

Comprehensive Annual Financial Report



City of Norwalk, California
Year Ended June 30, 2013

Comprehensive Annual Financial Report
City of Norwalk, California
For the Fiscal Year Ended June 30, 2013

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CITY OF NORWALK
CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2013

NORWALK City Council

Luigi Vernola
Mayor

Marcel Rodarte
Vice Mayor

Cheri Kelley
Councilmember

Michael Mendez
Councilmember

Leonard Shryock
Councilmember

Michael J. Egan
City Manager

Jana Stuard
Director of Finance/City Treasurer

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LUIGI VERNOLA
Mayor
MARCEL RODARTE
Vice Mayor
CHERI KELLEY
Councilmember
MICHAEL MENDEZ
Councilmember
LEONARD SHRYOCK
Councilmember
MICHAEL J. EGAN
City Manager



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December 23, 2013

**Honorable Mayor, Members of the Governing Council
and the Citizens of the City of Norwalk, California:**

The Comprehensive Annual Financial Report (CAFR) of the City of Norwalk, California, for the fiscal year ended June 30, 2013, is hereby respectfully submitted as mandated by both local ordinances and state statutes. These ordinances and statutes require that the City of Norwalk issue annually a report on its financial position and activities, and that this report be audited by an independent firm of certified public accountants.

REPORT PURPOSE AND ORGANIZATION

Purpose and Management Responsibility. This report consists of management's representations concerning the finances of the City of Norwalk (City). Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report to provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with the U.S. generally accepted accounting principles (GAAP).

Because cost of internal controls should not outweigh their benefits, the city's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Audited Financial Statements. The City's financial statements have been audited by Vasquez & Co. LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2013, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the overall accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ended June 30, 2013, are fairly presented in conformity with GAAP.

The independent auditors' report is presented as the first component of the financial section of this report.

Organization. This report is presented in three sections: introductory, financial and statistical.

1. The **Introductory** section includes this transmittal letter and other information to familiarize the reader with the City: a directory of officials, the City's organization chart and organizational values.
2. The **Financial** section consists of five parts: the independent auditors' report; management's discussion and analysis; the basic financial statements; required supplementary information; additional statements and schedules for nonmajor governmental funds and agency funds.
3. The **Statistical** section includes selected financial and demographic information, generally presented in multi-year basis.

Transmittal letter. GAAP require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). As noted above, the MD&A appears in the Financial Section. This letter of transmittal is designated to complement MD&A and should be read in conjunction with it.

"Single Audit" for Federal Grant Programs

The independent audit of the financial statements of the City was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and legal requirements involving the administration of federal awards. This separately prepared report is available from the Finance Department upon request.

PROFILE OF THE CITY OF NORWALK

History. Norwalk, as we know it today, was once known as New River, Siete Alisos (Seven Sycamores), Sycamore Grove and Corazon de los Valles (Heart of the Valleys). Shortened to "Corvalles" by Easterners who had difficulty pronouncing the Spanish language, Norwalk actually carried a dual name for several years during the 1800's. Development in the community began in 1874 when railroad tracks crossed the "North-Walk" or "Trail from Anaheim Landing" for the very first time. Concurrently, the railroad surveyed a town site and established the "Norwalk Station." The town site was recorded in 1877 and Norwalk, California, was born.

At the turn of the century, Norwalk had become established as the dairy "Heart of the Valleys." It was also the home of some of the largest sugar beet farmers in all of Southern California during that era. As the years passed, the community continued to grow. Over 50 years later, the need for control over local affairs became so great that a special incorporation election was called.

On August 26, 1957, Norwalk was certified by the Secretary of State as California's 15th largest city. The City is 9.8 square miles in area with a current population of 106,093. Operating as a General Law City, Norwalk is governed by a five-member City Council, which sets policy under the Council-Manager form of government.

Geography and Climate. Located in the midst of some of Southern California's most accessible highways in the greater Los Angeles area, and located only 17 miles southeast of Los Angeles, the

City of Norwalk has become one of the most rapidly developing and growing communities anywhere in the state of California. The City of Norwalk is approximately 95 feet above sea level, has an average temperature of 63 degrees, and averages an estimated 10 inches of rainfall per year.

Norwalk sits at the heart of an expanding regional transportation network that is an outstanding convenience to residents that work anywhere in Los Angeles or Orange Counties. The community is served by four freeways: the 91 (Riverside) Freeway borders the city to the south, the 605 (San Gabriel) Freeway is at the city's western border and the Interstate 5 (Santa Ana) Freeway passes through the community and Interstate 105 (Century) Freeway which runs from Norwalk to the Los Angeles International Airport, thereby providing additional access to even more important business and recreational points throughout the Los Angeles County. Two commuter rail lines serve Norwalk: the Metro Green Line, with connections to downtown Los Angeles, Long Beach, and LAX; and the MetroLink system, with connections to Orange, San Bernardino, Ventura, Riverside, San Diego counties, and the Union Station in Los Angeles County. Norwalk's access to regional transportation is unparalleled in Los Angeles County.

City Services. Norwalk is a contract city which provides various municipal services to its residents: street maintenance, public transportation, recreation, planning, landscape/park maintenance, lighting, as well as various youth, senior and other community service programs. The City contracts for services in law enforcement with the Los Angeles County Sheriff's Department and for fire protection services with the Los Angeles County Fire Department. Library, sanitation, and health services are provided by the County and County assessments districts.

The Norwalk Transit System (NTS) provides fixed route and dial-a-ride service to Norwalk and surrounding communities. Currently, the fixed route service consists of routes that service Norwalk and adjacent communities, the Santa Fe Springs Tram and rail feeder shuttle service. The NTS Route 4 rail feeder shuttle service provides a direct connection between the Norwalk Santa Fe Springs Transportation Center (Metrolink Commuter Rail Station) and the Metro Green Line Studebaker Station (Light Rail). In November 1974, NTS's demand-responsive transit service for persons with disabilities was initiated. Dial-a-Ride service is available for persons with disabilities and senior citizens.

Social Services Department provides another distinctive City service. The City is among the very few cities that have a Social Service Department offering a wide range of emergency and support services to residents in crisis situations. Services include information and referral, assistance with completion of forms (DPSS, EDD, Medical, Jury Summons, Social Security, Housing, etc.), immediate emergency food and shelter assistance, emergency transportation, senior daily nutrition program, child care and dental care programs for children of low-income families, and special events. The goal is to assist those whose resources have been exhausted, stabilize their situation, and seek long-term solutions.

Norwalk's Recreation and Park Services Department provides residents with a variety of year-round recreational activities and boasts several outstanding facilities. Additionally, Norwalk's Parks system consists of 14 public parks and a total of 93.5 acres of open space. Some of the more distinguished facilities include a state of the art Aquatic Pavilion, located in Norwalk Park, and featuring a competition and lap pool, wading pool, and picnic areas. The 72,000 square foot Norwalk Arts & Sports Complex has a modern fitness center, full-size basketball gym, racquetball/handball courts, youth activity room, boxing gym, full-service banquet and meeting facilities, classrooms, and the Mary Paxon Art Gallery. The Norwalk Golf Center is a par three nine-hole course spread out over 11 lush acres. These and other amenities are available to residents from January through December.

THE REPORTING ENTITY

The financial reporting entity (the government) includes all the funds and account groups of the primary government (i.e., the City of Norwalk, California, as legally defined), as well as all of its component units. Component units are legally separate entities for which the primary government is financially accountable. The government provides a full range of services, including public safety and contracted police protection; sanitation and water services; the construction and maintenance of highways, streets and infrastructure; housing and social services; and recreational and cultural events.

The City of Norwalk's component units are the Norwalk Housing Authority and the Norwalk Community Facilities Financing Authority. Since City Council serves as the governing board for these component units, all of the component units are considered to be blended component units. Blended component units, although legally separate entities are, in substance, part of the primary government's operations. Accordingly, the component unit's financial activities have been included in the appropriate combining schedules.

Norwalk Housing Authority

The Norwalk Housing Authority was established in 1976 to provide safe, sanitary and decent housing to low-income residents. With funding provided by the U.S. Department of Housing and Urban Development, the Housing Authority administers the Housing Choice Voucher Program, offering rental assistance to 701 households, and the Family Self-Sufficiency Program, which assists rental assistance recipients with achieving economic self-reliance.

Successor Agency to the Norwalk Redevelopment Agency

Pursuant to AB 26 X1, the Redevelopment Agency was dissolved as of February 1, 2012 and the Successor Agency was constituted. The City of Norwalk became the successor agency to the former Norwalk Redevelopment Agency's housing and non-housing activities. The Successor Agency's assets and liabilities are reported under City's Trust/Agency funds.

Norwalk Community Facilities Financing Authority

The City Council approved the creation of the Norwalk Community Facilities Financing Authority in August of 1989. It provides a tool the City may use to arrange favorable bond financing for construction of community facilities. Under this concept, the Authority provides a single agency, which may combine current and future revenue streams of various City agencies. The combined revenue streams provide the funds needed to meet debt service requirements for bonds, which may be issued.

FINANCIAL CONDITION OVERVIEW

Financial results for the year compare favorably with budget estimates in virtually all areas of the City's operations. For General Fund, financial results for the year were better than estimated for revenues and expenditures; other sources were on target with projections.

This results in an ending General Fund unassigned fund balance of \$14.7 million, which is \$2.2 million higher than projected. It is consistent with the interim results reported to the City Council in October 2013. It also complies with the City's policy of maintaining a minimum unassigned General Fund balance that is at least 16.6% of operating expenditures.

The City's conservative approach in budgeting for revenue and a stringent expenditure policy has positioned the City in a sound financial standing to weather economic uncertainties. City management continues to strive to position itself to manage unanticipated economic fluctuations by working towards an adequate reserve accumulation, renewed focus on a proactive economic development effort, and a continued focus on human development effort to reshape and retrain its work force to meet the changing times.

The City's outlook, however, is cautious in light of the steadily slow economic growth and imminent Federal budget issue. The City's adopted 2013-14 operating budget continues to be both balanced and fiscally responsible. This spending plan maintains essential services for the community and continues to look for means to stimulate local economy through various development and beautification projects throughout the City.

MAJOR ACCOMPLISHMENTS FOR THE YEAR

Public Services:

Administration

- Completed public information campaign and initiated public hearing process for implementation of new sewer service charge citywide
- Continued working with consultant for development of Norwalk's Urban Forest Management Plan
- Continued collaborating with Southern California Edison to seek energy efficiency opportunities by formally becoming an SCE Gateway Energy Partner
- Applied and received Cal Fire "Green Trees for the Golden State" Grant for planting of 870 trees by 2015
- Applied for federal HSIP grant for traffic signal corridor improvements citywide
- Continued tracking of the Community Feedback Survey program to monitor satisfaction levels for services received

Facilities

- Repaired and installed new clay sewer pipe from the exterior of City Hall to manhole at Norwalk Boulevard
- Painted 60% of interior walls throughout City Hall
- Installed induction lighting at City Hall parking lot, Civic Center Parking Structure, Senior Center parking lot, and Mechanic's Bay in Transportation/Public Services for energy efficiency
- Replaced all galvanized domestic water main lines with copper in lift station at City Hall
- Completed modernization installation of City Hall passenger elevator
- Relocated Recreation, Housing, Child Care, and City Clerk offices to new locations
- Painted all elevator landings at Civic Center Parking Structure
- Completed NFPA 70E class and earned certifications for lockout and tagout for electrical safety as required by OSHA

Traffic

- Completed 392 replacements of damaged or missing traffic and parking signs
- Painted 506 square feet of crosswalks citywide
- Painted 45,892 linear feet of red curbs
- Restriped 2,985 linear feet of road lanes, including City facility/parks parking lots
- Painted 14,942 square feet of traffic legends citywide
- Restriped Studebaker Road, Firestone Boulevard, Rosecrans Avenue, and Imperial Highway
- Oversaw contractor thermoplastic installation project at 90 crosswalks near school zones citywide, including an additional 7,200 square feet of crosswalks on high traffic locations

Signals

- Installed and began use of new CENTRACS traffic management system in the Signal lab
- Continued maintaining LED lighting at all 81 traffic signals citywide, resulting in ongoing energy savings

Trees and Greenscape

- Utilized contractor to trim 4,500 trees, as part of City's three-year trimming cycle
- Responded to 828 residential requests for tree inspections, trimming, and/or planting
- Planted 120 new trees in parkways citywide
- Removed 153 trees in response to addressing hazards or nuisance conditions
- Completed beautification improvements of 62 planters on Studebaker Road, from Rosecrans Avenue to Ferina Street, by removing old plant material, replacing irrigation spray heads with low water rotary sprinkler heads for water conservation and installing new trees and various plant material
- Completed beautification improvements of 20 planters on Norwalk Boulevard, from Bayla Street to Lakeland Road, by removing dying plant material and installing 48 5-gallon plants and eight new trees

Graffiti

- Removed Graffiti from over 25,284 locations Citywide, as follow-up to 9,725 requests received from the Community

Streets

- Grinded and patched over 300 raised sidewalk locations citywide, to immediately address identified tripping hazards
- Completed Year 2 of 2 for citywide sidewalk replacement program in scheduled zones, completing repairs at 376 sidewalk/curb & gutter locations (totaling 40,658 square feet)
- Applied 252 tons of hot mix asphalt for repairs of potholes in street/alley sections citywide
- Responded to 1,007 Community requests for pickup of litter/illegally dumped items in right-of-way
- Conducted daily visual inspections of alleys/hotspots known for illegal dumping and picked up illegally dumped items at over 1,100 locations

Water/Sewer

- Completed cleaning of 1/3 of the City sewer system
- Finished Phase 4 of the annual CCTV sewer line inspection program

- Continued monitoring operations at new Norwalk Park Well #10
- Purchased 500 acre feet of water acquisition rights from the City of Vernon
- Initiated water system master plan
- Issued Water Revenue Bonds, Series 2013A to finance the purchase of water rights and finance additional capital improvement projects with the goal of reducing the City's reliance on imported water
- Completed sewer system rate study

Parks and Recreation:

- Received the California Parks and Recreation Society's Creating Community Award of Excellence for the "Artastic" Program
- Relocated the entire Recreation Department to the Norwalk Arts & Sports Complex providing increased accessibility to the public
- Began Publishing the quarterly Recreation Brochure in full color
- Partnered with the Southern California Golf Association to grow and strengthen the Junior Golf Program
- Completed the Vista Verde Building Rehabilitation Project
- Recouped State grant funding for the Vista Verde Park Project
- Applied for and received grant funding from Supervisor Knabe's Arts Education Partnership Program for the Cultural Arts Center (intern) and Teen Center (Art Mural and excursions)
- Replaced all skylights in the Sports Complex side of the Norwalk Arts & Sports Complex
- Brought the Norwalk Aquatic Pavilion up to ADA Standards
- Removed peeling "Cool Deck" surface at the Aquatic Pavilion
- Increased staffing levels at City Parks
- Increased staff hours at the parks throughout the City
- Improved security at Hermosillo and Zimmerman Park by installing new locking gates
- Installed wireless internet for the public's use at the Norwalk Arts & Sports Complex
- Replaced window coverings in the Norwalk Arts & Sports Complex Meeting Center
- Purchased 21 new conference tables and 30 round tables to enhance the professionalism of the Meeting Center at the Norwalk Arts & Sports Complex
- Hired Weight Room Attendants and Trainers to increase services to patrons of the Norwalk Arts & Sports Complex
- Purchased two new recumbent bikes and replaced old dumbbells in the Sports Complex Weight Room to provide more opportunities for the facility's patrons
- Installed new sound system equipment in the Norwalk Arts & Sports Complex Dance & Exercise Room for instructor's use to enhance classes

Transportation:

- Acquired fourteen CNG buses
- Completed the Bus Shelter Replacement Project (17 bus stop locations with tier 2 improvements: shelter, shelter lighting, bench seating, and trash receptacle)
- Realized operating surplus of \$890,194
- Filled several vacant positions

Community Development:

Building & Safety:

- Remodeled the public counter to provide handicapped accessibility and improve the customer service environment

Planning:

- Initiated a major update to the Housing Element, as well as significant revisions to land use regulations for hotel and motels

Engineering:

The following street projects have been completed from July 2012 to June 30, 2013:

- Rehabilitation of Pioneer Boulevard from Imperial Highway to Lakeland Road
- Rehabilitation of Hoxie Avenue Rehabilitation from Imperial Highway to Firestone Boulevard
- Complete rehabilitation of Alley south of Excelsior Drive and West of Brink Avenue
- Rehabilitation of local streets in the Northwest Corner of the City
- Replacement of the existing two inch asphalt with four inch asphalt pavement at Excelsior Frontage Road adjacent to Glazier School. Project included replacement of damaged curb and gutter

Housing Authority:

- In FY 2012/13, the Housing Authority was again ranked a “High Performer” under the U.S. Department of Housing and Urban Development’s Section 8 Management Assessment Program (SEMAP), which scores housing authority performance based upon 14 key indicators. This is the seventh consecutive year that the Housing Authority has received the “High Performer” rating.

CDBG and HOME Programs:

- Through funding from CDBG and HOME, the City rehabilitated 76 homes for low-income households.

Neighborhood Stabilization Program:

- One foreclosed home was acquired, rehabilitated and sold under the Neighborhood Stabilization Program. Pictures below show the rehabilitated property before and after.



Before



After

Social Services:

- Completed Installation of interior Surveillance Cameras at the Senior Center
- Purchased new copy machine for Senior Center department use
- Relocated Child Care Development Programs to the Social Services Center from the Firestone location
- Replaced 200 chairs at the Senior Center for use in the multipurpose room

- o Completion of the ARRA funded Homeless Prevention Relocation Program in August 2012

Other Accomplishments:

- o Implemented city-wide distribution of Quarterly Financial Reports
- o Timely adoption of the City's budget by the Council
- o Successfully refinanced the 1999 Lease Revenue Refunding Bonds keeping the same term, releasing one asset and realizing \$1.16 million in present value of savings from cash flow.
- o Received the financial reporting excellence award from the Government Finance Officers Association (GFOA) for the Comprehensive Annual Financial Report (CAFR)

LONG-TERM FINANCIAL PLANNING

Budget

The City adopts its financial plan annually. The budget preparation process starts by the end of February. The City Manager leads the budget team, which reviews, discusses and revises departmental appropriation requests, supporting data and revenue estimates for all City funds, functions and departments, including its component units, and capital improvement projects. The City Manager submits the proposed budget to the City Council. During multiple study sessions, the City Council reviews the proposed budget document and directs staff to make revisions. The annual budget is adopted by the affirmative votes of at least three members of the City Council during a public hearing no later than June 30th. At any meeting after the adoption of the budget, the City council may amend or supplement the budget by a resolution adopted by the affirmative vote of the majority of the Council.

Capital Asset Replacement and Renovation Reserves

Funds are set aside annually for the replacement and renovation of City-owned facilities and capital assets. The balance in Capital Asset Replacement and Renovation Reserves at June 30, 2013 was \$2.86 million.

ECONOMIC OUTLOOK

The City's finances and the ability to pay for essential services are dependent on the local economy and legislative actions of the Federal and State governments. In the present of fiscal difficulty or for other politically driven agendas, both the Federal and State governments have cut funding to local governments. The State, in particular has shown historically that it can and will unilaterally take and shift local governments' revenues to balance its budget or meet other financial obligations.

The U.S. economy anticipates the GDP growth of 3.0% in fiscal year 2013/14 and 4.1% in 2014/15. The national unemployment rate has already dipped to 7.3% - down from its peak of 10.0% in October 2010. It is expected to continue to fall as the economy gradually adjusts to fiscal policy changes. Interest rates still remain low and consumer confidence is steady.

The federal government is dealing with its budgetary and debt ceiling problems. Federal spending is not in line with the available resources and will most likely have to deal with the problem through sequestration, or automatic spending cuts, until sometime in 2017. This can mean continuous reduction in federal funding available to local governments, affecting housing, street, and transportation activities.

Economic forecast for the upcoming years reflects continued improvement in the state's finances. Current 8.9%, California's unemployment rate is expected to drop to 8.5% in fiscal year 2013/14 and 7.7% in 2014/15. California's real estate market is showing great improvement, tourism remains a key driver of growth with positive impact on local transient occupancy taxes.

Locally, Beacon Economics' Forecast foresees continuous improvement in the economy of the Los Angeles County. The labor market is growing across most industries; consumers, businesses, and tourists continue to spend; property market picked up and will positively impact future assessed value growth.

MAJOR INITIATIVES FOR THE FUTURE

Following its Strategic Plan, the City continues working diligently in the areas of:

Public Safety:

- Develop and implement a highly visible community and problem orienting policing approach
- Using available federal funding to expand existing efforts to reduce gang activity and delinquent behavior at early ages
- Evaluate new technology enhancements and developments to improve delivery of public safety services

Capital Improvement Projects:

- Improve City's aging infrastructure focusing on rehabilitating the City's streets, including traffic signal upgrades, Metrolink station pedestrian and bicycle improvements and median refurbishment and repair
- Replace water mains and meters, evaluate the infrastructure needs of the Norwalk Water Municipal System
- Replace damaged and undersized sewer mains as required by Waste Discharge Requirements
- Improve various City facilities, including: bus stops; Transportation center's fuel island, CNG fueling station and bus wash facility; lighting at public parking facilities

Other Initiatives:

- Reevaluate existing strategic plan to reflect changes in economic and political environment, absent of redevelopment agency tools
- Develop a strategy and initiative innovative economic development plan
- Participate in programs that provide support and resources to local small businesses
- Develop the City's Local Hazard Mitigation Plan using the Federal Emergency Management Agency funding
- Perform the evaluation study to assess the City's sewer and water systems and related infrastructure improvements
- Evaluate and renegotiate trash haulers' contract
- Continue conducting a positive property maintenance education and improving the quality of neighborhoods and well maintained properties
- Continue efforts to maintain essential services while reducing the City's operating budget
- Continue to maintain accurate financial records for the successful completion of financial and special compliance audits, including the City, Norwalk Community Facilities Financing Authority, Propositions A, C, Measure R, Transportation Development Act (TDA) Article 3, and federal grants
- Operate within a structurally balanced budget adhering to the highest standards of ethics and accountability

AWARDS AND ACKNOWLEDGEMENTS

Awards

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 for its comprehensive annual financial report for fiscal year ended June 30, 2012. That was the 26th year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

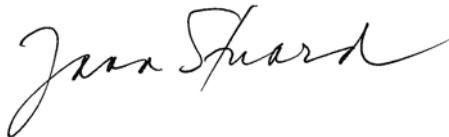
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments

The continued dedicated and efficient service of the Finance Department staff is appreciated by all levels of City Management. Our independent auditors, Vasquez & Company LLP, CPA's, provided expertise and advice in preparing an outstanding financial report this past year.

Members of the City Council have continued to express interest and extend support to the Finance Department in the planning of responsible and proactive financial operations for the City of Norwalk. Through the team efforts of its Council members, management and employees, the City expects to continue the current high level of service which is provided to the citizens of our community. Due to the consistent policies of the City Council and each employee's commitment to maintain superior service level standards, the City of Norwalk has been able to maintain a sound financial base from which to operate.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Jana Stuard". The signature is fluid and cursive, with a long, sweeping underline that extends to the right.

Jana Stuard
Finance Director / City Treasurer

**City of Norwalk, California
List of Elected Officials and Management Personnel
June 30, 2013**

ELECTED OFFICIALS

Luigi Vernola, Mayor
Marcel Rodarte, Vice Mayor
Cheri Kelley, Councilmember
Michael Mendez, Councilmember
Leonard Shryock, Councilmember

CITY MANAGER AND DEPARTMENT HEADS

City Manager	Michael J. Egan
Deputy City Manager.....	Ernie Hernandez
Deputy City Manager.....	Gary DiCorpo
City Clerk.....	Theresa Devoy
Director of Community Development.....	Kurt Anderson
Director of Finance/City Treasurer	Jana Stuard
Director of Public Safety.....	Carlos Ramos
Director of Recreation and Park Services	Dave Verhaaf
Director of Social Services	Veronica Garcia
Director of Transportation.....	James C. Parker

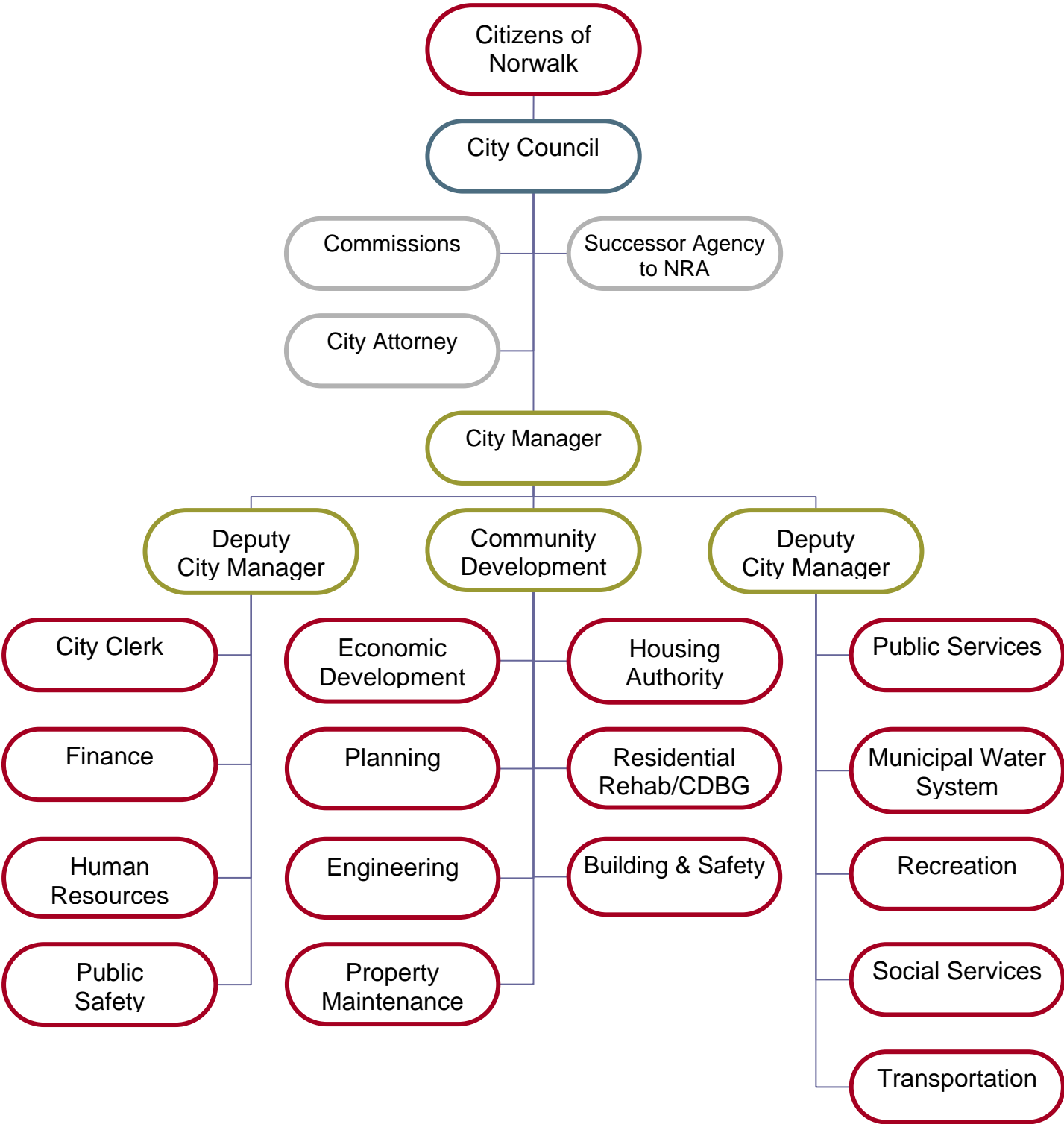
RECOGNITION

To the Finance/Accounting staff who have contributed their efforts and expertise in maintaining the program of “Excellence in Financial Reporting”.

SPECIAL THANKS

To the individuals of various departments who have supported and contributed vital information for this report.

CITY OF NORWALK ORGANIZATIONAL CHART





Government Finance Officers Association

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

Presented to

**City of Norwalk
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO

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REPORT OF INDEPENDENT AUDITORS

**The Honorable Mayor and the Members of the City Council
City of Norwalk, California**

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, California (the City), as of and for the year ended June 30, 2013, and the related notes to financial statements 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.

Auditors' 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 entity'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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Norwalk, California, as of June 30, 2013, and the respective changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on page 4 through 21, and the budgetary comparison information and Schedule of Funding Progress of pension and other postemployment benefit plans on pages 77 through 80 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.

Other Information

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

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate 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 nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections 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 23, 2013, on our consideration of the City of Norwalk's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Norwalk's internal control over financial reporting and compliance.

Vargay + Company LLP

**Los Angeles, California
December 23, 2013**

The management of the City of Norwalk offers the readers of the City's statements this narrative overview, summary and analysis of the financial activities for the fiscal year ended June 30, 2013. We encourage readers to consider the information presented here in conjunction with the additional information furnished in our letter of transmittal and the City's financial statements.

FINANCIAL HIGHLIGHTS

During the fiscal year ended June 30, 2013, the City continued to maintain its stable financial position, enabling delivery of appropriate services to the community and undertaking necessary economic development and infrastructure projects.

Long-term Economic Resource (Government-wide) Focus:

- At June 30, 2013, the City's total assets were \$284.4 million and total liabilities were \$52.2 million, resulting in net position of \$232.3 million. The majority of the City's net position is invested in capital assets or restricted for specific purposes. The City's total net position increased \$6 million and can be attributed to the positive operating results of business-type activities. The purchase of fourteen fuel efficient CNG buses for the Transit system was capitalized and only a prorated depreciation portion was reported as expenses during the fiscal year.
- The net position of City's governmental activities decreased slightly by \$1 million as a result of this year's operations. Net position of the City's business-type activities increased by \$7 million.
- The City's long-term liabilities of \$34.9 million increased by \$10.3 million and include \$25 million of outstanding bonded debt, which was used to finance the acquisition of capital assets, and to fund various capital improvements of governmental and enterprise activities.
- The total of the City's capital assets at the end of fiscal year amounted to \$218 million. Out of this amount \$22.8 million, 10.5%, are non-depreciable assets, and \$195.2 million, or approximately 89.5%, are depreciable capital assets. Significant portion of the capital assets are infrastructure assets that have been funded through various funding sources since the City's incorporation.

Short-term Financial Resource (Fund) Focus:

- At the close of current fiscal year, the City's Governmental Funds reported a combined ending fund balance of \$40.1 million, an increase of \$3.2 million; approximately \$14 million of this balance is unassigned, available for spending at the City's discretion.
- At June 30, 2013, the General Fund balance was \$26.1 million, an increase of \$2.2 million from the prior year balance of \$23.9 million. The unassigned fund balance of \$14.7 million increased \$4.0 million from the prior year, mainly due to the receipt of \$1.9 million of one-time revenues and the partial repayment of the advances from the Transit Fund and the Successor Agency.
- The actual General Fund revenues and transfers in of \$41.9 million represented an increase of \$3.2 million from the prior year actual of \$38.7 million, and \$1.8 million over the final budget of \$40.1 million.

- The actual General Fund expenditures and transfers out of \$39.6 million represented an increase of \$1.3 million from the prior year actual of \$38.3 million. This was \$2.2 million under the final budget of \$41.8 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City of Norwalk's basic financial statements. The City's basic financial statements are comprised of three components: 1) Government-wide financial statements; 2) Fund financial statements; and 3) Notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide Financial Statements

The Government-wide Financial Statements are designed to provide readers with a broad overview of the City's financial position, in a manner similar to that of private-sector business. These statements are reported on the full accrual basis of accounting. Thus, revenues and expenses are reported for some items that will not affect cash flows until future periods.

The Government-wide Financial Statements separate Governmental Activities that are principally supported by taxes and revenues from other agencies, from Business-type Activities that are intended to recover all, or a significant portion of their costs, through user fees and charges. The Governmental Activities of the City include General Government, Public Safety, Urban Development, Public Works, Culture and Leisure and Health and Welfare. The City's Business-type activities include Water Utility Services, Transit System and Golf Course.

The Government-wide Financial Statements include not only the City, but also, all legal entities for which the City is financially accountable. Accordingly, the financial information for the City's Housing Authority (HA) and the Norwalk Community Facilities Financing Authority are included as integral part of the City's financial statements and reported as blended component unit. The Successor Agency to the Norwalk Redevelopment Agency is reported under fiduciary funds.

The Statement of Net Position presents information on all of the City's assets and liabilities; the difference between the two is reported as net position. These assets include infrastructure and all assets previously included in the General Fixed Asset Account Group. The liabilities include all obligations previously reported in the General Long Term Debt Account Group. Evaluating increases or decreases in net position over time will serve as a useful indicator of whether the financial position of the City is improving or declining.

The Statement of Activities presents information on the net cost of each governmental function (activity) during the fiscal year. This statement also identifies the amount of general revenues needed to fully fund each governmental function.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: Governmental Funds, Proprietary Funds, and Fiduciary Funds.

Governmental Funds (General Fund, Special Revenue, Debt Service and Capital Projects Funds) are used to account for the same functions reported as Governmental Activities in the Government-wide Financial Statements. However, unlike Government-wide Financial Statements, Fund Financial Statements focus on short-term inflows and outflows of spendable resources. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. This information may be useful in evaluating the City's short-term financing requirements.

The focus of the Fund Financial Statements is narrower than that of the Government-wide Financial Statements. The various fund Balance Sheets and the Statement of Revenues, Expenditures, and Changes in Fund Balances, require a reconciliation to facilitate the comparison between fund statements and the government-wide statements. This reconciliation is required because the government-wide statements are prepared on the full accrual basis of accounting while the fund statements are prepared on the modified accrual basis of accounting. The reconciliation can be found on pages 25 and 27, immediately following the Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances for Governmental Funds.

Proprietary Funds are Enterprise and Internal Service Funds. The City uses an Enterprise Fund to account for its Water Utility Services, Transit System and Golf Course. Internal Service Funds are used to accumulate and allocate costs internally to various functions. The City uses Internal Service Fund to allocate fleet maintenance and medical and workers' compensation insurance costs.

The proprietary fund statements provide information for the Transit, Water and Golf Course funds. All of the Internal Service Funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the Internal Service Funds is provided in the form of combining statements.

Fiduciary Funds are used to account for resources held for the benefit of parties outside of the City. Fiduciary Funds are not reflected in the government-wide and primary governmental fund financial statements because the resources of those funds are not available to support the City's own programs. Fiduciary Funds are reported in the financial section.

Notes to the Financial Statements: The notes provide additional information that is essential to the reader for a full understanding of the data provided in the Government-wide and Fund financial statements.

Other Information: In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its pension benefits to employees and information on the budget to actual comparisons for major funds.

The other supplementary information provides combining statements that were referred to earlier in connection with the non-major governmental funds, the non-major proprietary funds and the Internal Service funds. The inclusion of the Statistical Section provides useful historical trend data on the City.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position - Net position may serve over time as a useful indicator of a government's financial position. The City's combined net position for the year ended June 30, 2013, as shown in Table 1, amounted to \$232.3 million.

Table 1
Net Position
(in thousands)

	Governmental		Business-type activities		Total	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 59,413	\$ 62,125	\$ 6,902	\$ 700	\$ 66,315	\$ 62,825
Capital assets	181,468	185,972	36,590	25,663	218,058	211,635
Total assets	<u>240,881</u>	<u>248,097</u>	<u>43,492</u>	<u>26,363</u>	<u>284,373</u>	<u>274,460</u>
Deferred outflows of resources	<u>96</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>96</u>	<u>-</u>
Long-term liabilities	22,493	22,266	12,453	2,333	34,946	24,599
Other liabilities	15,682	22,061	1,545	1,499	17,228	23,560
Total liabilities	<u>38,175</u>	<u>44,327</u>	<u>13,999</u>	<u>3,832</u>	<u>52,174</u>	<u>48,159</u>
Deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net position						
Net investment in capital assets	166,404	169,952	30,689	25,663	197,093	195,615
Restricted	11,877	11,828	-	-	11,877	11,828
Unrestricted	24,522	21,990	(1,196)	(3,132)	23,326	18,858
Total net position	<u>\$ 202,803</u>	<u>\$ 203,770</u>	<u>\$ 29,493</u>	<u>\$ 22,531</u>	<u>\$ 232,296</u>	<u>\$ 226,301</u>

The City's Government-wide total net position was \$232.3 million, with assets of \$284.4 million and liabilities of \$52.2 million. The net investment in capital assets was \$197.1 million. Another portion of the City's net position, \$11.9 million, represents resources that are subject to external restrictions in how they may be used. The remaining balance of \$23.3 million represents unrestricted net position with the significant portion of the balance representing financed economic development projects that are not capitalized.

