

**Comprehensive Annual Financial Report**  
**City of Norwalk, California**  
*For the Fiscal Year Ended June 30, 2010*

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CITY OF NORWALK  
CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2010

NORWALK CITY COUNCIL

**Gordon F. Stefenhagen**

Mayor

**Jesse M. Luera**

Vice Mayor

**Cheri Kelley**

Councilmember

**Mike Mendez**

Councilmember

**Rick Ramirez**

Councilmember

**Ernie V. Garcia**

City Manager

**Jana Stuard**

Acting Director of Finance/City Treasurer

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CHERI KELLEY  
Mayor  
GORDON STEFENHAGEN  
Vice Mayor  
JESSE M. LUERA  
Councilmember  
MICHAEL MENDEZ  
Councilmember  
RICK RAMIREZ  
Councilmember  
ERNIE V. GARCIA  
City Manager



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December 29, 2010

**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, 2010, 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

This report conforms to the latest financial reporting model developed by the Governmental Accounting Standards Board (GASB Statement 34). In addition to the fund-by-fund financial information, government-wide financial statements are also presented. The government-wide financial statements include a Statement of Net Assets that provides the total net equity of the City including infrastructure and the Statement of Activities that shows the cost of providing government services. These statements have been prepared using the accrual basis of accounting versus the modified accrual method used in the fund financial statements. A reconciliation report is provided as a key to understanding the changes between the two reporting methods. In addition, this latest reporting model includes an emphasis on the City's major funds as shown in the Governmental Fund Statements. These statements, combined with other information, are further analyzed in a narrative section called Management's Discussion and Analysis (MD&A). The MD&A provides financial highlights and interprets the financial reports by analyzing trends and explaining changes, fluctuations and variances in the financial data. Furthermore, the MD&A is intended to disclose any known significant events or decisions that affect the financial condition of the City.

Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with management. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner that presents fairly the financial position and results of operations of the various funds, account groups and component units of the City of Norwalk, California. All disclosures necessary to enable the reader to gain an understanding of the City of Norwalk's activities have been included.

## **THE CITY AND ITS SERVICES**

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 109,567. 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.

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.

Norwalk is a contract city which provides various municipal services to our 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.

Known in the Transportation community, the City has one of the state's most successful and responsive municipal transit services, the Norwalk Transit System (NTS). 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.

Another distinctive City service is our Social Services Department. 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 recently re-opened 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 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.

### **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.

## **ECONOMIC OUTLOOK**

The City's finances and the ability to pay for essential services are dependent on the local economy and legislative actions of the Federal and State governments. In the present of fiscal difficulty or for other politically driven agendas, both the Federal and State governments have cut funding to local governments. The state, in particular has shown historically that it can and will unilaterally take and shift local governments' revenues to balance its budget or meet other financial obligations. Local government was successful in launching an effort changing this practice in November 2004, when the voters of California approved Proposition 1A. This measure amended to the California state constitution to restore predictability and stability to local government budgets. Proposition 1A strengthens prohibitions against unfunded state mandates by requiring the state to suspend state mandates in any year the Legislature does not fully fund those laws. It prohibits the state from reducing the local Bradley Burns Uniform Sales & Use Tax rate or altering its method of allocation. Bars further decrease of Vehicle License Fee (VLF) revenue from the 0.65% rate without providing replacement funding to cities and counties. And lastly, prohibits the Legislature from reducing the share of property tax revenues going to the cities, county and special districts unless there are special circumstances to which such situation requires 2/3 approval in each house.

Although the passage of Proposition 1A has provided a sense of economic stability to Norwalk allowing for better planning of services to our community, the City continues strategizing with the conservative approach to budgeting each fiscal year as the State will likely consider local government coffers when its spending becomes an issue in weaker economic times. The city will continue to seek opportunities for future growth and development that includes more attractive neighborhoods, a safer city, and improved educational opportunities

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.

Economic forecast for the upcoming year anticipates a slow recovery of California's economy for the upcoming two years, during which consumer weakness will likely continue.

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 \$25.4 billion between now and the time the Legislature enacts a 2011-12 state budget plan. The budget problem consists of a \$6 billion projected deficit for 2010-11 and a \$19 billion gap between projected revenues and spending in 2011-12.

The City's operational results and financial position remain favorable for the fiscal year ended June 30, 2010. The City reserves and designations of the General Fund's fund balance have increased by \$3 million. The increase was primarily due to savings under personnel expenses and a transfer in from the Traffic Congestion Relief Fund which helped General Fund to offset the street maintenance related costs. The City's conservative approach in budgeting for revenue and a stringent expenditure policy has position 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, look at various options such as privatization of City functions where we cannot economically compete with the private sector, renewed focus on a proactive economic development effort, and a continued focus on our human development effort to reshape and retrain our 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 2010-11 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 Initiatives**

The City of Norwalk continues its efforts to implement ambitious plans for future growth and development that includes more attractive neighborhoods, a safer city, and improved educational opportunities. Future development plans call for the creation of light industrial and commercial opportunities that will pave the way for the development of shopping opportunities and employment. These efforts are enhanced by a surge in reasonably priced home ownership opportunities.

### **Transportation:**

The City of Norwalk is at the heart of an expanding transportation network, due to its location seventeen miles southeast of Los Angeles, California, in the geographic center of Southern California. The City is ideally situated for regional business development, with the I-5, I-105 and I-605 freeways bisecting the City. The opening of Norwalk's Metrolink and Green Line commuter rail stations has enormously improved access to the City's business centers. Employees working in Norwalk are able to commute to their workplace from Ventura, Los Angeles, Orange, Riverside, San

Bernardino, and San Diego counties (Metrolink) and from the Los Angeles International Airport to the Norwalk MTA Station (Green Line). The Norwalk Transit System provides fixed route bus service, seven days a week, within Norwalk and to adjacent communities. Norwalk Transit provides Dial-A-Ride service for Norwalk seniors and disabled residents within the jurisdictional boundaries of the City of Norwalk. Weekday Dial-A-Ride service after 7:00 p.m. is provided by taxicabs, under contract to the City's taxi voucher program. Norwalk also contracts for inter-jurisdictional taxi voucher service for medical trips to eligible residents. Completion of a new Transportation Administration Building, maintenance facility and Public Services Building, including warehouse facilities in 2002, greatly enhanced service delivery efficiency for these services. The growth in the City's transit department into a regional transportation provider is yet another example of our community's new strength in serving residents needs and promoting entrepreneurial opportunities.

### **Water:**

The acquisition of the County Water Company has benefitted the residents of the City of Norwalk. Post acquisition has allowed the City to adapt to more stringent water quality regulations with a larger rate base to make necessary improvements in staffing and infrastructure. The consolidation of the water services allowed the City to replace any undersized mains ensuring adequate water pressure benefitting public health and safety by providing for the fire protection needs of residents and businesses.

### **Parks & Recreation:**

The expansion and enhancement of recreation opportunities continues to be a commitment of the City of Norwalk. Turf, irrigation, tee boxes, greens, fencing, and the clubhouse all received attention during this year's renovation of the Norwalk Golf Center. Further, playgrounds at Lakeside, Hollifield, and Bob White parks were renovated offering Norwalk youth beautiful new places to let their imaginations run wild. Additionally, safety surfacing at Gerdes and Norwalk Parks was replaced to ensure many years of continued safe play. The Norwalk Arts & Sports Complex was repainted and the roof of the Cultural Arts Center replaced improving the look and functionality of Norwalk's most used recreational facility. At the end of year 2007, Mendez Park was dedicated to the community. It features a brand new community center, interactive splash play area, walking paths, energy-efficient outdoors lighting, and expanded turf areas. For next year, plans are underway for development of a Master Plan Design for Hermosillo Park, renovations of the facility at Vista Verde Park, and renovation of the restrooms at the Community Meeting Center of the Norwalk Arts & Sports Complex.

### **Public Safety:**

City's public safety efforts are a top priority and have continued the law enforcement efforts that led to the City designation among "America's Safest" communities in 1997. During the year, the department continued to implement a comprehensive pedestrian safety education and enforcement campaign through an Office of Traffic Safety grant. The Public Safety Department and Norwalk Sheriff Station combine efforts to enhance safety awareness through education and enforcement. Outreach during the year also included school assemblies and other safety workshops. Public Safety continued its second year of the Traffic Safety Community Court, an informal court process dedicated to providing traffic safety education to traffic offenders in lieu of receiving a traffic citation.

Collaboration efforts through the Multi-Agency Focus Team, consisting of representatives from social services agencies, law enforcement, probation, courts, and the schools, continued to provide support to children and families, ensuring long-term success. Together, the members of the team work together to establish early positive patterns of youth behavior so that youth will improve attendance, set goals, and become successful members of the Community.

The City of Norwalk, over the last year, has strengthened its partnership with the Los Angeles County Probation Department, which has resulted in the City securing a full time adult Probation Officer position to address ongoing criminal activity caused by adult probationers within Norwalk. The Probation Officer is assigned to monitor the activities of probationers and interact with law enforcement agencies, the probationers' families, friends, and neighbors to ensure the probationers are engaged in constructive activities. Through a positive partnership with Norwalk Sheriff's, the Probation Officer serves an important role working with the Special Enforcement Suppression Team by conducting joint enforcement operations, enforcing probation violations, and holding probationers accountable for their crimes.

This year, the City celebrated its 13-year anniversary of its partnership with the California Youth Authority (CYA), Southern Reception Center/Clinic, for the Scared Straight Intervention Program. The program is designed to educate parents and their child on the realities of the juvenile justice system and the consequences youth may face if they choose a life of crime. Youth that are identified as high-risk offenders or at-risk by the Family Intervention Team are assigned to attend this program. The unique aspect of the program includes processing the attending youth as if they were entering into the California Youth Authority as inmates. They are fingerprinted, photographed, assigned a number (the idea is to take their identity away, as they know it), and they interact with inmates. At the same time, parents are interacting with other parents, and CYA staff members provide parenting skill building tips to address their child's disruptive behavior. This also allows parents to discuss with other parents the frustration and pain they are experiencing with their at-risk child as a result of their delinquent behavior. The program is administered on the first Friday of each month from 6:00 p.m. – 8:00 p.m. Scared Straight continues to be a success in raising awareness of consequences of delinquent youth behavior.

Through the Community Service Program, also administered by Public Safety staff, in lieu of payment for fines imposed by the Juvenile Traffic Court, Probation and/or the City of Norwalk, youth are provided the opportunity to work off their fines or bill for each hour of community service work they perform. Tasks include removing and/or painting over graffiti in the community, and cleaning city parks and public areas. When youth perform this work, it reinforces immediate consequences for adverse and criminal behavior. The Public Safety Officers who work with the program are able to use this time to educate the juveniles on the importance of respecting public and private property. In addition, the officers are able to establish a positive rapport with the juveniles, providing strong support and serving as role models. The program provides consistency and structure for youth who are in need of such reinforcement.

During the fiscal year, the City was successful in securing another grant through the Office of Traffic Safety, to address traffic safety activity related to speeding and drinking and driving. This two-year grant has allowed the purchase of capital equipment to aid in the City's speeding enforcement efforts, such as vehicle speed feedback signs, radar trailers, and liquor detection devices. The grant also provides funding for several DUI sobriety checkpoints scheduled in 2009-10 fiscal year.

Lastly, through an agreement with the City of Cerritos, Norwalk victims of crime are receiving fingerprint identification services provided by Norwalk Public Safety Officers, trained in retrieving of latent prints. This service is now into its sixth year. In 2009-10, Officers completed fingerprinting on recovered stolen vehicles, burglaries, robberies, bank involved threat situations, and other crime scenes. The results have been overwhelmingly positive. Detectives are now able to solve cases more quickly and obtain solid case filings with the District Attorney's office, resulting in increased arrests and convictions of suspects.

### **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.

The Redevelopment Agency has played a vital role in the revitalization of the City's major commercial and industrial areas. Its purpose is to stimulate new private investment, such as the attraction of two **Target Stores** and a **Wal-Mart** store to the community. The Agency is also supportive of maintaining a healthy and stable business environment for existing business owners.

Major business retention projects include the creation of additional retail shopping opportunities at Imperial Highway and Hoxie Avenue, the McKenna Motors Expansion project, and the improvement of the parking area for the Norwalk Superior Court. Additional efforts include the continued development of the Norwalk Entertainment Center. Future studies are planned to evaluate the potential uses for the "Norwalk Tank Farm", including creation of light industrial, commercial and recreational facilities.

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 Centrepont Villas Senior Housing Project. This 240-unit project created new affordable housing opportunities for our low and moderate-income senior population.

### **MAJOR INITIATIVES FOR THE FUTURE**

The following list of projects explains the Norwalk Redevelopment Agency's major initiatives:

#### **Norwalk Entertainment Center Project**

The Agency entered into a disposition and development agreement to create a six-tenant food court and a sit-down restaurant pad of approximately 6,000 square feet. An additional restaurant use is being considered for this site. Plans include the provision of additional parking to support this use.

#### **McKenna Motors Expansion**

A loan from the Agency was used to provide expansion opportunities for a successful new and used automobile dealership. Future efforts could provide for potential Agency involvement in land acquisition to allow for additional expansion of the sales area.

#### **Norwalk "Tank Farm" Project**

The Agency has included this property within the boundaries of the Merged Redevelopment Project Area. The U.S. Air Force anticipates the sale of this property to a private developer and Kinder-Morgan will remain obligated to fully remediate the site. The reuse of the property will include light industrial, commercial and recreational land uses.

#### **Paddison Square Redevelopment Project**

Agency assistance was provided to facilitate the opening of a Target retail center in 2002. A major façade, site improvement and new building construction rehabilitated the remaining portion of the



shopping center and increased shopping opportunities were completed. A number of new dining establishments have been established. One of which is a new Applebee's restaurant that has been opened as part of this project.

#### Hoxie/Imperial Shopping Center Project

Efforts are underway by the Agency to assist in the attraction of a substantial retail user for this site, most likely anchored by a nationally recognized retail use. The site's prime location, with easy access to the I-605, I-5, and I-105 Freeways makes it an ideal location for additional regional retail business.

#### Adoree/Norwalk Project

Additional parking supporting the Civic Center/Entertainment Center will be constructed to support the public uses in the area.

#### Studebaker/Firestone Project

The Studebaker/Firestone area contains a neighborhood commercial shopping center that was originally developed 50 years ago. Its original anchor supermarket closed and the balance of the uses was not able to attract enough customers to maintain the vitality of the center. The buildings on the site have been demolished and new construction has replaced the older, inefficient design.

Additional efforts will continue to evaluate the restaurant property located on the southeast corner of the intersection in order to bring in additional commercial uses.

#### Firestone Boulevard Commercial Corridor Project

Agency staff is evaluating developer interest in land assemblage for the creation of retail shopping areas, ownership units (residential condominiums) or mixed-use projects, along the Firestone Boulevard commercial corridor. Staff anticipates retail as a replacement use for the closed Keystone Ford site.

#### I-5 & Carmenita (Lowe's Home Improvement Warehouse) Project

Efforts are underway by Agency staff to assist the property owner in the development of a retail component to compliment the adjacent home improvement warehouse store.

#### Five Points Project

Agency staff is soliciting developer interest in land assemblage for the creation of a retail shopping area, at the intersection of San Antonio Drive, Rosecrans Avenue and Pioneer Boulevard.

#### Alondra/Pioneer Project

Efforts are underway to identify property owners willing to participate with the Agency in a significant commercial rehabilitation project in the Alondra Boulevard/Pioneer Boulevard area. Substantial new construction or reconstruction is contemplated, which would include signage enhancements, landscaping, building and façade improvements and increased lighting, and new, viable retail use.

#### Bloomfield/Imperial Project

The Agency is evaluating development of a mid-rise office project with supportive retail users, including a level of off-site improvement, which would be used to facilitate construction of the project.

### Commercial Business Retention Program

The Agency has identified various commercial properties in need of improvement. The purpose of the Business Retention Program is to assess the costs and benefits associated with commercial revitalization program strategies and determine the need for additional business development incentives. This type of project is aimed at improving the physical condition of commercial properties within Agency eligible areas and will serve to leverage available funds to increase the economic viability and job creating potential of the designated project areas.

Other potential projects that will support and expand the goals and objectives of the Agency's Implementation Plan will be considered, including projects to improve site suitability and provide for commercial expansion. The development and implementation of any potential project is contingent upon the availability of funding and approval by the Agency.

### **OTHER FINANCIAL INFORMATION**

#### **Internal Controls**

The management of the City is responsible for establishing, monitoring and maintaining an internal control structure designed to ensure that the assets of the City are safeguarded and protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements, in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives were met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be delivered; and (2) the valuation of costs and benefits requires estimates and judgments by management.

#### **Budgeting Controls**

In addition, the City maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City's governing body. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the level of total appropriations for the City, 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. Appropriations lapse at the end of the fiscal year unless they are re-appropriated through the formal budget process. The City controls expenditures with the aid of encumbrances. Any revisions that alter total appropriations of the City must be approved by the City Council.

#### **Single Audit**

As a recipient of federal, state and county financial assistance, the City also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management and the independent auditor of the City.

As a part of the City's single audit, described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs, as well as to determine that the City has complied with applicable laws and regulations. The results of the City's single audit for the fiscal year ended June 30, 2010, provided no instances of material

weaknesses in the internal control structure or significant violations of applicable laws and regulations.

### **Appropriation Limitation**

As set forth by the Gann Initiative, which became law in the State of California in 1979 and was amended by Proposition 111, the City's appropriation limitation for 2009-10 was calculated at \$63.1 million. Appropriation subject to limitation totaled \$35 million or about 55% of the City's legal appropriation limitation.

### **Debt Administration**

On June 30, 2010, the City and its component units had a number of outstanding debt issues. These issues included \$9,365,000 in 2001 Lease Revenue Bonds and \$8,120,000 in 1999 Lease Revenue Refunding Bonds, \$32,085,000 in 2005 Series A Tax Allocation Refunding Revenue Bonds and \$27,520,000 in 2005 Series B Tax Allocation Refunding Revenue Bonds. Under current state statutes, the City's general obligation bonded debt issuances are subject to a legal limitation based on 15% of total assessed value of real and personal property. As of June 30, 2010, the City's legal limit was \$833,728,248.

Bank of New York, acting as Fiscal Agent, is responsible for the 2005 Series A and B Tax Allocation Refunding Revenue Bonds, 2001 Lease Revenue Bonds and 1999 Lease Revenue Refunding Bonds. The Fiscal Agent is responsible for overseeing the placement and handling of funds received by the City through lease agreements and tax increments. The Fiscal Agent is also responsible for dispensing funds to cover interest payments and maturing issues. Complete details of the debt servicing are contained in Note 7 in the Notes to Financial Statements.

### **City Retirement Costs**

Notes 9 and 10 in the Notes to Financial Statements explains in detail the financing of the City's Retirement Program. Significant financial information has been disclosed in the Notes in order to comply with GASB Statement Number 5 and related GASB Statements subsequently issued. Employer contribution rates are reviewed and adjusted annually.

Additionally, the City has certain post-retirement health care benefits available to full-time employees. These OPEB benefits are financed on a pay-as-you-go basis. Additional information on the City's retirement and post-employment benefits can be found in Note 13 in the notes to the financial statements.

### **Cash Management**

The City of Norwalk operates its pooled idle cash investments under the Prudent Man Rule (Civil Code Section 2261, et seq.), which in essence states that "in investing property for benefit of another, a trustee shall exercise the judgment and care, under circumstances then prevailing, which men of 'prudence,' or discretion, and intelligence exercise in the management of their own affairs."

The City's cash management system is designed to monitor and forecast expenditures and revenues accurately, and to invest funds to the fullest extent possible. The City attempts to obtain the highest available investment yields consistent with the criteria established and outlined in the City's Investment Policy.

Cash temporarily idle during the year was invested in Local Agency Investment Fund, corporate notes and U.S. Government Securities Trust. The average interest rate earned on the different

types of investments during fiscal year 2009-2010 ranged between 0.528% and 7.8%. Cash and cash equivalents represent approximately 19.4% of the City's total assets.

### **Risk Management**

The City participates in the California Joint Powers Insurance Authority. The purpose of this organization is to reduce the cost of liability insurance coverage by having the member cities act as self-insurers among themselves. Note 17 of the Notes to Financial Statements explains in detail the premium and liability coverage of the members.

### **Independent Audit**

State statute requires an annual audit by independent certified public accountants. The accounting firm of Vasquez & Company LLP was selected by the City Council with the recommendation of the Director of Finance. In meeting the requirements set forth in state statutes, the audit was also designed to meet the requirements of the Federal Single Audit Act of 1984 and related OMB Circular A-133. The auditor's report on the general-purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report.

Once again, the City's independent auditor, Vasquez & Company LLP, has issued an unqualified opinion on the report. The auditor's reports related specifically to the single audit are included in the Single Audit report.

### **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, 2009. That was the 23<sup>rd</sup> year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

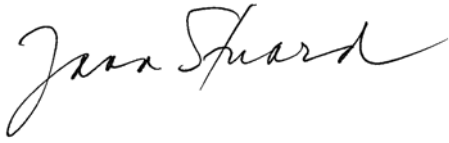
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

### **Acknowledgments**

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

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

Respectfully submitted,

A handwritten signature in black ink, reading "Jana Stuard". The signature is written in a cursive style with a large initial "J" and a long, sweeping tail.

Jana Stuard  
Acting Finance Director / Treasurer

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**City of Norwalk, California  
List of Elected Officials and Management Personnel  
June 30, 2010**

**ELECTED OFFICIALS**

Gordon F. Stefenhagen, Mayor  
Jesse M. Luera, Vice Mayor  
Cheri Kelley, Councilmember  
Michael A. Mendez, Councilmember  
Rick Ramirez, Councilmember

**CITY MANAGER AND DEPARTMENT HEADS**

City Manager .....	Ernie V. Garcia
Assistant City Manager .....	Thomas E. Lynch
Acting 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

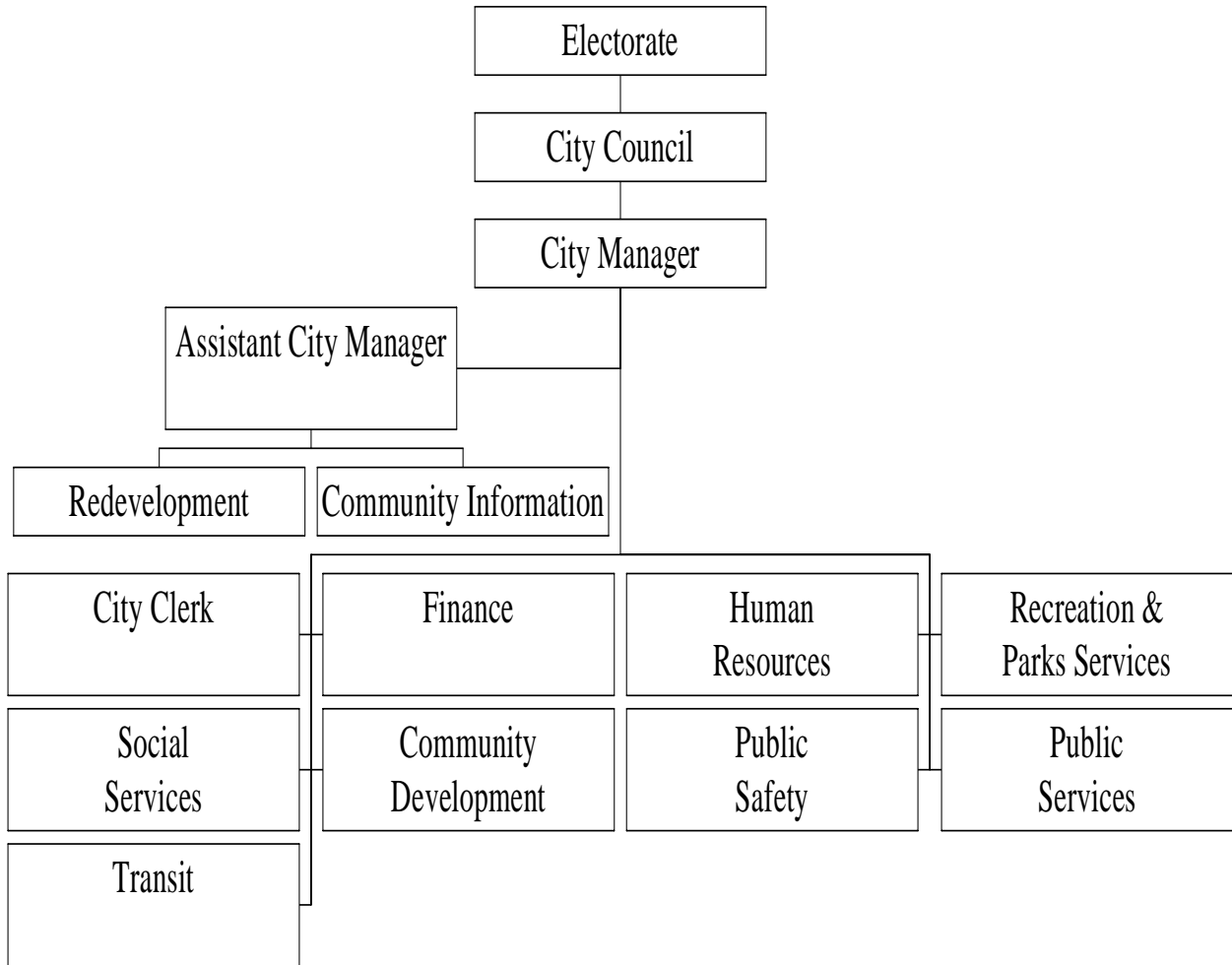
**RECOGNITION**

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, 2009

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.



President

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, 2010, 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.

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, 2010, 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.

The management's discussion and analysis, the budgetary comparison information, and the public employees retirement system schedule of funding progress as listed in the table of contents, are not required parts of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Norwalk's basic financial statements. The introductory section, the supplemental combining financial statements, supplemental schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplemental combining financial statements and supplemental schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

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In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2010 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.

Vargay + Company LLP

**Los Angeles, California**  
**December 22, 2010**



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, 2010. 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, 2010, 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, 2010, The City's total assets were \$307.4 million and total liabilities \$137.8 million, resulting in net assets of \$169.6 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 \$1.2 million.
- The City's net assets of governmental activities decreased by \$5.9 million as a result of this year's operations. Net assets of the City's business-type activities increased by \$4.7 million.
- The City's total debt increased \$0.7 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 \$77.1 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 \$217 million in total assets. Out of this amount \$12.5 million, or approximately 5.7%, are non-depreciable assets, and \$204.5 million, or approximately 94.3%, 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 \$62.6 million, an increase of \$3 million. Approximately \$33.1 million is unreserved, out of this amount \$11.8 million is available for spending at the City's discretion.
- At June 30, 2010, the General Fund balance was \$21.7 million, an increase of \$3 million from prior year balance of \$18.7 million. The unreserved fund balance was \$11.8 million.

- The actual General Fund revenues and operating transfers in of \$41.3 million represented an increase of \$0.5 million from the prior year actual of \$40.8 million, and an increase of \$930 thousand from the final budget of \$40.4 million.
- The actual General Fund expenditures and operating transfers out of \$38.3 million represented a decrease of \$2.9 million from the prior year actual of \$41.2 million, and a decrease of \$5.2 million from the final budget of \$43.5 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 28 and 30, immediately following the Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances for Governmental Funds.

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

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

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

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

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

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

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The following summaries of net assets and of changes in net assets are presented for the fiscal years ended June 30, 2010 and June 30, 2009.

