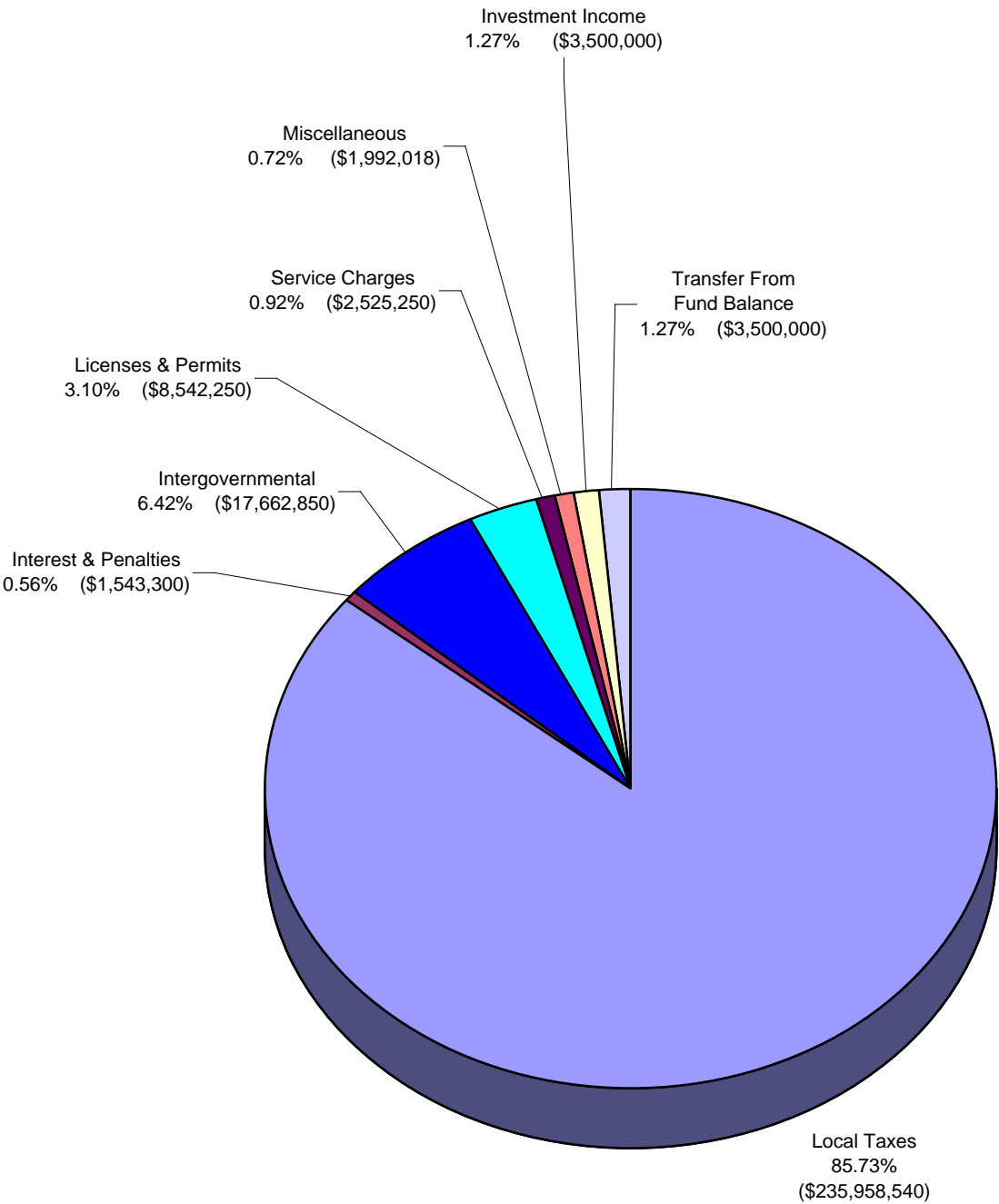


General Fund Revenue Sources Recommended for FY2008-09



**City of Norwalk
Total \$275,224,208**

SUMMARY OF OPERATING BUDGET REVENUE

LOCAL TAXES

	<u>Actual 2005-06</u>	<u>Actual 2006-07</u>	<u>Approved 2007-08</u>	<u>Requested 2008-09</u>	<u>Recommended 2008-09</u>	<u>Change</u>
Ad Valorem Taxes	\$201,176,391	\$210,380,206	\$224,803,277	\$243,186,625	\$236,460,447	\$11,657,170
Less: Reserve for Uncollected Taxes & Adjustment for Relief Programs	N/A	N/A	(6,197,422)	(5,965,986)	(5,621,907)	(575,515)
Subtotal: Current Taxes	201,176,391	210,380,206	218,605,855	237,220,639	230,838,540	12,232,685
Prior Year's Tax Collections	2,098,115	2,202,380	3,200,000	3,200,000	3,200,000	0
New Auto Registrations	<u>1,844,907</u>	<u>1,577,104</u>	<u>1,920,000</u>	<u>1,920,000</u>	<u>1,920,000</u>	<u>0</u>
TOTAL TAX REVENUE	\$205,119,413	\$214,159,690	\$223,725,855	\$242,340,639	\$235,958,540	\$12,232,685

The principal source of revenue for the City of Norwalk is the local property tax. Local taxes, which provide 85.7% of the City's revenue, are levied annually to cover the operating expenses of the City government. There are four main factors that determine the amount of local taxes that need to be raised each fiscal year.

