them. The Museum is beginning a strategic planning process to review expansion possibilities at their site.

The South Norwalk urban renewal areas include the successfully revitalized Washington Street Historic District, within which the Agency has a stewardship role to ensure that additional development reinforces the historic integrity of the District and that building renovation and new construction of adjacent neighborhoods is consistent in quality and design. Recognizing the market value of the Historic District and neighboring properties, new private investment continues to occur with a major new housing and retail project under design for the corner of Washington Street and North Water Street utilizing the 19th century façade of the former Norwalk Company industrial building as its architectural theme. This project will complete the physical connection between the retailing center of Washington Street and the Maritime Aquarium visitors. Other new projects in the area include theme restaurants, building renovations/adaptive re-use and office expansions. In addition, study of the potential for an inter-modal transit center and associated development possibilities is scheduled to begin at the South Norwalk railroad station site.

The South Norwalk public improvements including the new parking facility, the police station, renovation of the South Norwalk Library are proving to be a catalyst for new private investment as evidenced by the recent sale of several key properties along North Main at aggressive sales prices.

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

Overlaying parts of the South Norwalk Urban Renewal areas is Norwalk's Enterprise Zone, established in 1982 and one of the nation's first. During calendar year 2007, 44 projects representing a total public and private investment of \$6,025,000 were undertaken within the Zone. In addition, in program year 2007, three companies were certified for State Enterprise Zone/Urban Jobs Benefits creating and/or retaining 62 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. In the last year, the City attracted such major businesses as GE Real Estate, GE Commercial Finance, GE Money, and Xerox. These leases alone brought over 500 new jobs to the community. In addition, a number of major companies such as HEI Hotels & Resorts, Siemens AG, MediaSpace Solutions and Kodak Polychrome chose to expand and/or renew leases. Norwalk is also the site selected for a number of dynamic small companies including Suasion Group, a medical education group, Quadrant Structured Investment Advisors LLC and Tavrow/Lund Consulting LLC as well as innovative start-ups like Screen PC software

The past year has been marked by significant planning for new construction in the office and residential markets, the majority of which has taken place along the Route 7 corridor north of the Merritt Parkway. Merritt 7 management has completed the 1,000,000 million square foot office park creatively unrolling a small tenant product of built-out space under 3,000 square feet. Construction has been completed for a \$86 million Building 901 at Merritt River bringing 360,000 square feet of Class A to the market of which 95% is leased. National RE/Sources LLC acquired the 300,000 square foot former

Perkin Elmer Site on Main Avenue and have begun the \$50 million renovation to create a LEED certifiable building (of which there are only seven in Connecticut). Tenant list includes a health club and Soundview Medical Group among others. A number of residential projects have been completed bringing 184 new condo units to market and 136 rental units. Most of these projects have been 50% pre-sold before completion.

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

The Agency's Homeownership Program kicked off this year with \$1,000,000 available for loans. This program offers first time homebuyers with loans up to \$50,000 at 0%. The loans are forgiven over a 10-15 year period.

The Agency's loan portfolio as of March 2008 includes 206 loans totaling over \$7,300,000 of which 62 (\$4,700,000) originate with the Residential Rehabilitation Program. Through funding from the Community Development Block Grant Program, the Agency also provides predevelopment funding to area for-profit and non-profit groups to facilitate the development of affordable housing. This equity portfolio includes approximately \$175,000 invested in two projects generating 5 affordable units and a new homeless shelter.

Parking Authority

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

On January 7, 2003, the Parking Authority issued \$9,110,000 of Lease Revenue Bonds for the construction of the Maritime Center Parking Garage. The City leased the ground that the Garage occupies to the Parking Authority and the Parking Authority in turn leased the Garage back to the City. The obligation of the City to make lease payments pursuant to the lease is subject to and dependent upon lawful appropriations being made by the Common Council of the City for such purpose. The Parking Authority's obligation to make bond payments on the bonds is limited to the amount of lease payments received by the trustee from the City pursuant to the assignment of the lease and from certain other limited sources as set forth in the trust agreement. The bonds do not represent indebtedness of, or a pledge of the full faith, credit or taxing power of, the State of Connecticut, the City or the Parking Authority. The Parking Authority has no taxing power. Payment of principal and interest on the bonds is insured in accordance with the terms of a financial guaranty insurance policy issued by Ambac Assurance Corporation.

Solid Waste - Solid Waste Disposal

The City executed a Municipal Service Agreement dated as of August 30, 1985 (the "MSA") with the Connecticut Resources Recovery Authority ("CRRA") for the disposal of solid waste through the Greater Bridgeport Resource Recovery System (the "System"), including a solid waste disposal and processing facility (the "Facility") located in Bridgeport and operated by Bridgeport Resco Company, L.P. (the "Company"). Each municipality which has signed such an agreement (a "Participating Municipality") has guaranteed to deliver annually a minimum tonnage of "Acceptable Waste", as defined in the Service Contract, to the System. The City's Minimum Tonnage Guarantee is 67,000 tons of an original aggregate Minimum Tonnage Guarantee by all the Participating Municipalities of 498,800 tons. The overall obligation of the System to deliver Acceptable Waste to the Facility has been reduced to 400,000 tons by amendment to The Solid Waste Disposal Agreement between CRRA and the Company (the "SWDA"), but without a corresponding reduction to each Participating Municipality's Minimum Tonnage Guarantee. In the event that any Participating Municipality fails to deliver its annual Minimum Tonnage Guarantee to the System, such Participating Municipality may nevertheless be obligated to pay Municipal Disposal Fees. CRRA is required to accept and dispose of all Acceptable Waste delivered to the System by or on behalf of each Participating Municipality.

Each Participating Municipality has agreed to pay Municipal Disposal Fees to CRRA for the acceptance and processing and/or disposing of Acceptable Waste. Municipal Disposal Fees consist of the sum of (i) all amounts payable by CRRA to

the Company under the SWDA as amended; (ii) all other costs reasonably incurred by CRRA in performing its obligations under the MSA's and the SWDA, including the costs of certain borrowings, incurred by CRRA, provided such cost is attributable to or derived from the operation of the applicable landfill disposal facility and the system, plus (iii) the administrative fees payable to CRRA, minus (iv) any MSA Revenues received by CRRA and payable or distributable to the Participating Municipalities. MSA Revenues are based on a formula for the distribution of excess CRRA Revenues after meeting all SWDA and MSA obligations. Municipal Disposal Fees under the MSA's are to be sufficient, in the aggregate, to enable CRRA to pay the Company disposal fees under the SWDA. The Municipal Disposal Fees are payable on a monthly basis.

The obligation of any Participating Municipality to pay its Municipal Disposal Fees, so long as CRRA meets its obligation to accept and dispose of Acceptable Waste, is absolute and unconditional and is not subject to any abatement, reduction, set-off, counterclaim, recoupment, defense (other than payment itself) or other right which the Participating Municipality might have against CRRA or any other person for any reason whatsoever. Each Participating Municipality has pledged its full faith and credit to the payment of Municipal Disposal Fees and has also agreed to enforce or levy and collect all taxes, cost sharing or other assessments or charges and take all such other action as may be necessary to provide for the payment of Municipal Disposal Fees. Participating Municipalities are obligated to make Service Payments only if CRRA accepts solid waste delivered by the Municipality.

If any Participating Municipality shall default in the payment of any amounts for which it is responsible and such default shall continue for more than 60 days, the other Participating Municipalities shall pay their share pro rata of the amounts unpaid by the defaulting Participating Municipality, and shall be entitled to full reimbursement upon CRRA's collecting such delinquent amounts.

For the fiscal years ending June 30, 2007, each Participating Municipality is assessed by CRRA a fixed charge of \$5 per ton for each of their respective Minimum Tonnage Guarantee, and \$76.00 per ton of Municipal Solid Waste actually delivered by or on behalf of each Participating Municipality. On July 1, 2008, these fees will increase to \$18.50 per ton for the Minimum Tonnage Guarantee, and \$80.00 per ton for Municipal Solid Waste that is actually delivered to the Bridgeport Resource Recovery Facility..

The City's MSA expires on December 31, 2008, at which time all obligations to CRRA or any of its contractors will cease. In 2007, the City issued a Request for Proposals (RFP) seeking vendors to operate the Norwalk Solid Waste Transfer Station, and to provide transportation and disposal of its municipal solid waste for a multi-year period. The City received several responses to this RFP, and is currently negotiating the final terms of a contract with the apparent low bidder. The City expects that its cost of solid waste disposal will decline significantly as a result of a new solid waste disposal contract, compared to current costs under the SWDA with CRRA.

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 sewerage system for the City. As of July 1, 2002, the Authority is responsible for establishing rates and charges sufficient to pay debt service on all bonds of the City issued to finance the acquisition, construction and improvements of both the existing and new sewerage system. Revenues from sewer charges will be used to pay debt service on the bonds. The bonds are secured by the full faith and credit of the City.

Wastewater Treatment Plant

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

Norwalk's wastewater treatment plant is permitted to treat up to 18 MGD in dry weather and 30 MGD in wet weather. When current plant flows exceed 30 MGD, up to 75 MGD of wastewater receives rudimentary treatment through an aged screening system and is disinfected before discharge into the Norwalk River. A planned combined sewer overflow project will maximize flows through the treatment plant up to 120 MGD through screening, grit removal, primary treatment and disinfection. Additionally, a planned low level nitrogen removal project will reduce the amount of nitrogen discharged into Long Island Sound and reduce the occurrence of hypoxia in the Sound.

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

The total cost of these projects approaches \$140 million. Norwalk has currently secured \$38.6 million in clean water loans and grants and intends to seek clean water funds for the balance of the projects.

Economic Factors

The City of Norwalk continued its economic growth throughout 2007 and the first quarter of 2008. Even as the national development outlook slows, a variety of projects are underway in Norwalk providing opportunities in all sectors throughout the City.

2008 promises to be an exciting year as several large-scale mixed-use developments will be moving forward. In March, the Zoning Commission approved plans for the first phase of District 95/7 with 1.1 million square feet of office, retail and restaurant space proposed by 95/7 Ventures along the west side of the Norwalk Harbor just south of Interstate 95. Site improvements are currently underway, including the start of construction on the Reed Street underpass under the Danbury Line Railroad that will connect North Water Street and the Maritime Aquarium to West Avenue. The Zoning Commission is currently reviewing preliminary plans for two new mixed-use developments in downtown Norwalk. Waypointe, a project by Seligson Properties, will bring 350 new multifamily units and over 500,000 square feet of retail, office and restaurants to the West Avenue corridor north of I-95. The Commission has already approved changes to the zoning regulations and map and is now reviewing Waypointe's preliminary site plans. The second project, Wall Street Place, proposed by POKO-IWSR Partners, will redesign a municipal parking lot into a new mixed-use development at Wall and Isaacs Streets and will provide the City's first automated parking garage. Combined, these projects will bring more than 500 new housing units to downtown Norwalk.

As the U.S. economy changes, the occupancy of major parcels is subject to change and the City is working to accommodate the repositioning of these parcels to permit other types of uses. A new mixed-use development in historic SoNo located on North Water Street will reuse manufacturing space at the former Norwalk Company for 128 multifamily dwelling units with ground floor retail and is scheduled to begin construction in 2008. A new 155,000 sq ft office building at NordenPark and the conversion of existing space from manufacturing to office was recently approved by the Zoning Commission to ensure the future viability of this industrial park in East Norwalk.

The acquisition of i-Park, the former Perkin Elmer site on Main Avenue, by National RE/Sources LLC has repositioned this site as a mixed use complex with Class A office space and a 48,000 square foot health club scheduled to open this fall. In Norwalk Center, AvalonBay Communities will begin construction this summer on a new mixed-use development with 312 multifamily units which will bring new life to the existing Riverview Plaza shopping center on Belden Avenue. Further south on East Avenue, construction is underway on a 36 unit multifamily development with public access along the Norwalk Harbor. At the Pepperidge Farm site, construction is underway on 235 units of luxury multifamily housing to replace the former manufacturing facility located on Route 1 at the Westport town line. In each instance, the City provided expedited permitting while requiring the infrastructure improvements needed to mitigate potential adverse impacts.

In 2007, the Norwalk Planning Commission adopted a new Plan of Development for Norwalk. The Plan is currently under review by the Common Council with adoption scheduled for later this year. The Plan envisions new transit-oriented green development with housing located near transportation facilities. The plan also recommends the creation of new Village Districts to preserve Norwalk's historic character while permitting compatible new development. The Zoning Commission is already moving ahead with this concept and has proposed a new Silvermine Tavern Village District to ensure that the Tavern continues as a Silvermine landmark in the future. The Plan also addresses the need to preserve a diverse and affordable housing stock in Norwalk and to maintain a minimum of 10% as affordable housing as defined by state statutes. This will ensure a favorable housing-to-job ratio and provide real opportunities for people to live near their place of employment.

Merritt 7 Corporate Park continues to provide Class A office space to some of the country's largest corporations. The Towers at Merritt includes two recently constructed office buildings totaling 650,000 square feet, and has introduced major new corporate tenants to the City. In November, Xerox Corporation relocated its corporate headquarters from Stamford to 45 Glover Avenue, where it will share space with Hewitt Associates. Building 801 is fully occupied by the world headquarters

of Diageo PLC and Building 901 is home to General Electric Commercial Finance, occupying 87,000 square feet on the top two floors.

Continued, steady growth is expected. Last year a near record number of zoning permits were issued and through the first quarter of 2008, permits are even with that pace.

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>
1960	67,776	653,589	2,535,234
1970	79,113	792,814	3,032,217
1980	77,767	807,143	3,107,576
1990	78,331	827,542	3,287,116
2000	82,951	882,567	3,405,565
2006	84,187	900,440	3,504,809

Source: U.S. Department of Commerce, Bureau of Census; State of Connecticut, Department of Public Health.

Age Characteristics of Population

	<u>City of Norwalk</u>		<u>State of Connecticut</u>	
	<u>Persons</u>	<u>Percent</u>	<u>Persons</u>	<u>Percent</u>
Under 5 years of age	5,689	6.8	223,344	6.5
5 to 9 years of age	5,373	6.5	244,144	7.2
10 to 14 years of age	4,724	5.7	241,587	7.1
15 to 19 years of age	4,028	4.9	216,627	6.4
20 to 24 years of age	4,332	5.2	187,571	5.5
24 to 34 years of age	14,644	17.7	451,640	13.2
35 to 44 years of age	14,809	17.8	581,049	17.2
45 to 54 years of age	11,007	13.3	480,807	14.1
55 to 59 years of age	4,354	5.2	176,961	5.2
60 to 64 years of age	3,390	4.1	131,652	3.9
65 to 74 years of age	5,704	6.9	231,565	6.8
75 to 84 years of age	3,632	4.4	174,345	5.1
Over 85 years of age	<u>1,265</u>	<u>1.5</u>	<u>470,183</u>	<u>1.9</u>
Total	82,951	100.0	3,405,565	100.0

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

Educational Attainment

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

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

Selected Wealth and Income Indicators

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

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

Income Distribution

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

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

Per Capita Personal Income - by Metropolitan Area, 2004-2006

<u>Metro-Area Name</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>Rank in 2006</u>
Bridgeport-Stamford-Norwalk, CT	\$64,224	\$ 67,269	\$71,901	1
San Francisco-Oakland-Fremont, CA	49,989	52,543	55,801	2
San Jose-Sunnyvale-Santa Clara, CA	48,226	50,468	53,533	3
Naples-Marco Island, FL	49,043	49,492	53,265	4
Washington-Arlington-Alexandria, DC-VA-MD-WV	46,311	48,697	51,207	5
Boston-Cambridge-Quincy, MA-NH	45,195	47,168	50,085	6
Sebastian-Vero Beach, FL	45,336	46,219	49,305	7
Trenton-Ewing, NJ	43,657	45,923	48,964	8
New York-Northern New Jersey-Long Island NY-NJ-PA	43,496	45,268	48,397	9
Boulder, CO	43,076	45,849	48,324	10
State of Connecticut	39,976	41,797	44,252	-
United States	33,090	34,471	36,307	-

Source: "Survey of Current Business," U.S. Bureau of Economic Analysis, January, 2008.

Employment by Industry

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

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

Unemployment Rate Statistics

<u>Yearly Average</u>	<u>City of Norwalk</u>	<u>Stamford Labor Market (1)</u>	<u>State of Connecticut</u>	<u>United States</u>
2002	3.3%	2.8%	3.9%	5.8%
2003	4.1	3.3	5.0	6.0
2004	4.3	2.9	4.7	5.5
2005	4.2	4.7	5.1	5.1
2006	3.6	3.9	4.3	4.6
2007	3.7	4.1	4.5	4.6

2008 Monthly

January	4.5	4.7	5.3	5.4
February	4.7	4.9	5.5	5.2
March	4.6	4.9	5.5	5.2
April	3.7	4.1	4.5	4.8

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

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

Major Employers

<u>Name</u>	<u>Nature of Business</u>	<u>Employees</u>
Norwalk Health Services Corporation	Hospital/Health Services	1,900
Stew Leonard's	Retail Dairy Store/Grocery	800
MBI	Direct Mail Marketing	800
Diageo	Premium Beverage Manufacturer	700
Hewitt Associates	Management Consultants	600
U.S. Surgical Corporation	Automatic Suture Instruments	500
Northrup Grumman Norden Systems	Electronic & Radar Systems	500
Beiersdorf, Inc.	Personal Care Products	450
Reed Exhibition Company	Trade Show/Publisher	450
Trilegiant Corporation	Membership Services	425
FactSet Research	Research Systems	356
Act Media, Inc.	In-Store Advertising	350
Xerox	Office equipment	320
Modem Media	Internet Advertising	300
Priceline.com	Internet Marketing	300
Vertue	Internet Marketing	300
G.E. Capital Corporation	Financial Services	250
G.E. Commercial Finance	Financial Services	250
Information Resources	Consumer Products Manufacturing	250
Virgin Atlantic Airways	Airline & Leisure Company	250
Trans-Lux Corporation	Electronic Signage	200
Asea Brown Boveri, Inc.	Engineering Services	200
Cablevision of Connecticut	TV/DSL Cable Line Installation	200
Arch Chemical	Chemicals Manufacturing	200
R.T. Vanderbilt	Chemical Manufacturing	175
Carlson Marketing Group	Marketing Consultant	175
Tauk World Discovery	Travel Services	175
King Industries, Inc.	Chemical Manufacturing	170
Klaff's	Lighting & Plumbing Supplies	150
Applera Corporation	Biotech	130
Kodak Polychrome Graphics	Graphic Arts Supply	125
Marsh & McLennan Companies	Insurance	120
Webloyalty.com	Membership Services	120
Callanen International	Watches	105
Integrated Marketing Services	Marketing Consultant	100
Muelstein International Ltd.	Plastic Resins Distribution	100
Gibbs College	Educational Institution	100
Total		<u>12,596</u>

Source: City of Norwalk Redevelopment Authority.

Norwalk Area Corporate/Regional Headquarters

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

Company

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

Business

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

Source: City of Norwalk Redevelopment Authority.

Value of Building Permits

Fiscal Year Ended 6/30	<u>Building</u>	<u>Miscellaneous</u>	<u>Total</u>
2008 (1)	\$113,738,291	\$40,090,918	\$153,829,209
2007	168,993,472	53,186,067	222,179,539
2006	173,785,844	17,841,057	191,626,901
2005	154,889,408	21,528,397	176,417,805
2004	226,461,685	20,401,098	246,862,783
2003	122,793,362	9,204,130	131,997,492
2002	88,316,351	7,490,071	95,806,422
2001	168,863,786	15,718,061	184,581,847
2000	112,671,283	7,790,459	120,461,742
1999	94,793,869	10,176,410	104,970,279

(1) As of May 31, 2008.

Source: City of Norwalk, Building Department.

Number of Dwelling Units

<u>2000</u>	<u>1990</u>	<u>1980</u>	% Increase <u>1990-2000</u>	% Increase <u>1980-1990</u>
33,753	32,224	28,309	4.7%	13.8%

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

Characteristics of Housing Units

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

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

Age Distribution of Housing

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

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

SECTION IV - INDEBTEDNESS

Computation of Statutory Debt Limit

As of July 1, 2008 (Pro Forma)

Total Fiscal Year 2007 tax collections (including interest and lien fees)	\$217,317,765
State Reimbursement for Revenue Loss on:	
Tax Relief for the Elderly	<u>45,545</u>
Base for Establishing Debt Limit	<u>\$217,363,310</u>

Debt Limit

	General <u>Purpose</u>	<u>Schools</u>	<u>Sewers</u>	Urban <u>Renewal</u>	Unfunded Past <u>Pension</u>	Total <u>Debt</u>
(2.25 times base)	\$489,067,448					
(4.50 times base)		\$978,134,895				
(3.75 times base)			\$815,112,413			
(3.25 times base)				\$706,430,758		
(3.00 times base)					\$652,089,930	
(7.00 times base)						\$1,521,543,170

Indebtedness (Including the Bonds and Maritime Center Debt)

Bonds Payable	\$ 63,587,483 (1)	\$120,594,457	\$ -0-	\$ 4,126,198	\$ -0-	\$ 188,308,139
The Bonds (<i>This Issue</i>)	13,178,500	16,192,500	-0-	4,829,000	-0-	34,200,000
Parking Authority	1,620,594 (2)	-0-	-0-	-0-	-0-	1,620,594
Water Pollution Control Authority (WPCA)	-0-	-0-	42,425,871 (3)	-0-	-0-	42,425,871
Authorized but Unissued Debt	2,720,000	4,959,361	11,835,000	11,470,000	-0-	30,984,361
Overlapping Indebtedness	<u>24,125,999 (4)</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>24,125,999</u>
Total Bonded Indebtedness	105,232,576	141,746,318	54,260,871	20,425,198	-0-	321,664,963
School Grants Receivable (5)	<u>-0-</u>	<u>(230,072)</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>(230,072)</u>
Net Bonded Indebtedness	<u>105,232,576</u>	<u>141,516,246</u>	<u>54,260,871</u>	<u>20,425,198</u>	<u>-0-</u>	<u>321,434,891</u>
Excess of Limit Over Outstanding and Authorized Debt	<u>\$425,622,692</u>	<u>\$836,618,649</u>	<u>\$760,851,542</u>	<u>\$686,005,560</u>	<u>\$652,089,930</u>	<u>\$1,200,108,279</u>

- (1) Includes \$1,533,064 Maritime Center Authority Bonds guaranteed by the full faith and credit of the City. (See "Maritime Center Authority" herein)
- (2) Includes \$620,594 of Parking Authority Bonds that will be paid from parking revenues, but are guaranteed by the full faith and credit of the City. The City made an appropriation of \$13,207,740 for the Parking Authority of which \$9,110,000 was issued as Lease Revenue Bonds and are excluded from the Authorized but Unissued Debt and Bonds Payable. The Lease Revenue Bonds are backed by a lease between the City of Norwalk and the Parking Authority and are not guaranteed by the full faith and credit of the City. (See "Parking Authority" herein).
- (3) Includes \$9,509,332 of General Obligation Bonds and \$32,916,539 of State of Connecticut Clean Water Fund ("CWF") Program Project Loan Obligations. (See "Water Pollution Control Authority" and "Clean Water Fund" herein).
- (4) The Second Taxing District currently has \$1,200,000 in bonds outstanding which qualify as overlapping indebtedness of the City. Additionally, the Second Taxing District has authorized \$24,715,165 for improvements to the District's Water Filtration Plant. The District plans to finance the improvements through the State of Connecticut's Drinking Water Loan program. Any loans undertaken will be supported by the full faith and credit of the Second Taxing District and not the City. Through April 2008, the Second Taxing District has drawn down \$22,925,999 against the IFO. (See "Overlapping and Underlying Indebtedness" and "Tax Districts" herein).
- (5) Includes outstanding State of Connecticut school building grants receivable on the eligible principal portion of outstanding school bonds. (See "School Projects" herein).

