

CITY OF NORWALK,  
CONNECTICUT



COMPREHENSIVE ANNUAL  
FINANCIAL REPORT

**FISCAL YEAR ENDED JUNE 30, 2018**

DEPARTMENT OF FINANCE  
125 EAST AVENUE  
NORWALK, CONNECTICUT



# **CITY OF NORWALK, CONNECTICUT**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

FISCAL YEAR ENDED JUNE 30, 2018



PREPARED BY THE FINANCE DEPARTMENT

DIRECTOR OF FINANCE  
COMPTROLLER

ROBERT O. BARRON  
FREDERIC J. GILDEN



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## **Introductory Section**





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## LETTER OF TRANSMITTAL

December 31, 2018

Harry W. Rilling, 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, 2018.

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 that ended June 30, 2018.

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.

RSM US LLP has issued an unmodified (“clean”) opinion on the City of Norwalk’s financial statements for the year ended June 30, 2018. The independent auditor’s report is located at the front of the financial section of this report.

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 complements this letter of transmittal and should be read in conjunction with it.

### **PROFILE OF THE CITY**

Norwalk, first settled in 1640, is Connecticut’s sixth largest City by population. In 1913 the former City of Norwalk, the City of South Norwalk, and the East Norwalk Fire District consolidated and

incorporated as the City of Norwalk. Rowayton and Silvermine are also sections of the City. Norwalk covers an area of 26.6 square miles located on Long Island Sound between Bridgeport and Stamford. It is bound on the west by Darien and New Canaan, north by Wilton, and east by Westport.

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

Norwalk is a diversified research, development and industrial center. It is also an important residential suburb as well as a shopping and service community located in one of the highest per capita income areas of the United States. The 2013-2017 U.S. Bureau of Census lists Norwalk's per capita income (in 2017 dollars) as \$44,888 and the median household income as \$81,546. Both figures are well above the corresponding state and national figures. A large portion of the City's work force is employed in local health care, commercial and retail establishments.

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 and 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](http://www.norwalkct.org). The City employs over 600 full-time employees which provide the above municipal services.

## **FACTORS AFFECTING FINANCIAL CONDITION**

Norwalk is strategically located with significant retail, corporate and tourism offerings in southern Connecticut. The City hosts many regional and corporate headquarters, but no one employer accounts for more than 2.9% of the total jobs or the City's total grand list. This diversity among employment sectors and industries creates great resilience for the City in economic downturns.

The development of the City's budget occurs within the larger context of the economic and fiscal climate. This climate affects both the revenues available to support the City budget, and the expenditure pressures faced by the City. The national economy's recovery and its positive impact on the City's grand list is expected to take some time. Additionally, Connecticut's economic growth has been lagging the nation and is expected to be modest in the near-term.

The Connecticut Department of Labor, in its November 2018, release of Labor Force Data, reported that 5,975,000 people are unemployed nationwide at a rate of 3.7%; whereas, 77,700 people are unemployed statewide at a rate of 4.1% and 1,412 people are unemployed in Norwalk at a rate of 2.7%. The state's slow recovery of jobs from the great recession has had a material impact on taxes collected by the State of Connecticut.

The state's long-term budget challenges are placing pressure for net budget reductions to municipalities in future years. Because of significant development in the City and low reliance

on state aid, Norwalk is in a better situation than most municipalities in the state that have had to raise property taxes or cut services to deal with cuts in state aid.

Fortunately, Norwalk's primary source of revenue—the property tax at 89.3% of total revenue—is not as susceptible to fluctuation as state aid during a recession. Of all the types of taxes, property taxes are the least susceptible to fluctuation. In good economic times, property tax revenues grow more slowly than income or sales taxes; but in a bad economy, property taxes are also the least likely to contract. This is especially true in the State of Connecticut, where real property is reassessed once every five years.

## **MAJOR DEVELOPMENT INITIATIVES**

The City of Norwalk is well positioned to be a leader in attracting new businesses and investment to the City. The City works together with applicants to expedite permitting and to ensure that needed infrastructure improvements are in place to accommodate new development and to mitigate any adverse impacts. These large-scale mixed-use developments are bringing new housing, jobs and retail to the City making Norwalk a destination for residents and travelers alike.

Below is a list of significant activity in the City of Norwalk in the past 12 months that has been completed or is currently under way:

- The SoNo Collection, a new 1.1 million square foot luxury retail shopping center, is under construction in Norwalk just south of Interstate 95 in South Norwalk. The property is being developed by Norwalk Land Development, LLC, a subsidiary of General Growth Properties and Brookfield Partners, with a grand opening scheduled for October 2019. Bloomingdale's and Nordstrom will anchor the development.
- Phase I (80 units) of the Washington Village/South Norwalk Choice Neighborhoods Transformation Plan was completed and Phase II (80 units) has begun construction in 2018. At the completion of the third and final phase of development, this project will have 273 mixed-income units and will transform the existing 136 distressed public housing units into an economically diverse development by blending them with 67 workforce and 70 market rate units.
- A new 21,000 square foot Innovation Center at 15 Oakwood Avenue was approved by the Zoning Commission in April 2018 and is expected to bring new floor covering design technologies to the region.
- At the adjacent Merritt 7 Corporate Park, Marcus Partners has completed impressive building upgrades and continues to maintain its roster of Class-A corporate tenants including Datto, FactSet Research Systems, Emcor Group and the Financial Accounting Foundation, some of the nation's largest corporations.

- The adjacent Towers at Merritt with 650,000 square feet of Class-A office space counts Diageo PLC and General Electric among its corporate tenants. FactSet Research Systems is scheduled to move to a larger facility at 45 Glover Avenue to house its growing workforce in late 2018.
- New transit oriented developments are approved or underway within walking distance of the South Norwalk and East Norwalk Railroad Stations on the main Metro-North line and the Merritt 7 Station on the Danbury line.
  - o In South Norwalk, the Zoning Commission recently approved a new Transit Oriented Development (TOD) at 121-123 Water Street. The new development will include 80 residential units, 4,300 square feet of retail and 1,500 square feet of office in a new 6-story building with excellent views of Norwalk Harbor and Long Island Sound.
  - o In East Norwalk, the Zoning Commission approved a new Transit Oriented Development (TOD) area for several parcels on the south side of the East Norwalk Railroad Station to expand on the Commission's vision for additional transit oriented green developments with active street level uses and upper floor housing located near Metro-North stations. The approved mixed use TOD at 230 East Avenue will include 189 multifamily dwelling units, 39,500 square feet of office space, 5,500 square feet of retail and 4,200 square feet of restaurant spaces in three buildings (two new buildings and one existing building to be renovated).
  - o On Metro-North's Danbury Line railroad, a new 132 unit multifamily building at 1 Glover Avenue is complete and occupied and just north of the railroad station. Construction is underway at Grist Mill Village Buildings A and B, part of a 717 unit commercial planned residential development located on three adjacent sites at the north end of Glover Avenue. This development replaces several office buildings, including the former U.S. Surgical headquarters, with a new residential village providing sought after residential units in close proximity to prime office space and the Danbury Line Rail station; expanding commuting options for employees at the nearby Merritt 7 Corporate Park and Towers at Merritt offices.
- The Maritime Village, located at 19 Day Street, with 57 housing units, office space and a distillery, is complete and occupied.
- SoNo One, located at 1 Bates Court, has been approved and is scheduled to break ground later this year with 40 units of housing to be built along the west side of the train station.
- In Norwalk Center, the Head of the Harbor development on Smith Street is nearly complete and leasing is underway on its 60 units of housing, the site includes 5,000

square feet of office and a public plaza and walkway along the upper Norwalk Harbor waterfront.

- Highpointe Holdings, LLC plans to start construction in 2019 on two new mixed use developments at the intersection of U. S. Route 1 (North Avenue) at Main and High Streets; anchored by ground floor retail with residential units above. The new development includes plans to widen U.S. Route 1 to improve traffic operations at this important crossroads in Norwalk Center. When complete, Wall Street Place, located at the corner of Wall and Isaacs Streets, will add 101 residential units along with retail and restaurant uses adjacent to the new Norwalk Theater and across the street from the popular Garden Cinema. Further east along Westport Avenue, the Commission approved a new 11,000 square foot Bright Beginnings Early Childhood Center at 517 Westport Avenue; providing a greater choice of child care facilities close to large employers.
- Construction continues at Waypointe, a multi-block mixed-use, phased development on West Avenue just north of I-95, which has revitalized the urban core; bringing new residents and round-the-clock activity to the West Avenue corridor. In October 2017 the Commission approved a revised plan for the South Block, now known as The Pinnacle. Work is scheduled to begin late in 2018; and this development will replace an earlier plan for the former Loehmann's store with 330 units of housing along with a new iPic Cinema and 16,800 square feet of new retail. The Waypointe at Midblock, with 362 living units, ground floor retail and three restaurants, Sedona Taphouse, Colony Grill and Barcelona, led the charge in this development opening in 2015.
- Teahouse Lofts on the North Block, with 98 units, and Quincy Lofts, a six story, 69 unit residential building at the corner of Orchard and Quincy St followed; both are complete and occupied. The Berkeley, with 129 multifamily units along with retail, restaurant and medical office space, is nearly complete and is leasing its residential units while work continues on the building's interior and commercial space commercial tenants are being sought. When complete, the Waypointe sites will bring over one million square feet of new development to this 15 acre Design District Development Park.
- Further south, the long-awaited Marriott Residence Inn, a new 102 room extended stay hotel located at 43-47 South Main Street, midway between the South Norwalk Railroad Station and Washington Street, is well underway and expected to open in February of 2019.

#### **RELEVANT FINANCIAL PLANNING ACTIVITIES**

The City develops long-term operating and capital plans annually. The operating plan includes major drivers of expenses and revenues, such as: payroll, pension, insurance, and the debt service associated with its 5-year capital plan, along with municipal funding from the State of Connecticut. The 5-year capital plan is made for infrastructure improvements and other capital projects and is financed through the issuance of bonds for a period not to exceed the useful life of the project.

Medical insurance costs for both current and retired employees and contributions to pension plans are two significant costs in the City's budget. The City has made significant progress in controlling these costs by reducing retirement benefits for new hires and increasing pension contributions for all employees. Also, all of the City and Board of Education employees have moved to the state's fully insured medical insurance. The Board of Education employees moved in October of 2017 and the City employees moved in January of 2018. This move from a self-insured program to the state's fully insured program has brought stability to the medical expenses paid by the City along with a significant reduction in total costs.

### **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 (CAFR) for the fiscal year ended June 30, 2017. The Certificate of Achievement is a prestigious national award recognizing conformity 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 27 consecutive years (fiscal years ending 1991 through 2017). We believe this current report continues to conform to the Certificate of Achievement program requirements, and are submitting it to the GFOA for next year's Certificate of Achievement consideration.

The preparation of this report could not have been accomplished without the hard work and dedication of the Comptroller's 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 RSM US 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,



Robert O. Barron  
Chief Financial Officer





Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of Norwalk  
Connecticut**

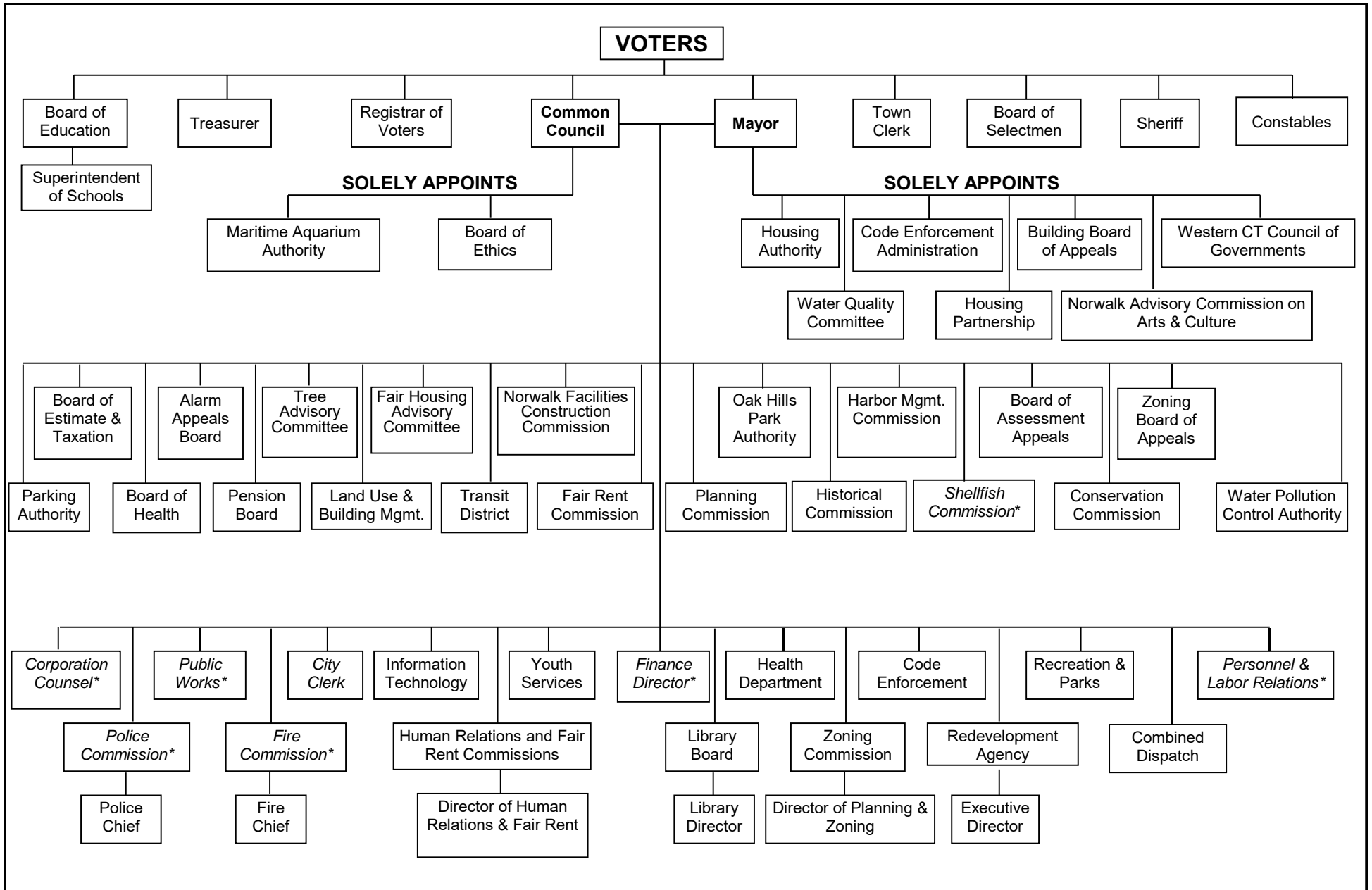
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2017**

*Christopher P. Morill*

Executive Director/CEO

# CITY OF NORWALK GOVERNMENT ORGANIZATION

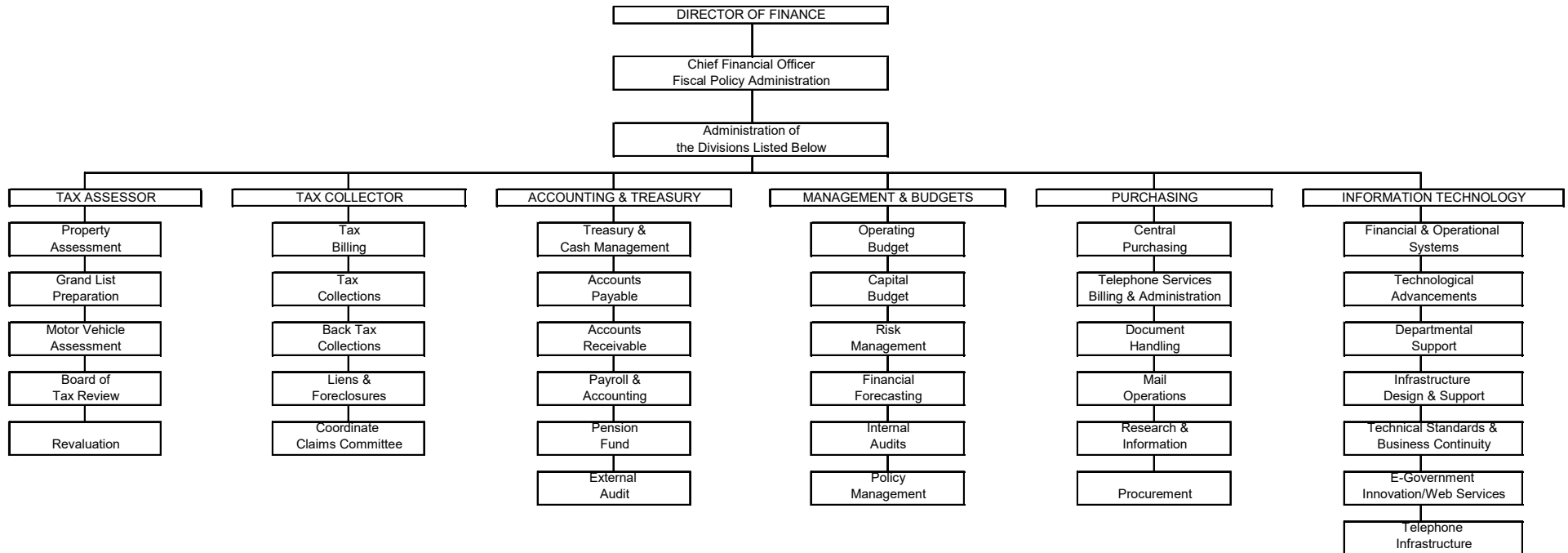


**All Boards, Commissions and Department Heads are chosen by the Mayor and require Common Council approval unless otherwise noted**

**\* These Department Heads, Boards and Commissions are solely appointed by the Mayor**

# FINANCE DEPARTMENT

## FINANCE DEPARTMENT



# CITY OF NORWALK

## ELECTED and APPOINTED OFFICIALS

AS OF JUNE 30, 2018

### PRINCIPAL CITY OFFICIALS

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OFFICE	NAMES	SELECTION/TERM
Mayor	Harry W. Rilling	Elected - 2 Years
Director of Finance	Robert O. Barron	Appointed - Indefinite
Superintendent of Schools	Steven Adamowski	Appointed - Indefinite
Corporation Counsel	Mario Coppola	Appointed - 2 Years

### MEMBERS OF COMMON COUNCIL

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	John Igneri Council President	
	John Kydes Majority Leader	
	Michelle Maggio Minority Leader	
Bruce I. Kimmel Douglas E. Hempstead Richard R. Bonnenfant Michael DePalma	Michael R. Corsello Thomas P. Livingston Shannon O'Toole-Giandurco Nicholas P. Sacchinelli	Eloisa M. Melendez Steven Serasis Travis L. Simms Phaedrel L. Bowman

### MEMBERS OF THE BOARD OF ESTIMATE & TAXATION

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	Greg Burnett Chairman	
James K. Page Edwin Camacho		James Feigenbaum Anne Yang-Dwyer

**Financial Section**





RSM US LLP

## Independent Auditor's Report

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Norwalk, Connecticut (the City) as of and for the fiscal year ended June 30, 2018, and the related notes thereto which collectively comprise the City's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Emphasis of Matter—Adoption of Standards**

As explained in the Summary of Significant Accounting Policies in the notes to the financial statements, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)*, which resulted in the City restating net position for recognition of the City's OPEB related activity incurred prior to July 1, 2017. Our opinion is not modified with respect to this matter.

**Other Matters**Required Supplementary Information

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

Supplementary and Other Information

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

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

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



**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2018 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*RSM US LLP*

New Haven, Connecticut  
December 31, 2018

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**MANAGEMENT'S DISCUSSION AND ANALYSIS – Unaudited  
For the Year Ended June 30, 2018**

The City of Norwalk's (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 and the City's financial statements.

**FINANCIAL HIGHLIGHTS**

- The City's Government-wide Statement of Net Position, which is reported using an economic resource measurement focus and a full accrual basis of accounting, reports an ending net position of \$325.0 million, a decrease of \$48.3 million or 13.0% over the prior year fiscal year due to the recognition of Governmental Accounting Standards Board (GASB) 75's total Other Post-Employment Benefits (OPEB) liability. This net decrease was significantly reduced due to a reduction of costs to provide these OPEB benefits when the City and its Board of Education moved to the State of Connecticut's CPP 2.0 medical insurance.
- The City's Governmental Funds Balance Sheet, which is reported using a current financial resources measurement focus and the modified accrual basis of accounting, had a combined ending fund balance of \$96.4 million, a \$25.7 million or 36.4% increase over the prior year. This increase in fund balance is due to a \$37.5 million increase in assets offset by a \$7.5 million increase in liabilities and a \$4.3 million increase in deferred inflows of resources. Assets grew by \$26.4 million in cash, \$11.7 million in investments, and \$0.5 million in other miscellaneous assets. Liabilities growth was due primarily to an increase in accounts payables and Deferred Inflows of Resources due primarily to an increase of advanced property tax collections.
- The City's General Fund (the primary operating fund) reports a total fund balance of \$61.2 million, an increase of \$5.6 million or 10.1% over the prior fiscal year. This total fund balance is made up of the following categories: Committed at \$1.5 million for the Board of Education; Assigned at \$2.0 million made up of City (\$1.2 million) and Board of Education (\$0.8 million) encumbrances and approved surplus carry-over; and Unassigned (commonly referred to as the rainy day fund) at \$57.7 million. The resulting unassigned fund balance is 14.7% of total accounting principles generally accepted in the United States of America (GAAP) revenues, up from 13.6% in the prior year.
- The City of Norwalk had its Aaa/AAA bond rating reaffirmed with a stable outlook by the three major rating agencies, Moody's Investors Service, S&P Global Ratings, and Fitch Ratings in 2018. Moody's reports, "Norwalk, CT (Aaa stable) benefits from a large tax base that will continue to expand given widespread commercial and residential development. The City's financial position is sound, supported by formally adopted policies, conservative management and multiyear planning, all of which have led to notable stability in recent years." Standard and Poor's reports, "We view the City's management as very strong, with 'strong' financial policies and practices under our FMA methodology, indicating financial practices are strong, well embedded, and likely sustainable." The agency goes on to say, "Norwalk's budgetary performance is strong, in our opinion" and that, "...we are unlikely to revise the rating during our two-year outlook period." Fitch Ratings reports, "...the City will continue to maintain strong reserve levels throughout an economic cycle given its historically stable revenue performance, superior level of inherent budget flexibility, and demonstrated commitment to maintaining sound reserves within policy levels..." Also that, "the rating is sensitive to shifts in the City's strong financial management practices and maintenance of fundamental financial flexibility."

- The City's four defined benefit pension plans (Employees, Police, Firefighters, and Food Services) incurred a combined increase in net position of \$19.5 million, or 4.7%. This increase is due to employer/employee contributions totaling \$17.7 million, a net investment gain of \$30.6 million due to a net appreciation in fair value of assets, offset by benefit and administration costs of \$28.8 million. The City contributed 100% of the actuarially determined contribution (formerly referred to as the ARC) and has achieved a current combined funding level of 78.4% while further reducing its discount rate to 7.25%.
- The City created an OPEB trust effective July 1, 2007 and as of June 30, 2018 the market value of assets held in trust was \$86.2 million. The July 1, 2017 OPEB valuation, as required by Connecticut General Statute 7-450a, performed for the City and its Board of Education employees reported a \$160.5 million total liability. As part of that valuation, the City employed a 6.5% discount rate.
- Net position for all trust funds under management totaled \$516.3 million as of June 30, 2018.

### **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 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 (pages 15 – 16) are designed to be corporate-like in that all governmental and business-type activities are consolidated into columns which add to a total for the primary government. The focus of the Statement of Net Position is designed to be similar to corporate 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 (page 16) is focused on both the gross and net cost of various activities (including governmental and business-type) which are supported by the government's general tax and other revenues. This is intended to summarize and simplify the user's analysis of cost of various governmental services.

Governmental Activities reflects the City's basic services, including education, police and fire protection, public works, health and welfare, and recreational/cultural services. Property taxes, federal, state and other grants, charges for services and investment income finance the majority of these services.

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

#### **Fund Financial Statements**

Traditional users of governmental financial statements will find the fund financial statements presentation more familiar. The focus is on major funds, rather than fund types.

The governmental major funds (pages 17 – 18) are presented on a sources and uses of liquid resources basis (modified accrual). This is the manner in which the financial plan is typically developed. The flow and availability of liquid resources is a clear and appropriate focus to analyze governmental type operations. Funds are established for various purposes and the fund financial statement allows the demonstration of sources and uses and/or budgeting compliance associated therewith.

The Governmental Funds total column requires a reconciliation (page 19) because of the different measurement focus, current financial resources versus total economic resources. The flow of current financial resources will reflect bond proceeds and inter-fund 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 (Trust) Funds (pages 23 – 24) summarized by type (trust, private purpose trusts and agency). While these funds represent trust responsibilities of the government, these assets are restricted in purpose and do not represent discretionary assets of the government. Therefore, these assets are not presented as part of the government-wide financial statements.

### **Infrastructure Assets**

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

## **GOVERNMENT-WIDE STATEMENT**

### **Summary Net Position**

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

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total Government</b>	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 199,993	\$ 174,376	\$ 21,392	\$ 20,288	\$ 221,385	\$ 194,664
Capital assets	566,842	552,185	134,661	136,623	701,503	688,808
<b>Total assets</b>	<b>766,835</b>	<b>726,561</b>	<b>156,053</b>	<b>156,911</b>	<b>922,888</b>	<b>883,472</b>
Deferred pension expense	15,551	28,363	-	-	15,551	28,363
Deferred charge on refundings	4,044	4,324	-	-	4,044	4,324
<b>Total deferred outflows of resources</b>	<b>19,595</b>	<b>32,687</b>	<b>-</b>	<b>-</b>	<b>19,595</b>	<b>32,687</b>
Current and other liabilities	97,699	84,813	8,084	8,432	105,783	93,245
Noncurrent liabilities	418,430	392,771	30,588	35,895	449,018	428,666
<b>Total liabilities</b>	<b>516,129</b>	<b>477,584</b>	<b>38,672</b>	<b>44,327</b>	<b>554,801</b>	<b>521,911</b>
Deferred pension credit	22,154	7,671	-	-	22,154	7,671
Deferred OPEB credit	21,455	-	-	-	21,455	-
Advance tax collections	19,018	13,238	-	-	19,018	13,238
<b>Total deferred inflows of resources</b>	<b>62,627</b>	<b>20,909</b>	<b>-</b>	<b>-</b>	<b>62,627</b>	<b>20,909</b>
Net position:						
Net investment in capital assets	341,479	331,786	99,457	100,273	440,936	432,059
Restricted	767	1,721	-	-	767	1,721
Unrestricted	(134,572)	(72,752)	17,924	12,311	(116,648)	(60,441)
<b>Total net position</b>	<b>\$ 207,674</b>	<b>\$ 260,755</b>	<b>\$ 117,381</b>	<b>\$ 112,584</b>	<b>\$ 325,055</b>	<b>\$ 373,339</b>

For more detailed information see the Statement of Net Position (page 15).

## **Impacts**

There are six transactions that affect the comparability of the Statement of Net Position summary presentation.

1. Net Results of Activities – which will impact (increase/decrease) current assets and unrestricted net position.
2. Borrowing for Capital – which will increase current assets and long-term debt.
3. 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.
4. Spending of Non-borrowed Current Assets on New Capital – which will (a) reduce current assets and increase capital assets and (b) will reduce unrestricted net position and increase invested in capital assets, net of debt.
5. Principal Payment on Debt – which will (a) reduce current assets and reduce long-term debt and (b) reduce unrestricted net position and increase invested in capital assets, net of debt.
6. Reduction of Capital Assets through Depreciation – which will reduce capital assets and invested in capital assets, net of debt.

## **Current Impacts**

Other impacts for governmental activities were the issuance of \$35.0 million of new debt and the construction on major capital projects this year as well as the \$6.8 million increase in property taxes collected due to an increase in the mill rate. The other major impacts were \$41.9 million of principal on debt paid this year and \$14.3 million of depreciation on capital assets. The change in net position in business-type activities was consistent as enterprise activities continued being able to collect revenues and control expenses.

## Summary of Changes in Net Position

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

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total Government</b>	
	2018	2017	2018	2017	2018	2017
<b>Revenues</b>						
<b>Program Revenues:</b>						
Charge for services	\$ 20,104	\$ 17,162	\$ 23,566	\$ 23,783	\$ 43,670	\$ 40,945
Operating grants and contributions	77,489	76,028	1,211	-	78,700	76,028
Capital grants and contributions	6,126	3,012	-	351	6,126	3,363
<b>General Revenues:</b>						
General property, taxes and assessments	310,945	304,121	-	-	310,945	304,121
Interest income (expense)	1,226	388	163	28	1,389	416
Miscellaneous	2,801	2,842	-	-	2,801	2,842
Other general revenues	9,725	8,576	-	-	9,725	8,576
<b>Total revenues</b>	<b>428,416</b>	<b>412,129</b>	<b>24,940</b>	<b>24,162</b>	<b>453,356</b>	<b>436,291</b>
<b>Expenses</b>						
<b>Program Activities Primary Government:</b>						
<b>Governmental Activities:</b>						
General government	6,012	19,709	-	-	6,012	19,709
Education	225,842	279,763	-	-	225,842	279,763
Public safety	42,398	56,058	-	-	42,398	56,058
Health and welfare	3,614	7,491	-	-	3,614	7,491
Public Works	7,247	29,555	-	-	7,247	29,555
Recreation, arts and cultural	7,179	15,544	-	-	7,179	15,544
Debt service	8,416	7,367	-	-	8,416	7,367
	<b>300,708</b>	<b>415,487</b>	<b>-</b>	<b>-</b>	<b>300,708</b>	<b>415,487</b>
<b>Business-Type Activities:</b>						
Parking Authority	-	-	6,785	6,692	6,785	6,692
Water Pollution Control Authority	-	-	13,356	12,577	13,356	12,577
	<b>-</b>	<b>-</b>	<b>20,141</b>	<b>19,269</b>	<b>20,141</b>	<b>19,269</b>
<b>Total expenses</b>	<b>300,708</b>	<b>415,487</b>	<b>20,141</b>	<b>19,269</b>	<b>320,849</b>	<b>434,756</b>
<b>Increase in net position</b>	<b>127,708</b>	<b>(3,358)</b>	<b>4,799</b>	<b>4,893</b>	<b>132,507</b>	<b>1,535</b>
<b>Net Position, beginning, restated *</b>	<b>79,966</b>	<b>264,113</b>	<b>112,584</b>	<b>107,691</b>	<b>192,550</b>	<b>371,804</b>
<b>Restatement for GASB No. 75 *</b>	<b>-</b>	<b>(180,789)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(180,789)</b>
<b>Net Position, ending</b>	<b>\$ 207,674</b>	<b>\$ 79,966</b>	<b>\$ 117,383</b>	<b>\$ 112,584</b>	<b>\$ 325,057</b>	<b>\$ 192,550</b>

\*2017 restated for GASB No. 75. Additional information on GASB Statement No. 75 can be found in Note 1 under accounting standards adopted in the current year

## Impacts

There are five 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 health care costs and changes in the insurance marketplace can have a material effect on these expenses.