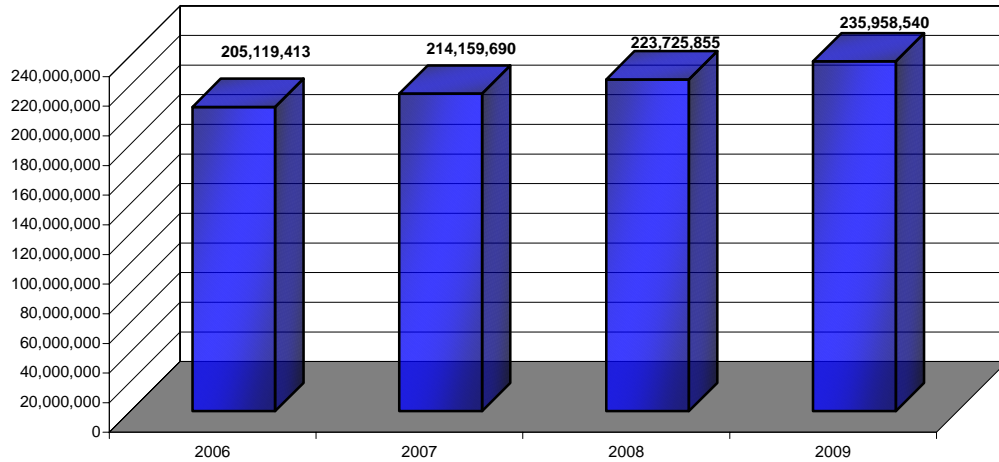
Gross Expenditures – The size of the City's Operating Budget is one of the key determinants of the amount of money that must be raised through taxes each year. Since the City is required to operate with a balanced budget, when all other factors are equal, the greater the size of the Operating Budget, the more money that must be raised through taxation.

Other Revenue Sources – The City of Norwalk also receives non-tax revenue that helps to offset the amount of money that needs to be raised through local taxation. This revenue consists of interest and penalties, intergovernmental revenues, licenses and permits, service charges and investment income as well as other miscellaneous revenue. These other revenue sources are detailed in the following pages.

Grand List – The Grand List is the assessed value of all auto, real and personal property. The Grand List for the FY 2008-09 is estimated at \$10,663,872,126 by the Tax Assessor's office.

Tax Collection Rate – For several years Norwalk has had one of the highest tax collection rates of the 10 largest municipalities in the State. For budget purposes, the 2008-09 recommended budget assumes a collection rate of 98.5%.

