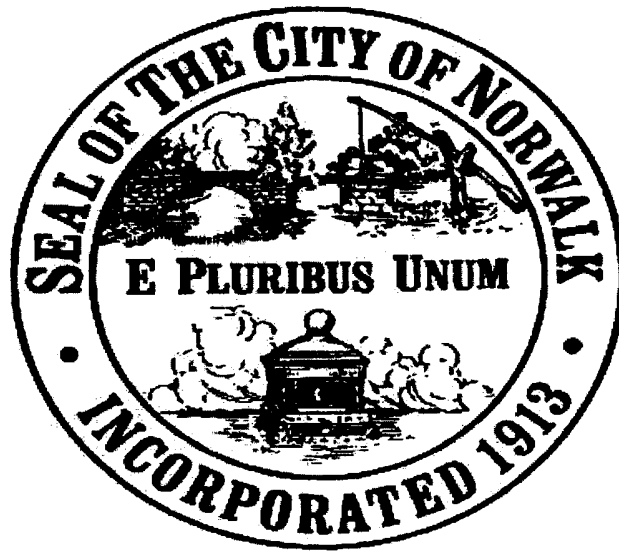


CITY OF NORWALK, CONNECTICUT



COMPREHENSIVE ANNUAL FINANCIAL REPORT

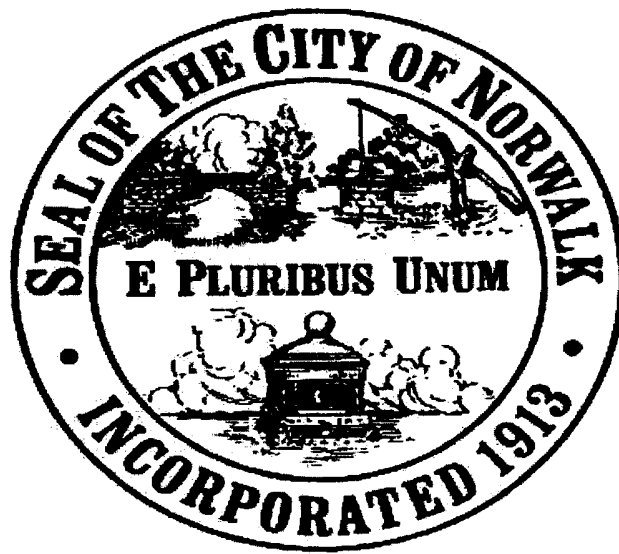
FISCAL YEAR ENDED JUNE 30, 2006

DEPARTMENT OF FINANCE
125 EAST AVENUE
NORWALK, CONNECTICUT

CITY OF NORWALK, CONNECTICUT

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2006



PREPARED BY THE FINANCE DEPARTMENT

DIRECTOR OF FINANCE
COMPTROLLER
BUDGET DIRECTOR

THOMAS S. HAMILTON
FREDERIC J. GILDEN
ANN TWOMEY

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Introductory Section

December 21, 2006

Richard A. Moccia , Mayor
Members of the Common Council
Members of the Board of Estimate and Taxation

Citizens of the City of Norwalk:

I am pleased to transmit the Comprehensive Annual Financial Report (CAFR) of the City of Norwalk for the fiscal year ended June 30, 2006.

State law requires that every general purpose local government publish within six months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2006.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

McGladrey & Pullen, LLP have issued an unqualified (“clean”) opinion on the City of Norwalk’s financial statements for the year ended June 30, 2006. The independent auditor’s report is located at the front of the financial section of this report. In addition, in accordance with “Governmental Auditing Standards,” McGladrey & Pullen, LLP has also issued a report on the consideration of the City’s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters, dated October 27, 2006.

Management’s discussion and analysis (MD&A) immediately follows the independent auditor’s report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complement this letter of transmittal and should be read in conjunction with it.

PROFILE OF THE CITY

Norwalk was first settled in 1640 and, with a population of 84,437, is the sixth largest City in Connecticut. The City is located in Fairfield County in the Southwestern part of the State along Long Island Sound. Including a number of islands, the City covers 22.5 square miles. Per capita income in the county remains among the highest in the nation. While preserving its suburban character, the City is a significant commercial, industrial and service center. Many corporations, including the Governmental Accounting Standards Board (GASB) and the Financial Accounting Standards Board (FASB), have chosen to locate their headquarters in Norwalk. The City has

also developed a tourist market centered on its outstanding harbor, islands, National Registry Mansions, Museums and a Maritime Aquarium comprised of a nautical museum, aquarium and IMAX theater.

The City provides a full range of municipal services, including education, police and fire protection, public works and sanitation, health and social services, planning and development, and recreational/cultural services. A listing of City Offices and further information about the City may be found on the City's official web site, www.norwalkct.org. The City employs nearly 2,000 full-time people to fulfill its municipal functions.

FACTORS AFFECTING FINANCIAL CONDITION

Norwalk continues to be an attractive business location as reflected in new construction permits in FY 2006 and in the current fiscal year.

Norwalk is in a strategic location and is a vibrant retail, corporate and tourist center. The City hosts many regional and corporate headquarters, but no one employer accounts for more than 3.0% of the total jobs and no one business comprises more than 2.1% of the City's total grand list. This extraordinary diversity among employment sectors and industries creates great resilience for the City in economic downturns.

The outlook for the City is for increasing, but manageable, residential property tax burdens due to the revaluation. These burdens will be mitigated by anticipated growth in the commercial tax base due to a number of major development projects.

MAJOR INITIATIVES

Construction activity in Norwalk continued at a healthy pace. The number of zoning permits issued in FY2006 exceeded any in all but one of the past twenty years. Major projects approved in previous years were completed or nearing completion. These include:

- ◆ Maritime Yards - 275,000 square foot mixed use development that includes 197 residential units and 30,000 sq ft of office along the South Norwalk waterfront
- ◆ Towers at Merritt River: 2 office buildings totaling 650,000 sq. ft.
- ◆ Diageo and GE Capital: new tenant at Towers at Merritt River – 801-901 Main Avenue
- ◆ CompHealth: new tenant at Norden Park (19,525 sq.ft.)
- ◆ Vertue: new tenant at Merritt River – 20 Glover Avenue
- ◆ Raymour & Flanigan new furniture store on Connecticut Avenue
- ◆ Delta Group; 57 Waterfront residential units on Smith Street
- ◆ Summitt TL LLC – 54 Residential units on Richards Avenue
- ◆ Hacienda - 14 Residential Units on waterfront on Osborne Avenue

In addition, other major projects began construction, or were approved, completion is anticipated within the next two years:

- ◆ Former Gibbs College site at 142 East Avenue: 36 multifamily units & 5,400 sq ft office
- ◆ Pepperidge Farm - 235 multifamily residential units and additional office space (100,000 sq ft total office) on Westport Avenue
- ◆ Merritt on the River South – 4 story, 82,700 sq. ft. new office building on Glover Avenue
- ◆ AvalonBay Communities - 30,000 sq. ft. new retail on Cross Street
- ◆ 130 Main Street - 19 unit multifamily development with historic preservation component
- ◆ 2 Jefferson St - 41 unit multifamily development with historic preservation component
- ◆ 12 Willard Road – 14 unit multifamily development
- ◆ Norwalk High School – Additions and renovations

On the environmental front the City has been aggressive in cleaning the environment including:

- ◆ Full conversion of the former landfill into a new waterfront park including the formation of a Park Development Committee to oversee an additional \$800,000 capital investment in the park.
- ◆ Participated in the Action Committee to implement the Norwalk River Watershed Master Plan and completed the restoration of a trout habitat on the Silvermine River.
- ◆ Continued work on the Plan of Conservation and Development, a comprehensive plan of the City for the next ten years.

As tourism becomes a more significant part of Norwalk's economy, we are promoting projects that will enhance the visitor experience, including:

- ◆ Final design of Phase I of the Norwalk River Valley bikeway utilizing TEA-21 funds to link the two business centers in Norwalk and the corresponding tourist attractions. Construction to begin in the Spring of 2007.

RELEVANT FINANCIAL POLICIES

CASH MANAGEMENT POLICIES AND PRACTICES

The City's Cash Management Program utilizes a consolidated account for deposits and two zero balance accounts for disbursements. The collected balance of the consolidated deposit account is used to liquidate the financial obligations of the zero balance accounts. Any surplus funds in the deposit account are invested daily.

Temporarily idle cash during the year is invested primarily in certificates of deposit and the State Investment Fund. These investments have terms ranging from one day to six months. Since liquidity demands will vary, a portion of our investments are in longer term United States

Federal Agency Paper earning an average return in excess of 4.3 percent with an average maturity slightly less than 5 years.

In order to evaluate the City's investment performance, the City periodically compares the actual investment earnings with the average 90-day U.S. Treasury Bill rate. For the period July 1, 2005 to June 30, 2006, the average annualized yield on City investments was 3.6%; during the same period the U.S. Treasury Bill market produced an average yield of 4.0%.

RISK MANAGEMENT

The City of Norwalk has a comprehensive program for managing all areas of risk, including health and life insurance for active and retired employees, workers' compensation, heart and hypertension, property and casualty, general liability, professional liability, and other exposures including theft, performance and surety. The City is self insured for all medical, dental, workers' compensation and heart and hypertension.

The activities of the risk management program are accounted for in an internal service fund. This fund operates on a full accrual basis within self-retention levels. Each year, total risk management costs are charged as an insurance premium to departments based on formulas applying elements of exposure and loss history.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Norwalk for its comprehensive annual financial report for the fiscal year ended June 30, 2005. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for presentation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to the programs standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City of Norwalk has received a Certificate of Achievement for the last 15 consecutive years (fiscal years 1991 through 2005). We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

The preparation of this report could not have been accomplished without the hard work and dedication of the Finance Department staff and the members of other departments who assisted in its compilation. Their invaluable assistance made the preparation of this report an easier task. I would also like to thank McGladrey & Pullen, LLP our independent auditors, for their guidance and many helpful comments and suggestions both during the preparation of this report and throughout the year.

And finally, special acknowledgment and appreciation goes to those who have contributed to the progressive and financially sound operations of the City; that tribute, belongs to all City Officials, City Staff, and the Community.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Thomas S. Hamilton". The signature is written in a cursive style with a prominent initial 'T' and a long, sweeping underline.

Thomas S. Hamilton
Director of Finance

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Norwalk,
Connecticut

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2005

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

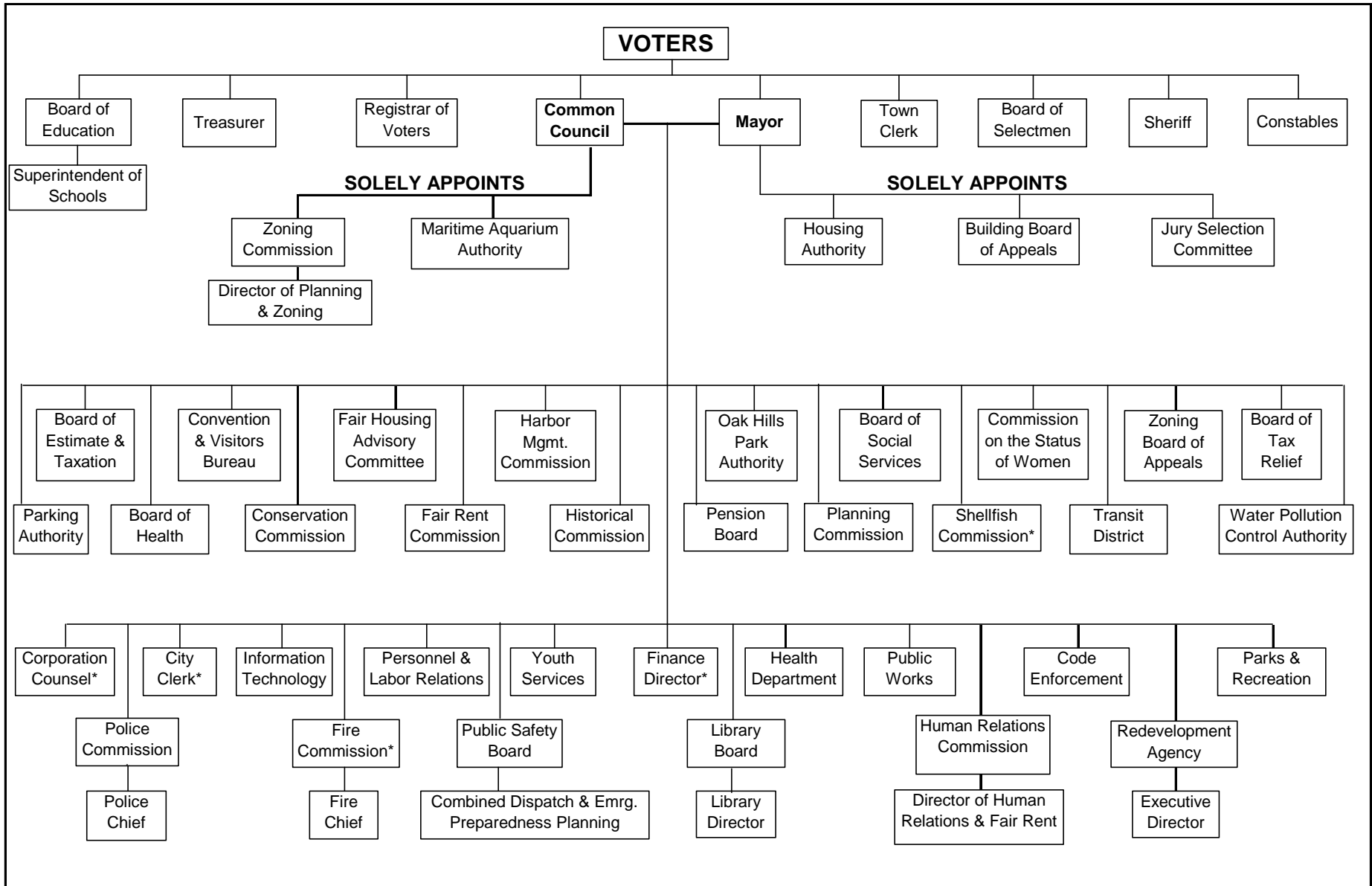


Cara E. Perry

President

Jeffrey R. Emer

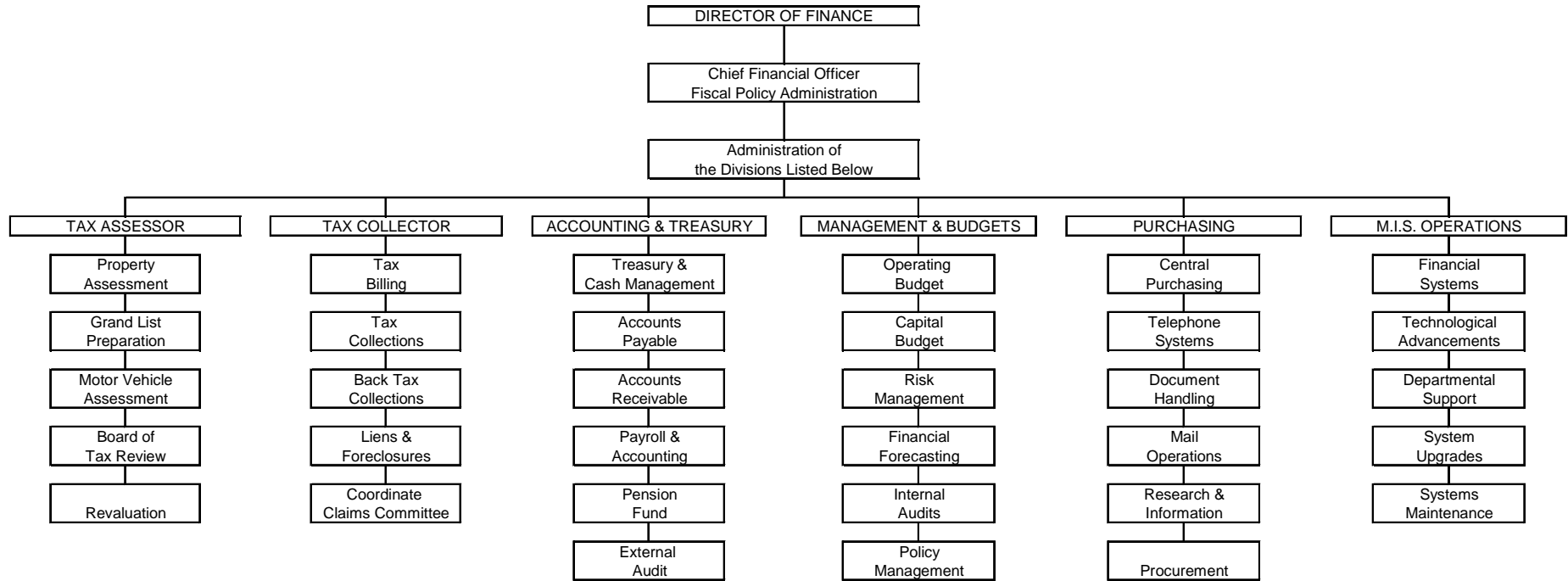
Executive Director



All Boards, Commissions and Department Heads are chosen by the Mayor and require Common Council approval unless otherwise noted

*Solely appointed by the Mayor

FINANCE DEPARTMENT



**CITY OF NORWALK, CONNECTICUT
PRINCIPAL CITY OFFICIALS**

OFFICE	NAMES	SELECTION/TERM
Mayor	Richard A. Moccia	Elected - 2 Years
Director of Finance	Thomas S. Hamilton	Appointed - Indefinite
Superintendent of Schools	Salvatore Corda	Appointed - Indefinite
Corporation Counsel	Peter Nolin	Appointed - 2 Years

MEMBERS OF COMMON COUNCIL

William W. Coffey, Council President

Carvin J. Hillard, Majority Leader

Nicholas D. Kydes	Douglas E. Hempstead	Kevin Poruban
Douglas W. Sutton	Fred A. Bondi	Joanne T. Romano
Gwen L. Briggs	Rev. Phyllis Bolden	Richard A. McQuaid, Minority Leader
Kelly L. Staniti	Matthew T. Miklave	Herbert A. Grant
William D. Krummel		

MEMBERS OF THE BOARD OF ESTIMATE & TAXATION

Leo Mellow	G. Randall Avery
Michael W. Lyons	Stuart Wells
Friedrich N. Wilms	James Clark

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Financial Section

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, 2006, 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.