**Salary Increases (cost of living, merit and market adjustment)** – the ability to attract and retain human and intellectual resources requires the City to pay competitive salaries with the marketplace.

## Current Impacts

The major revenue impact in governmental activities was due to an increase in the mill rate and a greater than budgeted tax collection rate. A major impact on expenses was due to the continued reduction of the pension rate of return that increased pension liabilities by \$7.3 million. Major impacts in revenue and expenses in business-type activities included both the Water Pollution Control Authority and Parking Authority being able to collect revenues and control expenses.

## THE CITY FUNDS

### General Fund:

#### Comparing Fiscal Year 2018 to Fiscal Year 2017

#### **Original Budget to Final Budget**

As of the year-end, the General Fund, as presented on the Schedule of General Fund Revenues and Schedule of General Fund Expenditures, Encumbrances and Transfers Out in required supplementary information (pages 84-87), reported no material change in budgeted revenues. However, there was a \$3.8 million expenditure budget change that was driven primarily by the use of the prior year surplus that was reserved for use in the current year by the City's Board of Education. The total prior year amount reserved was \$4.2 million and was reported as Committed or Assigned Fund Balance.

#### **Final Budget to Actual Results**

As of the year-end, the General Fund, as presented on the Schedule of General Fund Revenues and Schedule of General Fund Expenditures, Encumbrances and Transfers Out in required supplementary information (pages 84-87), has achieved positive results due to total revenues being greater than budget by \$5.3 million and total expenditures being less than budget by \$4.2 million. The less than budgeted revenue was made up of \$2.0 million lower than budgeted state aid that was totally offset by a \$6.0 million greater than budgeted property tax collections and \$1.3 million greater than budgeted permits and fees. The less than budgeted expenditures were made up of \$2.0 million worth of unspent Board of Education appropriations most of which are reserved for use in the following fiscal year; \$1.3 million



contingency that was unspent due to contract savings and departmental vacancies and other surpluses; \$0.5 million of unspent tax revaluation appropriations; and \$0.4 million of other miscellaneous unspent appropriations.

**Capital Projects Fund:**

*Comparing Fiscal Year 2018 to Fiscal Year 2017*

As of the year-end, the Capital Projects Fund, as presented on the Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds (page 18), major impacts were Intergovernmental Revenues for redevelopment and public works projects from the state, issuance of bonds, and expenditures mainly for redevelopment, parks, schools, and public works projects.

**Water Pollution Control Authority:**

*Comparing Fiscal Year 2018 to Fiscal Year 2017*

As of the year-end, the Water Pollution Control, as presented on the Statement of Revenues, Expenses, and Changes in Net Position (page 21), reported fund net position of \$97.3 million which is \$4.7 million more than the beginning of the year (\$92.6 million). There were no major impacts.

**Parking Authority:**

*Comparing Fiscal Year 2018 to Fiscal Year 2017*

As of the year-end, the Parking Authority, as presented on the Statement of Revenues, Expenses, and Changes in Net Position (page 21), reported a fund net position of \$20.1 million which is \$0.1 million more than the beginning of the year (\$20.0 million). There were no major impacts.

**Nonmajor Governmental Funds:**

*Insurance Fund Net Position Reduction Plan*

As of the year-end, the Insurance Fund, as presented on the Statement of Revenues, Expenses, and Changes in Fund Net Position (page 94), major impacts include a reduction of \$3.7 million in net position. A multi-year reduction plan was begun in FY 2015-16 because the Net Position of the Insurance Fund was greater than 30% of the entire insurance fund expenditures, including medical claims. In FY 2017-18 the City and its Board of Education moved from a self-insured to a premium based medical insurance which allows for a significantly reduced reserve.

The Insurance Fund previously held reserves for each of its six components which were health benefits, workers' compensation, and LAP (liability, auto, and property) for each the City and its Board of Education. The multi-year plan for the drawdown of the Net Position has a goal of bringing the Net Position to 20% of the remaining four self-insured components, the City and Board of Education's workers' compensation and LAP components. The Net Position will be reviewed each year prior to further reductions. By the end of FY 2017-18, the third year of the planned reductions, the Insurance Fund's Net Position is \$11.8 million or 24.6% of total Operating Expenses, including medical insurance.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets:

As of year-end, the City had \$701.5 million invested in a variety of capital assets, as reflected in the following schedule:

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

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
Land	\$ 23,682	\$ 4,839	\$ 28,521
Construction in Progress	6,002	-	6,002
Land Improvements	18,430	111	18,541
Machinery and Equipment	14,840	162	15,002
Buildings and Improvements	260,728	114,644	375,372
Infrastructure	243,160	14,905	258,065
<b>Total</b>	<b>\$ 566,842</b>	<b>\$ 134,661</b>	<b>\$ 701,503</b>

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

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
Beginning balance	\$ 552,185	\$ 136,623	\$ 688,808
Additions	28,912	1,970	30,882
Depreciation	(14,268)	(3,932)	(18,200)
<b>Total</b>	<b>\$ 566,842</b>	<b>\$ 134,661</b>	<b>\$ 701,503</b>

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

**Debt Outstanding:**

As of year-end, the City had \$272,828 million in debt (bonds, notes, etc.) outstanding compared to the \$260,898 million last year, a 4.6% net increase (considering new borrowing and debt retirement). The following summarizes outstanding debt which is presented in more detail in Note 6.

During the year the City issued \$35.0 million in new general obligation bonds to finance school and infrastructure improvements. The City has an AAA bond rating from Fitch Investors Service and Standard and Poor's. The Moody's Investors Services rating is Aaa.

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

	2018	2017
<b>Governmental</b>		
General obligation bonds	\$ 236,971	\$ 219,805
	<u>236,971</u>	<u>219,805</u>
<b>Business-Type</b>		
Parking Authority-general obligation bonds	7,294	7,932
Water Pollution Control Authority - general obligation bonds and Clean Water Fund notes	28,563	33,161
	<u>35,857</u>	<u>41,093</u>
<b>Total</b>	<u>\$ 272,828</u>	<u>\$ 260,898</u>

**ECONOMIC FACTORS**

Norwalk has 88.5% of its total operating revenue coming from property taxes, a very stable source of revenue. The City also benefits from a diverse commercial, retail, and residential tax base. Together, these benefits provide some insulation from the adverse impact of domestic and global economic downturns. Evidence of this strength is provided by its low unemployment rate relative to the rest of Connecticut and the United States. The Connecticut Department of Labor reports the following labor statistics in its November 2018 report: an unemployment rate (not seasonally adjusted) for the City of Norwalk to be 2.7%; the State of Connecticut, 4.1%; and the United States, 3.7%.

**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 Chief Financial Officer on the 2nd floor of City Hall, 125 East Avenue, PO Box 5125, Norwalk, Connecticut 06856-5125.

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## **Basic Financial Statements**



**City of Norwalk, Connecticut**

**Statement of Net Position  
June 30, 2018**

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 70,756,219	\$ 10,922,319	\$ 81,678,538
Investments	69,450,414	8,430,151	77,880,565
Receivables, net of allowances for collection losses:			
Property taxes, net	4,519,191	-	4,519,191
Charges, net	-	1,360,273	1,360,273
Accounts, net	873,837	1,639	875,476
Federal and state governments	1,330,807	-	1,330,807
Inventories and prepaids	3,741,442	24,712	3,766,154
Advances to taxing districts	9,452,402	-	9,452,402
Restricted cash	39,868,240	653,333	40,521,573
Capital assets, not being depreciated	29,683,661	4,838,762	34,522,423
Capital assets, net of accumulated depreciation	537,158,573	129,822,092	666,980,665
<b>Total assets</b>	<b>766,834,786</b>	<b>156,053,281</b>	<b>922,888,067</b>
Deferred outflows of resources:			
Deferred pension expense	15,550,969	-	15,550,969
Deferred charge on bond refundings	4,043,655	-	4,043,655
<b>Total deferred outflows of resources</b>	<b>19,594,624</b>	<b>-</b>	<b>19,594,624</b>
<b>Liabilities</b>			
Accounts payable and accruals	50,490,556	2,197,142	52,687,698
Unearned revenue	2,549,697	617,487	3,167,184
Advances to taxing districts	9,452,402	-	9,452,402
Long-term liabilities:			
Due within one year	35,205,909	5,268,945	40,474,854
Due in more than one year	418,429,594	30,588,086	449,017,680
<b>Total liabilities</b>	<b>516,128,158</b>	<b>38,671,660</b>	<b>554,799,818</b>
Deferred inflows of resources:			
Deferred pension credit	22,153,780	-	22,153,780
Deferred OPEB credit	21,455,134	-	21,455,134
Advance property tax collections	19,018,357	-	19,018,357
<b>Total deferred inflows of resources</b>	<b>62,627,271</b>	<b>-</b>	<b>62,627,271</b>
Commitments and contingencies			
Net position:			
Net investment in capital assets	341,478,981	99,457,156	440,936,137
Restricted:			
General government	80,921	-	80,921
Public safety	58,384	-	58,384
Health and welfare	48,953	-	48,953
Public works	5,000	-	5,000
Education	571,110	-	571,110
Community grants	2,637	-	2,637
Unrestricted	(134,572,005)	17,924,465	(116,647,540)
<b>Total net position</b>	<b>\$ 207,673,981</b>	<b>\$ 117,381,621</b>	<b>\$ 325,055,602</b>

See notes to financial statements.

City of Norwalk, Connecticut

Statement of Activities  
For the Year Ended June 30, 2018

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ (6,012,477)	\$ 10,399,270	\$ 7,594,626	\$ -	\$ 11,981,419	\$ -	\$ 11,981,419
Education	(225,841,639)	1,885,445	66,304,766	-	(157,651,428)	-	(157,651,428)
Public safety	(42,397,503)	506,514	-	-	(41,890,989)	-	(41,890,989)
Health and welfare	(3,613,633)	-	3,589,303	-	(24,330)	-	(24,330)
Public works	(7,246,893)	6,535,780	-	6,125,687	5,414,574	-	5,414,574
Recreation, arts and cultural	(7,179,439)	776,758	-	-	(6,402,681)	-	(6,402,681)
Interest on debt	(8,416,239)	-	-	-	(8,416,239)	-	(8,416,239)
<b>Total governmental activities</b>	<b>(300,707,823)</b>	<b>20,103,767</b>	<b>77,488,695</b>	<b>6,125,687</b>	<b>(196,989,674)</b>	<b>-</b>	<b>(196,989,674)</b>
Business-type activities:							
Parking Authority	(6,785,491)	6,871,766	-	-	-	86,275	86,275
Water Pollution Control Authority	(13,355,868)	16,693,764	1,210,531	-	-	4,548,427	4,548,427
<b>Total business-type activities</b>	<b>(20,141,359)</b>	<b>23,565,530</b>	<b>1,210,531</b>	<b>-</b>	<b>-</b>	<b>4,634,702</b>	<b>4,634,702</b>
Total primary government	\$ (320,849,182)	\$ 43,669,297	\$ 78,699,226	\$ 6,125,687	(196,989,674)	4,634,702	(192,354,972)
General revenues:							
Property taxes					310,945,196	-	310,945,196
Grants and contributions not restricted to specific programs					9,725,399	-	9,725,399
Miscellaneous					2,801,050	-	2,801,050
Unrestricted investment earnings					1,225,974	162,606	1,388,580
Total general revenues					324,697,619	162,606	324,860,225
Change in net position					127,707,945	4,797,308	132,505,253
Net position - beginning, as restated (Note 1)					79,966,036	112,584,313	192,550,349
Net position - ending					\$ 207,673,981	\$ 117,381,621	\$ 325,055,602

See notes to financial statements.



City of Norwalk, Connecticut

Balance Sheet - Governmental Funds  
June 30, 2018

	Major Funds				Total Governmental Funds
	General	Capital Projects Fund	Debt Service Fund	Nonmajor Governmental Funds	
<b>Assets</b>					
Cash and cash equivalents	\$ 60,836,742	\$ -	\$ -	\$ 3,940,906	\$ 64,777,648
Restricted cash	-	15,440,862	10,936,150	-	26,377,012
Investments	39,121,019	12,723,547	-	3,179,255	55,023,821
Receivables (net of allowances for collection losses):					
Property taxes	4,515,845	3,346	-	-	4,519,191
Accounts receivable	10,066,253	-	-	185,269	10,251,522
State and federal governments	23,527	15,148	-	1,292,132	1,330,807
Due from other funds	13,491,229	-	-	-	13,491,229
Amounts held by agent	-	-	13,491,228	-	13,491,228
Inventories and prepaids	19,471	-	-	51,913	71,384
<b>Total assets</b>	<b>\$ 128,074,086</b>	<b>\$ 28,182,903</b>	<b>\$ 24,427,378</b>	<b>\$ 8,649,475</b>	<b>\$ 189,333,842</b>
<b>Liabilities</b>					
Accounts payable	\$ 35,156,804	\$ 6,029,577	\$ -	\$ 4,048,106	\$ 45,234,487
Unearned revenues	-	-	-	2,549,697	2,549,697
Due to other funds	-	-	13,491,228	-	13,491,228
Advances to taxing districts	9,452,402	-	-	-	9,452,402
<b>Total liabilities</b>	<b>44,609,206</b>	<b>6,029,577</b>	<b>13,491,228</b>	<b>6,597,803</b>	<b>70,727,814</b>
Deferred inflows of resources:					
Unavailable revenues - advanced property tax collections	19,018,357	-	-	-	19,018,357
Unavailable revenues - other	3,225,077	3,346	-	-	3,228,423
<b>Total deferred inflows of resources</b>	<b>22,243,434</b>	<b>3,346</b>	<b>-</b>	<b>-</b>	<b>22,246,780</b>
Fund balances:					
Nonspendable	19,471	-	-	51,913	71,384
Restricted	-	22,149,980	10,936,150	767,005	33,853,135
Committed	1,487,147	-	-	1,287,942	2,775,089
Assigned	2,038,374	-	-	115,688	2,154,062
Unassigned	57,676,454	-	-	(170,876)	57,505,578
<b>Total fund balances</b>	<b>61,221,446</b>	<b>22,149,980</b>	<b>10,936,150</b>	<b>2,051,672</b>	<b>96,359,248</b>
<b>Total liabilities and fund balances</b>	<b>\$ 128,074,086</b>	<b>\$ 28,182,903</b>	<b>\$ 24,427,378</b>	<b>\$ 8,649,475</b>	

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

Capital assets, net of accumulated depreciation purchased in governmental funds are reported as expenditures, however, the statement of net position includes those capital assets among the assets of the City as a whole.	566,842,234
Deferred charge on bond refundings	4,043,655
Long-term assets are not available and therefore not recognized in the funds.	3,228,423
Accrued interest is not reported in the funds	(4,533,394)
Internal Service Funds are used by management to charge the costs of risk management to individual funds. The assets and liabilities of the Internal Service Funds are included in governmental activities in the Statement of Net Position.	11,786,292
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(441,994,532)
Net deferred inflows and outflows related to pension and OPEB liabilities which are not due and payable in the current period and therefore are not reported in the funds.	(28,057,945)

Net position of governmental activities

\$ 207,673,981

See notes to financial statements.

**City of Norwalk, Connecticut**

**Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2018**

	Major Funds			Nonmajor Governmental Funds	Total Governmental Funds
	General	Capital Projects Fund	Debt Service Fund		
<b>Revenues:</b>					
Property taxes, interest and liens	\$ 312,363,371	\$ 13,744	\$ -	\$ -	\$ 312,377,115
Intergovernmental	21,903,894	6,125,687	-	25,741,220	53,770,801
State on-behalf payments	39,568,861	-	-	-	39,568,861
Licenses, permits, fees and other	17,557,605	-	-	5,347,331	22,904,936
Interest	946,623	279,351	-	-	1,225,974
<b>Total revenues</b>	<b>392,340,354</b>	<b>6,418,782</b>	<b>-</b>	<b>31,088,551</b>	<b>429,847,687</b>
<b>Expenditures:</b>					
<b>Current:</b>					
General government	10,577,223	-	-	278,286	10,855,509
Health and welfare	3,380,709	-	-	2,317,460	5,698,169
Education	228,163,260	-	-	26,863,134	255,026,394
Employee benefits	41,583,174	-	-	-	41,583,174
Public safety	45,432,414	-	-	9,584	45,441,998
Community grants	2,130,364	-	-	930,172	3,060,536
Public works	17,698,379	-	-	390,854	18,089,233
Recreation, arts and culture	11,854,285	-	-	34,460	11,888,745
Capital outlay	-	25,019,791	-	-	25,019,791
<b>Debt service:</b>					
Principal	-	-	18,026,317	-	18,026,317
Interest	-	164,548	8,044,582	-	8,209,130
<b>Total expenditures</b>	<b>360,819,808</b>	<b>25,184,339</b>	<b>26,070,899</b>	<b>30,823,950</b>	<b>442,898,996</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>31,520,546</b>	<b>(18,765,557)</b>	<b>(26,070,899)</b>	<b>264,601</b>	<b>(13,051,309)</b>
<b>Other financing sources (uses):</b>					
Issuance of debt	-	35,000,000	-	-	35,000,000
Transfer in	-	-	25,898,875	-	25,898,875
Transfer out	(25,898,875)	-	-	-	(25,898,875)
Payments to escrow agent	-	-	(25,766,246)	-	(25,766,246)
Issuance of refunding bonds	-	-	24,072,000	-	24,072,000
Premium on bond issuance	-	-	5,467,158	-	5,467,158
<b>Total other financing sources (uses)</b>	<b>(25,898,875)</b>	<b>35,000,000</b>	<b>29,671,787</b>	<b>-</b>	<b>38,772,912</b>
<b>Net change in fund balances</b>	<b>5,621,671</b>	<b>16,234,443</b>	<b>3,600,888</b>	<b>264,601</b>	<b>25,721,603</b>
Fund balances, beginning	55,599,775	5,915,537	7,335,262	1,787,071	70,637,645
Fund balances, ending	\$ 61,221,446	\$ 22,149,980	\$ 10,936,150	\$ 2,051,672	\$ 96,359,248

See notes to financial statements.

**City of Norwalk, Connecticut**

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of  
Governmental Funds to the Statement of Activities  
For the Year Ended June 30, 2018**

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

Net change in fund balances – total governmental funds	\$ 25,721,603
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.	14,657,708
Change in deferred charge on bond refundings	(280,275)
Changes in revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(1,431,919)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(20,603,759)
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.	161,622,829
The net revenue of certain activities of Internal Service Funds is reported with governmental activities.	(3,228,810)
Net deferred inflows and outflows related to pension liabilities which are not due and payable in the current period and therefore are not reported in the funds.	<u>(48,749,432)</u>
Change in net position of governmental activities	<u>\$ 127,707,945</u>

See notes to financial statements.

City of Norwalk, Connecticut

Statement of Net Position - Proprietary Funds  
June 30, 2018

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Water Pollution Control Authority	Parking Authority	Totals	Internal Service Fund
<b>Assets</b>				
Current assets:				
Cash and cash equivalents	\$ 9,138,999	\$ 1,783,320	\$ 10,922,319	\$ 5,978,571
Charges receivable, net	1,360,273	-	1,360,273	-
Other receivables	-	1,639	1,639	74,717
Investments	7,775,105	655,046	8,430,151	14,426,593
Prepays	24,712	-	24,712	3,670,058
<b>Total current assets</b>	<b>18,299,089</b>	<b>2,440,005</b>	<b>20,739,094</b>	<b>24,149,939</b>
Noncurrent assets:				
Restricted cash	653,333	-	653,333	-
Capital assets, net	108,813,915	25,846,939	134,660,854	-
<b>Total noncurrent assets</b>	<b>109,467,248</b>	<b>25,846,939</b>	<b>135,314,187</b>	<b>-</b>
<b>Total assets</b>	<b>127,766,337</b>	<b>28,286,944</b>	<b>156,053,281</b>	<b>24,149,939</b>
<b>Liabilities</b>				
Current liabilities:				
Current maturities of bonds and notes payable	4,628,254	640,691	5,268,945	-
Accounts payable and accrued liabilities	1,262,002	935,140	2,197,142	722,676
Claims payable	-	-	-	2,343,000
Unearned revenue	617,487	-	617,487	-
<b>Total current liabilities</b>	<b>6,507,743</b>	<b>1,575,831</b>	<b>8,083,574</b>	<b>3,065,676</b>
Long-term liabilities:				
Bonds and notes payable	23,934,337	6,653,749	30,588,086	-
Claims payable	-	-	-	9,297,971
<b>Total long-term liabilities</b>	<b>23,934,337</b>	<b>6,653,749</b>	<b>30,588,086</b>	<b>9,297,971</b>
<b>Total liabilities</b>	<b>30,442,080</b>	<b>8,229,580</b>	<b>38,671,660</b>	<b>12,363,647</b>
Net position:				
Net investment in capital assets	80,904,657	18,552,499	99,457,156	-
Unrestricted	16,419,600	1,504,865	17,924,465	11,786,292
<b>Total net position</b>	<b>\$ 97,324,257</b>	<b>\$ 20,057,364</b>	<b>\$ 117,381,621</b>	<b>\$ 11,786,292</b>

See notes to financial statements.

City of Norwalk, Connecticut

Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds  
For the Year Ended June 30, 2018

	Business-Type Activities - Enterprise Funds			Governmental
	Water Pollution Control Authority	Parking Authority	Totals	Internal Service Fund
Operating revenues:				
City and member's contributions	\$ -	\$ -	\$ -	\$ 46,745,180
Charges for services	16,693,764	6,871,766	23,565,530	-
<b>Total operating revenues</b>	<b>16,693,764</b>	<b>6,871,766</b>	<b>23,565,530</b>	<b>46,745,180</b>
Operating expenses:				
Administrative and operations	8,936,830	5,114,171	14,051,001	736,764
Depreciation	3,059,946	871,982	3,931,928	-
Salaries, benefits and claims	612,045	450,642	1,062,687	49,503,004
<b>Total operating expenses</b>	<b>12,608,821</b>	<b>6,436,795</b>	<b>19,045,616</b>	<b>50,239,768</b>
<b>Operating income (loss)</b>	<b>4,084,943</b>	<b>434,971</b>	<b>4,519,914</b>	<b>(3,494,588)</b>
Nonoperating income (expense):				
Intergovernmental grants	1,210,531	-	1,210,531	-
Investment income	150,176	12,430	162,606	265,778
Interest expense	(747,047)	(348,696)	(1,095,743)	-
<b>Total nonoperating income (expense)</b>	<b>613,660</b>	<b>(336,266)</b>	<b>277,394</b>	<b>265,778</b>
<b>Change in net position</b>	<b>4,698,603</b>	<b>98,705</b>	<b>4,797,308</b>	<b>(3,228,810)</b>
Fund net position, beginning	92,625,654	19,958,659	112,584,313	15,015,102
Fund net position, ending	\$ 97,324,257	\$ 20,057,364	\$ 117,381,621	\$ 11,786,292

See notes to financial statements.

City of Norwalk, Connecticut

Statement of Cash Flows - Proprietary Funds  
For the Year Ended June 30, 2018

	Business-Type Activities - Enterprise Funds			Governmental
	Water Pollution Control Authority	Parking Authority	Totals	Internal Service Fund
Cash flows from operating activities:				
Receipts from customers and users	\$ 15,754,774	\$ 6,165,005	\$ 21,919,779	\$ 46,971,441
Payments to suppliers	(8,665,849)	(4,164,143)	(12,829,992)	-
Payments to employees/claims paid	(616,397)	(451,153)	(1,067,550)	(60,796,828)
<b>Net cash provided by (used in) operating activities</b>	<b>6,472,528</b>	<b>1,549,709</b>	<b>8,022,237</b>	<b>(13,825,387)</b>
Cash flows from capital and related financing activities:				
Principal payments on debt	(4,451,802)	(616,593)	(5,068,395)	-
Debt refunding	(1,755,100)	-	(1,755,100)	-
Interest paid on debt	(770,162)	(360,141)	(1,130,303)	-
Proceeds from debt issuance	1,608,000	-	1,608,000	-
Purchase of property and equipment	(65,270)	(694,043)	(759,313)	-
<b>Net cash used in capital and related financing activities</b>	<b>(5,434,334)</b>	<b>(1,670,777)</b>	<b>(7,105,111)</b>	<b>-</b>
Cash flows from investing activities:				
Purchase of investments	2,250,061	272,895	2,522,956	9,523,330
Sale of investments	(1,045,454)	161,148	(884,306)	(1,641,445)
Investment income	150,176	12,430	162,606	265,778
<b>Net cash provided by investing activities</b>	<b>1,354,783</b>	<b>446,473</b>	<b>1,801,256</b>	<b>8,147,663</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>2,392,977</b>	<b>325,405</b>	<b>2,718,382</b>	<b>(5,677,724)</b>
Cash and cash equivalents:				
Beginning	7,399,355	1,457,915	8,857,270	11,656,295
Ending	<u>\$ 9,792,332</u>	<u>\$ 1,783,320</u>	<u>\$ 11,575,652</u>	<u>\$ 5,978,571</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ 4,084,943	\$ 434,971	\$ 4,519,914	\$ (3,494,588)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	3,059,946	871,982	3,931,928	-
Changes in assets and liabilities:				
Decrease (increase) in charges receivable	(1,063,158)	-	(1,063,158)	226,261
(Increase) in other receivables	-	(706,761)	(706,761)	-
(Increase) decrease in prepaids	455,429	583,190	1,038,619	(3,014,278)
(Decrease) increase in accounts payable and accrued expenses	(188,800)	366,327	177,527	(1,924,878)
Decrease in claims and judgments payable	-	-	-	(5,617,904)
Increase in unearned income	124,168	-	124,168	-
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 6,472,528</b>	<b>\$ 1,549,709</b>	<b>\$ 8,022,237</b>	<b>\$ (13,825,387)</b>
Noncash investment activities:				
Net (decrease) increase in fair value of investments	<u>\$ (2,240)</u>	<u>\$ (189)</u>	<u>\$ (2,429)</u>	<u>\$ 1,580,252</u>
Noncash financing activities:				
Contributions toward construction of capital assets	<u>\$ 1,210,531</u>	<u>\$ -</u>	<u>\$ 1,210,531</u>	<u>\$ -</u>

See notes to financial statements.

City of Norwalk, Connecticut

Statement of Fiduciary Net Position - Fiduciary Funds  
June 30, 2018

	Trust Funds	Private Purpose Trust Fund	Agency Funds
<b>Assets</b>			
Cash and cash equivalents	\$ 7,782,041	\$ 109,985	\$ 1,785,302
Investments:			
U.S. government agency	2,617,070	-	-
Common stock	116,325,547	-	-
Hedge/alternative investments	92,596,280	-	-
Index funds	133,785,979	-	-
Commingled funds	84,392,963	-	-
Mutual funds	78,234,417	-	-
Certificates of deposit	507,452	-	-
<b>Total investments</b>	<b>508,459,708</b>	<b>-</b>	<b>-</b>
Secured lending transactions	2,621,566	-	-
Prepays	75,600	-	-
<b>Total assets</b>	<b>518,938,915</b>	<b>109,985</b>	<b>1,785,302</b>
<b>Liabilities</b>			
Secured lending transactions	2,621,566	-	-
Accounts payable	9,419	-	1,785,302
<b>Total liabilities</b>	<b>2,630,985</b>	<b>-</b>	<b>1,785,302</b>
Net position - restricted for benefits	\$ 516,307,930	\$ 109,985	\$ -

See notes to financial statements.

City of Norwalk, Connecticut

Statement of Changes in Fiduciary Net Position - Fiduciary Funds  
For the Year Ended June 30, 2018

	Trust Funds	Private Purpose Trust Fund
Additions:		
Contributions:		
Employer	\$ 31,648,707	\$ -
Plan members	4,534,882	-
Other	698,030	3,855
<b>Total contributions</b>	<u>36,881,619</u>	<u>3,855</u>
Investment income:		
Interest and dividends	12,383,597	
Net appreciation in fair value of investments	25,568,551	-
Investment expense	(872,509)	(1,500)
<b>Net investment income (loss)</b>	<u>37,079,639</u>	<u>(1,500)</u>
Securities lending transactions income	35,078	-
Securities lending transactions expense	(20,557)	-
<b>Net investment income - securities lending</b>	<u>14,521</u>	<u>-</u>
Deductions:		
Benefits paid	40,987,012	-
General and administrative	513,255	-
<b>Total deductions</b>	<u>41,500,267</u>	<u>-</u>
<b>Net increase</b>	32,475,512	2,355
Net position - restricted for benefits:		
Beginning of year	<u>483,832,418</u>	<u>107,630</u>
End of year	<u>\$ 516,307,930</u>	<u>\$ 109,985</u>

See notes to financial statements.



## City of Norwalk, Connecticut

### Notes to Financial Statements

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

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

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

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

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

Accounting principles generally accepted in the United States of America (GAAP) require that the reporting entity include (1) the primary government, (2) organizations for which the primary government is financially accountable and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The criteria provided in Government Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34* has been considered and as a result, there are no agencies or entities that should be included in the financial statements of the City.

## City of Norwalk, Connecticut

### Notes to Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

Accounting standards adopted in the current year:

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)*, was implemented on July 1, 2017. This statement revised and established new financial reporting requirements for most governments that provide their employees with postemployment benefits other than pensions. Among other requirements, Statement No. 75 required governments to report a liability on the face of the financial statements for the OPEB that they provide: 1) Governments that are responsible only for OPEB liabilities related to their own employees and that provide OPEB through a defined benefit OPEB plan administered through a trust that meets specified criteria will report a net OPEB liability—the difference between the total OPEB liability and assets accumulated in the trust and restricted to making benefit payments. 2) Governments that participate in a cost-sharing OPEB plan that is administered through a trust that meets the specified criteria will report a liability equal to their proportionate share of the collective OPEB liability for all entities participating in the cost-sharing plan. 3) Governments that do not provide OPEB through a trust that meets specified criteria will report the total OPEB liability related to their employees.

The effects of the implementation of this statement are as follows: The beginning net position was decreased by \$180,788,634, a net OPEB liability of \$219,966,121 was added, and a net OPEB obligation of \$39,177,487 was removed. Details can be found in Note 9.

**Government-wide and fund financial statements:** The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the City. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services.