**Local Tax Revenue
2005-06 through 2008-09**

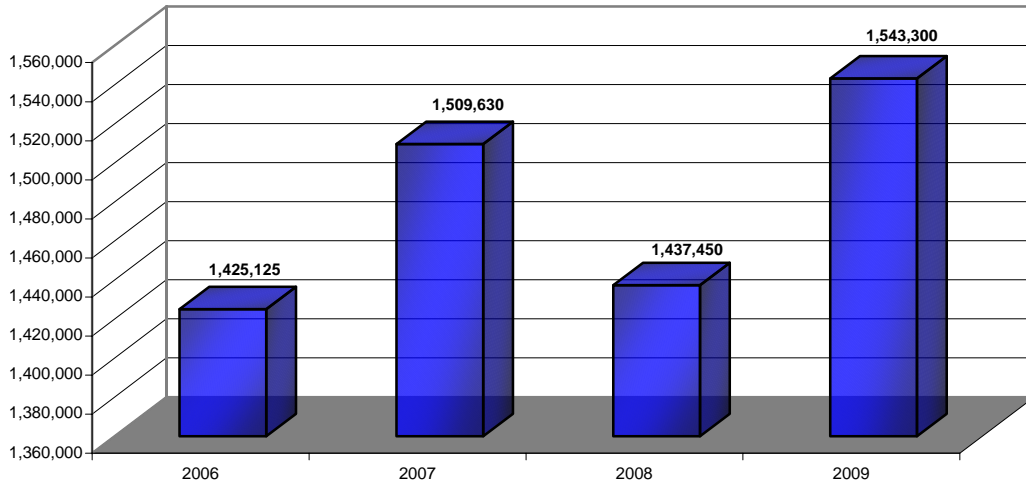


INTEREST AND PENALTIES

	<u>Actual 2005-06</u>	<u>Actual 2006-07</u>	<u>Approved 2007-08</u>	<u>Requested 2008-09</u>	<u>Recommended 2008-09</u>	<u>Change</u>
Interest	\$1,332,890	\$1,414,118	\$1,350,000	\$1,375,000	\$1,450,000	\$100,000
Penalties	<u>92,235</u>	<u>95,512</u>	<u>87,450</u>	<u>91,300</u>	<u>93,300</u>	<u>5,850</u>
TOTAL	\$1,425,125	\$1,509,630	\$1,437,450	\$1,466,300	\$1,543,300	\$105,850

Interest & Penalties – Interest and Penalties are assessments on delinquent taxes and constitute 0.56% of City revenues. Interest penalty charges are set at the rate of 18% per annum and are mandated by State Legislation. Penalty fees for late payment are also mandated by State Legislation. Penalty charges include all lien fees, warrant fees, legal court fees and returned check fees. The purpose of charging interest and penalties is to place a financial incentive on taxpayers to make timely payments to allow the City to collect the revenue it needs to provide services to our citizens. In FY2004-05 the City began charging a motor vehicle clearance fee in order to recover the cost imposed upon the City by the State of Connecticut for participation in the tax collection enforcement mechanism of denying motor vehicle registrations to taxpayers who have been reported as owing delinquent vehicle taxes to the City. This fee is expected to bring in \$52,000 in FY2009.

Interest & Penalties
2005-06 through 2008-09



INTERGOVERNMENTAL REVENUES

	<u>Actual 2005-06</u>	<u>Actual 2006-07</u>	<u>Approved 2007-08</u>	<u>Requested 2008-09</u>	<u>Recommended 2008-09</u>	<u>Change</u>
Education	\$10,527,782	\$ 9,531,688	\$ 9,411,827	\$10,890,305	\$10,890,305	\$ 1,478,478
Public Works	439,695	441,327	441,327	440,753	440,753	(574)
Payment-In-Lieu-of-Taxes (PILOT)	4,240,654	4,357,143	4,101,729	4,525,542	4,525,542	423,813
Other	<u>1,781,016</u>	<u>2,376,331</u>	<u>2,237,324</u>	<u>1,788,010</u>	<u>1,806,250</u>	<u>(431,074)</u>
TOTAL	\$16,989,147	\$16,706,488	\$16,192,207	\$17,644,610	\$17,662,850	\$1,470,643

Intergovernmental revenues helps to reduce the amount of money that must be raised by local taxes, and they constitute 6.42% of City revenues in the Recommended Budget. Total receipts are expected to increase by \$1,470,643 on a budget basis.

Education – Education revenues, which comprise the bulk of intergovernmental revenues, are budgeted at an amount that is \$1,478,478 more than the current budget due to the revised amounts in State budget for the Education Cost Sharing and Transportation Aid.

Public Works – The Department of Public Works receives a Town Aid Road grant, which is projected to stay fairly level in FY 2008-09.

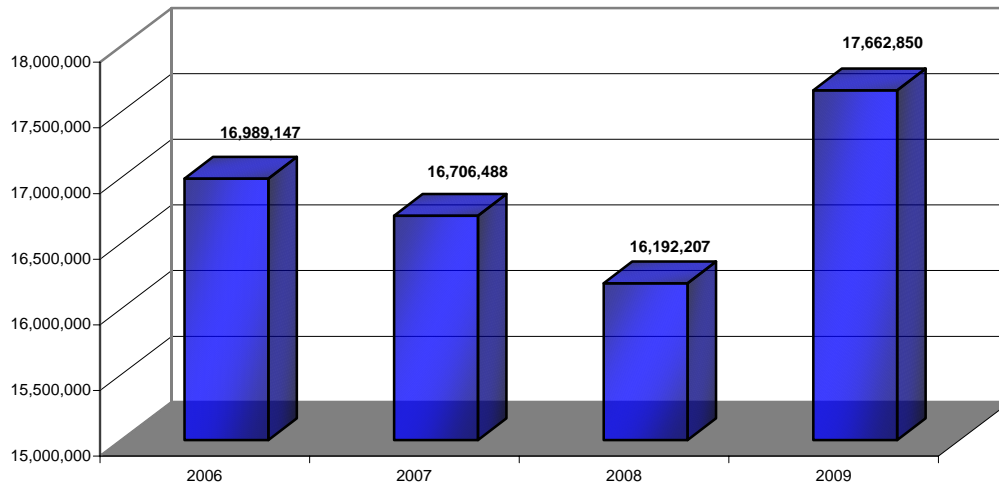
Payment in Lieu of Taxes (PILOTs) – These payments represent a partial reimbursement for foregone property tax revenues from State owned property and hospitals located in Norwalk, a State mandated program for tax relief for the elderly, and tax exemptions for veterans. Also included is a reimbursement program for manufacturer’s machinery and equipment. In addition, the City anticipates receiving approximately \$1.3 million in grant proceeds derived from State agreements with the Foxwoods and Mohegan Sun gambling facilities. Based on the most recent state and Tax Assessor estimates, revenues