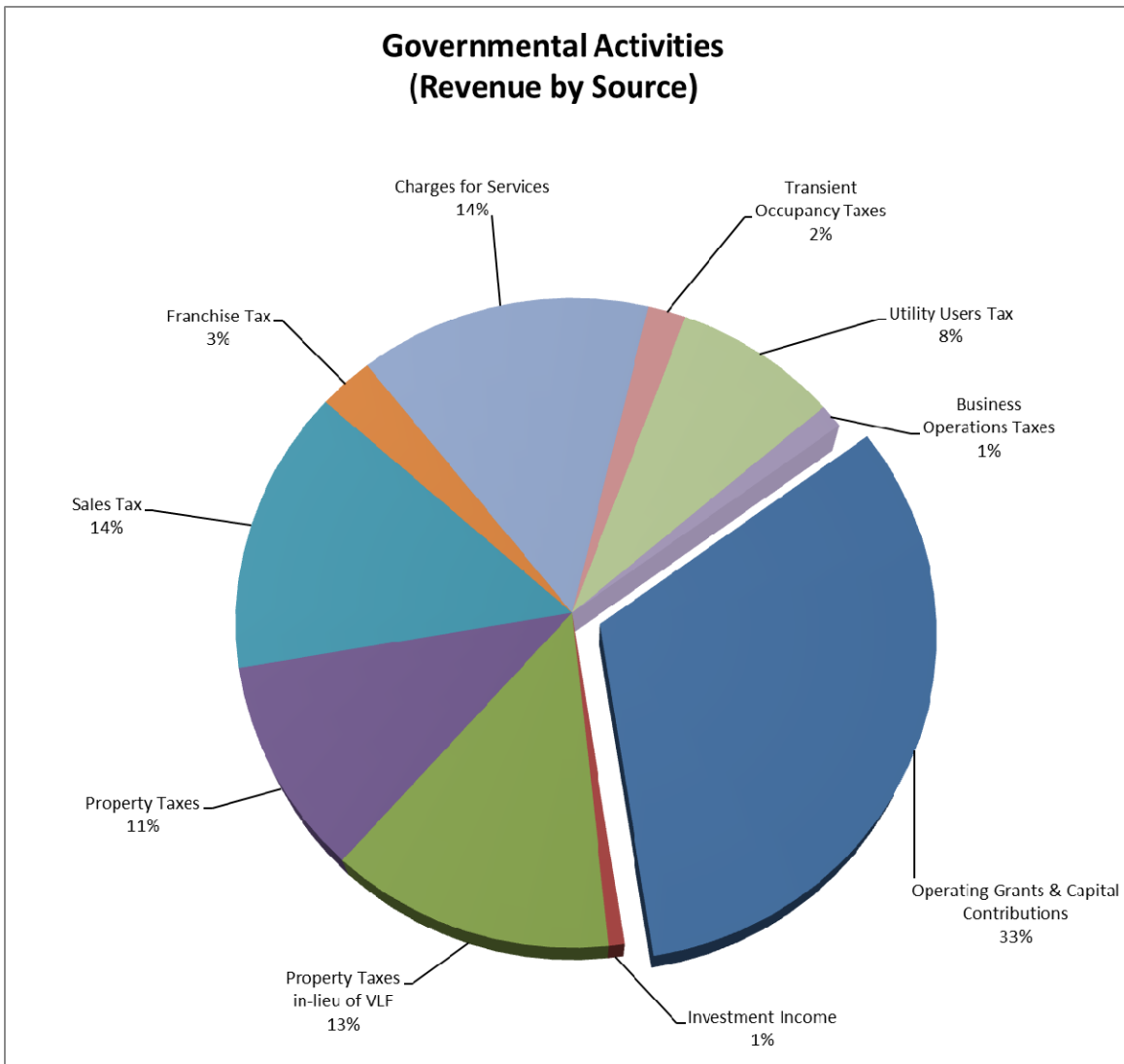
Table 2
Changes in Net Position
(in thousands)

	Governmental Activities		Business-type Activities		Government-Wide Totals	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program Revenues:						
Charges for services	\$ 9,498	\$ 8,621	\$ 6,841	\$ 6,647	\$ 16,339	\$ 15,268
Operating grants and capital contributions	21,348	24,546	10,526	9,994	31,874	34,540
Capital grants and contributions	-	-	6,865	213	6,865	213
General Revenues:						
Taxes:						
Sales taxes	9,323	8,760	-	-	9,323	8,760
Property taxes	6,987	7,823	-	-	6,987	7,823
Property tax in-lieu of VLF	8,727	8,536	-	-	8,727	8,536
Utility users taxes	5,354	5,422	-	-	5,354	5,422
Business license taxes	783	859	-	-	783	859
Transient occupancy taxes	1,227	1,128	-	-	1,227	1,128
Other taxes	1,790	1,748	-	-	1,790	1,748
Use of money and property	474	2,083	51	29	525	2,112
Total Revenues	65,511	69,526	24,283	16,883	89,794	86,409
Expenses:						
General government	8,711	8,884	-	-	8,711	8,884
Public safety	13,571	13,613	-	-	13,571	13,613
Urban development	5,062	6,018	-	-	5,062	6,018
Public works	18,113	17,301	-	-	18,113	17,301
Culture and leisure	6,656	6,371	-	-	6,656	6,371
Health and welfare	13,204	13,873	-	-	13,204	13,873
Interest and fiscal charges	757	2,421	-	-	757	2,421
Bond issue costs	214	-	-	-	214	-
Transit	-	-	13,098	13,188	13,098	13,188
Water	-	-	4,080	4,190	4,080	4,190
Golf Course	-	-	335	310	335	310
Total Expenses	66,287	68,481	17,513	17,688	83,799	86,169
Transfers	(191)	(830)	191	830	-	-
Change in net position	(967)	215	6,962	25	5,995	240
Extraordinary items	-	56,719	-	-	-	56,719
Net position, beginning of year	203,770	146,836	22,531	22,506	226,301	169,342
Net position, end of year	\$ 202,803	\$ 203,770	\$ 29,493	\$ 22,531	\$ 232,296	\$ 226,301

Governmental Activities

Revenues for the City's governmental activities decreased 5.8%, from \$69.5 million last fiscal year to \$65.5 million in this fiscal year. Key elements of significant changes are as follows:

- The largest revenue source was operating grants and capital contributions at \$21.3 million, decreasing \$3.2 million, or 13.0%, from the preceding fiscal year.
- The second largest revenue source was charges for services at \$9.5 million, an increase of \$0.9 million, or 10.2%, from the preceding fiscal year.
- The third largest revenue source was sales tax, general revenue, at \$9.3 million, an increase of \$0.6 million, or 6.4%, from the preceding fiscal year. This increase is in line with the state-wide results and is due in part to the increased consumer confidence and spending.
- The fourth largest revenue source was property taxes in-lieu of VLF. Property taxes in-lieu of VLF are a recent revenue stream that was "swapped" with the City's vehicle license fee (VLF) revenues beginning in fiscal year 2004-05. The State took action to permanently reduce the VLF rate from 2.0% to 0.65% that impacted local governments significantly. To make affected cities financially whole, it took subsequent action to swap the lost VLF revenues for its property taxes. During fiscal year 2012-13, the City received \$8.7 million in property tax in-lieu of VLF revenue. This is an increase of \$0.2 million, or 2.2%, from the preceding fiscal year.
- Property taxes were the fifth largest revenue. The overall decrease of \$0.9 million was mainly due to the change in reporting of redevelopment activities. Whereas in fiscal year ending June 30, 2012, the portion of property taxes received prior to February 1, 2012 - the official day of redevelopment dissolution in California - was included in city-wide property taxes. In fiscal year 2013 all the taxes allocated to the Successor Agency were accounted under the Fiduciary Fund. When compared to the adjusted fiscal year 2012 data, net of \$2.1 million in redevelopment revenues, the property taxes city-wide actually increased \$1.3 million.
- Use of money and property category recorded a significant decrease of \$1.6 million. In prior fiscal year, this category included \$1.4 million in interest earned on outstanding advances to the Successor Agency.

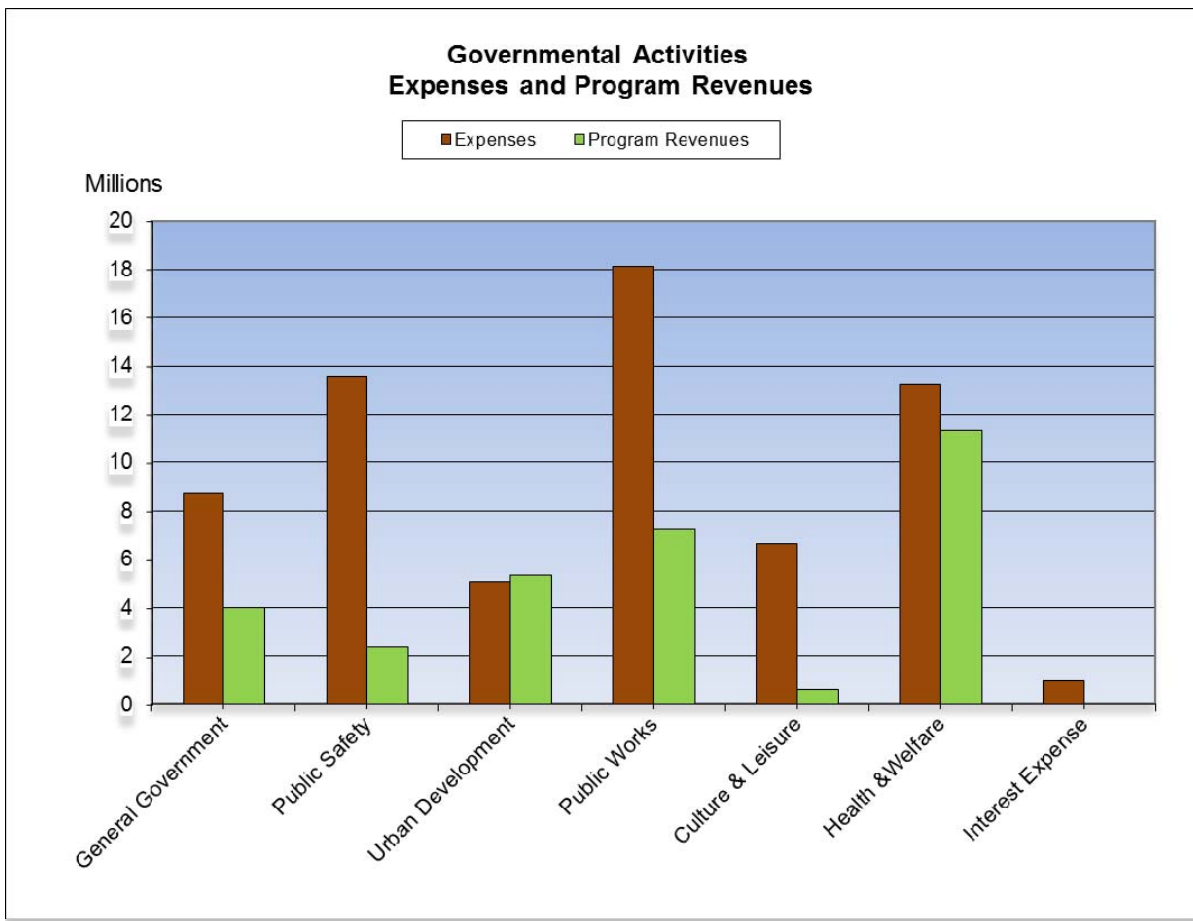


The cost of providing all governmental activities this year was \$66.3 million. Program revenues funded \$30.8 million, or 47% of governmental activities. The remaining portion of governmental activities was paid with general revenues.

- Public Works, was the largest category of governmental activities, at \$18.1 million, it represented 27% of the total expenses; increasing \$0.8 million from the prior fiscal year. Approximately \$7.2 million in expense was funded with program revenues.
- Public Safety expense category was the second largest at \$13.6 million, or 20% of governmental activities, of which approximately \$2.4 million was funded with program revenues. Expenses for this category remained practically unchanged from the prior fiscal year.
- Health and Welfare was the third largest expense category. During fiscal year ended June 30, 2013, these expenses represented \$13.2 million, or 20% of governmental activities. Approximately \$11.3 million was funded with program revenues. Expenses decreased from

the preceding fiscal year by \$0.7 million, which is largely due to a continuing decline in federal and state funding of child care and housing programs.

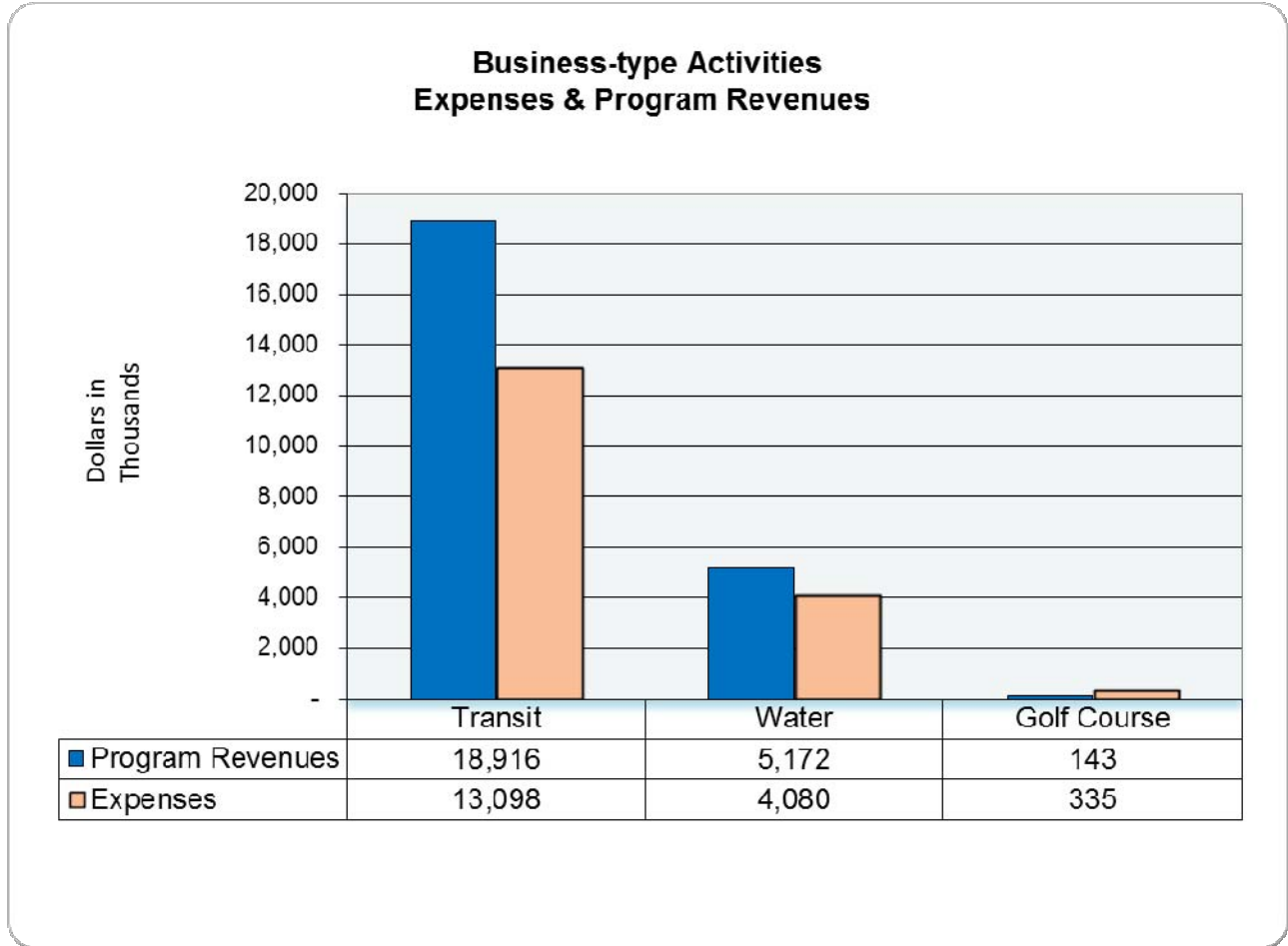
- General Government, the fourth largest category of governmental activities recorded expenses at \$8.7 million; it represented 13% of total governmental expenses. Program revenues funded \$4 million of the General Government expense category. Expenses in this category recorded a decrease of \$0.2 million, or 2% compared to preceding fiscal year.
- Culture and Leisure was the fifth largest governmental activity with \$6.6 million in expenses, or 10% of governmental activities. Approximately \$0.6 million was funded with program revenues. Expenses of this category increased \$0.3 million, or 4.5% compared to prior fiscal year.



Business-type Activities

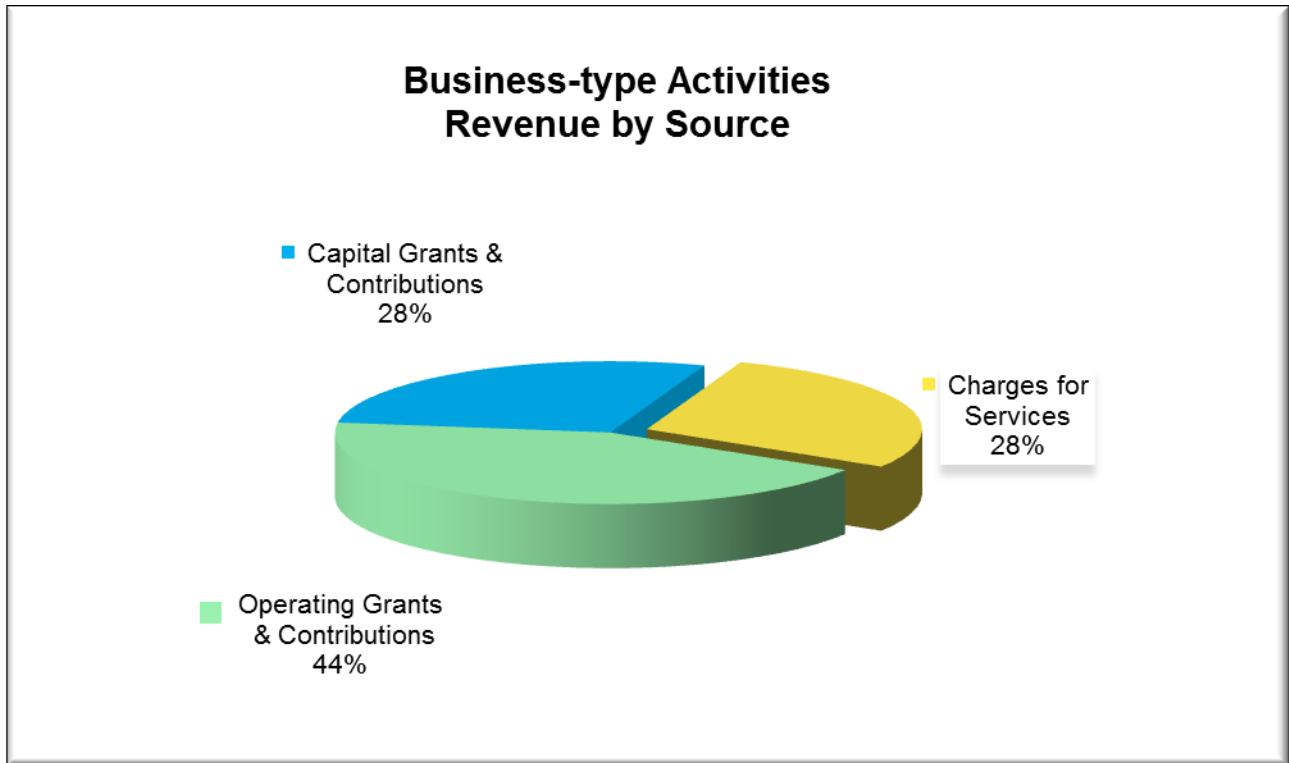
The City's business type activities, which are Transit, Water Utility and Golf Course, account for services to the general public. As of June 30, 2013, total net position of Business-type activities was \$29.5 million, out of which, the unrestricted net position represented a negative amount of \$1.2 million; net investment in capital assets represented \$30.7 million. Total net position increased \$7.0 million from the prior year's balance of \$22.5 million.

The graph below presents the costs of business activities and associated program revenues. In all three cases the program revenues represent the major funding source for business activities.



Total operating revenues of Business-type activities were \$6.8 million; just a slight increase of \$0.2 million, or 2.9% from the prior year's operating revenues.

As shown in the pie chart below, Operating Grants and Contributions represent 44% of program revenues of Business-type activities. This is the result of Transit operations funded by grants from the federal and state governments. Water Utilities are 100% funded through service charges. The Golf Course is partially funded by service charges; the remaining deficit is funded by a transfer in from the general fund.

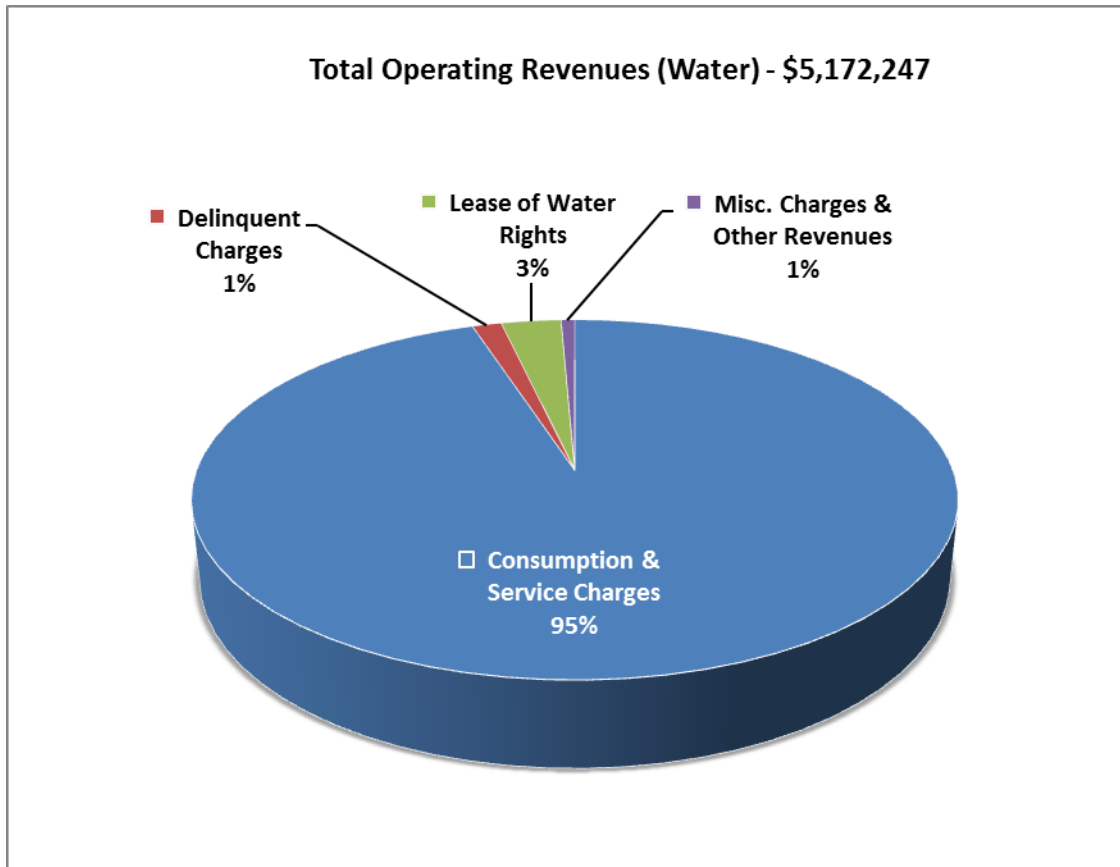


Transit System

Charges for service, \$1.5 million, decreased slightly by \$87 thousand during fiscal year 2012-13. Operating grants and contributions were \$10.5 million, an increase of \$0.5 million. Capital grants and contributions of \$6.9 million recorded an increase of \$6.6 million from prior year. This substantial increase is due to purchases of fuel efficient buses, which were funded by capital grants. Combined revenues increased by \$7.1 million, or 60%, when compared to the prior fiscal year. Operating expenses of \$13.1 million recorded a slight decrease of \$91 thousand, or 0.7%, from the previous fiscal year. This decrease is mainly attributed to savings in personnel cost achieved by service modifications and fuel cost savings.

Water System

Operating revenues totaled \$5.2 million; an increase of \$0.3 million, or 6%, from the preceding year's operating revenues. As demonstrated in the chart below, consumption and service charges at \$4.9 million represented 95% of operating revenues, a recorded increase of 6% from the prior year.



Operating expenses of \$3.6 million decreased from the prior year by \$0.3 million, or 8%. The savings were realized due to decreased dependency on purchased water. The operating income was \$1.6 million, an increase of \$0.7 million from the prior year.

Total net position of the Water Fund increased \$1.1 million, from \$12.8 million in prior fiscal year to \$13.9 million in fiscal year 2013. This overall increase was due to the decrease in operating expenses and increase in revenues during the year resulting in positive change in the net position.

The Water System issued \$9,395,000 in Water Revenue Bonds in June 2013. The bond proceeds financed \$6.0 million in the purchase of 500 acre feet of water acquisition rights with a long-term goal to reduce its reliance on imported water. The remainder of the bond proceeds will fund the infrastructure necessary to deliver groundwater to all service areas.

Information about water sources, service connections, charges for services, top ten largest customers, as well as historic balance sheets, and operating results is detailed under the statistical section of this report.

Golf Course

The operating expenses of the Golf Course exceeded the operating revenues by \$191 thousand during the year. Revenues were \$143 thousand; this is a decrease of \$20 thousand. Expenses increased by \$25 thousand from the prior fiscal year. General fund transferred \$191 thousand to cover the operating deficit of the Golf Course.

FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUNDS

The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. In compliance with GASB No. 54 "*Fund Balance Reporting and Governmental Fund Type Definitions*" which establishes accounting and financial reporting standards for all governments that report governmental funds, fund balances are classified into fund balance information. It hopes to provide more transparent fund balance information and improve the comparability of governmental fund financial statements. With the implementation of GASB No. 54, the City's governmental funds fund balances are classified into *nonspendable, restricted, committed, assigned and unassigned*. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of *spendable* resources. These *spendable* resources are *restricted, committed, assigned and unassigned* fund balances. Detailed discussion of each fund classifications can be found under the Notes to Financial Statements.

As of the end of the current fiscal year, the City of Norwalk reported a combined ending Governmental Funds fund balance of \$40.1 million, an increase of \$3.1 million, or 9%, from the prior year's combined fund balance of \$37.0 million. The increase was primarily due to the excess revenues over expenditures of the General fund, \$2.2 million; other governmental funds recorded a combined increase of \$1 million.

For this fiscal year, nonspendable fund balance totaled \$10.3 million, a decrease of \$1.3 million or 11% from last year's total of \$11.6 million.

Total restricted fund balance was \$11.9 million: \$7.9 million is obligated by its funding nature under Special Revenue Funds, \$3.7 million for Capital Projects and \$0.3 million is restricted to Debt Service.

Total committed fund balance was \$3.1 million: \$2.9 million to finance asset replacement funds and \$284 thousand for the local match to the COPS hiring grant.

The City assigned \$0.8 million to the future capital improvement projects. The combined unassigned fund balance of governmental funds is \$14 million and is available for spending to meet the future needs of the City.

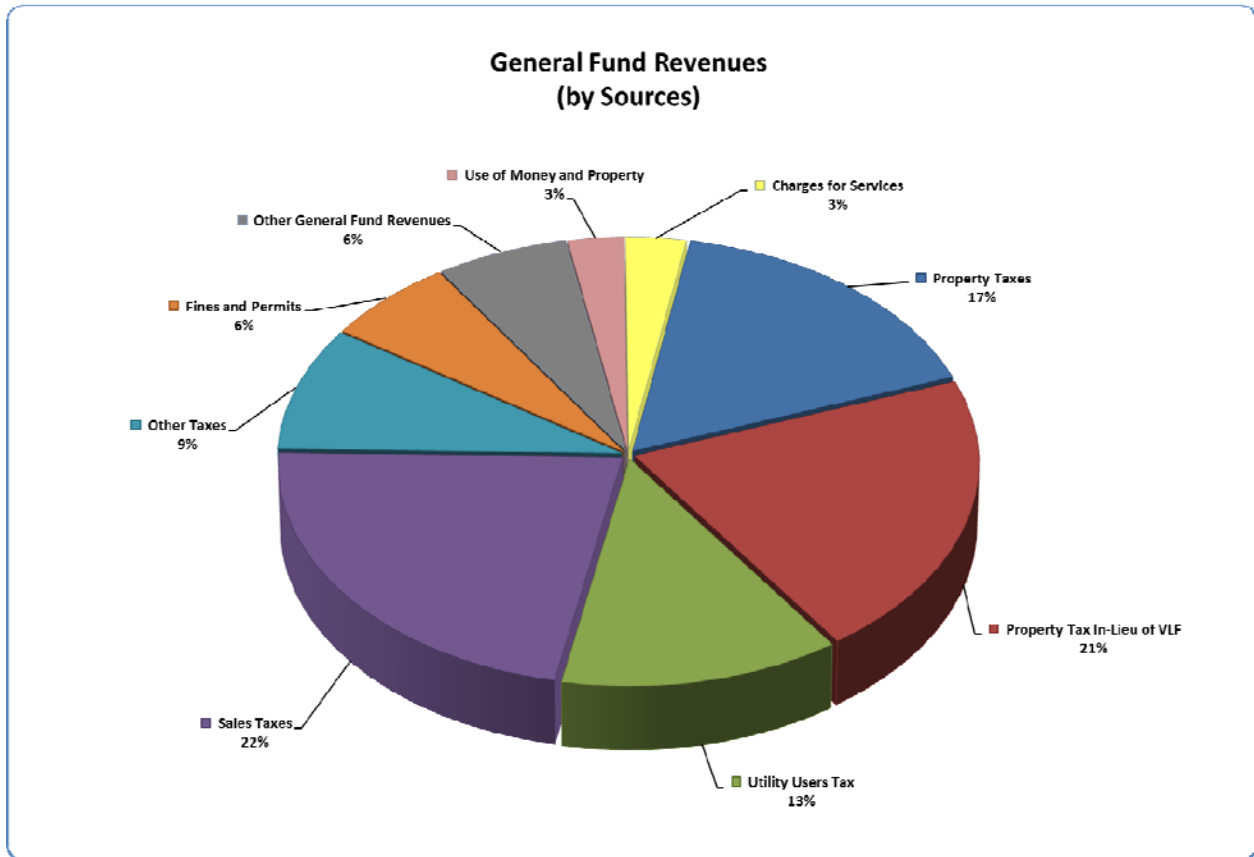
Revenues of governmental funds for the fiscal year ended June 30, 2013 were \$65.1 million, a decrease of \$2.5 million, or 4%, from the prior fiscal year's total of \$67.6 million. Intergovernmental revenues contributed to the majority of this decrease, mainly due to the reductions in federal and state funding.

Expenditures of governmental funds were \$61.8 million, a decrease of \$2.7 million, or 4% from the prior year total of \$64.5 million. The majority of this decrease, \$2.4 million, was due to the debt service payments on the former Redevelopment Agency debts, currently reported under Fiduciary Fund. All the other expenditure categories decreased \$0.3 million in the current year.

The General Fund is the principal operating fund of the City. It is used to account for all discretionary revenues and expenditures necessary to carryout basic government functions that are not accounted for through other special revenue and grant funds. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$14.7 million, assigned was \$0.8 million, non-spendable was \$10.3 million while committed was \$0.3 million. These resulted in a total General

fund balance of \$26.1 million, which is \$2.2 million or 9.5% higher from prior year. The key factors affecting the General Fund's financial position are as follows:

General Fund revenues for the fiscal year were \$41.9 million, an increase of \$3.2 million or 8.2%, from the prior year's total of \$38.7 million. The largest General Fund revenue sources, which represent 82% of the total General Fund revenues were: sales taxes, property taxes in-lieu of VLF, property taxes, utility users tax and other taxes.

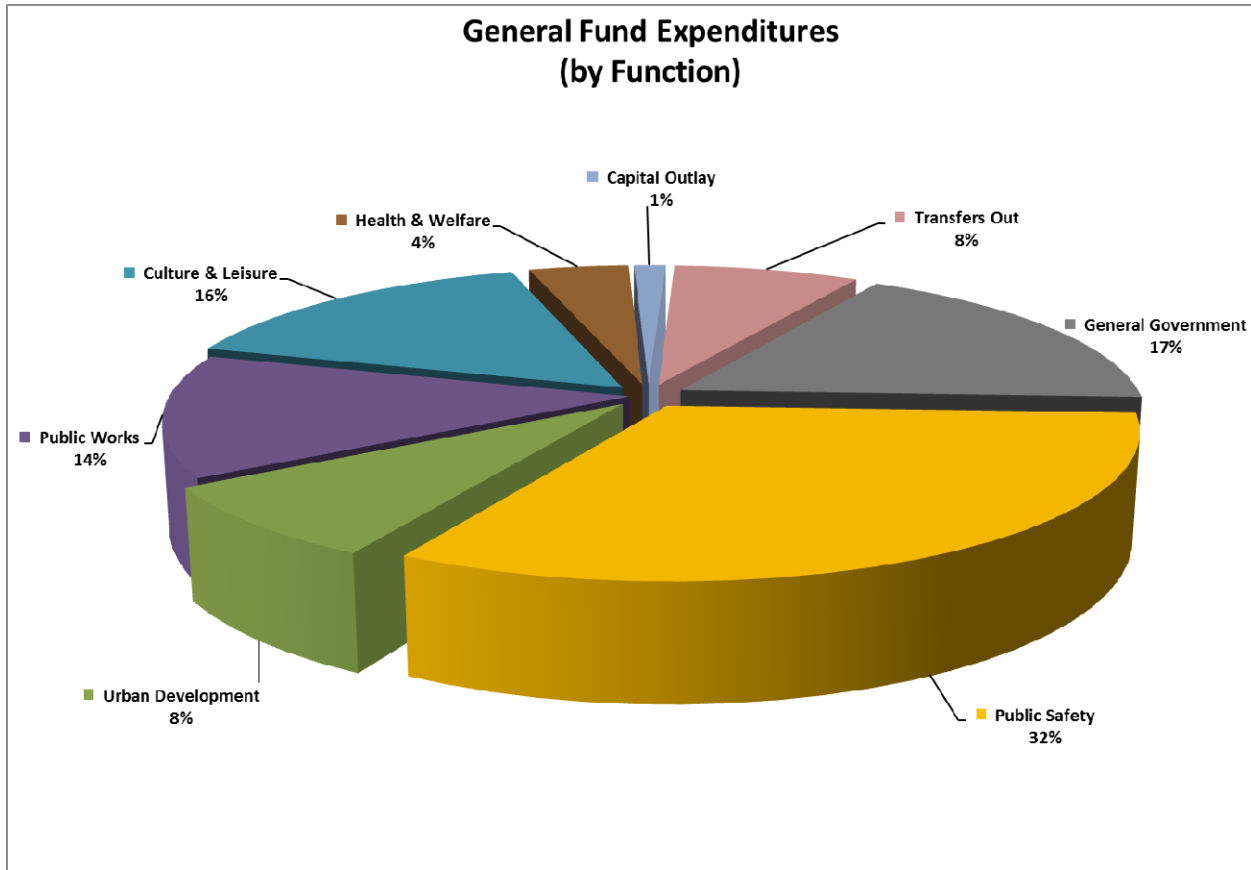


- Sales Taxes represented the largest revenue at \$9.3 million, or 22% of General Fund revenues. This revenue showed an improvement of \$562 thousand, or 6.4%, which is in line with state-wide results. Sales recoveries were seen particularly in auto and transportation, general consumer goods, restaurants and hotels categories.
- The second largest revenue source, 21% of General Fund revenues, was Property Tax In-Lieu of Vehicle License Fees at \$8.7 million. Property Tax In-Lieu of VLF recorded a slight increase of \$191 thousand or 2.2% from prior year.
- Property Taxes came in third at \$7 million, representing 17% of the General Fund revenues, an increase of \$1.5 million from last year's total of \$5.5 million. Majority of these real property value derived revenues came from No/Low property tax and property tax apportionment for Southeast Recreation and Park Area from the county. An important factor to this significant increase was the one-time revenue of \$1 million allocated to the City due to the dissolution of redevelopment agencies in California.

- Utility Users Tax came in fourth at \$5.3 million or 13% of the total General Fund revenues. This revenue is based on utilities like telephone, wireless, electricity and gas. It recorded a small drop of 1.3% or \$68 thousand from prior year's \$5.4 million. The continued decline in growth can be attributed to changes in telecommunications technology, household purchasing decisions and overall change in the underlying services that are taxed.
- The fifth largest revenue source was Other Taxes at \$3.8 million or 9% of General Fund revenues. It decreased slightly by \$115 thousand, or 2.9% from prior year, mainly due to business license category.

General Fund expenditures and transfers out totaled \$39.6 million, an increase of \$1.3 million, or 3.6%, from the prior year's total of \$38.3 million. The increase is attributed mainly to transfers out to building renovation and equipment replacement funds, and Public Works cost related to sewer fee study. Expenditures by function from highest to lowest are summarized as follows:

- Public Safety was the largest General Fund function at \$12.8 million, or 32% of General Fund expenditures and transfers out, a slight increase of \$54 thousand, or 0.43%, from the preceding fiscal year.
- General Government (City Council, City Commissions, Administration, City Attorney, Management Services, Community Information, Cable TV, City Clerk's Office, Human Resources and Risk Management, Finance, and Management Information Systems) was the second largest General Fund function at \$6.9 million, or 17%, of the General Fund expenditures and transfers out. It remained unchanged from last year.
- The Culture and Leisure expenditures represented the third largest expenditure category at \$6.2 million, or 16%, of the General Fund expenditures and transfers out. This category increased by \$270 thousand, or 4.6%, from the prior year's total of \$5.9 million. Utility cost and parks maintenance contributed to the overall increase.
- Public Works ranked fourth at \$5.3 million, or 14% of the General Fund expenditures and transfers out; increased by \$287 thousand, or 5.7% from the previous fiscal year's total of \$5.1 million.
- Fifth in rank is Urban Development function at \$3.2 million, representing 8% of the General Fund expenditures and transfers out. There was a minimal increase of \$149 thousand, or 4.8% from the prior year's total of \$3.1 million. It was mainly due to higher personnel costs.



General Fund Budgetary Highlights

The following table displays the General Fund's original budget, final budget and actual results for 2013 revenues, expenditures and transfers. Revenues and transfers in were \$1.8 million, 4.5% higher than the City's final projections, of \$40.1 million. The City received \$1 million of one-time settlement of the excessive property tax administrative fees charged by the Los Angeles County, and also received the additional one-time property taxes related to the dissolution of former redevelopment agencies. Expenditures and transfers out were lower by \$2.1 million than the final budget of \$41.8 million, or 5% under budget. These savings were in personnel and operating costs, \$1.4 million; and capital outlay and improvement expenditures, \$0.7 million.

Differences between the original and final revenue budget reflect an increase of \$1.4 million or 3.6%. Major adjustments were made under property taxes received as a result of redevelopment dissolution (\$0.6 million), sale of City's property due to I-5 freeway widening project (\$0.4 million), property tax in-lieu of VLF (\$0.2 million) and sales taxes (\$0.1 million).

Differences between the original and final total expenditures budget reflect an increase of \$155 thousand, or 0.4%.

Table 3
General Fund Budgetary Comparison
(in thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget</u>
Revenues	\$ 38,685	\$ 40,089	\$ 41,890	\$ 1,801
Expenditures	(38,631)	(38,786)	(36,614)	2,172
Other Financing Sources (Uses):				
Transfers out	(1,927)	(2,972)	(3,022)	(50)
Net Change in Fund Balance	<u>\$ (1,873)</u>	<u>\$ (1,669)</u>	<u>\$ 2,254</u>	<u>\$ 3,923</u>

Capital Assets and Debt Administration

Capital Assets. The City's investment in capital assets for Governmental and Business-type Activities as of June 30, 2013 was \$218.1 million (net of accumulated depreciation). This investment, in a broad range of capital assets, includes land, construction in progress, buildings and improvements, machinery and equipment, tools and equipment, water rights, infrastructure and miscellaneous capital assets. The total increase (including additions and deletions) of \$6.4 million represents a 3% increase from the previous year and can be attributed to the purchase of new CNG buses in the Transit System.

Additional information on the City's capital assets can be found in Note 6 of the Notes to the Basic Financial Statements.