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

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

## City of Norwalk, Connecticut

### Notes to Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

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

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

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

The City reports the following major governmental funds:

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

The **Capital Projects Fund** is used to account for and report resources used for the acquisition and construction of capital facilities, including those that are financed through special assessments.

Included in the Capital Projects Fund are sewer assessments which are levied in order to finance both the construction of new and the improvement to existing sewer systems.

The **Debt Service Fund** is used to account for and report resources for the payment of future debt service payments.

The City reports the following major proprietary funds:

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

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

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

## City of Norwalk, Connecticut

### Notes to Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

Additionally, the City reports the following fund types:

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

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

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

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

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

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

**Accounting estimates:** The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources 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.

## City of Norwalk, Connecticut

### Notes to Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

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

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

The **Connecticut State Treasurer's Short-term Investment Fund (STIF)** is an investment pool managed by the State of Connecticut Office of the State Treasurer. Investments must be made in instruments authorized by Connecticut General Statutes 3-27c through 3-27e. Investment guidelines are adopted by the State Treasurer. The fair value of the position in the pool is the same as the value of the pool shares. The cash portfolio adheres to GASB Statement No. 79, *Certain Investment Pools and Pool Participants*, which amends Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, and establishes accounting and financial reporting standards for state and local governments that participate in a qualifying external investment pool that measures all of its investments at amortized cost for financial reporting purposes.

**Fair value:** The City uses fair value measurements to record fair value adjustments to certain assets and to determine fair value disclosures. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices. However, in certain instances, there are no quoted market prices for certain assets or liabilities. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the asset or liability.

Fair value measurements focus on exit prices in an orderly transaction (that is, not a forced liquidation or distressed sale) between market participants at the measurement date under current market conditions. If there has been a significant decrease in the volume and level of activity for the asset or liability, a change in valuation technique or the use of multiple valuation techniques may be appropriate. In such instances, determining the price at which willing market participants would transact at the measurement date under current market conditions depends on the facts and circumstances and requires the use of significant judgment.

The City's fair value measurements are classified into a fair value hierarchy based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value.

The three categories within the hierarchy are as follows:

**Level 1:** Quoted prices in active markets for identical assets and liabilities.

**Level 2:** Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, including quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, interest rates and yield curves observable at commonly quoted intervals, implied volatilities, credit spreads, and market-corroborated inputs.

## City of Norwalk, Connecticut

### Notes to Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

**Level 3:** Unobservable inputs shall be used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flows methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgement.

See Note 3 for additional information regarding fair value.

**Investments measured at the net asset value:** Alternative investments meeting certain conditions are valued using the net asset value (NAV) per share (or its equivalent) and, unlike more traditional investments, generally do not have readily obtainable market values and take the form of limited partnerships or funds. The City values these investments based on the partnerships' or funds' audited financial statements. If June 30 statements are available, those values are used preferentially. However, some funds or partnerships have fiscal years ending at other than June 30. If June 30 valuations are not available, the value is determined based on the most recently available valuation taking into account subsequent calls and distributions.

**Allowance for doubtful accounts:** Accounts receivable, including property taxes receivable, for the primary government are reported net of an allowance for doubtful accounts, totaling \$1,625,219 which relates to property taxes. The allowance for doubtful accounts represents those accounts which are deemed uncollectible based upon past collection history and an assessment of the creditor's ability to pay.

**Inventories and prepaids:** Inventory is valued at specific cost using the first-in/first-out method for the governmental and enterprise funds. Inventory in the funds consists of supplies and materials. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

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

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

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

## City of Norwalk, Connecticut

### Notes to Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

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

	<u>Years</u>
Assets:	
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

In the governmental fund financial statements, capital assets are reported as expenditures and no depreciation expense is reported.

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

**Net pension liability:** The net pension liability is measured as the portion of the actuarial present value of projected benefits that is attributed to past periods of employee service (total pension liability), net of the pension plan's fiduciary net position. The pension plan's fiduciary net position is determined using the same valuation methods that are used by the pension plan for purposes of preparing its statement of fiduciary net position. The net pension liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year, consistently applied from period to period.

**Long-term obligations:** In the government-wide financial statements, and proprietary fund type financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenses.

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

**Deferred outflows/inflows of resources:** In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period or periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City reports a deferred charge on refunding and deferred outflows related to pensions and OPEB in the government-wide statement of net position.

## City of Norwalk, Connecticut

### Notes to Financial Statements

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#### **Note 1. Summary of Significant Accounting Policies (Continued)**

A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. A deferred outflow of resources related to pension results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees).

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period or periods and so will not be recognized as an inflow of resources (revenue) until that time. The City reports a deferred inflow of resources related to pensions and OPEB and advanced property tax collections in the government-wide statement of net position.

A deferred inflow of resources related to pension or OPEB results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension or OPEB expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees). Deferred pension or OPEB credits and deferred pension or OPEB expenses element represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources until that time. Advance property tax collections represent taxes inherently associated with a future period. This amount is recognized during the period in which the revenue is associated.

Also, for governmental funds, the City reports unavailable revenue, which arises only under the modified accrual basis of accounting. The governmental funds report unavailable revenues from property taxes, interest on property taxes, and charges for services. These amounts are deferred and recognized as an inflow of resources (revenue) in the period during which the amounts become available.

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

**Restricted assets:** At June 30, 2018, the City had \$34,522,423 in restricted assets. The amount relates to unspent bond proceeds, and advances to certain taxing districts.

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

**Net investment in capital assets:** This category groups all capital assets, including infrastructure, into one component of net position, net of accumulated depreciation and reduced by the outstanding balances of bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.



## City of Norwalk, Connecticut

### Notes to Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

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

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

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

**Nonspendable fund balance:** These amounts cannot be spent because they are not in spendable form, or because they are legally or contractually required to be maintained intact.

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

**Committed fund balance:** This represents amounts constrained for a specific purpose by a government using its highest level of decision-making authority. The City of Norwalk Common Council is the highest level of decision-making authority for the City and can commit fund balance through the adoption of a resolution prior to the end of the fiscal year. Once adopted, the limitation imposed by the resolution remains in place until similar action is taken to remove or revise the limitation.

**Assigned fund balance:** Amounts constrained for the intent to be used for a specific purpose by a governing board or a body or official that has been delegated authority to assign amounts. Under the City's adopted policy, the Board of Estimate and Taxation has the authority to authorize the Director of Finance to assign amounts for a specific purpose.

**Unassigned fund balance:** The residual amount not allocated to any other fund balance category in the General Fund and any residual deficit balance of any other governmental funds.

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

#### Pension accounting:

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

## City of Norwalk, Connecticut

### Notes to Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

**Funding policy:** The City is required to make annual contributions based on the actuaries' valuation.

#### OPEB accounting:

**OPEB trust:** Employer contributions are recognized in the period in which the contributions are due, and the City has made a formal commitment to provide the contributions.

**Net OPEB liability:** The net OPEB liability is measured as the portion of the actuarial present value of projected benefits that is attributed to past periods of employee service (total OPEB liability), net of the OPEB plan's fiduciary net position. The OPEB plan's fiduciary net position is determined using the same valuation methods that are used by the OPEB plan for purposes of preparing its statement of fiduciary net position. The net OPEB liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year, consistently applied from period to period. The net OPEB liability is reported in the statement of net position. In the governmental funds, expenditures are recognized when they are paid or are expected to be paid with current available resources.

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

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

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

Bonds payable	\$ 236,971,340
Premiums, net of accumulated amortization	14,648,801
Net pension liability	93,254,975
Early retirement	209,695
Net OPEB liability	77,979,740
Compensated absences	18,809,270
Conservation and load management - municipal loan program	120,711
Net adjustment to reduce fund balance – total governmental funds to arrive at net position – governmental activities	<u>\$ 441,994,532</u>

City of Norwalk, Connecticut

Notes to Financial Statements

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

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

The details of this difference are as follows:

Capital outlay	\$ 28,912,390
Depreciation expense	<u>(14,254,682)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u><u>\$ 14,657,708</u></u>

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

Long-term liabilities issued or incurred:	
Issuance of general obligation bonds and notes payable	\$ (35,000,000)
Issuance of refunding bonds	(24,072,000)
Premium from issuance of general bond obligations and notes payable	(5,467,158)
Premium amortization	2,029,861
Principal repayments:	
General obligation debt	16,139,292
Payment to escrow	<u>25,766,246</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u><u>\$ (20,603,759)</u></u>

## City of Norwalk, Connecticut

### Notes to Financial Statements

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

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

Compensated absences	\$ (27,532)
Accrued interest	(267,282)
Net pension liability	19,832,456
Early retirement	53,954
Net OPEB liability	141,986,381
Conservation and load management - municipal loan program	<u>44,852</u>
Net adjustment to increase net changes in fund balances – total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 161,622,829</u>

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

**Deposits:** The City has a policy that deposits can include demand and savings accounts and certificates of deposits. The City also follows the State of Connecticut (the State) 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. The City policy allows investments in the following: (1) obligations of the United States and its agencies; (2) highly rated obligations of any state of the United States or of any political subdivision, authority or agency thereof; and (3) shares or other interests in custodial arrangements or pools maintaining constant net position values and in highly rated no-load open end money market and mutual funds (with constant or fluctuating net position values) whose portfolios are limited to obligations of the United States and its agencies, and repurchase agreements fully collateralized by such obligations. The State statutes (Sections 3-24f and 3-27f) also provide for investment in shares of the STIF. Other provisions of the State statutes cover specific municipal funds with particular investment authority. The provisions of the State statutes regarding the investment of municipal pension funds does not specify permitted investments. Therefore, investment of such funds is generally controlled by the laws applicable to fiduciaries (i.e., prudent person rule) and the provisions of the applicable plan.

#### 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, 2018, \$32,690,426 of the entity’s bank balances of \$39,198,757 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.

**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.

**City of Norwalk, Connecticut**

**Notes to Financial Statements**

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

Cash, cash equivalents and investments of the City consist of the following at June 30, 2018:

Cash and cash equivalents:

Deposits with financial institutions	\$ 83,510,078
STIF	48,367,361
Total cash and cash equivalents	<u>131,877,439</u>

Investments:

General fund:

U.S. government agencies	32,680,536	*
Mutual funds	103,705	
Certificates of deposit	6,336,778	
Total general fund	<u>39,121,019</u>	

Non-major funds:

U.S. government agencies	2,655,855	*
Mutual funds	8,428	
Certificates of deposit	514,972	
Total non-major funds	<u>3,179,255</u>	

Capital projects fund:

U.S. government agencies	10,628,873	*
Mutual funds	33,728	
Certificates of deposit	2,060,946	
Total capital projects fund	<u>12,723,547</u>	

Internal service funds:

Common stock	2,991,428	*
U.S. government agencies	3,854,231	*
Mutual funds	821,499	
Corporate bonds	6,012,097	*
Certificates of deposit	747,338	
Total internal service funds	<u>14,426,593</u>	

WPCA:

U.S. government agencies	6,495,092	*
Mutual funds	20,610	
Certificates of deposit	1,259,403	
Total WPCA	<u>7,775,105</u>	

(Continued)

**City of Norwalk, Connecticut**

**Notes to Financial Statements**

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

Investments (continued):

Parking Authority:

U.S. government agencies	\$ 547,206 *
Mutual funds	1,736
Certificates of deposit	106,104
Total parking authority	<u>655,046</u>

Trust funds:

U.S. government agencies	2,617,070 *
Common stock	116,325,547 *
Mutual funds	78,234,417
Index funds	133,785,979
Hedge/alternative investments	92,596,280
Commingled funds	84,392,963
Certificates of deposit	507,452
Total trust funds	<u>508,459,708</u>

Total investments 586,340,273

Total cash, cash equivalents and investments \$ 718,217,712

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

**City of Norwalk, Connecticut**

**Notes to Financial Statements**

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

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

Statement of net position:	
Cash and cash equivalents	\$ 122,200,111
Investments	77,880,565
Total statement of net position	<u>200,080,676</u>
Fiduciary funds:	
Cash and cash equivalents	9,677,328
Investments	508,459,708
	<u>518,137,036</u>
Total cash, cash equivalents and investments	<u><u>\$ 718,217,712</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 agencies	\$ 59,478,862	\$ 1,484,280	\$ 57,994,582	\$ -	\$ -
Corporate bonds	6,012,097	138,922	3,745,103	1,956,488	171,584
Certificates of deposit - marketable	11,532,993	3,709,785	6,665,002	1,158,206	-
Total	<u>\$ 77,023,952</u>	<u>\$ 5,332,987</u>	<u>\$ 68,404,687</u>	<u>\$ 3,114,694</u>	<u>\$ 171,584</u>

The City minimizes the risk that the market value of securities in the portfolio will fall due to changes in general interest rates, by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity. The City, 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.

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

**City of Norwalk, Connecticut**

**Notes to Financial Statements**

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

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

Average Rating	Corporate Bonds	U.S. Government Agencies	Pooled Fixed Income
AAAm	\$ -	\$ -	\$ 48,367,361
AAA	384,041		-
AA+	990,786	59,478,863	-
A	84,113	-	-
A-	604,338	-	-
BBB+	240,100	-	-
BBB	171,584	-	-
	<u>\$ 2,474,962</u>	<u>\$ 59,478,863</u>	<u>\$ 48,367,361</u>

**Fair value:** The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Plan has the following recurring fair value measurements as of June 30, 2018:

**Investment Instruments Measured at Fair Value**

	Fair Value Measurements Using		
	Quoted Prices in Active Markets for Identical Assets June 30, 2018	Significant Other Observable Inputs (Level 2)	Significant Other Observable Inputs (Level 3)
Investments by fair value level:			
Stocks	\$ 119,316,975	\$ 119,024,519	\$ 30
Mutual funds	79,224,123	79,224,123	-
Certificates of deposit - marketable	11,532,993	-	11,532,993
Debt securities:			
Corporate bonds	6,012,097	-	6,012,097
U.S. government agencies	59,478,863	-	59,478,863
Hedge/alternative investments	1,262,110	-	-
Total investments by fair value level	<u>276,827,161</u>	<u>198,248,642</u>	<u>77,023,983</u>
Investments measured at NAV:			
Commingled funds	84,392,963		
Hedge/alternative investments	91,334,170		
Index funds	133,785,979		
Total investments measured at NAV	<u>309,513,112</u>		
Total investments measured at fair value	<u>\$586,340,273</u>		



## City of Norwalk, Connecticut

### Notes to Financial Statements

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

**Stocks and Mutual Funds:** Stocks and mutual funds, classified in Level 1 of the fair value hierarchy, are valued using prices quoted in active markets for those securities. Stocks and mutual funds classified in Level 3 are priced using market-comparable companies' technique.

**Certificates of Deposit:** Certificates of deposit, classified in Level 2 of the fair value hierarchy, are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

**Debt Securities:** Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

**Hedge / alternative investments:** Hedge/alternative investments which do not qualify to be reported at NAV, classified in Level 3, are valued using either a discounted cash flow or market-comparable companies' technique.

Investments valued using the NAV are presented in the following table.

	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Investments Measured at the NAV:				
Commingled funds	\$ 84,392,963	\$ -	N/A	N/A
Hedge/alternative investments	91,334,170	-	N/A	N/A
Index funds	133,785,979	-	N/A	N/A
Total Investments Measured at the NAV	<u>\$ 309,513,112</u>			

**Commingled Funds:** This type includes investments in 2 funds that invest in various corporate bonds, commercial mortgage-backed securities, U.S. government mortgage-backed securities, municipal bonds, U.S. treasury and agency obligations, foreign government and agency obligations and a combination of foreign and domestic equity securities.

**Index Funds:** This type includes investments in 3 funds that invest in various domestic and foreign stocks.

**Hedge/Alternative Investments:** This type includes investments in 11 partnerships and funds that invest in real estate, other partnerships and currency options. Some of the underlying investments made by these 11 partnerships and funds have redemption restrictions with a variety of terms.

**City of Norwalk, Connecticut**

**Notes to Financial Statements**

**Note 4. Unearned Revenue/Unavailable Revenue**

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

	Unearned Revenue	Unavailable Revenue
General fund:		
Taxes and accrued interest on delinquent property taxes	\$ -	\$ 3,225,077
Advanced tax collections	-	19,018,357
Capital projects:		
Tax revenue	-	3,346
Nonmajor funds:		
Grants	2,549,697	-
Total	<u>\$ 2,549,697</u>	<u>\$ 22,246,780</u>

**Note 5. Capital Assets**

Capital asset activity for the year ended June 30, 2018 was as follows:

	Beginning Balance	Additions/ Transfers	Disposals	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 23,681,897	\$ -	\$ -	\$ -	\$ 23,681,897
Construction in progress	-	6,001,764	-	-	6,001,764
Total capital assets, not being depreciated	<u>23,681,897</u>	<u>6,001,764</u>	<u>-</u>	<u>-</u>	<u>29,683,661</u>
Capital assets, being depreciated					
Land improvements	27,641,280	2,603,165	-	-	30,244,445
Machinery and equipment	62,454,875	2,241,527	12,746	-	64,709,148
Buildings and improvements	377,151,232	8,433,035	-	-	385,584,267
Infrastructure	269,839,170	9,632,899	-	-	279,472,069
Total capital assets being depreciated	<u>737,086,557</u>	<u>22,910,626</u>	<u>12,746</u>	<u>-</u>	<u>760,009,929</u>
Less accumulated depreciation for					
Land improvements	10,728,459	1,086,209	-	-	11,814,668
Machinery and equipment	45,661,437	4,195,350	12,746	-	49,869,533
Buildings and improvements	118,094,951	6,760,487	-	-	124,855,438
Infrastructure	34,099,081	2,212,636	-	-	36,311,717
Total accumulated depreciation	<u>208,583,928</u>	<u>14,254,682</u>	<u>12,746</u>	<u>-</u>	<u>222,851,356</u>
Total capital assets, being depreciated, net	<u>528,502,629</u>	<u>8,655,944</u>	<u>-</u>	<u>-</u>	<u>537,158,573</u>
Governmental activities capital assets, net	<u>\$ 552,184,526</u>	<u>\$ 14,657,708</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 566,842,234</u>

**City of Norwalk, Connecticut**

**Notes to Financial Statements**

**Note 5. Capital Assets (Continued)**

	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	635,644	-	-	-	635,644
Machinery and equipment	13,394,677	8,238	-	-	13,402,915
Buildings and improvements	172,648,757	1,961,606	-	-	174,610,363
Infrastructure	31,856,621	-	-	-	31,856,621
Total capital assets, being depreciated	218,535,699	1,969,844	-	-	220,505,543
Less accumulated depreciation for:					
Land improvements	518,081	6,318	-	-	524,399
Machinery and equipment	13,174,105	67,138	-	-	13,241,243
Buildings and improvements	56,586,605	3,379,489	-	-	59,966,094
Infrastructure	16,472,732	478,983	-	-	16,951,715
Total accumulated depreciation	86,751,523	3,931,928	-	-	90,683,451
Total capital assets, being depreciated, net	131,784,176	(1,962,084)	-	-	129,822,092
Business-type activities capital assets, net	\$ 136,622,938	\$ (1,962,084)	\$ -	\$ -	\$ 134,660,854

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 518,949
Health and welfare	32,331
Public safety	1,755,381
Public works	3,634,597
Education	6,672,128
Recreation, arts and cultural	1,641,296
Total depreciation expense – governmental activities	<u>\$ 14,254,682</u>
Business-type activities:	
Parking authority	\$ 871,982
Water pollution control authority	3,059,946
Total depreciation expense – business-type activities	<u>\$ 3,931,928</u>

**City of Norwalk, Connecticut**

**Notes to Financial Statements**

**Note 6. Long-Term Liabilities**

Long-term liability activity for the year ended June 30, 2018 was as follows:

	Beginning Balance*	Increases/ Transfers	Decreases/ Transfers	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 219,804,878	\$ 59,072,000	\$ (41,905,538)	\$ 236,971,340	\$ 20,875,909
Deferred amounts:					
For issuance premiums	11,211,504	5,467,158	(2,029,861)	14,648,801	-
Total bonds and notes payable	231,016,382	64,539,158	(43,935,399)	251,620,141	20,875,909
Compensated absences	18,781,738	11,957,675	(11,930,143)	18,809,270	11,930,000
Net pension liability	113,087,431	8,805,189	(28,637,645)	93,254,975	-
Net OPEB liability*	219,966,121	-	(141,986,381)	77,979,740	-
Early retirement accrual	263,649	10,546	(64,500)	209,695	57,000
Risk financing activities	17,258,875	22,354,327	(27,972,231)	11,640,971	2,343,000
Conservation and load management - municipal loan program	165,563	-	(44,852)	120,711	-
Total other long term debt	369,523,377	43,127,737	(210,635,752)	202,015,362	14,330,000
Governmental activity long-term liabilities	<u>\$ 600,539,759</u>	<u>\$ 107,666,895</u>	<u>\$ (254,571,151)</u>	<u>\$ 453,635,503</u>	<u>\$ 35,205,909</u>

\* Amounts restated for implementation of GASB No. 75

	Beginning Balance	Increases/ Transfers	Decreases/ Transfers	Ending Balance	Due Within One Year
Business-type activities:					
Bonds payable:					
General obligation bonds and notes payable	\$ 41,093,359	\$ 1,608,000	\$ (6,844,328)	\$ 35,857,031	\$ 5,268,945
Total bonds and notes payable	41,093,359	1,608,000	(6,844,328)	35,857,031	5,268,945
Business-type activity long-term liabilities	<u>\$ 41,093,359</u>	<u>\$ 1,608,000</u>	<u>\$ (6,844,328)</u>	<u>\$ 35,857,031</u>	<u>\$ 5,268,945</u>

**Compensated absences:** The obligation represents the employee (vested and nonvested) compensated absences expected to be paid in the future, aggregating approximately \$18,809,000 as of June 30, 2018. This amount is recorded in the government wide statements, and paid out of the General Fund.

**Net pension liability:** GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and its amendment, GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*—an amendment of GASB Statement No. 68, requires the City to recognize their long-term obligation for pension benefits as a liability. The net liability amount at June 30, 2018 was approximately \$93,255,000. This amount is recorded in the government-wide statements, and paid out of the General Fund.

**City of Norwalk, Connecticut**

**Notes to Financial Statements**

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**Note 6. Long-Term Liabilities (Continued)**

**Net OPEB liability:** GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other than Pensions*, requires the City to accrue a net OPEB liability. The amount at June 30, 2018 was approximately \$77,980,000. 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 an annual stipend of \$3,000, or \$1,500 over a 3-10 year period. The amount accrued has been calculated at the discounted present value of the expected future benefit. The amount recorded at June 30, 2018 is approximately \$210,000 on the government-wide statements, and is paid out of the General Fund.

**Conservation load management – municipal load program:** This obligation represents 5 outstanding loans from Eversource Utility Company to encourage conservation of gas and electricity. The City was required to perform energy efficiency measures as per the agreements and pay for a portion of the work with the rest a zero percent interest loan. These loan payments are included on monthly utility bills.

**Bonded indebtedness:** As of June 30, 2018, the outstanding general obligation bonded indebtedness of the City was as follows:

**Governmental activities:**

*General obligation debt:*

Purpose	Date of Maturity	Interest Rate %	Amount
Capital improvement	07/01/2018	3.00-5.00	\$ 2,525,000
Capital improvement	07/01/2022	2.50-5.00	12,070,784
Capital improvement	07/01/2026	3.00-5.00	10,275,000
Capital improvement	07/01/2026	3.00-5.00	10,973,460
Capital improvement	07/01/2024	3.00-5.00	9,696,000
Capital improvement	08/01/2030	1.60-5.20	4,350,000
Capital improvement	08/01/2030	1.60-5.20	9,636,170
Capital improvement	07/01/2027	3.00-4.00	17,551,750
Capital improvement	07/15/2029	1.25-5.00	14,452,200
Capital improvement	08/15/2032	2.00-4.00	5,700,000
Capital improvement	8/15/2028	2.95-2.95	4,310,000
Capital improvement	8/15/2029	2.00-4.00	11,830,000
Capital improvement	7/15/2030	2.00-5.00	14,462,000
Capital improvement	8/15/2031	2.00-5.00	12,723,976
Capital improvement	7/15/2031	2.00-4.00	22,000,000
Capital improvement	8/15/2027	3.00-5.00	15,343,000
Capital improvement	8/1/2037	2.00-5.00	35,000,000
Capital improvement	8/1/2037	2.00-5.00	24,072,000
			<u>\$ 236,971,340</u>

**City of Norwalk, Connecticut**

**Notes to Financial Statements**

**Note 6. Long-Term Liabilities (Continued)**

***Business-type activities:***

*Enterprise debt:*

Purpose	Date of Maturity	Interest Rate %	Amount
Water Pollution Control Authority Bonds	07/01/2022	2.50-5.00	\$ 602,000
Water Pollution Control Authority Bonds	07/01/2024	3.00-5.00	805,000
Water Pollution Control Authority Bonds	07/01/2026	3.00-5.00	661,200
Water Pollution Control Authority Bonds	07/01/2024	3.00-5.00	404,000
Water Pollution Control Authority Bonds	08/01/2030	1.60-5.20	(596,980)
Water Pollution Control Authority Bonds	07/01/2027	3.00-4.00	788,000
Water Pollution Control Authority Bonds	07/15/2029	1.25-5.00	1,643,000
Water Pollution Control Authority Bonds	08/15/2029	2.00-4.00	370,000
Water Pollution Control Authority Bonds	7/15/2030	2.00-5.00	1,323,000
Water Pollution Control Authority Bonds	8/15/2031	2.00-5.00	373,000
Water Pollution Control Authority Bonds	08/15/2027	3.00-5.00	354,000
Water Pollution Control Authority Bonds	8/1/2037	2.00-5.00	1,608,000
Water Pollution Control Authority Clean Water Fund Notes	09/30/2019	2.00	176,863
Water Pollution Control Authority Clean Water Fund Notes	01/31/2019	2.00	23,446
Water Pollution Control Authority Clean Water Fund Notes	01/31/2019	2.00	3,063,353
Water Pollution Control Authority Clean Water Fund Notes	01/31/2019	2.00	886,013
Water Pollution Control Authority Clean Water Fund Notes	7/1/2032	2.00	16,078,696
Parking Authority G.O. - Parking Fund	07/01/2022	2.50-5.00	187,216
Parking Authority G.O. - Parking Fund	07/01/2026	3.00-5.00	4,420,340
Parking Authority G.O. - Parking Fund	08/01/2030	1.60-5.20	655,810
Parking Authority G.O. - Parking Fund	07/15/2029	1.25-5.00	954,800
Parking Authority G.O. - Parking Fund	8/15/2031	2.00-5.00	183,024
Parking Authority G.O. - Parking Fund	07/01/2027	3.00-4.00	470,250
Parking Authority G.O. - Parking Fund	8/15/2018	2.00-5.00	423,000
			<u>\$ 35,857,031</u>

**City of Norwalk, Connecticut**

**Notes to Financial Statements**

**Note 6. Long-Term Liabilities (Continued)**

Long-term notes and bond obligations and compensated absences are expected to be repaid by future tax levies and grants available from the State. A summary of the Governmental Activities' long-term notes and bond principal maturities and related interest at June 30, 2018 is as follows:

	General Obligation Debt	Total Interest Amount	Total Principal and Interest Amount
Year ending June 30:			
2019	\$ 20,875,909	\$ 9,071,854	\$ 29,947,763
2020	21,731,049	7,775,452	29,506,501
2021	20,584,271	6,841,534	27,425,805
2022	20,540,253	5,928,155	26,468,408
2023	20,677,007	5,063,091	25,740,098
2024-2028	88,142,089	13,945,815	102,087,904
2029-2033	43,120,762	2,770,367	45,891,129
2034-2038	1,300,000	97,502	1,397,502
	<u>\$ 236,971,340</u>	<u>\$ 51,493,770</u>	<u>\$ 288,465,110</u>

A summary of the City's business-type activities' long-term notes and bond principal maturities and related interest at June 30, 2018 is as follows:

	WPCA Debt	Parking Authority Debt	Total Interest Amount	Total Principal and Interest Amount
Year ending June 30:				
2019	\$ 4,628,254	\$ 640,691	\$ 950,076	\$ 6,219,021
2020	2,799,125	634,551	804,633	4,238,309
2021	2,201,695	665,429	728,732	3,595,856
2022	1,992,829	680,647	663,873	3,337,349
2023	1,869,461	715,693	580,541	3,165,695
2024-2028	9,308,757	3,565,211	1,626,870	14,500,838
2029-2033	5,762,469	392,219	260,668	6,415,356
	<u>\$ 28,562,590</u>	<u>\$ 7,294,441</u>	<u>\$ 5,615,393</u>	<u>\$ 41,472,424</u>

**City of Norwalk, Connecticut**

**Notes to Financial Statements**

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**Note 6. Long-Term Liabilities (Continued)**

**2017/2018 General Obligation Refunding/Crossover Refunding Bonds:** On August 23, 2017, the City issued \$25,680,000 of general obligation refunding bonds with interest rates ranging from 2.0%-5.0% and mature through 2030. The net proceeds of \$24,496,485 (after payment of \$183,515 in underwriters' fees and other costs) were almost entirely utilized to purchase United States Treasury Securities (State and Local Government Series) which were placed in an irrevocable trust fund under an Escrow Agreement dated August 23, 2017 between the City and the Escrow Holder. The refunding bonds advance refunded all or any portion of the aggregate principal amounts outstanding of certain of the City's outstanding general obligation bonds totaling \$28,525,000. The transaction produced a present value gain of approximately \$1,148,019. Part of this refunding was considered a "Crossover Refunding". Of the bonds issued \$1,500,000 will crossover to refund the 2010E Series General Obligation Bonds.

**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, 2018 as follows:

General purpose	\$ 16,593,630
Schools	6,904,700
Sewer	-
Urban renewal	5,704,200
Total	<u>\$ 29,202,530</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:

Category	Debt Limit	Indebtedness	Balance
General purpose	\$ 709,323,712	\$ 195,914,272	\$ 513,409,440
Pension	945,764,949	-	945,764,949
Schools	1,418,647,424	202,836,780	1,215,810,644
Sewers	1,182,206,186	47,012,590	1,135,193,596
Urban renewal	1,024,578,695	26,412,589	998,166,106

The total overall statutory debt limit for the City is equal to seven times annual receipts from taxation, or approximately \$ 2,206,785,000.