General Fund Revenue

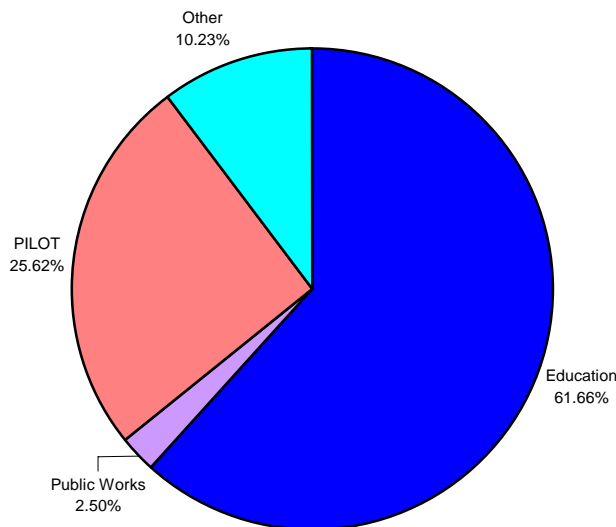
are expected to increase due to a new manufacturer's equipment program, which will be phased in over five years and include types of equipment that was due to go off the program list.

Other – The City of Norwalk receives other types of revenues that help fund the operation of many programs and projects throughout the City. For instance, the State awards grant monies to the Youth Services Division for counseling and educational services, and Off Track Betting revenue are reimbursed by the State based on a percentage of the number of Off Track Betting sites in the community. The largest of these other State revenues is the Distressed Municipality Grant, which is projected at \$717,446 in FY 2008-09.

**Intergovernmental Revenue
2005-06 through 2008-09**



**Intergovernmental Revenue
By Source**



LICENSES AND PERMITS

	<u>Actual 2005-06</u>	<u>Actual 2006-07</u>	<u>Approved 2007-08</u>	<u>Requested 2008-09</u>	<u>Recommended 2008-09</u>	<u>Change</u>
Town Clerk	\$6,682,447	\$6,305,342	\$6,014,000	\$5,377,000	\$5,387,000	\$(627,000)
Health	233,041	273,617	255,000	255,000	255,000	0
Code Enforcement	2,689,081	2,635,036	2,208,500	2,234,500	2,562,000	353,000
Public Works	131,163	135,667	134,400	130,400	130,400	(4,000)
Other	<u>131,531</u>	<u>162,654</u>	<u>205,055</u>	<u>207,850</u>	<u>207,850</u>	<u>2,795</u>
TOTAL	\$9,867,264	\$9,512,315	\$8,816,955	\$8,204,750	\$8,542,250	\$(274,705)

Licenses and permits account for 3.10% of all City revenue.

Town Clerk – Revenue collected from the Town Clerk is primarily from the real estate conveyance tax and vital statistics. The real estate conveyance tax rate is currently budgeted at .005. This increase is set to expire on June 30, 2008 and due to the fact that the State Legislature will not decide on the rate until April, we assumed the current rate in our estimate. However, revenue was lowered by \$627,000 due to the sales decline in the housing market, decreases in home prices, and the slow down in the national economy.

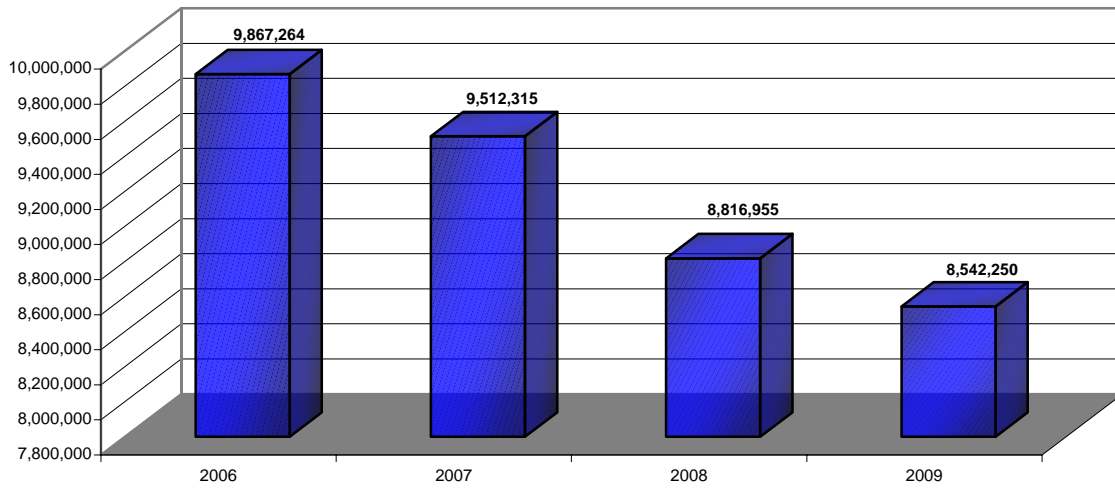
Health – The Health Department issues certificates of occupancy to landlords and issues permits for septic sewage, rooming houses, restaurants and salons.

