

Comprehensive Annual Financial Report
City of Norwalk, California
For the Fiscal Year Ended June 30, 2009

(This page intentionally left blank.)

CITY OF NORWALK
CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2009

NORWALK CITY COUNCIL

Cheri Kelley

Mayor

Gordon Stefenhagen

Vice Mayor

Jesse M. Luera

Councilmember

Mike Mendez

Councilmember

Rick Ramirez

Councilmember

Ernie V. Garcia

City Manager

Jana Stuard

Acting Director of Finance/City Treasurer

(This page intentionally left blank.)

	<u>PAGE</u>
INTRODUCTORY SECTION	
Letter of Transmittal	i
List of Elected Officials and Management Personnel	xv
Organization Chart	xvi
Certificate of Achievement for Excellence in Financial Reporting (GFOA)	xvii
FINANCIAL SECTION	
Report of Independent Auditors	1
Management’s Discussion and Analysis	5
Basic Financial Statements	
Statement of Net Assets	25
Statement of Activities	26
Balance Sheet – Governmental Funds	27
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	28
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	29
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of the to the Statement of Activities	30
Statement of Net Assets – Proprietary Funds	31
Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Funds	32
Statement of Cash Flows – Proprietary Funds	33
Statement of Assets and Liabilities – Fiduciary Funds	34
Notes to Financial Statements	36
REQUIRED SUPPLEMENTARY INFORMATION:	
Budgetary Comparison Schedules:	
General Fund	70
Housing and Community Development Special Revenue Fund	72
California Public Retirement System – Schedule of Funding Progress	73
Notes to Required Supplementary Information	74
OTHER SUPPLEMENTARY INFORMATION:	
Other Governmental Funds	
Combining Balance Sheet	75
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	76

	<u>PAGE</u>
FINANCIAL SECTION (continued)	
Other Special Revenue Funds	
Description of Other Special Revenue Funds	77
Combining Balance Sheet	78
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	82
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	
Child Development Program Fund	86
State Gasoline Tax Fund	87
Air Quality Improvement Fund	88
Norwalk Senior Program Fund	89
Proposition C Fund	90
Public Safety Fund	91
Parking Structure Fund	92
Forfeiture Fund	93
Special Grants Fund	94
Redevelopment Agency Fund	95
Proposition A Fund	96
Norwalk Housing Authority Fund	97
Other and Major Debt Service Funds	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	
General Debt Service Fund	99
Redevelopment Agency Fund	100
Other and Major Capital Projects Funds	
Combining Balance Sheet – Other Capital Projects Funds	102
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Other Capital Projects Funds	104
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	
Prop 1B Fund	106
Public Art Fund	107
Special Projects Fund	108
Parking Structure Fund	109
Park Development Fund	110
Transportation and Public Services Facility Fund	111
Computer Replacement Fund	112
Equipment Replacement Fund	113
Building Renovation Fund	114
Redevelopment Agency Fund	115
Internal Service Funds	
Combining Statement of Net Assets	118
Combining Statement of Revenues, Expenses and Changes in Net Assets	119
Combining Statement of Cash Flows	120
Fiduciary Fund	
Combining Statement of Changes in Assets and Liabilities	122

STATISTICAL SECTION (UNAUDITED)	<u>PAGE</u>
Financial Trends	
Net Assets by Component – Last Six Fiscal Years	124
Changes in Net Assets – Expenses and Program Revenues – Last Seven Fiscal Years	125
Changes in Net Assets – General Revenues – Last Seven Fiscal Years	126
Fund Balances – Governmental Funds – Last Seven Fiscal Years	128
Changes in Fund Balances – Governmental Funds – Last Seven Fiscal Years	130
Governmental Activities Tax Revenues by Sources – Last Five Fiscal Years	132
Revenue Capacity	
Assessed Value and Actual Value of Taxable Property – Last Ten Fiscal Years	135
Direct and Overlapping Property Tax Rates – Last Ten Fiscal Years	136
Principal Property Tax Payers – Current Fiscal Year and Nine Fiscal Years Ago	138
Secured Property Tax Levies and Collections – Last Ten Fiscal Years	139
Debt Capacity	
Direct and Overlapping Governmental Activities Debt	141
Legal Debt Margin Information – Last Ten Fiscal Years	142
Pledged-Revenue Bond Coverage:	
Norwalk Community Facilities Authority - Last Ten Fiscal Years	144
Norwalk Redevelopment Agency – Last Ten Fiscal Years	144
Demographic and Economic Information	
Demographic and Economic Statistics – Last Ten Fiscal Years	145
Principal Employers - Current Fiscal Year and Nine Fiscal Years Ago	147
Operating Information	
Full-time and Part-time Equivalent City Employees by Function – Last Ten Fiscal Years	148
Operating Indicators by Function – Last Ten Fiscal Years	150
Capital Assets Statistics by Function – Last Ten Fiscal Years	152

(This page intentionally left blank.)

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



12700 NORWALK BLVD., P.O. BOX 1030, NORWALK, CA 90651-1030 * PHONE: 562/929-5700 * FACSIMILE: 562/929-5773 * WWW.CI.NORWALK.CA.US

**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, 2009, 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 have 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). On 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's 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 13 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 on 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 resident 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 presence 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. Bar 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 to provide 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 plans 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 their 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

Economic forecast for the upcoming year anticipates a very weak economic activity for California's economy can be summarized as *"Better, but not good!"* Modest growth is anticipated with local unemployment rate of 12%%. All these factors will most likely result in drop of sales and property tax revenues.

According to California State University, Long Beach study the region is in the grip of a severe recession. Although housing-related sectors have bottomed-out, cyclical sectors are still deteriorating. Conditions will improve in 2010, but the economy will remain weak. Job growth will start to pick up by the end of 2010.

The City's operational results and financial position remain favorable for the fiscal year ended June 30, 2009. The City reserves and designations of the General Fund's fund balance have decreased by \$357 thousand. The decrease was primarily due to a conscious decision to use reserve fund balance for capital improvement projects during the fiscal year. This decision along with 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 2009-10 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 resident needs and promoting entrepreneurial opportunities the City's taxi voucher program.

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, Holifield, 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 from 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 member 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 12-year anniversary of its partnership with the California Youth Authority, 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 2008-09 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 fifth year. In 2008-09, 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 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 increase 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 605, 5, and 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, 2009, 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 2008-09 was calculated at \$62.2 million. Appropriation subject to limitation totaled \$35 million or about 56% of the City's legal appropriation limitation.

Debt Administration

On June 30, 2009, the City and its component units had a number of outstanding debt issues. These issues included \$9,805,000 in 2001 Lease Revenue Bonds and \$8,370,000 in 1999 Lease Revenue Refunding Bonds, \$32,735,000 in 2005 Series A Tax Allocation Refunding Revenue Bonds and \$28,000,000 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, 2009, the City's legal limit was \$847,805,416.

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 Notes #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. 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 2008-2009 ranged between 1.37% and 7.8%. Cash and cash equivalents represent approximately 18% 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 & Co. 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 & Co. 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, 2008. That was the 22nd 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.

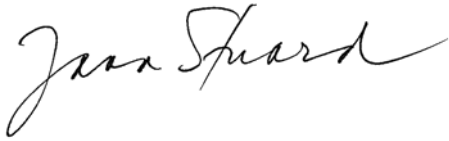
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

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, flowing style.

Jana Stuard
Acting Finance Director / Treasurer

(This page intentionally left blank.)

**City of Norwalk, California
List of Elected Officials and Management Personnel
June 30, 2009**

ELECTED OFFICIALS

Cheri Kelley, Mayor
Gordon Stefenhagen, Vice Mayor
Jesse M. Luera, 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

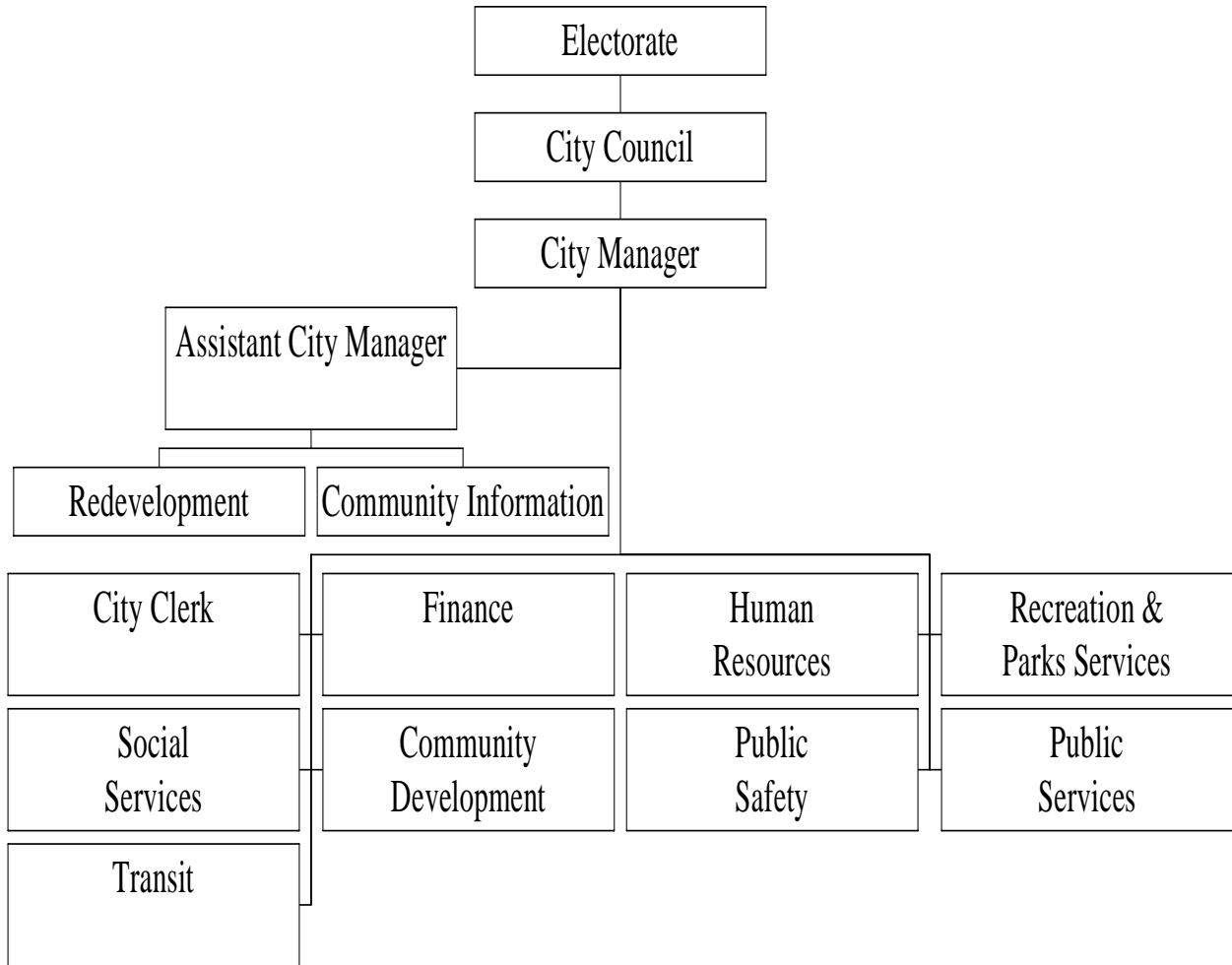
RECOGNITION

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, 2008

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

(This page intentionally left blank.)