**City of Norwalk, Connecticut**

**Notes to Financial Statements**

**Note 6. Long-Term Liabilities (Continued)**

**Capital projects:** A summary of the uncompleted capital projects of the City at June 30, 2018 follows:

	Project Authorizations (a)	Expenditures Fiscal 2018 (b)	Expenditures Cumulative (c)	Unexpended Authorization Balances
Department of public works:				
Sanitary sewers	\$ 28,591,254	\$ 10,777,834	\$ 16,899,795	\$ 11,691,459
Drainage	4,864,156	519,153	1,432,090	3,432,066
Roads and highways	33,387,294	6,744,217	21,422,791	11,964,503
Other	1,696,506	937,218	1,162,496	534,010
Police department	1,806,000	77,523	176,495	1,629,505
Fire department	16,089,542	252,658	13,651,253	2,438,289
Parks and recreation	24,411,058	6,564,645	18,091,145	6,319,913
Board of education	117,618,198	6,647,235	22,927,710	94,690,488
Redevelopment agency	29,659,449	7,154,218	17,672,941	11,986,508
Traffic and parking	11,298,614	1,531,498	7,228,837	4,069,777
Total	<u>\$ 269,422,071</u>	<u>\$ 41,206,199</u>	<u>\$ 120,665,553</u>	<u>\$ 148,756,518</u>

- (a) Represents cumulative capital budgets for projects that remain open at June 30, 2018.
- (b) Represents current year expenditures for projects that were open at June 30, 2018.
- (c) Represents aggregate expenditures for projects that were open at June 30, 2018.

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

**Note 7. Commitments and Contingencies**

The City is a defendant in various lawsuits including personal injury, property damage, civil rights violations and other miscellaneous claims. For certain of these cases, where it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated, a loss contingency has been accrued in the Internal Service Fund for all claims, of \$11,640,971. Based upon the advice of the City Corporation Counsel, management believes that the ultimate resolution of these matters will not have a material adverse effect on the financial statements of the City.

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

## City of Norwalk, Connecticut

### Notes to Financial Statements

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#### Note 8. Employee Retirement Systems and Pension Plans

##### Employee pension plans:

**Plan descriptions:** The City is the administrator of four separate single-employer defined benefit pension plans that were established to provide pension benefits for its police, firefighters, food service, and other full-time employees other than teachers. The City Charter and ordinances established the four pension plans. For the Police, Fire and Food Service Plans, amendments to the provisions for benefits and contributions are made as part of union negotiations and are included in the Union Contracts.

Amendments are then approved by Norwalk Common Council for Police and Fire and the Norwalk Board of Education for Food Service. There is a coalition of unions for the Municipal Employees Pension Plan (the Coalition). Members of the Coalition must ratify any changes including benefits and contributions and then the Norwalk Common Council has to approve the agreement. All four plans are administered by the Municipal Employees Pension Board (the Board). The Board is appointed by the Mayor and Common Council and is comprised of a maximum of twelve members who serve five-year terms. The plans are considered to be part of the City's financial reporting entity and are included in the City's basic financial statements as pension trust funds. Administrative fees are paid through the plans. The plans do not issue separate, stand-alone, financial reports. For the year ended June 30, 2018, the actuarial valuation date utilized was July 1, 2017, which was projected forward to June 30, 2018 which is the measurement date that the net pension liability is reported on.

At the last actuarial valuation date, July 1, 2017, membership consisted of:

	Police	Fire	Employees	Food Service
Retirees, disabled members and beneficiaries				
currently receiving benefits	205	166	680	35
Terminated employees entitled to benefits but not yet receiving them	1	1	98	12
Active members	177	124	503	71
	<u>383</u>	<u>291</u>	<u>1,281</u>	<u>118</u>

**Police Benefit Fund:** The City of Norwalk Police Benefit Fund (PB Fund) provides retirement benefits as well as death and disability benefits. Benefits vest after 10 years of service. Eligibility is dependent on when the employee was hired:

- Date of hire prior to July 1, 1973 and hired before reaching age 23: Any age with 25 years of service.
- Date of hire on or after July 1, 1973: Minimum age of 48 with 20 years of service.

The benefit owed to the employee upon is also dependent on when the employee was hired:

- Date of hire prior to July 1, 1973 and hired before reaching age 23: 50% of final average salary.
- Date of hire on or after July 1, 1973: 2.5% of final average salary per year of service with a maximum benefit of 75% of final average salary. There is a minimum \$700 monthly benefit for all pre-1986 retirees.

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.

## City of Norwalk, Connecticut

### Notes to Financial Statements

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#### Note 8. Employee Retirement Systems and Pension Plans (Continued)

Police employees are required to contribute 8% of their base pay to the PB 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 PB Fund for the year ended June 30, 2018 was approximately \$14,342,000.

**Fire Benefit Fund:** The City of Norwalk Fire Benefit Fund (FB Fund) provides retirement benefits as well as death and disability benefits. Benefits vest after 10 years. Eligibility is dependent on when the employee was hired:

- Date of hire prior to July 1, 1973 and hired before reaching age 23: Any age with 25 years of service.
- Date of hire on or after July 1, 1973: Minimum age of 48 with 20 years of service.
- Date of hire on or after January 1, 2013: Later of age 52 or 25 years of service.

The benefit owed to the employee upon is also dependent on when the employee was hired:

- Date of hire prior to July 1, 1973 and hired before reaching age 23: 50% of final average salary.
- Date of hire on or after July 1, 1973: 2.5% of final average salary per year of service with a maximum benefit of 75% of final average salary. There is a minimum \$700 monthly benefit for all pre-1986 retirees.
- Date of hire on or after January 1, 2013: 2.25% of final average salary per year of service with a maximum benefit of 60% of final average salary.

At the member's death, the benefit is payable to the surviving spouse for the spouse's lifetime, provided the spouse does not remarry, or the benefit is payable to any children until they reach the age of 18.

Firefighters are required to contribute 9.5% to 10% of their base pay to the FB Fund depending on their date of hire. 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 FB Fund for the year ended June 30, 2018 was approximately \$11,028,000.

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

**City of Norwalk, Connecticut**

**Notes to Financial Statements**

**Note 8. Employee Retirement Systems and Pension Plans (Continued)**

Members are required to contribute 6% of their base pay to the EPP. No contributions are required after 35 years of service. If a member leaves covered employment or dies before meeting the vesting requirements, accumulated employee contributions without interest thereon are refunded. The City is required to contribute the remaining amounts necessary to fund the benefits for its members. Benefits and employee contributions are fixed by contract and may be amended by union negotiation. The City's payroll for employees covered by the EPP for the year ended June 30, 2018 was approximately \$31,745,000.

**Food Service Employees' Pension Plan:** The City of Norwalk Food Service Employees' Pension Plan (FSEPP) provides retirement benefits as well as death benefits. Benefits vest after 5 years of service. Members who retire after age 55 with 10 years of service or after age 65 with 5 years of service are entitled to an annual retirement benefit, payable monthly for life (with 60 months guaranteed), in an amount from 1% through 2% of final salary times years and months of credited service, depending on date of hire.

Food service employees are required to contribute 3.0% of their base pay to the FSEPP (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 FSEPP for the year ended June 30, 2018 was approximately \$1,231,000.

**Trust Funds  
Statement of Plan Net Position  
June 30, 2018**

	Pension Trust Funds					Total
	Employees Pension Plan	Fire Benefit Fund	Police Benefit Fund	Food Service Employees' Fund	OPEB Trust Fund (Note 9)	
<b>Assets</b>						
Cash and cash equivalents	\$ 1,922,538	\$ 1,021,145	\$ 1,187,893	\$ 15,815	\$ 3,634,650	\$ 7,782,041
Investments, at fair value:						
U.S. government agency	-	-	-	-	2,617,070	2,617,070
Common stock	17,207,300	9,213,894	10,294,620	209,833	79,399,900	116,325,547
Mutual funds	36,457,132	19,521,480	21,811,242	444,563	-	78,234,417
Hedge/alternative investments	43,149,737	23,105,142	25,815,213	526,188	-	92,596,280
Commingled funds	39,327,003	21,058,205	23,528,184	479,571	-	84,392,963
Index funds	62,344,079	33,383,027	37,298,621	760,252	-	133,785,979
Certificates of deposit	-	-	-	-	507,452	507,452
Security lending transactions	1,221,646	654,148	730,875	14,897	-	2,621,566
Prepays	-	-	-	-	75,600	75,600
Total assets	<u>201,629,435</u>	<u>107,957,041</u>	<u>120,666,648</u>	<u>2,451,119</u>	<u>86,234,672</u>	<u>518,938,915</u>
<b>Liabilities</b>						
Security lending transactions	1,221,646	654,148	730,875	14,897	-	2,621,566
Accounts payable	-	-	-	-	9,419	9,419
Total liabilities	<u>1,221,646</u>	<u>654,148</u>	<u>730,875</u>	<u>14,897</u>	<u>9,419</u>	<u>2,630,985</u>
Net position- restricted for benefits	<u>\$ 200,407,789</u>	<u>\$ 107,302,893</u>	<u>\$ 119,935,773</u>	<u>\$ 2,436,222</u>	<u>\$ 86,225,253</u>	<u>\$ 516,307,930</u>

City of Norwalk, Connecticut

Notes to Financial Statements

Note 8. Employee Retirement Systems and Pension Plans (Continued)

Statement of Changes in Plan Net Position  
Year Ended June 30, 2018

	Pension Trust Funds				OPEB Trust Fund (Note 9)	Total Trust Funds
	Employees Pension Plan	Fire Benefit Fund	Police Benefit Fund	Food Service Employees' Fund		
<b>Additions:</b>						
Contributions:						
Employer	\$ 5,838,322	\$ 2,903,735	\$ 4,792,975	\$ 128,538	\$ 17,985,137	\$ 31,648,707
Plan members	1,758,778	946,860	1,311,766	39,551	477,927	4,534,882
Other revenue	-	-	-	-	698,030	698,030
<b>Total contributions</b>	<b>7,597,100</b>	<b>3,850,595</b>	<b>6,104,741</b>	<b>168,089</b>	<b>19,161,094</b>	<b>36,881,619</b>
Investment income:						
Interest and dividends	4,423,193	2,362,238	2,637,537	53,826	2,906,803	12,383,597
Net depreciation in fair value of investments	10,261,017	5,459,556	6,091,945	124,741	3,631,292	25,568,551
Investment expense	(407,417)	(217,426)	(242,710)	(4,956)	-	(872,509)
<b>Net investment (expense) income</b>	<b>14,276,793</b>	<b>7,604,368</b>	<b>8,486,772</b>	<b>173,611</b>	<b>6,538,095</b>	<b>37,079,639</b>
Securities lending transaction income	16,346	8,753	9,780	199	-	35,078
Securities lending transaction expense	(9,580)	(5,129)	(5,731)	(117)	-	(20,557)
<b>Net investment income-securities lending</b>	<b>6,766</b>	<b>3,624</b>	<b>4,049</b>	<b>82</b>	<b>-</b>	<b>14,521</b>
<b>Deductions:</b>						
Benefits paid	14,164,741	6,718,591	7,566,640	187,673	12,349,367	40,987,012
General and administrative	80,494	42,868	46,506	2,315	341,072	513,255
<b>Total deductions</b>	<b>14,245,235</b>	<b>6,761,459</b>	<b>7,613,146</b>	<b>189,988</b>	<b>12,690,439</b>	<b>41,500,267</b>
<b>Net increase</b>	<b>7,635,424</b>	<b>4,697,128</b>	<b>6,982,416</b>	<b>151,794</b>	<b>13,008,750</b>	<b>32,475,512</b>
Net position-restricted for benefits						
Beginning of year	192,772,365	102,605,765	112,953,357	2,284,428	73,216,503	483,832,418
End of year	\$ 200,407,789	\$ 107,302,893	\$ 119,935,773	\$ 2,436,222	\$ 86,225,253	\$ 516,307,930

City of Norwalk, Connecticut

Notes to Financial Statements

Note 8. Employee Retirement Systems and Pension Plans (Continued)

Investments:

**Investment policy:** The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Board. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension plan. The following was the adopted allocation policy as of June 30, 2018.

Asset Class	Pension Funds Allocation %
Core fixed income	20.00%
Inflation-indexed bonds	6.00%
Large cap U.S. equities	14.69%
Mid cap U.S. equities	8.29%
Small cap U.S. equities	4.13%
Developed foreign equities	17.82%
Emerging market equities	4.19%
Private equity	9.09%
Hedge funds / absolute return	6.79%
Real estate	6.00%
Commodities	3.00%

**Rate of return:** For the year ended June 30, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was as follows. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

	Employees Pension Plan	Police Benefit Fund	Fire Benefit Fund	Food Service Employees' Fund
Rate of return	7.43%	7.42%	7.42%	7.44%

**Net pension liability of the City:** The components of the net pension liability of the City at June 30, 2018 were as follows:

Net Pension Liability as of June 30, 2017	Employees Pension Plan	Police Benefit Fund	Fire Benefit Fund	Food Service Employees' Fund	Total
Total pension liability	\$ 243,953,969	\$ 152,844,239	\$ 122,775,285	\$ 3,614,683	\$ 523,188,176
Plan fiduciary net position	200,348,273	119,862,471	107,279,330	2,443,127	429,933,201
Net pension liability	43,605,696	32,981,768	15,495,955	1,171,556	93,254,975
Plan fiduciary net position as a percentage of total pension liability	82.13%	78.42%	87.38%	67.59%	82.18%

City of Norwalk, Connecticut

Notes to Financial Statements

**Note 8. Employee Retirement Systems and Pension Plans (Continued)**

**Actuarial assumptions:** The total pension liability was determined by an actuarial valuation as of July 1, 2017, calculated based on the discount rate and actuarial assumptions below, and then was projected forward to the measurement date June 30, 2018. There have been no significant changes between the valuation date and the fiscal year-end.

	Employees' Pension Plan	Police Benefit Fund	Firemen's Benefit Fund	Food Service Pension Fund
Valuation date	July 1, 2017	July 1, 2017	July 1, 2017	July 1, 2017
Actuarial cost method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization method	Level Percent Closed	Level Percent Closed	Level Percent Closed	Level Percent Closed
Remaining amortization period	19 years	19 years	19 years	19 years
Asset valuation method	Expected actuarial Value plus/minus 20% of the difference between market value over 5 years	Expected actuarial Value plus/minus 20% of the difference between market value over 5 years	Expected actuarial Value plus/minus 20% of the difference between market value over 5 years	Expected actuarial Value plus/minus 20% of the difference between market value over 5 years
Actuarial assumptions:				
Investment rate of return	7.25%	7.25%	7.25%	7.25%
Projected salary increases	Graded: 3.25% to 7.25%	Graded: 3.25% to 7.25%	Graded: 3.25% to 7.25%	Graded: 3.25% to 7.25%
Cost of living adjustments	1.50%	1.50%	1.50%	N/A
Inflation	2.75%	2.75%	2.75%	2.75%

Mortality rates were based on the RP-2014 Adjusted to 2006 Total Dataset Mortality Table, projected to the valuation date with Scale MP-2017.

**Concentrations:** The pension plans held the following investments, excluding mutual funds and investments issued or explicitly guaranteed by the United States government, representing 5% or more of the pension trust funds' fiduciary net position as of June 30, 2018:

Investment	Net Asset Value at June 30, 2018
Silchester International Investors International Value Equity Group Trust	\$ 43,672,944
Artisan International Growth Trust	34,515,841
Blackstone Park Avenue Non-taxable Fund, L.P.	30,718,671
Russell 1000 Value Index Fund	88,374,531
Prudential Fixed Income Core Conservative	40,720,020

City of Norwalk, Connecticut

Notes to Financial Statements

**Note 8. Employee Retirement Systems and Pension Plans (Continued)**

**Assumed rate of return:** The long-term expected rate of return on pension plan investments was determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. Best estimates of the real rates of returns for each major asset class are included in the pension plan's target asset allocation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of July 1, 2017, and the final vestment return assumption, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Weighting
Core Fixed Income	20.00%	1.95%	0.39%
Inflation-Indexed Bonds	6.00%	50.00%	0.03%
Large Cap U.S. Equities	14.69%	4.65%	0.68%
Mid Cap U.S. Equities	8.29%	5.50%	0.46%
Small Cap U.S. Equities	4.13%	5.50%	0.23%
Developed Foreign Equities	17.82%	5.50%	0.98%
Emerging Market Equities	4.19%	6.50%	0.27%
Private Equity	9.09%	6.25%	0.57%
Hedge Funds/Absolute Return	6.79%	3.00%	0.20%
Real Estate (Property)	6.00%	5.00%	0.30%
Commodities	3.00%	5.25%	0.16%
	<u>100.00%</u>		<u>4.27%</u>
Long-Term Inflation Expectation			<u>2.75%</u>
Long-term expected nominal return			<u>7.02%</u>



City of Norwalk, Connecticut

Notes to Financial Statements

**Note 8. Employee Retirement Systems and Pension Plans (Continued)**

**Discount rate:** The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Also, based on the net position of the plans and contribution policies, it was assumed the plan's projected fiduciary net position would be sufficient to cover projected benefit payments and administrative expenses indefinitely. Therefore, the long-term expected rates of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

	Employees' Pension Plan			Fire Benefit Fund		
	Increase (Decrease)			Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Changes in the net pension liability:						
Balances at 6/30/17	\$ 241,295,573	\$ 192,726,536	\$ 48,569,037	\$ 126,104,528	\$ 102,582,201	\$ 23,522,327
Changes for the year:						
Service cost	4,199,558	-	4,199,558	2,306,817	-	2,306,817
Interest on total pension liability	17,591,736	-	17,591,736	9,226,996	-	9,226,996
Effect of plan changes	-	-	-	-	-	-
Differences between expected and actual experience	(5,454,846)	-	(5,454,846)	(2,394,279)	-	(2,394,279)
Changes of assumptions	500,375	-	500,375	(5,750,186)	-	(5,750,186)
Contributions- employer	-	5,838,322	(5,838,322)	-	2,903,735	(2,903,735)
Contributions- member	-	1,758,778	(1,758,778)	-	946,860	(946,860)
Net investment income	-	14,283,558	(14,283,558)	-	7,607,993	(7,607,993)
Benefit payments	(14,178,427)	(14,178,427)	-	(6,718,591)	(6,718,591)	-
Net investment income	-	(80,494)	80,494	-	(42,868)	42,868
Administrative expense	-	-	-	-	-	-
<b>Net changes</b>	<b>2,658,396</b>	<b>7,621,737</b>	<b>(4,963,341)</b>	<b>(3,329,243)</b>	<b>4,697,129</b>	<b>(8,026,372)</b>
<b>Balances at 6/30/18</b>	<b>\$ 243,953,969</b>	<b>\$ 200,348,273</b>	<b>\$ 43,605,696</b>	<b>\$ 122,775,285</b>	<b>\$ 107,279,330</b>	<b>\$ 15,495,955</b>
	Police Benefit Fund			Food Service Employees' Fund		
	Increase (Decrease)			Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Changes in the net pension liability:						
Balances at 6/30/17	\$ 153,188,764	\$ 112,880,057	\$ 40,308,707	\$ 2,977,764	\$ 2,290,404	\$ 687,360
Changes for the year:						
Service cost	3,149,217	-	3,149,217	98,634	-	98,634
Interest on total pension liability	11,255,869	-	11,255,869	220,070	-	220,070
Effect of plan changes	-	-	-	-	-	-
Differences between expected and actual experience	(1,668,083)	-	(1,668,083)	557,070	-	557,070
Changes of assumptions	(5,514,888)	-	(5,514,888)	(50,718)	-	(50,718)
Contributions- employer	-	4,792,975	(4,792,975)	-	128,538	(128,538)
Contributions- member	-	1,311,766	(1,311,766)	-	39,551	(39,551)
Net investment income	-	8,490,819	(8,490,819)	-	173,693	(173,693)
Benefit payments	(7,566,640)	(7,566,640)	-	(188,137)	(188,137)	-
Net investment income	-	(46,506)	46,506	-	(922)	922
Administrative expense	-	-	-	-	-	-
<b>Net changes</b>	<b>(344,525)</b>	<b>6,982,414</b>	<b>(7,326,939)</b>	<b>636,919</b>	<b>152,723</b>	<b>484,196</b>
<b>Balances at 6/30/18</b>	<b>\$ 152,844,239</b>	<b>\$ 119,862,471</b>	<b>\$ 32,981,768</b>	<b>\$ 3,614,683</b>	<b>\$ 2,443,127</b>	<b>\$ 1,171,556</b>

**City of Norwalk, Connecticut**

**Notes to Financial Statements**

**Note 8. Employee Retirement Systems and Pension Plans (Continued)**

**Sensitivity of estimates used in calculating the net pension liability:** The following presents the net pension liability of the City, calculated using the discount rate of 7.25%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the rate utilized:

Net Pension Liability	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Employees pension plan	\$ 70,226,633	\$ 43,605,696	\$ 20,979,582
Police benefit fund	52,854,081	32,981,768	16,604,043
Fire benefit fund	30,692,181	15,495,955	2,853,348
Food service employees' fund	1,550,651	1,171,556	847,657
	<b>\$ 155,323,546</b>	<b>\$ 93,254,975</b>	<b>\$ 41,284,630</b>

For the fiscal year ended June 30, 2018, the total recognized pension expense is:

Employees pension plan	\$ 10,967,803
Police benefit fund	6,041,056
Firemen's benefit fund	3,912,104
Food service employees' fund	204,449
Total	<b>\$ 21,125,412</b>

As of June 30, 2018, deferred outflows of resources and deferred inflows of resources related to pensions are reported as follows:

	Deferred Outflows of Resources				
	Employees Pension Plan	Police Benefit Fund	Fire Benefit Fund	Food Service Employees' Fund	Total
Changes of assumptions	\$ 4,143,700	\$ 1,783,722	\$ 1,308,129	\$ 101,801	\$ 7,337,352
Net difference between projected and actual earnings on pension plan investments	3,671,897	1,946,491	1,935,998	33,641	7,588,027
Differences between expected and actual experience	103,096	-	-	522,494	625,590
Total	<b>7,918,693</b>	<b>3,730,213</b>	<b>3,244,127</b>	<b>657,936</b>	<b>15,550,969</b>

	Deferred Inflows of Resources				
	Employees Pension Plan	Police Benefit Fund	Fire Benefit Fund	Food Service Employees' Fund	Total
Differences between expected and actual experience	(5,584,026)	(3,177,820)	(3,299,265)	(354,461)	\$ (12,415,572)
Change of assumptions	-	(4,738,143)	(4,958,739)	(41,326)	\$ (9,738,208)
Total	<b>(5,584,026)</b>	<b>(7,915,963)</b>	<b>(8,258,004)</b>	<b>(395,787)</b>	<b>(22,153,780)</b>
Net deferred outflows of resources	<b>\$ 2,334,667</b>	<b>\$ (4,185,750)</b>	<b>\$ (5,013,877)</b>	<b>\$ 262,149</b>	<b>\$ (6,602,811)</b>

**City of Norwalk, Connecticut**

**Notes to Financial Statements**

**Note 8. Employee Retirement Systems and Pension Plans (Continued)**

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the pension expense as follows:

Year Ended June 30, 2018:

	Employees Pension Plan	Police Benefit Fund	Fire Benefit Fund	Food Service Employees' Fund	Total
2019	\$ 4,285,984	\$ 1,171,501	\$ 742,292	\$ 92,534	\$ 6,292,311
2020	377,184	90,039	(266,910)	71,704	272,017
2021	(2,266,248)	(2,089,016)	(2,251,237)	34,270	(6,572,231)
2022	(62,253)	(1,233,733)	(1,263,607)	26,134	(2,533,459)
2023	-	(1,011,686)	(1,234,010)	37,507	(2,208,189)
Thereafter	-	(1,112,855)	(740,405)	-	(1,853,260)
Total	<u>\$ 2,334,667</u>	<u>\$ (4,185,750)</u>	<u>\$ (5,013,877)</u>	<u>\$ 262,149</u>	<u>\$ (6,602,811)</u>

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

During the year ended June 30, 2018, 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, 2018, were as follows:

Collateral Type	Market Value June 30, 2018	Collateral Value June 30, 2018	Collateral Percentage
Cash	<u>\$ 2,557,314</u>	<u>\$ 2,621,566</u>	103%

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

Cash collateral has been placed in investments that generally match the maturities of the secured loans. The Plans do not have any credit risk on the securities lending transactions as of June 30, 2018.

## City of Norwalk, Connecticut

### Notes to Financial Statements

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#### Note 8. Employee Retirement Systems and Pension Plans (Continued)

Connecticut State Teachers' Retirement System:

**Description of system:** Teachers, principals, superintendents or supervisors engaged in service of public schools are provided with pensions through the Connecticut State Teachers' Retirement System, a cost sharing multiple-employer defined benefit plan, which is administered by the Connecticut State Teachers' Retirement Board. The State of Connecticut Teacher Retirement System (the System) is considered to be a part of the State of Connecticut financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports may be obtained at [www.ct.gov](http://www.ct.gov).

Certain part-time and full-time certified teachers are eligible to participate in the plan and are required to contribute 6.00% of their annual earnings to the plan. The City is not required to contribute to the plan.

**Summary of significant accounting policies:** The City has recognized revenues and expenditures for on-behalf payments for pension contributions paid directly to the System by the State. Such on-behalf payments were approximately \$34,694,000 for the year ended June 30, 2018.

For purposes of measuring the liability, deferred outflows of resources and deferred inflows of resources, and expense associated with the State's requirement to contribute to the System, information about System's fiduciary net position and additions to/deductions from the System's fiduciary net position have been determined on the same basis as they are reported by the System.

**Benefits provided:** The benefits provided to participants by the System are as follows:

**Normal benefit:** A member at age 60 with 20 years of Credited Service in Connecticut, or 35 years of Credited Service including at least 25 years of service in Connecticut is eligible for vested benefits of 2% of average annual salary times years of credited service (maximum benefit is 75% of average annual salary.)

**Contribution requirements:** The pension contributions made by the State to the System are determined on an actuarial reserve basis as described in Connecticut General Statutes (CGS) Sections 10-183z.

**Actuarial assumptions:** The actuarial assumptions used in the June 30, 2016 valuation, using the following key actuarial assumptions, applied to all periods in the measurement:

Inflation	2.75%
Salary increases, including inflation	3.25% - 6.50%
Long-term investment rate of return, net of pension investment expense, including inflation	8.00%

Mortality rates were based on the RP-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to year 2020 using BB improvement scales, and further adjusted to grade in increased rates over age 80 for the period after service retirement and for dependent beneficiaries as well as active members.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2010 – June 30, 2015.

**City of Norwalk, Connecticut**

**Notes to Financial Statements**

**Note 8. Employee Retirement Systems and Pension Plans (Continued)**

Future cost-of-living increases for teachers who retired prior to September 1, 1992, are made in accordance with increases in the Consumer Price Index, with a minimum of 3% and a maximum of 5% per annum. For teachers who were members of the Teachers' Retirement System before July 1, 2007, and retire on or after September 1, 1992, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 6% per annum. If the return on assets in the previous year was less than 8.5%, the maximum increase is 1.5%. For teachers who were members of the Teachers' Retirement System after July 1, 2007, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 5% per annum. If the return on assets in the previous year was less than 11.5%, the maximum increase is 3%, and if the return on the assets in the previous year was less than 8.5%, the maximum increase is 1.0%.

The long-term expected rate of return on pension investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large cap U.S. equities	21.0%	5.8%
Developed non-U.S. equities	18.0%	6.6%
Emerging markets (non-U.S.)	9.0%	8.3%
Core Fixed Income	7.0%	5.1%
Inflation linked bond fund	11.0%	7.6%
Emerging market bond	8.0%	4.1%
High yield bonds	7.0%	1.3%
Real estate	5.0%	3.9%
Private equity	5.0%	3.7%
Alternative investments	3.0%	1.0%
Cash	6.0%	0.4%
	100.00%	

**Discount rate:** The discount rate used to measure the total pension liability was 8%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that State contributions will be made at the actuarially determined rates in future years. Based on those assumptions, the pension's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return on pension investments was applied to all periods of projected benefit payments to determine the total pension liability.

**City of Norwalk, Connecticut**

**Notes to Financial Statements**

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**Note 8. Employee Retirement Systems and Pension Plans (Continued)**

**Sensitivity of the proportionate share of the net pension liability to changes in the discount rate:**

The following presents the state's proportionate share of the net pension liability allocated to the City, calculated using the discount rate of 8 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7 percent) or 1-percentage-point higher (9 percent) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
Net Pension Liability	7.00%	8.00%	9.00%
State's proportionate share of the net pension liability associated with the City	\$16,900,923,000	\$13,502,320,000	\$10,629,014,000

**Pension liabilities, pension expense, and deferred inflows/outflows of resources:** The State makes all contributions to the System on behalf of employees of the participating districts. Therefore, participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a non-employer contributing entity in the System. Since the districts do not contribute directly to the System, there is no net pension liability or deferred inflows or outflows to report in the financial statements of the City. The portion of the net pension liability that was associated with the City was \$299,938,169 and 100% of the collective net pension liability is allocated to the State.

June 30, 2016 is the actuarial valuation date upon which was projected forward to June 30, 2017 which is the measurement date of the net pension liability. Since the prior valuation, the State adopted new assumptions based on the 2015 Experience Study. The changes in assumptions are summarized below:

***Economic assumptions:***

1. Reduce the inflation assumption from 3.00% to 2.75%.
2. Reduce the real rate of return assumption from 5.50% to 5.25% which, when combined with the inflation assumption change results in a decrease in the investment rate of return assumption from 8.50% to 8.00%.
3. Reduce the annual rate of wage increase assumption from 0.75% to 0.50%.
4. Slightly modify the merit portion of the salary scale.
5. Reduce the payroll growth assumption from 3.75% to 3.25%.

***Demographic assumptions:***

6. Update mortality tables to projected versions of the RPH-2014 mortality tables.
7. Increase normal retirement rates for females at most ages and prorable retirement rates for males at most ages. Decrease early retirement rates for both males and females.
8. Increase rates of withdrawal.
9. Decrease rates of disability for males.

## City of Norwalk, Connecticut

### Notes to Financial Statements

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#### Note 8. Employee Retirement Systems and Pension Plans (Continued)

City of Norwalk Retirement Plan - Defined Contribution Pension Plan:

**Description of the plan:** As part of the July 1, 2012 Pension Coalition Agreement, management took steps to reduce the City's cost of providing retirement benefits for future employees that were previously covered by the EPP. To help mitigate future increases in retirement costs, the Agreement approved by the City Common Council required all full-time employees other than sworn police officers, firefighters, food service, grant employees and certified teachers and administrators hired after July 1, 2012 to participate in a 401(a) defined contribution plan (the Plan). In August 2013, full-time grant employees were added to the Plan. The Plan is not reported as a fiduciary fund by the City as it does not meet the reporting criterion.

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

The assets for the Plan are held by ICMA Retirement Corporation. The balance of the Plan amounted to approximately \$3,352,000 at June 30, 2018 and is not reflected in the accompanying financial statements of the City, as the City's role in the administration of the Plan is limited.