Calculation of Net Direct Debt

As of July 1, 2008 (Pro Forma)

Indebtedness (1)	
Bonded Debt	
The Bonds – <i>This Issue</i>	\$ 34,200,000
General Purpose (2)	63,587,483
Schools	120,594,457
Urban Renewal	4,126,198
Parking Authority (3)	1,620,594
Water Pollution Control Authority (4)	<u>42,425,871</u>
Total Bonded Indebtedness	266,554,603
Short Term Debt	<u>-0-</u>
Gross Direct Indebtedness	266,554,603
Exclusions (School Construction Grants) (5)	<u>(230,072)</u>
Net Direct Indebtedness	266,324,531
Overlapping Indebtedness (6)	<u>24,125,999</u>
Net Direct and Overlapping Indebtedness	<u>\$290,450,530</u>

- (1) Does not include authorized but unissued debt of \$30,984,361.
- (2) Includes \$1,533,064 of Maritime Center Authority Bonds guaranteed and paid by the full faith and credit of the City. (See “Maritime Center Authority” herein.)
- (3) Includes \$1,620,594 of Parking Authority Bonds that will be paid from parking revenues, and which are guaranteed by the full faith and credit of the City. Does not include \$9,110,000 of Lease Revenue Bonds issued by the Parking Authority which are not guaranteed by the full faith and credit of the City. (See “Parking Authority” herein.)
- (4) Includes \$9,509,332 of General Obligation Bonds and \$32,916,539 of State of Connecticut Clean Water Fund (“CWF”) Program Project Loan Obligations. (See “Water Pollution Control Authority” and “Clean Water Fund” herein.)
- (5) The State of Connecticut reimburses the City for a portion of its outstanding debt for education purposes. (See “School Projects” herein.)
- (6) The Second Taxing District currently has \$1,200,000 in bonds outstanding which qualify as overlapping indebtedness of the City. Additionally, the Second Taxing District has authorized \$24,715,165 for improvements to the District’s Water Filtration Plant. The District plans to finance the improvements through the State of Connecticut’s Drinking Water Loan program. Any loans undertaken will be supported by the full faith and credit of the Second Taxing District and not the City. Through April 2008, the Second Taxing District has drawn down \$22,925,999 against the IFO. (See “Overlapping and Underlying Indebtedness” and “Tax Districts” herein.)

Current Debt Ratios

As of July 1, 2008 (Pro Forma)

Total Direct Debt	\$266,554,603
Net Direct Debt	266,324,531
Net Direct and Overlapping Debt	290,450,530
Population (1)	84,344
Net Taxable Grand List (10/1/06)	\$10,527,527,000
Estimated Full Value	15,039,324,286
Equalized Net Taxable Grand List (2006) (2)	20,071,696,467
Per Capita Income (1999) (3)	39,783

	<u>Total Direct Debt</u>	<u>Net Direct Debt</u>	<u>Net Direct and Overlapping Debt</u>
Per Capita	\$3,160	\$3,158	\$3,444
To Net Taxable Grand List	2.53%	2.53%	2.76%
To Estimated Full Value	1.77%	1.77%	1.93%
To Equalized Net Taxable Grand List	1.33%	1.33%	1.45%
Per Capita to Per Capita Income	7.94%	7.94%	8.66%

- (1) State of Connecticut, Department of Public Health estimate.
- (2) Office of Policy and Management, State of Connecticut
- (3) U.S. Department of Commerce, Bureau of Census, Census 2000.

Historical Debt Statement

	<u>2006-07</u>	<u>2005-06</u>	<u>2004-05</u>	<u>2003-04</u>	<u>2002-03</u>
Population (1)	84,344	84,437	84,412	84,170	84,127
Net taxable grand list	\$ 9,468,305,000	\$ 8,268,992,000	\$ 7,380,696,000	\$ 6,526,297,000	\$ 5,794,438,000
Estimated full value	13,526,150,000	11,812,845,714	10,543,851,429	9,323,281,429	8,277,768,571
Equalized net taxable grand list (2)	18,873,044,733	15,734,794,000	15,183,215,000	15,576,343,985	11,717,836,041
Per capita income (3)	\$38,624	\$37,499	\$36,546	\$35,595	\$34,640
Short-term debt	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Long-term debt	<u>228,353,268</u>	<u>218,567,149</u>	<u>207,843,319</u>	<u>175,981,038</u>	<u>151,149,431</u>
Total Direct debt	249,245,240	243,459,861	230,843,329	215,842,592	185,888,707
Net Direct debt	248,568,296	242,283,457	229,154,290	213,567,781	183,068,322
Net Direct and Overlapping debt	264,300,724	244,083,457	231,254,290	215,967,781	185,768,322

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

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

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

Historical Debt Ratios

	<u>2006-07</u>	<u>2005-06</u>	<u>2004-05</u>	<u>2003-04</u>	<u>2002-03</u>
Total Direct debt:					
Per capita	\$2,955	\$2,883	\$2,735	\$2,564	\$2,210
To net taxable grand list	2.63%	2.94%	3.13%	3.31%	3.21%
To estimated full value	1.84%	2.06%	2.19%	2.32%	2.25%
To equalized net taxable grand list	1.32%	1.55%	1.52%	1.39%	1.59%
Debt per capita to per capita income	7.65%	7.69%	7.48%	7.20%	6.38%
Net direct debt:					
Per capita	\$2,947	\$2,869	\$2,715	\$2,537	\$2,176
To net taxable grand list	2.63%	2.93%	3.10%	3.27%	3.16%
To estimated full value	1.84%	2.05%	2.17%	2.29%	2.21%
To equalized net taxable grand list	1.32%	1.54%	1.51%	1.37%	1.56%
Debt per capita to per capita income	7.63%	7.65%	7.43%	7.13%	6.28%
Net direct and overlapping debt:					
Per capita	\$3,134	\$2,891	\$2,740	\$2,566	\$2,208
To net taxable grand list	2.79%	2.95%	3.13%	3.31%	3.21%
To estimated full value	1.95%	2.07%	2.19%	2.32%	2.24%
To equalized net taxable grand list	1.40%	1.55%	1.52%	1.39%	1.59%
Debt per capita to per capita income	8.11%	7.71%	7.50%	7.21%	6.37%

Clean Water Fund Program

The City has financed the renovations to its City Sewer Treatment Plant through the State of Connecticut Clean Water Fund Program (General Statutes Section 22a-475 et seq., as amended) which provides financial assistance through a combination of grants and loans bearing interest at a rate of 2% per annum. All participating municipalities receive a grant of 20% and a loan of 80% of total eligible costs (with the exception of combined sewer overflow correction projects which are financed with a 50% grant and a 50% loan). 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 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 ("PLO's") outstanding:

<u>Loan Number</u>	<u>Date of Issue</u>	<u>Original 2% Loan Amount</u>	<u>Amounts Outstanding As of April 3, 2008</u>
CWF 190	07/01/1996	\$ 4,550,161	\$ 1,786,138
CWF 301-C	12/30/1997	1,934,212	908,600
CWF 397-C	01/31/2000	673,270	385,658
CWF 190-DC	09/29/2000	41,294,122	25,000,530
CWF 190-L1	12/21/2001	4,930,815	3,392,213
CWF 190-CD1	12/30/2004	<u>1,830,187</u>	<u>1,443,400</u>
Total		<u>\$55,212,767</u>	<u>\$32,916,539</u>

Temporary Financing

When general obligation bonds have been authorized by a municipality, temporary notes may be issued maturing in not more than two years (CGS Sec. 7-378). Temporary notes may be renewed up to eight 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) 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 eight years from their initial borrowing date, except sewer notes issued in anticipation of State and/or Federal grants. If written commitments exists, 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.

Existing and Future Capital Project Financing

	<u>Outstanding</u> <u>Authorization</u>	<u>Urban/</u> <u>General</u>	<u>School</u>	<u>Sewer</u>	<u>The Bonds</u>
Capital Budget 2000-01					
Historical Commission					
Lockwood Mathews Mansion	\$ 75,000	\$ 75,000	\$ -0-	\$ -0-	\$ 75,000
Subtotal Capital Budget 2000-01	<u>75,000</u>	<u>75,000</u>	<u>-0-</u>	<u>-0-</u>	<u>75,000</u>
Capital Budget 2002-03					
Redevelopment Agency					
Norwalk Center Development Project	5,000,000	5,000,000	-0-	-0-	500,000
Subtotal Capital Budget 2002-03	<u>5,000,000</u>	<u>5,000,000</u>	<u>-0-</u>	<u>-0-</u>	<u>500,000</u>
Capital Budget 2003-04					
Schools					
Board of Education Construction Projects	21,151,861	-0-	21,151,861	-0-	16,192,500
Subtotal Capital Budget 2003-04	<u>21,151,861</u>	<u>-0-</u>	<u>21,151,861</u>	<u>-0-</u>	<u>16,192,500</u>
Capital Budget 2006-07					
Water Pollution Control Authority					
Stormwater Screen Replacement	100,000	-0-	-0-	100,000	-0-
Low Level Nitrogen Removal	100,000	-0-	-0-	100,000	-0-
Subtotal Capital Budget 2006-07	<u>200,000</u>	<u>-0-</u>	<u>-0-</u>	<u>200,000</u>	<u>-0-</u>
Capital Budget 2007-08					
Public Works					
Sidewalk & Curbing	50,000	50,000	-0-	-0-	50,000
Stormwater Mgmt: Buckingham/Lockwood	350,000	350,000	-0-	-0-	350,000
Stormwater Mgmt: Olmstead/Fitch –Area 1	250,000	250,000	-0-	-0-	250,000
Stormwater Mgmt: Noah’s Lane	50,000	50,000	-0-	-0-	50,000
Stormwater Mgmt.: Mary Austin at Silvermine Area	50,000	50,000	-0-	-0-	50,000
Stormwater Management Plan	50,000	50,000	-0-	-0-	50,000
General Drainage	150,000	150,000	-0-	-0-	150,000
Redevelopment Agency					
Wall Street Redevelopment	99,000	99,000	-0-	-0-	99,000
Subtotal Capital Budget 2007-08	<u>1,049,000</u>	<u>1,049,000</u>	<u>-0-</u>	<u>-0-</u>	<u>1,049,000</u>
Capital Budget 2008-09					
Fire					
Stations Alerting System – Phase 2	50,000	50,000	-0-	-0-	50,000
Apparatus Replacement	425,000	425,000	-0-	-0-	425,000
Command Car	60,000	60,000	-0-	-0-	60,000
SCBA Cylinders	25,000	25,000	-0-	-0-	25,000
Various Fire Stations: Repairs & Replacement	30,000	30,000	-0-	-0-	30,000
Public Works					
City Hall Repairs & Improvements	262,000	262,000	-0-	-0-	262,000
Public Works Center – Repairs/Improvements	127,000	127,000	-0-	-0-	127,000
Energy Conservation Various Locations	25,000	25,000	-0-	-0-	25,000
General Bridge Repairs	60,000	60,000	-0-	-0-	60,000
Perry Avenue Bridge over Norwalk River	450,000	450,000	-0-	-0-	200,000
Fleet Replacement	717,000	717,000	-0-	-0-	717,000
Pavement Management Program	3,372,000	3,372,000	-0-	-0-	3,372,000

	<u>Outstanding</u> <u>Authorization</u>	<u>Urban/</u> <u>General</u>	<u>School</u>	<u>Sewer</u>	<u>The Bonds</u>
Capital Budget 2008-09 Continued					
Public Works					
Sidewalk & Curbing	100,000	100,000	-0-	-0-	100,000
Buckingham/Lockwood	3,400,000	3,400,000	-0-	-0-	2,000,000
Watercourse Maintenance	500,000	500,000	-0-	-0-	500,000
General Drainage	250,000	250,000	-0-	-0-	250,000
Noah's Lane	275,000	275,000	-0-	-0-	275,000
Mary Austin at Silvermine Avenue	250,000	250,000	-0-	-0-	250,000
Keeler Brook Drainage Improvement	500,000	500,000	-0-	-0-	500,000
Traffic Signals at Various Locations	100,000	100,000	-0-	-0-	100,000
Safe Routes to Schools	75,000	75,000	-0-	-0-	75,000
Route 1 Widening	450,000	450,000	-0-	-0-	200,000
Fairfield Avenue Construction Match	40,000	40,000	-0-	-0-	-0-
Parking Authority					
Haviland Deck	1,000,000	1,000,000	-0-	-0-	1,000,000
Structural Repairs – SoNo Railroad	300,000	300,000	-0-	-0-	200,000
Structural Repairs – Yankee Doodle Garage	200,000	200,000	-0-	-0-	-0-
Water Pollution Control Authority					
CSO/Treatment System Facility Upgrade Phase 1	3,500,000	-0-	-0-	3,500,000	-0-
Low Level Nitrogen Removal	5,500,000	-0-	-0-	5,500,000	-0-
CSO/Treatment System Facility Upgrade Phase 2	390,000	-0-	-0-	390,000	-0-
Alternative Disinfection	845,000	-0-	-0-	845,000	-0-
Pump Station Upgrade/Replacement	250,000	-0-	-0-	250,000	-0-
Collection System Rehabilitation	1,000,000	-0-	-0-	1,000,000	-0-
SCADA and I & C Systems	150,000	-0-	-0-	150,000	-0-
Recreation and Parks					
Veteran's Memorial Park	30,000	30,000	-0-	-0-	30,000
Cranbury Park	101,000	101,000	-0-	-0-	101,000
Calf Pasture Beach	450,000	450,000	-0-	-0-	450,000
School & Park Playgrounds	100,000	100,000	-0-	-0-	100,000
Mathews Park	50,000	50,000	-0-	-0-	50,000
Fodor Farm	10,000	10,000	-0-	-0-	10,000
Basketball & Tennis Courts	50,000	50,000	-0-	-0-	50,000
Backstop & Fencing Improvements	25,000	25,000	-0-	-0-	25,000
Testa Field	87,000	87,000	-0-	-0-	-0-
Library					
Replace Dropped Ceiling	120,000	120,000	-0-	-0-	120,000
Carpet Replacement	40,000	40,000	-0-	-0-	40,000
Air Conditioning Equipment	93,000	93,000	-0-	-0-	-0-
Historical Commission					
Preservation Plan	40,000	40,000	-0-	-0-	40,000
Cemetaries	20,000	20,000	-0-	-0-	20,000
Lockwood Mathews Mansion	35,000	35,000	-0-	-0-	35,000
Historic Resource Inventory	20,000	20,000	-0-	-0-	20,000
HVAC & Humidity Control for Museum Archives	5,000	5,000	-0-	-0-	5,000
HVAC System for the Mill Hill Town House	16,500	16,500	-0-	-0-	16,500

	<u>Outstanding</u> <u>Authorization</u>	<u>Urban/</u> <u>General</u>	<u>School</u>	<u>Sewer</u>	<u>The Bonds</u>
Capital Budget 2008-09 Continued					
Redevelopment Agency					
Wall Street Redevelopment	200,000	200,000	-0-	-0-	200,000
South Norwalk TOD Development Initiative	130,000	130,000	-0-	-0-	130,000
Urban Connectivity	250,000	250,000	-0-	-0-	150,000
Affordable Housing	300,000	300,000	-0-	-0-	300,000
Health					
Building Repairs and Improvement	<u>238,000</u>	<u>238,000</u>	<u>-0-</u>	<u>-0-</u>	<u>238,000</u>
Subtotal Capital Budget 2008-09	<u>27,088,500</u>	<u>15,453,500</u>	<u>-0-</u>	<u>11,635,000</u>	<u>12,933,500</u>
Supplemental Capital Appropriations					
Wall Street Redevelopment	4,400,000	4,400,000	-0-	-0-	2,200,000
Oak Hills Golf Course Improvements	300,000	300,000	-0-	-0-	-0-
Reed Putnam Development Area	<u>5,920,000</u>	<u>5,920,000</u>	<u>-0-</u>	<u>-0-</u>	<u>1,250,000</u>
Subtotal Special Appropriations	<u>10,620,000</u>	<u>10,620,000</u>	<u>-0-</u>	<u>-0-</u>	<u>3,450,000</u>
Total	<u>\$65,184,361</u>	<u>\$32,197,500</u>	<u>\$21,151,861</u>	<u>\$11,835,000</u>	<u>\$34,200,000</u>

The City expects to fund the remaining authorized projects through excess funds in the Capital Fund Balance and future bonding.

Overlapping and Underlying Indebtedness

The Second Taxing District (the "District") of the City currently has \$1,200,000 in bonds outstanding. The bonds were originally issued on March 15, 1997 in the amount of \$4,600,000 to finance the acquisition of the New Canaan Reservoir and the installation and extension of transmission lines from the New Canaan Reservoir to the District's City Lake Reservoir. Although the security of the bonds is the full faith and credit of the District, the debt constitutes overlapping indebtedness of the City. (See "Tax Districts" herein).

On May 16, 2006, the Board of District Commissioners of the District adopted a resolution appropriating and authorizing bonds in the amount of \$24,715,165 for the design and construction of improvements to and the expansion of the Water Filtration Plan of the District, which resolution will be considered at a Special Meeting of the District in June, 2006. The District is financing the project through the State of Connecticut Drinking Water Program (General Statute 22a-475 et.seq.) which provides financial assistance through a combination of grants and loans bearing interest at a rate of 2% per annum. The Second Taxing District currently has drawn down \$22,925,999 against the IFO.

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</u> <u>Appropriation</u>	<u>Outstanding Bond</u> <u>Authorization Prior</u> <u>To This Issue</u>	<u>The Bonds</u> <u>(This Issue)</u>	<u>Reimbursement</u> <u>Rate for</u> <u>Eligible Costs</u>	<u>Total</u> <u>Estimated</u> <u>Grant (1)</u>
Board of Education Construction Projects (2)	<u>\$102,944,076</u>	<u>\$21,151,861</u>	<u>\$16,192,500</u>	33.00%	<u>\$32,944,076</u>

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

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

Combined Schedule of Long Term Debt through Maturity (1,2)

As of July 1, 2008 (Pro Forma)

Fiscal Year	Existing Debt (3)						Total Principal All Issues (3)
	City Principal Payments	Maritime Center Principal Payments	City Interest Payments	Maritime Center Interest Payments	Total Debt Service	The Bonds Principal Payments	
2008-09	\$ 19,069,590	\$ 354,356	\$ 9,125,183	\$1,330,645	\$ 29,879,774	\$ -0-	\$ 19,423,946
2009-10	20,404,482	326,637	7,849,890	1,358,363	29,939,372	-0-	20,731,119
2010-11	20,025,484	304,328	7,074,297	1,380,672	28,784,781	-0-	20,329,812
2011-12	18,942,615	283,552	6,297,626	1,401,448	26,925,241	1,900,000	21,126,167
2012-13	18,415,899	264,191	5,616,974	1,420,809	25,717,873	1,900,000	20,580,090
2013-14	18,060,362	0	5,022,807	0	23,083,169	1,900,000	19,960,362
2014-15	16,576,023	0	4,441,435	0	21,017,458	1,900,000	18,476,023
2015-16	15,424,959	0	3,868,426	0	19,293,385	1,900,000	17,324,959
2016-17	13,656,355	0	3,299,798	0	16,956,153	1,900,000	15,556,355
2017-18	12,009,917	0	2,832,982	0	14,842,899	1,900,000	13,909,917
2018-19	12,130,523	0	2,394,833	0	14,525,356	1,900,000	14,030,523
2019-20	9,276,610	0	1,988,406	0	11,265,016	1,900,000	11,176,610
2020-21	7,622,870	0	1,652,466	0	9,275,336	1,900,000	9,522,870
2021-22	7,144,671	0	1,343,663	0	8,488,334	1,900,000	9,044,671
2022-23	7,115,000	0	1,040,928	0	8,155,928	1,900,000	9,015,000
2023-24	7,135,000	0	737,069	0	7,872,069	1,900,000	9,035,000
2024-25	5,250,000	0	468,750	0	5,718,750	1,900,000	7,150,000
2025-26	3,725,000	0	271,562	0	3,996,562	1,900,000	5,625,000
2026-27	2,775,000	0	127,687	0	2,902,687	1,900,000	4,675,000
2027-28	1,450,000	0	32,625	0	1,482,625	1,900,000	3,350,000
2028-29	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>1,900,000</u>	<u>1,900,000</u>
Total	<u>\$236,210,360</u>	<u>\$1,533,064</u>	<u>\$65,487,407</u>	<u>\$6,891,937</u>	<u>\$310,122,768</u>	<u>\$34,200,000</u>	<u>\$271,943,424</u>

- (1) Beginning in fiscal year 1990-91 the City included in its budget the debt service payments for the Maritime Center debt. Prior to fiscal year 1990-91 such debt was not included in the City's budget, but guaranteed by full faith and credit of the City. Because revenue projections for the Center did not materialize as projected, the City deemed it prudent to include the guaranteed debt payments within its budget until the Center generates adequate revenues to cover operations and debt service. The Maritime Center debt payments are still included in the City's annually approved budget. (See "Maritime Center Authority" herein).
- (2) Includes obligations of the Water Pollution Control Authority and the Parking Authority which will be paid from sewer charges and parking revenues. These obligations are also backed by the full faith and credit of the City of Norwalk. It does not include Parking Authority Lease Revenue Bonds which are paid by a lease between the City of Norwalk and the Parking Authority. (See "Parking Authority" and "Water Pollution Control Authority" herein).
- (3) Includes principal payments of \$5,388,821 made as of July 1, 2008.