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, 2009, 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, 2009, 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 Governmental Accounting Standards Board. 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.

(This page intentionally left blank.)

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2009 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 grants. 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.

Vargus + Company LLP

Los Angeles, California
December 7, 2009

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, 2009. 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, 2009, 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, 2009, The City's total assets were \$307.4 million and total liabilities \$136.7 million, resulting in net assets of \$170.8 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 \$5.7 million.
- The City's net assets of governmental activities decreased by \$5.4 million as a result of this year's operations. Net assets of the City's business-type activities decreased by \$0.3 million.
- The City's total debt increased 2.2 million. The increase is a combination of debt retirement and increases in compensated absences payable, unfunded other post employment benefits and County deferred loans.
- The City's long-term liabilities include \$78.91 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 \$220.1 million in total assets. Out of this amount \$20.7 million, or approximately 9.4%, are non-depreciable assets, and \$199.4 million, or approximately 90.6%, 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 \$59.6 million, a minor increase of \$1.2 million. Approximately \$13.5 million is unreserved, out of this amount \$9.7 million is available for spending at the City's discretion.
- At June 30, 2009, the General Fund balance was \$18.7 million, a decrease of \$357 thousand from prior year balance of \$19 million. The unreserved fund balance was \$9.7 million.

- The actual General Fund revenues and operating transfers in of \$40.8 million represented a decrease of \$1.6 million from the prior year actual of \$42.4 million, and an increase of \$659 thousand from the final budget of \$40.2 million.
- The actual General Fund expenditures and operating transfers out of \$41.2 million represented a decrease of \$3.3 million from the prior year actual of \$44.5 million, and a decrease of \$1 million from the final budget of \$42.2 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 and Transportation Services.

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 and Transportation Services. 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, 2009 and June 30, 2008.

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, 2009, as shown in Table 1, were \$170.8 million.

Table 1
Net Assets
(in thousands)

	Governmental Activities		Business-type activities		Total	
	2009	2008	2009	2008	2009	2008
Current and other assets	\$ 91,264	\$ 84,044	\$ (3,913)	\$ 3,407	\$ 87,351	\$ 87,451
Capital assets	198,976	203,978	21,117	20,091	220,093	224,069
Total assets	<u>290,240</u>	<u>288,022</u>	<u>17,204</u>	<u>23,498</u>	<u>307,444</u>	<u>311,520</u>
Long-term liabilities	118,265	116,509	1,031	535	119,295	117,044
Other liabilities	16,121	10,300	1,274	7,719	17,395	18,019
Total liabilities	<u>134,386</u>	<u>126,809</u>	<u>2,304</u>	<u>8,254</u>	<u>136,690</u>	<u>135,063</u>
Net assets						
Invested in capital assets, net of related debt	147,891	151,673	21,117	20,091	169,008	171,764
Restricted	35,531	33,986	-	-	35,531	33,986
Unrestricted	(27,568)	(24,446)	(6,218)	(4,847)	(33,786)	(29,293)
Total net assets	<u>\$ 155,854</u>	<u>\$ 161,213</u>	<u>\$ 14,900</u>	<u>\$ 15,244</u>	<u>\$ 170,753</u>	<u>\$ 176,457</u>

The City's Government-wide total net assets were \$170.8 million, with assets of \$307.4 million and liabilities of \$136.7 million. The net investment in capital assets, net or capital debt, was \$169 million. Another portion of the City's net assets, \$35.5 million, represents resources that are subject to external restrictions in how they may be used. The remaining negative balance of \$33.8 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.

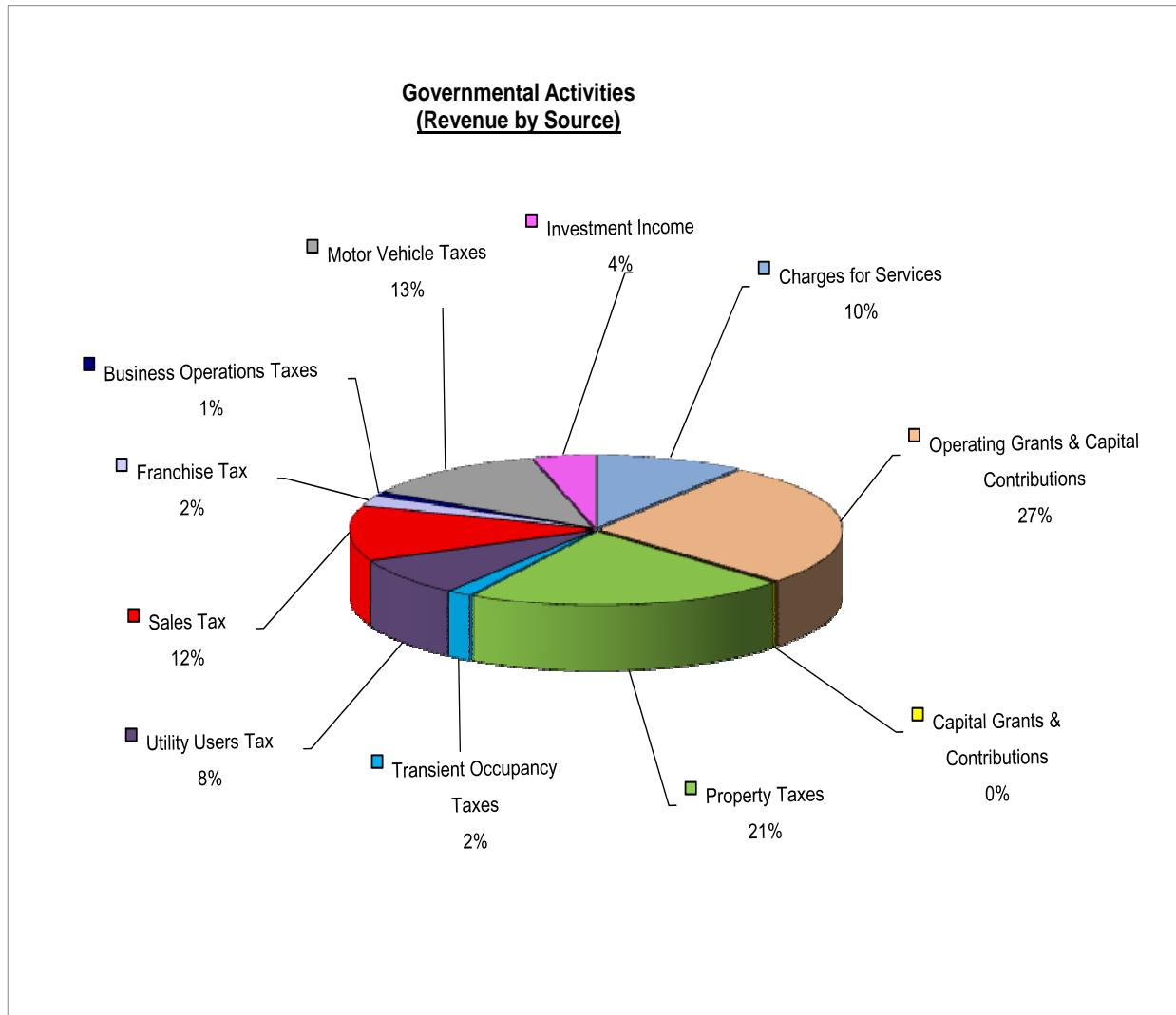
Table 2
Changes in Net Assets
(in thousands)

	Governmental Activities		Business-type		Government-Wide	
	2009	2008	2009	2008	2009	2008
Revenues:						
Program Revenues:						
Charges for services	\$ 7,250	\$ 7,232	\$ 5,575	\$ 5,756	\$ 12,825	\$ 12,988
Operating grants and capital contributions	19,890	21,085	8,412	8,759	28,302	29,844
Capital grants and contributions	50	2,687	2,528	1,554	2,578	4,241
General Revenues:						
Taxes:						
Sales taxes	8,668	9,702	-	-	8,668	9,702
Property taxes	15,743	15,061	-	-	15,743	15,061
Utility users taxes	6,023	5,985	-	-	6,023	5,985
Business license taxes	637	685	-	-	637	685
Transient occupancy taxes	1,166	1,161	-	-	1,166	1,161
Motor vehicle taxes	9,208	8,807	-	-	9,208	8,807
Other taxes	1,637	1,540	-	-	1,637	1,540
Use of money and property	3,054	2,750	-	1	3,054	2,751
Other	-	-	-	-	-	-
Total Revenues	<u>73,326</u>	<u>76,695</u>	<u>16,515</u>	<u>16,070</u>	<u>89,841</u>	<u>92,765</u>
Expenses:						
General government	9,060	8,747	-	-	9,060	8,747
Public safety	12,666	13,608	-	-	12,666	13,608
Urban development	8,037	7,587	-	-	8,037	7,587
Highways and streets	14,680	16,907	-	-	14,680	16,907
Culture and leisure	7,106	7,964	-	-	7,106	7,964
Health and welfare	20,798	20,079	-	-	20,798	20,079
Interest and fiscal charges	6,338	6,297	-	-	6,338	6,297
Transit	-	-	13,332	15,271	13,332	15,271
Water	-	-	3,133	3,523	3,133	3,523
Golf Course	-	-	394	372	394	372
Total Expenses	<u>78,685</u>	<u>81,189</u>	<u>16,860</u>	<u>19,166</u>	<u>95,545</u>	<u>100,355</u>
Change in net assets	(5,359)	(4,494)	(345)	(3,096)	(5,704)	(7,590)
Net assets, beginning of year	161,213	165,707	15,244	18,340	176,457	184,047
Net assets, ending of year	<u>\$ 155,854</u>	<u>\$ 161,213</u>	<u>\$ 14,900</u>	<u>\$ 15,244</u>	<u>\$ 170,753</u>	<u>\$ 176,457</u>

Governmental Activities

Revenues for the City's governmental activities decreased 4%, from \$76.7 million last fiscal year to \$73.3 million in this fiscal year. Key elements of significant changes are as follows:

