

Comprehensive Annual Financial Report



City of Norwalk, California
Year Ended June 30, 2011

Comprehensive Annual Financial Report
City of Norwalk, California
For the Fiscal Year Ended June 30, 2011

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CITY OF NORWALK
CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2011

NORWALK CITY COUNCIL

Michael Mendez

Mayor

Cheri Kelley

Vice Mayor

Marcel Rodarte

Councilmember

Leonard Shryock

Councilmember

Luigi Vernola

Councilmember

Michael J. Egan

City Manager

Jana Stuard

Director of Finance/City Treasurer

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



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December 23, 2011

**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, 2011, 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 the 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 & Company, 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, 2011, 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, 2011, are fairly presented in all material respects 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 compliance with 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 105,549. 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 Redevelopment Agency, 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 Redevelopment Agency

The Norwalk Redevelopment Agency (the Agency) was established in 1984 to promote the City's commercial attractiveness and strengthen its fiscal capacity. Norwalk's redevelopment project area encompasses each of the community's major commercial corridors and shopping districts. These include Firestone Boulevard, the Norwalk Entertainment Center, Norwalk Towne Square, Paddison Square, Alondra Boulevard, South Norwalk and the Carmenita Industrial Park.

A key function of the Agency is to provide affordable housing opportunities in the community. The Norwalk Redevelopment Agency has assisted in the construction of the Norwalk Senior Center and Centrepoint Villas Senior Housing Project. This 240-unit project created new affordable housing opportunities for our low and moderate-income senior population.

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 705 households, and the Family Self-Sufficiency Program, which assists rental assistance recipients with achieving economic self-reliance.

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 expenditures; revenues and other sources were on target with projections.

This results in an ending General Fund unassigned fund balance of \$10.7 million, which is \$1 million higher than projected. This is consistent with the interim results reported to the Council in October 2011. 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, looking at various options such as privatization of City functions where it cannot economically compete with the private sector, 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 anticipated slow economic growth and imminent State budget issue. The City's adopted 2011-12 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:

- Continued assembling the Greener Norwalk Task Force to identify energy efficient opportunities citywide
- Continued Emergency Response Team drills for emergency disaster preparation
- Removed graffiti at 23,965 locations citywide, totaling 1,255,963 square feet
- Installed new energy efficient cool roof at City Hall, utilizing a combination of City funds and a Department of Energy Conservation Block grant
- Installed four new HVAC units at the Social Services Center, using City funds and Department of Energy Conservation Block grant
- Installed two new HVAC units at the Alondra Library
- Replaced inefficient lighting at the Social Services parking lot, with new induction technology
- Utilized contractor to trim over 6,000 trees, following a three year trimming cycle
- Trimmed 1,000 additional trees in response to abatement of nuisance/hazardous conditions
- Planted two hundred new trees citywide

- Installed new traffic signal at Pioneer and 163rd Street
- Continued maintaining LED lighting at all 80 traffic signals citywide, resulting in ongoing energy savings
- Completed citywide striping of major arterials
- Utilized contractor to install thermoplastic crosswalks in school zones

Water:

- Worked with contractor to construct new well – Norwalk Park well #10, to service the City’s eastern service area. This high capacity well will allow the Norwalk Municipal Water System to significantly lessen its dependency on imported water sources, which are becoming increasingly costly and scarce.

Parks and Recreation:

- Installed new Fire Suppression Systems in three City Snack Bars
- Installed new energy efficient Halide Lights in Norwalk Arts and Sports Complex (NASC)
- Remodeled NASC upstairs patio
- Installed the Video Security System at the Cultural Arts Center
- Resurfaced and painted the NASC Gymnasium Floor
- Upgraded the NASC Weight Room by installing three flat screen televisions to help provide a better environment while working out.
- Hosted the sculpting site at the NASC for the Art in Public Places “Embracing the Community” Sculpture
- Purchased and installed a new heater at the Aquatic Pavilion

Public Safety:

- Public Safety’s Community Partnership Team hosted a combination of approximately 50 Neighborhood Watch and Business Watch meetings
- The annual Junior Park Ranger Program had a record number of attendees, graduating 45 participants
- Utilizing a variety of grant funds, and in coordination with the Los Angeles County Sheriff’s Department, Norwalk held 5 Driving Under The Influence Checkpoints, 5 Crosswalk Safety Operations, 2 Distracted Driver Operations, and participated in a statewide 2 week Click-it or Ticket enforcement campaign.

Other Accomplishments:

- Adopted the Fund Balance policy, with the minimum level of general fund reserves to be 16.6% of the next year’s operational budget.
- Timely adoption of the City’s budget by the Council.
- 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 during a public hearing no later than June 30th.

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, 2011 was \$1.2 million.

Relevant Financial Policies:

Proposition 26. On Nov. 2, 2010, California voters approved Proposition 26, the “Stop Hidden Taxes Initiative,” by 52.5 percent. A YES vote on this measure means: The definition of taxes would be broadened to include many payments currently considered to be fees or charges. As a result, more state and local proposals to increase revenues would require approval by two-thirds of each house of the Legislature or by local voters. In some limited instances, Prop. 26 may require new fees, or existing fees that are extended or increased, to be classified as special taxes requiring approval by two-thirds vote of local voters. Local governments must understand, however, that the Prop. 26 provisions applicable to local government contain seven categories of exceptions to this voter-approval requirement. The vast majority of fees that cities would seek to adopt will most likely fall into one or more of these exemptions. Further, the local provisions of Prop. 26 only apply to fees imposed, extended or increased after Nov. 3, 2010. Fees in place prior to this date will not be subject to voter approval.

Prop. 26 is aimed at a particular class of fees imposed by state and local governments commonly referred to as “regulatory fees.” These fees are placed on a particular class of persons or businesses from which the revenues are used to provide a benefit to the public as well as the fee payor. These regulatory fees are typically intended to mitigate the societal and environmental impacts of a business’ or person’s activities.

AB X1 26 & AB X1 27:

On June 29, 2011, in an effort to address State’s deficit, Governor Brown signed AB X1 26 and AB X1 27, affecting redevelopment agencies throughout the State of California. Upon its effectiveness, AB X1 26 immediately prohibited the redevelopment agencies from engaging in most activities. Furthermore, pursuant to AB X1 26, agencies would be dissolved on October 1, 2011, unless the governing bodies of the California cities timely adopt an AB X1 27 Ordinance to opt into the Alternative Voluntary Redevelopment Program. The California Redevelopment Association and the League of Cities have filed a petition with the California Supreme Court, requesting the court to review the constitutionality of AB X1 26 and AB X1 27. The Court issued a stay order (the “Stay Order”), suspending parts, but not all, of AB X1 26 and AB X1 27. The Stay Order is expected to remain in effect until the Court reaches its final decision, likely sometime around mid-January 2012. The future of redevelopment agencies in California is uncertain.

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 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.

Economic forecast for the upcoming year anticipates even slower recovery of California's economy than previously expected. While the economy has some bright spots, including export growth and strength in technology-related service sectors, weakness in the housing market continues to affect both the construction industry and the financial services sector. The end of the federal fiscal stimulus program and declining governmental employment also are limiting economic growth. California's unemployment rate is projected to remain above 10 percent through mid 2014 and above 8 percent through the end of 2017.

The Legislative Analyst's Office's forecast of California's General Fund revenues and expenditures shows that the state must address a budget problem of \$13 billion between now and the time the Legislature enacts a 2012-13 state budget plan. The budget problem consists of a \$3 billion projected deficit for 2011-12 and a \$10 billion gap between projected revenues and spending in 2012-13.

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 oriented policing approach.
- Expand the Neighborhood and Business Watch Programs to increase public enthusiasm and participation.
- Using available federal funding to expand existing efforts to reduce gang activity and delinquent behavior at early ages.

Capital Improvement Projects:

- Improve City's aging infrastructure focusing on rehabilitating the City's streets, including traffic signal upgrades and median refurbishment and repair.
- Replace water mains and meters, complete the new water well at Norwalk Park and drill the well in Hermosillo Park.
- Replace damaged and undersized sewer mains as required by Waste Discharge Requirements.
- Construct new 1,000 sq. feet building in Vista Verde Park and start design of Hermosillo Park's community center, which will include outdoor amphitheater, parking lot, splash pad, basketball and handball courts, sports fields, and park amenities.
- Improve various City facilities, including: bus stops; Transportation center's fuel island and bus wash facility; new calking for 168 windows and new roof over the meeting room at Norwalk Arts and Sports Complex.

Other Initiatives:

- 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, Redevelopment Agency, Norwalk Community Facilities Financing Authority, Propositions A, C, Measure R, Transportation Development Act (TDA) Article 3, and federal grants.
- Continue to prepare Annual Operating Budget for timely adoption by the Council and citizen participation.

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, 2010. That was the 24th 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.

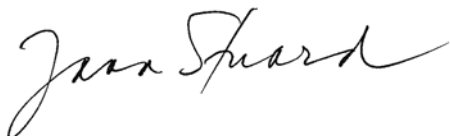
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

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,

Respectfully submitted,



Jana Stuard
Finance Director / City Treasurer

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**City of Norwalk, California
List of Elected Officials and Management Personnel
June 30, 2011**

ELECTED OFFICIALS

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

CITY MANAGER AND DEPARTMENT HEADS

City Manager	Michael J. Egan
Assistant City Manager	Thomas E. Lynch
Director of Finance/City Treasurer	Jana Stuard
Director of Transportation.....	James C. Parker
Director of Community Development.....	Kurt Anderson
Director of Personnel/Risk Manager.....	Ernie Hernandez
Director of Public Services	Gary DiCorpo
Director of Recreation and Park Services	Dave Verhaaf
Director of Public Safety.....	Carlos Ramos
Director of Social Services	Tak Hamabata
City Clerk.....	Theresa Devoy

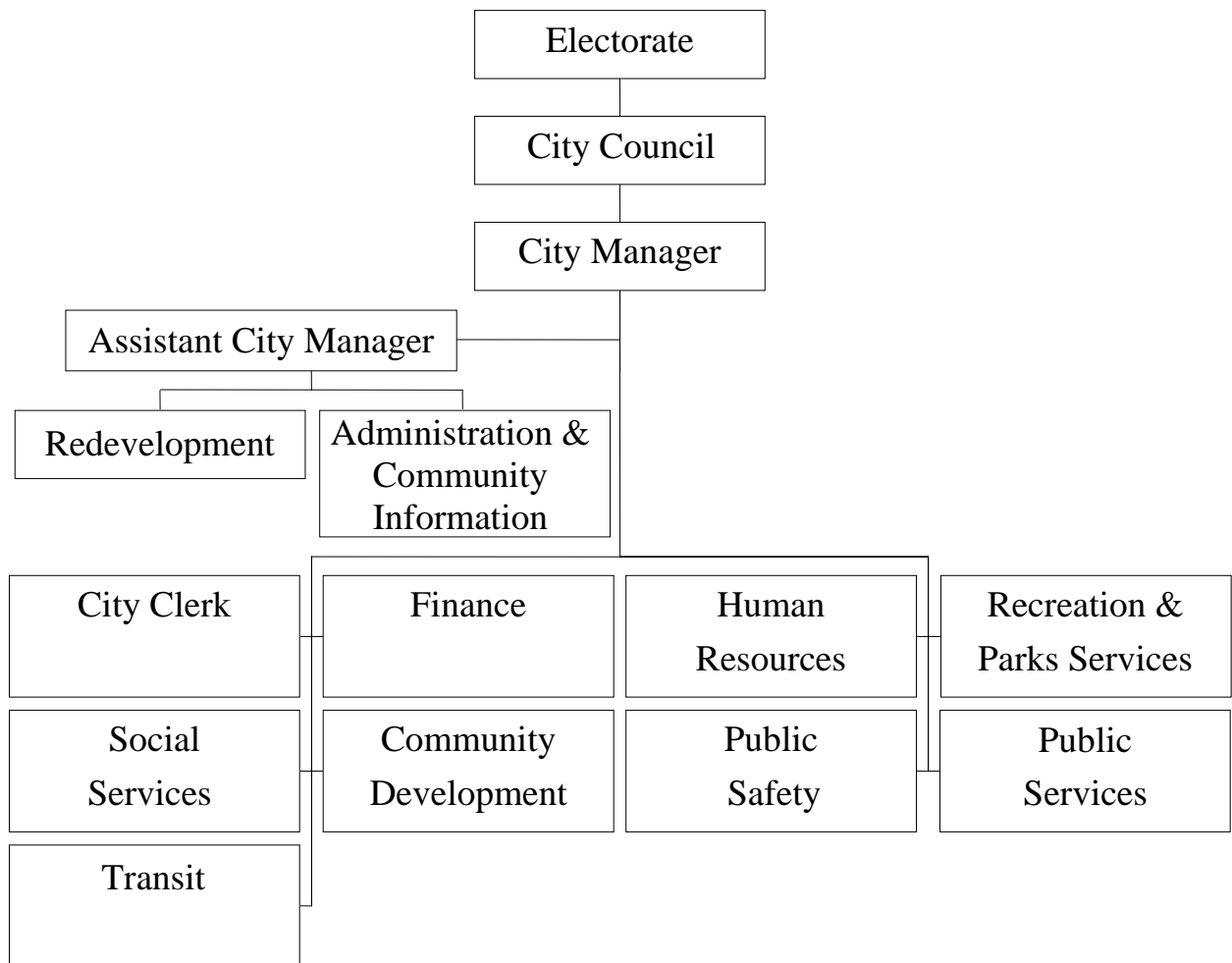
RECOGNITION

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 Organization Chart



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, 2010

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



Linda C. Davidson

President

Jeffrey R. Emer

Executive Director

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Report of Independent Auditors

The Honorable City Council of the City of Norwalk, California

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Norwalk, California, as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Norwalk's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

As discussed in Note 20, the City of Norwalk Community Redevelopment Agency's legal status and financial position and operations may be significantly impacted by legislation passed during the fiscal year ended June 30, 2011, and related litigation. The California Supreme Court has issued a partial stay of the effectiveness of the legislation until it can consider and rule on the issues of the matter. The outcome of the litigation and the effects of the legislation, if enacted, are not reasonably determinable.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Norwalk, California, as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1, the City of Norwalk has implemented Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund-type Definitions*, effective for the fiscal year ended June 30, 2011. As a result of this required implementation, fund balance classifications in the governmental fund financial statements have been changed to reflect the new fund balance classifications under GASB 54.

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Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 22 and 72 through 74 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Norwalk's financial statements as a whole. 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 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2011 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* and should be considered in assessing the results of our audit.



Los Angeles, California
December 23, 2011

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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, 2011. 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, 2011, 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, 2011, The City's total assets were \$310.9 million and total liabilities \$141.5 million, resulting in net assets of \$169.3 million. The majority of the City's net assets are invested in capital assets or restricted for specific purposes. The City's total net assets decreased \$0.2 million.
- The City's net assets of governmental activities decreased by \$3.1 million as a result of this year's operations. Net assets of the City's business-type activities increased by \$2.9 million.
- The City's total debt increased \$2 million. The increase is a combination of debt retirement and increases in compensated absences payable, unfunded other post employment benefits and County deferred loans.
- The City's long-term liabilities include \$75.2 million of outstanding bonded debt, which was used to finance the acquisition of capital assets, to fund capital improvements, and the City's economic development. The total of the City's capital assets at the end of fiscal year amounted to \$226.3 million in total assets. Out of this amount \$28.3 million, or approximately 12.5%, are non-depreciable assets, and \$198 million, or approximately 87.5%, are depreciable capital assets. Significant portion of the capital assets are reported infrastructure assets that have been funded through various funding sources since the City's incorporation. Other more recent capital assets have been funded through the use of the City and Redevelopment agency bond financing.

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 \$55 million, a decrease of \$7.6 million; approximately \$10.6 million of this balance is unassigned, available for spending at the City's discretion.
- At June 30, 2011, the General Fund balance was \$29.5 million, an increase of \$7.8 million from prior year balance of \$21.7 million. The unassigned fund balance was \$10.7 million.

- The actual General Fund revenues and operating transfers in of \$51.7 million represented an increase of \$13.3 million from the prior year actual of \$38.4 million, and an increase of \$12.9 million from the final budget of \$38.8 million.
- The actual General Fund expenditures and operating transfers out of \$43.9 million represented an increase of \$8.5 million from the prior year actual of \$35.4 million, and an increase of \$3.3 million from the final budget of \$40.6 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, Highways and Streets, 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 Redevelopment Agency (RDA) and Housing Authority (HA) are included as integral parts of the City's financial statements and reported as blended component units.

The Statement of Net Assets presents information on all of the City's assets and liabilities; the difference between the two is reported as net assets. 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 assets 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 26 and 28, 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 nonmajor governmental funds, the nonmajor 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

The following summaries of net assets and of changes in net assets are presented for the fiscal years ended June 30, 2011 and June 30, 2010.

Net Assets - Net assets may serve over time as a useful indicator of a government's financial position. The City's combined net assets for the year ended June 30, 2011, as shown in Table 1, were \$169.3 million.

Table 1
Net Assets
(in thousands)

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current and Other Assets	\$ 84,831	\$ 94,384	\$ (289)	\$ (3,980)	\$ 84,542	\$ 90,404
Capital assets	200,040	190,227	26,295	26,764	226,335	216,991
Total Asset	284,871	284,611	26,006	22,784	310,877	307,395
Long-term liabilities	120,063	118,521	1,880	1,455	121,943	119,976
Other liabilities	17,972	16,136	1,620	1,736	19,592	17,872
Total Liabilities	138,035	134,657	3,500	3,191	141,535	137,848
Net assets						
Invested in capital assets, net of related debt	151,855	149,429	26,295	26,764	178,150	176,193
Restricted	25,646	34,152	-	-	25,646	34,152
Unrestricted	(30,665)	(33,627)	(3,789)	(7,171)	(34,454)	(40,798)
Total net assets	<u>\$146,836</u>	<u>\$ 149,954</u>	<u>\$ 22,506</u>	<u>\$ 19,593</u>	<u>\$169,342</u>	<u>\$169,547</u>

The City's Government-wide total net assets were \$169.3 million, with assets of \$310.9 million and liabilities of \$141.5 million. The net investment in capital assets, net of capital debt, was \$178.2 million. Another portion of the City's net assets, \$25.6 million, represents resources that are subject to external restrictions in how they may be used. The remaining negative balance of \$34.5 million represents unrestricted net assets with the significant portion of the balance representing financed economic development projects that are not capitalized. Over time, these negative amounts will be eliminated as the principal on bonded debt is paid off.

Table 2
Changes in Net Assets
(in thousands)

	Governmental Activities		Business-type activities		Government-wide Totals	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program Revenues:						
Charges for services	\$ 7,879	\$ 7,276	\$ 6,641	\$ 6,498	\$ 14,520	\$ 13,774
Operating grants and capital contribution	34,397	23,678	8,767	7,224	43,164	30,902
Capital grants and contributions	-	-	2,482	8,340	2,482	8,340
General Revenues:						
Taxes:						
Sales taxes	8,222	7,520	-	-	8,222	7,520
Property taxes	14,765	16,341	-	-	14,765	16,341
Utility users taxes	5,744	5,974	-	-	5,744	5,974
Business license taxes	670	649	-	-	670	649
Transient occupancy taxes	877	1,021	-	-	877	1,021
Property tax in-lieu of VLF	8,394	8,536	-	-	8,394	8,536
Other taxes	1,676	1,616	-	-	1,676	1,616
Use of money and property	800	926	21	10	821	936
Other	-	-	-	-	-	-
Total Revenues	83,424	73,537	17,911	22,072	101,335	95,609
Expenses:						
General government	8,985	9,703	-	-	8,985	9,703
Public safety	12,428	11,979	-	-	12,428	11,979
Urban development	13,771	7,681	-	-	13,771	7,681
Highways and streets	17,763	18,252	-	-	17,763	18,252
Culture and leisure	6,079	6,271	-	-	6,079	6,271
Health and welfare	18,893	20,023	-	-	18,893	20,023
Interest and fiscal charges	4,666	5,528	-	-	4,666	5,528
Transit	-	-	14,947	13,612	14,947	13,612
Water	-	-	3,704	3,416	3,704	3,416
Golf Course	-	-	304	350	304	350
Total Expenses	82,585	79,437	18,955	17,378	101,540	96,815
Transfers	(3,957)	-	3,957	-	-	-
Change in net assets	(3,118)	(5,900)	2,913	4,694	(205)	(1,206)
Net assets - beginning of year	149,954	155,854	19,593	14,899	169,547	170,753
Net assets - ending of year	<u>\$ 146,836</u>	<u>\$ 149,954</u>	<u>\$ 22,506</u>	<u>\$ 19,593</u>	<u>\$ 169,342</u>	<u>\$ 169,547</u>

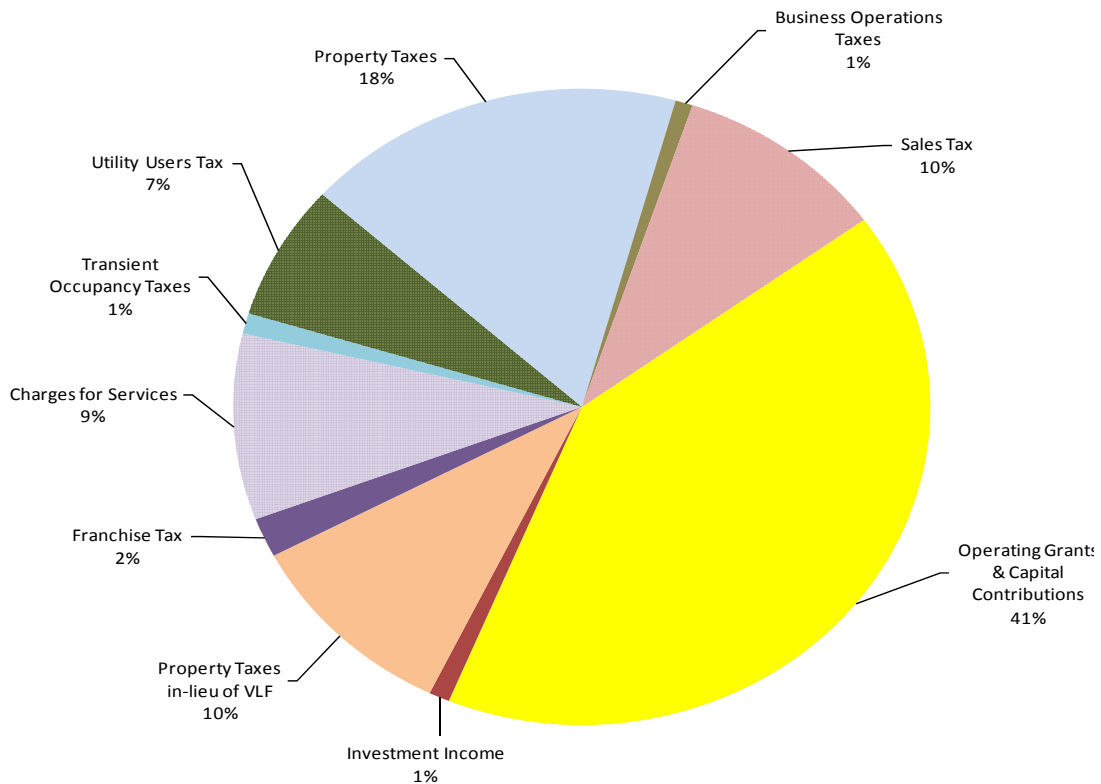
Governmental Activities

Revenues for the City's governmental activities increased 13.4%, from \$73.5 million last fiscal year to \$83.4 million in this fiscal year. Key elements of significant changes are as follows:

- The largest revenue source was operating grants and capital contributions at \$34.4 million, increasing \$10.7 million, or 45%, from the preceding fiscal year. The increase is mainly due to the transfers and conveyance of properties from the Redevelopment Agency, recorded as capital contribution income.

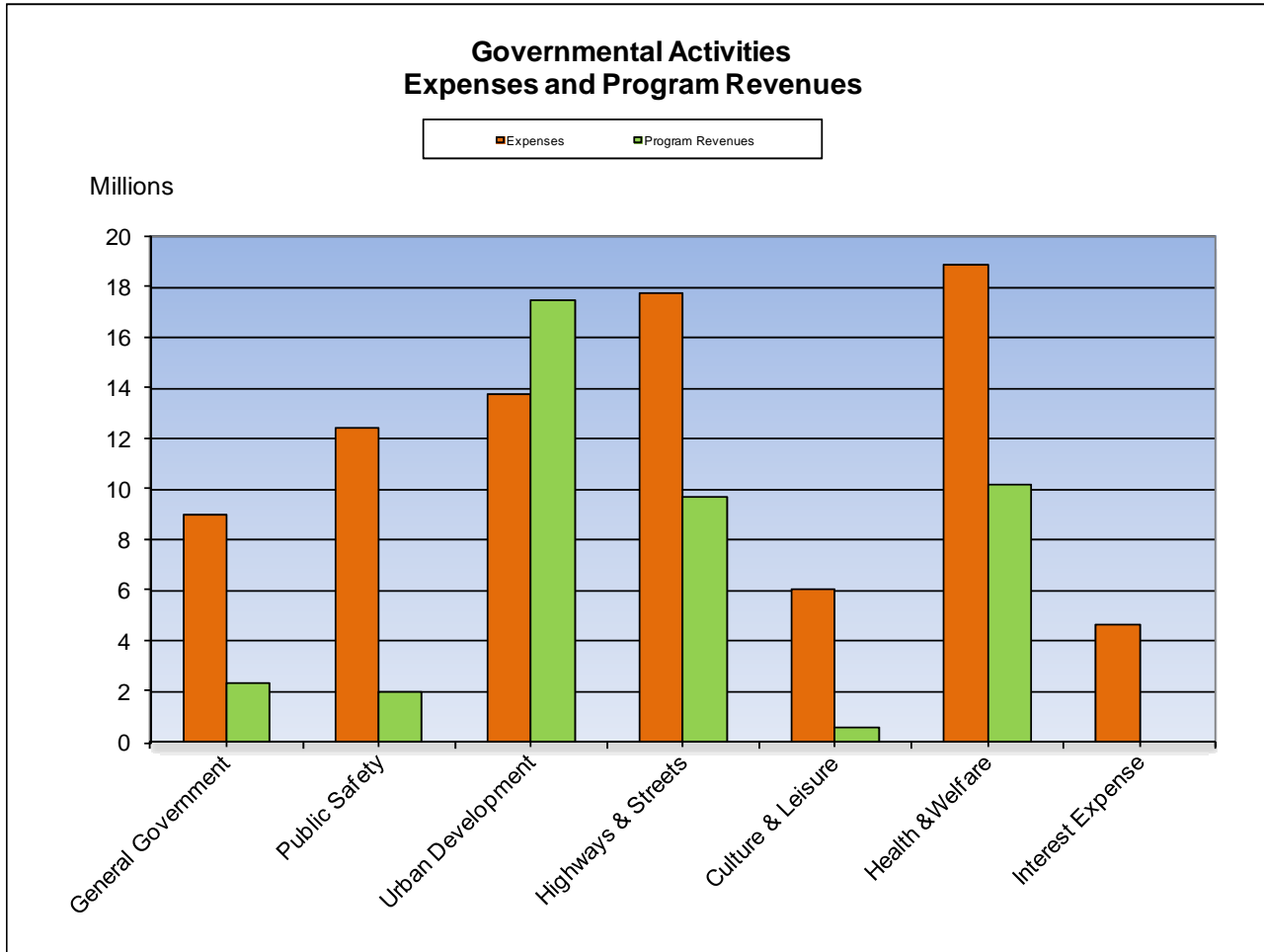
- The second largest revenue source was property taxes, general revenue, at \$14.8 million, which decreased \$1.6 million, or 9.6% decrease, from the prior fiscal year. This decrease is due in part to the decreasing values of taxable real property during the fiscal year.
- The third largest revenue source was property taxes in-lieu of vehicle license fee (VLF). This is a new revenue stream that was “swapped” with the City's 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. The unexpected result from this legislation benefited the City due to recent years' increase in property values. During fiscal year 2010-11, the City received \$8.4 million in VLF revenue. A decrease of \$0.1 million, or 1.6%, from the preceding fiscal year.
- The fourth largest revenue source was sales taxes, general revenue, at \$8.2 million, an increase of \$0.7 million, or 9%, from the preceding fiscal year. This increase is due in part to the increasing price of consumer goods and fuel. The following categories recorded a growth: fuel and service stations, \$246 thousand, County pool allocations, \$86 thousand, business and industry, \$67 thousand. A slow economy and high unemployment continues affecting consumer's discretionary spending. This was reflected in general consumer goods category, which remained at the prior year level, and the autos and transportation category decreased by \$79 thousand.