As described in Note 13 to the basic financial statements, the City adopted a new governmental accounting and reporting standard as of July 1, 2005.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Norwalk, Connecticut, as of June 30, 2006, 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 October 27, 2006 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 11 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
October 27, 2006

City of Norwalk, Connecticut
Management's Discussion and Analysis
June 30, 2006

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 13.

FINANCIAL HIGHLIGHTS

- ◆ The City's net assets increased by \$29.0 million or 11.3%. The governmental net assets increased by \$20.6 million or 10.0% and the business-type net assets increased by \$8.4 million or 16.0%.
- ◆ The General Fund (the primary operating fund) reflected on a current financial resource basis, reports an increase of \$1.2 million or 3.9%.
- ◆ The government-wide statements were restated as of July 1, 2005 for the implementation of GASB No. 47, "Accounting for Termination Benefits." The City restated beginning net assets by \$3.1 million as of July 1, 2005 for the accrual of early retirement benefits given to certain employees of the Board of Education (see Note 13).

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 13-14) 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 14) is focused on both the gross and net cost of various activities (including governmental and component unit) which are supported by the government's general tax and other revenues. This is intended to summarize and simplify the user's analysis of cost of various governmental services.

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

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

Fund Financial Statements

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

The Governmental Major Fund (see pages 15–16) presentation is presented on a sources and uses of liquid resources basis. This is the manner in which the financial plan is typically developed. The flow and availability of liquid resources is a clear and appropriate focus of any analysis of a government. Funds are established for various purposes and the Fund Financial Statement allows the demonstration of sources and uses and/or budgeting compliance associated therewith.

The Governmental Funds Total column requires a reconciliation because of the different measurement focus (current financial resources versus total economic resources) (see pages 15–16). 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 22–23) summarized by type (pension, private purpose trusts and agency). While these Funds represent trust responsibilities of the government, these assets are restricted in purpose and do not represent discretionary assets of the government. Therefore, these assets are not presented as part of the Government-Wide Financial Statements.

Infrastructure Assets

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

GOVERNMENT-WIDE STATEMENT

Summary of Net Assets

Table 1
Summary of Net Assets (In Thousands)
As of June 30, 2006 and 2005

	Governmental		Business-Type		Total	
	Activities		Activities		Government	
	2006	2005	2006	2005	2006	2005
Current and other assets	\$ 111,703	\$ 110,755	\$ 9,736	\$ 6,457	\$ 121,439	\$ 117,212
Capital assets	356,957	320,455	108,414	110,885	465,371	431,340
Total assets	468,660	431,210	118,150	117,342	586,810	548,552
Current and other liabilities	53,379	36,173	1,681	7,497	55,060	43,670
Long-term debt outstanding	189,980	187,216	55,342	57,145	245,322	244,361
Total liabilities	243,359	223,389	57,023	64,642	300,382	288,031
Net assets:						
Invested in capital assets, net of debt	185,092	160,877	53,072	53,740	238,164	214,617
Restricted	-	-	705	676	705	676
Unrestricted (deficit)	40,209	46,944	7,350	(1,716)	47,559	45,228
Total net assets	\$ 225,301	\$ 207,821	\$ 61,127	\$ 52,700	\$ 286,428	\$ 260,521

For more detailed information see the Statement of Net Assets (page 13).

Normal Impacts

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

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

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

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

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

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

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

Current Impacts

The major impacts to Net Assets was the issuance of \$23 million of new debt and the construction on major capital projects this year: School Projects, \$34.1 million. The other major impacts were \$12.5 million of principal on debt paid this year, \$7.8 million of depreciation on fixed assets, and \$7.3 from the donation of redevelopment parcel.

Summary of Changes in Net Assets

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

	Changes in Net Assets (In Thousands)					
	Governmental Activities		Business-Type Activities		Total Government	
	2006	2005	2006	2005	2006	2005
REVENUES						
Program Revenues:						
Charge for services	\$ 23,340	\$ 22,345	\$ 13,840	\$ 13,044	\$ 37,180	\$ 35,389
Operating grants and contributions	40,407	34,276	-	-	40,407	34,276
Capital grants and contributions	12,971	18,571	7,230	347	20,201	18,918
General Revenues:						
General property, taxes and assessments	207,198	199,969	-	-	207,198	199,969
Interest income	4,632	4,288	383	213	5,015	4,501
Other general revenues	8,079	10,174	-	-	8,079	10,174
Total revenues	296,627	289,623	21,453	13,604	318,080	303,227
EXPENSES						
Program Activities Primary						
Government:						
Governmental Activities:						
General government	16,091	14,342	-	-	16,091	14,342
Education	176,895	164,242	-	-	176,895	164,242
Public safety	37,415	34,696	-	-	37,415	34,696
Health and welfare	2,163	3,764	-	-	2,163	3,764
Public Works	28,363	28,045	-	-	28,363	28,045
Recreation, arts and cultural	8,308	7,643	-	-	8,308	7,643
Debt service	6,817	9,609	-	-	6,817	9,609
	276,052	262,341	-	-	276,052	262,341
Business-Type Activities:						
Parking Authority	-	-	4,227	3,942	4,227	3,942
Water Pollution Control Authority	-	-	8,799	8,465	8,799	8,465
	-	-	13,026	12,407	13,026	12,407
Increase in net assets	20,575	27,282	8,427	1,197	29,002	28,479
Net Assets, beginning, as restated (Note 13)*	* 204,726	180,539	52,700	51,503	257,426	232,042
Net Assets, ending	\$ 225,301	\$ 207,821	\$ 61,127	\$ 52,700	\$ 286,428	\$ 260,521

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 were an increase in property tax revenue of \$7.2 million due to an increase in the tax levy and continued aggressive measures in collecting delinquent taxes and an increase in State of Connecticut on-behalf payments in Operating Grants and Contributions of \$4.7 million to better fund the State Teachers Retirement System. These program revenues were offset by a \$7.3 million decrease in reimbursements for school construction by the State of Connecticut in Capital Grants and Contributions which is due to the amount of school construction. The major impact on expenses was the increase in State of Connecticut on-behalf payments in Education of \$4.7 million to the State Teachers Retirement System.

THE CITY FUNDS

General Fund

Comparing Fiscal Year 2006 to Fiscal Year 2005

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 15) reported a fund balance of

\$32.6 million which is 3.9% more than the beginning of the year (\$31.4 million). Major impacts were that Property Taxes rose due to an increase in the tax levy and continued aggressive measures in collecting Property Taxes. State on-behalf payments rose because of an increase in payments to the State of Connecticut Teachers' Retirement System. Licenses, permits, and fees rose because of an increase in real estate conveyance tax which was caused by continued robust real estate activity for residential and major commercial sales property transfers. There was increase in investment income due to a rise in interest rates. Debt Service interest increased by \$3.0 million mainly due to the first interest payment on the Fiscal Year 2005 \$39 million General Obligation bonds sold primarily for school construction. Education expenses increased by \$11.4 million due to an increase in salaries, health insurance costs, and the State of Connecticut on-behalf payments..

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 18) there was no significant changes in budgeted revenues. There was an increase in Public Safety expenditures due to settling the fire union contract and in Education due to designations from Fiscal Year 2005 that were appropriated in Fiscal Year 2006.

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 18), 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. Also after the City passed the budget for Fiscal Year 2006, the of State of Connecticut renewed the conveyance tax increase that was set to sunset and not budgeted by the City. There was an increase in investment income due to a rise in interest rates. The major variance for expenditures was in Education. Instead of spending this variance by June 30, it was included in the designation for Board of Education Future Appropriations. A similar situation happened with Non-Education variances.

Capital Projects Fund

Comparing Fiscal Year 2006 to Fiscal Year 2005

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 16) reported a fund balance of \$20.2 million which is 28.7% more than the beginning of the year (\$22.8 million). Major impacts were Intergovernmental Revenues for school construction from state, which decreased by \$9.1 million from prior year. The City issued \$21.3 million of bonds during the year. The capital outlay was mainly for school construction and the new police facility, totaling \$45.7 million.

Water Pollution Control Authority

Comparing Fiscal Year 2006 to Fiscal Year 2005

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 20) reported fund net assets of \$41.3 million which is 5.5% more than the beginning of the year (\$39.2 million). Operating income of \$2.5 million remained consistent with 2005 operating income of \$2.7 million. Major impacts affecting the current year, was a successful year of collecting sewer charges as well as controlling costs.

Parking Authority

Comparing Fiscal Year 2006 to Fiscal Year 2005

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 20) reported a fund net assets of \$19.8 million which is 46.4% more than the beginning of the year (\$13.5 million). The major impacts affecting the current year were \$5.4 million for the contribution of land and \$1.3 from a state grant.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of year-end, the City had \$465.4 million invested in a variety of capital assets, as reflected in the following schedule:

	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	98,545	-	98,545
Land Improvements	2,654	179	2,833
Machinery and Equipment	4,878	1,015	5,893
Buildings and Improvements	99,540	85,347	184,887
Infrastructure	129,435	17,034	146,469
Total	\$ 356,957	\$ 108,414	\$ 465,371

Major capital activity during the year included school improvements of approximately \$34 million, and Library renovations of approximately \$2.7 million.

The following reconciliation summarizes the change in Capital Assets, which is presented in detail in Note 7:

	Change in Capital Assets		
	(In Thousands)		
	Governmental Activities	Business-Type Activities	Total
Beginning balance	\$ 320,455	\$ 110,885	\$ 431,340
Additions/transfers	41,949	277	42,226
Disposals/transfers	(369)	-	(369)
Depreciation	(5,078)	(2,748)	(7,826)
Total	\$ 356,957	\$ 108,414	\$ 465,371

Debt Outstanding

As of year-end, the City had \$227.2 million in debt (bonds, notes, etc.) outstanding compared to the \$185.1 million last year, a 4.8% net increase (considering new borrowing and debt retirement). The following summarizes Outstanding Debt which is presented in more detail in Note 6.

	Outstanding Debt, at Year-End	
	(In Thousands)	
	Governmental Activities	
	2006	2005
Governmental:		
General obligation bonds	\$ 171,865	\$ 159,578
	<u>171,865</u>	<u>159,578</u>
Business-Type:		
Parking Authority-general obligation bonds	10,325	10,368
Water Pollution Control Authority - general obligation bonds and Clean Water Fund notes	45,017	46,777
	<u>55,342</u>	<u>57,145</u>
Total	\$ 227,207	\$ 216,723

During the year the City issued \$23 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 3.8%, down from 4.1% a year ago. This compares favorably to the state's unemployment rate of 3.8% 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.

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Basic Financial Statements

CITY OF NORWALK, CONNECTICUT

STATEMENT OF NET ASSETS

June 30, 2006

	Primary Government		
	Governmental Activities	Business-Type Activities	Total*
Assets			
Cash and cash equivalents	\$ 64,777,779	\$ 6,287,616	\$ 71,065,395
Restricted cash	-	705,074	705,074
Investments	33,789,726	2,378,702	36,168,428
Receivables, net of allowances for collection losses:			
Property taxes, net	4,729,956	-	4,729,956
Charges, net	-	243,150	243,150
Accounts, net	1,590,572	121,968	1,712,540
Federal and state governments	5,656,321	-	5,656,321
Inventories	62,055	-	62,055
Deferred charges	1,024,090	-	1,024,090
Net pension asset	72,061	-	72,061
Capital assets, not being depreciated	120,450,397	4,838,762	125,289,159
Capital assets, net of accumulated depreciation	236,506,820	103,574,938	340,081,758
Total assets	468,659,777	118,150,210	586,809,987
Liabilities			
Accounts payable and accruals	42,124,364	1,418,151	43,542,515
Unearned revenue	11,254,849	263,139	11,517,988
Noncurrent liabilities:			
Due within one year	14,767,690	3,694,777	18,462,467
Due in more than one year	175,211,894	51,647,395	226,859,289
Total liabilities	243,358,797	57,023,462	300,382,259
Net Assets			
Investment in capital assets, net of related debt	185,092,240	53,071,528	238,163,768
Restricted for debt service	-	705,074	705,074
Unrestricted	40,208,740	7,350,146	47,558,886
Total net assets	\$ 225,300,980	\$ 61,126,748	\$ 286,427,728

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

* After internal receivables and payables have been eliminated.

CITY OF NORWALK, CONNECTICUT

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2006

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ (16,091,132)	\$ 7,679,834	\$ 427,429	\$ -	\$ (7,983,869)	\$ -	\$ (7,983,869)
Education	(176,894,554)	2,687,149	34,031,451	9,876,276	(130,299,678)	-	(130,299,678)
Public Safety	(37,415,158)	3,104,790	824,677	-	(33,485,691)	-	(33,485,691)
Health & welfare	(2,163,474)	554,809	2,677,921	-	1,069,256	-	1,069,256
Public Works	(28,362,717)	8,699,513	2,377,011	1,861,000	(15,425,193)	-	(15,425,193)
Recreation, arts and cultural	(8,308,145)	614,258	68,120	1,233,333	(6,392,434)	-	(6,392,434)
Interest on debt	(6,816,740)	-	-	-	(6,816,740)	-	(6,816,740)
Total governmental activities	(276,051,920)	23,340,353	40,406,609	12,970,609	(199,334,349)	-	(199,334,349)
Business-type activities:							
Parking Authority	(4,227,235)	3,571,713	-	6,930,885	-	6,275,363	6,275,363
Water Pollution Control Authority	(8,798,870)	10,268,317	-	298,899	-	1,768,346	1,768,346
Total business-type activities	(13,026,105)	13,840,030	-	7,229,784	-	8,043,709	8,043,709
Total primary government	\$ (289,078,025)	\$ 37,180,383	\$ 40,406,609	\$ 20,200,393	(199,334,349)	8,043,709	(191,290,640)
General revenues:							
Property taxes					207,198,678	-	207,198,678
Grants and contributions not restricted to specific programs					8,079,048	-	8,079,048
Unrestricted investment earnings					4,631,564	382,899	5,014,463
Total general revenues					219,909,290	382,899	220,292,189
Change in net assets					20,574,941	8,426,608	29,001,549
Net assets - beginning, as restated. (Note 13)					204,726,039	52,700,140	257,426,179
Net assets - ending					\$ 225,300,980	\$ 61,126,748	\$ 286,427,728

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

CITY OF NORWALK, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2006

	General	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 35,328,337	\$ 17,449,656	\$ 4,100,453	\$ 56,878,446
Investments	17,553,076	6,291,080	863,069	24,707,225
Receivables (net of allowances for collection losses):				
Property taxes	4,536,274	193,682	-	4,729,956
Accounts receivable	1,301,823	-	203,227	1,505,050
State and federal governments	1,444,885	3,134,479	1,076,957	5,656,321
Other	-	46,776	-	46,776
Inventories	-	-	62,055	62,055
Due from other funds	612,261	-	-	612,261
Total assets	\$ 60,776,656	\$ 27,115,673	\$ 6,305,761	\$ 94,198,090
Liabilities				
Accounts payable	\$ 5,181,303	\$ 5,707,801	\$ 3,347,669	\$ 14,236,773
Accrued wages	8,002,335	3,271	-	8,005,606
Due to other funds	-	-	612,261	612,261
Unearned revenues	8,904,209	1,178,113	1,172,527	11,254,849
Deferred revenues	6,040,828	-	-	6,040,828
Total liabilities	28,128,675	6,889,185	5,132,457	40,150,317
Fund balances				
Reserved for:				
Encumbrances	289,062	-	-	289,062
Unreserved, reported in:				
General fund	32,358,919	-	-	32,358,919
Special revenue funds	-	-	1,173,304	1,173,304
Capital projects funds	-	20,226,488	-	20,226,488
Total fund balances	32,647,981	20,226,488	1,173,304	54,047,773
Total liabilities and fund balances	\$ 60,776,656	\$ 27,115,673	\$ 6,305,761	

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.	356,957,217
Deferred charges	1,024,090
Net pension asset	72,061
Deferred revenues are not available and therefore not recognized in the funds.	6,040,828
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.	1,199,909
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(194,040,898)

Net assets of governmental activities

\$ 225,300,980

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, 2006

	General	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Property taxes, interest and liens	\$ 206,567,186	\$ -	\$ -	\$ 206,567,186
Intergovernmental	16,673,112	13,143,863	17,934,792	47,751,767
State on-behalf payments	10,413,000	-	-	10,413,000
Licenses, permits, fees and other	14,481,507	1,945,043	12,192,217	28,618,767
Interest	3,506,685	1,123,639	1,239	4,631,563
Total revenues	251,641,490	16,212,545	30,128,248	297,982,283
EXPENDITURES				
Current:				
General government	6,740,889	-	222,333	6,963,222
Health and welfare	3,737,937	-	1,873,590	5,611,527
Education	142,256,785	-	20,476,077	162,732,862
Employee benefits	19,080,858	-	-	19,080,858
Public safety	36,475,806	-	-	36,475,806
Community grants	2,513,665	-	702,056	3,215,721
Public works	15,368,566	-	-	15,368,566
Recreation, arts and culture	6,812,027	-	-	6,812,027
Maritime Center Subsidy	-	-	8,325,000	8,325,000
Capital outlay	-	45,555,432	-	45,555,432
Debt service:				
Principal	9,038,718	-	-	9,038,718
Interest	8,386,093	120,891	-	8,506,984
Total expenditures	250,411,344	45,676,323	31,599,056	327,686,723
Excess (deficiency) of revenues over expenditures	1,230,146	(29,463,778)	(1,470,808)	(29,704,440)
Other Financing Sources				
Proceeds from issuance of bonds	-	21,325,000	-	21,325,000
Net change in fund balances	1,230,146	(8,138,778)	(1,470,808)	(8,379,440)
FUND BALANCES, beginning	31,417,835	28,365,266	2,644,112	62,427,213
FUND BALANCES, ending	\$ 32,647,981	\$ 20,226,488	\$ 1,173,304	\$ 54,047,773