Code Enforcement – Revenue is derived from permits issued for building construction and zoning compliance. Revenue is expected to increase by \$353,000 based on building activity and anticipated commercial projects in FY2008-09.

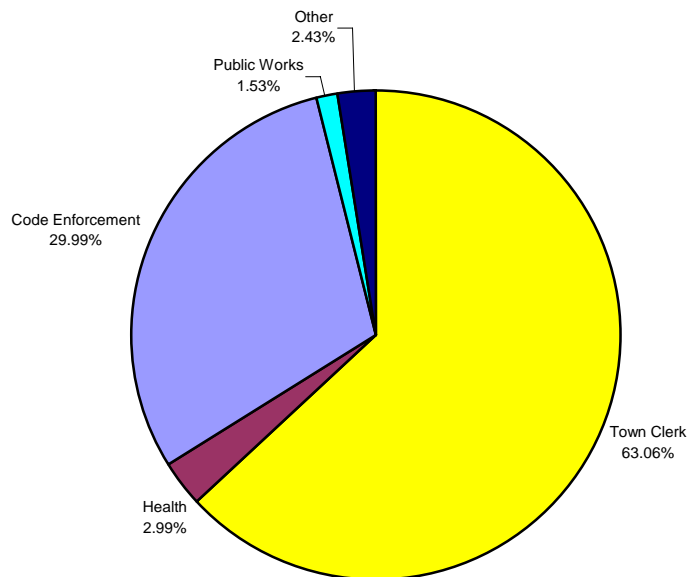
Public Works – The Department of Public Works issues licenses and permits for driveways and excavation as well as the disposal of bulky waste and the removal of solid waste.

Other – This includes revenue collected by the City Clerk for vendors, auctioneers, and special event permits. The Police Department also collects revenue associated with bingo and gun permits, and the Planning and Zoning Department collects fees for zoning approvals, applications, conservation permits and outdoor dining permits.

Licenses & Permits
2005-06 through 2008-09



Licenses and Permits
By Department



SERVICE CHARGES

	<u>Actual 2005-06</u>	<u>Actual 2006-07</u>	<u>Approved 2007-08</u>	<u>Requested 2008-09</u>	<u>Recommended 2008-09</u>	<u>Change</u>
Town Clerk	\$ 931,089	\$ 847,091	\$ 853,400	\$ 853,400	\$ 853,400	\$ 0
Health	321,768	328,955	328,500	304,500	319,500	(9,000)
Police	276,306	255,973	283,450	280,500	298,450	15,000
Public Works	61,236	111,124	76,300	90,500	90,500	14,200
Education	2,088	0	5,000	2,000	2,000	(3,000)
Recreation & Parks	564,415	667,395	791,400	940,400	884,900	93,500
Other	<u>93,915</u>	<u>94,804</u>	<u>67,000</u>	<u>68,000</u>	<u>76,500</u>	<u>9,500</u>
TOTAL	\$2,250,817	\$2,305,341	\$2,405,050	\$2,539,300	\$2,525,250	\$120,200

Service charges are individual fees charged specifically for the use of a particular City service or activity and constitute 0.92% of the City’s revenue sources. This category reflects an increase over the current year budget due to fee increases.

Town Clerk – Service charges associated with the Town Clerk’s office include recording fees for land records and copies for the public. In 2005 the State instituted a new recording fee, which is expected to generate \$18,000 in FY 2008-09. However, the Town Clerk’s revenues are projected to remain the same overall.

Health – The revenue in this category is derived primarily from lab and clinic fees. The travel and immunization clinic accounts for the majority of the revenue. The small decrease is due to an anticipated decrease in clinic use.

Police – This revenue includes service charges for police reports, the dog pound, false alarms and Police services for special events. Several fees were increased in the current fiscal year, which account for the \$15,000 change in revenue.