Governmental Activities
(Revenue by Source)



The cost of providing all governmental activities this year was \$82.6 million. Program revenues funded \$42.3 million, or 51% of governmental activities. The remaining portion of governmental activities was paid with general revenues.

- Health and Welfare expense category, which includes activities of Social and Public services departments, was the largest expense category. During fiscal year ended June 2011, these expenses represented \$18.9 million, or 23% of governmental activities. Approximately \$10.2 million was funded with program revenues. Expenses decreased from the preceding fiscal year by \$1.1 million, which is largely due to the reduced State funding of Child Care services.
- Highway and Streets, was the second largest category of governmental activities, at \$17.8 million, it represented 22% of the total expenses; it decreased \$0.5 million from the prior fiscal year. Approximately \$9.7 million in expense was funded with program revenues.
- Urban Development was the third largest governmental activity with \$13.8 million in expenses, or 17% of governmental activities. Approximately \$17.5 million was funded with program revenues. Expenses of this category increased \$6.1 million, or 79% compared to prior fiscal year. This was primarily due to the capital contribution expense related to the transfers and conveyance of properties.
- Public Safety expense category was the fourth largest at \$12.4 million, or 15% of governmental activities, of which approximately \$1.9 million was funded with program revenues. Expenses of this category increased \$0.4 million, or 4% compared to prior fiscal year.
- General Government, the fifth largest category of governmental activities recorded expenses at \$9 million; it represented 11% of total governmental expenses. Program revenues funded \$2.3 million of General Government expense category. Expenses in this category recorded a decrease of \$0.7 million, or 7% compared to preceding fiscal year.

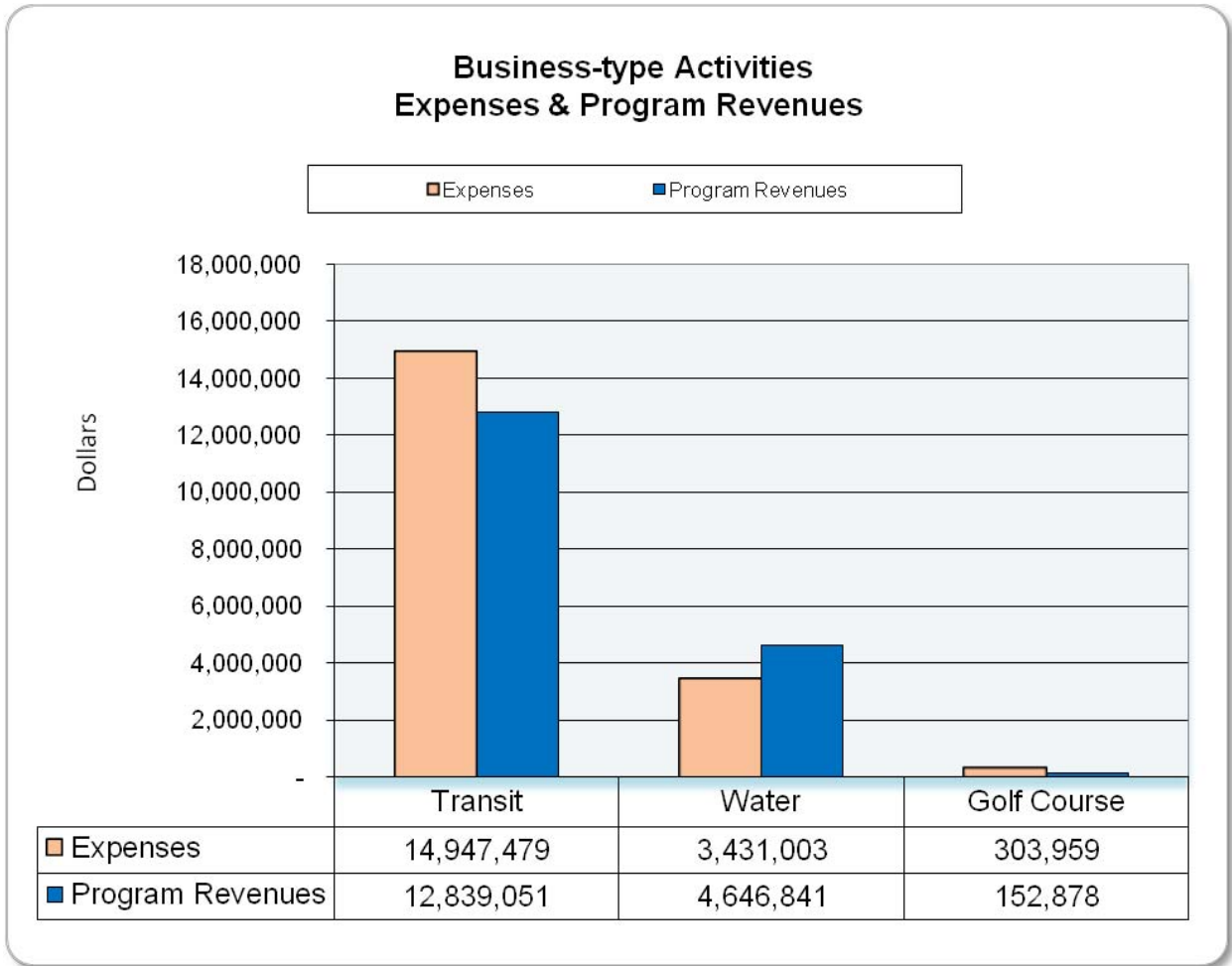


The government's capital assets net of depreciation were \$226.3 million increased \$9.3 million from the previous fiscal year, where governmental activities reported increase of \$9.8 million and business-type activities reported an slight decrease of \$0.5 million in net assets

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, 2011 total net assets of Business-type activities were \$22.5 million, out of which, the unrestricted net assets represented a negative amount of \$3.8 million; investment in capital assets net of capital debt represented \$26.3 million. Total net assets increased \$2.9 million from prior year's balance of \$19.6 million.

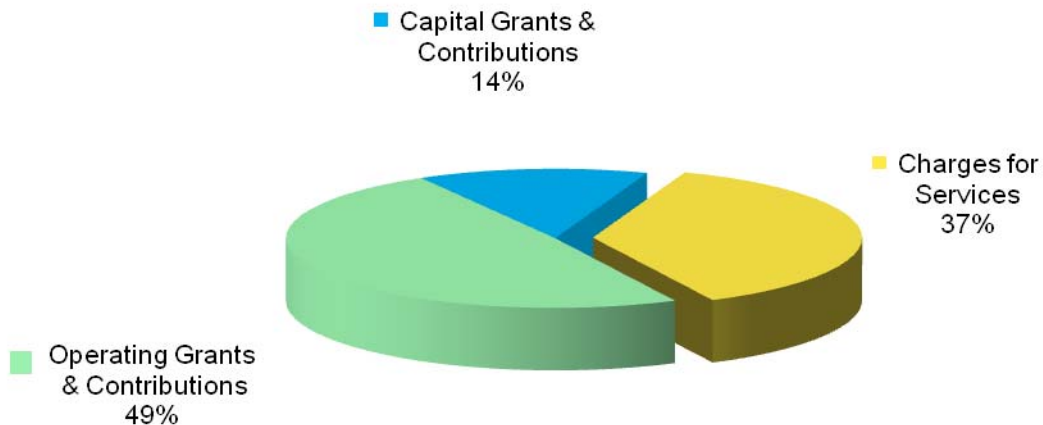
The graph below presents the costs of business activities and associated program revenues. In all three cases the program revenues represent the major funding source for business activities.



Total charges for services revenues of Business-type activities were \$6.6 million; an increase of \$0.1 million, or 2% from the prior year's operating revenues.

As shown in the pie chart below, Operating Grants and Contributions represent 49% 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 and Golf Course are 100% funded through service charges.

Business-type Activities Revenue by Source



Transit System's charges for services of \$1.6 million decreased by \$0.4 million during fiscal year 2010-11. Operating grants and contributions were \$8.8 million, an increase of \$1.5 million. Capital grants and contributions of \$2.5 million recorded a decrease of \$5.9 million from prior year, when the Transit system made major capital purchases of buses. Combined revenues decreased by \$4.7 million, or 27%, when compared to the prior fiscal year. Operating expenses increased by \$1.3 million, or 10% over previous fiscal year. This increase in expense is related to increased general liability insurance cost and depreciation expense.

The Water Utilities charges for services revenues totaled \$4.9 million; an increase of \$0.6 million, or 14%, from the preceding year's operating revenues of \$4.3 million because of increase in water rates during the year. Operating expenses of \$3.7 million increased from the prior year's by \$0.3 million, or 9%, due to the increased cost of purchased water. In addition, the Water Fund received a transfer of \$3.9 million from the Redevelopment Capital Projects Fund for various infrastructure improvements.

The operating expenses of the Golf Course exceeded the operating revenues by \$151 thousand during the year. Revenues were \$153 thousand, a decrease of \$42 thousand and expenses decreased by \$45 thousand from prior fiscal year.

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 specifically defined classifications to improve the usefulness and understandability of governmental 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 \$55 million, a decrease of \$7.6 million, or 12%, from the prior year's combined fund balance of \$62.6 million. This was primarily due to the increase in capital outlay spending. Mostly funded by other Governmental Funds, expenditures for this area were \$18.9 million for fiscal year 2010-11 versus \$1.8 million in the prior fiscal year. Nonspendable fund balance total was \$10.6 million, total Restricted was \$23.7 million, Committed was \$1.2 million and Assigned was \$8.8 million. Out of the Restricted fund balance total of \$23.7 million, \$12.5 million is obligated by its funding nature under Special Revenue Funds, \$5.8 million is designated for Capital Projects Funds and \$5.3 million is restricted to Debt Service Funds. City committed \$1.2 million to asset replacement and improvement. The Unassigned fund balance of \$10.6 million, which is the residual classification for the City's general fund, is available for spending to meet the City's unexpected expenditures and revenue shortfalls.

Revenues of governmental funds for the fiscal year ended June 30, 2011 were \$89.6 million, an increase of \$18 million, or 25%, from the prior fiscal year's total of \$71.6 million. The major increases were in the categories of Use of Money and Property, Other revenues and Intergovernmental revenues. The Use of Money and Property showed an impressive increase of \$5.9 million compared to last year's \$926 thousand. This was mainly due to the partial repayment of the accrued interest the City received from the Redevelopment Agency. Intergovernmental revenues increased by \$4.9 million, or 22% from the previous fiscal year, and is attributed to the increased funding from federal agencies. While increase in Other Revenues category from \$1.7 million in 2010 to \$9.2 million in 2011 was due to the contribution income recorded in General Fund as a result of transfers and conveyance of properties from Redevelopment Capital Project fund.

Expenditures of governmental funds were \$95.7 million, an increase of \$24.7 million, or 35% from the prior fiscal year total of \$71 million. The largest increase of \$17.6 million from preceding year was in Capital Outlays, due to the various constructions of capital improvement projects that were undertaken this fiscal year. Another category contributing to the overall expenditure increase is the Urban Development, which increased from \$7.4 million in fiscal year 2010 to \$14.2 million in 2011. This increase of 93% was mainly due to property acquisition expense that occurred as a result of transfers and conveyance of properties under Redevelopment Capital Projects funds. Interest and Fiscal charges also increased by \$798 thousand, or 15%, from prior year's \$5.5 million to \$6.3 million, or 15%. Another category worth mentioning is Highways & Streets, which increased by 7% from \$9.7 million last year to \$10.4 million this fiscal year.

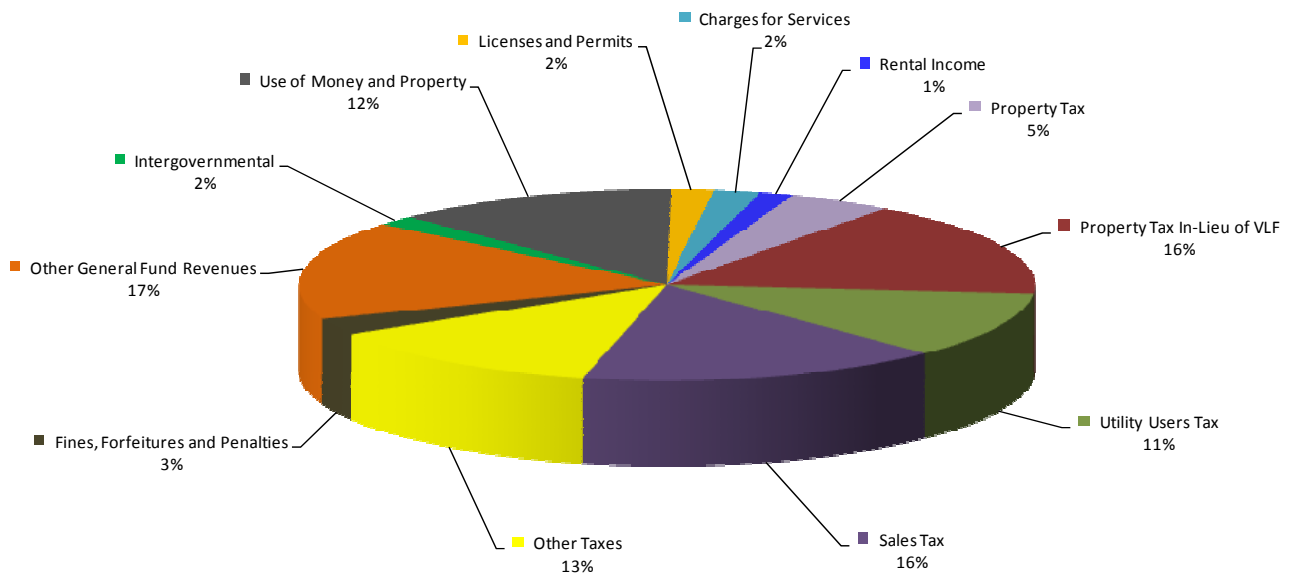
The City has five major governmental funds: General Fund, Housing and Community Development Grant Special Revenue funds (CDBG and HOME programs), Redevelopment Agency's Debt Service, Redevelopment Agency Capital Projects and Other Governmental Funds.

The General Fund is the principal operating fund of the City, which 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 \$10.7 million, Assigned was \$8.8 million while Non-spendable was \$9.9 million. All categories combined resulted in a total General fund balance of \$29.5 million. Unassigned General fund balance represents 36% of the total General fund balance, Assigned represents 30% and Non-spendable represents 34%.

The City's General Fund balance had significantly increased by \$7.8 million, or 36% from last year's balance of \$21.7 million. This can be attributed to the overall increase in revenues and transfers in by \$13.3 million or 37%. General fund also recorded an increase in expenditures and transfers out by \$8.5 million, or 24% in comparison to fiscal year 2010. Key factors affecting the result of the fiscal year's financial position are as follows:

General Fund revenues for the fiscal year were \$51.4 million, an increase of \$13.9 million or 37%, from the prior year's total of \$37.5 million. The largest General Fund revenue sources, which represent 86% of the total General Fund revenues, were: other general fund revenues, property taxes in-lieu of VLF, sales taxes, other taxes, use of money and property, and utility users' tax.

**General Fund Revenues
(by Sources)**

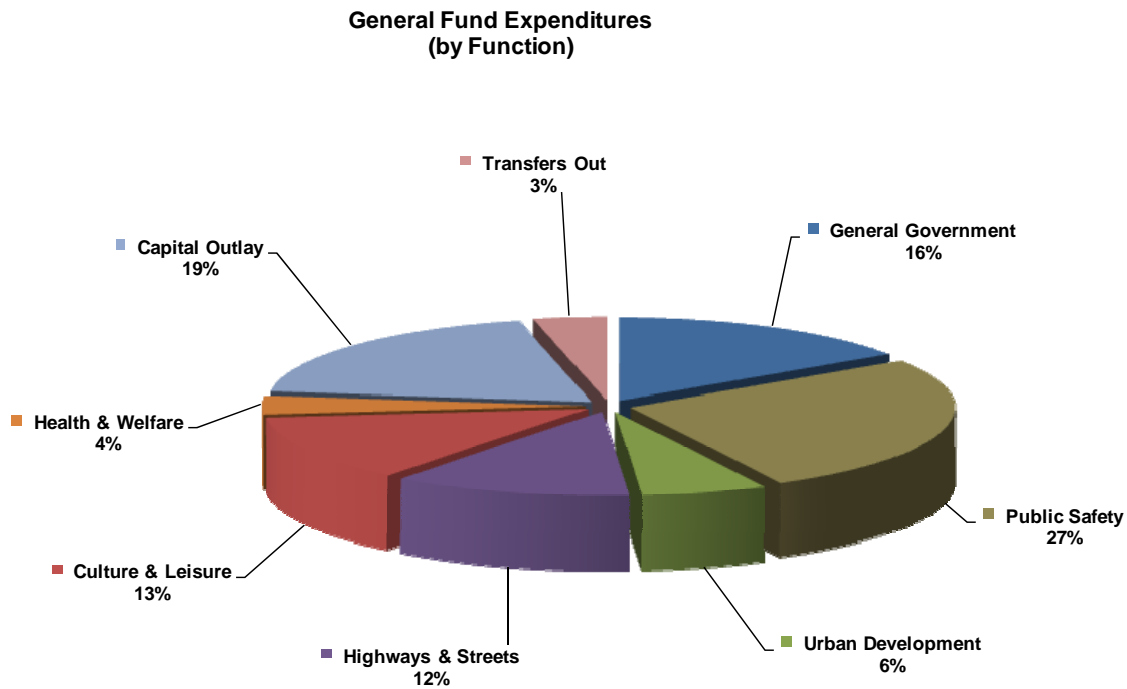


- Exceptionally this year, Other General Fund Revenues represented the largest revenue source at \$8.6 million, representing 17% of the General Fund revenues. Total increase from fiscal year 2010 was \$7.5 million and can be attributed to the one-time contribution income recorded for the properties transferred and conveyed from the Redevelopment Agency.
- The second largest revenue source, 16% of General Fund revenues, was Property Tax In-Lieu of Vehicle License Fees at \$8.4 million. Although the city continues to benefit from the high property tax value since the state took legislative action to swap the City vehicle license fee (VLF) revenue for its property taxes (property taxes in-lieu of VLF) in the 2004-05 fiscal year, Due to the sluggish real estate market, the Property Tax In-Lieu of VLF recorded a slight decrease of \$142 thousand, or a negative 2%, from prior year.
- The third largest revenue source was Sales and Use Taxes at \$8.2 million, or 16% of General Fund revenues. This revenue showed an improvement of \$702 thousand, or 9%, mainly due to the price increases of goods and other commodities like oil and fuel.
- The fourth largest revenue source was Other Taxes at \$6.5 million or 13% of General Fund revenues. Despite higher payments received for: No/Low property tax, cable franchise taxes and business licenses, this category showed a slight decrease of \$96 thousand, or 1% when compared to last year's \$6.6 million. Decrease was mainly due to lower receipts in transient occupancy tax.
- The fifth largest revenue source was Use of Money and Property at \$6.4 million, which is 12% of the General Fund revenues. This category has increased by \$6 million from last year. The increase was due to Redevelopment Agency's repayment of accrued interest on loan from the City.
- The sixth largest revenue source was Utility Users Tax at \$5.7 million, or 11% of General Fund revenues. This category decreased by \$230 thousand, or 4%, when compared to the preceding fiscal year mainly due to the decrease in wireless category.

General Fund expenditures and operating transfers out totaled \$43.9 million, an increase of \$8.5 million, or 24%, from the prior year's total of \$35.4 million. The increase was attributed mainly to the increased spending in capital outlay. Expenditures by function from highest to lowest are summarized as follows:

- Public Safety was the largest General Fund function at \$11.8 million, or 27% of General Fund expenditures and operating transfers out, a very minimal increase of \$175 thousand, or 1.5%, from the preceding fiscal year's total of \$11.6 million. Rising parking citations surcharge fees contributed to the overall increase.
- Second in rank is Capital Outlay at \$8.5 million or 19% of the General Fund expenditures. The expenditures of this category increased by \$8.2 million from the prior year. A onetime property acquisition expense related to the transfers and conveyance of properties from the Redevelopment Agency largely contributed to this significant increase.

- 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 third largest General Fund function at \$6.9 million, or 16%, of the General Fund expenditures and operating transfers out. It recorded a decrease of \$224 thousand from last year's total of \$7.1 million. The decrease was due to lower personnel expenditures related to medical benefits and unemployment.
- The Culture and Leisure function of the General Fund's expenditures represented the fourth largest expenditure category at \$5.6 million, or 13%, of the General Fund expenditures and operating transfers out, a decrease of \$136 thousand, or 2.4%, from the prior year's total of \$5.7 million. It can be attributed to the continuous saving measures in recreational events and activities.
- Highways and Streets ranked fifth at \$5.2 million, or 12% of the General Fund expenditures and operating transfers out; increased by \$0.8 million, or 19% from the previous fiscal year's total of \$4.4 million. The increase is due to the lower General Fund cost offset from the Gas Tax and Traffic Congestion Relief funds.
- Sixth in rank is Urban Development function representing 6% of the General Fund expenditures and operating transfers out at \$2.7 million, a decrease of \$358 thousand, or 11.5% from the prior year's total of \$3.1 million. Reduced personnel cost of the Engineering division was the major contributor to the overall savings.

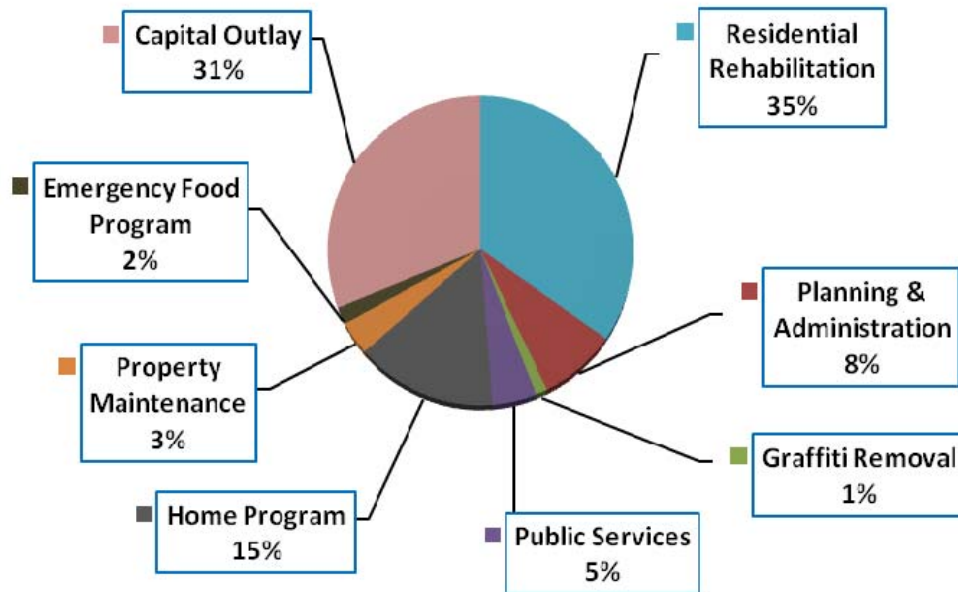


The Housing and Community Development Special Revenue Fund accounts for the City's entitlements of the Federal Community Development Block Grant (CDBG) and HOME program. The U.S. Department of Housing and Urban Development (HUD) provides annual allocations of CDBG and HOME funds that can be used to revitalize neighborhoods, prevent or eliminate slums or blight, expand affordable housing and economic opportunities, and improve community facilities and services, principally to benefit low and moderate income households.

The CDBG and HOME activities were funded by the HUD entitlement of \$2.5 million and program income (proceeds of repayments of HUD funded loans) of \$329 thousand.

Total Housing and Community Development Special Revenue fund expenditures was \$2.8 million. The CDBG portion was \$2.4 million, an increase of \$798 thousand or 49%, from the prior year's total of \$1.6 million. HOME expenditures were \$421 thousand, a significant increase of \$248 thousand, or 143%, from the prior year's total of \$173 thousand. The new CDBG funded capital project to rehabilitate local streets in the CDBG eligible areas, and more HOME program clientele were the main reasons for the expenditure increase in fiscal year 2011. The pie chart below demonstrates how the City used the CDBG and HOME funds during the fiscal year that ended June 30, 2011.

CDBG & HOME Expenditures



Redevelopment Agency Debt Service and Redevelopment Agency Capital Projects Funds. Under California Redevelopment Law, the Redevelopment Agency finance activities are to be used to help remove blight; this includes, but is not limited to, physical deterioration, lack of economic vitality, and an increase of negative social trends, such as crime, aging infrastructure, and high business vacancies. The primary revenue sources of the Redevelopment Agency are 1) the property tax increment generated from three merged project areas, 2) the tax allocation bonds, 3) deferred loan from the Los Angeles County and 4) cash advances and loans from the City.

The Redevelopment Agency Debt Service Fund revenues and other financing sources totaled \$16.7 million, an increase of \$5.7 million, or 52%, from the preceding fiscal year's total of \$11 million. The significant increase was due to operating transfers from RDA capital projects fund in the amount of \$6 million. Tax increment revenue decreased \$417 thousand, or 5.4%, from prior year's \$7.7 million. Total expenditures were \$11.4 million, an increase of \$662 thousand, or 6.2%, from the prior year's total of \$10.7 million. The increase in expenditures was due to higher fiscal and interest charges.

Redevelopment Agency Capital Projects Fund revenues and transfers in were \$4.9 million and expenditures and transfers out were \$25 million. The overall fund balance decreased by \$20.1 million from prior year due to the transfer of the bond proceeds to the Redevelopment Debt Service Fund to be used for a partial payment of outstanding interest on Agency's debt to the City; \$3.9 million was transferred to the Water Fund for major water infrastructure improvement projects.

Proprietary Funds. The City of Norwalk's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net assets of Transit and Golf Course funds at the end of the year amounted to a negative amount of (\$4.2 million) and (\$684 thousand), while Water fund had a positive amount of \$1.1 million. There was a total increase of \$2.9 million in net assets for all three funds compared to last year. The Water Fund recorded an increase of \$5.2 million primarily due to the \$3.9 million transfer in from Redevelopment Agency. Both Transit and Golf Course funds decreased \$2.1 million and \$151 thousand, respectively.

General Fund Budgetary Highlights

The following table displays the General Fund's original budget, final budget and actual results for 2011 revenues, expenditures and transfers. Revenues were higher than projected by \$13.8 million, or 37%. Expenditures were \$3.3 million higher than the final budget.

Difference between the original and final revenue budget reflects an increase of \$870 thousand or 2%. Substantial adjustments were made under real property values derived revenues, sales tax, and franchise tax.

Difference between the original and final expenditures budget reflects an increase of \$864 thousand, or 2%. This budget increase adjustment was solely in capital outlay category.