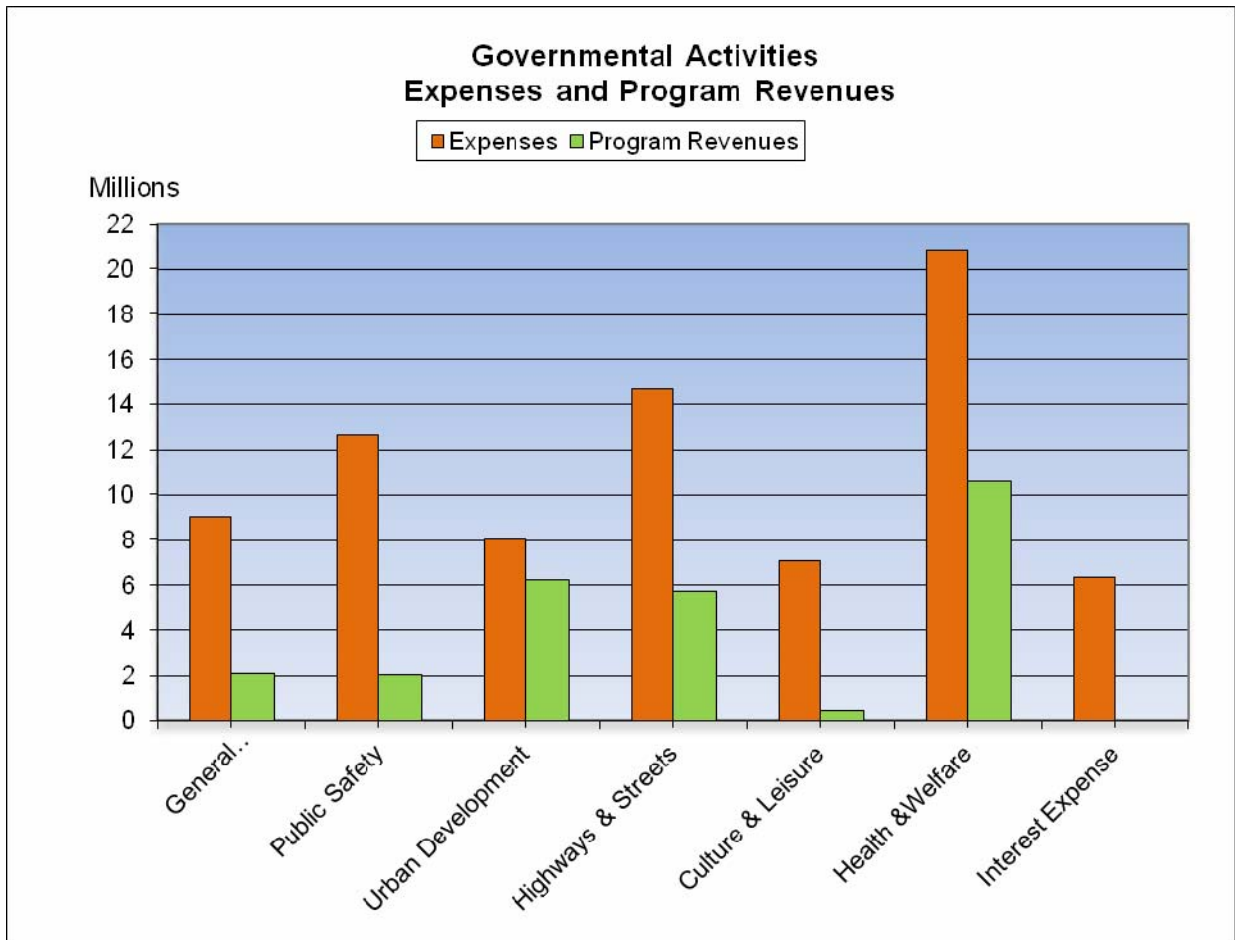
- The largest revenue source was operating grants and contributions at \$19.9 million, decreasing \$1.2 million, or 6%, from the preceding fiscal year.
- The second largest revenue source was property taxes, general revenue, at \$15.7 million, which increased \$0.7 million, or 5% increase, from the prior 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 motor vehicle tax. For the purpose of this analysis, property taxes in lieu of VLF are included into this category. 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 2008-09, the City received \$9.2 million in VLF revenue. An increase of \$0.4 million, or 5%, from the preceding fiscal year.
- The fourth largest revenue source was sales taxes, general revenue, at \$8.7 million, a decrease of \$1 million, or 11%, from the preceding fiscal year. A slowing economy with growing energy and food prices 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 \$78.7 million. Program revenues funded \$27.2 million, or 34.6% 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 2009 these expenses represented \$20.8 million, or 26.4% of governmental activities. Approximately \$10.1 million was funded with program revenues. The increase from the preceding fiscal year was \$0.7 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 \$14.7 million, it represented 18.7% of the total expenses; it decreased \$2.2 million from the prior fiscal year.

- Public Safety expense category was the third largest at \$12.7 million, or 16.1% of governmental activities, of which approximately \$2 million was funded with program revenues. Expenses of this category decreased \$0.9 million, or 7% compared to prior fiscal year.
- General Government, the fourth largest category of governmental activities recorded expenses at \$9.1 million; it represented 11.5% of total governmental expenses. Program revenues funded \$2.1 million of General Government expense category. Expenses in this category recorded an increase of \$0.3 million, or 4% compared to preceding fiscal year.

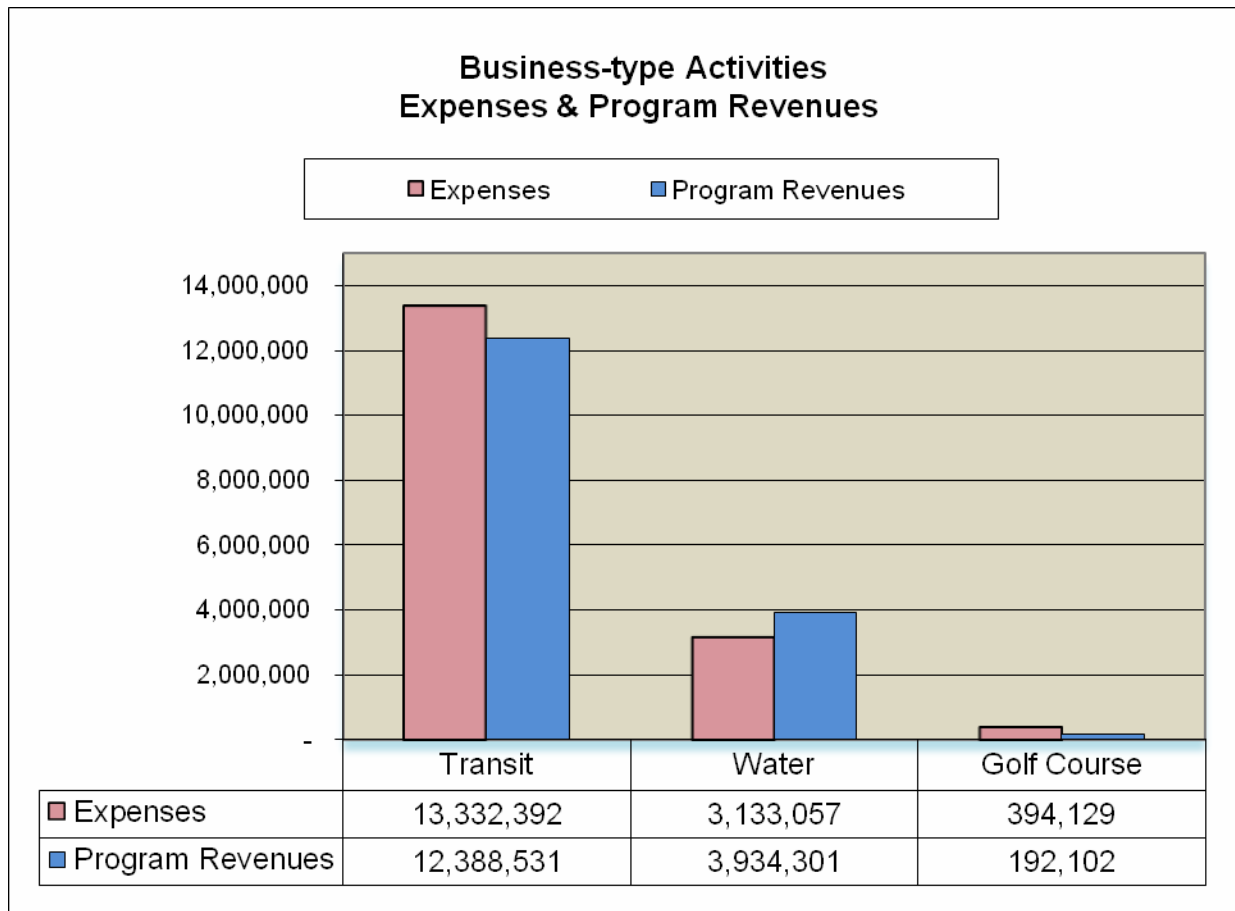


The government's capital assets net of depreciation decreased \$3.95 million from the previous fiscal year, where governmental activities reported decrease of \$4.98 million and business-type activities reported an increase of \$1.03 million in net assets.

Business-type activities

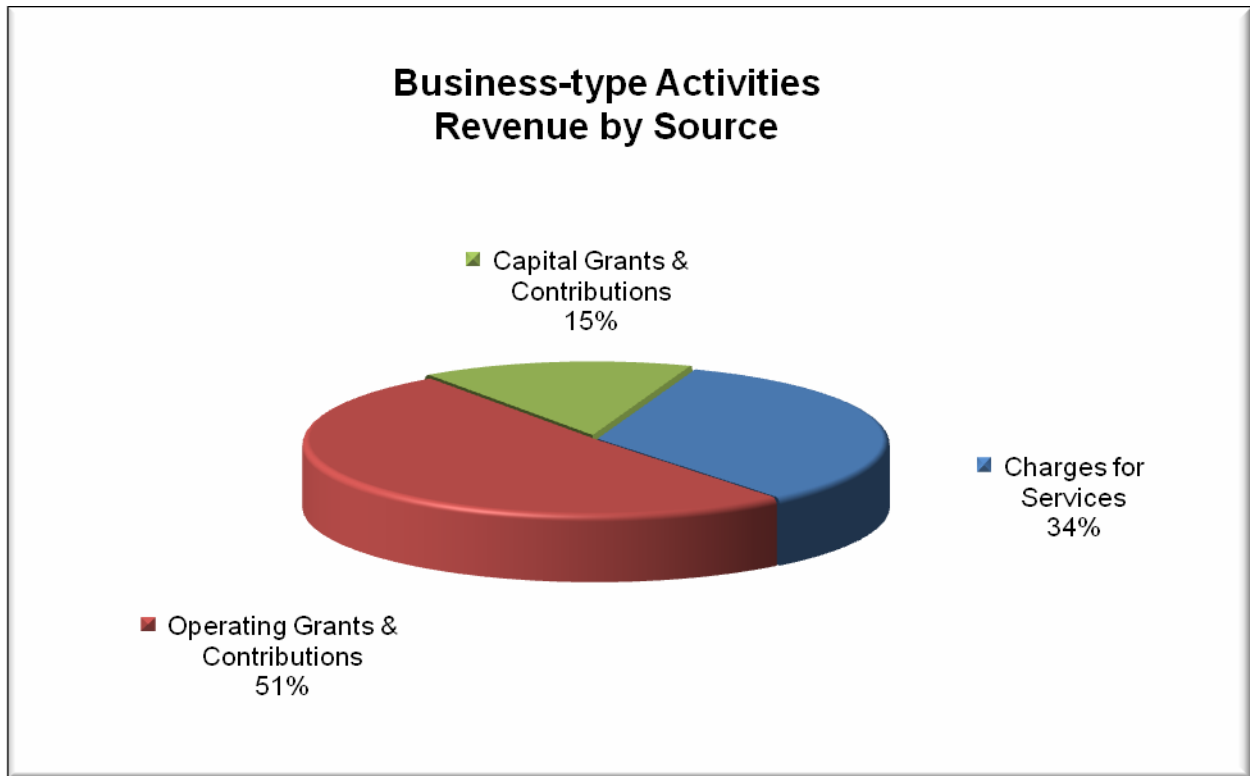
The City's business type activities are Transit, Water Utility and Golf Course, all of them account for services to the general public. Business-type Activities' Capital Assets net of depreciation represent \$21.1 million. As of June 30, 2009, total net assets of Business-type activities were \$14.9 million, out of which, the unrestricted net assets represented a negative amount of \$6.2 million; investment in capital assets net of capital debt represented \$21.1 million, a net increase of \$1.1 million from prior year's balance of \$20 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 \$5.6 million; a decrease of \$181 thousand, or 3.1% from the prior year's operating revenues.