**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, 2010, as shown in Table 1, were \$169.5 million.

**Table 1  
Net Assets  
(in thousands)**

	Governmental activities		Business-type activities		Government-wide Total	
	2010	2009	2010	2009	2010	2009
Current and other assets	\$ 94,384	\$ 91,264	\$ (3,980)	\$ (3,913)	\$ 90,404	\$ 87,351
Capital assets	190,227	198,976	26,764	21,117	216,991	220,093
Total Asset	284,611	290,240	22,784	17,204	307,395	307,444
Long-term liabilities	118,521	118,265	1,455	1,030	119,976	119,295
Other liabilities	16,136	16,121	1,736	1,274	17,872	17,395
Total Liabilities	134,657	134,386	3,191	2,304	137,848	136,690
Net assets						
Invested in capital assets, net of related debt	149,429	147,891	26,764	21,117	176,193	169,008
Restricted	34,152	35,531	-	-	34,152	35,531
Unrestricted	(33,627)	(27,568)	(7,171)	(6,218)	(40,798)	(33,786)
Total net assets	\$ 149,954	\$ 155,854	\$ 19,593	\$ 14,899	\$ 169,547	\$ 170,753

The City's Government-wide total net assets were \$169.5 million, with assets of \$307.4 million and liabilities of \$137.8 million. The net investment in capital assets, net or capital debt, was \$176.2 million. Another portion of the City's net assets, \$34.1 million, represents resources that are subject to external restrictions in how they may be used. The remaining negative balance of \$40.8 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.

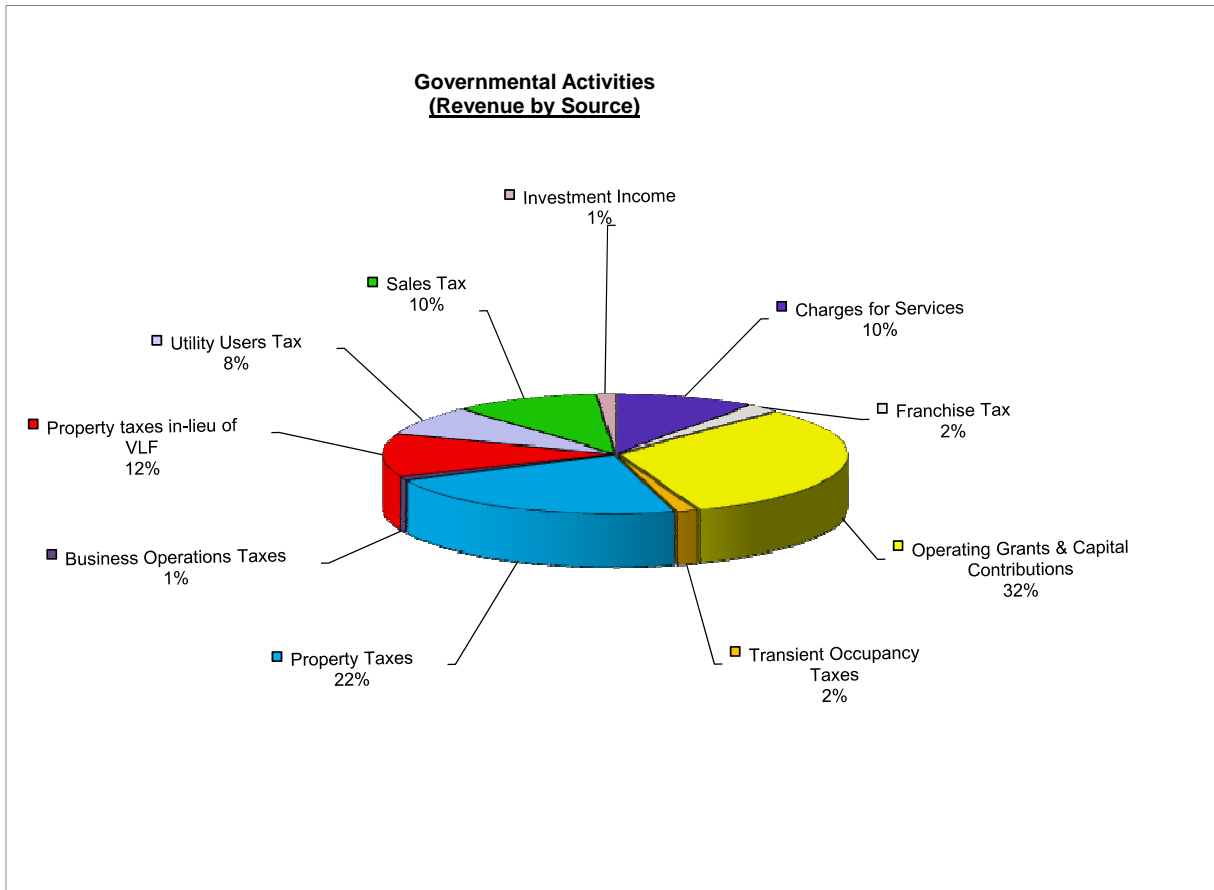
**Table 2**  
**Changes in Net Assets**  
**(in thousands)**

	Governmental activities		Business-type activities		Government-wide Total	
	2010	2009	2010	2009	2010	2009
Revenues:						
Program Revenues:						
Charges for services	\$ 7,276	\$ 7,250	\$ 6,498	\$ 5,575	\$ 13,774	\$ 12,825
Operating grants and capital contributions	23,678	19,890	7,224	8,412	30,902	28,302
Capital grants and contributions	-	50	8,340	2,528	8,340	2,578
General Revenues:						
Taxes:						
Sales taxes	7,520	8,668	-	-	7,520	8,668
Property taxes	16,341	15,743	-	-	16,341	15,743
Utility users taxes	5,974	6,023	-	-	5,974	6,023
Business license taxes	649	637	-	-	649	637
Transient occupancy taxes	1,021	1,166	-	-	1,021	1,166
Motor vehicle taxes	8,536	9,208	-	-	8,536	9,208
Other taxes	1,616	1,637	-	-	1,616	1,637
Use of money and property	926	3,054	10	-	936	3,054
Other	-	-	-	-	-	-
Total Revenues	<u>73,537</u>	<u>73,326</u>	<u>22,072</u>	<u>16,515</u>	<u>95,609</u>	<u>89,841</u>
Expenses:						
General government	9,703	9,060	-	-	9,703	9,060
Public safety	11,979	12,666	-	-	11,979	12,666
Urban development	7,681	8,037	-	-	7,681	8,037
Highways and streets	18,252	14,680	-	-	18,252	14,680
Culture and leisure	6,271	7,106	-	-	6,271	7,106
Health and welfare	20,023	20,798	-	-	20,023	20,798
Interest and fiscal charges	5,528	6,338	-	-	5,528	6,338
Transit system	-	-	13,612	13,332	13,612	13,332
Water	-	-	3,416	3,133	3,416	3,133
Golf course	-	-	350	394	350	394
Total Expenses	<u>79,437</u>	<u>78,685</u>	<u>17,378</u>	<u>16,860</u>	<u>96,815</u>	<u>95,545</u>
Change in net assets	(5,900)	(5,359)	4,694	(345)	(1,206)	(5,704)
Net assets - beginning of year	155,854	161,213	14,899	15,244	170,753	176,457
Net assets - ending of year	<u>\$ 149,954</u>	<u>\$ 155,854</u>	<u>\$ 19,593</u>	<u>\$ 14,899</u>	<u>\$ 169,547</u>	<u>\$ 170,753</u>

### **Governmental Activities**

Revenues for the City's governmental activities increased 0.3%, from \$73.3 million last fiscal year to \$73.5 million in this fiscal year. Key elements of significant changes are as follows:

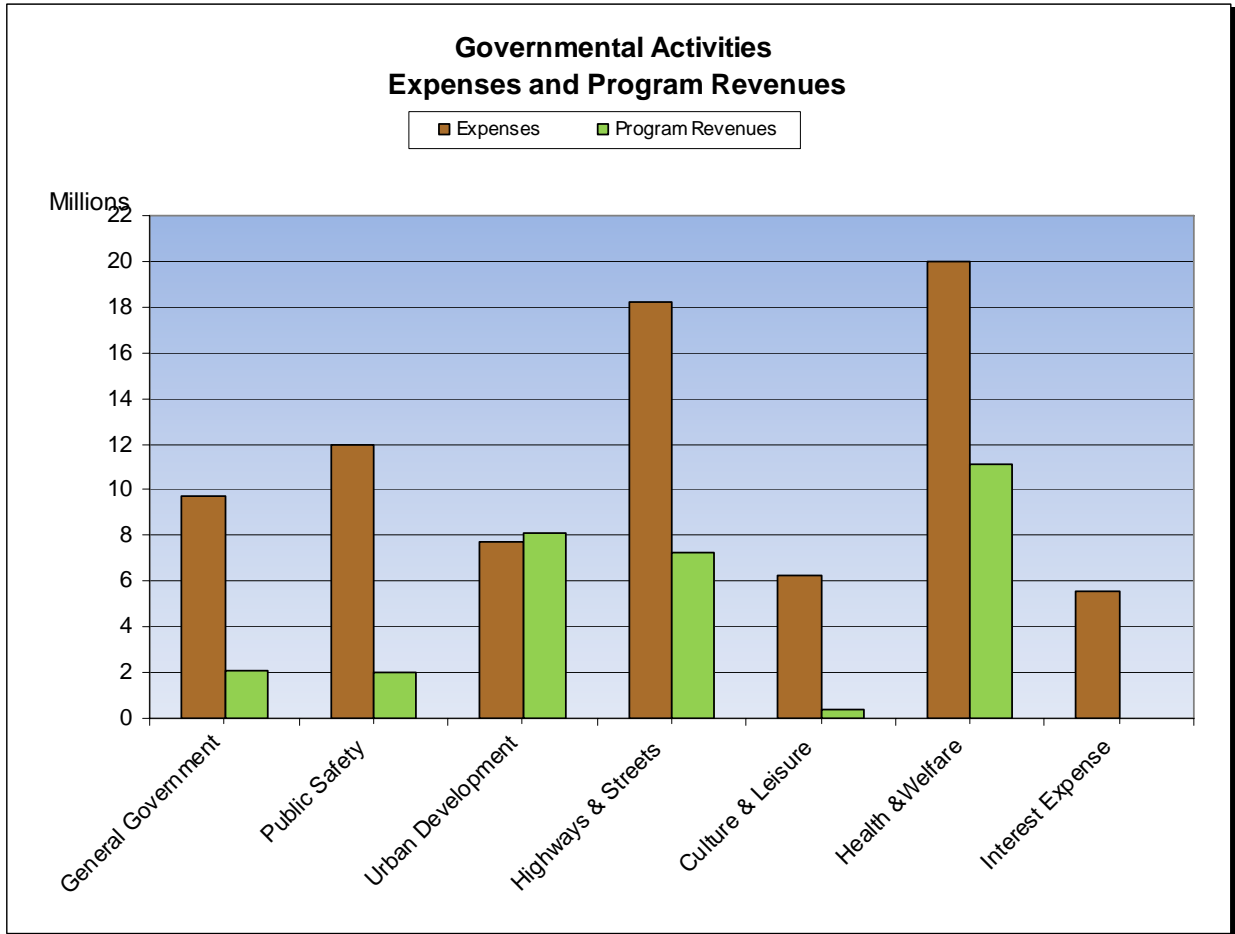
- The largest revenue source was operating grants and contributions at \$23.7 million, increasing \$3.8 million, or 19%, from the preceding fiscal year.
- The second largest revenue source was property taxes, general revenue, at \$16.3 million, which increased \$0.6 million, or 3.8% increase, from the prior fiscal year. The City continues to benefit from the increase in taxable real property values during the fiscal year despite the slowing housing market.
- The third largest revenue source was property taxes in-lieu of VLF. Property taxes in lieu of VLF are a new revenue stream that was "swapped" with the City's vehicle license fee (VLF) revenues beginning in fiscal year 2004-05. The State took action to permanently reduce the VLF rate from 2.0% to 0.65% that impacted local governments significantly. To make affected cities financially whole, it took subsequent action to swap the lost VLF revenues for its property taxes. The unexpected result from this legislation benefited the City due to recent years' increase in property values. During fiscal year 2009-10, the City received \$8.5 million in VLF revenue. A decrease of \$0.7 million, or 7%, from the preceding fiscal year.
- The fourth largest revenue source was sales taxes, general revenue, at \$7.5 million, a decrease of \$1.1 million, or 13%, from the preceding fiscal year. A slow economy and high unemployment has affected most general consumer's discretionary spending. For the fiscal year, the industry groups adversely affected were Autos & Transportation and Building & Construction.



The cost of providing all governmental activities this year was \$79.4 million. Program revenues funded \$31 million, or 39% 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 2010, these expenses represented \$20 million, or 25% of governmental activities. Approximately \$11.1 million was funded with program revenues. The decrease from the preceding fiscal year was \$0.8 million and is largely contributed by modified service levels in Social and Child Care services.
- Highway and Streets, was the second largest category of governmental activities, at \$18.3 million, it represented 23% of the total expenses; it increased \$3.6 million from the prior fiscal year. The increase in expense is related to the additional maintenance activity within this department and is offset by higher program revenues. Approximately \$7.2 million in expense was funded with program revenues.
- Public Safety expense category was the third largest at \$12 million, or 15% of governmental activities, of which approximately \$2 million was funded with program revenues. Expenses of this category decreased \$0.7 million, or 5.4% compared to prior fiscal year.

- General Government, the fourth largest category of governmental activities recorded expenses at \$9.7 million; it represented 12% of total governmental expenses. Program revenues funded \$2.1 million of General Government expense category. Expenses in this category recorded an increase of \$0.6 million, or 7% compared to preceding fiscal year.

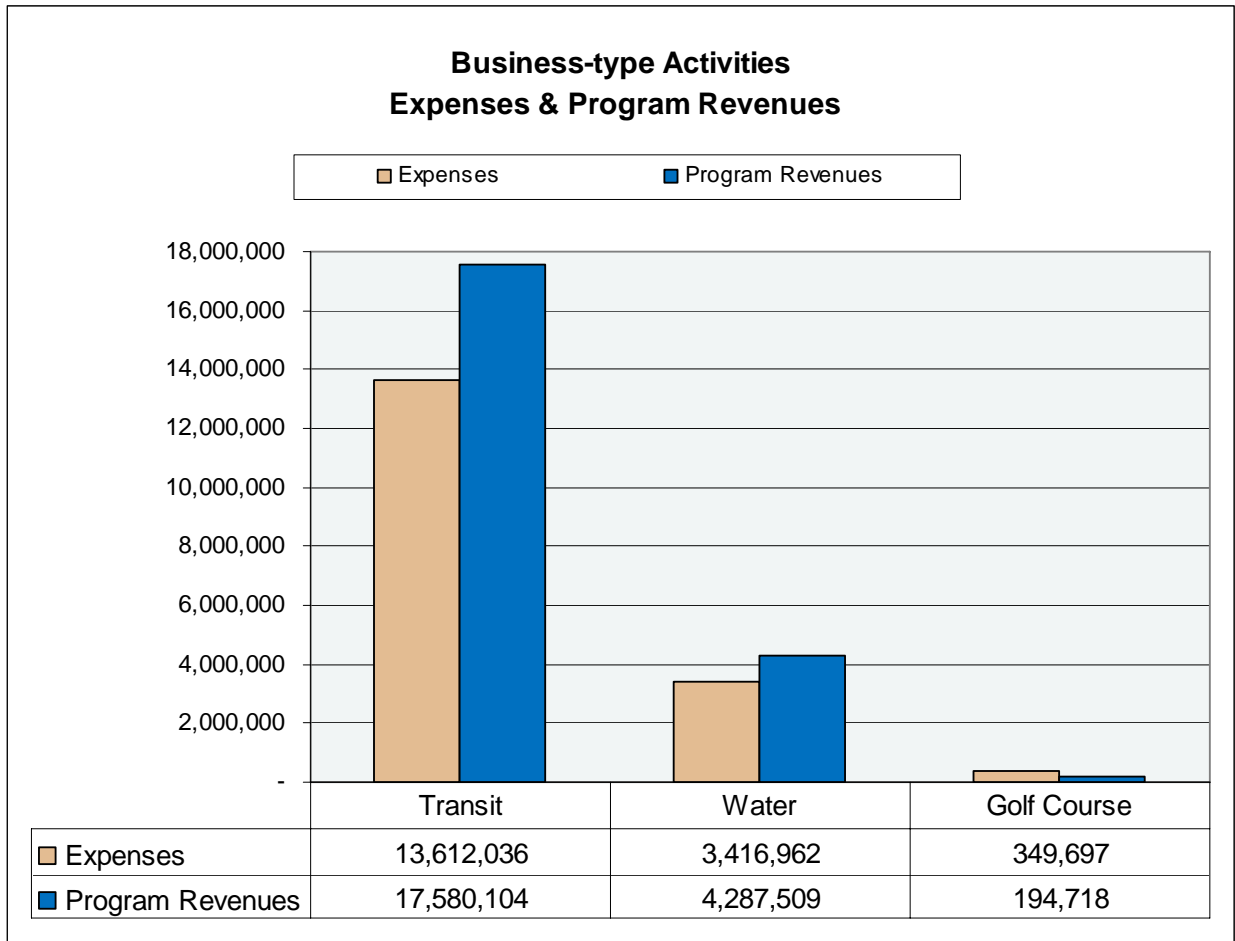


The government's capital assets net of depreciation of \$217 million decreased \$3.1 million from the previous fiscal year, where governmental activities reported decrease of \$8.7 million and business-type activities reported an increase of \$5.6 million in net assets.

### **Business-type activities**

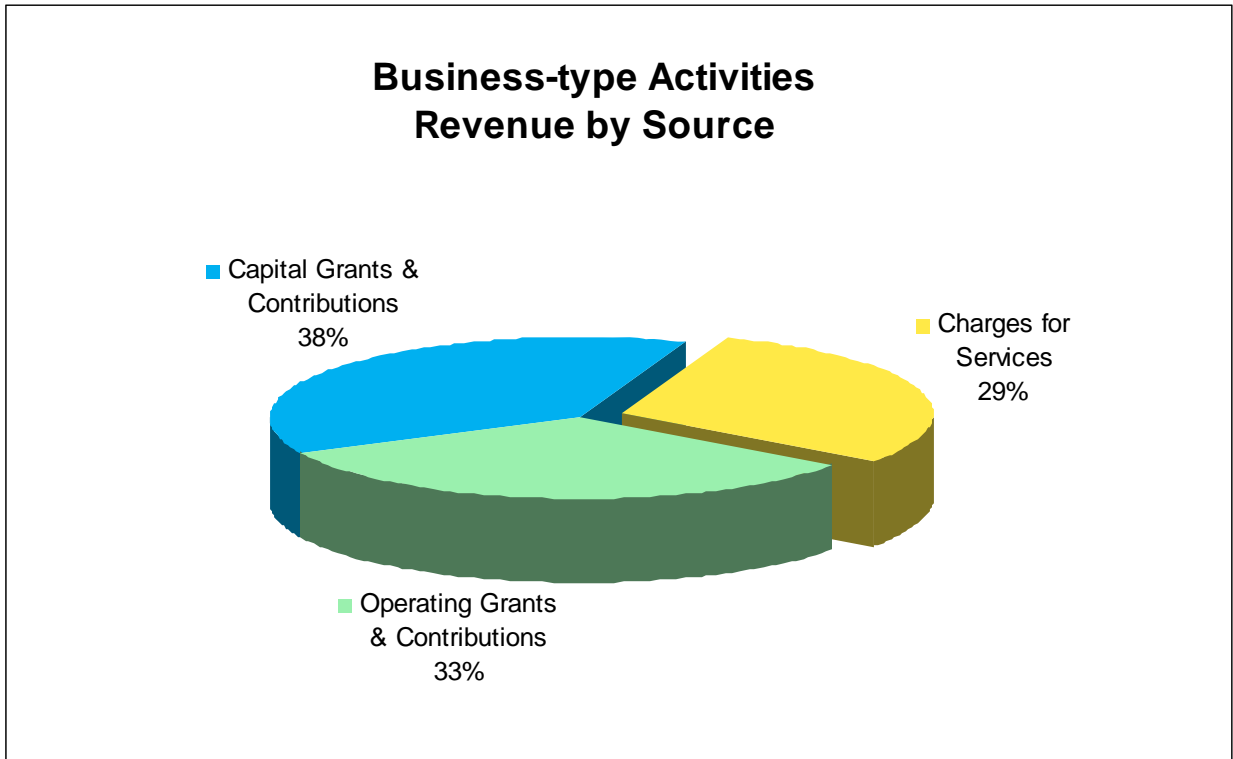
The City's business type activities are Transit, Water Utility and Golf Course, all of them account for services to the general public. Business-type Activities' Capital Assets net of depreciation represent \$26.8 million. As of June 30, 2010, total net assets of Business-type activities were \$19.6 million, out of which, the unrestricted net assets represented a negative amount of \$7.2 million; investment in capital assets net of capital debt represented \$26.8 million, a net increase of \$5.7 million from prior year's balance of \$21.1 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 these activities.



Total operating revenues of Business-type activities were \$6.5 million; an increase of \$0.9 million, or 16.6% from the prior year's operating revenues.

As shown in the pie chart below, Operating Grants and Contributions represent 33% 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.



Transit System's Charges for Services of \$2 million increased by \$0.6 million during fiscal year 2009-10. Non-operating revenues of \$15.6 million represent 89% of the total Transit Revenues and recorded an increase of \$4.6 million. Combined revenue increased by \$5.2 million, or 42%, when compared to the prior fiscal year. Operating expenses increased by \$0.3 million, or 2% over previous fiscal year.

The Water Utilities operating revenues totaled \$4.3 million; an increase of \$0.4 million, or 9%, from the preceding year's operating revenues of \$3.9 million because of increase in water rates during the year. Operating expenses of \$3.1 million increased from the prior year's \$2.9 million, or 7%, due in part to the increased cost of water.

The operating expenses of the Golf Course exceeded the operating revenues by \$155 thousand during the year. Revenues were \$195 thousand, a slight increase of \$3 thousand and expenses decreased by \$44 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. The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.



As of the end of the current fiscal year, the City of Norwalk reported a combined ending Governmental Funds fund balance of \$62.6 million, an increase of \$3 million, or 5%, from the prior year's combined fund balance of \$59.6 million. The increase was primarily in two categorical areas. The first was due to a conscious decision to limit the use of reserve funds for capital improvement projects during the fiscal year. Expenditures for this area were \$684 thousand for fiscal year 2009-10 versus \$2.3 million in the prior fiscal year. The Unreserved Designated balance totals \$26.3 million with \$5.7 million obligated by its funding nature under Special Revenue Funds and \$20.7 million designated for Capital Projects Funds. The remainder of the fund balance of \$6.8 million of Unreserved Undesignated is available for spending at the City's discretion.

Revenues of governmental funds for the fiscal year ended June 30, 2010 were \$71.6 million, a decrease of \$483 thousand, or 0.7%, from the prior fiscal year's total of \$72.1 million. The major decreases were in the categories of Use of Money & Property, Intergovernmental and Fines, Forfeitures and Penalties. The Use of Money and Property category shows a dramatic decrease of \$854 thousand, or 48%, primarily due to low interest earnings. Intergovernmental decreased by \$581 thousand, or 2.5% from the previous fiscal year which were attributed to decreased state and other local agencies funding.

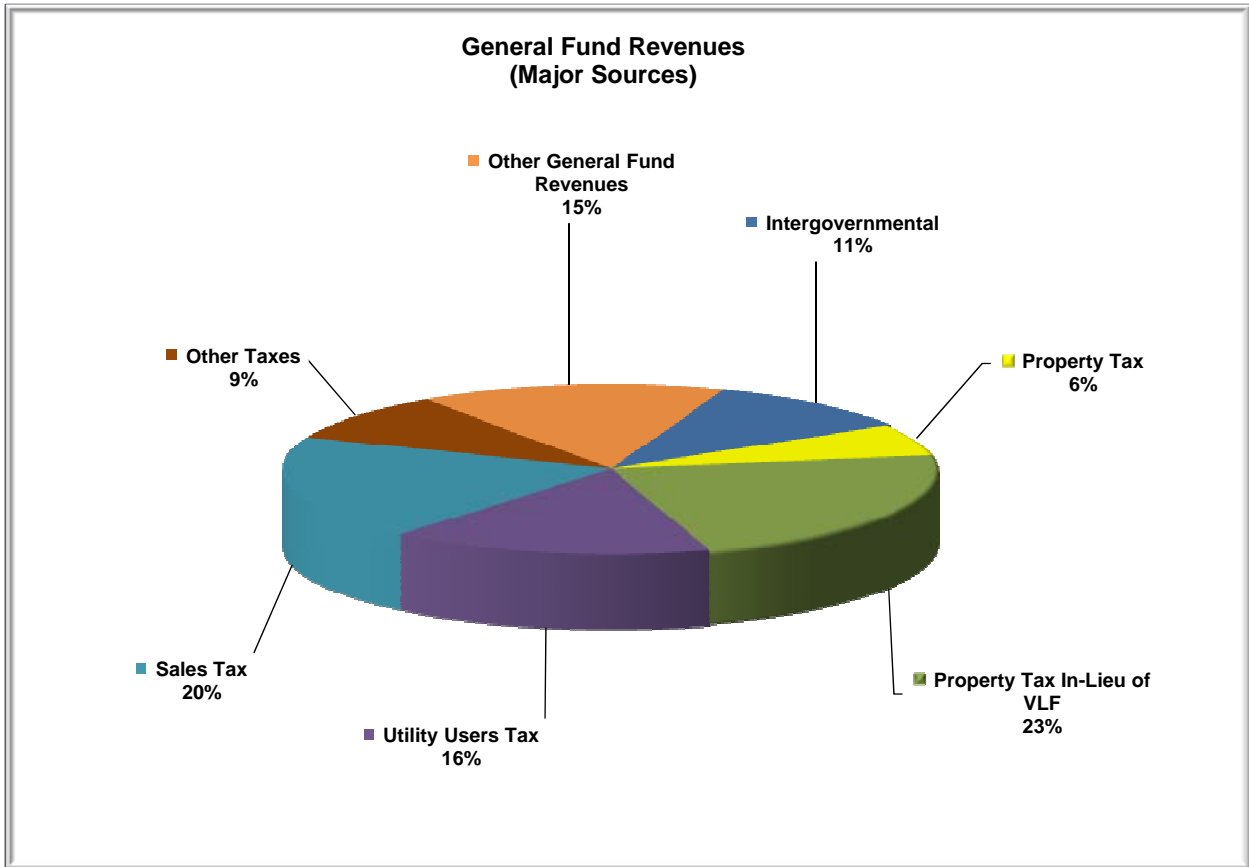
Expenditures of governmental funds were \$71 million, a decrease of \$2.3 million, or 3% from the prior fiscal year total of \$73.3 million. The largest decrease was in Capital outlays, due to a lower level of activities in Capital Improvement Projects with \$0.7 million in fiscal year 2009-10 versus \$2.3 million in the prior year. Another category contributing to the overall decrease is Culture & Leisure expenditure, which decreased by \$850 thousand, from prior year's \$6.6 million to \$5.7 million, or 13%. The decrease is attributed to the lower volume of activities under Parks & Recreation department.

The City has five major governmental funds: General Fund, Housing and Community Development Grant Special Revenue funds (CDBG and HOME programs), Housing Assistance Special Revenue Fund, the Redevelopment Agency's Debt Service and Capital Projects 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, unreserved undesignated fund balance of the General Fund was \$11.8 million, while total fund balance was \$21.7 million. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 32% of total general fund expenditures, while total fund balance represents 59% of that same amount.

The fund balance of the City's General Fund had a tremendous increase of \$3 million, or 16.3%. Even though City's General Fund revenues drastically declined by \$3.3 million, City implemented cost-cutting measures and decreased expenditures by \$2.9 million and was able to use transfers in, total \$2.8 million, from Gas Tax and Traffic Congestion Relief funds to offset City's street maintenance costs. Key factors affecting the result of the fiscal year's financial position are as follows:

General Fund revenues for the fiscal year were \$37.53 million, a decrease of \$3.3 million or 8%, from the prior year's total of \$40.84 million. The largest General Fund revenue sources, which represent 85% of the total General Fund revenues, were: in-lieu VLF property tax payments, sales taxes, utility taxes, other general fund revenues and intergovernmental revenues.