Table 3
General Fund Budgetary Comparison
(in thousands)

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget
Revenues	\$ 36,688	\$ 37,558	\$ 51,365	\$ 13,807
Expenditures	(38,134)	(38,998)	(42,347)	(3,349)
Other Financing Sources (Uses):				
Transfers in	1,250	1,250	360	(890)
Transfers out	(1,457)	(1,567)	(1,582)	(15)
Change in Fund Balance	<u>\$ (1,653)</u>	<u>\$ (1,757)</u>	<u>\$ 7,796</u>	<u>\$ 9,553</u>

General Fund actual revenues were \$51.4 million, or \$13.8 million higher than projected. The revenue category that significantly exceeded budget was the Use of Money and Property. It was over the final budget amount by \$6.1 million due to the interest payment of \$6 million received from the Redevelopment Agency. The other category with a significant overage was Other General Fund Revenues, which included contribution income recorded for the onetime transfer and conveyance of properties from the Redevelopment Agency.

General Fund actual expenditures of \$42.3 million were \$3.3 million higher than the final budget. Out of the overall actual expenditures, the Capital Outlay was over the anticipated budget by \$5 million, due to the acquisition of properties. All other expenditure categories were under their budgeted amounts.

Capital Assets and Debt Administration

Capital Assets. The City's investment in capital assets for Governmental and Business-type Activities as of June 30, 2011 was \$226.3 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 \$9.3 million represents a 4.3% increase from last year.

Additional information on the City's capital assets can be found in Note 5 of the Notes to the Basic Financial Statements.

Table 4
Capital Assets – Net of Depreciation
June 30, 2011 and 2010

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Capital assets not being depreciated:						
Land	\$ 14,435,826	\$ 6,650,718	\$ 23,125	\$ 23,125	\$ 14,458,951	\$ 6,673,843
Construction in progress	9,705,466	2,483,625	1,761,764	924,183	11,467,230	3,407,808
Water Rights	-	-	2,389,300	2,389,300	2,389,300	2,389,300
Total capital assets not being depreciated	24,141,292	9,134,343	4,174,189	3,336,608	28,315,481	12,470,951
Capital assets being depreciated:						
Buildings and improvements	44,536,599	44,137,863	7,333,061	7,337,509	51,869,660	51,475,372
Distribution system	-	-	11,311,114	10,479,367	11,311,114	10,479,367
Machinery and equipment	6,568,944	6,622,806	-	-	6,568,944	6,622,806
Office equipment	-	-	704,439	731,090	704,439	731,090
Vehicles	-	-	14,166,950	16,307,839	14,166,950	16,307,839
Tools and equipment	-	-	1,480,693	2,064,189	1,480,693	2,064,189
Infrastructure	280,571,501	276,886,697	-	-	280,571,501	276,886,697
Miscellaneous	-	-	201,747	259,544	201,747	259,544
Total capital assets being depreciated	331,677,044	327,647,366	35,198,004	37,179,538	366,875,048	364,826,904
Less total accumulated depreciation	(155,777,807)	(146,554,760)	(13,076,847)	(13,752,013)	(168,854,654)	(160,306,773)
Net capital assets, being depreciated	175,899,237	181,092,606	22,121,157	23,427,525	198,020,394	204,520,131
Net capital assets	<u>\$ 200,040,529</u>	<u>\$ 190,226,949</u>	<u>\$ 26,295,346</u>	<u>\$ 26,764,133</u>	<u>\$ 226,335,875</u>	<u>\$ 216,991,082</u>

Long-term Debt. At June 30, 2011, the City had \$122 million in outstanding long-term debt for governmental and business-type activities.

Table 5
Outstanding Debt as of June 30, 2011 and 2010
(In thousands)

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Compensated absences	\$ 2,316	\$ 2,305	\$ 511	\$ 530	\$ 2,827	\$ 2,835
Other postemployment benefits	2,910	2,011	1,369	925	4,279	2,936
Lease revenue refunding bonds	16,770	17,485	-	-	16,770	17,485
Tax allocation bonds, 2005	58,430	59,605	-	-	58,430	59,605
County deferred loan	39,711	37,199	-	-	39,711	37,199
Totals	120,137	118,605	1,880	1,455	122,017	120,060
Add (deduct) deferred amounts:						
Bond premium	389	405	-	-	389	405
Bond discount	(287)	(299)	-	-	(287)	(299)
Deferred charge on refunding	(177)	(190)	-	-	(177)	(190)
Subtotal	(75)	(84)	-	-	(75)	(84)
Total long term liabilities	<u>\$ 120,062</u>	<u>\$ 118,521</u>	<u>\$ 1,880</u>	<u>\$ 1,455</u>	<u>\$ 121,942</u>	<u>\$ 119,976</u>

The City's total debt increased by \$2.0 million during the current fiscal year as a result of the increase under Other Postemployment Benefits and County deferred loan, which is an agreement between the City's Redevelopment Agency and the County of Los Angeles. Additional information on changes and balances are presented in Note 6.

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 2011, the report indicated that forecast of California's General Fund revenues and expenditures shows that the State must address a General Fund budget problem of \$13 billion between now and the time the Legislature enacts a 2012-13 state budget plan. The budget problem consists of a \$3 billion projected deficit for 2011-12 and a \$10.4 billion gap between projected revenues and spending in 2012-13. Addressing this large shortfall will require painful choices on top of the difficult choices the Legislature made earlier this year.

The City will continue to monitor the State's budget crisis as its situation would affect a substantial portion of the City's intergovernmental funding source via grants and pass-through revenues. Additionally Norwalk, like many other cities, is concerned of legislative actions that could still take away funds from cities.

The City adopted 2011-12 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 2011 -12 were:

- Projected revenues of \$38.4 million or 2% increase from prior year budgeted revenues. With the sluggish economy, the revenues will be monitored closely and budget adjustments will be made if necessary.
- Ongoing estimated operating expenditures of \$38.2 million, an increase of 3.6%, are within budgeted revenues.
- Estimated discretionary and one-time expenditures of \$3.5 million appropriated for capital improvement projects and transfers to Asset Replacement and Renovation funds.
- Projected Undesignated Reserve Fund balance of \$7.7 million at June 30, 2012.

Prospects for the future:

- *Local, State and National Economy.* Events in the local, State and national economies led to unprecedented downturns in financial markets. The full impacts of the situation are still being felt, but we know that our local economic outlook is not as bright as it has been in years past. Sales taxes have declined in nearly every major category as consumer confidence decreases. Although the City is not experiencing the foreclosure rates of other local and national communities, property tax revenue increases are likely to be very modest compared with past trends. The State's budget situation is another source of uncertainty. The State resolved its budget problem largely by one-time fixes, transfers and loans that will simply move the problem to next year. The chances are high that threats of State takeaways, and the danger of dissolving the redevelopment agencies will not go away as long as the State continues to fail in its efforts to achieve fiscal stability and sustainability.

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

City of Norwalk
Statement of Net Assets
June 30, 2011

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 48,993,891	\$ 4,526,981	\$ 53,520,872
Cash and investments with fiscal agent	5,330,643	-	5,330,643
Accounts receivable	1,260,744	647,495	1,908,239
Interest receivable	248,704	-	248,704
Other receivables	13,008	-	13,008
Due from other governments	8,855,428	3,122,876	11,978,304
Internal balances	8,856,064	(8,856,064)	-
Inventory	158,246	261,869	420,115
Prepaid items and deposits	69,107	7,767	76,874
Loans receivable	8,877,825	-	8,877,825
Deferred bond issue cost	2,166,510	-	2,166,510
Capital assets:			
Non-depreciable	24,141,292	4,174,189	28,315,481
Depreciable, net of depreciation	175,899,237	22,121,157	198,020,394
Total assets	<u>284,870,699</u>	<u>26,006,270</u>	<u>310,876,969</u>
LIABILITIES			
Accounts payable and accrued liabilities	7,126,672	1,509,273	8,635,945
Interest payable	1,031,640	-	1,031,640
Other liabilities	240,804	23,120	263,924
Due to other governments	345,817	-	345,817
Unearned revenues	9,137,997	-	9,137,997
Deposits payable	89,351	87,925	177,276
Noncurrent liabilities:			
Due within one year	2,416,700	76,870	2,493,570
Due in more than one year	117,645,510	1,803,204	119,448,714
Total liabilities	<u>138,034,491</u>	<u>3,500,392</u>	<u>141,534,883</u>
NET ASSETS			
Invested in capital assets, net of related debt	151,855,529	26,295,346	178,150,875
Restricted for:			
Debt service	5,295,319	-	5,295,319
Capital projects	7,806,991	-	7,806,991
Low and moderate income housing	7,005,717	-	7,005,717
Special purposes	5,537,617	-	5,537,617
Unrestricted	(30,664,965)	(3,789,468)	(34,454,433)
Total net assets \$	<u>146,836,208</u>	<u>22,505,878</u>	<u>169,342,086</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, 2011

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	\$ 8,985,356	\$ 1,542,150	\$ 811,438	\$ -	\$ (6,631,768)	\$ -	\$ (6,631,768)
Public safety	12,427,683	1,621,750	343,339	-	(10,462,594)	-	(10,462,594)
Urban development	13,771,165	3,451,811	14,035,921	-	3,716,567	-	3,716,567
Highways and streets	17,763,495	295,550	9,386,630	-	(8,081,315)	-	(8,081,315)
Culture and leisure	6,079,088	567,608	-	-	(5,511,480)	-	(5,511,480)
Health and welfare	18,893,417	400,554	9,819,760	-	(8,673,103)	-	(8,673,103)
Interest expense	4,665,588	-	-	-	(4,665,588)	-	(4,665,588)
Total governmental activities	82,585,792	7,879,423	34,397,088	-	(40,309,281)	-	(40,309,281)
Business-type activities:							
Transit system	14,947,479	1,588,163	8,767,042	2,481,567	-	(2,110,707)	(2,110,707)
Water	3,703,524	4,900,159	-	-	-	1,196,635	1,196,635
Golf course	303,959	152,878	-	-	-	(151,081)	(151,081)
Total business-type activities	18,954,962	6,641,200	8,767,042	2,481,567	-	(1,065,153)	(1,065,153)
Total primary government	\$ 101,540,754	\$ 14,520,623	\$ 43,164,130	\$ 2,481,567	(40,309,281)	(1,065,153)	(41,374,434)
General revenues							
Taxes							
Sales taxes					8,222,180	-	8,222,180
Property taxes					14,764,697	-	14,764,697
Utility users taxes					5,743,933	-	5,743,933
Business operations taxes					669,931	-	669,931
Transient occupancy taxes					876,639	-	876,639
Property tax in-lieu of Vehicle License Fee					8,394,222	-	8,394,222
Franchise taxes					1,676,175	-	1,676,175
Investment income					799,896	21,482	821,378
Transfers					(3,956,551)	3,956,551	-
Total general revenues					37,191,122	3,978,033	41,169,155
Change in net assets					(3,118,159)	2,912,880	(205,279)
Net assets-beginning					149,954,367	19,592,998	169,547,365
Net assets-ending					\$ 146,836,208	\$ 22,505,878	\$ 169,342,086

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

City of Norwalk
Balance Sheet
Governmental Funds
June 30, 2011

	General	Housing and Community Development Special Revenue	Redevelopment Agency Debt Service	Redevelopment Agency Capital Projects	Other Governmental Funds	Totals
ASSETS						
Cash and investments	\$ 13,529,925	\$ 20,727	\$ 8,832,278	\$ 10,128,979	\$ 16,214,694	\$ 48,726,603
Cash and investments with fiscal agents	-	-	4,274,053	-	1,056,590	5,330,643
Accounts receivable, net	1,094,383	25,351	-	-	141,010	1,260,744
Interest receivable	80,478	104,713	-	63,513	-	248,704
Other receivable	13,008	-	-	-	-	13,008
Due from other funds	7,506,798	-	-	417,600	-	7,924,398
Due from other governments	1,685,381	1,129,384	2,206,714	-	3,833,795	8,855,274
Inventory	5,941	-	-	-	-	5,941
Prepaid items	50,838	-	-	-	18,269	69,107
Loans receivable	-	8,877,825	-	-	-	8,877,825
Advances to other funds	20,172,782	-	-	750,000	-	20,922,782
Total assets	\$ 44,139,534	\$ 10,158,000	\$ 15,313,045	\$ 11,360,092	\$ 21,264,358	\$ 102,235,029
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 2,834,938	\$ 434,946	\$ 93,959	\$ 12,969	\$ 2,843,576	\$ 6,220,388
Accrued liabilities	586,786	24,640	-	-	-	611,426
Due to other funds	1,292	-	-	67,761	2,033,891	2,102,944
Due to other governments	-	-	282,973	-	62,844	345,817
Deferred revenues	10,334,486	9,053,734	-	54,938	268,003	19,711,161
Deposits payable	-	-	-	-	89,351	89,351
Other liabilities	153,679	87,125	-	-	-	240,804
Advances from other funds	750,000	-	10,334,485	6,803,686	-	17,888,171
Total liabilities	14,661,181	9,600,445	10,711,417	6,939,354	5,297,665	47,210,062
Fund balances						
Nonspendable	9,895,075	-	-	750,000	-	10,645,075
Restricted						
Special revenue funds	-	557,555	-	-	11,985,779	12,543,334
Capital projects funds	-	-	-	3,670,738	2,170,006	5,840,744
Debt service	-	-	4,601,628	-	693,691	5,295,319
Committed	-	-	-	-	1,216,247	1,216,247
Assigned	8,846,359	-	-	-	-	8,846,359
Unassigned	10,736,919	-	-	-	(99,030)	10,637,889
Total fund balances	29,478,353	557,555	4,601,628	4,420,738	15,966,693	55,024,967
Total liabilities and fund balances	\$ 44,139,534	\$ 10,158,000	\$ 15,313,045	\$ 11,360,092	\$ 21,264,358	\$ 102,235,029

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 Assets
June 30, 2011

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

Total governmental fund balances	\$	55,024,967	
Deferred charges represent costs associated with the issuance of long-term debt, which are deferred and amortized over the life of the debt. The costs are reported as expenditures of current financial resources in the governmental funds.			2,166,510
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:			
Governmental capital assets	\$	355,684,675	
Less accumulated depreciation		<u>(155,668,282)</u>	200,016,393
Accrued interest on long-term debt is not due and payable in the current period and is not reported in the funds.			(1,031,640)
Certain revenues in the governmental funds are deferred 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.			10,573,164
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	\$	(2,167,397)	
Tax allocation bonds		(58,430,000)	
Lease revenue bonds		(16,770,000)	
County deferred loans		(39,711,496)	
Other postemployment benefits		(2,909,662)	
Bond premium		(389,078)	
Bond discount		286,960	
Deferred charges on refunding of bonds		<u>177,487</u>	<u>(119,913,186)</u>
Net assets of governmental activities	\$		<u>146,836,208</u>

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

City of Norwalk
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year ended June 30, 2011

	General	Housing and Community Development Special Revenue	Redevelopment Agency Debt Service	Redevelopment Agency Capital Projects	Other Governmental Funds	Totals
Revenues						
Taxes	\$ 31,241,160	\$ -	\$ 7,285,293	\$ -	\$ 1,821,324	\$ 40,347,777
Licenses and permits	951,871	-	-	-	-	951,871
Fines, forfeitures and penalties	1,436,004	-	-	-	-	1,436,004
Use of money and property	6,433,925	3,985	65,035	138,185	158,766	6,799,896
Intergovernmental	870,886	2,508,113	-	-	24,297,789	27,676,788
Charges for services	1,047,061	-	-	-	766,072	1,813,133
Rental income	758,364	-	-	576,456	-	1,334,820
Other	8,625,599	329,079	-	-	247,984	9,202,662
Total revenues	<u>51,364,870</u>	<u>2,841,177</u>	<u>7,350,328</u>	<u>714,641</u>	<u>27,291,935</u>	<u>89,562,951</u>
Expenditures						
Current:						
General government	6,868,817	-	150,182	-	631,242	7,650,241
Public safety	11,766,253	-	-	-	482,533	12,248,786
Urban development	2,747,295	1,868,389	-	9,617,142	-	14,232,826
Highways and streets	5,232,792	35,340	-	-	5,086,895	10,355,027
Culture and leisure	5,607,531	-	-	-	-	5,607,531
Health and welfare	1,598,596	50,000	4,653,768	-	12,257,685	18,560,049
Capital outlay	8,525,448	883,560	-	906,724	8,610,646	18,926,378
Debt service:						
Principal retirement	-	-	1,175,000	-	715,000	1,890,000
Interest and fiscal charges	-	-	5,387,326	-	860,641	6,247,967
Total expenditures	<u>42,346,732</u>	<u>2,837,289</u>	<u>11,366,276</u>	<u>10,523,866</u>	<u>28,644,642</u>	<u>95,718,805</u>
Excess (deficiency) of revenues over expenditures	<u>9,018,138</u>	<u>3,888</u>	<u>(4,015,948)</u>	<u>(9,809,225)</u>	<u>(1,352,707)</u>	<u>(6,155,854)</u>
Other financing sources (uses)						
Transfers in	359,668	-	6,845,081	4,153,604	2,028,570	13,386,923
Transfers out	(1,581,870)	-	-	(14,469,823)	(1,291,781)	(17,343,474)
Issuance of County deferred loans	-	-	2,512,697	-	-	2,512,697
Net other financing sources (uses)	<u>(1,222,202)</u>	<u>-</u>	<u>9,357,778</u>	<u>(10,316,219)</u>	<u>736,789</u>	<u>(1,443,854)</u>
Change in fund balances	7,795,936	3,888	5,341,830	(20,125,444)	(615,918)	(7,599,708)
Beginning fund balances	21,682,417	553,667	(740,202)	24,546,182	16,582,611	62,624,675
Ending fund balances	<u>\$ 29,478,353</u>	<u>\$ 557,555</u>	<u>\$ 4,601,628</u>	<u>\$ 4,420,738</u>	<u>\$ 15,966,693</u>	<u>\$ 55,024,967</u>

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

City of Norwalk

**Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and
Changes in Fund Balances to the Statement of Activities
Year ended June 30, 2011**

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

Change in fund balance - governmental funds \$ (7,599,708)

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	\$ (9,338,118)	
Capital outlay	<u>19,157,319</u>	9,819,201

Certain revenues in the governmental funds are deferred 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. (4,481,457)

Long-term debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Costs associated with the issuance of long-term debt are reported as expenditures in the governmental funds, but deferred and amortized throughout the period during which the related debt is outstanding in the statement of net assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

County deferral received	\$ (2,512,697)	
Net change in compensated absences	2,064	
Principal bond repayments	<u>1,890,000</u>	(620,633)

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	\$ (898,836)	
Noncurrent accrued expense	738,205	
Change in accrued interest on long-term debt	22,726	
Amortization of bond premium	16,045	
Amortization of bond discount	(11,833)	
Amortization of deferred charge on refunding	(12,528)	
Amortization of bond issuance costs	<u>(89,341)</u>	<u>(235,562)</u>

Change in net assets of governmental activities \$ (3,118,159)

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

City of Norwalk
Statement of Net Assets
Proprietary Funds
June 30, 2011

	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	\$ 211,085	\$ 4,315,796	\$ 100	\$ 4,526,981	\$ 267,288
Accounts receivable	3,807	643,688	-	647,495	153
Prepays	4,150	3,617	-	7,767	-
Due from other funds	1,292	-	-	1,292	-
Inventory	261,869	-	-	261,869	152,305
Due from other agencies	2,641,014	481,862	-	3,122,876	-
Total current assets	<u>3,123,217</u>	<u>5,444,963</u>	<u>100</u>	<u>8,568,280</u>	<u>419,746</u>
Noncurrent assets					
Capital assets	23,633,070	15,739,124	-	39,372,194	133,661
Less accumulated depreciation	<u>(8,378,341)</u>	<u>(4,698,507)</u>	<u>-</u>	<u>(13,076,848)</u>	<u>(109,525)</u>
Net capital assets	<u>15,254,729</u>	<u>11,040,617</u>	<u>-</u>	<u>26,295,346</u>	<u>24,136</u>
Total noncurrent assets	<u>15,254,729</u>	<u>11,040,617</u>	<u>-</u>	<u>26,295,346</u>	<u>24,136</u>
Total assets	<u>18,377,946</u>	<u>16,485,580</u>	<u>100</u>	<u>34,863,626</u>	<u>443,882</u>
LIABILITIES					
Current liabilities					
Accounts payable	73,197	1,026,532	7,369	1,107,098	205,720
Accrued expenses	370,354	24,323	7,498	402,175	89,138
Deposits payable	-	87,925	-	87,925	-
Other liabilities	-	23,120	-	23,120	-
Due to other funds	5,198,936	-	623,810	5,822,746	-
Advances from other funds	-	3,034,610	-	3,034,610	-
Compensated absences payable - current portion	57,370	16,800	2,700	76,870	31,774
Total current liabilities	<u>5,699,857</u>	<u>4,213,310</u>	<u>641,377</u>	<u>10,554,544</u>	<u>326,632</u>
Noncurrent liabilities					
Accrued other postemployment benefits	1,246,309	107,748	15,384	1,369,441	-
Compensated absences payable	<u>340,272</u>	<u>66,556</u>	<u>26,935</u>	<u>433,763</u>	<u>117,250</u>
Total liabilities	<u>7,286,438</u>	<u>4,387,614</u>	<u>683,696</u>	<u>12,357,748</u>	<u>443,882</u>
NET ASSETS					
Invested in capital assets	15,254,729	11,040,617	-	26,295,346	24,136
Unrestricted	<u>(4,163,221)</u>	<u>1,057,349</u>	<u>(683,596)</u>	<u>(3,789,468)</u>	<u>(24,136)</u>
Total net assets	<u>\$ 11,091,508</u>	<u>\$ 12,097,966</u>	<u>\$ (683,596)</u>	<u>\$ 22,505,878</u>	<u>\$ -</u>

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

City of Norwalk
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
Year ended June 30, 2011

	Business-type Activities - Enterprise Funds				Governmental Activities Internal Service Funds
	Transit System Fund	Water Fund	Golf Course	Total	
Operating revenues					
Charges for services	\$ 1,588,163	\$ 4,900,781	\$ 152,878	\$ 6,641,822	\$ 12,457,676
Other	-	(622)	-	(622)	-
Total operating revenues	<u>1,588,163</u>	<u>4,900,159</u>	<u>152,878</u>	<u>6,641,200</u>	<u>12,457,676</u>
Operating expenses					
Administrative	627,227	357,641	11,188	996,056	25,779
Utilities	53,462	45,919	67,223	166,604	30,896
Salaries and benefits	8,764,341	624,146	171,809	9,560,296	10,973,024
Contractual services	653,029	180,022	18,640	851,691	14,195
Cost of water	-	1,739,615	-	1,739,615	-
Maintenance and repairs	1,276,626	-	-	1,276,626	1,408,161
Supplies and materials	111,296	219,809	35,099	366,204	-
Insurance	972,581	-	-	972,581	-
Depreciation	2,488,917	263,851	-	2,752,768	5,621
Total operating expenses	<u>14,947,479</u>	<u>3,431,003</u>	<u>303,959</u>	<u>18,682,441</u>	<u>12,457,676</u>
Operating income (loss)	(13,359,316)	1,469,156	(151,081)	(12,041,241)	-
Nonoperating revenues (expense)					
Proposition "A" taxes	3,232,208	-	-	3,232,208	-
Proposition "C" taxes	1,886,893	-	-	1,886,893	-
Federal grants	2,481,567	-	-	2,481,567	-
State and local grants	3,647,941	-	-	3,647,941	-
Interest expense	-	(272,521)	-	(272,521)	-
Investment income	2,279	19,203	-	21,482	-
Income (loss) before transfers	(2,108,428)	1,215,838	(151,081)	(1,043,671)	-
Transfers in (out)	-	3,956,551	-	3,956,551	-
Change in net assets	(2,108,428)	5,172,389	(151,081)	2,912,880	-
Total net assets - beginning	<u>13,199,936</u>	<u>6,925,577</u>	<u>(532,515)</u>	<u>19,592,998</u>	<u>-</u>
Total net assets - ending	<u>\$ 11,091,508</u>	<u>\$ 12,097,966</u>	<u>\$ (683,596)</u>	<u>\$ 22,505,878</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, 2011

	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	\$ 2,274,324	\$ 4,657,571	\$ 152,878	\$ 7,084,773	\$ 12,457,523
Payments to suppliers	(3,825,724)	(2,324,938)	(139,595)	(6,290,257)	(1,378,575)
Payments to employees	(8,380,829)	(586,987)	(167,033)	(9,134,849)	(10,959,451)
Net cash provided by (used in) operating activities	<u>(9,932,229)</u>	<u>1,745,646</u>	<u>(153,750)</u>	<u>(8,340,333)</u>	<u>119,497</u>
Cash flows from capital and related financing activities					
Purchases and construction of capital assets	(666,981)	(1,616,999)	-	(2,283,980)	-
Net cash used in capital and related financing activities	<u>(666,981)</u>	<u>(1,616,999)</u>	<u>-</u>	<u>(2,283,980)</u>	<u>-</u>
Cash flows from non-capital financing activities					
Cash contributions from other governments	11,248,609	-	-	11,248,609	-
Cash received from other funds	(620,443)	3,956,551	153,850	3,489,958	-
Interest paid	-	(272,521)	-	(272,521)	-
Net cash provided by non-capital financing activities	<u>10,628,166</u>	<u>3,684,030</u>	<u>153,850</u>	<u>14,466,046</u>	<u>-</u>
Cash flows from investing activities					
Interest received	2,279	19,203	-	21,482	-
Change in cash and cash equivalents	<u>31,235</u>	<u>3,831,880</u>	<u>100</u>	<u>3,863,215</u>	<u>119,497</u>
Cash and cash equivalents - beginning	<u>179,850</u>	<u>483,916</u>	<u>-</u>	<u>663,766</u>	<u>147,791</u>
Cash and cash equivalents - ending	<u>\$ 211,085</u>	<u>\$ 4,315,796</u>	<u>\$ 100</u>	<u>\$ 4,526,981</u>	<u>\$ 267,288</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ (13,359,316)	\$ 1,469,156	\$ (151,081)	\$ (12,041,241)	\$ -
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:					
Depreciation	2,488,917	263,851	-	2,752,768	5,622
(Increase) decrease in:					
Accounts receivable	3,458	(71,257)	-	(67,799)	(153)
Prepays	-	1,170	-	1,170	-
Inventory	193,722	-	-	193,722	76,002
Due from other agencies	682,703	(171,331)	-	511,372	-
Increase (decrease) in:					
Accounts payable	21,051	272,719	(6,009)	287,761	(2,024)
Accrued liabilities	(346,276)	2,625	(1,436)	(345,087)	26,477
Other postemployment benefits	402,515	36,805	5,104	444,424	-
Deposits payable	-	7,748	-	7,748	-
Other liabilities	-	(66,194)	-	(66,194)	-
Compensated absences payable	(19,003)	354	(328)	(18,977)	13,573
Net cash provided by (used in) operating activities	<u>\$ (9,932,229)</u>	<u>\$ 1,745,646</u>	<u>\$ (153,750)</u>	<u>\$ (8,340,333)</u>	<u>\$ 119,497</u>

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

City of Norwalk
Statement of Assets and Liabilities
Fiduciary Fund
June 30, 2011

		<u>Agency Fund</u>
Assets		
Cash and investments	\$	<u>606,193</u>
Total assets	\$	<u><u>606,193</u></u>
Liabilities		
Accounts payable	\$	15,092
Deposits payable		<u>591,101</u>
Total liabilities	\$	<u><u>606,193</u></u>

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, Highways and Streets, 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 are the Norwalk Redevelopment Agency (Agency), 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 Redevelopment Agency's financial activity commenced in June 1984. The Agency's primary purpose is to eliminate blighted areas by encouraging development of residential, commercial, industrial, recreational and public facilities. The City Council appoints the Agency director and has full accountability for the Agency's fiscal matters. The Agency's financial data and transactions are included with the special revenue fund type, debt service fund type, and capital projects fund type. Agency revenues consist primarily of property tax allocations on the incremental increase of property values in the redevelopment area, and investment income.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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. Only the Agency and the Financing Authority issue separate component unit financial statements. The financial statements of these component units 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 assets, 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 assets 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

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 assets. 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 due to governmental funds are reported on their 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 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.