Table 4
Capital Assets – Net of Depreciation
June 30, 2013 and 2012

	Governmental activities		Business-type activities		Total	
	2013	2012	2013	2012	2013	2012
Capital assets not being depreciated:						
Land	\$ 5,257,966	\$ 5,257,966	23,125	\$ 23,125	\$ 5,281,091	\$ 5,281,091
Construction in Progress	6,675,356	8,307,857	2,488,456	2,433,654	9,163,812	10,741,511
Water rights	-	-	8,396,581	2,389,300	8,396,581	2,389,300
Total capital assets not being depreciated	11,933,322	13,565,823	10,908,162	4,846,079	22,841,484	18,411,902
Capital assets being depreciated:						
Buildings and improvements	48,000,554	46,542,278	7,323,939	7,323,939	55,324,493	53,866,217
Distribution system	-	-	11,311,114	11,311,114	11,311,114	11,311,114
Machinery and equipment	6,048,725	6,252,267	-	-	6,048,725	6,252,267
Office equipment	-	-	684,508	663,789	684,508	663,789
Vehicles	-	-	19,156,092	14,394,990	19,156,092	14,394,990
Tools and equipment	-	-	1,452,022	1,458,112	1,452,022	1,458,112
Infrastructure	289,124,390	284,040,774	-	-	289,124,390	284,040,774
Miscellaneous	-	-	176,998	186,806	176,998	186,806
Total capital assets being depreciated	343,173,669	336,835,319	40,104,673	35,338,750	383,278,342	372,174,069
Less: Accumulated depreciation for:						
Total accumulated depreciation	(173,638,265)	(164,428,853)	(14,423,082)	(14,521,413)	(188,061,347)	(178,950,266)
Net capital assets, being depreciated	169,535,404	172,406,466	25,681,591	20,817,337	195,216,995	193,223,803
Net capital assets - governmental activities	\$ 181,468,726	\$ 185,972,289	36,589,753	\$ 25,663,416	\$ 218,058,479	\$ 211,635,705

Long-term Debt. At June 30, 2013, the City had \$34.9 million in outstanding long-term debt for governmental and business-type activities.

Table 5
Outstanding Debt as of June 30, 2013 and 2012
(In thousands)

	Governmental		Business-type		Total	
	2013	2012	2013	2012	2013	2012
Compensated absences	\$ 2,446	\$ 2,429	\$ 537	\$ 524	\$ 2,983	\$ 2,953
Other post-employment benefits	4,798	3,817	2,214	1,810	7,012	5,627
Lease revenue bonds	15,249	16,020	9,702	-	24,951	16,020
Total long-term liabilities	\$ 22,493	\$ 22,266	\$ 12,453	\$ 2,334	\$ 34,946	\$ 24,600

The City's total debt increased \$10.3 million from fiscal year 2012. The majority of this increase can be attributed to the issuance of water revenue bonds of \$9.7 million.

Additional information on changes in outstanding debt and balances is presented in Note 7.

Economic Factors and Outlook for Next Fiscal Year

The City's finances and the ability to pay for essential services are heavily dependent on local economy and legislative actions of the Federal and State governments, as a substantial portion of the City's revenues are intergovernmental grants and pass-through revenues. In the latest "California Fiscal Outlook", published by the State of California Legislative Analyst Office (LAO) in November 2013, projected 2013-14 operating surplus is estimated at \$2.2 billion and 2014-15

operating surplus at \$3.2 billion. The report anticipates that, absent any changes to current laws and policies, the State would end fiscal year 2014-15 with a \$5.6 billion reserve. The State's budgetary condition is stronger than at any point in the past decade. However the continued caution is needed, as the State's continued fiscal recovery is dependent on a number of assumptions that may not come to pass. For example, the forecast assumes continuing economic growth and slow, but steady, growth in stock prices; omits COLA's and inflation adjustments; assumes only repayment of liabilities set in current law; other liabilities, particularly those related to huge retirement liabilities remain unpaid under the LAO's forecast.

The City will continue to monitor Federal and State's budget development as their budgets affect a substantial portion of the City's intergovernmental funding sources.

The City adopted 2013-14 operating budget, which is both balanced and fiscally responsible. This spending plan maintains essential services to the community and continues to provide funding to stimulate local economy through various development and beautification projects throughout the City.

The key assumptions in the General Fund forecast for the fiscal year 2013 -14 are:

- Projected available resources of \$40.2 million or 2% increase from prior year budgeted recurring revenues. With the slowly recovering economy, the revenues will be monitored closely and budget adjustments will be made if necessary.
- Ongoing estimated operating expenditures of \$40.2 million, an increase of 4%, are within budgeted resources.
- Estimated discretionary and one-time expenditures of \$1 million were appropriated for capital improvement projects and transfers to Asset Replacement and Renovation funds.
- Based on actual financial results of fiscal year 2013-14 and absent of additional budgetary revisions which may be made by the City Council during the fiscal year 2013-14, the unassigned fund balance is projected at \$13.7 million as of June 30, 2014.

Request for Information

This financial report is designed to provide a general overview of the City of Norwalk's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Norwalk, Finance Department, 12700 Norwalk Blvd., Norwalk, California, 90650, or by phone at (562) 929-5750.

BASIC FINANCIAL STATEMENTS

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City of Norwalk
Statement of Net Position
June 30, 2013

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 30,168,346	\$ 6,015,195	\$ 36,183,541
Cash and investments with fiscal agent	301,985	3,497,853	3,799,838
Accounts receivable	1,261,170	727,354	1,988,524
Interest receivable	214,022	-	214,022
Other receivables	7,676	-	7,676
Due from other governments	3,599,353	2,246,084	5,845,437
Due from Successor Agency	64,861	-	64,861
Advances to Successor Agency	8,774,683	-	8,774,683
Internal Balances	5,788,304	(5,788,304)	-
Inventory	105,188	203,518	308,706
Prepaid items and deposits	37,884	-	37,884
Loans receivable	9,089,261	-	9,089,261
Capital assets:			
Non-depreciable	11,933,322	10,908,162	22,841,484
Depreciable, net of depreciation	169,535,404	25,681,591	195,216,995
Total assets	<u>240,881,459</u>	<u>43,491,453</u>	<u>284,372,912</u>
DEFERRED OUTFLOWS OF RESOURCES			
Unamortized loss on bond defeasance	96,343	-	96,343
Total deferred outflows of resources	<u>96,343</u>	<u>-</u>	<u>96,343</u>
LIABILITIES			
Accounts payable and accrued liabilities	4,961,170	751,554	5,712,724
Interest payable	127,815	-	127,815
Other liabilities	8,159	19,059	27,218
Due to other governments	9,717,376	-	9,717,376
Advances from Successor Agency	750,000	-	750,000
Advances from grantors	29,325	681,789	711,114
Deposits payable	88,289	92,965	181,254
Noncurrent liabilities:			
Due within one year	1,247,001	228,784	1,475,785
Due in more than one year	21,245,722	12,224,501	33,470,223
Total liabilities	<u>38,174,857</u>	<u>13,998,652</u>	<u>52,173,509</u>
DEFERRED INFLOWS OF RESOURCES			
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION			
Net investment in capital assets	166,403,726	30,689,254	197,092,980
Restricted for:			
Debt service	301,985	-	301,985
Capital projects	3,691,069	-	3,691,069
Special purposes	7,884,277	-	7,884,277
Unrestricted	24,521,888	(1,196,453)	23,325,435
Total net position	<u>\$ 202,802,945</u>	<u>\$ 29,492,801</u>	<u>\$ 232,295,746</u>

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

City of Norwalk
Statement of Activities
Year ended June 30, 2013

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net assets		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental activities							
General government	\$ 8,710,567	\$ 3,530,210	\$ 440,631	\$ -	\$ (4,739,726)	\$ -	\$ (4,739,726)
Public safety	13,570,520	1,845,530	533,386	-	(11,191,604)	-	(11,191,604)
Urban development	5,061,932	2,006,273	3,318,604	-	262,945	-	262,945
Public works	18,113,188	257,232	6,989,559	-	(10,866,397)	-	(10,866,397)
Culture and leisure	6,655,568	526,005	71,827	-	(6,057,736)	-	(6,057,736)
Health and welfare	13,203,687	1,332,438	9,993,536	-	(1,877,713)	-	(1,877,713)
Interest expense	756,657	-	-	-	(756,657)	-	(756,657)
Bond issue costs	214,454	-	-	-	(214,454)	-	(214,454)
Total governmental activities	66,286,573	9,497,688	21,347,543	-	(35,441,342)	-	(35,441,342)
Business-type activities:							
Transit system	13,097,504	1,525,603	10,526,038	6,864,247	-	5,818,384	5,818,384
Water	4,080,423	5,172,247	-	-	-	1,091,824	1,091,824
Golf course	334,630	143,235	-	-	-	(191,395)	(191,395)
Total business-type activities	17,512,557	6,841,085	10,526,038	6,864,247	-	6,718,813	6,718,813
Total primary government	\$ 83,799,130	\$ 16,338,773	\$ 31,873,581	\$ 6,864,247	(35,441,342)	6,718,813	(28,722,529)
General revenues							
Taxes							
Sales taxes					9,323,299	-	9,323,299
Property taxes					6,986,560	-	6,986,560
Utility users taxes					5,354,039	-	5,354,039
Business operations taxes					782,573	-	782,573
Transient occupancy taxes					1,227,030	-	1,227,030
Property tax in-lieu of Vehicle License Fee					8,727,028	-	8,727,028
Franchise taxes					1,790,365	-	1,790,365
Investment income					474,353	51,097	525,450
Transfers					(191,395)	191,395	-
Total					34,473,852	242,492	34,716,344
Change in net position					(967,490)	6,961,305	5,993,815
Net position-beginning					203,770,435	22,531,496	226,301,931
Net position-ending					\$ 202,802,945	\$ 29,492,801	\$ 232,295,746

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

City of Norwalk
Balance Sheet
Governmental Funds
June 30, 2013

	General	Housing and Community Development Special Revenue	Housing Authority	Other Governmental Funds	Totals
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
Assets					
Cash and investments	\$ 15,057,103	\$ 599,880	\$ 1,387,196	\$ 12,787,270	\$ 29,831,449
Cash and investments with fiscal agents	-	-	-	301,985	301,985
Accounts receivable, net	1,075,494	34,479	24,412	126,785	1,261,170
Interest receivable	66,713	147,309	-	-	214,022
Other receivable	7,676	-	-	-	7,676
Due from other funds	2,761,480	-	-	-	2,761,480
Due from other governments	1,466,088	44,320	754	2,088,191	3,599,353
Inventory	8,434	-	-	-	8,434
Prepaid items	37,884	-	-	-	37,884
Loans receivable	-	9,089,261	-	-	9,089,261
Due from Successor Agency	64,861	-	-	-	64,861
Advances to Successor Agency	8,774,683	-	-	-	8,774,683
Advances to other funds	4,039,340	-	-	-	4,039,340
Total assets	<u>33,359,756</u>	<u>\$ 9,915,249</u>	<u>\$ 1,412,362</u>	<u>\$ 15,304,231</u>	<u>\$ 59,991,598</u>
Deferred outflows of resources					
	-	-	-	-	-
Total assets and deferred outflows of resources	<u>\$ 33,359,756</u>	<u>\$ 9,915,249</u>	<u>\$ 1,412,362</u>	<u>\$ 15,304,231</u>	<u>\$ 59,991,598</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 3,569,361	\$ 34,262	-	\$ 1,034,469	\$ 4,638,092
Due to other funds	1,769	15,666	62,413	932,668	1,012,516
Due to other governments	381,453	9,307,766	-	28,157	9,717,376
Advances from grantors	-	-	-	29,325	29,325
Deposits payable	-	-	88,289	-	88,289
Other liabilities	8,159	-	-	-	8,159
Advances from Successor Agency	750,000	-	-	-	750,000
Total liabilities	<u>4,710,742</u>	<u>9,357,694</u>	<u>150,702</u>	<u>2,024,619</u>	<u>16,243,757</u>
Deferred inflows of resources					
Unavailable revenue	2,523,166	-	26,527	1,088,525	3,638,218
Total deferred inflows of resources	<u>2,523,166</u>	<u>-</u>	<u>26,527</u>	<u>1,088,525</u>	<u>3,638,218</u>
Fund balances					
Nonspendable	10,337,175	-	-	-	10,337,175
Restricted					
Special revenue funds	-	557,555	1,235,133	6,091,589	7,884,277
Capital projects funds	-	-	-	3,691,069	3,691,069
Debt service	-	-	-	301,985	301,985
Committed	283,583	-	-	2,859,188	3,142,771
Assigned	776,628	-	-	-	776,628
Unassigned	14,728,462	-	-	(752,744)	13,975,718
Total fund balances	<u>26,125,848</u>	<u>557,555</u>	<u>1,235,133</u>	<u>12,191,087</u>	<u>40,109,623</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 33,359,756</u>	<u>\$ 9,915,249</u>	<u>\$ 1,412,362</u>	<u>\$ 15,304,231</u>	<u>\$ 59,991,598</u>

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

City of Norwalk
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2013

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

Total governmental fund balances	\$	40,109,623
Deferred outflows of resources represent loss on bond defeasance which is deferred and amortized over the life of the debt. This is reported as expenditure of current financial resources in the governmental funds		96,343
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:		
Governmental capital assets	\$	354,952,438
Less accumulated depreciation	<u>(173,505,957)</u>	181,446,481
Accrued interest on long-term debt is not due and payable in the current period and is not reported in the funds.		(127,815)
Certain revenues in the governmental funds are unavailable because they are not collected within the prescribed time period after year-end. Those revenues are recognized on the accrual basis in the government-wide statements.		3,638,218
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.		
Compensated absences	\$	(2,312,984)
Lease revenue bonds	(15,065,000)	
Bond premium	(184,115)	
Other postemployment benefits	<u>(4,797,806)</u>	<u>(22,359,905)</u>
Net position of governmental activities	\$	<u>202,802,945</u>

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

City of Norwalk
Statements of Revenues, Expenditures and Changes in Fund Balances -
Governmental Funds
Year ended June 30, 2013

	General	Housing and Community Development Special Revenue	Housing Authority Special Revenue	Other Governmental Funds	Totals
Revenues					
Taxes	\$ 34,190,894	\$ -	\$ -	\$ -	\$ 34,190,894
Licenses and permits	1,095,276	-	-	-	1,095,276
Fines, forfeitures and penalties	1,558,155	-	-	-	1,558,155
Use of money and property	363,070	3,577	1,778	86,548	454,973
Intergovernmental	311,489	1,226,268	7,666,118	12,421,534	21,625,409
Charges for services	1,226,508	-	-	933,430	2,159,938
Rental income	778,252	-	-	-	778,252
Other	2,366,253	459,998	77,098	354,137	3,257,486
Total revenues	<u>41,889,897</u>	<u>1,689,843</u>	<u>7,744,994</u>	<u>13,795,649</u>	<u>65,120,383</u>
Expenditures					
Current:					
General government	6,903,312	-	-	450,642	7,353,954
Public safety	12,812,472	-	-	599,065	13,411,537
Urban development	3,236,533	1,533,117	-	-	4,769,650
Public works	5,342,591	69,500	-	4,986,306	10,398,397
Culture and leisure	6,176,819	-	-	-	6,176,819
Health and welfare	1,625,176	49,544	7,787,604	3,387,083	12,849,407
Capital outlay and improvement	516,856	39,538	64,204	4,212,660	4,833,258
Debt service:					
Bond issue costs	-	-	-	214,454	214,454
Principal retirement	-	-	-	780,000	780,000
Interest and fiscal charges	-	-	-	992,099	992,099
Total expenditures	<u>36,613,759</u>	<u>1,691,699</u>	<u>7,851,808</u>	<u>15,622,309</u>	<u>61,779,575</u>
Excess (deficiency) of revenues over expenditures	<u>5,276,138</u>	<u>(1,856)</u>	<u>(106,814)</u>	<u>(1,826,660)</u>	<u>3,340,808</u>
Other financing sources (uses)					
Proceeds from bond issuance, net	-	-	-	7,304,115	7,304,115
Defeasance of debt	-	-	-	(7,295,000)	(7,295,000)
Transfers in	-	-	-	3,205,025	3,205,025
Transfers out	(3,022,288)	-	-	(374,132)	(3,396,420)
Net other financing sources (uses)	<u>(3,022,288)</u>	<u>-</u>	<u>-</u>	<u>2,840,008</u>	<u>(182,280)</u>
Change in fund balances	2,253,850	(1,856)	(106,814)	1,013,348	3,158,528
Beginning fund balances	23,871,998	559,411	1,341,947	11,177,739	36,951,095
Ending fund balances	<u>\$ 26,125,848</u>	<u>\$ 557,555</u>	<u>\$ 1,235,133</u>	<u>\$ 12,191,087</u>	<u>\$ 40,109,623</u>

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

City of Norwalk

**Reconciliation of the Governmental Funds Statements of Revenues, Expenditures and
Changes in Fund Balances to the Statement of Activities
Year ended June 30, 2013**

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

Change in fund balance - governmental funds	\$	3,158,528
Governmental funds report capital outlay as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Depreciation expense	\$	(9,389,643)
Loss on retirement of assets		(120,711)
Capital outlay		<u>5,013,319</u>
		(4,497,035)
Certain revenues in the governmental funds are unavailable because they are not collected within the prescribed time period after year-end. Those revenues are recognized on the accrual basis in the government-wide statements.		
		390,095
Long-term debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
Issuance of bonds	\$	(7,120,000)
Defeasance of bonds		7,295,000
Principal bond repayments		780,000
Bond premium		(184,115)
Net change in compensated absences		<u>(44,104)</u>
		726,781
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 the governmental funds.		
Other postemployment benefits	\$	(981,301)
Change in accrued interest on long-term debt		139,099
Amortization of deferred loss on bond refunding		<u>96,343</u>
		(745,859)
Change in net position of governmental activities	\$	<u>(967,490)</u>

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

City of Norwalk
Statement of Net Position
Proprietary Funds
June 30, 2013

	Business-type Activities - Enterprise Funds				Governmental Activities Internal Service Funds
	Transit System Fund	Water Fund	Golf Course	Total	
ASSETS					
Current assets					
Pooled cash and investments	\$ 400	\$ 5,947,048	\$ 67,747	\$ 6,015,195	\$ 336,897
Cash and investments with fiscal agents	-	3,497,853	-	3,497,853	-
Accounts receivable	35,119	692,235	-	727,354	-
Due from other funds	1,769	-	-	1,769	-
Inventory	203,518	-	-	203,518	96,754
Due from other governments	2,093,584	152,500	-	2,246,084	-
Total current assets	2,334,390	10,289,636	67,747	12,691,773	433,651
Noncurrent assets					
Capital assets	28,595,341	22,417,494	-	51,012,835	154,552
Less accumulated depreciation	(9,177,583)	(5,245,499)	-	(14,423,082)	(132,307)
Net capital assets	19,417,758	17,171,995	-	36,589,753	22,245
Total noncurrent assets	19,417,758	17,171,995	-	36,589,753	22,245
Total assets	21,752,148	27,461,631	67,747	49,281,526	455,896
DEFERRED OUTFLOWS OF RESOURCES					
Total deferred outflows of resources	-	-	-	-	-
LIABILITIES					
Current liabilities					
Accounts payable	277,628	345,355	6,758	629,741	291,662
Accrued expenses	102,511	15,506	3,796	121,813	31,416
Deposits payable	-	92,965	-	92,965	-
Other liabilities	-	19,059	-	19,059	-
Due to other funds	1,750,733	-	-	1,750,733	-
Advances from other funds	1,004,730	3,034,610	-	4,039,340	-
Unearned revenue	681,789	-	-	681,789	-
Long-term debt - current portion	52,356	170,613	5,815	228,784	23,410
Total current liabilities	3,869,747	3,678,108	16,369	7,564,224	346,488
Noncurrent liabilities					
Bonds payable	-	9,551,747	-	9,551,747	-
Accrued other postemployment benefits	2,004,343	183,740	26,185	2,214,268	-
Compensated absences payable	326,544	106,749	25,193	458,486	109,408
Total liabilities	6,200,634	13,520,344	67,747	19,788,725	455,896
DEFERRED INFLOWS OF RESOURCES					
Total deferred inflows of resources	-	-	-	-	-
NET POSITION					
Net investment in capital assets	19,417,758	11,271,496	-	30,689,254	22,245
Unrestricted	(3,866,244)	2,669,791	-	(1,196,453)	(22,245)
Total net position	\$ 15,551,514	\$ 13,941,287	\$ -	\$ 29,492,801	\$ -

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

City of Norwalk
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
Year ended June 30, 2013

	Business-type Activities - Enterprise Funds				Governmental Activities Internal Service Funds
	Transit System Fund	Water Fund	Golf Course	Total	
Operating revenues					
Charges for services	\$ 1,525,603	\$ 5,170,527	\$ 143,235	\$ 6,839,365	\$ 12,987,801
Other	-	1,720	-	1,720	-
Total operating revenues	<u>1,525,603</u>	<u>5,172,247</u>	<u>143,235</u>	<u>6,841,085</u>	<u>12,987,801</u>
Operating expenses					
Administrative	620,372	398,996	13,707	1,033,075	27,586
Utilities	56,888	128,623	64,030	249,541	36,434
Salaries and benefits	7,926,407	769,042	203,127	8,898,576	11,588,264
Contractual services	678,746	193,585	19,623	891,954	9,278
Cost of water	-	1,466,426	-	1,466,426	-
Maintenance and repairs	1,114,525	-	-	1,114,525	1,319,711
Supplies and materials	90,476	338,686	34,143	463,305	-
Insurance	935,455	-	-	935,455	-
Depreciation	1,674,635	297,405	-	1,972,040	6,528
Total operating expenses	<u>13,097,504</u>	<u>3,592,763</u>	<u>334,630</u>	<u>17,024,897</u>	<u>12,987,801</u>
Operating income (loss)	(11,571,901)	1,579,484	(191,395)	(10,183,812)	-
Nonoperating revenues (expense)					
Proposition "A" taxes	3,535,037	-	-	3,535,037	-
Proposition "C" taxes	866,514	-	-	866,514	-
Federal grants	8,487,347	-	-	8,487,347	-
State and local grants	4,501,387	-	-	4,501,387	-
Bond issue costs	-	(209,437)	-	(209,437)	-
Interest expense	-	(278,223)	-	(278,223)	-
Investment income	7,576	43,521	-	51,097	-
Income (loss) before transfers	5,825,960	1,135,345	(191,395)	6,769,910	-
Transfers in (out)	-	-	191,395	191,395	-
Change in net position	5,825,960	1,135,345	-	6,961,305	-
Total net position - beginning	9,725,554	12,805,942	-	22,531,496	-
Total net position - ending	<u>\$ 15,551,514</u>	<u>\$ 13,941,287</u>	<u>\$ -</u>	<u>\$ 29,492,801</u>	<u>\$ -</u>

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

City of Norwalk
Statement of Cash Flows - Proprietary Funds
Year ended June 30, 2013

	Business-type Activities - Enterprise Funds				Governmental Activities Internal Service Funds
	Transit System Fund	Water Fund	Golf Fund	Total	
Cash flows from operating activities					
Receipts from tenants, customers and users	\$ 1,516,729	\$ 4,976,256	\$ 143,235	\$ 6,636,220	\$ 12,987,801
Payments to suppliers	(3,554,237)	(2,459,227)	(136,939)	(6,150,403)	(1,728,082)
Payments to employees	(7,562,081)	(723,732)	(195,080)	(8,480,893)	(11,615,699)
Net cash provided by (used in) operating activities	<u>(9,599,589)</u>	<u>1,793,297</u>	<u>(188,784)</u>	<u>(7,995,076)</u>	<u>(355,980)</u>
Cash flows from capital and related financing activities					
Purchases and construction of capital assets	(6,824,854)	(6,073,523)	-	(12,898,377)	-
Proceeds from bond issuance	-	9,701,747	-	9,701,747	-
Bond issue costs paid	-	(209,437)	-	(209,437)	-
Net cash used in capital and related financing activities	<u>(6,824,854)</u>	<u>3,418,787</u>	<u>-</u>	<u>(3,406,067)</u>	<u>-</u>
Cash flows from non-capital financing activities					
Cash contributions from other governments	17,031,733	-	-	17,031,733	-
Cash received from (transferred to) other funds	(1,641,935)	-	191,395	(1,450,540)	-
Interest paid	-	(278,223)	-	(278,223)	-
Net cash provided by non-capital financing activities	<u>15,389,798</u>	<u>(278,223)</u>	<u>191,395</u>	<u>15,302,970</u>	<u>-</u>
Cash flows from investing activities					
Interest received	7,576	43,521	-	51,097	-
Change in cash and cash equivalents	(1,027,069)	4,977,382	2,611	3,952,924	(355,980)
Cash and cash equivalents - beginning	<u>1,027,469</u>	<u>4,467,519</u>	<u>65,136</u>	<u>5,560,124</u>	<u>692,877</u>
Cash and cash equivalents - ending	<u>\$ 400</u>	<u>\$ 9,444,901</u>	<u>\$ 67,747</u>	<u>\$ 9,513,048</u>	<u>\$ 336,897</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ (11,571,901)	\$ 1,579,484	\$ (191,395)	\$ (10,183,812)	\$ -
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:					
Depreciation	1,674,635	297,405	-	1,972,040	6,528
(Increase) decrease in:					
Accounts receivable	(8,874)	(43,491)	-	(52,365)	-
Prepays	-	2,906	-	2,906	-
Inventory	(174,697)	-	-	(174,697)	52,571
Due from other governments	-	(152,500)	-	(152,500)	-
Increase (decrease) in:					
Accounts payable	169,377	56,620	(4,998)	220,999	62,915
Accrued liabilities	(52,455)	1,036	(438)	(51,857)	(450,559)
Other postemployment benefits	354,227	39,068	10,801	404,096	-
Deposits payable	-	5,515	-	5,515	-
Other liabilities	-	1,012	-	1,012	-
Compensated absences payable	10,099	6,242	(2,754)	13,587	(27,435)
Net cash provided by (used in) operating activities	<u>\$ (9,599,589)</u>	<u>\$ 1,793,297</u>	<u>\$ (188,784)</u>	<u>\$ (7,995,076)</u>	<u>\$ (355,980)</u>

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

City of Norwalk
Statement of Net Position
Fiduciary Funds
June 30, 2013

		Successor Agency to the Dissolved Redevelopment Agency Private-purpose Trust Fund		Agency Fund
Assets				
Cash and investments	\$	26,378,499	\$	718,083
Cash and investments with fiscal agents		4,274,054		-
Interest receivable		7,043		-
Advances to City of Norwalk		750,000		-
Land held for resale		7,425,440		-
Capital assets - land held for development		1,737,847		-
Total assets	\$	40,572,883	\$	718,083
 Deferred Outflows of Resources				
Unamortized loss on bond refunding		152,431		-
Total deferred outflows of resources		152,431		-
 Liabilities				
Accounts payable	\$	8,433	\$	31,203
Interest payable		725,665		-
Deposits payable		-		686,880
Due to City of Norwalk		64,861		-
Advances from City of Norwalk		8,774,683		-
Long-term liabilities				
Due within one year		1,345,000		-
Due in more than one year		95,744,200		-
Total liabilities		106,662,842	\$	718,083
 Deferred Inflows of Resources				
Total deferred inflows of resources		-		-
 Fiduciary Net Position				
Net Position		(65,937,528)		
Total net assets	\$	(65,937,528)		

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

City of Norwalk
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year ended June 30, 2013

		Successor Agency to the Dissolved Redevelopment Agency Private-purpose Trust Fund
		Trust Fund
Revenues		
Tax increment	\$	15,179,531
Use of money and property		126,300
Rental income		659,250
Total revenues		15,965,081
Expenses		
General government		14,891,167
Community development		1,555
Urban development		744,503
Debt service		
Interest and fiscal charges		3,666,973
Total expenses		19,304,198
Change in net assets		(3,339,117)
Net position held in trust - beginning, as restated		(62,598,411)
Net position held in trust - ending	\$	(65,937,528)

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

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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The City of Norwalk was incorporated on August 26, 1957, under the general laws of the State of California. The City operates under a Council-Manager form of government.

The City provides the following services, as authorized by its general laws: Public Safety, Public Works, Water, Transportation, Health and Social Services, Culture-Leisure, Public Improvements, Planning and Zoning, Community Development and General Administrative Services.

The City's accounting policies conform to accounting principles generally accepted in the United States of America, as applicable to governments.

As required by accounting principles generally accepted in the United States of America, these financial statements present the City of Norwalk and its component units, entities for which the City is considered to be financially accountable. The City is considered to be financially accountable for an organization if the City appoints a voting majority of that organization's governing body and the City is able to impose its will on that organization, or there is a potential for that organization to provide specific financial benefits to or impose specific financial burdens on the City. The City is also considered to be financially accountable for an organization if that organization is fiscally dependent (i.e., it is unable to adopt its budget, levy taxes, set rates or charges, or issue bonded debt without approval from the City). In certain cases, other organizations are included as component units if the nature and significance of their relationship with the City are such that their exclusion would cause the City's financial statements to be misleading or incomplete.

Based upon the above criteria, the component units of the City, as of June 30, 2013, are the Norwalk Housing Authority (Housing Authority) and the Norwalk Community Facilities Financing Authority (Financing Authority). A brief description of each component unit follows:

The Norwalk Housing Authority provides safe and sanitary dwelling accommodations in the City to persons of low income. The City provides management assistance to the Housing Authority, and the members of the City Council also act as the Housing Authority's governing body. The Housing Authority's financial data and transactions are accounted for in the special revenue fund type.

The Norwalk Community Facilities Financing Authority is a joint exercise of powers authority created by a joint powers agreement between the City of Norwalk and the Norwalk Parking Authority, dated August 1, 1989. The Financing Authority's purpose is to provide, through the issuance of debt, financing necessary for various capital improvements. The Financing Authority is administered by the Board, who are the members of City Council, and the Mayor. The Financing Authority's sole source of income is loan and lease payments received from the City and Agency, which are used to meet the debt service requirements on debt issues.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Since City Council serves as the governing board for these component units, all of the City's component units are considered to be blended component units. Blended component units, although legally separate entities are, in substance, part of the City's operations and so data from these units are reported with the interfund data of the primary government. The Financing Authority issues separate component unit financial statements that can be obtained at City Hall.

Government-wide and Fund Financial Statements

The City is reporting under GASB Statement No. 34 (Statement 34) of the Governmental Accounting Standards Board, "Basic Financial Statements - and Management's Discussion and Analysis - For State and Local Governments." Statement 34 established standards for external financial reporting for all state and local governmental entities which includes a statement of net position, a statement of activities and the inclusion of a management's discussion and analysis section that provides an analysis of the City's overall financial position and changes in financial position.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements, except those services provided and used are not eliminated in the process of consolidation. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a particular function or segment and 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 as general revenues.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Separate financial statements are provided for governmental funds, proprietary funds, and the fiduciary fund, even though the latter is 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.

Implementation of New Accounting Pronouncements

During the fiscal year ended June 30, 2013, the City adopted the following Governmental Accounting Standards Board (GASB) statements which impacted the City's financial statements:

- GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB statement nos. 34 and 14*. This statement modifies certain requirements for inclusion of component units in the financial reporting entity. The City determined that the City and the component units blended with the City's financial statements comply with the new requirements noted in the amendments.
- GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This Statement amends the net asset reporting requirements in GASB Statement No. 34 by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. As of June 30, 2013, the City's deferred outflows of resources represent unamortized loss on defeasance of debt which resulted from refunding of bonded debt in the prior years.
- GASB Statement No. 65 *Items Previously Reported as Assets and Liabilities*. The statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

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. Under the economic resources measurement focus, all assets and liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. Operating statements present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange include property taxes, grants, entitlements, and donations. On an accrual basis, property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the current financial resources measurement focus, only current assets and current liabilities are generally included on their balance sheets. The reported fund balance (net current assets) is considered to be a measure of "available spendable resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period. Noncurrent portions of long-term receivables are reported on the funds' balance sheets in spite of their spending measurement focus. However, special reporting treatments are used to indicate that they should not be considered "available spendable resources" since they do not represent current assets. Recognition of governmental fund type revenue represented by noncurrent receivables is deferred and reported as unavailable revenues until they become current receivables. Noncurrent portions of long-term receivables are offset by fund balance nonspendable classification.

Under the modified accrual basis of accounting 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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, except for principal and interest on general long-term liabilities, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term liabilities are reported as other financing sources

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

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

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's water and sewer function and various other functions of the government. These charges are approximately equal to the value of services provided, and eliminating them would distort the direct costs and program revenues reported for the various functions concerned.

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

The City reports the following major governmental funds:

General Fund

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

Housing and Community Development Grant Special Revenue Fund

This fund accounts for housing and commercial improvement projects. Financing is provided by Federal grants received from the U.S. Department of Housing and Urban Development.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Housing Assistance Fund

This fund accounts for cost to assist low and moderate income families in securing affordable rents. Financing is provided by the U.S. Department of Housing and Urban Development.

The City reports the following major proprietary funds:

Transit System Fund

This fund accounts for the City-operated fixed route bus system and "Dial-A-Ride" van service to the general public. Principal sources of revenue are the Los Angeles County Proposition "A" taxes, Federal Transit Administration Capital Assistance, State Transportation Development Act Funds and passenger fares.

Water Fund

This fund accounts for the Norwalk Municipal Water System, which consists of approximately 5,374 service connections which service over 18,000 Norwalk and Artesia residents.

Golf Fund

This fund accounts for the Norwalk Golf Course operated by the City since September 2006. The expenses are partially funded by the fees for services, the remainder is funded by the transfers from the General Fund.

The City reports the following fund types:

Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

Debt Service Fund

The Debt service fund is used to account for the accumulation of resources for, and the payment of, the City's general long-term debt principal and interest.

Capital Projects Fund

Capital projects funds are used to account for financial resources used for the acquisition or construction of major capital facilities which are not financed by proprietary funds.

Internal Service Funds

These funds account for various services provided to City departments on a cost reimbursement basis. The Employee Benefits Fund accounts for the costs of providing various benefits of active and retired employees. The Vehicle Maintenance Fund accounts for the cost of vehicle and equipment maintenance.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fiduciary Funds

Agency Fund

This fund accounts for money and property held by the City as trustee or custodian. Among the activities are the disposition of funds, deposits made for the account of other governmental agencies, developers, and others under the terms of agreements for which the deposits were made. Agency funds, which are custodial in nature, do not involve measurement of results of operations. Such funds have no equity accounts since all assets are due to individuals and entities at some future time.

Successor Agency Private-purpose Trust Fund

Private-purpose Trust Fund is a fiduciary fund type used by the City to report trust arrangements under which principal and income benefit other governments. This fund reports the assets, liabilities and activities of the Successor Agency to the Dissolved Norwalk Redevelopment Agency. Unlike the limited reporting typically utilized for Agency Fund, Private-purpose Trust Fund reports a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position.

Property Tax Calendar

The County of Los Angeles assesses, levies, and collects property taxes for the City. Property taxes levied for the year ended June 30, 2013, are due and payable in two installments on November 1, 2012 and February 1, 2013 and became delinquent on December 10, 2012 and April 10, 2013, respectively. A tax lien is attached to the property on January 1, 2013. The City as a no/low property tax city does not levy property taxes from its residents, but receives allocation from the State and County based on City's assessed valuation.

Interfund Transfers

Nonrecurring transfers of equity between funds are reported as adjustments to beginning fund balance. Operating transfers are reported as other financing sources and uses of funds in the statement of revenues, expenditures, and changes in fund balance.

Cash and Investments

Investments are reported in the accompanying balance sheet at fair value, except for certain investment contracts that are reported at cost because they are not transferable, and they have terms that are not affected by changes in market interest rates. Changes in fair value that occur during a fiscal year are recognized as investment income for that fiscal year. Investment income includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation, maturity, or sale of investments.

The City pools cash and investments of all funds, except for assets held by fiscal agents. Each fund's share in this pool is displayed in the accompanying financial statements as cash and investments. Investment income earned by the pooled investments is allocated to the various funds based on each fund's average cash and investment balance.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Due From Other Governments

The amounts recorded as due from other governments include sales taxes, property taxes, and grant revenues collected or provided by Federal, State, County and City Governments and unremitted to the City as of June 30, 2013.

Inventories

Inventories held by the General Fund and Internal Service Funds are stated at cost using the first-in, first-out (FIFO) method. Inventory balances represent expendable supplies held for consumption. Reported expenditures reflecting the purchase of supplies have been restated to reflect the consumption method of recognizing inventory-related expenditures. A fund balance nonspendable classification has been reported in the General Fund to show that inventories do not constitute "available spendable resources," even though they are a component of current assets.

Deferred Outflows and Inflows of Resources

Pursuant to GASB Statement Nos. 63 and 65, the City recognizes deferred outflows and inflows of resources. A deferred outflow of resources is defined as a consumption of net position by the government that is applicable to a future reporting period. A deferred inflow of resources is defined as an acquisition of net position by the government that is applicable to a future reporting period. Refer to Note 14 for the list of deferred outflows and deferred inflows of resources the City has recognized as of June 30, 2013.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., streets, sidewalks, medians, traffic signals, storm drains) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Construction in progress includes incomplete infrastructure projects. The government defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are capitalized at cost. Donated capital assets are recorded at estimated fair value at the date of donation.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

The provision for depreciation of the primary government's plant, infrastructure and equipment is computed using the straight-line method over the following estimated useful lives:

	Years
Buildings and improvements	10-40
Street infrastructure	20
Street lights	10-15
Water infrastructure	15-50
Vehicles	5-15
Office equipment	5-30
Tools and equipment	2-20
Miscellaneous	5-10

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

Permanent City employees earn from 10 to 20 vacation days per year, depending upon their length of employment, and 12 sick days per year. Employees can carry forward up to the equivalent number of days earned in the immediately preceding twenty-four month period and 90 days of earned but unused sick leave for use in the subsequent year.

Upon termination or retirement, permanent employees are entitled to receive compensation at their current base salary for all unused vacation leave. If an employee terminates with a minimum of 5 service years, the employee is entitled to receive 25% of the value of unused sick leave. The percentage increases by 25% for each five year period thereafter until the employee is entitled to 100% of the value of unused sick leave. This will occur upon the completion of twenty years of continuous employment.

Compensated absences are reported in governmental funds only if they have matured. The unused reimbursable leave balance report is generated after the last payroll in June per employee's hire date, hourly rate and fund. Based on the report, the value of the City's compensated absences is determined.

A liability is recorded for unused vacation and similar compensatory leave balances, since the employees' entitlement to these balances are attributable to services already rendered, and it is probable that virtually all of these balances will be liquidated by either paid time off or payments upon termination or retirement.