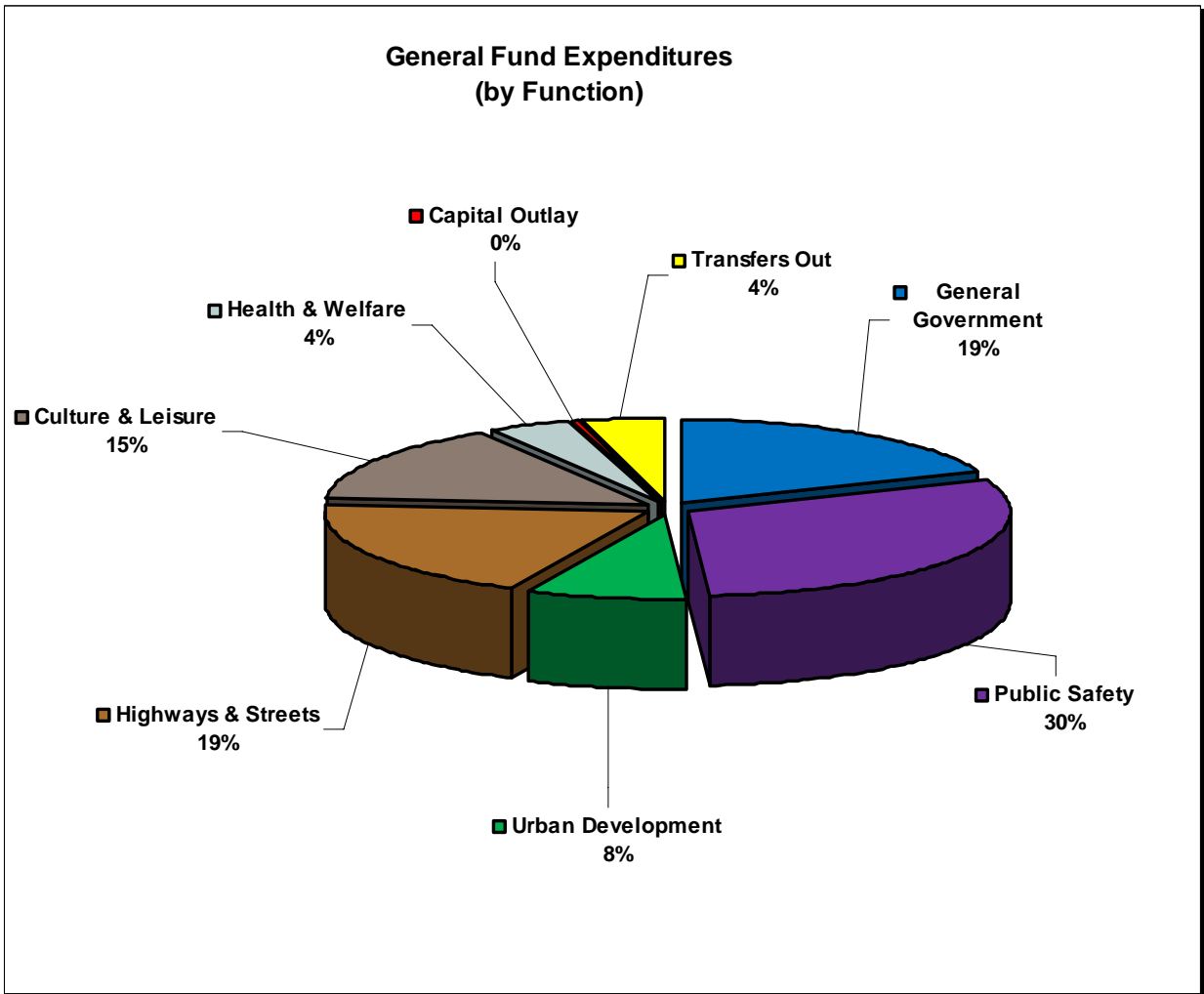


- The Property Tax In-Lieu of Vehicle License Fees represented the largest revenue at \$8.5 million, representing 23% of the General Fund revenues. Although the city continues to benefit from the high property tax value since the state took legislative action to swap the City vehicle license fee (VLF) revenue for its property taxes (property taxes in lieu of VLF) in the 2004-05 fiscal year, Property Tax In-Lieu of VLF when compared to the prior fiscal year decreased by \$672 thousand due to the continuous decline of the housing market.
- The second largest revenue source, 20% of General Fund revenues, was Sales and Use Taxes at \$7.5 million, recorded a significant decrease of \$1.1 million, or 13%, from prior year.
- The third largest revenue source was Utility Users Tax (UUT) at \$5.97 million, or 16% of General Fund revenues. This revenue showed a slight decrease of \$49 thousand, or 0.8% mainly due to the decrease in all categories, except wireless services.

- The fourth largest revenue source was Other General Fund Revenues at \$5.7 million or 15% of General Fund revenues. This category showed a decrease of \$761 thousand compared to last year's \$6.4 million mainly due to the decrease in interest earnings, charges for current services related to public safety and building and safety licenses and permits.
- The fifth largest revenue source was Intergovernmental revenue at \$4.0 million, or 11.0% of General Fund revenues. This category decreased \$234 thousand, or 6%, when compared to the preceding fiscal year mainly due to the decrease in the State Mandate reimbursements.

General Fund expenditures and operating transfers out totaled \$38.3 million, a decrease of \$2.9 million, or 7%, from the prior year's total of \$41.2 million. Expenditures by function from highest to lowest are summarized as follows:

- Public Safety was the largest General Fund function at \$11.6 million, or 30% of General Fund expenditures and operating transfers out, a decrease of \$0.7 million, or 5.5%, from the preceding fiscal year's total of \$12.3 million. The decrease was largely due to savings under personnel and contract services provided by the Los Angeles County Sheriff's Department.
- Highways and Streets ranked second at \$7.4 million, or 20% of the General Fund expenditures and operating transfers out; an increase of \$929 thousand, or 14% from the previous fiscal year's total of \$6.5 million.
- 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 third largest General Fund function at \$7.1 million, or 19%, of the General Fund expenditures and operating transfers out, a minimal increase of \$41 thousand. The slight increase was due to personnel expenditures related to medical benefits.
- The Culture and Leisure function of the General Fund's expenditures represented the fourth largest expenditure category at \$5.7 million, or 15%, of the General Fund expenditures and operating transfers out; a decrease of \$850 thousand, or 12.9%, from the prior year's total of \$6.6 million. The decline was attributed mostly to cut in recreational events and activities spending.
- The Urban Development function represented 8% of the General Fund expenditures and operating transfers out at \$3.1 million, a decrease of \$309 thousand, or 9% from the prior year's total of \$3.4 million. Major decreases were in operating expenditures related to Building and Safety, Engineering and Planning departments.
- Operating transfers out totaled \$1.5 million, or 4% of the General Fund expenditures and operating transfers out; a decrease of \$474 thousand, or 23%, from the prior fiscal year. This amount of \$1.5 million was transferred to the Debt Service Fund.

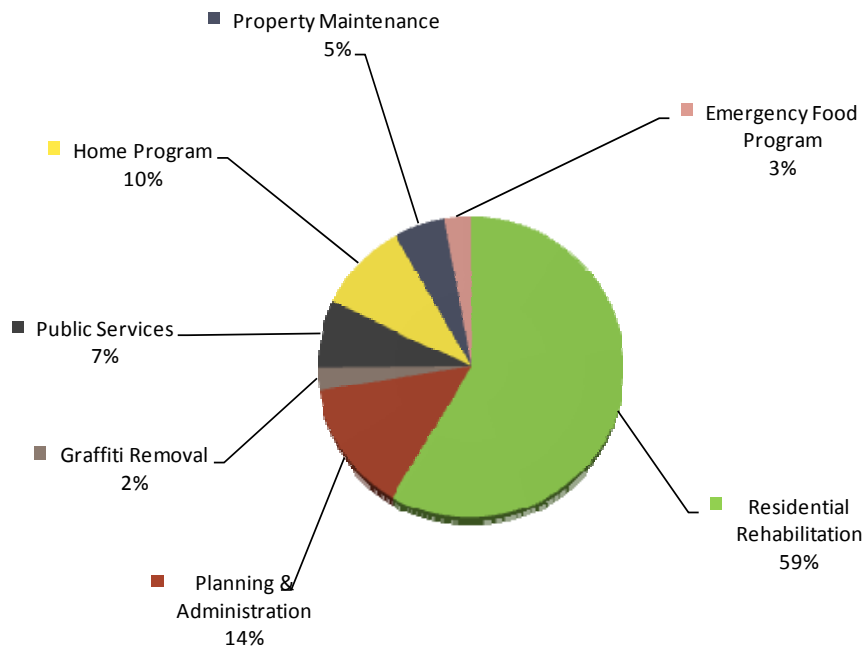


The Housing and Community Development Special Revenue Fund accounts for the City's entitlements of the Federal Community Development Block Grant (CDBG) and HOME program. The U.S. Department of Housing and Urban Development (HUD) provides annual allocations of CDBG and HOME funds that can be used to revitalize 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 \$1.4 million and program income (proceeds of repayments of HUD funded loans) of \$439 thousand.

Total Housing and Community Development Special Revenue fund expenditures was \$1.8 million. The CDBG portion was \$1.6 million, a decrease of \$313 thousand or 16.2%, from the prior year's total of \$1.9 million. HOME expenditures were \$173 thousand, a significant decrease of \$483 thousand, or 73.6%, from the prior year's total of \$657 thousand. Applicants for residential loans, rebates and home repair did not qualify for the program due to their existing loans, not having enough home equity plus inability to follow up their applications. The pie chart below demonstrates how the City used the CDBG and HOME funds during the fiscal year that ended June 30, 2010.

### **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 \$11.0 million, an increase of \$175 thousand, or 1.6%, from the preceding fiscal year's total of \$10.8 million. Tax increment revenue increased \$288 thousand, or 3.9%, from prior year's \$7.4 million. Total expenditures were \$10.7 million, a decrease of \$537 thousand, or 4.8%, from the prior year's total of \$11.2 million. The Agency's debt increased by \$1.08 million, which is primarily due to the increase of County deferred loan and unpaid accrued interest on Advances from the City of Norwalk. Redevelopment Agency Capital Projects Fund revenues, operating transfers and expenditures were \$443 thousand and \$2.6 million, respectively. The overall fund balance decreased by \$2.1 million from prior year.

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, Water and Golf Course funds at the end of the year amounted to a negative amount of (\$3.9 million), (\$2.8 million) and (\$532 thousand), respectively. There was a significant total increase of \$4.7 million in net assets for all three funds compared to last year, which consisted of \$4.0 million increase for Transit, \$155 thousand decrease for Golf Course and Water fund increase of \$871 thousand mainly due to water rate increase of 11.25% while Transit's net asset increase was due to new capital assets acquisition.

### **General Fund Budgetary Highlights**

The following table displays the General Fund's original budget, final budget and actual results for 2010 revenues, expenditures and transfers. Revenues were higher than projected by \$219 thousand, or .6%. Expenditures were \$5.1 million, or 12% under budget.

Differences between the original and final total revenue budget reflect a decrease of \$539 thousand (1.4%) and reflect adjustments in projections for: sales tax - decrease of \$400 thousand and property tax in lieu of VLF- decrease of \$174 thousand.

Differences between the original and final total expenditures budget reflect a decrease of \$287 thousand, or 0.7%. Adjustments on cutting costs were made due to the projected decrease in revenue Cost reduction mostly affected personnel services by not filling vacant positions and offering golden handshake to eligible employees.

**Table 3**  
**General Fund Budgetary Comparison**  
**(in thousands)**

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget
Revenues	37,851	37,312	37,531	219
Expenditures	(42,185)	(41,898)	(36,757)	5,141
Other Financing Sources (Uses):				-
Transfers in	3,207	3,096	3,806	710
Transfers out	(1,595)	(1,595)	(1,548)	47
Net Change in Fund Balance	<u>(2,722)</u>	<u>(3,085)</u>	<u>3,032</u>	<u>6,117</u>

General Fund actual revenues were \$37.5 million, exceeding projection by \$219 thousand. The revenue categories that significantly exceeded budget were Other Interest, \$135 thousand, and intergovernmental, \$95 thousand, over the final budget amounts.

General Fund actual ending expenditures of \$36.8 million were \$5.1 million under the final budget. The major expenditures categories under budgeted amount were: Capital Improvement Projects, \$2.3 million; General Government, \$1.3 million; Culture and Leisure, \$581 thousand and Public Safety with \$363 thousand. All other categories did not exceed their final budget amount.

### Capital Assets and Debt Administration

Capital Assets. The City's investment in capital assets for Governmental and Business-type Activities as of June 30, 2010, was \$217 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 decrease (including additions and deletions) of \$3.1 million represents a 1.4% decrease from last year.

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

**Table 4  
Capital Assets – Net of Depreciation  
June 30, 2010 and 2009**

	Governmental Activities		Business-type activities		Total	
	2010	2009	2010	2009	2010	2009
Capital assets not being depreciated:						
Land	\$ 6,650,718	\$ 6,650,718	\$ 23,125	\$ 23,125	\$ 6,673,843	\$ 6,673,843
Construction in progress	2,483,625	11,566,511	924,183	87,607	3,407,808	11,654,118
Water rights	-	-	2,389,300	2,389,300	2,389,300	2,389,300
Total capital assets not being depreciated	<u>9,134,343</u>	<u>18,217,229</u>	<u>3,336,608</u>	<u>2,500,032</u>	<u>12,470,951</u>	<u>20,717,261</u>
Capital assets being depreciated:						
Buildings and improvements	44,137,863	42,102,559	7,337,509	7,351,303	51,475,372	49,453,862
Distribution system	-	-	10,479,367	9,772,623	10,479,367	9,772,623
Machinery and equipment	6,622,806	6,801,045	-	-	6,622,806	6,801,045
Office equipment	-	-	731,090	736,634	731,090	736,634
Vehicles	-	-	16,307,839	10,632,162	16,307,839	10,632,162
Tools and equipment	-	-	2,064,189	2,199,294	2,064,189	2,199,294
Infrastructure	276,886,697	267,069,533	-	-	276,886,697	267,069,533
Miscellaneous	-	-	259,544	242,817	259,544	242,817
Total capital assets being depreciated	<u>327,647,366</u>	<u>315,973,137</u>	<u>37,179,538</u>	<u>30,934,833</u>	<u>364,826,904</u>	<u>346,907,970</u>
Less accumulated depreciation	<u>(146,554,760)</u>	<u>(135,190,794)</u>	<u>(13,752,013)</u>	<u>(12,317,699)</u>	<u>(160,306,773)</u>	<u>(147,508,493)</u>
Net capital assets, being depreciated	<u>181,092,606</u>	<u>180,782,343</u>	<u>23,427,525</u>	<u>18,617,134</u>	<u>204,520,131</u>	<u>199,399,477</u>
Net capital assets	<u>\$190,226,949</u>	<u>\$ 198,999,572</u>	<u>\$ 26,764,133</u>	<u>\$ 21,117,166</u>	<u>\$ 216,991,082</u>	<u>\$ 220,116,738</u>

**Long-term Debt.** At June 30, 2010, the City had \$120 million in outstanding long-term debt for governmental and business-type activities.

**Table 5  
Outstanding Debt as of June 30, 2010 and 2009  
(In thousands)**

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Compensated absences	\$ 2,305	\$ 2,617	\$ 530	\$ 588	\$ 2,835	\$ 3,205
Other post-employment benefits	2,011	1,005	925	442	2,936	1,447
Lease revenue refunding bonds	17,485	18,175	-	-	17,485	18,175
Tax allocation bonds, 2005	59,605	60,735	-	-	59,605	60,735
County deferred loan	37,199	35,824	-	-	37,199	35,824
Totals	<u>\$ 118,605</u>	<u>\$ 118,356</u>	<u>\$ 1,455</u>	<u>\$ 1,030</u>	<u>\$120,060</u>	<u>\$ 119,386</u>
Add (deduct) deferred amounts:						
Bond premium	405	421	-	-	405	421
Bond discount	(299)	(311)	-	-	(299)	(311)
Deferred charge on refunding	(190)	(202)	-	-	(190)	(202)
Subtotal	<u>(\$84)</u>	<u>(\$92)</u>	<u>\$0</u>	<u>\$0</u>	<u>(\$84)</u>	<u>(\$92)</u>
Total long-term liabilities	<u>\$118,521</u>	<u>\$118,264</u>	<u>\$1,455</u>	<u>\$1,030</u>	<u>\$119,976</u>	<u>\$119,294</u>



The City's total debt increased by \$0.7 million during the current fiscal year as a result of annual Compensated absences accruals, Other Post-Employment Benefits and County deferred loan, an agreement of the City's Redevelopment Agency with the County of Los Angeles when the Redevelopment Agency was created. Additional information on changes and balances are presented in Note 7.

#### Economic Factors and Outlook for Next Fiscal Year

The City's finances and the ability to pay for essential services are heavily dependent on local economy and legislative actions of the Federal and State governments, as a substantial portion of the City's revenues are intergovernmental grants and pass-through revenues. In the latest "California Fiscal Outlook", published by the State of California Legislative Analyst Office (LAO) in November 2010, 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 \$25.4 billion between now and the time the Legislature enacts a 2011-12 state budget plan. The budget problem consists of a \$6 billion projected deficit for 2010-11 and a \$19.4 billion gap between projected revenues and spending in 2011-12. 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 2010-11 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 2010 -11 were:

- Projected revenues of \$36.7 million or 2% decline from prior year actual revenues. With the sluggish economy, the revenues will be monitored closely and budget adjustments will be made if necessary.
- Ongoing estimated operating expenditures of \$36.8 million, a decrease of 6%, required the minor use of the general fund reserves to balance the budget.
- Estimated discretionary and one-time expenditures of \$3.2 million appropriated for capital improvement projects.
- Projected Undesignated Reserve Fund balance of \$7.3 million at June 30, 2011.

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 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, 2010**

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and investments	\$ 52,933,537	\$ 663,766	\$ 53,597,303
Cash and investments with fiscal agent	5,489,728	-	5,489,728
Accounts receivable	1,420,209	579,696	1,999,905
Interest receivable	224,436	-	224,436
Other receivables	11,080	-	11,080
Due from other governments	6,001,293	3,634,248	9,635,541
Internal balances	9,322,657	(9,322,657)	-
Inventory	235,379	455,591	690,970
Prepaid items and deposits	75,855	8,937	84,792
Loans receivable	8,629,599	-	8,629,599
Deferred bond issue cost	2,255,851	-	2,255,851
Property held for resale	7,785,108	-	7,785,108
Capital assets:			
Non-depreciable	9,134,343	3,336,608	12,470,951
Depreciable, net of depreciation	181,092,606	23,427,525	204,520,131
<b>Total assets</b>	<u>284,611,681</u>	<u>22,783,714</u>	<u>307,395,395</u>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	4,772,201	1,566,598	6,338,799
Interest payable	1,054,366	-	1,054,366
Other liabilities	3,118	89,314	92,432
Due to other governments	980,155	-	980,155
Unearned revenues	9,225,181	-	9,225,181
Deposits payable	101,442	80,177	181,619
Noncurrent liabilities:			
Due within one year	2,254,200	66,200	2,320,400
Due in more than one year	116,266,651	1,388,427	117,655,078
<b>Total liabilities</b>	<u>134,657,314</u>	<u>3,190,716</u>	<u>137,848,030</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	149,429,572	26,764,133	176,193,705
Restricted for:			
Debt service	4,967,743	-	4,967,743
Capital projects	19,823,059	-	19,823,059
Low and moderate income housing	6,110,098	-	6,110,098
Special purposes	3,250,964	-	3,250,964
Unrestricted	(33,627,069)	(7,171,135)	(40,798,204)
<b>Total net assets</b> \$	<u>149,954,367</u>	<u>19,592,998</u>	<u>\$ 169,547,365</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, 2010**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>			<b>Net (Expense) Revenue and Changes in Net assets</b>		<b>Total</b>
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	<b>Governmental Activities</b>	<b>Business-type Activities</b>	
<b>Governmental activities</b>							
General government	\$ 9,702,843	\$ 1,581,959	\$ 499,625	\$ -	\$ (7,621,259)	\$ -	\$ (7,621,259)
Public safety	11,978,780	1,607,987	431,052	-	(9,939,741)	-	(9,939,741)
Urban development	7,681,035	3,095,020	5,015,474	-	429,459	-	429,459
Highways and streets	18,252,303	158,557	7,070,154	-	(11,023,592)	-	(11,023,592)
Culture and leisure	6,271,529	410,833	728	-	(5,859,968)	-	(5,859,968)
Health and welfare	20,023,252	421,513	10,661,148	-	(8,940,591)	-	(8,940,591)
Interest expense	5,527,615	-	-	-	(5,527,615)	-	(5,527,615)
<b>Total governmental activities</b>	<b>79,437,357</b>	<b>7,275,869</b>	<b>23,678,181</b>	<b>-</b>	<b>(48,483,307)</b>	<b>-</b>	<b>(48,483,307)</b>
<b>Business-type activities:</b>							
Transit system	13,612,036	2,015,786	7,223,874	8,340,444	-	3,968,068	3,968,068
Water	3,416,962	4,287,509	-	-	-	870,547	870,547
Golf Course	349,697	194,718	-	-	-	(154,979)	(154,979)
<b>Total business-type activities</b>	<b>17,378,695</b>	<b>6,498,013</b>	<b>7,223,874</b>	<b>8,340,444</b>	<b>-</b>	<b>4,683,636</b>	<b>4,683,636</b>
<b>Total primary government</b>	<b>\$ 96,816,052</b>	<b>\$ 13,773,882</b>	<b>\$ 30,902,055</b>	<b>\$ 8,340,444</b>	<b>(48,483,307)</b>	<b>4,683,636</b>	<b>(43,799,671)</b>
<b>General revenues</b>							
Taxes							
Sales taxes					7,519,647	-	7,519,647
Property taxes					16,341,203	-	16,341,203
Utility users taxes					5,974,407	-	5,974,407
Business operations taxes					649,357	-	649,357
Transient occupancy taxes					1,021,084	-	1,021,084
Motor vehicle in-lieu taxes					8,536,095	-	8,536,095
Franchise taxes					1,615,826	-	1,615,826
Investment income					926,253	9,793	936,046
Transfers					-	-	-
<b>Total general revenues</b>					<b>42,583,872</b>	<b>9,793</b>	<b>42,593,665</b>
<b>Change in net assets</b>					<b>(5,899,435)</b>	<b>4,693,429</b>	<b>(1,206,006)</b>
<b>Net assets-beginning</b>					<b>155,853,802</b>	<b>14,899,569</b>	<b>170,753,371</b>
<b>Net assets-ending</b>					<b>\$ 149,954,367</b>	<b>\$ 19,592,998</b>	<b>\$ 169,547,365</b>

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

**City of Norwalk**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2010**

	Housing and Community Development						Totals
	General	Grant Special Revenue	Assistance Special Revenue	Redevelopment Agency Debt Service	Redevelopment Agency Capital Projects	Other Governmental Funds	
<b>ASSETS</b>							
Cash and investments	\$ 6,503,434	\$ 626,306	\$ 1,434,498	\$ 7,838,373	\$ 21,668,558	\$ 14,714,577	\$ 52,785,746
Cash and investments with fiscal agents	-	-	-	4,274,052	-	1,215,676	5,489,728
Accounts receivable, net	1,251,835	8,912	81,094	-	-	78,368	1,420,209
Interest receivable	44,155	83,415	-	-	96,866	-	224,436
Other receivable	11,080	-	-	-	-	-	11,080
Due from other funds	7,397,283	-	-	-	1,155,805	-	8,553,088
Due from other governments	1,455,343	176,162	22,180	2,066,499	-	2,281,109	6,001,293
Inventory	7,071	-	-	-	-	-	7,071
Prepaid items	40,361	-	-	-	-	35,494	75,855
Loans receivable	-	8,629,599	-	-	-	-	8,629,599
Advances to other funds	24,515,472	-	-	-	750,000	-	25,265,472
Property held for resale	-	-	-	-	7,785,108	-	7,785,108
<b>Total assets</b>	<b>\$ 41,226,034</b>	<b>\$ 9,524,394</b>	<b>\$ 1,537,772</b>	<b>\$ 14,178,924</b>	<b>\$ 31,456,337</b>	<b>\$ 18,325,224</b>	<b>\$ 116,248,685</b>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>Liabilities</b>							
Accounts payable	\$ 2,802,997	\$ 90,167	\$ -	\$ -	\$ 21,184	\$ 997,839	\$ 3,912,187
Accrued liabilities	566,704	22,904	-	-	-	-	589,608
Due to other funds	744,822	-	189,676	-	84,085	1,246,458	2,265,041
Due to other governments	-	-	-	241,950	-	-	241,950
Deferred revenues	14,677,176	8,857,656	86,750	-	-	658,220	24,279,802
Deposits payable	-	-	100,490	-	-	952	101,442
Other liabilities	1,918	-	-	-	1,200	-	3,118
Advances from other funds	750,000	-	-	14,677,176	6,803,686	-	22,230,862
<b>Total liabilities</b>	<b>19,543,617</b>	<b>8,970,727</b>	<b>376,916</b>	<b>14,919,126</b>	<b>6,910,155</b>	<b>2,903,469</b>	<b>53,624,010</b>
<b>Fund balances</b>							
Reserved	9,885,728	-	-	4,274,052	8,535,108	6,803,789	29,498,677
Unreserved, designated for, reported in:							
Special revenue funds	-	553,667	1,160,856	-	-	3,958,086	5,672,609
Capital projects funds	-	-	-	-	16,011,074	4,659,880	20,670,954
Unreserved, undesignated, reported in:							
General fund	11,796,689	-	-	-	-	-	11,796,689
Debt service funds	-	-	-	(5,014,254)	-	-	(5,014,254)
<b>Total fund balances</b>	<b>21,682,417</b>	<b>553,667</b>	<b>1,160,856</b>	<b>(740,202)</b>	<b>24,546,182</b>	<b>15,421,755</b>	<b>62,624,675</b>
<b>Total liabilities and fund balances</b>	<b>\$ 41,226,034</b>	<b>\$ 9,524,394</b>	<b>\$ 1,537,772</b>	<b>\$ 14,178,924</b>	<b>\$ 31,456,337</b>	<b>\$ 18,325,224</b>	<b>\$ 116,248,685</b>

*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, 2010**

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

Total governmental fund balances	\$	62,624,675
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.		2,255,851
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:		
Governmental capital assets	\$ 336,633,465	
Less accumulated depreciation	<u>(146,436,273)</u>	190,197,192
Accrued interest on long-term debt is not due and payable in the current period and is not reported in the funds.		(1,054,366)
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.		15,054,621
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	\$ (2,169,461)	
Tax allocation bonds	(59,605,000)	
Lease revenue bonds	(17,485,000)	
County deferred loans	(37,198,799)	
Noncurrent accrued expense	(738,205)	
Other post-employment benefits	(2,010,826)	
Bond premium	(405,123)	
Bond discount	298,793	
Deferred charges on refunding of bonds	<u>190,015</u>	<u>(119,123,606)</u>
Net assets of governmental activities	\$	<u>149,954,367</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, 2010**