#### Note 9. Other Post-Employment Benefits

**Post-retirement benefits:** The City provides post-retirement benefits for certain employees for current and future health and life insurance benefit expenses through a single-employer defined benefit plan. An annual actuarial valuation is made to determine whether the contributions are sufficient to meet the plan obligations. The latest actuarial valuation was performed as of July 1, 2017 which was projected forward to June 30, 2018 which is the measurement date that the net OPEB liability is reported on. The OPEB plan does not issue stand-alone financial reports.

The contribution requirements of plan members and the City are established and may be amended by the City. The City determines the required contribution using the projected unit credit method.

Membership in the plan consisted of the following at July 1, 2017, the date of the last actuarial valuation.

Retirees and beneficiaries receiving benefits	925
Active plan members	<u>1,907</u>
Total	<u>2,832</u>

**City of Norwalk, Connecticut**

**Notes to Financial Statements**

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**Note 9. Other Post-Employment Benefits (Continued)**

Actuarial assumptions are as follows:

Valuation date	July 1, 2017
Actuarial cost method	Entry Age Normal
Asset valuation method	Market Value
Amortization method	Level dollar
Remaining amortization period	10 Years open
Actuarial assumptions:	
Investment rate of return	6.5%
Inflation rate	2.6%
Health cost trend rates	Annual increases in premium for retired medical and prescription drug benefits are assumed to be as follows:

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

Mortality:

Retired- RP-2014 Adjusted to 2006 Total Dataset Mortality table, projected to the valuation date with Scale MP-2017.

Disabled- RP-2014 Adjusted to 2006 Disabled Mortality table, projected to the valuation date with Scale MP-2017.

**Investments:**

**Investment policy:** The OPEB plan's policy in regard to the allocation of invested assets is established and may be amended by the Board. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the OPEB plan. The following was the adopted allocation policy as of June 30, 2018.



**City of Norwalk, Connecticut**

**Notes to Financial Statements**

**Note 9. Other Post-Employment Benefits (Continued)**

**Rate of return:** For the year ended June 30, 2018, the annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expense, was as follows. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

	<u>OPEB Plan</u>
Rate of return	8.44%

**Net OPEB liability of the City:** The components of the net OPEB liability of the City at June 30, 2018 were as follows:

Net OPEB Liability as of June 30, 2018	<u>OPEB Plan</u>
Total OPEB liability	\$ 164,204,993
Plan fiduciary net position	86,225,253
Net OPEB liability	<u>77,979,740</u>
Plan fiduciary net position as a percentage of total OPEB liability	<u>52.51%</u>

**Assumed rate of return:** The long-term expected rate of return on OPEB plan investments was determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. Best estimates of the real rates of returns for each major asset class are included in the OPEB plan's target asset allocation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of July 1, 2017, and the final vestment return assumption, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Weighting
Core Fixed Income	20.00%	1.95%	0.39%
Inflation-Indexed Bonds	6.00%	50.00%	0.03%
Large Cap U.S. Equities	14.69%	4.65%	0.68%
Mid Cap U.S. Equities	8.29%	5.50%	0.46%
Small Cap U.S. Equities	4.13%	5.50%	0.23%
Developed Foreign Equities	17.82%	5.50%	0.98%
Emerging Market Equities	4.19%	6.50%	0.27%
Private Equity	9.09%	6.25%	0.57%
Hedge Funds / Absolute Return	6.79%	3.00%	0.20%
Real Estate (Property)	6.00%	5.00%	0.30%
Commodities	3.00%	5.25%	0.16%
	<u>100.00%</u>		<u>4.27%</u>
Long-Term Inflation Expectation			<u>2.60%</u>
Long-term expected nominal return			<u>6.87%</u>

City of Norwalk, Connecticut

Notes to Financial Statements

**Note 9. Other Post-Employment Benefits (Continued)**

**Discount rate:** The discount rate used to measure the total OPEB liability was 6.5%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Also, based on the net position of the plans and contribution policies, it was assumed the plan's projected fiduciary net position would be sufficient to cover projected benefit payments and administrative expenses indefinitely. Therefore, the long-term expected rates of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Changes in the Net OPEB Liability:**

	Changes in the Net OPEB Liability		
	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Changes in the net OPEB liability:			
Balances at June 30, 2017	\$ 293,178,400	\$ 73,212,279	\$ 219,966,121
Changes for the year:			
Service cost	6,411,789	-	6,411,789
Interest	22,043,918	-	22,043,918
Differences between expected and actual experience	(23,084,445)	-	(23,084,445)
Changes of benefit terms	(121,890,984)	-	(121,890,984)
Changes of assumptions	(902,307)	-	(902,307)
Contributions- employer	-	17,985,137	(17,985,137)
Contributions- active member	-	477,927	(477,927)
Contributions- TRB subsidy	-	336,601	(336,601)
Benefit payments, including refunds of members contributions	(11,551,378)	(11,551,378)	-
Administrative expenses		(50,764)	50,764
Net investment income	-	5,815,451	(5,815,451)
Net changes	(128,973,407)	13,012,974	(141,986,381)
Balances at June 30, 2018	\$ 164,204,993	\$ 86,225,253	\$ 77,979,740

The City changed from a self-insured Medicare Supplement plan to a Medicare Advantage program when the City moved to the fully insured state CPP 2.0 plan (See Note 10). This change resulted in a significant change in benefit terms as noted in the above table.

City of Norwalk, Connecticut

Notes to Financial Statements

**Note 9. Other Post-Employment Benefits (Continued)**

**Sensitivity of estimates used in calculating the net OPEB liability:** The following presents the net OPEB liability of the City, calculated using the discount rate of 6.5%, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the rate utilized:

Net OPEB Liability	1% Decrease 5.5%	Current Discount Rate 6.5%	1% Increase 7.5%
OPEB Plan	\$ 95,945,850	\$ 77,979,740	\$ 62,798,710

**Sensitivity of the net OPEB liability to changes in the health care cost trend rates:** The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using health care cost trend rates that are 1 percentage point lower (7.60% decreasing to 4.60%) or 1 percentage point higher (8.60% decreasing to 5.60%) than the current health care cost trend rates:

Net OPEB liability as of June 30, 2018	1.0% Decrease (6.60 decreasing to 3.60%)	Healthcare Cost Trend Rates (7.60% decreasing to 4.60%)	1.0% Increase (8.60 increasing to 5.60%)
	\$ 59,666,638	\$ 77,979,740	\$ 100,165,685

**OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB:** For the year ended June 30, 2018, the City recognized OPEB credit of \$(102,546,110). At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net
Differences between expected and actual experience	\$ -	\$ (20,602,247)	\$ (20,602,247)
Changes of assumptions	-	(805,285)	(805,285)
Net difference between projected and actual earnings on OPEB plan investments	-	(47,602)	(47,602)
	\$ -	\$ (21,455,134)	\$ (21,455,134)

Year ending June 30:

2019	\$ (2,591,121)
2020	(2,591,121)
2021	(2,591,121)
2022	(2,591,119)
2023	(2,579,220)
Thereafter	(8,511,432)
	\$ (21,455,134)

## City of Norwalk, Connecticut

### Notes to Financial Statements

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#### Note 9. Other Post-Employment Benefits (Continued)

##### **Connecticut State Teachers' Retirement System- Retiree Health Insurance Plan**

**Plan description:** Teachers, principals, superintendents or supervisors engaged in service of public schools plus professional employees at State Schools of higher education are eligible to participate in the Connecticut State Teachers' Retirement System Retiree Health Insurance Plan (TRS-RHIP), a cost sharing multiple-employer defined benefit other post-employment benefit plan administered by the Teachers' Retirement Board (TRB), if they choose to be covered.

Chapter 167a Section 10-183 (t) of the State Statutes grants authority to establish and amend the benefit terms to the TRB. TRS-RHIP issues a publicly available financial report that can be obtained at [www.ct.gov/trb](http://www.ct.gov/trb).

**Benefit provisions:** There are two types of the health care benefits offered through the system. Subsidized Local School District Coverage provides a subsidy paid to members still receiving coverage through their former employer and the CTRB Sponsored Medicare Supplemental Plans provide coverage for those participating in Medicare, but not receiving Subsidized Local School District Coverage.

Any member that is not currently participating in Medicare Parts A & B is eligible to continue health care coverage with their former employer. A subsidy of up to \$110 per month for a retired member plus an additional \$110 per month for a spouse enrolled in a local school district plan is provided to the school district to first offset the retiree's share of the cost of coverage, any remaining portion is used to offset the district's cost. The subsidy amount is set by statute, and has not increased since July of 1996. A subsidy amount of \$220 per month may be paid for a retired member, spouse or the surviving spouse of a member who has attained the normal retirement age to participate in Medicare, is not eligible for Part A of Medicare without cost, and contributes at least \$220 per month towards coverage under a local school district plan.

Any member that is currently participating in Medicare Parts A & B is eligible to either continue health care coverage with their former employer, if offered, or enroll in the plan sponsored by the System. If they elect to remain in the plan with their former employer, the same subsidies as above will be paid to offset the cost of coverage.

If a member participating in Medicare Parts A & B so elects, they may enroll in one of the CTRB Sponsored Medicare Supplemental Plans. Active members, retirees, and the State pay equally toward the cost of the basic coverage (medical and prescription drug benefits). There are three choices for coverage under the CTRB Sponsored Medicare Supplemental Plans. The choices and 2017 calendar year premiums charged for each choice are shown in the table below

- |  |       |
|--|-------|
| • Medicare Supplement with Prescriptions                           | \$ 92 |
| • Medicare Supplement with Prescriptions and Dental                | 136   |
| • Medicare Supplement with Prescriptions, Dental, Vision & Hearing | 141   |

Those participants electing vision, hearing, and/or dental are required by the System's funding policy to pay the full cost of coverage for these benefits, and no liability is assumed by the Plan for these benefits.

**Survivor health care coverage:** Survivors of former employees or retirees remain eligible to participate in the Plan and continue to be eligible to receive either the \$110 monthly subsidy or participate in the TRB - Sponsored Medicare Supplemental Plans, as long as they do not remarry.

**Eligibility:** Any member that is currently receiving a retirement or disability benefit is eligible to participate in the Plan.

**City of Norwalk, Connecticut**

**Notes to Financial Statements**

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**Note 9. Other Post-Employment Benefits (Continued)**

**Credited service:** One month for each month of service as a teacher in Connecticut public schools, maximum 10 months for each school year. Ten months of credited service constitutes one year of Credited Service. Certain other types of teaching services, State employment, or wartime military service may be purchased prior to retirement, if the Member pays one-half the cost.

**Normal retirement:** Age 60 with 20 years of Credited Service in Connecticut, or 35 years of Credited Service including at least 25 years of service in Connecticut.

**Early retirement:** 25 years of Credited Service including 20 years of Connecticut service, or age 55 with 20 years of Credited Service including 15 years of Connecticut service.

**Proratable retirement:** Age 60 with 10 years of credited service

**Disability retirement:** 5 years of Credited Service in Connecticut if not incurred in the performance of duty and no service requirement if incurred in the performance of duty.

**Termination of employment:** 10 or more years of Credited Service.

**Contributions:**

*State of Connecticut*

Per Connecticut General Statutes Section 10-183t, contribution requirements of active employees and the State of Connecticut are approved, amended and certified by the State Teachers Retirement Board and appropriated by the General Assembly. The State contributions are not currently actuarially funded. The State appropriates from the General Fund one third of the annual costs of the Plan. Administrative costs of the Plan are financed by the State. Based upon Chapter 167a, Subsection D of Section 10-183t of the Connecticut statutes, it is assumed the State will pay for any long-term shortfall arising from insufficient active member contributions.

*Employer (School Districts)*

School District employers are not required to make contributions to the plan.

*Employees*

Each member is required to contribute 1.25% of their annual salary up to \$500,000. Contributions in excess of \$500,000 will be credited to the Retiree Health Insurance Plan.

**OPEB liabilities, OPEB expense, and deferred outflows of resources and deferred inflows of resources related to OPEB:** At June 30, 2018, the City reports no amounts for its proportionate share of the net OPEB liability, and related deferred outflows and inflows, due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the City as its proportionate share of the net OPEB liability, the related state support, and the total portion of the net OPEB liability that was associated with the City was as follows:

City's proportionate share of the net OPEB liability	\$ -
State's proportionate share of the net OPEB liability associated with the City	<u>77,200,666</u>
	<u>\$ 77,200,666</u>

## City of Norwalk, Connecticut

### Notes to Financial Statements

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#### Note 9. Other Post-Employment Benefits (Continued)

For the year ended June 30, 2018, the actuarial valuation date utilized was June 30, 2016, which was projected forward to June 30, 2017, which is the measurement date that the net OPEB liability is reported on. At June 30, 2018, the City has no proportionate share of the net OPEB liability.

For the year ended June 30, 2018, the City recognized OPEB expense and revenue of \$3,577,869 in the Statement of Revenues, Expenditures and Changes in Fund Balance for on-behalf amounts for the benefits provided by the State.

**Actuarial assumptions:** The total OPEB liability was determined by an actuarial valuation as of June 30, 2016, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Health care costs trend rate	7.25% decreasing to 5.00% by 2022
Salary increases	3.25-6.50%, including inflation
Investment rate of return	3.56%, net of OPEB plan investment
Measurement date:	June 30, 2017 as rolled forward from June 30, 2016
	expense, including inflation
Year fund net position will Be depleted	2018

Mortality rates were based on the RPH-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale, and further adjusted to grade in increases (5% for females and 8% for males) over age 80. For disabled retirees, the RPH-2014 Disabled Mortality Table projected to 2017 using the BB improvement scale.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2010 - June 30, 2015.

The long-term expected rate of return on plan assets is reviewed as part of the GASB 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, valuation process. Several factors are considered in evaluating the long-term rate of return assumption, including the Plan's current asset allocations and a log-normal distribution analysis using the best-estimate ranges of expected future real rates of return (expected return, net investment expense and inflation) for each major asset class. The long-term expected rate of return was determined by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years. The plan is 100% invested in U.S. Treasuries (Cash Equivalents) for which the expected 10-Year Geometric Real Rate of Return is (0.02%).

**Discount rate:** The discount rate used to measure the total OPEB liability was 3.56%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current member contribution rate and that contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members. No future State contributions were assumed to be made. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be depleted in 2018 and, as a result, the Municipal Bond Index Rate was used in the determination.

**Sensitivity of the net OPEB liability to changes in the health care cost trend rate and the discount rate:** The City's proportionate share of the net OPEB liability is \$-0- and, therefore, the change in the health care cost trend rate or the discount rate would only impact the amount recorded by the State of Connecticut.

## City of Norwalk, Connecticut

### Notes to Financial Statements

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#### Note 9. Other Post-Employment Benefits (Continued)

**Other information:** Additional information is included in the required supplementary information section of the financial statements. A schedule of contributions is not presented as the City has no obligation to contribute to the plan. Detailed information about the Connecticut State Teachers' OPEB Plan fiduciary net position is available in the separately issued State of Connecticut Comprehensive Annual Financial Report at [www.ct.gov](http://www.ct.gov).

#### Note 10. Risk Management

The City is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions for public officials and law enforcement; medical malpractice for the health department's physicians; injuries to employees; and natural disasters. The City purchases commercial property, boiler and machinery insurance for losses in excess of \$100,000 to the City's real estate; and, third party liability insurance up to \$12,000,000 for claims including a \$1,000,000 deductible.

The City and the Board of Education have moved to a premium based health insurance in FY 2017-18. The Board of Education moved its medical insurance in October of 2017 and the City its medical, vision and dental insurances in January of 2018.

The City has opted to manage certain of its risks internally and has set aside assets for claim settlement in its Internal Service Fund for workers' compensation, general, auto and property liability claims for risk of loss. Under the program, the City is obligated for claim payments. Settled claims have not exceeded commercial coverage nor has coverage been materially reduced in any of the last three years. The City makes payments to the Internal Service Fund based on estimates of the amount needed to provide for normal occurrence of 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 calculated by actuarial valuations include amounts for claims that have been incurred but not reported. Because actual claims liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards, the process used in computing claims liability does not necessarily result in an exact amount.

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

Fiscal Year Ended	Claims Payable July 1	Claims and Changes in Estimates	Claims Paid	Claims Payable June 30,
2017	17,806,826	50,677,113	51,225,064	17,258,875
2018	17,258,875	22,354,327	27,972,231	11,640,971

**City of Norwalk, Connecticut**

**Notes to Financial Statements**

**Note 11. Fund Balance**

Below is a table of fund balance categories and classifications at June 30, 2018 for the City governmental funds:

	General Fund	Capital Projects	Debt Service Fund	Nonmajor Governmental Funds
Fund balances:				
Nonspendable:				
Inventory	\$ 19,471	\$ -	\$ -	\$ 51,913
Total nonspendable	<u>19,471</u>	<u>-</u>	<u>-</u>	<u>51,913</u>
Restricted:				
General government	-	-	-	80,921
Public safety	-	-	-	58,384
Health and welfare	-	-	-	48,953
Public works	-	-	-	5,000
Education	-	-	-	571,110
Capital projects	-	22,149,980	-	-
Debt service	-	-	10,936,150	-
Community grants	-	-	-	2,637
Total restricted	<u>-</u>	<u>22,149,980</u>	<u>10,936,150</u>	<u>767,005</u>
Committed:				
General government	-	-	-	84,768
Education	1,487,147	-	-	44,467
Public safety	-	-	-	-
Streets and parking	-	-	-	1,019,774
Miscellaneous public works	-	-	-	68,122
Debt service	-	-	-	-
Health and welfare	-	-	-	70,811
Capital outlay	-	-	-	-
Total committed	<u>1,487,147</u>	<u>-</u>	<u>-</u>	<u>1,287,942</u>
Assigned:				
General government*	750,918	-	-	115,668
Education security and utilization studies	-	-	-	-
Education	785,902	-	-	-
Public safety	87,243	-	-	-
Recreation, arts & culture	10,715	-	-	-
Health & welfare	350,712	-	-	-
Public works	52,884	-	-	-
Total assigned	<u>2,038,374</u>	<u>-</u>	<u>-</u>	<u>115,668</u>
Unassigned:				
General government	57,676,454	-	-	(170,876)
Total unassigned	<u>57,676,454</u>	<u>-</u>	<u>-</u>	<u>(170,876)</u>
<b>Total fund balance</b>	<u>\$ 61,221,446</u>	<u>\$ 22,149,980</u>	<u>\$ 10,936,150</u>	<u>\$ 2,051,652</u>

\* There are no encumbrances included.



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

The GASB has issued several pronouncements that have effective dates that may impact future financial presentations. Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements, except for GASB 75, which will have a material impact, though the amount has not yet been determined:

The impact of the following accounting pronouncements are currently being assessed by the City as to the impact to the financial statements. Other recently issued financial statements are not expected to have a material effect to the City's financial statements.

**GASB Statement No. 83, *Certain Asset Retirement Obligations***, is effective for reporting periods beginning after June 15, 2018. The Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in the Statement. The City is aware of this Statement and will assess its impact to ensure timely implementation.

**GASB Statement No. 84, *Fiduciary Activities***, is effective for reporting periods beginning after December 15, 2018. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The City is aware of this Statement and will assess its impact to ensure timely implementation.

**GASB Statement No. 87, *Leases***, establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset, which should result in the recognition and reporting of leased assets and the liability associated with subsequent lease payments, which have historically been classified as operating leases of the current reporting period only. The new Statement requires a Lessee to recognize a lease liability and an intangible right-to-use lease asset, with the lessor required to recognize a lease receivable and a deferred inflow of resources. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

**GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements***, defines debt purposes of disclosure in the notes to financial statements as a liability that arises from a contractual obligation to pay cash, or other assets in lieu of cash, to settle a fixed amount established at the date of obligation. The Statement requires additional information related to debt to be disclosed in the notes to financial statements, including unused lines of credit, assets pledged as collateral for the debt, and specified terms in debt agreements related to significant events of default and the resulting financial consequences. The Statement also requires disclosure be provided for direct borrowings and direct placements of debt separate from other forms of debt. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018.

**GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period***. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The requirements of this Statement should be applied prospectively.

## City of Norwalk, Connecticut

### Notes to Financial Statements

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#### **Note 12. Governmental Accounting Standards Board Statements (Continued)**

**GASB Statement No. 90, *Majority Equity Interests***—an amendment of GASB Statements No. 14 and No. 61. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged.

#### **Note 13. Tax Abatements**

As of June 30, 2018, the City provides tax abatements through the Connecticut Enterprise Zone Program and Urban Jobs Program, as well as a locally administered Enterprise Zone Program for projects that fall within the State-designated Enterprise Zone area but which do not qualify for the State-Sponsored Connecticut Enterprise Zone Program.

The State- Sponsored Connecticut Enterprise Zone (EZ) Program provides real property tax abatements to encourage economic development in designated areas within a Targeted Investment Community of which the City has been designated, under Connecticut General Statutes Section 32-71. Eligible businesses include manufacturers, warehouse distributors and certain designated service related business. The property tax abatement is for a full five-year period and takes effect with the start of the first full assessment year following issuance of a "Certificate of Eligibility". For the fiscal year ended June 30, 2018, taxes abated through this program totaled approximately \$850,000. There are no provisions to recapture abated taxes under this program. No other commitments have been made by the City to the abatement recipients under this program.

#### **Note 14. Subsequent Events**

On August 1, 2018, the City issued \$30,000,000 of general obligation bonds with an interest rate ranging from 3.0% to 5.0% to finance certain capital projects. The bonds will mature through 2038.

**Required Supplementary  
Information - unaudited**



**City of Norwalk, Connecticut**

**Required Supplementary Information - unaudited  
 Schedule of Investment Returns - City Defined Benefit Plans/OPEB Plan  
 Last Five Fiscal Years\***

	<b>2018</b>	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expense for:					
Police benefit fund	<b>7.42%</b>	12.36%	-2.11%	2.60%	2.60%
Fire benefit fund	<b>7.42%</b>	12.35%	-2.10%	2.61%	2.61%
Employees pension plan	<b>7.43%</b>	12.35%	-2.12%	2.57%	2.57%
Food service employees' fund	<b>7.44%</b>	12.40%	-2.16%	2.58%	2.58%
OPEB Plan	<b>8.44%</b>	11.02%	N/A	N/A	N/A

\*Note: This schedule is intended to show ten years of information. Additional information will be added as it becomes available.

**City of Norwalk, Connecticut**

**Required Supplementary Information - unaudited  
Schedule of Employer Contributions – City Defined Benefit Plans  
Last Ten Fiscal Years**

	<b>Schedule of Contributions - Police Benefit Fund</b>									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Actuarially determined contribution	\$ 4,792,975	\$ 4,354,100	\$ 4,314,628	\$ 4,080,602	\$ 3,388,517	\$ 2,588,602	\$ 2,272,357	\$ 1,925,038	\$ 1,197,083	\$ 1,267,867
Contributions in relation to the actuarially determined contribution	4,792,975	4,354,100	4,314,628	4,080,602	3,388,517	2,588,602	2,272,357	1,925,038	1,197,083	1,267,867
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 14,341,772	\$ 13,563,363	\$ 13,362,925	\$ 12,880,465	\$ 11,276,370	\$ 9,892,305	\$ 10,038,206	\$ 9,767,044	\$ 7,836,642	\$ 8,277,467
Contributions as a percentage of covered payroll	33.42%	32.10%	32.29%	31.68%	30.05%	26.17%	22.64%	19.71%	15.28%	15.32%

	<b>Schedule of Contributions - Firemen's Benefit Fund</b>									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Actuarially determined contribution	\$ 2,903,735	\$ 2,628,693	\$ 2,565,634	\$ 2,547,300	\$ 2,150,257	\$ 1,455,860	\$ 898,283	\$ 335,135	\$ -	\$ 62,744
Contributions in relation to the actuarially determined contribution	2,903,735	2,628,693	2,565,634	2,547,300	2,150,257	1,455,860	898,283	335,135	-	62,744
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 11,027,666	\$ 10,130,992	\$ 10,423,875	\$ 10,148,581	\$ 9,462,914	\$ 9,411,149	\$ 8,907,133	\$ 8,669,948	\$ 7,848,842	\$ 7,336,833
Contributions as a percentage of covered payroll	26.33%	25.95%	24.61%	25.10%	22.72%	15.47%	10.08%	3.87%	0.00%	0.86%

(Continued)

**City of Norwalk, Connecticut**

**Required Supplementary Information - unaudited  
Schedule of Employer Contributions - City Defined Benefit Plans (Continued)  
Last Ten Fiscal Years**

	<b>Schedule of Contributions - Employees' Pension Plan</b>									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Actuarially determined contribution	\$ 5,782,321	\$ 5,110,223	\$ 4,776,855	\$ 4,846,456	\$ 4,114,985	\$ 3,170,268	\$ 2,497,652	\$ 1,677,163	\$ 891,003	\$ 832,452
Contributions in relation to the actuarially determined contribution	5,838,322	5,151,945	4,896,090	4,911,368	4,129,672	3,240,092	2,561,323	1,717,429	889,592	863,067
Contribution deficiency (excess)	<b>\$ (56,001)</b>	<b>\$ (41,722)</b>	<b>\$ (119,235)</b>	<b>\$ (64,912)</b>	<b>\$ (14,687)</b>	<b>\$ (69,824)</b>	<b>\$ (63,671)</b>	<b>\$ (40,266)</b>	<b>\$ 1,411</b>	<b>\$ (30,615)</b>
Covered payroll	\$ 31,744,600	\$ 31,905,292	\$ 33,875,261	\$ 35,518,485	\$ 36,038,743	\$ 35,768,820	\$ 36,038,743	\$ 35,205,960	\$ 35,648,471	\$ 35,652,748
Contributions as a percentage of covered payroll	18.39%	16.15%	14.45%	13.83%	11.46%	9.06%	7.11%	4.88%	2.50%	2.42%
	<b>Schedule of Contributions - Food Service Benefit Fund</b>									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Actuarially determined contribution	\$ 128,538	\$ 158,578	\$ 127,765	\$ 134,962	\$ 112,571	\$ 88,214	\$ 89,102	\$ 89,530	\$ 89,102	\$ 74,182
Contributions in relation to the actuarially determined contribution	128,538	158,578	127,765	134,962	112,571	88,214	89,102	89,530	89,102	74,182
Contribution deficiency (excess)	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Covered payroll	\$ 1,230,999	\$ 878,324	\$ 1,096,412	\$ 1,056,694	\$ 983,732	\$ 937,656	\$ 920,435	\$ 937,757	\$ 837,065	\$ 843,602
Contributions as a percentage of covered payroll	10.44%	18.05%	11.65%	12.77%	11.44%	9.41%	9.68%	9.55%	10.64%	8.79%

City of Norwalk, Connecticut

Required Supplementary Information - unaudited  
 Schedule of Changes in the City's Net Pension Liability and Related Ratios  
 Last Five Fiscal Years\*

Changes in Net Pension Liability (Asset)	Employees' Pension Plan					Fire Benefit Fund				
	2018	2017	2016	2015	2014	2018	2017	2016	2015	2014
<b>Total pension liability:</b>										
Service cost	\$ 4,199,558	\$ 4,249,652	\$ 4,432,081	\$ 4,169,799	\$ 4,009,422	\$ 2,306,817	\$ 2,317,879	\$ 2,368,034	\$ 2,099,901	\$ 2,019,136
Interest	17,591,736	17,296,147	16,424,257	16,047,282	15,512,952	9,226,996	9,097,794	8,923,809	8,623,287	8,261,191
Differences between expected and actual experience	(5,454,846)	(3,723,421)	489,706	(1,429,173)	(96,413)	(2,394,279)	(418,474)	(1,761,443)	(659,538)	214,940
Changes in assumptions	500,375	4,207,691	7,845,125	2,607,081	-	(5,750,186)	(136,787)	1,660,596	1,561,539	-
Benefit payments, including refunds of member contributions	(14,178,427)	(13,948,112)	(13,640,570)	(13,005,105)	(12,387,141)	(6,718,591)	(7,350,956)	(6,405,253)	(5,859,035)	(5,946,968)
<b>Net change in total pension liability</b>	<b>2,658,396</b>	<b>8,081,957</b>	<b>15,550,599</b>	<b>8,389,884</b>	<b>7,038,820</b>	<b>(3,329,243)</b>	<b>3,509,456</b>	<b>4,785,743</b>	<b>5,766,154</b>	<b>4,548,299</b>
Total pension liability, beginning	241,295,573	233,213,616	217,663,017	209,273,133	202,234,413	126,104,528	122,595,072	117,809,329	112,043,175	107,494,876
<b>Total pension liability, ending (a)</b>	<b>243,953,969</b>	<b>241,295,573</b>	<b>233,213,616</b>	<b>217,663,017</b>	<b>209,273,233</b>	<b>122,775,285</b>	<b>126,104,528</b>	<b>122,595,072</b>	<b>117,809,329</b>	<b>112,043,175</b>
<b>Fiduciary net position:</b>										
Employer contributions	5,838,322	5,151,945	4,896,090	4,911,368	4,129,672	2,903,735	2,628,693	2,565,634	2,547,300	2,150,257
Member contributions	1,758,778	1,604,341	1,688,038	1,585,785	1,512,089	946,860	875,135	902,752	797,376	783,055
Investment (loss) income net of investment expenses	14,283,558	21,858,657	(3,966,564)	4,889,227	26,969,866	7,607,993	11,622,284	(2,087,018)	2,595,895	14,160,681
Benefit payments, including refunds of member contributions	(14,178,427)	(13,948,112)	(13,640,570)	(13,005,105)	(12,387,141)	(6,718,591)	(7,350,956)	(6,405,253)	(5,859,035)	(5,946,968)
Administrative expenses	(80,494)	(32,079)	(93,012)	(101,700)	(55,742)	(42,868)	(17,085)	(45,349)	(52,447)	(29,277)
Other	-	4,773	(6,923)	3,121	5,154	-	2,410	(3,660)	1,625	2,652
<b>Net change in plan fiduciary net position</b>	<b>7,621,737</b>	<b>14,639,525</b>	<b>(11,122,941)</b>	<b>(1,717,304)</b>	<b>20,173,898</b>	<b>4,697,129</b>	<b>7,760,481</b>	<b>(5,072,894)</b>	<b>30,714</b>	<b>11,120,400</b>
Fiduciary net position, beginning	192,726,536	178,087,011	189,209,952	190,927,256	170,753,358	102,582,201	94,821,720	99,894,614	99,863,900	88,743,500
<b>Fiduciary net position, ending (b)</b>	<b>200,348,273</b>	<b>192,726,536</b>	<b>178,087,011</b>	<b>189,209,952</b>	<b>190,927,256</b>	<b>107,279,330</b>	<b>102,582,201</b>	<b>94,821,720</b>	<b>99,894,614</b>	<b>99,863,900</b>
<b>Net pension liability, ending = (a) - (b)</b>	<b>\$ 43,605,696</b>	<b>\$ 48,569,037</b>	<b>\$ 55,126,605</b>	<b>\$ 28,453,065</b>	<b>\$ 18,345,977</b>	<b>\$ 15,495,955</b>	<b>\$ 23,522,327</b>	<b>\$ 27,773,352</b>	<b>\$ 17,914,715</b>	<b>\$ 12,179,275</b>
Fiduciary net position as a % of total pension liability	82.13%	79.87%	76.36%	86.93%	91.23%	87.38%	81.35%	77.35%	84.79%	89.13%
Covered payroll	\$ 31,744,600	\$ 31,905,292	\$ 33,875,261	\$ 35,518,485	\$ 36,038,743	\$ 11,027,666	\$ 10,130,992	\$ 10,423,875	\$ 10,148,581	\$ 9,462,914
Net pension liability as a % of covered payroll	137.36%	152.23%	162.73%	80.11%	50.91%	140.52%	232.18%	266.44%	176.52%	128.71%

\*Note: This schedule is intended to show ten years of information. Additional information will be added as it becomes available.