A liability is also recorded for unused sick leave balances only to the extent that it is probable that the unused balances will result in termination payments. This is estimated by including in the liability the unused balances of employees currently entitled to receive termination payments, as well as those who are expected to become eligible to receive termination benefits as a result of continuing their employment with the City. Other amounts of unused sick leave are excluded from the liability since their payment is contingent solely upon the occurrence of a future event (illness), which is outside the control of the City and the employee.

Claims and Judgments

The City records a liability for material litigation, judgments, and claims (including incurred but not reported losses) when it is probable that an asset has been significantly impaired or a material liability has been incurred prior to year end and the probable amount of loss (net of any insurance coverage) can be reasonably estimated.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition for the Transit System Enterprise Fund

Operating assistance grants under the Federal Transit Act of 1992, as amended, the State of California Local Transportation Development Fund and State Transit Assistance Fund under the Transportation Development Act of 1971, as amended, and Proposition A Local Return Funds from the Los Angeles County Metropolitan Transportation Authority, are included in nonoperating revenues as related expenses are incurred. Until such time as the expenses are incurred, operating assistance grant revenue recognition is deferred. Federal and state grants which are limited to the acquisition of capital assets are recorded in the Statement of Activity as contributions.

Noncurrent Liabilities

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. 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.

Fund Balance Reporting

Governmental Accounting Standards Board (GASB) Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions establishes the following fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds:

Nonspendable fund balance includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The City's nonspendable fund balances represent inventories, prepaid expenses, and long-term receivables.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted fund balance includes resources that are subject to externally enforceable legal restrictions. It includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. All special revenue funds are classified as restricted.

Committed fund balance includes amounts that can be used only for the specific purposes determined by a formal resolution approved by the City Council, which is the City's highest level of decision-making authority. As of June 30, 2013, the City has committed \$284 thousand of its fund balances to provide local match to the long-term federal public safety hiring grant and \$2.9 million to asset replacement funds.

Assigned fund balance consists of funds that are set aside for specific purposes approved by the City Council through a resolution which are mainly resources set aside for capital expenditures. The City Council delegates the authority to assign fund balance to the City Manager for purposes of reporting in the annual financial report.

Unassigned fund balance - is the residual classification for the City's general fund and includes all spendable amounts not contained in the other classifications. This category also provides the resources necessary to meet unexpected expenditures and revenue shortfalls.

As stated in the city fund balance policy, the City Council, may commit fund balance for specific purposes pursuant to constraints imposed by formal actions taken. Committed amounts cannot be used for any other purpose unless the City Council removes or changes the specific use through the same type of formal action taken to establish the commitment.

The City considers the restricted fund balances to have been spent when expenditure is incurred for purposes for which both unrestricted and restricted fund balance is available. When expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it is the policy of the City to reduce the committed amounts first, followed by assigned amounts, and then unassigned amounts.

The accumulated unassigned fund balance is targeted to be a minimum of 16.6% of the following year's budgeted operating expenditures of the general fund. Additions to this balance will be determined during each budget process to reach or maintain the target balance. Whenever monies have been used whereby the balance falls below the target, the reserve shall be replenished as soon as possible.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from such estimates.

NOTE 2 CASH AND INVESTMENTS

Cash and Investments

Cash and investments at June 30, 2013, are classified in the accompanying financial statements as follows:

	Government-wide Statement of Net Position	Fiduciary Fund Statement of Net Position	Total
Unrestricted assets:			
Cash and investments	\$ 36,183,541	\$ 27,096,582	\$ 63,280,123
Restricted assets:			
Cash and investments with fiscal agents	3,799,838	4,274,054	8,073,892
Total cash and investments	\$ 39,983,379	\$ 31,370,636	\$ 71,354,015

Cash and investments at June 30, 2013, consisted of the following:

Cash on hand	\$	6,145
Deposits with financial institutions		2,400,148
Investments		68,947,722
Total cash and investments	\$	71,354,015

Investments Authorized by the California Government Code and the City's Investment Policy

The table below identifies the investment types that are authorized for the City by the California Government Code (or the City's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the City's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City's investment policy.

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

	Maximum Maturity	Maximum Percentage of Portfolio *	Maximum Investment in One Issuer
Demand Deposits	N/A	None	\$ 1,500,000
United States Treasury Obligations	5 years	None	None
US Government Sponsored Enterprise Securities	5 years	None	None
Banker's Acceptances	180 days	40%	30%
Time Certificates of Deposit	1 year	30%	None
Commercial Paper	270 days	25%	10%
Repurchase Agreements	30 days	None	None
Local Agency Investment Fund (LAIF)	N/A	None	40,000,000
Money Market Mutual Funds	90 days	20%	10%

* - Excluding amounts held by bond trustees that are not subject to California Government Code restrictions.

N/A - Not applicable

Investments Authorized by Debt Agreements

Investments of debt proceeds held by bond trustees are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy. Investments authorized for funds held by bond trustees include U.S. Treasury Obligations, U.S. Government-Sponsored Enterprise Securities, Commercial Paper, and Money Market Mutual Funds.

Disclosures Relating to Interest Rate Risk

Interest rate risk 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. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter-term and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity over time, as necessary, to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the City's investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity:

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Investment Type	Remaining Maturity in months		Totals
	12 Months or Less	25 to 36 months	
Local Agency Investment Fund	\$ 31,386,224	\$ -	\$ 31,386,224
CalTrust Short Term Fund	23,343,386	-	23,343,386
Corporate Notes:			
General Electric Capital Corporation	-	1,024,739	1,024,739
Federal National Mortgage Association	-	976,673	976,673
Johnson & Johnson	-	1,035,457	1,035,457
Royal Bank of Canada	1,001,335	-	1,001,335
Morgan Stanley	-	1,109,482	1,109,482
Toyota Motor Credit Corp	-	996,534	996,534
Held by Bond Trustee:			
Money Market Mutual Fund	8,073,892	-	8,073,892
Total	\$ 63,804,837	\$ 5,142,885	\$ 68,947,722

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating by Standard & Poor's required by (where applicable) the California Government Code, the City's investment policy, or debt agreements, and the actual rating as of year end for each investment type:

Investment Type	Total as of June 30, 2013	Minimum Legal Rating	Minimum Rating			
			AAA/AA+	AA-	A-	Unrated
Local Agency Investment Fund	\$ 31,386,224	N/A	\$ -	\$ -	\$ -	\$ 31,386,224
CalTrust Short Term Fund	23,343,386	A	23,343,386	-	-	-
Corporate Notes:						
General Electric Cap Corp	1,024,739	A	1,024,739	-	-	-
Federal National Mortgage Association	976,673	A	976,673	-	-	-
Johnson & Johnson	1,035,457	A	1,035,457	-	-	-
Royal Bank of Canada	1,001,335	A	-	1,001,335	-	-
Morgan Stanley	1,109,482	A	-	-	1,109,482	-
Toyota Motor Credit Corp	996,534	A	-	996,534	-	-
Held by Bond Trustee:						
Money Market Mutual Fund	8,073,892	AAA	8,073,892	-	-	-
Total	\$ 68,947,722		\$ 34,454,147	\$ 1,997,869	\$ 1,109,482	\$ 31,386,224

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the 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. The custodial credit risk for investments 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. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental unit by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure state and local government deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. Effective December 31, 2010 until December 31, 2012, all noninterest bearing transaction accounts are fully insured without limit by the Federal Deposit Insurance Corporation (FDIC). Beginning January 1, 2013, funds deposited in a noninterest bearing account no longer will receive unlimited deposit insurance coverage. All noninterest bearing transaction accounts will be insured by the FDIC up to the standard maximum deposit insurance amount (\$250,000) for each deposit insurance ownership category.

Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. At June 30, 2013, the total fair value of LAIF, including accrued interest was approximately \$59 billion. The fair value of the City's investment in the pool is \$31 million. LAIF's and the City's exposure to risk (credit, market, or legal) is not currently available.

CalTRUST (Investment Trust of California)

The City also invests in a series of government investment pools offered through the CalTRUST Joint Powers Authority, as authorized by California Government Code Section 53601(p). CalTRUST offers three account options: a Money Market fund, a Short-Term fund, and a Medium-Term fund. The City can allocate its assets among the three funds to match its investment time horizons and cash flow needs, and reallocate among funds as circumstances change. There is no minimum investment period; no minimum or maximum transaction size; and no account minimum or maximum. The funds offer high liquidity (same-day in the Money Market fund; next-day in the Short-Term fund; and monthly in the Medium-Term fund). Interest earnings accrue daily and are paid monthly. The fair value of the City's investment in the pool is \$23.3 million.

NOTE 3 INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS

Current interfund receivable and payable balances at June 30, 2013, are as follows:

Receivable Fund	Payable fund	Amount
General Fund	Other Governmental Funds	\$ 932,668
	Housing and Community Special Revenue	15,666
	Housing Authority	62,413
	Transit Enterprise Fund	1,750,733
Transit Enterprise Fund	General Fund	1,769
		\$ 2,763,249

The receivable of the General Fund from Other Governmental Funds and the Transit Enterprise Fund are mainly for temporary deficit cash balances.

Long-term advances between the City's General Fund and the Water and Transit Enterprise Funds are summarized below:

	Balances at July 1, 2012	Current Advances	Repayments	Balances at June 30, 2013
Water Enterprise fund	\$ 3,034,610	\$ -	\$ -	\$ 3,034,610
Transit Enterprise Fund	1,714,487	-	709,757	1,004,730
Total	\$ 4,749,097	\$ -	\$ -	\$ 4,039,340

A. Water Enterprise Fund

The General Fund previously advanced \$3,500,000 to the Water Enterprise Fund for the purchase of County Water Company. Interest on the advance is 10%. During the year ended June 30, 2006, the Water Fund made payments on the advance totaling \$1,703,000. During 2009 and 2010, the General Fund additionally advanced to the Water Fund \$1,237,610 at 7.5% interest. The remaining balance on the advance at June 30, 2013 was \$3,034,610. As a part of Fiscal Year 2013/14 budget process, the City Council approved annual repayment of the \$3,034,610 advance over a 20 year period at 5% interest commencing in July 2013. The annual repayment amount will be \$243,500.

B. Transit Enterprise Fund

The General Fund advances to the Transit Enterprise Fund for operating deficits incurred by the Transit Fund. The balance on the advance at June 30, 2013 was \$1,004,730.

NOTE 3 INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS (CONTINUED)

The composition of the City's interfund transfers for the year ended June 30, 2013, is as follows:

Transfer From	Transfer to	Amount
General Fund	Other Governmental Funds	\$ 2,830,893
	Golf Course Enterprise Fund	191,395
Other Governmental Funds	Other Governmental Funds	374,132
	Total	<u>\$ 3,396,420</u>

Transfers from the General Fund to Other Governmental Funds were to fund debt service, equipment replacement and building renovation funds. The transfer to the Golf Course Enterprise funded its operating deficit. The Other Governmental Fund, Parking Structure Fund also transferred to the Other Governmental Funds to fund debt service payments.

NOTE 4 ADVANCES TO SUCCESSOR AGENCY

The City advanced money to the former redevelopment agency in the amount of \$939,586 to cover the general start-up cost. Out of this amount, the California Department of Finance (DOF) recognized as an enforceable obligation and authorized the Successor Agency to repay the City the amount of \$552,169. The balance of this advance outstanding as of June 30, 2013 is \$387,417 in principal and \$1,201 accrued interest (reported as unavailable revenues).

The City and the former Redevelopment Agency entered into a loan agreement in 1991, pursuant to which the City loaned money to finance a development known as the Metro Center. The loan agreement was subsequently amended in 1992, 1993, and 1994. Under the Dissolution Act, an agreement between the City and the former Redevelopment Agency became unenforceable and non-binding on the Successor Agency as of February 1, 2012 (i.e., the date on which Redevelopment Agency dissolved), unless the agreement falls within certain limited exceptions. The DOF has determined that the Metro Center loan agreement did not fall within any of the exceptions. However, under the Dissolution Act, agreements such as the Metro Center loan agreement may be re-established, subject to certain conditions precedent, and the approval of the Oversight Board and the DOF and only if the repayment terms of the loan were modified in the manner specified in the Dissolution Act. Repayment term modifications include, among other things, a re-calculation of the accumulated interest on the remaining principal amount of the loan, from origination, at the rate earned by moneys deposited in the California Local Agency Investment Fund ("LAIF"). The balance of outstanding advances was recalculated with LAIF interest rates, and as of June 30, 2013, the Agency owes the City \$5,864,100 in principal and \$2,521,965 in accrued unpaid interest (reported as unavailable revenues).

NOTE 4 ADVANCES TO SUCCESSOR AGENCY (CONTINUED)

On May 15, 2013 the Successor Agency received a Finding of Completion letter from the Department of Finance authorizing the Agency to:

- Place loan agreements between the former redevelopment agency and sponsoring entity on the ROPS, as an enforceable obligation, provided the oversight board makes a finding that the loan was for legitimate redevelopment purposes per HSC section 34191.4(b)(1). Loan repayments will be governed by criteria in HSC section 34191.4(a)(2).

The Former Redevelopment Agency loaned the City \$750,000 for the renovation of the former senior center building.

As of June 30, 2013, the combined net amount due to the City was \$8,024,683.

NOTE 5 LOANS RECEIVABLE

Loans receivable consists of \$8,556,822 in deferred-payment rehabilitation loans to qualifying low income households in connection with the CDBG and Home Programs and \$532,439 loan to Home Investment Partnership. Because of the long-term nature of the CDBG loans, the City has recorded deferred or unavailable revenue against these loans in the amount of \$9,089,261.

NOTE 6 CAPITAL ASSETS

Summary of changes in capital assets for the year ended June 30, 2013:

Governmental Activities:

	Balance at July 1, 2012	Additions	Reclass/ Transfers	Deletions	Balance at June 30, 2013
Capital assets not being depreciated:					
Land	\$ 5,257,966	\$ -	\$ -	\$ -	\$ 5,257,966
Construction in Progress	8,307,857	4,986,092	(6,618,593)	-	6,675,356
Total capital assets not being depreciated	13,565,823	4,986,092	(6,618,593)	-	11,933,322
Capital assets being depreciated:					
Buildings and improvements	46,542,278	1,532,329	(74,053)	-	48,000,554
Machinery and equipment	6,252,267	29,875	(233,417)	-	6,048,725
Infrastructure	284,040,774	5,083,616	-	-	289,124,390
Total capital assets being depreciated	336,835,319	6,645,820	(307,470)	-	343,173,669
Less accumulated depreciation for:					
Buildings and improvements	(17,341,697)	(1,240,877)	-	-	(18,582,574)
Machinery and equipment	(4,168,090)	(362,030)	185,905	-	(4,344,215)
Infrastructure	(142,919,066)	(7,792,410)	-	-	(150,711,476)
Total accumulated depreciation	(164,428,853)	(9,395,317)	185,905	-	(173,638,265)
Net capital assets being depreciated	172,406,466	(2,749,497)	(121,565)	-	169,535,404
Net capital assets - governmental activities	\$ 185,972,289	\$ 2,236,595	\$ (6,740,158)	\$ -	\$ 181,468,726

NOTE 6 CAPITAL ASSETS (CONTINUED)

Business-type Activities:

	Balance at July 1, 2012	Additions	Deletions	Balance at June 30, 2013
Capital assets not being depreciated:				
Land	\$ 23,125	\$ -	\$ -	\$ 23,125
Construction in Progress	2,433,654	54,802	-	2,488,456
Water rights	2,389,300	6,007,281	-	8,396,581
Total capital assets not being depreciated	4,846,079	6,062,083	-	10,908,162
Capital assets being depreciated:				
Buildings and improvements	7,323,939	-	-	7,323,939
Distribution system	11,311,114	-	-	11,311,114
Office equipment	663,789	20,719	-	684,508
Vehicles	14,394,990	6,804,135	(2,043,033)	19,156,092
Tools and equipment	1,458,111	-	(6,089)	1,452,022
Miscellaneous	186,806	11,441	(21,249)	176,998
Total capital assets being depreciated	35,338,749	6,836,295	(2,070,371)	40,104,673
Less accumulated depreciation for:				
Buildings and improvements	(1,772,394)	(216,486)		(1,988,880)
Distribution system	(4,665,334)	(268,811)	-	(4,934,145)
Office equipment	(308,199)	(29,933)	-	(338,132)
Vehicles	(7,068,597)	(1,331,907)	2,043,033	(6,357,471)
Tools and equipment	(527,482)	(106,388)	6,089	(627,781)
Miscellaneous	(179,407)	(18,515)	21,249	(176,673)
Total accumulated depreciation	(14,521,413)	(1,972,040)	2,070,371	(14,423,082)
Net capital assets being depreciated	20,817,336	4,864,255	-	25,681,591
Net capital assets - governmental activities	\$ 25,663,415	\$ 10,926,338	\$ -	\$ 36,589,753

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:

General Government	\$ 1,081,820
Public Safety	78,491
Urban Development	23,515
Public Works	7,774,142
Culture and Leisure	303,353
Health and Welfare	128,322

Depreciation on capital assets held by the City's

Internal Service Fund are charged to the various

functions based on the usage of those assets

5,675

Total depreciation expense - governmental activities \$ 9,395,317

Business-type Activities

Transit \$ 1,674,635

Water 297,405

Total depreciation expense - business-type activities \$ 1,972,040

NOTE 7 LONG-TERM LIABILITIES

Changes in long-term liabilities for the year ended June 30, 2013, were as follows:

	Balances at July 1, 2012	Additions	Retirements	Balances at June 30, 2013	Due Within One Year
Governmental activities:					
Lease Revenue Refunding Bond	\$ 16,020,000	\$ 7,120,000	\$ (8,075,000)	\$ 15,065,000 ^(a)	\$ 850,000
Add:					
Unamortized bond premium	-	184,115	-	184,115	-
	<u>16,020,000</u>	<u>7,304,115</u>	<u>(8,075,000)</u>	<u>15,249,115</u>	<u>850,000</u>
Compensated absences	2,429,133	522,653	(505,984)	2,445,802	397,001
Other postemployment benefits	3,816,505	1,916,904	(935,603)	4,797,806	-
Total governmental activities	<u>22,265,638</u>	<u>9,743,672</u>	<u>(9,516,587)</u>	<u>22,492,723</u>	<u>1,247,001</u>
Business-type activities					
2013A Lease Revenue Bonds	-	9,395,000	-	9,395,000 ^(a)	150,000
Add:					
Unamortized bond premium	-	306,747	-	306,747	-
	<u>-</u>	<u>9,701,747</u>	<u>-</u>	<u>9,701,747</u>	<u>150,000</u>
Compensated absences	523,683	89,097	(75,510)	537,270	78,784
Other postemployment benefits	1,810,172	706,227	(302,131)	2,214,268	-
Total business-type activities	<u>2,333,855</u>	<u>10,497,071</u>	<u>(377,641)</u>	<u>12,453,285</u>	<u>228,784</u>
Total long-term liabilities	<u>\$ 24,599,493</u>	<u>\$ 20,240,743</u>	<u>\$ (9,894,228)</u>	<u>\$ 34,946,008</u>	<u>\$ 1,475,785</u>

(a) bond proceeds invested in capital assets

Debt service payments for governmental activities are made from Debt Service Funds, the General Fund, and the Parking Structure Special Revenue fund.

Compensated Absences Payable

The City's policies relating to compensated absences are described in Note 1. The outstanding balance at June 30, 2013, was \$2,445,802 and \$537,270 for the Governmental Activities and Business-type Activities, respectively. The liability for Governmental Activities is primarily liquidated from the general fund while the liability for Business-type Activities is liquidated from the enterprise funds.

Other Postemployment Benefits

Refer to Note 11 for related disclosures regarding other postemployment benefits. The liability for governmental activities is primarily liquidated from the general fund while the liability for business-type activities is liquidated from the enterprise funds.

NOTE 7 LONG-TERM LIABILITIES (CONTINUED)

Lease Revenue Refunding Bonds

1999 Lease Revenue Refunding Bonds:

\$10,210,000 Lease Revenue Refunding Bonds, Series 1999; net of bond issuance and discount costs of \$318,677 issued in August 1999 to refund certain existing obligations of the City, pay for a portion of the costs of a transportation/public services facility and fund improvements to the City Hall complex; principal due in amounts ranging from \$75,000 to \$655,000 on February 1 of each year starting in 2000 through 2029; the bonds are subject to mandatory redemption prior to maturity, in part by lot on February 1, 2020, and thereafter on each February 1, at par plus accrued interest to the date of redemption without premium; interest rates vary from 5% to 5.375%. A reserve of \$639,690 is required to be set aside, along with a bond insurance policy issued by MBIA, to further secure the payment of principal and interest on the bonds. This reserve was fully funded until May 2013, when the 1999 Lease Revenue Refunding Bonds were refunded and defeased through the issuance of 2013A Lease Revenue Refunding Bonds as described in the succeeding page.

2001 Lease Revenue Refunding Bonds:

\$12,795,000 Lease Revenue Refunding Bonds; issued October 1, 2001; serial bonds due in amounts ranging from \$275,000 to \$550,000 on April 1 of each year starting in 2002 through 2016 and term bonds with principal amounts of \$1,195,000, \$1,310,000 and \$3,855,000 due on April, 2018, 2020 and 2025, respectively; interest rates vary from 2.05% to 5.25%. The bonds maturing on or after April 1, 2018, are subject to redemption prior to maturity at par plus accrued interest to the redemption date without premium. The proceeds of the 2001 Lease Revenue Refunding Bonds were used to defease the 1995 Lease Revenue Refunding Bonds and to fund the construction of certain capital improvements. The 1995 Lease Revenue Refunding Bonds were fully retired at June 30, 2003. The balance outstanding on the 2001 Lease Revenue Refunding Bonds at June 30, 2013, was \$7,945,000.

In July 2013, the 2001 Lease Revenue Refunding Bonds was fully refunded and defeased with the issuance of the 2013B Lease Revenue Refunding Bonds amounting to \$8,630,000.

Future debt service principal and interest payments on the new debt are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 545,000	\$ 297,614	\$ 842,614
2015	535,000	315,750	850,750
2016	550,000	294,350	844,350
2017	580,000	272,350	852,350
2018	610,000	249,150	859,150
2019-2023	3,395,000	856,500	4,251,500
2024-2025	2,415,000	125,750	2,540,750
Totals \$	<u>\$ 8,630,000</u>	<u>\$ 2,411,464</u>	<u>\$ 11,041,464</u>

NOTE 7 LONG-TERM LIABILITIES (CONTINUED)

2013A Lease Revenue Refunding Bonds:

\$7,120,000 Lease Revenue Refunding Bonds, Series 2013A; plus bond premium of \$184,115 issued in May 1, 2013 to refund and defease the 1999 Lease Revenue Refunding Bonds; principal due in amounts ranging from \$200,000 to \$575,000 on June 1 of each year starting in 2014 through 2029; the bonds are subject to mandatory redemption prior to maturity, in part by lot on June 2024, and thereafter on each June 1, at par plus accrued interest to the date of redemption without premium; interest rates vary from 2% to 4%. A reserve of \$301,766, which is required to be set aside, along with a bond insurance policy issued by Assurance Guaranty Municipal Corp, further secure the payment of principal and interest on the bonds.

At June 30, 2013, this reserve was fully funded. The \$7,120,000 proceeds was used to purchase state and local government securities that were deposited in a trust with an escrow agent to provide for all future debt service payments on the remaining Lease Revenue Refunding Bonds, Series 1999. As a result, these 1999 bonds were fully defeased on May 1, 2013. The defeasance of the bonds resulted in loss from defeasance of \$96,343.

The balance outstanding on the 2013 Lease Revenue Refunding Bonds at June 30, 2013, was \$7,120,000.

Future debt service principal and interest payments on the 2013 Lease Revenue Refunding Bonds are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 345,000	\$ 256,034	\$ 601,034
2015	365,000	233,132	598,132
2016	385,000	218,532	603,532
2017	400,000	203,132	603,132
2018	415,000	187,131	602,131
2019-2023	2,310,000	695,300	3,005,300
2024-2028	2,700,000	301,304	3,001,304
2029	200,000	7,000	207,000
Subtotals	<u>7,120,000</u>	<u>2,101,565</u>	<u>9,221,565</u>
Add (deduct):			
Bond premium	184,115		184,115
Totals	<u>\$ 7,304,115</u>	<u>\$ 2,101,565</u>	<u>\$ 9,405,680</u>

NOTE 7 LONG-TERM LIABILITIES (CONTINUED)

2013A Water Revenue Bonds

\$9,395,000 Water Revenue Bonds; issued May 2, 2013; serial bonds due in amounts ranging from \$150,000 to \$305,000 on June 1 of each year starting in 2014 through 2029, with variable interest rates from 2% to 3.25%, and term bonds with principal amounts of \$1,335,000 and \$4,380,000 due on June 1, 2033 and June 1, 2043, respectively, with fixed interest rates of 3.50% and 4%, respectively.

\$6,000,000 from the proceeds of the 2013A Water Revenue Bonds were used to acquire 500 acre feet water pumping allocation rights from the City of Vernon, California. The remaining proceeds will be used to construct infrastructure designed to provide additional capacity to pump and deliver water to the areas which currently depend on purchased water. The balance outstanding on the 2013A Water Revenue Bonds at June 30, 2013, was \$9,395,000.

The City is required, to maintain the rates and charges for the water services to be at least 125% of maximum annual debt service payment.

Future debt service principal and interest payments on the 2013 Water Revenue Bonds are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 150,000	\$ 391,471	\$ 541,471
2015	175,000	364,962	539,962
2016	180,000	359,712	539,712
2017	185,000	352,512	537,512
2018	195,000	345,113	540,113
2019-2023	1,100,000	1,589,563	2,689,563
2024-2028	1,390,000	1,305,313	2,695,313
2029-2033	1,640,000	1,051,463	2,691,463
2034-2038	1,975,000	724,000	2,699,000
2039-2043	2,405,000	296,200	2,701,200
Subtotals	\$ 9,395,000	\$ 6,780,309	\$ 16,175,309

Add (deduct):

Bond premium	306,747		306,747
Totals	\$ <u>9,701,747</u>	\$ <u>6,780,309</u>	\$ <u>16,482,056</u>

NOTE 8 CITY EMPLOYEES RETIREMENT PLAN (DEFINED BENEFIT PENSION PLAN)

Plan Description

The City contributes to the California Public Employees Retirement System (PERS), an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Copies of PERS' annual financial report may be obtained from its executive office: Lincoln Plaza North, 400 Q Street, Sacramento, California 95811.

Funding Policy

Participants are required to contribute 8% of their annual covered salary. The City makes the contributions required of City employees on their behalf and for their account. Under the new Memorandum of Understanding between the City and the Norwalk City Employees Association for General and Hourly Unit and the City and the Norwalk Association of Management Employees, effective July 1, 2011 through June 30, 2014, all eligible employees hired on or after November 1, 2011 through April 19, 2012 will contribute 4% of the employee's 8% contribution. Employees hired on or after April 20, 2012 will contribute 4% of the employee's 7% contribution. With the passing of AB340 known as the Public Employees' Pension Reform Act of 2013 (PEPRA), new employees hired on or after January 1, 2013 who meet the definition of new member contribute 6.75% of their reportable contribution. For the year ended June 30, 2013, the amount contributed by the City on behalf of the employees was \$1,142,665. The City is required to contribute at an actuarially determined rate calculated as a percentage of covered payroll.

The employer contribution rate for the year ended June 30, 2013 was 17.846% for miscellaneous employees. Benefit provisions and all other requirements are established by state statute and City contract with employee bargaining groups.

Annual Pension Cost

For the year ended June 30, 2013, the City's annual pension cost (employer contribution) of \$2,554,269 for miscellaneous employees was equal to the City's required and actual contributions. The annual required contribution (ARC) for the period July 1, 2012 to June 30, 2013 has been determined by the actuarial valuation of the plan as of June 30, 2010.

NOTE 8 CITY EMPLOYEES RETIREMENT PLAN (DEFINED BENEFIT PENSION PLAN (CONTINUED))

A summary of principal assumptions and methods used to determine the ARC is shown below:

Valuation Date:	June 30, 2010
Actuarial Cost Method:	Entry Age Normal Cost Method
Amortization Method:	Level Percent of Payroll
Average Remaining Period:	23 Years as of the Valuation Date
Asset Valuation Method:	15 Year Smoothed Market
Actuarial Assumptions:	
Investment Rate of Return:	7.75% (net of administrative expenses)
Projected Salary Increases:	3.55% to 14.45% depending on Age, Service, and type of employment
Inflation:	3.00%
Payroll Growth:	3.25%
Individual Salary Growth:	A merit scale varying by duration of Employment coupled with an assumed annual Inflation growth of 3.00% and an annual Production growth of 0.25%

Initial unfunded liabilities are amortized over a closed period that depends on the plan's date of entry into CalPERS. Subsequent plan amendments are amortized as a level percentage of pay over a closed 20-year period. Gains and losses that occur in the operation of the plan are amortized over a 30 year rolling period, which results in an amortization of about 6% of unamortized gains and losses each year. If the plan's accrued liability exceeds the actuarial value of plan assets, then the amortization payment on the total unfunded liability may not be lower than the payment calculated over a 30 year amortization period.

Funding Status and Funding Progress

PERS Annual Actuarial Valuation Report as of June 30, 2012 provided the following funded status on a market value of assets basis (MVA) in comparison to June 30, 2011:

	<u>June 30, 2011</u>	<u>June 30, 2012</u>	<u>Variance</u>	<u>%</u>
Present Value of Projected Benefits	\$ 141,467,756	\$ 146,265,378	\$ 4,797,622	3.4%
Entry Age Normal Accrued Liability	121,455,437	126,968,899	5,513,462	4.5%
Actuarial Value of Assets (AVA)	<u>103,021,286</u>	<u>107,620,513</u>	<u>4,599,227</u>	4.5%
Unfunded Liability (AVA)	18,434,151	19,348,386	914,235	5.0%
Market Value of Assets (MVA)	91,680,173	89,722,787	(1,957,386)	-2.1%
Funded Status (on an MVA basis)	75.5%	70.7%	-35.5%	
Superfunded Status	No	No		

NOTE 8 CITY EMPLOYEES RETIREMENT PLAN (DEFINED BENEFIT PENSION PLAN (CONTINUED))

PERS valuation date as of June 30, 2012 reported the plan was 84.8% funded. Entry age normal accrued liability was \$127 million versus the actuarial value of assets (AVA) of \$108 million resulted to \$19 million unfunded liability. The annual covered payroll was \$14 million representing a ratio of 134.9% against unfunded liability

The Schedule of Funding Progress below shows the three-year recent history of the actuarial accrued liability versus the actuarial value of assets and the relationship of the unfunded actuarial accrued liability (UAAL) to payroll.

Schedule of Funding Progress for PERS (UNAUDITED)

Actuarial Valuation Date	Entry Age Actuarial Accrued Liability (AAL) (A)	Actuarial Asset Value (B)	Unfunded Actuarial	Funded Ratio [(B)/(A)] (D)	Covered Payroll (E)	Unfunded Accrued
			Accrued Liability (Excess Assets) [(A)-(B)] (UAAL) (C)			Actuarial Liability as Percentage of Covered Payroll {[(A)-(B)]/(E)}
June 30, 2010	\$ 114,183,506	\$ 98,322,770	\$ 15,860,736	86.11%	\$ 14,877,129	106.61%
June 30, 2011	121,455,437	103,021,286	18,434,151	84.82%	14,507,905	127.06%
June 30, 2012	126,968,899	107,620,513	19,348,386	84.76%	14,346,308	134.87%

Below is the three-year trend information on Annual Pension Cost:

Three-Year Trend Information for PERS

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2011	\$ 1,972,962	100%	-
June 30, 2012	2,388,580	100%	-
June 30, 2013	2,554,269	100%	-

NOTE 9 PART-TIME SEASONAL AND TEMPORARY EMPLOYEES' RETIREMENT PLAN

Public Agency Retirement Services (PARS) administers the City's alternate retirement system plan. It is a defined contribution plan qualifying under 401(a) and 501 of the Internal Revenue Code. Contributions of 7.50% of covered compensation of eligible employees are made by the employee. The plan covers part-time, seasonal, and temporary employees paid on City's payroll who are not covered by another retirement system, pursuant to the requirements of 3121 (b)(7)(F) of the Internal Revenue Code. All eligible employees are covered by the plan and are fully vested. Employee liabilities are limited to the amount of current contributions. Contributions are applied to each participant accounts based on the data submitted to PARS Trust and actual deposits made to PARS Trustee (US Bank). The total amount of covered compensation was \$4,573,714 and employee contributions made during the fiscal year ended June 30, 2013, were \$343,019. Any amendments to the plan go through a resolution for adoption by the City Council.

NOTE 10 DEFERRED COMPENSATION / DEFINED CONTRIBUTION PLAN

The City has established a deferred compensation plan for all officers and employees. Participation in the plan is voluntary and may be revoked at any time upon advance written notice. Generally, the amount of compensation subject to deferral until retirement, disability, or other termination by a participant may not exceed the legal limits set by the Internal Revenue Code. Amounts withheld by the City under this plan are deposited regularly into a commercial savings account held by the City, then transferred to a trust account.

As of June 30, 2013, the deferred compensation plan assets were held in a trust account for the sole benefit of the employees and their beneficiaries and, accordingly, have been excluded from the City's reported assets.

The City has established Deferred Compensation/Defined Contribution plan for certain classifications of management under Internal Revenue Service Code Section 401(a). City participation in contributions to the plan is mandatory. The City is obligated to contribute amounts ranging from 2% to 4% of the annual salary per participant, per year. Under this qualified 401a plan, a total of \$122,490 with 28 participants was remitted to ICMA with an ending investment balance of \$1,182,530. On the other hand, employee contributions to deferred compensation plan 457 are voluntary. During the year, there were 152 participants. City contributions totaled \$591,905. Total plan assets at June 30, 2013, were \$11,589,799. International City Management Association Retirement Corporation's Retirement Trust and Nationwide Retirement Solutions administer the Deferred Compensation Defined Contribution plans for the City. Separate financial reports can be obtained on each agency by members per request either by phone, email or online through their websites. Memorandum of Understanding approved by the City Council is the authority for establishing or amending the plan's provisions.

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS

Plan Description and Funding Policy

In addition to providing pension benefits, the City as a single-employer provides medical insurance for certain employees after they have separated from the City, as provided under the City's contractual agreements with the Management and General Unit employees. Members from each unit that retire from the City on or after attaining the age of 50, with at least 5 years of service, are eligible for these benefits. Effective November 1, 2011, the City, the Norwalk City Employees Association, and the Norwalk Association of Management Employees agreed to implement a longevity stipend for its employees and retirees. The longevity stipend of the retirees will be determined based on the provisions as applicable below:

	GENERAL	MANAGEMENT
Longevity Stipend (Tier 1) - Employees/Retirees Hired Before November 1, 2011:		
Benefit Types Provided	Medical Only	Medical Only
Duration of Benefits	Lifetime	Lifetime
Minimum Age	50	50
Dependent Coverage	Yes	Yes
Required Years of Service	5 Years	5 Years
City Contribution %	100%	100%
City Cap	\$800 per month	PERSCare Family Rate

Longevity Stipend (Tier 2) - Employees/Retirees Hired On or After

Years of Service	Percentage of Maximum Longevity Stipend	
10 to 14 years	50%	50%
15 to 19 years	75%	75%
20+ years	100%	100%
City Cap	\$800 per month	PERSCare Family Rate

Longevity Stipend (Tier 3) - Employees/Retirees Hired Before November 1, 2011,

Years of Service	Percentage of Maximum Longevity Stipend	
5 to 9 years	50%	50%
10+ years	100%	100%
City Cap	\$800 per month	PERSCare Family Rate

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Eligible participants to the plan at August 1, 2012, the date of the latest actuarial valuation are as follows:

Eligible active employees:		
General		198
Management		24
	Subtotal	222
Eligible retirees		177
	Total	399

As of June 30, 2013, there were 177 eligible retirees receiving medical benefits paid through CalPERS. The City pays insurance premiums for these benefits based on the maximum PERSCare Family Rate of \$2,480 for Management Unit retirees and \$800 per month for General Unit retirees. As of June 30, 2013, the City has not established a trust or equivalent that contains an irrevocable transfer of assets dedicated to providing benefits to retirees in accordance with the terms of the plan and that are legally protected from creditors. The City finances these post employment benefits on a pay-as-you-go basis. Its share of the annual premiums for these benefits are payable as they become due. For fiscal year ended June 30, 2013, \$1,237,734 of postemployment benefit expenditures was paid.

Annual OPEB Cost and Net OPEB Obligation

The following table shows the components of the City's annual Other Postemployment Benefits (*OPEB*) cost for the year (based on 30-year amortization), the amount of benefits and/or insurance premiums actually paid and the City's Net OPEB obligation as of June 30, 2013:

Annual required contribution	\$	2,440,264
Interest on <i>OPEB</i> obligation		182,867
Annual <i>OPEB</i> cost (expense)		2,623,131
Contributions to irrevocable trust		-
Premium payments including benefit payments		1,237,734
Increase in net <i>OPEB</i> obligation		1,385,397
Net <i>OPEB</i> obligation - beginning of year		5,626,677
Net <i>OPEB</i> obligation - end of year	\$	7,012,074

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

The Annual Required Contribution (ARC) is an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

Three Year Trend Information:

Fiscal Year Ended	Annual OPEB Cost	Annual Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/11	\$2,517,857	\$1,174,597	47%	\$4,279,103
6/30/12	2,561,513	1,213,939	47%	5,626,677
6/30/13	2,623,131	1,237,734	47%	7,012,074

Funded Status and Funding Progress

The funded status of the plan as of June 30, 2013 based on the plan's most recent actuarial valuation date of August 1, 2012, was:

Actuarial accrued liability (AAL)	\$ 32,031,534
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	\$ <u>32,031,534</u>
 Normal cost	 \$ <u>923,082</u>

The normal cost for the plan is the amount that the liabilities are expected to increase during the year based on increased eligibility and service. Normal cost is the value of benefits expected to be earned during the year, based on certain methods and assumptions.

The Schedule of Funding Progress for OPEB is presented below. As presented based on the Actuarial Study of Retiree Health Liabilities as of August 1, 2012, the Unfunded Actuarial Accrued Liability (UAAL) ratio to covered payroll has increased from 199.32% to 223.80%. Since the City has not established a trust, the plan is unfunded and therefore the actuarial value of plan assets remains at zero.