Source: City of Norwalk

Combined Schedule of City Bonded Debt

As of July 1, 2008 (Pro Forma) (1, 2)

<u>Fiscal Year</u>	<u>General Principal Payments (3)</u>	<u>General Interest Payments (3)</u>	<u>School Principal Payments</u>	<u>School Interest Payments</u>
2008-09 (4)	\$ 7,823,855	\$ 3,993,384	\$ 7,523,676	\$ 5,120,863
2009-10	8,412,219	3,621,392	7,952,562	4,452,857
2010-11	7,677,440	3,321,785	8,327,571	4,121,780
2011-12	6,783,104	3,041,982	8,180,785	3,765,607
2012-13	6,541,300	2,810,635	7,842,053	3,448,590
2013-14	6,027,103	1,178,846	7,667,780	3,173,462
2014-15	4,965,720	980,391	7,459,237	2,896,684
2015-16	4,314,632	797,052	7,373,120	2,604,602
2016-17	3,463,967	620,149	6,669,843	2,304,295
2017-18	2,350,076	498,627	6,191,299	2,041,384
2018-19	2,374,958	399,388	6,243,862	1,785,110
2019-20	1,593,445	250,542	6,262,699	1,596,896
2020-21	586,225	137,210	6,290,625	1,403,638
2021-22	431,953	115,359	6,354,699	1,137,168
2022-23	431,953	96,460	6,349,699	867,957
2023-24	431,953	77,425	6,369,699	597,794
2024-25	431,953	58,119	4,484,699	363,650
2025-26	431,953	38,682	2,959,699	200,901
2026-27	431,947	19,245	2,009,699	91,464
2027-28	<u>211,658</u>	<u>4,762</u>	<u>1,027,688</u>	<u>23,123</u>
Total	<u>\$65,717,414</u>	<u>\$22,061,435</u>	<u>\$123,540,994</u>	<u>\$41,997,825</u>

(1) Does not include this issue.

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

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

(4) Includes principal payments of \$5,109,289 made as of July 1, 2008.

Source: City of Norwalk

Urban Renewal Principal Payments	Urban Renewal Interest Payments	Total Debt Service
\$ 392,982	\$ 184,487	\$ 25,039,247
491,993	146,448	25,077,471
428,309	126,571	24,003,456
420,736	108,391	22,300,605
416,689	92,137	21,151,404
400,270	77,931	18,525,392
290,958	65,291	16,658,281
217,531	55,439	15,362,376
160,591	46,797	13,265,642
162,524	40,296	11,284,206
163,341	33,637	11,000,296
105,386	26,368	9,835,336
79,680	20,735	8,518,113
64,221	17,642	8,121,042
64,221	14,833	7,825,123
64,221	12,010	7,553,102
64,221	9,147	5,411,789
64,221	6,256	3,701,712
64,221	3,366	2,619,942
<u>42,703</u>	<u>961</u>	<u>1,310,895</u>
<u>\$4,159,019</u>	<u>\$1,088,743</u>	<u>\$258,565,430</u>

- (1) Does not include this issue.
- (2) Excludes obligations of the Water Pollution Control Authority which were issued with the guarantee of the full faith and credit of the City but will be paid from sewer charges. Excludes obligations of the Parking Authority which were issued with the guaranty of the full faith and credit of the City but will be paid from parking revenues. Excludes Parking Authority Lease Revenue Bonds which are paid by a lease between the City of Norwalk and the Parking Authority. (See "Water Pollution Control Authority" and "Parking Authority" herein).

Source: City of Norwalk.

Combined Schedule of Bonded Debt for Parking Authority and Water Pollution Control Authority
As of July 1, 2008 (Pro Forma)

<u>Fiscal Year</u>	Parking Authority Principal <u>Payments</u>	Parking Authority Interest <u>Payments</u>	Parking Authority Total <u>Debt Service</u>	WPCA Principal <u>Payments</u>	WPCA Interest <u>Payments</u>	WPCA Total <u>Debt Service</u>
2008-09 ⁽³⁾	\$ 234,540	\$ 71,356	\$ 305,896	\$ 3,448,893	\$1,085,740	\$ 4,534,633
2009-10	291,483	55,908	347,391	3,582,862	931,653	4,514,515
2010-11	259,029	44,191	303,220	3,637,463	840,643	4,478,106
2011-12	140,902	35,591	176,493	3,700,640	747,503	4,448,143
2012-13	127,480	30,373	157,853	3,752,568	656,050	4,408,618
2013-14	128,381	25,665	154,046	3,836,828	566,904	4,403,732
2014-15	120,530	21,024	141,554	3,739,578	478,045	4,217,623
2015-16	69,385	17,483	86,868	3,450,291	393,852	3,844,143
2016-17	69,385	14,904	84,289	3,292,569	313,656	3,606,225
2017-18	69,385	12,256	81,641	3,236,633	240,419	3,477,052
2018-19	69,385	9,504	78,889	3,278,977	167,194	3,446,171
2019-20	21,285	7,641	28,926	1,293,795	106,959	1,400,754
2020-21	21,285	6,726	28,011	645,055	84,159	729,214
2021-22	21,285	5,803	27,088	272,513	67,690	340,203
2022-23	21,285	4,872	26,157	247,842	56,806	304,648
2023-24	21,285	3,936	25,221	247,842	45,905	293,747
2024-25	21,285	2,986	24,271	247,842	34,848	282,690
2025-26	21,285	2,028	23,313	247,842	23,695	271,537
2026-27	21,291	1,070	22,361	247,842	12,542	260,384
2027-28	<u>13,150</u>	<u>296</u>	<u>13,446</u>	<u>154,801</u>	<u>3,483</u>	<u>158,284</u>
Total	<u>\$1,763,321</u>	<u>\$373,613</u>	<u>\$2,136,934</u>	<u>\$42,562,676</u>	<u>\$6,857,746</u>	<u>\$49,420,422</u>

(1) The debt service for these obligations are to be paid from sewer charges. In addition, they are guaranteed by the full faith and credit of the City.
(See "Water Pollution Control Authority" herein).

(2) Does not include this issue.

(3) Includes principal payments of \$279,532 made as of July 1, 2008.

Source: City of Norwalk.

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, 2007, 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, 2007, 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, 2006. To be eligible for the award, financial reports must include general purpose financial statements presented in conformity with GAAP, and have been audited in accordance with generally accepted auditing standards. The reports also contain statistical information useful in evaluating the financial condition of a government and conform to certain generally accepted formatting standards established for the Certificate Program.

Budgetary Procedures

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

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

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, two parks for District residents, maintains the street lights, operates a volunteer fire department and collects garbage for those residing within the District.

The Service Districts

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

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

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

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

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

Tax Rates (Mills)

<u>Grand List Date</u>	<u>Fiscal Year</u>	<u>Dist.1</u>	<u>Dist.2</u>	<u>Dist.3</u>	<u>Dist.4</u>	<u>Dist.5</u>	<u>Dist.6</u>	<u>Dist.7</u>	<u>Dist.8</u>	<u>Dist.9</u>	<u>Motor Vehicle Rate</u>
October 1, 2007	2008-09	22.48	22.48	22.48	22.55	21.98	21.06	(1)	(1)	(1)	23.57
October 1, 2006	2007-08	21.66	21.66	21.66	21.72	21.15	20.20	(1)	(1)	(1)	23.28
October 1, 2005	2006-07	23.16	23.16	23.16	23.24	22.63	21.45	(1)	(1)	(1)	23.24
October 1, 2004	2005-06	25.10	25.10	25.10	25.21	24.56	23.47	(1)	(1)	(1)	25.21
October 1, 2003	2004-05	27.12	27.12	27.12	27.23	26.51	25.41	(1)	(1)	(1)	27.23
October 1, 2002	2003-04	28.97	28.97	28.97	29.08	28.33	27.10	(1)	(1)	(1)	25.00
October 1, 2001	2002-03	31.87	31.87	31.87	31.98	31.14	29.63	29.63	31.87	31.87	20.00
October 1, 2000	2001-02	36.53	36.53	36.53	36.67	33.36	32.00	34.38	34.15	34.15	20.00
October 1, 1999	2000-01	42.75	42.75	42.75	42.91	38.97	37.18	40.03	39.90	39.90	20.00
October 1, 1998	1999-00	47.03	47.03	47.03	47.24	42.47	41.55	45.04	43.55	43.55	38.38

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

Employee Pension Systems

The City’s pension plans cover all employees of the City, except teachers, who are covered by the State Teachers Retirement Fund. There are four separate plans: Municipal Employees Pension Plan, Police Benefit Plan, Firemen’s Benefit Plan and Food Services Plan. As of the July 1, 2007 actuarial valuation, pension assets exceed pension obligations by \$19,700,075 for the Municipal Employees’ Pension Fund; \$(4,033,845) for the Police Benefit Fund; \$9,810,686 for the Firemen’s Benefit Fund and \$(200,087) for the Food Service Fund or \$25,276,829 for the all funds.

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

City's Contribution

<u>Fiscal Year</u>	<u>Municipal Employees' Pension Fund</u>	<u>Police Benefit Fund</u>	<u>Firemen's Benefit Fund</u>	<u>Food Service Employee' Pension Fund</u>	<u>Total</u>
2008-09 (1)	\$ 798,089	\$ 1,267,867	\$ 62,744	\$ 74,182	\$2,202,882
2007-08 (2)	1,502,824	1,605,475	391,779	67,085	3,567,163
2006-07	1,339,608	1,599,000	307,920	88,755	2,135,013
2005-06	689,596	1,240,090	-0-	203,189 (3)	2,135,013
2004-05	911,816	868,054	-0-	-0-	1,779,870
2003-04	1,066,428	896,104	-0-	130,655	2,093,187
2002-03 (4)	-0-	-0-	-0-	130,611	130,611
2001-02	-0-	-0-	-0-	65,194	65,194
2000-01	-0-	-0-	-0-	63,886	63,886
1999-00	1,124,042	405,000	40,000	44,153	1,613,195

- (1) Budgeted in General Fund
- (2) Unaudited estimate.
- (3) Includes Fiscal Year 2004-05 and 2005-06 required contributions.
- (4) During Fiscal Year 2002-03, the City's actuary at the time, The Segal Company, completed the actuarial valuation of the City's pension plans well after the Fiscal Year 2002-2003 Budget was approved. The City contributed the actuarially recommended contribution of \$1,962,532 for Fiscal Year 2002-2003 to the pension funds in Fiscal Year 2003-2004. The City is over funded in two of its four pension funds and will continue to fund the recommended amount in the future. City policy requires updated valuations every two years.

Other Post Employment Benefits

In the fall of 2005, the City's actuarial consultant, Milliman USA, performed an valuation of the City's Other Post Employment Benefits ("OPEB") as required under Government Accounting Standards Board Statement (GASB) Statement #45. The valuation included the City and Board of Education employees. As part of that valuation, Milliman USA determined an implicit rate subsidy where applicable, and employed an 8.25% discount rate. Based upon the valuation by Milliman USA, the City's the accrued liability is \$152.7 million. The City has created a Internal Revenue Code 115 trust effective July 1, 2007 to pay for these benefits. The OPEB valuation determined for the fiscal year ending June 30, 2006 that the normal and past service cost would be \$13.9 million, assuming a 30 year amortization of the unfunded liability. The City's administration has notified its various boards that implementation of GASB Statement #45 will effect how much the City budgets for post employments benefits and how information is presented in the Financial Statements. The City has elected to annually increase its contribution over a four-year period until it reaches the actuarial required contribution level. The phase-in of the actuarial required contribution began in fiscal year 2007-2008 and the approved budget for the fiscal year 2008-2009 includes an OPEB contribution of \$11.3 million. For the fiscal year ending June 30, 2007, the City paid approximately \$6.3 million for retiree benefits. The City' actuary is in the process of completing their evaluation for July 1, 2007.

Self -Insurance Program

The City is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City purchases commercial insurance for property losses in excess of \$50,000, and third party liability insurance up to 12 million for claims above a \$500,000 self-insured retention. The City and the Board of Education is self-insured for its medical, dental, workers' compensation and heart and hypertension. The City has opted to manage certain of its risks internally and has set aside assets for claim settlement in its Internal Service Fund. The Internal Services Fund services employee health, workers' compensation, general and automobile liability claims for risk of loss.

As of June 30, 2007 the City's, including the Board of Education, maximum loss potential was approximately \$15,763,596, 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 \$19,783,969 in the Internal Service Fund. Thus, on an accrual basis, in accordance with GASB Statement 10, the Internal Service Fund has retained earnings of \$4,020,373. The Internal Service Fund is adequately funded to meet the City's immediate requirements.

Investment Policies and Practices

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

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

Assessment Practices

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

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

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

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

Connecticut General Statutes Section 12-62 requires each municipality to revalue real property at least every five years by statistical methods and every ten years by physical inspection. The City of Norwalk completed its most recent statistical revaluation effective October 1, 2003. The City Council voted to defer full implementation of revaluation in accordance with state legislation. The City elected to initiate a phase-in of real property assessments, gradually phasing in the increase from the prior assessment to the new assessments by 25% per annum over a four-year period of time. The figures shown herein for the 2007 Grand List (Fiscal Year 2008-09) indicate the assessments resulting post the four-year phase-in. The City had previously completed a physical revaluation effective October 1, 1999, which was phased in over a four year period beginning FY 2000-01 and ending FY 2003-04.

The next scheduled real property revaluation is a full inspection, due October 1, 2008 and the City has hired J.F. Ryan Associates to provide appraisal services to assist the Assessor's office with final property valuations in connection with the October 1, 2008 revaluation.

Real Property Tax Collection Procedure

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

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

Real Property Tax Levies

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

Tax Collections

Fiscal Year Ended <u>6/30</u>	Taxable <u>Grand List</u>	Total Tax Rate (Mills)	Adjusted Tax Levy	Uncollected Taxes			
				End of Fiscal Year (1)	%	As of 04/30/08 (2)	%
2009 (3)	\$10,673,889,000	22.55	\$236,921,559	N/A	N/A	N/A	N/A
2008	10,527,527,000	21.72	226,597,402	N/A	N/A	\$4,430,756	2.0
2007	9,468,305,000	22.63	216,241,703	\$3,603,142	1.4	1,021,869	0.5
2006	8,268,992,000	24.56	208,336,045	3,089,519	1.5	382,969	0.2
2005 (4)	7,380,516,000	26.51	198,474,780	2,597,162	1.3	154,079	0.1
2004	6,526,297,000	28.33	186,498,884	2,805,264	1.5	(176,080)	(0.1)
2003	5,794,438,000	31.14	176,659,067	2,861,564	1.6	(201,381)	(0.1)
2002	4,961,132,000	33.36	170,449,270	3,290,354	1.9	(232,775)	(0.1)
2001	4,212,696,000	38.97	167,648,305	3,232,139	1.9	(195,353)	(0.1)
2000	3,529,992,000	42.47	160,965,677	3,502,714	2.2	1,852	0.0

- (1) The amount collected to the end of each fiscal year represents collections of twelve months. Taxes for the fiscal year are laid on the Grand List of October 1, and are due and payable in two installments, one-half July 1 and one-half January 1. Failure to pay an installment within one month of the installment due date makes the installment delinquent. Effective July 1, 1982 (P.A. 82-141 of the 1982 Connecticut General Assembly), if the installment is not paid by August 1, the tax becomes delinquent and a penalty of 1 1/2% per month (18% per annum) is charged from the due date on the tax. Real Estate is liened for delinquent taxes within one year after the due date.
- (2) Unaudited estimate.
- (3) Adopted budget.
- (4) The City's most recent revaluation was completed on October 1, 2003. The revaluation will be phased-in over a four year period at 25% per annum beginning in FY 2005 and ending in FY 2008. Please see "Assessment Practices" herein for more information.

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

Taxable Grand List

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

(\$ in Thousands)

Grand List <u>As of 10/1</u>	Real <u>Property</u>	Personal <u>Property</u>	Motor Vehicle <u>Property</u>	Gross Taxable <u>Grand List</u>	Less <u>Exemptions</u>	Net Taxable <u>Grand List</u>
2007	\$9,707,999	\$555,366	\$560,547	\$10,823,912	\$ 150,023	\$10,673,889
2006	9,601,705	552,823	542,373	10,696,901	169,374	10,527,527
2005	8,587,523	516,510	539,399	9,643,432	175,127	9,468,305
2004	7,434,325	408,120	521,445	8,363,890	94,897	8,268,992
2003 (1)	6,590,135	410,122	481,571	7,481,828	101,312	7,380,516
2002	5,703,118	421,287	503,046	6,627,451	101,154	6,526,297
2001	4,968,198	417,185	481,815	5,867,198	72,760	5,794,438
2000	5,537,973	432,201	466,691	6,436,865	1,475,733 (2)	4,961,132
1999	3,449,757	402,314	434,416	4,286,487	73,791	4,212,696
1998	2,797,624	401,986	404,030	3,603,640	73,648	3,529,992

- (1) The City's most recent revaluation was completed on October 1, 2003. The revaluation will be phased-in over a four year period at 25% per annum beginning in FY 2005 and ending in FY 2008. Please see "Assessment Practices" herein for more information.
- (2) Included in exemptions are the phased in values from revaluation effective October 1, 1999.

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
2007	\$7,305,104	\$2,310,099	\$ 92,796	\$9,707,999
2006	7,225,029	2,289,632	87,044	9,601,705
2005	6,455,428	2,038,024	94,071	8,587,523
2004	5,634,018	1,711,745	88,562	7,434,325
2003	4,845,240	1,684,477	60,418	6,590,135
2002	4,161,708	1,495,689	45,721	5,703,118
2001	4,125,244	1,502,898	50,144	5,678,286
2000	4,092,740	1,399,316	45,917	5,537,973
1999	2,429,610	987,330	32,817	3,449,757
1998 (1)	1,888,461	887,946	21,217	2,797,624

(1) Starting 1998, the State of Connecticut no longer requires breakdown of land and improvements as formerly reported. Only vacant land is included in the "All Land Total".

Largest Taxpayers

The following table sets forth the twenty-five largest taxpayers in the City per the Grand List dated October 1, 2007:

<u>Business-Name</u>	<u>Nature Of Business</u>	Total Estimated Gross Assessment
Merritt 7 Venture LLC	Office Building Complex	\$180,259,240
Connecticut Light & Power	Division of Northeast Utilities	112,957,302
Thirty Five Glover Partners LLC	Office Building	52,034,640
Twenty Five Glover Partners LLC	Office Building	49,392,000
River Park Property Owner LLC	Office Building	46,915,680
Norwalk Center LLC	Office Building	37,743,650
Norwalk Power LLC	Utility – Power Plant	37,676,126
Merritt River Residential LLC	Highrise Apartments	35,123,270
Diageo North America Inc	Premium Beverage Manufacturer	32,857,942
Merritt River Partners LLC	Office Building/Parking Lot	28,749,000
Townsend Norwalk LLC	Medical Equipment Facility	28,093,730
Yankee Gas Co.	Utility Lines	26,639,464
Fairfield Merritt View LP	Office Building	25,633,510
Jefferson At Maritime L.P.	Highrise Apartments	24,365,530
Costco Wholesale Corporation	Retail Discount	22,998,186
One Hundred Ninety Seven Conn.	Real Estate	22,940,330
HD-Main Avenue LP	Retail Complex	21,686,350
Home Depot USA Inc.	Retail Home Improvement	21,119,129
Transwestern 535 Connecticut LLC	Office Bldg.	20,787,760
Beirsdorf Inc.	Industrial	20,358,884
Gardella Brothers Limited Partnership	Marina	20,183,940
Christopher Road Associates LLCc	Retail	19,735,310
Elite Development Group LLC	Theater/Retail Complex	19,238,520
Rudolf A. Passero Jr.	Office Building	19,224,100
Factset Research System LLC	Database Services-PP	19,039,543
Total		<u>\$945,753,136</u> (1)

(1) Represents 8.86% of the net taxable grand list of \$10,673,889,000 dated October 1, 2007.

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 2003-2007 in "Statements of General Fund Revenues, Expenditures and Changes in Fund Balance-General Fund" herein.

Property Tax Revenues

<u>Fiscal Year</u>	<u>General Fund Revenues</u>	<u>Property Tax Revenues</u>	<u>Property Tax Revenues as a Percentage of General Fund Revenues</u>
2008-09 (1)	\$273,684,634	\$237,956,035	87.0%
2007-08 (2)	261,054,548	227,190,545	87.0
2006-07	263,386,839	215,669,320	81.9
2005-06	251,641,490	206,567,186	82.1
2004-05	238,741,612	200,532,788	84.0
2003-04	218,675,179	185,043,538	84.6
2002-03	207,814,103	178,735,767	86.0
2001-02	201,888,028	167,997,983	83.2
2000-01	207,591,803	170,814,545	82.3
1999-00	196,937,198	159,517,658	81.0

(1) Adopted Budget

(2) Unaudited estimate.