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.

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Redevelopment Agency Debt Service Fund

This fund accounts for the tax increment and investment revenue used for the repayment of the indebtedness of the Norwalk Redevelopment Agency.

Redevelopment Agency Capital Projects Fund

This fund accounts for the construction and rehabilitation of various redevelopment projects. Financing is provided by tax allocation bonds and investment income.

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 5,361 service connections which service over 10,000 Norwalk residents.

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 employer benefits to the various City departments based on salary costs. The Vehicle Maintenance Fund accounts for the cost of maintenance of City departments based on actual usage.

Fiduciary 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.

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.

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, 2011, are due and payable in two installments on November 1, 2010 and February 1, 2011 and became delinquent on December 10, 2010 and April 10, 2011, respectively. A tax lien is attached to the property on January 1, 2011. 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Cash Equivalents

For purposes of the statements of cash flows, cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash, or so near maturity that they present insignificant risk of changes in value because of changes in interest rates. Cash equivalents have an original maturity date of three months or less from the date of purchase.

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, 2011.

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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 which determines the value of the City's compensated absences.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balances

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Fund Balance Reporting

During the fiscal year ended June 30, 2011, the City has implemented Governmental Accounting Standards Board (GASB) Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. This Statement 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.

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.

Committed fund balance includes amounts that can be used only for the specific purposes determined by a formal action of the City's highest level of decision-making authority (City Council). The City has no committed fund balances as of June 30 2011.

Assigned fund balance consists of funds that are set aside for specific purposes by the City's highest level of decision making authority or a body or official that has been given the authority to assign funds. The City's assigned fund balances represent resources set aside for capital expenditures.

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.

The City Council, as the City's highest level of decision-making authority, 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 Council delegates the authority to assign fund balance to the City Manager for purposes of reporting in the annual financial report.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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, 2011, are classified in the accompanying financial statements as follows:

	Government-wide Statement of Net Assets	Fiduciary Fund Statement of Net Assets	Total
Unrestricted assets:			
Cash and investments	\$ 53,520,872	\$ 606,193	\$ 54,127,065
Restricted assets:			
Cash and investments with fiscal agents	5,330,643	-	5,330,643
Total cash and investments	\$ 58,851,515	\$ 606,193	\$ 59,457,708

Cash and investments at June 30, 2011, consisted of the following:

Cash on hand	\$	5,610
Deposits with financial institutions		1,247,193
Investments		58,204,905
Total cash and investments	\$	59,457,708

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

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.

	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.

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

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:

Investment Type	Remaining Maturity in months			Totals
	12 Months or Less	13 to 24 Months	25 to 36 months	
Local Agency Investment Fund	\$ 39,676,757	\$ -	\$ -	\$ 39,676,757
Corporate Notes:				
General Electric Cap Corp	2,024,652	1,054,225	982,995	4,061,872
Federal Home Loan Bank	-	1,018,752	2,000,762	3,019,514
Federal National Mortgage Association	-	-	2,025,664	2,025,664
Wells Fargo & Co.	-	-	1,053,908	1,053,908
Bank of America	-	-	1,008,135	1,008,135
Johnson & Johnson	-	-	1,002,376	1,002,376
Royal Bank of Canada	-	-	1,026,036	1,026,036
Held by Bond Trustee:				
Money Market Mutual Fund	5,330,643	-	-	5,330,643
Total	\$ 47,032,052	\$ 2,072,977	\$ 9,099,876	\$ 58,204,905

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, 2011	Minimum Legal Rating	Minimum Rating			
			AAA/AA+	AA-	A+	Unrated
Local Agency Investment Fund	\$ 39,676,757	N/A	\$ -	\$ -	\$ -	\$ 39,676,757
Corporate Notes:						
General Electric Cap Corp	4,061,872	A	4,061,872	-	-	-
Federal Home Loan Bank	3,019,514	A	3,019,514	-	-	-
Federal National Mortgage Association	2,025,664	A	2,025,664	-	-	-
Wells Fargo & Co.	1,053,908	A	-	1,053,908	-	-
Bank of America	1,008,135	A	-	-	1,008,135	-
Johnson & Johnson	1,002,376	A	1,002,376	-	-	-
Royal Bank of Canada	1,026,036	A	-	1,026,036	-	-
Held by Bond Trustee:						
Money Market Mutual Fund	5,330,643	AAA	5,330,643	-	-	-
Total	\$ 58,204,905		\$ 15,440,069	\$ 2,079,944	\$ 1,008,135	\$ 39,676,757

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 provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental unit by pledging

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

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 January 1, 2013, all noninterest bearing transaction accounts are fully insured without limit by the Federal Deposit Insurance Corporation (FDIC). At June 30, 2011, the City's deposits (bank balances) were fully insured by the FDIC.

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, 2011, the total fair value of LAIF, including accrued interest was approximately \$66 billion. The fair value of the City's investment in the pool is \$40 million. LAIF's and the City's exposure to risk (credit, market, or legal) is not currently available.

NOTE 3 INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS

Current interfund receivable and payable balances at June 30, 2011, are as follows:

Receivable Fund	Payable fund	Amount
General Fund	Redevelopment Agency Capital Projects Fund	\$ 67,761
	Other Governmental Funds	1,616,291
	Transit Enterprise Fund	5,198,936
	Golf Enterprise Fund	623,810
		7,506,798
Redevelopment Agency Capital Projects Fund	Other Governmental Funds	417,600
		417,600
		\$ 7,924,398

The receivable of the General Fund from the Redevelopment Agency Capital Projects Fund, Other Governmental Funds, the Transit Enterprise Fund and the Golf Course Enterprise Fund are mainly for temporary deficit cash balances. The receivable to the Redevelopment Agency Capital Projects Fund from Other Governmental Funds are also for temporary deficit cash balances.

NOTE 3 INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS (CONTINUED)

Long-term advances between the City's General Fund and the Redevelopment Agency Debt Service Fund, Redevelopment Agency Capital Projects Fund, and Water Enterprise Fund are summarized below:

	<u>Balances at July 1, 2010</u>	<u>Current Advances</u>	<u>Repayments</u>	<u>Balances at June 30, 2011</u>
Agency expenditures				
paid by the City	\$ 939,586	\$ -	\$ -	\$ 939,586
Metro Center parcels	20,541,276	1,657,310	(6,000,000)	16,198,586
Water Enterprise fund	3,034,610	-	-	3,034,610
General fund	750,000	-	-	750,000
Total	<u>\$ 25,265,472</u>	<u>\$ 1,657,310</u>	<u>\$ (6,000,000)</u>	<u>\$ 20,922,782</u>

A. Metro Center

The Redevelopment Agency advances were used to build the Metro Center. There is no stipulated repayment date established for the General Fund advances. The interest paid on the advances range from 8.75% to 10%.

B. 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, 2011 was \$3,034,610. It is the City's intention to issue bonds at a later date to replenish the Water Fund reserves and repay the advance from the City's General Fund.

C. Agency's Advance to the General Fund

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 full, including accrued interest, seven years from the date of the promissory note.

The composition of the City's interfund transfers for the year ended June 30, 2011, is as follows:

NOTE 3 INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS (CONTINUED)

Transfer From	Transfer to	Amount
General Fund	Other Governmental Funds	\$ 1,581,870
Redevelopment Agency Capital Projects Fund	General Fund	359,668
	Redevelopment Agency Capital Projects Fund	4,153,604
	Redevelopment Agency Debt Service Fund	6,000,000
	Water Enterprise Fund	3,956,551
Other Governmental Funds	Redevelopment Agency Debt Service Fund	845,081
	Other Governmental Funds	446,700
	Total	<u>\$ 17,343,474</u>

Transfers from the General Fund to Other Governmental Funds were to fund debt service and temporary deficit cash balance. Transfer from the Redevelopment Agency Capital Projects Fund to the General Fund was to properly record the ownership of the City's landholdings. The other transfers from the Redevelopment Agency Capital Projects Fund to other funds within the Redevelopment Agency Capital Projects Fund, Redevelopment Agency Debt Service Fund and Water Enterprise Fund were to fund debt service and to fund water infrastructure projects. The Other Governmental Funds also transferred to the Redevelopment Agency Debt Service Fund and Other Governmental Funds to fund matching requirements on certain grants and to fund capital projects.

NOTE 4 LOANS RECEIVABLE

Loans receivable consists of \$8,345,386 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 revenue against these loans in the amount of \$8,877,825 (see Note 8).

City of Norwalk
Notes to Financial Statements
Year ended June 30, 2011

NOTE 5 CAPITAL ASSETS

Summary of changes in capital assets for the year ended June 30, 2011:

Governmental Activities:

	<u>Balance at July 1, 2010</u>	<u>Additions</u>	<u>Transfers</u>	<u>Deletions</u>	<u>Balance at June 30, 2011</u>
Capital assets not being depreciated:					
Land	\$ 6,650,718	\$ 7,785,108	\$ -	\$ -	\$ 14,435,826
Construction in Progress	2,483,625	10,909,263	(3,687,422)	-	9,705,466
Total capital assets not being depreciated	<u>9,134,343</u>	<u>18,694,371</u>	<u>(3,687,422)</u>	<u>-</u>	<u>24,141,292</u>
Capital assets being depreciated:					
Buildings and improvements	44,137,863	324,367	74,369	-	44,536,599
Machinery and equipment	6,622,806	138,581	(71,751)	(120,692)	6,568,944
Infrastructure	276,886,697	-	3,684,804	-	280,571,501
Total capital assets being depreciated	<u>327,647,366</u>	<u>462,948</u>	<u>3,687,422</u>	<u>(120,692)</u>	<u>331,677,044</u>
Less accumulated depreciation for:					
Buildings and improvements	(15,181,799)	(1,231,118)	(7,642)	-	(16,420,559)
Machinery and equipment	(3,692,686)	(472,574)	7,642	120,692	(4,036,926)
Infrastructure	(127,680,275)	(7,640,047)	-	-	(135,320,322)
Total accumulated depreciation	<u>(146,554,760)</u>	<u>(9,343,739)</u>	<u>-</u>	<u>120,692</u>	<u>(155,777,807)</u>
Net capital assets being depreciated	<u>181,092,606</u>	<u>(8,880,791)</u>	<u>3,687,422</u>	<u>-</u>	<u>175,899,237</u>
Net capital assets - governmental activities	<u>\$ 190,226,949</u>	<u>\$ 9,813,580</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 200,040,529</u>

Business-type Activities:

	<u>Balance at July 1, 2010</u>	<u>Additions</u>	<u>Transfers</u>	<u>Deletions</u>	<u>Balance at June 30, 2011</u>
Capital assets not being depreciated:					
Land	\$ 23,125	\$ -	\$ -	\$ -	\$ 23,125
Construction in Progress	924,183	1,782,598	(945,017)	-	1,761,764
Water rights	2,389,300	-	-	-	2,389,300
Total capital assets not being depreciated	<u>3,336,608</u>	<u>1,782,598</u>	<u>(945,017)</u>	<u>-</u>	<u>4,174,189</u>
Capital assets being depreciated:					
Buildings and improvements	7,337,509	-	-	(4,448)	7,333,061
Distribution system	10,479,367	-	945,017	(113,270)	11,311,114
Office equipment	731,090	821	(6,028)	(21,444)	704,439
Vehicles	16,307,839	467,300	504,751	(3,112,940)	14,166,950
Tools and equipment	2,064,189	18,334	(399,722)	(202,108)	1,480,693
Miscellaneous	259,544	14,928	(28,702)	(44,023)	201,747
Total capital assets being depreciated	<u>37,179,538</u>	<u>501,383</u>	<u>1,015,316</u>	<u>(3,498,233)</u>	<u>35,198,004</u>
Less accumulated depreciation for:					
Buildings and improvements	(1,351,061)	(216,765)	-	4,448	(1,563,378)
Distribution system	(4,272,881)	(236,911)	-	113,270	(4,396,522)
Office equipment	(307,151)	(37,437)	(11,574)	21,444	(334,718)
Vehicles	(6,774,157)	(2,154,573)	(4,893)	3,112,940	(5,820,683)
Tools and equipment	(834,724)	(76,131)	(53,097)	202,108	(761,844)
Miscellaneous	(212,039)	(30,951)	(735)	44,023	(199,702)
Total accumulated depreciation	<u>(13,752,013)</u>	<u>(2,752,768)</u>	<u>(70,299)</u>	<u>3,498,233</u>	<u>(13,076,847)</u>
Net capital assets being depreciated	<u>23,427,525</u>	<u>(2,251,385)</u>	<u>945,017</u>	<u>-</u>	<u>22,121,157</u>
Net capital assets - governmental activities	<u>\$ 26,764,133</u>	<u>\$ (468,787)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,295,346</u>

NOTE 5 CAPITAL ASSETS (CONTINUED)

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

Governmental Activities:

General Government	\$ 1,127,033
Public Safety	101,659
Urban Development	30,862
Highways and Streets	7,639,409
Culture and Leisure	309,963
Health and Welfare	129,192
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	<u>5,621</u>
Total depreciation expense - governmental activities	<u><u>\$ 9,343,739</u></u>

Business-type Activities

Transit	\$ 2,488,917
Water	<u>263,851</u>
Total depreciation expense - business-type activities	<u><u>\$ 2,752,768</u></u>

At the Redevelopment Agency's meetings on March 21 and 23, 2011, pursuant to a combination of multiple provisions of the Redevelopment Law, the Agency adopted the following resolutions either approving agreements to transfer agency-owned properties to the City or relating to delegation of powers:

- a) Resolution number NRA 11-203, approving the conveyance of certain Norwalk Park Property. As a part of the Agency's redevelopment undertaking, the Agency has acquired and improved Norwalk Park properties, which have now become a part of the Norwalk Park. The Agency has also acquired and improve another nearby property (the "Park Parking Property"), and constructed or installed parking facilities thereon. The Park Property and the improvements thereon serve the governmental purpose of providing public park space for community. The Park Parking Property and the improvements thereon serve the governmental purpose of providing parking for the residents of the community, particularly for use in connection with Norwalk Park.

In accordance with prior agreements, understandings or budget considerations of the City and the Agency, it has been the Agency's and the City's intent that the cost of the acquisition of the Park Property and the Park Parking Property be transferred to the City without consideration.

NOTE 5 CAPITAL ASSETS (CONTINUED)

- b) Resolution number NRA 11-201, approving an agreement to transfer to the City the parking property at Hoxie Avenue, which serves the governmental purpose of providing parking for residents and businesses in the community. In accordance with prior agreements, understandings or budget considerations of the City and the Agency, it has been the Agency's and the City's intent that the cost of the acquisition of the property and the construction and installation of the parking facilities thereon be transferred to the City without consideration.

- c) Resolution number NRA 11-205, approving an agreement to transfer to the City the parking property at 12843 Norwalk Boulevard that serves the governmental purpose of providing parking for the residents and businesses of the community. In accordance with prior agreements, understandings or budget considerations of the City and the Agency, it has been the Agency's and the City's intent that the cost of the acquisition of the [property and the construction and installation of the parking facilities thereon] be transferred to the City without consideration.

- d) Resolution number NRA 11-204, approving and authorizing the execution and delivery of a delegation and property conveyance agreement relating to Entertainment Center Parking Property. The Agency conveyed the Property, including any and all improvements thereon, to the City.

- e) Resolution number NRA 11-206, approving and authorizing the execution and delivery of a delegation and property conveyance agreement relating to San Antonio Building Property. The Agency conveyed the San Antonio Building Property, including any and all improvements thereon to the City.

All but one of the property transfers described above have been recorded in the Official Records of the Los Angeles County Recorder's Office. The property transfers described above totaled \$9,163,287.

NOTE 6 LONG-TERM LIABILITIES

Changes in long-term liabilities for the year ended June 30, 2011, were as follows:

	Balances at July 1, 2010	Additions	Retirements	Balances at June 30, 2011	Due Within One Year
Governmental activities:					
Lease Revenue					
Refunding Bond	\$ 17,485,000	\$ -	\$ (715,000)	\$ 16,770,000 ^(a)	\$ 750,000
Tax Allocation Refunding Bonds, 2005	59,605,000	-	(1,175,000)	58,430,000 ^(b)	1,225,000
County deferred loans	37,198,799	2,512,697	-	39,711,496	
Subtotals	<u>114,288,799</u>	<u>2,512,697</u>	<u>(1,890,000)</u>	<u>114,911,496</u>	<u>1,975,000</u>
Add (deduct) deferred amounts:					
Bond premium	405,123	-	(16,045)	389,078	-
Bond discount	(298,793)	-	11,833	(286,960)	-
Deferred charge on refunding	(190,015)	-	12,528	(177,487)	-
	<u>114,205,114</u>	<u>2,512,697</u>	<u>(1,881,684)</u>	<u>114,836,127</u>	<u>1,975,000</u>
Compensated absences	2,304,911	422,587	(411,077)	2,316,421	441,700
Other postemployment benefits	2,010,826	1,747,247	(848,411)	2,909,662	-
Total governmental activities	<u>118,520,851</u>	<u>4,682,531</u>	<u>(3,141,172)</u>	<u>120,062,210</u>	<u>2,416,700</u>
Business-type activities					
Compensated absences	529,610	51,559	(70,536)	510,633	76,870
Other postemployment benefits	925,017	770,610	(326,186)	1,369,441	-
Total business-type activities	<u>1,454,627</u>	<u>822,169</u>	<u>(396,722)</u>	<u>1,880,074</u>	<u>76,870</u>
Total long-term liabilities	<u>\$ 119,975,478</u>	<u>\$ 5,504,700</u>	<u>\$ (3,537,894)</u>	<u>\$ 121,942,284</u>	<u>\$ 2,493,570</u>

(a) bond proceeds invested in capital assets

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

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

Compensated Absences Payable

The City's policies relating to compensated absences are described in Note 1. The outstanding balance at June 30, 2011, was \$2,316,421 and \$510,633 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 6 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. At June 30, 2011, this reserve was fully funded. A portion of the \$10,210,000 proceeds were 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 1990. As a result, these 1990 bonds were fully defeased at June 30, 2004. The balance outstanding on the 1999 Lease Revenue Refunding Bonds at June 30, 2011, was \$7,860,000.

Future debt service principal and interest payments on the 1999 Lease Revenue Refunding Bonds are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 275,000	\$ 417,440	\$ 692,440
2013	290,000	403,690	693,690
2014	300,000	388,900	688,900
2015	315,000	373,600	688,600
2016	335,000	357,456	692,456
2017-2021	1,950,000	1,504,474	3,454,474
2022-2026	2,530,000	923,156	3,453,156
2027-2029	1,865,000	203,981	2,068,981
Totals	<u>\$ 7,860,000</u>	<u>\$ 4,572,697</u>	<u>\$ 12,432,697</u>

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, 2011, was \$8,910,000.

NOTE 6 LONG-TERM LIABILITIES (CONTINUED)

Future debt service principal and interest payments on the 2001 Lease Revenue Refunding Bonds are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 475,000	\$ 413,366	\$ 888,366
2013	490,000	394,841	884,841
2014	505,000	375,241	880,241
2015	530,000	354,410	884,410
2016	550,000	331,620	881,620
2017-2021	3,205,000	1,226,788	4,431,788
2022-2025	3,155,000	383,325	3,538,325
Totals	<u>\$ 8,910,000</u>	<u>\$ 3,479,591</u>	<u>\$ 12,389,591</u>

Tax Allocation Refunding Bonds

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, 2011, this reserve was fully funded. The balance outstanding on the Tax Allocation Refunding Bonds, 2005 Series A at June 30, 2011, was \$31,415,000.

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

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 695,000	\$ 1,484,983	\$ 2,179,983
2013	720,000	1,455,168	2,175,168
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
2017-2021	4,765,000	6,099,757	10,864,757
2022-2026	5,900,000	4,929,863	10,829,863
2027-2031	7,445,000	3,342,375	10,787,375
2032-2036	9,500,000	1,233,714	10,733,714
Subtotals	31,415,000	22,681,864	54,096,864
Add (less) deferred amounts:			
Bond premium	389,078		389,078
Deferred charges on refunding	(177,487)		(177,487)
Totals	<u>\$ 31,626,591</u>	<u>\$ 22,681,864</u>	<u>\$ 54,308,455</u>

NOTE 6 LONG-TERM LIABILITIES (CONTINUED)

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, 2011, this reserve was fully funded. The balance outstanding on the Tax Allocation Refunding Bonds, 2005 Series B at June 30, 2011, was \$27,015,000.

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

Year ending June 30,	Principal	Interest	Total
2012	\$ 530,000	\$ 1,507,070	\$ 2,037,070
2013	560,000	1,479,084	2,039,084
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
2017-2021	3,810,000	7,474,844	11,284,844
2022-2026	4,990,000	4,834,500	9,824,500
2027-2031	6,575,000	3,099,250	9,674,250
2032-2036	8,700,000	851,000	9,551,000
Subtotals	27,015,000	23,499,049	50,514,049
Add (less) deferred amounts:			
Bond discount	(286,960)	-	(286,960)
Totals \$	26,728,040	\$ 23,499,049	\$ 50,227,089

County Deferred Loans

Project Area No. 1:

An agreement was entered into on July 24, 1984, between the 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 6 LONG-TERM LIABILITIES (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, 2011, 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, 2011, was \$9,155,917.

NOTE 7 DEFERRED REVENUE

Deferred revenue consists of \$8,877,825 in deferred loan payments from participants in the City's housing program (see Note 4), \$10,334,485 in deferred interest on advances to the redevelopment agency, \$226,387 related to capital expenditures, and \$272,463 in unearned fees.

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: 400 Q Street, Sacramento, California 95811.

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

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. For the year ended June 30, 2011, the amount contributed by the City on behalf of the employees was \$1,164,419. 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, 2011, was 13.555% 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, 2011, the City's annual pension cost (employer contribution) of \$1,972,962 for miscellaneous employees was equal to the City's required and actual contributions. The annual required contribution (ARC) for the period July 1, 2010 to June 30, 2011 has been determined by the actuarial valuation of the plan as of June 30, 2008.

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

Valuation Date:	June 30, 2008
Actuarial Cost Method:	Entry Age Normal Cost Method
Amortization Method:	Level Percent of Payroll
Average Remaining Period:	25 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:	3.25% 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.

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

Funding Status and Funding Progress

PERS Annual Actuarial Valuation Report as of June 30, 2010 provided the following funded status on a market value of assets basis (MVA) in comparison to June 30, 2009:

	<u>June 30, 2009</u>	<u>June 30, 2010</u>	<u>Variance</u>	<u>%</u>
Present Value of Projected Benefits	\$ 130,150,518	\$ 134,759,662	\$ 4,609,144	3.5%
Entry Age Normal Accrued Liability	108,400,434	114,183,506	5,783,072	5.3%
Actuarial Value of Assets (AVA)	<u>93,526,231</u>	<u>98,322,770</u>	<u>4,796,539</u>	5.1%
Unfunded Liability (AVA)	14,874,203	15,860,736	986,533	6.6%
Market Value of Assets (MVA)	68,357,853	77,143,825	8,785,972	12.9%
Funded Status (on an MVA basis)	63.1%	67.6%	151.9%	
Superfunded Status	No	No		

PERS valuation date as of June 30, 2010 reported the plan was 86.1% funded. Entry age normal accrued liability was \$114.2 million versus the actuarial value of assets (AVA) of \$98.3 million resulted to \$15.9 million unfunded liability. The annual covered payroll was \$14.9 million representing a ratio of 106.6% 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 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 {[(A)-(B)]/(E)} (F)
June 30, 2008	96,470,147	88,644,680	7,825,467	91.89%	15,935,072	49.11%
June 30, 2009	108,400,434	93,526,231	14,874,203	86.28%	15,852,267	93.83%
June 30, 2010	114,183,506	98,322,770	15,860,736	86.11%	14,877,129	106.61%

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

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, 2009	2,226,835	100%	-
June 30, 2010	2,040,326	100%	-
June 30, 2011	1,972,962	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 (Union Bank). The total amount of covered compensation was \$4,422,366 and employee contributions made during the fiscal year ended June 30, 2011, were \$331,680. 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, 2011, 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.

NOTE 10 DEFERRED COMPENSATION / DEFINED CONTRIBUTION PLAN (CONTINUED)

The City has established Deferred Compensation/Defined Contribution plans for certain classifications of management under Internal Revenue Service Code Section 401(a). City participation in contributions to the plans 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 \$172,829 with 27 participants was remitted to ICMA with an ending investment balance of \$952,627. On the other hand, employee contributions to deferred compensation plan 457 are voluntary. During the year, there were 151 participants. City contributions totaled \$470,807. Total plan assets at June 30, 2011, were \$9,832,160. 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.

Following is a description of the current retiree benefit plan:

	<u>General</u>	<u>Management</u>
Benefit types provided	Medical only	Medical only
Duration of Benefits	Lifetime	Lifetime
Required Service	5 years	5 years
Minimum Age	50	50
Dependent Coverage	Yes	Yes
City Contribution %	100%	100%
City Cap	\$770 per month	PERSCare Family Rate

Eligible participants to the plan at August 1, 2010, the date of the latest actuarial valuation are as follows:

Eligible active employees:		
General		218
Management		24
	Subtotal	242
Eligible retirees		166
	Total	408

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

As of June 30, 2011, there were 166 eligible retirees receiving medical benefits paid through CalPERS. The City pays insurance premiums for these benefits based on the maximum PERSCare Family Rate of \$2,047 for Management Unit retirees and \$770 per month for General Unit retirees. As of June 30, 2011, 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, 2011, \$1,174,597 of post employment 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, 2011:

Annual required contribution	\$	2,422,442
Interest on <i>OPEB</i> obligation		95,415
Annual <i>OPEB</i> cost (expense)		2,517,857
Contributions to irrevocable trust		-
Premium payments including benefit payments		1,174,597
Increase in net <i>OPEB</i> obligation		1,343,260
Net <i>OPEB</i> obligation - beginning of year		2,935,843
Net <i>OPEB</i> obligation - end of year	\$	4,279,103

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
6/30/09	\$2,463,610	\$1,015,974	41%	\$1,447,636
6/30/10	2,514,274	1,026,067	41%	2,935,843
6/30/11	2,517,857	1,174,597	47%	4,279,103

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Funded Status and Funding Progress

The funded status of the plan as of June 30, 2011 based on the plan's most recent actuarial valuation date of August 1, 2010, was:

Actuarial accrued liability (AAL)	\$	29,011,374
Actuarial value of plan assets		-
Unfunded actuarial accrued liability (UAAL)	\$	29,011,374
 Normal cost	 \$	 1,096,444

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, 2010, the Unfunded Actuarial Accrued Liability (UAAL) ratio to covered payroll has increased from 147.70% to 199.32%. Since the City has not established a trust, the plan is unfunded therefore the actuarial value of plan assets remains at zero.