As shown in the pie chart below, Operating Grants and Contributions represent 51% 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 \$1.4 million decreased by \$0.8 million during fiscal year 2008-09. Non-operating revenues of \$10.9 million represent 88% of the total Transit Revenues and recorded an increase of \$0.6 million. Combined revenue decreased by \$250 thousand, 2%, when compared to the prior fiscal year. Due to the decrease in gas prices and cost cutting measures, operating expenses decreased by \$1.9 million, or 12.7%.

The Water Utilities operating revenues totaled \$3.9 million; an increase of \$0.7 million, or 21.6%, from the preceding year's operating revenues of \$3.2 million because of increase in water rates during the year. Operating expenses of \$2.9 million decreased from the prior year's \$3.3 million, or 11.8%, mainly due to the savings in contractual services category.

The operating expenses of the Golf Course exceeded the operating revenues by \$202 thousand during the year. Revenues were \$192 thousand, a slight decrease of \$4 thousand and expenses increased by \$23 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 \$59.6 million, an increase of \$1.2 million, or 2%, from the prior year's combined fund balance of \$58.5 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 \$2.3 million for fiscal year 2008-09 versus \$4.9 million in the prior fiscal year. The Unreserved Designated balance totals \$8.3 million with \$2.5 million obligated by its funding nature under Special Revenue Funds and \$5.8 million designated for Capital Projects Funds. The remainder of the fund balance of \$5.3 million of Unreserved Undesignated is available for spending at the City's discretion.

Revenues of governmental funds for the fiscal year ended June 30, 2009 were \$72.1 million, a decrease of \$6.1 million, or 8%, from the prior fiscal year's total of \$78.2 million. The major decreases were in the categories of Intergovernmental, Use of Money & Property, and Other revenues. The Intergovernmental category shows a significant decrease of \$4.2 million, or 15%, primarily due to reimbursements for the completed capital improvement projects. The Use of Money and property decreased by \$1.4 million, or 45% from the previous fiscal year.

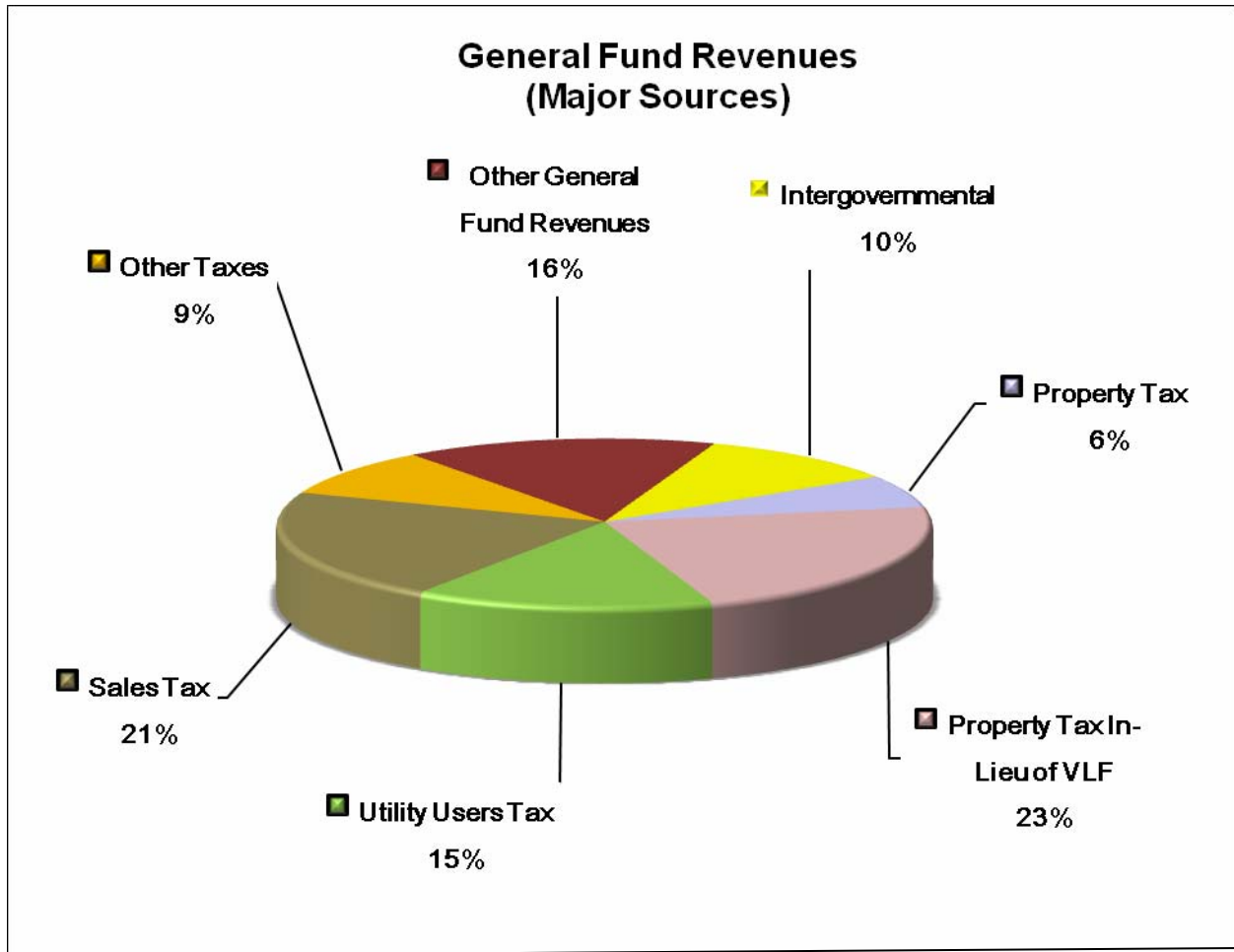
Expenditures of governmental funds were \$73.3 million, a decrease of \$5.8 million, or 7% from the prior fiscal year total of \$79.1 million. The largest decrease was in Capital outlays, due to a lower level of activities in Capital Improvement Projects with \$2.3 million in fiscal year 2008-09 versus \$4.9 million in the prior year. Another category contributing to the overall decrease is Culture & Leisure expenditure, which decreased by \$1.3 million, from prior year's \$7.9 million to \$6.6 million, or 16%. The decrease is attributed to the lower volume of activities under Parks & Recreation department.

The City has four major governmental funds: General Fund, Housing and Community Development Special Revenue funds (CDBG and HOME programs), 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 \$9.7 million, while total fund balance was \$18.7 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 24.6% of total general fund expenditures, while total fund balance represents 47.6% of that same amount.

The fund balance of the City's General Fund decreased by \$357 thousand, or 1.9%. Key factors affecting the result of the fiscal year's financial position are as follows:

General Fund revenues for the fiscal year were \$40.8 million, a decrease of \$1.5 million or 4%, from the prior year's total of \$42.4 million. The largest General Fund revenue sources, which represent 84% of the total General Fund revenues, were: in-lieu VLF property tax payments, sales taxes, utility taxes, intergovernmental revenues and other taxes.

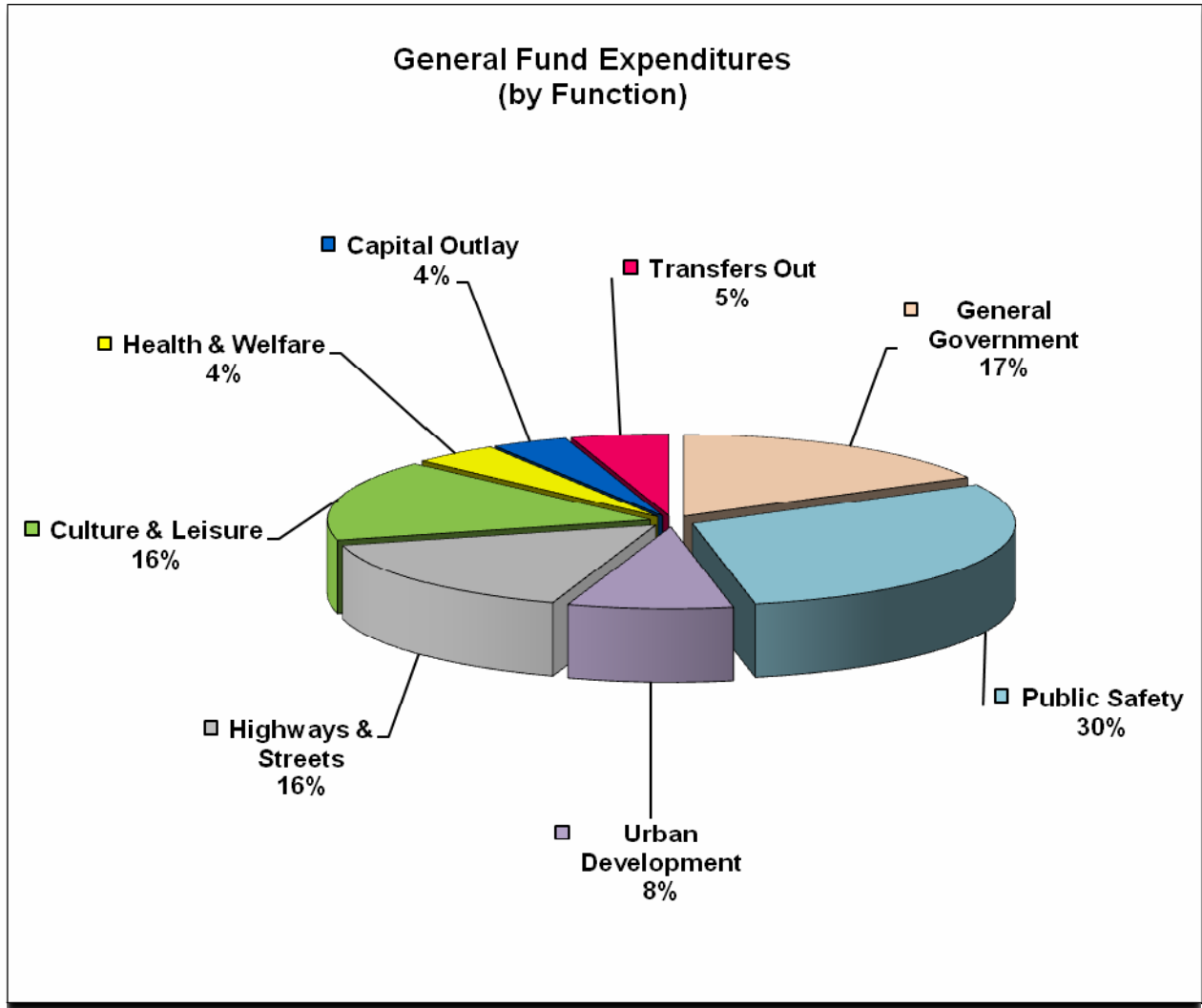


- The Property Tax In-Lieu of Vehicle License Fees represented the largest revenue at \$9.2 million, representing 23% of the General Fund revenues. The city continues to benefit from the high property tax value since the state took legislative action to swap the City vehicle license fee (VLF) revenue for its property taxes (property taxes in lieu of VLF) in the 2004-05 fiscal year. The increase of Property Tax In-Lieu of VLF when compared to the prior fiscal year was \$402 thousand.
- The second largest revenue source was Sales and Use Taxes at \$8.7 million recorded a significant decrease of \$1 million, or 10.7%, and represented 21% of General Fund revenues. All business groups were down with receipts from fuel, automobiles, business supplies and construction materials exhibiting the largest reductions.
- The third largest revenue source was Utility Users Taxes (UUT) at \$6.0 million, or 15% of General Fund revenues. This revenue increased \$38 thousand, or 0.6%. Increase came in the category of Wireless Telephone providers; all the other UUT categories recorded a decline in revenues.