Source: Annual audited financial statements (GAAP), Fiscal Year 2007-08 Unaudited estimate and Fiscal Year 2008-09 Adopted Budget.

Intergovernmental Revenues

<u>Fiscal Year</u>	<u>General Fund Revenues</u>	<u>Federal and State Aid</u>	<u>Total Aid As a Percentage Of General Fund Revenue</u>
2008-09 (1)	\$273,684,634	16,989,611	6.2%
2007-08 (2)	261,054,548	17,365,450	6.7
2006-07	263,386,839	28,182,974	10.7
2005-06	251,641,490	27,086,112	10.8
2004-05	238,741,612	22,370,645	9.4
2003-04	218,675,179	21,948,831	10.0
2002-03	207,814,103	21,339,077	10.3
2001-02	201,888,028	24,440,382	12.1
2000-01	207,591,803	25,417,820	12.2
1999-00	196,937,198	25,294,755	12.8

(1) Adopted Budget

(2) Unaudited estimate.

Source: Annual audited financial statements (GAAP), Fiscal Year 2007-08 Unaudited estimate and Fiscal Year 2008-09 Adopted Budget.

Expenditures

<u>Fiscal Year</u>	<u>Education</u>	<u>Public Safety</u>	<u>Employee Benefits</u>	<u>Public Works</u>	<u>Debt Service</u>
2008-09 (1)	54.2%	13.6%	8.6%	6.1%	9.8%
2007-08 (2)	54.0	14.0	8.8	6.4	8.8
2006-07	56.3	13.1	8.6	5.9	8.0
2005-06	56.8	14.6	7.6	6.1	7.0
2004-05	57.5	13.6	7.7	6.4	6.3
2003-04	57.6	14.0	7.9	6.6	5.3
2002-03	56.7	13.2	6.6	7.1	8.6
2001-02	55.0	14.0	5.6	9.7	7.6
2000-01	54.0	13.9	5.2	10.5	8.8
1999-00	53.4	14.0	6.0	10.8	7.7

(1) Adopted Budget

(2) Unaudited estimate

Source: Annual audited financial statements (GAAP), Fiscal Year 2007-08 Unaudited estimate and Fiscal Year 2008-09 Adopted Budget.

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

	Fiscal Year 2006-2007			FY 2007-08 Unaudited Estimate	2008-09 Adopted Budget
	Revised Budget	Actual Operations	Variance Favorable (Unfavorable)		
REVENUES					
Property Taxes	\$215,164,839	\$215,669,320	\$ 504,481	\$227,190,545	\$237,956,035
Intergovernmental	17,370,417	17,368,955	(1,462)	17,365,450	16,989,611
Licenses, permits, fees and other	12,340,597	14,138,573	1,797,976	12,248,554	12,563,988
Interest on investments	<u>3,500,000</u>	<u>5,395,972</u>	<u>1,895,972</u>	<u>4,250,000</u>	<u>2,675,000</u>
TOTAL REVENUES	<u>248,375,853</u>	<u>252,572,820</u>	<u>4,196,967</u>	<u>261,054,548</u>	<u>\$270,184,634</u>
EXPENDITURES					
General government	8,480,176	7,801,630	678,546	8,182,386	\$ 7,698,546
Education	137,175,317	136,961,257	214,060	142,669,197	148,218,925
Public Safety	34,516,661	33,888,222	628,439	37,023,544	37,310,024
Health and Welfare	2,152,815	2,085,378	67,437	2,257,427	2,227,682
Public works	16,261,528	15,730,178	531,350	16,866,059	16,672,063
Community Grants	2,787,543	2,784,099	3,444	2,825,527	2,937,294
Employee Benefits	22,233,319	22,194,698	38,621	23,343,073	23,436,561
Recreation, Arts & Cultural	7,174,039	7,034,987	139,052	7,383,688	7,708,271
Organizational memberships	77,435	77,435	-0-	81,088	83,051
Contingency	1,174,116	-0-	1,174,116	-0-	1,694,806
Debt Service	<u>20,728,101</u>	<u>20,728,101</u>	<u>-0-</u>	<u>23,464,498</u>	<u>25,697,411</u>
TOTAL EXPENDITURES	<u>252,761,050</u>	<u>249,285,985</u>	<u>3,475,065</u>	<u>264,096,487</u>	<u>273,684,634</u>
Excess (Deficiency) of Revenues Over Expenditures	(4,385,197)	3,286,835	7,672,032	(3,041,939)	(3,500,000)
Other Financing Sources (Uses)					
Appropriated Fund Balance	<u>1,500,000</u>	<u>-0-</u>	<u>(1,500,000)</u>	<u>3,000,000</u>	<u>3,500,000</u>
Excess (Def.) of Rev. & Other Financing Sources over Expenditures & Other Financing Uses	<u>\$(2,885,197)</u>	<u>3,286,835</u>	<u>\$ 6,172,032</u>	<u>(41,939)</u>	<u>\$ -0-</u>
Beginning Fund Balance		32,358,919		34,279,871	
Ending Fund Balance Before Reserves		<u>35,645,754</u>		<u>34,237,932</u>	
Designated for Board of Education Future Appropriations		217,721		(311,444)	
Designated for City Future Appropriations		<u>4,424,988</u>		<u>(3,500,000)</u>	
Ending Balance after Reserves		<u>\$ 31,003,045</u>		<u>\$ 30,426,488</u>	

Comparative Balance Sheets - General Fund

Fiscal Years Ended:	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
ASSETS					
Cash and cash equivalents	\$14,621,697	\$11,720,664	\$25,666,724	\$35,328,337	\$31,819,679
Investments	16,220,164	17,850,508	19,844,121	17,553,076	28,153,186
Net receivables:					
Property taxes and sewer assessments	5,168,288	5,037,614	5,158,533	4,536,274	4,065,169
Accounts receivables	827,119	1,601,152	1,100,043	1,301,823	1,386,351
Intergovernmental	-0-	192,461	284,388	1,444,885	614,420
Due from other funds	<u>-0-</u>	<u>4,659,590</u>	<u>6,953,187</u>	<u>612,261</u>	<u>-0-</u>
TOTAL ASSETS	<u>\$36,837,268</u>	<u>\$41,061,989</u>	<u>\$59,006,996</u>	<u>\$60,776,656</u>	<u>\$66,038,805</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 2,735,287	\$ 4,551,340	\$ 5,016,286	\$ 5,181,303	\$ 6,836,487
Accrued wages	643,860	7,712,583	8,181,273	8,002,335	8,548,321
Unearned revenues	-0-	-0-	14,391,602	8,904,209	7,892,022
Deferred revenue	3,660,017	8,513,430	-0-	6,040,828	5,482,104
Due to other governments	319,510	13,557	-0-	-0-	-0-
Other accrued liabilities	<u>13,351,111</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
TOTAL LIABILITIES	<u>20,709,785</u>	<u>20,790,910</u>	<u>27,589,161</u>	<u>28,128,675</u>	<u>28,758,934</u>
FUND BALANCES					
Reserved	3,067,041	185,512	554,777	289,062	1,634,117
Unreserved:					
Designated for subsequent years expenditures	-0-	3,031,978	5,113,067	3,860,429	4,424,988
Undesignated	<u>13,060,442</u>	<u>17,053,589</u>	<u>25,749,990</u>	<u>28,498,490</u>	<u>31,220,766</u>
TOTAL FUND BALANCES	<u>16,127,483</u>	<u>20,271,079</u>	<u>31,417,835</u>	<u>32,647,981</u>	<u>37,279,871</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$36,837,268</u>	<u>\$41,061,989</u>	<u>\$59,006,996</u>	<u>\$60,776,656</u>	<u>\$66,038,805</u>

Source: Annual audited financial statements.

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

Fiscal Years Ended:	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
REVENUES					
Property taxes, interest and liens	\$178,735,767	\$185,043,538	\$200,532,788	\$206,567,186	\$215,669,320
Intergovernmental	21,513,919	21,948,831	22,370,645	27,086,112	28,182,974
Licenses, permits, fees and other	6,069,676	10,882,018	13,067,122	14,481,507	14,138,573
Interest on investments	<u>1,494,741</u>	<u>800,792</u>	<u>2,771,057</u>	<u>3,506,685</u>	<u>5,395,972</u>
TOTAL REVENUES	<u>207,814,103</u>	<u>218,675,179</u>	<u>238,741,612</u>	<u>251,641,490</u>	<u>263,386,839</u>
EXPENDITURES					
Current:					
General government	6,182,789	6,437,167	6,581,024	6,740,889	6,752,487
Health and welfare	1,772,828	3,303,274	3,692,368	3,737,937	3,891,397
Education	121,175,403	123,731,669	130,808,409	142,256,785	145,969,257
Employee benefits	14,115,564	16,904,823	17,558,536	19,080,858	22,272,134
Public safety	28,301,381	30,019,452	30,906,902	36,475,806	33,930,127
Community grants	2,544,091	2,535,192	2,696,242	2,513,665	2,784,099
Public works	15,075,041	14,085,663	14,584,221	15,368,566	15,351,014
Recreation, arts and cultural	6,123,444	6,474,752	6,371,540	6,812,027	7,076,333
Organizational memberships	-0-	65,355	-0-	-0-	-0-
Capital Outlay	-0-	-0-	-0-	-0-	655,082
Debt service	<u>18,321,063</u>	<u>11,312,035</u>	<u>14,395,614</u>	<u>17,424,811</u>	<u>20,728,101</u>
TOTAL EXPENDITURES	<u>213,611,604</u>	<u>214,869,382</u>	<u>227,594,856</u>	<u>250,411,344</u>	<u>259,410,031</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(5,797,501)</u>	<u>3,805,797</u>	<u>11,146,756</u>	<u>1,230,146</u>	<u>3,976,808</u>
OTHER FINANCING SOURCES (USES):					
Net Transfers	<u>6,444,524</u>	<u>337,799</u>	<u>-0-</u>	<u>-0-</u>	<u>655,082</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>647,023</u>	<u>4,143,596</u>	<u>11,146,756</u>	<u>1,230,146</u>	<u>4,631,890</u>
Fund balance, July 1	<u>15,480,460</u>	<u>16,127,483</u>	<u>20,271,079</u>	<u>31,417,835</u>	<u>32,647,981</u>
Fund balance, June 30	<u>\$ 16,127,483</u>	<u>\$ 20,271,079</u>	<u>\$ 31,417,835</u>	<u>\$ 32,647,981</u>	<u>\$ 37,279,871</u>

Source: Annual audited financial statements.

Comparative Balance Sheets - Capital Project Fund

Fiscal Years Ended:	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
ASSETS					
Cash and cash equivalents	\$14,586,816	\$16,671,899	\$22,006,185	\$17,449,656	\$ 8,454,703
Investments	5,829,122	9,213,166	7,764,418	6,291,080	7,347,059
Net receivables:					
Property taxes and sewer assessments	486,755	388,105	281,229	193,682	248,699
Intergovernmental	-0-	3,997,689	5,493,237	3,134,479	1,647,789
Other receivables	<u>1,452,740</u>	<u>-0-</u>	<u>-0-</u>	<u>46,776</u>	<u>-0-</u>
TOTAL ASSETS	<u>\$22,355,433</u>	<u>\$30,270,859</u>	<u>\$35,545,069</u>	<u>\$27,115,673</u>	<u>\$17,698,250</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 2,406,014	\$ 6,462,584	\$ 6,481,592	\$ 5,707,801	\$ 9,275,707
Accrued wages	-0-	-0-	2,673	3,271	2,945
Unearned revenue	965,580	991,641	695,538	1,178,113	301,281
Due to other governments	80,144	-0-	-0-	-0-	-0-
Other liabilities	870,146	-0-	-0-	-0-	-0-
Bond anticipation notes payable	<u>3,860,000</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
TOTAL LIABILITIES	<u>8,181,884</u>	<u>7,454,225</u>	<u>7,179,803</u>	<u>6,889,185</u>	<u>9,579,933</u>
FUND BALANCES					
Reserved for debt service	14,173,549	-0-	-0-	-0-	-0-
Unreserved	<u>-0-</u>	<u>22,816,634</u>	<u>28,365,266</u>	<u>20,226,488</u>	<u>8,118,317</u>
TOTAL FUND BALANCES	<u>14,173,549</u>	<u>22,816,634</u>	<u>28,365,266</u>	<u>20,226,488</u>	<u>8,118,317</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$22,355,433</u>	<u>\$30,270,859</u>	<u>\$35,545,069</u>	<u>\$27,115,673</u>	<u>\$17,698,250</u>

Source: Annual audited financial statements.

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

Fiscal Year Ended:	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
REVENUES					
General property taxes and sewer assessments	\$ 6,618,265	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Intergovernmental	4,509,949	7,650,264	22,269,364	13,143,863	8,750,147
Licenses, permits, fees and other	-0-	-0-	309,163	1,945,043	10,541
Interest on investments	745,465	-0-	1,505,370	1,123,639	1,462,292
Miscellaneous	<u>-0-</u>	<u>299,310</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
TOTAL REVENUES	<u>11,873,679</u>	<u>7,949,574</u>	<u>24,083,897</u>	<u>16,212,545</u>	<u>10,222,980</u>
EXPENDITURES					
Capital Outlay	32,094,956	38,796,471	57,192,774	45,555,432	45,596,501
Debt service	<u>-0-</u>	<u>540,041</u>	<u>-0-</u>	<u>120,891</u>	<u>-0-</u>
TOTAL EXPENDITURES	<u>32,094,956</u>	<u>39,336,512</u>	<u>57,192,774</u>	<u>45,676,323</u>	<u>45,596,501</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(20,221,277)</u>	<u>(31,386,938)</u>	<u>(33,098,877)</u>	<u>(29,463,778)</u>	<u>(35,373,521)</u>
OTHER FINANCING SOURCES					
Issuance of debt	20,700,000	40,030,023	38,657,509	21,325,000	23,260,000
Premium on bond issuance	-0-	-0-	-0-	-0-	5,350
Operating transfers in	-0-	-0-	-0-	-0-	-0-
Operating transfer (out)	<u>(6,444,524)</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>14,255,476</u>	<u>40,030,023</u>	<u>38,657,509</u>	<u>21,325,000</u>	<u>23,265,350</u>
NET CHANGES IN FUND BALANCES	<u>(5,965,801)</u>	<u>8,643,085</u>	<u>5,558,632</u>	<u>(8,138,778)</u>	<u>(12,108,171)</u>
Fund balance, July 1	<u>20,139,350</u>	<u>14,173,549</u>	<u>22,816,634</u>	<u>28,365,266</u>	<u>20,226,488</u>
Fund balance, June 30	<u>\$ 14,173,549</u>	<u>\$ 22,816,634</u>	<u>\$ 28,365,266</u>	<u>\$ 20,226,488</u>	<u>\$ 8,118,317</u>

Source: Annual audited financial statements.

Comparative Statement of Net Assets – Water Pollution Control Authority

Fiscal Year Ended:	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
ASSETS					
Current Assets					
Cash and cash equivalents	\$ 685,036	\$ 1,730,651	\$ 3,945,662	\$ 6,126,822	\$ 5,727,348
Charges receivable, net	169,970	204,623	207,967	243,150	338,233
Other receivables	-0-	-0-	6,300	82,933	21,680
Due from governmental funds	450,600	-0-	-0-	-0-	-0-
Investments	<u>253,440</u>	<u>575,823</u>	<u>1,602,378</u>	<u>2,318,558</u>	<u>4,189,889</u>
Total current assets	<u>1,559,046</u>	<u>2,511,097</u>	<u>5,762,307</u>	<u>8,771,463</u>	<u>10,277,150</u>
CAPITAL ASSETS					
Net of accumulated depreciation	<u>84,878,283</u>	<u>82,856,755</u>	<u>80,874,681</u>	<u>79,113,381</u>	<u>78,169,401</u>
Total assets	<u>86,437,329</u>	<u>85,367,852</u>	<u>86,636,988</u>	<u>87,884,844</u>	<u>88,446,551</u>
LIABILITIES					
Current liabilities					
Bonds payable	3,180,940	2,921,273	3,109,570	3,314,260	3,390,394
Accounts payable and accrued liabilities	759,176	321,472	490,834	1,343,348	1,195,621
Deferred revenue	<u>171,126</u>	<u>95,800</u>	<u>195,577</u>	<u>199,244</u>	<u>102,142</u>
Total current liabilities	<u>4,111,242</u>	<u>3,338,545</u>	<u>3,795,981</u>	<u>4,856,852</u>	<u>4,688,157</u>
LONG-TERM DEBT					
Less current portion	<u>47,432,572</u>	<u>44,984,897</u>	<u>43,667,392</u>	<u>41,703,132</u>	<u>39,912,738</u>
Total liabilities	<u>51,543,814</u>	<u>48,323,442</u>	<u>47,463,373</u>	<u>46,559,984</u>	<u>44,600,895</u>
NET ASSETS					
Investments in capital assets net of					
Related debt	34,264,771	34,950,585	34,097,719	34,095,989	34,866,269
Unrestricted	<u>628,744</u>	<u>2,093,825</u>	<u>5,075,896</u>	<u>7,228,871</u>	<u>8,979,387</u>
TOTAL NET ASSETS	<u>\$34,893,515</u>	<u>\$37,044,410</u>	<u>\$39,173,615</u>	<u>\$41,324,860</u>	<u>\$43,845,656</u>

Source: Annual audited financial statements.

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

Fiscal Year Ended:	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
OPERATING REVENUES					
Charges for services	\$ 9,214,472	\$ 9,597,472	\$10,034,271	\$10,268,317	\$10,878,270
Total operating revenues	<u>9,214,472</u>	<u>9,597,472</u>	<u>10,034,271</u>	<u>10,268,317</u>	<u>10,878,270</u>
OPERATING EXPENSES					
Administration and operation	4,683,005	4,832,535	5,173,952	5,778,414	6,029,165
Salaries, benefits and claims	-0-	-0-	119,628	-0-	173,847
Depreciation	<u>2,020,453</u>	<u>2,020,453</u>	<u>1,982,074</u>	<u>1,943,720</u>	<u>1,962,279</u>
Total operating expenses	<u>6,703,458</u>	<u>6,852,988</u>	<u>7,275,654</u>	<u>7,722,134</u>	<u>8,165,291</u>
Operating income (loss)	<u>2,511,014</u>	<u>2,744,484</u>	<u>2,758,617</u>	<u>2,546,183</u>	<u>2,712,979</u>
NON-OPERATING REVENUE (EXPENSE)					
Investment income	73,725	32,922	212,690	382,899	658,111
Interest expense on long-term debt	(1,139,891)	(1,124,099)	(1,189,602)	(1,076,736)	(1,034,360)
Net loss on disposals	-0-	(1,075)	-0-	-0-	-0-
Intergovernmental	<u>-0-</u>	<u>498,663</u>	<u>-0-</u>	<u>298,899</u>	<u>-0-</u>
Total non-operating revenue (expense)	<u>(1,066,166)</u>	<u>(593,589)</u>	<u>(976,912)</u>	<u>(394,938)</u>	<u>(376,249)</u>
CONTRIBUTED CAPITAL	<u>33,448,667</u>	<u>-0-</u>	<u>347,500</u>	<u>-0-</u>	<u>184,066</u>
Change in net assets	34,893,515	2,150,895	2,129,205	2,151,245	2,520,796
FUND NET ASSETS, Beginning	<u>-0-</u>	<u>34,893,515</u>	<u>37,044,410</u>	<u>39,173,615</u>	<u>41,324,860</u>
FUND NET ASSETS, Ending	<u>\$34,893,515</u>	<u>\$37,044,410</u>	<u>\$39,173,615</u>	<u>\$41,324,860</u>	<u>\$43,845,656</u>

Source: Annual audited financial statements.

Comparative Statement of Net Assets – Parking Authority

Fiscal Year Ended:	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
ASSETS					
Current Assets					
Cash and cash equivalents	\$ 263,627	\$ -0-	\$ -0-	\$ 160,794	\$ 470,784
Restricted cash	-0-	663,131	675,777	705,074	745,613
Other receivables	-0-	-0-	19,095	39,035	2,223
Investments	<u>1,424,736</u>	<u>-0-</u>	<u>-0-</u>	<u>60,144</u>	<u>324,569</u>
Total current assets	<u>1,688,363</u>	<u>663,131</u>	<u>694,872</u>	<u>965,047</u>	<u>1,543,189</u>
CAPITAL ASSETS					
Net of accumulated depreciation	<u>11,195,962</u>	<u>29,742,672</u>	<u>30,010,170</u>	<u>29,300,319</u>	<u>28,700,725</u>
Total assets	<u>12,884,325</u>	<u>30,405,803</u>	<u>30,705,042</u>	<u>30,265,366</u>	<u>30,243,914</u>
LIABILITIES					
Current liabilities					
Bonds payable	62,284	355,774	367,882	380,517	420,956
Accounts payable and accrued liabilities	1,548,725	887,096	266,378	74,605	133,362
Due to other funds	-0-	4,659,590	6,544,477	-0-	-0-
Deferred revenue	<u>81,150</u>	<u>4,070</u>	<u>-0-</u>	<u>63,895</u>	<u>113,053</u>
Total current liabilities	<u>1,692,159</u>	<u>5,906,530</u>	<u>7,178,737</u>	<u>519,017</u>	<u>667,371</u>
LONG-TERM DEBT					
Less current portion	<u>9,529,416</u>	<u>10,040,358</u>	<u>9,999,780</u>	<u>9,944,263</u>	<u>9,663,307</u>
Total liabilities	<u>11,221,575</u>	<u>15,946,888</u>	<u>17,178,517</u>	<u>10,463,280</u>	<u>10,330,678</u>
NET ASSETS					
Investments in capital assets net of					
Related debt	1,604,262	14,686,950	19,642,508	18,975,539	18,616,462
Restricted for debt service	-0-	663,131	675,777	705,074	745,613
Unrestricted	<u>58,488</u>	<u>(891,166)</u>	<u>(6,791,760)</u>	<u>121,275</u>	<u>551,161</u>
TOTAL NET ASSETS	<u>\$ 1,662,750</u>	<u>\$14,458,915</u>	<u>\$13,526,525</u>	<u>\$19,801,888</u>	<u>\$19,913,236</u>

Source: Annual audited financial statements.