Actuarial Valuation Date	Entry Age Actuarial Accrued Liability (AAL)	Actuarial Asset Value	Unfunded Actuarial Accrued Liability (Excess Assets) [(A)-(B)] (UAAL)	Funded Ratio [(B)/(A)]	Covered Payroll	Unfunded Accrued Actuarial Liability as Percentage of Covered Payroll {[(A)-(B)]/(E)}
	(A)	(B)	(C)	(D)	(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%

Actuarial Methods and Assumptions

In the August 1, 2010 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, 2011, consisted of the following reserves and designations:

	General	Housing and Community Development Special Revenue	Redevelopment Agency Debt Service	Redevelopment Agency Capital Projects	Other Governmental Funds	Total
Nonspendable						
Advances to other funds	\$ 9,838,296	\$ -	\$ -	\$ 750,000	\$ -	\$ 10,588,296
Property held for resale	-	-	-	-	-	-
Inventory of materials and supplies	5,941	-	-	-	-	5,941
Prepaid items	50,838	-	-	-	-	50,838
Debt service requirements	-	-	-	-	-	-
Subtotal	<u>9,895,075</u>	<u>-</u>	<u>-</u>	<u>750,000</u>	<u>-</u>	<u>10,645,075</u>
Restricted						
Special revenue funds	-	557,555	-	-	11,985,779	12,543,334
Capital projects funds	-	-	-	3,670,738	2,170,006	5,840,744
Debt service	-	-	4,601,628	-	693,691	5,295,319
Subtotal	<u>-</u>	<u>557,555</u>	<u>4,601,628</u>	<u>3,670,738</u>	<u>14,849,476</u>	<u>23,679,397</u>
Committed						
	-	-	-	-	1,216,247	1,216,247
Assigned						
	8,846,359	-	-	-	-	8,846,359
Unassigned						
	10,736,919	-	-	-	(99,030)	10,637,889
Total fund balances	<u>\$ 29,478,353</u>	<u>\$ 557,555</u>	<u>\$ 4,601,628</u>	<u>\$ 4,420,738</u>	<u>\$ 15,966,693</u>	<u>\$ 55,024,967</u>

Please refer to page 78 for purpose of each special revenue fund.

NOTE 13 ACCUMULATED FUND DEFICITS

Proprietary fund:

Golf course \$ (683,596)

Other governmental funds:

ARRA street projects (99,030)

NOTE 14 EXPENDITURES IN EXCESS OF APPROPRIATIONS

The following departments/funds reported an excess of expenditures over appropriations for the year ended June 30, 2011:

	Budget	Actual	Variance
Major funds:			
General fund:			
Family resource center	\$ 205,526	\$ 211,856	\$ (6,330)
Property maintenance	854,461	873,164	(18,703)
Street maintenance	-	232,171	(232,171)
Signals and street lighting	597,480	629,420	(31,940)
Housing and Community Development			
Special Revenue Fund:			
Highways and streets	48,500	50,000	(1,500)
Redevelopment Agency Debt Service Fund			
Health and welfare	4,462,850	4,653,768	(190,918)
Interest and fiscal charges	5,251,896	5,387,326	(135,430)
Other Governmental Funds:			
Norwalk Senior Program - Health and welfare	88,020	104,910	(16,890)
Parking Structure - General government	430,751	463,040	(32,289)
Redevelopment Agency - General government	72,077	137,105	(65,028)
Housing Assistance - Health and welfare	6,688,723	7,547,289	(858,566)
Proposition A - Highways and streets	1,476,732	1,481,865	(5,133)

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 121 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

A revised cost allocation methodology was introduced in 2010-11, however it retains many elements of the previous cost allocation methodology. Each member pays an annual contribution (formerly called the primary deposit) 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. 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. On a cumulative basis for all 2010-11 reinsurance contracts the annual aggregate deductible is \$5.5 million. (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 \$35 million per occurrence. This \$35 million subsidence sub-limit is composed of (a) \$5 million retained within the pool's SIR, (b) \$10 million in reinsurance and (c) \$20 million in excess insurance. The excess insurance layer has \$20 million annual aggregate. For the period July 1, 2010 to July 1, 2011, the annual contribution the City paid was \$1,692,820. The cumulative deposit payable to California JPIA as of June 30, 2011 was \$3,039,003.

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 \$4 million is purchased as part of reinsurance policy, and Employer's Liability losses from \$4 million to \$10 million are pooled among members. Annual contribution paid for this coverage was \$1,313,635 with a cumulative deposit payable to CJPIA of \$1,143,311 as of June 30, 2011.

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 \$76,506,478. 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 2010-2011 was \$260,705.

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, 2008 through July 1, 2011. 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 \$30,634,727. There is a deductible of 5% 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 2010-11.

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 COMMITMENTS

Costco Wholesale Corporation

In November 1985, the Norwalk Redevelopment Agency (Agency) entered into an agreement with Norwalk-La Mirada Unified School District (Landlord). Under this master lease agreement, the Agency has agreed to pay the landlord a minimum annual rent of \$400,000 per year. The master lease stated that first-stage rental be paid at \$78,840 per year and the remaining amount be held in a "Rental Trust Agreement" account. Effective October 1, 1993, through an amendment to the Ground Lease, all rentals reserved in the Ground Lease are to be paid directly to the Landlord, and the balance of the Rental Trust Account was transferred to the Landlord.

In addition to the rent referred to above, under the terms of the lease, the Agency shall pay NLMUSD all rental income received by the Agency from any sub-tenant for use of the premises, excluding the first \$78,840 received from any such sub-tenant each month.

Concurrently, the Agency entered into an agreement with the Costco Wholesale Corporation (Developer). Under this sublease agreement, the Developer has agreed to pay the Agency a minimum annual rent of \$400,000 per year plus 1/3 of 1 % of gross sales that exceed \$400,000.

Every fifth year, per the agreement, the minimum annual rent is adjusted according to the increase in the Price Index. Effective July 1, 2006, the minimum annual rent was adjusted to \$576,920. This amount is subject to change on July 1, 2011, when the lease agreement expires. Costco has expressed a tentative desire to remain on the site.

NOTE 17 COMMITMENTS (CONTINUED)

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. No liability has been reported in the Agency's financial statements in relation to the "Agency Consideration".

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 NLMUSD 1/3 of 1 % of sub-tenant's gross sales the Agency is receiving from the Developer as Percentage Rent. Since 2000, the Agency did not remit to Norwalk-La Mirada Unified School District any Percentage Rent. As of June 30, 2011, the City paid the unremitted amounts totaling \$738,205.

NOTE 18 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 17).

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 18 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, 2011, 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 19 RELATED PARTY TRANSACTIONS

During the fiscal year ended June 30, 2011, there were housing assistance payments made by the Norwalk Housing Authority to a rental property company that employs a member of the City Council. This individual receives commissions on rental property managed by the rental property company. Annual payments made to the rental property company were approximately \$143,420.

NOTE 20 RISKS AND UNCERTAINTIES

As part of the State Budget for fiscal year 2011-12, Governor Brown signed two bills, AB X1 26 and AB X1 27, on June 29, 2011, affecting redevelopment agencies throughout the State of California. Upon its effectiveness on June 29, 2011, AB X1 26 immediately prohibited redevelopment agencies from engaging in most activities including, but not limited to, the incurrence of new debt, the execution of new contracts and the modification of existing contracts. Furthermore, pursuant to AB X1 26, a redevelopment agency would be dissolved on October 1, 2011, unless the City that formed the redevelopment agency timely enacted an ordinance (an "AB X1 27 Ordinance") to opt into the "Alternative Voluntary Redevelopment Program" ("AVRP") and agreed to make specified annual payments to the county auditor-controller for allocation to special districts and educational entities. Pursuant to AB X1 27, so long as the City is a participant in the AVRP, the redevelopment agency would be exempt from most of the provisions of AB X1 26 and be permitted to continue and carry on redevelopment activities.

NOTE 20 RISKS AND UNCERTAINTIES (CONTINUED)

On July 18, 2011, the California Redevelopment Association (the “CRA”) and the League of California Cities (the “League”) filed a petition with the California Supreme Court, requesting the Court to review the constitutionality of AB X1 26 and AB X1 27 (*California Redevelopment Assn. v. Matosantos, S194861*) (the “CRA Lawsuit”). The CRA and the League also requested the Supreme Court to issue a stay of the implementation of AB X1 26 and AB X1 27, pending the Court’s disposition of the CRA Lawsuit. On August 11, 2011, the Supreme Court issued a stay order (the “Stay Order”), which was modified on August 17, 2011. The Supreme Court granted a stay of portions of AB X1 26 and AB X1 27. The provisions that allow a redevelopment agency to continue carrying on redevelopment activities if the City has adopted an AB X1 27 Ordinance are subject to the stay.

The City Council of the City of Norwalk adopted Ordinance No. 11-1635 on August 25, 2011, opting into the AVRP in order to provide for the continuation of the Agency, and pay the AVRP to the Los Angeles County auditor-controller, who shall allocate the remittances received for deposit into a Special District Allocation Fund and into the county Educational Revenue Augmentation Fund for allocation to educational entities. The State Controller has calculated the City’s annual remittance for fiscal year 2011-12 to be \$745,658. However, because of the effect of the Stay Order, the authority for the Agency to engage in most activities, as of the date of this Annual Report, continues to be in suspension.

NOTE 21 GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) STATEMENTS ISSUED, NOT YET EFFECTIVE

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2011, that may impact future financial presentations.

GASB No. 60 - GASB has issued Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*. Statement 60 addresses how to account for and report service concession arrangements (SCAs), a type of public-private or public-public partnership that state and local governments are increasingly entering into. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2011.

GASB No. 61 - GASB has issued Statement No. 61, *The Financial Reporting Entity: Omnibus*—an amendment of GASB Statements No. 14 and No. 34. *This Statement modifies certain requirements for inclusion of component units in the financial reporting entity and amends the criteria for reporting component units as if they were part of the primary government (that is, blending) in certain circumstances. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2012.*

**NOTE 21 GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) STATEMENTS
ISSUED, NOT YET EFFECTIVE (CONTINUED)**

GASB No. 62 - GASB has issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the FASB and AICPA pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements.

GASB No. 63 - GASB has issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This Statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2011.

GASB No. 64 - GASB has issued Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions—an amendment of GASB Statement No. 53*. The requirements of this Statement enhance comparability and improve financial reporting by clarifying the circumstances in which hedge accounting should continue when a swap counterparty, or a swap counterparty's credit support provider, is replaced. The provisions of Statement 64 are effective for financial statements for periods beginning after June 15, 2011.

NOTE 22 SUBSEQUENT EVENTS

The City has evaluated events subsequent to June 30, 2011 to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through December 23, 2011, 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.

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REQUIRED SUPPLEMENTARY INFORMATION

City of Norwalk
Budgetary Comparison Schedule
General Fund
Year ended June 30, 2011

	Budgetary Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Revenues				
Taxes	\$ 31,011,830	\$ 31,385,400	\$ 31,241,160	\$ (144,240)
Licenses and permits	901,500	907,000	951,871	44,871
Fines, forfeitures and penalties	1,356,700	1,419,700	1,436,004	16,304
Use of money and property	372,520	372,520	6,433,925	6,061,405
Intergovernmental	465,610	575,210	870,886	295,676
Charges for services	876,700	959,700	1,047,061	87,361
Rental income	642,400	676,900	758,364	81,464
Other	1,060,270	1,261,970	8,625,599	7,363,629
Total revenues	<u>36,687,530</u>	<u>37,558,400</u>	<u>51,364,870</u>	<u>13,806,470</u>
Expenditures				
Current:				
General government:				
Mayor, council and boards	608,058	608,058	563,591	44,467
Management and administration	2,322,827	2,320,827	2,149,528	171,299
City clerk	745,441	752,941	738,630	14,311
Personnel services	1,678,914	1,703,914	1,637,923	65,991
Financial services	1,974,216	1,974,216	1,779,145	195,071
Total general government	<u>7,329,456</u>	<u>7,359,956</u>	<u>6,868,817</u>	<u>491,139</u>
Public safety:				
Public safety operations	11,438,499	11,586,134	11,522,564	63,570
Emergency preparedness	37,200	37,200	31,833	5,367
Family resource center	205,526	205,526	211,856	(6,330)
Total public safety	<u>11,681,225</u>	<u>11,828,860</u>	<u>11,766,253</u>	<u>62,607</u>
Urban development:				
Community development operations	383,801	391,977	379,484	12,493
Building and safety	733,163	733,163	721,319	11,844
Engineering	703,834	703,834	438,440	265,394
Property maintenance	854,461	854,461	873,164	(18,703)
Planning	347,967	347,967	334,888	13,079
Total urban development	<u>3,023,226</u>	<u>3,031,402</u>	<u>2,747,295</u>	<u>284,107</u>
Highways and streets:				
Public services administration	702,397	702,397	667,003	35,394
Security and emergency services	25,239	29,239	26,404	2,835
Facilities maintenance	1,473,649	1,473,649	1,306,340	167,309
Street maintenance	106,581	-	232,171	(232,171)
Traffic maintenance	176,079	178,579	178,577	2
Signals and street lighting	669,699	597,480	629,420	(31,940)
Street sweeping	365,489	350,489	345,753	4,736
Sewer maintenance	282,893	282,893	230,094	52,799
Graffiti removal	440,400	440,400	439,287	1,113
Tree maintenance	484,906	484,906	484,907	(1)
Greenscape maintenance	717,937	692,937	692,836	101
Total highways and streets	<u>5,445,269</u>	<u>5,232,969</u>	<u>5,232,792</u>	<u>177</u>
Culture and leisure:				
Recreation	3,601,832	3,590,632	3,157,224	433,408
Park services	2,623,144	2,634,344	2,450,307	184,037
Total culture and leisure	<u>6,224,976</u>	<u>6,224,976</u>	<u>5,607,531</u>	<u>617,445</u>
Health and welfare:				
Social services administration	901,590	901,590	852,434	49,156
Senior programs	780,568	780,568	697,663	82,905
Emergency food and shelter program	69,888	69,888	48,499	21,389
Total health and welfare	<u>1,752,046</u>	<u>1,752,046</u>	<u>1,598,596</u>	<u>153,450</u>
Capital outlay	2,678,250	3,568,168	8,525,448	(4,957,280)
Total expenditures	<u>38,134,448</u>	<u>38,998,377</u>	<u>42,346,732</u>	<u>(3,348,355)</u>
Excess (deficiency) of revenues over expenditures	<u>(1,446,918)</u>	<u>(1,439,977)</u>	<u>9,018,138</u>	<u>10,458,115</u>
Other financing sources (uses)				
Transfers in	1,250,000	1,250,000	359,668	(890,332)
Transfers out	(1,457,035)	(1,567,035)	(1,581,870)	(14,835)
Net other financing sources (uses)	<u>(207,035)</u>	<u>(317,035)</u>	<u>(1,222,202)</u>	<u>(905,167)</u>
Change in fund balances	(1,653,953)	(1,757,012)	7,795,936	9,552,948
Fund balance at beginning of year	21,682,417	21,682,417	21,682,417	-
Fund balance at end of year	<u>\$ 20,028,464</u>	<u>\$ 19,925,405</u>	<u>\$ 29,478,353</u>	<u>\$ 9,552,948</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, 2011

	Budgetary Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Use of money and property	\$ -	\$ -	\$ 3,985	\$ 3,985
Intergovernmental	3,748,159	3,748,159	2,508,113	(1,240,046)
Other	169,425	169,425	329,079	159,654
Total revenues	<u>3,917,584</u>	<u>3,917,584</u>	<u>2,841,177</u>	<u>(1,076,407)</u>
Expenditures				
Current:				
Highways and streets	46,576	46,576	35,340	11,236
Health and welfare	50,000	50,000	50,000	-
Urban development	2,267,619	2,267,619	1,868,389	399,230
Capital outlay	1,500,000	1,500,000	883,560	616,440
Total expenditures	<u>3,864,195</u>	<u>3,864,195</u>	<u>2,837,289</u>	<u>1,026,906</u>
Excess (deficiency) of revenues over expenditures	<u>53,389</u>	<u>53,389</u>	<u>3,888</u>	<u>(49,501)</u>
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Net other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in fund balances	53,389	53,389	3,888	(49,501)
Fund balance at beginning of year	<u>553,667</u>	<u>553,667</u>	<u>553,667</u>	<u>-</u>
Fund balance at end of year	<u>\$ 607,056</u>	<u>\$ 607,056</u>	<u>\$ 557,555</u>	<u>\$ (49,501)</u>

City of Norwalk
Schedule of Funding Progress
June 30, 2011

California Public Employees Retirement System (CalPERS)

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 Accrued Actuarial Liability as Percentage of Covered Payroll {[(A)-(B)]/(E)} (F)
June 30, 2008	\$ 96,470,147	\$ 88,644,680	\$ 7,825,467	91.89%	\$ 15,935,072	49.11%
June 30, 2009	108,400,434	93,526,231	14,874,203	86.28%	15,852,267	93.83%
June 30, 2010	114,183,506	98,322,770	15,860,736	86.11%	14,877,129	106.61%

Other Postemployment Benefits (OPEB)

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 Accrued 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%

Note: The City implemented GASB 45 prospectively in fiscal year 2008/2009. The information for the years prior to implementation is unavailable.

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.

Annual budgets are legally adopted for the General Fund, Special Revenue Funds, Debt Service Funds and Certain Capital Projects Funds. Monthly budgetary reports are prepared to effect control through fiscal management. Although budgets are legally adopted for the City's Proprietary Funds, there is no legal requirement for the fiscal year results to be reported to City Council. Therefore, no budgetary reporting for the Proprietary Funds has been 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.

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OTHER SUPPLEMENTARY INFORMATION

City of Norwalk
Combining Balance Sheet
Other Governmental Funds
June 30, 2011

	Special Revenue Funds	General Debt Service Fund	Capital Projects Funds	Totals
ASSETS				
Pooled cash and investments	\$ 12,246,440	\$ -	\$ 3,968,254	\$ 16,214,694
Cash and investments with fiscal agent	-	693,691	362,899	1,056,590
Accounts receivables, net	141,010	-	-	141,010
Due from other governments	2,268,108	-	1,565,687	3,833,795
Prepaid items	18,269	-	-	18,269
Total assets	\$ 14,673,827	\$ 693,691	\$ 5,896,840	\$ 21,264,358
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 752,327	\$ -	\$ 2,091,249	\$ 2,843,576
Deposits payable	89,351	-	-	89,351
Due to other funds	1,671,436	-	362,455	2,033,891
Due to other agencies	62,844	-	-	62,844
Deferred revenues	211,120	-	56,883	268,003
Total liabilities	2,787,078	-	2,510,587	5,297,665
Fund balances				
Restricted	11,985,779	693,691	2,170,006	14,849,476
Committed	-	-	1,216,247	1,216,247
Unassigned	(99,030)	-	-	(99,030)
Total fund balances	11,886,749	693,691	3,386,253	15,966,693
Total liabilities and fund balances	\$ 14,673,827	\$ 693,691	\$ 5,896,840	\$ 21,264,358

City of Norwalk
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Other Governmental Funds
Year ended June 30, 2011

	Special Revenue Funds	General Debt Service Fund	Capital Projects Funds	Totals
Revenues				
Taxes	\$ 1,821,324	\$ -	\$ -	\$ 1,821,324
Use of money and property	103,369	-	55,397	158,766
Intergovernmental	20,545,352	-	3,752,437	24,297,789
Charges for services	766,072	-	-	766,072
Other	248,333	-	(349)	247,984
Total revenues	<u>23,484,450</u>	<u>-</u>	<u>3,807,485</u>	<u>27,291,935</u>
Expenditures				
Current:				
General government	626,154	5,088	-	631,242
Public safety	482,533	-	-	482,533
Highways and streets	4,945,895	-	141,000	5,086,895
Health and welfare	12,257,685	-	-	12,257,685
Capital outlay	3,554,490	-	5,056,156	8,610,646
Debt service				
Principal retirement	-	715,000	-	715,000
Interest and fiscal charges	-	860,641	-	860,641
Total expenditures	<u>21,866,757</u>	<u>1,580,729</u>	<u>5,197,156</u>	<u>28,644,642</u>
Excess (deficiency) of revenues over expenditures	<u>1,617,693</u>	<u>(1,580,729)</u>	<u>(1,389,671)</u>	<u>(1,352,707)</u>
Other financing sources (uses)				
Transfers in	85,097	1,580,729	362,744	2,028,570
Transfers out	(1,045,081)	-	(246,700)	(1,291,781)
Net other financing sources (uses)	<u>(959,984)</u>	<u>1,580,729</u>	<u>116,044</u>	<u>736,789</u>
Change in fund balances	657,709	-	(1,273,627)	(615,918)
Beginning fund balances	<u>11,229,040</u>	<u>693,691</u>	<u>4,659,880</u>	<u>16,582,611</u>
Ending fund balances	<u>\$ 11,886,749</u>	<u>\$ 693,691</u>	<u>\$ 3,386,253</u>	<u>\$ 15,966,693</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 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, and Adult Day Care which provides services to the elderly.

Redevelopment Agency Fund - This fund accounts for expenditures that increase or improve housing for low and moderate income households. Financing is provided from tax increment revenues or through loans from the Norwalk Community Facilities Financing Authority.

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.

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.

ARRA Street Projects Fund – Funded by the American Recovery & Reinvestment Act, this fund accounts for revenues and expenditures spent on the City’s vital street projects.

ARRA Energy Efficiency Fund – Funded by the American Recovery & Reinvestment Act, this fund accounts for revenues and expenditures spent by the City on energy efficiency programs.

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.

	<u>Child Development</u>	<u>State Gasoline Tax</u>	<u>Homeless Prevention</u>
ASSETS			
Pooled cash and investments	\$ -	\$ -	\$ -
Cash and investments with fiscal agent	-	-	-
Accounts receivable, net	-	-	-
Due from other governments	663,523	160,284	54,581
Prepaid items	4,342	-	-
Total assets	\$ <u>667,865</u>	\$ <u>160,284</u>	\$ <u>54,581</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 264,915	\$ -	\$ 18,897
Deposits payable	-	-	-
Due to other funds	361,421	49,409	35,684.00
Due to other agencies	41,529	-	-
Deferred revenue	-	-	-
Total liabilities	<u>667,865</u>	<u>49,409</u>	<u>54,581</u>
Fund balances			
Restricted	-	110,875	-
Committed	-	-	-
Unassigned	-	-	-
Total fund balances	<u>-</u>	<u>110,875</u>	<u>-</u>
Total liabilities and fund balances	\$ <u>667,865</u>	\$ <u>160,284</u>	\$ <u>54,581</u>

City of Norwalk
Combining Balance Sheet
Other Special Revenue Funds
June 30, 2011

<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>
\$ 296,521	\$ -	\$ 1,964,281	\$ 134,538	\$ 397,589	\$ 3,553
-	-	-	-	-	-
-	-	17,872	-	52,604	-
26,335	3,497	-	112,900	-	-
-	-	3,750	-	10,177	-
<u>\$ 322,856</u>	<u>\$ 3,497</u>	<u>\$ 1,985,903</u>	<u>\$ 247,438</u>	<u>\$ 460,370</u>	<u>\$ 3,553</u>
\$ 12,000	\$ 3,262	\$ 17,899	\$ 69,733	\$ 56,692	\$ -
-	-	-	-	-	-
-	235	-	-	100,000	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>12,000</u>	<u>3,497</u>	<u>17,899</u>	<u>69,733</u>	<u>156,692</u>	<u>-</u>
310,856	-	1,968,004	177,705	303,678	3,553
-	-	-	-	-	-
-	-	-	-	-	-
<u>310,856</u>	<u>-</u>	<u>1,968,004</u>	<u>177,705</u>	<u>303,678</u>	<u>3,553</u>
<u>\$ 322,856</u>	<u>\$ 3,497</u>	<u>\$ 1,985,903</u>	<u>\$ 247,438</u>	<u>\$ 460,370</u>	<u>\$ 3,553</u>

	<u>Special Grants</u>	<u>Redevelopment Agency</u>	<u>Housing Assistance</u>
ASSETS			
Pooled cash and investments	\$ 20,056	\$ 6,817,405	\$ 1,549,140
Cash and investments with fiscal agent	-	-	-
Accounts receivable, net	-	-	70,534
Due from other governments	16,957	213,266	4,264
Prepaid items	-	-	-
Total assets	\$ <u>37,013</u>	\$ <u>7,030,671</u>	\$ <u>1,623,938</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 4,410	\$ 8,014	\$ -
Deposits payable	-	-	89,351
Due to other funds	-	16,940	189,868
Due to other agencies	-	-	21,315
Deferred revenue	29,325	-	82,764
Total liabilities	<u>33,735</u>	<u>24,954</u>	<u>383,298</u>
Fund balances			
Restricted	3,278	7,005,717	1,240,640
Committed	-	-	-
Unassigned	-	-	-
Total fund balances	<u>3,278</u>	<u>7,005,717</u>	<u>1,240,640</u>
Total liabilities and fund balances	\$ <u>37,013</u>	\$ <u>7,030,671</u>	\$ <u>1,623,938</u>

City of Norwalk
Combining Balance Sheet
Other Special Revenue Funds (Continued)
June 30, 2011

Proposition "A"	Measure "R"	ARRA Street Projects	ARRA Energy Efficiency	Other Federal Grants	Totals
\$ -	\$ 917,761	\$ -	\$ -	\$ 145,596	\$ 12,246,440
-	-	-	-	-	-
-	-	-	-	-	141,010
-	-	426,664	584,534	1,303	2,268,108
-	-	-	-	-	18,269
<u>\$ -</u>	<u>\$ 917,761</u>	<u>\$ 426,664</u>	<u>\$ 584,534</u>	<u>\$ 146,899</u>	<u>\$ 14,673,827</u>
\$ -	\$ 183,002	\$ 3,691	\$ 90,447	\$ 19,365	\$ 752,327
-	-	-	-	-	89,351
-	-	422,972	494,087	820	1,671,436
-	-	-	-	-	62,844
-	-	99,031	-	-	211,120
<u>-</u>	<u>183,002</u>	<u>525,694</u>	<u>584,534</u>	<u>20,185</u>	<u>2,787,078</u>
-	734,759	-	-	126,714	11,985,779
-	-	-	-	-	-
-	-	(99,030)	-	-	(99,030)
<u>-</u>	<u>734,759</u>	<u>(99,030)</u>	<u>-</u>	<u>126,714</u>	<u>11,886,749</u>
<u>\$ -</u>	<u>\$ 917,761</u>	<u>\$ 426,664</u>	<u>\$ 584,534</u>	<u>\$ 146,899</u>	<u>\$ 14,673,827</u>

	<u>Child Development</u>	<u>State Gasoline Tax</u>	<u>Homeless Prevention</u>
Revenues			
Taxes	\$ -	\$ -	\$ -
Use of money and property	-	275	-
Intergovernmental	3,474,926	1,750,060	220,182
Charges for services	68,156	-	-
Other	-	-	-
Total revenues	<u>3,543,082</u>	<u>1,750,335</u>	<u>220,182</u>
Expenditures			
Current:			
General government	-	-	-
Public safety	-	-	-
Highways and streets	-	1,639,460	-
Health and welfare	3,543,082	-	220,182
Capital outlay	-	-	-
Total expenditures	<u>3,543,082</u>	<u>1,639,460</u>	<u>220,182</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>110,875</u>	<u>-</u>
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Net other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Change in fund balances	-	110,875	-
Beginning fund balances	<u>-</u>	<u>-</u>	<u>-</u>
Ending fund balances	<u>\$ -</u>	<u>\$ 110,875</u>	<u>\$ -</u>

City of Norwalk
Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
Other Special Revenue Funds
Year ended June 30, 2011

<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>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3,679	-	27,017	2,803	-	39
120,566	64,621	1,232,041	343,339	-	-
-	-	69,600	-	628,316	-
-	220	225,950	-	-	-
<u>124,245</u>	<u>64,841</u>	<u>1,554,608</u>	<u>346,142</u>	<u>628,316</u>	<u>39</u>
-	-	26,009	-	463,040	-
-	-	-	482,533	-	-
-	-	1,466,965	-	-	-
258,886	104,911	-	-	-	-
-	-	515,265	-	10,943	-
<u>258,886</u>	<u>104,911</u>	<u>2,008,239</u>	<u>482,533</u>	<u>473,983</u>	<u>-</u>
<u>(134,641)</u>	<u>(40,070)</u>	<u>(453,631)</u>	<u>(136,391)</u>	<u>154,333</u>	<u>39</u>
-	40,070	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(200,000)</u>	<u>-</u>
<u>-</u>	<u>40,070</u>	<u>-</u>	<u>-</u>	<u>(200,000)</u>	<u>-</u>
(134,641)	-	(453,631)	(136,391)	(45,667)	39
<u>445,497</u>	<u>-</u>	<u>2,421,635</u>	<u>314,096</u>	<u>349,345</u>	<u>3,514</u>
<u>\$ 310,856</u>	<u>\$ -</u>	<u>\$ 1,968,004</u>	<u>\$ 177,705</u>	<u>\$ 303,678</u>	<u>\$ 3,553</u>