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, 2006**

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

Net change in fund balances – total governmental funds	\$ (8,379,440)
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.	36,501,774
Net pension asset	72,061
Changes in revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	511,314
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.	(12,222,645)
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.	3,861,496
The net revenue (expense) of certain activities of internal service funds is reported with governmental activities.	<u>230,381</u>
Change in net assets of governmental activities	<u><u>\$ 20,574,941</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, 2006

	General Fund			
	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes, interest and lien fees	\$ 204,169,797	\$ 204,169,797	\$ 206,567,185	\$ 2,397,388
Intergovernmental	16,961,317	16,986,117	16,988,019	1,902
Licenses, permits, fees and other	9,615,415	10,423,990	14,165,698	3,741,708
Interest	2,300,000	2,300,000	3,507,588	1,207,588
Total revenues	233,046,529	233,879,904	241,228,490	7,348,586
EXPENDITURES				
Current:				
General government	6,929,189	7,166,791	6,776,417	390,374
Education	132,741,456	134,286,598	133,181,658	1,104,940
Public safety	31,330,724	37,016,121	36,525,435	490,686
Health and welfare	1,909,408	2,014,145	1,996,937	17,208
Public works	14,663,505	15,546,269	15,419,913	126,356
Community grants	2,501,318	2,818,911	2,513,665	305,246
Employee benefits	18,885,967	19,015,000	19,005,106	9,894
Recreation, arts and cultural	6,614,152	6,918,464	6,812,951	105,513
Organizational memberships	75,715	75,732	75,732	-
Contingency	1,506,203	8,000	-	8,000
Debt service	17,388,892	17,424,813	17,424,812	1
Total expenditures and encumbrances	234,546,529	242,290,844	239,732,626	2,558,218
Net changes in fund balance	(1,500,000)	(8,410,940)	1,495,864	9,906,804
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	\$ -	\$ (6,910,940)	1,495,864	\$ 8,406,804
Net change in unreserved fund balance			1,495,864	
UNRESERVED AND UNDESIGNATED FUND BALANCES, beginning				
Less: Designated for Board of Education			30,863,055	
Future Appropriations			832,644	
Less: Designated for City Future Appropriations			<u>3,027,785</u>	
UNRESERVED AND UNDESIGNATED FUND BALANCES, ending			<u><u>\$ 28,498,490</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, 2006

	Business-Type Activities - Enterprise Funds			Governmental
	Water Pollution			Activities
	Control Authority	Parking Authority	Totals	Internal Service Fund
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 6,126,822	\$ 160,794	\$ 6,287,616	\$ 7,899,333
Restricted cash	-	705,074	705,074	-
Charges receivable, net	243,150	-	243,150	-
Other receivables	82,933	39,035	121,968	17,467
Due from other funds	-	-	-	21,279
Investments	2,318,558	60,144	2,378,702	9,082,501
Total current assets	8,771,463	965,047	9,736,510	17,020,580
CAPITAL ASSETS, NET	79,113,381	29,300,319	108,413,700	-
Total assets	87,884,844	30,265,366	118,150,210	17,020,580
LIABILITIES				
CURRENT LIABILITIES				
Current maturities of bonds and notes payable	3,314,260	380,517	3,694,777	-
Accounts payable and accrued liabilities	1,343,348	74,605	1,418,151	324,661
Claims payable	-	-	-	7,866,398
Unearned revenue	199,244	63,895	263,139	-
Total current liabilities	4,856,852	519,017	5,375,869	8,191,059
LONG-TERM LIABILITIES				
Bonds and notes payable	41,703,132	9,944,263	51,647,395	-
Claims payable	-	-	-	7,629,612
Total long-term liabilities	41,703,132	9,944,263	51,647,395	7,629,612
Total liabilities	46,559,984	10,463,280	57,023,264	15,820,671
NET ASSETS				
Invested in capital assets (net of related debt)	34,095,989	18,975,539	53,071,528	-
Restricted for debt service	-	705,074	705,074	-
Unrestricted	7,228,871	121,275	7,350,146	1,199,909
Total net assets	\$ 41,324,860	\$ 19,801,888	\$ 61,126,748	\$ 1,199,909

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, 2006

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Water Pollution			Internal Service Fund
	Control Authority	Parking Authority	Totals	
OPERATING REVENUES				
City and member's contributions	\$ -	\$ -	\$ -	\$ 47,802,308
Charges for services	10,268,317	3,571,713	13,840,030	-
Total operating revenues	10,268,317	3,571,713	13,840,030	47,802,308
OPERATING EXPENSES				
Administrative and operations	5,778,414	3,009,807	8,788,221	-
Depreciation	1,943,720	804,324	2,748,044	-
Salaries, benefits and claims	-	-	-	47,735,220
Total operating expenses	7,722,134	3,814,131	11,536,265	47,735,220
Operating income (loss)	2,546,183	(242,418)	2,303,765	67,088
NONOPERATING INCOME (EXPENSE)				
Investment income	382,899	-	382,899	163,293
Interest expense	(1,076,736)	(413,104)	(1,489,840)	-
Intergovernmental	298,899	1,541,985	1,840,884	-
Total nonoperating income (expense)	(394,938)	1,128,881	733,943	163,293
Capital Contributions				
Contributed Capital	-	5,388,900	5,388,900	-
Change in net assets	2,151,245	6,275,363	8,426,608	230,381
FUND NET ASSETS, beginning	39,173,615	13,526,525	52,700,140	969,528
FUND NET ASSETS, ending	\$ 41,324,860	\$ 19,801,888	\$ 61,126,748	\$ 1,199,909

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, 2006

	Business-Type Activities - Enterprise Funds			Governmental
	Water Pollution Control Authority	Parking Authority	Totals	Internal Service Fund
Cash Flows From Operating Activities				
Receipts from customers and users	\$ 10,160,171	\$ 3,551,871	\$ 13,712,042	\$ 49,038,170
Payments to suppliers	(4,760,150)	(2,757,528)	(7,517,678)	(44,134,317)
Payments to employees	(165,753)	(380,058)	(545,811)	-
Net cash provided by operating activities	5,234,268	414,285	5,648,553	4,903,853
Cash Flows From Capital and Related Financing Activities				
Principal payments on debt	(3,109,570)	(367,882)	(3,477,452)	-
Interest paid on debt	(1,076,736)	(413,104)	(1,489,840)	-
Proceeds from notes payable	1,350,000	325,000	1,675,000	-
Purchase of property and equipment	(182,420)	(94,473)	(276,893)	-
Intergovernmental revenues	298,899	1,541,985	1,840,884	-
Payment of advance to other funds	-	(6,544,476)	(6,544,476)	-
Capital Contribution	-	5,388,900	5,388,900	-
Net cash used in capital and related financing activities	(2,719,827)	(164,050)	(2,883,877)	-
Cash Flows From Investing Activities				
Purchase of investments	(716,180)	(60,144)	(776,324)	(1,413,039)
Interest received on investments	382,899	-	382,899	163,293
Net cash used in investing activities	(333,281)	(60,144)	(393,425)	(1,249,746)
Net increase in cash and cash equivalents	2,181,160	190,091	2,371,251	3,654,107
Cash and Cash Equivalents				
Beginning	3,945,662	675,777	4,621,439	4,245,226
Ending	<u>\$ 6,126,822</u>	<u>\$ 865,868</u>	<u>\$ 6,992,690</u>	<u>\$ 7,899,333</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities				
Operating income (loss)	\$ 2,546,183	\$ (242,418)	\$ 2,303,765	\$ 67,088
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	1,943,720	804,324	2,748,044	-
Changes in assets and liabilities:				
Increase in charges receivable	(35,183)	-	(35,183)	-
Increase in other receivables	(76,633)	(19,940)	(96,573)	(17,467)
Decrease in due from other funds	-	-	-	1,443,229
Increase (decrease) in accounts payable and accrued expenses	852,513	(191,674)	660,839	-
Increase in claims and judgments payables	-	-	-	3,411,003
Increase in unearned income	3,668	63,993	67,661	-
Net cash provided by operating activities	\$ 5,234,268	\$ 414,285	\$ 5,648,553	\$ 4,903,853

CITY OF NORWALK, CONNECTICUT

STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS

June 30, 2006

	Pension Trust Funds	Private Purpose Trust Fund	Agency Funds
ASSETS			
Cash and cash equivalents	\$ 50,874,464	\$ 55,820	\$ 1,543,706
Investments:			
U.S. Government Agency	33,582,647	-	-
Corporate bonds	38,273,955	-	-
Common stock	156,732,145	-	-
Mutual Funds	63,146,529	-	-
Total investments	291,735,276	-	-
Secured lending transactions	25,988,826	-	-
Total assets	368,598,566	55,820	1,543,706
LIABILITIES			
Secured lending transactions	25,988,826	-	-
Other liabilities	-	-	1,543,706
Total liabilities	25,988,826	-	1,543,706
Net Assets Held in Trust for Pension Benefits and Other Purposes	\$ 342,609,740	\$ 55,820	\$ -

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, 2006

	Pension Trust Funds	Private Purpose Trust Fund
Additions		
Contributions:		
Employer	\$ 2,204,407	\$ -
Plan members	2,465,159	-
Total contributions	4,669,566	-
Investment Income:		
Interest and dividends	8,840,103	2,268
Net appreciation in fair value of investments	34,837,962	-
Less investment expense	(434,792)	-
Net investment income	43,243,273	2,268
Securities lending transactions income	1,089,074	-
Securities lending transactions expense	(946,721)	-
Total net investment income	142,353	-
Total additions	48,055,192	2,268
Deductions		
Benefits paid	15,797,962	6,700
General and administrative	(364,905)	-
Total deductions	15,433,057	6,700
Net increase (decrease)	32,622,135	(4,432)
Net Assets Held in Trust for Pension Benefits and Other Purposes		
Beginning of year	309,987,605	60,252
End of year	\$ 342,609,740	\$ 55,820

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

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS

June 30, 2006

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 Town, 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. These financial statements present the City and its component unit, entity for which the City is considered to be financially accountable. The blended component unit, although a legally separate entity, is, in substance, part of the City’s operations and so data from this unit is combined with data of the primary government.

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 creating the Authority provided that the City

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued **June 30, 2006**

would be the sole participating municipality, that the Authority would have a term of existence until the latter of (i) the 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 members consisting of the Mayor, two members of the Common Council, two current or former members of the Common Council and four 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.

The City as lessor and the Authority as lessee have entered into a lease of certain premises 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 such premises (the Operator), pursuant to which the Operator is obligated to develop and operate the Center.

In October 1985, the City agreed to lend its full faith and credit to the development of the Center and guaranteed payment on the bonds to finance the Center and is obligated to cover any deficiency in net revenues from the Center's operations to pay debt service, but the City is not obligated to cover any operating deficiencies incurred by the operator. The Center's management anticipates that net revenue for the fiscal year ending June 30, 2006 will not be sufficient to meet its debt requirements.

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

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2006

other items not properly included among program revenues are reported instead as general revenues.

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2006

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.

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

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued **June 30, 2006**

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 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 \$10,024,000 which relates to property taxes. The allowance for doubtful accounts represents those accounts which are deemed uncollectible based upon past collection history.

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2006

Inventories

Inventories are stated at lower of cost or market using the consumption method on the first-in, first-out basis for governmental fund types.

Enterprise funds of the City record inventory at the lower of cost or market using the first-in, first-out method.

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.

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.

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2006

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.

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 two separate categories. The two categories, and their general meanings, are as follows:

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2006

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.

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 at the discretion of the Common Council.

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2006

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 \$194,040,898 difference are as follows:

Bonds payable	\$ 171,864,977
Premiums, issue costs, proceeds and gain on refunding, net of accumulated amortization	1,114,176
Accrued interest payable	4,061,314
Pension liability	1,572,938
Early retirement	2,300,000
Compensated absences	<u>13,127,493</u>
Net adjustment to reduce fund balance – total governmental funds to arrive at net assets – governmental activities	<u>\$ 194,040,898</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 \$36,501,774 difference are as follows:

Capital outlay	\$ 41,579,663
Depreciation expense	<u>(5,077,889)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 36,501,774</u>

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2006

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 \$(12,222,645) difference are as follows:

Long-term liabilities issued or incurred:	
Issuance of general obligation bonds and notes payable	\$ (21,325,000)
Premiums, issue costs, proceeds and gain on refunding	63,637
Principal repayments:	
General obligation debt	<u>9,038,718</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ (12,222,645)</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 \$3,861,496 difference are as follows:

Compensated absences	\$ 424,568
Accrued interest	(241,368)
Pension liability	102,787
Unsettled labor contracts	2,780,709
Early Retirement	<u>794,800</u>
Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 3,861,496</u>

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2006

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, 2006

- 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, 2006, supplemental appropriations totaled approximately \$7,800,000.

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	\$ 239,732,626
On-behalf payments paid directly by the State of Connecticut Teachers' Retirement System	8,672,000
On-behalf payments, paid directly by the Department of Public Health to WIC recipients, not recognized for budgetary purposes	1,741,000
Encumbrances and continued appropriations:	
June 30, 2005	554,780
June 30, 2006	(289,062)
Expenditures, GAAP basis	<u>\$ 250,411,344</u>

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2006

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

Revenues and transfers in, budgetary basis	\$ 241,228,490
On-behalf payments paid directly by the State of Connecticut Teachers' Retirement System	8,672,000
On-behalf payments, paid directly by the Department of Public Health to WIC recipients, not recognized for budgetary purposes	<u>1,741,000</u>
Revenues, GAAP basis	<u><u>\$ 251,641,490</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 are limited to obligations of the United States and its agencies, and repurchase agreements fully

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2006

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	71%
Fixed Income	25%
Hedge Fund	3%
Cash	1%

Interest Rate Risk: The City minimize 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, 2006, approximately \$119,096,000 of the entity's bank balance of \$125,990,000 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, 2006

Cash and investments of the City consist of the following at June 30, 2006:

Cash and Cash Equivalents	
Deposits with financial institutions	\$ 120,372,175
State of Connecticut Short-Term Investment fund	742,929
Tax Exempt Proceeds Fund	834,894
Municipal Backed Investment Fund	2,294,462
Total cash and cash equivalents	<u>124,244,460</u>
Investments	
General Fund	
U.S. Government Securities	862,279 *
U.S. Government Agencies	16,690,797 *
Total general fund	<u>17,553,076</u>
Capital Projects Fund	
U.S. Government Securities	309,044 *
U.S. Government Agencies	5,982,036 *
Total capital projects fund	<u>6,291,080</u>
Internal Service Fund	
U.S. Government Securities	246,116 *
U.S. Government Agencies	4,763,977 *
Corporate Bonds	1,167,892 *
Equity Securities	1,818,442 *
Mutual Funds	1,086,074
Total internal service fund	<u>9,082,501</u>
Business Type Activities-WPCA:	
U.S. Government Securities	113,897 *
U.S. Government Agencies	2,204,661 *
Total business type activities-WPCA	<u>2,318,558</u>
Pension Trust Funds:	
U.S. Government Agencies	33,582,647 *
Corporate Bonds	38,273,955 *
Common stock	156,732,145 *
Mutual Funds	63,146,529
Total pension trust funds	<u>291,735,276</u>
Special Revenue Funds:	
U.S. Government Securities	42,398 *
U.S. Government Agencies	820,671 *
Total special revenue funds	<u>863,069</u>

CITY OF NORWALK, CONNECTICUT

**NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2006**

Enterprise Fund - Parking Authority:	
U.S. Government Securities	2,955 *
U.S. Government Agencies	57,189 *
Total enterprise fund-parking authority	<u>60,144</u>
Total investments	<u>327,903,704</u>
Total cash and investments	<u><u>\$ 452,148,164</u></u>

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

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

Statement of Net Assets	
Cash and cash equivalents	\$ 71,065,395
Restricted cash	705,074
Investments	<u>36,168,428</u>
Total statement of net assets	<u>107,938,897</u>
Fiduciary Funds:	
Cash and cash equivalents	52,473,991
Investments	<u>291,735,276</u>
	<u>344,209,267</u>
Total cash and investments	<u><u>\$ 452,148,164</u></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	\$ 1,576,689	\$ -	\$ -	\$ 96,156	\$ 1,480,533
U.S. Government Agencies	64,101,978	696,697	21,909,655	20,565,875	20,929,751
Pooled fixed income	3,872,285	3,872,285	-	-	-
Corporate Bonds	39,441,847	18,799,968	8,228,297	7,791,314	4,642,268
TOTAL	<u><u>\$ 108,992,799</u></u>	<u><u>\$ 23,368,950</u></u>	<u><u>\$ 30,137,952</u></u>	<u><u>\$ 28,453,345</u></u>	<u><u>\$ 27,052,552</u></u>

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2006

Credit Risk: Generally, credit risk is the risk that an issuer of a debt type investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. U.S. government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure. 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	\$ 2,290,679	\$ 63,037,796	\$ 742,929
AA-	864,548	969,531	-
AA/M	-	-	2,294,462
A+	3,087,063	-	-
A	6,736,777	-	-
A-	3,824,595	-	-
BBB+	503,960	94,651	-
AA	1,390,835	-	-
BBB	1,936,394	-	-
Unrated	18,806,996	-	834,894
	<u>\$ 39,441,847</u>	<u>\$ 64,101,978</u>	<u>\$ 3,872,285</u>

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS

June 30, 2006

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	\$ -	\$ 4,864,424
Advanced tax collections	6,543,515	-
Tax overpayments	1,895,116	-
School construction receivable	-	1,176,404
Grants	465,578	-
Capital Projects:		
Grants	1,178,113	-
Nonmajor Funds:		
Grants	1,172,527	-
Total deferred/unearned revenue	\$ 11,254,849	\$ 6,040,828

Note 6. Interfund Accounts

As of June 30, 2006, interfund receivables and payables that resulted from various interfund transactions were as follows:

	Due From Other Funds	Due To Other Funds
General Fund	\$ 612,261	\$ -
Nonmajor Governmental Funds	-	612,261
	\$ 612,261	\$ 612,261

The interfund transfer listed above between the general fund and the nonmajor governmental fund is due to the Board of Education school lunch fund cash deficit being funded by the general fund.