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

Fiscal Year Ended:	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
OPERATING REVENUES					
Charges for services	<u>\$1,241,628</u>	<u>\$ 2,491,293</u>	<u>\$ 3,010,050</u>	<u>\$ 3,571,713</u>	<u>\$ 4,311,469</u>
Total operating revenues	<u>1,241,628</u>	<u>2,491,293</u>	<u>3,010,050</u>	<u>3,571,713</u>	<u>4,311,469</u>
OPERATING EXPENSES					
Administration and operation	983,199	1,791,964	2,035,809	3,009,807	2,623,068
Depreciation	107,249	434,762	763,702	804,324	813,770
Salaries, benefits and claims	<u>286,381</u>	<u>274,015</u>	<u>369,718</u>	<u>-0-</u>	<u>348,501</u>
Total operating expenses	<u>1,376,829</u>	<u>2,500,741</u>	<u>3,169,229</u>	<u>3,814,131</u>	<u>3,785,339</u>
Operating income (loss)	<u>(135,201)</u>	<u>(9,448)</u>	<u>(159,179)</u>	<u>(242,418)</u>	<u>526,130</u>
NON-OPERATING REVENUE (EXPENSE)					
Investment income	46,787	-0-	-0-	-0-	82,197
Interest expense on long-term debt	(237,524)	(462,349)	(773,211)	(413,104)	(481,124)
Intergovernmental	-0-	-0-	-0-	1,541,985	-0-
Loss on sale of asset	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>(15,855)</u>
Total non-operating revenue (expense)	<u>(190,737)</u>	<u>(462,349)</u>	<u>(773,211)</u>	<u>1,128,881</u>	<u>(414,782)</u>
CONTRIBUTED CAPITAL	<u>1,988,688</u>	<u>13,267,962</u>	<u>-0-</u>	<u>5,388,900</u>	<u>-0-</u>
Change in net assets	1,662,750	12,796,165	(932,390)	6,275,363	111,348
FUND NET ASSETS, Beginning	<u>-0-</u>	<u>1,662,750</u>	<u>14,458,915</u>	<u>13,526,525</u>	<u>19,801,888</u>
FUND NET ASSETS, Ending	<u>\$1,662,750</u>	<u>\$14,458,915</u>	<u>\$13,526,525</u>	<u>\$19,801,888</u>	<u>\$19,913,236</u>

Source: Annual audited financial statements.

SECTION VI - ADDITIONAL INFORMATION

Litigation

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

Availability of Continuing Disclosure Information

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

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

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

Financial Advisor

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

Legal Matters

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

Documents Accompanying Delivery of the Bonds

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

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

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

The City of Norwalk has prepared an Official Statement for the Bonds which is dated June 5, 2008. The City deems such Official Statement final as of its date for the purposes of SEC Rule 15c2-12(b)(1), but is subject to revision or amendment. The City will make available to the Underwriter a reasonable number of copies of the Official Statement within seven business days of the signing of the Bond Purchase Agreement.

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

Concluding Statement

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

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

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

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

CITY OF NORWALK

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

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

Dated: June 19, 2008

APPENDIX A - AUDITED FINANCIAL STATEMENTS

CITY OF NORWALK, CONNECTICUT

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JUNE 30, 2007

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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, 2007 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.

McGladrey & Pullen

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Norwalk, Connecticut (the "City"), as of and for the year ended June 30, 2007, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Norwalk, Connecticut's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the 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, 2007, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with "Government Auditing Standards," we have also issued our report dated December 17, 2007 on our consideration of the City of Norwalk, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with "Government Auditing Standards" and should be considered in assessing the results of our audit.

The management discussion and analysis on pages 3 through 10 is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

McGladrey & Pullen, LLP

New Haven, Connecticut
December 17, 2007

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

FINANCIAL HIGHLIGHTS

- ◆ The City's net assets increased by \$23.9 million or 8.4%. The governmental activities net assets increased by \$21.3 million or 9.5% and the business-type activities net assets increased by \$2.6 million or 4.3%.
- ◆ The General Fund (the primary operating fund) reflected on a current financial resource basis, reports an increase of \$4.6 million or 14.2%.

USING THIS ANNUAL REPORT

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

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

The Governmental Major Funds (see pages 13 – 14) presentation are presented on a sources and uses of liquid resources basis. This is the manner in which the financial plan is typically developed. The flow and availability of liquid resources is a clear and appropriate focus of any analysis of a government. Funds are established for various purposes and the Fund Financial Statement allows the demonstration of sources and uses and/or budgeting compliance associated therewith.

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

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

Infrastructure Assets

The City has implemented GASB Statement #34 including retroactive reporting of all capitalized infrastructure owned by the City. This includes the government's largest group of assets (infrastructure – roads, bridges, traffic signals, underground pipes, etc). This statement requires that these assets be valued and reported within the Governmental column of the Government-wide Statements. Additionally, the government must elect to either (a) depreciate these assets over their estimated useful life or (b) develop a system of asset management designed to maintain the service delivery potential to near perpetuity. The City has elected to depreciate these assets which should assist financial statement users in evaluating a local government and its performance over time.

GOVERNMENT-WIDE STATEMENT

Table 1
Summary of Net Assets (In Thousands)
As of June 30, 2007 and 2006

	Governmental Activities		Business-Type Activities		Total Government	
	2007	2006	2007	2006	2007	2006
Current and other assets	\$ 110,411	\$ 111,703	\$ 11,820	\$ 9,736	\$ 122,231	\$ 121,439
Capital assets	398,376	356,957	106,870	108,414	505,246	465,371
Total assets	508,787	468,660	118,690	118,150	627,477	586,810
Current and other liabilities	59,208	53,379	1,544	1,681	60,752	55,060
Long-term debt outstanding	202,971	189,980	53,388	55,342	256,359	245,322
Total liabilities	262,179	243,359	54,932	57,023	317,111	300,382
Net assets:						
Invested in capital assets, net of debt	215,021	185,092	53,483	53,072	268,504	238,164
Restricted	-	-	746	705	746	705
Unrestricted (deficit)	31,587	40,209	9,530	7,350	41,117	47,559
Total net assets	\$ 246,608	\$ 225,301	\$ 63,759	\$ 61,127	\$ 310,367	\$ 286,428

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

Normal Impacts

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

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

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

Spending Borrowed Proceeds on New Capital Assets – 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 Assets – which will (a) reduce current assets and increase capital assets and (b) will reduce unrestricted net assets and increase invested in capital assets, net of debt.

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

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

Current Impacts

The major impacts to Net Assets in governmental activities was the issuance of \$23.3 million of new debt and the construction on major capital projects this year: School Projects, \$35.6 million. The other major impacts were \$11.8 million of principal on debt paid this year and \$5.1 million of depreciation on fixed assets. The major impacts to Net Assets in business-type activities was the issuance of \$1.7 million of new debt, \$3.7 principal paid on debt this year and \$2.8 million of depreciation on capital assets.

Summary of Changes in Net Assets

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

	Governmental Activities		Business-Type Activities		Total Government	
	2007	2006	2007	2006	2007	2006
REVENUES						
Program Revenues:						
Charge for services	\$ 23,868	\$ 23,340	\$ 15,190	\$ 13,840	\$ 39,058	\$ 37,180
Operating grants and contributions	37,645	40,407	-	-	37,645	40,407
Capital grants and contributions	9,621	11,110	184	7,230	9,805	18,340
General Revenues:						
General property, taxes and assessments	215,806	207,198			215,806	207,198
Interest income	6,864	4,632	740	383	7,604	5,015
Other general revenues	7,352	9,940	-	-	7,352	9,940
Total revenues	301,156	296,627	16,114	21,453	317,270	318,080
EXPENSES						
Program Activities Primary Government:						
Governmental Activities:						
General government	15,496	16,091	-	-	15,496	16,091
Education	179,848	176,895	-	-	179,848	176,895
Public safety	39,370	37,415	-	-	39,370	37,415
Health and welfare	4,174	2,163	-	-	4,174	2,163
Public Works	24,552	28,363	-	-	24,552	28,363
Recreation, arts and cultural	8,783	8,308	-	-	8,783	8,308
Debt service	7,626	6,817	-	-	7,626	6,817
	279,849	276,052	-	-	279,849	276,052
Business-Type Activities:						
Parking Authority	-	-	4,282	4,227	4,282	4,227
Water Pollution Control Authority	-	-	9,200	8,799	9,200	8,799
	-	-	13,482	13,026	13,482	13,026
Total expenses	279,849	276,052	13,482	13,026	293,331	289,078
Increase (decrease) in net assets	21,307	20,575	2,632	8,427	23,939	29,002
Net Assets, beginning	225,301	204,726	61,127	52,700	286,428	257,426
Net Assets, ending	\$ 246,608	\$ 225,301	\$ 63,759	\$ 61,127	\$ 310,367	\$ 286,428

Normal Impacts

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

Revenues:

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

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

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

Expenses:

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

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

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

Current Impacts

Major revenue impacts in governmental activities were an increase in property tax revenue of \$8.6 million due to an increase in the tax levy and continued aggressive measures in collecting delinquent taxes and an increase in unrestricted investment earnings due higher cash balances and higher interest rates on investments than the previous year. The major impact on expenses was a decrease in expenses in public safety since there was not a retroactive fire contract settlement that happened the year before. Major impacts in revenue and expenses in business-type activities included both the Water Pollution Control Authority being able to collect revenues and control expenses.

THE CITY FUNDS

General Fund

Comparing Fiscal Year 2007 to Fiscal Year 2006

As of the year-end, the General Fund (as presented on the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds on page 14) reported a fund balance of \$37.3 million which is 14.2% more than the beginning of the year (\$32.6 million). Major impacts were that Property Taxes rose due to an increase in the tax levy and continued aggressive measures in collecting Property Taxes. There was increase in investment income due to a rise in interest rates. Debt Service expenditures increased by \$2.7 million mainly due to the first principal payment on the Fiscal Year 2005 \$23 million General Obligation bonds sold primarily for school construction. Employee benefits increased by \$3.2 million due to an increase in the contributions to the insurance and pension funds.

Comparing Original Budget to Final Budget

As of the year-end, the General Fund (as presented on the Statement of Revenues, Expenditures, Encumbrances, Transfers and Changes in Fund Balances – Budgetary Basis – Budget and Actual – General Fund on page 16) there was no significant changes in budgeted revenues and expenses.

Comparing Final Budget to Actual Results

As of the year-end, the General Fund (as presented on the Statement of Revenues, Expenditures, Encumbrances, Transfers and Changes in Fund Balances – Budgetary Basis – Budget and Actual – General Fund on page 16), actual Taxes, interest and liens increased from the final budget due to aggressive measures in collecting Property Taxes. There was a variance in Licenses, permits, fees and other which was caused by a continued active real estate market for residential and major commercial properties. There was an increase in investment income due to a rise in interest rates. The major variance for expenditures was in Non-Education. Instead of spending this variance by June 30, it was included in the designation for City Future Appropriations.

Capital Projects Fund

Comparing Fiscal Year 2007 to Fiscal Year 2006

As of the year-end, the Capital Projects Fund (as presented on the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds on page 14) reported a fund balance of \$8.1 million which is 60.0% less than the beginning of the year (\$20.2 million). Major impacts were Intergovernmental Revenues for school construction from state, issuance of bonds and expenditures mainly for school construction.

Water Pollution Control Authority

Comparing Fiscal Year 2007 to Fiscal Year 2006

As of the year-end, the Water Pollution Control Authority (as presented on the Statement of Revenues, Expenses, and Changes in Net Assets – Proprietary Funds on page 18) reported fund net assets of \$43.8 million which is 6.1% more than the beginning of the year (\$41.3 million). Major impacts were a successful year of collecting sewer charges as well as controlling costs.

Parking Authority

Comparing Fiscal Year 2007 to Fiscal Year 2006

As of the year-end, the Parking Authority (as presented on the Statement of Revenues, Expenses, and Changes in Net Assets – Proprietary Funds on page 18) reported a fund net assets of \$19.9 million which is .6% more than the beginning of the year (\$19.8 million). Major impacts were a successful year of collecting parking fees as well as controlling costs.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of year-end, the City had \$505.2 million invested in a variety of capital assets, as reflected in the following schedule:

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

	Governmental Activities	Business-Type Activities	Total
Land	\$ 21,905	\$ 4,839	\$ 26,744
Construction in Progress	61,908	-	61,908
Land Improvements	2,378	154	2,532
Machinery and Equipment	5,252	1,108	6,360
Buildings and Improvements	178,158	84,165	262,323
Infrastructure	128,775	16,604	145,379
Total	\$ 398,376	\$ 106,870	\$ 505,246

Major capital activity during the year were for school improvements.

Debt Outstanding

As of year-end, the City had \$236.7 million in debt (bonds, notes, etc.) outstanding compared to the \$227.2 million last year, a 4.2% net increase (considering new borrowing and debt retirement). The following summarizes Outstanding Debt which is presented in more detail in Note 7.

Table 4
Outstanding Debt, at Year-End
(In Thousands)
Governmental Activities

	<u>2007</u>	<u>2006</u>
Governmental:		
General obligation bonds	\$ 183,356	\$ 171,865
	<u>183,356</u>	<u>171,865</u>
Business-Type:		
Parking Authority-general obligation bonds	10,084	10,325
Water Pollution Control Authority - general obligation bonds and Clean Water Fund notes	43,303	45,017
	<u>53,387</u>	<u>55,342</u>
Total	<u>\$ 236,743</u>	<u>\$ 227,207</u>

During the year the City issued \$25 million in new General Obligation Bonds to finance school and infrastructure improvements. The City has a AAA from Fitch Investors Service and Standard and Poors. The Moody's Investors Services rating is Aaa.

ECONOMIC FACTORS

The unemployment rate for Norwalk was 3.7%, down from 3.8% a year ago. This compares favorably to the state's unemployment rate of 4.6% and national rate of 4.5%.

Norwalk's income stream is stable because it relies mainly on property taxes and has a diverse tax base.

REQUEST FOR INFORMATION

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

Basic Financial Statements

CITY OF NORWALK, CONNECTICUT

STATEMENT OF NET ASSETS

June 30, 2007

	Governmental Type Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 56,139,681	\$ 6,198,132	\$ 62,337,813
Restricted cash	-	745,613	745,613
Investments	44,300,337	4,514,458	48,814,795
Receivables, net of allowances for collection losses:			
Property taxes, net	4,313,868	-	4,313,868
Charges, net	-	338,233	338,233
Accounts, net	1,612,174	23,903	1,636,077
Federal and state governments	3,571,938	-	3,571,938
Inventories	34,897	-	34,897
Deferred charges	364,383	-	364,383
Net pension asset	72,917	-	72,917
Capital assets, not being depreciated	83,813,480	4,838,762	88,652,242
Capital assets, net of accumulated depreciation	314,562,846	102,031,364	416,594,210
Total assets	508,786,521	118,690,465	627,476,986
Liabilities			
Accounts payable and accruals	49,374,370	1,328,983	50,703,353
Unearned revenue	9,834,049	215,195	10,049,244
Noncurrent liabilities:			
Due within one year	17,546,506	3,811,350	21,357,856
Due in more than one year	185,424,053	49,576,045	235,000,098
Total liabilities	262,178,978	54,931,573	317,110,551
Net Assets			
Investment in capital assets, net of related debt	215,020,453	53,482,731	268,503,184
Restricted for debt service	-	745,613	745,613
Unrestricted	31,587,090	9,530,548	41,117,638
Total net assets	\$ 246,607,543	\$ 63,758,892	\$ 310,366,435

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

CITY OF NORWALK, CONNECTICUT

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2007

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ (15,496,871)	\$ 7,199,303	\$ 464,688	\$ -	\$ (7,832,880)	\$ -	\$ (7,832,880)
Education	(179,847,808)	2,911,788	34,199,438	7,556,367	(135,180,215)	-	(135,180,215)
Public Safety	(39,369,568)	3,058,982	449,382	-	(35,861,204)	-	(35,861,204)
Health & welfare	(4,173,533)	602,572	2,531,104	-	(1,039,857)	-	(1,039,857)
Public Works	(24,552,609)	9,341,866	-	1,448,411	(13,762,332)	-	(13,762,332)
Recreation, arts and cultural	(8,782,764)	753,425	729	616,667	(7,411,943)	-	(7,411,943)
Interest on debt	(7,626,524)	-	-	-	(7,626,524)	-	(7,626,524)
Total governmental activities	(279,849,677)	23,867,936	37,645,341	9,621,445	(208,714,955)	-	(208,714,955)
Business-type activities:							
Parking Authority	(4,282,318)	4,311,469	-	-	-	29,151	29,151
Water Pollution Control Authority	(9,199,651)	10,878,270	-	184,066	-	1,862,685	1,862,685
Total business-type activities	(13,481,969)	15,189,739	-	184,066	-	1,891,836	1,891,836
Total primary government	\$ (293,331,646)	\$ 39,057,675	\$ 37,645,341	\$ 9,805,511	(208,714,955)	1,891,836	(206,823,119)
General revenues:							
Property taxes					215,806,006	-	215,806,006
Grants and contributions not restricted to specific programs					7,351,983	-	7,351,983
Unrestricted investment earnings					6,863,529	740,308	7,603,837
Total general revenues					230,021,518	740,308	230,761,826
Change in net assets					21,306,563	2,632,144	23,938,707
Net assets - beginning					225,300,980	61,126,748	286,427,728
Net assets - ending					\$ 246,607,543	\$ 63,758,892	\$ 310,366,435

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

CITY OF NORWALK, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2007

	Major Funds			Total Governmental Funds
	General	Capital Projects Fund	Nonmajor Governmental Funds	
Assets				
Cash and cash equivalents	\$ 31,819,679	\$ 8,454,703	\$ 3,499,869	\$ 43,774,251
Investments	28,153,186	7,347,059	1,226,618	36,726,863
Receivables (net of allowances for collection losses):				
Property taxes	4,065,169	248,699	-	4,313,868
Accounts receivable	1,386,351	-	190,623	1,576,974
State and federal governments	614,420	1,647,789	1,309,729	3,571,938
Inventories	-	-	34,897	34,897
Total assets	\$ 66,038,805	\$ 17,698,250	\$ 6,261,736	\$ 89,998,791
Liabilities				
Accounts payable	\$ 6,836,487	\$ 9,275,707	\$ 3,560,661	\$ 19,672,855
Accrued wages	8,548,321	2,945	-	8,551,266
Unearned revenues	7,892,022	301,281	1,640,746	9,834,049
Deferred revenues	5,482,104	-	-	5,482,104
Total liabilities	28,758,934	9,579,933	5,201,407	43,540,274
Fund balances				
Reserved for:				
Encumbrances	1,634,117	-	-	1,634,117
Unreserved, reported in:				
General fund	35,645,754	-	-	35,645,754
Special revenue funds	-	-	1,060,329	1,060,329
Capital projects funds	-	8,118,317	-	8,118,317
Total fund balances	<u>37,279,871</u>	<u>8,118,317</u>	<u>1,060,329</u>	<u>46,458,517</u>
Total liabilities and fund balances	\$ 66,038,805	\$ 17,698,250	\$ 6,261,736	

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

Capital assets, net of accumulated depreciation purchased in governmental funds are reported as expenditures, however, the statement of net assets includes those capital assets among the assets of the City as a whole.	398,376,326
Deferred charges	364,383
Net pension asset	72,917
Deferred revenues are not available and therefore not recognized in the funds.	5,482,104
Internal service funds are used by management to charge the costs of risk management to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	4,029,169
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(208,175,873)</u>

Net assets of governmental activities \$ 246,607,543

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

CITY OF NORWALK, CONNECTICUT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

For the Year Ended June 30, 2007

	Major Funds			Total Governmental Funds
	General	Capital Projects Fund	Nonmajor Governmental Funds	
REVENUES				
Property taxes, interest and liens	\$ 215,669,320	\$ -	\$ -	\$ 215,669,320
Intergovernmental	17,368,955	8,750,147	18,377,266	44,496,368
State on-behalf payments	10,814,019	-	-	10,814,019
Licenses, permits, fees and other	14,138,573	10,541	11,816,788	25,965,902
Interest	5,395,972	1,462,292	1,032	6,859,296
Total revenues	263,386,839	10,222,980	30,195,086	303,804,905
EXPENDITURES				
Current:				
General government	6,752,487	-	644,090	7,396,577
Health and welfare	3,891,397	-	1,417,233	5,308,630
Education	145,969,257	-	17,986,503	163,955,760
Employee benefits	22,272,134	-	-	22,272,134
Public safety	33,930,127	-	6,936	33,937,063
Community grants	2,784,099	-	813,089	3,597,188
Public works	15,351,014	-	249,776	15,600,790
Recreation, arts and culture	7,076,333	-	285,434	7,361,767
Maritime Center Subsidy	-	-	8,905,000	8,905,000
Capital outlay	655,082	45,596,501	-	46,251,583
Debt service:				
Principal	11,769,104	-	-	11,769,104
Interest	8,958,997	-	-	8,958,997
Total expenditures	259,410,031	45,596,501	30,308,061	335,314,593
Excess (deficiency) of revenues over expenditures	3,976,808	(35,373,521)	(112,975)	(31,509,688)
Other Financing Sources				
Issuance of debt	-	23,260,000	-	23,260,000
Premium on bond issuance	-	5,350	-	5,350
Capital lease proceeds	655,082	-	-	655,082
Total other financing sources	655,082	23,265,350	-	23,920,432
Net change in fund balances	4,631,890	(12,108,171)	(112,975)	(7,589,256)
FUND BALANCES, beginning	32,647,981	20,226,488	1,173,304	54,047,773
FUND BALANCES, ending	\$ 37,279,871	\$ 8,118,317	\$ 1,060,329	\$ 46,458,517