	<u>Special Grants</u>	<u>Redevelopment Agency</u>	<u>Housing Assistance</u>
Revenues			
Taxes	\$ -	\$ 1,821,324	\$ -
Use of money and property	359	56,481	5,901
Intergovernmental	51,803	-	7,599,009
Charges for services	-	-	-
Other	-	-	22,163
Total revenues	<u>52,162</u>	<u>1,877,805</u>	<u>7,627,073</u>
Expenditures			
Current			
General government	-	137,105	-
Public safety	-	-	-
Highways and streets	-	-	-
Health and welfare	96,830	-	7,547,289
Capital outlay	-	-	-
Total expenditures	<u>96,830</u>	<u>137,105</u>	<u>7,547,289</u>
Excess (deficiency) of revenues over expenditures	<u>(44,668)</u>	<u>1,740,700</u>	<u>79,784</u>
Other financing sources (uses)			
Transfers in	45,027	-	-
Transfers out	-	(845,081)	-
Net other financing sources (uses)	<u>45,027</u>	<u>(845,081)</u>	<u>-</u>
Change in fund balances	359	895,619	79,784
Beginning fund balances	<u>2,919</u>	<u>6,110,098</u>	<u>1,160,856</u>
Ending fund balances	<u>\$ 3,278</u>	<u>\$ 7,005,717</u>	<u>\$ 1,240,640</u>

City of Norwalk
Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
Other Special Revenue Funds (Continued)
Year ended June 30, 2011

Proposition "A"	Measure "R"	ARRA Street Projects	ARRA Energy Efficiency	Other Federal Grants	Totals
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,821,324
-	6,590	-	-	225	103,369
1,481,865	918,769	1,727,748	932,184	628,239	20,545,352
-	-	-	-	-	766,072
-	-	-	-	-	248,333
<u>1,481,865</u>	<u>925,359</u>	<u>1,727,748</u>	<u>932,184</u>	<u>628,464</u>	<u>23,484,450</u>
-	-	-	-	-	626,154
-	-	-	-	-	482,533
1,481,865	357,605	-	-	-	4,945,895
-	-	-	-	486,505	12,257,685
-	254,075	1,826,778	932,184	15,245	3,554,490
<u>1,481,865</u>	<u>611,680</u>	<u>1,826,778</u>	<u>932,184</u>	<u>501,750</u>	<u>21,866,757</u>
<u>-</u>	<u>313,679</u>	<u>(99,030)</u>	<u>-</u>	<u>126,714</u>	<u>1,617,693</u>
-	-	-	-	-	85,097
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,045,081)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(959,984)</u>
-	313,679	(99,030)	-	126,714	657,709
-	421,080	-	-	-	11,229,040
<u>\$ -</u>	<u>\$ 734,759</u>	<u>\$ (99,030)</u>	<u>\$ -</u>	<u>\$ 126,714</u>	<u>\$ 11,886,749</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, 2011

	Budgeted Amount Final	Actual	Variance with Final Budget Positive (negative)
Revenues			
Intergovernmental	\$ 4,832,801	\$ 3,474,926	\$ (1,357,875)
Charges for services	40,000	68,156	28,156
Other	-	-	-
Total revenues	<u>4,872,801</u>	<u>3,543,082</u>	<u>(1,329,719)</u>
Expenditures			
Current:			
Health and Welfare	4,849,801	3,543,082	1,306,719
Total expenditures	<u>4,849,801</u>	<u>3,543,082</u>	<u>1,306,719</u>
Excess (deficiency) of revenues over expenditures	<u>23,000</u>	<u>-</u>	<u>(23,000)</u>
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Net other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Change in fund balances	23,000	-	(23,000)
Beginning fund balances	<u>-</u>	<u>-</u>	<u>-</u>
Ending fund balances	<u>\$ 23,000</u>	<u>\$ -</u>	<u>\$ (23,000)</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, 2011

	Budgeted Amount Final	Actual	Variance with Final Budget Positive (negative)
Revenues			
Intergovernmental	\$ 1,719,200	\$ 1,750,060	\$ 30,860
Use of money and property	-	275	275
Total revenues	<u>1,719,200</u>	<u>1,750,335</u>	<u>31,135</u>
Expenditures			
Current:			
Highways and streets	1,719,200	1,639,460	79,740
Total expenditures	<u>1,719,200</u>	<u>1,639,460</u>	<u>79,740</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>110,875</u>	<u>110,875</u>
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Net other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Change in fund balances	-	110,875	110,875
Beginning fund balances	<u>-</u>	<u>-</u>	<u>-</u>
Ending fund balances	<u>\$ -</u>	<u>\$ 110,875</u>	<u>\$ 110,875</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, 2011

	Budgeted Amount Final	Actual	Variance with Final Budget Positive (negative)
Revenues			
Intergovernmental	\$ 272,843	\$ 220,182	\$ (52,661)
Total revenues	<u>272,843</u>	<u>220,182</u>	<u>(52,661)</u>
Expenditures			
Current:			
Health and welfare	272,843	220,182	52,661
Total expenditures	<u>272,843</u>	<u>220,182</u>	<u>52,661</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Net other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
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, 2011

	Budgeted Amount Final	Actual	Variance with Final Budget Positive (negative)
Revenues			
Use of money and property	\$ 1,000	\$ 3,679	\$ 2,679
Intergovernmental	120,000	120,566	566
Other	-	-	-
Total revenues	<u>121,000</u>	<u>124,245</u>	<u>3,245</u>
Expenditures			
Current:			
Health and welfare	<u>273,797</u>	<u>258,886</u>	<u>14,911</u>
Total expenditures	<u>273,797</u>	<u>258,886</u>	<u>14,911</u>
Excess (deficiency) of revenues over expenditures	<u>(152,797)</u>	<u>(134,641)</u>	<u>18,156</u>
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Net other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Change in fund balances	(152,797)	(134,641)	18,156
Beginning fund balances	<u>445,497</u>	<u>445,497</u>	<u>-</u>
Ending fund balances	<u>\$ 292,700</u>	<u>\$ 310,856</u>	<u>\$ 18,156</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, 2011

	Budgeted Amount Final	Actual	Variance with Final Budget Positive (negative)
Revenues			
Intergovernmental	\$ 61,130	\$ 64,621	\$ 3,491
Other	-	220	220
Total revenues	<u>61,130</u>	<u>64,841</u>	<u>3,711</u>
Expenditures			
Current:			
Health and welfare	88,020	104,911	(16,891)
Total expenditures	<u>88,020</u>	<u>104,911</u>	<u>(16,891)</u>
Excess (deficiency) of revenues over expenditures	<u>(26,890)</u>	<u>(40,070)</u>	<u>(13,180)</u>
Other financing sources (uses)			
Transfers in	26,890	40,070	13,180
Transfers out	-	-	-
Net other financing sources (uses)	<u>26,890</u>	<u>40,070</u>	<u>13,180</u>
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
Proposition C Special Revenue Fund
Year ended June 30, 2011

	Budgeted Amount Final	Actual	Variance with Final Budget Positive (negative)
Revenues			
Use of money and property	\$ 15,000	\$ 27,017	\$ 12,017
Intergovernmental	1,224,910	1,232,041	7,131
Charges for services	70,000	69,600	(400)
Other	143,749	225,950	82,201
Total revenues	<u>1,453,659</u>	<u>1,554,608</u>	<u>100,949</u>
Expenditures			
Current:			
General government	26,009	26,009	-
Highways and streets	1,525,789	1,466,965	58,824
Capital outlay	779,754	515,265	264,489
Total expenditures	<u>2,331,552</u>	<u>2,008,239</u>	<u>323,313</u>
Excess (deficiency) of revenues over expenditures	<u>(877,893)</u>	<u>(453,631)</u>	<u>424,262</u>
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Net other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Change in fund balances	(877,893)	(453,631)	424,262
Beginning fund balances	<u>2,421,635</u>	<u>2,421,635</u>	<u>-</u>
Ending fund balances	<u>\$ 1,543,742</u>	<u>\$ 1,968,004</u>	<u>\$ 424,262</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, 2011

	Budgeted Amount Final	Actual	Variance with Final Budget Positive (negative)
Revenues			
Use of money and property	\$ -	\$ 2,803	\$ 2,803
Intergovernmental	794,640	343,339	(451,301)
Total revenues	<u>794,640</u>	<u>346,142</u>	<u>(448,498)</u>
Expenditures			
Current:			
Public safety	858,781	482,533	376,248
Total expenditures	<u>858,781</u>	<u>482,533</u>	<u>376,248</u>
Excess (deficiency) of revenues over expenditures	<u>(64,141)</u>	<u>(136,391)</u>	<u>(72,250)</u>
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Net other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Change in fund balances	(64,141)	(136,391)	(72,250)
Beginning fund balances	<u>314,096</u>	<u>314,096</u>	<u>-</u>
Ending fund balances	<u>\$ 249,955</u>	<u>\$ 177,705</u>	<u>\$ (72,250)</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, 2011

	Budgeted Amount Final	Actual	Variance with Final Budget Positive (negative)
Revenues			
Charges for services	\$ 625,000	\$ 628,316	\$ 3,316
Total revenues	<u>625,000</u>	<u>628,316</u>	<u>3,316</u>
Expenditures			
Current:			
General government	430,751	463,040	(32,289)
Capital outlay	12,800	10,943	1,857
Total expenditures	<u>443,551</u>	<u>473,983</u>	<u>(30,432)</u>
Excess (deficiency) of revenues over expenditures	<u>181,449</u>	<u>154,333</u>	<u>(27,116)</u>
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	(200,000)	(200,000)	-
Net other financing sources (uses)	<u>(200,000)</u>	<u>(200,000)</u>	<u>-</u>
Change in fund balances	(18,551)	(45,667)	(27,116)
Beginning fund balances	<u>349,345</u>	<u>349,345</u>	<u>-</u>
Ending fund balances	<u>\$ 330,794</u>	<u>\$ 303,678</u>	<u>\$ (27,116)</u>

City of Norwalk
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual
Forfeiture Special Revenue Fund
Year ended June 30, 2011

	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	\$ -	\$ 39	\$ 39
Intergovernmental	-	-	-
Total revenues	<u>-</u>	<u>39</u>	<u>39</u>
Expenditures			
Current:			
General government	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>39</u>	<u>39</u>
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Net other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Change in fund balances	-	39	39
Beginning fund balances	<u>3,514</u>	<u>3,514</u>	<u>-</u>
Ending fund balances	<u>\$ 3,514</u>	<u>\$ 3,553</u>	<u>\$ 39</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, 2011

	Budgeted Amount Final	Actual	Variance with Final Budget Positive (negative)
Revenues			
Use of money and property	\$ 100	\$ 359	\$ 259
Intergovernmental	61,167	51,803	(9,364)
Total revenues	<u>61,267</u>	<u>52,162</u>	<u>(9,105)</u>
Expenditures			
Current:			
Health and welfare	103,671	96,830	6,841
Total expenditures	<u>103,671</u>	<u>96,830</u>	<u>6,841</u>
Excess (deficiency) of revenues over expenditures	<u>(42,404)</u>	<u>(44,668)</u>	<u>(2,264)</u>
Other financing sources (uses)			
Transfers in	42,504	45,027	2,523
Transfers out	-	-	-
Net other financing sources (uses)	<u>42,504</u>	<u>45,027</u>	<u>2,523</u>
Change in fund balances	100	359	259
Beginning fund balances	<u>2,919</u>	<u>2,919</u>	<u>-</u>
Ending fund balances	<u>\$ 3,019</u>	<u>\$ 3,278</u>	<u>\$ 259</u>

City of Norwalk
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual
Redevelopment Agency Special Revenue Fund
Year ended June 30, 2011

	Budgeted Amount Final	Actual	Variance with Final Budget Positive (negative)
Revenues			
Taxes	\$ 1,919,000	\$ 1,821,324	\$ (97,676)
Use of money and property	95,000	56,481	(38,519)
Total revenues	<u>2,014,000</u>	<u>1,877,805</u>	<u>(136,195)</u>
Expenditures			
Current:			
General government	72,077	137,105	(65,028)
Total expenditures	<u>72,077</u>	<u>137,105</u>	<u>(65,028)</u>
Excess (deficiency) of revenues over expenditures	<u>1,941,923</u>	<u>1,740,700</u>	<u>(201,223)</u>
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	(844,773)	(845,081)	(308)
Net other financing sources (uses)	<u>(844,773)</u>	<u>(845,081)</u>	<u>(308)</u>
Change in fund balances	1,097,150	895,619	(201,531)
Beginning fund balances	<u>6,110,098</u>	<u>6,110,098</u>	<u>-</u>
Ending fund balances	<u>\$ 7,207,248</u>	<u>\$ 7,005,717</u>	<u>\$ (201,531)</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, 2011

	Budgeted Amount Final	Actual	Variance with Final Budget Positive (negative)
Revenues			
Use of money and property	\$ 20,000	\$ 5,901	\$ (14,099)
Intergovernmental	7,000,526	7,599,009	598,483
Other	24,000	22,163	(1,837)
Total revenues	<u>7,044,526</u>	<u>7,627,073</u>	<u>582,547</u>
Expenditures			
Current:			
Health and welfare	6,688,723	7,547,289	(858,566)
Total expenditures	<u>6,688,723</u>	<u>7,547,289</u>	<u>(858,566)</u>
Excess (deficiency) of revenues over expenditures	<u>355,803</u>	<u>79,784</u>	<u>(276,019)</u>
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Net other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Change in fund balances	355,803	79,784	(276,019)
Beginning fund balances	<u>1,160,856</u>	<u>1,160,856</u>	<u>-</u>
Ending fund balances	<u>\$ 1,516,659</u>	<u>\$ 1,240,640</u>	<u>\$ (276,019)</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, 2011

	Budgeted Amount Final	Actual	Variance with Final Budget Positive (negative)
Revenues			
Use of money and property	\$ -	\$ -	\$ -
Intergovernmental	1,476,732	1,481,865	5,133
Total revenues	<u>1,476,732</u>	<u>1,481,865</u>	<u>5,133</u>
Expenditures			
Current:			
Highways and streets	1,476,732	1,481,865	(5,133)
Total expenditures	<u>1,476,732</u>	<u>1,481,865</u>	<u>(5,133)</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Net other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
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, 2011

	Budgeted Amount Final	Actual	Variance with Final Budget Positive (negative)
Revenues			
Use of money and property	\$ -	\$ 6,590	\$ 6,590
Intergovernmental	918,683	918,769	86
Total revenues	<u>918,683</u>	<u>925,359</u>	<u>6,676</u>
Expenditures			
Current:			
Highways and streets	371,000	357,605	13,395
Capital outlay	613,000	254,075	358,925
Total expenditures	<u>984,000</u>	<u>611,680</u>	<u>372,320</u>
Excess (deficiency) of revenues over expenditures	<u>(65,317)</u>	<u>313,679</u>	<u>378,996</u>
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Net other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Change in fund balances	(65,317)	313,679	378,996
Beginning fund balances	<u>421,080</u>	<u>421,080</u>	<u>-</u>
Ending fund balances	<u>\$ 355,763</u>	<u>\$ 734,759</u>	<u>\$ 378,996</u>

City of Norwalk
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual
ARRA Street Projects Special Revenue Fund
Year ended June 30, 2011

	Budgeted Amount Final	Actual	Variance with Final Budget Positive (negative)
Revenues			
Use of money and property	\$ -	\$ -	\$ -
Intergovernmental	3,286,000	1,727,748	(1,558,252)
Total revenues	<u>3,286,000</u>	<u>1,727,748</u>	<u>(1,558,252)</u>
Expenditures			
Current:			
Capital outlay	3,830,607	1,826,778	2,003,829
Total expenditures	<u>3,830,607</u>	<u>1,826,778</u>	<u>2,003,829</u>
Excess (deficiency) of revenues over expenditures	<u>(544,607)</u>	<u>(99,030)</u>	<u>445,577</u>
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Net other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Change in fund balances	(544,607)	(99,030)	445,577
Beginning fund balances	-	-	-
Ending fund balances	<u>\$ (544,607)</u>	<u>\$ (99,030)</u>	<u>\$ 445,577</u>

City of Norwalk
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual
ARRA Energy Efficiency Special Revenue Fund
Year ended June 30, 2011

	Budgeted Amount Final	Actual	Variance with Final Budget Positive (negative)
Revenues			
Use of money and property	\$ -	\$ -	\$ -
Intergovernmental	935,700	932,184	(3,516)
Total revenues	<u>935,700</u>	<u>932,184</u>	<u>(3,516)</u>
Expenditures			
Current:			
Capital outlay	932,184	932,184	-
Total expenditures	<u>932,184</u>	<u>932,184</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>3,516</u>	<u>-</u>	<u>(3,516)</u>
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Net other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Change in fund balances	3,516	-	(3,516)
Beginning fund balances	<u>-</u>	<u>-</u>	<u>-</u>
Ending fund balances	<u>\$ 3,516</u>	<u>\$ -</u>	<u>\$ (3,516)</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, 2011

	Budgeted Amount Final	Actual	Variance with Final Budget Positive (negative)
Revenues			
Use of money and property	\$ -	\$ 225	\$ 225
Intergovernmental	4,671,856	628,239	(4,043,617)
Other	-	-	-
Total revenues	<u>4,671,856</u>	<u>628,464</u>	<u>(4,043,392)</u>
Expenditures			
Current:			
Health and welfare	925,772	486,505	439,267
Capital outlay	1,449,679	15,245	1,434,434
Total expenditures	<u>2,375,451</u>	<u>501,750</u>	<u>1,873,701</u>
Excess (deficiency) of revenues over expenditures	<u>2,296,405</u>	<u>126,714</u>	<u>(2,169,691)</u>
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Net other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Change in fund balances	2,296,405	126,714	(2,169,691)
Beginning fund balances	<u>-</u>	<u>-</u>	<u>-</u>
Ending fund balances	<u>\$ 2,296,405</u>	<u>\$ 126,714</u>	<u>\$ (2,169,691)</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.

OTHER FUND

General Debt Service Fund - This fund accounts for the accumulation of resources for the principal and interest payments on debt incurred by the City.

MAJOR FUND

Redevelopment Agency Debt Services Fund - This fund accounts for the tax increment and investment revenue used for the repayment of the indebtedness of the Norwalk Redevelopment Agency.

City of Norwalk
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual
General Debt Service Fund
Year ended June 30, 2011

	Budgeted Amount Final	Actual	Variance with Final Budget Positive (negative)
Revenues			
Use of money and property	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures			
Current:			
General government	12,000	5,088	6,912
Debt service			
Principal retirement	715,000	715,000	-
Interest and fiscal charges	860,641	860,641	-
Total expenditures	<u>1,587,641</u>	<u>1,580,729</u>	<u>6,912</u>
Excess (deficiency) of revenues over expenditures	<u>(1,587,641)</u>	<u>(1,580,729)</u>	<u>6,912</u>
Other financing sources (uses)			
Transfers in	1,587,641	1,580,729	(6,912)
Transfers out	-	-	-
Net other financing sources (uses)	<u>1,587,641</u>	<u>1,580,729</u>	<u>(6,912)</u>
Change in fund balances	-	-	-
Beginning fund balances	<u>693,691</u>	<u>693,691</u>	<u>-</u>
Ending fund balances	<u>\$ 693,691</u>	<u>\$ 693,691</u>	<u>\$ -</u>

City of Norwalk
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual
Redevelopment Agency Debt Service Fund
Year ended June 30, 2011

	Budgetary Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 6,344,000	\$ 6,344,000	\$ 7,285,293	\$ 941,293
Use of money and property	145,000	145,000	65,035	(79,965)
Total revenues	<u>6,489,000</u>	<u>6,489,000</u>	<u>7,350,328</u>	<u>861,328</u>
Expenditures				
Current:				
General Government	167,700	167,700	150,182	17,518
Health and Welfare	4,462,850	4,462,850	4,653,768	(190,918)
Debt service				
Principal retirement	1,175,000	1,175,000	1,175,000	-
Interest and fiscal charges	5,251,896	5,251,896	5,387,326	(135,430)
Total expenditures	<u>11,057,446</u>	<u>11,057,446</u>	<u>11,366,276</u>	<u>(308,830)</u>
Excess (deficiency) of revenues over expenditures	<u>(4,568,446)</u>	<u>(4,568,446)</u>	<u>(4,015,948)</u>	<u>552,498</u>
Other financing sources (uses)				
Transfers in	844,773	844,773	6,845,081	6,000,308
Issuance of County deferral loans	2,460,000	2,460,000	2,512,697	52,697
Net other financing sources (uses)	<u>3,304,773</u>	<u>3,304,773</u>	<u>9,357,778</u>	<u>6,053,005</u>
Change in fund balances	(1,263,673)	(1,263,673)	5,341,830	6,605,503
Beginning fund balances	<u>(740,202)</u>	<u>(740,202)</u>	<u>(740,202)</u>	<u>-</u>
Ending fund balances	<u>\$ (2,003,875)</u>	<u>\$ (2,003,875)</u>	<u>\$ 4,601,628</u>	<u>\$ 6,605,503</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.

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.

MAJOR FUND

Redevelopment Agency Capital Projects Fund - This fund accounts for the construction and rehabilitation of various redevelopment projects. Financing is provided by tax allocation bonds and investment income.

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	Prop 1B	Prop C I-5 Mitigation	Public Art	Special Projects	Traffic Congestion Relief
ASSETS					
Pooled cash and investments	\$ 739,830	\$ -	\$ 670,197	\$ 14,305	\$ 1,227,686
Cash and investments with fiscal agent	-	-	-	-	-
Due from other governments	-	1,131,598	-	271,935	162,154
Total assets	\$ 739,830	\$ 1,131,598	\$ 670,197	\$ 286,240	\$ 1,389,840
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 513,592	\$ 1,086,743	\$ 5,981	\$ 46,580	\$ 355,715
Deposits payable	-	-	-	-	-
Due to other funds	-	44,855	-	-	-
Deferred revenue	-	-	-	56,883	-
Total liabilities	513,592	1,131,598	5,981	103,463	355,715
Fund balances (deficits)					
Restricted	226,238	-	664,216	182,777	1,034,125
Committed	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	226,238	-	664,216	182,777	1,034,125
Total liabilities and fund balances	\$ 739,830	\$ 1,131,598	\$ 670,197	\$ 286,240	\$ 1,389,840

**City of Norwalk
Combining Balance Sheet
Other Capital Projects Funds
June 30, 2011**

Transportation and Public Services Facility	Parking Structure	Park Development	Computer Replacement	Equipment Replacement	Building Renovation	Total Other Capital Projects Funds
\$ -	\$ 17,351	\$ -	\$ 29,920	\$ 981,881	\$ 287,084	\$ 3,968,254
36,535	326,364	-	-	-	-	362,899
-	-	-	-	-	-	1,565,687
<u>\$ 36,535</u>	<u>\$ 343,715</u>	<u>\$ -</u>	<u>\$ 29,920</u>	<u>\$ 981,881</u>	<u>\$ 287,084</u>	<u>\$ 5,896,840</u>
\$ -	\$ -	\$ -	\$ 582	\$ -	\$ 82,056	\$ 2,091,249
-	-	-	-	-	-	-
-	317,600	-	-	-	-	362,455
-	-	-	-	-	-	56,883
<u>-</u>	<u>317,600</u>	<u>-</u>	<u>582</u>	<u>-</u>	<u>82,056</u>	<u>2,510,587</u>
36,535	26,115	-	-	-	-	2,170,006
-	-	-	29,338	981,881	205,028	1,216,247
-	-	-	-	-	-	-
<u>36,535</u>	<u>26,115</u>	<u>-</u>	<u>29,338</u>	<u>981,881</u>	<u>205,028</u>	<u>3,386,253</u>
<u>\$ 36,535</u>	<u>\$ 343,715</u>	<u>\$ -</u>	<u>\$ 29,920</u>	<u>\$ 981,881</u>	<u>\$ 287,084</u>	<u>\$ 5,896,840</u>

	Prop 1B	Prop C I-5 Mitigation	Public Art	Special Projects	Traffic Congestion Relief
Revenues					
Use of money and property	\$ 15,727	\$ -	\$ 8,228	\$ 51	\$ 16,765
Intergovernmental	-	1,480,021	-	1,229,267	1,043,149
Other	-	-	(349)	-	-
Total revenues	<u>15,727</u>	<u>1,480,021</u>	<u>7,879</u>	<u>1,229,318</u>	<u>1,059,914</u>
Expenditures					
Highways and streets	-	-	-	-	141,000
Capital outlay	1,272,855	1,480,021	110,317	1,067,269	869,703
Total expenditures	<u>1,272,855</u>	<u>1,480,021</u>	<u>110,317</u>	<u>1,067,269</u>	<u>1,010,703</u>
Excess (deficiency) of revenues over expenditures	<u>(1,257,128)</u>	<u>-</u>	<u>(102,438)</u>	<u>162,049</u>	<u>49,211</u>
Other financing sources (uses)					
Transfers in	-	-	-	6,044	-
Transfers out	-	-	-	-	-
Net other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,044</u>	<u>-</u>
Change in fund balances	(1,257,128)	-	(102,438)	168,093	49,211
Beginning fund balances (deficit)	<u>1,483,366</u>	<u>-</u>	<u>766,654</u>	<u>14,684</u>	<u>984,914</u>
Ending fund balances (deficit)	<u>\$ 226,238</u>	<u>\$ -</u>	<u>\$ 664,216</u>	<u>\$ 182,777</u>	<u>\$ 1,034,125</u>

City of Norwalk
Combining Statement of Revenues, Expenditures and Changes in Fund Balances –
Other Capital Projects Funds
Year ended June 30, 2011

Transportation and Public Services Facility	Parking Structure	Park Development	Computer Replacement	Equipment Replacement	Building Renovation	Total Other Capital Projects Funds
\$ -	\$ -	\$ -	\$ -	\$ 13,575	\$ 1,051	\$ 55,397
-	-	-	-	-	-	3,752,437
-	-	-	-	-	-	(349)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,575</u>	<u>1,051</u>	<u>3,807,485</u>
-	-	-	-	-	-	141,000
<u>2,143</u>	<u>-</u>	<u>-</u>	<u>9,176</u>	<u>11,374</u>	<u>233,298</u>	<u>5,056,156</u>
<u>2,143</u>	<u>-</u>	<u>-</u>	<u>9,176</u>	<u>11,374</u>	<u>233,298</u>	<u>5,197,156</u>
<u>(2,143)</u>	<u>-</u>	<u>-</u>	<u>(9,176)</u>	<u>2,201</u>	<u>(232,247)</u>	<u>(1,389,671)</u>
-	-	-	10,000	-	346,700	362,744
-	-	-	-	(246,700)	-	(246,700)
<u>-</u>	<u>-</u>	<u>-</u>	<u>10,000</u>	<u>(246,700)</u>	<u>346,700</u>	<u>116,044</u>
(2,143)	-	-	824	(244,499)	114,453	(1,273,627)
<u>38,678</u>	<u>26,115</u>	<u>-</u>	<u>28,514</u>	<u>1,226,380</u>	<u>90,575</u>	<u>4,659,880</u>
<u>\$ 36,535</u>	<u>\$ 26,115</u>	<u>\$ -</u>	<u>\$ 29,338</u>	<u>\$ 981,881</u>	<u>\$ 205,028</u>	<u>\$ 3,386,253</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, 2011