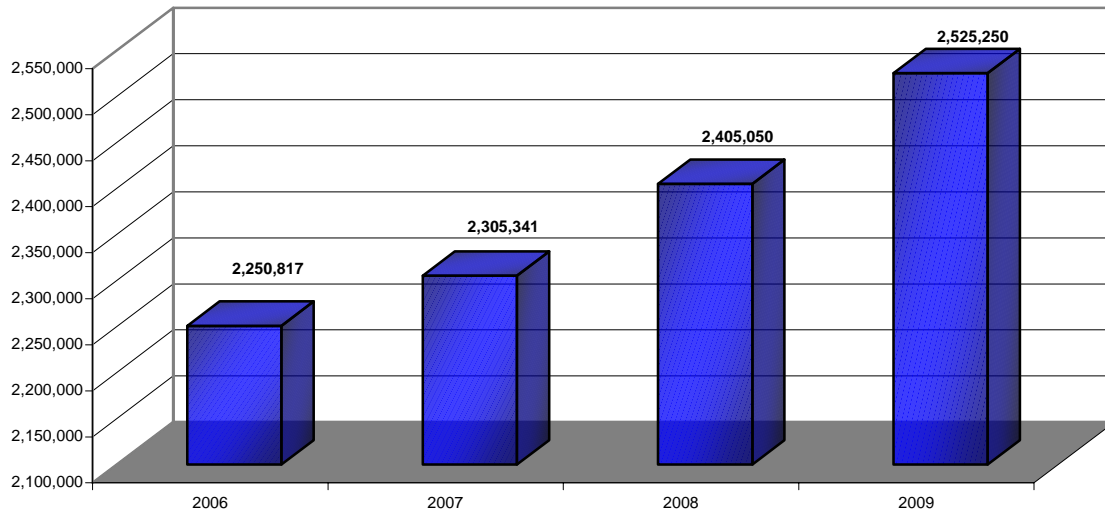
Public Works – The Department of Public Works provides revenue from solid waste disposal and various recycling fees. The \$14,200 increase is based on the history of money collected from recycling fees.

Education – Revenue is primarily from tuition reimbursements that are expected to decrease in FY 2009.

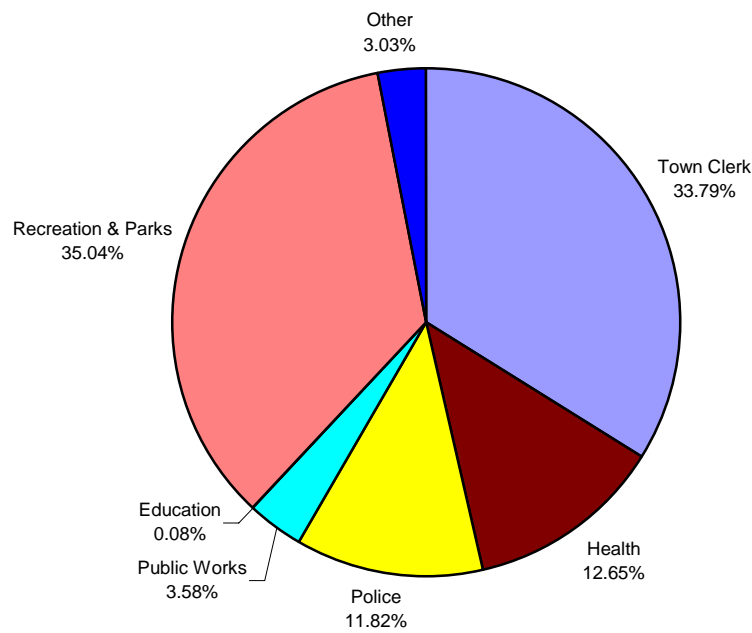
Recreation & Parks – Fees charged are largely for specific recreation programs such as soccer, softball and swimming. Other fees are derived from beach parking and special events such as the Norwalk Boat Show. Revenue is budgeted higher than last year due to the expansion of the Babyfit Program and revised estimate of Veteran’s Park, the Gatehouse and Park Usage fees.

Other – Includes the sale of surplus equipment by Purchasing, library fines and copy fees from the Tax Assessor’s office.