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

CITY OF NORWALK, CONNECTICUT

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2007**

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

Net change in fund balances – total governmental funds	\$ (7,589,256)
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.	41,426,712
Net effect of various miscellaneous transactions involving capital assets is to decrease net assets	(7,603)
Net pension asset	856
Changes in revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(1,137,874)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(11,995,296)
Changes in some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds at the time the liability is incurred.	(2,220,236)
The net revenue (expense) of certain activities of internal service funds is reported with governmental activities.	<u>2,829,260</u>
Change in net assets of governmental activities	<u><u>\$ 21,306,563</u></u>

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

CITY OF NORWALK, CONNECTICUT

STATEMENT OF REVENUES, EXPENDITURES, ENCUMBRANCES, TRANSFERS
AND CHANGES IN FUND BALANCES - BUDGETARY BASIS - BUDGET AND ACTUAL -
GENERAL FUND

For the Year Ended June 30, 2007

	General Fund			
	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes, interest and lien fees	\$ 215,164,839	\$ 215,164,839	\$ 215,669,320	\$ 504,481
Intergovernmental	17,350,015	17,370,417	17,368,955	(1,462)
Licenses, permits, fees and other	12,333,974	12,340,597	14,138,573	1,797,976
Interest	3,500,000	3,500,000	5,395,972	1,895,972
Total revenues	248,348,828	248,375,853	252,572,820	4,196,967
EXPENDITURES				
Current:				
General government	7,197,420	8,480,176	7,801,630	678,546
Education	136,373,394	137,175,317	136,961,257	214,060
Public safety	33,275,115	34,516,661	33,888,222	628,439
Health and welfare	2,105,138	2,152,815	2,085,378	67,437
Public works	15,827,708	16,261,528	15,730,178	531,350
Community grants	2,710,063	2,787,543	2,784,099	3,444
Employee benefits	22,173,979	22,233,319	22,194,698	38,621
Recreation, arts and cultural	6,985,232	7,174,039	7,034,987	139,052
Organizational memberships	77,234	77,435	77,435	-
Contingency	2,395,445	1,174,116	-	1,174,116
Debt service	20,728,100	20,728,101	20,728,101	-
Total expenditures and encumbrances	249,848,828	252,761,050	249,285,985	3,475,065
Net changes in fund balance	(1,500,000)	(4,385,197)	3,286,835	7,672,032
OTHER FINANCING SOURCES (USES)				
Appropriated fund balance	1,500,000	1,500,000	-	(1,500,000)
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ (2,885,197)	3,286,835	\$ 6,172,032
Net change in unreserved fund balance			3,286,835	
UNRESERVED AND UNDESIGNATED FUND BALANCES, beginning				
Less: Designated for Board of Education			32,358,919	
Future Appropriations			217,721	
Less: Designated for City Future Appropriations			<u>4,424,988</u>	
UNRESERVED AND UNDESIGNATED FUND BALANCES, ending			<u><u>\$ 31,003,045</u></u>	

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

CITY OF NORWALK, CONNECTICUT

STATEMENT OF NET ASSETS - PROPRIETARY FUNDS
June 30, 2007

	Business-Type Activities - Enterprise Funds			Governmental
	Water Pollution			Activities
	Control Authority	Parking Authority	Totals	Internal Service Fund
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 5,727,348	\$ 470,784	\$ 6,198,132	\$ 12,365,430
Restricted cash	-	745,613	745,613	-
Charges receivable, net	338,233	-	338,233	-
Other receivables	21,680	2,223	23,903	35,200
Investments	4,189,889	324,569	4,514,458	7,573,474
Total current assets	10,277,150	1,543,189	11,820,339	19,974,104
CAPITAL ASSETS, NET	78,169,401	28,700,725	106,870,126	-
Total assets	88,446,551	30,243,914	118,690,465	19,974,104
LIABILITIES				
CURRENT LIABILITIES				
Current maturities of bonds and notes payable	3,390,394	420,956	3,811,350	-
Accounts payable and accrued liabilities	1,195,621	133,362	1,328,983	326,693
Claims payable	-	-	-	8,026,588
Unearned revenue	102,142	113,053	215,195	-
Total current liabilities	4,688,157	667,371	5,355,528	8,353,281
LONG-TERM LIABILITIES				
Bonds and notes payable	39,912,738	9,663,307	49,576,045	-
Claims payable	-	-	-	7,591,654
Total long-term liabilities	39,912,738	9,663,307	49,576,045	7,591,654
Total liabilities	44,600,895	10,330,678	54,931,573	15,944,935
NET ASSETS				
Invested in capital assets (net of related debt)	34,866,269	18,616,462	53,482,731	-
Restricted for debt service	-	745,613	745,613	-
Unrestricted	8,979,387	551,161	9,530,548	4,029,169
Total net assets	\$ 43,845,656	\$ 19,913,236	\$ 63,758,892	\$ 4,029,169

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

CITY OF NORWALK, CONNECTICUT

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
NET ASSETS - PROPRIETARY FUNDS**

For the Year Ended June 30, 2007

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Water Pollution		Totals	Internal Service Fund
	Control Authority	Parking Authority		
OPERATING REVENUES				
City and member's contributions	\$ -	\$ -	\$ -	\$ 47,974,936
Charges for services	10,878,270	4,311,469	15,189,739	-
Total operating revenues	10,878,270	4,311,469	15,189,739	47,974,936
OPERATING EXPENSES				
Administrative and operations	6,029,165	2,623,068	8,652,233	401,250
Depreciation	1,962,279	813,770	2,776,049	-
Salaries, benefits and claims	173,847	348,501	522,348	45,459,790
Total operating expenses	8,165,291	3,785,339	11,950,630	45,861,040
Operating income	2,712,979	526,130	3,239,109	2,113,896
NONOPERATING INCOME (EXPENSE)				
Investment income	658,111	82,197	740,308	715,364
Interest expense	(1,034,360)	(481,124)	(1,515,484)	-
Loss on sale of asset	-	(15,855)	(15,855)	-
Total nonoperating income (expense)	(376,249)	(414,782)	(791,031)	715,364
Capital Contributions				
Intergovernmental	184,066	-	184,066	-
Change in net assets	2,520,796	111,348	2,632,144	2,829,260
FUND NET ASSETS, beginning	41,324,860	19,801,888	61,126,748	1,199,909
FUND NET ASSETS, ending	\$ 43,845,656	\$ 19,913,236	\$ 63,758,892	\$ 4,029,169

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

CITY OF NORWALK, CONNECTICUT

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
For the Year Ended June 30, 2007

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Water Pollution Control Authority	Parking Authority	Totals	Internal Service Fund
Cash Flows From Operating Activities				
Receipts from customers and users	\$ 10,747,338	\$ 4,397,439	\$ 15,144,777	\$ 47,978,482
Payments to suppliers	(6,212,604)	(2,572,282)	(8,784,886)	(45,736,776)
Payments to employees	(173,816)	(348,159)	(521,975)	-
Net cash provided by operating activities	4,360,918	1,476,998	5,837,916	2,241,706
Cash Flows From Capital and Related Financing Activities				
Principal payments on debt	(3,314,260)	(380,517)	(3,694,777)	-
Interest paid on debt	(998,679)	(473,693)	(1,472,372)	-
Proceeds from notes payable	1,600,000	140,000	1,740,000	-
Purchase of property and equipment	(1,018,299)	(230,031)	(1,248,330)	-
Intergovernmental revenues	184,066	-	184,066	-
Net cash used in capital and related financing activities	(3,547,172)	(944,241)	(4,491,413)	-
Cash Flows From Investing Activities				
Purchase of investments	(1,871,331)	(264,425)	(2,135,756)	1,509,027
Interest received on investments and cash	658,111	82,197	740,308	715,364
Net cash (used in) provided by investing activities	(1,213,220)	(182,228)	(1,395,448)	2,224,391
Net increase (decrease) in cash and cash equivalents	(399,474)	350,529	(48,945)	4,466,097
Cash and Cash Equivalents				
Beginning	6,126,822	865,868	6,992,690	7,899,333
Ending	\$ 5,727,348	\$ 1,216,397	\$ 6,943,745	\$ 12,365,430
Reconciliation of Operating Income to Net Cash Provided by Operating Activities				
Operating income	\$ 2,712,979	\$ 526,130	\$ 3,239,109	\$ 2,113,896
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	1,962,279	813,770	2,776,049	-
Changes in assets and liabilities:				
Increase in charges receivable	(95,083)	-	(95,083)	-
Decrease in other receivables	61,253	36,812	98,065	3,546
Increase (decrease) in accounts payable and accrued expenses	(183,408)	51,128	(132,280)	-
Increase in claims and judgments payables	-	-	-	124,264
(Decrease) increase in unearned income	(97,102)	49,158	(47,944)	-
Net cash provided by operating activities	\$ 4,360,918	\$ 1,476,998	\$ 5,837,916	\$ 2,241,706

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

CITY OF NORWALK, CONNECTICUT

STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS

June 30, 2007

	Pension Trust Funds	Private Purpose Trust Fund	Agency Funds
ASSETS			
Cash and cash equivalents	\$ 46,886,259	\$ 81,260	\$ 1,665,118
Investments:			
U.S. Government Agency	29,314,380	-	-
Corporate bonds	46,403,823	-	-
Common stock	189,807,713	-	-
Mutual Funds	82,817,472	-	-
Total investments	348,343,388	-	-
Secured lending transactions	33,800,575	-	-
Total assets	429,030,222	81,260	1,665,118
LIABILITIES			
Secured lending transactions	33,800,575	-	-
Other liabilities	-	-	1,665,118
Total liabilities	33,800,575	-	1,665,118
Net Assets Held in Trust for Pension Benefits and Other Purposes	\$ 395,229,647	\$ 81,260	\$ -

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

CITY OF NORWALK, CONNECTICUT

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS -
FIDUCIARY FUNDS**

For the Year Ended June 30, 2007

	Pension Trust Funds	Private Purpose Trust Fund
Additions		
Contributions:		
Employer	\$ 3,339,585	\$ -
Plan members	2,461,920	-
Donations	-	107,224
Total contributions	5,801,505	107,224
Investment Income:		
Interest and dividends	9,104,564	3,996
Net appreciation in fair value of investments	55,238,042	-
Less investment expense	(288,972)	-
Net investment income	64,053,634	3,996
Securities lending transactions income	1,335,269	-
Securities lending transactions expense	(1,230,436)	-
Total net investment income	104,833	-
Total additions	69,959,972	111,220
Deductions		
Benefits paid	17,172,086	85,780
General and administrative	167,979	-
Total deductions	17,340,065	85,780
Net increase	52,619,907	25,440
Net Assets Held in Trust for Pension Benefits and Other Purposes		
Beginning of year	342,609,740	55,820
End of year	\$ 395,229,647	\$ 81,260

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

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

Note 1. Summary of Significant Accounting Policies

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

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

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

Reporting entity

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

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

Blended Component Unit - The Maritime Center Authority (the “Authority”) is an agency established by state statute and City Code to oversee the development and operations of the Maritime Center (the “Center”). The ordinance provides that the powers of the Authority shall

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued **June 30, 2007**

be exercised by a commission of nine members consisting of the Mayor, two members of the Common Council, two current or former members of the Common Council and four additional members.

Government-wide and Fund Financial Statements

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

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2007

within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred except for debt service expenditures, as well as expenditures related to compensated absences, pension obligations, landfill post-closure monitoring and claims and judgments, which are recorded only when payment is due (matured).

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

The City reports the following major governmental funds:

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

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

The City reports the following major proprietary funds:

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

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

Additionally, the City reports the following fund types:

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

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

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

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2007

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

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

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

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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. Operating expenses for proprietary funds, including both enterprise funds and internal service funds, include the cost of operations and maintenance, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

Accounting estimates

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

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued **June 30, 2007**

January 1. Motor vehicle taxes are payable on July 1 and supplemental motor vehicle taxes are payable on January 1. Liens are filed on delinquent real estate taxes within one year.

Cash equivalents

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

Investments

Investments are stated at fair value, based on quoted market prices. 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.

Investments in 2a7 like pools are stated at amortized cost.

Allowance for Doubtful Accounts

Accounts receivable for the primary government are reported net of an allowance for doubtful accounts, totaling \$11,516,000 which relates to property taxes. The allowance for doubtful accounts represents those accounts which are deemed uncollectible based upon past collection history and an assessment of the creditor's ability to pay.

Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and proprietary fund financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000-\$100,000, depending on asset type, (\$1,000 for the Parking Authority) and an estimated useful life in excess of two years. Purchased and constructed assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at estimated fair value at the date of donation.

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

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2007

Property, plant, and equipment of the City 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. Since these benefits are to be funded from future financial resources, the liability has been reflected within the government-wide and proprietary fund financial statements. Obligations for accrued compensated absences have typically been liquidated from the general fund in the past.

Long-term obligations

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

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

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2007

Encumbrances

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

Fund equity and net assets

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

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

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

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

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

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

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

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

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2007

Pension accounting

Pension Trust Funds:

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

Governmental Funds/Activities:

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

Funding Policy:

The City makes annual contributions per the actuaries recommendation.

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2007

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

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

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds, and net assets – governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$208,175,873 difference are as follows:

Bonds payable	\$ 183,355,873
Premiums and gains/losses on refunding, net of accumulated amortization	378,516
Accrued interest payable	4,719,351
Pension liability	1,527,406
Early retirement	2,095,000
Unsettled labor contracts	485,963
Capital lease	627,376
Compensated absences	14,986,388
	<hr/>
Net adjustment to reduce fund balance – total governmental funds to arrive at net assets – governmental activities	<u>\$ 208,175,873</u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds, and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$41,426,712 difference are as follows:

Capital outlay	\$ 46,481,290
Depreciation expense	<u>(5,054,578)</u>
	<hr/>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 41,426,712</u>

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2007

Another element of that reconciliation states that “the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this \$(11,995,296) difference are as follows:

Long-term liabilities issued or incurred:	
Issuance of general obligation bonds and notes payable	\$ (23,260,000)
Premiums and gain/loss on refunding	122,976
Capital lease	(655,082)
Principal repayments:	
General obligation debt	11,769,104
Capital lease payments	<u>27,706</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u><u>\$ (11,995,296)</u></u>

Another element of that reconciliation states that “some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of this \$(2,220,236) difference are as follows:

Compensated absences	\$ (1,858,895)
Accrued interest	(172,388)
Pension liability	45,532
Unsettled labor contracts	(485,963)
Early Retirement	205,000
Deferred charges	<u>46,478</u>
Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities	<u><u>\$ (2,220,236)</u></u>

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2007

Note 3. Budgets and Budgetary Accounting

The City's general budget policies are as follows:

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

Appropriations from the General Fund lapse at year-end.

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2007

- 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, 2007, supplemental appropriations totaled approximately \$2,900,000.

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

Expenditures, encumbrances and transfers out, budgetary basis	\$ 249,285,985
On-behalf payments paid directly by the State of Connecticut Teachers' Retirement System	9,008,000
On-behalf payments, paid directly by the Department of Public Health to WIC recipients, not recognized for budgetary purposes	1,806,019
Capital lease	655,082
Encumbrances and continued appropriations:	
June 30, 2006	289,062
June 30, 2007	(1,634,117)
Expenditures, GAAP basis	<u>\$ 259,410,031</u>

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2007

- 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	\$ 252,572,820
On-behalf payments paid directly by the State of Connecticut Teachers' Retirement System	9,008,000
On-behalf payments, paid directly by the Department of Public Health to WIC recipients, not recognized for budgetary purposes	1,806,019
Capital lease proceeds	<u>655,082</u>
Revenues, GAAP basis	<u><u>\$ 264,041,921</u></u>

Special revenue funds

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

Capital projects funds

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

Note 4. Cash and Investments

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

Investments: The City does not have a custodial credit risk policy for investments. The investment policies of the City conform to the policies as set forth by the State of Connecticut. The City policy allows investments in the following: (1) obligations of the United States and its agencies; (2) highly rated obligations of any state of the United States or of any political subdivision, authority or agency thereof; and (3) shares or other interests in custodial arrangements or pools maintaining constant net asset values and in highly rated no-load open end money market and mutual funds (with constant or fluctuating net asset values) whose portfolios

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2007

are limited to obligations of the United States and its agencies, and repurchase agreements fully collateralized by such obligations. The Statutes (Sections 3-24f and 3-27f) also provide for investment in shares of the Connecticut Short Term Investment Fund and the Tax Exempt Proceeds Fund. Other provisions of the Statutes cover specific municipal funds with particular investment authority. The provisions of the Statutes regarding the investment of municipal pension funds does not specify permitted investments. Therefore, investment of such funds is generally controlled by the laws applicable to fiduciaries and the provisions of the applicable plan.

The Pension Plans set asset allocation parameters, as follows:

Equities	69%
Fixed Income	27%
Hedge Fund	3%
Cash	1%

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

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

Custodial credit risk:

Deposits: This is the risk that, in the event of failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. As of June 30, 2007, approximately \$102,191,000 of the entity's bank balance of \$112,108,000 was uninsured and uncollateralized.

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

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2007

Cash and investments of the City consist of the following at June 30, 2007:

Cash and Cash Equivalents	
Deposits with financial institutions	\$ 94,659,466
State of Connecticut Short-Term Investment fund	10,493,196
Tax Exempt Proceeds Fund	937,857
Municipal Backed Investment Fund	5,625,544
Total cash and cash equivalents	<u>111,716,063</u>
Investments	
General Fund	
U.S. Government Securities	28,145,321 *
U.S. Government Agencies	7,865 *
Total general fund	<u>28,153,186</u>
Capital Projects Fund	
U.S. Government Securities	7,345,006 *
U.S. Government Agencies	2,053 *
Total capital projects fund	<u>7,347,059</u>
Internal Service Fund	
U.S. Government Securities	2,843,877 *
U.S. Government Agencies	794 *
Corporate Bonds	1,234,631 *
Equity Securities	2,241,376 *
Mutual Funds	1,252,796
Total internal service fund	<u>7,573,474</u>
Business Type Activities-WPCA:	
U.S. Government Securities	4,188,718 *
U.S. Government Agencies	1,171 *
Total business type activities-WPCA	<u>4,189,889</u>
Pension Trust Funds:	
U.S. Government Agencies	29,314,380 *
Corporate Bonds	46,403,823 *
Common stock	189,807,713 *
Mutual Funds	82,817,472
Total pension trust funds	<u>348,343,388</u>
Special Revenue Funds:	
U.S. Government Securities	1,226,275 *
U.S. Government Agencies	343 *
Total special revenue funds	<u>1,226,618</u>

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2007

Business-Type Activities - Parking Authority:	
U.S. Government Securities	324,478 *
U.S. Government Agencies	91 *
Total business-type activities-parking authority	<u>324,569</u>
Total investments	<u>397,158,183</u>
Total cash and investments	<u>\$ 508,874,246</u>

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

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

Statement of Net Assets

Cash and cash equivalents	\$ 62,337,813
Restricted cash	745,613
Investments	48,814,795
Total statement of net assets	<u>111,898,221</u>

Fiduciary Funds:

Cash and cash equivalents	48,632,637
Investments	348,343,388
	<u>396,976,025</u>
Total cash and investments	<u>\$ 508,874,246</u>

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	\$ 44,073,675	\$ -	\$ 29,750,286	\$ 13,767,257	\$ 556,132
U.S. Government Agencies	29,326,697	-	3,781,134	5,464,994	20,080,569
Pooled fixed income	17,056,597	17,056,597	-	-	-
Corporate Bonds	47,638,454	23,779,971	6,599,801	5,669,256	11,589,426
TOTAL	<u>\$ 138,095,423</u>	<u>\$ 40,836,568</u>	<u>\$ 40,131,221</u>	<u>\$ 24,901,507</u>	<u>\$ 32,226,127</u>

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

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2007

by a nationally recognized rating organization. U.S. government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure. The City's operating fund will only purchase U.S. Governmental Agencies AA or above. The City allows its fixed income investment managers in its pension funds to purchase corporate bonds rated BBB or better and does not have any guidelines for U.S. Government Agencies. Presented below is the minimum rating as required for each debt type investment.