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2006

Note 7. Capital Assets

Capital asset activity for the year ended June 30, 2006 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	59,778,026	39,136,596	(369,625)	98,544,997
Total capital assets, not being depreciated	81,683,426	39,136,596	(369,625)	120,450,397
Capital assets, being depreciated:				
Land improvements	7,816,057	200,000	-	8,016,057
Machinery and equipment	29,072,138	1,031,037	(55,915)	30,047,260
Buildings and improvements	152,720,976	1,581,655	-	154,302,631
Infrastructure	149,890,277	-	-	149,890,277
Total capital assets being depreciated	339,499,448	2,812,692	(55,915)	342,256,225
Less accumulated depreciation for:				
Land improvements	5,095,577	266,470	-	5,362,047
Machinery and equipment	24,308,026	917,210	(55,915)	25,169,321
Buildings and improvements	51,963,513	2,799,328	-	54,762,841
Infrastructure	19,360,315	1,094,881	-	20,455,196
Total accumulated depreciation	100,727,431	5,077,889	(55,915)	105,749,405
Total capital assets, being depreciated, net	238,772,017	(2,265,197)	-	236,506,820
Governmental activities capital assets, net	\$ 320,455,443	\$ 36,871,399	\$ (369,625)	\$ 356,957,217

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2006

	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	12,417,083	276,893	-	12,693,976
Buildings and improvements	111,208,844	-	-	111,208,844
Infrastructure	28,677,753	-	-	28,677,753
Total capital assets, being depreciated	152,812,968	276,893	-	153,089,861
Less accumulated depreciation for:				
Land improvements	305,739	24,654	-	330,393
Machinery and equipment	11,583,157	95,634	-	11,678,791
Buildings and improvements	23,663,965	2,197,680	-	25,861,645
Infrastructure	11,214,018	430,076	-	11,644,094
Total accumulated depreciation	46,766,879	2,748,044	-	49,514,923
Total capital assets, being depreciated, net	106,046,089	(2,471,151)	-	103,574,938
Business-type activities capital assets, net	\$ 110,884,851	\$ (2,471,151)	\$ -	\$ 108,413,700

Depreciation expense was charged to functions/programs as follows:

Governmental Activities:	
General government	\$ 38,386
Education	1,908,070
Public safety	931,713
Health and welfare	24,334
Public works	1,141,453
Recreation, arts and cultural	1,033,933
Total depreciation expense – governmental activities	<u>\$ 5,077,889</u>
Business-type activities:	
Water Pollution Control Authority	\$ 1,943,720
Parking Authority	804,324
Total depreciation expense – business-type activities	<u>\$ 2,748,044</u>

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2006

Note 8. Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2006 was as follows:

	Beginning Balance, as restated	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 156,795,901	\$ 21,325,000	\$ (8,588,890)	\$ 169,532,011	\$ 11,353,253
Maritime Center bonds	2,782,794	-	(449,828)	2,332,966	415,841
Deferred amounts:					
For issuance premiums and issue costs	1,283,241	-	(169,065)	1,114,176	241,596
Total bonds and notes payable	160,861,936	21,325,000	(9,207,783)	172,979,153	12,010,690
Compensated absences	13,552,061	1,040,766	(1,465,334)	13,127,493	1,969,000
Net pension obligations	1,675,725	-	(102,787)	1,572,938	-
Early Retirement Accrual	3,094,800	-	(794,800)	2,300,000	788,000
Total other long term debt	18,322,586	1,040,766	(2,362,921)	17,000,431	2,757,000
Governmental activity long-term liabilities	\$ 179,184,522	\$ 22,365,766	\$ (11,570,704)	\$ 189,979,584	\$ 14,767,690
Business-type activities:					
Bonds payable:					
General obligation bonds and notes payable	\$ 57,144,624	\$ 1,675,000	\$ (3,477,452)	\$ 55,342,172	\$ 3,694,777
Total bonds and notes payable	57,144,624	1,675,000	(3,477,452)	55,342,172	3,694,777
Business-type activity long-term liabilities	\$ 57,144,624	\$ 1,675,000	\$ (3,477,452)	\$ 55,342,172	\$ 3,694,777

Compensated absences

The obligation represents the employee (vested and nonvested) compensated absences expected to be paid in the future, aggregating \$13,128,000 as of June 30, 2006. 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, 2006

at June 30, 2006 was \$1,573,000. This amount is recorded in the government wide statements, and paid out of the general fund.

Early Retirement

The obligation represents the early retirement incentive payout for eligible teachers and administrators whose age and years of service total 80. Once eligible they receive annual stipend of \$3,000 over a 3-10 year period. The amount accrued has been calculated at the discounted present value of the expected future benefit. The amount recorded at June 30, 2006 is approximately \$2,300,000 on the government wide statements, and is paid out of the general fund.

Bonded indebtedness

As of June 30, 2006, 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	4.55-4.85	\$ 580,001
Capital improvement	4.30-4.75	1,405,850
Capital improvement	4.25-6.00	4,230,000
Capital improvement	4.87-5.00	2,871,000
Capital improvement	4.00-4.50	2,906,250
Capital improvement	4.00-5.00	8,769,064
Capital improvement	3.00-5.00	40,029,993
Capital improvement	2.00-4.00	20,658,455
Capital improvement	2.00-4.00	9,597,600
Capital improvement	3.00-5.00	10,627,021
Capital improvement	3.25-4.375	24,548,000
Capital improvement	2.35-5.00	21,983,777
Capital improvement	3.25-5.00	21,325,000
		<u>\$ 169,532,011</u>

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2006

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>\$ 2,332,966</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, 2006, the amount of defeased debt outstanding, but removed from the City's government-wide financial statements, is as follows:

2004 Refunding	\$ 53,550,000
2005 Refunding	\$ 21,560,000

Business-Type Activities

Enterprise Debt

<u>Purpose</u>	<u>Interest Rate %</u>	<u>Amount</u>
Water Pollution Control Authority Bonds and Clean Water Fund	2.00-6.50%	\$ 45,017,392
Parking Authority - Parking Fund	2.00-6.50%	10,324,780
		<u>\$ 55,342,172</u>

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2006

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, 2006 is as follows:

Year Ended June 30,	General Obligation Debt	Maritime Center Project Debt	Total Interest Amount	Total Principal and Interest Amount
2007	\$ 11,353,253	\$ 415,841	\$ 8,305,077	\$ 20,074,171
2008	13,484,450	384,061	7,398,732	21,267,243
2009	15,386,155	354,356	6,820,526	22,561,037
2010	14,888,104	326,637	6,155,776	21,370,517
2011	12,856,020	304,328	5,621,710	18,782,058
2012-2016	54,909,876	547,743	17,392,681	72,850,300
2017-2021	30,184,153	-	6,234,039	36,418,192
Thereafter	16,470,000	-	1,361,838	17,831,838
	<u>\$ 169,532,011</u>	<u>\$ 2,332,966</u>	<u>\$ 59,290,379</u>	<u>\$ 231,155,356</u>

A summary of the City's business-type activities' long-term notes and bond principal maturities and related interest at June 30, 2006 is as follows:

Year Ended June 30,	WPCA Debt	Parking Authority Debt	Total Interest Amount	Principal and Interest Amount
2007	\$ 3,314,260	\$ 380,517	\$ 1,510,349	\$ 5,205,126
2008	3,390,387	420,956	1,376,134	5,187,477
2009	3,448,895	514,540	1,268,608	5,232,043
2010	3,515,766	575,612	1,150,046	5,241,424
2011	3,460,625	548,839	1,042,240	5,051,704
2012-2016	17,354,966	2,210,016	3,716,014	23,280,996
2017-2021	10,507,822	2,319,300	1,530,016	14,357,138
Thereafter	24,671	3,355,000	578,924	3,958,595
	<u>\$ 45,017,392</u>	<u>\$ 10,324,780</u>	<u>\$ 12,172,331</u>	<u>\$ 67,514,503</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, 2006 was approximately \$309,000. Additional payments aggregating approximately \$1,258,000 are expected to be received through the bonds' maturity dates.

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2006

Authorized but unissued bonds

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

The City has authorized but unissued bonds relating to capital projects at June 30, 2006 as follows:

General purpose	\$ 2,498,714
Schools	63,943,144
Urban Renewal	5,000,000
Total	<u><u>\$ 71,441,858</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	\$ 470,780,766	\$ 83,647,351	\$ 387,133,415
Pension	\$ 627,707,688	\$ -	\$ 627,707,688
Schools	\$ 941,561,532	\$ 161,037,891	\$ 780,523,641
Sewers	\$ 784,634,610	\$ 45,017,398	\$ 739,617,212
Urban renewal	\$ 680,016,662	\$ 8,946,367	\$ 671,070,295

The total overall statutory debt limit for the City is equal to seven times annual receipts from taxation, or \$1,464,651,272.

Subsequent Event

On July 1, 2006, the City issued \$25,000,000 of general obligation bonds to finance certain capital projects. The bonds will mature through 2026 with interest from 4.25% to 5.50%.

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2006

Capital Projects

A summary of the uncompleted capital projects of the City at June 30, 2006 follows:

<u>Project</u>	Project Authorizations (a)	Expenditures		Unexpended Authorization Balances
		Fiscal 2006 (b)	Cumulative (c)	
Department of Public Works:				
Solid Waste	\$ 387,593	\$ -	\$ 386,835	\$ 758
Sanitary Sewers	4,862,421	714,224	2,355,337	2,507,084
Drainage	1,533,904	147,029	770,285	763,619
Roads and Highways	15,055,285	2,103,765	10,224,210	4,831,075
Other	26,774,431	1,482,919	26,256,382	518,049
Police Department	30,000	23,962	23,962	6,038
Fire Department	1,092,577	338,949	445,028	647,549
Parks and Recreation	22,481,221	4,997,403	14,913,272	7,567,949
Board of Education	181,385,078	34,562,471	113,807,254	67,577,824
Redevelopment Agency	20,575,073	970,260	4,957,221	15,617,852
Traffic and Parking	3,262,652	214,450	1,106,748	2,155,904
	<u>\$ 277,440,235</u>	<u>\$ 45,555,432</u>	<u>\$ 175,246,534</u>	<u>\$ 102,193,701</u>

- (a) Represents cumulative Capital Budgets for projects that remain open at June 30, 2006.
- (b) Represents current year expenditures for projects that were open at June 30, 2006.
- (c) Represents aggregate expenditures for projects that were open at June 30, 2006.

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

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 \$1,490,000. For certain other cases, where there is a reasonable possibility that a loss has been incurred, the City estimates its possible exposure could be up to \$4,200,000 and no accrual is made in the financial statements. Based upon the advice of the City Corporation Counsel, management believes that the ultimate resolution of these matters will not have a material adverse effect on the financial statements of the City.

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2006

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, 2006 the actuarial valuation date utilized was July 1, 2005 satisfying the requirement of GASB 25 and 27.

At the last actuarial valuation date, July 1, 2005, membership consisted of:

	<u>Police</u>	<u>Fire</u>	<u>Employees</u>	<u>Food Service</u>
Retirees, disabled members and beneficiaries currently receiving benefits	156	154	561	28
Terminated employees entitled to benefits but not yet receiving them	-	-	101	1
Active members	151	130	670	44
	<u>307</u>	<u>284</u>	<u>1,332</u>	<u>73</u>

Police Benefit Fund

The City of Norwalk Police Benefit Fund provides retirement benefits as well as death and disability benefits. Benefits vest after 10 years of service. Members who retire after age 48 with 20 years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 2.5 percent of final average salary, for each year of service (maximum benefit of 75% of 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 member is not married, the accrued benefit at death is payable to any children until they reach age 16.

Police employees are required to contribute 8 percent of their base pay to the Fund. If a police officer leaves covered employment or dies before meeting the vesting requirements, accumulated employee contributions without interest thereon are refunded. The City is required to contribute the remaining amounts necessary to fund the benefits for its Police employees. Benefits and employee contributions are fixed by contract and may be amended by union negotiation. The City's payroll for employees covered by the Police Benefit Fund for the year ended June 30, 2006 was approximately \$9,293,000.

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2006

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, 2006 was approximately \$7,686,000.

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, 2006 was approximately \$29,954,000.

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, 2006**

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, 2006 was approximately \$695,000.

Total Payroll

Total payroll for the City for the year ended June 30, 2006 was \$145,228,379 of which approximately \$49,712,258 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 multiple employer defined benefit plan, established under Chapter 167a of the Connecticut General Statutes, which is administered by the Connecticut State Teachers' Retirement Board.

Certain part-time and all 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. A participant is eligible to receive a normal retirement benefit upon attaining age sixty and when he or she 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, of which twenty-five are for service in the public schools of Connecticut.

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 town basis. The financial statements of the plan are available from the Connecticut State Teachers' Retirement Board, 21 Grand Street, Hartford, CT 06105.

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 \$8,672,000, for the year ended June 30, 2006.

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2006

The City's annual pension cost and net pension obligation (asset) to the Plans for the year ended June 30, 2006 were as follows:

	Employees'	Police	Fire	Food Service
Annual required contribution	\$ 689,596	\$ 1,240,090	\$ -	\$ 77,967
Interest on net pension obligation	60,503	73,335	-	4,327
Adjustment to annual required contribution	(50,473)	(61,177)	-	(3,609)
Annual pension cost	699,626	1,252,248	-	78,685
Contributions made	761,128	1,240,090	-	203,189
Increase (decrease) in net pension obligation (asset)	(61,502)	12,158	-	(124,504)
Net pension obligation (asset), beginning of year	733,373	888,909	-	52,443
Net pension obligation (asset), end of year	\$ 671,871	\$ 901,067	\$ -	\$ (72,061)

Three-Year Trend Information:

	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
Employees' Pension Plan			
June 30, 2004	\$ 1,063,189	108.5%	\$ 819,359
June 30, 2005	908,728	109.5%	733,373
June 30, 2006	699,626	108.8%	671,871
Police Benefit Fund			
June 30, 2004	\$ 892,649	100.4%	\$ 892,649
June 30, 2005	864,314	100.4%	888,909
June 30, 2006	1,252,248	99.0%	901,067
Firemans Benefit			
June 30, 2004	\$ -	100%	\$ -
June 30, 2005	-	100%	-
June 30, 2006	-	100%	-
Food Service Plan			
June 30, 2004	\$ 132,952	98.3%	\$ (75,298)
June 30, 2005	127,741	-	52,443
June 30, 2006	78,685	258.2%	(72,061)

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2006

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
2006	\$ 689,596	110.4%	\$ 1,240,000	100.0%	\$ -	-%	\$ 77,967	260.6%
2005	911,816	109.1%	868,054	100.0%	-	-%	125,222	0%
2004	1,066,429	108.1%	896,104	100.0%	-	-%	130,611	97.3%
2003	1,066,429	10.1%	896,104	0%	-	-%	130,611	100.0%
2002	-	100.0%	-	100.0%	-	-%	65,194	100.0%
2001	1,070,000	100.0%	405,000	100.0%	40,000	100.0%	63,886	116.0%

SCHEDULE OF FUNDING PROGRESS

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Valuation of Assets	Actuarial Liability (AAL) Entry Age	Unfunded/ (Overfunded) AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
Police Benefit Fund						
07/01/00	\$ 67,152,636	\$ 54,260,493	\$ (12,892,143)	123.8%	9,623,937	134.0%
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
Firemen's Benefit Fund						
07/01/00	\$ 76,185,347	\$ 57,099,348	\$ (19,085,999)	133.4%	7,089,633	269.2%
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

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2006

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 Paryoll	UAAL as a Percentage of Covered Payroll
Employees' Pension Plan						
07/01/00	\$ 141,735,321	\$ 105,240,721	\$ (36,494,600)	134.7%	\$ 29,192,188	125.0%
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
Food Service Employees' Pension Plan						
07/01/00	\$ 618,896	\$ 940,618	\$ 321,725	65.8%	\$ 523,830	61.4%
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

Additional information as of the latest actuarial valuations follows:

	Employees' Pension Plan	Police Benefit Fund	Firemens' Benefit Fund	Food Service Pension Plan
Valuation date	7/1/05	7/1/05	7/1/05	7/1/05
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	23 years Closed	23 years Closed	23 years Closed	23 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, 2006