Service Charges
2005-06 through 2008-09



Service Charges
By Department

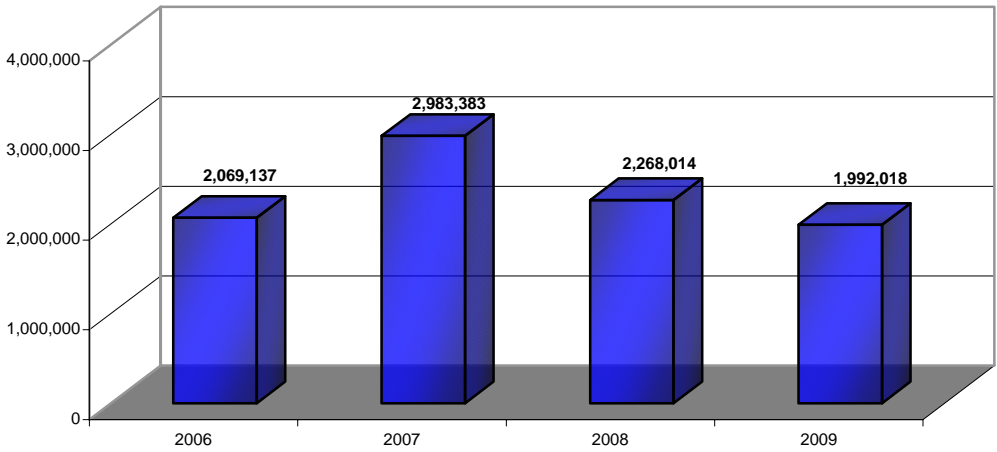


MISCELLANEOUS

	<u>Actual 2005-06</u>	<u>Actual 2006-07</u>	<u>Approved 2007-08</u>	<u>Requested 2008-09</u>	<u>Recommended 2008-09</u>	<u>Change</u>
Other Revenues	\$1,756,980	\$2,675,646	\$1,925,726	\$1,647,484	\$1,647,484	\$(278,242)
Rental Income	<u>312,157</u>	<u>307,737</u>	<u>342,288</u>	<u>344,534</u>	<u>344,534</u>	<u>2,246</u>
TOTAL	\$2,069,137	\$2,983,383	\$2,268,014	\$1,992,018	\$1,992,018	\$(275,996)

Miscellaneous revenue constitutes 0.76% of all City revenue. Revenue from this category is derived from the rental of City property and from miscellaneous reimbursements from various sources. The decrease is due to projected declines in revenue from unspecified debt reimbursement in FY 2008-09 as a result of a reduction in debt service reimbursement related to text books.

**Miscellaneous
2005-06 through 2008-09**



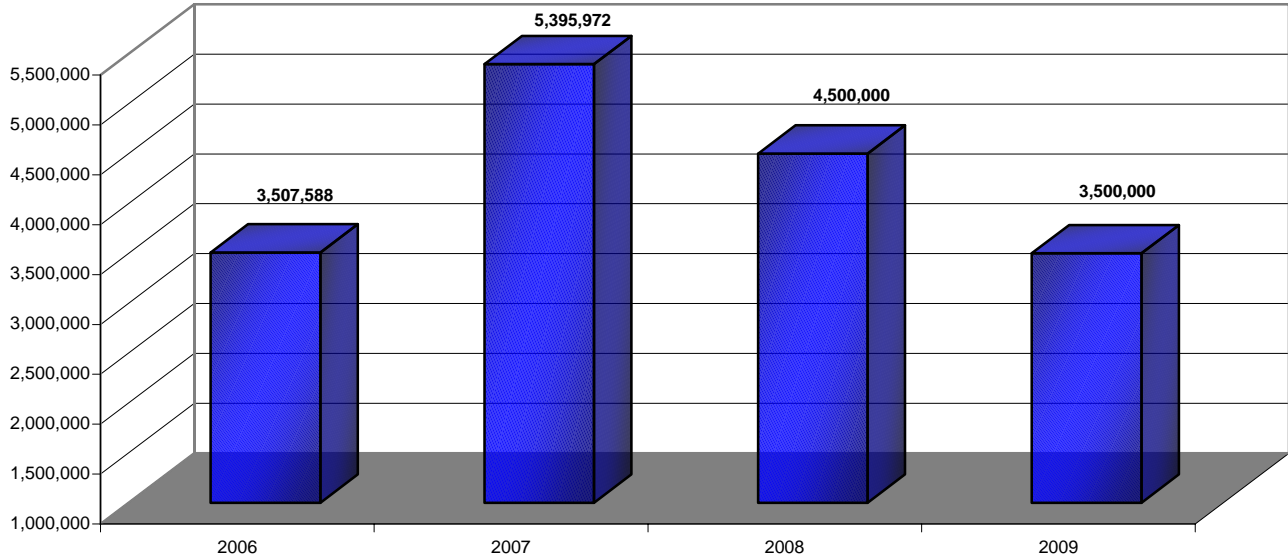
INVESTMENT INCOME

	<u>Actual 2005-06</u>	<u>Actual 2006-07</u>	<u>Approved 2007-08</u>	<u>Requested 2008-09</u>	<u>Recommended 2008-09</u>	<u>Change</u>
Interest Income	\$3,507,588	\$5,395,972	\$4,500,000	\$3,500,000	\$3,500,000	\$(1,000,000)
TOTAL	\$3,507,588	\$5,395,972	\$4,500,000	\$3,500,000	\$3,500,000	\$(1,000,000)

Investment income constitutes approximately 1.27% of all City revenue.

Interest Income – Investment income estimates for next year have been decreased based upon interest rates. While it is difficult to predict the future course of interest rates during FY 2008-09, the City anticipates an investment return of approximately 3.25% for the upcoming fiscal year.