Average Rating	Corporate Bonds	U.S. Government Agencies	Pooled Fixed Income
AAA	\$ 31,543,395	\$ 29,314,380	\$ 5,625,544
AAA/M	-	-	10,493,196
AA-	111,542	-	-
A	9,946,962	-	-
A-	111,522	-	-
AA	1,967,708	-	-
BBB	3,957,325	12,317	-
Unrated	-	-	937,857
	\$ 47,638,454	\$ 29,326,697	\$ 17,056,597

Note 5. Unearned Revenue/Deferred Revenue

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

	Unearned Revenue	Deferred Revenue
General Fund:		
Taxes and accrued interest on delinquent property taxes	\$ -	\$ 4,971,592
Advanced tax collections	5,065,549	-
Tax overpayments	2,249,253	-
School construction receivable	-	510,512
Grants	577,220	-
Capital Projects:		
Grants	301,281	-
Nonmajor Funds:		
Grants	1,640,746	-
Total	\$ 9,834,049	\$ 5,482,104

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2007

Note 6. Capital Assets

Capital asset activity for the year ended June 30, 2007 was as follows:

	Beginning Balance	Additions/ Transfers	Disposals/ Transfers	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 21,905,400	\$ -	\$ -	\$ 21,905,400
Construction in progress	98,544,997	41,854,003	(78,490,920)	61,908,080
Total capital assets, not being depreciated	120,450,397	41,854,003	(78,490,920)	83,813,480
Capital assets, being depreciated:				
Land improvements	8,016,057	-	-	8,016,057
Machinery and equipment	30,047,260	1,340,640	(1,463,976)	29,923,924
Buildings and improvements	154,302,631	81,387,489	-	235,690,120
Infrastructure	149,890,277	390,078	-	150,280,355
Total capital assets being depreciated	342,256,225	83,118,207	(1,463,976)	423,910,456
Less accumulated depreciation for:				
Land improvements	5,362,047	276,470	-	5,638,517
Machinery and equipment	25,169,321	956,313	(1,453,227)	24,672,407
Buildings and improvements	54,762,841	2,771,893	(3,146)	57,531,588
Infrastructure	20,455,196	1,049,902	-	21,505,098
Total accumulated depreciation	105,749,405	5,054,578	(1,456,373)	109,347,610
Total capital assets, being depreciated, net	236,506,820	78,063,629	(7,603)	314,562,846
Governmental activities capital assets, net	\$ 356,957,217	\$ 119,917,632	\$ (78,498,523)	\$ 398,376,326

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2007

	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	12,693,976	232,417	(60,524)	12,865,869
Buildings and improvements	111,208,844	1,015,913		112,224,757
Infrastructure	28,677,753	-		28,677,753
Total capital assets, being depreciated	153,089,861	1,248,330	(60,524)	154,277,667
Less accumulated depreciation for:				
Land improvements	330,393	24,654	-	355,047
Machinery and equipment	11,678,791	123,638	(44,669)	11,757,760
Buildings and improvements	25,861,645	2,197,680	-	28,059,325
Infrastructure	11,644,094	430,077	-	12,074,171
Total accumulated depreciation	49,514,923	2,776,049	(44,669)	52,246,303
Total capital assets, being depreciated, net	103,574,938	(1,527,719)	(15,855)	102,031,364
Business-type activities capital assets, net	\$ 108,413,700	\$ (1,527,719)	\$ (15,855)	\$ 106,870,126

Depreciation expense was charged to functions/programs as follows:

Governmental Activities:	
General government	\$ 36,288
Education	1,856,215
Public safety	985,471
Health and welfare	27,276
Public works	1,100,935
Recreation, arts and cultural	1,048,393
Total depreciation expense – governmental activities	<u>\$ 5,054,578</u>
Business-type activities:	
Water Pollution Control Authority	\$ 1,962,279
Parking Authority	813,770
Total depreciation expense – business-type activities	<u>\$ 2,776,049</u>

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2007

Note 7. Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2007 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 169,532,011	\$ 23,260,000	\$ (11,353,263)	\$ 181,438,748	\$ 13,484,440
Maritime Center bonds	2,332,966	-	(415,841)	1,917,125	384,061
Deferred amounts:					
For issuance premiums and gain/loss	501,492	-	(122,976)	378,516	-
Total bonds and notes payable	172,366,469	23,260,000	(11,892,080)	183,734,389	13,868,501
Compensated absences	13,127,493	2,056,993	(198,098)	14,986,388	2,907,180
Capital lease	-	655,082	(27,706)	627,376	110,825
Net pension obligations	1,572,938	-	(45,532)	1,527,406	-
Early Retirement Accrual	2,300,000	489,000	(694,000)	2,095,000	660,000
Total other long term debt	17,000,431	3,201,075	(965,336)	19,236,170	3,678,005
Governmental activity long-term liabilities	\$ 189,366,900	\$ 26,461,075	\$ (12,857,416)	\$ 202,970,559	\$ 17,546,506
Business-type activities:					
Bonds payable:					
General obligation bonds and notes payable	\$ 55,342,172	\$ 1,740,000	\$ (3,694,777)	\$ 53,387,395	\$ 3,811,350
Total bonds and notes payable	55,342,172	1,740,000	(3,694,777)	53,387,395	3,811,350
Business-type activity long-term liabilities	\$ 55,342,172	\$ 1,740,000	\$ (3,694,777)	\$ 53,387,395	\$ 3,811,350

Compensated absences

The obligation represents the employee (vested and nonvested) compensated absences expected to be paid in the future, aggregating \$14,986,388 as of June 30, 2007. This amount is recorded in the government wide statements, and paid out of the general fund.

Net pension obligation

Governmental Accounting Standards Board Statement No. 27, "Accounting for Pensions by State and Local Governments" requires the City to accrue a net pension obligation. The amount

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2007

at June 30, 2007 was \$1,527,406. This amount is recorded in the government wide statements, and paid out of the general fund.

Early Retirement

The obligation represents the early retirement incentive payout for eligible teachers and administrators whose age and years of service total 80. Once eligible they receive annual stipend of \$3,000 over a 3-10 year period. The amount accrued has been calculated at the discounted present value of the expected future benefit. The amount recorded at June 30, 2007 is approximately \$2,095,000 on the government wide statements, and is paid out of the general fund.

Bonded indebtedness

As of June 30, 2007, the outstanding general obligation bonded indebtedness of the City was as follows:

Governmental Activities

General Obligation Debt

<u>Purpose</u>	<u>Interest Rate %</u>	<u>Amount</u>
Capital improvement	4.30-4.75	\$ 702,925
Capital improvement	4.25-6.00	2,820,000
Capital improvement	4.87-5.00	1,914,000
Capital improvement	4.00-4.50	2,069,250
Capital improvement	4.00-5.00	6,987,231
Capital improvement	3.00-5.00	37,553,795
Capital improvement	2.00-4.00	19,789,107
Capital improvement	2.00-4.00	9,583,650
Capital improvement	3.00-5.00	8,970,041
Capital improvement	3.25-4.375	24,548,000
Capital improvement	2.35-5.00	21,915,749
Capital improvement	3.25-5.00	21,325,000
Capital improvement	4.25-5.50	23,260,000
		<u>\$ 181,438,748</u>

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2007

Capital Lease

Property and equipment with a carrying value at June 30, 2007 of approximately \$655,000 and accumulated depreciation of \$16,000 is being acquired under capital lease arrangements. Future minimum payments under capital lease arrangements are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2008	\$ 110,825
2009	110,825
2010	110,825
2011	110,825
2012	110,825
Thereafter	<u>188,534</u>
Total	<u>742,659</u>
Less amount representing interest at 5.05%	<u>(115,283)</u>
Total	<u><u>\$ 627,376</u></u>

Maritime Center Project Bonds

<u>Purpose</u>	<u>Interest Rate %</u>	<u>Amount</u>
Maritime Center Project - Refunding Bonds, 1986 Series	6.95-7.20%	<u>\$ 1,917,125</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. As of June 30, 2007, the amount of defeased debt outstanding, but removed from the City's government-wide financial statements, is as follows:

2005 Refunding	<u>\$ 21,560,000</u>
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CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2007

Business-Type Activities

Enterprise Debt

Purpose	Interest Rate %	Amount
Water Pollution Control Authority		
Bonds and Clean Water Fund	2.00-6.50%	\$ 43,303,132
Parking Authority - Parking Fund	2.00-6.50%	10,084,263
		\$ 53,387,395

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, 2007 is as follows:

Year Ended June 30,	General Obligation Debt	Maritime Center Project Debt	Total Interest Amount	Total Principal and Interest Amount
2008	\$ 13,484,440	\$ 384,061	\$ 8,939,584	\$ 22,808,085
2009	15,386,155	354,356	7,847,761	23,588,272
2010	16,515,136	326,637	7,148,437	23,990,210
2011	14,482,329	304,328	6,545,238	21,331,895
2012	13,454,793	283,552	5,985,342	19,723,687
2013-2017	57,027,097	264,191	17,351,981	74,643,269
2018-2022	32,844,710	-	7,110,623	39,955,333
Thereafter	18,244,088	-	1,450,897	19,694,985
	\$ 181,438,748	\$ 1,917,125	\$ 62,379,863	\$ 245,735,736

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2007

A summary of the City's business-type activities' long-term notes and bond principal maturities and related interest at June 30, 2007 is as follows:

Year Ended June 30,	WPCA Debt	Parking Authority Debt	Total Interest Amount	Principal and Interest Amount
2008	\$ 3,390,394	\$ 420,956	\$ 1,490,719	\$ 5,302,069
2009	3,448,895	514,540	1,344,998	5,308,433
2010	3,582,863	581,483	1,224,885	5,389,231
2011	3,528,387	554,768	1,113,962	5,197,117
2012	3,591,212	446,610	1,006,838	5,044,660
2013-2017	17,343,208	2,253,293	3,512,645	23,109,146
2018-2022	7,952,976	2,411,905	1,398,133	11,763,014
Thereafter	465,197	2,900,708	476,988	3,842,893
	<u>\$ 43,303,132</u>	<u>\$ 10,084,263</u>	<u>\$ 11,569,168</u>	<u>\$ 64,956,563</u>

School Bond Reimbursements

The State of Connecticut reimburses the City for eligible principal and interest costs of the portion of the capital improvement bond issue used for school construction. The amount of such reimbursement for the year ended June 30, 2007 was approximately \$384,000. Additional payments aggregating approximately \$547,188 are expected to be received through the bonds' maturity dates.

Authorized but unissued bonds

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

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2007

The City has authorized but unissued bonds relating to capital projects at June 30, 2007 as follows:

General purpose	\$ 5,601,300
Schools	40,494,561
Sewer	2,850,000
Urban Renewal	5,830,000
Total	<u><u>\$ 54,775,861</u></u>

Legal Debt Limit

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

<u>Category</u>	<u>Debt Limit</u>	<u>Indebtedness</u>	<u>Balance</u>
General purpose	\$ 489,067,446	\$ 99,269,157	\$ 389,798,289
Pension	\$ 652,089,928	\$ -	\$ 652,089,928
Schools	\$ 978,134,892	\$ 152,149,085	\$ 825,985,807
Sewers	\$ 815,112,410	\$ 46,153,132	\$ 768,959,278
Urban renewal	\$ 706,430,755	\$ 9,680,184	\$ 696,750,571

The total overall statutory debt limit for the City is equal to seven times annual receipts from taxation, or \$1,521,543,165.

Subsequent Event

On July 15, 2007, the City issued \$27,000,000 of general obligation bonds to finance certain capital projects. The bonds will mature through 2027 with interest from 4.00% to 5.75%.

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2007

Capital Projects

A summary of the uncompleted capital projects of the City at June 30, 2007 follows:

Project	Project	Expenditures		Unexpended Authorization Balances
	Authorizations	Fiscal 2007	Cumulative	
<u>Project</u>	(a)	(b)	(c)	
Department of Public Works:				
Solid Waste	\$ 387,593	\$ -	\$ 386,835	\$ 758
Sanitary Sewers	6,084,130	(187,815)	2,167,522	3,916,608
Drainage	1,883,904	286,461	1,056,746	827,158
Roads and Highways	19,273,187	3,099,178	13,323,388	5,949,799
Other	27,424,431	823,527	27,079,909	344,522
Police Department	30,000	23,962	23,962	6,038
Fire Department	1,677,577	368,219	813,247	864,330
Parks and Recreation	26,347,515	4,930,651	19,843,923	6,503,592
Board of Education	198,286,222	35,603,548	149,410,802	48,875,420
Redevelopment Agency	35,408,588	3,234,831	8,192,052	27,216,536
Traffic and Parking	3,212,652	432,123	1,538,871	1,673,781
	<u>\$ 320,015,799</u>	<u>\$ 48,614,685</u>	<u>\$ 223,837,257</u>	<u>\$ 96,178,542</u>

- (a) Represents cumulative Capital Budgets for projects that remain open at June 30, 2007.
- (b) Represents current year expenditures for projects that were open at June 30, 2007.
- (c) Represents aggregate expenditures for projects that were open at June 30, 2007.

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

Note 8. Fund Deficit

The following School Lunch Fund had a fund deficit as of June 30, 2007 of \$150,011.

The deficit will be funded by the Board of Education operating budget.

Note 9. 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 approximately \$1,227,000. For certain other cases, where there is a reasonable possibility that a loss has been incurred, the City estimates its possible exposure could range from \$0 to \$4,200,000 and no accrual is made in the financial statements. Based upon the advice of the City Corporation Counsel, management

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2007

believes that the ultimate resolution of these matters will not have a material adverse effect on the financial statements of the City.

Note 10. Employee Retirement Plans

Employee Pension Plan

Plan Descriptions

The City is the administrator of four separate single-employer defined benefit pension plans that were established to provide pension benefits for its police, firefighters, food service, and other full-time employees other than teachers. The plans are considered to be part of the City's financial reporting entity and are included in the City's basic financial statements as pension trust funds. The plans do not issue separate, stand-alone, financial reports. For the year ended June 30, 2007 the actuarial valuation date utilized was July 1, 2006 satisfying the requirement of GASB Nos. 25 and 27.

At the last actuarial valuation date, July 1, 2006, membership consisted of:

	<u>Police</u>	<u>Fire</u>	<u>Employees</u>	<u>Food Service</u>
Retirees, disabled members and beneficiaries currently receiving benefits	179	145	572	30
Terminated employees entitled to benefits but not yet receiving them	-	-	111	3
Active members	137	131	697	37
	<u>316</u>	<u>276</u>	<u>1,380</u>	<u>70</u>

Police Benefit Fund

The City of Norwalk Police Benefit Fund provides retirement benefits as well as death and disability benefits. Benefits vest after 10 years of service. Members who retire after age 48 with 20 years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 2.5 percent of final average salary, for each year of service (maximum benefit of 100% of base salary plus worker's compensation). Benefits being paid to retired members are increased 1.5 percent per year beginning at age 62. For retirements after July 1, 1998, the annual increase may begin at age 55. At the member's death, the benefit is payable to the surviving spouse for the spouse's lifetime, provided the spouse does not remarry, or the member is not married, the accrued benefit at death is payable to any children until they reach age 16.

Police employees are required to contribute 8 percent of their base pay to the Fund. If a police officer leaves covered employment or dies before meeting the vesting requirements, accumulated employee contributions without interest thereon are refunded. The City is required to contribute the remaining amounts necessary to fund the benefits for its Police employees. Benefits and employee contributions are fixed by contract and may be amended by union negotiation. The

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued **June 30, 2007**

City's payroll for employees covered by the Police Benefit Fund for the year ended June 30, 2007 was approximately \$8,541,000.

Fire Benefit Fund

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

Firefighters are required to contribute 8 percent of their base pay to the Fund. If a firefighter leaves covered employment or dies before meeting the vesting requirements, accumulated employee contributions without interest thereon are refunded. The City is required to contribute the remaining amounts necessary to fund the benefits for its firefighters. Benefits and employee contributions are fixed by contract and may be amended by union negotiation. The City's payroll for employees covered by the Fire Benefit Fund for the year ended June 30, 2007 was approximately \$8,375,000.

Employees' Pension Plan

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

Members are required to contribute 3.75 percent of their base pay to the Plan. 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, 2007 was approximately \$33,335,000.

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

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued **June 30, 2007**

benefit, payable monthly for life (with 60 months guaranteed), in an amount equal to 1.5 percent of final salary times years and months of credited service.

Food service employees are required to contribute 3.0 percent of their base pay to the Plan (maximum 30 years or age 70 with 5 years). If an employee leaves covered employment or dies before meeting the vesting requirements, accumulated employee contributions without interest thereon are refunded. The City is required to contribute the remaining amounts necessary to fund the benefits for its Food Service employees. Benefits and employee contributions are fixed by contract and may be amended by union negotiation. The City's payroll for employees covered by the Food Service Employees' Pension Plan for the year ended June 30, 2007 was approximately \$621,000.

Total Payroll

Total payroll for the City for the year ended June 30, 2007 was \$147,699,000 of which approximately \$50,872,000 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 \$9,008,000, for the year ended June 30, 2007.

The City's annual pension cost and net pension obligation (asset) to the Plans for the year ended June 30, 2007 were as follows:

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2007

	Employees'	Police	Fire	Food Service
Annual required contribution	\$ 1,279,680	\$ 1,599,009	\$ 307,926	\$ 88,755
Interest on net pension obligation	55,429	74,338	-	(5,945)
Adjustment to annual required contribution	(47,449)	(63,635)	-	5,089
Annual pension cost	1,287,660	1,609,712	307,926	87,899
Contributions made	1,343,895	1,599,009	307,926	88,755
Increase (decrease) in net pension obligation (asset)	(56,235)	10,703	-	(856)
Net pension obligation (asset), beginning of year	671,871	901,067	-	(72,061)
Net pension obligation (asset), end of year	\$ 615,636	\$ 911,770	\$ -	\$ (72,917)

Three-Year Trend Information:

	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
<u>Employees' Pension Plan</u>			
June 30, 2005	\$ 908,728	109.5%	\$ 733,373
June 30, 2006	699,626	108.8%	671,871
June 30, 2007	1,287,660	104.4%	615,636
<u>Police Benefit Fund</u>			
June 30, 2005	\$ 864,314	100.4%	\$ 888,909
June 30, 2006	1,252,248	99.0%	901,067
June 30, 2007	1,609,712	99.3%	911,770
<u>Firemans Benefit</u>			
June 30, 2005	\$ -	100%	\$ -
June 30, 2006	-	100%	-
June 30, 2007	307,926	100%	-
<u>Food Service Plan</u>			
June 30, 2005	\$ 127,741	-	\$ 52,443
June 30, 2006	78,685	258.2%	(72,061)
June 30, 2007	87,899	101.0%	(72,917)

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2007

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended June 30,	Employees'		Police		Fire		Food Service	
	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed
2007	\$ 1,279,680	105.0%	\$ 1,599,009	100.0%	\$ 307,926	100.0%	\$ 88,755	100.0%
2006	689,596	110.4%	1,240,000	100.0%	-	0.0%	77,967	260.6%
2005	911,816	109.1%	868,054	100.0%	-	0.0%	125,222	0%
2004	1,066,429	108.1%	896,104	100.0%	-	0.0%	130,611	97.3%
2003	1,066,429	10.1%	896,104	0%	-	0.0%	130,611	100.0%
2002	-	100.0%	-	100.0%	-	0.0%	65,194	100.0%

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Valuation of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded/ (Overfunded) AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
Police Benefit Fund						
07/01/01	\$ 69,796,055	N/A	N/A	N/A	N/A	N/A
07/01/02	69,133,242	64,633,704	(4,499,538)	107.0%	10,244,943	-43.9%
07/01/03	74,948,330	69,630,928	(5,317,402)	107.6%	N/A	N/A
07/01/04	76,806,221	78,823,046	2,016,825	97.4%	9,293,105	21.7%
07/01/05	76,869,181	83,468,237	6,599,056	92.1%	N/A	N/A
07/01/06	79,834,138	88,299,719	8,465,581	90.4%	8,540,939	99.1%
Firemen's Benefit Fund						
07/01/01	\$ 78,319,169	N/A	N/A	N/A	N/A	N/A
07/01/02	76,757,236	63,491,569	(13,265,667)	120.9%	7,486,142	-177.2%
07/01/03	82,059,876	66,595,816	(15,464,060)	123.2%	N/A	N/A
07/01/04	82,164,555	70,026,745	(12,137,810)	117.3%	7,685,894	(157.9)%
07/01/05	80,821,609	73,211,471	(7,610,138)	110.4%	N/A	N/A
07/01/06	82,627,288	77,092,528	(5,534,760)	107.2%	8,375,411	(66.1)%

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2007

SCHEDULE OF FUNDING PROGRESS, Continued

Actuarial Valuation Date	Actuarial Valuation of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded/ (Overfunded) AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
Employees' Pension Plan						
07/01/01	\$ 145,290,304	N/A	N/A	N/A	N/A	N/A
07/01/02	142,149,017	122,164,317	(19,984,700)	116.4%	31,025,022	64.4%
07/01/03	152,500,555	129,823,339	(22,677,216)	117.5%	N/A	N/A
07/01/04	153,970,435	134,895,112	(19,075,323)	114.1%	29,953,928	(63.7)%
07/01/05	152,687,018	141,633,432	(11,053,586)	107.8%	N/A	N/A
07/01/06	156,760,853	145,771,482	(10,989,371)	107.5%	33,335,431	(33.0)%
Food Service Employees' Pension Plan						
07/01/01	\$ 656,813	N/A	N/A	N/A	N/A	N/A
07/01/02	625,718	1,304,051	678,333	48.0%	637,681	106.4%
07/01/03	831,369	1,414,442	583,073	58.8%	N/A	N/A
07/01/04	967,991	1,417,698	449,707	68.3%	694,888	64.7%
07/01/05	977,739	1,546,526	568,787	63.2%	N/A	N/A
07/01/06	1,217,225	1,546,368	329,143	78.7%	620,707	53.0%

Additional information as of the latest actuarial valuations follows:

	Employees' Pension Plan	Police Benefit Fund	Firemens' Benefit Fund	Food Service Pension Plan
Valuation date	7/1/06	7/1/06	7/1/06	7/1/06
Actuarial cost method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization method	Level Percent	Level Percent	Level Percent	Level Percent
Remaining amortization period	22 years Closed	22 years Closed	22 years Closed	22 years Closed
Asset valuation method	Investment gains/losses recognized over 5 years	Investment gains/losses recognized over 5 years	Investment gains/losses recognized over 5 years	Investment gains/losses recognized over 5 years
Actuarial assumptions:				
Investment rate of return	8.25%	8.25%	8.25%	8.25%
Projected salary increases	4.0%	4.0%	4.0%	4.0%
Cost of living adjustments	1.5%	1.5%	1.5%	0.0%

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2007

SCHEDULE OF PLAN NET ASSETS
June 30, 2007

	Pension Plan Employees	Fire Benefit Fund	Police Benefit Fund	Food Service Employees' Fund	Total
ASSETS					
Cash and cash equivalents	\$ 22,842,422	\$ 12,095,018	\$ 11,765,042	\$ 183,777	\$ 46,886,259
Investments, at fair value:					
U.S. Government Agency	14,315,656	7,549,048	7,332,551	117,125	29,314,380
Corporate Bonds	22,661,272	11,949,927	11,607,218	185,406	46,403,823
Common and Preferred					
Equities	92,692,449	48,879,342	47,477,545	758,377	189,807,713
Mutual Funds	40,443,849	21,327,181	20,715,545	330,897	82,817,472
Security lending transactions	16,508,201	8,703,648	8,453,524	135,202	33,800,575
Total assets	209,463,849	110,504,164	107,351,425	1,710,784	429,030,222
LIABILITIES					
Security lending transactions	16,508,201	8,703,648	8,453,524	135,202	33,800,575
Total liabilities	16,508,201	8,703,648	8,453,524	135,202	33,800,575
Net Assets Held in Trust for					
Pension Benefits	\$ 192,955,648	\$ 101,800,516	\$ 98,897,901	\$ 1,575,582	\$ 395,229,647

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2007

**SCHEDULE OF CHANGES IN PLAN NET ASSETS
Year Ended June 30, 2007**

	Pension Plan Employees	Fire Benefit Fund	Police Benefit Fund	Food Service Employees' Fund	Total Pension Trust Funds
Addition					
Contributions					
Employer	\$ 1,343,895	\$ 307,926	\$ 1,599,009	\$ 88,755	\$ 3,339,585
Plan members	1,242,259	575,417	625,563	18,681	2,461,920
Total contributions	2,586,154	883,343	2,224,572	107,436	5,801,505
Investment Income					
Interest and dividends	4,449,596	2,346,448	2,273,501	35,019	9,104,564
Net appreciation in fair value of investments	27,011,641	14,223,596	13,790,374	212,431	55,238,042
Less investment expense	(141,561)	(74,692)	(71,774)	(945)	(288,972)
Net investment income	31,319,676	16,495,352	15,992,101	246,505	64,053,634
Securities lending transaction income	652,145	343,832	333,951	5,341	1,335,269
Securities lending transaction expense	(600,945)	(316,837)	(307,732)	(4,922)	(1,230,436)
Total net investment income	51,200	26,995	26,219	419	104,833
Total additions	33,957,030	17,405,690	18,242,892	354,360	69,959,972
Deductions					
Benefits paid	8,461,536	3,972,897	4,676,609	61,044	17,172,086
General and administrative	80,705	36,323	46,070	4,881	167,979
Total deductions	8,542,241	4,009,220	4,722,679	65,925	17,340,065
Net increase	25,414,789	13,396,470	13,520,213	288,435	52,619,907
Net Assets Held in Trust for					
Pension Benefits					
Beginning of year	167,540,859	88,404,046	85,377,688	1,287,147	342,609,740
End of year	\$ 192,955,648	\$ 101,800,516	\$ 98,897,901	\$ 1,575,582	\$ 395,229,647

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.