City of Norwalk, Connecticut

Required Supplementary Information - unaudited  
 Schedule of Changes in the City's Net Pension Liability and Related Ratios (Continued)  
 Last Five Fiscal Years\*

Changes in Net Pension Liability (Asset)	Police Benefit Fund					Food Service Employees' Fund				
	2018	2017	2016	2015	2014	2018	2017	2016	2015	2014
<b>Total pension liability</b>										
Service cost	\$ 3,149,217	\$ 2,992,058	\$ 2,972,043	\$ 2,720,927	\$ 2,616,276	\$ 98,634	\$ 120,697	\$ 111,292	\$ 113,279	\$ 108,922
Interest	11,255,869	11,064,156	10,734,387	10,356,219	9,876,486	220,070	244,869	218,345	215,212	203,672
Differences between expected and actual experience	(1,668,083)	(1,555,248)	(754,218)	(912,247)	-	557,070	(482,046)	137,168	(90,933)	(3,091)
Changes in assumptions	(5,514,888)	388,764	1,583,874	1,971,087	180,816	(50,718)	45,903	117,275	32,545	-
Benefit payments, including refunds of member contributions	(7,566,640)	(8,311,743)	(7,329,601)	(7,145,457)	(6,051,249)	(188,137)	(188,370)	(195,641)	(167,827)	(162,221)
<b>Net change in total pension liability</b>	<b>(344,525)</b>	<b>4,577,987</b>	<b>7,206,485</b>	<b>6,990,529</b>	<b>6,622,329</b>	<b>636,919</b>	<b>(258,947)</b>	<b>388,439</b>	<b>102,276</b>	<b>147,282</b>
Total pension liability, beginning	153,188,764	148,610,777	141,404,292	134,413,763	127,791,434	2,977,764	3,236,711	2,848,272	2,745,996	2,598,714
<b>Total pension liability, ending (a)</b>	<b>152,844,239</b>	<b>153,188,764</b>	<b>148,610,777</b>	<b>141,404,292</b>	<b>134,413,763</b>	<b>3,614,683</b>	<b>2,977,764</b>	<b>3,236,711</b>	<b>2,848,272</b>	<b>2,745,996</b>
<b>Fiduciary net position:</b>										
Employer contributions	4,792,975	4,354,100	4,314,628	4,080,602	3,388,517	128,538	158,578	127,765	134,962	112,571
Member contributions	1,311,766	1,197,600	1,163,716	978,138	917,959	39,551	38,080	37,267	35,225	34,110
Investment (loss) income net of investment expenses	8,490,819	12,781,614	(2,265,253)	2,759,196	14,916,963	173,693	259,847	(45,936)	54,361	285,980
Benefit payments, including refunds of member contributions	(7,566,640)	(8,311,743)	(7,329,601)	(7,145,457)	(6,051,249)	(188,137)	(188,370)	(195,641)	(167,827)	(162,221)
Administrative expenses	(46,506)	(18,535)	(48,244)	(55,453)	(30,978)	(922)	(368)	(959)	(1,090)	(596)
Other	-	2,604	(3,891)	1,568	2,849	-	56	(75)	34	56
<b>Net change in plan fiduciary net position</b>	<b>6,982,414</b>	<b>10,005,640</b>	<b>(4,168,645)</b>	<b>618,594</b>	<b>13,144,061</b>	<b>152,723</b>	<b>267,823</b>	<b>(77,579)</b>	<b>55,665</b>	<b>269,900</b>
Fiduciary net position, beginning	112,880,057	102,874,417	107,043,062	106,424,468	93,280,407	2,290,404	2,022,581	2,100,160	2,044,495	1,774,595
<b>Fiduciary net position, ending (b)</b>	<b>119,862,471</b>	<b>112,880,057</b>	<b>102,874,417</b>	<b>107,043,062</b>	<b>106,424,468</b>	<b>2,443,127</b>	<b>2,290,404</b>	<b>2,022,581</b>	<b>2,100,160</b>	<b>2,044,495</b>
<b>Net pension liability, ending = (a) - (b)</b>	<b>\$ 32,981,768</b>	<b>\$ 40,308,707</b>	<b>\$ 45,736,360</b>	<b>\$ 34,361,230</b>	<b>\$ 27,989,295</b>	<b>\$ 1,171,556</b>	<b>\$ 687,360</b>	<b>\$ 1,214,130</b>	<b>\$ 748,112</b>	<b>\$ 701,501</b>
Fiduciary net position as a % of total pension liability	78.42%	73.69%	69.22%	75.70%	79.18%	67.59%	76.92%	62.49%	73.73%	74.45%
Covered payroll	\$ 14,341,772	\$ 13,563,363	\$ 13,362,925	\$ 12,880,465	\$ 11,276,370	\$ 1,230,999	\$ 878,324	\$ 1,096,412	\$ 1,056,694	\$ 983,732
Net pension liability as a % of covered payroll	229.97%	297.19%	342.26%	266.77%	248.21%	95.17%	78.26%	110.74%	70.80%	71.31%

\*Note: This schedule is intended to show ten years of information. Additional information will be added as it becomes available.

**City of Norwalk, Connecticut**

**Required Supplementary Information - unaudited  
Schedule of Contributions - OPEB Plan  
Last Ten Fiscal Years\***

	2018	2017	2016	2015	2014	2013	2012	2011	2010
Actuarially determined contribution	\$ 21,748,000	\$ 20,968,000	\$ 20,217,000	\$ 22,287,000	\$ 19,302,000	\$ 18,450,000	\$ 18,629,000	\$ 17,791,000	\$ 16,278,000
Contributions in relation to the actuarially determined contribution	17,985,137	16,214,885	15,676,271	15,526,725	15,655,506	16,539,021	15,524,320	14,078,709	14,050,004
Contribution deficiency (excess)	\$ 3,762,863	\$ 4,753,115	\$ 4,540,729	\$ 6,760,275	\$ 3,646,494	\$ 1,910,979	\$ 3,104,680	\$ 3,712,291	\$ 2,227,996
Covered payroll	\$ 151,775,000	\$ 150,436,000	\$ 144,999,000	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered-employee payroll	11.85%	10.78%	10.81%	N/A	N/A	N/A	N/A	N/A	N/A

\*Note: This schedule is intended to show ten years of information. Additional information will be added as it becomes available.

**City of Norwalk, Connecticut**

**Required Supplementary Information - unaudited  
Schedule of Changes in the City's OPEB Liability and Related Ratios  
Last Two Fiscal Years\***

	OPEB Plan	
Changes in Net OPEB Liability	2018	2017
Total OPEB liability:		
Service cost	\$ 6,411,789	\$ 6,180,038
Interest	22,043,918	20,908,619
Differences between expected and actual experience	(23,084,445)	(2,197,693)
Changes in assumptions	(902,307)	-
Changes of benefit terms	(121,890,984)	-
Benefit payments, including refunds of member contributions	(11,551,378)	(10,594,656)
<b>Net change in total OPEB liability</b>	<b>(128,973,407)</b>	<b>14,296,308</b>
Total pension liability, beginning	293,178,400	278,882,092
<b>Total OPEB liability, ending (a)</b>	<b>164,204,993</b>	<b>293,178,400</b>
Fiduciary net position:		
Employer contributions	17,985,137	16,214,885
Member contributions	477,927	373,312
Investment (loss) income net of investment expenses	5,815,451	7,613,973
Contributions- TRB Subsidiary	336,601	
Benefit payments, including refunds of member contributions	(11,551,378)	(10,594,656)
Administrative expenses	(50,764)	(45,560)
Other	-	-
<b>Net change in plan fiduciary net position</b>	<b>13,012,974</b>	<b>13,561,954</b>
Fiduciary net position, beginning	73,212,279	59,650,325
<b>Fiduciary net position, ending (b)</b>	<b>86,225,253</b>	<b>73,212,279</b>
<b>Net OPEB liability, ending = (a) - (b)</b>	<b>\$ 77,979,740</b>	<b>\$ 219,966,121</b>
Fiduciary net position as a % of total OPEB liability	52.51%	24.97%
Covered payroll	\$ 151,775,000	\$ 150,436,000
Net OPEB liability as a % of covered payroll	51.38%	146.22%

\*Note: This schedule is intended to show ten years of information. Additional information will be added as it becomes available.

**City of Norwalk, Connecticut**

**Required Supplementary Information - unaudited  
Schedule of the City's Proportionate Share of the Net Pension Liability - Teachers' Retirement Plan  
Last Four Fiscal Years\***

	2018	2017	2016	2015
City's proportion of the net pension liability	0.00%	0.00%	0.00%	0.00%
City's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the City	299,938,169	316,437,065	235,064,702	217,270,209
City's covered payroll	95,069,707	91,633,474	81,154,000	86,419,000
City's proportionate share of the net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	55.93%	52.26%	59.50%	61.51%

**Notes to Schedule**

Changes in benefit terms	None
Changes of assumptions	See footnotes
Actuarial cost method	Entry age
Amortization method	Level percent of salary, closed
Remaining amortization period	20.4 years
Asset valuation method	4-year smoothed

\*Note: This schedule is intended to show ten years of information. Additional information will be added as it becomes available.

**City of Norwalk, Connecticut**

**Required Supplementary Information - unaudited  
Schedule of the City's Proportionate Share of the Net OPEB Liability - Teachers Retiree Health Plan  
Last Fiscal Year\***

2018

City's proportion of the net OPEB liability	0.00%
City's proportionate share of the net OPEB liability	-
State's proportionate share of the net OPEB liability associated with the City	<u>\$ 77,200,666</u>
Total	<u><u>\$ 77,200,666</u></u>
City's covered payroll	\$ 95,069,707
City's proportionate share of the net OPEB liability as a percentage of its covered payroll	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	1.79%

**Notes to Schedule**

Changes in benefit terms	None
Changes of assumptions	The discount rate was increased from 3.01% to 3.56% to reflect the change in the Municipal Bond Index Rate Changes were made to the assumed initial per capita health care costs, rates of health care inflation used to project the per capita costs, and the rates of Plan participation based upon recent experience and current expectations. As a result of the experience study for the five-year period ended June 30, 2015, the long-term rate of return was lowered from 4.50% to 4.25% to reflect the decrease in the rate of inflation. Similarly, the payroll growth rate assumption was decreased from 3.75% to 3.25% to reflect the decrease in the rate of inflation and the decrease in the rate of real wage increase. Last, the salary growth assumption, the payroll growth rate, the rates of withdrawal, the rates of retirement, the rates of mortality, and the rates of disability incidence were adjusted based upon the experience study's findings and their adoption by the Board.
Actuarial cost method	Entry age
Amortization method	Level percent of payroll
Remaining amortization period	30 years, open
Asset valuation method	Market value of assets
Investment rate of return	4.25%, net of investment related expense including price inflation

**Note:** This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

City of Norwalk, Connecticut

**Required Supplementary Information - *unaudited***  
**Schedule of General Fund Revenues - Budgetary Basis - Budget and Actual**  
**For the Year Ended June 30, 2018**

	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>Taxes, interest and lien fees:</b>				
Property taxes	\$ 304,525,806	\$ 304,525,806	\$ 310,462,358	\$ 5,936,552
Interest and liens	1,806,427	1,806,427	1,900,893	94,466
<b>Total taxes, interest and lien fees</b>	<b>306,332,233</b>	<b>306,332,233</b>	<b>312,363,251</b>	<b>6,031,018</b>
<b>Intergovernmental:</b>				
State grants in aid - general	10,095,131	10,095,131	9,725,399	(369,732)
State grants in aid - Board of Education	1,205,140	1,231,572	1,137,643	(93,929)
Other grants	7,941,469	7,950,462	6,480,841	(1,469,621)
<b>Total intergovernmental</b>	<b>19,241,740</b>	<b>19,277,165</b>	<b>17,343,883</b>	<b>(1,933,282)</b>
<b>Licenses, permits, fees and other:</b>				
Building inspections and permits	4,522,560	4,522,560	5,761,670	1,239,110
Health Department inspection fees	6,000	6,000	-	(6,000)
Police Department permits	252,378	252,378	252,370	(8)
Public works licenses, permits and service charges	689,410	689,410	584,506	(104,904)
Planning and zoning permits	169,113	169,113	189,604	20,491
Town clerk fees and permits	5,996,246	5,996,246	5,840,726	(155,520)
Police department service charges	252,378	252,378	254,144	1,766
Other service charges and fees	3,523,787	3,559,442	4,216,306	656,864
Rental income	35,324	35,324	55,045	19,721
Recreation and parks commission	1,143,807	1,143,807	776,758	(367,049)
<b>Total licenses, permits, fees and other</b>	<b>16,591,003</b>	<b>16,626,658</b>	<b>17,931,129</b>	<b>1,304,471</b>
<b>Interest on investments:</b>				
Interest on investments	1,000,000	1,000,000	944,821	(55,179)
<b>Total interest</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>944,821</b>	<b>(55,179)</b>
<b>Total revenues</b>	<b>\$ 343,164,976</b>	<b>\$ 343,236,056</b>	<b>\$ 348,583,084</b>	<b>\$ 5,347,028</b>

See note to required supplementary information.

City of Norwalk, Connecticut

**Required Supplementary Information - *unaudited***  
**Schedule of General Fund Expenditures, Encumbrances and Transfers Out -**  
**Budgetary Basis - Budget and Actual**  
**For the Year Ended June 30, 2018**

	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>General Government:</b>				
Mayor	\$ 252,297	\$ 261,522	\$ 261,522	\$ -
Registrar of Voters	401,988	390,773	390,773	-
Town Clerk	710,669	627,176	627,176	-
Legislative	15,550	13,865	13,865	-
Corporation Counsel	1,317,003	1,295,853	1,164,978	(130,875)
Information Technology	1,826,424	1,835,933	1,829,133	(6,800)
Personnel & labor relations	605,385	629,131	597,757	(31,374)
Human relations & fair rent	345,384	408,698	401,432	(7,266)
Youth Services	331,505	321,283	321,283	-
GIS	45,697	48,583	29,438	(19,145)
City Clerk	382,024	384,559	384,559	-
Finance Director	213,985	231,417	218,557	(12,860)
Tax Assessor	826,165	825,101	810,251	(14,850)
Tax Assessor revaluation	6,695	673,252	201,561	(471,691)
Tax Collector	964,381	938,435	938,435	-
Accounting and Treasury	887,520	1,017,103	1,017,103	-
Management and budgets	323,570	335,091	335,091	-
Purchasing	318,782	340,586	340,586	-
Central services	84,347	72,795	72,795	-
<b>Total general government</b>	<b>9,859,371</b>	<b>10,651,156</b>	<b>9,956,295</b>	<b>(694,861)</b>
<b>Health and Welfare</b>	<b>2,096,437</b>	<b>2,095,604</b>	<b>2,083,801</b>	<b>(11,803)</b>
<b>Community Grants:</b>				
Transit District	517,820	517,820	517,820	-
Probate Court	27,135	27,135	27,135	-
Elder House	12,000	12,000	12,000	-
Senior Center	377,000	377,000	377,000	-
Sexual Assault Crisis Center	20,000	20,000	20,000	-
CT Counseling Centers	3,000	3,000	3,000	-
Harbor Commission	9,134	9,134	9,134	-
Carver Foundation	194,000	194,000	194,000	-
Housing Site Development Agency	158,846	158,846	158,846	-
Redevelopment Agency	187,327	188,584	188,584	-
Fair Housing Advisory Commission	146,047	146,473	146,473	-
Mid-Fairfield Guidance Center	28,000	28,000	28,000	-

(Continued)

City of Norwalk, Connecticut

**Required Supplementary Information - *unaudited***  
**Schedule of General Fund Expenditures, Encumbrances and Transfers Out -**  
**Budgetary Basis - Budget and Actual (Continued)**  
**For the Year Ended June 30, 2018**

	Original Budget	Final Budget	Actual	Variance With Final Budget
Community Grants, Continued:				
Neighborhood improvement	\$ 102,272	\$ 102,272	\$ 102,272	\$ -
Americare Free Clinic	36,000	36,000	36,000	-
Human Services Council	16,000	16,000	16,000	-
Domestic Violence Center	6,100	6,100	6,100	-
Family & Children's Aid	44,000	44,000	44,000	-
SW CT Mental Health Board	18,000	18,000	18,000	-
School based health centers	23,000	23,000	23,000	-
Summer youth employment	95,000	95,000	95,000	-
Children's Connection	20,000	20,000	20,000	-
Other	88,000	88,000	88,000	-
<b>Total community grants</b>	<b>2,128,681</b>	<b>2,130,364</b>	<b>2,130,364</b>	<b>-</b>
Employee Benefits:				
Health Insurance	7,138,449	7,138,449	7,138,449	-
Social security	2,566,191	2,534,321	2,533,058	(1,263)
Unemployment compensation	152,779	119,628	119,628	-
Police pension	4,792,975	4,792,975	4,792,975	-
Fire pension	2,903,735	2,903,735	2,903,735	-
City pension	5,917,290	5,889,842	5,889,842	-
City LAP	1,083,367	1,083,367	1,083,367	-
City Workers Compensation	2,281,128	2,281,128	2,281,128	-
OPEB contribution	15,346,636	15,346,636	15,346,636	-
Board of Education Benefits	3,425,923	3,425,923	3,425,923	-
<b>Total employee benefits</b>	<b>45,608,473</b>	<b>45,516,004</b>	<b>45,514,741</b>	<b>(1,263)</b>
Protection of Persons and Property:				
Police Department	21,761,107	22,914,604	22,879,761	(34,843)
Fire Department	17,369,111	18,129,570	18,117,701	(11,869)
Planning and Zoning	1,062,040	1,086,116	1,086,116	-
Building Inspector	816,081	900,467	877,317	(23,150)
Dispatch and emergency management plan	2,421,625	2,475,737	2,475,737	-
<b>Total protection of persons and property</b>	<b>43,429,964</b>	<b>45,506,494</b>	<b>45,436,632</b>	<b>(69,862)</b>
Public Works:				
Public Works and Building Management	17,532,370	17,931,151	17,882,753	(48,398)

(Continued)



City of Norwalk, Connecticut

**Required Supplementary Information - *unaudited***  
**Schedule of General Fund Expenditures, Encumbrances and Transfers Out -**  
**Budgetary Basis - Budget and Actual (Continued)**  
**For the Year Ended June 30, 2018**

	Original Budget	Final Budget	Actual	Variance With Final Budget
Education:				
Public schools	\$ 184,084,348	\$ 187,379,614	\$ 185,331,176	\$ (2,048,438)
Recreation, Arts and Culture:				
Recreation and Parks	4,388,536	4,380,102	4,377,548	(2,554)
Library	3,833,090	3,890,960	3,890,960	-
Historical Commission	232,674	229,940	223,730	(6,210)
<b>Total recreation, arts and culture</b>	<b>8,454,300</b>	<b>8,501,002</b>	<b>8,492,238</b>	<b>(8,764)</b>
Contingency	3,921,810	1,281,997	-	(1,281,997)
Debt Service	25,948,865	25,898,865	25,898,875	10
Organizational memberships	100,357	80,214	80,214	-
<b>Total expenditures</b>	<b>\$ 343,164,976</b>	<b>\$ 346,972,465</b>	<b>\$ 342,807,089</b>	<b>\$ (4,165,376)</b>

See note to required supplementary information.

## City of Norwalk, Connecticut

### Note to Required Supplementary Information - unaudited

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#### Note 1. Budgets and Budgetary Accounting

The City's general budget policies are as follows:

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

Appropriations from the General Fund lapse at year-end.

- G. Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order, contract or other commitment is issued and, accordingly, encumbrances outstanding at year-end are reflected in budgetary reports as expenditures of the current year. If an appropriation is not encumbered, it lapses at year-end and may not be used by the department.
- H. Classifications of certain revenues and expenditures under accounting principles generally accepted in the United States of America differ from classifications utilized for budgetary purposes.

For the year ended June 30, 2018, supplemental appropriations totaled approximately \$3,807,000.

**City of Norwalk, Connecticut**

**Note to Required Supplementary Information - unaudited**

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**Note 1. Budgets and Budgetary Accounting (Continued)**

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

Expenditures, encumbrances and transfers out, budgetary basis	\$ 342,807,089
Effect of combined funds under GASB No. 54.	615,704
Revenues recorded from other funds to reimburse expenditures for budgetary purposes only	(831,679)
On-behalf payments paid directly by the State of Connecticut Teachers' Retirement System for pension and OPEB	38,271,961
On-behalf payments, paid directly by the Department of Public Health to WIC recipients, not recognized for budgetary purposes	1,296,907
Excess cost -special education	4,560,130
Change in encumbrances	<u>(1,429)</u>
Expenditures, GAAP basis	<u><u>\$ 386,718,683</u></u>

**City of Norwalk, Connecticut**

**Note to Required Supplementary Information - unaudited**

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**Note 1. Budgets and Budgetary Accounting (Continued)**

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

Revenues and transfers in, budgetary basis	\$ 348,583,084
Effect of combined funds under GASB No. 54	459,951
Revenues recorded from other funds to reimburse expenditures for budgetary purposes only	(831,679)
Excess cost -special education	4,560,130
On-behalf payments paid directly by the State of Connecticut Teachers' Retirement System for pension and OPEB	38,271,961
On-behalf payments, paid directly by the Department of Public Health to WIC recipients, not recognized for budgetary purposes	<u>1,296,907</u>
Revenues, GAAP basis	<u><u>\$ 392,340,354</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.

**Combining and Individual Fund  
Financial Statements and Other Schedules**



**Nonmajor  
Governmental Funds**

## **Nonmajor Governmental Funds**

### ***Special Revenue Funds***

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

#### **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.



**City of Norwalk, Connecticut**

**Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2018**

	Special Revenue					Totals
	School Lunch	Community Development Block Grant	Board of Education Grants	Healthcare Grants	Other Programs	
<b>Assets</b>						
Cash and cash equivalents	\$ -	\$ 2,637	\$ 2,802,107	\$ 126,232	\$ 1,009,930	\$ 3,940,906
Investments	-	-	2,328,259	-	850,996	3,179,255
Intergovernmental receivables	653,840	-	329,986	308,306	-	1,292,132
Other receivables	-	-	61,676	-	123,593	185,269
Inventories	51,913	-	-	-	-	51,913
<b>Total assets</b>	<b>\$ 705,753</b>	<b>\$ 2,637</b>	<b>\$ 5,522,028</b>	<b>\$ 434,538</b>	<b>\$ 1,984,519</b>	<b>\$ 8,649,475</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)</b>						
Liabilities:						
Accounts payable and accrued liabilities	\$ 705,753	\$ -	\$ 2,821,615	\$ 279,613	\$ 241,125	\$ 4,048,106
Unearned revenue	-	-	2,146,167	273,888	129,642	2,549,697
<b>Total liabilities</b>	<b>705,753</b>	<b>-</b>	<b>4,967,782</b>	<b>553,501</b>	<b>370,767</b>	<b>6,597,803</b>
Fund balances (deficits):						
Nonspendable	51,913	-	-	-	-	51,913
Restricted	-	2,637	554,246	-	210,122	767,005
Committed	-	-	-	-	1,287,942	1,287,942
Assigned	-	-	-	-	115,688	115,688
Unassigned	(51,913)	-	-	(118,963)	-	(170,876)
<b>Total fund balances (deficits)</b>	<b>-</b>	<b>2,637</b>	<b>554,246</b>	<b>(118,963)</b>	<b>1,613,752</b>	<b>2,051,672</b>
<b>Total liabilities, deferred inflows of resources and fund balances (deficits)</b>	<b>\$ 705,753</b>	<b>\$ 2,637</b>	<b>\$ 5,522,028</b>	<b>\$ 434,538</b>	<b>\$ 1,984,519</b>	<b>\$ 8,649,475</b>

City of Norwalk, Connecticut

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits) -  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2018**

	Special Revenue					Totals
	School Lunch	Community Development Block Grant	Board of Education Grants	Healthcare Grants	Other Programs	
<b>Revenues:</b>						
Intergovernmental	\$ 3,301,579	\$ 930,172	\$ 19,033,460	\$ 2,292,396	\$ 183,613	\$ 25,741,220
Licenses, permits, fees and other	1,885,445	-	2,801,050	-	660,836	5,347,331
<b>Total revenues</b>	<b>5,187,024</b>	<b>930,172</b>	<b>21,834,510</b>	<b>2,292,396</b>	<b>844,449</b>	<b>31,088,551</b>
<b>Expenditures:</b>						
Education	5,204,540	-	21,520,501	-	138,093	26,863,134
Health and Welfare	-	-	-	2,303,112	14,348	2,317,460
General government	-	-	-	-	278,286	278,286
Public Works	-	-	-	-	390,854	390,854
Public Safety	-	-	-	-	9,584	9,584
Recreation	-	-	-	-	34,460	34,460
Community grants	-	930,172	-	-	-	930,172
<b>Total expenditures</b>	<b>5,204,540</b>	<b>930,172</b>	<b>21,520,501</b>	<b>2,303,112</b>	<b>865,625</b>	<b>30,823,950</b>
<b>Changes in fund balance (deficits)</b>	<b>(17,516)</b>	<b>-</b>	<b>314,009</b>	<b>(10,716)</b>	<b>(21,176)</b>	<b>264,601</b>
Fund balance (deficits), beginning	17,516	2,637	240,237	(108,247)	1,634,928	1,787,071
Fund balance (deficits), ending	\$ -	\$ 2,637	\$ 554,246	\$ (118,963)	\$ 1,613,752	\$ 2,051,672

**Nonmajor Internal Service Funds**

## **Nonmajor 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 Position  
 Nonmajor Internal Service Fund  
 June 30, 2018

	Insurance Fund	Fleet Maintenance	Totals
<b>Assets</b>			
Cash	\$ 5,918,017	\$ 60,554	\$ 5,978,571
Investments	14,369,604	56,989	14,426,593
Receivables	44,681	30,036	74,717
Prepays	3,670,058	-	3,670,058
<b>Total assets</b>	24,002,360	147,579	24,149,939
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	591,092	131,584	722,676
Claims payable	2,343,000	-	2,343,000
<b>Total current liabilities</b>	2,934,092	131,584	3,065,676
Noncurrent liabilities:			
Claims payable	9,297,971	-	9,297,971
<b>Total noncurrent liabilities</b>	9,297,971	-	9,297,971
<b>Total liabilities</b>	12,232,063	131,584	12,363,647
Net position:			
Unrestricted	11,770,297	15,995	11,786,292
<b>Total net position</b>	\$ 11,770,297	\$ 15,995	\$ 11,786,292

City of Norwalk, Connecticut

Combining Statement of Revenues, Expenses and Changes in Fund Net Position (Deficit) -  
 Nonmajor Internal Service Funds  
 For the Year Ended June 30, 2018

	Insurance Fund	Fleet Maintenance	Totals
Operating revenues:			
City and member's contributions	\$ 43,937,725	\$ 2,807,455	\$ 46,745,180
<b>Total operating revenues</b>	<b>43,937,725</b>	<b>2,807,455</b>	<b>46,745,180</b>
Operating expenses:			
Administrative costs	727,301	9,463	736,764
Program expenditures	47,196,930	2,306,074	49,503,004
<b>Total operating expenses</b>	<b>47,924,231</b>	<b>2,315,537</b>	<b>50,239,768</b>
<b>Operating (loss) income</b>	<b>(3,986,506)</b>	<b>491,918</b>	<b>(3,494,588)</b>
Nonoperating income (loss):			
Investment income (loss)	270,916	(5,138)	265,778
<b>Total nonoperating income (loss)</b>	<b>270,916</b>	<b>(5,138)</b>	<b>265,778</b>
<b>Net (loss) income</b>	<b>(3,715,590)</b>	<b>486,780</b>	<b>(3,228,810)</b>
Fund net position (deficit), beginning	15,485,887	(470,785)	15,015,102
Fund net position, ending	<b>\$ 11,770,297</b>	<b>\$ 15,995</b>	<b>\$ 11,786,292</b>

**City of Norwalk, Connecticut**

**Combining Statement of Cash Flows - Nonmajor Internal Service Funds  
For the Year Ended June 30, 2018**

	Insurance Fund	Fleet Maintenance	Totals
Cash flows from operating activities:			
Receipts from customers and users	\$ 44,173,993	\$ 2,797,448	\$ 46,971,441
Payments for program and administration costs	(58,122,061)	(2,674,767)	(60,796,828)
<b>Net cash (used in) provided by operating activities</b>	<b>(13,948,068)</b>	<b>122,681</b>	<b>(13,825,387)</b>
Cash flows from investing activities:			
Purchase of investments	9,406,662	116,668	9,523,330
Sale of investments	(1,467,788)	(173,657)	(1,641,445)
Investment income	270,916	(5,138)	265,778
<b>Net cash provided by (used in) investing activities</b>	<b>8,209,790</b>	<b>(62,127)</b>	<b>8,147,663</b>
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(5,738,278)</b>	<b>60,554</b>	<b>(5,677,724)</b>
Cash and cash equivalents:			
Beginning	11,656,295	-	11,656,295
Ending	<u>\$ 5,918,017</u>	<u>\$ 60,554</u>	<u>\$ 5,978,571</u>
Reconciliation of operating (loss) income to net cash (used in) provided by operating activities:			
Operating (loss) income	\$ (3,986,506)	\$ 491,918	\$ (3,494,588)
Adjustments to reconcile operating (loss) income to net cash (used in) provided by operating activities:			
Changes in assets and liabilities:			
Decrease (increase) in accounts receivable	236,268	(10,007)	226,261
Increase in prepaids	(3,014,278)	-	(3,014,278)
Decrease in accrued expenses / accounts payable	(1,565,648)	(359,230)	(1,924,878)
Decrease in claims and judgments payable	(5,617,904)	-	(5,617,904)
<b>Net cash (used in) provided by operating activities</b>	<b>\$ (13,948,068)</b>	<b>\$ 122,681</b>	<b>\$ (13,825,387)</b>
Noncash investment activities:			
Net increase in fair value of investments	<u>\$ 1,569,963</u>	<u>\$ 10,289</u>	<u>\$ 1,580,252</u>

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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.