**Investment Income
2005-06 through 2008-09**



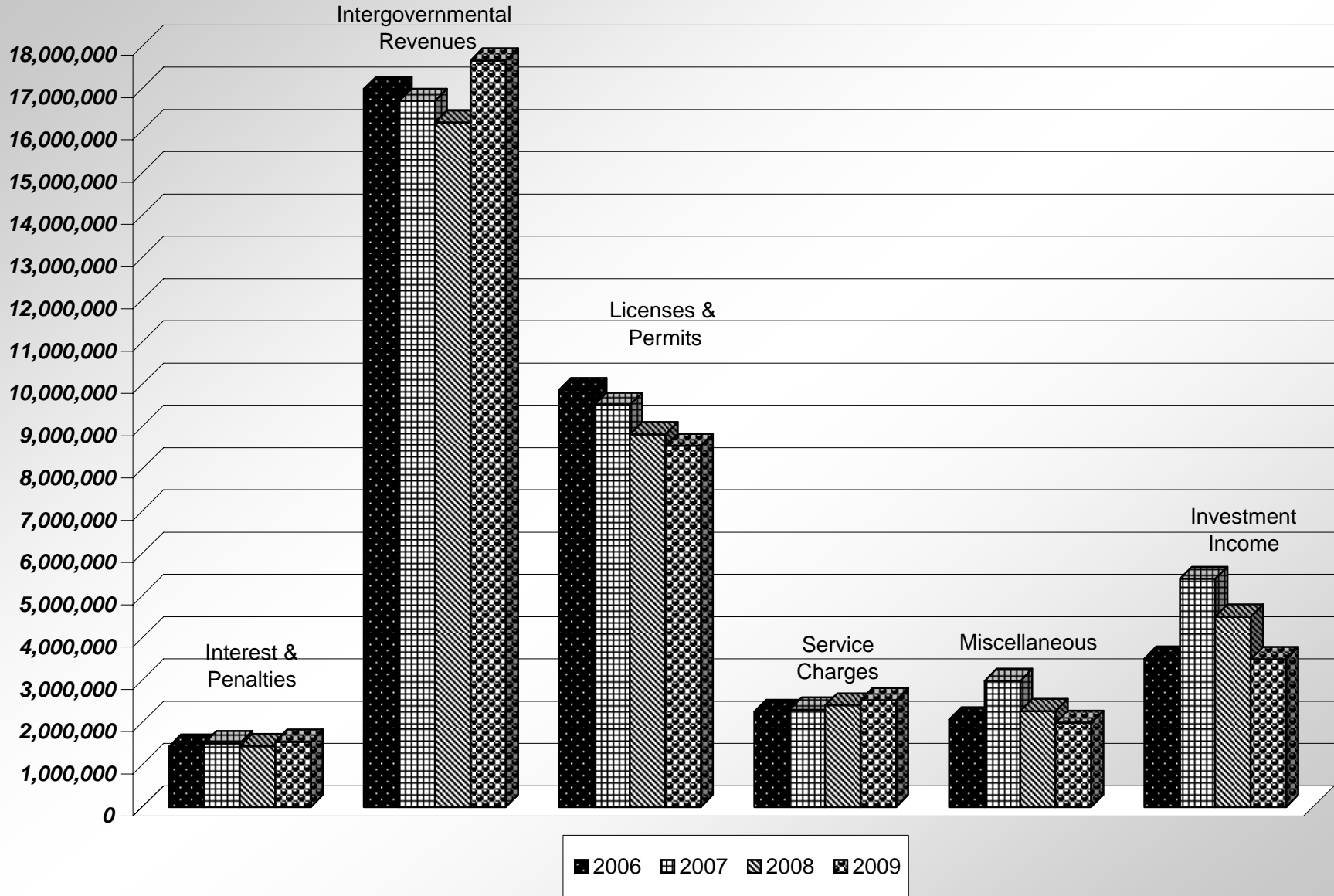
TRANSFER FROM FUND BALANCE

	<u>Actual 2005-06</u>	<u>Actual 2006-07</u>	<u>Approved 2007-08</u>	<u>Requested 2008-09</u>	<u>Recommended 2008-09</u>	<u>Change</u>
Surplus	\$ 0	\$ 0	\$3,000,000	\$3,500,000	\$3,500,000	\$ 500,000
TOTAL	\$ 0	\$ 0	\$3,000,000	\$3,500,000	\$3,500,000	\$ 500,000

The recommended budget includes an appropriation of \$3,500,000 from undesignated fund balance to support the 2008-09 operations.

Historically, this appropriation is never fully used, however, even under a worst-case scenario, the City will be able to maintain a fund balance at a level consistent with our financial advisors' recommendations.

Comparison of All Other Revenue Sources



The City typically utilizes a portion of its general fund surplus to balance annual operating budgets.