SCHEDULE OF PLAN NET ASSETS
June 30, 2006

	Pension Plan Employees	Fire Benefit Fund	Police Benefit Fund	Food Service Employees' Fund	Total
ASSETS					
Cash and cash equivalents	\$ 24,831,833	\$ 13,145,336	\$ 12,709,596	\$ 187,699	\$ 50,874,464
Investments, at fair value:					
U.S. Government Agency	16,429,690	8,661,905	8,364,609	126,443	33,582,647
Corporate Bonds	18,724,826	9,871,925	9,533,098	144,106	38,273,955
Common and Preferred					
Equities	76,678,309	40,425,609	39,038,111	590,116	156,732,145
Mutual Funds	30,876,201	16,299,271	15,732,274	238,783	63,146,529
Security lending transactions	12,713,150	6,704,378	6,473,594	97,704	25,988,826
Total assets	180,254,009	95,108,424	91,851,282	1,384,851	368,598,566
LIABILITIES					
Security lending transactions	12,713,150	6,704,378	6,473,594	97,704	25,988,826
Total liabilities	12,713,150	6,704,378	6,473,594	97,704	25,988,826
Net Assets Held in Trust for					
Pension Benefits	\$ 167,540,859	\$ 88,404,046	\$ 85,377,688	\$ 1,287,147	\$ 342,609,740

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2006

**SCHEDULE OF CHANGES IN PLAN NET ASSETS
Year Ended June 30, 2006**

	Pension Plan Employees	Fire Benefit Fund	Police Benefit Fund	Food Service Employees' Fund	Total Pension Trust Funds
Addition					
Contributions					
Employer	\$ 761,128	\$ -	\$ 1,240,090	\$ 203,189	\$ 2,204,407
Plan members	1,207,296	573,803	662,034	22,026	2,465,159
Total contributions	1,968,424	573,803	1,902,124	225,215	4,669,566
Investment Income					
Interest and dividends	4,327,314	2,286,218	2,195,394	31,177	8,840,103
Net appreciation in fair value of investments	17,042,922	9,032,339	8,642,728	119,973	34,837,962
Less investment expense	(213,030)	(113,031)	(107,352)	(1,379)	(434,792)
Net investment income	21,157,206	11,205,526	10,730,770	149,771	43,243,273
Securities lending transaction income	532,751	280,950	271,279	4,094	1,089,074
Securities lending transaction expense	(463,115)	(244,227)	(235,820)	(3,559)	(946,721)
Total net investment income	69,636	36,723	35,459	535	142,353
Total additions	23,195,266	11,816,052	12,668,353	375,521	48,055,192
Deductions					
Benefits paid	7,751,785	3,943,140	4,042,437	60,600	15,797,962
General and administrative	(168,495)	(100,323)	(102,442)	6,355	(364,905)
Total deductions	7,583,290	3,842,817	3,939,995	66,955	15,433,057
Net increase	15,611,976	7,973,235	8,728,358	308,566	32,622,135
Net Assets Held in Trust for Pension Benefits					
Beginning of year	151,928,883	80,430,811	76,649,330	978,581	309,987,605
End of year	\$ 167,540,859	\$ 88,404,046	\$ 85,377,688	\$ 1,287,147	\$ 342,609,740

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, 2006

During the year ended June 30, 2006, 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, 2006 were \$25,562,620 and \$25,988,826, as follows:

Collateral Type	Market Value	Collateral Value	Collateral Percentage
	June 30, 2006	June 30, 2006	
Cash	\$ 23,136,278	\$ 23,517,644	102%
Non-cash	2,426,342	2,471,182	102%
	<u>\$ 25,562,620</u>	<u>\$ 25,988,826</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, 2006.

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, 640 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 \$6,369,000 for the year ended June 30, 2006 (see Note 14).

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; injuries to employees; and natural disasters. The City purchases

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2006

commercial insurance for property losses in excess of \$50,000, and third party liability insurance up to \$12,000,000 for claims above a \$500 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.

Except for employee health insurance, 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, 2006, approximately \$1,980,000 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.

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
2005	\$ 10,752,550	\$ 41,318,156	\$ 39,661,037	\$ 12,114,971
2006	\$ 12,114,971	\$ 51,116,259	\$ 47,735,220	\$ 15,496,010

At June 30, 2006, \$7,866,000 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 \$7,630,000 is recorded as a noncurrent liability on the statement of net assets.

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2006

Note 13. Restatement

As of July 1, 2005, the City implemented the following Governmental Accounting Standards Board pronouncement:

Statement

- GASB Statement No. 47, Accounting for Termination Benefits.

As a result of implementing this pronouncement for the fiscal year ended June 30, 2006, the following restatement was made to beginning net asset accounts:

Government-wide financial statements. Beginning net assets for government activities was restated as follows:

Entity-Wide, Governmental Net Assets of June 30, 2005	\$ 207,820,839
Deduct: Early Retirement Accrual as of July 1, 2005	<u>(3,094,800)</u>
Government activities net assets, as of July 1, 2005	<u>\$ 204,726,039</u>

Note 14. Pronouncements Issued, Not Yet Effective

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2006 that have effective dates that may impact future financial presentations.

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

- GASB Statement No. 43, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, issued April 2004, will be effective in phases using the same criteria applied in the implementation of the new governmental reporting model, starting with periods beginning after June 30, 2006. This Statement establishes uniform financial reporting standards for other postemployment benefit plans (OPEB plans) and supersedes existing guidance.
- 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, 2007. 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.

CITY OF NORWALK, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2006

- 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.

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**SUPPLEMENTARY AND COMBINING
FUND STATEMENTS AND SCHEDULES**

General Fund

General Fund

The General Fund is used to account for resources traditionally associated with government which are not required legally or by sound financial management to be accounted for in another fund.

CITY OF NORWALK, CONNECTICUT

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

For the Year Ended June 30, 2006

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
TAXES, INTEREST AND LIEN FEES				
Current	\$ 202,909,597	\$ 202,909,597	\$ 205,119,413	\$ 2,209,816
Interest and liens	1,260,200	1,260,200	1,447,772	187,572
Total taxes, interest and lien fees	204,169,797	204,169,797	206,567,185	2,397,388
INTERGOVERNMENTAL				
State grants in aid - general	6,313,258	6,338,058	6,269,522	(68,536)
State grants in aid - Board of Education	10,488,059	10,488,059	10,527,782	39,723
Other grants	160,000	160,000	190,715	30,715
Total intergovernmental	16,961,317	16,986,117	16,988,019	1,902
LICENSES, PERMITS, FEES AND OTHER				
Building inspections and permits	1,982,500	1,982,500	2,689,081	706,581
Health Department inspection fees	220,000	220,000	234,306	14,306
Police Department permits	6,500	6,500	11,078	4,578
Public Works licenses, permits and service charges	130,600	130,600	218,191	87,591
Planning and zoning permits	202,725	202,725	120,585	(82,140)
Town Clerk fees and permits	3,736,920	4,470,080	7,636,511	3,166,431
Police Department service charges	237,700	248,528	281,654	33,126
Other service charges and fees	74,500	74,500	-	(74,500)
Rental income	273,532	278,119	284,637	6,518
Recreation and Parks Commission	609,700	609,700	620,258	10,558
Health Department nursing fees	237,000	297,000	320,503	23,503
Miscellaneous	1,903,738	1,903,738	1,748,894	(154,844)
Total licenses, permits, fees and other	9,615,415	10,423,990	14,165,698	3,741,708
INTEREST				
Interest on investments	2,300,000	2,300,000	3,507,588	1,207,588
Use of fund balance	1,500,000	1,500,000	-	(1,500,000)
Total interest	3,800,000	3,800,000	3,507,588	(292,412)
Total	\$ 234,546,529	\$ 235,379,904	\$ 241,228,490	\$ 5,848,586

CITY OF NORWALK, CONNECTICUT

**SCHEDULE OF GENERAL FUND EXPENDITURES, ENCUMBRANCES AND TRANSFERS OUT - BUDGETARY BASIS - BUDGET AND ACTUAL
For the Year Ended June 30, 2006**

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
GENERAL GOVERNMENT				
Mayor	\$ 188,794	\$ 159,313	\$ 159,313	-
City Clerk	346,246	324,427	322,745	1,682
Town Clerk	535,385	524,822	520,754	4,068
Legislative	15,386	14,626	14,626	-
Legal	635,449	645,368	629,487	15,881
Data Processing	1,031,158	1,030,235	960,624	69,611
Personnel & Labor Relations	407,057	525,852	524,715	1,137
Human Relations & Fair Rent	189,623	185,085	171,702	13,383
Youth Services	282,834	282,834	281,203	1,631
Registrar of Voters	238,158	251,630	246,788	4,842
Finance Director	205,334	338,101	168,727	169,374
Tax Assessor	806,564	893,142	811,827	81,315
Tax Collector	662,237	659,398	650,358	9,040
Accounting and Treasury	565,560	595,233	592,661	2,572
Management and budgets	379,295	328,118	326,873	1,245
Purchasing	242,651	227,555	224,180	3,375
Central Services	197,458	181,052	169,834	11,218
Total general government	6,929,189	7,166,791	6,776,417	390,374
HEALTH AND WELFARE	1,909,408	2,014,145	1,996,937	17,208
COMMUNITY GRANTS				
NEON	358,402	358,402	358,402	-
Transit District	380,000	380,000	380,000	-
Probate Court	27,090	27,090	27,090	-
Elder House	1,138	1,138	1,138	-
Senior Center	268,881	268,881	268,881	-
Rape Crisis Center, Inc.	9,134	9,134	9,134	-
CT Counseling Centers	1,055	1,055	1,055	-
Harbor Commission	5,747	5,747	5,747	-
Housing Site Development Agency	68,690	68,690	68,690	-
Redevelopment Agency	125,644	139,867	137,991	1,876
Mayor's Commission on Hispanic Affairs	11,275	11,275	11,275	-
Mid-Fairfield Guidance Center	10,557	10,557	10,557	-
Neighborhood Improvement	15,000	15,000	15,000	-

(Continued)

CITY OF NORWALK, CONNECTICUT

SCHEDULE OF GENERAL FUND EXPENDITURES, ENCUMBRANCES AND TRANSFERS OUT - BUDGETARY BASIS - BUDGET AND ACTUAL, Continued
For the Year Ended June 30, 2006

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
COMMUNITY GRANTS, Continued				
Americare Free Clinic	3,000	3,000	3,000	-
Human Services Council	12,271	12,271	12,271	-
NEON Summer Camp	131,139	131,139	131,139	-
NEON Headstart	890,347	890,347	890,347	-
Domestic Violence Center	2,175	2,175	2,175	-
Family & Children's Aid	33,536	33,536	33,536	-
SW CT Mental Health Bd	14,628	14,628	14,628	-
Other	131,609	434,979	131,609	303,370
Total community grants	2,501,318	2,818,911	2,513,665	305,246
EMPLOYEE BENEFITS				
Insurance	15,058,136	15,058,136	15,058,136	-
Social Security	1,807,998	1,930,458	1,920,882	9,576
Unemployment Compensation	60,000	59,983	59,665	318
Special Pensions	1,800	163	163	-
Police Pension	1,240,090	1,240,090	1,240,090	-
City Pension	717,943	726,170	726,170	-
Total employee benefits	18,885,967	19,015,000	19,005,106	9,894
PROTECTION OF PERSONS AND PROPERTY				
Police Department	16,097,302	18,104,044	17,729,510	374,534
Fire Department	12,052,826	15,178,909	15,112,048	66,861
Planning and Zoning	924,683	954,001	942,843	11,158
Building Inspector	538,712	594,210	574,122	20,088
Dispatch and Emergency Mgmt Plan	1,717,201	2,184,957	2,166,912	18,045
Total protection of persons and property	31,330,724	37,016,121	36,525,435	490,686
PUBLIC WORKS				
Public Works	14,663,505	15,546,269	15,419,913	126,356
EDUCATION				
Public Schools	132,741,456	134,286,598	133,181,658	1,104,940

(Continued)

CITY OF NORWALK, CONNECTICUT

**SCHEDULE OF GENERAL FUND EXPENDITURES, ENCUMBRANCES AND
TRANSFERS OUT - BUDGETARY BASIS - BUDGET AND ACTUAL, Continued
For the Year Ended June 30, 2006**

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
RECREATION, ARTS AND CULTURE				
Recreation and Parks	3,319,094	3,565,267	3,492,465	72,802
Library	3,085,125	3,123,849	3,093,045	30,804
Historical Commission	209,933	229,348	227,441	1,907
Total recreations, arts and culture	6,614,152	6,918,464	6,812,951	105,513
CONTINGENCY	1,506,203	8,000	-	8,000
DEBT SERVICE	17,388,892	17,424,813	17,424,812	1
ORGANIZATIONAL MEMBERSHIPS	75,715	75,732	75,732	-
Total	\$ 234,546,529	\$ 242,290,844	\$ 239,732,626	\$ 2,558,218

Governmental Funds

Nonmajor Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Maritime Center Fund - This fund is used to account for revenue which is received from the Maritime Center at Norwalk, Inc., and expenditures which are restricted for Maritime Center use.

School Lunch Fund - This fund is used to account for the revenues and expenditures of the school program. Revenues consist of sales of food, federal and state government subsidies, and donations.

C.D.B.G. Fund - This fund is used to account for the revenues and expenditures under the Federal Community Development Block Grant Program.

Board of Education Grants - This fund is used to account for grants received for educational purposes

Health Care Grants - This fund is used to account for grants received for Health Care purposes.

Other Programs Fund - This fund is used to account for educational related and grant activities.

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CITY OF NORWALK, CONNECTICUT

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2006**

	Special Revenue			
	Maritime Center Authority	School Lunch	Community Development Block Grant	Board of Education Grants
ASSETS				
Cash and cash equivalents	\$ 8,992	\$ 343,275	\$ 2,637	\$ 1,543,940
Investments	-	-	-	270,649
Intergovernmental receivables	-	266,823	132,912	119,706
Other receivables	-	-	-	46,019
Inventories	-	62,055	-	-
Total assets	\$ 8,992	\$ 672,153	\$ 135,549	\$ 1,980,314
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable and accrued liabilities	\$ -	\$ 63,348	\$ 132,912	\$ 1,025,242
Due to other funds	-	612,261	-	-
Unearned revenue	-	-	-	954,947
Total liabilities	-	675,609	132,912	1,980,189
Fund Balances (Deficits)				
Unreserved, undesignated	8,992	(3,456)	2,637	125
Total fund balances (deficits)	8,992	(3,456)	2,637	125
Total liabilities and fund balances	\$ 8,992	\$ 672,153	\$ 135,549	\$ 1,980,314

Special Revenue

Healthcare Grants	Other Programs	Totals
\$ 2,655	\$ 2,198,954	\$ 4,100,453
-	592,420	863,069
222,980	334,536	1,076,957
119,219	37,989	203,227
-	-	62,055
<u>\$ 344,854</u>	<u>\$ 3,163,899</u>	<u>\$ 6,305,761</u>

\$ 125,978	\$ 2,000,189	\$ 3,347,669
-	-	612,261
217,580	-	1,172,527
<u>343,558</u>	<u>2,000,189</u>	<u>5,132,457</u>

1,296	1,163,710	1,173,304
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1,296	1,163,710	1,173,304
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<u>\$ 344,854</u>	<u>\$ 3,163,899</u>	<u>\$ 6,305,761</u>
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CITY OF NORWALK, CONNECTICUT

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES (DEFICITS) - NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2006**

	Special Revenue			
	Maritime Center Authority	School Lunch	Community Development Block Grant	Board of Education Grants
REVENUES				
Intergovernmental	\$ -	\$ 1,285,936	\$ 702,056	\$ 14,074,449
Licenses, permits, fees and other	8,325,000	1,759,458	-	-
Interest	-	-	-	-
Total revenues	8,325,000	3,045,394	702,056	14,074,449
EXPENDITURES				
General government	-	-	-	-
Education	-	3,074,075	-	14,074,449
Maritime Center subsidy	8,325,000	-	-	-
Health and welfare	-	-	-	-
Community grants	-	-	702,056	-
Total expenditures	8,325,000	3,074,075	702,056	14,074,449
Changes in fund balance	-	(28,681)	-	-
FUND BALANCE, beginning	8,992	25,225	2,637	125
FUND BALANCE (DEFICITS), ending	\$ 8,992	\$ (3,456)	\$ 2,637	\$ 125

Special Revenue

Healthcare Grants	Other Programs	Totals
\$ 1,872,351	\$ -	\$ 17,934,792
-	2,107,759	12,192,217
1,239	-	1,239
<u>1,873,590</u>	<u>2,107,759</u>	<u>30,128,248</u>
-	222,333	222,333
-	3,327,553	20,476,077
-	-	8,325,000
1,873,590	-	1,873,590
-	-	702,056
<u>1,873,590</u>	<u>3,549,886</u>	<u>31,599,056</u>
-	(1,442,127)	(1,470,808)
<u>1,296</u>	<u>2,605,837</u>	<u>2,644,112</u>
<u>\$ 1,296</u>	<u>\$ 1,163,710</u>	<u>\$ 1,173,304</u>

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Internal Service Funds

Internal Service Funds

Internal service funds are used to account for various services provided by the City for various funds.

Insurance Fund - this fund is used to account for medical, property and casualty and workers compensation.

Fleet Maintenance - this fund is used to account for vehicle maintenance and vehicle fuel used by the City.