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Actuarial Valuation Date	Entry Age Actuarial Accrued Liability (AAL) (A)	Actuarial Asset Value (B)	Unfunded Actuarial Accrued Liability (Excess Assets) [(A)-(B)] (UAAL) (C)	Funded Ratio [(B)/(A)] (D)	Covered Payroll (E)	Unfunded Actuarial Liability as Percentage of Covered Payroll {[(A)-(B)]/(E)} (F)
August 1, 2007	\$ 22,913,248	\$ -	\$ 22,913,248	0.00%	\$ 15,513,826	147.70%
August 1, 2010	29,011,374	-	29,011,374	0.00%	14,555,235	199.32%
August 1, 2012	32,031,534	-	32,031,534	0.00%	14,312,812	223.80%

Actuarial Methods and Assumptions

In the August 1, 2012 actuarial valuation, the entry age normal actuarial cost method was used to value liabilities. Under the entry age normal cost method, an average age at hire and average retirement age are determined for eligible employees. The actuarial assumptions included a 5% discount rate, an annual average increase of 4% in pay-as-you-go retiree health costs over the next 10 years, a 3% general inflation rate, and a 3% annual payroll increase. The UAAL is being amortized as a level percentage of projected payroll over 30 years. Amortization methods used a closed 30-year amortization period for the initial UAAL and an open 30 year amortization period for any residual UAAL.

NOTE 12 FUND BALANCES

Fund balances at June 30, 2013, consisted of the following:

	General	Housing and Community Development Special Revenue	Housing Authority	Other Governmental Funds	Total
Nonspendable					
Advances to Successor Agency	\$ 6,251,517	\$ -	\$ -	\$ -	\$ 6,251,517
Advances to other funds	4,039,340	-	-	-	4,039,340
Inventory of materials and supplies	8,434	-	-	-	8,434
Prepaid items	37,884	-	-	-	37,884
Subtotal	<u>10,337,175</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,337,175</u>
Restricted					
Special revenue funds	-	557,555	1,235,133	6,091,589	7,884,277
Capital projects funds	-	-	-	3,691,069	3,691,069
Debt service	-	-	-	301,985	301,985
Subtotal	<u>-</u>	<u>557,555</u>	<u>1,235,133</u>	<u>10,084,643</u>	<u>11,877,331</u>
Committed					
	<u>283,583</u>	<u>-</u>	<u>-</u>	<u>2,859,188</u>	<u>3,142,771</u>
Assigned					
	<u>776,628</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>776,628</u>
Unassigned					
	<u>14,728,462</u>	<u>-</u>	<u>-</u>	<u>(752,744)</u>	<u>13,975,718</u>
Total fund balances	\$ <u>26,125,848</u>	\$ <u>557,555</u>	\$ <u>1,235,133</u>	\$ <u>12,191,087</u>	\$ <u>40,109,623</u>

NOTE 13 ACCUMULATED FUND DEFICITS

Prop C I-5 Mitigation	\$	(317,303)
Special Projects		<u>(435,441)</u>
		<u><u>(752,744)</u></u>

NOTE 14 DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

Pursuant to GASB Statement No. 63, *“Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position”* and GASB Statement No. 65, *“Items Previously Reported as Assets and Liabilities,”* the City recognized deferred outflows of resources in the City’s financial statements. The deferred outflow of resources pertains to the unamortized loss on defeasance of debt. Previous financial reporting standards require this amount to be presented as part of the City’s long-term debt. This deferred outflow of resources is recognized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the life of the new debt, whichever is shorter.

		<u>Balance at</u>
		<u>June 30, 2013</u>
Governmental Activities		
Deferred outflows of resources		
Unamortized loss on defeasance of debt	\$	<u>96,343</u>

The deferred inflow of resources pertains to unavailable revenues which represent receivables that were not received within the availability period.

		<u>Balance at</u>
		<u>June 30, 2013</u>
Governmental Activities		
Deferred inflows of resources		
Unavailable Revenue - Receivables that were not received within the availability period and were not recognized as revenues	\$	<u>3,638,218</u>

NOTE 15 INSURANCE POLICIES

Description of Self-Insurance Pool Pursuant to Joint Powers Agreement

City of Norwalk is a member of the California Joint Powers Insurance Authority (Authority). The Authority is composed of 122 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group purchased insurance for property and other lines of coverage. The California JPIA began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a nine-member Executive Committee.

Self-Insurance Programs of the Insurance Authority

Each member pays an annual contribution to cover estimated losses for the coverage period. This initial funding is paid at the beginning of the coverage period. After the close of the coverage period, outstanding claims are valued. A retrospective deposit computation is then conducted annually thereafter until all claims incurred during the coverage period are closed on a pool-wide basis. This subsequent cost re-allocation among members based on actual claim development can result in adjustments of either refunds or additional deposits required. The total funding requirement for self-insurance programs is estimated using actuarial models and pre-funded through the annual contribution. Costs are allocated to individual agencies based on exposure (payroll) and experience (claims) relative to other members of the risk-sharing pool. Additional information regarding the cost allocation methodology is provided below.

Liability

In the liability program, claims are pooled separately between police and non-police exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$30,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$30,000 to \$750,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs in excess of \$750,000 up to the reinsurance attachment point of \$5 million are distributed based on the outcome of cost allocation within the first and second loss layers. (5) Costs of covered claims from \$5 million to \$10 million are paid under a reinsurance contract subject to a \$2.5 million annual aggregate deductible. The \$2.5 million annual aggregate deductible is fully covered under a separate policy; as such no portion of it is retained by the Authority. Costs of covered claims from \$10 million to \$15 million are paid under two reinsurance contracts subject to a combined \$3 million annual aggregate deductible. The \$3.0 million annual aggregate deductible is fully retained by the Authority. (6) Costs of covered claims from \$15 million up to \$50 million are covered through excess insurance policies.

NOTE 15 INSURANCE POLICIES (CONTINUED)

The overall coverage limit for each member including all layers of coverage is \$50 million per occurrence

Costs of covered claims for subsidence losses are paid by reinsurance and excess insurance with a pooled sub-limit of \$25 million per occurrence. This \$25 million subsidence sub-limit is composed of (a) \$5 million retained within the pool's SIR, (b) \$10 million in reinsurance and (c) \$10 million in excess insurance. The excess insurance layer has \$20 million annual aggregate. For the period July 1, 2012 to July 1, 2013, the annual contribution the City paid was \$1,378,070.

Workers' Compensation

In the workers' compensation program claims are pooled separately between public safety (police and fire) and non-public safety exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$50,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes costs from \$50,000 to \$100,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs in excess of \$100,000 up to reinsurance attachment point of \$2 million are distributed based on the outcome of cost allocation within the first and second loss layers. (5) Costs of covered claims from \$2 million up to statutory limits are paid under the reinsurance policy. Protection is provided per statutory liability under California Workers' Compensation Law. Employer's Liability losses are pooled among members to \$2 million. Coverage from \$2 million to \$5 million is purchased as part of reinsurance policy, and Employer's Liability losses from \$5 million to \$10 million are pooled among members. Annual contribution, including retrospective adjustment paid for this coverage was \$2,348,934.

Purchased Insurance

Property Insurance

The City of Norwalk participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. City of Norwalk property is currently insured according to a schedule of covered property submitted by City of Norwalk to the Authority. City of Norwalk property currently has all-risk property insurance protection in the amount of \$91,382,510. There is a \$5,000 deductible per occurrence except for non-emergency vehicle insurance which has a \$1,000 deductible. Premiums for the coverage are paid annually and are not subject to retroactive adjustments. Premium paid for 2012-2013 was \$251,680.

NOTE 15 INSURANCE POLICIES (CONTINUED)

Pollution Legal Liability Insurance

The City of Norwalk participates in the pollution legal liability insurance program (formerly called environmental insurance) which is available through the Authority. The policy covers sudden and gradual pollution of scheduled property, streets, and storm drains owned by City of Norwalk. Coverage is on a claims-made basis. There is a \$50,000 deductible. The Authority has a limit of \$50 million for the 3-year period from July 1, 2011 through July 1, 2014. Each member of the Authority has a \$10 million sub-limit during the 3-year term of the policy.

Earthquake and Flood Insurance

The City of Norwalk purchases earthquake and flood insurance on a portion of its property. The earthquake insurance is part of the property protection insurance program of the Authority. City of Norwalk property currently has earthquake protection in the amount of \$32,517,153. There is a deductible of 5% per unit of value with a minimum deductible of \$100,000. Premiums for the coverage are paid annually and are not subject to retroactive adjustments.

Crime Insurance

The City of Norwalk purchases crime insurance coverage in the amount of \$1,000,000 with a \$2,500 deductible. The fidelity coverage is provided through the Authority. Premiums are paid annually and are not subject to retroactive adjustments.

Special Event Tenant User Liability Insurance

The City of Norwalk further protects against liability damages by requiring tenant users of certain property to purchase low-cost tenant user liability insurance for certain activities on agency property. The insurance premium is paid by the tenant user and is paid to the City of Norwalk according to a schedule. The City of Norwalk then pays for the insurance. The insurance is arranged by the Authority.

Adequacy of Protection

During the past three fiscal years, none of the above programs of protection experienced settlements or judgments that exceeded pooled or insured coverage. There were also no significant reductions in pooled or insured liability coverage in 2012-13.

The aforementioned information is not included in the accompanying financial statements. Complete financial statements for the Insurance Authority may be obtained at its administrative office located at 8081 Moody Street, La Palma, California 90623.

NOTE 16 CONTINGENT LIABILITIES

The City is a defendant in certain legal actions arising in the normal course of operations. It is management's opinion that these actions will not have a material adverse effect on the City's financial position.

In Santa Clara County Local Transportation Authority vs. Guardino (1995), the California Supreme Court upheld Proposition 62, a 1986 initiative that requires voter approval for local taxes. After two lower courts invalidated key portions of Proposition 62, most practitioners and local agencies have considered Proposition 62 unenforceable and have acted accordingly.

Since 1986, the City has implemented the following taxes without a vote of the people.

- Hotel-Motel Occupancy Tax - Increased rate from 6% to 8% effective October 1, 1989 and from 8% to 10% effective October 1, 1990.

The City had a special election on April 11, 2006, to receive voter approval on the Hotel-Motel Occupancy tax rate. The voters approved a Hotel-Motel Occupancy tax rate of 10%.

NOTE 17 JOINT POWERS AGREEMENTS

The City is involved in two joint ventures, in addition to joint insurance pooling with the California Joint Powers Insurance Authority (as described in Note 15).

Southwest Water Coalition

On July 1, 1991 the City, along with more than ten public agencies, entered into a joint powers agreement to form the Southeast Water Coalition (Coalition). The Coalition's purpose is to jointly exercise their powers for the purpose of improving and protecting the quality and quantity of potable water in the Southeast Area of Los Angeles County. The legislative body of each of the participating parties shall appoint one board member. Contributions are required upon arrival of a majority of all members of the Board. The City of Norwalk may withdraw from the Coalition upon 30 day written notice and payment of any previously unpaid contributions.

Upon termination of the Coalition, all of its then existing assets shall be divided equally among the then remaining member agencies. This joint venture is not currently experiencing financial stress or accumulating significant resources. The City does not have a measurable material equity interest in the joint venture.

Separate financial statements for the Southeast Water Coalition are available at the City of Norwalk, 12700 Norwalk Boulevard, Norwalk, CA 90651-1030.

NOTE 17 JOINT POWERS AGREEMENTS (CONTINUED)

I-5 Consortium Joint Powers Authority

The City of Norwalk is one of six cities that formed the 1-5 Consortium Joint Powers Authority (Consortium) in May 1991. The Consortium was created to act in concert with the State of California and Federal Agencies in matters pertaining to the development of plans and financing for 1-5 Freeway improvements. Each member city has appointed one board member to represent its city. Annual contributions are required on an equal pro-rata basis upon approval by the Board. For the year ended June 30, 2013, the City of Norwalk contributed \$45,600.

The City of Norwalk is responsible for a pro-rata share of any liability to the State of California or federal government that arises from any agreement entered into by the Consortium. Upon termination of the Consortium, all of its then existing assets shall be divided equally among the then remaining member cities. This joint venture is not currently experiencing financial stress or accumulating significant resources. The City does not have a measurable material equity interest in the joint venture.

Separate financial statements for the I-5 Consortium Joint Powers Authority are available at the City of Norwalk, 12700 Norwalk Boulevard, Norwalk, California 90651-1030.

NOTE 18 RELATED PARTY TRANSACTIONS

During the fiscal year ended June 30, 2013, the City used a vehicle towing company owned by a member of the City Council. Total annual payments made for the services amounted to \$1,230.

NOTE 19 GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) STATEMENTS ISSUED, NOT YET EFFECTIVE

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2013, that have effective dates that may impact future financial presentations. Management has not yet determined any impact the implementation of the following statements may have on the financial statements of the City.

GASB No. 68 - GASB has issued Statement No. 68, Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27. The requirements of this Statement will improve the decision-usefulness of information in employer and governmental nonemployer contributing entity financial reports and will enhance its value for assessing accountability and interperiod equity by requiring recognition of the entire net pension liability and a more comprehensive measure of pension expense. Decision-usefulness and accountability also will be enhanced through new note disclosures and required supplementary information. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2014.

**NOTE 19 GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) STATEMENTS
ISSUED, NOT YET EFFECTIVE (CONTINUED)**

GASB No. 69 - GASB has issued Statement No. 69, Government Combinations and Disposals of Government Operations. This Statement establishes accounting and financial reporting standards related government combinations and disposals of government operations. As used in this Statement, the term government combinations includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations. This Statement requires disclosures to be made about government combinations and disposals of government operations to enable financial statement users to evaluate the nature and financial effects of those transactions. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2013.

GASB No. 70 - GASB has issued Statement No. 70, Accounting and Financial Reporting for Nonexchange Financial Guarantees. The objective of this Statement is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. The provisions of this Statement are effective for reporting periods beginning after June 15, 2013.

**NOTE 20 SUCCESSOR AGENCY TRUST FOR ASSETS OF THE DISSOLVED NORWALK
REDEVELOPMENT AGENCY**

The accompanying financial statements also include the Private-purpose Trust Fund for the Successor Agency to the City's former Redevelopment Agency (Successor Agency). The City, as the Successor Agency, serves in a fiduciary capacity, as custodian for the assets and to wind down the affairs of the former Redevelopment Agency. Its assets are held in trust for the benefit of the taxing entities within the former Redevelopment Agency's boundaries and as such, are not available for the use of the City.

Disclosures related to the certain assets and long-term liabilities of the Successor Agency are as follows:

Disclosure of Successor Agency Receivable

Agency's Advance to the General Fund

On December 4, 2007, the Agency advanced \$750,000 to the City, using tax increment revenues from the Merged Project Area, to be used to pay for the costs of rehabilitating a city-owned building located at 13629 San Antonio Drive. The loan accrues interest at 5% and is due in seven equal payments of \$127,205 commencing on the date that is one year after completion of rehabilitation ("Commencement Date"). The principal amount of the Agency loan is due and payable in full without any further demand or notice on the seventh anniversary of the Commencement Date.

NOTE 20 SUCCESSOR AGENCY TRUST FOR ASSETS OF THE DISSOLVED NORWALK REDEVELOPMENT AGENCY (CONTINUED)

Disclosure of Successor Agency Debts

Details of the Successor Agency's long-term debt as of June 30, 2013 follows:

	<u>Balances at</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balances at</u> <u>June 30, 2013</u>	<u>Due Within</u> <u>One Year</u>
Tax Allocation Refunding Bonds, 2005	\$ 57,205,000	\$ -	\$ (1,280,000)	\$ 55,925,000	(a) \$ 1,345,000
County deferred loans	40,352,409	718,097	-	41,070,506	-
Subtotals	<u>97,557,409</u>	<u>718,097</u>	<u>(1,280,000)</u>	<u>96,995,506</u>	<u>1,345,000</u>
Add (deduct) deferred amounts					
Bond premium	373,033	-	(16,045)	356,988	-
Bond discount	<u>(275,127)</u>	<u>-</u>	<u>11,833</u>	<u>(263,294)</u>	<u>-</u>
	97,655,315	718,097	(1,284,212)	97,089,200	1,345,000
Advances from the City of Norwalk					
Agency expenditures paid by the City	939,586	1,201	(552,169)	388,618	-
Metro Center parcels	<u>8,367,888</u>	<u>18,177</u>	<u>-</u>	<u>8,386,065</u>	<u>-</u>
	9,307,474	19,378	(552,169)	8,774,683	-
Total long-term liabilities	<u>\$ 106,962,789</u>	<u>\$ 737,475</u>	<u>\$ (1,836,381)</u>	<u>\$ 105,863,883</u>	<u>\$ 1,345,000</u>

(a) bond proceeds from Series A invested in capital assets

Tax Allocation Refunding Bonds, 2005 Series A:

\$34,815,000 Tax Allocation Refunding Bonds, 2005 Series A; issued November 2005 to refund the Tax Allocation Refunding Bonds, Series 1995A and Series 1995B; serial bonds due in amounts ranging from \$610,000 to \$1,285,000 on October 1 of each year starting 2006 through 2025 and term bonds with principal amounts of \$7,445,000 and \$9,500,000 due on October 1, 2030 and 2035, respectively; interest rates vary from 3.50% to 5.00%. A reserve of \$1,233,601 is required to be set-aside to further secure the payment of principal and interest on the bonds. At June 30, 2013, this reserve was fully funded. The balance outstanding on the Tax Allocation Refunding Bonds, 2005 Series A at June 30, 2013, was \$30,000,000.

Future debt service principal and interest payments on the Tax Allocation Refunding Bonds, 2005 Series A are as follows:

NOTE 20 SUCCESSOR AGENCY TRUST FOR ASSETS OF THE DISSOLVED NORWALK REDEVELOPMENT AGENCY (CONTINUED)

Year ending June 30,	Principal	Interest	Total
2014	\$ 760,000	\$ 1,418,168	\$ 2,178,168
2015	795,000	1,379,293	2,174,293
2016	835,000	1,338,543	2,173,543
2017	875,000	1,300,168	2,175,168
2018	910,000	1,262,192	2,172,192
2019-2023	5,185,000	5,667,357	10,852,357
2024-2028	6,455,000	4,358,153	10,813,153
2029-2033	8,210,000	2,559,982	10,769,982
2034-2036	5,975,000	457,857	6,432,857
Subtotals	30,000,000	19,741,713	49,741,713
Add (deduct):			
Bond premium	356,988		356,988
Totals	\$ 30,356,988	\$ 19,741,713	\$ 50,098,701

Tax Allocation Refunding Bonds, 2005 Series B:

\$29,310,000 Tax Allocation Refunding Bonds, 2005 Series B; issued November 2005 to finance certain redevelopment activities; serial bonds due in amounts ranging from \$415,000 to \$585,000 on October 1 of each year starting 2006 through 2013 and term bonds with principal amounts of \$1,265,000 to \$15,275,000 due on October 1, 2015 through October 1, 2035, respectively; interest rates vary from 4.77% to 5.75%. A reserve of \$3,013,258 is required to be set-aside to further secure the payment of principal and interest on the bonds. At June 30, 2013, this reserve was fully funded. The balance outstanding on the Tax Allocation Refunding Bonds, 2005 Series B at June 30, 2013, was \$25,925,000.

Future debt service principal and interest payments on the Tax Allocation Bonds, 2005 Series B are as follows:

NOTE 20 SUCCESSOR AGENCY TRUST FOR ASSETS OF THE DISSOLVED NORWALK REDEVELOPMENT AGENCY (CONTINUED)

Year ending June 30,	Principal	Interest	Total
2014	\$ 585,000	\$ 1,449,511	\$ 2,034,511
2015	615,000	1,418,340	2,033,340
2016	650,000	1,385,450	2,035,450
2017	685,000	1,349,713	2,034,713
2018	720,000	1,311,075	2,031,075
2019-2023	4,240,000	5,896,416	10,136,416
2024-2028	5,570,000	4,527,240	10,097,240
2029-2033	7,350,000	2,688,125	10,038,125
2033-2036	5,510,000	487,025	5,997,025
Subtotals	25,925,000	20,512,895	46,437,895
Add (less) deferred amounts:			
Bond discount	(263,294)	-	(263,294)
Totals \$	25,661,706	\$ 20,512,895	\$ 46,174,601

County Deferred Loans

The former Norwalk Redevelopment Agency entered into deferred loan agreement with the Los Angeles County. The agreements were as follows:

Project Area No. 1:

An agreement was entered into on July 24, 1984, between the former Norwalk Redevelopment Agency (Agency) and the County of Los Angeles regarding the use of tax increment revenues generated by Project Area No.1. Various entities are entitled to their proportionate share of the annual tax increments, and the distribution is summarized as follows: Fire Protection District 16.9%; County of Los Angeles 54.8%; and the Agency 28.3%.

Recognizing the Agency's need to utilize a substantial portion of the annual tax increments generated in the project area, the County of Los Angeles agreed to loan its tax increments to the Agency. The County will defer receipt of its portion of the tax increment until the Agency is receiving \$1,500,000 in tax increment annually. Thereafter, the Agency shall continue to receive \$1,500,000 annually, but shall reimburse the County the excess tax increment above \$1,500,000 as a loan payment.

NOTE 20 SUCCESSOR AGENCY TRUST FOR ASSETS OF THE DISSOLVED NORWALK REDEVELOPMENT AGENCY (CONTINUED)

The dollar amount was increased from \$1,500,000 to \$2,900,000 when Amendment No. 2 was entered into on February 2, 1993. This amendment also stated that, commencing with the 1992-93 fiscal year, the Agency shall be granted a \$35,000 per year credit, for each such fiscal year, towards the cumulative deficit owed to the County.

The June 30, 2013, deferred loan balance payable to the County of Los Angeles for Project Area No. 1 was \$30,555,579.

Project Area No. 2:

An agreement was entered into on August 17, 1987, between the Agency and the County of Los Angeles in regards to the use of tax increment revenues generated by Project Area No. 2. The Agency, the County of Los Angeles and the Fire Protection District are all entitled to their proportionate shares of the annual tax increments. The distribution is as follows: Agency 29.1%; County 53.9%; and the District 17.0%.

Because of the Agency's need for a substantial portion of the tax increments, the County of Los Angeles agreed to loan its tax increments to the Agency on the following basis: the County shall annually loan to the Agency a portion of the amounts reimbursed, so that annually the Agency receives property tax increments up to \$600,000; the loan shall accrue interest at 7% per year; the Agency shall commence repayment of the loan by annually paying to the County all tax increments exceeding \$600,000; and the Agency may not pledge more than \$600,000 in annual tax increments to the repayment of any tax allocation bonds or notes without the consent of the County. The balance outstanding at June 30, 2013, was \$10,514,927.

The Department of Finance, in their review of ROPS I and II, disallowed the County deferred loan balances to be enforceable obligations.

Advances from the City's General Fund

The former Redevelopment Agency advances were used for the general cost and to build the Metro Center. The balance outstanding as of June 30, 2013 is \$8,774,683. On May 15, 2013, the Successor Agency received a Finding of Completion letter from the California Department of Finance, authorizing the Agency to place loan agreements between the former redevelopment agency and sponsoring entity on the ROPS, as an enforceable obligation, subject to the oversight board approval.

NOTE 20 SUCCESSOR AGENCY TRUST FOR ASSETS OF THE DISSOLVED NORWALK REDEVELOPMENT AGENCY (CONTINUED)

Successor Agency Commitments

Costco Wholesale Corporation

In November 1985, the former Norwalk Redevelopment Agency (Agency) entered into an agreement with Norwalk-La Mirada Unified School District (Landlord). Under this master lease agreement, the Agency leased approximately 11 acres of land from the Landlord for an initial term of 25 years, with five ten-year options to extend.

Concurrently, under the same terms, the Agency entered into a sub-lease agreement with the Costco Wholesale Corporation (Developer). On March 22, 2011, the Developer exercised its Extension Option to extend the sublease term to June 29, 2021, and the lease term of the master lease to June 30, 2021.

Since July 1, 1995, the rent payments are paid pursuant to the Second Stage Rent, which requires Agency to pay the Landlord all rental income received from sub-tenant. The minimum annual rent and the sublease for any extended term of the sublease is \$400,000 adjusted by the greater of one-half the increase in the Consumer Price Index, or a formula provided in the master agreement based on appraisal value of the property. Effective July 1, 2011, the minimum annual rent of \$659,250 was established base on the appraised value formula. It will be in effect until June 30, 2016.

As part of the developer's agreement, the Agency has agreed to make a rebate to the Developer. This rebate is referred to as "Agency Consideration." The amount of the rebate is calculated at 50% of sales tax paid to the State, not to exceed the total rent due under the sublease. The City has agreed to transfer the sales tax revenue to the Agency in accordance with the agreement, which remits the money to the Developer. The rebate is used to pay the "Agency Consideration" as described in the agreement. Agency Consideration is the amount of money to be provided to the Developer to enter the agreement. The Agency has agreed to pay a maximum of \$4,000,000 plus interest of 10% to the Developer. All payments to the Developer are applied to interest accrued on late payments, interest accrued on outstanding principal balance and finally to the principal balance. If sales taxes generated during the first 21 years do not permit liquidation of the Agency Consideration, then any principal balance remaining shall not have to be paid to the Developer by the Agency.

In relation to the master lease agreement between the Agency and NLMUSD as discussed in paragraphs 1 and 2 of this note, the Agency is required to remit to the Landlord 1/3 of 1% of sub-tenant's gross sales the Agency is receiving from the Developer as Percentage Rent.

NOTE 20 SUCCESSOR AGENCY TRUST FOR ASSETS OF THE DISSOLVED NORWALK REDEVELOPMENT AGENCY (CONTINUED)

CHANGE IN ACCOUNTING PRINCIPLE

Pursuant to GASB Statement Number 65, "*Items Previously Reported as Assets and Liabilities*," the City no longer amortizes the cost of debt issuance. These amounts should be expensed in the year they are incurred. The City made adjustments for these items as a cumulative effect of change in accounting principle in the current fiscal year. This resulted in the beginning Net Position for the Successor Agency to the Dissolved Redevelopment Agency Private-purpose Trust Fund being reduced by \$2,077,169.

NOTE 21 SUBSEQUENT EVENTS

The City has evaluated events subsequent to June 30, 2013 to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through December 23, 2013, the date the financial statements were available to be issued. Based upon this evaluation, it was determined that no subsequent events occurred that require recognition or additional disclosure in the financial statements other than the following:

- In July 2013, the 2001 Lease Revenue Refunding Bonds were fully refunded and defeased with the issuance of the 2013B Lease Revenue Refunding Bonds amounting to \$8,630,000. The 2013B Lease Revenue Refunding Bonds bears variable interest rates from 2% to 3.125% and will mature on June 20, 2025

REQUIRED SUPPLEMENTARY INFORMATION

City of Norwalk
Budgetary Comparison Schedule
General Fund
Year ended June 30, 2013

	Budgetary Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 32,575,580	\$ 33,399,908	\$ 34,190,894	\$ 790,986
Licenses and permits	950,120	950,120	1,095,276	145,156
Fines, forfeitures and penalties	1,496,800	1,566,800	1,558,155	(8,645)
Use of money and property	536,480	536,480	363,070	(173,410)
Intergovernmental	280,220	289,020	311,489	22,469
Charges for services	1,043,880	1,126,780	1,226,508	99,728
Rental income	770,900	770,900	778,252	7,352
Other	1,030,749	1,449,049	2,366,253	917,204
Total revenues	<u>38,684,729</u>	<u>40,089,057</u>	<u>41,889,897</u>	<u>1,800,840</u>
Expenditures				
Current:				
General government:				
Mayor, council and boards	655,260	657,760	591,505	66,255
Management and administration	2,762,607	2,756,607	2,436,670	319,937
City clerk	781,699	781,699	794,793	(13,094)
Personnel services	1,473,852	1,473,852	1,407,612	66,240
Financial services	2,029,089	2,029,089	1,672,732	356,357
Total general government	<u>7,702,507</u>	<u>7,699,007</u>	<u>6,903,312</u>	<u>795,695</u>
Public safety:				
Public safety operations	12,522,790	12,620,790	12,546,375	74,415
Emergency preparedness	32,100	32,100	35,474	(3,374)
Family resource center	219,431	219,431	230,623	(11,192)
Total public safety	<u>12,774,321</u>	<u>12,872,321</u>	<u>12,812,472</u>	<u>59,849</u>
Urban development:				
Community development operations	468,042	478,042	467,848	10,194
Building and safety	775,721	775,721	738,321	37,400
Engineering	778,228	778,228	676,983	101,245
Property maintenance	927,776	947,776	924,478	23,298
Planning	482,641	507,641	428,903	78,738
Total urban development	<u>3,432,408</u>	<u>3,487,408</u>	<u>3,236,533</u>	<u>250,875</u>
Public works				
Public services administration	671,324	671,324	659,857	11,467
Security and emergency services	25,309	31,909	27,032	4,877
Facilities maintenance	1,435,026	1,452,026	1,434,004	18,022
Street maintenance	125,893	137,893	130,470	7,423
Traffic maintenance	91,587	166,587	183,565	(16,978)
Signals and street lighting	667,874	671,874	585,383	86,491
Street sweeping	174,507	174,507	205,508	(31,001)
Sewer maintenance	482,226	537,226	531,075	6,151
Graffiti removal	453,916	458,916	427,843	31,073
Tree maintenance	384,137	389,137	433,833	(44,696)
Greenscape maintenance	754,587	756,587	724,021	32,566
Total highways and streets	<u>5,266,386</u>	<u>5,447,986</u>	<u>5,342,591</u>	<u>105,395</u>
Culture and leisure:				
Recreation	3,564,056	3,581,656	3,411,314	170,342
Park services	2,708,285	2,732,285	2,765,505	(33,220)
Total culture and leisure	<u>6,272,341</u>	<u>6,313,941</u>	<u>6,176,819</u>	<u>137,122</u>
Health and welfare:				
Social services administration	887,049	891,049	814,754	76,295
Senior programs	790,835	790,835	768,727	22,108
Emergency food and shelter program	65,755	65,755	41,695	24,060
Total health and welfare	<u>1,743,639</u>	<u>1,747,639</u>	<u>1,625,176</u>	<u>122,463</u>
Capital outlay and improvement	1,439,521	1,217,817	516,856	700,961
Total expenditures	<u>38,631,123</u>	<u>38,786,119</u>	<u>36,613,759</u>	<u>2,172,360</u>
Excess (deficiency) of revenues over expenditures	<u>53,606</u>	<u>1,302,938</u>	<u>5,276,138</u>	<u>3,973,200</u>
Other financing sources (uses)				
Transfers out	(1,926,632)	(2,971,632)	(3,022,288)	(50,656)
Net other financing sources (uses)	<u>(1,926,632)</u>	<u>(2,971,632)</u>	<u>(3,022,288)</u>	<u>(50,656)</u>
Change in fund balances	(1,873,026)	(1,668,694)	2,253,850	3,922,544
Fund balance at beginning of year	23,871,998	23,871,998	23,871,998	-
Fund balance at end of year	<u>\$ 21,998,972</u>	<u>\$ 22,203,304</u>	<u>\$ 26,125,848</u>	<u>\$ 3,922,544</u>

City of Norwalk
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual
Housing and Community Development Special Revenue Fund
Year ended June 30, 2013

	Budgetary Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Use of money and property	\$ 1,000	\$ 1,000	\$ 3,577	\$ 2,577
Intergovernmental	1,325,443	1,325,443	1,226,268	(99,175)
Other	119,243	119,243	459,998	340,755
Total revenues	<u>1,445,686</u>	<u>1,445,686</u>	<u>1,689,843</u>	<u>244,157</u>
Expenditures				
Current:				
Public works	45,000	45,000	69,500	(24,500)
Health and welfare	50,000	50,000	49,544	456
Urban development	1,347,536	1,347,536	1,533,117	(185,581)
Capital outlay and improvement	20,000	35,000	39,538	(4,538)
Total expenditures	<u>1,462,536</u>	<u>1,477,536</u>	<u>1,691,699</u>	<u>(214,163)</u>
Net change in fund balances	(16,850)	(31,850)	(1,856)	29,994
Fund balance at beginning of year	<u>559,411</u>	<u>559,411</u>	<u>559,411</u>	<u>-</u>
Fund balance at end of year	\$ <u>542,561</u>	\$ <u>527,561</u>	\$ <u>557,555</u>	\$ <u>29,994</u>

City of Norwalk
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual
Housing Assistance Special Revenue Fund
Year ended June 30, 2013

	Budgetary Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Use of money and property	\$ 2,000	\$ 2,000	\$ 1,778	\$ (222)
Intergovernmental	7,610,778	7,610,778	7,666,118	55,340
Other	36,100	36,100	77,098	40,998
Total revenues	<u>7,648,878</u>	<u>7,648,878</u>	<u>7,744,994</u>	<u>96,116</u>
Expenditures				
Current:				
Health and welfare	7,823,059	7,801,559	7,787,604	13,955
Capital outlay	-	67,500	64,204	3,296
Total expenditures	<u>7,823,059</u>	<u>7,869,059</u>	<u>7,851,808</u>	<u>17,251</u>
Change in fund balances	(174,181)	(220,181)	(106,814)	113,367
Fund balance at beginning of year	1,341,947	1,341,947	1,341,947	-
Fund balance at end of year	\$ <u><u>1,167,766</u></u>	\$ <u><u>1,121,766</u></u>	\$ <u><u>1,235,133</u></u>	\$ <u><u>113,367</u></u>

City of Norwalk
Schedule of Funding Progress
June 30, 2013

California Public Employees Retirement System (CalPERS)

Actuarial Valuation Date	Entry Age Actuarial Liability (AAL) (A)	Actuarial Asset Value (B)	Unfunded Actuarial Accrued Liability (Excess Assets) [(A)-(B)] (UAAL) (C)	Funded Ratio [(B)/(A)] (D)	Covered Payroll (E)	Unfunded Accrued Actuarial Liability as Percentage of Covered Payroll $\frac{[(A)-(B)]}{(E)}$ (F)
June 30, 2010	\$ 114,183,506	\$ 98,322,770	\$ 15,860,736	86.11%	\$ 14,877,129	106.61%
June 30, 2011	121,455,437	103,021,286	18,434,151	84.82%	14,507,905	127.06%
June 30, 2012	126,968,899	107,620,513	19,348,386	84.76%	14,346,308	134.87%

Other Postemployment Benefits (OPEB)

Actuarial Valuation Date	Entry Age Actuarial Liability (AAL) (A)	Actuarial Asset Value (B)	Unfunded Actuarial Accrued Liability (Excess Assets) [(A)-(B)] (UAAL) (C)	Funded Ratio [(B)/(A)] (D)	Covered Payroll (E)	Unfunded Accrued Actuarial Liability as Percentage of Covered Payroll $\frac{[(A)-(B)]}{(E)}$ (F)
August 1, 2007	\$ 22,913,248	\$ -	\$ 22,913,248	0.00%	\$ 15,513,826	147.70%
August 1, 2010	29,011,374	-	29,011,374	0.00%	14,555,235	199.32%
August 1, 2012	32,031,534	-	32,031,534	0.00%	14,312,812	223.80%

Budgetary Information

The City and its component units' fiscal year begins on July 1 of each year and ends June 30 the following year. On or before the fifteenth of June of each year, the City Manager submits to the City Council a proposed budget for the next ensuing fiscal year based on a detailed financial plan prepared by the heads of the various offices, agencies and departments of the City and its component units. Upon receipt of the proposed budget, the Council may make modifications with the affirmative vote of at least a majority of its members. Before adoption of the budget, the Council holds a public hearing wherein the public is given an opportunity to be heard, after which the Council may make any revisions deemed advisable. On or before July 1 annually, the City Council adopts the budget as amended through a budget resolution passed by the affirmative vote of at least a majority of its members. Upon final adoption, the budget is in effect for the ensuing fiscal year and becomes the authority for the various offices, agencies, and departments to expend subject to controls established by the City Charter. At any meeting after the adoption of the budget, the City Council may amend or supplement the budget by affirmative vote of the majority of the Council members so as to authorize the transfer of unused balances appropriated for one purpose to another purpose, or to appropriate available revenue not included in the budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the department level, subject to the authority granted to the City Manager to transfer appropriations from account to account as necessary to assure adequate and proper standards of service and to achieve the intent of the City Council in providing municipal services for the fiscal year. Management may overexpend appropriations within a department without the approval of City Council. City Council approval is required for any budget revisions that affect total appropriations of the City. Appropriations lapse at the end of the fiscal year unless they are reappropriated through the formal budget process. The City controls expenditures without the aid of encumbrances. Council action is necessary for transfers between departments/agencies or transfers between funds.

The City legally adopted budgets for the General Fund, Special Revenue Funds, Debt Service Funds, Certain Capital Projects Funds and Enterprise Funds. Quarterly reports are prepared and distributed to the City Council and the executive management team to assure budgetary controls through fiscal management. Since there is no legal requirement for the City's Proprietary Funds to be reported to the City Council, the budgetary reporting under these funds are not presented in the accompanying financial statements.

Budgets are prepared on a modified accrual basis. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are reported as reservations of fund balances since they do not constitute expenditures or liabilities. All annual appropriations lapse at fiscal year-end to the extent that they have not been expended or lawfully encumbered. Expenditures may not legally exceed appropriations at the departmental level in the governmental funds, except that certain Special Revenue Funds are maintained at the project level.