- The fourth largest revenue source was Intergovernmental revenue at \$4.2 million. This category showed a decrease of \$181 thousand mainly due to the decrease in the State Mandate reimbursements and Vehicle License Fees.
- The fifth largest revenue source was other taxes at \$3.8 million, or 9.0% of General Fund revenues. This category increased \$182 thousand, or 5%, when compared to the preceding fiscal year. A minimal growth under Franchise and Transient Occupancy taxes contributed to the overall increase in this category.

General Fund expenditures and operating transfers out totaled \$41.2 million, a decrease of \$3.2 million, or 7.2%, from the prior year's total of \$44.4 million. Expenditures by function from highest to lowest are summarized as follows:

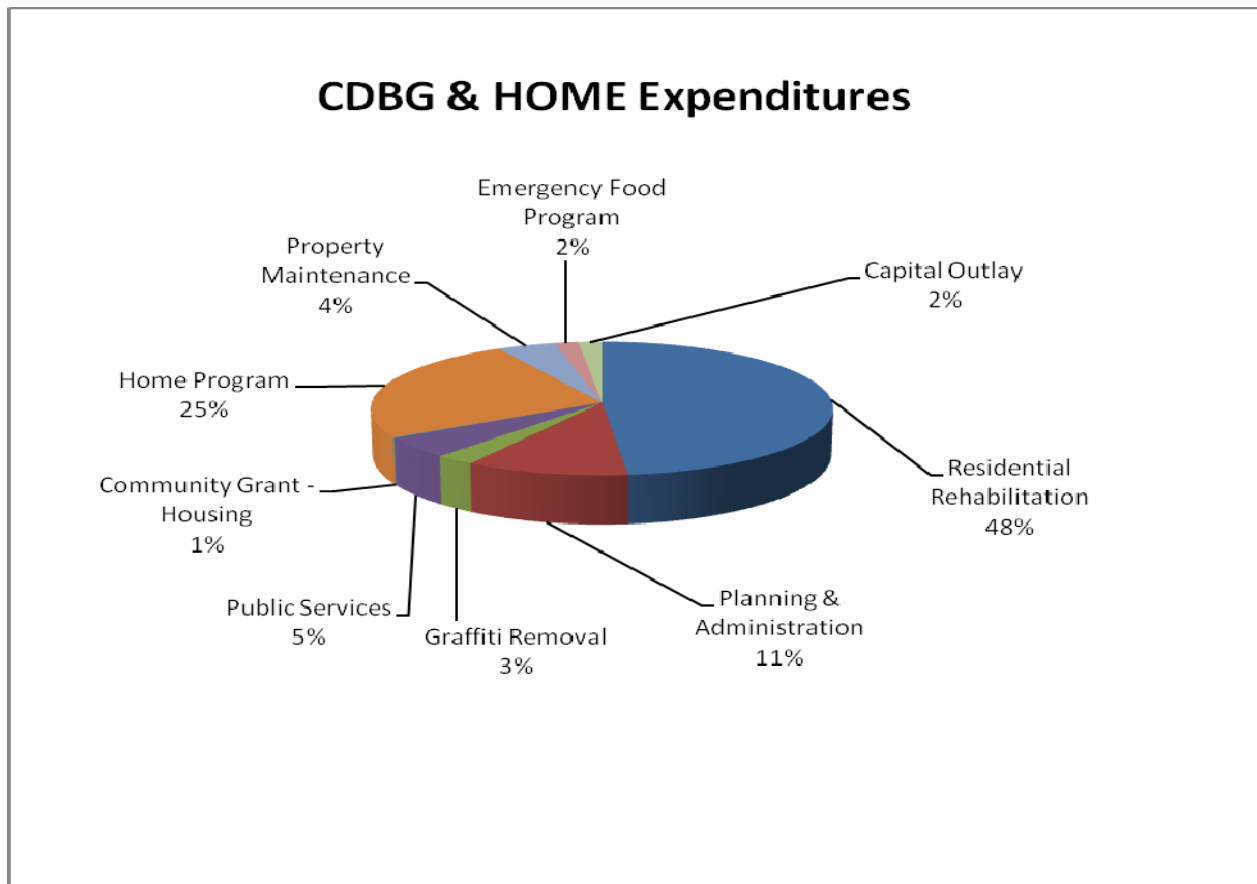
- Public Safety was the largest General Fund function at \$12.3 million, or 30% of General Fund expenditures and operating transfers out, a decrease of \$0.9 million, or 6.8%, from the preceding fiscal year's total of \$13.2 million. The decrease was largely due to savings under personnel and contract services provided by the Los Angeles County Sheriff's Department.
- General Government (City Council, City Commissions, Administration, City Attorney, Management Services, Community Information, Cable TV, City Clerk's Office, Human Resources and Risk Management, Finance, and Management Information Systems) was the second largest General Fund function at \$7.1 million, or 17%, of the General Fund expenditures and operating transfers out; a decrease of \$659 thousand. The decreases resulted mainly from hiring freeze and related savings under personnel expenditures.
- The Culture and Leisure function of the General Fund's expenditures represented the third largest expenditure category at \$6.6 million, or 17%, of the General Fund expenditures and operating transfers out; a decrease of \$1.3 million, or 16.1%, from the prior year's total of \$7.8 million. The decline was attributed mostly to cut in recreational events and activities spending.
- Highways and Streets almost tied with Culture and Leisure function at \$6.5 million, or 17% of the General Fund expenditures and operating transfers out; an increase of \$481 thousand, or 8% from the previous fiscal year's total of \$6.0 million. The increase under General Fund resulted from the decrease in available funding from Gas Tax fund.
- The Urban Development function represented 8% of the General Fund expenditures and operating transfers out at \$3.4 million, a decrease of \$56 thousand, or 1.6% from the prior year's total of \$3.5 million. Major decreases were in operating expenditures related to Property Maintenance, Building and Safety and Planning departments.
- Operating transfers out totaled \$2.0 million, or 5% of the General Fund expenditures and operating transfers out; a decrease of \$514 thousand, or 20%, from the prior fiscal year. Of the total operating transfers out; \$1.6 million were transfers to the Debt Service Fund and \$398 thousand to the Redevelopment Agency as part of a sales rebate agreement between the City, RDA, and Costco Corporation from 1991. The remainder represented transfers out to meet matching requirements of the special revenue funds (Senior Grant and Dispute Resolution Grant).



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

The CDBG and HOME activities were funded by the HUD entitlement of \$2.2 million and program income (proceeds of repayments of HUD funded loans) of \$425 thousand.

Total Housing and Community Development Special Revenue fund expenditures was \$2.6 million. The CDBG portion was \$1.9 million, a decrease of \$202 thousand or 9.5%, from the prior year's total of \$2.1 million. HOME expenditures were \$657 thousand, a decrease of \$162 thousand, or 19.9%, from the prior year's total of \$819 thousand. The pie chart below demonstrates how the City used the CDBG and HOME funds during the fiscal year that ended June 30, 2009.



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 operating transfers in totaled \$10.8 million, an increase of \$147 thousand, or 1.4%, from the preceding fiscal year's total of \$10.7 million. Tax increment revenue increased \$316 thousand, or 4.4%, from prior year's \$7.1 million. Total expenditures were \$11.2 million, an increase of \$243 thousand, or 2.2%, from the prior year's total of \$11 million. On the other hand, Redevelopment Agency Capital Projects Fund revenues, operating transfers in and expenditures were \$1.6 million and \$2.1 million, respectively. The overall fund balance decreased by \$475 thousand 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 (\$3.6 million), (\$2.2 million) and (\$377 thousand), respectively. There was a total decrease of \$345 thousand in net assets for all three funds, which consisted of \$0.9 million decrease for Transit, \$202 thousand decrease for Golf Course. Water fund reported an increase of \$801 thousand in comparison to last year's negative \$288 thousand mainly due to water rate increase and personnel cost saving measures.

General Fund Budgetary Highlights

The following table displays the General Fund's original budget, final budget and actual results for 2009 revenues, expenditures and transfers. Revenues were higher than projections by \$659 thousand, or 1.6%. Expenditures were \$2.9 million, or 7% under budget.

Differences between the original and final revenue budget reflect a decrease of \$1.3 million (3.2%) and reflect adjustments in projections for: sales tax - decrease of \$654 thousand; revenue from other agencies - decrease of \$377 thousand; and property tax – decrease of \$200 thousand.

Differences between the original and final expenditures budget reflect an increase of \$198 thousand, or 0.5%. Adjustments were made to cover the cost of projects and activities that came up during the fiscal year. Adjustments were also made to carryover capital improvement projects, where the original budget reflected an estimated carryover balance and later on, with Council's approval, was adjusted to reflect the actual carryover balances.

Table 3
General Fund Budgetary Comparison
(in thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget</u>
Revenues	\$ 41,516	\$ 40,187	\$ 40,846	\$ 659
Expenditures	(41,912)	(42,110)	(39,181)	2,929
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	(73)	(73)	(2,022)	(1,949)
Net Change in Fund Balance	\$ <u>(469)</u>	\$ <u>(1,995)</u>	\$ <u>(357)</u>	\$ <u>1,639</u>

General Fund actual revenues were \$40.8 million, exceeding projection by \$659 thousand. The revenue categories that significantly exceeded budget were Other Interest, \$533 thousand, and property tax, \$175 thousand, over the final budget amounts.