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2007

During the year ended June 30, 2007, 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, 2007 were \$32,923,783 and \$33,800,575, as follows:

Collateral Type	Market Value	Collateral Value	Collateral Percentage
	June 30, 2007	June 30, 2007	
Cash	\$ 31,657,195	\$ 32,496,977	103%
Non-cash	1,266,588	1,303,598	103%
	<u>\$ 32,923,783</u>	<u>\$ 33,800,575</u>	

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, 2007.

Note 11. Other Postemployment Benefits

In accordance with various collective bargaining agreements, the City also provides postretirement health care benefits to some employees who retire from the City. Currently, 648 retirees meet these eligibility requirements. Expenditures for post retirement health care benefits are recognized and funded on a pay-as-you-go basis and approximated \$6,295,000 for the year ended June 30, 2007 (see Note 13).

GASB Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits other Than Pensions," issued June 2004, will be effective for the City beginning with its year ending June 30, 2008. In preparation for the implementation of GASB 45, the City obtained an actuarial valuation to determine the benefit obligations of the City and

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2007

the Board of Education. As of July 1, 2006, based on various actuarial assumptions, the City's estimated unfunded liability is \$152,700,000.

Note 12. Risk Management

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

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

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

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 include an amount 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.

The City is a defendant in a significant number of lawsuits. At June 30, 2007, approximately \$1,227,000 represents losses for which the lowest amount in a range of probable losses has been included in accrued claims because no amount within that range is a better estimate of loss.

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2007

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

Fiscal Year Ended	Claims Payable July 1	Claims and Changes in Estimates	Claims Paid	Claims Payable June 30
2006	\$ 12,114,971	\$ 51,116,259	\$ 47,735,220	\$ 15,496,010
2007	\$ 15,496,010	\$ 45,983,272	\$ 45,861,040	\$ 15,618,242

At June 30, 2007, \$8,027,000 is expected to be paid from current resources in the internal service fund recorded as claims incurred but not reported on the statement of net assets, and \$7,590,000 is recorded as a noncurrent liability on the statement of net assets.

Note 13. Pronouncements Issued, Not Yet Effective

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2007 that have effective dates that may impact future financial presentations.

Other than GASB Statement No. 45 (see Note 11), management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements:

- GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, issued June 2004, will be effective for the City beginning with its year beginning after June 30, 2008. This Statement establishes standards for the measurement, recognition and display of other postemployment benefits expenses and related liabilities or assets, note disclosures and, if applicable, required supplementary information in the financial reports (see Note 11).
- Statement No. 48, “Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues,” issued September 2006, is effective for periods beginning after December 15, 2006. This Statement establishes accounting and financial reporting standards for transactions in which a government receives, or is entitled to, resources in exchange for future cash flows generated by collecting specific receivables or specific future revenues. It also provides disclosure requirements for a government that pledges or commits future cash flows from a specific revenue source. In addition, this Statement establishes accounting and financial reporting standards for intra-entity transfers of assets and future revenues.
- GASB Statement No. 49, “Accounting and Financial Reporting for Pollution Remediation Obligations,” issued December 1, 2006, will be effective for the City beginning with its fiscal year June 30, 2008, but the liability should be measured at July 1, 2007 so that beginning net assets can be restated. This Statement identifies the circumstances under which a government would have to estimate its expected outlays for

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2007

pollution remediation if it knows a site is polluted, if the pollution poses an imminent danger to the public or the environment, if the government has violated a pollution prevention permit or license, if the government has been named as a responsible party for cleaning up the pollution, if the government began to clean up the pollution, and if the government is named in a lawsuit. In addition, it provides disclosure information about their pollution obligations associated with clean-up efforts.

- GASB Statement No. 50, "Pension Disclosures - an Amendment of GASB Statements No. 25 and No. 27," issued May, 2007. This Statement more closely aligns the financial reporting requirements for pensions with those for other post-employment benefits (OPEB) and, in doing so, enhances information disclosed in notes to financial statements or presented as required supplementary information (RSI) by pension plans and by employers that provide pension benefits. The reporting changes required by the Statement amend applicable note disclosure and RSI requirements of Statements No. 25, "Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans," and No. 27, "Accounting for Pensions by State and Local Governmental Employers," to conform with requirements of Statements No. 43, "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans," and No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions." This Statement is effective for period beginning after June 15, 2007, except for requirements related to the use of the entry age actuarial cost method for the purpose of reporting a surrogate funded status and funding progress of plans that use the aggregate actuarial cost method, which are effective for periods for which the financial statements and RSI contain information resulting from actuarial valuations as of June 15, 2007, or later.
- GASB Statement No. 51, "Accounting and Financial Reporting for Intangible Assets," issued June, 2007. Governments possess many different types of assets that may be considered intangible assets, including easements, water rights, timber rights, patents, trademarks, and computer software. Intangible assets, and more specifically easements, are referred to in the description of capital assets in Statement No. 34, "Basic Financial Statements - and Management's Discussion and analysis - for State and Local Governments." This reference has created questions as to whether and when intangible assets should be considered capital assets for financial reporting purposes. An absence of sufficiently specific authoritative guidance that addresses these questions has resulted in inconsistencies in the accounting and financial reporting of intangible assets among state and local governments, particularly in the areas of recognition, initial measurement, and amortization. The objective of this Statement is to establish accounting and financial reporting requirements for intangible assets to reduce these inconsistencies, thereby enhancing the comparability of the accounting and financial reporting of such assets among state and local governments. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2009.

APPENDIX B - FORM OF LEGAL OPINION OF BOND COUNSEL

ROBINSON & COLE_{LLP}

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

July ___, 2008

City of Norwalk
Norwalk,
Connecticut

Ladies and Gentlemen:

We have examined certified copies of the proceedings of the City of Norwalk, Connecticut (the "City"), a Tax Regulatory Agreement of the City dated July 1, 2008 (the "Tax Regulatory Agreement") and other proofs submitted to us relative to the issuance and sale of \$34,200,000 City of Norwalk Connecticut General Obligation Bonds, Issue of 2008, dated July 1, 2008 (the "Bonds"), maturing on July 1 in each of the years in the principal amounts and bearing interest payable on July 1, 2009 and semiannually thereafter on January 1 and July 1 in each year until maturity, at the rates per annum as follows:

<u>Year of Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate Per Annum</u>
2011	\$ 1,900,000	%
2012	1,900,000	
2013	1,900,000	
2014	1,900,000	
2015	1,900,000	
2016	1,900,000	
2017	1,900,000	
2018	1,900,000	
2019	1,900,000	
2020	1,900,000	
2021	1,900,000	
2022	1,900,000	
2023	1,900,000	
2024	1,900,000	
2025	1,900,000	
2026	1,900,000	
2027	1,900,000	
2028	1,900,000	

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

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

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

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

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

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

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

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

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

Respectfully yours,

ROBINSON & COLE LLP

APPENDIX C - FORM OF CONTINUING DISCLOSURE AGREEMENT

CONTINUING DISCLOSURE AGREEMENT

By The CITY OF NORWALK, CONNECTICUT

Dated As Of July 1, 2008

In Connection With The Issuance And Sale Of

\$34,200,000 City Of Norwalk, Connecticut

General Obligation Bonds, Issue of 2008, Dated July 1, 2008

WHEREAS, the City of Norwalk, Connecticut (the "Issuer") has heretofore authorized the issuance of \$34,200,000 in aggregate principal amount of its General Obligation Bonds, Issue of 2008, (the "Bonds") to be dated July 1, 2008 and to mature in the principal amounts and on the dates set forth in the Issuer's Official Statement dated June 5, 2008 describing the Bonds (the "Official Statement"); and

WHEREAS, the Issuer has offered the Bonds for sale through competitive bid pursuant to its Notice of Sale dated June 5, 2008 (the "Notice of Sale"); and

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

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

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

NOW, THEREFORE, THE ISSUER HEREBY REPRESENTS, COVENANTS AND AGREES AS FOLLOWS:

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

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

"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 Continuing Disclosure 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.

"NRMSIR" shall mean any nationally recognized municipal securities information repository for purposes of the Rule.

"SID" shall mean any state information depository established or designated by the State of Connecticut for the purposes of the Rule. As of the date of this Agreement no SID has been so established or designated by the State of Connecticut.

Section 2. Annual Reports.

(a) The Issuer shall provide or cause to be provided to each NRMSIR and to the SID 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 for the general fund, capital projects funds and special revenue funds, 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 and amount of the annual property tax levy collected and uncollected;

(D) a schedule of the annual debt service on outstanding long-term bonded indebtedness;

(E) a calculation of the net direct debt, total direct debt, and total overall net debt (reflecting overlapping and underlying debt);

(F) the total direct debt, total net direct debt and total overall net debt of the 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 obligations.

(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 each NRMSIR and the SID, including official statements of the Issuer which will be available from the MSRB.

(c) Subject to the requirements of Section 8 hereof, the Issuer reserves the right to modify from time to time the specific types of information or data provided or the format of the presentation of such information or 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 information and 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 data for the Fiscal Year End preceding the date of issuance of the Bonds is not contained in the Official Statement for the Bonds or has not otherwise been previously provided, the Issuer shall provide such information and data no later than eight months after the close of such preceding Fiscal Year End. The Issuer agrees that if audited information is not available eight months after the close of any Fiscal Year End, it shall submit unaudited information by such time and will submit audited information when available.

Section 4. Event Notices. The Issuer agrees to provide or cause to be provided in a timely manner, to (i) each NRMSIR or to the MSRB, and (ii) the SID, notice of the occurrence of any of the following events, if material:

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions or events affecting the tax-exempt status of the security;
- (vii) modifications to rights of security holders;
- (viii) bond calls;
- (ix) defeasances;
- (x) release, substitution, or sale of property securing repayment of the securities; and
- (xi) rating changes.

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

Section 6. Termination of Reporting Obligation. The Issuer's obligations under this Continuing Disclosure 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 Continuing Disclosure Agreement, and may discharge any such agent, with or without appointing a successor agent.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Continuing Disclosure Agreement, the Issuer may amend this Continuing Disclosure Agreement, and any provision of this Continuing Disclosure 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 (i) each NRMSIR or the MSRB, and (ii) the SID. 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 or financial information provided.

Section 9. Additional Information. Nothing in this Continuing Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Continuing Disclosure Agreement or any other means of communication, 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 Continuing Disclosure 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 Continuing Disclosure Agreement, the Issuer shall have no obligation under this Continuing Disclosure 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 the extent allowed by applicable law, to indemnify and save its officials, officers and employees harmless against any loss, expense and liabilities which they may incur arising out of any claim, demand, suit or judgment by reason of alleged negligence on the part of such official, officer or employee while acting in the discharge of their duties pursuant to this Continuing Disclosure Agreement. 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 Continuing Disclosure 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. 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. Miscellaneous. Any filing under this Agreement may be made solely by transmitting such filing to the Texas Municipal Advisory Council (the "MAC") as provided at <http://www.disclosureusa.org> unless the SEC has withdrawn the interpretation advise in its letter to the MAC dated September 7, 2004.

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

CITY OF NORWALK
CONNECTICUT

By _____
Richard A. Moccia
Mayor

By _____
Thomas S. Hamilton
Director of Finance

APPENDIX D - NOTICE OF SALE

**NOTICE OF SALE
\$34,200,000**

**CITY OF NORWALK, CONNECTICUT
GENERAL OBLIGATION BONDS
ISSUE OF 2008**

Sealed proposals and electronic bids (as described herein) will be received by the **CITY OF NORWALK**, Connecticut (the "City"), until 12:00 o'clock Noon (E.D.T.) Thursday,

JUNE 19, 2008

for the purchase of all, but not less than all, of the \$34,200,000 City of Norwalk General Obligation Bonds, Issue of 2008 (the "Bonds"). Sealed proposals will be received in the Mayor's Conference Room, Second Floor, Room 231, City Hall, 125 East Avenue, Norwalk, Connecticut, 06856. (See "Sealed Proposal Procedures"). Electronic bids must be submitted via **PARITY®**. (See "Electronic Bidding Procedures").

The Bonds

The Bonds will be dated July 1, 2008, mature \$1,900,000 on July 1 in each of the years 2011-2028, both inclusive, bearing interest payable on July 1, 2009, and semiannually thereafter on January 1 and July 1 in each year until maturity, or earlier redemption, as further described in the Preliminary Official Statement for the Bonds dated June 5, 2008 (the "Preliminary Official Statement").

The Bonds maturing on July 1, 2014 and thereafter are subject to redemption prior to maturity, at the election of the City, on and after July 1, 2013, at any time, in whole or in part and by lot within a maturity, in such amounts and in such order of maturity as the City may determine, at the respective prices (expressed as percentages of the principal amounts of Bonds to be redeemed) set forth in the following table, together with interest accrued and unpaid to the redemption date:

<u>Redemption Dates</u>	<u>Redemption Price</u>
From: July 1, 2013 and thereafter	100%

The Bonds will be issued by means of a book-entry system with no physical distribution of bond certificates made to the public. The Bonds will be issued in registered form and one bond certificate for each maturity will be issued to The Depository Trust Company, New York, New York ("DTC"), registered in the name of its nominee, Cede & Co., and immobilized in their custody. A book-entry system will be employed, evidencing ownership of the Bonds in principal amounts of \$5,000 or integral multiples thereof, with transfers of ownership effected on the records of DTC and its participants pursuant to rules and procedures adopted by DTC and its participants. The winning bidder, as a condition to delivery of the Bonds, will be required to deposit the bond certificates with DTC, or its custodian, registered in the name of Cede & Co. Principal of and interest on the Bonds will be payable by the City or its agent in same-day funds to DTC or its nominee as registered owner of the Bonds. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC; transfer of principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The City will not be responsible or liable for payments by DTC to its participants or by DTC participants to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants.

Nature of Obligation

The Bonds will be general obligations of the City payable unless paid from other sources, from ad valorem taxes which may be levied on all taxable property subject to taxation by the City without limitation as to rate or amount except as to classified property such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts.

Bank Qualification

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

Electronic Bidding Procedures

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

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

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

For purposes of both the sealed proposal process and the electronic bidding process, the time as maintained by **PARITY®** shall constitute the official time. For information purposes only, bidders are requested to state in their electronic bids the true interest cost to the City, as described under "Basis of Award" below, and in the written form of Proposal for Bonds. All electronic bids shall be deemed to incorporate the provisions of this Notice of Sale and form of Proposal for Bonds.

Sealed Proposal Procedures

Bids will be accepted in written form on the form of Proposal for Bonds at the place and time indicated above. Bids must be enclosed in sealed envelopes marked "Proposal for Bonds" and addressed to Mr. Richard A. Moccia, Mayor, City Hall, 125 East Avenue, Norwalk, Connecticut 06851.

Bid Specifications

Each bid must be for the entire \$34,200,000 of Bonds and must specify the rate or rates of interest therefor in a multiple of 1/20 or 1/8 of 1% per annum, provided such bid shall not state (a) more than one interest rate for any Bonds having like maturity, or (b) any interest rate for any Bonds which exceeds the interest rate stated in the proposal for any other Bonds by more than 2%. Interest shall be computed on the basis of twelve 30 day months and a 360 day year. No bid for less than all of the Bonds or for less than par and accrued interest will be considered. The right is reserved to reject any and all proposals and to waive any irregularity or informality with respect to any proposal. Unless all bids are rejected the Bonds will be awarded to the bidder offering to purchase them at the lowest true interest cost.

Basis of Award

For the purpose of determining the successful bidder, the true interest cost to the City will be the annual interest rate, compounded semiannually, which, when used to discount all payments of principal and interest payable on the Bonds to July 1, 2008, the date of the Bonds, results in an amount equal to the purchase price for the Bonds, not including interest accrued to July 1, 2008, the delivery date of the Bonds. It is requested that each proposal be accompanied by a statement of the percentage of true interest cost computed and rounded to four decimal places. Such statement shall not be considered as a part of the proposal. The Bonds will be awarded or all bids will be rejected promptly after the bid opening and not later than 4:00 P.M. (E.D.T.) on June 19, 2008. The purchase price must be paid in Federal Funds.

Closing Documents and Legal Opinion

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

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

Continuing Disclosure

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

Settlement of the Bonds

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

The Bonds will be delivered to DTC in New York City on or about July 1, 2008. The deposit of the Bonds with DTC under a book-entry system requires the assignment of CUSIP numbers prior to delivery. It shall be the responsibility of the winning bidder to obtain CUSIP numbers for the Bonds prior to delivery, and the City will not be responsible for any delay occasioned by the inability to deposit the Bonds with DTC due to the failure of the winning bidder to obtain such numbers and to supply them to the City in a timely manner. The City assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers, which charges shall be the responsibility of and shall be paid for by the purchaser.

The successful bidder for all of the Bonds may request that the Bonds be issued in the form of one fully registered physical certificate, rather than in book-entry form through the facilities of DTC. The successful bidder seeking the issuance of the Bonds in this manner shall bear any and all costs of any re-registration or transfer of Bonds from time to time. Any bidder seeking to have the Bonds issued in the form of a physical certificate, rather than in book-entry form, shall indicate this preference to the District at the time of the submission of the winning bid. The City reserves the right to decline any request to issue the Bonds in non-book-entry form if it should determine, in its sole discretion, that issuing the Bonds in this manner is not in its best interests.

The Official Statement is in a form “deemed final” by the City for purposes of SEC Rule 15c2-12(b)(1). The winning bidder will be furnished 150 copies of the final Official Statement prepared for this bond issue at the City's expense. Additional copies may be obtained by the winning bidder at its own expense by arrangement with the printer. The copies of the Official Statement will be made available to the winning bidder no later than seven business days after the bid opening at the office of the City's financial advisor. If the City's financial advisor is provided with the necessary information from the winning bidder by noon of the day after the bid opening, the copies of the Official Statement will include an additional cover page and other pages, if necessary, indicating the interest rates, rating, yields or reoffering prices, the name of the managing underwriter, and the name of the insurer, if any, of the Bonds.

Related Information

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

RICHARD A. MOCCIA
Mayor

THOMAS S. HAMILTON
Director of Finance

June 5, 2008

(See attached for form of Proposal for Bonds)

PROPOSAL FOR BONDS

June ____, 2008

RICHARD A. MOCCIA, Mayor
 THOMAS S. HAMILTON, Director of Finance
 City of Norwalk
 Mayor's Conference Room
 Second Floor, Room 231
 City Hall
 125 East Avenue
 Norwalk, CT 06851

Dear Sirs:

Subject to the provisions of the Notice of Sale dated June 5, 2008 which Notice is made a part of this proposal, we offer to purchase all \$34,200,000 bonds of the City of Norwalk, Connecticut comprising the issue described in said notice and to pay therefor par and accrued interest to date of delivery, plus a premium of \$....., provided that the bonds maturing in the several years set forth below shall bear interest from their date until maturity at the respective rates per annum stated in the following table:

<u>Date of Maturity</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Amount</u>	<u>Interest Rate</u>
July 1, 2011	\$ 1,900,000	_____%	July 1, 2020	\$ 1,900,000	_____%
July 1, 2012	1,900,000	_____	July 1, 2021	1,900,000	_____
July 1, 2013	1,900,000	_____	July 1, 2022	1,900,000	_____
July 1, 2014	1,900,000	_____	July 1, 2023	1,900,000	_____
July 1, 2015	1,900,000	_____	July 1, 2024	1,900,000	_____
July 1, 2016	1,900,000	_____	July 1, 2025	1,900,000	_____
July 1, 2017	1,900,000	_____	July 1, 2026	1,900,000	_____
July 1, 2018	1,900,000	_____	July 1, 2027	1,900,000	_____
July 1, 2019	1,900,000	_____	July 1, 2028	1,900,000	_____

 (Name of Bidder)

 (Authorized Signature)

 (Mailing Address)

The following is our computation of the true interest cost, made as provided in the above-mentioned Notice of Sale, but not constituting any part of the foregoing proposal, for the purchase of \$34,200,000 bonds under the foregoing proposal:

Percent True Interest Cost%
 (Four Decimals)