	General	Housing and Community Development Grant Special Revenue	Housing Assistance Special Revenue	Redevelopment Agency Debt Service	Redevelopment Agency Capital Projects	Other Governmental Funds	Totals
<b>Revenues</b>							
Taxes	\$ 31,001,233	\$ -	\$ -	\$ 7,701,815	\$ -	\$ 1,925,454	\$ 40,628,502
Licenses and permits	985,508	-	-	-	-	-	985,508
Fines, forfeitures and penalties	1,467,150	-	-	-	-	-	1,467,150
Use of money and property	406,448	1,695	8,082	66,103	343,661	100,264	926,253
Intergovernmental	877,188	1,370,941	7,136,498	-	-	13,355,416	22,740,043
Charges for services	1,027,712	-	-	-	-	801,916	1,829,628
Rental income	686,141	-	-	-	578,956	-	1,265,097
Other	1,079,323	439,078	27,203	-	-	182,882	1,728,486
<b>Total revenues</b>	<b>37,530,703</b>	<b>1,811,714</b>	<b>7,171,783</b>	<b>7,767,918</b>	<b>922,617</b>	<b>16,365,932</b>	<b>71,570,667</b>
<b>Expenditures</b>							
Current:							
General government	7,092,975	-	-	143,275	-	553,651	7,789,901
Public safety	11,590,659	-	-	-	-	191,162	11,781,821
Urban development	3,104,969	1,748,562	-	-	2,582,563	-	7,436,094
Highways and streets	7,443,110	42,499	-	-	-	3,213,016	10,698,625
Culture and leisure	5,744,112	-	-	-	-	-	5,744,112
Health and welfare	1,675,710	-	7,156,212	4,869,925	-	5,870,218	19,572,065
Capital outlay	105,748	-	-	-	-	577,769	683,517
Debt service:							
Principal retirement	-	-	-	1,130,000	-	690,000	1,820,000
Interest and fiscal charges	-	-	-	4,561,236	-	888,981	5,450,217
<b>Total expenditures</b>	<b>36,757,283</b>	<b>1,791,061</b>	<b>7,156,212</b>	<b>10,704,436</b>	<b>2,582,563</b>	<b>11,984,797</b>	<b>70,976,352</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>773,420</b>	<b>20,653</b>	<b>15,571</b>	<b>(2,936,518)</b>	<b>(1,659,946)</b>	<b>4,381,135</b>	<b>594,315</b>
<b>Other financing sources (uses)</b>							
Transfers in	3,806,209	-	-	845,287	417,600	1,648,002	6,717,098
Transfers out	(1,548,002)	-	-	-	(897,110)	(4,271,986)	(6,717,098)
Issuance of County deferred loans	-	-	-	2,403,006	-	-	2,403,006
<b>Net other financing sources (uses)</b>	<b>2,258,207</b>	<b>-</b>	<b>-</b>	<b>3,248,293</b>	<b>(479,510)</b>	<b>(2,623,984)</b>	<b>2,403,006</b>
<b>Change in fund balances</b>	<b>3,031,627</b>	<b>20,653</b>	<b>15,571</b>	<b>311,775</b>	<b>(2,139,456)</b>	<b>1,757,151</b>	<b>2,997,321</b>
<b>Beginning fund balances</b>	<b>18,650,790</b>	<b>533,014</b>	<b>1,145,285</b>	<b>(1,051,977)</b>	<b>26,685,638</b>	<b>13,664,604</b>	<b>59,627,354</b>
<b>Ending fund balances</b>	<b>\$ 21,682,417</b>	<b>\$ 553,667</b>	<b>\$ 1,160,856</b>	<b>\$ (740,202)</b>	<b>\$ 24,546,182</b>	<b>\$ 15,421,755</b>	<b>\$ 62,624,675</b>

*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, 2010**

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

Change in fund balance - governmental funds	\$	2,997,321	
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	\$	(9,918,016)	
Capital outlay		<u>1,175,345</u>	(8,742,671)
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.			
			224,442
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	\$	(1,373,889)	
Net change in compensated absences		258,430	
Principal bond repayments		<u>1,820,000</u>	704,541
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 post-employment benefits	\$	(1,005,670)	
Noncurrent accrued expense		-	
Change in accrued interest on long-term debt		20,259	
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>(1,083,068)</u>
Change in net assets of governmental activities	\$		<u>(5,899,435)</u>

*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, 2010**

	Business-type Activities - Enterprise Funds				Governmental Activities Internal Service Funds
	Transit System Fund	Water Fund	Golf Course	Total	
<b>ASSETS</b>					
Current assets					
Pooled cash and investments	\$ 179,850	\$ 483,916	\$ -	\$ 663,766	\$ 147,791
Accounts receivable	7,265	572,431	-	579,696	-
Prepays	4,150	4,787	-	8,937	-
Due from other funds	6,617	-	-	6,617	-
Inventory	455,591	-	-	455,591	228,308
Due from other agencies	3,323,717	310,531	-	3,634,248	-
Total current assets	<u>3,977,190</u>	<u>1,371,665</u>	<u>-</u>	<u>5,348,855</u>	<u>376,099</u>
Noncurrent assets					
Capital assets	26,248,004	14,268,142	-	40,516,146	148,244
Less accumulated depreciation	<u>(9,171,340)</u>	<u>(4,580,673)</u>	<u>-</u>	<u>(13,752,013)</u>	<u>(118,487)</u>
Net capital assets	<u>17,076,664</u>	<u>9,687,469</u>	<u>-</u>	<u>26,764,133</u>	<u>29,757</u>
Total noncurrent assets	<u>17,076,664</u>	<u>9,687,469</u>	<u>-</u>	<u>26,764,133</u>	<u>29,757</u>
<b>Total assets</b>	<u><u>21,053,854</u></u>	<u><u>11,059,134</u></u>	<u><u>-</u></u>	<u><u>32,112,988</u></u>	<u><u>405,856</u></u>
<b>LIABILITIES</b>					
Current liabilities					
Accounts payable	52,145	753,813	13,378	819,336	207,745
Accrued expenses	716,630	21,698	8,934	747,262	62,661
Deposits payable	-	80,177	-	80,177	-
Other liabilities	-	89,314	-	89,314	-
Due to other funds	5,824,704	-	469,960	6,294,664	-
Advances from other funds	-	3,034,610	-	3,034,610	-
Unearned revenue	-	-	-	-	-
Compensated absences payable - current portion	49,600	13,900	2,700	66,200	18,200
<b>Total current liabilities</b>	<u>6,643,079</u>	<u>3,993,512</u>	<u>494,972</u>	<u>11,131,563</u>	<u>288,606</u>
Noncurrent liabilities					
Accrued other post-employment benefits	843,794	70,943	10,280	925,017	-
Compensated absences payable	367,045	69,102	27,263	463,410	117,250
<b>Total liabilities</b>	<u>7,853,918</u>	<u>4,133,557</u>	<u>532,515</u>	<u>12,519,990</u>	<u>405,856</u>
<b>NET ASSETS</b>					
Invested in capital assets	17,076,664	9,687,469	-	26,764,133	29,757
Unrestricted	<u>(3,876,728)</u>	<u>(2,761,892)</u>	<u>(532,515)</u>	<u>(7,171,135)</u>	<u>(29,757)</u>
<b>Total net assets</b>	<u>\$ 13,199,936</u>	<u>\$ 6,925,577</u>	<u>\$ (532,515)</u>	<u>\$ 19,592,998</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, 2010**

	Business-type Activities - Enterprise Funds				Governmental Activities Internal Service Funds
	Transit System Fund	Water Fund	Golf Course	Total	
<b>Operating revenues</b>					
Charges for services	\$ 2,015,786	\$ 4,271,647	\$ 194,718	\$ 6,482,151	\$ 11,982,202
Other	-	15,862	-	15,862	-
<b>Total operating revenues</b>	<u>2,015,786</u>	<u>4,287,509</u>	<u>194,718</u>	<u>6,498,013</u>	<u>11,982,202</u>
<b>Operating expenses</b>					
Administrative	712,766	335,063	11,729	1,059,558	31,341
Utilities	55,179	42,562	79,191	176,932	28,617
Salaries and benefits	8,842,840	645,621	185,150	9,673,611	10,514,547
Contractual services	536,823	191,518	29,893	758,234	21,817
Cost of water	-	1,584,034	-	1,584,034	-
Maintenance and repairs	1,197,751	-	-	1,197,751	1,379,954
Supplies and materials	171,593	205,830	43,734	421,157	-
Insurance	576,813	-	-	576,813	-
Depreciation	1,518,271	139,813	-	1,658,084	5,926
<b>Total operating expenses</b>	<u>13,612,036</u>	<u>3,144,441</u>	<u>349,697</u>	<u>17,106,174</u>	<u>11,982,202</u>
<b>Operating income (loss)</b>	(11,596,250)	1,143,068	(154,979)	(10,608,161)	-
<b>Nonoperating revenues (expense)</b>					
Proposition "A" taxes	3,091,626	-	-	3,091,626	-
Proposition "C" taxes	1,505,426	-	-	1,505,426	-
Federal grants	8,340,444	-	-	8,340,444	-
State and local grants	2,626,822	-	-	2,626,822	-
Interest expense	-	(272,521)	-	(272,521)	-
Investment income	9,793	-	-	9,793	-
<b>Income (loss) before transfers</b>	3,977,861	870,547	(154,979)	4,693,429	-
<b>Transfers in (out)</b>	-	-	-	-	-
<b>Change in net assets</b>	3,977,861	870,547	(154,979)	4,693,429	-
<b>Total net assets - beginning</b>	<u>9,222,075</u>	<u>6,055,030</u>	<u>(377,536)</u>	<u>14,899,569</u>	<u>-</u>
<b>Total net assets - ending</b>	<u>\$ 13,199,936</u>	<u>\$ 6,925,577</u>	<u>\$ (532,515)</u>	<u>\$ 19,592,998</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, 2010**

	Business-type Activities - Enterprise Funds				Governmental Activities Internal Service Funds
	Transit system Fund	Water Fund	Golf Fund	Total	
<b>Cash flows from operating activities</b>					
Receipts from tenants, customers and users	\$ 699,302	\$ 3,942,293	\$ 194,718	\$ 4,836,313	\$ 11,982,202
Payments to suppliers	(2,746,008)	(1,810,929)	(184,607)	(4,741,544)	(1,546,260)
Payments to employees	(8,432,247)	(641,873)	(175,453)	(9,249,573)	(10,567,936)
<b>Net cash provided by (used in) operating activities</b>	<u>(10,478,953)</u>	<u>1,489,491</u>	<u>(165,342)</u>	<u>(9,154,804)</u>	<u>(131,994)</u>
<b>Cash flows from capital and related financing activities</b>					
Purchases and construction of capital assets	(5,762,441)	(1,542,610)	-	(7,305,051)	-
<b>Net cash used in capital and related financing activities</b>	<u>(5,762,441)</u>	<u>(1,542,610)</u>	<u>-</u>	<u>(7,305,051)</u>	<u>-</u>
<b>Cash flows from non-capital financing activities</b>					
Cash contributions from other governments	15,564,318	-	-	15,564,318	-
Cash received from other funds	847,133	809,556	165,342	1,822,031	-
Interfund advances	-	-	-	-	-
<b>Net cash provided by non-capital financing activities</b>	<u>16,411,451</u>	<u>809,556</u>	<u>165,342</u>	<u>17,386,349</u>	<u>-</u>
<b>Cash flows from investing activities</b>					
Interest received (paid)	9,793	(272,521)	-	(262,728)	-
<b>Change in cash and cash equivalents</b>	179,850	483,916	-	663,766	(131,994)
<b>Cash and cash equivalents - beginning</b>	-	-	-	-	279,785
<b>Cash and cash equivalents - ending</b>	<u>\$ 179,850</u>	<u>\$ 483,916</u>	<u>\$ -</u>	<u>\$ 663,766</u>	<u>\$ 147,791</u>
					-
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>					
Operating income (loss)	\$ (11,596,250)	\$ 1,143,068	\$ (154,979)	\$ (10,608,161)	\$ -
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:					
Depreciation	1,518,271	139,813	-	1,658,084	5,926
(Increase) decrease in:					
Accounts receivable	(3,828)	(35,560)	-	(39,388)	-
Prepays	(500)	19	-	(481)	-
Inventory	47,320	-	-	47,320	(18,890)
Due from other funds	-	-	-	-	-
Due from other agencies	(788,915)	(309,656)	-	(1,098,571)	-
Increase (decrease) in:					
Accounts payable	(23,279)	468,197	(19,657)	425,261	(67,038)
Accrued liabilities	481,376	3,594	(403)	484,567	1,397
Due to other funds	-	-	-	-	-
Unearned revenue	(523,741)	-	-	(523,741)	-
Other post-employment benefits	439,676	37,503	5,358	482,537	-
Deposits payable	-	1,411	-	1,411	-
Other liabilities	-	74,857	-	74,857	-
Compensated absences payable	(29,083)	(33,755)	4,339	(58,499)	(53,389)
<b>Net cash provided by (used in) operating activities</b>	<u>\$ (10,478,953)</u>	<u>\$ 1,489,491</u>	<u>\$ (165,342)</u>	<u>\$ (9,154,804)</u>	<u>\$ (131,994)</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, 2010**

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		<u>Agency Fund</u>
<b>Assets</b>		
Cash and investments	\$	<u>672,439</u>
<b>Total assets</b>	<b>\$</b>	<b><u><u>672,439</u></u></b>
<b>Liabilities</b>		
Accounts payable	\$	7,066
Deposits payable		<u>665,373</u>
<b>Total liabilities</b>	<b>\$</b>	<b><u><u>672,439</u></u></b>

*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 reserve accounts.

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.

Housing Assistance Special Revenue 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.

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, 2010, are due and payable in two installments on November 1, 2009 and February 1, 2010 and became delinquent on December 10, 2009 and April 10, 2010, respectively. A tax lien is attached to the property on January 1, 2010.

**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.

**NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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, 2010.

**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 reserve of fund balance 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.

**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.

**NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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.

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.

**NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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.

**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, 2010, 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	\$ 53,597,303	\$ 672,439	\$ 54,269,742
Restricted assets:			
Cash and investments with fiscal agents	5,489,728	-	5,489,728
Total cash and investments	\$ 59,087,031	\$ 672,439	\$ 59,759,470

Cash and investments at June 30, 2010, consisted of the following:

Cash on hand	\$	5,614
Deposits with financial institutions		2,328,787
Investments		57,425,069
Total cash and investments	\$	59,759,470



**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	\$ 43,733,557	\$ -	\$ -	\$ 43,733,557
Corporate Notes:				
General Electric Cap Corp	-	2,064,946	1,068,891	3,133,837
Federal Home Loan Bank	-	-	2,020,938	2,020,938
Wells Fargo & Co.	-	-	1,023,830	1,023,830
First Union National Bank	1,007,931	-	-	1,007,931
Royal Bank of Canada	-	-	1,015,248	1,015,248
Held by Bond Trustee:				
Money Market Mutual Fund	5,489,728	-	-	5,489,728
<b>Total</b>	<b>\$ 50,231,216</b>	<b>\$ 2,064,946</b>	<b>\$ 5,128,907</b>	<b>\$ 57,425,069</b>

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, 2010	Minimum Legal Rating	Rating			
			AAA	AA+	AA-	Unrated
Local Agency Investment Fund	\$ 43,733,557	N/A	\$ -	\$ -	\$ -	\$ 43,733,557
Corporate Notes:						
General Electric Cap Corp	3,133,837	A	-	3,133,837	-	-
Federal Home Loan Bank	2,020,938	A	2,020,938	-	-	-
Wells Fargo & Co.	1,023,830	A	-	-	1,023,830	-
First Union National Bank	1,007,931	A	-	-	1,007,931	-
Royal Bank of Canada	1,015,248	A	-	-	1,015,248	-
Held by Bond Trustee:						
Money Market Mutual Fund	5,489,728	AAA	5,489,728	-	-	-
<b>Total</b>	<b>\$ 57,425,069</b>		<b>\$ 7,510,666</b>	<b>\$ 3,133,837</b>	<b>\$ 3,047,009</b>	<b>\$ 43,733,557</b>

**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. At June 30, 2010, the City deposits (bank balances) were insured by the Federal Deposit Insurance Corporation up to \$250,000 and the remaining balance of \$3,048,421 was collateralized under California Law.

**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, 2010, the total fair value of LAIF, including accrued interest was approximately \$69.57 billion. The fair value of the City's investment in the pool is \$43.7 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, 2010, are as follows:

Receivable Fund	Payable fund	Amount
General Fund	Redevelopment Agency Capital Projects Fund	\$ 84,085
	Housing Assistance Special Revenue Fund	189,676
	Other Governmental Funds	828,858
	Transit system Enterprise Fund	5,824,704
	Golf Enterprise Fund	469,960
		7,397,283
Redevelopment Agency Capital Projects Fund	General Fund	738,205
	Other Governmental Funds	417,600
		1,155,805
		\$ 8,553,088

The receivable of the General Fund from Other Governmental Funds, the Transit System Enterprise Fund and the Golf Course Enterprise Fund are mainly for temporary deficit cash balances. The balance of the receivable in the General Fund is for costs incurred by the General Fund for the Redevelopment Agency Capital Projects Fund, Housing Assistance Special Revenue Fund and Other Governmental Funds. The receivable to the Redevelopment Agency Capital Projects Fund from the General Fund and 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</u> <u>July 1, 2009</u>	<u>Current</u> <u>Advances</u>	<u>Repayments</u>	<u>Balances at</u> <u>June 30, 2010</u>
Agency expenditures				
paid by the City	\$ 939,586	\$ -	\$ -	\$ 939,586
Metro Center parcels	19,713,458	1,724,928	(897,110)	20,541,276
Water Enterprise fund	2,137,500	897,110	-	3,034,610
General fund	750,000	-	-	750,000
Total	<u>\$ 23,540,544</u>	<u>\$ 2,622,038</u>	<u>\$ (897,110)</u>	<u>\$ 25,265,472</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 current fiscal year, the General Fund additionally advanced to the Water Fund \$897,110 at 7.5% interest. The remaining balance on the advance at June 30, 2010 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, 2010, is as follows:

**NOTE 3 INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS (CONTINUED)**

Transfer From	Transfer to	Amount
General Fund	Other Governmental Funds	\$ 1,548,002
Redevelopment Agency Capital Projects Fund	General Fund	897,110
Other Governmental Funds	General Fund	1,361,097
	Redevelopment Agency Capital Projects Fund	417,600
	Redevelopment Agency Debt Service Fund	845,287
	Other Governmental Funds	1,648,002
	Total	<u>\$ 6,717,098</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 repay the portion of the accrued outstanding interest on Metro Loan. The Other Governmental Funds also transferred to the Redevelopment Agency Capital Projects Fund, Redevelopment Agency Debt Service Fund and Other Governmental Fund to fund matching requirements on certain grants and future capital projects.

**NOTE 4 LOANS RECEIVABLE**

Loans receivable consists of \$8,097,160 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. Due to the long-term nature of the CDBG loans, the City has recorded deferred revenue against these loans in the amount of \$8,629,599 (see Note 8).

**NOTE 5 PROPERTY HELD FOR RESALE**

The cost of land acquired by the Redevelopment Agency and held for resale is recorded as an asset at the time of purchase. The property is being carried in the capital projects fund at the lower of cost or estimated net realizable value.

**City of Norwalk**  
**Notes to Financial Statements**  
**Year ended June 30, 2010**

**NOTE 6 CAPITAL ASSETS**

Summary of changes in capital assets for the year ended June 30, 2010:

**Governmental Activities:**

	<u>Balance at June 30, 2009</u>	<u>Additions</u>	<u>Transfers</u>	<u>Deletions</u>	<u>Balance at June 30, 2010</u>
Capital assets not being depreciated:					
Land	\$ 6,650,718	\$ -	\$ -	\$ -	\$ 6,650,718
Construction in Progress	11,566,511	1,124,084	(10,206,970)	-	2,483,625
Total capital assets not being depreciated	<u>18,217,229</u>	<u>1,124,084</u>	<u>(10,206,970)</u>	<u>-</u>	<u>9,134,343</u>
Capital assets being depreciated:					
Buildings and improvements	43,709,978	35,461	392,424	-	44,137,863
Machinery and equipment	7,506,112	15,800	(2,618)	(896,488)	6,622,806
Infrastructure	267,069,533	-	9,817,164	-	276,886,697
Total capital assets being depreciated	<u>318,285,623</u>	<u>51,261</u>	<u>10,206,970</u>	<u>(896,488)</u>	<u>327,647,366</u>
Less: accumulated depreciation for					
Buildings and improvements	(13,951,775)	(1,230,024)	-	-	(15,181,799)
Machinery and equipment	(3,860,210)	(728,964)	-	896,488	(3,692,686)
Infrastructure	(119,715,321)	(7,964,954)	-	-	(127,680,275)
Total accumulated depreciation	<u>(137,527,306)</u>	<u>(9,923,942)</u>	<u>-</u>	<u>896,488</u>	<u>(146,554,760)</u>
Net capital assets, being depreciated	<u>180,758,317</u>	<u>(9,872,681)</u>	<u>10,206,970</u>	<u>-</u>	<u>181,092,606</u>
Net capital assets - governmental activities	<u>\$ 198,975,546</u>	<u>\$ (8,748,597)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 190,226,949</u>

**Business-type Activities:**

	<u>Balance at June 30, 2009</u>	<u>Additions</u>	<u>Transfers</u>	<u>Deletions</u>	<u>Balance at June 30, 2010</u>
Capital assets not being depreciated:					
Land	\$ 23,125	\$ -	\$ -	\$ -	\$ 23,125
Construction in Progress	87,607	1,543,320	(706,744)	-	924,183
Waterrights	2,389,300	-	-	-	2,389,300
Total capital assets not being depreciated	<u>2,500,032</u>	<u>1,543,320</u>	<u>(706,744)</u>	<u>-</u>	<u>3,336,608</u>
Capital assets being depreciated:					
Buildings and improvements	7,351,303	-	-	(13,794)	7,337,509
Distribution system	9,772,623	-	706,744	-	10,479,367
Office equipment	740,099	-	-	(9,009)	731,090
Vehicles	10,739,738	5,568,101	-	-	16,307,839
Tools and equipment	2,370,913	193,630	-	(500,354)	2,064,189
Miscellaneous	262,269	-	-	(2,725)	259,544
Total capital assets being depreciated	<u>31,236,945</u>	<u>5,761,731</u>	<u>706,744</u>	<u>(525,882)</u>	<u>37,179,538</u>
Less: accumulated depreciation for					
Buildings and improvements	(1,144,045)	(220,810)	-	13,794	(1,351,061)
Distribution system	(4,170,088)	(102,793)	-	-	(4,272,881)
Office equipment	(280,818)	(35,342)	-	9,009	(307,151)
Vehicles	(5,715,827)	(1,058,330)	-	-	(6,774,157)
Tools and equipment	(1,116,632)	(218,446)	-	500,354	(834,724)
Miscellaneous	(192,401)	(22,363)	-	2,725	(212,039)
Total accumulated depreciation	<u>(12,619,811)</u>	<u>(1,658,084)</u>	<u>-</u>	<u>525,882</u>	<u>(13,752,013)</u>
Net capital assets, being depreciated	<u>18,617,134</u>	<u>4,103,647</u>	<u>706,744</u>	<u>-</u>	<u>23,427,525</u>
Net capital assets - business-type activities	<u>\$ 21,117,166</u>	<u>\$ 5,646,967</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,764,133</u>

**NOTE 6 CAPITAL ASSETS (CONTINUED)**

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

**Governmental Activities:**

General Government	\$ 1,250,279
Public Safety	110,048
Urban Development	34,509
Highways and Streets	8,045,506
Culture and Leisure	351,511
Health and Welfare	126,163
Depreciation on capital assets held by the City's Internal Service Fund are charged to the various functions based on the usage of those assets	5,926
Total depreciation expense - governmental activities	\$ 9,923,942

**Business-type Activities**

Transit	\$ 1,518,271
Water	139,813
Total depreciation expense - business-type activities	\$ 1,658,084

**NOTE 7 LONG-TERM LIABILITIES**

Changes in long-term liabilities for the year ended June 30, 2010, were as follows:

	Balances at June 30, 2009	Additions	Retirements	Balances at June 30, 2010	Due Within One Year
<b>Governmental activities:</b>					
Lease Revenue					
Refunding Bond	\$ 18,175,000	\$ -	\$ (690,000)	\$ 17,485,000	\$ 715,000
Tax Allocation Refunding Bonds, 2005	60,735,000	-	(1,130,000)	59,605,000	1,175,000
County deferred loans	35,824,910	1,373,889	-	37,198,799	
Subtotals	114,734,910	1,373,889	(1,820,000)	114,288,799	1,890,000
Add (deduct) deferred amounts:					
Bond premium	421,168	-	(16,045)	405,123	-
Bond discount	(310,626)	-	11,833	(298,793)	-
Deferred charge on refunding	(202,543)	-	12,528	(190,015)	-
	114,642,909	1,373,889	(1,811,684)	114,205,114	1,890,000
Compensated absences	2,616,730	448,881	(760,700)	2,304,911	364,200
Other post-employment benefits	1,005,156	1,687,594	(681,924)	2,010,826	-
<b>Total governmental activities</b>	118,264,795	3,510,364	(3,254,308)	118,520,851	2,254,200
<b>Business-type activities</b>					
Compensated absences	588,109	19,548	(78,047)	529,610	66,200
Other post-employment benefits	442,480	826,680	(344,143)	925,017	-
<b>Total business-type activities</b>	1,030,589	846,228	(422,190)	1,454,627	66,200
<b>Total long-term liabilities</b>	\$ 119,295,384	\$ 4,356,592	\$ (3,676,498)	\$ 119,975,478	\$ 2,320,400

**NOTE 7      LONG-TERM LIABILITIES (CONTINUED)**

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, 2010, was \$2,304,911 and \$529,610 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 Post-Employment Benefits**

Refer to Note 13 for related disclosures regarding other post-employment 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.

**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, 2010, 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, 2010, was \$8,120,000.

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



**NOTE 7      LONG-TERM LIABILITIES (CONTINUED)**

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 260,000	\$ 430,440	\$ 690,440
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
2016-2020	1,855,000	1,602,586	3,457,586
2021-2025	2,400,000	1,052,156	3,452,156
2026-2029	2,425,000	334,325	2,759,325
Totals	<u>\$ 8,120,000</u>	<u>\$ 5,003,137</u>	<u>\$ 13,123,137</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, 2010, was \$9,365,000.

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>
2011	\$ 455,000	\$ 430,201	\$ 885,201
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
2016-2020	3,055,000	1,375,295	4,430,295
2021-2025	3,855,000	566,438	4,421,438
Totals	<u>\$ 9,365,000</u>	<u>\$ 3,909,792</u>	<u>\$ 13,274,792</u>

**NOTE 7      LONG-TERM LIABILITIES (CONTINUED)**

**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, 2010, this reserve was fully funded. The balance outstanding on the Tax Allocation Refunding Bonds, 2005 Series A at June 30, 2010, was \$32,085,000.

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

Year ending June 30,	Principal	Interest	Total
2011	\$ 670,000	\$ 1,510,197	\$ 2,180,197
2012	695,000	1,484,982	2,179,982
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
2016-2020	4,565,000	6,302,383	10,867,383
2021-2025	5,650,000	5,188,814	10,838,814
2026-2030	7,090,000	3,703,341	10,793,341
2031-2035	9,050,000	1,697,464	10,747,464
2036	2,090,000	52,250	2,142,250
Subtotals	32,085,000	24,192,060	56,277,060
Add (less) deferred amounts:			
Bond premium	405,123	-	405,123
Deferred charges on refunding	(190,015)	-	(190,015)
Totals	\$ 32,300,108	\$ 24,192,060	\$ 56,492,168

Tax Allocation Refunding Bonds, 2005 Series B:

\$29,310,000 Tax Allocation Refunding Bonds, 2005 Series B; issued November 2005; 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, 2010, this reserve was fully funded. The balance outstanding on the Tax Allocation Refunding Bonds, 2005 Series B at June 30, 2010, was \$27,520,000.