General Fund actual ending expenditures of \$39.2 million were \$2.9 million under the final budget. The major expenditures categories under budgeted amount were: Capital Improvement Projects, \$2 million; General Government, \$0.8 million; Culture and Leisure, \$269 thousand and Health and Welfare with \$205 thousand. Highways and Streets and Transfers out were the only categories that exceeded 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, 2009, was \$220 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 \$3.9 million represents a 1.8% 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, 2009 and 2008**

	Governmental activities		Business-type activities		Total	
	2009	2008	2009	2008	2009	2008
Capital assets not being depreciated:						
Land	\$ 6,650,718	\$ 4,912,871	23,125	\$ 23,125	\$ 6,673,843	\$ 4,935,996
Construction in Progress	11,566,511	11,670,245	87,607	82,915	11,654,118	11,753,160
Water rights	-	-	2,389,300	2,048,800	2,389,300	2,048,800
Total capital assets not being depreciated	<u>18,217,229</u>	<u>16,583,116</u>	<u>2,500,032</u>	<u>2,154,840</u>	<u>20,717,261</u>	<u>18,737,956</u>
Capital assets being depreciated:						
Buildings and improvements	42,102,559	41,988,769	7,351,303	7,351,303	49,453,862	49,340,072
Distribution system	-	-	9,772,623	8,772,913	9,772,623	8,772,913
Machinery and equipment	6,801,045	6,631,261	-	-	6,801,045	6,631,261
Office equipment	-	-	736,634	736,634	736,634	736,634
Vehicles	-	-	10,632,162	10,632,162	10,632,162	10,632,162
Tools and equipment	-	-	2,199,294	1,171,055	2,199,294	1,171,055
Infrastructure	267,069,533	264,966,590	-	-	267,069,533	264,966,590
Miscellaneous	-	-	242,817	242,817	242,817	242,817
Total capital assets being depreciated	<u>315,973,137</u>	<u>313,586,620</u>	<u>30,934,833</u>	<u>28,906,884</u>	<u>346,907,970</u>	<u>342,493,504</u>
Less: Accumulated depreciation for:						
Total accumulated depreciation	<u>(135,190,794)</u>	<u>(126,191,327)</u>	<u>(12,317,699)</u>	<u>(10,970,662)</u>	<u>(147,508,493)</u>	<u>(137,161,989)</u>
Net capital assets, being depreciated	<u>180,782,343</u>	<u>187,395,293</u>	<u>18,617,134</u>	<u>17,936,222</u>	<u>199,399,477</u>	<u>205,331,515</u>
Net capital assets - governmental activities	<u>\$ 198,999,572</u>	<u>\$ 203,978,409</u>	<u>21,117,166</u>	<u>\$ 20,091,062</u>	<u>\$ 220,116,738</u>	<u>\$ 224,069,471</u>

Long-term Debt. At June 30, 2009, the City had \$119.3 million in outstanding long-term debt for governmental and business-type activities.

**Table 5
Outstanding Debt as of June 30, 2009 and 2008
(In thousands)**

	Governmental Activities		Business-type		Total	
	2009	2008	2009	2008	2009	2008
Compensated absences	\$ 2,617	\$ 2,559	\$ 588	\$ 535	\$ 3,205	\$ 3,094
Other post-employment benefits	1,005	-	442	-	1,447	-
Lease revenue refunding bonds	18,175	18,830	-	-	18,175	18,830
Tax allocation bonds, 2005	60,735	61,820	-	-	60,735	61,820
County deferred loans	35,824	33,401	-	-	35,824	33,401
	<u>118,356</u>	<u>116,610</u>	<u>1,030</u>	<u>535</u>	<u>119,386</u>	<u>117,145</u>
Add (deduct) deferred amounts:						
Bond premium	421	437	-	-	421	437
Bond discount	(311)	(322)	-	-	(311)	(322)
Deferred charge on refunding	(202)	(215)	-	-	(202)	(215)
	<u>(92)</u>	<u>(100)</u>	<u>-</u>	<u>-</u>	<u>(92)</u>	<u>(100)</u>
Total long-term liabilities	<u>\$ 118,264</u>	<u>\$ 116,510</u>	<u>\$ 1,030</u>	<u>\$ 535</u>	<u>\$ 119,294</u>	<u>\$ 117,045</u>

The City's total debt increased by \$2.3 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 2009, 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 \$20.7 billion between now and the time the Legislature enacts a 2010–11 state budget plan. The budget problem consists of a \$6.3 billion projected deficit for 2009–10 and a \$14.4 billion gap between projected revenues and spending in 2010–11. 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 2009-10 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 2009-10 were:

- Projected revenues of \$37.9 million or 7% 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 \$39.3 million, an increase of 0.4%, required the use of the general fund reserves to balance the budget.
- 17 full-time and equivalent of 37 part-time positions eliminated.
- Estimated discretionary and one-time expenditures of \$3.2 million appropriated for capital improvement projects.
- Projected Undesignated Reserve Fund balance of \$6.9 million at June 30, 2010.

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, 2009

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 50,524,375	\$ -	\$ 50,524,375
Cash and investments with fiscal agent	5,489,735	-	5,489,735
Accounts receivable	2,065,892	540,308	2,606,200
Interest receivable	372,134	-	372,134
Other receivables	13,737	-	13,737
Due from other governments	5,984,627	2,535,677	8,520,304
Internal balances	7,500,626	(7,500,626)	-
Inventory	216,317	502,911	719,228
Prepaid items and deposits	37,342	8,456	45,798
Loans receivable	8,929,214	-	8,929,214
Deferred bond issue cost	2,345,192	-	2,345,192
Property held for resale	7,785,108	-	7,785,108
Capital assets:			
Non-depreciable	18,217,229	2,500,032	20,717,261
Depreciable, net of depreciation	180,758,317	18,617,134	199,375,451
Total assets	<u>290,239,845</u>	<u>17,203,892</u>	<u>307,443,737</u>
LIABILITIES			
Accounts payable and accrued liabilities	4,717,648	656,770	5,374,418
Interest payable	1,074,625	-	1,074,625
Retention payable	559	14,457	15,016
Due to other governments	971,807	-	971,807
Unearned revenues	9,264,389	523,741	9,788,130
Deposits	92,220	78,766	170,986
Noncurrent liabilities:			
Due within one year	2,205,532	72,663	2,278,195
Due in more than one year	116,059,263	957,926	117,017,189
Total liabilities	<u>134,386,043</u>	<u>2,304,323</u>	<u>136,690,366</u>
NET ASSETS			
Invested in capital assets, net of related debt	147,890,947	21,117,166	169,008,113
Restricted for:			
Debt service	4,967,752	-	4,967,752
Capital projects	22,984,726	-	22,984,726
Low and moderate income housing	5,090,633	-	5,090,633
Special purposes	2,488,116	-	2,488,116
Unrestricted	(27,568,372)	(6,217,597)	(33,785,969)
Total net assets \$	<u>155,853,802</u>	<u>14,899,569</u>	<u>\$ 170,753,371</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, 2009

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental activities							
General government	\$ 9,059,800	\$ 1,557,278	\$ 567,610	\$ -	\$ (6,934,912)	\$ -	\$ (6,934,912)
Public safety	12,666,249	1,941,504	100,000	-	(10,624,745)	-	(10,624,745)
Urban development	8,037,078	2,633,236	3,582,201	49,980	(1,771,661)	-	(1,771,661)
Highways and streets	14,680,280	191,071	5,533,558	-	(8,955,651)	-	(8,955,651)
Culture and leisure	7,106,356	445,549	-	-	(6,660,807)	-	(6,660,807)
Health and welfare	20,797,540	481,394	10,106,875	-	(10,209,271)	-	(10,209,271)
Interest expense	6,338,135	-	-	-	(6,338,135)	-	(6,338,135)
Total governmental activities	78,685,438	7,250,032	19,890,244	49,980	(51,495,182)	-	(51,495,182)
Business-type activities:							
Transit system	13,332,392	1,448,755	8,411,655	2,528,121	-	(943,861)	(943,861)
Water	3,133,057	3,934,301	-	-	-	801,244	801,244
Golf Course	394,129	192,102	-	-	-	(202,027)	(202,027)
Total business-type activities	16,859,578	5,575,158	8,411,655	2,528,121	-	(344,644)	(344,644)
Total primary government	\$ 95,545,016	\$ 12,825,190	\$ 28,301,899	\$ 2,578,101	(51,495,182)	(344,644)	(51,839,826)
General revenues							
Taxes							
Sales taxes					8,668,272	-	8,668,272
Property taxes					15,742,859	-	15,742,859
Utility users taxes					6,023,038	-	6,023,038
Business operations taxes					637,385	-	637,385
Transient occupancy taxes					1,165,698	-	1,165,698
Motor vehicle in-lieu taxes					9,208,157	-	9,208,157
Franchise taxes					1,637,196	-	1,637,196
Investment income					3,053,551	-	3,053,551
Total general revenues					46,136,156	-	46,136,156
Change in net assets					(5,359,026)	(344,644)	(5,703,670)
Net assets-beginning					161,212,828	15,244,213	176,457,041
Net assets-ending					\$ 155,853,802	\$ 14,899,569	\$ 170,753,371

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

**City of Norwalk
Balance Sheet
Governmental Funds
June 30, 2009**

	General	Housing and Community Development Grant Special Revenue	Redevelopment Agency Debt Service	Redevelopment Agency Capital Projects	Other Governmental Funds	Totals
ASSETS						
Cash and investments	\$ 4,754,552	\$ 440,918	\$ 6,712,124	\$ 24,789,737	\$ 13,547,259	\$ 50,244,590
Cash and investments with fiscal agents	-	-	4,274,057	-	1,215,678	5,489,735
Accounts receivable, net	1,226,921	9,957	-	-	115,318	1,352,196
Interest receivable	55,566	62,118	-	254,450	-	372,134
Other receivable	13,737	-	-	-	-	13,737
Due from other funds	6,477,368	-	-	-	-	6,477,368
Due from other governments	1,575,440	273,128	2,044,802	-	2,091,257	5,984,627
Inventory	6,900	-	-	-	-	6,900
Prepaid items	28,563	-	-	-	8,779	37,342
Loans receivable	23,758	8,905,456	-	-	-	8,929,214
Advances to other funds	22,790,544	-	-	750,000	-	23,540,544
Property held for resale	-	-	-	7,785,108	-	7,785,108
Total assets	\$ 36,953,349	\$ 9,691,577	\$ 13,030,983	\$ 33,579,295	\$ 16,978,291	\$ 110,233,495
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 3,191,645	\$ 42,431	\$ -	\$ 9,791	\$ 605,175	\$ 3,849,042
Accrued liabilities	510,997	21,563	-	-	-	532,560
Due to other funds	-	-	-	80,180	1,034,062	1,114,242
Due to other governments	-	-	233,602	-	-	233,602
Deferred revenues	13,849,358	9,094,569	-	-	436,945	23,380,872
Deposits payable	-	-	-	-	92,220	92,220
Retentions payable	559	-	-	-	-	559
Advances from other funds	750,000	-	13,849,358	6,803,686	-	21,403,044
Total liabilities	18,302,559	9,158,563	14,082,960	6,893,657	2,168,402	50,606,141
Fund balances						
Reserved	9,000,407	-	4,274,057	26,685,638	6,128,043	46,088,145
Unreserved, designated for, reported in:						
Special revenue funds	-	533,014	-	-	1,972,057	2,505,071
Capital projects funds	-	-	-	-	5,775,376	5,775,376
Unreserved, undesignated, reported in:						
General fund	9,650,383	-	-	-	-	9,650,383
Special revenue funds	-	-	-	-	(16,955)	(16,955)
Debt service funds	-	-	(5,326,034)	-	-	(5,326,034)
Capital project funds	-	-	-	-	951,369	951,369
Total fund balances	18,650,790	533,014	(1,051,977)	26,685,638	14,809,889	59,627,355
Total liabilities and fund balances	\$ 36,953,349	\$ 9,691,577	\$ 13,030,983	\$ 33,579,295	\$ 16,978,291	\$ 110,233,495