	Budgeted Amount Final	Actual	Variance with Final Budget Positive (negative)
Revenues			
Use of money and property	\$ 5,000	\$ 15,727	\$ 10,727
Intergovernmental	-	-	-
Total revenues	<u>5,000</u>	<u>15,727</u>	<u>10,727</u>
Expenditures			
Capital outlay	2,536,794	1,272,855	1,263,939
Total expenditures	<u>2,536,794</u>	<u>1,272,855</u>	<u>1,263,939</u>
Excess (deficiency) of revenues over expenditures	<u>(2,531,794)</u>	<u>(1,257,128)</u>	<u>1,274,666</u>
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Net other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Change in fund balances	(2,531,794)	(1,257,128)	1,274,666
Beginning fund balances	<u>1,483,366</u>	<u>1,483,366</u>	<u>-</u>
Ending fund balances	<u>\$ (1,048,428)</u>	<u>\$ 226,238</u>	<u>\$ 1,274,666</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, 2011

	Budgeted Amount Final	Actual	Variance with Final Budget Positive (negative)
	<u> </u>	<u> </u>	<u> </u>
Revenues			
Intergovernmental	\$ 2,457,500	\$ 1,480,021	\$ (977,479)
Total revenues	<u>2,457,500</u>	<u>1,480,021</u>	<u>(977,479)</u>
Expenditures			
Capital outlay	2,457,500	1,480,021	977,479
Total expenditures	<u>2,457,500</u>	<u>1,480,021</u>	<u>977,479</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Net other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
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
Public Art Capital Projects Fund
Year ended June 30, 2011

	Budgeted Amount Final	Actual	Variance with Final Budget Positive (negative)
Revenues			
Use of money and property	\$ 5,000	\$ 8,228	\$ 3,228
Other	30,000	(349)	(30,349)
Total revenues	<u>35,000</u>	<u>7,879</u>	<u>(27,121)</u>
Expenditures			
Capital outlay	643,606	110,317	533,289
Total expenditures	<u>643,606</u>	<u>110,317</u>	<u>533,289</u>
Excess (deficiency) of revenues over expenditures	<u>(608,606)</u>	<u>(102,438)</u>	<u>506,168</u>
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Net other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Change in fund balances	(608,606)	(102,438)	506,168
Beginning fund balances	<u>766,654</u>	<u>766,654</u>	<u>-</u>
Ending fund balances	<u>\$ 158,048</u>	<u>\$ 664,216</u>	<u>\$ 506,168</u>

City of Norwalk
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual
Special Projects Capital Projects Fund
Year ended June 30, 2011

	Budgeted Amount Final	Actual	Variance with Final Budget Positive (negative)
Revenues			
Use of money and property	\$ -	\$ 51	\$ 51
Intergovernmental	2,117,939	1,229,267	(888,672)
Total revenues	<u>2,117,939</u>	<u>1,229,318</u>	<u>(888,621)</u>
Expenditures			
Capital outlay	3,455,005	1,067,269	2,387,736
Total expenditures	<u>3,455,005</u>	<u>1,067,269</u>	<u>2,387,736</u>
Excess (deficiency) of revenues over expenditures	<u>(1,337,066)</u>	<u>162,049</u>	<u>1,499,115</u>
Other financing sources (uses)			
Transfers in	-	6,044	6,044
Transfers out	-	-	-
Net other financing sources (uses)	<u>-</u>	<u>6,044</u>	<u>6,044</u>
Change in fund balances	(1,337,066)	168,093	1,505,159
Beginning fund balances	<u>14,684</u>	<u>14,684</u>	<u>-</u>
Ending fund balances	<u>\$ (1,322,382)</u>	<u>\$ 182,777</u>	<u>\$ 1,505,159</u>

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, 2011

	Budgeted Amount Final	Actual	Variance with Final Budget Positive (negative)
Revenues			
Use of money and property	\$ -	\$ 16,765	\$ 16,765
Intergovernmental	1,097,192	1,043,149	(54,043)
Total revenues	<u>1,097,192</u>	<u>1,059,914</u>	<u>(37,278)</u>
Expenditures			
Highways and streets	264,000	141,000	123,000
Capital outlay	1,048,000	869,703	178,297
Total expenditures	<u>1,312,000</u>	<u>1,010,703</u>	<u>301,297</u>
Excess (deficiency) of revenues over expenditures	<u>(214,808)</u>	<u>49,211</u>	<u>264,019</u>
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Net other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Change in fund balances	(214,808)	49,211	264,019
Beginning fund balances	<u>984,914</u>	<u>984,914</u>	<u>-</u>
Ending fund balances	<u>\$ 770,106</u>	<u>\$ 1,034,125</u>	<u>\$ 264,019</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, 2011

	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	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures			
Capital outlay	-	2,143	(2,143)
Total expenditures	<u>-</u>	<u>2,143</u>	<u>(2,143)</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(2,143)</u>	<u>(2,143)</u>
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Net other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Change in fund balances	-	(2,143)	(2,143)
Beginning fund balances	<u>38,678</u>	<u>38,678</u>	<u>-</u>
Ending fund balances	<u>\$ 38,678</u>	<u>\$ 36,535</u>	<u>\$ (2,143)</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, 2011

	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	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures			
Capital outlay	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Net other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Change in fund balances	-	-	-
Beginning fund balances	<u>26,115</u>	<u>26,115</u>	<u>-</u>
Ending fund balances	<u>\$ 26,115</u>	<u>\$ 26,115</u>	<u>\$ -</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, 2011

	Budgeted Amount Final	Actual	Variance with Final Budget Positive (negative)
Revenues			
Intergovernmental	\$ 251,000	\$ -	\$ (251,000)
Total revenues	<u>251,000</u>	<u>-</u>	<u>(251,000)</u>
Expenditures			
Capital outlay	251,000	-	251,000
Total expenditures	<u>251,000</u>	<u>-</u>	<u>251,000</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Net other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
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
Computer Replacement Capital Projects Fund
Year ended June 30, 2011

	Budgeted Amount Final	Actual	Variance with Final Budget Positive (negative)
Revenues			
Use of money and property	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures			
Capital outlay	11,600	9,176	2,424
Total expenditures	<u>11,600</u>	<u>9,176</u>	<u>2,424</u>
Excess (deficiency) of revenues over expenditures	<u>(11,600)</u>	<u>(9,176)</u>	<u>2,424</u>
Other financing sources (uses)			
Transfers in	10,000	10,000	-
Transfers out	-	-	-
Net other financing sources (uses)	<u>10,000</u>	<u>10,000</u>	<u>-</u>
Change in fund balances	(1,600)	824	2,424
Beginning fund balances	<u>28,514</u>	<u>28,514</u>	<u>-</u>
Ending fund balances	<u>\$ 26,914</u>	<u>\$ 29,338</u>	<u>\$ 2,424</u>

City of Norwalk
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual
Equipment Replacement Capital Projects Fund
Year ended June 30, 2011

	Budgeted Amount Final	Actual	Variance with Final Budget Positive (negative)
Revenues			
Use of money and property	\$ -	\$ 13,575	\$ 13,575
Total revenues	<u>-</u>	<u>13,575</u>	<u>13,575</u>
Expenditures			
Capital outlay	12,000	11,374	626
Total expenditures	<u>12,000</u>	<u>11,374</u>	<u>626</u>
Excess (deficiency) of revenues over expenditures	<u>(12,000)</u>	<u>2,201</u>	<u>14,201</u>
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	(246,700)	(246,700)	-
Net other financing sources (uses)	<u>(246,700)</u>	<u>(246,700)</u>	<u>-</u>
Change in fund balances	(258,700)	(244,499)	14,201
Beginning fund balances	<u>1,226,380</u>	<u>1,226,380</u>	<u>-</u>
Ending fund balances	<u>\$ 967,680</u>	<u>\$ 981,881</u>	<u>\$ 14,201</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, 2011

	Budgeted Amount Final	Actual	Variance with Final Budget Positive (negative)
Revenues			
Use of money and property	\$ -	\$ 1,051	\$ 1,051
Total revenues	<u>-</u>	<u>1,051</u>	<u>1,051</u>
Expenditures			
Capital outlay	346,287	233,298	112,989
Total expenditures	<u>346,287</u>	<u>233,298</u>	<u>112,989</u>
Excess (deficiency) of revenues over expenditures	<u>(346,287)</u>	<u>(232,247)</u>	<u>114,040</u>
Other financing sources (uses)			
Transfers in	346,700	346,700	-
Transfers out	-	-	-
Net other financing sources (uses)	<u>346,700</u>	<u>346,700</u>	<u>-</u>
Change in fund balances	413	114,453	114,040
Beginning fund balances	<u>90,575</u>	<u>90,575</u>	<u>-</u>
Ending fund balances	\$ <u>90,988</u>	\$ <u>205,028</u>	\$ <u>114,040</u>

City of Norwalk
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual
Redevelopment Agency Capital Project Fund
Year ended June 30, 2011

	Budgetary Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Rental income	\$ 576,456	\$ 576,456	\$ 576,456	\$ -
Use of money and property	750,000	750,000	138,185	(611,815)
Total revenues	<u>1,326,456</u>	<u>1,326,456</u>	<u>714,641</u>	<u>(611,815)</u>
Expenditures				
Current:				
Urban Development	14,615,572	14,615,572	9,617,142	4,998,430
Capital outlay	1,479,000	1,452,717	906,724	545,993
Total expenditures	<u>16,094,572</u>	<u>16,068,289</u>	<u>10,523,866</u>	<u>5,544,423</u>
Excess (deficiency) of revenues over expenditures	<u>(14,768,116)</u>	<u>(14,741,833)</u>	<u>(9,809,225)</u>	<u>4,932,608</u>
Other financing sources (uses)				
Transfers in	-	-	4,153,604	4,153,604
Transfers out	(5,909,500)	(5,206,551)	(14,469,823)	(9,263,272)
Net other financing sources (uses)	<u>(5,909,500)</u>	<u>(5,206,551)</u>	<u>(10,316,219)</u>	<u>(5,109,668)</u>
Change in fund balances	(20,677,616)	(19,948,384)	(20,125,444)	(177,060)
Beginning fund balances	<u>24,546,182</u>	<u>24,546,182</u>	<u>24,546,182</u>	<u>-</u>
Ending fund balances	<u>\$ 3,868,566</u>	<u>\$ 4,597,798</u>	<u>\$ 4,420,738</u>	<u>\$ (177,060)</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 Assets
Internal Service Funds
June 30, 2011

	Governmental Activities		
	Employee Benefits	Vehicle Maintenance	Total
ASSETS			
Current assets			
Cash and investments	\$ 115,573	\$ 151,715	\$ 267,288
Due from other agencies	153	-	153
Inventory of materials and supplies, at cost	-	152,305	152,305
Total current assets	<u>115,726</u>	<u>304,020</u>	<u>419,746</u>
Capital assets			
Capital assets	-	133,661	133,661
Accumulated depreciation	-	(109,525)	(109,525)
Net capital assets	<u>-</u>	<u>24,136</u>	<u>24,136</u>
Total assets	<u>115,726</u>	<u>328,156</u>	<u>443,882</u>
LIABILITIES			
Current liabilities			
Accounts payable	115,726	89,994	205,720
Accrued liabilities	-	89,138	89,138
Compensated absences payable, current portion	-	31,774	31,774
Total current liabilities	<u>115,726</u>	<u>210,906</u>	<u>326,632</u>
Noncurrent liabilities			
Compensated absences payable, long-term portion	-	117,250	117,250
Total noncurrent liabilities	<u>-</u>	<u>117,250</u>	<u>117,250</u>
Total liabilities	<u>115,726</u>	<u>328,156</u>	<u>443,882</u>
NET ASSETS			
Invested in capital assets, net of related debt	-	24,136	24,136
Unrestricted	-	(24,136)	(24,136)
Total net assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Norwalk
Combining Statement of Revenues, Expenses and Changes in Net Assets –
Internal Service Funds
Year ended June 30, 2011

	Governmental Activities		
	Employee Benefits	Vehicle Maintenance	Total
Operating revenues			
Charges for services	\$ 8,916,950	\$ 3,540,726	\$ 12,457,676
Total operating revenues	8,916,950	3,540,726	12,457,676
Operating expenses			
Salaries and benefits	8,916,950	2,056,074	10,973,024
Maintenance and repairs	-	1,408,161	1,408,161
Administrative	-	25,778	25,778
Utilities	-	30,896	30,896
Contractual services	-	14,195	14,195
Depreciation	-	5,622	5,622
Total operating expenses	8,916,950	3,540,726	12,457,676
Operating income (loss)	-	-	-
Total net assets - beginning	-	-	-
Total net assets - ending	\$ -	\$ -	\$ -

City of Norwalk
Combining Statement of Cash Flows –
Internal Service Funds
Year ended June 30, 2011

	Governmental Activities		
	Employee Benefits	Vehicle Maintenance	Total
Cash flows from operating activities			
Receipts from tenants, customers and users	\$ 8,916,797	\$ 3,540,726	\$ 12,457,523
Payments to suppliers	(3,897)	(1,374,678)	(1,378,575)
Payments to employees	(8,916,950)	(2,042,501)	(10,959,451)
Net cash provided (used) by operating activities	<u>(4,050)</u>	<u>123,547</u>	<u>119,497</u>
Cash flows from capital and related financing activities			
Purchases and construction of capital assets	-	-	-
Net cash used in capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from non-capital financing activities			
Cash contributions from other governments	-	-	-
Net cash provided (used) by non-capital financing activities	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from investing activities			
Interest received	-	-	-
Change in cash and cash equivalents	(4,050)	123,547	119,497
Beginning cash and cash equivalents	119,623	28,168	147,791
Ending cash and cash equivalents	<u>\$ 115,573</u>	<u>\$ 151,715</u>	<u>\$ 267,288</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income	\$ -	\$ -	\$ -
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	-	5,622	5,622
(Increase) decrease in:			
Accounts receivable	(153)	-	(153)
Inventory	-	76,002	76,002
Increase (decrease):			
Accounts payable	(3,897)	1,873	(2,024)
Accrued liabilities	-	26,477	26,477
Compensated absences payable	-	13,573	13,573
Net cash provided (used) by operating activities	<u>\$ (4,050)</u>	<u>\$ 123,547</u>	<u>\$ 119,497</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
Combining Statement Changes in Assets and Liabilities
Fiduciary Fund
Year ended June 30, 2011

		<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2011</u>
Assets					
Cash and investments	\$	<u>672,439</u>	\$ <u>547,873</u>	\$ <u>614,119</u>	\$ <u>606,193</u>
Total assets	\$	<u>672,439</u>	\$ <u>547,873</u>	\$ <u>614,119</u>	\$ <u>606,193</u>
Liabilities					
Accounts payable	\$	<u>7,066</u>	\$ <u>7,131</u>	\$ <u>(895)</u>	\$ <u>15,092</u>
Deposits payable		<u>665,373</u>	<u>540,742</u>	<u>615,014</u>	<u>591,101</u>
Total liabilities	\$	<u>672,439</u>	\$ <u>547,873</u>	\$ <u>614,119</u>	\$ <u>606,193</u>

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.	132-137
<u>Revenue Capacity</u> these schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	138-141
<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.	142-147
<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.	148-149
<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.	150-152

City of Norwalk
Net Assets by Component
Last Nine Fiscal Years
(accrual basis of accounting)

	Fiscal Year								
	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Governmental Activities:									
Invested in capital assets, net of related debt	\$ (20,624,721)	\$ -	\$ 8,183,219	\$ 5,952,077	\$ 155,330,406	\$ 151,673,273	\$ 147,890,947	\$ 149,429,572	\$ 151,855,529
Restricted	9,926,170	17,512,492	10,295,929	40,828,568	26,291,971	33,985,481	35,531,227	34,151,864	25,645,644
Unrestricted	13,806,260	(6,015,282)	(5,935,834)	(30,251,245)	(15,915,040)	(24,445,926)	(27,568,372)	(33,627,069)	(30,664,965)
Total governmental activities net assets	3,107,709	11,497,210	12,543,314	16,529,400	165,707,337	161,212,828	155,853,802	149,954,367	146,836,208
Business-type Activities:									
Invested in capital assets, net of related debt	12,811,372	13,645,902	14,733,258	17,486,832	19,530,370	20,091,062	21,117,166	26,764,133	26,295,346
Restricted	-	-	-	-	-	-	-	-	-
Unrestricted	2,156,329	1,172,470	(818,749)	(2,777,203)	(1,189,903)	(4,846,849)	(6,217,597)	(7,171,135)	(3,789,468)
Total business-type activities net assets	14,967,701	14,818,372	13,914,509	14,709,629	18,340,467	15,244,213	14,899,569	19,592,998	22,505,878
Primary Government:									
Invested in capital assets, net of related debt	(7,813,349)	13,645,902	22,916,477	23,438,909	174,860,776	171,764,335	169,008,113	176,193,705	178,150,875
Restricted	9,926,170	17,512,492	10,295,929	40,828,568	26,291,971	33,985,481	35,531,227	34,151,864	25,645,644
Unrestricted	15,962,589	(4,842,812)	(6,754,583)	(33,028,448)	(17,104,943)	(29,292,775)	(33,785,969)	(40,798,204)	(34,454,433)
Total primary government net assets	\$ 18,075,410	\$ 26,315,582	\$ 26,457,823	\$ 31,239,029	\$ 184,047,804	\$ 176,457,041	\$ 170,753,371	\$ 169,547,365	\$ 169,342,086

GASB 34 was implemented for the fiscal year ended June 30, 2003.
Information prior to implementation of GASB 34 is not available.

Source: City of Norwalk

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

	Fiscal Year								
	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Expenses:									
Governmental Activities:									
General government	\$ 8,641,768	\$ 10,128,665	\$ 8,809,438	\$ 8,381,799	\$ 9,686,834	\$ 8,747,054	\$ 9,059,800	\$ 9,702,843	\$ 8,985,356
Public safety	10,421,824	10,420,931	11,172,581	12,311,292	12,613,947	13,608,020	12,666,249	11,978,780	12,427,683
Urban development	5,887,394	5,416,941	5,828,329	5,933,164	6,784,733	7,586,773	8,037,078	7,681,035	13,771,165
Highways and streets	7,197,220	7,400,015	7,890,050	8,589,020	16,568,320	16,906,730	14,680,280	18,252,303	17,763,495
Culture and leisure	5,128,748	6,175,064	6,804,699	7,328,319	8,121,309	7,964,496	7,106,356	6,271,529	6,079,088
Health and welfare	11,497,451	12,268,763	14,633,499	16,342,569	16,161,939	20,078,619	20,797,540	20,023,252	18,893,417
Interest expense	4,132,781	3,635,249	4,768,443	5,991,359	6,106,478	6,297,018	6,338,135	5,527,615	4,665,588
Total governmental activities net expenses	<u>52,907,186</u>	<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>
Business-type Activities:									
Transit system	8,251,462	9,306,518	11,191,817	12,465,594	12,909,714	15,271,506	13,332,392	13,612,036	14,947,479
Water	2,139,136	2,357,241	2,792,974	3,824,316	3,261,143	3,522,631	3,133,057	3,416,962	3,703,524
Golf Course	-	-	-	-	-	371,664	394,129	349,697	303,959
Total business-type activities net assets	<u>10,390,598</u>	<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>
Total primary government expenses	<u>\$ 63,297,784</u>	<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>
Program Revenues:									
Governmental Activities:									
Charges for services:									
General government	\$ 848,124	\$ 800,738	\$ 905,373	\$ 979,342	\$ 1,623,920	\$ 2,025,932	\$ 1,557,278	\$ 1,581,959	\$ 1,542,150
Public safety	1,693,124	1,876,879	2,099,468	1,926,096	2,047,466	2,346,304	1,941,504	1,607,987	1,621,750
Urban development	1,069,042	1,029,261	998,157	1,039,933	1,074,215	1,916,448	2,633,236	3,095,020	3,451,811
Highways and streets	-	-	-	-	122,055	235,480	191,071	158,557	295,550
Culture and leisure	329,735	737,487	804,032	900,161	1,107,127	638,882	445,549	410,833	567,608
Health and welfare	87,561	163,029	57,745	59,623	64,405	68,544	481,394	421,513	400,554
Operating contributions and grants	13,329,556	13,261,982	14,596,986	14,983,486	18,160,029	21,084,705	19,890,244	23,678,181	34,397,088
Capital contributions and grants	3,872,471	3,943,397	1,591,577	2,743,420	4,899,984	2,687,485	49,980	-	-
Total governmental activities program revenues	<u>21,229,613</u>	<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>
Business-type Activities:									
Charges for services:									
Transit system	1,188,048	2,206,292	2,636,753	3,012,905	2,934,122	2,325,682	1,448,755	2,015,786	1,588,163
Water utility	2,471,038	2,463,440	2,876,445	2,989,417	3,067,817	3,233,957	3,934,301	4,287,509	4,900,159
Golf Course (1)	-	-	-	-	-	196,155	192,102	194,718	152,878
Operating contributions and grants	5,635,705	6,333,623	7,624,497	9,866,303	7,928,959	8,758,685	8,411,655	7,223,874	8,767,042
Capital contributions and grants	2,158,585	1,342,875	182,845	1,216,405	2,486,866	1,554,473	2,528,121	8,340,444	2,481,567
Total business-type activities program revenues	<u>11,453,376</u>	<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>
Primary government program revenues	<u>\$ 32,682,989</u>	<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>
Net (Expense)/Revenue:									
Governmental activities	\$ (31,677,573)	\$ (33,632,855)	\$ (38,853,701)	\$ (42,245,461)	\$ (46,944,359)	\$ (50,184,930)	\$ (51,495,182)	\$ (48,483,307)	\$ (40,309,281)
Business-type activities	1,062,778	682,471	(664,251)	795,120	246,907	(3,096,849)	(344,644)	4,683,636	(1,065,153)
Total primary government net expense	<u>\$ (30,614,795)</u>	<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>

City of Norwalk established Golf course as business-type activity as of 7/1/2007.
The City of Norwalk has elected to show only nine years of data for this schedule
Source: City of Norwalk

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

	Fiscal Year								
	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
General Revenues and Other Changes in Net Assets:									
Governmental Activities:									
Sales taxes	\$ 8,066,778	\$ 8,473,159	\$ 9,323,902	\$ 9,706,650	\$ 9,542,688	\$ 9,702,359	\$ 8,668,272	\$ 7,519,647	\$ 8,222,180
Property taxes	8,876,358	10,047,808	11,973,662	13,350,001	14,007,951	15,061,208	15,742,859	16,341,203	14,764,697
Utility users tax	5,171,754	5,586,252	5,610,068	5,809,592	6,023,059	5,985,219	6,023,038	5,974,407	5,743,933
Business operation taxes	622,080	688,079	685,596	671,677	694,324	684,429	637,385	649,357	669,931
Transient occupancy taxes	699,165	828,059	1,025,108	1,388,776	1,165,284	1,161,167	1,165,698	1,021,084	876,639
Property tax in-lieu of VLF *	6,075,514	6,703,108	5,900,499	7,641,419	8,643,615	8,806,441	9,208,157	8,536,095	8,394,222
Franchise taxes	1,275,125	1,331,822	1,353,442	1,414,502	1,554,160	1,539,710	1,637,196	1,615,826	1,676,175
Investment income	588,527	321,794	1,731,960	3,003,323	4,333,908	2,749,889	3,053,551	926,253	799,896
Gain on sale of assets	(1,214,229)	365,103	438,178	179,812	12,114	-	-	-	-
Miscellaneous	1,587,604	1,769,620	1,857,390	2,146,303	638,154	-	-	-	(3,956,551)
Total governmental activities	31,748,676	36,114,804	39,899,805	45,312,055	46,615,257	45,690,422	46,136,156	42,583,872	37,191,122
Business-type Activities:									
Investment income	22,280	221,388	26,170	-	-	595	-	9,793	21,482
Gain (loss) on sale of assets	-	-	(2,871)	-	-	-	-	-	-
Miscellaneous	17,346	2,053	6,934	-	-	-	-	-	3,956,551
Total business-type activities	39,626	223,441	30,233	-	-	595	-	9,793	3,978,033
Total primary government	\$ 31,788,302	\$ 36,338,245	\$ 39,930,038	\$ 45,312,055	\$ 46,615,257	\$ 45,691,017	\$ 46,136,156	\$ 42,593,665	\$ 41,169,155
Change in Net Assets:									
Governmental activities	\$ 71,103	\$ 2,481,949	\$ 1,046,104	\$ 3,066,594	\$ (329,102)	\$ (4,494,508)	\$ (5,359,026)	\$ (5,899,435)	\$ (3,118,159)
Business-type activities	1,102,404	905,912	(634,018)	795,120	246,907	(3,096,254)	(344,644)	4,693,429	2,912,880
Total primary government	\$ 1,173,507	\$ 3,387,861	\$ 412,086	\$ 3,861,714	\$ (82,195)	\$ (7,590,762)	\$ (5,703,670)	\$ (1,206,006)	\$ (205,279)

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

*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 City of Norwalk has elected to show only nine years of data for this schedule

Source: City of Norwalk

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

	Fiscal Year					
	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
General Fund:						
Nonspendable	\$ 6,914,781	\$ 6,902,322	\$ 9,000,407	\$ 8,757,760	\$ 9,891,125	\$ 9,895,075
Restricted	-	-	-	-	-	-
Committed	-	-	-	-	-	-
Assigned	1,322,660	1,766,415	3,011,812	3,206,293	3,110,768	8,846,359
Unassigned	13,894,290	12,356,460	6,995,375	6,686,737	8,680,524	10,736,919
Total General Fund	\$ 22,131,731	\$ 21,025,197	\$ 19,007,594	\$ 18,650,790	\$ 21,682,417	\$ 29,478,353
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
Capital projects funds	20,871,122	22,422,940	25,754,027	23,293,951	20,670,954	5,840,744
Debt service funds	5,026,426	5,037,489	4,990,856	4,974,905	4,967,743	4,967,744
Committed	774,538	1,282,770	1,528,608	1,583,324	1,345,469	1,216,247
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)
Total All Other Governmental Funds	\$ 36,253,776	\$ 35,975,638	\$ 39,459,122	\$ 40,976,565	\$ 40,942,258	\$ 25,546,614