**NOTE 7      LONG-TERM LIABILITIES (CONTINUED)**

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
2011	\$ 505,000	\$ 1,533,466	\$ 2,038,466
2012	530,000	1,507,070	2,037,070
2013	560,000	1,479,084	2,039,084
2014	585,000	1,449,510	2,034,510
2015	615,000	1,418,340	2,033,340
2016-2020	3,615,000	6,544,088	10,159,088
2021-2025	4,725,000	5,396,644	10,121,644
2026-2030	6,220,000	3,855,256	10,075,256
2031-2035	8,225,000	1,793,281	10,018,281
2036	1,940,000	55,775	1,995,775
Subtotals	27,520,000	25,032,514	52,552,514
Add (less) deferred amounts:			
Bond discount	(298,793)	-	(298,793)
Totals	\$ 27,221,207	\$ 25,032,514	\$ 52,253,721

**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.

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, 2010, deferred loan balance payable to the County of Los Angeles for Project Area No. 1 was \$28,736,042.

**NOTE 7      LONG-TERM LIABILITIES (CONTINUED)**

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, 2010, was \$8,462,757.

**NOTE 8      DEFERRED REVENUE**

Deferred revenue consists of \$8,629,599 in deferred loan payments from participants in the City's housing program (see Note 4), \$14,677,176 in deferred interest on advances to the redevelopment agency, \$377,445 related to capital expenditures, and \$595,582 in unearned fees.

**NOTE 9      DEFERRED COMPENSATION 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, 2010, 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 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.

**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, 2010, the amount contributed by the City on behalf of the employees was \$1,214,120. 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, 2010, was 13.444% 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, 2010, the City's annual pension cost (employer contribution) of \$2,040,326 for miscellaneous employees was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2007, actuarial valuation using the entry age normal cost method. Paragraph 9 of GASB Statement No. 27 requires that the annual required contribution reported for the current year should be based on the results of an actuarial valuation performed as of a date not more than 24 months before the beginning of the employer's fiscal year. Paragraph 2 of GASB Statement No. 27 requires that agent employers also disclose actuarial information for the most recent actuarial valuation.

The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses), (b) projected salary increases that vary by duration of service ranging from 3.25% to 14.45% for miscellaneous members, and (c) inflation of 3.00%, (d) payroll growth of 3.25%, and (e) an individual salary growth based on merit scale varying by duration of employment, coupled with an assumed annual inflation component of 3.00% and an annual production growth of 0.25%.

The actuarial value of PERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a three-year period (smoothed market value). PERS unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. PERS has combined the prior service unfunded liability and current service unfunded liability into a single initial unfunded liability. The amortization period for the unfunded liability is thirty years. PERS Annual Actuarial Valuation Report as of June 30, 2009 provided the following funded status of the City's pension plan. Page 74 of the Required Supplemental Information (RSI) presents the schedule of the plan's funding progress.

**NOTE 10 CITY EMPLOYEES RETIREMENT PLAN (DEFINED BENEFIT PENSION PLAN)  
(CONTINUED)**

<b>Funded Status</b>	<b>June 30, 2008</b>	<b>June 30, 2009</b>	<b>Variance</b>	<b>%</b>
Present Value of Projected Benefits	\$ 120,452,609	\$ 130,150,518	\$ 9,697,909	8.05%
Entry Age Normal Accrued Liability	\$ 96,470,147	\$ 108,400,434	\$ 11,930,287	12.37%
Actuarial Value of Assets (AVA)	\$ 88,644,680	\$ 93,526,231	\$ 4,881,551	5.51%
Unfunded Liability	<u>\$ 7,825,467</u>	<u>\$ 14,874,203</u>	<u>\$ 7,048,736</u>	90.07%
Market Value of Assets (MVA)	\$ 90,326,661	\$ 68,357,853	\$(21,968,808)	-24.32%
Funded Status (on an MVA basis)	93.6%	63.1%	-30.6%	-32.65%
<b>Superfunded Status</b>	No	No		

Three-Year Trend Information for PERS

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
June 30, 2008	2,224,101	100%	-
June 30, 2009	2,226,835	100%	-
June 30, 2010	2,040,326	100%	-

**NOTE 11 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 \$4,550,653 and employee contributions made during the fiscal year ended June 30, 2010, were \$341,301. Any amendments to the plan go through a resolution for adoption by the City Council.

**NOTE 12      DEFINED CONTRIBUTION PLAN**

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. Employee contributions to certain plans are voluntary. During the year, there were 155 participants. City contributions totaled \$88,766. Total plan assets at June 30, 2010, were \$8,949,110. 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 13      OTHER POST EMPLOYMENT BENEFITS**

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	\$2,007 per month

Eligible participants to the plan at August 1, 2007, the date of the latest actuarial valuation are as follows:

Eligible active employees:	
General	252
Management	27
	Subtotal      279
Eligible retirees	141
	Total      420

**NOTE 13 OTHER POST EMPLOYMENT BENEFITS (CONTINUED)**

As of June 30, 2010, the eligible retirees receiving benefits had increased to 170. The City pays insurance premiums for these benefits up to a maximum of \$2,007 per month for Management Unit retirees and \$770 per month for General Unit retirees. As of June 30, 2010, 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, 2010, \$1,026,067 of post employment benefit expenditures was paid.

The following table shows the components of the City's annual Other Post Employment 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, 2010:

		Amount
Annual required contribution	\$	2,463,610
Interest on net OPEB obligation		50,664
Annual OPEB cost (expense)		2,514,274
Contributions to irrevocable trust		-
Premium payments including benefit payments		1,026,067
Increase in net OPEB obligation		1,488,207
Net OPEB obligation - beginning of year		1,447,636
Net OPEB obligation - end of year	\$	<u>2,935,843</u>

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
6/30/08	N/A	N/A	N/A	N/A
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



**NOTE 13 OTHER POST EMPLOYMENT BENEFITS (CONTINUED)**

The funded status of the plan as of June 30, 2010 based on the plan's most recent actuarial valuation date of August 1, 2007, was:

Actuarial accrued liability (AAL)	\$ 22,913,248
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	<u>\$ 22,913,248</u>
Normal cost	<u>\$ 1,566,000</u>

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

In the August 1, 2007 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 7.5% 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.

**NOTE 14 FUND BALANCES**

Fund balances at June 30, 2010, consisted of the following reserves and designations:

	General	Housing and Community Development Grant Special Revenue	Housing Assistance Special Revenue	Redevelopment Agency Debt Service	Redevelopment Agency Capital Projects	Other Governmental Funds	Totals
<b>Reserved for:</b>							
Advances to other funds	\$ 9,838,296	\$ -	\$ -	\$ -	\$ 750,000	\$ -	\$ 10,588,296
Property held for resale	-	-	-	-	7,785,108	-	7,785,108
Inventory of materials and supplies	7,071	-	-	-	-	-	7,071
Prepaid items	40,361	-	-	-	-	-	40,361
Loans receivable	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	26,115	26,115
Low and moderate income housing projects	-	-	-	-	-	6,110,098	6,110,098
Debt service requirements	-	-	-	4,274,052	-	667,576	4,941,628
Subtotal	<u>9,885,728</u>	<u>-</u>	<u>-</u>	<u>4,274,052</u>	<u>8,535,108</u>	<u>6,803,789</u>	<u>29,498,677</u>
<b>Unreserved:</b>							
Designated for special fund purposes	-	553,667	1,160,856	-	-	3,958,086	5,672,609
Designated for future capital projects	-	-	-	-	16,011,074	4,659,880	20,670,954
Undesignated	11,796,689	-	-	(5,014,254)	-	-	6,782,435
Subtotal	<u>11,796,689</u>	<u>553,667</u>	<u>1,160,856</u>	<u>(5,014,254)</u>	<u>16,011,074</u>	<u>8,617,966</u>	<u>33,125,998</u>
Total fund balances	<u>\$ 21,682,417</u>	<u>\$ 553,667</u>	<u>\$ 1,160,856</u>	<u>\$ (740,202)</u>	<u>\$ 24,546,182</u>	<u>\$ 15,421,755</u>	<u>\$ 62,624,675</u>

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

**NOTE 15      ACCUMULATED FUND DEFICITS**

Major Fund:		
Redevelopment Agency Debt Service Fund	\$	(740,202)
Proprietary fund:		
Golf course		(532,515)

**NOTE 16      EXPENDITURES IN EXCESS OF APPROPRIATIONS**

The following departments/funds reported an excess of expenditures over appropriations for the year ended June 30, 2010:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Major funds:</b>			
General fund:			
Family resource center	\$ 207,768	\$ 215,059	\$ (7,291)
Property maintenance	967,824	984,073	(16,249)
Graffiti removal	451,397	460,401	(9,004)
Tree maintenance	733,586	736,346	(2,760)
Greenscape maintenance	692,461	705,685	(13,224)
Housing Assistance			
Special Revenue Fund:			
Health and Welfare	6,897,284	7,156,212	(258,928)
Redevelopment Agency Debt Service Fund			
Health and Welfare	4,462,850	4,869,925	(407,075)
<b>Other Governmental Funds:</b>			
Air Quality Improvement - Health and welfare	40,427	41,793	(1,366)
Park Development - Capital outlay	-	728	(728)
Computer Replacement - Capital outlay	10,000	11,245	(1,245)

**NOTE 17      INSURANCE POLICIES**

**Description of Self-Insurance Pool Pursuant to Joint Powers Agreement**

City of Norwalk is a member of the California Joint Powers Insurance Authority (Authority). The Authority is composed of 122 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group purchased insurance for property and other coverages. The Authority's pool 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 9-member Executive Committee.

**NOTE 17      INSURANCE POLICIES (CONTINUED)**

**Self-Insurance Programs of the Insurance Authority**

General Liability Insurance

Each member government pays a primary deposit to cover estimated losses for a fiscal year (claims year). After the close of a fiscal year, outstanding claims are valued. A retrospective deposit computation is then made for each open claims year. Claims are pooled separately between police and non-police. Costs are allocated to members by the following methods within each of the four layers of coverage: (1) the first \$30,000 of each occurrence is charged directly to the member's primary deposit; (2) costs from \$30,000 to \$750,000 and the loss development reserves associated with losses up to \$750,000 are pooled based on the member's share of losses under \$30,000; (3) losses from \$750,000 to \$5,000,000 and the associated loss development reserves are pooled based on payroll; (4a) costs of covered claims from \$5,000,000 to \$10,000,000 are paid under reinsurance policies and are subject to a \$2,500,000 annual aggregate deductible; (4b) costs of covered claims from \$10,000,000 to \$50,000,000 are covered through excess insurance policies; (4c) Costs of covered claims for subsidence losses are paid by excess insurance with a sub-limit of \$25,000,000 per occurrence per member. This \$25,000,000 subsidence sub-limit is composed of \$10,000,000 in reinsurance and \$15,000,000 in excess insurance. The excess insurance layer has a \$15,000,000 annual aggregate. The costs associated with 4a, 4b, and 4c are estimated using actuarial models and pre-funded as part of the primary and retrospective deposits.

The overall policy limit for each member including all layers of coverage is \$50,000,000 per occurrence.

Workers' Compensation

The City of Norwalk also participates in the workers' compensation pool administered by the Authority. Each member pays a primary deposit to cover estimated losses for a fiscal year (claims year). After the close of a fiscal year, outstanding claims are valued. A retrospective deposit computation is then made for each open claims year. Claims are pooled separately between public safety and non-public safety. Costs are allocated to members by the following methods within each of the four layers of coverage: (1) the first \$50,000 of each loss is charged directly to the member's primary deposit; (2) losses from \$50,000 to \$100,000 and the loss development reserve associated with losses up to \$100,000 are pooled based on the member's share of losses under \$50,000; (3) losses from \$100,000 to \$2,000,000 and the loss development reserves associated with those losses are pooled based on payroll; (4) losses from \$2,000,000 up to statutory limits are paid under an excess insurance policy. Protection is provided per statutory liability under California Workers' Compensation law.

Employer's Liability losses are pooled among members to \$2,000,000, coverage from \$2,000,000 to \$4,000,000 is purchased as part of an excess insurance policy, and losses from \$4,000,000 to \$10,000,000 are pooled among members.

**NOTE 17      INSURANCE POLICIES (CONTINUED)**

**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 \$79,466,986. 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.

Environmental Insurance

The City of Norwalk participates in the pollution legal liability and remediation legal liability 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 \$50,000,000 for the 3-year period from July 1, 2008 through July 1, 2011. Each member of the Authority has a \$10,000,000 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 \$31,796,286. 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.

**NOTE 17      INSURANCE POLICIES (CONTINUED)**

**Adequacy of Protection**

During the past three fiscal (claims) years, none of the above programs of protection have had settlements or judgments that exceeded pooled or insured coverage. There have been no significant reductions in pooled or insured liability coverage from coverage in the prior year.

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 18      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 19      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.

**NOTE 19      COMMITMENTS (CONTINUED)**

**Costco Wholesale Corporation (Continued)**

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.

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".

The first 21 years of the lease ended in October 2007. As of June 30, 2009, the Agency overpaid the developer by a total of \$713,696. This amount was received by the Agency in November 2009.

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, 2010, unremitted amounts accumulated to \$738,205.

**NOTE 20      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.

**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 consort 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, 2010, the City of Norwalk contributed \$55,600.

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 21      DEBT WITHOUT GOVERNMENT COMMITMENT**

On September 27, 1994, the Cities of Hawaiian Gardens, Norwalk and Paramount signed a joint powers agreement creating the TRI-City Housing Finance Agency (Agency), a joint powers authority. On December 1, 1994, the Agency issued \$20,000,000 of Tri-City Housing Finance Agency 1994 Single Family Mortgage Revenue Bonds (FNMA and GNMA Mortgage-Backed Securities Program) for the purpose of financing home mortgages secured by homes within the cities.

In February 2009, the members of the Agency resolved to dissolve the Agency and redeem the outstanding bonds payable in the amount of \$155,000. The remaining funds of the Agency were distributed among member cities in October 2009.

**NOTE 22      RELATED PARTY TRANSACTIONS**

During the fiscal year ended June 30, 2010, 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 \$195,541.

**NOTE 23      RISKS AND UNCERTAINTIES**

The City invests in various investment securities, including Local Agency Investment Fund (LAIF) which are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risks associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the values of investments as of June 30, 2010. The actual amount of exposure as of December 22, 2010 is not determinable.

**NOTE 24      NEW GOVERNMENTAL ACCOUNTING STANDARDS**

**GASB No. 53** - GASB has issued Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. Statement 53 is intended to improve how state and local governments report information about derivative instruments—financial arrangements used by governments to manage specific risks or make investments—in their financial statements. The Statement specifically requires governments to measure most derivative instruments at fair value in their financial statements that are prepared using the economic resources measurement focus and the accrual basis of accounting. The guidance in this Statement also addresses hedge accounting requirements and is effective for financial statements for reporting periods beginning after June 15, 2009, with earlier application encouraged.



**NOTE 24      NEW GOVERNMENTAL ACCOUNTING STANDARDS (CONTINUED)**

**GASB No. 54** - GASB has issued Statement No. 54, *Fund Balance Reporting and Fund Type Definitions*. This Statement establishes 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. This Statement also provides for additional fund classification as restricted, committed, assigned, and unassigned based on the relative strength of the constraints that control how specific amounts can be spent. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2010.

**GASB No. 55** - GASB has issued Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to incorporate the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the Governmental Accounting Standards Board's (GASB) authoritative literature. The Board does not expect that this Statement will result in a change in current practice.

**GASB No. 56** - GASB has issued Statement No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards*. The objective of this Statement is to incorporate into the Governmental Accounting Standards Board's (GASB) authoritative literature certain accounting and financial reporting guidance presented in the American Institute of Certified Public Accountants' Statements on Auditing Standards. This Statement addresses three issues not included in the authoritative literature that establishes *accounting* principles—related party transactions, going concern considerations, and subsequent events. This Statement does not establish new accounting standards but rather incorporates the existing guidance (to the extent appropriate in a governmental environment) into the GASB standards.

**GASB No. 58** - GASB has issued Statement No. 58, *Accounting and Financial Reporting for Chapter 9 Bankruptcies*. This Statement establishes accounting and financial reporting guidance for governments that have petitioned for protection from creditors filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2009.

**NOTE 25      SUBSEQUENT EVENTS**

The City has evaluated events subsequent to June 30, 2010 to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through December 22, 2010, 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, 2010**

	Budgetary Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 31,728,650	\$ 31,019,196	\$ 31,001,233	\$ (17,963)
Licenses and permits	931,100	931,100	985,508	54,408
Fines, forfeitures and penalties	1,562,000	1,509,500	1,467,150	(42,350)
Use of money and property	301,700	271,700	406,448	134,748
Intergovernmental	518,050	781,746	877,188	95,442
Charges for services	1,041,800	1,010,800	1,027,712	16,912
Rental income	632,980	642,980	686,141	43,161
Other	1,134,547	1,144,547	1,079,323	(65,224)
<b>Total revenues</b>	<u>37,850,827</u>	<u>37,311,569</u>	<u>37,530,703</u>	<u>219,134</u>
<b>Expenditures</b>				
Current:				
General government:				
Mayor, council and boards	614,479	614,479	544,971	69,508
Management and administration	3,070,453	3,106,453	2,375,545	730,908
City clerk	645,834	645,834	599,715	46,119
Personnel services	1,881,104	1,881,104	1,670,543	210,561
Financial services	2,704,612	2,152,664	1,902,201	250,463
Total general government	<u>8,916,482</u>	<u>8,400,534</u>	<u>7,092,975</u>	<u>1,307,559</u>
Public safety:				
Public safety operations	11,647,262	11,707,874	11,344,202	363,672
Emergency preparedness	37,700	37,700	31,398	6,302
Family resource center	207,768	207,768	215,059	(7,291)
Total public safety	<u>11,892,730</u>	<u>11,953,342</u>	<u>11,590,659</u>	<u>362,683</u>
Urban development:				
Community development operations	388,939	401,409	401,300	109
Building and safety	761,178	761,178	721,317	39,861
Engineering	794,629	794,629	668,617	126,012
Property maintenance	967,824	967,824	984,073	(16,249)
Planning	344,523	344,523	329,662	14,861
Total urban development	<u>3,257,093</u>	<u>3,269,563</u>	<u>3,104,969</u>	<u>164,594</u>
Highways and streets:				
Public services administration	718,408	720,408	705,019	15,389
Security and emergency services	26,885	29,285	28,007	1,278
Facilities maintenance	1,644,953	1,644,953	1,535,214	109,739
Street maintenance	762,778	843,778	731,713	112,065
Traffic maintenance	386,469	386,469	361,285	25,184
Signals and street lighting	1,292,091	1,327,191	1,289,735	37,456
Street sweeping	657,144	657,144	641,918	15,226
Sewer maintenance	293,066	293,066	247,787	45,279
Graffiti removal	446,397	451,397	460,401	(9,004)
Tree maintenance	733,586	733,586	736,346	(2,760)
Greenscape maintenance	692,461	692,461	705,685	(13,224)
Total highways and streets	<u>7,654,238</u>	<u>7,779,738</u>	<u>7,443,110</u>	<u>336,628</u>
Culture and leisure:				
Recreation	3,550,014	3,563,014	3,199,998	363,016
Park services	2,775,597	2,762,597	2,544,114	218,483
Total culture and leisure	<u>6,325,611</u>	<u>6,325,611</u>	<u>5,744,112</u>	<u>581,499</u>
Health and welfare:				
Social services administration	907,680	907,680	901,189	6,491
Senior programs	740,430	740,430	727,699	12,731
Emergency food and shelter program	40,057	70,057	46,822	23,235
Total health and welfare	<u>1,688,167</u>	<u>1,718,167</u>	<u>1,675,710</u>	<u>42,457</u>
Capital outlay	2,450,812	2,450,812	105,748	2,345,064
<b>Total expenditures</b>	<u>42,185,133</u>	<u>41,897,767</u>	<u>36,757,283</u>	<u>5,140,484</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(4,334,306)</u>	<u>(4,586,198)</u>	<u>773,420</u>	<u>5,359,618</u>
<b>Other financing sources (uses)</b>				
Transfers in	3,206,564	3,095,564	3,806,209	710,646
Transfers out	(1,594,774)	(1,594,774)	(1,548,002)	46,772
<b>Total other financing sources (uses)</b>	<u>1,611,790</u>	<u>1,500,790</u>	<u>2,258,207</u>	<u>757,418</u>
<b>Net change in fund balances</b>	<u>(2,722,516)</u>	<u>(3,085,408)</u>	<u>3,031,627</u>	<u>6,117,036</u>
<b>Fund balance at beginning of year</b>	<u>18,650,790</u>	<u>18,650,790</u>	<u>18,650,790</u>	<u>-</u>
<b>Fund balance at end of year</b>	<u>\$ 15,928,274</u>	<u>\$ 15,565,382</u>	<u>\$ 21,682,417</u>	<u>\$ 6,117,036</u>

**City of Norwalk**  
**Budgetary Comparison Schedule**  
**Housing and Community Development Grant Special Revenue Fund**  
**Year ended June 30, 2010**

	Budgetary Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Use of money and property	\$ -	\$ -	\$ 1,695	\$ 1,695
Intergovernmental	2,129,389	2,129,389	1,370,941	(758,448)
Other	158,168	158,168	439,078	280,910
<b>Total revenues</b>	<u>2,287,557</u>	<u>2,287,557</u>	<u>1,811,714</u>	<u>(475,843)</u>
<b>Expenditures</b>				
Current:				
Highways and Streets	51,576	46,576	42,499	4,077
Urban development	2,205,981	2,205,981	1,748,562	457,419
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<u>2,257,557</u>	<u>2,252,557</u>	<u>1,791,061</u>	<u>461,496</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>30,000</u>	<u>35,000</u>	<u>20,653</u>	<u>(14,347)</u>
<b>Other financing sources (uses)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	30,000	35,000	20,653	(14,347)
<b>Fund balance at beginning of year</b>	533,014	533,014	533,014	-
<b>Fund balance at end of year</b>	<u>\$ 563,014</u>	<u>\$ 568,014</u>	<u>\$ 553,667</u>	<u>\$ (14,347)</u>

**City of Norwalk**  
**Budgetary Comparison Schedule**  
**Housing Assistance Special Revenue Fund**  
**Year ended June 30, 2010**

	Budgetary Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Use of money and property	\$ 20,000	\$ 20,000	\$ 8,082	\$ (11,918)
Intergovernmental	6,645,149	6,645,149	7,136,498	491,349
Other	15,000	15,000	27,203	12,203
<b>Total revenues</b>	<u>6,680,149</u>	<u>6,680,149</u>	<u>7,171,783</u>	<u>491,634</u>
<b>Expenditures</b>				
Current:				
Health and welfare	6,897,284	6,897,284	7,156,212	(258,928)
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<u>6,897,284</u>	<u>6,897,284</u>	<u>7,156,212</u>	<u>(258,928)</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(217,135)</u>	<u>(217,135)</u>	<u>15,571</u>	<u>232,706</u>
<b>Other financing sources (uses)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	(217,135)	(217,135)	15,571	232,706
<b>Fund balance at beginning of year</b>	<u>1,145,285</u>	<u>1,145,285</u>	<u>1,145,285</u>	<u>-</u>
<b>Fund balance at end of year</b>	<u>\$ 928,150</u>	<u>\$ 928,150</u>	<u>\$ 1,160,856</u>	<u>\$ 232,706</u>

**City of Norwalk**  
**California Public Retirement System-**  
**Schedule of Funding Progress**

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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, 2007	89,753,146	82,275,319	7,477,827	91.67%	15,280,879	48.94%
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%

### **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.



**OTHER SUPPLEMENTARY INFORMATION**

**City of Norwalk**  
**Combining Balance Sheet**  
**Other Governmental Funds**  
**June 30, 2010**

	Special Revenue Funds	General Debt Service Fund	Capital Projects Funds	Totals
<b>ASSETS</b>				
Pooled cash and investments	\$ 10,351,899	\$ -	\$ 4,362,678	\$ 14,714,577
Cash and investments with fiscal agent	-	693,691	521,985	1,215,676
Accounts receivables, net	78,368	-	-	78,368
Due from other governments	1,782,076	-	499,033	2,281,109
Prepaid items	35,494	-	-	35,494
<b>Total assets</b>	<b>\$ 12,247,837</b>	<b>\$ 693,691</b>	<b>\$ 5,383,696</b>	<b>\$ 18,325,224</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts payable	\$ 965,198	\$ -	\$ 32,641	\$ 997,839
Deposits payable	-	-	952	952
Due to other funds	787,123	-	459,335	1,246,458
Deferred revenues	427,332	-	230,888	658,220
<b>Total liabilities</b>	<b>2,179,653</b>	<b>-</b>	<b>723,816</b>	<b>2,903,469</b>
<b>Fund balances</b>				
Reserved	6,110,098	693,691	-	6,803,789
Unreserved :				
Designated for special fund purpose	3,958,086	-	-	3,958,086
Designated for future capital projects	-	-	4,659,880	4,659,880
Unreserved - undesignated	-	-	-	-
<b>Total fund balances</b>	<b>10,068,184</b>	<b>693,691</b>	<b>4,659,880</b>	<b>15,421,755</b>
<b>Total liabilities and fund balances</b>	<b>\$ 12,247,837</b>	<b>\$ 693,691</b>	<b>\$ 5,383,696</b>	<b>\$ 18,325,224</b>

**City of Norwalk**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Other Governmental Funds**  
**Year ended June 30, 2010**

	Special Revenue Funds	General Debt Service Fund	Capital Projects Funds	Totals
<b>Revenues</b>				
Taxes	\$ 1,925,454	\$ -	\$ -	\$ 1,925,454
Use of money and property	72,656	57	27,551	100,264
Intergovernmental	12,002,084	-	1,353,332	13,355,416
Charges for services	801,916	-	-	801,916
Other	93,476	-	89,406	182,882
<b>Total revenues</b>	<u>14,895,586</u>	<u>57</u>	<u>1,470,289</u>	<u>16,365,932</u>
<b>Expenditures</b>				
Current:				
General government	548,520	5,131	-	553,651
Public safety	191,162	-	-	191,162
Highways and streets	3,213,016	-	-	3,213,016
Health and welfare	5,870,218	-	-	5,870,218
Capital outlay	132,546	-	445,223	577,769
Debt service				
Principal retirement	-	690,000	-	690,000
Interest and fiscal charges	-	888,981	-	888,981
<b>Total expenditures</b>	<u>9,955,462</u>	<u>1,584,112</u>	<u>445,223</u>	<u>11,984,797</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>4,940,124</u>	<u>(1,584,055)</u>	<u>1,025,066</u>	<u>4,381,135</u>
<b>Other financing sources (uses)</b>				
Transfers in	63,951	1,584,051	-	1,648,002
Transfers out	(3,009,538)	-	(1,262,448)	(4,271,986)
<b>Net other financing sources (uses)</b>	<u>(2,945,587)</u>	<u>1,584,051</u>	<u>(1,262,448)</u>	<u>(2,623,984)</u>
<b>Change in fund balances</b>	1,994,537	(4)	(237,382)	1,757,151
<b>Beginning fund balances</b>	<u>8,073,647</u>	<u>693,695</u>	<u>4,897,262</u>	<u>13,664,604</u>
<b>Ending fund balances</b>	<u>\$ 10,068,184</u>	<u>\$ 693,691</u>	<u>\$ 4,659,880</u>	<u>\$ 15,421,755</u>

**City of Norwalk**  
**Description of Other Special Revenue Funds**

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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.

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.