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, 2009

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

Total governmental fund balances	\$	59,627,354
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.		2,345,192
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:		
Governmental capital assets	\$ 334,018,096	
Less accumulated depreciation	<u>(135,078,233)</u>	198,939,863
Accrued interest on long-term debt is not due and payable in the current period and is not reported in the funds.		(1,074,625)
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.		14,830,179
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	\$ (2,427,891)	
Tax allocation bonds	(60,735,000)	
Lease revenue bonds	(18,175,000)	
County deferred loans	(35,824,910)	
Noncurrent accrued expense	(738,205)	
Other post-employment benefits	(1,005,156)	
Bond premium	(421,168)	
Bond discount	310,626	
Deferred charges on refunding of bonds	<u>202,543</u>	<u>(118,814,161)</u>
Net assets of governmental activities	\$	<u><u>155,853,802</u></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, 2009

	General	Housing and Community Development Grant Special Revenue	Redevelopment Agency Debt Service	Redevelopment Agency Capital Projects	Other Governmental Funds	Totals
Revenues						
Taxes	\$ 30,208,788	\$ -	\$ 7,413,967	\$ -	\$ 1,853,492	\$ 39,476,247
Licenses and permits	1,017,798	-	-	-	-	1,017,798
Fines, forfeitures and penalties	1,673,057	-	-	-	-	1,673,057
Use of money and property	771,760	4,611	157,715	623,806	222,622	1,780,514
Intergovernmental	4,223,777	2,158,444	-	-	16,938,394	23,320,615
Charges for services	1,192,232	-	-	-	663,403	1,855,635
Rental income	679,370	-	-	576,456	-	1,255,826
Other	1,079,512	424,880	-	-	169,291	1,673,683
Total revenues	<u>40,846,294</u>	<u>2,587,935</u>	<u>7,571,682</u>	<u>1,200,262</u>	<u>19,847,202</u>	<u>72,053,375</u>
Expenditures						
Current:						
General government	7,052,288	-	133,006	-	616,931	7,802,225
Public safety	12,264,129	-	-	-	199,394	12,463,523
Urban development	3,413,913	2,475,264	-	2,072,754	-	7,961,931
Highways and streets	6,513,880	65,677	-	-	1,428,157	8,007,714
Culture and leisure	6,593,909	-	-	-	-	6,593,909
Health and welfare	1,766,893	-	-	-	13,760,166	15,527,059
Pass-through to other agencies	-	-	4,678,761	-	-	4,678,761
Capital outlay	1,575,769	46,557	-	-	659,192	2,281,518
Debt service:						
Principal retirement	-	-	1,085,000	-	655,000	1,740,000
Interest and fiscal charges	-	-	5,344,780	-	915,430	6,260,210
Total expenditures	<u>39,180,781</u>	<u>2,587,498</u>	<u>11,241,547</u>	<u>2,072,754</u>	<u>18,234,270</u>	<u>73,316,850</u>
Excess (deficiency) of revenues over expenditures	<u>1,665,513</u>	<u>437</u>	<u>(3,669,865)</u>	<u>(872,492)</u>	<u>1,612,932</u>	<u>(1,263,475)</u>
Other financing sources (uses)						
Transfers in	-	-	845,187	397,869	1,649,216	2,892,272
Transfers out	(2,022,317)	-	-	-	(869,955)	(2,892,272)
Issuance of County deferred loans	-	-	2,424,113	-	-	2,424,113
Net other financing sources (uses)	<u>(2,022,317)</u>	<u>-</u>	<u>3,269,300</u>	<u>397,869</u>	<u>779,261</u>	<u>2,424,113</u>
Change in fund balances	(356,804)	437	(400,565)	(474,623)	2,392,193	1,160,638
Beginning fund balances	19,007,594	532,577	(651,412)	27,160,261	12,417,696	58,466,716
Ending fund balances	<u>\$ 18,650,790</u>	<u>\$ 533,014</u>	<u>\$ (1,051,977)</u>	<u>\$ 26,685,638</u>	<u>\$ 14,809,889</u>	<u>\$ 59,627,354</u>

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

City of Norwalk
Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
Year ended June 30, 2009

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

Change in fund balance - governmental funds	\$	1,160,638
<p>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.</p>		
Depreciation expense	\$ (9,017,820)	
Capital outlay	<u>3,051,280</u>	(5,966,540)
<p>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.</p>		
		1,986,733
<p>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.</p>		
County deferral received	\$ (2,424,113)	
Net change in compensated absences	(34,458)	
Principal bond repayments	<u>1,740,000</u>	(718,571)
<p>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.</p>		
Other post-employment benefits	\$ (1,005,156)	
Noncurrent accrued expense	(738,205)	
Change in accrued interest on long-term debt	19,732	
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>(1,821,286)</u>
Change in net assets of governmental activities	\$	<u><u>(5,359,026)</u></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, 2009

	Business-Type Activities - Enterprise Funds				Governmental Activities Internal Service Funds
	Transit System Fund	Water Fund	Golf Course	Total	
ASSETS					
Current assets					
Pooled cash and investments	\$ -	\$ -	\$ -	\$ -	\$ 279,785
Accounts receivable	3,437	536,871	-	540,308	-
Prepays	3,650	4,806	-	8,456	-
Inventory	502,911	-	-	502,911	209,417
Due from other agencies	2,534,802	875	-	2,535,677	-
Total current assets	<u>3,044,800</u>	<u>542,552</u>	<u>-</u>	<u>3,587,352</u>	<u>489,202</u>
Noncurrent assets					
Capital assets	20,689,590	12,745,274	-	33,434,864	148,244
Less accumulated depreciation	<u>(7,857,096)</u>	<u>(4,460,602)</u>	<u>-</u>	<u>(12,317,698)</u>	<u>(112,561)</u>
Net capital assets	<u>12,832,494</u>	<u>8,284,672</u>	<u>-</u>	<u>21,117,166</u>	<u>35,683</u>
Total noncurrent assets	<u>12,832,494</u>	<u>8,284,672</u>	<u>-</u>	<u>21,117,166</u>	<u>35,683</u>
Total assets	<u><u>15,877,294</u></u>	<u><u>8,827,224</u></u>	<u><u>-</u></u>	<u><u>24,704,518</u></u>	<u><u>524,885</u></u>
LIABILITIES					
Current liabilities					
Accounts payable	75,424	285,616	33,035	394,075	274,782
Accrued expenses	235,254	18,104	9,337	262,695	61,264
Deposits payable	-	78,766	-	78,766	-
Retention payable	-	14,457	-	14,457	-
Due to other funds	4,970,954	87,554	304,618	5,363,126	-
Advances from other funds	-	2,137,500	-	2,137,500	-
Unearned revenue	523,741	-	-	523,741	-
Compensated absences payable - current portion	<u>53,179</u>	<u>14,723</u>	<u>4,761</u>	<u>72,663</u>	<u>18,705</u>
Total current liabilities	<u>5,858,552</u>	<u>2,636,720</u>	<u>351,751</u>	<u>8,847,023</u>	<u>354,751</u>
Noncurrent liabilities					
Accrued other post-employment benefits	404,118	33,440	4,922	442,480	-
Compensated absences payable	<u>392,549</u>	<u>102,034</u>	<u>20,863</u>	<u>515,446</u>	<u>170,134</u>
Total liabilities	<u><u>6,655,219</u></u>	<u><u>2,772,194</u></u>	<u><u>377,536</u></u>	<u><u>9,804,949</u></u>	<u><u>524,885</u></u>
NET ASSETS					
Invested in capital assets, net of related debt	12,832,494	8,284,672	-	21,117,166	59,709
Unrestricted	<u>(3,610,419)</u>	<u>(2,229,642)</u>	<u>(377,536)</u>	<u>(6,217,597)</u>	<u>(59,709)</u>
Total net assets	<u><u>\$ 9,222,075</u></u>	<u><u>\$ 6,055,030</u></u>	<u><u>\$ (377,536)</u></u>	<u><u>\$ 14,899,569</u></u>	<u><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, 2009

	Business-Type Activities - Enterprise Funds				Governmental Activities Internal Service Funds
	Transit System Fund	Water Fund	Golf Course	Total	
Operating revenues					
Charges for services	\$ 1,399,715	\$ 3,934,301	\$ 192,102	\$ 5,526,118	\$ 12,498,123
Other	49,040	-	-	49,040	-
Total operating revenues	<u>1,448,755</u>	<u>3,934,301</u>	<u>192,102</u>	<u>5,575,158</u>	<u>12,498,123</u>
Operating expenses					
Administrative	634,936	342,796	41,314	1,019,046	31,956
Utilities	27,522	54,598	36,494	118,614	28,951
Salaries and benefits	9,101,898	641,353	198,970	9,942,221	10,496,575
Contractual services	365,903	15,094	78,242	459,239	16,280
Cost of water	-	1,389,046	-	1,389,046	-
Maintenance and repairs	1,540,624	-	-	1,540,624	1,915,487
Supplies and materials	171,959	202,062	39,109	413,130	-
Insurance	445,744	-	-	445,744	-
Depreciation	1,043,806	303,231	-	1,347,037	8,874
Total operating expenses	<u>13,332,392</u>	<u>2,948,180</u>	<u>394,129</u>	<u>16,674,701</u>	<u>12,498,123</u>
Operating income (loss)	(11,883,637)	986,121	(202,027)	(11,099,543)	-
Nonoperating revenues (expense)					
Proposition "A" taxes	3,280,826	-	-	3,280,826	-
Proposition "C" taxes	2,176,659	-	-	2,176,659	-
Federal grants	2,528,121	-	-	2,528,121	-
State and local grants	2,954,170	-	-	2,954,170	-
Interest expense	-	(184,877)	-	(184,877)	-
Investment income	-	-	-	-	-
Income (loss) before transfers	(943,861)	801,244	(202,027)	(344,644)	-
Transfers in (out)	-	-	-	-	-
Change in net assets	(943,861)	801,244	(202,027)	(344,644)	-
Total net assets - beginning	<u>10,165,936</u>	<u>5,253,786</u>	<u>(175,509)</u>	<u>15,244,213</u>	<u>-</u>
Total net assets - ending	<u>\$ 9,222,075</u>	<u>\$ 6,055,030</u>	<u>\$ (377,536)</u>	<u>\$ 14,899,569</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, 2009