CITY OF NORWALK, CONNECTICUT

**COMBINING STATEMENT OF NET ASSETS -
INTERNAL SERVICE FUNDS**

June 30, 2006

	Insurance Fund	Fleet Maintenance	Totals
ASSETS			
Current assets:			
Cash	\$ 7,882,628	\$ 16,705	\$ 7,899,333
Investments	9,076,487	6,014	9,082,501
Due from other funds	-	17,467	17,467
Receivables	21,279	-	21,279
Total assets	16,980,394	40,186	17,020,580
LIABILITIES			
Accounts payable	282,477	42,184	324,661
Accrued medical and workers' compensation	15,491,293	4,717	15,496,010
Total liabilities	15,773,770	46,901	15,820,671
NET ASSETS (DEFICIT)			
Unrestricted	1,206,624	(6,715)	1,199,909
Total net assets (deficits)	\$ 1,206,624	\$ (6,715)	\$ 1,199,909

CITY OF NORWALK, CONNECTICUT

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET ASSETS - NONMAJOR INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2006**

	Insurance Fund	Fleet Maintenance	Totals
OPERATING REVENUES			
City and member's contributions	\$ 46,136,996	\$ 1,665,312	\$ 47,802,308
Total operating revenues	46,136,996	1,665,312	47,802,308
OPERATING EXPENSES			
Program expenditures	46,063,193	1,672,027	47,735,220
Total operating expenses	46,063,193	1,672,027	47,735,220
Operating income (loss)	73,803	(6,715)	67,088
NONOPERATING INCOME			
Investment income	163,293	-	163,293
Total nonoperating income	163,293	-	163,293
Net income (loss)	237,096	(6,715)	230,381
FUND NET ASSETS, beginning	969,528	-	969,528
FUND NET ASSETS (DEFICITS), ending	\$ 1,206,624	\$ (6,715)	\$ 1,199,909

CITY OF NORWALK, CONNECTICUT

COMBINING STATEMENT OF CASH FLOWS - NONMAJOR INTERNAL SERVICE FUNDS

For the Year Ended June 30, 2006

	Insurance Fund	Fleet Maintenance	Totals
Cash Flows From Operating Activities			
Receipts from customers and users	\$ 47,390,325	\$ 1,647,845	\$ 49,038,170
Payments for benefits	(42,509,191)	(1,625,126)	(44,134,317)
Net cash provided by operating activities	4,881,134	22,719	4,903,853
Cash Flows From Investing Activities			
Purchase of investments	(1,407,025)	(6,014)	(1,413,039)
Interest received on investments	163,293	-	163,293
Net cash used in investing activities	(1,243,732)	(6,014)	(1,249,746)
Net increase in cash and cash equivalents	3,637,402	16,705	3,654,107
Cash and Cash Equivalents			
Beginning	4,245,226	-	4,245,226
Ending	\$ 7,882,628	\$ 16,705	\$ 7,899,333
Reconciliation of Operating income (Loss) to Net Cash Provided by Operating Activities			
Operating income (loss)	\$ 73,803	\$ (6,715)	\$ 67,088
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Changes in assets and liabilities:			
Increase in accounts receivable	-	(17,467)	(17,467)
Increase in accrued expenses/accounts payable	3,364,102	46,901	3,411,003
Increase in due to other funds	1,443,229	-	1,443,229
Net cash provided by operating activities	\$ 4,881,134	\$ 22,719	\$ 4,903,853

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Fiduciary Funds

Fiduciary Funds

Agency Funds:

Student Activity Fund - This fund is used to account for the monies generated by student activities in the Norwalk Public School System.

Housing Site Development Fund - This fund is used for donations received from private developers, which are restricted to moderate income housing levels.

City Hall Mural Restoration - This fund is used to account for private donations received to be used for mural restoration.

Sixth Taxing District - This fund is used to account for taxes collected for the benefit of the Sixth Taxing District.

Detention Facility Escrow - This fund is used to account for private donations to maintain drainage facilities.

Roosevelt Deposit - This fund is used to account for assets held for maintenance of Roosevelt School facility.

Sewer Escrow - This fund is used to account for private donations to maintain sewer lines.

CITY OF NORWALK, CONECTICUT

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
AGENCY FUNDS**

For the Year Ended June 30, 2006

	Balance July 1, 2005	Additions	Deletions	Balance June 30, 2006
STUDENT ACTIVITY FUND				
Assets				
Cash and cash equivalents	\$ 1,001,010	\$ 2,021,472	\$ 1,995,764	\$ 1,026,718
Liabilities				
Other liabilities	\$ 1,001,010	\$ 2,021,472	\$ 1,995,764	\$ 1,026,718
HOUSING SITE DEVELOPMENT				
Assets				
Cash and cash equivalents	\$ 320,018	\$ 12,660	\$ -	\$ 332,678
Liabilities				
Other liabilities	\$ 320,018	\$ 12,660	\$ -	\$ 332,678
SIXTH DISTRICT				
Assets				
Cash and cash equivalents	\$ 4,845	\$ 1,042,479	\$ 1,044,537	\$ 2,787
Liabilities				
Other liabilities	\$ 4,845	\$ 1,042,479	\$ 1,044,537	\$ 2,787
CITY HALL MURAL RESTORATION				
Assets				
Cash and cash equivalents	\$ 1,709	\$ 68	\$ -	\$ 1,777
Liabilities				
Other liabilities	\$ 1,709	\$ 68	\$ -	\$ 1,777
DETENTION FACILITY ESCROW				
Assets				
Cash and cash equivalents	\$ 4,659	\$ 185	\$ -	\$ 4,844
Liabilities				
Other liabilities	\$ 4,659	\$ 185	\$ -	\$ 4,844
ROOSEVELT DEPOSIT				
Assets				
Cash and cash equivalents	\$ 16,836	\$ 666	\$ -	\$ 17,502
Liabilities				
Other liabilities	\$ 16,836	\$ 666	\$ -	\$ 17,502

CITY OF NORWALK, CONECTICUT

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
 AGENCY FUNDS, Continued
 For the Year Ended June 30, 2006**

	Balance July 1, 2005	Additions	Deletions	Balance June 30, 2006
SEWER ESCROW				
Assets				
Cash and cash equivalents	\$ 124,112	\$ 33,288	\$ -	\$ 157,400
Liabilities				
Other liabilities	\$ 124,112	\$ 33,288	\$ -	\$ 157,400
Total Assets	\$ 1,473,189	\$ 3,110,818	\$ 3,040,301	\$ 1,543,706
Total Liabilities	\$ 1,473,189	\$ 3,110,818	\$ 3,040,301	\$ 1,543,706

**Capital Assets Used in the Operation
of Governmental Funds**

CITY OF NORWALK, CONNECTICUT

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS,
NET OF ACCUMULATED DEPRECIATION**

June 30, 2006

Governmental funds capital assets:

Land	\$ 21,905,400
Buildings and improvements	99,539,790
Land improvements	2,654,010
Machinery and equipment	4,877,939
Infrastructure	129,435,081
Construction in progress	<u>98,544,997</u>
Total governmental funds capital assets	<u><u>\$ 356,957,217</u></u>

Investments in governmental funds capital assets:

Assets put into service prior to July 1, 2006	
Total governmental funds capital assets	<u><u>\$ 356,957,217</u></u>

CITY OF NORWALK, CONNECTICUT

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS -
SCHEDULE BY FUNCTION AND ACTIVITY - NET OF DEPRECIATION**

June 30, 2006

	Land	Construction in Progress	Land Improvements	Machinery and Equipment	Infrastructure	Buildings and Improvements	Total
General Government	\$ -	\$ 141,103	\$ -	\$ 137,244	\$ -	\$ -	\$ 278,347
Board of Education	4,167,400	85,301,904	1,919,952	555,654	-	54,304,826	146,249,736
Public Works	333,500	3,773,423	210,227	1,623,996	124,399,662	15,712,486	146,053,294
Health & Welfare	-	3,000	-	97,609	-	252,795	353,404
Recreation, Arts and Culture	17,404,500	4,887,204	513,348	421,949	5,035,419	3,810,612	32,073,032
Public Safety	-	106,577	10,483	2,041,487	-	25,459,071	27,617,618
Community Grants	-	4,331,786	-	-	-	-	4,331,786
	<u>\$ 21,905,400</u>	<u>\$ 98,544,997</u>	<u>\$ 2,654,010</u>	<u>\$ 4,877,939</u>	<u>\$ 129,435,081</u>	<u>\$ 99,539,790</u>	<u>\$ 356,957,217</u>

Other Schedules

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CITY OF NORWALK, CONNECTICUT

**SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING
GENERAL FUND**

For the Year Ended June 30, 2006

Grand List Year	Taxes Receivable July 1, 2005	Current Levy	Lawful Corrections		
			Additions	Deletions	Abatement
2004	\$ -	\$ 208,687,701	\$ 536,461	\$ 124,452	\$ 763,665
2003	2,597,162	-	342,420	79,678	48,525
2002	840,195	-	113,933	147,073	(14,474)
2001	209,553	-	31,175	299,992	8,674
2000	(119,394)	-	35,505	37,899	4,511
1999	(170,527)	-	13,292	10,860	5,284
1998	19,630	-	15,828	6,612	3,189
1997	14,718	-	15,448	4,504	2,192
1996	14,479	-	7,666	4,167	2,267
1995	11,232	-	7,807	4,365	2,996
1994	8,936	-	3,104	2,344	4,667
1993	6,808	-	1,130	965	4,775
1992	6,947	-	2,651	2,089	4,790
1991	5,433	-	2,392	724	4,719
1990	3,787	-	2,232	1,094	2,991
	<u>\$ 3,448,959</u>	<u>\$ 208,687,701</u>	<u>\$ 1,131,044</u>	<u>\$ 726,818</u>	<u>\$ 848,771</u>

Balance to be Collected	Collections				Taxes Receivable June 30, 2006
	Taxes	Interest	Fees	Total	
\$ 208,336,045	\$ 205,246,526	\$ 635,448	\$ 9,774	\$ 205,891,748	\$ 3,089,519
2,811,379	1,945,789	336,828	10,431	2,293,048	865,590
821,529	437,399	144,611	1,872	583,882	384,130
(67,938)	83,591	46,817	528	130,936	(151,529)
(126,299)	70,264	59,875	168	130,307	(196,563)
(173,379)	10,680	10,617	48	21,345	(184,059)
25,657	12,342	13,226	-	25,568	13,315
23,470	13,405	14,740	-	28,145	10,065
15,711	7,507	10,076	-	17,583	8,204
11,678	6,214	9,784	-	15,998	5,464
5,029	3,098	5,266	-	8,364	1,931
2,198	997	2,086	-	3,083	1,201
2,719	1,842	2,501	-	4,343	877
2,382	1,669	4,023	-	5,692	713
1,934	1,934	5,549	-	7,483	-
<u>\$ 211,692,115</u>	<u>\$ 207,843,257</u>	<u>\$ 1,301,447</u>	<u>\$ 22,821</u>	<u>\$ 209,167,525</u>	<u>\$ 3,848,858</u>

CITY OF NORWALK, CONNECTICUT

SCHEDULE OF CAPITAL PROJECT FUND TAX COLLECTORS

ACTIVITY - SEWER ASSESSMENT

For the Year Ended June 30, 2006

Grand List Year	Uncollected Sewer Assessments July 1, 2005	Current Assessment	Lawful Corrections		Assessments Collected
			Additions	Deletions	
1982-1983	\$ 2,381	\$ -	\$ -	\$ (2,381)	\$ -
1983-1984	2,331	-	-	(1,122)	1,209
1986-1987	-	-	-	-	-
1995-1996	408	-	-	-	408
1997-1998	10,288	-	-	-	8,680
1999-2000	50,755	-	-	-	18,598
2000-2001	26,173	-	-	-	17,244
2001-2002	188,893	-	-	-	37,905
	<u>\$ 281,229</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,503)</u>	<u>\$ 84,044</u>

Interest	Liens	Total Collected	Taxes Receivable June 30, 2006
\$ -	\$ -	\$ -	-
4,510	19	5,738	-
-	-	-	-
297	24	729	-
715	384	9,779	1,608
2,389	48	21,035	32,157
8,185	24	25,453	8,929
9,705	24	47,634	150,988
<u>\$ 25,801</u>	<u>\$ 523</u>	<u>\$ 110,368</u>	<u>\$ 193,682</u>

CITY OF NORWALK, CONNECTICUT

SCHEDULE OF LONG-TERM BONDED DEBT

For the Year Ended June 30, 2006

Bonds	Bond Number	Issue Date	Interest Rate	Maturity Date	Original Amount
<u>GENERAL GOVERNMENT</u>					
City Capital Improvement Bonds	88	07/15/1991	6.40-6.50	1/15/2006	\$ 4,907,600
	93	07/15/1996	5.00-5.15	1/15/2011*	9,743,260
	94	07/15/1997	4.65-4.80	1/15/2012*	7,400,001
	95	07/15/1998	4.25-6.00	1/15/2013*	9,207,175
	96	07/15/1999	4.40-6.00	1/15/2014*	17,935,000
	97	07/15/2000	4.875-5.00	1/15/2015*	11,571,000
	98	07/15/2001	4.00-5.00	1/15/2016*	13,578,000
	99	04/18/2002	4.00-5.00	10/1/2011	15,598,465
	102	07/15/2003	3.00-5.00	07/15/2023	40,029,993
	103	11/12/2003	2.00-4.00	07/15/2014	20,868,930
	104	03/24/2004	2.00-4.00	01/15/2016	10,829,850
	105	06/10/2004	3.00-5.00	08/01/2016*	19,431,861
	106	07/01/04	3.25-4.375	07/01/2018	38,673,000
	107	03/29/05	2.35-5.00	07/01/2024	22,600,110
	108	07/01/05	3.25-7.20	007/01/2025	21,650,000
Total City capital improvement bonds					
Maritime Center Project Bonds	-	11/15/86	6.95-7.20	2/1/2015	23,314,942

Amount Outstanding June 30, 2005		Additions	Payments/ Refunding	Amount Outstanding June 30, 2006
\$	326,900	\$ -	\$ (326,900)	\$ -
	760,815	-	(760,815)	-
	1,160,001	-	(580,000)	580,001
	1,405,850	-	-	1,405,850
	5,640,000	-	(1,410,000)	4,230,000
	3,654,000	-	(783,000)	2,871,000
	3,510,750	-	(604,500)	2,906,250
	10,564,029	-	(1,794,965)	8,769,064
	40,029,993	-	-	40,029,993
	20,763,693	-	(105,238)	20,658,455
	9,625,500	-	(27,900)	9,597,600
	12,206,260	-	(1,579,239)	10,627,021
	24,548,000	-	-	24,548,000
	22,600,110	-	(616,333)	21,983,777
	-	21,325,000	-	21,325,000
	156,795,901	21,325,000	(8,588,890)	169,532,011
	2,782,794	-	(449,828)	2,332,966

CITY OF NORWALK, CONNECTICUT

SCHEDULE OF LONG-TERM BONDED DEBT, Continued
 For the Year Ended June 30, 2006

Bonds	Bond Number	Issue Date	Interest Rate	Maturity Date	Original Amount
ENTERPRISE FUNDS					
Parking Authority	88	07/15/1991	6.30-6.50	1/15/2006	22,400
	93	07/15/1996	4.85-5.60	1/15/2011*	124,740
	94	07/15/1997	4.55-4.80	1/15/2012*	99,999
	95	07/15/1998	4.30-4.75	1/15/2013*	25,575
	99	04/18/2002	4.00-5.00	10/1/2011	240,085
Maritime Parking Garage	101	12/15/2002	4.00-5.00	12/15/2002*	9,110,000
	102	07/15/2003	3.00-5.00	07/15/2023	553,000
	103	11/12/2003	2.00-4.00	07/15/2014	111,670
	106	07/01/04	3.25-4.375	07/01/2018	327,000
	108	07/01/05	3.25-5.00	07/01/2025	327,000
Total Parking Authority					
Water Pollution Control Authority	88	07/15/1991	6.30-6.50	1/15/2006	70,000
	93	07/15/1996	4.85-5.60	1/15/2011*	132,000
	95	07/15/1998	4.30-4.75	1/15/2013*	767,250
	96	07/15/1999	4.40-6.00	1/15/2014*	1,065,000
	97	07/15/2000	4.875-5.00	1/15/2015*	1,729,000
	98	07/15/2001	4.00-4.75	1/15/2016*	1,022,000
	99	04/18/02	4.00-5.00	10/01/11	1,566,450
	102	07/15/2003	3.00-5.00	07/15/2023	417,007
	103	11/12/2003	2.00-4.00	07/15/2014	1,824,400
	104	03/24/2004	2.00-4.00	01/15/2016	815,150
	105	06/10/2004	3.00-5.00	08/01/2016	563,139
	107	03/29/05	2.35-5.00	07/01/2024	229,890*
	108	07/01/05	3.25-5.00	07/01/05	1,350,000
	CFW 190-DCI	12/31/04	2.00	09/30/2019	1,830,187
	CWF 199-L	07/01/1996	2.00	7/1/2015	4,550,161
CWF 301-C	12/30/1997	2.00	12/31/2016	1,934,212	
CWF 397-C	01/31/2000	2.00	1/31/2019	673,270	
CWF 190DC	09/30/2000	2.00	1/31/2019*	41,294,122	
CWF 190-L1	12/21/2001	2.00	1/31/2019*	4,930,815	
Total Water Pollution Control Authority					
Total City capital improvement bonds					

Amount Outstanding June 30, 2005	Additions	Payments/ Refunding	Amount Outstanding June 30, 2006
5,600	-	(5,600)	-
31,185	-	(31,185)	-
39,999	-	(20,000)	19,999
4,650	-	-	4,650
415,121	-	(70,535)	344,586
8,880,000	-	(240,000)	8,640,000
553,000	-	-	553,000
111,107	-	(562)	110,545
327,000	-	-	327,000
-	325,000	-	325,000
10,367,662	325,000	(367,882)	10,324,780
17,500	-	(17,500)	-
33,000	-	(33,000)	-
139,500	-	-	139,500
360,000	-	(90,000)	270,000
546,000	-	(117,000)	429,000
264,250	-	(45,500)	218,750
1,085,850	-	(184,500)	901,350
417,007	-	-	417,007
1,815,200	-	(9,200)	1,806,000
724,500	-	(2,100)	722,400
353,740	-	(45,761)	307,979
224,890	-	(3,667)	221,223
-	1,350,000	-	1,350,000
1,776,574	-	(108,846)	1,667,728
2,497,022	-	(225,775)	2,271,247
1,194,171	-	(93,295)	1,100,876
480,941	-	(31,129)	449,812
30,771,295	-	(1,885,279)	28,886,016
4,075,522	-	(217,018)	3,858,504
46,776,962	1,350,000	(3,109,570)	45,017,392
\$ 216,723,319	\$ 23,000,000	\$ (12,516,170)	\$ 227,207,149

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Statistical Section

Statistical Section

This part of the City of Norwalk, Connecticut's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

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Financial Trends

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time. 91

Revenue Capacity

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax. 97

Debt Capacity

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future. 102

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place. 106

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs. 108

CITY OF NORWALK
NET ASSETS BY COMPONENT
LAST TEN FISCAL YEARS
(accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year				
	2002	2003	2004	2005	2006
Governmental activities					
Invested in capital assets, net of related debt	\$ 189,499	\$ 163,057	\$ 145,421	\$ 160,877	\$ 185,092
Restricted	20,139	14,173	-	-	-
Unrestricted	9,836	12,858	35,118	46,944	40,209
Total governmental activities net assets	<u>219,474</u>	<u>190,088</u>	<u>180,539</u>	<u>207,821</u>	<u>225,301</u>
Business-type activities					
Invested in capital assets, net of related debt	-	35,869	49,638	53,740	53,072
Restricted	-	-	663	676	705
Unrestricted	-	687	1,202	(1,716)	7,350
Total business-type activities net assets	<u>-</u>	<u>36,556</u>	<u>51,503</u>	<u>52,700</u>	<u>61,127</u>
Primary Government					
Invested in capital assets, net of related debt	189,499	198,926	195,059	214,617	238,164
Restricted	20,139	14,173	663	676	705
Unrestricted	9,836	13,545	36,320	45,228	47,559
Total primary government net assets	<u>\$ 219,474</u>	<u>\$ 226,644</u>	<u>\$ 232,042</u>	<u>\$ 260,521</u>	<u>\$ 286,428</u>

1. There were no business activities in Fiscal Year 2002. Capital assets related to business type activities were transferred from governmental to business types activities in Fiscal Year 2003.
2. Data is only available from Fiscal Year 2002 when GASB 34 took effect.