OTHER SUPPLEMENTARY INFORMATION

City of Norwalk
Combining Balance Sheet
Other Governmental Funds
June 30, 2013

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Totals
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
ASSETS				
Pooled cash and investments	\$ 6,035,247	\$ 892	\$ 6,751,131	\$ 12,787,270
Cash and investments with fiscal agent	-	301,985	-	301,985
Accounts receivables, net	126,785	-	-	126,785
Due from other governments	808,887	-	1,279,304	2,088,191
Total assets	6,970,919	302,877	8,030,435	15,304,231
Deferred outflows of resources	-	-	-	-
Total assets and deferred outflows of resources	\$ 6,970,919	\$ 302,877	\$ 8,030,435	\$ 15,304,231
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 556,106	\$ 892	\$ 477,471	\$ 1,034,469
Due to other funds	172,491	-	760,177	932,668
Due to other agencies	28,157	-	-	28,157
Advances from grantors	29,325	-	-	29,325
Total liabilities	786,079	892	1,237,648	2,024,619
Deferred inflows of resources				
Unavailable revenue	93,251	-	995,274	1,088,525
Total deferred inflows of resources	93,251	-	995,274	1,088,525
Fund balances				
Restricted	6,091,589	301,985	3,691,069	10,084,643
Committed	-	-	2,859,188	2,859,188
Unassigned	-	-	(752,744)	(752,744)
Total fund balances	6,091,589	301,985	5,797,513	12,191,087
Total liabilities, deferred inflows of resources and fund balances	\$ 6,970,919	\$ 302,877	\$ 8,030,435	\$ 15,304,231

City of Norwalk
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Other Governmental Funds
Year ended June 30, 2013

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Totals
Revenues				
Use of money and property	\$ 38,300	\$ 18	\$ 48,230	\$ 86,548
Intergovernmental	10,190,377	-	2,231,157	12,421,534
Charges for services	933,430	-	-	933,430
Other	117,850	-	236,287	354,137
Total revenues	<u>11,279,957</u>	<u>18</u>	<u>2,515,674</u>	<u>13,795,649</u>
Expenditures				
Current:				
General government	445,554	5,088	-	450,642
Public safety	599,065	-	-	599,065
Public works	4,581,683	-	404,623	4,986,306
Health and welfare	3,387,083	-	-	3,387,083
Capital outlay and improvement	482,903	-	3,729,757	4,212,660
Debt service				
Bond issue costs	-	214,454	-	214,454
Principal retirement	-	780,000	-	780,000
Interest and fiscal charges	-	992,099	-	992,099
Total expenditures	<u>9,496,288</u>	<u>1,991,641</u>	<u>4,134,380</u>	<u>15,622,309</u>
Excess (deficiency) of revenues over expenditures	<u>1,783,669</u>	<u>(1,991,623)</u>	<u>(1,618,706)</u>	<u>(1,826,660)</u>
Other financing sources (uses)				
Proceeds from bond issuance, net	-	7,304,115	-	7,304,115
Defeasance of debt	-	(7,295,000)	-	(7,295,000)
Transfers in	109,223	1,590,802	1,505,000	3,205,025
Transfers out	(374,132)	-	-	(374,132)
Net other financing sources (uses)	<u>(264,909)</u>	<u>1,599,917</u>	<u>1,505,000</u>	<u>2,840,008</u>
Change in fund balances	1,518,760	(391,706)	(113,706)	1,013,348
Beginning fund balances	<u>4,572,829</u>	<u>693,691</u>	<u>5,911,219</u>	<u>11,177,739</u>
Ending fund balances	<u>\$ 6,091,589</u>	<u>\$ 301,985</u>	<u>\$ 5,797,513</u>	<u>\$ 12,191,087</u>

City of Norwalk
Description of Other Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

OTHER FUNDS

Child Development Program Fund - This fund accounts for child care for income-eligible families. Financing is provided by a grant from the Federal Government through the State Department of Education and the County of Los Angeles.

State Gasoline Tax Fund - This fund accounts for the operations of the street and maintenance projects of the Public Services department. Financing is provided by the City's share of State gasoline taxes.

Homeless Prevention Fund – This fund accounts for revenues provided by a grant from the Federal Government and expenditures incurred to help families who are either homeless or at risk of becoming homeless.

Air Quality Improvement Fund - This fund accounts for monies received from the County for enacting policies to improve air quality.

Norwalk Senior Program Fund - This fund accounts for supportive services to senior citizens. Financing is provided by a grant from the Federal Government through the Area Agency of Aging.

Proposition C Fund - This fund accounts for revenues received from the County from one-quarter of one percent of sales tax. Expenditures are restricted for projects approved by the Los Angeles County Metropolitan Transportation Authority (MTA).

Public Safety Fund - This fund accounts for revenues received under Federal, State and local public safety grants. Expenditures are for activities of the Law Enforcement Block Grant, Supplemental Law Enforcement Services Fund, School Partnership Grant and Office of Traffic Safety.

Parking Structure Fund - This fund accounts for revenues and expenditures related to the operations of the Civic Center parking structure.

Forfeiture Fund - This fund accounts for revenues received from the LA County Sheriff Department's drug-related confiscations. Funds are restricted for Public Safety purposes.

Special Grants Fund - This fund accounts for revenues received under Federal, State and local grants. Expenditures are for activities of the Consumer Rental Mediation Board, which provides dispute resolution services as an alternative to formal court proceedings.

Proposition A Fund - This fund accounts for revenues received from the County from the one-half of one cent tax authorized by Proposition "A". Expenditures are restricted to transportation services.

Measure R Fund - This fund accounts for mainly revenues and monies spent on critical transit and highway projects.

Other Federal Grants Fund – This fund accounts mainly federal grants received for the purpose of stabilizing communities that have suffered from foreclosures and abandonment.

MAJOR FUND

Housing and Community Development Grant Fund – This fund accounts for housing and commercial improvement projects. Financing is provided by Federal grants received from the U.S. Department of Housing and Urban Development.

Housing Assistance Fund – This fund accounts for costs to assist low and moderate income families in securing affordable rents. Financing is provided by the U.S. Department of Housing and Urban Development.

	Child Development	State Gasoline Tax	Homeless Prevention
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Assets			
Pooled cash and investments	\$ -	\$ -	\$ -
Accounts receivable, net	-	-	-
Due from other governments	305,912	128,732	-
Total assets	<u>305,912</u>	<u>128,732</u>	<u>-</u>
Deferred outflows of resources	-	-	-
Total asset sand deferred outflows of resources	\$ <u>305,912</u>	\$ <u>128,732</u>	\$ <u>-</u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 233,996	\$ -	\$ -
Due to other funds	43,759	128,732	-
Due to other agencies	28,157	-	-
Advances from grantors	-	-	-
Total liabilities	<u>305,912</u>	<u>128,732</u>	<u>-</u>
Deferred inflows of resources			
Unavailable revenue	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances			
Restricted	-	-	-
Committed	-	-	-
Unassigned	-	-	-
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balances	\$ <u>305,912</u>	\$ <u>128,732</u>	\$ <u>-</u>

City of Norwalk
Combining Balance Sheet
Other Special Revenue Funds
June 30, 2013

Air Quality Improvement	Norwalk Senior Program	Proposition "C"	Public Safety	Parking Structure	Forfeiture
\$ 184,958	\$ 2,821	\$ 3,844,001	\$ 98,416	\$ 92,195	\$ 62,724
-	-	65,196	-	61,589	-
66,316	138	-	299,037	-	-
<u>251,274</u>	<u>2,959</u>	<u>3,909,197</u>	<u>397,453</u>	<u>153,784</u>	<u>62,724</u>
-	-	-	-	-	-
<u>\$ 251,274</u>	<u>\$ 2,959</u>	<u>\$ 3,909,197</u>	<u>\$ 397,453</u>	<u>\$ 153,784</u>	<u>\$ 62,724</u>
\$ -	\$ 2,959	\$ 21,594	\$ 163,424	\$ 23,217	\$ 53,465
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>2,959</u>	<u>21,594</u>	<u>163,424</u>	<u>23,217</u>	<u>53,465</u>
-	-	-	92,986	-	-
-	-	-	92,986	-	-
251,274	-	3,887,603	141,043	130,567	9,259
-	-	-	-	-	-
-	-	-	-	-	-
<u>251,274</u>	<u>-</u>	<u>3,887,603</u>	<u>141,043</u>	<u>130,567</u>	<u>9,259</u>
<u>\$ 251,274</u>	<u>\$ 2,959</u>	<u>\$ 3,909,197</u>	<u>\$ 397,453</u>	<u>\$ 153,784</u>	<u>\$ 62,724</u>

	Special Grants	Proposition "A"
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Assets		
Pooled cash and investments	\$ 25,956	\$ 5,883
Accounts receivable, net	-	-
Due from other governments	8,487	-
Total assets	<u>34,443</u>	<u>5,883</u>
Deferred outflows of resources	-	-
Total asset and deferred outflows of resources	\$ <u>34,443</u>	\$ <u>5,883</u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		
Liabilities		
Accounts payable	\$ 1,388	\$ 5,883
Due to other funds	-	-
Due to other agencies	-	-
Advances from grantors	29,325	-
Total liabilities	<u>30,713</u>	<u>5,883</u>
Deferred inflows of resources		
Unavailable revenue	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>
Fund balances		
Restricted	3,730	-
Committed	-	-
Unassigned	-	-
Total fund balances	<u>3,730</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balances	\$ <u>34,443</u>	\$ <u>5,883</u>

City of Norwalk
Combining Balance Sheet
Other Special Revenue Funds (Continued)
June 30, 2013

Measure "R"	Other Federal Grants	Totals
\$ 1,267,702	\$ 450,591	\$ 6,035,247
-	-	126,785
-	265	808,887
1,267,702	450,856	6,970,919
-	-	-
\$ 1,267,702	\$ 450,856	\$ 6,970,919
\$ 50,180	\$ -	\$ 556,106
-	-	172,491
-	-	28,157
-	-	29,325
50,180	-	786,079
-	265	93,251
-	265	93,251
1,217,522	450,591	6,091,589
-	-	-
-	-	-
1,217,522	450,591	6,091,589
\$ 1,267,702	\$ 450,856	\$ 6,970,919

	<u>Child Development</u>	<u>State Gasoline Tax</u>	<u>Homeless Prevention</u>
Revenues			
Use of money and property	\$ -	\$ 989	\$ -
Intergovernmental	2,898,389	1,603,670	11,003
Charges for services	59,096	-	-
Other	45,661	-	-
Total revenues	<u>3,003,146</u>	<u>1,604,659</u>	<u>11,003</u>
Expenditures			
Current:			
General government	-	-	-
Public safety	-	-	-
Public works	-	1,604,659	-
Health and welfare	3,013,820	-	11,003
Capital outlay and improvement	-	-	-
Total expenditures	<u>3,013,820</u>	<u>1,604,659</u>	<u>11,003</u>
Excess (deficiency) of revenues over expenditures	<u>(10,674)</u>	<u>-</u>	<u>-</u>
Other financing sources (uses)			
Transfers in	10,674	-	-
Transfers out	-	-	-
Net other financing sources (uses)	<u>10,674</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	-	-
Beginning fund balances	<u>-</u>	<u>-</u>	<u>-</u>
Ending fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Norwalk
Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
Other Special Revenue Funds
Year ended June 30, 2013

<u>Air Quality Improvement</u>	<u>Norwalk Senior Program</u>	<u>Proposition "C"</u>	<u>Public Safety</u>	<u>Parking Structure</u>	<u>Forfeiture</u>
\$ 1,847	\$ -	\$ 24,138	\$ 1,359	\$ -	\$ 290
127,525	59,273	1,411,443	533,386	-	60,000
-	-	230,583	-	643,751	-
-	185	72,004	-	-	-
<u>129,372</u>	<u>59,458</u>	<u>1,738,168</u>	<u>534,745</u>	<u>643,751</u>	<u>60,290</u>
-	-	76,009	-	369,545	-
-	-	-	535,388	-	63,677
-	-	584,210	-	-	-
142,740	103,346	6,835	-	-	-
-	-	28,344	-	-	-
<u>142,740</u>	<u>103,346</u>	<u>695,398</u>	<u>535,388</u>	<u>369,545</u>	<u>63,677</u>
<u>(13,368)</u>	<u>(43,888)</u>	<u>1,042,770</u>	<u>(643)</u>	<u>274,206</u>	<u>(3,387)</u>
-	43,888	-	-	-	-
-	-	-	-	(374,132)	-
-	<u>43,888</u>	-	-	<u>(374,132)</u>	-
(13,368)	-	1,042,770	(643)	(99,926)	(3,387)
<u>264,642</u>	<u>-</u>	<u>2,844,833</u>	<u>141,686</u>	<u>230,493</u>	<u>12,646</u>
<u>\$ 251,274</u>	<u>\$ -</u>	<u>\$ 3,887,603</u>	<u>\$ 141,043</u>	<u>\$ 130,567</u>	<u>\$ 9,259</u>

	<u>Special Grants</u>	<u>Proposition "A"</u>
Revenues		
Use of money and property	\$ 251	\$ -
Intergovernmental	54,678	1,696,942
Charges for services	-	-
Other	-	-
Total revenues	<u>54,929</u>	<u>1,696,942</u>
Expenditures		
Current		
General government	-	-
Public safety	-	-
Public works	-	1,696,942
Health and welfare	109,339	-
Capital outlay and improvement	-	-
Total expenditures	<u>109,339</u>	<u>1,696,942</u>
Excess (deficiency) of revenues over expenditures	<u>(54,410)</u>	<u>-</u>
Other financing sources (uses)		
Transfers in	54,661	-
Transfers out	-	-
Net other financing sources (uses)	<u>54,661</u>	<u>-</u>
Change in fund balances	251	-
Beginning fund balances	<u>3,479</u>	<u>-</u>
Ending fund balances	<u>\$ 3,730</u>	<u>\$ -</u>

City of Norwalk
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
 Other Special Revenue Funds (Continued)**
 Year ended June 30, 2013

<u>Measure "R"</u>	<u>Other Federal Grants</u>	<u>Totals</u>
\$ 7,478	\$ 1,948	\$ 38,300
1,054,411	679,657	10,190,377
-	-	933,430
-	-	117,850
<u>1,061,889</u>	<u>681,605</u>	<u>11,279,957</u>
-	-	445,554
-	-	599,065
244,378	451,494	4,581,683
-	-	3,387,083
454,559	-	482,903
<u>698,937</u>	<u>451,494</u>	<u>9,496,288</u>
<u>362,952</u>	<u>230,111</u>	<u>1,783,669</u>
-	-	109,223
-	-	(374,132)
<u>-</u>	<u>-</u>	<u>(264,909)</u>
362,952	230,111	1,518,760
<u>854,570</u>	<u>220,480</u>	<u>4,572,829</u>
<u>\$ 1,217,522</u>	<u>\$ 450,591</u>	<u>\$ 6,091,589</u>

City of Norwalk
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual
Child Development Program Special Revenue Fund
Year ended June 30, 2013

	Budgeted Amount Final	Actual	Variance with Final Budget Positive (negative)
Revenues			
Intergovernmental	\$ 3,289,402	\$ 2,898,389	\$ (391,013)
Charges for services	40,000	59,096	19,096
Other	-	45,661	45,661
Total revenues	<u>3,329,402</u>	<u>3,003,146</u>	<u>(326,256)</u>
Expenditures			
Current:			
Health and Welfare	3,329,402	3,013,820	315,582
Total expenditures	<u>3,329,402</u>	<u>3,013,820</u>	<u>315,582</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(10,674)</u>	<u>(10,674)</u>
Other financing sources (uses)			
Transfers in	-	10,674	(10,674)
Net other financing sources (uses)	<u>-</u>	<u>10,674</u>	<u>(10,674)</u>
Net change in fund balances	-	-	-
Beginning fund balances	-	-	-
Ending fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Norwalk
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual
State Gasoline Tax Special Revenue Fund
Year ended June 30, 2013

	<u>Budgeted Amount Final</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (negative)</u>
Revenues			
Intergovernmental	\$ 1,667,800	\$ 1,603,670	\$ (64,130)
Use of money and property	-	989	989
Total revenues	<u>1,667,800</u>	<u>1,604,659</u>	<u>(63,141)</u>
Expenditures			
Current:			
Public works	<u>1,745,110</u>	<u>1,604,659</u>	<u>140,451</u>
Total expenditures	<u>1,745,110</u>	<u>1,604,659</u>	<u>140,451</u>
Net change in fund balances	(77,310)	-	77,310
Beginning fund balances	<u>-</u>	<u>-</u>	<u>-</u>
Ending fund balances	<u>\$ (77,310)</u>	<u>\$ -</u>	<u>\$ 77,310</u>

City of Norwalk
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual
Homeless Prevention Special Revenue Fund
Year ended June 30, 2013

	<u>Budgeted Amount Final</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (negative)</u>
Revenues			
Intergovernmental	\$ 4,159	\$ 11,003	\$ 6,844
Total revenues	<u>4,159</u>	<u>11,003</u>	<u>6,844</u>
Expenditures			
Current:			
Health and welfare	4,159	11,003	(6,844)
Total expenditures	<u>4,159</u>	<u>11,003</u>	<u>(6,844)</u>
Net change in fund balances	-	-	-
Beginning fund balances	<u>-</u>	<u>-</u>	<u>-</u>
Ending fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Norwalk
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual
Air Quality Improvement Special Revenue Fund
Year ended June 30, 2013

	Budgeted Amount Final	Actual	Variance with Final Budget Positive (negative)
	<u>Final</u>	<u>Actual</u>	<u>(negative)</u>
Revenues			
Use of money and property	\$ 1,000	\$ 1,847	\$ 847
Intergovernmental	<u>123,000</u>	<u>127,525</u>	<u>4,525</u>
Total revenues	<u>124,000</u>	<u>129,372</u>	<u>5,372</u>
Expenditures			
Current:			
Health and welfare	<u>142,491</u>	<u>142,740</u>	<u>(249)</u>
Total expenditures	<u>142,491</u>	<u>142,740</u>	<u>(249)</u>
Net change in fund balances	(18,491)	(13,368)	5,123
Beginning fund balances	<u>264,642</u>	<u>264,642</u>	<u>-</u>
Ending fund balances	<u>\$ 246,151</u>	<u>\$ 251,274</u>	<u>\$ 5,123</u>

City of Norwalk
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual
Norwalk Senior Program Special Revenue Fund
Year ended June 30, 2013

	Budgeted Amount Final	Actual	Variance with Final Budget Positive (negative)
Revenues			
Intergovernmental	\$ 61,180	\$ 59,273	\$ (1,907)
Other	200	185	(15)
Total revenues	<u>61,380</u>	<u>59,458</u>	<u>(1,922)</u>
Expenditures			
Current:			
Health and welfare	85,257	103,346	(18,089)
Total expenditures	<u>85,257</u>	<u>103,346</u>	<u>(18,089)</u>
Excess (deficiency) of revenues over expenditures	<u>(23,877)</u>	<u>(43,888)</u>	<u>(20,011)</u>
Other financing sources (uses)			
Transfers in	23,877	43,888	20,011
Net other financing sources (uses)	<u>23,877</u>	<u>43,888</u>	<u>20,011</u>
Net change in fund balances	-	-	-
Beginning fund balances	<u>-</u>	<u>-</u>	<u>-</u>
Ending fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Norwalk
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual
Proposition C Special Revenue Fund
Year ended June 30, 2013

	Budgeted Amount Final	Actual	Variance with Final Budget Positive (negative)
Revenues			
Use of money and property	\$ 10,000	\$ 24,138	\$ 14,138
Intergovernmental	1,348,900	1,411,443	62,543
Charges for services	126,600	230,583	103,983
Other	174,900	72,004	(102,896)
Total revenues	<u>1,660,400</u>	<u>1,738,168</u>	<u>77,768</u>
Expenditures			
Current:			
General government	76,009	76,009	-
Public works	591,761	584,210	7,551
Health and welfare	5,000	6,835	(1,835)
Capital outlay and improvement	1,250,671	28,344	1,222,327
Total expenditures	<u>1,923,441</u>	<u>695,398</u>	<u>1,228,043</u>
Net change in fund balances	(263,041)	1,042,770	1,305,811
Beginning fund balances	<u>2,844,833</u>	<u>2,844,833</u>	-
Ending fund balances	<u>\$ 2,581,792</u>	<u>\$ 3,887,603</u>	<u>\$ 1,305,811</u>

City of Norwalk
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual
Public Safety Special Revenue Fund
Year ended June 30, 2013

	Budgeted Amount Final	<u>Actual</u>	Variance with Final Budget Positive (negative)
Revenues			
Use of money and property	\$ 300	\$ 1,359	\$ 1,059
Intergovernmental	<u>1,089,078</u>	<u>533,386</u>	<u>(555,692)</u>
Total revenues	<u>1,089,378</u>	<u>534,745</u>	<u>(554,633)</u>
Expenditures			
Current:			
Public safety	<u>1,089,471</u>	<u>535,388</u>	<u>554,083</u>
Total expenditures	<u>1,089,471</u>	<u>535,388</u>	<u>554,083</u>
Net change in fund balances	(93)	(643)	(550)
Beginning fund balances	<u>141,686</u>	<u>141,686</u>	<u>-</u>
Ending fund balances	<u>\$ 141,593</u>	<u>\$ 141,043</u>	<u>\$ (550)</u>

City of Norwalk
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual
Parking Structure Special Revenue Fund
Year ended June 30, 2013

	Budgeted Amount Final	Actual	Variance with Final Budget Positive (negative)
Revenues			
Charges for services	\$ 630,000	\$ 643,751	\$ 13,751
Total revenues	<u>630,000</u>	<u>643,751</u>	<u>13,751</u>
Expenditures			
Current:			
General government	409,461	369,545	39,916
Capital outlay and improvement	12,800	-	12,800
Total expenditures	<u>422,261</u>	<u>369,545</u>	<u>52,716</u>
Excess (deficiency) of revenues over expenditures	<u>207,739</u>	<u>274,206</u>	<u>66,467</u>
Other financing sources (uses)			
Transfers out	(374,132)	(374,132)	-
Net other financing sources (uses)	<u>(374,132)</u>	<u>(374,132)</u>	<u>-</u>
Net change in fund balances	(166,393)	(99,926)	66,467
Beginning fund balances	<u>230,493</u>	<u>230,493</u>	<u>-</u>
Ending fund balances	<u>\$ 64,100</u>	<u>\$ 130,567</u>	<u>\$ 66,467</u>

City of Norwalk
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual
Forfeiture Special Revenue Fund
Year ended June 30, 2013

	Budgeted Amount Final	Actual	Variance with Final Budget Positive (negative)
	<u>Final</u>	<u>Actual</u>	<u>(negative)</u>
Revenues			
Use of money and property	\$ 211	\$ 290	\$ 79
Intergovernmental	60,000	60,000	-
Total revenues	<u>60,211</u>	<u>60,290</u>	<u>79</u>
Expenditures			
Current:			
Public safety	72,796	63,677	9,119
Total expenditures	<u>72,796</u>	<u>63,677</u>	<u>9,119</u>
Net change in fund balances	(12,585)	(3,387)	9,198
Beginning fund balances	<u>12,646</u>	<u>12,646</u>	<u>-</u>
Ending fund balances	<u>\$ 61</u>	<u>\$ 9,259</u>	<u>\$ 9,198</u>

City of Norwalk
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual
Special Grants Special Revenue Fund
Year ended June 30, 2013

	Budgeted Amount Final	Actual	Variance with Final Budget Positive (negative)
Revenues			
Use of money and property	\$ 100	\$ 251	\$ 151
Intergovernmental	61,167	54,678	(6,489)
Total revenues	<u>61,267</u>	<u>54,929</u>	<u>(6,338)</u>
Expenditures			
Current:			
Health and welfare	115,753	109,339	6,414
Total expenditures	<u>115,753</u>	<u>109,339</u>	<u>6,414</u>
Excess (deficiency) of revenues over expenditures	<u>(54,486)</u>	<u>(54,410)</u>	<u>76</u>
Other financing sources (uses)			
Transfers in	54,586	54,661	75
Net other financing sources (uses)	<u>54,586</u>	<u>54,661</u>	<u>75</u>
Net change in fund balances	100	251	151
Beginning fund balances	<u>3,479</u>	<u>3,479</u>	<u>-</u>
Ending fund balances	<u>\$ 3,579</u>	<u>\$ 3,730</u>	<u>\$ 151</u>

City of Norwalk
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual
Proposition A Special Revenue Fund
Year ended June 30, 2013

	<u>Budgeted Amount Final</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (negative)</u>
Revenues			
Intergovernmental	\$ 1,571,984	\$ 1,696,942	\$ 124,958
Total revenues	<u>1,571,984</u>	<u>1,696,942</u>	<u>124,958</u>
Expenditures			
Current:			
Public works	1,571,984	1,696,942	(124,958)
Total expenditures	<u>1,571,984</u>	<u>1,696,942</u>	<u>(124,958)</u>
 Net change in fund balances	 -	 -	 -
Beginning fund balances	<u>-</u>	<u>-</u>	<u>-</u>
Ending fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Norwalk
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual
Measure R Special Revenue Fund
Year ended June 30, 2013

	<u>Budgeted Amount Final</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (negative)</u>
Revenues			
Use of money and property	\$ 1,500	\$ 7,478	\$ 5,978
Intergovernmental	<u>975,000</u>	<u>1,054,411</u>	<u>79,411</u>
Total revenues	<u>976,500</u>	<u>1,061,889</u>	<u>85,389</u>
Expenditures			
Current:			
Public works	334,820	244,378	90,442
Capital outlay and improvement	<u>560,766</u>	<u>454,559</u>	<u>106,207</u>
Total expenditures	<u>895,586</u>	<u>698,937</u>	<u>196,649</u>
Net change in fund balances	80,914	362,952	282,038
Beginning fund balances	<u>854,570</u>	<u>854,570</u>	<u>-</u>
Ending fund balances	<u>\$ 935,484</u>	<u>\$ 1,217,522</u>	<u>\$ 282,038</u>

City of Norwalk
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual
Other Federal Grants Special Revenue Fund
Year ended June 30, 2013

	Budgeted Amount Final	<u>Actual</u>	Variance with Final Budget Positive (negative)
Revenues			
Use of money and property	\$ -	\$ 1,948	\$ 1,948
Intergovernmental	<u>2,524,705</u>	<u>679,657</u>	<u>(1,845,048)</u>
Total revenues	<u>2,524,705</u>	<u>681,605</u>	<u>(1,843,100)</u>
Expenditures			
Capital outlay and improvement	<u>2,396,811</u>	<u>451,494</u>	<u>1,945,317</u>
Total expenditures	<u>2,396,811</u>	<u>451,494</u>	<u>1,945,317</u>
Net change in fund balances	127,894	230,111	102,217
Beginning fund balances	<u>220,480</u>	<u>220,480</u>	<u>-</u>
Ending fund balances	<u>\$ 348,374</u>	<u>\$ 450,591</u>	<u>\$ 102,217</u>

The Debt service fund is used to account for the accumulation of resources for, and the payment of, the City's general long-term debt principal and interest.

City of Norwalk
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual
Debt Service Fund
Year ended June 30, 2013

	Budgeted Amount Final	Actual	Variance with Final Budget Positive (negative)
Revenues			
Use of money and property	\$ -	\$ 18	\$ 18
Total revenues	<u>-</u>	<u>18</u>	<u>18</u>
Expenditures			
Current:			
General government	9,000	5,088	3,912
Debt service			
Bond issue costs	-	214,454	(214,454)
Principal retirement	780,000	780,000	-
Interest and fiscal charges	798,531	992,099	(193,568)
Total expenditures	<u>1,587,531</u>	<u>1,991,641</u>	<u>(404,110)</u>
Excess (deficiency) of revenues over expenditures	<u>(1,587,531)</u>	<u>(1,991,623)</u>	<u>(404,092)</u>
Other financing sources (uses)			
Bond issuance	-	7,304,115	7,304,115
Defeasance of debt	-	(7,295,000)	(7,295,000)
Transfers in	1,587,531	1,590,802	3,271
Net other financing sources (uses)	<u>1,587,531</u>	<u>1,599,917</u>	<u>12,386</u>
Net change in fund balances	-	(391,706)	(391,706)
Beginning fund balances	<u>693,691</u>	<u>693,691</u>	<u>-</u>
Ending fund balances	<u>\$ 693,691</u>	<u>\$ 301,985</u>	<u>\$ (391,706)</u>

Capital projects funds are used to account for financial resources used for the acquisition or construction of major capital facilities which are not financed by proprietary funds.

OTHER FUNDS

Prop 1B Fund – The fund accounts for the construction of street improvements at various locations throughout the City. Financing is provided by money received from Prop 1B.

Prop C I-5 Mitigation – This fund accounts for the street projects related to the mitigation of the highway I-5 widening project.

Public Art Fund - This fund accounts for the purchase of artwork with in-lieu contributions from contractors who do not elect to provide artwork for their projects.

Special Projects Fund - This fund accounts for the construction of street improvements and sidewalk ramps at various locations throughout the City. Financing is provided by grants received under Federal, State and local agreements.

Traffic Congestion Relief Fund – This fund accounts for the maintenance or reconstruction costs on public streets or roads.

Transportation and Public Services Facility Fund - This fund accounts for the construction activities of the Transportation and Public Services Facility. Financing is provided by grants received under Federal agreement and proceeds of a bond issue.

Parking Structure Fund - This fund accounts for the construction activities of the City of Norwalk's Civic Center parking structure. Financing is provided from the proceeds of a bond issue.

Park Development Fund - This fund accounts for the costs of development and improvement of facilities at City parks. Financing is provided by grants received under Federal, State and local agreements.

Computer Replacement Fund -This fund accounts for the purchase and replacement of computer equipment leased to City departments. Financing is provided through operating transfers and grants received.

Sports Complex Equipment Replacement Fund – This fund accounts for the purchase and replacement of equipment at Norwalk Sports and Arts Complex. Financing is provided through operating transfers and grants.

Vehicle and Equipment Replacement Fund - This fund accounts for the purchase and replacement of vehicles and equipment leased to City departments. Financing is provided through operating transfers and grants received.

Building Renovation Fund - This fund accounts for the costs of development and improvements at City Hall. Financing is provided by operating transfers or grants received.

	<u>Prop 1B</u>	<u>Prop C I-5 Mitigation</u>	<u>Public Art</u>	<u>Special Projects</u>	<u>Traffic Congestion Relief</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
Assets					
Pooled cash and investments	\$ 1,568,604	\$ -	\$ 735,055	\$ 1,735	\$ 1,557,912
Due from other governments	-	317,303	-	728,671	83,330
Total assets	<u>1,568,604</u>	<u>317,303</u>	<u>735,055</u>	<u>730,406</u>	<u>1,641,242</u>
Deferred outflows of resources	-	-	-	-	-
Total asset and deferred outflows of resources	<u>\$ 1,568,604</u>	<u>\$ 317,303</u>	<u>\$ 735,055</u>	<u>\$ 730,406</u>	<u>\$ 1,641,242</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 18,638	\$ 87,017	\$ 420	\$ 107,985	\$ 253,962
Due to other funds	-	230,286	-	379,891	-
Total liabilities	<u>18,638</u>	<u>317,303</u>	<u>420</u>	<u>487,876</u>	<u>253,962</u>
Deferred inflows of resources					
Unavailable revenue	-	317,303	-	677,971	-
Total deferred inflows of resources	<u>-</u>	<u>317,303</u>	<u>-</u>	<u>677,971</u>	<u>-</u>
Fund balances (deficits)					
Restricted	1,549,966	-	734,635	-	1,387,280
Committed	-	-	-	-	-
Unassigned	-	(317,303)	-	(435,441)	-
Total fund balances	<u>1,549,966</u>	<u>(317,303)</u>	<u>734,635</u>	<u>(435,441)</u>	<u>1,387,280</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,568,604</u>	<u>\$ 317,303</u>	<u>\$ 735,055</u>	<u>\$ 730,406</u>	<u>\$ 1,641,242</u>

City of Norwalk
Combining Balance Sheet
Other Capital Projects Funds
June 30, 2013

Transportation and Public Services Facility	Parking Structure	Park Development	Computer Replacement	Sports Complex Equipment Replacement	Vehicle and Equipment Replacement	Building Renovation	Total Other Capital Projects Funds
\$ -	\$ -	\$ 19,188	\$ 280,171	\$ 106,327	\$ 1,228,432	\$ 1,253,707	\$ 6,751,131
-	-	150,000	-	-	-	-	1,279,304
-	-	169,188	280,171	106,327	1,228,432	1,253,707	8,030,435
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 169,188</u>	<u>\$ 280,171</u>	<u>\$ 106,327</u>	<u>\$ 1,228,432</u>	<u>\$ 1,253,707</u>	<u>\$ 8,030,435</u>
\$ -	\$ -	\$ -	\$ -	\$ 9,140	\$ -	\$ 309	\$ 477,471
-	-	150,000	-	-	-	-	760,177
-	-	150,000	-	9,140	-	309	1,237,648
-	-	-	-	-	-	-	995,274
-	-	-	-	-	-	-	995,274
-	-	19,188	-	-	-	-	3,691,069
-	-	-	280,171	97,187	1,228,432	1,253,398	2,859,188
-	-	-	-	-	-	-	(752,744)
-	-	19,188	280,171	97,187	1,228,432	1,253,398	5,797,513
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 169,188</u>	<u>\$ 280,171</u>	<u>\$ 106,327</u>	<u>\$ 1,228,432</u>	<u>\$ 1,253,707</u>	<u>\$ 8,030,435</u>

	Prop 1B	Prop C I-5 Mitigation	Public Art	Special Projects	Traffic Congestion Relief
Revenues					
Use of money and property	\$ 12,040	\$ -	\$ 5,267	\$ 1	\$ 16,120
Intergovernmental	-	928,322	-	374,221	865,587
Other	-	-	67,099	-	-
Total revenues	<u>12,040</u>	<u>928,322</u>	<u>72,366</u>	<u>374,222</u>	<u>881,707</u>
Expenditures					
Public works	-	-	-	-	404,623
Capital outlay and improvement	35,694	1,086,286	28,140	885,140	1,030,094
Total expenditures	<u>35,694</u>	<u>1,086,286</u>	<u>28,140</u>	<u>885,140</u>	<u>1,434,717</u>
Excess (deficiency) of revenues over expenditures	<u>(23,654)</u>	<u>(157,964)</u>	<u>44,226</u>	<u>(510,918)</u>	<u>(553,010)</u>
Other financing sources (uses)					
Transfers in	-	-	-	-	-
Net other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in fund balances	(23,654)	(157,964)	44,226	(510,918)	(553,010)
Beginning fund balances (deficit)	<u>1,573,620</u>	<u>(159,339)</u>	<u>690,409</u>	<u>75,477</u>	<u>1,940,290</u>
Ending fund balances (deficit)	<u>\$ 1,549,966</u>	<u>\$ (317,303)</u>	<u>\$ 734,635</u>	<u>\$ (435,441)</u>	<u>\$ 1,387,280</u>

City of Norwalk
Combining Statement of Revenues, Expenditures and Changes in Fund Balances –
Other Capital Projects Funds
Year ended June 30, 2013

Transportation and Public Services Facility	Parking Structure	Park Development	Computer Replacement	Sports Complex Equipment Replacement	Vehicle and Equipment Replacement	Building Renovation	Total Other Capital Projects Funds
\$ -	\$ 87	\$ -	\$ 918	\$ 236	\$ 7,882	\$ 5,679	\$ 48,230
-	-	63,027	-	-	-	-	2,231,157
-	-	169,188	-	-	-	-	236,287
<u>-</u>	<u>87</u>	<u>232,215</u>	<u>918</u>	<u>236</u>	<u>7,882</u>	<u>5,679</u>	<u>2,515,674</u>
-	-	-	-	-	-	-	404,623
36,535	343,908	65,178	48,401	20,063	-	150,318	3,729,757
<u>36,535</u>	<u>343,908</u>	<u>65,178</u>	<u>48,401</u>	<u>20,063</u>	<u>-</u>	<u>150,318</u>	<u>4,134,380</u>
<u>(36,535)</u>	<u>(343,821)</u>	<u>167,037</u>	<u>(47,483)</u>	<u>(19,827)</u>	<u>7,882</u>	<u>(144,639)</u>	<u>(1,618,706)</u>
-	-	-	255,000	100,000	250,000	900,000	1,505,000
-	-	-	<u>255,000</u>	<u>100,000</u>	<u>250,000</u>	<u>900,000</u>	<u>1,505,000</u>
(36,535)	(343,821)	167,037	207,517	80,173	257,882	755,361	(113,706)
<u>36,535</u>	<u>343,821</u>	<u>(147,849)</u>	<u>72,654</u>	<u>17,014</u>	<u>970,550</u>	<u>498,037</u>	<u>5,911,219</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,188</u>	<u>\$ 280,171</u>	<u>\$ 97,187</u>	<u>\$ 1,228,432</u>	<u>\$ 1,253,398</u>	<u>\$ 5,797,513</u>

City of Norwalk
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual
Prop 1B Capital Projects Fund
Year ended June 30, 2013

	Budgeted Amount Final	<u>Actual</u>	Variance with Final Budget Positive (negative)
Revenues			
Use of money and property	\$ 3,000	\$ 12,040	\$ 9,040
Total revenues	<u>3,000</u>	<u>12,040</u>	<u>9,040</u>
Expenditures			
Capital outlay and improvement	1,575,554	35,694	1,539,860
Total expenditures	<u>1,575,554</u>	<u>35,694</u>	<u>1,539,860</u>
Net change in fund balances	(1,572,554)	(23,654)	1,548,900
Beginning fund balances	<u>1,573,620</u>	<u>1,573,620</u>	-
Ending fund balances	<u>\$ 1,066</u>	<u>\$ 1,549,966</u>	<u>\$ 1,548,900</u>

City of Norwalk
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual
Prop C I-5 Mitigation Capital Projects Fund
Year ended June 30, 2013

	<u>Budgeted Amount Final</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (negative)</u>
Revenues			
Intergovernmental	\$ 6,060,831	\$ 928,322	\$ (5,132,509)
Total revenues	<u>6,060,831</u>	<u>928,322</u>	<u>(5,132,509)</u>
Expenditures			
Capital outlay and improvement	<u>4,645,769</u>	<u>1,086,286</u>	<u>3,559,483</u>
Total expenditures	<u>4,645,769</u>	<u>1,086,286</u>	<u>3,559,483</u>
Net change in fund balances	1,415,062	(157,964)	(1,573,026)
Beginning fund balances	<u>(159,339)</u>	<u>(159,339)</u>	<u>-</u>
Ending fund balances	<u>\$ 1,255,723</u>	<u>\$ (317,303)</u>	<u>\$ (1,573,026)</u>

City of Norwalk
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual
Public Art Capital Projects Fund
Year ended June 30, 2013

	Budgeted Amount Final	Actual	Variance with Final Budget Positive (negative)
Revenues			
Use of money and property	\$ 2,000	\$ 5,267	\$ 3,267
Other	8,000	67,099	59,099
Total revenues	10,000	72,366	62,366
Expenditures			
Capital outlay and improvement	159,000	28,140	130,860
Total expenditures	159,000	28,140	130,860
Net change in fund balances	(149,000)	44,226	193,226
Beginning fund balances	690,409	690,409	-
Ending fund balances	\$ 541,409	\$ 734,635	\$ 193,226

City of Norwalk
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual
Special Projects Capital Projects Fund
Year ended June 30, 2013

	Budgeted Amount Final	Actual	Variance with Final Budget Positive (negative)
Revenues			
Use of money and property	\$ 800	\$ 1	\$ (799)
Intergovernmental	4,143,213	374,221	(3,768,992)
Total revenues	4,144,013	374,222	(3,769,791)
 Expenditures			
Capital outlay and improvement	3,800,210	885,140	2,915,070
Total expenditures	3,800,210	885,140	2,915,070
 Net change in fund balances	343,803	(510,918)	(854,721)
 Beginning fund balances	75,477	75,477	-
 Ending fund balances	\$ 419,280	\$ (435,441)	\$ (854,721)