**City of Norwalk**  
**Description of Other Special Revenue Funds**

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Measure R Fund - This fund accounts for 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 FUNDS**

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

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

	<u>Child Development</u>	<u>State Gasoline Tax</u>	<u>Homeless Prevention</u>
<b>ASSETS</b>			
Pooled cash and investments	\$ -	\$ -	\$ -
Cash and investments with fiscal agent	-	-	-
Accounts receivable, net	-	-	-
Due from other governments	719,286	163,098	74,249
Prepaid items	5,735	-	-
<b>Total assets</b>	<b>\$ <u>725,021</u></b>	<b>\$ <u>163,098</u></b>	<b>\$ <u>74,249</u></b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities</b>			
Accounts payable	\$ 369,175	\$ -	\$ 24,220
Deposits payable	-	-	-
Due to other funds	355,846	78,999	50,029
Deferred revenue	-	84,099	-
<b>Total liabilities</b>	<b><u>725,021</u></b>	<b><u>163,098</u></b>	<b><u>74,249</u></b>
<b>Fund balances (deficits)</b>			
Reserved	-	-	-
Unreserved:			
Designated for special fund purposes	-	-	-
Designated for future capital projects	-	-	-
Unreserved - undesignated	-	-	-
<b>Total fund balances</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>Total liabilities and fund balances</b>	<b>\$ <u>725,021</u></b>	<b>\$ <u>163,098</u></b>	<b>\$ <u>74,249</u></b>

**City of Norwalk**  
**Combining Balance Sheet**  
**Other Special Revenue Funds**  
**June 30, 2010**

Air Quality Improvement	Norwalk Senior Program	Proposition "C"	Public Safety	Parking Structure	Forfeiture
\$ 412,180	\$ -	\$ 2,399,131	\$ 287,697	\$ 419,631	\$ 3,514
-	-	-	-	-	-
-	-	19,912	-	58,456	-
33,317	10,278	-	63,489	-	-
-	-	29,759	-	-	-
<u>\$ 445,497</u>	<u>\$ 10,278</u>	<u>\$ 2,448,802</u>	<u>\$ 351,186</u>	<u>\$ 478,087</u>	<u>\$ 3,514</u>
\$ -	\$ 7,056	\$ 27,167	\$ 37,090	\$ 28,742	\$ -
-	-	-	-	-	-
-	3,222	-	-	100,000	-
-	-	-	-	-	-
<u>-</u>	<u>10,278</u>	<u>27,167</u>	<u>37,090</u>	<u>128,742</u>	<u>-</u>
-	-	-	-	-	-
445,497	-	2,421,635	314,096	349,345	3,514
-	-	-	-	-	-
-	-	-	-	-	-
<u>445,497</u>	<u>-</u>	<u>2,421,635</u>	<u>314,096</u>	<u>349,345</u>	<u>3,514</u>
<u>\$ 445,497</u>	<u>\$ 10,278</u>	<u>\$ 2,448,802</u>	<u>\$ 351,186</u>	<u>\$ 478,087</u>	<u>\$ 3,514</u>

	Special Grants	Redevelopment Agency	Proposition "A"
<b>ASSETS</b>			
Pooled cash and investments	\$ 18,935	\$ 6,014,594	\$ -
Cash and investments with fiscal agent	-	-	-
Accounts receivable, net	-	-	-
Due from other governments	20,937	117,359	-
Prepaid items	-	-	-
<b>Total assets</b>	<b>\$ 39,872</b>	<b>\$ 6,131,953</b>	<b>\$ -</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities</b>			
Accounts payable	\$ 7,628	\$ 834	\$ -
Deposits payable	-	-	-
Due to other funds	-	21,021	-
Deferred revenue	29,325	-	-
<b>Total liabilities</b>	<b>36,953</b>	<b>21,855</b>	<b>-</b>
<b>Fund balances</b>			
Reserved	-	6,110,098	-
Unreserved:			
Designated for special fund purposes	2,919	-	-
Designated for future capital projects	-	-	-
Unreserved - undesignated	-	-	-
<b>Total fund balances</b>	<b>2,919</b>	<b>6,110,098</b>	<b>-</b>
<b>Total liabilities and fund balances</b>	<b>\$ 39,872</b>	<b>\$ 6,131,953</b>	<b>\$ -</b>



**City of Norwalk**  
**Combining Balance Sheet**  
**Other Special Revenue Funds (Continued)**  
**June 30, 2010**

<u>Measure "R"</u>	<u>ARRA Street Projects</u>	<u>ARRA Energy Efficiency</u>	<u>Other Federal Grants</u>	<u>Totals</u>
\$ 470,876	\$ -	\$ -	\$ 325,341	\$ 10,351,899
-	-	-	-	-
-	-	-	-	78,368
-	392,646	3,516	183,901	1,782,076
-	-	-	-	35,494
<u>\$ 470,876</u>	<u>\$ 392,646</u>	<u>\$ 3,516</u>	<u>\$ 509,242</u>	<u>\$ 12,247,837</u>
\$ 49,796	\$ 216,586	\$ 1,570	\$ 195,334	\$ 965,198
-	-	-	-	-
-	176,060	1,946	-	787,123
-	-	-	313,908	427,332
<u>49,796</u>	<u>392,646</u>	<u>3,516</u>	<u>509,242</u>	<u>2,179,653</u>
-	-	-	-	6,110,098
421,080	-	-	-	3,958,086
-	-	-	-	-
-	-	-	-	-
<u>421,080</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,068,184</u>
<u>\$ 470,876</u>	<u>\$ 392,646</u>	<u>\$ 3,516</u>	<u>\$ 509,242</u>	<u>\$ 12,247,837</u>

	<u>Child Development</u>	<u>State Gasoline Tax</u>	<u>Homeless Prevention</u>
<b>Revenues</b>			
Taxes	\$ -	\$ -	\$ -
Use of money and property	-	-	-
Intergovernmental	4,256,997	1,823,687	187,485
Charges for services	73,857	-	-
Other	-	-	-
<b>Total revenues</b>	<u>4,330,854</u>	<u>1,823,687</u>	<u>187,485</u>
<b>Expenditures</b>			
Current:			
General government	-	-	-
Public safety	-	-	-
Highways and streets	-	-	-
Health and welfare	4,313,899	-	187,485
Capital outlay	-	-	-
<b>Total expenditures</b>	<u>4,313,899</u>	<u>-</u>	<u>187,485</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>16,955</u>	<u>1,823,687</u>	<u>-</u>
<b>Other financing sources (uses)</b>			
Transfers in	-	-	-
Transfers out	-	(1,823,687)	-
<b>Net other financing sources (uses)</b>	<u>-</u>	<u>(1,823,687)</u>	<u>-</u>
<b>Change in fund balances</b>	16,955	-	-
<b>Beginning fund balances</b>	<u>(16,955)</u>	<u>-</u>	<u>-</u>
<b>Ending fund balances</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**City of Norwalk**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances -**  
**Other Special Revenue Funds**  
**Year ended June 30, 2010**

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<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>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2,509	-	14,984	468	-	21
124,060	55,580	1,157,724	431,052	-	-
-	-	68,911	-	659,148	-
-	330	93,146	-	-	-
<u>126,569</u>	<u>55,910</u>	<u>1,334,765</u>	<u>431,520</u>	<u>659,148</u>	<u>21</u>
-	-	26,009	-	408,337	-
-	-	-	191,162	-	-
-	-	883,667	-	-	-
41,793	73,022	-	-	-	-
-	-	123,651	-	-	-
<u>41,793</u>	<u>73,022</u>	<u>1,033,327</u>	<u>191,162</u>	<u>408,337</u>	<u>-</u>
<u>84,776</u>	<u>(17,112)</u>	<u>301,438</u>	<u>240,358</u>	<u>250,811</u>	<u>21</u>
-	17,112	-	-	-	-
(87,564)	-	(53,000)	-	(200,000)	-
<u>(87,564)</u>	<u>17,112</u>	<u>(53,000)</u>	<u>-</u>	<u>(200,000)</u>	<u>-</u>
(2,788)	-	248,438	240,358	50,811	21
<u>448,285</u>	<u>-</u>	<u>2,173,197</u>	<u>73,738</u>	<u>298,534</u>	<u>3,493</u>
<u>\$ 445,497</u>	<u>\$ -</u>	<u>\$ 2,421,635</u>	<u>\$ 314,096</u>	<u>\$ 349,345</u>	<u>\$ 3,514</u>

	<u>Special Grants</u>	<u>Redevelopment Agency</u>	<u>Proposition "A"</u>
<b>Revenues</b>			
Taxes	\$ -	\$ 1,925,454	\$ -
Use of money and property	198	53,472	-
Intergovernmental	45,348	-	1,395,616
Charges for services	-	-	-
Other	-	-	-
<b>Total revenues</b>	<u>45,546</u>	<u>1,978,926</u>	<u>1,395,616</u>
<b>Expenditures</b>			
Current			
General government	-	114,174	-
Public safety	-	-	-
Highways and streets	-	-	1,395,616
Health and welfare	92,188	-	-
Capital outlay	-	-	-
<b>Total expenditures</b>	<u>92,188</u>	<u>114,174</u>	<u>1,395,616</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(46,642)</u>	<u>1,864,752</u>	<u>-</u>
<b>Other financing sources (uses)</b>			
Transfers in	46,839	-	-
Transfers out	-	(845,287)	-
<b>Net other financing sources (uses)</b>	<u>46,839</u>	<u>(845,287)</u>	<u>-</u>
<b>Change in fund balances</b>	197	1,019,465	-
<b>Beginning fund balances</b>	<u>2,722</u>	<u>5,090,633</u>	<u>-</u>
<b>Ending fund balances</b>	<u>\$ 2,919</u>	<u>\$ 6,110,098</u>	<u>\$ -</u>

**City of Norwalk**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances -**  
**Other Special Revenue Funds (Continued)**  
**Year ended June 30, 2010**

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Measure "R"	ARRA Street Projects	ARRA Energy Efficiency	Other Federal Grants	Totals
\$ -	\$ -	\$ -	\$ -	\$ 1,925,454
725	-	-	279	72,656
696,576	662,891	3,516	1,161,552	12,002,084
-	-	-	-	801,916
-	-	-	-	93,476
<u>697,301</u>	<u>662,891</u>	<u>3,516</u>	<u>1,161,831</u>	<u>14,895,586</u>
-	-	-	-	548,520
-	-	-	-	191,162
267,326	662,891	3,516	-	3,213,016
8,895	-	-	1,161,831	5,870,218
<u>276,221</u>	<u>662,891</u>	<u>3,516</u>	<u>1,161,831</u>	<u>9,955,462</u>
<u>421,080</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,940,124</u>
-	-	-	-	63,951
-	-	-	-	(3,009,538)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,945,587)</u>
421,080	-	-	-	1,994,537
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,073,647</u>
<u>\$ 421,080</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,068,184</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, 2010**

	Budgeted Amount Final	Actual	Variance with Final Budget Positive (negative)
<b>Revenues</b>			
Intergovernmental	\$ 4,831,810	\$ 4,256,997	\$ (574,813)
Charges for services	40,000	73,857	33,857
Other	-	-	-
<b>Total revenues</b>	<u>4,871,810</u>	<u>4,330,854</u>	<u>(540,956)</u>
<b>Expenditures</b>			
Current:			
Health and Welfare	4,871,810	4,313,899	557,911
<b>Total expenditures</b>	<u>4,871,810</u>	<u>4,313,899</u>	<u>557,911</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>-</u>	<u>16,955</u>	<u>16,955</u>
<b>Other financing sources (uses)</b>			
Transfers in	-	-	-
Transfers out	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	-	16,955	16,955
<b>Beginning fund balances</b>	<u>(16,955)</u>	<u>(16,955)</u>	<u>-</u>
<b>Ending fund balances</b>	<u>\$ (16,955)</u>	<u>\$ -</u>	<u>\$ 16,955</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, 2010**

	Budgeted Amount Final	Actual	Variance with Final Budget Positive (negative)
<b>Revenues</b>			
Intergovernmental	\$ 1,705,000	\$ 1,823,687	\$ 118,687
<b>Total revenues</b>	<u>1,705,000</u>	<u>1,823,687</u>	<u>118,687</u>
<b>Expenditures</b>			
Current:			
Highways and streets	-	-	-
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>1,705,000</u>	<u>1,823,687</u>	<u>118,687</u>
<b>Other financing sources (uses)</b>			
Transfers in	-	-	-
Transfers out	(1,705,000)	(1,823,687)	(118,687)
<b>Total other financing sources (uses)</b>	<u>(1,705,000)</u>	<u>(1,823,687)</u>	<u>(118,687)</u>
<b>Net change in fund balances</b>	-	-	-
<b>Beginning fund balances</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Ending fund balances</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2010**

	Budgeted Amount Final	Actual	Variance with Final Budget Positive (negative)
<b>Revenues</b>			
Intergovernmental	\$ 633,782	\$ 187,485	\$ (446,297)
<b>Total revenues</b>	<u>633,782</u>	<u>187,485</u>	<u>(446,297)</u>
<b>Expenditures</b>			
Current:			
Health and welfare	633,782	187,485	446,297
<b>Total expenditures</b>	<u>633,782</u>	<u>187,485</u>	<u>446,297</u>
<b>Excess (deficiency) of revenues over expenditures</b>	-	-	-
<b>Other financing sources (uses)</b>			
Transfers in	-	-	-
Transfers out	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	-	-	-
<b>Beginning fund balances</b>	-	-	-
<b>Ending fund balances</b>	<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, 2010**

	Budgeted Amount Final	Actual	Variance with Final Budget Positive (negative)
<b>Revenues</b>			
Use of money and property	\$ 2,000	\$ 2,509	\$ 509
Intergovernmental	120,000	124,060	4,060
Other	-	-	-
<b>Total revenues</b>	<u>122,000</u>	<u>126,569</u>	<u>4,569</u>
<b>Expenditures</b>			
Current:			
Health and welfare	40,427	41,793	(1,366)
<b>Total expenditures</b>	<u>40,427</u>	<u>41,793</u>	<u>(1,366)</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>81,573</u>	<u>84,776</u>	<u>3,203</u>
<b>Other financing sources (uses)</b>			
Transfers in	-	-	-
Transfers out	(87,564)	(87,564)	-
<b>Total other financing sources (uses)</b>	<u>(87,564)</u>	<u>(87,564)</u>	<u>-</u>
<b>Net change in fund balances</b>	(5,991)	(2,788)	3,203
<b>Beginning fund balances</b>	<u>448,285</u>	<u>448,285</u>	<u>-</u>
<b>Ending fund balances</b>	<u>\$ 442,294</u>	<u>\$ 445,497</u>	<u>\$ 3,203</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, 2010**

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	Budgeted Amount Final	Actual	Variance with Final Budget Positive (negative)
	<u>Final</u>	<u>Actual</u>	<u>(negative)</u>
<b>Revenues</b>			
Intergovernmental	\$ 53,587	\$ 55,580	\$ 1,993
Other	-	330	330
<b>Total revenues</b>	<u>53,587</u>	<u>55,910</u>	<u>2,323</u>
<b>Expenditures</b>			
Current:			
Health and welfare	112,751	73,022	39,729
<b>Total expenditures</b>	<u>112,751</u>	<u>73,022</u>	<u>39,729</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(59,164)</u>	<u>(17,112)</u>	<u>42,052</u>
<b>Other financing sources (uses)</b>			
Transfers in	59,164	17,112	(42,052)
Transfers out	-	-	-
<b>Total other financing sources (uses)</b>	<u>59,164</u>	<u>17,112</u>	<u>(42,052)</u>
<b>Net change in fund balances</b>	-	-	-
<b>Beginning fund balances</b>	-	-	-
<b>Ending fund balances</b>	<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, 2010**

	Budgeted Amount Final	Actual	Variance with Final Budget Positive (negative)
<b>Revenues</b>			
Use of money and property	\$ 20,000	\$ 14,984	\$ (5,016)
Intergovernmental	1,286,284	1,157,724	(128,560)
Charges for services	105,000	68,911	(36,089)
Other	180,030	93,146	(86,884)
<b>Total revenues</b>	<u>1,591,314</u>	<u>1,334,765</u>	<u>(256,549)</u>
<b>Expenditures</b>			
Current:			
General government	26,009	26,009	-
Highways and streets	885,824	883,667	2,157
Capital outlay	1,689,298	123,651	1,565,647
<b>Total expenditures</b>	<u>2,601,131</u>	<u>1,033,327</u>	<u>1,567,804</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(1,009,817)</u>	<u>301,438</u>	<u>1,311,255</u>
<b>Other financing sources (uses)</b>			
Transfers in	-	-	-
Transfers out	(53,000)	(53,000)	-
<b>Total other financing sources (uses)</b>	<u>(53,000)</u>	<u>(53,000)</u>	<u>-</u>
<b>Net change in fund balances</b>	(1,062,817)	248,438	1,311,255
<b>Beginning fund balances</b>	<u>2,173,197</u>	<u>2,173,197</u>	<u>-</u>
<b>Ending fund balances</b>	<u>\$ 1,110,380</u>	<u>\$ 2,421,635</u>	<u>\$ 1,311,255</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, 2010**

	Budgeted Amount Final	Actual	Variance with Final Budget Positive (negative)
<b>Revenues</b>			
Use of money and property	\$ 500	\$ 468	\$ (32)
Intergovernmental	746,055	431,052	(315,003)
<b>Total revenues</b>	<u>746,555</u>	<u>431,520</u>	<u>(315,035)</u>
<b>Expenditures</b>			
Current:			
Public safety	806,561	191,162	615,399
<b>Total expenditures</b>	<u>806,561</u>	<u>191,162</u>	<u>615,399</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(60,006)</u>	<u>240,358</u>	<u>300,364</u>
<b>Other financing sources (uses)</b>			
Transfers in	-	-	-
Transfers out	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	(60,006)	240,358	300,364
<b>Beginning fund balances</b>	<u>73,738</u>	<u>73,738</u>	<u>-</u>
<b>Ending fund balances</b>	<u>\$ 13,732</u>	<u>\$ 314,096</u>	<u>\$ 300,364</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, 2010**

	Budgeted Amount Final	Actual	Variance with Final Budget Positive (negative)
<b>Revenues</b>			
Charges for services	\$ 470,000	\$ 659,148	\$ 189,148
<b>Total revenues</b>	<u>470,000</u>	<u>659,148</u>	<u>189,148</u>
<b>Expenditures</b>			
Current:			
General government	426,895	408,337	18,558
<b>Total expenditures</b>	<u>426,895</u>	<u>408,337</u>	<u>18,558</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>43,105</u>	<u>250,811</u>	<u>207,706</u>
<b>Other financing sources (uses)</b>			
Transfers in	-	-	-
Transfers out	(200,000)	(200,000)	-
<b>Total other financing sources (uses)</b>	<u>(200,000)</u>	<u>(200,000)</u>	<u>-</u>
<b>Net change in fund balances</b>	(156,895)	50,811	207,706
<b>Beginning fund balances</b>	<u>298,534</u>	<u>298,534</u>	<u>-</u>
<b>Ending fund balances</b>	<u>\$ 141,639</u>	<u>\$ 349,345</u>	<u>\$ 207,706</u>

**City of Norwalk**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance –**  
**Budget and Actual**  
**Forfeiture Special Revenue Fund**  
**Year ended June 30, 2010**

	Budgeted Amount Final	Actual	Variance with Final Budget Positive (negative)
<b>Revenues</b>			
Use of money and property	\$ -	\$ 21	\$ 21
Intergovernmental	-	-	-
<b>Total revenues</b>	<u>-</u>	<u>21</u>	<u>21</u>
<b>Expenditures</b>			
Current:			
General government	-	-	-
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>-</u>	<u>21</u>	<u>21</u>
<b>Other financing sources (uses)</b>			
Transfers in	-	-	-
Transfers out	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	-	21	21
<b>Beginning fund balances</b>	<u>3,493</u>	<u>3,493</u>	<u>-</u>
<b>Ending fund balances</b>	<u>\$ 3,493</u>	<u>\$ 3,514</u>	<u>\$ 21</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, 2010**

	Budgeted Amount Final	Actual	Variance with Final Budget Positive (negative)
<b>Revenues</b>			
Use of money and property	\$ 400	\$ 198	\$ (202)
Intergovernmental	61,167	45,348	(15,819)
<b>Total revenues</b>	<u>61,567</u>	<u>45,546</u>	<u>(16,021)</u>
<b>Expenditures</b>			
Current:			
Health and welfare	105,796	92,188	13,608
<b>Total expenditures</b>	<u>105,796</u>	<u>92,188</u>	<u>13,608</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(44,229)</u>	<u>(46,642)</u>	<u>(2,413)</u>
<b>Other financing sources (uses)</b>			
Transfers in	44,629	46,839	2,210
Transfers out	-	-	-
<b>Total other financing sources (uses)</b>	<u>44,629</u>	<u>46,839</u>	<u>2,210</u>
<b>Net change in fund balances</b>	400	197	(203)
<b>Beginning fund balances</b>	<u>2,722</u>	<u>2,722</u>	<u>-</u>
<b>Ending fund balances</b>	<u>\$ 3,122</u>	<u>\$ 2,919</u>	<u>\$ (203)</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, 2010**

	Budgeted Amount Final	Actual	Variance with Final Budget Positive (negative)
<b>Revenues</b>			
Taxes	\$ 1,862,000	\$ 1,925,454	\$ 63,454
Use of money and property	130,000	53,472	(76,528)
<b>Total revenues</b>	<u>1,992,000</u>	<u>1,978,926</u>	<u>(13,074)</u>
<b>Expenditures</b>			
Current:			
General government	239,649	114,174	125,475
<b>Total expenditures</b>	<u>239,649</u>	<u>114,174</u>	<u>125,475</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>1,752,351</u>	<u>1,864,752</u>	<u>112,401</u>
<b>Other financing sources (uses)</b>			
Transfers in	-	-	-
Transfers out	(845,709)	(845,287)	422
<b>Total other financing sources (uses)</b>	<u>(845,709)</u>	<u>(845,287)</u>	<u>422</u>
<b>Net change in fund balances</b>	906,642	1,019,465	112,823
<b>Beginning fund balances</b>	<u>5,090,633</u>	<u>5,090,633</u>	<u>-</u>
<b>Ending fund balances</b>	<u>\$ 5,997,275</u>	<u>\$ 6,110,098</u>	<u>\$ 112,823</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, 2010**

	Budgeted Amount Final	Actual	Variance with Final Budget Positive (negative)
<b>Revenues</b>			
Use of money and property	\$ -	\$ -	\$ -
Intergovernmental	1,550,319	1,395,616	(154,703)
<b>Total revenues</b>	<u>1,550,319</u>	<u>1,395,616</u>	<u>(154,703)</u>
<b>Expenditures</b>			
Current:			
Highways and streets	1,550,319	1,395,616	154,703
<b>Total expenditures</b>	<u>1,550,319</u>	<u>1,395,616</u>	<u>154,703</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Other financing sources (uses)</b>			
Transfers in	-	-	-
Transfers out	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	-	-	-
<b>Beginning fund balances</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Ending fund balances</b>	<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, 2010**

	Budgeted Amount Final	Actual	Variance with Final Budget Positive (negative)
<b>Revenues</b>			
Use of money and property	\$ -	\$ 725	\$ 725
Intergovernmental	564,936	696,576	131,640
<b>Total revenues</b>	<u>564,936</u>	<u>697,301</u>	<u>132,365</u>
<b>Expenditures</b>			
Current:			
Highways and streets	329,100	267,326	61,774
Capital outlay	8,900	8,895	5
<b>Total expenditures</b>	<u>338,000</u>	<u>276,221</u>	<u>61,779</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>226,936</u>	<u>421,080</u>	<u>194,144</u>
<b>Other financing sources (uses)</b>			
Transfers in	-	-	-
Transfers out	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	226,936	421,080	194,144
<b>Beginning fund balances</b>	-	-	-
<b>Ending fund balances</b>	<u>\$ 226,936</u>	<u>\$ 421,080</u>	<u>\$ 194,144</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, 2010**

	Budgeted Amount Final	Actual	Variance with Final Budget Positive (negative)
<b>Revenues</b>			
Use of money and property	\$ -	\$ -	\$ -
Intergovernmental	3,286,000	662,891	(2,623,109)
<b>Total revenues</b>	<u>3,286,000</u>	<u>662,891</u>	<u>(2,623,109)</u>
<b>Expenditures</b>			
Current:			
Highways and streets	3,409,000	662,891	2,746,109
<b>Total expenditures</b>	<u>3,409,000</u>	<u>662,891</u>	<u>2,746,109</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(123,000)</u>	<u>-</u>	<u>123,000</u>
<b>Other financing sources (uses)</b>			
Transfers in	-	-	-
Transfers out	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	(123,000)	-	123,000
<b>Beginning fund balances</b>	-	-	-
<b>Ending fund balances</b>	<u>\$ (123,000)</u>	<u>\$ -</u>	<u>\$ 123,000</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, 2010**

	Budgeted Amount Final	Actual	Variance with Final Budget Positive (negative)
<b>Revenues</b>			
Use of money and property	\$ -	\$ -	\$ -
Intergovernmental	935,700	3,516	(932,184)
<b>Total revenues</b>	<u>935,700</u>	<u>3,516</u>	<u>(932,184)</u>
<b>Expenditures</b>			
Current:			
Highways and streets	935,700	3,516	932,184
<b>Total expenditures</b>	<u>935,700</u>	<u>3,516</u>	<u>932,184</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Other financing sources (uses)</b>			
Transfers in	-	-	-
Transfers out	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	-	-	-
<b>Beginning fund balances</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Ending fund balances</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2010**

	Budgeted Amount Final	Actual	Variance with Final Budget Positive (negative)
<b>Revenues</b>			
Use of money and property	\$ -	\$ 279	\$ 279
Intergovernmental	3,974,786	1,161,552	(2,813,234)
Other	-	-	-
<b>Total revenues</b>	<u>3,974,786</u>	<u>1,161,831</u>	<u>(2,812,955)</u>
<b>Expenditures</b>			
Current:			
Health and welfare	3,974,786	1,161,831	2,812,955
<b>Total expenditures</b>	<u>3,974,786</u>	<u>1,161,831</u>	<u>2,812,955</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Other financing sources (uses)</b>			
Transfers in	-	-	-
Transfers out	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	-	-	-
<b>Beginning fund balances</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Ending fund balances</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2010**

	Budgeted Amount Final	Actual	Variance with Final Budget Positive (negative)
<b>Revenues</b>			
Use of money and property	\$ 10,000	\$ 57	\$ (9,943)
<b>Total revenues</b>	<u>10,000</u>	<u>57</u>	<u>(9,943)</u>
<b>Expenditures</b>			
Current:			
General government	12,000	5,131	6,869
Debt service			
Principal retirement	690,000	690,000	-
Interest and fiscal charges	888,981	888,981	-
<b>Total expenditures</b>	<u>1,590,981</u>	<u>1,584,112</u>	<u>6,869</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(1,580,981)</u>	<u>(1,584,055)</u>	<u>(3,074)</u>
<b>Other financing sources (uses)</b>			
Transfers in	1,580,981	1,584,051	3,070
Transfers out	-	-	-
<b>Total other financing sources (uses)</b>	<u>1,580,981</u>	<u>1,584,051</u>	<u>3,070</u>
<b>Net change in fund balances</b>	-	(4)	(4)
<b>Beginning fund balances</b>	<u>693,695</u>	<u>693,695</u>	-
<b>Ending fund balances</b>	<u>\$ 693,695</u>	<u>\$ 693,691</u>	<u>\$ (4)</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, 2010**

	Budgeted Amount Final	Actual	Variance with Final Budget Positive (negative)
<b>Revenues</b>			
Taxes	\$ 7,238,000	\$ 7,701,815	\$ 463,815
Use of money and property	180,000	66,103	(113,897)
<b>Total revenues</b>	<u>7,418,000</u>	<u>7,767,918</u>	<u>349,918</u>
<b>Expenditures</b>			
Current:			
General Government	169,000	143,275	25,725
Health and Welfare	4,462,850	4,869,925	(407,075)
Debt service			
Principal retirement	1,130,000	1,130,000	-
Interest and fiscal charges	5,300,278	4,561,236	739,042
<b>Total expenditures</b>	<u>11,062,128</u>	<u>10,704,436</u>	<u>357,692</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(3,644,128)</u>	<u>(2,936,518)</u>	<u>707,610</u>
<b>Other financing sources (uses)</b>			
Transfers in	-	845,287	845,287
Issuance of County deferral loans	2,540,000	2,403,006	(136,994)
<b>Total other financing sources (uses)</b>	<u>2,540,000</u>	<u>3,248,293</u>	<u>708,293</u>
<b>Net change in fund balances</b>	(1,104,128)	311,775	1,415,903
<b>Beginning fund balances</b>	<u>(1,051,977)</u>	<u>(1,051,977)</u>	<u>-</u>
<b>Ending fund balances</b>	<u>\$ (2,156,105)</u>	<u>\$ (740,202)</u>	<u>\$ 1,415,903</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.