CITY OF NORWALK
CHANGES IN NET ASSETS
LAST TEN FISCAL YEARS
(accrual basis of accounting)
(amounts expressed in thousands)

Expenses	Fiscal Year				
	2002	2003	2004	2005	2006
Governmental activities:					
General government	\$ 6,311	\$ 6,601	\$ 16,275	\$ 14,342	\$ 16,091
Education	133,246	159,438	149,825	164,242	176,895
Public safety	29,949	33,721	32,584	34,696	37,415
Health & welfare	1,811	2,076	7,548	3,764	2,163
Public works	2,257	19,631	30,436	28,045	28,363
Recreation, arts and cultural	15,958	21,890	7,035	7,643	8,308
Interest on debt	6,809	6,635	4,181	9,609	6,817
Total governmental activities expenses	<u>196,341</u>	<u>249,992</u>	<u>247,884</u>	<u>262,341</u>	<u>276,052</u>
Business-type activities: (2)					
Parking Authority	-	1,614	2,963	3,943	4,227
Water Pollution Control Authority	-	8,004	7,977	8,465	8,799
Total business-type activities net assets	<u>-</u>	<u>9,618</u>	<u>10,940</u>	<u>12,408</u>	<u>13,026</u>
Total primary government expenses	<u>\$ 196,341</u>	<u>\$ 259,610</u>	<u>\$ 258,824</u>	<u>\$ 274,749</u>	<u>\$ 289,078</u>
Program Revenues					
Governmental activities					
Charges for services:					
General government	1,974	9,363	7,414	7,220	7,680
Education	4,189	11,842	3,867	3,640	2,687
Public safety	1,440	5,132	2,383	2,715	3,105
Health & welfare	450	1,698	492	510	555
Public works	2,379	914	7,784	7,617	8,699
Recreation, arts and cultural	524	-	628	642	614
Operating grants and contributions	40,515	36,330	29,412	34,276	40,407
Capital grants and contributions	3,563	740	2,225	18,571	12,971
Total governmental activities program revenues	<u>55,034</u>	<u>66,019</u>	<u>54,205</u>	<u>75,191</u>	<u>76,718</u>

	Fiscal Year				
	2002	2003	2004	2005	2006
Business-type activities: (2)					
Charges for services:					
Parking Authority	-	1,242	2,491	3,010	3,572
Water Pollution Control Authority	-	9,375	9,597	10,034	10,268
Capital grants and contributions	-	-	499	348	7,230
Total business-type activities program revenues	-	10,617	12,587	13,392	21,070
Total primary government program revenues	<u>\$ 55,034</u>	<u>\$ 76,636</u>	<u>\$ 66,792</u>	<u>\$ 88,583</u>	<u>\$ 97,788</u>
Net (expense)/revenue					
Governmental activities	(141,307)	(183,973)	(193,679)	(187,150)	(199,334)
Business-type activities	-	999	1,647	984	2,655
Total primary government net expense	<u>\$ (141,307)</u>	<u>\$ (182,974)</u>	<u>\$ (192,032)</u>	<u>\$ (186,166)</u>	<u>\$ (196,679)</u>
General revenues and other changes in net expenses					
Governmental activities:					
Property taxes	166,406	175,563	187,008	199,970	207,199
Grants and contributions not restricted to specific programs	7,041	5,540	8,884	10,174	8,079
Unrestricted investment earnings	4,284	5,085	1,560	4,288	4,631
Transfers and other	-	(35,437)	(13,323)	-	-
Total governmental activities	<u>177,731</u>	<u>150,751</u>	<u>184,129</u>	<u>214,432</u>	<u>219,909</u>
Business-type activities: (2)					
Unrestricted investment earnings	-	120	33	213	383
Transfers and other	-	35,437	13,267	-	-
Total business-type activities	-	<u>35,557</u>	<u>13,300</u>	<u>213</u>	<u>383</u>
Total primary government	<u>\$ 177,731</u>	<u>\$ 186,308</u>	<u>\$ 197,429</u>	<u>\$ 214,645</u>	<u>\$ 220,292</u>
Changes in net assets					
Governmental activities	36,424	(33,222)	(9,550)	27,282	20,575
Business-type activities (2)	-	36,556	14,947	1,197	8,427
Total primary government	<u>\$ 36,424</u>	<u>\$ 3,334</u>	<u>\$ 5,397</u>	<u>\$ 28,479</u>	<u>\$ 29,002</u>

1. There were no business activities in Fiscal Year 2002. Capital assets related to business type activities were transferred from governmental to business types activities in Fiscal Year 2003.
2. Data is only available from Fiscal Year 2002 when GASB 34 took effect.

CITY OF NORWALK
Governmental Activities Tax Revenues By Source
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

Fiscal Year	Property Tax
2002	\$ 166
2003	176
2004	187
2005	200
2006	207

1. Data is only available from Fiscal Year 2002 when GASB 34 took effect.

CITY OF NORWALK
Fund Balance of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General fund										
Reserved	\$ 574	\$ 731	\$ 3,050	\$ 3,394	\$ 2,586	\$ -	\$ -	\$ 186	\$ 555	\$ 289
Unreserved, designated	1,750	2,500	4,000	1,000	3,750	6,817	3,073	3,031	5,113	3,861
Unreserved, undesignated	9,377	11,408	9,414	11,928	15,348	8,663	13,054	17,054	25,750	28,498
Total general fund	<u>\$ 11,701</u>	<u>\$ 14,639</u>	<u>\$ 16,464</u>	<u>\$ 16,322</u>	<u>\$ 21,684</u>	<u>\$ 15,480</u>	<u>\$ 16,127</u>	<u>\$ 20,271</u>	<u>\$ 31,418</u>	<u>\$ 32,648</u>
All other governmental funds										
Reserved	35	35	44	55	50	-	-	46	46	-
Unreserved, reported in:										
Capital projects funds	(5,532)	(21,372)	(23,191)	(27,096)	14,169	20,140	14,174	22,817	28,365	20,226
Special revenue funds	1,253	2,017	1,956	2,595	3,212	3,564	3,820	3,216	2,598	1,173
Total all other governmental funds	<u>\$ (4,244)</u>	<u>\$ (19,320)</u>	<u>\$ (21,191)</u>	<u>\$ (24,446)</u>	<u>\$ 17,431</u>	<u>\$ 23,704</u>	<u>\$ 17,994</u>	<u>\$ 26,079</u>	<u>\$ 31,009</u>	<u>\$ 21,399</u>

CITY OF NORWALK
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Revenues										
Property taxes, interest and liens	\$ 151,500	\$ 154,800	\$ 155,045	\$ 161,677	\$ 170,872	\$ 168,236	\$ 185,354	\$ 185,044	\$ 200,533	\$ 206,567
Intergovernmental	36,911	41,804	45,384	47,141	46,152	49,943	46,915	52,737	69,057	47,752
State on-behalf payments	- ⁽²⁾	- ⁽²⁾	- ⁽²⁾	- ⁽²⁾	- ⁽²⁾	- ⁽²⁾	- ⁽²⁾	3,957	3,951	10,413
Licenses, permits, fees and other	10,918	9,664	9,981	10,741	12,332	11,769	9,904	12,522	14,803	28,619
Interest	3,163	3,519	3,301	4,549	5,196	2,538	2,270	838	4,287	4,632
Total revenues	202,492	209,787	213,711	224,108	234,552	232,486	244,443	255,098	292,631	297,983
Expenditures										
General government	5,464	5,294	5,696	6,090	5,960	6,385	6,299	8,483	8,449	6,963
Health and welfare	4,393	2,170	1,852	1,770	1,772	1,770	1,773	4,646	4,898	5,612
Education	99,391	98,137	102,900	109,459	124,238	129,355	135,911	140,669	148,862	162,733
Employee benefits	13,021	14,373	13,773	11,731	10,493	11,794	14,116	16,905	17,559	19,081
Public Safety	24,292	25,208	25,056	27,605	28,048	29,095	28,301	30,019	30,907	36,476
Community grants	4,617	11,294	14,962	16,253	6,469	5,370	4,466	3,843	4,386	3,216
Public works	19,429	20,320	20,231	21,360	21,176	20,153	15,075	14,086	14,584	15,368
Recreation arts & culture	6,810	5,909	6,025	6,795	6,462	13,946	13,848	6,475	6,372	6,812
Maritime center subsidy	-	-	-	-	-	-	-	7,398	7,606	8,325
Sundry	-	-	-	-	-	475	-	65	-	-
Capital outlay	19,599	31,067	18,848	30,304	19,496	18,070	32,095	38,796	57,192	45,555
Debt service	16,262	15,642	14,412	15,137	17,796	15,875	18,321	-	-	-
Principal	-	-	-	-	-	-	-	8,467	7,308	9,039
Interest	-	-	-	-	-	-	-	3,385	7,088	8,507
Total expenditures	213,278	229,414	223,755	246,504	241,910	252,288	270,205	283,237	315,211	327,687
Excess of revenues over (under) expenditures	(10,786)	(19,627)	(10,044)	(22,396)	(7,358)	(19,802)	(25,762)	(28,139)	(22,580)	(29,704)
Other financing sources (uses)										
Transfers in	-	-	-	-	-	38	6,544	-	-	-
Transfers out	-	-	-	-	-	(38)	(6,544)	-	-	-
Proceeds from issuance of bonds (notes)	14,550	7,500	10,000	19,000	54,594	36,936	20,700	91,161	61,257	21,325
Premium from issuance of bonds	-	-	-	-	-	-	-	2,067	78	-
Payments to escrow agent	-	-	-	-	-	(17,065)	-	(52,860)	(22,678)	-
Total from financing sources (uses)	14,550	7,500	10,000	19,000	54,594	19,871	20,700	40,368	38,657	21,325
Net change in fund balances	\$ 3,764	\$ (12,127)	\$ (44)	\$ (3,396)	\$ 47,236	\$ 69	\$ (5,062)	\$ 12,229	\$ 16,077	\$ (8,379)
Debt service as a percentage of noncapital expenditures	(3)	(3)	(3)	(3)	(3)	7.8% ⁽⁴⁾	7.4% ⁽⁴⁾	4.7% ⁽⁴⁾	5.5% ⁽⁴⁾	6.1% ⁽⁴⁾

1. Debt service not broken out between principal and interest Fiscal Year 2003 and before
2. State on-behalf payments for revenue not broken out prior to fiscal year 2004.
3. Debt service as a percentage of noncapital expenditures is only available after GASB 34 was implemented
4. Debt service as a percentage of noncapital expenditures takes into account capitalized assets from all functions.

CITY OF NORWALK
General Governmental Tax Revenues By Source
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

Fiscal Year	Property Tax
1997	\$ 149
1998	153
1999	153
2000	160
2001	168
2002	170
2003	183
2004	185
2005	201
2006	207

City of Norwalk
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(amounts expressed in thousands)

Fiscal Year Ended June 30	Real Property		Personal Property			Less Exemptions ⁽³⁾	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Tax Value	Assessed Value as a Percentage of Actual Value
	Residential	Commercial	Land	Motor Vehicles	Other					
1997	\$ 1,178,797	\$ 551,113	\$ 991,612	\$ 340,196	\$ 365,475	\$ 74,376	\$ 3,352,817	\$ 42.0	\$ 7,292,544	47.00%
1998	1,188,347	564,947	995,691	354,944	399,473	75,298	3,428,104	42.1	8,025,570	43.65%
1999	1,203,715	567,436	995,619	374,794	400,922	70,268	3,472,218	42.2	8,431,673	42.01%
2000	1,888,461	887,946	21,217	404,030	401,986	73,648	3,529,992	42.5	9,012,940	39.98%
2001	2,429,610	987,330	32,817	434,416	402,314	73,791	4,212,696	39.0	9,035,556	47.44%
2002	4,092,740	1,399,316	45,917	466,691	432,201	1,475,733	4,961,132	33.4	12,290,047	52.37%
2003	4,125,244	1,502,934	50,108	481,815	417,185	782,848	5,794,438	31.1	11,717,836	56.13%
2004	4,161,708	1,495,689	45,721	503,046	421,287	101,154	6,526,297	28.3	15,576,344	42.55%
2005	4,845,240	1,684,477	60,418	481,751	410,122	101,312	7,380,696	26.5	15,183,215	49.28%
2006	5,634,018	1,711,745	88,562	521,445	408,120	94,898	8,268,992	24.6	15,734,794	53.16%

1. Source: City of Norwalk Assessor's Office.

2. The Grand list for the fiscal year would be October 1 prior to the start of the year. For example if the fiscal year begins July 1, 2005 the grand list is dated October 1, 2005.

3. Includes corrections.

4. State statute requires each municipality to revalue real property every five years and to conduct a mass appraisal once every ten years. Norwalk completed a revaluation in 2003 by an independent appraisal group. The revaluation is being phased in over a four year period for fiscal years ending 2005 through 2008.

**City of Norwalk
DIRECT GOVERNMENTS ⁽⁵⁾
Last Ten Fiscal Years**

Fiscal Year Ended June 30	⁽²⁾	District 1	District 2	District 3	District 4	District 5	District 6	Motor Vehicle	General Government Services	General Obligation Debt Service	Total
1997		46.5	46.5	46.5	46.7	42.0	41.6	37.8	38.8	3.2	42.0
1998		46.5	46.5	46.5	46.7	42.1	41.3	37.9	39.2	2.9	42.1
1999		46.4	46.4	46.4	46.6	42.2	41.4	37.9	39.5	2.7	42.2
2000		47.0	47.0	47.0	47.2	42.5	41.6	38.4	39.9	2.6	42.5
2001		42.8	42.8	42.8	42.9	39.0	37.2	20.0	36.1	2.9	39.0
2002		36.5	36.5	36.5	36.7	33.4	32.0	20.0	31.3	2.1	33.4
2003		31.9	31.9	31.9	32.0	31.1	29.6	20.0	29.0	2.1	31.1
2004		29.0	29.0	29.0	29.1	28.3	27.1	25.0	27.1	1.2	28.3
2005		27.1	27.1	27.1	27.2	26.5	25.4	27.2	25.3	1.2	26.5
2006		25.1	25.1	25.1	25.2	24.6	23.5	25.2	23.3	1.3	24.6

1. Source: City of Norwalk Assessor's Office

2. The Grand list for the fiscal year would be October 1 prior to the start of the year. For example if the fiscal year begins July 1, 2005 the grand list is dated October 1, 2005.

3. Includes corrections.

4. State statute requires each municipality to revalue real property every five years and to conduct a mass appraisal once every ten years. Norwalk completed a revaluation in 2003 by an independent appraisal group. The revaluation is being phased in over a four year period for fiscal years ending 2005 through 2008.

5. The City has multiple districts that are provided services. The First District is downtown Norwalk, the second is South Norwalk, the third is East Norwalk, The fourth includes street lighting and garbage pickup, and the fifth includes no garbage but street lightning. The Sixth District (Rowayton) does not include fire services, garbage, or street lighting. A portion of the milage goes back to their district office to provide certain services.