The City of Norwalk has elected to show only six 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									
	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Revenues:										
Taxes	\$ 21,332,805	\$ 21,944,076	\$ 24,238,379	\$ 26,350,404	\$ 35,810,385	\$ 37,862,309	\$ 39,326,706	\$ 39,476,247	\$ 40,628,502	\$ 40,347,777
Licenses and permits	665,222	721,472	795,954	873,993	906,972	942,629	1,130,924	1,017,798	985,508	951,871
Fines and forfeitures	1,413,624	1,525,892	1,647,259	1,807,363	1,626,460	1,654,552	1,647,442	1,673,057	1,467,150	1,436,004
Investment income	1,255,927	644,002	825,118	571,288	1,690,923	2,909,622	3,208,729	1,780,514	926,253	6,799,896
Intergovernmental	26,191,194	22,177,759	22,980,281	28,245,879	21,361,192	23,396,941	27,519,018	23,320,615	22,740,043	27,676,788
Charges for services	2,698,833	1,392,703	3,436,866	1,622,104	1,827,500	2,061,106	1,957,538	1,855,635	1,829,628	1,813,133
Rental Income	797,010	1,187,902	519,444	1,119,205	1,184,487	1,218,510	1,233,858	1,255,826	1,265,097	1,334,820
Other	1,326,249	2,703,475	1,166,662	2,933,621	2,874,347	2,409,040	2,175,940	1,673,683	1,728,486	9,202,662
Contribution from County	-	-	-	-	-	-	-	-	-	-
Total revenues	<u>55,680,864</u>	<u>52,297,281</u>	<u>55,609,963</u>	<u>63,523,857</u>	<u>67,282,266</u>	<u>72,454,709</u>	<u>78,200,155</u>	<u>72,053,375</u>	<u>71,570,667</u>	<u>89,562,951</u>
Expenditures:										
Current:										
General government	10,239,046	7,910,797	6,942,997	7,480,624	8,022,028	8,644,601	8,384,031	7,802,225	7,789,901	7,650,241
Public safety	9,955,751	10,533,764	10,367,867	11,067,571	12,082,002	12,819,814	13,436,368	12,463,523	11,781,821	12,248,786
Urban development	1,925,155	6,262,618	5,394,999	5,816,812	5,745,947	6,339,425	8,439,595	7,961,931	7,436,094	14,232,826
Highways and streets	5,989,553	6,920,473	6,582,444	7,833,535	8,351,127	7,621,670	8,169,855	8,007,714	10,206,797	10,355,027
Culture and leisure	5,174,830	5,199,707	5,755,366	6,682,231	7,132,203	8,027,798	7,859,831	6,593,909	5,744,112	5,607,531
Health and welfare	8,426,995	11,614,640	13,619,863	14,666,925	15,789,360	15,776,975	20,078,619	20,205,820	19,572,065	18,560,049
Capital outlay	17,434,419	6,086,585	8,134,038	2,629,991	2,133,948	7,018,445	4,873,054	2,281,518	1,175,345	18,926,378
Debt service:										
Principal retirement	1,137,586	1,287,102	1,423,731	1,378,416	1,455,000	1,875,000	1,680,000	1,740,000	1,820,000	1,890,000
Interest and fiscal charges	4,294,197	4,153,529	4,581,099	4,793,199	4,931,001	6,117,985	6,217,981	6,260,210	5,450,217	6,247,967
Pass through payments	2,466,791	-	-	-	-	-	-	-	-	-
Bond issuance costs	509,980	-	-	-	2,665,330	-	-	-	-	-
Total expenditures	<u>67,554,303</u>	<u>59,969,215</u>	<u>62,802,404</u>	<u>62,349,304</u>	<u>68,307,946</u>	<u>74,241,713</u>	<u>79,139,334</u>	<u>73,316,850</u>	<u>70,976,352</u>	<u>95,718,805</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(11,873,439)</u>	<u>(7,671,934)</u>	<u>(7,192,441)</u>	<u>1,174,553</u>	<u>(1,025,680)</u>	<u>(1,787,004)</u>	<u>(939,179)</u>	<u>(1,263,475)</u>	<u>594,315</u>	<u>(6,155,854)</u>
Other Financing Sources (Uses):										
Issuance of County deferred loans	1,451,114	1,820,784	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	(9,225,725)	-	-	-	(31,859,549)	-	-	-	-	-
Proceeds of tax allocation refunding revenue bonds	12,795,000	-	-	-	64,125,000	-	-	-	-	-
Bond discount	-	-	-	-	(353,028)	-	-	-	-	-
Bond premium	-	-	-	-	478,662	-	-	-	-	-
Transfers in	16,390,482	4,239,765	5,407,007	3,357,959	31,213,830	2,884,925	3,432,019	2,892,272	6,717,098	13,386,923
Transfers out	(16,200,482)	(4,239,765)	(5,362,007)	(3,357,959)	(31,213,830)	(4,932,925)	(3,432,019)	(2,892,272)	(6,717,098)	(17,343,474)
Net other financing sources (uses)	<u>5,210,389</u>	<u>1,820,784</u>	<u>2,137,207</u>	<u>2,467,720</u>	<u>34,770,537</u>	<u>402,332</u>	<u>2,405,060</u>	<u>2,424,113</u>	<u>2,403,006</u>	<u>(1,443,854)</u>
Change in fund balances	<u>(6,663,050)</u>	<u>(5,851,150)</u>	<u>(5,055,234)</u>	<u>3,642,273</u>	<u>33,744,857</u>	<u>(1,384,672)</u>	<u>1,465,881</u>	<u>1,160,638</u>	<u>2,997,321</u>	<u>(7,599,708)</u>
Fund balances - July 1	<u>37,234,729</u>	<u>30,072,678</u>	<u>22,454,944</u>	<u>20,411,808</u>	<u>24,640,650</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>
Fund balances - June 30	<u>\$ 30,571,679</u>	<u>\$ 24,221,528</u>	<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>
Debt service as a percentage of noncapital expenditures	16.78%	10.10%	10.98%	10.33%	13.68%	11.89%	10.63%	11.26%	10.42%	10.60%

Source: City of Norwalk

City of Norwalk
Governmental Activities Tax Revenues by Sources
Last Nine 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							
2002-03	\$ 4,753,421	\$ 4,122,937	\$ 8,066,778	\$ 5,171,754	\$ 622,080	\$ 699,165	\$ 6,075,514	\$ 1,275,125	\$ 30,786,774
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

*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

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
2001-02	\$ 2,723,471	\$ 363,149	\$ 148,007	\$ 290,177	\$ 37,208	\$ 3,524,804	0.17618%
2002-03	2,883,506	378,738	155,173	280,142	36,701	3,697,559	0.16668%
2003-04	3,118,566	390,323	163,732	296,644	36,864	3,969,265	0.17479%
2004-05	3,419,623	428,060	172,190	305,675	36,859	4,325,548	0.19203%
2005-06	3,789,390	489,793	187,260	288,130	36,859	4,754,573	0.19424%
2006-07	4,310,627	542,293	188,388	287,535	37,368	5,328,843	0.19753%
2007-08	4,786,674	585,750	206,202	335,031	38,844	5,913,657	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	4,404,363	638,634	237,745	277,446	41,012	5,558,188	0.22213%

*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									
	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Total Direct Rate	0.17618	0.16668	0.17479	0.19203	0.19424	0.19753	0.19825	0.20525	0.22484	0.22213
Overlapping Rates:										
City Norwalk Tax District 1	0.06625	0.06625	0.06625	0.06625	0.06625	0.06625	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	0.02459	0.02459	0.02460	0.02460	0.02460	0.02460
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
Consolidated Fire Protection District of LA Co.	0.17004	0.17004	0.17004	0.17004	0.17004	0.17004	0.17000	0.17000	0.17000	0.17000
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
County School Service Fund Norwalk - La Mirada	0.00652	0.00652	0.00652	0.00652	0.00652	0.00652	0.00652	0.00652	0.00652	0.00652
County School Services	0.00137	0.00137	0.00137	0.00137	0.00137	0.00137	0.00137	0.00137	0.00137	0.00137
Educational Augmentation Fund Impound	0.13529	0.13529	0.13529	0.13529	0.13529	0.13529	0.13530	0.13530	0.13530	0.13530
Educational Revenue Augmentation Fund	0.06813	0.06813	0.06813	0.06813	0.06813	0.06813	0.06850	0.06850	0.06850	0.06850
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
LA County Library	0.02248	0.02248	0.02248	0.02248	0.02248	0.02248	0.02250	0.02250	0.02250	0.02250
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
LA County Fire - Ffw	0.00693	0.00693	0.00693	0.00693	0.00693	0.00693	0.00693	0.00693	0.00693	0.00693
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
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 Mirada Southeast Recreation and Park	0.02436	0.02436	0.02436	0.02436	0.02436	0.02436	0.02440	0.02440	0.02440	0.02440
Little Lake Cemetery District	0.00091	0.00091	0.00091	0.00091	0.00091	0.00091	0.00091	0.00091	0.00091	0.00091
Los Angeles County General	0.23242	0.23242	0.23242	0.23242	0.23242	0.23242	0.23210	0.23210	0.23210	0.23210
Norwalk-La Mirada Unified School District	0.18781	0.18781	0.18781	0.18781	0.18781	0.18781	0.18780	0.18780	0.18780	0.18780
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
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	0.02496	0.02779	0.02490	0.02657	0.02745	0.02427	0.02434	0.02388	0.02695	0.02920
Cerritos Community College District	-	-	-	0.01908	0.02423	0.02392	0.01071	0.00994	0.01854	0.02677
Detention Facilities 1987 Debt	0.00113	0.00103	0.00099	0.00092	0.00080	0.00066	-	-	-	-
Downey Unified School District	0.03233	0.03103	0.05130	0.06564	0.07719	0.06148	0.07569	0.05790	0.06507	0.07018
LA County Flood Control	0.00107	0.00088	0.00046	0.00025	0.00005	0.00005	-	-	-	-
Little Lake City School District	0.02773	0.06882	0.06094	0.05313	0.03994	0.03483	0.07499	0.07360	0.07233	0.07647
Metropolitan Water District	0.00770	0.00670	0.00610	0.00580	0.00520	0.00470	0.00450	0.00430	0.00430	0.00370
Norwalk-La Mirada Unified School District	-	-	0.05560	0.05316	0.05368	0.05036	0.05226	0.06271	0.06110	0.06197
Rio Hondo Community College Dist	-	-	-	0.02170	0.01802	0.01469	0.01369	0.02320	0.02714	0.03439
Whittier Union High School District	0.02926	0.02631	0.03793	0.03085	0.04489	0.08918	0.04359	0.03728	0.04224	0.04239
Total Voter Approved Rate	0.12418	0.16256	0.23822	0.27710	0.29145	0.30414	0.29977	0.29281	0.31767	0.34507
Total Direct & Overlapping Tax Rates	1.12418	1.16256	1.23822	1.27710	1.29145	1.30414	1.29977	1.29281	1.31767	1.34507
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	1.00990	1.00861	1.00755	1.00697	1.00604	1.00541	1.00450	1.00430	1.00430	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 Nine Fiscal Years Ago

Taxpayer	2010-11			2001-02		
	Taxable Assessed	Rank	Percentage of Total City	Taxable Assessed	Rank	Percentage of Total City
	Value		Value	Value		Value
Norwalk MM LLC	\$ 64,068,492	1	1.15%	-	-	-
Avalon California Value III LLC	40,524,793	2	0.73%	-	-	-
Target Corporation	35,829,213	3	0.64%	-	-	-
Hekmatravan Family Norwalk LLC	32,493,088	4	0.58%	-	-	-
Sam Menlo Trust	29,622,252	5	0.53%	-	-	-
TGM Palm Country Club Inc.	24,377,794	6	0.44%	-	-	-
McKenna Norwalk LP	21,858,543	7	0.39%	-	-	-
Norwalk Industrial SUB LLC	21,684,189	8	0.39%	-	-	-
Paddison Associates	21,182,258	9	0.38%	-	-	-
Bukewihge Properties LLC	19,097,830	10	0.34%	-	-	-
Starwood OC Portfolio VI LLC				30,561,127	1	0.87%
RPD Norwalk LLC				24,619,992	2	0.70%
Wheelabrator Norwalk Energy Co.				23,405,557	3	0.66%
TGM Palm Country Club Apartments				20,645,353	4	0.59%
OLP Norwalk LLC				17,750,081	5	0.50%
Bloomfield Holding Company Inc				17,740,500	6	0.50%
Price Company				16,386,454	7	0.46%
Zeno Table Company Inc				15,770,000	8	0.45%
Antoine O. and Mary V. Belland				15,680,213	9	0.44%
Montgomery Ward Development Corp.				13,345,680	10	0.38%
	<u>\$ 310,738,452</u>		<u>5.59%</u>	<u>\$ 195,904,957</u>		<u>5.56%</u>

Excludes government and tax-exempt property owners

Source: L.A. County Assessor 2010/11 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⁾
2000-01	\$ 1,437,249	\$ 1,353,084	94.14%	\$ (43,735)	\$ 1,309,349	91.10%
2001-02	1,511,440	1,428,274	94.50%	(32,526)	1,395,748	92.35%
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%

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			
1999 & 2001 Lease Revenue Refunding Bonds	\$ 16,770,000	100.000%	\$ 16,770,000
Total Direct Debt			16,770,000
Overlapping Debt			
Metropolitan Water District	107,259,876	54.600%	585,877
Little Lake City School District DS 2000 Series B	450,000	38.115%	171,518
Little Lake City School District DS 2005 Refunding Bonds	7,850,000	38.115%	2,852,917
Little Lake City School District DS 2006 & 2010 (QSCBS)	16,369,901	38.115%	6,239,407
Whittier Union HSD DS 2005 Ref Bonds	82,472,133	6.149%	5,071,165
Whittier Union HSD DS 2008 SER 2009A	38,001,949	6.160%	2,340,885
Cerritos CC DS 2004 Series 2004A	2,930,000	12.732%	373,054
Cerritos CC DS 2005 Refunding Bonds	22,358,702	12.732%	2,846,758
Cerritos CCD DS 2004 Series 2006	30,645,000	12.732%	3,901,787
Cerritos CCD DS 2004 Series 2009C	53,635,000	12.732%	6,828,923
Rio Hondo CC DS Series 2004A	6,945,000	3.920%	272,242
Rio Hondo CCD DS 2005 Refunding Bonds	44,601,005	3.920%	1,748,348
Rio Hondo CC DS 2009 & 2010 Series	125,037,824	3.920%	4,901,452
ABC USD DS 2003 Refunding Bonds Series A	15,530,000	3.444%	534,833
ABC Unified SD Debt Series 1997 Series B	29,626,700	3.444%	1,020,305
ABC Unified SD Debt Series 2010 Refunding Bonds	10,670,000	3.444%	367,461
Norwalk-La Mirada USD DS 2002 Series-05A	43,918,112	43.394%	19,057,650
Norwalk-La Mirada USD DS 2005 Refunding Bonds	39,620,000	43.394%	17,192,545
Norwalk-La Mirada USD DS 2002 Series 2007A	22,900,602	43.394%	9,937,395
Norwalk-La Mirada USD DS 2002 Series 2007 D	9,410,103	43.394%	4,083,382
Norwalk-La Mirada USD DS 2002 Series 2007 E	21,392,349	43.394%	9,282,910
Norwalk-La Mirada USD DS 2009 Refunding Bonds	11,760,000	43.394%	5,103,087
Total Overlapping Debt			104,713,901
Total Direct and Overlapping Debt			121,483,901

2010/11 Assessed Valuation: \$4,638,780,551 after deducting \$919,407,768 Redevelopment Increment
Debt to Assessed Valuation Ratios: Direct Debt-0%, Overlapping Debt-2.26% Total Debt- 2.26%

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 2010/11 Lien Date Tax Rolls

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	Fiscal Year			
	2001-02	2002-03	2003-04	2004-05
Assessed valuation	\$ 3,525,028,102	\$ 3,697,773,968	\$ 3,969,510,679	\$ 4,325,855,085
Conversion percentage	25%	25%	25%	25%
Adjusted assessed valuation	881,257,026	924,443,492	992,377,670	1,081,463,771
Debt limit percentage	15%	15%	15%	15%
Debt limit	132,188,554	138,666,524	148,856,650	162,219,566
Total net debt applicable to limit:				
General obligation bonds	-	-	-	-
Legal debt margin	<u>\$ 132,188,554</u>	<u>\$ 138,666,524</u>	<u>\$ 148,856,650</u>	<u>\$ 162,219,566</u>
Total net debt applicable to the limit as a percent of debt limit	0%	0%	0%	0%
Norwalk Long Term Debt Outstanding:	\$ 77,804,809	\$ 78,664,006	\$ 79,506,107	\$ 80,636,232
Debt per capita: (2011 Pop 105,549)	\$ 730	\$ 735	\$ 742	\$ 754
Debt as a percentage of personal income:	2%	2%	2%	2%

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					
2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
\$ 4,754,573,629	\$ 5,328,844,193	\$ 5,830,868,429	\$ 6,096,601,866	\$ 5,652,036,105	\$ 5,558,188,319
25%	25%	25%	25%	25%	25%
1,188,643,407	1,332,211,048	1,457,717,107	1,524,150,467	1,413,009,026	1,389,547,080
15%	15%	15%	15%	15%	15%
178,296,511	199,831,657	218,657,566	228,622,570	211,951,354	208,432,062
-	-	-	-	-	-
<u>\$ 178,296,511</u>	<u>\$ 199,831,657</u>	<u>\$ 218,657,566</u>	<u>\$ 228,622,570</u>	<u>\$ 211,951,354</u>	<u>\$ 208,432,062</u>
0%	0%	0%	0%	0%	0%
\$ 115,290,985	\$ 116,127,292	\$ 117,044,353	\$ 118,264,795	\$ 118,520,851	\$ 120,062,210
\$ 1,084	\$ 1,098	\$ 1,110	\$ 1,123	\$ 1,123	\$ 1,138
3%	3%	3%	3%	3%	3%

	Fiscal Year			
	2001-02	2002-03	2003-04	2004-05
Governmental Activities				
Lease Revenue				
Refunding Bond	\$ 22,325,000	\$ 21,795,000	\$ 21,240,000	\$ 20,670,000
Bonds, 1995				
Tax Allocation Refunding				
Bonds, 2005	32,460,000	32,085,000	31,670,000	31,210,000
County deferred loans	19,824,446	21,938,949	24,031,156	26,165,953
Subtotal	<u>74,609,446</u>	<u>75,818,949</u>	<u>76,941,156</u>	<u>78,045,953</u>
Add (deduct) deferred amounts:				
Bond Premium	-	-	-	-
Bond discount	-	-	-	-
Deferred charge on refunding	-	-	-	-
Subtotal	<u>74,609,446</u>	<u>75,818,949</u>	<u>76,941,156</u>	<u>78,045,953</u>
Note Payable	1,310,000	1,015,000	700,000	360,000
Loan Payable	192,740	105,638	8,416	-
Compensated absences	1,692,623	1,724,419	1,856,535	2,056,131
Other post-employment benefits	n/a	n/a	n/a	n/a
Total Governmental Activities	<u>77,804,809</u>	<u>78,664,006</u>	<u>79,506,107</u>	<u>80,462,084</u>
Business-type Activities				
Compensated absences	444,220	368,337	406,285	405,314
Other post-employment benefits	n/a	n/a	n/a	n/a
Total Business-type Activities	<u>444,220</u>	<u>368,337</u>	<u>406,285</u>	<u>405,314</u>
Total long-term liabilities	<u>\$ 78,249,029</u>	<u>\$ 79,032,343</u>	<u>\$ 79,912,392</u>	<u>\$ 80,867,398</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.

Source: City of Norwalk

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

Fiscal Year					
2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
\$ 20,080,000	\$ 19,465,000	\$ 18,830,000	\$ 18,175,000	\$ 17,485,000	\$ 16,770,000
64,125,000	62,865,000	61,820,000	60,735,000	59,605,000	58,430,000
28,545,405	30,995,737	33,400,797	35,824,910	37,198,799	39,711,496
<u>112,750,405</u>	<u>113,325,737</u>	<u>114,050,797</u>	<u>114,734,910</u>	<u>114,288,799</u>	<u>114,911,496</u>
469,303	453,258	437,213	421,168	405,123	389,078
(346,125)	(334,292)	(322,459)	(310,626)	(298,793)	(286,960)
(240,127)	(227,599)	(215,071)	(202,543)	(190,015)	(177,487)
<u>112,633,456</u>	<u>113,217,104</u>	<u>113,950,480</u>	<u>114,642,909</u>	<u>114,205,114</u>	<u>114,836,127</u>
-	-	-	-	-	-
-	-	-	-	-	-
2,202,011	2,436,046	2,558,594	2,616,730	2,304,911	2,167,397
n/a	n/a	n/a	1,005,156	2,010,826	2,909,662
<u>114,835,467</u>	<u>115,653,150</u>	<u>116,509,074</u>	<u>118,264,795</u>	<u>118,520,851</u>	<u>119,913,186</u>
455,518	474,142	535,279	588,109	529,610	510,633
n/a	n/a	n/a	442,480	925,017	1,369,441
<u>455,518</u>	<u>474,142</u>	<u>535,279</u>	<u>1,030,589</u>	<u>1,454,627</u>	<u>1,880,074</u>
<u>\$ 115,290,985</u>	<u>\$ 116,127,292</u>	<u>\$ 117,044,353</u>	<u>\$ 119,295,384</u>	<u>\$ 119,975,478</u>	<u>\$ 121,793,260</u>

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

Norwalk Community Facilities Financing Authority - Lease Revenue Refunding Bonds				
Fiscal Year	Lease Revenue	Debt Service		Coverage
		Principal	Interest	
2001-02	\$ 1,193,811	\$ 445,000	\$ 748,811	1.00
2002-03	1,574,344	530,000	1,044,344	1.00
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

Norwalk Redevelopment Agency - Tax Allocation Refunding Bonds				
Fiscal Year	Tax Increment Revenue	Debt Service		Coverage
		Principal	Interest	
2001-02	\$ 2,846,173	\$ 280,000	\$ 3,137,166	0.83
2002-03	3,423,870	340,000	2,999,035	1.03
2003-04	3,298,350	375,000	3,019,497	0.97
2004-05	4,155,152	415,000	3,494,374	1.06
2005-06	5,438,349	460,000	3,754,756	1.29
2006-07	5,878,760	1,260,000	3,225,960	1.31
2007-08	7,098,189	1,045,000	3,180,073	1.68
2008-09	7,413,967	1,085,000	3,136,549	1.76
2009-10	7,701,815	1,130,000	3,092,046	1.82
2010-11	7,285,293	1,175,000	3,043,664	1.73

Source: City of Norwalk

City of Norwalk
Demographic and Economic Statistics
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Personal Income (in thousands)</u>	<u>Per Capita Personal Income (2)</u>	<u>Unemployment Rate (3)</u>
2001-02	106,523	\$ 1,491,985	\$ 29,865	7.2%
2002-03	106,983	1,525,789	31,494	7.5%
2003-04	107,195	1,571,996	32,040	6.9%
2004-05	106,921	1,650,999	32,961	5.3%
2005-06	106,317	1,722,192	34,481	4.7%
2006-07	105,785	1,819,715	36,433	4.9%
2007-08	105,404	1,881,198	39,519	7.1%
2008-09	105,330	1,894,837	41,128	12.7%
2009-10	105,529	1,851,493	42,195	12.5%
2010-11	105,549	1,902,799	40,867	12.6%

Sources:

State of California, Department of Finance, E-4 Population Estimates for Cities,

(1) *Counties and the State, 2001-2010, with 2000 & 2010 Census Counts. Sacramento, California, August 2011*
Prior year information restated to include Error of Closure adjustment from the California Department
Finance

(2) *Regional Economic Information System, Bureau of Economic Analysis, U.S. Department of Commerce-*
data shown is for the Los Angeles-Long Beach-Glendale Metro Division

(3) *State of California Employment Development Department -Labor market information - LA County*

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

Employer	2010-11			2001-2002		
	Employees	Rank	% of Total City Employment	Employees	Rank	% of Total City Employment
Norwalk-La Mirada Unified School District	1,987	1	10.36%	4,161	1	30.40%
Metropolitan State Hospital	1,450	2	7.56%	1,836	3	13.42%
Cerritos College	1,143	3	5.96%	2,100	2	15.34%
Bally Total Fitness	750	4	3.91%	400	6	2.92%
Los Angeles County Registrar/Recorder	697	5	3.63%	1,216	4	8.88%
California Youth Authority	454	6	2.37%	342	7	2.50%
Target	435	7	2.27%	420	5	3.07%
All California Brokerage	400	8	2.09%			0.00%
City of Norwalk	400	9	2.09%	250	9	1.83%
Little Lake City School District	357	10	1.86%			0.00%
Costco Wholesale	300	11	1.56%	318	8	2.32%
Doty Brother's Construction	300	12	1.56%			0.00%
LA County Sheriff's Department	240	13	1.25%	250	10	1.83%
McDonald's	213	14	1.11%			0.00%
MCI Corrections	200	15	1.04%			0.00%
Southland Care Center	180	16	0.94%			0.00%
Prudential California Realty	150	17	0.78%	234	11	1.71%
US Post Office	134	18	0.70%			0.00%
Norwalk Meadows Nursing	125	19	0.65%			0.00%
Lowe's Home Improvement	120	20	0.63%	150		1.10%
All Other Employers	9,143		47.67%	2,009		14.68%
Total	19,178		100.00%	13,686		100.00%

Source: InfoGroup Prepared by: City of Norwalk--Administration, 10/2011

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

Function	Fiscal Year									
	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
General Government	49	52	50	47	49	50	51	43	42	49
Public Safety	35	33	36	46	51	56	63	53	43	40
Public Services	41	50	54	56	53	58	59	57	46	53
Social Services	23	25	32	29	32	34	35	33	31	28
Recreation	118	121	118	139	154	157	151	116	93	89
Community Development	36	43	44	42	45	46	49	45	38	25
Transit	75	85	88	112	112	134	135	133	131	116
Total	<u>377</u>	<u>409</u>	<u>422</u>	<u>471</u>	<u>496</u>	<u>535</u>	<u>543</u>	<u>480</u>	<u>424</u>	<u>400</u>

Source: City of Norwalk

City of Norwalk
Operating Indicators by Function
Last Ten Fiscal Years

Function	Fiscal Year									
	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Police:										
Calls responded	32,144	34,280	33,872	33,913	32,933	26,624	31,533	24,260	29,702	24,046
Response Time: (minutes)										
Emergency	9.5	9.5	8.3	4.5	4.6	4.0	4.1	3.9	3.7	3.7
Non-Emergency	13.5	15.5	14.6	11.8	12.1	11.7	11.7	10.8	10	10.2
Routine	28.1	28.3	26.4	32.6	32.7	26.0	27.5	27.8	29.7	29.4
Community development:										
Number of residential permits	953	866	1,440	348	3,873	4,694	3,421	2848	1999	2565
Number of commercial permits	183	222	267	4,831	356	496	646	520	507	479
Water:										
New connections	21	3	11	2,715	-	7	2	4	11	0
Average daily consumption (millions of gallons)	660	614	500	500	872	313	222	213	197	189
Sewers:										
New connections	12	20	20	13	23	24	3	3	2	4
Transit:										
Buses-number of riders	1,631,712	1,886,749	2,021,806	2,556,054	2,741,211	2,745,283	2,730,248	2,941,545	2,232,333	2,291,089
Dial-A-Ride-number of riders	20,362	22,785	85,706	85,952	95,018	72,040	21,660	23,121	22,754	18,139

Source: City of Norwalk

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

Function	Fiscal Year										
	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Police:											
Stations	1	1	1	1	1	1	1	1	1	1	1
Fire:											
Stations	3	3	3	3	3	3	3	3	3	2	2
Public works:											
Streets (miles)	187	187	187	181	181	181	181	181	181	180	187
Street lights	5,479	5,479	5,479	5,479	5,479	5,479	5,479	5,479	5,479	5,479	5,479
Traffic lights	83	83	83	83	83	84	86	86	87	83	81
Parks and recreation:											
Parks	14	14	13	13	13	13	13	13	14	14	14
Community centers	1	1	1	1	1	1	1	1	1	1	1
Sports center	1	1	1	1	1	1	1	1	1	1	1
Water:											
Water mains (miles)	36	36	36	36	40	40	40	40	40	40	40
Maximum daily capacity (million gallons per day)	4	4	3	3	4	4	4	4	4	4	4
Waste water:											
Sanitary sewers (miles)	180	180	180	180	180	180	180	180	180	180	180
Transit:											
Buses	23	27	28	32	38	29	36	32	36	33	33
Dial-A-Ride Vans	4	8	7	19	19	18	19	8	7	7	7

Source: City of Norwalk

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**Report 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 City Council of the
City of Norwalk, California**

We have audited the financial statements of the City of Norwalk, California (the City), as of and for the year ended June 30, 2011, and have issued our report thereon dated December 23, 2011. 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.

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, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

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 misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of 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*.

This report is intended solely for the information and use of management and members of the City Council and is not intended to be and should not be used by anyone other than these specified parties.

Vargay + Company LLP

Los Angeles, California
December 23, 2011