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.

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.

	Prop 1B	Public Art	Special Projects	Transportation and Public Services Facility	Parking Structure
<b>ASSETS</b>					
Pooled cash and investments	\$ 1,483,450	\$ 766,654	\$ 734,555	\$ -	\$ -
Cash and investments with fiscal agent	-	-	-	118,535	403,450
Due from other governments	-	-	496,890	2,143	-
<b>Total assets</b>	<b>\$ 1,483,450</b>	<b>\$ 766,654</b>	<b>\$ 1,231,445</b>	<b>\$ 120,678</b>	<b>\$ 403,450</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts payable	\$ 84	\$ -	\$ 7	\$ -	\$ -
Deposits payable	-	-	952	-	-
Due to other funds	-	-	-	82,000	377,335
Deferred revenue	-	-	230,888	-	-
<b>Total liabilities</b>	<b>84</b>	<b>-</b>	<b>231,847</b>	<b>82,000</b>	<b>377,335</b>
<b>Fund balances (deficits)</b>					
Unreserved:					
Designated for future capital projects	1,483,366	766,654	999,598	38,678	26,115
Unreserved - undesignated	-	-	-	-	-
<b>Total fund balances</b>	<b>1,483,366</b>	<b>766,654</b>	<b>999,598</b>	<b>38,678</b>	<b>26,115</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,483,450</b>	<b>\$ 766,654</b>	<b>\$ 1,231,445</b>	<b>\$ 120,678</b>	<b>\$ 403,450</b>

**City of Norwalk**  
**Combining Balance Sheet**  
**Other Capital Projects Funds**  
**June 30, 2010**

Park Development	Computer Replacement	Equipment Replacement	Building Renovation	Total Other Capital Projects Funds
\$ -	\$ 28,514	\$ 1,226,380	\$ 123,125	\$ 4,362,678
-	-	-	-	521,985
-	-	-	-	499,033
<u>\$ -</u>	<u>\$ 28,514</u>	<u>\$ 1,226,380</u>	<u>\$ 123,125</u>	<u>\$ 5,383,696</u>
\$ -	\$ -	\$ -	\$ 32,550	\$ 32,641
-	-	-	-	952
-	-	-	-	459,335
-	-	-	-	230,888
<u>-</u>	<u>-</u>	<u>-</u>	<u>32,550</u>	<u>723,816</u>
-	28,514	1,226,380	90,575	4,659,880
-	-	-	-	-
<u>-</u>	<u>28,514</u>	<u>1,226,380</u>	<u>90,575</u>	<u>4,659,880</u>
<u>\$ -</u>	<u>\$ 28,514</u>	<u>\$ 1,226,380</u>	<u>\$ 123,125</u>	<u>\$ 5,383,696</u>

	Prop 1B	Public Art	Special Projects	Transportation and Public Services Facility
<b>Revenues</b>				
Use of money and property	\$ 7,993	\$ 4,550	\$ 6,191	\$ 2
Intergovernmental	184,918	-	1,167,686	-
Other	-	89,406	-	-
<b>Total revenues</b>	<u>192,911</u>	<u>93,956</u>	<u>1,173,877</u>	<u>2</u>
<b>Expenditures</b>				
Capital outlay	33,309	38,432	180,800	-
<b>Total expenditures</b>	<u>33,309</u>	<u>38,432</u>	<u>180,800</u>	<u>-</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>159,602</u>	<u>55,524</u>	<u>993,077</u>	<u>2</u>
<b>Other financing sources (uses)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	(944,848)	-
<b>Net other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>(944,848)</u>	<u>-</u>
<b>Change in fund balances</b>	159,602	55,524	48,229	2
<b>Beginning fund balances (deficit)</b>	<u>1,323,764</u>	<u>711,130</u>	<u>951,369</u>	<u>38,676</u>
<b>Ending fund balances (deficit)</b>	<u>\$ 1,483,366</u>	<u>\$ 766,654</u>	<u>\$ 999,598</u>	<u>\$ 38,678</u>

**City of Norwalk**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances –**  
**Other Capital Projects Funds**  
**Year ended June 30, 2010**

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<u>Parking Structure</u>	<u>Park Development</u>	<u>Computer Replacement</u>	<u>Equipment Replacement</u>	<u>Building Renovation</u>	<u>Total Other Capital Projects Funds</u>
\$ -	\$ -	\$ -	\$ 7,511	\$ 1,304	\$ 27,551
-	728	-	-	-	1,353,332
-	-	-	-	-	89,406
<u>-</u>	<u>728</u>	<u>-</u>	<u>7,511</u>	<u>1,304</u>	<u>1,470,289</u>
-	728	11,245	11,297	169,412	445,223
<u>-</u>	<u>728</u>	<u>11,245</u>	<u>11,297</u>	<u>169,412</u>	<u>445,223</u>
-	-	(11,245)	(3,786)	(168,108)	1,025,066
-	-	-	-	-	-
<u>(317,600)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,262,448)</u>
<u>(317,600)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,262,448)</u>
(317,600)	-	(11,245)	(3,786)	(168,108)	(237,382)
<u>343,715</u>	<u>-</u>	<u>39,759</u>	<u>1,230,166</u>	<u>258,683</u>	<u>4,897,262</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>

**City of Norwalk**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance –**  
**Budget and Actual**  
**Prop 1B Capital Projects Fund**  
**Year ended June 30, 2010**

	Budgeted Amount Final	Actual	Variance with Final Budget Positive (negative)
<b>Revenues</b>			
Use of money and property	\$ 10,000	\$ 7,993	\$ (2,007)
Intergovernmental	-	184,918	184,918
<b>Total revenues</b>	<u>10,000</u>	<u>192,911</u>	<u>182,911</u>
<b>Expenditures</b>			
Capital outlay	1,222,662	33,309	1,189,353
<b>Total expenditures</b>	<u>1,222,662</u>	<u>33,309</u>	<u>1,189,353</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(1,212,662)</u>	<u>159,602</u>	<u>1,372,264</u>
<b>Other financing sources (uses)</b>			
Transfers in	-	-	-
Transfers out	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	(1,212,662)	159,602	1,372,264
<b>Beginning fund balances</b>	<u>1,323,764</u>	<u>1,323,764</u>	<u>-</u>
<b>Ending fund balances</b>	<u>\$ 111,102</u>	<u>\$ 1,483,366</u>	<u>\$ 1,372,264</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, 2010**

	Budgeted Amount Final	Actual	Variance with Final Budget Positive (negative)
<b>Revenues</b>			
Use of money and property	\$ 6,000	\$ 4,550	\$ (1,450)
Other	20,000	89,406	69,406
<b>Total revenues</b>	<u>26,000</u>	<u>93,956</u>	<u>67,956</u>
<b>Expenditures</b>			
Capital outlay	681,659	38,432	643,227
<b>Total expenditures</b>	<u>681,659</u>	<u>38,432</u>	<u>643,227</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(655,659)</u>	<u>55,524</u>	<u>711,183</u>
<b>Other financing sources (uses)</b>			
Transfers in	-	-	-
Transfers out	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	(655,659)	55,524	711,183
<b>Beginning fund balances</b>	<u>711,130</u>	<u>711,130</u>	-
<b>Ending fund balances</b>	<u>\$ 55,471</u>	<u>\$ 766,654</u>	<u>\$ 711,183</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, 2010**

	Budgeted Amount Final	Actual	Variance with Final Budget Positive (negative)
<b>Revenues</b>			
Use of money and property	\$ 2,000	\$ 6,191	\$ 4,191
Intergovernmental	3,490,682	1,167,686	(2,322,996)
<b>Total revenues</b>	<u>3,492,682</u>	<u>1,173,877</u>	<u>(2,318,805)</u>
<b>Expenditures</b>			
Capital outlay	2,566,504	180,800	2,385,704
<b>Total expenditures</b>	<u>2,566,504</u>	<u>180,800</u>	<u>2,385,704</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>926,178</u>	<u>993,077</u>	<u>66,899</u>
<b>Other financing sources (uses)</b>			
Transfers in	-	-	-
Transfers out	-	(944,848)	(944,848)
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>(944,848)</u>	<u>(944,848)</u>
<b>Net change in fund balances</b>	926,178	48,229	(877,949)
<b>Beginning fund balances</b>	<u>951,369</u>	<u>951,369</u>	<u>-</u>
<b>Ending fund balances</b>	<u>\$ 1,877,547</u>	<u>\$ 999,598</u>	<u>\$ (877,949)</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, 2010**

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	Budgeted Amount Final	Actual	Variance with Final Budget Positive (negative)
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Revenues</b>			
Use of money and property	\$ -	\$ 2	\$ 2
<b>Total revenues</b>	<u>          </u> -	<u>          </u> 2	<u>          </u> 2
<b>Expenditures</b>			
Capital outlay	-	-	-
<b>Total expenditures</b>	<u>          </u> -	<u>          </u> -	<u>          </u> -
<b>Excess (deficiency) of revenues over expenditures</b>	<u>          </u> -	<u>          </u> 2	<u>          </u> 2
<b>Other financing sources (uses)</b>			
Transfers in	-	-	-
Transfers out	-	-	-
<b>Total other financing sources (uses)</b>	<u>          </u> -	<u>          </u> -	<u>          </u> -
<b>Net change in fund balances</b>	-	2	2
<b>Beginning fund balances</b>	<u>          </u> 38,676	<u>          </u> 38,676	<u>          </u> -
<b>Ending fund balances</b>	<u>          </u> \$ 38,676	<u>          </u> \$ 38,678	<u>          </u> \$ 2

**City of Norwalk**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance –**  
**Budget and Actual**  
**Parking Structure Capital Projects Fund**  
**Year ended June 30, 2010**

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	Budgeted Amount Final	Actual	Variance with Final Budget Positive (negative)
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Revenues</b>			
Use of money and property	\$ -	\$ -	\$ -
<b>Total revenues</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Expenditures</b>			
Capital outlay	-	-	-
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Other financing sources (uses)</b>			
Transfers in	-	-	-
Transfers out	(317,600)	(317,600)	-
<b>Total other financing sources (uses)</b>	<u>(317,600)</u>	<u>(317,600)</u>	<u>-</u>
<b>Net change in fund balances</b>	(317,600)	(317,600)	-
<b>Beginning fund balances</b>	<u>343,715</u>	<u>343,715</u>	<u>-</u>
<b>Ending fund balances</b>	<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, 2010**

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	Budgeted Amount Final	<u>Actual</u>	Variance with Final Budget Positive (negative)
<b>Revenues</b>			
Intergovernmental	\$ -	\$ 728	\$ 728
<b>Total revenues</b>	<u>-</u>	<u>728</u>	<u>728</u>
<b>Expenditures</b>			
Capital outlay	-	728	(728)
<b>Total expenditures</b>	<u>-</u>	<u>728</u>	<u>(728)</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Other financing sources (uses)</b>			
Transfers in	-	-	-
Transfers out	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	-	-	-
<b>Beginning fund balances</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Ending fund balances</b>	<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, 2010**

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	<u>Budgeted Amount Final</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (negative)</u>
<b>Revenues</b>			
Use of money and property	\$ -	\$ -	\$ -
<b>Total revenues</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Expenditures</b>			
Capital outlay	10,000	11,245	(1,245)
<b>Total expenditures</b>	<u>10,000</u>	<u>11,245</u>	<u>(1,245)</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(10,000)</u>	<u>(11,245)</u>	<u>(1,245)</u>
<b>Other financing sources (uses)</b>			
Transfers in	-	-	-
Transfers out	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	(10,000)	(11,245)	(1,245)
<b>Beginning fund balances</b>	<u>39,759</u>	<u>39,759</u>	<u>-</u>
<b>Ending fund balances</b>	<u>\$ 29,759</u>	<u>\$ 28,514</u>	<u>\$ (1,245)</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, 2010**

	Budgeted Amount Final	Actual	Variance with Final Budget Positive (negative)
<b>Revenues</b>			
Use of money and property	\$ 5,000	\$ 7,511	\$ 2,511
<b>Total revenues</b>	<u>5,000</u>	<u>7,511</u>	<u>2,511</u>
<b>Expenditures</b>			
Capital outlay	11,300	11,297	3
<b>Total expenditures</b>	<u>11,300</u>	<u>11,297</u>	<u>3</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(6,300)</u>	<u>(3,786)</u>	<u>2,514</u>
<b>Other financing sources (uses)</b>			
Transfers in	-	-	-
Transfers out	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	(6,300)	(3,786)	2,514
<b>Beginning fund balances</b>	<u>1,230,166</u>	<u>1,230,166</u>	<u>-</u>
<b>Ending fund balances</b>	<u>\$ 1,223,866</u>	<u>\$ 1,226,380</u>	<u>\$ 2,514</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, 2010**

	Budgeted Amount Final	Actual	Variance with Final Budget Positive (negative)
<b>Revenues</b>			
Use of money and property	\$ 2,000	\$ 1,304	\$ (696)
<b>Total revenues</b>	<u>2,000</u>	<u>1,304</u>	<u>(696)</u>
<b>Expenditures</b>			
Capital outlay	182,266	169,412	12,854
<b>Total expenditures</b>	<u>182,266</u>	<u>169,412</u>	<u>12,854</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(180,266)</u>	<u>(168,108)</u>	<u>12,158</u>
<b>Other financing sources (uses)</b>			
Transfers in	-	-	-
Transfers out	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	(180,266)	(168,108)	12,158
<b>Beginning fund balances</b>	<u>258,683</u>	<u>258,683</u>	<u>-</u>
<b>Ending fund balances</b>	\$ <u><u>78,417</u></u>	\$ <u><u>90,575</u></u>	\$ <u><u>12,158</u></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, 2010**

	Budgeted Amount Final	Actual	Variance with Final Budget Positive (negative)
<b>Revenues</b>			
Rental income	\$ 576,456	\$ 578,956	\$ 2,500
Use of money and property	750,000	343,661	(406,339)
<b>Total revenues</b>	1,326,456	922,617	(403,839)
<b>Expenditures</b>			
Current:			
Urban Development	13,608,148	2,582,563	11,025,585
<b>Total expenditures</b>	13,608,148	2,582,563	11,025,585
<b>Excess (deficiency) of revenues over expenditures</b>	(12,281,692)	(1,659,946)	10,621,746
<b>Other financing sources (uses)</b>			
Transfers in	994,056	417,600	(576,456)
Transfers out	-	(897,110)	(897,110)
<b>Total other financing sources (uses)</b>	994,056	(479,510)	(1,473,566)
<b>Net change in fund balances</b>	(11,287,636)	(2,139,456)	9,148,180
<b>Beginning fund balances</b>	26,685,638	26,685,638	-
<b>Ending fund balances</b>	\$ 15,398,002	\$ 24,546,182	\$ 9,148,180

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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, 2010**

	Governmental Activities		
	Employee Benefits	Vehicle Maintenance	Total
<b>ASSETS</b>			
Current assets			
Cash and investments	\$ 119,623	\$ 28,168	\$ 147,791
Due from other agencies	-	-	-
Due from other funds	-	-	-
Inventory of materials and supplies, at cost	-	228,308	228,308
Total current assets	<u>119,623</u>	<u>256,476</u>	<u>376,099</u>
Capital assets			
Capital assets	-	148,244	148,244
Accumulated depreciation	-	(118,487)	(118,487)
Net capital assets	<u>-</u>	<u>29,757</u>	<u>29,757</u>
<b>Total assets</b>	<u>119,623</u>	<u>286,233</u>	<u>405,856</u>
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable	119,623	88,122	207,745
Accrued liabilities	-	62,661	62,661
Compensated absences payable, current portion	-	18,200	18,200
Total current liabilities	<u>119,623</u>	<u>168,983</u>	<u>288,606</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>
<b>Total liabilities</b>	<u>119,623</u>	<u>286,233</u>	<u>405,856</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	-	29,757	29,757
Unrestricted	-	(29,757)	(29,757)
<b>Total net assets</b>	<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, 2010**

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	Governmental Activities		
	Employee Benefits	Vehicle Maintenance	Total
<b>Operating revenues</b>			
Charges for services	\$ 8,670,414	\$ 3,311,788	\$ 11,982,202
<b>Total operating revenues</b>	<b>8,670,414</b>	<b>3,311,788</b>	<b>11,982,202</b>
<b>Operating expenses</b>			
Salaries and benefits	8,670,414	1,844,133	10,514,547
Maintenance and repairs	-	1,379,954	1,379,954
Administrative	-	31,341	31,341
Utilities	-	28,617	28,617
Contractual services	-	21,817	21,817
Depreciation	-	5,926	5,926
<b>Total operating expenses</b>	<b>8,670,414</b>	<b>3,311,788</b>	<b>11,982,202</b>
<b>Operating income (loss)</b>	-	-	-
<b>Total net assets - beginning</b>	-	-	-
<b>Total net assets - ending</b>	\$ -	\$ -	\$ -

**City of Norwalk**  
**Combining Statement of Cash Flows –**  
**Internal Service Funds**  
**Year ended June 30, 2010**

	Governmental Activities		
	Employee Benefits	Vehicle Maintenance	Total
<b>Cash flows from operating activities</b>			
Receipts from tenants, customers and users	\$ 8,670,414	\$ 3,311,788	\$ 11,982,202
Payments to suppliers	(11,114)	(1,535,146)	(1,546,260)
Payments to employees	(8,670,414)	(1,897,522)	(10,567,936)
<b>Net cash provided (used) by operating activities</b>	<u>(11,114)</u>	<u>(120,880)</u>	<u>(131,994)</u>
<b>Cash flows from capital and related financing activities</b>			
Purchases and construction of capital assets	-	-	-
<b>Net cash used in capital and related financing activities</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Cash flows from non-capital financing activities</b>			
Cash contributions from other governments	-	-	-
<b>Net cash provided (used) by non-capital financing activities</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Cash flows from investing activities</b>			
Interest received	-	-	-
<b>Change in cash and cash equivalents</b>	(11,114)	(120,880)	(131,994)
<b>Beginning cash and cash equivalents</b>	130,737	149,048	279,785
<b>Ending cash and cash equivalents</b>	<u>\$ 119,623</u>	<u>\$ 28,168</u>	<u>\$ 147,791</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>			
Operating income	\$ -	\$ -	\$ -
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	-	5,926	5,926
(Increase) decrease in:			
Accounts receivable	-	-	-
Due from other funds	-	-	-
Inventory	-	(18,890)	(18,890)
Increase (decrease):			
Accounts payable	(11,114)	(55,924)	(67,038)
Accrued liabilities	-	1,397	1,397
Compensated absences payable	-	(53,389)	(53,389)
<b>Net cash provided (used) by operating activities</b>	<u>\$ (11,114)</u>	<u>\$ (120,880)</u>	<u>\$ (131,994)</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, 2010**

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	<u>Balance</u>		<u>Additions</u>		<u>Deletions</u>		<u>Balance</u>
	<u>June 30, 2009</u>						<u>June 30, 2010</u>
<b>Assets</b>							
Cash and investments	\$ 830,318		\$ 547,873		\$ 705,752		\$ 672,439
<b>Total assets</b>	<u>\$ 830,318</u>		<u>\$ 547,873</u>		<u>\$ 705,752</u>		<u>\$ 672,439</u>
<b>Liabilities</b>							
Accounts payable	\$ 5,885		\$ 7,131		\$ 5,950		\$ 7,066
Deposits payable	824,433		540,742		699,802		665,373
<b>Total liabilities</b>	<u>\$ 830,318</u>		<u>\$ 547,873</u>		<u>\$ 705,752</u>		<u>\$ 672,439</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.	129-138
<u>Revenue Capacity</u> these schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	140-144
<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.	146-151
<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.	152
<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.	154-160

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

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

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 Eight Fiscal Years**  
**(accrual basis of accounting)**

	Fiscal Year							
	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
<b>Expenses:</b>								
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
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
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
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
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
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
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
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>
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
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
Golf Course	-	-	-	-	-	371,664	394,129	349,697
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>
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>
<b>Program Revenues:</b>								
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
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
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
Highways and streets	-	-	-	-	122,055	235,480	191,071	158,557
Culture and leisure	329,735	737,487	804,032	900,161	1,107,127	638,882	445,549	410,833
Health and welfare	87,561	163,029	57,745	59,623	64,405	68,544	481,394	421,513
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
Capital contributions and grants	3,872,471	3,943,397	1,591,577	2,743,420	4,899,984	2,687,485	49,980	0
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>
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
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
Golf Course (1)	-	-	-	-	-	196,155	192,102	194,718
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
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
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>
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>
<b>Net (Expense)/Revenue:</b>								
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)
Business-type activities	1,062,778	682,471	(664,251)	795,120	246,907	(3,096,849)	(344,644)	4,683,636
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>

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

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

	Fiscal Year							
	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
<b>General Revenues and Other Changes in Net Assets:</b>								
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
Property taxes	8,876,358	10,047,808	11,973,662	20,958,407	14,007,951	15,061,208	15,742,859	16,341,203
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
Franchise taxes	1,275,125	1,331,822	1,353,442	1,414,502	1,554,160	1,539,710	637,385	649,357
Business operation taxes	622,080	688,079	685,596	671,677	694,324	684,429	1,165,698	1,021,084
Transient occupancy taxes	699,165	828,059	1,025,108	1,388,776	1,165,284	1,161,167	9,208,157	8,536,095
Motor vehicle taxes, unrestricted	6,075,514	6,703,108	5,900,499	33,013	8,643,615	8,806,441	1,637,196	1,615,826
Investment income	588,527	321,794	1,731,960	3,003,323	4,333,908	2,749,889	3,053,551	926,253
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	-	-	-
<b>Total governmental activities</b>	<b>31,748,676</b>	<b>36,114,804</b>	<b>39,899,805</b>	<b>45,312,055</b>	<b>46,615,257</b>	<b>45,690,422</b>	<b>46,136,156</b>	<b>42,583,872</b>
Business-type Activities:								
Investment income	22,280	221,388	26,170	-	-	595	-	9,793
Gain (loss) on sale of assets	-	-	(2,871)	-	-	-	-	-
Miscellaneous	17,346	2,053	6,934	-	-	-	-	-
<b>Total business-type activities</b>	<b>39,626</b>	<b>223,441</b>	<b>30,233</b>	<b>-</b>	<b>-</b>	<b>595</b>	<b>-</b>	<b>9,793</b>
<b>Total primary government</b>	<b>31,788,302</b>	<b>36,338,245</b>	<b>39,930,038</b>	<b>45,312,055</b>	<b>46,615,257</b>	<b>45,691,017</b>	<b>46,136,156</b>	<b>42,593,665</b>
<b>Change in Net Assets:</b>								
Governmental activities	71,103	2,481,949	1,046,104	3,066,594	(329,102)	(4,494,508)	(5,359,026)	(3,966,314)
Business-type activities	1,102,404	905,912	(634,018)	795,120	246,907	(3,096,254)	(344,644)	2,760,308
<b>Total primary government</b>	<b>\$ 1,173,507</b>	<b>\$ 3,387,861</b>	<b>\$ 412,086</b>	<b>\$ 3,861,714</b>	<b>\$ (82,195)</b>	<b>\$ (7,590,762)</b>	<b>\$ (5,703,670)</b>	<b>\$ (1,206,006)</b>

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

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	Fiscal Year		
	2003-04	2004-05	2005-06
General Fund:			
Reserved	\$ 6,984,458	\$ 10,426,752	\$ 8,777,547
Unreserved	12,358,766	10,214,217	13,354,184
Total general fund	<u>19,343,224</u>	<u>20,640,969</u>	<u>22,131,731</u>
All Other Governmental Funds:			
Reserved	3,931,627	3,668,590	12,860,142
Unreserved, reported in:			
Special revenue funds	3,416,003	4,045,136	3,058,020
Debt service funds	(4,091,493)	(3,573,160)	(3,646,416)
Capital projects funds	<u>(5,199,651)</u>	<u>(727,454)</u>	<u>23,982,030</u>
Total all other governmental funds	\$ <u>(1,943,514)</u>	\$ <u>3,413,112</u>	\$ <u>36,253,776</u>

The City of Norwalk has elected to show only seven years of data for this schedule.