#### **Miscellaneous Board of Education**

This fund is used to account for monies held for groups related to students for specific purposes.

City of Norwalk, Connecticut

Combining Statement of Changes in Assets and Liabilities - Agency Funds  
For the Year Ended June 30, 2018

	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018
<b>Student Activity Fund</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 895,432	\$ 2,273,717	\$ 2,037,814	\$ 1,131,335
<b>Liabilities</b>				
Other liabilities	\$ 895,432	\$ 2,273,717	\$ 2,037,814	\$ 1,131,335
<b>Housing Site Development</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 400,000	\$ 3,252	\$ -	\$ 403,252
<b>Liabilities</b>				
Other liabilities	\$ 400,000	\$ 3,252	\$ -	\$ 403,252
<b>Sixth Taxing District</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ -	\$ (1,775,196)	\$ (1,775,196)	\$ -
<b>Liabilities</b>				
Other liabilities	\$ -	\$ (1,775,196)	\$ (1,775,196)	\$ -
<b>City Hall Mural Restoration</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 2,421	\$ 20	\$ -	\$ 2,441
<b>Liabilities</b>				
Other liabilities	\$ 2,421	\$ 20	\$ -	\$ 2,441
<b>Detention Facility Escrow</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 5,824	\$ 44	\$ -	\$ 5,868
<b>Liabilities</b>				
Other liabilities	\$ 5,824	\$ 44	\$ -	\$ 5,868

(Continued)

City of Norwalk, Connecticut

Combining Statement of Changes in Assets and Liabilities - Agency Funds (Continued)  
For the Year Ended June 30, 2018

	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018
<b>Roosevelt Deposit</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 21,043	\$ 171	\$ -	\$ 21,214
<b>Liabilities</b>				
Other liabilities	\$ 21,043	\$ 171	\$ -	\$ 21,214
<b>Sewer Escrow</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 200,790	\$ 1,192	\$ -	\$ 201,982
<b>Liabilities</b>				
Other liabilities	\$ 200,790	\$ 1,192	\$ -	\$ 201,982
<b>Miscellaneous Board of Education</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 13,177	\$ 6,033	\$ -	\$ 19,210
<b>Liabilities</b>				
Other liabilities	\$ 13,177	\$ 6,033	\$ -	\$ 19,210
<b>Total assets</b>	<b>\$ 1,538,687</b>	<b>\$ 509,233</b>	<b>\$ 262,618</b>	<b>\$ 1,785,302</b>
<b>Total liabilities</b>	<b>\$ 1,538,687</b>	<b>\$ 509,233</b>	<b>\$ 262,618</b>	<b>\$ 1,785,302</b>

**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, 2018

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Governmental funds capital assets:	
Land	\$ 23,681,897
Construction in progress	6,001,764
Buildings and improvements	260,728,829
Land improvements	18,429,777
Machinery and equipment	14,839,615
Infrastructure	<u>243,160,352</u>
<b>Total governmental funds capital assets</b>	<b><u>\$ 566,842,234</u></b>
Investments in governmental funds capital assets:	
Assets put into service prior to July 1, 2017	
<b>Total governmental funds capital assets</b>	<b><u>\$ 566,842,234</u></b>

**City of Norwalk, Connecticut**

**Capital Assets Used in the Operation of Governmental Funds - Schedule by Function and Activity -  
Net of Depreciation  
June 30, 2018**

	Land	Land Improvements	Machinery and Equipment	Infrastructure	Buildings and Improvements	Construction in Progress	Total
General government	\$ 999,674	\$ 777,969	\$ 626,419	\$ 10,264,428	\$ 11,006,039	\$ -	\$ 23,674,529
Board of education	11,353,062	8,835,204	7,114,086	116,570,665	124,992,964	793,834	269,659,815
Public works	5,920,976	4,607,834	3,710,218	60,795,235	65,187,726	5,207,930	145,429,919
Health & welfare	63,788	49,641	39,971	654,963	702,284	-	1,510,647
Recreation, arts and culture	2,388,325	1,858,648	1,496,579	24,522,781	26,294,566	-	56,560,899
Public safety	2,956,072	2,300,481	1,852,342	30,352,280	32,545,250	-	70,006,425
	<u>\$ 23,681,897</u>	<u>\$ 18,429,777</u>	<u>\$ 14,839,615</u>	<u>\$ 243,160,352</u>	<u>\$ 260,728,829</u>	<u>\$ 6,001,764</u>	<u>\$ 566,842,234</u>



**Other Schedules**



City of Norwalk, Connecticut

Balance Sheet - By Account - General Fund  
June 30, 2018

	General Fund	Other Programs Fund	Totals
<b>Assets</b>			
Cash and cash equivalents	\$ 60,535,299	\$ 301,443	\$ 60,836,742
Investments	38,875,403	245,616	39,121,019
Receivables (net of allowances for collection losses):			
Property taxes	4,515,845	-	4,515,845
Accounts receivable	10,059,671	6,582	10,066,253
State and federal governments	23,527	-	23,527
Due from other funds	13,491,229	-	13,491,229
Prepays	19,471	-	19,471
<b>Total assets</b>	<b>\$ 127,520,445</b>	<b>\$ 553,641</b>	<b>\$ 128,074,086</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>			
Liabilities:			
Accounts payable and accrued liabilities	\$ 35,137,943	\$ 18,861	\$ 35,156,804
Advances to taxing districts	9,452,402	-	9,452,402
<b>Total liabilities</b>	<b>44,590,345</b>	<b>18,861</b>	<b>44,609,206</b>
Deferred inflows of resources:			
Unavailable revenues - advanced property tax collections	19,018,357	-	19,018,357
Unavailable revenues - other	3,225,077	-	3,225,077
<b>Total deferred inflows of resources</b>	<b>22,243,434</b>	<b>-</b>	<b>22,243,434</b>
Fund balances:			
Nonexpendable	19,471	-	19,471
Committed	1,487,147	-	1,487,147
Assigned	2,038,374	-	2,038,374
Unassigned	57,141,674	534,780	57,676,454
<b>Total fund balances</b>	<b>60,686,666</b>	<b>534,780</b>	<b>61,221,446</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 127,520,445</b>	<b>\$ 553,641</b>	<b>\$ 128,074,086</b>

**City of Norwalk, Connecticut**

**Schedule of Revenues, Expenditures and Changes in Fund Balance - By Account - General Fund  
For the Year Ended June 30, 2018**

	General Fund	Other Programs Fund	Totals
<b>Revenues:</b>			
Property taxes, interest and liens	\$ 312,363,371	\$ -	\$ 312,363,371
Intergovernmental	21,903,894	-	21,903,894
State on-behalf payments	39,568,861	-	39,568,861
Licenses, permits, fees and other	17,099,456	458,149	17,557,605
Interest	944,821	1,802	946,623
<b>Total revenues</b>	<b>391,880,403</b>	<b>459,951</b>	<b>392,340,354</b>
<b>Expenditures:</b>			
<b>Current:</b>			
General government	9,961,519	615,704	10,577,223
Health and welfare	3,380,709	-	3,380,709
Education	228,163,260	-	228,163,260
Employee benefits	41,583,174	-	41,583,174
Public Safety	45,432,414	-	45,432,414
Community grants	2,130,364	-	2,130,364
Public works	17,698,379	-	17,698,379
Recreation, arts and culture	11,854,285	-	11,854,285
<b>Total expenditures</b>	<b>360,204,104</b>	<b>615,704</b>	<b>360,819,808</b>
<b>Other financing sources (uses):</b>			
Transfer out	(25,898,875)	-	(25,898,875)
<b>Total other financing sources (uses)</b>	<b>(25,898,875)</b>	<b>-</b>	<b>(25,898,875)</b>
<b>Net change in fund balances</b>	<b>5,777,424</b>	<b>(155,753)</b>	<b>5,621,671</b>
Fund balances, beginning of year	54,909,242	690,533	55,599,775
Fund balances, end of year	<b>\$ 60,686,666</b>	<b>\$ 534,780</b>	<b>\$ 61,221,446</b>

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City of Norwalk, Connecticut

Schedule of Property Taxes Levied, Collected and Outstanding - General Fund  
For the Year Ended June 30, 2018

Grand List Year	Taxes Receivable July 1, 2017	Current Levy	Lawful Corrections		Abatement
			Additions	Deletions	
2016	\$ -	\$ 310,531,237	1,334,168	\$ 8,074	\$ (893,758)
2015	3,984,655	-	132,977	6,461	(114,220)
2014	1,239,246	-	12,874	7,413	(56,157)
2013	804,459	-	2,318	322,865	(32,409)
2012	125,764	-	17,361	83,931	(208)
2011	73,837	-	7,617	43,720	(423)
2010	38,683	-	4,919	26,274	(80)
2009	26,773	-	4,834	14,273	(83)
2008	16,448	-	4,440	8,093	(77)
2007	11,380	-	4,158	4,355	(75)
2006	10,262	-	3,371	3,324	-
2005	1,763	-	1,818	1,149	-
2004	1,881	-	790	919	-
2003	2,549	-	891	658	-
2002	3,003	-	799	(227,830)	-
	<u>\$ 6,340,703</u>	<u>\$ -</u>	<u>\$ 1,533,335</u>	<u>\$ 303,679</u>	<u>\$ (1,097,490)</u>

Balance to be Collected	Collections				Taxes Receivable June 30, 2018
	Taxes	Interest	Fees	Total	
\$ 312,751,089	\$ 309,333,318	\$ 819,768	\$ 231,478	\$ 310,384,564	\$ 3,417,771
4,225,391	3,027,279	545,906	30,885	3,604,070	1,198,112
1,188,550	458,779	185,065	9,479	653,323	729,771
451,503	134,368	81,539	2,578	218,485	317,135
58,986	27,562	19,254	839	47,655	31,424
37,311	14,076	15,760	334	30,170	23,235
17,248	9,141	14,140	219	23,500	8,107
17,251	11,559	8,604	208	20,371	5,692
12,718	3,385	5,340	190	8,915	9,333
11,108	3,744	5,545	155	9,444	7,364
10,309	2,389	4,911	141	7,441	7,920
2,432	1,250	2,673	81	4,004	1,182
1,752	544	1,388	35	1,967	1,208
2,782	587	1,153	25	1,765	2,195
231,632	231,632	1,637	40	233,309	-
<u>\$ 319,020,062</u>	<u>\$ 313,259,613</u>	<u>\$ 1,712,683</u>	<u>\$ 276,687</u>	<u>\$ 315,248,983</u>	<u>\$ 5,760,449</u>

**City of Norwalk, Connecticut**

**Schedule of Capital Project Fund Tax Collectors Activity - Sewer Assessment  
For the Year Ended June 30, 2018**

Grand List Year	Uncollected Sewer Assessments July 1, 2017	Current Assessment	Lawful Corrections		Assessments Collected
			Additions	Deletions	
2002-2003	\$ 799	\$ -	\$ -	\$ -	\$ 800
2004-2007	16,291	-	-	-	12,944
	<u>\$ 17,090</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,744</u>



Interest	Liens	Total Collected	Taxes Receivable June 30, 2018
\$ 1,874	\$ 24	\$ 2,698	\$ (1)
14,458	24	27,426	3,347
<u>\$ 16,332</u>	<u>\$ 48</u>	<u>\$ 30,124</u>	<u>\$ 3,346</u>

**City of Norwalk, Connecticut**

**Schedule of Long-Term Bonded Debt  
For the Year Ended June 30, 2018**

Bonds	Bond Number	Issue Date	Interest Rate	Maturity Date	Original Amount
<b>General Government</b>					
<b>City Capital Improvement Bonds</b>					
	111	04/30/2008	3.00-5.00	07/01/2018	\$ 15,780,000
	113	03/03/2009	2.50-5.00	07/01/2022	55,312,186
	114	06/03/2009	3.00-5.00	07/01/2026	17,037,600
	116	02/16/2010	3.00-5.00	07/01/2026	15,879,685
	117	04/28/2010	3.00-5.00	07/01/2024	29,480,600
	118	08/01/2010	1.60-5.20	08/01/2030	6,000,000
	119	08/01/2010	1.60-5.20	08/01/2030	12,844,000
	120	07/01/2011	3.00-4.00	07/01/2027	18,022,000
	122	07/10/2012	1.25-5.00	07/15/2029	16,006,840
	123	08/01/2012	2.00-4.00	08/15/2032	24,000,000
	124	8/15/2013	2.95-2.95	8/15/2028	21,000,000
	125	8/15/2014	2.00-4.00	8/15/2029	14,500,000
	126	7/16/2015	2.00-5.00	7/15/2030	15,600,000
	127	9/23/2015	2.00-5.00	8/15/2031	14,448,914
	128	7/15/2016	2.00-4.00	7/15/2031	22,000,000
	129	7/15/2016	3.00-5.00	8/15/2027	15,393,000
	130	8/1/2017	2.00-5.00	8/1/2037	35,000,000
	131	8/1/2017	2.00-5.00	8/1/2037	24,072,000

**Total City capital improvement bonds**

Amount Outstanding June 30, 2017	Additions/ Transfers	Payments/ Refunding/ Transfers	Amount Outstanding June 30, 2018
\$ 5,000,000	\$ -	\$ (2,475,000)	\$ 2,525,000
25,800,155	-	(13,729,371)	12,070,784
12,024,900	-	(1,749,900)	10,275,000
10,978,360	-	(4,900)	10,973,460
9,679,713	-	16,287	9,696,000
4,680,000	-	(330,000)	4,350,000
10,373,719	-	(737,549)	9,636,170
17,551,750	-	-	17,551,750
15,227,160	-	(774,960)	14,452,200
21,382,000	-	(15,682,000)	5,700,000
7,150,000	-	(2,840,000)	4,310,000
13,425,000	-	(1,595,000)	11,830,000
15,600,000	-	(1,138,000)	14,462,000
13,577,914	-	(853,938)	12,723,976
22,000,000	-	-	22,000,000
15,354,207	-	(11,207)	15,343,000
-	35,000,000	-	35,000,000
-	24,072,000	-	24,072,000
219,804,878	59,072,000	(41,905,538)	236,971,340

City of Norwalk, Connecticut

**Schedule of Long-Term Bonded Debt (Continued)  
For the Year Ended June 30, 2018**

Bonds	Bond Number	Issue Date	Interest Rate	Maturity Date	Original Amount
<b>Enterprise Funds</b>					
<b>Maritime Parking Garage</b>	113	3/3/2009	2.50-5.00	07/01/2022	\$ 818,158
	116	02/16/2010	3.00-5.00	07/01/2026	7,374,315
	117	04/28/2010	3.00-5.00	07/01/2024	209,400
	119	08/01/2010	1.60-5.20	08/01/2030	1,276,000
	120	07/01/2011	3.00-4.00	07/01/2027	470,250
	122	7/10/2012	1.25-5.00	07/15/2029	1,063,160
	127	9/23/2015	2.00-5.00	8/15/2031	189,086
	128	2/1/2017	3.00-5.00	08/15/2027	423,000
<b>Total Parking Authority</b>					
<b>Water Pollution Control Authority</b>	113	3/3/2009	2.50-5.00	07/01/2022	2,314,656
	114	6/3/2009	3.00-5.00	07/01/2024	1,282,400
	116	2/16/2010	3.00-5.00	07/01/2026	811,000
	117	4/28/2010	3.00-5.00	07/01/2024	1,187,600
	119	08/01/2010	1.60-5.20	08/01/2030	(700,000)
	120	07/01/2011	3.00-4.00	07/01/2027	788,000
	122	7/10/2012	1.25-5.00	07/15/2029	1,915,000
	123	8/1/2012	2.00-4.00	08/15/2032	2,000,000
	125	8/15/2014	2.00-4.00	08/15/2029	500,000
	126	7/16/2015	2.00-5.00	7/15/2030	1,400,000
	127	9/23/2015	2.00-5.00	8/15/2031	422,000
	129	2/1/2017	3.00-5.00	08/15/2027	354,000
	131	7/1/2030	2.00-5.00	8/1/2037	1,608,000
	CWF 190-DCI	12/31/2004	2.00	09/30/2019	1,830,187
	CWF 199-L	07/01/1996	2.00	07/01/2015	4,550,161
	CWF 301-C	12/30/1997	2.00	12/31/2016	1,934,212
CWF 397-C	07/01/1999	2.00	01/31/2019	673,270	
CWF 190DC	09/30/2000	2.00	01/31/2019	41,294,122	
CWF 190-L1	07/01/2002	2.00	01/31/2019	4,930,815	
CWF 612-C	1/1/2013	2.00	7/1/2032	21,797,845	
<b>Total Water Pollution Control Authority</b>					
<b>Total City capital improvement bonds</b>					

Amount Outstanding June 30, 2017	Additions/ Transfers	Payments/ Refunding/ Transfers	Amount Outstanding June 30, 2018
\$ 321,102	\$ -	\$ (133,886)	\$ 187,216
4,795,340	-	(375,000)	4,420,340
16,287	-	(16,287)	-
707,961	-	(52,151)	655,810
470,250	-	-	470,250
1,008,840	-	(54,040)	954,800
189,086	-	(6,062)	183,024
423,000	-	-	423,000
7,931,866	-	(637,426)	7,294,440
868,735	-	(266,735)	602,000
905,100	-	(100,100)	805,000
656,300	-	4,900	661,200
404,000	-	-	404,000
(641,680)	-	44,700	(596,980)
788,000	-	-	788,000
1,779,000	-	(136,000)	1,643,000
1,718,000	-	(1,718,000)	-
475,000	-	(105,000)	370,000
1,400,000	-	(77,000)	1,323,000
398,000	-	(25,000)	373,000
354,000	-	-	354,000
-	1,608,000	-	1,608,000
315,207	-	(138,344)	176,863
-	-	-	-
-	-	-	-
63,009	-	(39,563)	23,446
5,459,535	-	(2,396,182)	3,063,353
1,161,848	-	(275,835)	886,013
17,057,439	-	(978,743)	16,078,696
33,161,493	1,608,000	(6,206,902)	28,562,591
<b>\$ 260,898,237</b>	<b>\$ 60,680,000</b>	<b>\$ (48,749,866)</b>	<b>\$ 272,828,371</b>

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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.

### **Contents**

#### **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.

#### **Revenue Capacity**

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

#### **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.

#### **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.

#### **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.



**City of Norwalk, Connecticut**  
**Net Position by Component**  
**Last Ten Fiscal Years - unaudited**  
**(accrual basis of accounting)**  
**(amounts expressed in thousands)**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Governmental activities</b>										
Net investment in capital assets	\$ 250,536	\$ 265,737	\$ 263,359	\$ 274,568	\$ 284,792	\$ 299,719	\$ 311,537	\$ 326,631	\$ 331,786	\$ 341,479
Restricted	-	-	626	1,186	353	2,340	2,225	391	1,721	767
Unrestricted	7,583	1,905	12,859	3,198	6,516	12,782	(42,481)	(62,909)	(72,752)	(134,572)
<b>Total governmental activities net position</b>	<b>258,119</b>	<b>267,642</b>	<b>276,844</b>	<b>278,952</b>	<b>291,661</b>	<b>314,841</b>	<b>271,281</b>	<b>264,113</b>	<b>260,755</b>	<b>207,674</b>
<b>Business-type activities</b>										
Net investment in capital assets	65,236	67,625	77,295	83,058	84,119	87,455	91,928	94,032	100,273	99,457
Restricted	794	-	-	-	-	-	-	-	-	-
Unrestricted	4,193	7,671	5,373	9,605	12,784	13,217	12,169	13,659	12,311	17,924
<b>Total business-type activities net position</b>	<b>70,223</b>	<b>75,296</b>	<b>82,668</b>	<b>92,663</b>	<b>96,903</b>	<b>100,672</b>	<b>104,097</b>	<b>107,691</b>	<b>112,584</b>	<b>117,381</b>
<b>Primary Government</b>										
Net Investment in capital assets	315,772	333,362	340,654	357,626	368,911	387,174	403,465	420,663	432,059	440,936
Restricted	794	-	626	1,186	353	2,340	2,225	391	1,721	767
Unrestricted	11,776	9,576	18,232	12,803	19,300	25,999	(30,312)	(49,250)	(60,441)	(116,648)
<b>Total primary government net position</b>	<b>\$ 328,342</b>	<b>\$ 342,938</b>	<b>\$ 359,512</b>	<b>\$ 371,615</b>	<b>\$ 388,564</b>	<b>\$ 415,513</b>	<b>\$ 375,378</b>	<b>\$ 371,804</b>	<b>\$ 373,339</b>	<b>\$ 325,055</b>

**City of Norwalk, Connecticut**  
**Changes in Net Position**  
**Last Ten Fiscal Years - *unaudited***  
**(accrual basis of accounting)**  
**(amounts expressed in thousands)**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses:										
Governmental activities:										
General government	\$ 15,809	\$ 15,258	\$ 13,725	\$ 14,301	\$ 13,758	\$ 13,958	\$ 18,319	\$ 20,261	\$ 19,709	\$ 6,012
Education	201,190	209,628	214,237	225,079	230,695	231,874	244,093	258,069	279,763	225,842
Public safety	43,292	43,722	46,491	46,257	48,459	48,734	48,207	59,504	56,058	42,398
Health & welfare	5,155	5,711	4,895	4,266	4,001	3,636	7,843	6,276	7,491	3,614
Public works	33,208	25,524	29,909	33,984	34,531	38,122	25,729	29,791	29,555	7,247
Recreation, arts and cultural	9,922	9,313	9,112	9,463	9,459	11,365	15,217	14,932	15,544	7,179
Interest on debt	9,790	7,692	10,128	10,605	9,356	8,493	7,711	7,437	7,367	8,416
<b>Total governmental activities expenses</b>	<b>318,366</b>	<b>316,848</b>	<b>328,497</b>	<b>343,955</b>	<b>350,259</b>	<b>356,182</b>	<b>367,119</b>	<b>396,270</b>	<b>415,487</b>	<b>300,708</b>
Business-type activities:										
Parking Authority	5,136	5,827	5,551	5,422	5,593	5,673	5,939	6,134	6,692	6,785
Water Pollution Control Authority	10,454	11,400	10,515	10,789	11,374	11,947	12,080	13,085	12,577	13,356
<b>Total business-type activities net position</b>	<b>15,590</b>	<b>17,227</b>	<b>16,066</b>	<b>16,211</b>	<b>16,967</b>	<b>17,620</b>	<b>18,019</b>	<b>19,219</b>	<b>19,269</b>	<b>20,141</b>
<b>Total primary government expenses</b>	<b>\$ 333,956</b>	<b>\$ 334,075</b>	<b>\$ 344,563</b>	<b>\$ 360,166</b>	<b>\$ 367,226</b>	<b>\$ 373,802</b>	<b>\$ 385,138</b>	<b>\$ 415,489</b>	<b>\$ 434,756</b>	<b>\$ 320,849</b>
Program revenues:										
Governmental activities:										
Charges for services:										
General government	\$ 5,193	\$ 4,986	\$ 4,868	\$ 4,828	\$ 7,938	\$ 7,759	\$ 7,355	\$ 8,214	\$ 7,924	\$ 10,399
Education	1,890	1,710	1,298	1,263	1,280	1,153	1,162	1,107	1,520	1,885
Public safety	429	281	272	398	480	505	485	649	514	507
Health & welfare	569	605	549	559	597	625	643	661	619	-
Public works	11,669	10,807	10,720	10,627	12,622	13,259	4,285	4,441	5,603	6,536
Recreation, arts and cultural	1,279	1,251	970	966	862	960	1,051	1,052	982	777
Operating grants and contributions	44,291	47,742	49,006	53,899	52,804	58,700	58,608	59,181	76,028	77,489
Capital grants and contributions	9,404	5,887	5,156	5,122	7,515	5,586	7,147	5,946	3,012	6,126
<b>Total governmental activities program revenues</b>	<b>74,724</b>	<b>73,269</b>	<b>72,839</b>	<b>77,662</b>	<b>84,098</b>	<b>88,547</b>	<b>80,736</b>	<b>81,251</b>	<b>96,202</b>	<b>103,719</b>

(Continued)

**City of Norwalk, Connecticut**  
**Changes in Net Position (Continued)**  
**Last Ten Fiscal Years - *unaudited***  
**(accrual basis of accounting)**  
**(amounts expressed in thousands)**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Program revenues (continued):										
Business-type activities:										
Charges for services:										
Parking Authority	\$ 5,145	\$ 5,144	\$ 5,268	\$ 5,298	\$ 5,511	\$ 5,697	\$ 5,973	\$ 6,374	\$ 7,072	\$ 6,872
Water Pollution Control Authority	12,071	13,247	13,254	14,702	14,664	15,254	15,252	16,046	16,711	16,694
Capital grants and contributions	-	3,656	4,629	5,991	1,032	315	66	-	352	1,211
<b>Total business-type activities</b>										
<b>program revenues</b>	17,216	22,047	23,151	25,991	21,207	21,266	21,291	22,420	24,135	24,777
<b>Total primary government</b>										
<b>program revenues</b>	91,940	95,316	95,990	103,653	105,305	109,813	102,027	103,671	120,337	128,496
Net (expense)/revenue:										
Governmental activities	(243,642)	(243,579)	(255,658)	(266,293)	(266,161)	(267,635)	(286,383)	(315,019)	(319,285)	(196,989)
Business-type activities	1,626	4,820	7,085	9,780	4,240	3,646	3,272	3,201	4,866	4,636
<b>Total primary government</b>										
<b>net expense</b>	(242,016)	(238,759)	(248,573)	(256,513)	(261,921)	(263,989)	(283,111)	(311,818)	(314,419)	(192,353)
General revenues and other changes in net expenses:										
Governmental activities:										
Property taxes	237,745	246,277	256,470	260,827	269,014	281,452	290,950	297,370	304,121	310,945
Grants and contributions not restricted to										
specific programs	5,997	5,076	6,438	5,930	7,391	5,902	5,770	6,516	8,576	9,725
Miscellaneous	-	-	-	-	1,884	2,456	3,098	2,074	2,842	2,801
Unrestricted investment earnings	3,591	1,750	1,950	1,645	580	1,004	882	1,890	416	1,226
Transfers and other	-	-	-	-	-	-	-	-	-	-
<b>Total governmental activities</b>	247,333	253,103	264,858	268,402	278,869	290,814	300,700	307,850	315,955	324,697
Business-type activities:										
Unrestricted investment earnings	626	252	289	215	-	122	153	393	28	163
Transfers and other	-	-	-	-	-	-	-	-	-	-
<b>Total business-type activities</b>	626	252	289	215	-	122	153	393	28	163
<b>Total primary government</b>	247,959	253,355	265,147	268,617	278,869	290,936	300,853	308,243	315,983	324,860
Changes in net position:										
Governmental activities	3,691	9,524	9,200	2,109	12,708	23,179	14,317	(7,169)	(3,330)	127,708
Business-type activities	2,252	5,072	7,374	9,995	4,240	3,768	3,425	3,594	4,894	4,799
<b>Total primary government</b>	\$ 5,943	\$ 14,596	\$ 16,574	\$ 12,104	\$ 16,948	\$ 26,947	\$ 17,742	\$ (3,575)	\$ 1,564	\$ 132,507

**City of Norwalk, Connecticut**  
**Governmental Activities Tax Revenues By Source**  
**Last Ten Fiscal Years - *unaudited***  
**(accrual basis of accounting)**  
**(amounts expressed in thousands)**

Fiscal Year	Property Tax
2009	\$ 238
2010	246
2011	256
2012	261
2013	269
2014	281
2015	292
2016	297
2017	303
2018	311

**City of Norwalk, Connecticut**  
**Fund Balance of Governmental Funds**  
**Last Ten Fiscal Years - *unaudited***  
**(modified accrual basis of accounting)**  
**(amounts expressed in thousands)**

	2009	2010	2011*	2012	2013	2014	2015	2016	2017	2018
<b>General fund:</b>										
Nonspendable	\$ -	\$ -	\$ -	\$ 23	\$ 2	\$ -	\$ 1	\$ 10	\$ 103	\$ 19
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	1,000	3,100	1,326	1,487
Assigned	-	-	1,946	2,592	3,682	2,870	1,499	621	2,922	2,038
Unassigned	-	-	28,628	28,532	29,751	34,613	42,288	47,363	51,249	57,677
Reserved	112	103	-	-	-	-	-	-	-	-
Unreserved, designated	4,349	1,960	-	-	-	-	-	-	-	-
Unreserved, undesignated	25,039	26,550	-	-	-	-	-	-	-	-
<b>Total general fund</b>	<b>\$ 29,500</b>	<b>\$ 28,613</b>	<b>\$ 30,574</b>	<b>\$ 31,147</b>	<b>\$ 33,435</b>	<b>\$ 37,483</b>	<b>\$ 44,788</b>	<b>\$ 51,094</b>	<b>\$ 55,600</b>	<b>\$ 61,221</b>
<b>All other governmental funds:</b>										
Nonspendable	\$ -	\$ -	\$ 51	\$ 30	\$ 38	\$ 33	\$ 18	\$ 33	\$ 56	\$ 52
Restricted	-	-	14,787	15,939	15,797	18,098	5,256	5,276	13,850	33,853
Committed	-	-	12,619	6,539	4,892	3,936	6,303	2,530	1,288	1,288
Assigned	-	-	-	-	836	-	-	-	1,272	116
Unassigned	-	-	-	-	-	-	-	(15)	(140)	(171)
Reserved	-	-	-	-	-	-	-	-	-	-
Unreserved, reported in:										
Capital projects funds	13,078	20,399	-	-	-	-	-	-	-	-
Nonmajor governmental funds	1,228	1,001	-	-	-	-	-	-	-	-
<b>Total all other governmental funds</b>	<b>\$ 14,306</b>	<b>\$ 21,400</b>	<b>\$ 27,457</b>	<b>\$ 22,508</b>	<b>\$ 21,563</b>	<b>\$ 22,067</b>	<b>\$ 11,577</b>	<b>\$ 7,824</b>	<b>\$ 16,326</b>	<b>\$ 35,138</b>

\* The City implemented GASB 54 in FY 2011.