City of Norwalk
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual
Traffic Congestion Relief Capital Projects Fund
Year ended June 30, 2013

	<u>Budgeted Amount Final</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (negative)</u>
Revenues			
Use of money and property	\$ 4,000	\$ 16,120	\$ 12,120
Intergovernmental	1,195,940	865,587	(330,353)
Total revenues	<u>1,199,940</u>	<u>881,707</u>	<u>(318,233)</u>
Expenditures			
Public works	445,000	404,623	40,377
Capital outlay and improvement	1,304,458	1,030,094	274,364
Total expenditures	<u>1,749,458</u>	<u>1,434,717</u>	<u>314,741</u>
Net change in fund balances	(549,518)	(553,010)	(3,492)
Beginning fund balances	<u>1,940,290</u>	<u>1,940,290</u>	<u>-</u>
Ending fund balances	<u>\$ 1,390,772</u>	<u>\$ 1,387,280</u>	<u>\$ (3,492)</u>

City of Norwalk

**Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual
Transportation and Public Services Facility Capital Projects Fund
Year ended June 30, 2013**

	<u>Budgeted Amount Final</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (negative)</u>
Expenditures			
Capital outlay and improvement	61,826	36,535	25,291
Total expenditures	<u>61,826</u>	<u>36,535</u>	<u>25,291</u>
 Net change in fund balances	 (61,826)	 (36,535)	 25,291
Beginning fund balances	<u>36,535</u>	<u>36,535</u>	<u>-</u>
Ending fund balances	\$ <u><u>(25,291)</u></u>	\$ <u><u>-</u></u>	\$ <u><u>25,291</u></u>

City of Norwalk
**Schedule of Revenues, Expenditures and Changes in Fund Balance –
 Budget and Actual
 Parking Structure Capital Projects Fund
 Year ended June 30, 2013**

	Budgeted Amount Final	Actual	Variance with Final Budget Positive (negative)
	<u>Final</u>	<u>Actual</u>	<u>(negative)</u>
Revenues			
Use of money and property	\$ 80	\$ 87	\$ 7
Total revenues	<u>80</u>	<u>87</u>	<u>7</u>
Expenditures			
Capital outlay and improvement	626,364	343,908	282,456
Total expenditures	<u>626,364</u>	<u>343,908</u>	<u>282,456</u>
Net change in fund balances	(626,284)	(343,821)	(282,449)
Beginning fund balances	<u>343,821</u>	<u>343,821</u>	-
Ending fund balances	<u>\$ (282,463)</u>	<u>\$ -</u>	<u>\$ (282,449)</u>

City of Norwalk
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual
Park Development Capital Projects Fund
Year ended June 30, 2013

	<u>Budgeted Amount Final</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (negative)</u>
Revenues			
Intergovernmental	\$ 316,097	\$ 63,027	\$ (253,070)
Other	-	169,188	169,188
Total revenues	<u>316,097</u>	<u>232,215</u>	<u>(83,882)</u>
Expenditures			
Capital outlay and improvement	<u>65,178</u>	<u>65,178</u>	-
Total expenditures	<u>65,178</u>	<u>65,178</u>	-
Net change in fund balances	250,919	167,037	(83,882)
Beginning fund balances	<u>(147,849)</u>	<u>(147,849)</u>	-
Ending fund balances	<u>\$ 103,070</u>	<u>\$ 19,188</u>	<u>\$ (83,882)</u>

City of Norwalk
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual
Computer Replacement Capital Projects Fund
Year ended June 30, 2013

	Budgeted Amount Final	<u>Actual</u>	Variance with Final Budget Positive (negative)
Revenues			
Use of money and property	\$ 100	\$ 918	\$ 818
Total revenues	<u>100</u>	<u>918</u>	<u>818</u>
Expenditures			
Capital outlay	40,500	48,401	(7,901)
Total expenditures	<u>40,500</u>	<u>48,401</u>	<u>(7,901)</u>
Excess (deficiency) of revenues over expenditures	<u>(40,400)</u>	<u>(47,483)</u>	<u>(7,083)</u>
Other financing sources (uses)			
Transfers in	255,000	255,000	-
Net other financing sources (uses)	<u>255,000</u>	<u>255,000</u>	<u>-</u>
Net change in fund balances	214,600	207,517	(7,083)
Beginning fund balances	<u>72,654</u>	<u>72,654</u>	<u>-</u>
Ending fund balances	<u>\$ 287,254</u>	<u>\$ 280,171</u>	<u>\$ (7,083)</u>

City of Norwalk
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual
Sports Complex Equipment Replacement Capital Projects Fund
Year ended June 30, 2013

	Budgeted Amount Final	<u>Actual</u>	Variance with Final Budget Positive (negative)
Revenues			
Use of money and property	\$ 50	\$ 236	\$ 186
Total revenues	<u>50</u>	<u>236</u>	<u>186</u>
Expenditures			
Capital outlay and improvement	-	20,063	(20,063)
Total expenditures	<u>-</u>	<u>20,063</u>	<u>(20,063)</u>
Excess (deficiency) of revenues over expenditures	<u>50</u>	<u>(19,827)</u>	<u>(19,877)</u>
Other financing sources (uses)			
Transfers in	100,000	100,000	-
Net other financing sources (uses)	<u>100,000</u>	<u>100,000</u>	<u>-</u>
Net change in fund balances	100,050	80,173	(19,877)
Beginning fund balances	<u>17,014</u>	<u>17,014</u>	<u>-</u>
Ending fund balances	<u>\$ 117,064</u>	<u>\$ 97,187</u>	<u>\$ (19,877)</u>

City of Norwalk
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual
Vehicle and Equipment Replacement Capital Projects Fund
Year ended June 30, 2013

	Budgeted Amount Final	<u>Actual</u>	Variance with Final Budget Positive (negative)
Revenues			
Use of money and property	\$ 3,000	\$ 7,882	\$ 4,882
Total revenues	<u>3,000</u>	<u>7,882</u>	<u>4,882</u>
Expenditures			
Capital outlay and improvement	23,500	-	23,500
Total expenditures	<u>23,500</u>	<u>-</u>	<u>23,500</u>
Excess (deficiency) of revenues over expenditures	<u>(20,500)</u>	<u>7,882</u>	<u>28,382</u>
Other financing sources (uses)			
Transfers in	250,000	250,000	-
Net other financing sources (uses)	<u>250,000</u>	<u>250,000</u>	<u>-</u>
Net change in fund balances	229,500	257,882	28,382
Beginning fund balances	<u>970,550</u>	<u>970,550</u>	<u>-</u>
Ending fund balances	<u>\$ 1,200,050</u>	<u>\$ 1,228,432</u>	<u>\$ 28,382</u>

City of Norwalk
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual
Building Renovation Capital Projects Fund
Year ended June 30, 2013

	Budgeted Amount Final	Actual	Variance with Final Budget Positive (negative)
Revenues			
Use of money and property	\$ 300	\$ 5,679	\$ 5,379
Total revenues	<u>300</u>	<u>5,679</u>	<u>5,379</u>
Expenditures			
Capital outlay and improvement	324,600	150,318	174,282
Total expenditures	<u>324,600</u>	<u>150,318</u>	<u>174,282</u>
Excess (deficiency) of revenues over expenditures	<u>(324,300)</u>	<u>(144,639)</u>	<u>179,661</u>
Other financing sources (uses)			
Transfers in	900,000	900,000	-
Net other financing sources (uses)	<u>900,000</u>	<u>900,000</u>	<u>-</u>
Net change in fund balances	575,700	755,361	179,661
Beginning fund balances	<u>498,037</u>	<u>498,037</u>	<u>-</u>
Ending fund balances	\$ <u><u>1,073,737</u></u>	\$ <u><u>1,253,398</u></u>	\$ <u><u>179,661</u></u>

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Internal service funds are used to account for financing of goods and services provided by one department to other departments of the City.

Employee Benefits Fund - This fund accounts for the costs of providing employer benefits to the various City departments. Such costs are charged to the departments based on a percentage of salaries.

Vehicle Maintenance Fund - This fund accounts for the costs of maintenance of City vehicles used by the various city departments. Such costs are based upon actual usage.

City of Norwalk
Combining Statement of Net Position
Internal Service Funds
June 30, 2013

	Governmental Activities		
	Employee Benefits	Vehicle Maintenance	Total
ASSETS			
Current assets			
Cash and investments	\$ 192,627	\$ 144,270	\$ 336,897
Inventory of materials and supplies, at cost	-	96,754	96,754
Total current assets	192,627	241,024	433,651
Capital assets			
Capital assets	-	154,552	154,552
Accumulated depreciation	-	(132,307)	(132,307)
Net capital assets	-	22,245	22,245
Total assets	192,627	263,269	455,896
DEFERRED OUTFLOWS OF RESOURCES			
Total deferred outflows of resources	-	-	-
LIABILITIES			
Current liabilities			
Accounts payable	192,627	99,035	291,662
Accrued liabilities	-	31,416	31,416
Compensated absences payable, current portion	-	23,410	23,410
Total current liabilities	192,627	153,861	346,488
Noncurrent liabilities			
Compensated absences payable, long-term portion	-	109,408	109,408
Total noncurrent liabilities	-	109,408	109,408
Total liabilities	192,627	263,269	455,896
DEFERRED INFLOWS OF RESOURCES			
Total deferred inflows of resources	-	-	-
NET POSITION			
Net investment in capital assets	-	22,245	22,245
Unrestricted	-	(22,245)	(22,245)
Total net position	\$ -	\$ -	\$ -

City of Norwalk
Combining Statement of Revenues, Expenses and Changes in Net Position –
Internal Service Funds
Year ended June 30, 2013

	Governmental Activities		
	Employee Benefits	Vehicle Maintenance	Total
Operating revenues			
Charges for services	\$ 9,877,974	\$ 3,109,827	\$ 12,987,801
Total operating revenues	9,877,974	3,109,827	12,987,801
Operating expenses			
Salaries and benefits	9,877,974	1,710,290	11,588,264
Maintenance and repairs	-	1,319,711	1,319,711
Administrative	-	27,586	27,586
Utilities	-	36,434	36,434
Contractual services	-	9,278	9,278
Depreciation	-	6,528	6,528
Total operating expenses	9,877,974	3,109,827	12,987,801
Operating income	-	-	-
Total net position - beginning	-	-	-
Total net position - ending	\$ -	\$ -	\$ -

City of Norwalk
Combining Statement of Cash Flows –
Internal Service Funds
Year ended June 30, 2013

	Governmental Activities		
	Employee	Vehicle	Total
	Benefits	Maintenance	
Cash flows from operating activities			
Receipts from tenants, customers and users	\$ 9,877,974	\$ 3,109,827	\$ 12,987,801
Payments to suppliers	(358,964)	(1,369,118)	(1,728,082)
Payments to employees	<u>(9,877,974)</u>	<u>(1,737,725)</u>	<u>(11,615,699)</u>
Net cash provided (used) by operating activities	<u>(358,964)</u>	<u>2,984</u>	<u>(355,980)</u>
Change in cash and cash equivalents	(358,964)	2,984	(355,980)
Beginning cash and cash equivalents	<u>551,591</u>	<u>141,286</u>	<u>692,877</u>
Ending cash and cash equivalents	<u>\$ 192,627</u>	<u>\$ 144,270</u>	<u>\$ 336,897</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income	\$ -	\$ -	\$ -
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:			
Depreciation	-	6,528	6,528
(Increase) decrease in:			
Inventory	-	52,571	52,571
Increase (decrease):			
Accounts payable	60,140	2,775	62,915
Accrued liabilities	(419,104)	(31,455)	(450,559)
Compensated absences payable	-	(27,435)	(27,435)
Net cash provided (used) by operating activities	<u>\$ (358,964)</u>	<u>\$ 2,984</u>	<u>\$ (355,980)</u>

This fund accounts for money and property held by the City as trustee or custodian. Among the activities are the disposition of funds, deposits made for the account of other governmental agencies, developers, and others under the terms of agreements for which the deposits were made. This fund is custodial in nature (assets equals liabilities) and do not involve measurement of result of operations.

City of Norwalk
Statement of Changes in Assets and Liabilities
Agency Fund
Year ended June 30, 2013

		<u>Balance</u> <u>July 1, 2012</u>		<u>Additions</u>		<u>Deletions</u>		<u>Balance</u> <u>June 30, 2013</u>
Assets								
Cash and investments	\$	665,278	\$	686,752	\$	633,947	\$	718,083
Total assets	\$	665,278	\$	686,752	\$	633,947	\$	718,083
Liabilities								
Accounts payable	\$	41,100	\$	31,203	\$	41,100	\$	31,203
Deposits payable		624,178		655,549		592,847		686,880
Total liabilities	\$	665,278	\$	686,752	\$	633,947	\$	718,083

This part of the City of Norwalk'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 say about the government's overall financial health.

Contents	<u>Pages</u>
<u>Financial Trends</u> these schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed overtime.	133-138
<u>Revenue Capacity</u> these schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	139-142
<u>Debt Capacity</u> these schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	143-148
<u>Demographic and Economic Information</u> these schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	149-150
<u>Operating Information</u> these schedules contain service and infrastructure data to help the reader understand how the information in the City's financial <i>report</i> relates to the services the City provides and the activities it performs.	151-153
<u>Water Systems</u> these schedules contain historical operating and statistical data pertaining to the Continuing Disclosure requirements for the Water Revenue Bonds.	154-162

City of Norwalk
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12*	2012-13
Governmental Activities:										
Net investment in capital assets	\$ -	\$ 8,183,219	\$ 5,952,077	\$155,330,406	\$151,673,273	\$147,890,947	\$149,429,572	\$151,855,529	\$169,952,289	\$166,403,726
Restricted	17,512,492	10,295,929	40,828,568	26,291,971	33,985,481	35,531,227	34,151,864	25,645,644	11,828,031	11,877,331
Unrestricted	<u>(6,015,282)</u>	<u>(5,935,834)</u>	<u>(30,251,245)</u>	<u>(15,915,040)</u>	<u>(24,445,926)</u>	<u>(27,568,372)</u>	<u>(33,627,069)</u>	<u>(30,664,965)</u>	<u>21,990,115</u>	<u>24,521,888</u>
Total governmental activities net position	<u>11,497,210</u>	<u>12,543,314</u>	<u>16,529,400</u>	<u>165,707,337</u>	<u>161,212,828</u>	<u>155,853,802</u>	<u>149,954,367</u>	<u>146,836,208</u>	<u>203,770,435</u>	<u>202,802,945</u>
Business-type Activities:										
Net investment in capital assets	13,645,902	14,733,258	17,486,832	19,530,370	20,091,062	21,117,166	26,764,133	26,295,346	25,663,416	30,689,254
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	<u>1,172,470</u>	<u>(818,749)</u>	<u>(2,777,203)</u>	<u>(1,189,903)</u>	<u>(4,846,849)</u>	<u>(6,217,597)</u>	<u>(7,171,135)</u>	<u>(3,789,468)</u>	<u>(3,131,920)</u>	<u>(1,196,453)</u>
Total business-type activities net position	<u>14,818,372</u>	<u>13,914,509</u>	<u>14,709,629</u>	<u>18,340,467</u>	<u>15,244,213</u>	<u>14,899,569</u>	<u>19,592,998</u>	<u>22,505,878</u>	<u>22,531,496</u>	<u>29,492,801</u>
Primary Government:										
Net investment in capital assets	13,645,902	22,916,477	23,438,909	174,860,776	171,764,335	169,008,113	176,193,705	178,150,875	195,615,705	197,092,980
Restricted	17,512,492	10,295,929	40,828,568	26,291,971	33,985,481	35,531,227	34,151,864	25,645,644	11,828,031	11,877,331
Unrestricted	<u>(4,842,812)</u>	<u>(6,754,583)</u>	<u>(33,028,448)</u>	<u>(17,104,943)</u>	<u>(29,292,775)</u>	<u>(33,785,969)</u>	<u>(40,798,204)</u>	<u>(34,454,433)</u>	<u>18,858,195</u>	<u>23,325,435</u>
Total primary government net position	<u>\$26,315,582</u>	<u>\$26,457,823</u>	<u>\$31,239,029</u>	<u>\$184,047,804</u>	<u>\$176,457,041</u>	<u>\$170,753,371</u>	<u>\$169,547,365</u>	<u>\$169,342,086</u>	<u>\$226,301,931</u>	<u>\$232,295,746</u>

* The Norwalk Redevelopment Agency was dissolved as of 1/31/12. The Successor Agency is reported as a Fiduciary Fund GASB 34 was implemented for the fiscal year ended June 30, 2003.

Source: City of Norwalk

City of Norwalk
Changes in Net Position – Expenses and Program Revenues
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12*	2012-13
Expenses:										
Governmental Activities:										
General government	\$ 10,128,665	\$ 8,809,438	\$ 8,381,799	\$ 9,686,834	\$ 8,747,054	\$ 9,059,800	\$ 9,702,843	\$ 8,985,356	\$ 8,884,242	\$ 8,710,567
Public safety	10,420,931	11,172,581	12,311,292	12,613,947	13,608,020	12,666,249	11,978,780	12,427,683	13,612,574	13,570,520
Urban development	5,416,941	5,828,329	5,933,164	6,784,733	7,586,773	8,037,078	7,681,035	13,771,165	6,018,037	5,061,932
Highways and streets	7,400,015	7,890,050	8,589,020	16,568,320	16,906,730	14,680,280	18,252,303	17,763,495	17,301,304	18,113,188
Culture and leisure	6,175,064	6,804,699	7,328,319	8,121,309	7,964,496	7,106,356	6,271,529	6,079,088	6,370,760	6,655,568
Health and welfare	12,268,763	14,633,499	16,342,569	16,161,939	20,078,619	20,797,540	20,023,252	18,893,417	13,873,285	13,203,687
Interest expense	3,635,249	4,768,443	5,991,359	6,106,478	6,297,018	6,338,135	5,527,615	4,665,588	2,420,418	756,657
Bond Issuance Costs	-	-	-	-	-	-	-	-	-	214,454
Total governmental activities net expense	<u>55,445,628</u>	<u>59,907,039</u>	<u>64,877,522</u>	<u>76,043,560</u>	<u>81,188,710</u>	<u>78,685,438</u>	<u>79,437,357</u>	<u>82,585,792</u>	<u>68,480,620</u>	<u>66,286,573</u>
Business-type Activities:										
Transit system	9,306,518	11,191,817	12,465,594	12,909,714	15,271,506	13,332,392	13,612,036	14,947,479	13,188,597	13,097,504
Water	2,357,241	2,792,974	3,824,316	3,261,143	3,522,631	3,133,057	3,416,962	3,703,524	4,189,925	4,080,423
Golf Course	-	-	-	-	371,664	394,129	349,697	303,959	309,777	334,630
Total business-type activities net position	<u>11,663,759</u>	<u>13,984,791</u>	<u>16,289,910</u>	<u>16,170,857</u>	<u>19,165,801</u>	<u>16,859,578</u>	<u>17,378,695</u>	<u>18,954,962</u>	<u>17,688,299</u>	<u>17,512,557</u>
Total primary government expenses	<u>\$ 67,109,387</u>	<u>\$ 73,891,830</u>	<u>\$ 81,167,432</u>	<u>\$ 92,214,417</u>	<u>\$ 100,354,511</u>	<u>\$ 95,545,016</u>	<u>\$ 96,816,052</u>	<u>\$ 101,540,754</u>	<u>\$ 86,168,919</u>	<u>\$ 83,799,130</u>
Program Revenues:										
Governmental Activities:										
Charges for services:										
General government	\$ 800,738	\$ 905,373	\$ 979,342	\$ 1,623,920	\$ 2,025,932	\$ 1,557,278	\$ 1,581,959	\$ 1,542,150	\$ 1,688,661	\$ 3,530,210
Public safety	1,876,879	2,099,468	1,926,096	2,047,466	2,346,304	1,941,504	1,607,987	1,621,750	1,658,004	1,845,530
Urban development	1,029,261	998,157	1,039,933	1,074,215	1,916,448	2,633,236	3,095,020	3,451,811	4,117,944	2,006,273
Highways and streets	-	-	-	122,055	235,480	191,071	158,557	295,550	191,032	257,232
Culture and leisure	737,487	804,032	900,161	1,107,127	638,882	445,549	410,833	567,608	524,419	526,005
Health and welfare	163,029	57,745	59,623	64,405	68,544	481,394	421,513	400,554	440,685	1,332,438
Operating contributions and grants	13,261,982	14,596,986	14,983,486	18,160,029	21,084,705	19,890,244	23,678,181	34,397,088	24,545,865	21,347,543
Capital contributions and grants	3,943,397	1,591,577	2,743,420	4,899,984	2,687,485	49,980	-	-	-	-
Total governmental activities program revenues	<u>21,812,773</u>	<u>21,053,338</u>	<u>22,632,061</u>	<u>29,099,201</u>	<u>31,003,780</u>	<u>27,190,256</u>	<u>30,954,050</u>	<u>42,276,511</u>	<u>33,166,610</u>	<u>30,845,231</u>
Business-type Activities:										
Charges for services:										
Transit system	2,206,292	2,636,753	3,012,905	2,934,122	2,325,682	1,448,755	2,015,786	1,588,163	1,612,290	1,525,603
Water utility	2,463,440	2,876,445	2,989,417	3,067,817	3,233,957	3,934,301	4,287,509	4,900,159	4,871,980	5,172,247
Golf Course (1)	-	-	-	-	196,155	192,102	194,718	152,878	163,186	143,235
Operating contributions and grants	6,333,623	7,624,497	9,866,303	7,928,959	8,758,685	8,411,655	7,223,874	8,767,042	9,994,239	10,526,038
Capital contributions and grants	1,342,875	182,845	1,216,405	2,486,866	1,554,473	2,528,121	8,340,444	2,481,567	212,763	6,864,247
Total business-type activities program revenues	<u>12,346,230</u>	<u>13,320,540</u>	<u>17,085,030</u>	<u>16,417,764</u>	<u>16,068,952</u>	<u>16,514,934</u>	<u>22,062,331</u>	<u>17,889,809</u>	<u>16,854,458</u>	<u>24,231,370</u>
Primary government program revenues	<u>\$ 34,159,003</u>	<u>\$ 34,373,878</u>	<u>\$ 39,717,091</u>	<u>\$ 45,516,965</u>	<u>\$ 47,072,732</u>	<u>\$ 43,705,190</u>	<u>\$ 53,016,381</u>	<u>\$ 60,166,320</u>	<u>\$ 50,021,068</u>	<u>\$ 55,076,601</u>
Net (Expense)/Revenue:										
Governmental activities	\$(33,632,855)	\$(38,853,701)	\$(42,245,461)	\$(46,944,359)	\$(50,184,930)	\$(51,495,182)	\$(48,483,307)	\$(40,309,281)	\$(35,314,010)	\$(35,441,342)
Business-type activities	682,471	(664,251)	795,120	246,907	(3,096,849)	(344,644)	4,683,636	(1,065,153)	(833,841)	6,718,813
Total primary government net expense	<u>\$(32,950,384)</u>	<u>\$(39,517,952)</u>	<u>\$(41,450,341)</u>	<u>\$(46,697,452)</u>	<u>\$(53,281,779)</u>	<u>\$(51,839,826)</u>	<u>\$(43,799,671)</u>	<u>\$(41,374,434)</u>	<u>\$(36,147,851)</u>	<u>\$(28,722,529)</u>

(1) City of Norwalk established Golf Course as a business-type activity as of 7/1/2007.

* The Norwalk Redevelopment Agency was dissolved as of 1/31/12. The Successor Agency is reported as a Fiduciary Fund

Source: City of Norwalk

City of Norwalk
Changes in Net Position – General Revenues
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12*	2012-13
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Sales taxes	\$ 8,473,159	\$ 9,323,902	\$ 9,706,650	\$ 9,542,688	\$ 9,702,359	\$ 8,668,272	\$ 7,519,647	\$ 8,222,180	\$ 8,760,445	\$ 9,323,299
Property taxes	10,047,808	11,973,662	13,350,001	14,007,951	15,061,208	15,742,859	16,341,203	14,764,697	7,823,406	6,986,560
Utility users tax	5,586,252	5,610,068	5,809,592	6,023,059	5,985,219	6,023,038	5,974,407	5,743,933	5,421,616	5,354,039
Business operation taxes	688,079	685,596	671,677	694,324	684,429	637,385	649,357	669,931	858,584	782,573
Transient occupancy taxes	828,059	1,025,108	1,388,776	1,165,284	1,161,167	1,165,698	1,021,084	876,639	1,128,493	1,227,030
Property tax in-lieu of VLF (1)	6,703,108	5,900,499	7,641,419	8,643,615	8,806,441	9,208,157	8,536,095	8,394,222	8,535,764	8,727,028
Franchise taxes	1,331,822	1,353,442	1,414,502	1,554,160	1,539,710	1,637,196	1,615,826	1,676,175	1,747,542	1,790,365
Investment income	321,794	1,731,960	3,003,323	4,333,908	2,749,889	3,053,551	926,253	799,896	2,083,266	474,353
Gain on sale of assets	365,103	438,178	179,812	12,114	-	-	-	-	-	-
Miscellaneous/Extraordinary Items	1,769,620	1,857,390	2,146,303	638,154	-	-	-	(3,956,551)	55,889,121	(191,395)
Total governmental activities	<u>36,114,804</u>	<u>39,899,805</u>	<u>45,312,055</u>	<u>46,615,257</u>	<u>45,690,422</u>	<u>46,136,156</u>	<u>42,583,872</u>	<u>37,191,122</u>	<u>92,248,237</u>	<u>34,473,852</u>
Business-type Activities:										
Investment income	221,388	26,170	-	-	595	-	9,793	21,482	29,272	51,097
Miscellaneous	2,053	4,063	-	-	-	-	-	3,956,551	830,187	191,395
Total business-type activities	<u>223,441</u>	<u>30,233</u>	<u>-</u>	<u>-</u>	<u>595</u>	<u>-</u>	<u>9,793</u>	<u>3,978,033</u>	<u>859,459</u>	<u>242,492</u>
Total primary government	<u>\$ 36,338,245</u>	<u>\$ 39,930,038</u>	<u>\$ 45,312,055</u>	<u>\$ 46,615,257</u>	<u>\$ 45,691,017</u>	<u>\$ 46,136,156</u>	<u>\$ 42,593,665</u>	<u>\$ 41,169,155</u>	<u>\$ 93,107,696</u>	<u>\$ 34,716,344</u>
Change in Net Position:										
Governmental activities	\$ 2,481,949	\$ 1,046,104	\$ 3,066,594	\$ (329,102)	\$ (4,494,508)	\$ (5,359,026)	\$ (5,899,435)	\$ (3,118,159)	\$ 56,934,227	\$ (967,490)
Business-type activities	905,912	(634,018)	795,120	246,907	(3,096,254)	(344,644)	4,693,429	2,912,880	25,618	6,961,305
Total primary government	<u>\$ 3,387,861</u>	<u>\$ 412,086</u>	<u>\$ 3,861,714</u>	<u>\$ (82,195)</u>	<u>\$ (7,590,762)</u>	<u>\$ (5,703,670)</u>	<u>\$ (1,206,006)</u>	<u>\$ (205,279)</u>	<u>\$ 56,959,845</u>	<u>\$ 5,993,815</u>

GASB 34 was implemented for the fiscal year ended June 30, 2003.

(1) Motor vehicle taxes swapped for property tax in-lieu of VLF in fiscal year 2004-05, prior to fiscal year 2004-05 this line item represented motor vehicle taxes

* The Norwalk Redevelopment Agency was dissolved as of 1/31/12. The Successor Agency is reported as a Fiduciary Fund

Source: City of Norwalk

City of Norwalk
Fund Balances – Governmental Funds
Last Eight Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year							
	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12 *	2012-13
General Fund:								
Nonspendable	\$ 6,914,781	\$ 6,902,322	\$ 9,000,407	\$ 8,757,760	\$ 9,891,125	\$ 9,895,075	\$ 11,593,888	\$ 10,337,174
Committed	-	-	-	-	-	-	327,083	283,583
Assigned	1,322,660	1,766,415	3,011,812	3,206,293	3,110,768	8,846,359	1,282,729	776,628
Unassigned	13,894,290	12,356,460	6,995,375	6,686,737	8,680,524	10,736,919	10,668,298	14,728,463
Total General Fund	<u>\$ 22,131,731</u>	<u>\$ 21,025,197</u>	<u>\$19,007,594</u>	<u>\$18,650,790</u>	<u>\$21,682,417</u>	<u>\$29,478,353</u>	<u>\$23,871,998</u>	<u>\$26,125,848</u>
All Other Governmental Funds:								
Nonspendable	\$ 7,785,108	\$ 8,585,108	\$ 7,785,108	\$ 8,535,108	\$ 8,535,108	\$ 750,000	\$ -	\$ -
Restricted								
Special revenue funds	5,717,674	4,804,197	4,508,999	7,932,266	10,437,238	12,543,334	6,474,186	7,884,277
Capital projects funds	20,871,122	22,422,940	25,754,027	23,293,951	20,670,954	5,840,744	4,660,152	3,691,069
Debt service funds	5,026,426	5,037,489	4,990,856	4,974,905	4,967,743	4,967,744	693,691	301,985
Committed	774,538	1,282,770	1,528,608	1,583,324	1,345,469	1,216,247	1,558,255	2,859,188
Assigned	(3,646,416)	(4,673,177)	(4,941,420)	(5,326,034)	(5,014,254)	327,575	-	-
Unassigned	(274,676)	(1,483,689)	(167,056)	(16,955)	-	(99,030)	(307,188)	(752,744)
Total All Other Governmental Funds	<u>\$ 36,253,776</u>	<u>\$ 35,975,638</u>	<u>\$39,459,122</u>	<u>\$40,976,565</u>	<u>\$40,942,258</u>	<u>\$25,546,614</u>	<u>\$13,079,096</u>	<u>\$13,983,775</u>

* The Norwalk Redevelopment Agency was dissolved as of 1/31/12. The Successor Agency is reported as a Fiduciary Fund
The City of Norwalk has elected to show only seven years of data for this schedule.
GASB 54 was implemented as of June 30,2011. Prior years data has been restated to reflect GASB 54

Source: City of Norwalk

City of Norwalk
Changes in Fund Balances – Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12*	2012-13
Revenues:										
Taxes	\$24,238,379	\$26,350,404	\$ 35,810,385	\$37,862,309	\$39,326,706	\$39,476,247	\$40,628,502	\$40,347,777	\$34,275,850	\$34,190,894
Licenses and permits	795,954	873,993	906,972	942,629	1,130,924	1,017,798	985,508	951,871	1,061,945	1,095,276
Fines, forfeiture and penalties	1,647,259	1,807,363	1,626,460	1,654,552	1,647,442	1,673,057	1,467,150	1,436,004	1,500,648	1,558,155
Use of money and Property	825,118	571,288	1,690,923	2,909,622	3,208,729	1,780,514	926,253	6,799,896	665,890	454,973
Intergovernmental	18,125,484	25,809,711	20,532,413	22,801,825	27,028,688	22,948,214	22,416,893	27,117,886	25,269,879	21,578,666
Motor vehicle license fee	4,854,797	2,436,168	828,779	595,116	490,330	372,401	323,150	558,902	56,479	46,743
Charges for services	3,436,866	1,622,104	1,827,500	2,061,106	1,957,538	1,855,635	1,829,628	1,813,133	2,006,230	2,159,938
Rental Income	519,444	1,119,205	1,184,487	1,218,510	1,233,858	1,255,826	1,265,097	1,334,820	778,045	778,252
Other	1,166,662	2,933,621	2,874,347	2,409,040	2,175,940	1,673,683	1,728,486	9,202,662	1,987,727	3,257,486
Contribution from County	-	-	-	-	-	-	-	-	-	-
Total revenues	55,609,963	63,523,857	67,282,266	72,454,709	78,200,155	72,053,375	71,570,667	89,562,951	67,602,693	65,120,383
Expenditures:										
Current:										
General government	6,942,997	7,480,624	8,022,028	8,644,601	8,384,031	7,802,225	7,789,901	7,650,241	7,529,673	7,353,954
Public safety	10,367,867	11,067,571	12,082,002	12,819,814	13,436,368	12,463,523	11,781,821	12,248,786	13,437,672	13,411,537
Urban development	5,394,999	5,816,812	5,745,947	6,339,425	8,439,595	7,961,931	7,436,094	14,232,826	5,742,654	4,769,650
Public works	6,582,444	7,833,535	8,351,127	7,621,670	8,169,855	8,007,714	10,206,797	10,355,027	9,677,375	10,398,397
Culture and leisure	5,755,366	6,682,231	7,132,203	8,027,798	7,859,831	6,593,909	5,744,112	5,607,531	5,906,584	6,176,819
Health and welfare	13,619,863	14,666,925	15,789,360	15,776,975	20,078,619	20,205,820	19,572,065	18,560,049	13,549,014	12,849,407
Capital outlay nad improvement	8,134,038	2,629,991	2,133,948	7,018,445	4,873,054	2,281,518	1,175,345	18,926,378	4,299,315	4,833,258
Debt service:										
Principal retirement	1,423,731	1,378,416	1,455,000	1,875,000	1,680,000	1,740,000	1,820,000	1,890,000	1,975,000	780,000
Interest and fiscal charges	4,581,099	4,793,199	4,931,001	6,117,985	6,217,981	6,260,210	5,450,217	6,247,967	2,386,516	992,099
Bond issuance cost	-	-	2,665,330	-	-	-	-	-	-	214,454
Total expenditures	62,802,404	62,349,304	68,307,946	74,241,713	79,139,334	73,316,850	70,976,352	95,718,805	64,503,803	61,779,575
Excess (deficiency) of revenues over (under) expenditures	(7,192,441)	1,174,553	(1,025,680)	(1,787,004)	(939,179)	(1,263,475)	594,315	(6,155,854)	3,098,890	3,340,808
Other Financing Sources (Uses):										
Issuance of County deferred loans	2,092,207	2,467,720	2,379,452	2,450,332	2,405,060	2,424,113	2,403,006	2,512,697	-	-
Payment to bond escrow agent	-	-	(31,859,549)	-	-	-	-	-	-	(7,295,000)
Proceeds of tax allocation refunding revenue bonds	-	-	64,125,000	-	-	-	-	-	-	7,304,115
Bond discount	-	-	(353,028)	-	-	-	-	-	-	-
Bond premium	-	-	478,662	-	-	-	-	-	-	-
Transfers in	5,407,007	3,357,959	31,213,830	2,884,925	3,432,019	2,892,272	6,717,098	13,386,923	4,583,186	3,205,025
Transfers out	(5,362,007)	(3,357,959)	(31,213,830)	(4,932,925)	(3,432,019)	(2,892,272)	(6,717,098)	(17,343,474)	(5,413,373)	(3,396,420)
Total other financing sources (uses)	2,137,207	2,467,720	34,770,537	402,332	2,405,060	2,424,113	2,403,006	(1,443,854)	(830,187)	(182,280)
Extraordinary items	-	-	-	-	-	-	-	-	(20,342,575)	-
Net change in fund balances	(5,055,234)	3,642,273	33,744,857	(1,384,672)	1,465,881	1,160,638	2,997,321	(7,599,708)	(18,073,872)	3,158,528
Fund balances - July 1	22,454,944	20,411,808	24,640,650	58,385,507	57,000,835	58,466,716	59,627,354	62,624,675	55,024,967	36,951,095
Fund balances - June 30	<u>\$17,399,710</u>	<u>\$24,054,081</u>	<u>\$ 58,385,507</u>	<u>\$57,000,835</u>	<u>\$58,466,716</u>	<u>\$59,627,354</u>	<u>\$62,624,675</u>	<u>\$55,024,967</u>	<u>\$36,951,095</u>	<u>\$40,109,623</u>
Debt service as a percentage of noncapital expenditures	10.98%	10.33%	13.68%	11.89%	10.63%	11.26%	10.42%	10.60%	7.24%	3.49%

* The Norwalk Redevelopment Agency was dissolved as of 1/31/12. The Successor Agency is reported as a Fiduciary Fund.

Source: City of Norwalk

City of Norwalk
Governmental Activities Tax Revenues by Sources
Last Ten Fiscal Years
(accrual basis of accounting)

Fiscal Year	Property Tax		Sales and Use Tax	Utility Users Tax	Business Operations Tax	Transient Occupancy Tax	Property Tax in-lieu of VLF*	Franchise Tax	Total Taxes
	City	Redevelopment Agency							
2003-04	\$ 4,853,867	\$ 5,193,941	\$ 8,473,159	\$ 5,586,252	\$ 688,079	\$ 828,059	\$ 6,703,108	\$ 1,331,822	\$ 33,658,287
2004-05	5,175,725	6,797,937	9,323,902	5,610,068	685,596	1,025,108	5,900,499	1,353,442	35,872,277
2005-06	5,995,006	7,354,995	9,706,650	5,809,592	671,677	1,388,776	7,641,419	1,414,502	39,982,617
2006-07	5,806,655	8,201,296	9,542,688	6,023,059	694,324	1,165,284	8,643,615	1,554,160	41,631,081
2007-08	6,188,471	8,872,737	9,702,359	5,985,219	684,429	1,161,167	8,806,441	1,539,711	42,940,534
2008-09	6,475,400	9,267,459	8,668,275	6,023,035	637,385	1,165,698	9,208,157	1,637,196	43,082,605
2009-10	7,073,934	9,267,269	7,519,647	5,974,407	649,357	1,021,084	8,536,095	1,615,826	41,657,619
2010-11	5,658,080	9,106,617	8,222,180	5,743,933	669,931	876,639	8,394,222	1,676,175	40,347,777
2011-12 (1)	5,708,121	2,115,285	8,760,445	5,421,616	858,584	1,128,493	8,535,764	1,747,542	34,275,850
2012-13	6,986,560	-	9,323,299	5,354,039	782,573	1,227,030	8,727,028	1,790,365	34,190,894

*Motor vehicle taxes swapped for property tax in-lieu of VLF in fiscal year 2004-05, prior to fiscal year 2004-05 this line item represented m

(1) The Norwalk Redevelopment Agency was dissolved as of 1/31/12. The Successor Agency is reported as a Fiduciary Fund

Source: City of Norwalk

City of Norwalk
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years
(rate per \$1,000 of assessed value)

Fiscal Year	Residential Property	Commercial Property	Industrial Property	Other* Property	Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
2003-04	\$ 3,118,566	\$389,673	\$163,732	\$297,540	\$ 36,864	\$ 3,969,511	0.17479%
2004-05	3,419,623	427,406	172,394	305,432	36,859	4,324,855	0.19203%
2005-06	3,789,390	489,793	188,488	286,903	36,859	4,754,574	0.19424%
2006-07	4,310,627	542,293	189,639	286,285	37,368	5,328,844	0.19753%
2007-08	4,766,625	584,168	203,328	276,747	38,844	5,830,868	0.19825%
2008-09	4,960,294	622,788	220,165	293,355	39,287	6,096,602	0.20525%
2009-10	4,464,323	655,276	225,728	306,709	39,305	5,652,036	0.22484%
2010-11	4,397,888	638,634	237,745	283,921	41,012	5,558,188	0.22213%
2011-12	4,495,242	639,267	227,164	288,436	40,773	5,650,109	0.21830%
2012-13	4,593,039	651,375	233,802	298,414	44,013	5,776,630	0.22158%

*Other property includes government, institutional, unsecured property and vacant land.