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

Fiscal Year			
2006-07	2007-08	2008-09	2009-10
\$ 8,754,142	\$ 8,757,760	\$ 9,000,407	\$ 9,885,728
12,271,055	10,249,834	9,650,383	11,796,689
<u>21,025,197</u>	<u>19,007,594</u>	<u>18,650,790</u>	<u>21,682,417</u>
13,674,505	12,775,964	37,087,738	19,612,949
4,800,327	5,870,551	2,488,116	5,672,609
(4,673,177)	(4,941,420)	(5,326,034)	(5,014,254)
<u>22,173,983</u>	<u>25,754,027</u>	<u>6,726,745</u>	<u>20,670,954</u>
<u>\$ 35,975,638</u>	<u>\$ 39,459,122</u>	<u>\$ 40,976,565</u>	<u>\$ 40,942,258</u>

	Fiscal Year			
	2001-02	2002-03	2003-04	2004-05
<b>Revenues:</b>				
Taxes	\$ 21,332,805	\$ 21,944,076	\$ 24,238,379	\$ 26,350,404
Licenses and permits	665,222	721,472	795,954	873,993
Fines and forfeitures	1,413,624	1,525,892	1,647,259	1,807,363
Investment income	1,255,927	644,002	825,118	571,288
Intergovernmental	26,191,194	22,177,759	22,980,281	28,245,879
Charges for services	2,698,833	1,392,703	3,436,866	1,622,104
Rental Income	797,010	1,187,902	519,444	1,119,205
Other	1,326,249	2,703,475	1,166,662	2,933,621
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>
<b>Expenditures:</b>				
Current:				
General government	10,239,046	7,910,797	6,942,997	7,480,624
Public safety	9,955,751	10,533,764	10,367,867	11,067,571
Urban development	1,925,155	6,262,618	5,394,999	5,816,812
Highways and streets	5,989,553	6,920,473	6,582,444	7,833,535
Culture and leisure	5,174,830	5,199,707	5,755,366	6,682,231
Health and welfare	8,426,995	11,614,640	13,619,863	14,666,925
Capital outlay	17,434,419	6,086,585	8,134,038	2,629,991
Debt service:				
Principal retirement	1,137,586	1,287,102	1,423,731	1,378,416
Interest and fiscal charges	4,294,197	4,153,529	4,581,099	4,793,199
Pass through payments	2,466,791	-	-	-
Bond issuance costs	509,980	-	-	-
Total expenditures	<u>67,554,303</u>	<u>59,969,215</u>	<u>62,802,404</u>	<u>62,349,304</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>
<b>Other Financing Sources (Uses):</b>				
Issuance of County deferred loans	1,451,114	1,820,784	2,092,207	2,467,720
Payment to bond escrow agent	(9,225,725)	-	-	-
Proceeds of tax allocation refunding revenue bonds	12,795,000	-	-	-
Bond discount	-	-	-	-
Bond premium	-	-	-	-
Transfers in	16,390,482	4,239,765	5,407,007	3,357,959
Transfers out	(16,200,482)	(4,239,765)	(5,362,007)	(3,357,959)
Total other financing sources (uses)	<u>5,210,389</u>	<u>1,820,784</u>	<u>2,137,207</u>	<u>2,467,720</u>
Net change in fund balances	(6,663,050)	(5,851,150)	(5,055,234)	3,642,273
Fund balances - July 1	<u>37,234,729</u>	<u>30,072,678</u>	<u>22,454,944</u>	<u>20,411,808</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>
Debt service as a percentage of noncapital expenditures	16.78%	10.10%	10.90%	10.43%

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 Fund Balances – Governmental Funds**  
**Last Nine Fiscal Years**  
**(modified accrual basis of accounting)**

		Fiscal Year				
		2005-06	2006-07	2007-08	2008-09	2009-10
\$	35,810,385	\$ 37,862,309	\$ 39,326,706	\$ 39,476,247	\$ 40,628,502	
	906,972	942,629	1,130,924	1,017,798	985,508	
	1,626,460	1,654,552	1,647,442	1,673,057	1,467,150	
	1,690,923	2,909,622	3,208,729	1,780,514	926,253	
	21,361,192	23,396,941	27,519,018	23,320,615	22,740,043	
	1,827,500	2,061,106	1,957,538	1,855,635	1,829,628	
	1,184,487	1,218,510	1,233,858	1,255,826	1,265,097	
	2,874,347	2,409,040	2,175,940	1,673,683	1,728,486	
	-	-	-	-	-	
	<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>	
	8,022,028	8,644,601	8,384,031	7,802,225	7,789,901	
	12,082,002	12,819,814	13,436,368	12,463,523	11,781,821	
	5,745,947	6,339,425	8,439,595	7,961,931	7,436,094	
	8,351,127	7,621,670	8,169,855	8,007,714	10,206,797	
	7,132,203	8,027,798	7,859,831	6,593,909	5,744,112	
	15,789,360	15,776,975	20,078,619	20,205,820	19,572,065	
	2,133,948	7,018,445	4,873,054	2,281,518	1,175,345	
	1,455,000	1,875,000	1,680,000	1,740,000	1,820,000	
	4,931,001	6,117,985	6,217,981	6,260,210	5,450,217	
	-	-	-	-	-	
	2,665,330	-	-	-	-	
	<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>	
	(1,025,680)	(1,787,004)	(939,179)	(1,263,475)	594,315	
	2,379,452	2,450,332	2,405,060	2,424,113	2,403,006	
	(31,859,549)	-	-	-	-	
	64,125,000	-	-	-	-	
	(353,028)	-	-	-	-	
	478,662	-	-	-	-	
	31,213,830	2,884,925	3,432,019	2,892,272	6,717,098	
	<u>(31,213,830)</u>	<u>(4,932,925)</u>	<u>(3,432,019)</u>	<u>(2,892,272)</u>	<u>(6,717,098)</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>	
	33,744,857	(1,384,672)	1,465,881	1,160,638	2,997,321	
	<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>58,385,507</u>	<u>\$ 57,000,835</u>	<u>\$ 58,466,716</u>	<u>\$ 59,627,354</u>	<u>\$ 62,624,675</u>	
	13.74%	12.02%	11.21%	12.44%	11.66%	

Fiscal Year	Property Tax		Sales and Use Tax	Utility Users Tax	Business Operations Tax
	City	Redevelopment Agency			
2004-05	\$ 5,175,725	\$ 6,797,937	\$ 9,323,902	\$ 5,610,068	\$ 685,596
2005-06	13,603,412	7,354,995	9,706,650	5,809,592	671,677
2006-07	5,806,655	8,201,296	9,542,688	6,023,059	694,324
2007-08	6,188,471	8,872,737	9,702,359	5,985,219	684,429
2008-09	6,475,400	9,267,459	8,668,275	6,023,035	637,385
2009-10	\$ 7,073,934	\$ 9,267,269	\$ 7,519,647	\$ 5,974,407	\$ 649,357

The City of Norwalk has elected to show only six years of data for this schedule.



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

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	Transient Occupancy Tax	Motor Vehicle Tax	Franchise Tax	Total Taxes			
\$	1,025,108	\$	5,900,499	\$	1,353,442	\$	35,872,277
	1,388,776	33,013	1,414,502	39,982,617			
	1,165,284	8,643,615	1,554,160	41,631,081			
	1,161,167	8,806,441	1,539,711	42,940,534			
	1,165,698	9,208,157	1,637,196	43,082,605			
\$	1,021,084	\$	8,536,095	\$	1,615,826	\$	41,657,619

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**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
2000-01	2,542,560	362,789	121,452	252,855	37,199	3,316,855	0.16925%
2001-02	2,723,471	363,149	148,007	290,177	37,208	3,562,012	0.17618%
2002-03	2,883,506	378,738	155,173	280,142	36,701	3,734,260	0.16668%
2003-04	3,118,566	390,323	163,732	296,644	36,864	4,006,129	0.17479%
2004-05	3,419,623	428,060	172,190	305,675	36,859	4,362,407	0.19203%
2005-06	3,789,390	489,793	187,260	288,130	36,859	4,791,432	0.19424%
2006-07	4,310,627	542,293	188,388	287,535	37,368	5,366,211	0.19753%
2007-08	4,786,674	585,750	206,202	335,031	38,844	5,952,501	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	39,287	5,652,036	0.22484%

\*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.

	Fiscal Year				
	2000-01	2001-02	2002-03	2003-04	2004-05
Total Direct Rate	0.16925	0.17618	0.16668	0.17479	0.19203
Overlapping Rates:					
City Norwalk Tax District 1	0.06625	0.06625	0.06625	0.06625	0.06625
Norwalk Southeast Recreation and Park	0.02630	0.02630	0.02630	0.02630	0.02630
Cerritos Community College District	0.02459	0.02459	0.02459	0.02459	0.02459
Children's Institutional Tuition Fund	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
County Sanitation District No. 18 Operating	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
County School Services	0.00137	0.00137	0.00137	0.00137	0.00137
Educational Augmentation Fund Impound	0.13529	0.13529	0.13529	0.13529	0.13529
Educational Revenue Augmentation Fund	0.06813	0.06813	0.06813	0.06813	0.06813
Greater LA Co. Vector Control	0.00036	0.00036	0.00036	0.00036	0.00036
LA County Library	0.02248	0.02248	0.02248	0.02248	0.02248
LA County Accumulative Capital Outlay	0.00011	0.00011	0.00011	0.00011	0.00011
LA County Fire - Ffw	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
LA County Flood Control Maintenance	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
Little Lake Cemetary District	0.00091	0.00091	0.00091	0.00091	0.00091
Los Angeles County General	0.23242	0.23242	0.23242	0.23242	0.23242
Norwalk-La Mirada Unified School District	0.18781	0.18781	0.18781	0.18781	0.18781
Water Replenishment Distrcit of Southern Calif.	0.00017	0.00017	0.00017	0.00017	0.00017
Total Proposition 13 Rate	1.0000	1.0000	1.0000	1.0000	1.0000
ABC Unified School District	0.02567	0.02496	0.02779	0.02490	0.02657
Cerritos Community College District					0.01908
Detention Facilities 1987 Debt	0.00131	0.00113	0.00103	0.00099	0.00092
Downey Unified School District	0.02279	0.03233	0.03103	0.05130	0.06564
LA County Flood Control	0.00156	0.00107	0.00088	0.00046	0.00025
Little Lake City School District	0.03489	0.02773	0.06882	0.06094	0.05313
Metropolitan Water District	0.00880	0.00770	0.00670	0.00610	0.00580
Norwalk-La Mirada Unified School District	-	-	-	0.05560	0.05316
Rio Hondo Community College Dist	-	-	-	-	0.02170
Whittier Union High School District	0.01859	0.02926	0.02631	0.03793	0.03085
Total Voter Approved Rate	0.11361	0.12418	0.16256	0.23822	0.27710
Total Direct & Overlapping Tax Rates	1.11361	1.12418	1.16256	1.23822	1.27710
City's Share of 1% Levy per Prop 13	0.09255	0.09255	0.09255	0.09255	0.09255
Redevelopment Rate	1.01167	1.00990	1.00861	1.00755	1.00697

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

Fiscal Year				
2005-06	2006-07	2007-08	2008-09	2009-10
0.19424	0.19753	0.19825	0.20525	0.22484
0.06625	0.06625	0.06630	0.06630	0.06630
0.02630	0.02630	0.02630	0.02630	0.02630
0.02459	0.02459	0.02460	0.02460	0.02460
0.00272	0.00272	0.00272	0.00272	0.00272
0.17004	0.17004	0.17000	0.17000	0.17000
0.01223	0.01223	0.01223	0.01223	0.01223
0.00652	0.00652	0.00652	0.00652	0.00652
0.00137	0.00137	0.00137	0.00137	0.00137
0.13529	0.13529	0.13530	0.13530	0.13530
0.06813	0.06813	0.06850	0.06850	0.06850
0.00036	0.00036	0.00036	0.00036	0.00036
0.02248	0.02248	0.02250	0.02250	0.02250
0.00011	0.00011	0.00011	0.00011	0.00011
0.00693	0.00693	0.00693	0.00693	0.00693
0.00165	0.00165	0.00165	0.00165	0.00165
0.00936	0.00936	0.00936	0.00936	0.00936
0.02436	0.02436	0.02440	0.02440	0.02440
0.00091	0.00091	0.00091	0.00091	0.00091
0.23242	0.23242	0.23210	0.23210	0.23210
0.18781	0.18781	0.18780	0.18780	0.18780
0.00017	0.00017	0.00017	0.00017	0.00017
1.0000	1.0000	1.0000	1.0000	1.0000
0.02745	0.02427	0.02434	0.02388	0.02695
0.02423	0.02392	0.01071	0.00994	0.01854
0.00080	0.00066	-	-	-
0.07719	0.06148	0.07569	0.05790	0.06507
0.00005	0.00005	-	-	-
0.03994	0.03483	0.07499	0.07360	0.07233
0.00520	0.00470	0.00450	0.00430	0.00430
0.05368	0.05036	0.05226	0.06271	0.06110
0.01802	0.01469	0.01369	0.02320	0.02714
0.04489	0.08918	0.04359	0.03728	0.04224
0.29145	0.30414	0.29977	0.29281	0.31767
1.29145	1.30414	1.29977	1.29281	1.31767
0.09255	0.09255	0.09255	0.09255	0.09255
1.00604	1.00541	1.00450	1.00430	1.00430

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

Taxpayer	2009-10			2000-2001		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Norwalk MM LLC	\$ 64,220,697	1	1.14%	\$ -	-	-
Avalon California Value III LLC	40,654,146	2	0.72%	-	-	-
Target Corporation	36,159,455	3	0.64%	-	-	-
Hekmatravan Family Norwalk LLC	32,570,301	4	0.58%	-	-	-
Sam & Vera Menlo	29,692,580	5	0.53%	-	-	-
TGM Palm Country Club Inc.	24,434,959	6	0.43%	-	-	-
Paddison Associates	24,175,811	7	0.43%	-	-	-
ECM Norwalk LP	22,220,863	8	0.39%	-	-	-
McKenna Norwalk LP	21,925,479	9	0.39%	-	-	-
Norwalk Industrial SUB LLC	21,845,552	10	0.39%	-	-	-
Starwood OC Portfolio VI LLC				40,400,000	1	1.23%
RPD Norwalk LLC				24,137,268	2	0.74%
Wheelabrator Norwalk Energy Co.				23,781,194	3	0.73%
TGM Palm Country Club Apartments				20,241,229	4	0.62%
Price Company				14,912,579	5	0.45%
OLP Norwalk LLC				13,781,118	6	0.42%
Montgomery Ward Development Corp.				13,574,792	7	0.41%
Bloomfield Holding Comoany Inc				13,372,770	8	0.41%
Sterik Company				11,129,603	9	0.34%
Coast Plaza Doctors Hospital				10,998,061	10	0.34%
	<u>\$ 317,899,843</u>		<u>5.62%</u>	<u>\$ 186,328,614</u>		<u>5.68%</u>

Excludes government and tax-exempt property owners

**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 <sup>(1)</sup>	Total collections to date	
		Amount	% of Levy		Amount	% of Levy <sup>(2)</sup>
2000-01	1,437,249	1,353,084	94.14%	84,165	1,437,249	100.00%
2001-02	1,511,440	1,428,274	94.50%	154,875	1,583,149	104.74%
2002-03	1,597,638	1,528,817	95.69%	95,374	1,624,191	101.66%
2003-04	1,716,230	1,618,389	94.30%	151,037	1,769,426	103.10%
2004-05	1,845,132	1,761,293	95.46%	94,191	1,855,484	100.56%
2005-06	2,021,348	1,802,980	89.20%	87,357	1,890,337	93.52%
2006-07	2,220,446	2,031,704	91.50%	215,702	2,247,406	101.21%
2007-08	2,378,821	2,150,802	90.41%	45,481	2,196,283	92.33%
2008-09	2,512,009	2,283,740	90.91%	194,385	2,478,125	98.65%
2009-10	2,322,951	2,120,057	91.27%	243,944	2,364,001	101.77%

1) This amount represents the prior year delinquent taxes collected in the current year.

2) When the collection of the prior year delinquent taxes exceed the current year delinquent rate the total collections to date will exceed 100 % of the total tax levy.

**Note:**

The amounts presented include City property taxes collected by the City.

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

Governmental Unit	Gross Bonded Debt Balance	Estimated Percentage Applicable <sup>(1)</sup>	Net Bonded Debt
<b>Direct Debt</b>			
1999& 2001 Lease Revenue Refunding Bonds	\$ 17,485,000	100.000%	\$ 17,485,000
<b>Total Direct Debt</b>			17,485,000
<b>Overlapping Debt</b>			
Metropolitan Water District	121,475,156	54.500%	662,483
Little Lake City School District DS 2000 Series B	5,700,000	38.019%	2,167,058
Little Lake City School District DS 2005 Refunding Bonds	7,850,000	38.019%	2,984,456
Little Lake City School District DS 2000 Series C	17,009,901	38.019%	6,466,918
Whittier Union HSD DS 2005 Ref Bonds	86,342,133	6.175%	5,331,223
Whittier Union HSD DS 2008 SER 2009A	38,001,949	6.175%	2,346,443
Cerritos CC DS 2004 Series 2004A	3,595,000	12.848%	461,872
Cerritos CC DS 2005 Refunding Bonds	22,875,994	12.848%	2,939,021
Cerritos CCD DS 2004 Series 2006	30,645,000	12.848%	3,937,153
Cerritos CCD DS 2004 Series 2009C	55,000,000	12.848%	7,066,191
Rio Hondo CC DS Series 2004A	8,475,000	3.942%	334,053
Rio Hondo CCD DS 2005 Refunding Bonds	45,590,253	3.942%	1,796,998
Rio Hondo CC DS 2004 Series 2008	64,996,844	3.942%	2,561,933
ABC USD DS 2003 Refunding Bonds Series A	26,820,000	3.419%	916,954
ABC Unified SD Debt Series 1997 Series B	30,811,700	3.419%	1,053,427
Downey Unified DS 1996 Series C	3,930,000	0.003%	130
Downey Unified DS Refunding 1999 Series A	6,995,256	0.003%	232
Downey Unified DS 1996 Series E	1,345,000	0.003%	45
Downey USD DS 2002 Series A	14,230,000	0.003%	471
Downey USD DS 2002 Series B	5,595,000	0.003%	185
Downey Unified DS 2002 Series C	18,135,000	0.003%	600
Downey USD DS 2006 Refunding Bonds	9,650,000	0.003%	319
Downey UNIF DS 2007 Refunding Bonds	20,695,000	0.003%	685
Norwalk-La Mirada USD DS 2002 Series-05A	44,322,901	43.729%	19,381,879
Norwalk-La Mirada USD DS 2005 Refunding Bonds	41,030,000	43.729%	17,941,933
Norwalk-La Mirada USD DS 2002 Series 2007A	23,185,602	43.729%	10,138,789
Norwalk-La Mirada USD DS 2009 Refunding Bonds	\$ 13,580,000	43.729%	5,938,373
<b>Total Overlapping Debt</b>			<u>94,429,824</u>
<b>Total Direct and Overlapping Debt</b>			<b>\$ 111,914,824</b>

2009/10 Assessed Valuation: \$4,701,268,903 after deducting \$950,767,202 Redevelopment Increment  
Debt to Assessed Valuation Ratios: Direct Debt-0%, Overlapping Debt-2.01% Total Debt- 2.01%

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 2009/2010 Lien Date Tax Rolls

	Fiscal Year			
	2000-01	2001-02	2002-03	2003-04
Assessed valuation	\$ 3,280,673,646	\$ 3,525,028,102	\$ 3,697,773,968	\$ 3,969,510,679
Conversion percentage	25%	25%	25%	25%
Adjusted assessed valuation	820,168,412	881,257,026	924,443,492	992,377,670
Debt limit percentage	15%	15%	15%	15%
Debt limit	123,025,262	132,188,554	138,666,524	148,856,650
Total net debt applicable to limit: General obligation bonds	-	-	-	-
Legal debt margin	\$ 123,025,262	\$ 132,188,554	\$ 138,666,524	\$ 148,856,650
Total net debt applicable to the limit as a percent of debt limit	0%	0%	0%	0%
Norwalk Long Term Debt Outstanding:	73,329,150	77,804,809	78,664,006	79,506,107
Debt per capita: (2010 Pop 109,567)	703	737	731	733
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.

**City of Norwalk**  
**Legal Debt Margin Information**  
**Last Ten Fiscal Years**

Fiscal Year						
2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	
\$ 4,325,855,085	\$ 4,754,573,629	\$ 5,328,844,193	\$ 5,830,868,429	\$ 6,096,601,866	\$ 5,652,036,105	
25%	25%	25%	25%	25%	25%	
1,081,463,771	1,188,643,407	1,332,211,048	1,457,717,107	1,524,150,467	1,413,009,026	
15%	15%	15%	15%	15%	15%	
162,219,566	178,296,511	199,831,657	218,657,566	228,622,570	211,951,354	
-	-	-	-	-	-	
\$ 162,219,566	\$ 178,296,511	\$ 199,831,657	\$ 218,657,566	\$ 228,622,570	\$ 211,951,354	
0%	0%	0%	0%	0%	0%	
80,636,232	115,290,985	116,127,292	117,044,353	118,264,795	118,520,851	
739	1,053	1,062	1,073	1,084	1,082	
2%	3%	3%	3%	3%	3%	

	Fiscal Year				
	2000-01	2001-02	2002-03	2003-04	2004-05
<b>Governmental Activities</b>					
Lease Revenue					
Refunding Bond	\$ 9,975,000	\$ 22,325,000	\$ 21,795,000	\$ 21,240,000	\$ 20,670,000
Bonds, 1995	8,755,000				
Tax Allocation Refunding					
Bonds, 2005	32,800,000	32,460,000	32,085,000	31,670,000	31,210,000
County deferred loans	18,373,332	19,824,446	21,938,949	24,031,156	26,165,953
Subtotal	69,903,332	74,609,446	75,818,949	76,941,156	78,045,953
Add ( deduct) deferred amounts:					
Bond Premium	-	-	-	-	-
Bond discount	-	-	-	-	-
Deferred charge on refunding	-	-	-	-	-
Subtotal	69,903,332	74,609,446	75,818,949	76,941,156	78,045,953
Note Payable	1,585,000	1,310,000	1,015,000	700,000	360,000
Loan Payable	270,326	192,740	105,638	8,416	
Compensated absences	1,570,492	1,692,623	1,724,419	1,856,535	2,056,131
Other post-employment benefits	n/a	n/a	n/a	n/a	n/a
<b>Total Governmental Activities</b>	<u>73,329,150</u>	<u>77,804,809</u>	<u>78,664,006</u>	<u>79,506,107</u>	<u>80,462,084</u>
<b>Business-type Activities</b>					
Compensated absences	439,677	444,220	368,337	406,285	405,314
Other post-employment benefits	n/a	n/a	n/a	n/a	n/a
<b>Total Business-type Activities</b>	<u>439,677</u>	<u>444,220</u>	<u>368,337</u>	<u>406,285</u>	<u>405,314</u>
<b>Total long-term liabilities</b>	<u>\$ 73,768,827</u>	<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.

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

		Fiscal Year				
		2005-06	2006-07	2007-08	2008-09	2009-10
\$		20,080,000	\$ 19,465,000	\$ 18,830,000	\$ 18,175,000	\$ 17,485,000
		64,125,000	62,865,000	61,820,000	60,735,000	59,605,000
		28,545,405	30,995,737	33,400,797	35,824,910	37,198,799
		<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>
		469,303	453,258	437,213	421,168	405,123
		(346,125)	(334,292)	(322,459)	(310,626)	(298,793)
		(240,127)	(227,599)	(215,071)	(202,543)	(190,015)
		<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>
		-	-	-	-	-
		2,202,011	2,436,046	2,558,594	2,616,730	2,304,911
		n/a	n/a	n/a	1,005,156	2,010,826
		<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>
		455,518	474,142	535,279	588,109	529,610
		n/a	n/a	n/a	442,480	925,017
		<u>455,518</u>	<u>474,142</u>	<u>535,279</u>	<u>1,030,589</u>	<u>1,454,627</u>
\$		<u><u>115,290,985</u></u>	<u><u>116,127,292</u></u>	<u><u>117,044,353</u></u>	<u><u>119,295,384</u></u>	<u><u>119,975,478</u></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	
2000-01	691,190	160,000	531,190	1.00
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

**Norwalk Redevelopment Agency - Tax Allocation Refunding Bonds**

Fiscal Year	Tax Increment Revenue	Debt Service		Coverage
		Principal	Interest	
2000-01	2,850,014	270,000	3,042,333	0.86
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

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

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<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>
2000-01	104,323	1,458,491	28,607	5.6%
2001-02	105,523	1,491,985	29,865	7.2%
2002-03	107,574	1,525,789	31,495	7.5%
2003-04	108,505	1,571,996	32,041	6.9%
2004-05	109,178	1,650,999	32,961	5.3%
2005-06	109,460	1,722,192	34,481	4.7%
2006-07	109,346	1,819,715	36,464	4.9%
2007-08	109,130	1,881,198	39,519	7.1%
2008-09	109,074	1,894,837	41,307	12.7%
2009-10	109,567	1,851,493	42,265	12.5%

Sources:

- (1) *State of California, Department of Finance, E-4 Population Estimates for Cities, Counties and the State, 2001-2009, with 2000 Benchmark. Sacramento, California, May 2009.*
- (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*

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

Employer	2009-10			1999-2000		
	Employees	Rank	% of Total City Employment*	Employees	Rank	% of Total City Employment*
Norwalk-La Mirada Unified School District	2,536	1	11.05%	3,900	1	8.29%
Metropolitan State Hospital	1,450	2	6.32%	1,872	3	3.98%
Cerritos College	1,150	3	5.01%	2,529	2	5.38%
Los Angeles County Registrar/Recorder	829	4	3.61%	1,216	4	2.58%
Bally Total Fitness	750	5	3.27%	400	6	0.85%
City of Norwalk	480	6	2.09%	571	5	1.21%
California Youth Authority	450	7	1.96%	360	7	0.77%
All California Brokerage	400	8	1.74%			0.00%
McKenna Motors	301	9	1.31%	175	16	0.37%
Costco Wholesale	300	10	1.31%	268	11	0.57%
Doty Brother's Contstruction	300	11	1.31%			0.00%
Little Lake Elementary	292	12	1.27%			0.00%
Target	275	13	1.20%			0.00%
Coast Plaza Doctors Hospital	250	14	1.09%	234	13	0.50%
LA County Sheriff's Department	240	15	1.05%	243	12	0.52%
McDonald's	213	16	0.93%			0.00%
Kerbers Brothers	200	17	0.87%			0.00%
Los Angeles Communit Hospital	200	18	0.87%			0.00%
MCI Corrections	200	19	0.87%			0.00%
Southland Care Center	180	20	0.78%			0.00%
Contico Container	150	21	0.65%			0.00%
All Other Employers	11,794		51.41%	35,281		74.99%
<b>Total</b>	<b>22,940</b>		<b>100.00%</b>	<b>47,049</b>		<b>100.00%</b>

Source: InfoGroup HdL, Coren & Cone , Prepared by: City of Norwalk--Administration, 10/2010

Function	Fiscal Year			
	2000-01	2001-02	2002-03	2003-04
General Government	51	49	52	50
Public Safety	41	35	33	36
Public Services	40	41	50	54
Social Services	22	23	25	32
Recreation	117	118	121	118
Community Development	35	36	43	44
Transit	74	75	85	88
Total	<u>380</u>	<u>377</u>	<u>409</u>	<u>422</u>

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

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Fiscal Year					
2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
47	49	50	51	43	42
46	51	56	63	53	43
56	53	58	59	57	46
29	32	34	35	33	31
139	154	157	151	116	93
42	45	46	49	45	38
112	112	134	135	133	131
<u>471</u>	<u>496</u>	<u>535</u>	<u>543</u>	<u>480</u>	<u>424</u>

Function	Fiscal Year				
	2000-01	2001-02	2002-03	2003-04	2004-05
Police:					
Calls responded	32,678	32,144	34,280	33,872	33,913
Response Time: (minutes)					
Emergency	4.6	9.5	9.5	8.3	4.5
Non-Emergency	8.5	13.5	15.5	14.6	11.8
Routine	27.6	28.1	28.3	26.4	32.6
Community development:					
Number of residential permits	1,441	953	866	1,440	348
Number of commercial permits	178	183	222	267	4,831
Water:					
New connections	-	21	3	11	2,715
Average daily consumption (millions of gallons)	610	660	614	500	500
Sewers:					
New connections	*NA	12	20	20	13
Transit:					
Buses-number of riders	1,668,586	1,631,712	1,886,749	2,021,806	2,556,054
Dial-A-Ride-number of riders	24,150	20,362	22,785	85,706	85,952

- Information not available

\* Information not available

**City of Norwalk**  
**Operating Indicators by Function**  
**Last Ten Fiscal Years**

Fiscal Year				
2005-06	2006-07	2007-08	2008-09	2009-10
32,933	26,624	31,533	24,260	29,702
4.6	4.0	4.1	3.9	3.7
12.1	11.7	11.7	10.8	10
32.7	26.0	27.5	27.8	29.7
3,873	4,694	3,421	2,848	1,999
356	496	646	520	507
-	7	2	4	11
872	313	222	213	197
23	24	3	3	2
2,741,211	2,745,283	2,730,248	2,941,545	2,232,333
95,018	72,040	21,660	23,121	22,754

Function	Fiscal Year			
	2000-01	2001-02	2002-03	2003-04
Police:				
Stations	1	1	1	1
Fire:				
Stations	3	3	3	3
Public works:				
Streets (miles)	187	187	187	181
Street lights	5479	5479	5479	5479
Traffic lights	83	83	83	83
Parks and recreation:				
Parks	14	14	13	13
Community centers	1	1	1	1
Sports center	1	1	1	1
Water:				
Water mains (miles)	36	36	36	36
Maximum daily capacity (million gallons per day)	4	4	3	3
Waste water:				
Sanitary sewers (miles)	180	180	180	180
Transit:				
Buses	23	27	28	32
Dial-A-Ride Vans	4	8	7	19

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

Fiscal Year					
2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
1	1	1	1	1	1
3	3	3	3	3	2
181 5479 83	181 5479 84	181 5479 86	181 5479 86	181 5479 87	180 5479 83
13 1 1	13 1 1	13 1 1	13 1 1	14 1 1	14 1 1
40 4	40 4	40 4	40 4	40 4	40 4
180	180	180	180	180	180
38 19	29 18	36 19	32 8	36 7	33 7

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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, 2010, and have issued our report thereon dated December 22, 2010. 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

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, 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.

*Vargus + Company LLP*

**Los Angeles, California**  
**December 22, 2010**