**City of Norwalk, Connecticut**  
**Changes in Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years - *unaudited***  
**(modified accrual basis of accounting)**  
**(amounts expressed in thousands)**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Revenues:</b>										
Property taxes, interest and liens	\$ 236,369	\$ 247,000	\$ 255,420	\$ 261,288	\$ 267,986	\$ 281,958	\$ 294,528	\$ 298,456	\$ 301,212	\$ 312,377
Intergovernmental	46,244	44,947	45,711	46,577	48,927	48,667	53,897	51,494	52,069	53,771
State on-behalf payments	13,345	14,082	14,127	18,462	18,672	21,537	23,132	21,176	35,742	39,569
Licenses, permits, fees and other	21,029	19,641	18,678	18,641	25,773	17,944	18,075	18,164	20,019	22,905
Interest	3,591	1,750	1,280	1,350	215	1,004	882	1,890	388	1,226
<b>Total revenues</b>	<b>320,578</b>	<b>327,420</b>	<b>335,216</b>	<b>346,318</b>	<b>361,573</b>	<b>371,110</b>	<b>390,514</b>	<b>391,180</b>	<b>409,430</b>	<b>429,848</b>
<b>Expenditures:</b>										
General government	8,191	7,362	8,134	8,653	8,978	9,469	9,192	9,571	9,697	10,855
Health and welfare	4,853	5,423	4,535	3,870	3,534	3,423	4,899	4,500	5,529	5,698
Education	179,596	184,020	186,402	194,263	196,377	209,077	219,999	223,105	240,745	255,026
Employee benefits	23,535	24,900	29,412	32,605	38,482	40,901	41,222	41,968	48,144	41,583
Public safety	37,419	38,131	39,554	38,695	40,311	41,775	43,593	45,043	41,823	45,442
Community grants	3,728	4,005	4,248	4,173	3,045	2,909	3,077	3,154	2,825	3,061
Public Works	18,359	16,162	15,563	16,426	22,139	18,288	19,352	17,730	16,686	18,089
Recreation, arts & culture	8,001	7,420	7,029	7,820	8,279	7,731	8,433	8,473	8,378	11,889
Maritime Center subsidy	8,653	8,342	8,546	8,090	8,660	-	-	-	-	-
Capital outlay	30,017	14,335	17,315	27,127	28,690	27,749	32,972	24,096	26,349	25,020
<b>Debt service:</b>										
Principal	15,386	17,850	15,734	15,451	15,661	17,695	17,328	19,134	18,647	18,026
Interest	10,598	9,063	9,569	10,972	10,381	8,538	8,530	8,244	8,221	8,209
<b>Total expenditures</b>	<b>348,336</b>	<b>337,013</b>	<b>346,041</b>	<b>368,145</b>	<b>384,537</b>	<b>387,555</b>	<b>408,597</b>	<b>405,018</b>	<b>427,044</b>	<b>442,898</b>
<b>Excess of revenues over (under) expenditures</b>	<b>(27,758)</b>	<b>(9,593)</b>	<b>(10,825)</b>	<b>(21,827)</b>	<b>(22,964)</b>	<b>(16,445)</b>	<b>(18,083)</b>	<b>(13,838)</b>	<b>(17,614)</b>	<b>(13,050)</b>
<b>Other financing sources (uses):</b>										
Transfers in	-	-	-	-	-	-	-	-	-	25,899
Transfers out	-	-	-	-	-	-	-	-	-	(25,899)
Proceeds from issuance of bonds (notes)	105,350	59,168	18,844	35,312	40,007	21,000	14,500	15,600	37,393	35,000
Premium from issuance of bonds	6,802	5,078	-	1,276	2,158	-	399	2,275	3,688	5,467
Payments to escrow agent	(78,946)	(48,446)	-	(19,138)	(17,859)	-	-	-	(11,746)	(25,766)
Issuance of refunding bonds	-	-	-	-	-	-	-	-	-	24,072
<b>Total from financing sources (uses)</b>	<b>33,206</b>	<b>15,800</b>	<b>18,844</b>	<b>17,450</b>	<b>24,306</b>	<b>21,000</b>	<b>14,899</b>	<b>17,875</b>	<b>29,335</b>	<b>38,773</b>
<b>Net change in fund balances</b>	<b>\$ 5,448</b>	<b>\$ 6,207</b>	<b>\$ 8,019</b>	<b>\$ (4,377)</b>	<b>\$ 1,342</b>	<b>\$ 4,555</b>	<b>\$ (3,184)</b>	<b>\$ 4,037</b>	<b>\$ 11,721</b>	<b>\$ 25,723</b>
<b>Debt service as a percentage of noncapital expenditures</b>										
	8.1% <sup>(1)</sup>	8.4% <sup>(1)</sup>	8.1% <sup>(1)</sup>	7.3% <sup>(1)</sup>	7.3% <sup>(1)</sup>	7.3% <sup>(1)</sup>	6.9% <sup>(1)</sup>	7.2%	6.8%	6.3%

1. Debt service as a percentage of noncapital expenditures takes into account capitalized assets from all functions. Calculation is debt service divided by total expenditures less capital outlay used in Note 2 reconciliation between the government-wide statement of activities and the statement of revenues, expenditures, and changes in fund balance.

**City of Norwalk, Connecticut**  
**General Governmental Tax Revenues By Source**  
**Last Ten Fiscal Years - *unaudited***  
**(modified accrual basis of accounting)**  
**(amounts expressed in thousands)**

Fiscal Year	Property Tax
2009	\$ 236
2010	247
2011	255
2012	261
2013	268
2014	282
2015	295
2016	298
2017	301
2018	312

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

Fiscal Year Ended June 30	Real Property		Personal Property			Less Exemptions <sup>(3)</sup>	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Value
	Residential <sup>(2)</sup>	Commercial	Land	Motor Vehicles	Other				
2009	\$ 7,305,104	\$ 2,310,099	\$ 92,796	\$ 560,547	\$ 555,366	\$ 150,023	\$ 10,673,889	22.0%	\$ 15,462,731
2010	8,674,364	2,684,598	130,830	537,966	754,470	142,853	12,639,375	19.4%	18,260,326
2011	8,627,768	2,756,925	125,976	534,482	728,378	127,395	12,646,134	20.1%	18,247,899
2012	8,645,964	2,804,094	120,976	557,086	725,531	78,620	12,775,031	20.3%	18,362,359
2013	8,674,127	2,788,338	111,746	590,562	718,851	74,791	12,808,833	20.9%	18,405,177
2014	8,722,720	2,740,715	118,106	586,822	724,286	86,229	12,806,420	21.7%	18,418,070
2015	7,590,578	2,815,260	148,133	605,011	744,898	79,493	11,824,387	24.3%	17,005,543
2016	7,606,804	2,842,950	142,065	621,060	758,214	69,840	11,901,253	24.7%	17,101,561
2017	7,636,935	2,932,804	149,749	629,304	812,179	69,141	12,091,830	24.8%	17,372,816
2018	7,686,517	2,943,099	155,292	654,408	823,396	60,816	12,201,896	25.0%	17,518,160

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.



**City of Norwalk, Connecticut**  
**Direct Governments <sup>(3)</sup>**  
**Last Ten Fiscal Years - *unaudited***

Fiscal Year Ended June 30	<sup>(2)</sup> District 1	District 2	District 3	District 4	District 5	District 6	Motor Vehicle	General Government Services	General Obligation Debt Service	Total
2008	21.7	21.7	21.7	21.7	21.2	20.2	23.3	19.6	1.6	21.2
2009	22.5	22.5	22.5	22.6	22.0	21.0	23.6	20.4	1.6	22.0
2010	19.8	19.8	19.8	19.8	19.4	18.2	24.4	17.8	1.6	19.4
2011	20.5	20.5	20.5	20.6	20.1	18.9	25.2	18.6	1.5	20.1
2012	20.7	20.7	20.7	20.8	20.3	19.0	25.5	18.8	1.5	20.3
2013	21.3	21.3	21.3	21.4	20.9	19.4	26.2	19.2	1.7	20.9
2014	22.1	22.1	22.1	22.2	21.7	20.2	27.4	20.0	1.7	21.7
2015	25.0	25.0	25.0	25.1	24.3	22.4	28.2	22.8	1.5	24.3
2016	25.4	25.4	25.4	25.4	24.7	22.9	28.8	23.0	1.7	24.7
2017	25.4	25.4	25.4	25.5	24.8	22.9	28.9	23.2	1.6	24.8
2018	25.7	25.7	25.7	25.7	25.0	23.3	29.3	23.2	1.8	25.0

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. 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 mileage goes back to their district office to provide certain services.

**City of Norwalk, Connecticut**  
**Principal Property Taxpayers - *unaudited***  
**June 30, 2018**  
**(amounts expressed in thousands)**

Taxpayer	2018			2009		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Eversource	\$ 353,065	1	2.9%	\$ 112,957	2	1.0%
Merritt 7 Venture LLC	222,680	2	1.8%	180,259	1	1.7%
CP IV Waypointe BP I LLC	114,362	3	0.9%	-	-	-
Yankee Gas Co.	73,920	4	0.6%			
Thirty Five Glover Partners LLC	69,167	5	0.6%	52,035	3	0.5%
SPUS7 Riverpark LLC	65,959	6	0.5%	46,916	5	0.4%
Twenty Fiver Glover Partners LLC	59,500	7	0.5%	49,392	4	0.5%
45 Glover Partners LLC	55,114	8	0.4%			
RB Norwalk Owners LLC	47,608	9	0.4%	-	-	-
I Park Norwalk LLC	44,938	10	0.4%	-	-	-
Norwalk Center LLC	-	-	-	37,743	6	0.4%
Norwalk Power LLC	-	-	-	37,676	7	0.3%
Merritt River Residential LLC	-	-	-	35,123	8	0.3%
Diageo North America Inc.	-	-	-	32,858	9	0.3%
Merritt River Partners	-	-	-	28,749	10	0.3%
<b>Totals</b>	<b>\$ 1,106,313</b>		<b>9.0%</b>	<b>\$ 613,708</b>		<b>5.6%</b>

1. Source: City of Norwalk Assessor's Office

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

Fiscal Year Ended June 30	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Levy		Amount	Levy
2009	\$ 236,584	\$ 232,474	98.3%	4,099	\$ 236,573	100.0%
2010	245,698	242,491	98.7%	3,207	245,698	100.0%
2011	256,901	253,070	98.5%	3,804	256,874	100.0%
2012	261,927	258,620	98.7%	3,268	261,888	100.0%
2013	270,616	266,442	98.5%	4,100	270,542	100.0%
2014	281,643	277,778	98.6%	3,739	281,517	100.0%
2015	294,159	290,306	98.7%	3,853	294,159	100.0%
2016	297,608	294,363	98.9%	2,725	297,088	99.8%
2017	307,314	303,329	98.7%	3,348	306,677	99.8%
2018	312,751	309,333	98.9%	-	309,333	98.9%

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, Connecticut**  
**Ratios of Total Direct Debt**  
**Last Ten Fiscal Years - *unaudited***  
**(amounts expressed in thousands, except per capita amount)**

Fiscal Year	Governmental Activities		Business Type Activities		Primary Government	Ratio of Total Direct Debt to Estimated Actual Value of Property	Total Direct Debt Per Capita
	General Obligation Bonds	Capital Leases	General Obligation and Notes Payable	Lease Revenue Bonds	Total Direct Debt		
2009	\$ 207,928	\$ 467	41,636	7,845	\$ 257,876	1.67%	\$ 3,038
2010	203,901	378	48,498	-	252,777	1.38%	3,016
2011	206,707	284	44,812	-	251,803	1.38%	2,940
2012	208,705	185	41,482	-	250,372	1.36%	2,896
2013	220,922	81	60,896	-	281,899	1.53%	3,233
2014	219,174	-	54,457	-	273,631	1.49%	3,117
2015	216,346	-	49,512	-	265,858	1.56%	3,016
2016	211,909	-	45,464	-	257,373	1.50%	2,909
2017	219,805	-	41,093	-	260,898	1.50%	2,950
2018	236,971	-	35,857	-	272,828	1.56%	3,065

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 taxable value and population data found in the Demographic and Economic section of statistical information.

**City of Norwalk, Connecticut**  
**Ratios of Total Net Direct Debt**  
**Last Ten Fiscal Years - *unaudited***  
**(amounts expressed in thousands, except per capita amount)**

Fiscal Year	Primary	Less:	Governmental	Ratio of	Total Net Direct Debt Per Capita
	Government	Business Type	Net	Total Net	
	Total	Activities	Direct	Direct Debt	
	Direct	Debt	Debt	to Estimated	
	Debt			Actual Value	
				of Property	
2009	\$ 257,876	\$ 49,481	\$ 208,395	1.35%	\$ 2,455
2010	252,777	48,498	204,279	1.12%	2,438
2011	251,803	44,812	206,991	1.13%	2,417
2012	250,372	41,482	208,890	1.14%	2,416
2013	281,899	60,896	221,003	1.20%	2,535
2014	273,631	54,457	219,174	1.19%	2,497
2015	265,858	49,512	216,346	1.27%	2,454
2016	257,373	45,464	211,909	1.24%	2,395
2017	260,898	41,093	219,805	1.27%	2,485
2018	272,828	35,857	236,971	1.35%	2,662

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, Connecticut**  
**Ratios of Total Overall Net Debt**  
**Last Ten Fiscal Years - *unaudited***  
**(amounts expressed in thousands, except per capita amount)**

Fiscal Year	Governmental		Total Overall Net Debt	Ratio of Total Overall Net Debt to Estimated Actual Value of Property	Total Overall Net Debt Per Capita
	Net Direct Debt	Overlapping Debt			
2009	208,395	25,615	234,010	1.51%	2,757
2010	204,279	23,656	227,935	1.25%	2,720
2011	206,991	23,656	230,647	1.26%	2,693
2012	208,890	20,706	229,596	1.25%	2,656
2013	221,003	26,627	247,630	1.35%	2,840
2014	219,174	35,525	254,699	1.38%	2,902
2015	216,346	33,901	250,247	1.47%	2,839
2016	211,909	31,895	243,804	1.43%	2,755
2017	219,805	29,865	249,670	1.44%	2,823
2018	236,971	27,811	264,782	1.51%	2,975

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, Connecticut**  
**Direct and Overlapping Governmental Activities Debt**  
**For Fiscal Year 2018 - *unaudited***  
**(amounts expressed in thousands)**

	Debt Outstanding	Estimated Percentage Applicable	Estimated Shares of Direct and Overlapping Debt
First Taxing District of the City of Norwalk (Water)	\$ 5,923	100%	\$ 5,923 <sup>(1)</sup>
Second Taxing District of the City of Norwalk (Water and Electric)	<u>21,888</u>	100%	<u>21,888</u> <sup>(1)</sup>
<b>Subtotal, overlapping debt</b>	<u>27,811</u>		<u>27,811</u>
City of Norwalk direct debt	<u>272,828</u>		<u>272,828</u> <sup>(2)</sup>
<b>Total direct and overlapping debt</b>	<u><u>\$ 300,639</u></u>		<u><u>\$ 300,639</u></u>
Less: Business Type Activities Debt	35,857		35,857
<b>Total net direct and overlapping debt</b>	<u><u>\$ 264,782</u></u>		<u><u>\$ 264,782</u></u>

1. The First Taxing District provides water to its residents and Second taxing district of Norwalk provides water and electricity for its residents and have received grants from the State of Connecticut which they must pay back.

2. Direct Debt See Note 6: Total Bonds and Notes Payable

**City of Norwalk, Connecticut**  
**Legal Debt Margin Information**  
**Last Ten Fiscal Years - *unaudited***  
**(amounts expressed in thousands)**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>General Debt</b>										
Debt Limit	\$ 531,118	\$ 557,427	\$ 579,554	\$ 590,751	\$ 606,954	\$ 634,277	\$ 664,404	\$ 672,892	\$ 684,917	\$ 709,324
Total net debt applicable to limit	120,775	119,371	148,478	153,537	163,802	178,694	183,331	190,125	184,124	195,915
<b>Legal debt margin</b>	<b>\$ 410,343</b>	<b>\$ 438,056</b>	<b>\$ 431,076</b>	<b>\$ 437,214</b>	<b>\$ 443,152</b>	<b>\$ 455,583</b>	<b>\$ 481,073</b>	<b>\$ 482,767</b>	<b>\$ 500,793</b>	<b>\$ 513,409</b>
<b>Total net debt applicable to the limit as percentage of debt limit</b>	<b>22.74%</b>	<b>21.41%</b>	<b>25.62%</b>	<b>25.62%</b>	<b>26.99%</b>	<b>28.71%</b>	<b>27.59%</b>	<b>28.25%</b>	<b>26.88%</b>	<b>27.62%</b>
<b>Schools</b>										
Debt Limit	\$ 1,062,237	\$ 1,114,853	\$ 1,159,109	\$ 1,181,503	\$ 1,213,907	\$ 1,268,554	\$ 1,328,808	\$ 1,345,784	\$ 1,369,833	\$ 1,418,647
Total net debt applicable to limit	135,400	125,893	118,575	112,919	106,480	101,968	94,607	90,619	81,246	202,837
<b>Legal debt margin</b>	<b>\$ 926,837</b>	<b>\$ 988,960</b>	<b>\$ 1,040,534</b>	<b>\$ 1,068,584</b>	<b>\$ 1,107,427</b>	<b>\$ 1,166,586</b>	<b>\$ 1,234,201</b>	<b>\$ 1,255,165</b>	<b>\$ 1,288,587</b>	<b>\$ 1,215,810</b>
<b>Total net debt applicable to the limit as percentage of debt limit</b>	<b>12.75%</b>	<b>11.29%</b>	<b>10.23%</b>	<b>9.56%</b>	<b>8.77%</b>	<b>8.04%</b>	<b>7.12%</b>	<b>6.73%</b>	<b>5.93%</b>	<b>14.30%</b>
<b>Sewers</b>										
Debt Limit	\$ 885,197	\$ 929,044	\$ 965,924	\$ 984,586	\$ 1,011,589	\$ 1,057,128	\$ 1,107,340	\$ 1,121,487	\$ 1,141,528	\$ 1,182,206
Total net debt applicable to limit	93,190	90,305	76,423	85,037	64,984	59,303	54,610	37,600	33,161	47,013
<b>Legal debt margin</b>	<b>\$ 792,007</b>	<b>\$ 838,739</b>	<b>\$ 889,501</b>	<b>\$ 899,549</b>	<b>\$ 946,605</b>	<b>\$ 997,825</b>	<b>\$ 1,052,730</b>	<b>\$ 1,083,887</b>	<b>\$ 1,108,367</b>	<b>\$ 1,135,193</b>
<b>Total net debt applicable to the limit as percentage of debt limit</b>	<b>10.53%</b>	<b>9.72%</b>	<b>7.91%</b>	<b>8.64%</b>	<b>6.42%</b>	<b>5.61%</b>	<b>4.93%</b>	<b>3.35%</b>	<b>2.90%</b>	<b>3.98%</b>
<b>Urban Renewal</b>										
Debt Limit	\$ 767,171	\$ 805,172	\$ 837,134	\$ 853,308	\$ 876,711	\$ 916,178	\$ 959,695	\$ 971,955	\$ 989,324	\$ 1,024,579
Total net debt applicable to limit	20,469	24,013	20,309	21,312	21,591	21,534	21,747	22,126	21,423	26,413
<b>Legal debt margin</b>	<b>\$ 746,702</b>	<b>\$ 781,159</b>	<b>\$ 816,825</b>	<b>\$ 831,996</b>	<b>\$ 855,120</b>	<b>\$ 894,644</b>	<b>\$ 937,948</b>	<b>\$ 949,829</b>	<b>\$ 967,901</b>	<b>\$ 998,166</b>
<b>Total net debt applicable to the limit as percentage of debt limit</b>	<b>2.67%</b>	<b>2.98%</b>	<b>2.43%</b>	<b>2.50%</b>	<b>2.46%</b>	<b>2.35%</b>	<b>2.27%</b>	<b>2.28%</b>	<b>2.17%</b>	<b>2.58%</b>
<b>Pension Funding</b>										
Debt Limit	\$ 708,158	\$ 743,235	\$ 772,739	\$ 787,669	\$ 89,271	\$ 845,703	\$ 885,872	\$ 897,189	\$ 913,222	\$ 945,765
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
<b>Legal debt margin</b>	<b>\$ 708,158</b>	<b>\$ 743,235</b>	<b>\$ 772,739</b>	<b>\$ 787,669</b>	<b>\$ 89,271</b>	<b>\$ 845,703</b>	<b>\$ 885,872</b>	<b>\$ 897,189</b>	<b>\$ 913,222</b>	<b>\$ 945,765</b>
<b>Total net debt applicable to the limit as percentage of debt limit</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>
<b>Total</b>										
Debt Limit	\$ 1,652,369	\$ 1,734,216	\$ 1,803,058	\$ 1,837,894	\$ 1,888,300	\$ 1,973,306	\$ 2,067,034	\$ 2,093,442	\$ 2,130,851	\$ 2,206,785
Total net debt applicable to limit	369,834	359,583	363,786	372,805	356,857	361,499	354,295	340,470	319,954	472,178
<b>Legal debt margin</b>	<b>\$ 1,282,535</b>	<b>\$ 1,374,633</b>	<b>\$ 1,439,272</b>	<b>\$ 1,465,089</b>	<b>\$ 1,531,443</b>	<b>\$ 1,611,807</b>	<b>\$ 1,712,739</b>	<b>\$ 1,752,972</b>	<b>\$ 1,810,897</b>	<b>\$ 1,734,607</b>
<b>Total net debt applicable to the limit as percentage of debt limit</b>	<b>22.38%</b>	<b>20.73%</b>	<b>20.18%</b>	<b>20.28%</b>	<b>18.90%</b>	<b>18.32%</b>	<b>17.14%</b>	<b>16.26%</b>	<b>15.02%</b>	<b>21.40%</b>



**City of Norwalk, Connecticut**  
**Legal Debt Margin Information (Continued)**  
**For Fiscal For Fiscal Year 2018 - *unaudited***  
**(amounts expressed in thousands)**

Total fiscal year 2018 tax collections (taxes, interest and fees)	\$ 315,249
Tax relief for the elderly	6
Base for establishing debt limit	<u>\$ 315,255</u>

	General Purpose	Schools	Sewers	Urban Renewal	Pension Funding	Total
Debt limitation						
2 1/4 times base	\$ 709,324	\$ -	\$ -	\$ -	\$ -	\$ -
4 1/2 times base	-	1,418,648	-	-	-	-
3 3/4 times base	-	-	1,182,206	-	-	-
3 1/4 times base	-	-	-	1,024,579	-	-
3 times base	-	-	-	-	945,765	-
7 times base	-	-	-	-	-	2,206,785
Total net debt applicable to limit	<u>195,915</u>	<u>202,837</u>	<u>47,013</u>	<u>26,413</u>	<u>-</u>	<u>472,178</u>
Legal debt margin	<u>\$ 513,409</u>	<u>\$ 1,215,811</u>	<u>\$ 1,135,193</u>	<u>\$ 998,166</u>	<u>\$ 945,765</u>	<u>\$ 1,734,607</u>

**City of Norwalk, Connecticut**  
**Demographic and Economic Statistics**  
**Last Ten Fiscal Years - *unaudited***

Fiscal Year	Population	Personal Income (amount expressed in thousands)	Per Capita Personal Income	School Enrollment	Unemployment Rate
2009	84,877	3,368,451	40,362	10,748	6.5%
2010	83,802	3,462,280	41,315	10,883	7.7%
2011	85,653	3,620,467	42,269	11,065	7.9%
2012	86,460	3,736,974	43,222	10,881	6.6%
2013	87,190	4,173,779	47,870	10,840	6.9%
2014	87,776	4,327,886	49,306	11,078	5.4%
2015	88,145	4,476,462	50,785	11,124	5.6%
2016	88,485	4,628,522	52,309	11,141	4.8%
2017	88,438	4,767,378	53,878	11,241	4.4%
2018	89,005	4,910,399	55,494	11,234	3.7%

Data Sources

1. Data not available for this particular year
2. Total personal income and per capita personal income is estimated based on the 2011 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, Connecticut**  
**Principal Employers**  
**Current Year and Nine Years Ago - *unaudited***

Employer	Nature of Business	2018			2009		
		Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Cablevision of Connecticut	Cable Line Installation						
City of Norwalk	Municipal Government	1,854	1	2.9%	2,015	1	3.2%
Western Connecticut Health Network (Norwalk Hospital)	Hospital/Health Services	-			-		0.0%
		1,504	2	2.4%	1,900	2	3.0%
General Electric Company	Diversified Manufacturing	1,400	3	2.2%	-	-	-
Altice USA	Cable Line Installation	1,180	4	1.9%	-	-	-
Stew Leonard's	Retail Dairy Store / Grocery	900	5	1.4%	800	3	1.3%
MBI	Direct Mail Marketing	800	6	1.3%	800	3	1.3%
Diageo	Premium Beverage Manufacturer	700	7	1.1%	700	5	1.1%
Datto Inc.	Data Protection Services	650	8	1.0%	-	-	-
Aon Hewitt	Management Consultants	600	9	1.0%	600	6	1.0%
Pepperidge Farm, Inc.	Baked Goods	450	10	0.7%	-	-	-
Reed Exhibition Company	Trade Show/Publisher	450	10	0.7%	450	9	0.7%
U.S. Surgical Corporation	Automatic Suture Instruments	-	-	-	500	7	0.8%
Northup Grumman/Norden	Electronic & Radar Systems	-	-	-	500	8	0.8%
Beiersdorf, Inc.	Personal Care Products	-	-	-	450	9	0.7%
<b>Total</b>		<b>10,488</b>		<b>16.6%</b>	<b>8,265</b>		<b>13.8%</b>

1. Source: City of Norwalk Redevelopment Authority

**City of Norwalk, Connecticut**  
**Budget Full-time Employees**  
**Last Ten Fiscal Years - *unaudited***

Function	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General government	48	45	45	47	47	47	47	48	50	52
Finance	35	34	34	34	35	35	34	34	36	35
Health & welfare	21	16	16	16	16	16	16	16	16	16
Police	199	198	198	197	197	197	197	197	197	196
Fire	146	145	146	146	145	147	147	147	147	147
Other protection	45	43	43	43	43	43	43	43	43	44
Public works & traffic	107	100	100	114	102	103	103	104	104	105
Education	1,343	1,331	1,325	1,310	1,236	1,259	1,163	1,191	1,166	1,209
Recreation, arts & cultural	<u>54</u>	<u>51</u>	<u>51</u>	<u>51</u>	<u>49</u>	<u>50</u>	<u>49</u>	<u>50</u>	<u>50</u>	<u>50</u>
Total	<u><u>1,998</u></u>	<u><u>1,963</u></u>	<u><u>1,958</u></u>	<u><u>1,958</u></u>	<u><u>1,870</u></u>	<u><u>1,897</u></u>	<u><u>1,799</u></u>	<u><u>1,830</u></u>	<u><u>1,809</u></u>	<u><u>1,854</u></u>

Data Sources: City Budget Office and Education Budget Office.

**City of Norwalk, Connecticut**  
**Operating Indicators by Function**  
**Last Ten Fiscal Years - *unaudited***

Function	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>General government</b>										
Land records recorded	15,500	16,100	13,712	16,574	16,326	9,610	11,400	11,310	15,120	13,600
Vital records recorded	3,083	3,306	3,230	1,299	1,897	1,847	1,523	2,836	3,744	3,378
Dog licenses issued	2,540	2,700	2,556	2,650	2,504	2,583	3,200	2,718	2,617	2,602
Absentee ballots issued	500	1,613	659	3,484	3,332	1,081	595	3,075	3,504	584
<b>Health &amp; Welfare</b>										
Food establishment inspections conducted	1,749	1,405	(1)	1,674	1,695	1,677	1,524	1,722	1,601	1,478
Septic systems and lots inspected	33	68	(1)	32	31	43	42	56	42	-
Beauty salons inspected	118	114	(1)	135	147	139	148	155	156	159
<b>Police</b>										
Calls for service	69,304	68,413	69,385	68,000	70,500	68,207	61,111	57,807	69,500	57,807
Criminal arrests	3,582	3,496	3,425	3,100	3,000	2,550	2,452	1,995	3,520	1,995
Traffic citations issued	6,882	6,237	5,150	6,600	9,510	7,324	5,984	5,180	7,150	5,180
Medical emergencies responded to	7,602	8,653	7,620	8,500	5,287	8,677	8,981	9,100	8,200	9,100
Marine assistance calls	206	167	212	215	215	342	294	270	290	270
<b>Fire</b>										
Fire calls	2,456	1,544	1,564	2,150	1,237	1,518	1,500	2,374	276	704
Medical calls	2,946	3,326	3,496	9,090	9,288	3,873	3,877	2,444	3,583	4,045
Fire alarms answered	(1)	1,058	1,045	473	1,453	1,518	1,143	1,032	1,526	1,230
<b>Combined dispatch</b>										
Emergency calls received	33,634	33,768	35,000	35,000	5,356	5,109	36,000	40,000	4,800	20,035
Non-emergency calls received	124,093	125,515	76,407	81,370	52,252	63,099	59,800	148,000	156,000	44,342
<b>Public Works</b>										
Lane miles of roadways swept	625	625	900	900	900	900	900	900	8,434	622
Tons of solid waste collected and disposed	53,445	32,350	27,258	25,131	24,927	23,716	23,179	22,543	22,558	22,411
Tons of recyclable materials collected and disposed	6,049	14,044	5,701	5,805	5,722	7,530	8,425	8,765	9,038	8,934
<b>Recreation, Arts &amp; Cultural</b>										
Athletic contests played at City venues	30,000	30,000	30,000	30,250	30,250	31,000	31,000	31,000	35,000	34,000
Athletic activities practiced at City venues	10,000	10,000	10,000	12,000	12,000	11,600	11,600	11,600	8,000	7,500
Visitors to library	395,001	388,437	400,000	414,259	420,528	391,671	512,423	666,530	628,245	640,790

<sup>(1)</sup> Data is not available

Data Sources: City Budget Office and City Departments

**City of Norwalk, Connecticut**  
**Capital Asset Statistics by Function**  
**Last Ten Fiscal Years - *unaudited***

Function	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Police										
Police cars	110	103	110	114	121	129	131	128	129	152
Marine vessels	3	3	3	3	3	3	3	3	4	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	140	140	140	140	140
Miles of sanitary sewers	180	180	180	180	180	182	182	182	200	200
Municipal parking spaces	3,973	3,973	4,019	4,225	4,225	4,225	4,225	3,968	3,975	3,975
Vehicles	119	272	307	326	331	334	337	337	440	485
Pump stations	24	25	25	25	25	25	25	25	25	25
Recreation, Arts & Cultural										
Acres of public park lands	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,240	1,300
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	2	2	2	2	2	2	2	2	1	1
Athletic diamonds	41	41	41	41	41	42	42	42	42	30
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 <sup>(2)</sup>	261,401	262,905	257,463	(1)	260,832	267,788	267,483	214,033	214,033	208,633
Public museums	3	3	3	3	3	3	3	-	3	3

1. Not available

2. Includes only the 2 libraries that are funded within the City of Norwalk entity

Data Source: City of Norwalk Departments