Note: In 1978 the voters of the State of California passed Proposition 13 which limited taxes to a total maximum rate of 1%, based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum of 2%). With few exceptions, property is only reassessed as a result of new construction activity or at the time it is sold to a new owner. At that point, the property is reassessed based upon the added value of the construction or at the purchase price (market value) or economic value of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

Source: L.A. County Assessor, HdL Coren & Cone

City of Norwalk
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(rate per \$100 of taxable value)

	Fiscal Year									
	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Total Direct Rate	0.17479	0.19203	0.19424	0.19753	0.19825	0.20525	0.22484	0.22213	0.21830	0.22158
Overlapping Rates:										
Los Angeles County General	0.23242	0.23242	0.23242	0.23242	0.23210	0.23210	0.23210	0.23210	0.23210	0.23210
Norwalk-La Mirada Unified School District	0.18781	0.18781	0.18781	0.18781	0.18780	0.18780	0.18780	0.18780	0.18780	0.18780
Consolidated Fire Protection District of LA Co.	0.17004	0.17004	0.17004	0.17004	0.17000	0.17000	0.17000	0.17000	0.17000	0.17000
Educational Augmentation Fund Impound	0.13529	0.13529	0.13529	0.13529	0.13530	0.13530	0.13530	0.13530	0.13530	0.13530
Educational Revenue Augmentation Fund	0.06813	0.06813	0.06813	0.06813	0.06850	0.06850	0.06850	0.06850	0.06850	0.06850
City Norwalk Tax District 1	0.06625	0.06625	0.06625	0.06625	0.06630	0.06630	0.06630	0.06630	0.06630	0.06630
Norwalk Southeast Recreation and Park	0.02630	0.02630	0.02630	0.02630	0.02630	0.02630	0.02630	0.02630	0.02630	0.02630
Cerritos Community College District	0.02459	0.02459	0.02459	0.02459	0.02460	0.02460	0.02460	0.02460	0.02460	0.02460
La Mirada Southeast Recreation and Park	0.02436	0.02436	0.02436	0.02436	0.02440	0.02440	0.02440	0.02440	0.02440	0.02440
LA County Library	0.02248	0.02248	0.02248	0.02248	0.02250	0.02250	0.02250	0.02250	0.02250	0.02250
County Sanitation District No. 18 Operating	0.01223	0.01223	0.01223	0.01223	0.01223	0.01223	0.01223	0.01223	0.01223	0.01223
LA County Flood Control Maintenance	0.00936	0.00936	0.00936	0.00936	0.00936	0.00936	0.00936	0.00936	0.00936	0.00936
LA County Fire - Frw	0.00693	0.00693	0.00693	0.00693	0.00693	0.00693	0.00693	0.00693	0.00693	0.00693
County School Service Fund Norwalk - La Mirad	0.00652	0.00652	0.00652	0.00652	0.00652	0.00652	0.00652	0.00652	0.00652	0.00652
Children's Institutional Tuition Fund	0.00272	0.00272	0.00272	0.00272	0.00272	0.00272	0.00272	0.00272	0.00272	0.00272
LA County Flood Control Dr. Imp. Dist. Maint.	0.00165	0.00165	0.00165	0.00165	0.00165	0.00165	0.00165	0.00165	0.00165	0.00165
County School Services	0.00137	0.00137	0.00137	0.00137	0.00137	0.00137	0.00137	0.00137	0.00137	0.00137
Little Lake Cemetery District	0.00091	0.00091	0.00091	0.00091	0.00091	0.00091	0.00091	0.00091	0.00091	0.00091
Greater LA Co. Vector Control	0.00036	0.00036	0.00036	0.00036	0.00036	0.00036	0.00036	0.00036	0.00036	0.00036
Water Replenishment District of Southern Calif.	0.00017	0.00017	0.00017	0.00017	0.00017	0.00017	0.00017	0.00017	0.00017	0.00017
LA County Accumulative Capital Outlay	0.00011	0.00011	0.00011	0.00011	0.00011	0.00011	0.00011	0.00011	0.00011	0.00011
Total Proposition 13 Rate	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
ABC Unified School District	0.02490	0.02657	0.02745	0.02427	0.02434	0.02388	0.02695	0.02920	0.02858	0.02453
Cerritos Community College District	-	0.01908	0.02423	0.02392	0.01071	0.00994	0.01854	0.02677	0.01782	0.02594
Detention Facilities 1987 Debt	0.00099	0.00092	0.00080	0.00066	-	-	-	-	-	-
Downey Unified School District	0.05130	0.06564	0.07719	0.06148	0.07569	0.05790	0.06507	0.07018	0.06725	0.07132
LA County Flood Control	0.00046	0.00025	0.00005	0.00005	-	-	-	-	-	-
Little Lake City School District	0.06094	0.05313	0.03994	0.03483	0.07499	0.07360	0.07233	0.07647	0.05286	0.06942
Metropolitan Water District	0.00610	0.00580	0.00520	0.00470	0.00450	0.00430	0.00430	0.00370	0.00370	0.00350
Norwalk-La Mirada Unified School District	0.05560	0.05316	0.05368	0.05036	0.05226	0.06271	0.06110	0.06197	0.06496	0.06997
Rio Hondo Community College Dist	-	0.02170	0.01802	0.01469	0.01369	0.02320	0.02714	0.03439	0.03418	0.02812
Whittier Union High School District	0.03793	0.03085	0.04489	0.08918	0.04359	0.03728	0.04224	0.04239	0.04317	0.04556
Total Voter Approved Rate	0.23822	0.27710	0.29145	0.30414	0.29977	0.29281	0.31767	0.34507	0.31252	0.33836
Total Direct & Overlapping Tax Rates	1.23822	1.27710	1.29145	1.30414	1.29977	1.29281	1.31767	1.34507	1.31252	1.33836
City's Share of 1% Levy per Prop 13	0.09255	0.09255	0.09255	0.09255	0.09255	0.09255	0.09255	0.09255	0.09255	0.09255
Redevelopment Rate	1.00755	1.00697	1.00604	1.00541	1.00450	1.00430	1.00430	1.00370	1.00370	-

Notes:

General fund tax rates are representative and based upon the direct and overlapping rates for the largest General Fund rate area (TRA) by net taxable value.

In 1978 the voters of the State of California passed Proposition 13 which sets the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of voter approved bonds.

City's Share of 1% Levy is based on the City's share of the general fund tax rate area with the largest net taxable value within the city. ERAF general fund tax shifts may not be included in tax ratio figures.

RDA rate is based on the largest RDA tax rate area (TRA) and includes only rate(s) from indebtedness adopted prior to 1989 per California State statute. RDA direct and overlapping rates are applied only to the incremental property values.

Total Direct Rate is the weighted average of all individual direct rates applied by the government preparing the statistical section information. The percentages presented in the columns above do not sum across rows.

Source: L.A. County Assessor's Office,

City of Norwalk
Principal Property Tax Payers
Current Fiscal Year and Ten Fiscal Years Ago

Taxpayer	2012-13			2003-04		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Norwalk MM LLC	\$ 59,130,000	1	1.02%	-	-	-
Advanced Group	44,277,833	2	0.77%	-	-	-
IMT Capital II Palm Cntry Club	42,567,975	3	0.74%	-	-	-
SRGMF Bloomfield Norwalk LLC	41,544,711	4	0.72%	-	-	-
Target Corporation	37,738,046	5	0.65%	-	-	-
Levian Family Norwalk LLC	33,392,468	6	0.58%	-	-	-
Sam Menlo Trust	30,412,288	7	0.53%	-	-	-
McKenna Norwalk LP	22,483,312	8	0.39%	-	-	-
Norwalk Industrial Sub LLC	22,293,576	9	0.39%	-	-	-
Paddison Associates	21,284,176	10	0.37%	-	-	-
Starwood OC Portfolio V LLC				\$ 31,809,539	1	0.80%
Hekmatravan				25,614,590	2	0.65%
TGM Palm Country Club INC				21,478,007	3	0.54%
Wheelabrator Norwalk Energy Co.				20,054,644	4	0.51%
PFG Norwalk Limited				18,926,589	5	0.48%
Coast Plaza Doctors Hospital				18,650,867	6	0.47%
Rohnert Civic LLC				18,455,045	7	0.46%
Zeno Table Company Inc				16,984,425	8	0.43%
OLP Norwalk LLC				16,932,000	9	0.43%
Costco Wholesale Corporation				16,799,416	10	0.42%
	<u>\$ 355,124,385</u>		<u>6.15%</u>	<u>\$ 205,705,122</u>		<u>5.18%</u>

Excludes government and tax-exempt property owners

Source: L.A. County Assessor 2003/04 and 2012/13 Combined Tax, SBE NonUnitary Tax Rolls and HdL Companies

City of Norwalk
Secured Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy	Collected within the fiscal year of the levy		Collections in Subsequent Years	Total collections to date	
		Amount	% of Levy		Amount	% of Levy (2)
2002-03	\$ 1,597,638	\$ 1,528,817	95.69%	35,345	\$ 1,564,162	97.90%
2003-04	1,716,230	1,618,389	94.30%	60,715	1,679,104	97.84%
2004-05	1,845,132	1,761,293	95.46%	50,231	1,811,524	98.18%
2005-06	2,021,348	1,802,980	89.20%	182,094	1,985,074	98.21%
2006-07	2,220,446	2,031,704	91.50%	9,207	2,040,911	91.91%
2007-08	2,378,821	2,150,802	90.41%	14,849	2,165,651	91.04%
2008-09	2,512,009	2,283,740	90.91%	30,774	2,314,514	92.14%
2009-10	2,322,951	2,120,057	91.27%	21,579	2,141,636	92.19%
2010-11	2,280,220	2,138,030	93.76%	(36,293)	2,101,737	92.17%
2011-12	2,354,260	2,162,196	91.84%	9,180	2,171,376	92.23%

Source: L.A. County Auditor/Controller

City of Norwalk
Direct and Overlapping Governmental Activities Debt
Last Ten Fiscal Years

Governmental Unit	Gross Bonded Debt Balance	Estimated Percentage Applicable ⁽¹⁾	Net Bonded Debt
Direct Debt			
Lease Revenue Bonds	\$ 15,065,000	100.000%	\$ 15,065,000
Water Revenue Bonds	9,395,000	100.000%	9,395,000
Total Direct Debt			24,460,000
Overlapping Debt			
Metropolitan Water District	79,696,126	0.546%	435,239
Little Lake City School District SD DS 2005 Refunding Bond	6,725,000	37.972%	2,553,597
Little Lake City School District SD DS 2000 Series C	7,409,901	37.972%	2,813,665
Little Lake City School District SD DS 00RS D-1QSCBS	8,000,000	37.972%	3,037,736
Little Lake City SD DS 2011 Refunding Bond	5,240,000	37.972%	1,989,717
Whittier Union HSD DS 2005 Refunding Bonds	77,861,369	6.214%	4,838,450
Whittier Union HSD DS 2008 SER 2009A	38,001,949	6.221%	2,364,096
Cerritos CC DS 2004 Series 2004A	2,330,000	12.707%	296,066
Cerritos CC DS 2005 Refunding Bonds	21,268,286	12.707%	2,702,498
Cerritos CC DS 2004 Series 2006	30,645,000	12.707%	3,893,969
Cerritos CC DS 2004 Series 2009C	51,160,000	12.707%	6,500,749
Cerritos CC DS 2004 Series 2012D	82,825,515	12.707%	10,524,391
Rio Hondo CCD DS 2004 Series 2004A	3,650,000	3.962%	144,617
Rio Hondo CCD DS 2005 Refunding Bonds	42,055,387	3.962%	1,666,280
Rio Hondo CCD DS 2004 Ser 2008	61,881,844	3.962%	2,451,826
Rio Hondo CCD DS 04, 2010 SER C	60,040,980	3.971%	2,384,068
ABC Unified SD DS 1997 Series B	29,626,700	3.462%	1,025,614
ABC Unified SD DS 2010 Refunding Bonds	21,615,000	3.462%	748,266
Norwalk-La Mirada USD DS 2002 Series-05A	65,849,872	43.177%	28,432,105
Norwalk-La Mirada USD DS 2005 Refunding Bonds	24,870,000	43.177%	10,738,160
Norwalk-La Mirada USD DS 2002 Series 2007A	30,802,452	43.177%	13,299,624
Norwalk-La Mirada USD DS 2009 Refunding Bonds	21,430,000	43.178%	9,252,867
Total Overlapping Debt			112,093,600
Total Direct and Overlapping Debt			\$ 136,553,600

2012/13 Assessed Valuation: \$4,820,473,022 after deducting \$956,156,312 in Incremental Value
Debt to Assessed Valuation Ratios: Direct Debt-.51%, Overlapping Debt-2.33% Total Debt- 2.82%

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Norwalk. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

Source: HdL Coren & Cone, L.A. County Assessor and Auditor Combined 2012/13 Lien Date Tax Rolls

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	2003-04	2004-05	2005-06	2006-07
Assessed valuation	\$ 3,969,510,679	\$ 4,325,855,085	\$ 4,754,573,629	\$ 5,328,844,193
Conversion percentage	25%	25%	25%	25%
Adjusted assessed valuation	992,377,670	1,081,463,771	1,188,643,407	1,332,211,048
Debt limit percentage	15%	15%	15%	15%
Debt limit	148,856,650	162,219,566	178,296,511	199,831,657
Total net debt applicable to limit: General obligation bonds	-	-	-	-
Legal debt margin	\$ 148,856,650	\$ 162,219,566	\$ 178,296,511	\$ 199,831,657
Total net debt applicable to the limit as a percent of debt limit	0%	0%	0%	0%
Norwalk Long Term Debt Outstanding:	\$ 79,506,107	\$ 80,636,232	\$ 115,290,985	\$ 116,127,292
Debt per capita: (2012 Pop 105,714)	742	754	1,084	1,098
Debt as a percentage of personal income:	2%	2%	3%	3%

* The Norwalk Redevelopment Agency was dissolved as of 1/31/12. The Successor Agency is reported as a Fiduciary Fund
Note: Under state finance law, the City of Norwalk's outstanding general obligation debt should not exceed 15 percent of total assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

Sources:
City Finance Department
County of Los Angeles Tax Assessor's Office

City of Norwalk
Legal Debt Margin Information
Last Ten Fiscal Years

Fiscal Year					
2007-08	2008-09	2009-10	2010-11	2011-12*	2012-13
\$ 5,830,868,429	\$ 6,096,601,866	\$ 5,652,036,105	\$ 5,558,188,319	\$ 5,650,108,854	\$ 5,776,629,334
25%	25%	25%	25%	25%	25%
1,457,717,107	1,524,150,467	1,413,009,026	1,389,547,080	1,412,527,214	1,444,157,334
15%	15%	15%	15%	15%	15%
218,657,566	228,622,570	211,951,354	208,432,062	211,879,082	216,623,600
-	-	-	-	-	-
<u>\$ 218,657,566</u>	<u>\$ 228,622,570</u>	<u>\$ 211,951,354</u>	<u>\$ 208,432,062</u>	<u>\$ 211,879,082</u>	<u>\$ 216,623,600</u>
0%	0%	0%	0%	0%	0%
\$ 117,044,353	\$ 118,264,795	\$ 118,520,851	\$ 120,062,210	\$ 22,105,385	\$ 22,492,723
1,110	1,123	1,123	1,138	209	213
3%	3%	3%	3%	0%	1%

	2003-04	2004-05	2005-06	2006-07
Governmental Activities				
Lease Revenue				
Refunding Bonds	\$21,240,000	\$20,670,000	\$ 20,080,000	\$ 19,465,000
Tax Allocation Refunding				
Bonds, 2005	31,670,000	31,210,000	64,125,000	62,865,000
County deferred loans	24,031,156	26,165,953	28,545,405	30,995,737
Subtotal	\$76,941,156	\$78,045,953	\$ 112,750,405	\$ 113,325,737
Add (deduct) deferred amounts:				
Bond Premium			469,303	453,258
Bond discount			(346,125)	(334,292)
Deferred charge on refunding			(240,127)	(227,599)
Subtotal	76,941,156	78,045,953	112,633,456	113,217,104
Note Payable	700,000	360,000	-	-
Loan Payable	8,416	-	-	-
Compensated absences	1,856,535	2,056,131	2,202,011	2,436,046
Other post-employment benefits	n/a	n/a	n/a	n/a
Total Governmental Activities	<u>79,506,107</u>	<u>80,462,084</u>	<u>114,835,467</u>	<u>115,653,150</u>
Business-type Activities				
Water Revenue Bonds	-	-	-	-
Add (deduct) deferred amounts:				
Bond Premium	-	-	-	-
Subtotal	-	-	-	-
Compensated absences	406,285	405,314	455,518	474,142
Other post-employment benefits	n/a	n/a	n/a	n/a
Total Business-type Activities	<u>406,285</u>	<u>405,314</u>	<u>455,518</u>	<u>474,142</u>
Total long-term liabilities	<u>\$79,912,392</u>	<u>\$80,867,398</u>	<u>\$ 115,290,985</u>	<u>\$ 116,127,292</u>

Note:

See note to financial statement # 7 for a detailed explanation of outstanding debt categories.

Prior to June 30,2009, the eligible number of retirees receiving benefits was below 150.

* The Norwalk Redevelopment Agency was dissolved as of 1/31/12. The Successor Agency is reported as a Fiduciary Fund

Source: City of Norwalk

**City of Norwalk
Outstanding Debt
Last Ten Fiscal Years**

Fiscal Year					
2007-08	2008-09	2009-10	2010-11	2011-12*	2012-13
\$ 18,830,000	\$ 18,175,000	\$ 17,485,000	\$ 16,770,000	\$16,020,000	\$15,065,000
61,820,000	60,735,000	59,605,000	58,430,000	-	-
33,400,797	35,824,910	37,198,799	39,711,496	-	-
<u>\$ 114,050,797</u>	<u>\$ 114,734,910</u>	<u>\$ 114,288,799</u>	<u>\$ 114,911,496</u>	<u>\$16,020,000</u>	<u>\$15,065,000</u>
437,213	421,168	405,123	389,078	-	184,115
(322,459)	(310,626)	(298,793)	(286,960)	-	-
(215,071)	(202,543)	(190,015)	(177,487)	-	-
<u>113,950,480</u>	<u>114,642,909</u>	<u>114,205,114</u>	<u>114,836,127</u>	<u>16,020,000</u>	<u>15,249,115</u>
-	-	-	-	-	-
-	-	-	-	-	-
2,558,594	2,616,730	2,304,911	2,316,421	2,268,880	2,445,802
n/a	1,005,156	2,010,826	2,909,662	3,816,505	4,797,806
<u>116,509,074</u>	<u>118,264,795</u>	<u>118,520,851</u>	<u>120,062,210</u>	<u>22,105,385</u>	<u>22,492,723</u>
-	-	-	-	-	9,395,000
-	-	-	-	-	306,747
-	-	-	-	-	9,701,747
535,279	588,109	529,610	510,633	523,683	537,270
n/a	442,480	925,017	1,369,441	1,810,172	2,214,268
<u>535,279</u>	<u>1,030,589</u>	<u>1,454,627</u>	<u>1,880,074</u>	<u>2,333,855</u>	<u>12,453,285</u>
<u><u>\$ 117,044,353</u></u>	<u><u>\$ 119,295,384</u></u>	<u><u>\$ 119,975,478</u></u>	<u><u>\$ 121,942,284</u></u>	<u><u>\$24,439,240</u></u>	<u><u>\$34,946,008</u></u>

**City of Norwalk
Pledged-Revenue Bond Coverage
Last Ten Fiscal Years**

Norwalk Community Facilities Financing Authority - Lease Revenue Refunding Bonds

<u>Fiscal Year</u>	<u>Lease Revenue</u>	<u>Debt Service</u>		<u>Coverage</u>
		<u>Principal</u>	<u>Interest</u>	
2003-04	\$ 1,579,944	555,000	1,024,944	1.00
2004-05	1,574,594	570,000	1,004,594	1.00
2005-06	1,573,594	590,000	983,594	1.00
2006-07	1,577,756	615,000	962,756	1.00
2007-08	1,575,006	635,000	940,006	1.00
2008-09	1,570,431	655,000	915,431	1.00
2009-10	1,578,981	690,000	888,981	1.00
2010-11	1,575,641	715,000	860,641	1.00
2011-12	1,580,806	750,000	830,806	1.00
2012-13	1,772,099	780,000	992,099	1.00

The Norwalk Redevelopment Agency was dissolved as of 1/31/12. The Successor Agency is reported as a Fiduciary Fund

Source: City of Norwalk

City of Norwalk
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population	Personal Income (in thousands)	Per Capita Personal Income	Unemployment Rate
2003-04	108,482	\$ 1,571,996	\$ 14,491	7.4%
2004-05	109,139	1,650,999	15,127	6.9%
2005-06	109,405	1,722,192	15,741	5.7%
2006-07	109,268	1,819,715	16,654	5.1%
2007-08	108,992	1,881,198	17,260	5.4%
2008-09	108,898	1,894,837	17,400	7.9%
2009-10	109,162	1,851,493	16,961	12.2%
2010-11	109,817	1,902,799	17,327	13.3%
2011-12	105,714	2,028,757	19,191	13.0%
2012-13	106,093	2,041,442	19,242	9.8%

Source:

HdL, Coren & Cone , State of California, Department of Finance,

**City of Norwalk
Principal Employers
Current Fiscal Year and Ten Fiscal Years Ago**

Employer	2012-20013			2003-2004		
	Employees	Rank	% of Total City Employment	Employees	Rank	% of Total City Employment
Norwalk-La Mirada Unified School District	2,057	1	8.16%	4,161	1	34.39%
Cerritos College	1,570	2	6.22%	2,100	3	17.36%
Los Angeles County	1,564	3	6.20%	2,163	2	17.88%
Metropolitan State Hospital	1,466	4	5.81%	1,836	4	15.18%
Target	442	5	1.75%	420	7	3.47%
City of Norwalk	409	6	1.62%	250	11	2.07%
Costco Wholesale	317	7	1.26%	318	9	2.63%
Doty Brother's Construction	300	8	1.19%			0.00%
Coast Plaza Dr Hospital	295	9	1.17%	600	6	4.96%
Los Angeles Community Hospital	250	10	0.99%			0.00%
Little Lake School District	242	11	0.96%			0.00%
LA County Sheriff's Department	240	12	0.95%	250	12	2.07%
Wal Mart	238	13	0.94%			0.00%
Kerber Brothers Inc	200	14	0.79%			0.00%
Southland Care Center	180	15	0.71%			0.00%
Double Tree Hotel	169	16	0.67%			0.00%
Mc Donalds	168	17	0.67%			0.00%
Keystone Collision Center	150	18	0.59%			0.00%
Prudential California Realty	150	19	0.59%			0.00%
US Post Office	130	20	0.52%			0.00%
All Other Employers	14,684		58.22%			0.00%
Total	25,221		100.00%	12,098		100.00%

Source: *ReferenceUsa* Prepared by: City of Norwalk--Administration, 10/2013

City of Norwalk
Full-Time and Part-Time Equivalent City Employees by Function
Last Ten Fiscal Years

Function	Fiscal Year									
	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
General Government	50	47	49	50	51	43	42	49	51	46
Public Safety	36	46	51	56	63	53	43	40	41	43
Public Works	54	56	53	58	59	57	46	53	55	77
Social Services	32	29	32	34	35	33	31	28	26	30
Recreation	118	139	154	157	151	116	93	89	98	85
Community Development	44	42	45	46	49	45	38	25	26	34
Transit	88	112	112	134	135	133	131	116	107	94
Total	422	471	496	535	543	480	424	400	404	409

Source: City of Norwalk

City of Norwalk
Operating Indicators by Function
Last Ten Fiscal Years

Function	Fiscal Year									
	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Police:										
Calls responded	33,872	33,913	32,933	26,624	31,533	24,260	29,702	24,046	28,410	28,265
Response Time: (minutes)										
Emergency	8.3	4.5	4.6	4.0	4.1	3.9	3.7	3.7	3.6	3.8
Non-Emergency	14.6	11.8	12.1	11.7	11.7	10.8	10	10.2	9.4	9.3
Routine	26.4	32.6	32.7	26.0	27.5	27.8	29.7	29.4	31	31.8
Community development:										
Number of residential permits	1,440	348	3,873	4,694	3,421	2848	1999	2565	3114	2719
Number of commercial permits	267	4,831	356	496	646	520	507	479	425	357
Water:										
New connections	11	2,715	-	7	2	4	11	0	10	3
Average daily consumption (millions of gallons)	500	500	872	313	222	213	197	189	188	198
Sewers:										
New connections	20	13	23	24	3	3	2	4	0	11
Transit:										
Buses-number of riders	2,021,806	2,556,054	2,741,211	2,745,283	2,730,248	2,941,545	2,232,333	2,291,089	2,126,885	1,880,629
Dial-A-Ride-number of riders	85,706	85,952	95,018	72,040	21,660	23,121	22,754	18,139	20,493	16,146

Source: City of Norwalk

City of Norwalk
Capital Assets Statistics by Function
Last Ten Fiscal Years

Function	Fiscal Year									
	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Fire:										
Stations	3	3	3	3	3	3	2	2	2	2
Public works:										
Streets (miles)	181	181	181	181	181	181	180	187	187	187
Street lights	5,479	5,479	5,479	5,479	5,479	5,479	5,479	5,479	5,479	5,400
Traffic Lights	83	83	84	86	86	87	83	81	83	81
Parks and recreation:										
Parks	13	13	13	13	13	14	14	14	14	14
Community centers	1	1	1	1	1	1	1	1	1	1
Sports center	1	1	1	1	1	1	1	1	1	1
Water:										
Water mains (miles)	36	40	40	40	40	40	40	40	40	40
Maximum daily capacity (million gallons per day)	3	4	4	4	4	4	4	4	4	4
Waste water:										
Sanitary sewers (miles)	180	180	180	180	180	180	180	180	180	180
Transit:										
Buses	32	38	29	36	32	36	33	33	33	28
Dial-A-Ride Vans	19	19	18	19	8	7	7	7	7	7

Source: City of Norwalk

City of Norwalk
Water System – Statement of Net Assets
Last Six Fiscal Years

	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
ASSETS						
Pooled Cash and Investments	\$ -	\$ -	\$ 483,916	\$ 4,315,796	\$ 4,467,519	\$ 5,947,048
Cash With Fiscal Agent	-	-	-	-	-	3,497,853
Other Current Assets	533,768	542,552	887,749	1,129,167	651,650	844,735
Noncurrent Assets	7,249,043	8,284,672	9,687,469	11,040,617	11,395,877	17,171,995
TOTAL ASSETS	\$ 7,782,811	\$ 8,827,224	\$ 11,059,134	\$ 16,485,580	\$ 16,515,046	\$ 27,461,631
LIABILITIES						
Total Current Liabilities	\$ 2,432,814	\$ 2,636,720	\$ 3,993,512	\$ 4,213,310	\$ 3,461,529	\$ 3,678,108
Total Noncurrent Liabilities	96,211	135,474	140,045	174,304	247,575	9,842,236
TOTAL LIABILITIES	2,529,025	2,772,194	4,133,557	4,387,614	3,709,104	13,520,344
NET ASSETS						
Invested in capital assets	7,249,042	8,284,672	9,687,469	11,040,617	11,395,877	11,271,496
Unrestricted	(1,995,256)	(2,229,642)	(2,761,892)	1,057,349	1,410,065	2,669,791
TOTAL NET ASSETS	\$ 5,253,786	\$ 6,055,030	\$ 6,925,577	\$ 12,097,966	\$ 12,805,942	\$ 13,941,287

Source: City of Norwalk

City of Norwalk
Water System – Operating Results
Last Six Fiscal Years

	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
ANNUAL RATE INCREASE						
Fixed Service Charge	22.25% ⁽¹⁾	14.8%	11.3%	14.8%	2.8%	2.1%
Per Unit Consumption Charge	84.34% ⁽¹⁾	145.8%	11.3%	14.8%	2.8%	3.1%
WATER REVENUES						
Charges for Services ⁽²⁾	\$3,233,957	\$3,934,301	\$4,271,647	\$4,900,781	\$4,871,113	\$5,170,527
Investment income	595	-	-	19,203	25,921	43,521
Other	-	-	15,862	(622)	867	1,720
TOTAL REVENUES	\$3,234,552	\$3,934,301	\$4,287,509	\$4,919,362	\$4,897,901	\$5,215,768
OPERATION & MAINTENANCE COSTS						
Administrative	\$350,535	\$342,796	\$335,063	\$357,641	\$423,877	\$398,996
Utilities	81,488	54,598	42,562	45,919	80,409	128,623
Salaries and benefits	628,877	641,353	645,621	624,146	793,379	769,042
Contractual Services	389,922	15,094	191,518	180,022	163,150	193,585
Cost of water	1,394,192	1,389,046	1,584,034	1,739,615	1,912,508	1,466,426
Maintenance and repairs	35,812	-	-	-	-	-
Supplies and materials	218,097	202,062	205,830	219,809	240,508	338,686
Depreciation	244,008	303,231	139,813	263,632	303,573	297,405
TOTAL OPERATING EXPENSES	\$3,342,931	\$2,948,180	\$3,144,441	\$3,430,784	\$3,917,404	\$3,592,763
NET WATER REVENUES	(\$108,379)	\$986,121	\$1,143,068	\$1,488,578	\$980,497	\$1,623,005
DEBT SERVICE COVERAGE⁽²⁾	N/A	N/A	N/A	N/A	N/A	N/A

⁽¹⁾ Partial increase - only applicable to former County Water customers, now part of the NMWS Applicable to approximately 1,900 accounts

⁽²⁾ Includes water billing fees, late fees, fire flow fees, water facilities fees, and other fees.

Source: City of Norwalk

City of Norwalk
Water System – Projected Operating Results and Debt Service Coverage
Last Two Fiscal Years and Three Year Projection

NORWALK MUNICIPAL WATER SYSTEM					
Projected Operating Results & Debt Service Coverage					
	FY 2012	FY 2013	FY 2014	FY 2015	FY2 016
	(Actual)	(Actual)	(Budget)	(Projected)	(Projected)
WATER REVENUES					
Charges for Services	\$ 4,871,113	\$ 5,170,527	\$ 4,889,800	\$ 4,735,800	\$ 4,735,800
Investment income	25,921	43,521	6,000	6,000	6,000
Other	867	1,720	-	20,000	20,000
TOTAL REVENUES	\$ 4,897,901	\$ 5,215,768	\$ 4,895,800	\$ 4,761,800	\$ 4,761,800
OPERATION & MAINTENANCE COSTS					
Administrative	423,877	398,996	581,934	589,925	598,123
Utilities	80,409	128,623	124,251	245,804	245,858
Salaries and benefits	793,379	769,042	790,340	814,050	838,471
Contractual Services	163,150	193,585	328,000	328,000	328,000
Cost of water	1,912,508	1,466,426	1,755,880	1,069,252	1,069,252
Supplies and materials	240,508	338,686	219,488	240,342	241,223
Depreciation	303,573	297,405	300,000	310,000	325,000
TOTAL OPERATING EXPENSES	\$ 3,917,404	\$ 3,592,763	\$ 4,099,893	\$ 3,597,373	\$ 3,645,927
NET WATER REVENUES	\$ 980,497	\$ 1,623,005	\$ 795,907	\$ 1,164,427	\$ 1,115,873
DEBT SERVICE					
2013A Installment Payment	\$ -	\$ -	\$ 541,471	\$ 539,963	\$ 539,713
DEBT SERVICE COVERAGE	N/A	N/A	1.47	2.16	2.07
NONOPERATING COST					
Bond Issuance		209,436	-	-	-
Interest Expense	272,521	278,223	151,730	151,730	151,730
CHANGE IN NET POSITION	\$707,976	\$ 1,135,346	644,177	1,012,697	964,143

Source: City of Norwalk

City of Norwalk
Water System – Service Charges and Per Unit Rates
Last Six Fiscal Years

Effective Date	Service Charge 3/4" Meter*	% Increase/ (Decrease)	Service Charge 1" Meter*	% Increase/ (Decrease)	Per Unit Rate	% Increase/ (Decrease)
Sept. 2008	\$17.60	15.0%	\$58.47	15.0%	\$2.25	14.8%
Nov. 2008	37.60	113.6%	78.47	34.2%	2.25	0.0%
Jan. 2010	41.83	11.3%	87.30	11.3%	2.50	11.1%
Jul. 2010	48.00	14.8%	100.17	14.7%	2.87	14.8%
Jul. 2011	49.10	2.3%	102.47	2.3%	2.95	2.8%
Jul. 2012	50.13	2.1%	104.62	2.1%	3.04	3.1%
Jul. 2013	51.23	2.2%	106.92	2.2%	3.10	2.0%

Note: 1 unit of water = 100 cubic feet = 748 gallons of water.

* Bi-monthly charge

Source: City of Norwalk

City of Norwalk
Water System – Service Charge Revenues
Last Six Fiscal Years

Fiscal Year	Residential Service Charge Revenues	Commercial Service Charge Revenues	Total Service Charge Revenues	% Increase/ (Decrease)
2008	\$2,910,561	\$323,396	\$3,233,957	--
2009	3,540,871	393,430	3,934,301	21.7%
2010	3,844,482	427,165	4,271,647	8.6%
2011	4,410,703	490,078	4,900,781	14.7%
2012	4,384,002	487,111	4,871,113	-0.6%
2013	4,488,765	443,944	4,932,709	1.3%

Source: City of Norwalk

City of Norwalk
Water System – Water Sources and Service Connections
Current Fiscal Year and Prior Fiscal Year

Fiscal Year 2011-12		Groundwater	Purchased	
Water Source	Number of Connections	Consumption (acre ft.)	Consumption (acre ft.)	Price (per acre ft.)
Santa Fe Springs	718		160	\$1,700
Norwalk Wells	2,411	870	365*	\$1,117
City of Cerritos	2,242		860	\$990
TOTAL	5,371	870	1,385	
Total City Groundwater Rights		1,773		

Fiscal Year 2012-13		Groundwater	Purchased	
Water Source	Number of Connections	Consumption (acre ft.)	Consumption (acre ft.)	Price (per acre ft.)
Santa Fe Springs	718		165	\$1,732
Norwalk Wells	2,414	900	301*	\$1,117
City of Cerritos	2,242		759	\$990
TOTAL	5,374	900	1,289	
Total City Groundwater Rights(1)		2,273		

⁽¹⁾ Includes the purchase of 500 acre feet of water acquisition rights (APA) from the City of Vernon in October 2012

* Central service area purchased water derived from the Central Basin Municipal Water District

Source: City of Norwalk

**City of Norwalk
Water System – Water Sources
Last Six Fiscal Years**

CITY OF NORWALK Historic Water Sources (In millions of acre-feet per year)					
Fiscal Year	Groundwater	% Increase/ (Decrease)	Imported Water	% Increase/ (Decrease)	Total
2008	487.34	-5.5%	2,563.25	-0.9%	3,050.59
2009	419.21	-14.0%	2,262.50	-11.7%	2,681.71
2010	410.68	-2.0%	2,234.21	-1.3%	2,644.89
2011	404.39	-1.5%	1,796.80	-19.6%	2,201.19
2012	733.62	81.4%	1,422.64	-20.8%	2,156.26
2013	899.50	22.6%	1,334.89	-6.2%	2,234.39

Source: City of Norwalk

City of Norwalk
Water System – Service Connections by Type
Last Six Fiscal Years

CITY OF NORWALK					
Historic Water Service Connections					
Fiscal Year	Residential Connections	Commercial Connections	Irrigation Connections	Total Connections	%Increase/ (Decrease)
2008	4,897	457	17	5,371	-0.78%
2009	4,899	460	12	5,371	0.00%
2010	4,899	460	12	5,371	0.00%
2011	4,899	460	12	5,371	0.00%
2012	4,899	460	12	5,371	0.00%
2013	4,899	463	12	5,374	0.06%

Source: City of Norwalk

City of Norwalk
Water System – Top Ten Customers
Last Two Years

Top Ten Customers—Fiscal Year 2012		
Customer	Total Billed⁽¹⁾	% of Total
Norwalk La Mirada School District	\$167,391	3.44%
Heritage HOA	58,617	1.20%
Shapnell Industries	47,097	0.97%
Norwalk Housing Investors	37,782	0.78%
Norwalk Christian Towers	32,604	0.67%
Weber Distribution	25,794	0.53%
Fiesta Coin Laundry	19,829	0.41%
Pioneer Mobile Estates	16,616	0.34%
Tran, Duc	9,712	0.20%
JJ Snack Foods	9,222	0.19%
TOP TEN TOTAL	\$424,664	8.72%
TOTAL SYSTEM	\$4,871,113	

⁽¹⁾ Total sales to customers
Source: City of Norwalk

Top Ten Customers—Fiscal Year 2013		
Customer	Total Billed⁽¹⁾	% of Total
Norwalk La Mirada School District	\$231,835	4.76%
Heritage HOA	61,054	1.25%
Shapnell Industries	47,162	0.97%
Norwalk Preservation, LP	33,458	0.69%
Norwalk Housing Investors	23,521	0.48%
Weber Distribution	23,385	0.48%
Fiesta Coin Laundry	22,764	0.47%
Pioneer Mobile Estates	19,486	0.40%
Tran, Duc	9,257	0.19%
JJ Snack Foods	7,388	0.15%
TOP TEN TOTAL	\$479,310	9.84%
TOTAL SYSTEM	\$4,932,709	

⁽¹⁾ Total sales to customers
Source: City of Norwalk

**Report of Independent Auditors on Internal Control over Financial Reporting and
on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

**The Honorable Mayor and Member of City Council of the
City of Norwalk, California**

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Norwalk, California, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise City of El Norwalk's basic financial statements and have issued our report thereon dated December 23, 2013.

Internal Control Over Financial Reporting

Management of the City of Norwalk is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Vargus + Company LLP

Los Angeles, California
December 23, 2013