City of Norwalk
Principal Property Taxpayers
June 30 2006
(amounts expressed in thousands)

Taxpayer	2006			1997		
	Taxable Assessed	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed	Rank	Percentage of Total Taxable Assessed Value
	Value		Value	Value		Value
Merritt 7 Venture LLC	\$ 173,391	1	2.1%	\$ 41,694	2	1.2%
National Office Partners	49,016	2	0.6%			
45 Glover Partners LLC	45,246	3	0.5%			
Connecticut Light and Power	40,082	4	0.5%	72,163	1	2.2%
Norwalk Power LLC	38,849	5	0.5%			
Merritt River Residential LLC	35,123	6	0.4%			
Norden Place LLC	31,685	7	0.4%			
Merritt River Partners LLC	28,749	8	0.3%			
Fairfield Merritt View LP	25,234	9	0.3%			
Yankee Gas Services Company	24,348	10	0.3%	14,797	8	0.4%
U.S Surgical Corporation				33,952	3	1.0%
State of California Public Employee Retirement System				28,005	4	0.8%
GTE Realty & GTE Service Corp.				25,679	5	0.8%
Westinghouse (Norden)				20,153	6	0.6%
Beiersdorf				15,957	7	0.5%
Pepperidge Farm Inc.				13,838	9	0.4%
Second Merritt Seven Joint Venture				12,523	10	0.4%
Totals	\$ 491,723		5.9%	\$ 278,761		8.3%
Total Taxable Grand List	\$ 8,268,992			\$ 3,351,524		

1. Source: City of Norwalk Assessor's Office

**City of Norwalk
Property Tax Levies and Collections
Last Ten Fiscal Years
(amounts expressed in thousands)**

Fiscal Year Ended	Total Tax Levy for	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
June 30	Fiscal Year					
1997	\$ 150,694	\$ 146,419	97.2%	\$ 4,269	\$ 150,688	100.0%
1998	154,346	150,176	97.3%	4,162	154,338	100.0%
1999	155,530	151,871	97.6%	3,649	155,520	100.0%
2000	160,966	157,463	97.8%	3,489	160,952	100.0%
2001	167,648	164,416	98.1%	3,416	167,832	100.1%
2002	170,449	167,785	98.4%	3,487	171,272	100.5%
2003	176,659	173,425	98.2%	3,013	176,438	99.9%
2004	186,499	183,694	98.5%	2,421	186,115	99.8%
2005	198,475	195,878	98.7%	1,732	197,610	99.6%
2006	208,336	205,247	98.5%	-	205,247	98.5%

1. Source: City of Norwalk Tax Collector's Office.
2. The amount collected each fiscal year represents collections for 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. 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. Real estate is liened for delinquent taxes within one year after the due date.

City of Norwalk
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(amounts expressed in thousands, except per capita amount)

Fiscal Year	Governmental	Business Type Activities		Total Primary Government	Percentage of Personal Income	Per Capita
	Activities	General	Lease			
	General	General	Lease			
	Obligation	Obligation	Revenue			
	Bonds	Bonds	Bonds			
1997	\$ 77,438	\$ -	\$ -	\$ 77,438	3.36%	\$ 971
1998	76,019	-	-	76,019	3.27%	975
1999	76,159	-	-	76,159	3.16%	976
2000	86,388	-	-	86,388	3.48%	1,106
2001	129,092	-	-	129,092	4.75%	1,556
2002	139,359	-	-	139,359	4.97%	1,673
2003	92,968	51,096	9,110	153,174	5.26%	1,821
2004	126,790	49,192	9,110	185,092	6.18%	2,199
2005	159,579	48,264	8,880	216,723	7.02%	2,567
2006	171,865	46,702	8,640	227,207	7.18%	2,692

- (1) Details regarding the City's outstanding debt can be found in the notes to the financial statements
(2) Ratios are calculated using personal income and population data found in the Demographic and Economic section of statistical information.
(3) Total personal income is estimated based on the 2000 U.S. Bureau of Census and adjusting by 3% for each year.

City of Norwalk
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years
(amounts expressed in thousands, except per capita amount)

Fiscal Year	General Obligation Bonds	Percentage of Estimated Actual Taxable Value of Property	Per Capita
1997	\$ 77,438	1.06%	\$ 971
1998	76,019	0.95%	975
1999	76,159	0.90%	976
2000	86,388	0.96%	1,106
2001	129,092	1.43%	1,556
2002	139,359	1.13%	1,673
2003	92,968	0.79%	1,105
2004	126,790	0.81%	1,506
2005	159,579	1.05%	1,890
2006	171,865	1.09%	2,036

- (1) Details regarding the City's outstanding debt can be found in the notes to the financial statements.
- (2) Ratios are calculated using estimated actual value of taxable property shown within this section of statistical information.
- (3) Ratios are calculated using population data found in the Demographic and Economic section of statistical information.

CITY OF NORWALK
Legal Debt Margin Information
Last Ten Fiscal Years
(amounts expressed in thousands)

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General Debt										
Debt Limit	\$ 344,960	\$ 352,313	\$ 354,597	\$ 367,940	\$ 389,294	\$ 388,518	\$ 404,243	\$ 424,404	\$ 452,735	\$ 470,780
Total net debt applicable to limit	53,284	48,935	65,970	67,060	74,030	69,532	85,942	76,079	89,521	83,647
Legal Debt Margin	<u>\$ 291,676</u>	<u>\$ 303,378</u>	<u>\$ 288,627</u>	<u>\$ 300,880</u>	<u>\$ 315,264</u>	<u>\$ 318,986</u>	<u>\$ 318,301</u>	<u>\$ 348,325</u>	<u>\$ 363,214</u>	<u>\$ 387,133</u>
Total net debt applicable to the limit as percentage of debt limit	15.45%	13.89%	18.60%	18.23%	19.02%	17.90%	21.26%	17.93%	19.77%	17.77%
Schools										
Debt Limit	\$ 689,920	\$ 704,627	\$ 709,194	\$ 735,879	\$ 778,589	\$ 777,036	\$ 808,486	\$ 848,807	\$ 905,470	\$ 941,562
Total net debt applicable to limit	16,363	22,145	25,021	23,610	35,966	38,499	92,204	138,759	164,222	161,038
Legal Debt Margin	<u>\$ 673,557</u>	<u>\$ 682,482</u>	<u>\$ 684,173</u>	<u>\$ 712,269</u>	<u>\$ 742,623</u>	<u>\$ 738,537</u>	<u>\$ 716,282</u>	<u>\$ 710,048</u>	<u>\$ 741,248</u>	<u>\$ 780,524</u>
Total net debt applicable to the limit as percentage of debt limit	2.37%	3.14%	3.53%	3.21%	4.62%	4.95%	11.40%	16.35%	18.14%	17.10%
Sewers										
Debt Limit	\$ 574,933	\$ 587,189	\$ 590,995	\$ 613,233	\$ 648,824	\$ 647,530	\$ 673,738	\$ 707,339	\$ 754,558	\$ 784,634
Total net debt applicable to limit	83,640	70,708	45,581	52,012	63,288	53,729	51,031	47,906	48,127	45,018
Legal Debt Margin	<u>\$ 491,293</u>	<u>\$ 516,481</u>	<u>\$ 545,414</u>	<u>\$ 561,221</u>	<u>\$ 585,536</u>	<u>\$ 593,801</u>	<u>\$ 622,707</u>	<u>\$ 659,433</u>	<u>\$ 706,431</u>	<u>\$ 739,616</u>
Total net debt applicable to the limit as percentage of debt limit	14.55%	12.04%	7.71%	8.48%	9.75%	8.30%	7.57%	6.77%	6.38%	5.74%
Urban Renewal										
Debt Limit	\$ 498,275	\$ 508,897	\$ 512,196	\$ 531,468	\$ 562,314	\$ 561,192	\$ 583,906	\$ 613,027	\$ 653,950	\$ 680,017
Total net debt applicable to limit	4,490	4,353	4,770	15,080	14,957	3,892	8,739	9,161	9,296	8,946
Legal Debt Margin	<u>\$ 493,785</u>	<u>\$ 504,544</u>	<u>\$ 507,426</u>	<u>\$ 516,388</u>	<u>\$ 547,357</u>	<u>\$ 557,300</u>	<u>\$ 575,167</u>	<u>\$ 603,866</u>	<u>\$ 644,654</u>	<u>\$ 671,071</u>
Total net debt applicable to the limit as percentage of debt limit	0.90%	0.86%	0.93%	2.84%	2.66%	0.69%	1.50%	1.49%	1.42%	1.32%
Pension Funding (1)										
Debt Limit	Not applicable	Not applicable	Not applicable	\$ 490,586	\$ 519,059	\$ 518,024	\$ 538,990	\$ 565,872	\$ 603,647	\$ 627,708
Total net debt applicable to limit				-	-	-	-	-	-	-
Legal Debt Margin				<u>\$ 490,586</u>	<u>\$ 519,059</u>	<u>\$ 518,024</u>	<u>\$ 538,990</u>	<u>\$ 565,872</u>	<u>\$ 603,647</u>	<u>\$ 627,708</u>
Total net debt applicable to the limit as percentage of debt limit				0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total										
Debt Limit	\$ 1,073,209	\$ 1,096,086	\$ 1,103,191	\$ 1,144,701	\$ 1,211,138	\$ 1,208,722	\$ 1,257,644	\$ 1,320,367	\$ 1,408,509	\$ 1,464,651
Total net debt applicable to limit	157,777	146,141	141,342	157,762	188,241	165,652	237,916	271,905	311,166	298,649
Legal Debt Margin	<u>\$ 915,432</u>	<u>\$ 949,945</u>	<u>\$ 961,849</u>	<u>\$ 986,939</u>	<u>\$ 1,022,897</u>	<u>\$ 1,043,070</u>	<u>\$ 1,019,728</u>	<u>\$ 1,048,462</u>	<u>\$ 1,097,343</u>	<u>\$ 1,166,002</u>
Total net debt applicable to the limit as percentage of debt limit	14.70%	13.33%	12.81%	13.78%	15.54%	13.70%	18.92%	20.59%	22.09%	20.39%

(1) There was no legal debt limit for Pension Funding prior to Fiscal Year 2000.

CITY OF NORWALK
Legal Debt Margin Information
For Fiscal For Fiscal Year 2006
(amounts expressed in thousands)

Total Fiscal Year 2006 tax collections (taxes, interest and fees)	\$ 209,168
Tax Relief for the elderly	69
Base for establishing debt limit	<u>\$ 209,237</u>

	<u>General Purpose</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Funding</u>	<u>Total</u>
Debt Limitation						
2 1/4 times base	\$ 470,780					
4 1/2 times base		\$ 941,562				
3 3/4 times base			\$ 784,634			
3 1/4 times base				\$ 680,017		
3 times base					\$ 627,708	
7 times base						\$ 1,464,651
Total net debt applicable to limit	<u>83,647</u>	<u>161,038</u>	<u>45,018</u>	<u>8,946</u>	<u>-</u>	<u>298,649</u>
Legal Debt Margin	<u>\$ 387,133</u>	<u>\$ 780,524</u>	<u>\$ 739,616</u>	<u>\$ 671,071</u>	<u>\$ 627,708</u>	<u>\$ 1,166,002</u>

**City of Norwalk
Demographic and Economic Statistics
Last Ten Fiscal Years**

Fiscal Year	Population	Personal Income (amount expressed in thousands)	Per Capita Personal Income	Median Family Income	Median Age	School Enrollment	Unemployment Rate
1997	79,732	\$ 2,306,009	28,922	\$82,900	(1)	10,657	3.6%
1998	77,937	2,328,368	29,875	89,300	(1)	10,703	3.1%
1999	78,064	2,406,557	30,828	94,300	(1)	10,779	3.1%
2000	78,083	2,481,556	31,781	102,400	37.8	10,865	1.8%
2001	82,951	2,715,318	32,734	109,800	37.6	10,999	2.7%
2002	83,316	2,806,666	33,687	115,500	37.0	11,163	3.3%
2003	84,127	2,914,159	34,640	110,500	(1)	11,193	4.1%
2004	84,170	2,996,031	35,595	111,600	(1)	11,119	4.2%
2005	84,412	3,084,921	36,546	(1)	38.5	11,080	4.1%
2006	84,437	3,166,303	37,499	(1)	39.0	10,923	3.8%

Data Sources

(1) Data not available for this particular year

(2) Total personal income and per capita personal income is estimated based on the 2000 U.S. Bureau of Census and adjusting by 3% for each year.

(3) School Enrollment is per the City of Norwalk Board of Education.

**City of Norwalk
Principal Employers
Current Year and Nine Years Ago**

Employer	Nature of Business	2006			1997		
		Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
City of Norwalk	Municipal Government	1,980	1	3.1%	1,970	1	3.1%
Norwalk Health Services Corporation	Hospital/Health Services	1,900	2	3.0%	1,600	2	2.5%
Stew Leonards	Retail Dairy Store/Grocery	800	3	1.3%	700	8	1.1%
MBI	Direct Mail Marketing	800	3	1.3%	700	8	1.1%
Diageo	Premium Beverage Manufacturer	700	5	1.1%			
Hewitt Associates	Management Consultants	600	6	1.0%			
U.S Surgical Corporation	Automatic Suture Instruments	500	7	0.8%	1,000	4	1.6%
Northrup Grumman Norden Systems	Electronic & Radar Systems	500	7	0.8%	650	10	1.0%
Beiersdorf, Inc.	Personal Care Products	450	9	0.7%			
Reed Exhibition Company	Trade Show/Publisher	450	9	0.7%			
Perkin Elmer Corporation	Corp. Headquarters and Optical Electronics				1,300	3	2.1%
Caldor, Inc.	Corporate Headquarters and Retail Stores				1,000	4	1.6%
Pepperidge Farm Inc.	Corporate Headquarters and Bakery				850	6	1.3%
Oxford Health Plans	Health Plan Organization				800	7	1.3%
Total		8,680		10.7%	10,570		13.6%

(1) Source: City of Norwalk Redevelopment Authority

CITY OF NORWALK
Budget Full-time Employees
Last Ten Fiscal Years

Function	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General government	42	40	41	44	44	44	44	44	46	47
Finance	38	36	36	36	35	35	35	33	34	34
Health & welfare	33	22	20	20	20	20	20	20	21	21
Police	206	206	205	204	206	206	206	196	196	196
Fire	147	147	146	146	147	147	149	143	143	143
Other protection	26	19	19	19	19	19	19	35	42	42
Public works & traffic	158	151	145	147	119	119	113	110	114	116
Education	1,273	1,282	1,295	1,299	1,318	1,327	1,344	1,304	1,320	1,513
Recreation, arts & cultural	57	56	55	55	55	57	57	57	54	54
Total	1,980	1,959	1,962	1,970	1,963	1,974	1,987	1,942	1,970	2,166

Data Sources: City Budget Office and Education Budget Office.

CITY OF NORWALK
Operating Indicators by Function
Last Ten Fiscal Years (1)

Function	2004	2005	(2) 2006
General government			
Land records recorded	31,810	26,452	28,500
Vital records recorded	2,879	3,166	3,000
Dog licenses issued	1,718	2,048	2,165
Absentee ballots issued	(3)	2,515	664
Health & welfare			
Food establishment inspections conducted	1,826	1,800	1,715
Septic systems and lots inspected	70	75	91
Beauty salons inspected	100	95	88
Police			
Calls for service	61,510	61,639	64,318
Criminal arrests	3,923	4,312	3,965
Traffic citations issued	4,264	4,212	6,065
Medical emergencies responded to	6,620	7,115	6,794
Marine assistance calls	252	267	246
Fire			
Fire calls	2,885	3,024	2,910
Medical calls	3,135	3,014	2,948
Fire alarms answered	(2)	(2)	(2)
Combined Dispatch			
Emergency calls received	(2)	(2)	82,000
Non-emergency calls received	(2)	(2)	281,000
Public works			
Lane miles of roadways swept	625	1,250	625
Tons of solid waste collected and disposed	82,349	88,240	94,125
Tons of recyclable materials collected and disposed	7,082	7,600	9,000
Recreation, arts & cultural			
Athletic contests played at City venues	20,000	25,000	25,000
Athletic activities practiced at City venues	5,000	5,000	5,000
Visitors to library	388,000	392,000	420,000

(1) Data is not available prior to fiscal year 2004

(2) Not available

CITY OF NORWALK
Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Police										
Police cars	72	72	72	92	107	124	114	122	122	119
Marine vessels	3	3	3	3	3	3	3	3	3	3
Fire										
Fire stations	5	5	5	5	5	5	5	5	5	5
Public works										
Miles of streets	625	625	625	625	625	625	625	625	625	625
Miles of sidewalks	125	125	125	125	125	125	125	125	125	125
Miles of sanitary sewers	165	165	165	165	165	165	165	165	165	180
Municipal parking spaces	3,216	3,216	3,356	3,356	3,785	3,846	4,487	4,487	4,487	3,973
Vehicles	(1)	(1)	(1)	(1)	(1)	(1)	(1)	132	147	171
Pump Stations	26	26	26	26	26	26	26	26	26	24
Recreation, arts & cultural										
Acres of public park lands	1,215	1,215	1,300	1,000	1,000	1,000	1,000	1,000	1,000	1,050
Public beaches	2	2	2	2	2	2	2	2	2	2
Boat launching areas	2	2	2	2	2	2	2	2	2	2
Municipal marinas	1	1	1	1	1	1	1	1	2	2
Athletic diamonds	41	41	41	41	41	41	41	41	41	41
Municipal golf courses (18 holes)	1	1	1	1	1	1	1	1	1	1
Senior Centers	1	1	1	1	1	1	1	1	1	1
Library branches	4	4	4	4	4	4	4	4	4	4
Library volumes	275,000+	275,000+	275,000+	275,000+	275,000+	275,000+	275,000+	305,000+	305,000+	275,000+
Public museums	3	3	3	3	3	3	3	3	3	3

(1) Not available