	Business-Type Activities - Enterprise Funds				Governmental Activities Internal Service Funds
	Transit system Fund	Water Fund	Golf Fund	Total	
Cash flows from operating activities					
Receipts from tenants, customers and users	\$ 1,292,169	\$ 3,925,815	\$ 192,103	\$ 5,410,087	\$ 12,498,547
Payments to suppliers	(2,948,845)	(2,043,032)	(172,102)	(5,163,979)	(2,126,047)
Payments to employees	(8,676,155)	(602,331)	(168,424)	(9,446,910)	(10,662,634)
Net cash provided by (used in) operating activities	<u>(10,332,831)</u>	<u>1,280,452</u>	<u>(148,423)</u>	<u>(9,200,802)</u>	<u>(290,134)</u>
Cash flows from capital and related financing activities					
Purchases and construction of capital assets	(1,523,241)	(1,338,861)	-	(2,862,102)	38,423
Net cash used in capital and related financing activities	<u>(1,523,241)</u>	<u>(1,338,861)</u>	<u>-</u>	<u>(2,862,102)</u>	<u>38,423</u>
Cash flows from non-capital financing activities					
Cash contributions from other governments	10,939,776		-	10,939,776	-
Cash received from other funds	910,034	-	-	910,034	-
Interfund advances	-	243,286	148,423	391,709	-
Net cash provided by non-capital financing activities	<u>11,849,810</u>	<u>243,286</u>	<u>148,423</u>	<u>12,241,519</u>	<u>-</u>
Cash flows from investing activities					
Interest received	6,262	(184,877)	-	(178,615)	-
Change in cash and cash equivalents	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(251,711)</u>
Cash and cash equivalents - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>531,496</u>
Cash and cash equivalents - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 279,785</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ (11,883,637)	\$ 986,121	\$ (202,027)	\$ (11,099,543)	\$ (91,491)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:					
Depreciation	1,043,806	303,231	-	1,347,037	8,874
(Increase) decrease in:					
Accounts receivable	(3,168)	(7,611)	-	(10,779)	423
Prepays	(500)	(298)	-	(798)	-
Inventory	475,009	-	-	475,009	33,054
Due from other agencies	(153,418)	(875)	-	(154,293)	-
Increase (decrease):					
Accounts payable	(251,513)	(33,959)	21,722	(263,750)	(361,994)
Accrued liabilities	14,847	154	1,335	16,336	5,831
Deposits payable	-	3,587	-	3,587	-
Other post-employment benefits	404,118	33,440	4,922	442,480	91,491
Retentions payable	-	(8,919)	-	(8,919)	-
Compensated absences payable	21,625	5,581	25,625	52,831	23,678
Net cash provided by (used in) operating activities	<u>\$ (10,332,831)</u>	<u>\$ 1,280,452</u>	<u>\$ (148,423)</u>	<u>\$ (9,200,802)</u>	<u>\$ (290,134)</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, 2009

		<u>Agency Fund</u>
Assets		
Cash and investments	\$	<u>830,318</u>
Total assets	\$	<u><u>830,318</u></u>
Liabilities		
Accounts payable	\$	5,885
Deposits payable		<u>824,433</u>
Total liabilities	\$	<u><u>830,318</u></u>

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

(This page intentionally left blank.)

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 is as 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 Special Revenue Fund

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

Redevelopment Agency Debt Service Fund

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

Redevelopment Agency Capital Projects Fund

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

The City reports the following major proprietary funds:

Transit System Fund

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

Water Fund

This fund accounts for the Norwalk Municipal Water System, which consists of approximately 5,350 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.

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2009, are due and payable in two installments on November 1, 2008 and February 1, 2009 and became delinquent on December 10, 2008 and April 10, 2009, respectively. A tax lien is attached to the property on January 1, 2009.

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, 2009.

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)

Plant, infrastructure and equipment of the primary government are depreciated 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. The deferred revenue balance in the Transit System Enterprise Fund at June 30, 2009, was \$517,479, which is the state assistance contribution for the next year's purchase of New Flyer Bus.

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, 2009, 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	\$ 50,524,375	\$ 830,318	\$ 51,354,693
Restricted assets:			
Cash and investments with fiscal agents	5,489,735	-	5,489,735
Total cash and investments	\$ 56,014,110	\$ 830,318	\$ 56,844,428

Cash and investments at June 30, 2009, consisted of the following:

Cash on hand	\$	5,699
Deposits with financial institutions		1,678,725
Investments		55,160,004
Total cash and investments	\$	56,844,428

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 evenly 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	\$ 43,515,805	\$ -	\$ -	\$ 43,515,805
Corporate Notes:				
General Electric Cap Corp	1,030,147	-	2,039,126	3,069,273
Bank of America Corp.	1,009,915	-	-	1,009,915
Goldman Sachs Group Inc.	-	1,034,557	-	1,034,557
First Union National Bank	-	1,040,720	-	1,040,720
Held by Bond Trustee:				
Money Market Mutual Fund	5,489,734	-	-	5,489,734
Total	\$ 51,045,601	\$ 2,075,277	\$ 2,039,126	\$ 55,160,004

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 and Poors 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, 2009	Minimum Legal Rating	Rating			
			AAA	AA+/AA-	A+	Unrated
Local Agency Investment Fund	\$ 43,515,805	N/A	\$ -	\$ -	\$ -	\$ 43,515,805
Corporate Notes:						
General Electric Cap Corp	3,069,273	A	3,069,273	-	-	-
Bank of America Corp	1,009,915	A	-	-	-	1,009,915
Goldman Sachs Group Inc.	1,034,557	A	-	-	1,034,557	-
First Union National Bank	1,040,720	A	-	1,040,720	-	-
Held by Bond Trustee:						
Money Market Mutual Fund	5,489,734	AAA	5,489,734	-	-	-
Total	\$ 55,160,004		\$ 8,559,007	\$ 1,040,720	\$ 1,034,557	\$ 44,525,720

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 units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

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, 2009, the City deposits (bank balances) were insured by the Federal Deposit Insurance Corporation up to \$250,000 and the remaining balance of \$3,066,353 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, 2009, the total fair value of LAIF, including accrued interest was approximately \$50.89 billion. The fair value of the City's investment in the pool is \$43.5 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, 2009, are as follows:

<u>Receivable Fund</u>	<u>Payable fund</u>	<u>Amount</u>
General Fund	Redevelopment Agency Capital Projects Fund	\$ 80,180
	Other Governmental Funds	1,034,062
	Transit System Enterprise Fund	4,970,954
	Water Enterprise Fund	87,554
	Golf Enterprise Fund	304,618
		<u>\$ 6,477,368</u>

The receivable to the General Fund from the Other Governmental Funds, the Transit System Enterprise Fund, the Golf Course Enterprise Fund, and the Water 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 and Other Governmental Funds.

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:

NOTE 3 INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS (CONTINUED)

	<u>Balances at</u> <u>July 1, 2008</u>	<u>Current</u> <u>Advances</u>	<u>Repayments</u>	<u>Balances at</u> <u>June 30, 2009</u>
Agency expenditures paid by the City	\$ 939,586	\$ -	\$ -	\$ 939,586
Metro Center parcels	18,440,421	1,613,537	(340,500)	19,713,458
Water Enterprise Fund	1,797,000	340,500	-	2,137,500
Agency's advance to the General Fund	-	750,000	-	750,000
Total	<u>\$ 21,177,007</u>	<u>\$ 2,704,037</u>	<u>\$ (340,500)</u>	<u>\$ 23,540,544</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 \$340,500 at 7.5% interest. The remaining balance on the advance at June 30, 2009, was \$2,137,500. 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, 2009, is as follows:

<u>Transfer From</u>	<u>Transfer to</u>	<u>Amount</u>
General Fund	Debt Service Fund	\$ 1,567,660
	RDA Capital Project Fund	397,869
	Other Governmental Funds	56,788
Other Governmental Funds	General Fund	24,768
Redevelopment Special Revenue Fund	Redevelopment Debt Service Fund	845,187
	Total	<u>\$ 2,892,272</u>

NOTE 3 INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS (CONTINUED)

Transfers from the General Fund to the Redevelopment Agency Capital Projects Fund are to fund a sales tax rebate to a developer. The General Fund also transferred out \$845,187 to fund debt service. The remaining transfers were to fund matching requirements on certain grants and future capital projects.

NOTE 4 LOANS RECEIVABLE

Loans receivable consists of \$8,373,017 in deferred-payment rehabilitation loans to qualifying low income households in connection with the CDBG and Home Programs, \$532,439 loan to Home Investment Partnership, and \$23,758 in other miscellaneous loans. Due to the long-term nature of the CDBG loans, the City has recorded deferred revenue against these loans in the amount of \$9,038,770 (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.

NOTE 6 CAPITAL ASSETS

A summary of changes in capital assets at June 30, 2009, is as follows:

Governmental Activities:

	<u>Balance at June 30, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2009</u>
Capital assets not being depreciated:				
Land	\$ 4,912,871	\$ 1,737,847	\$ -	\$ 6,650,718
Construction in Progress	11,670,245	2,227,631	(2,331,365)	11,566,511
Total capital assets not being depreciated	<u>16,583,116</u>	<u>3,965,478</u>	<u>(2,331,365)</u>	<u>18,217,229</u>
Capital assets being depreciated:				
Buildings and improvements	41,988,769	113,790	-	42,102,559
Machinery and equipment	6,631,261	211,408	(65,650)	6,777,019
Infrastructure	264,966,590	2,102,943	-	267,069,533
Total capital assets being depreciated	<u>313,586,620</u>	<u>2,428,141</u>	<u>(65,650)</u>	<u>315,949,111</u>
Less: accumulated depreciation for:				
Buildings and improvements	(11,469,161)	(875,195)	-	(12,344,356)
Machinery and equipment	(2,417,543)	(743,524)	29,950	(3,131,117)
Infrastructure	(112,304,623)	(7,410,698)	-	(119,715,321)
Total accumulated depreciation	<u>(126,191,327)</u>	<u>(9,029,417)</u>	<u>29,950</u>	<u>(135,190,794)</u>
Net capital assets, being depreciated	<u>187,395,293</u>	<u>(6,601,276)</u>	<u>(35,700)</u>	<u>180,758,317</u>
Net capital assets - governmental activities	<u>\$ 203,978,409</u>	<u>\$ (2,635,798)</u>	<u>\$ (2,367,065)</u>	<u>\$ 198,975,546</u>

NOTE 6 CAPITAL ASSETS (CONTINUED)

Business-Type Activities:

	Balance at June 30, 2008	Additions	Deletions	Balance at June 30, 2009
Capital assets not being depreciated:				
Land	\$ 23,125	\$ -	\$ -	\$ 23,125
Construction in Progress	82,915	928,556	(923,864)	87,607
Water rights	2,048,800	340,500	-	2,389,300
Total capital assets not being depreciated	2,154,840	1,269,056	(923,864)	2,500,032
Capital assets being depreciated:				
Buildings and improvements	7,351,303	-	-	7,351,303
Distribution system	8,772,913	999,710	-	9,772,623
Office equipment	736,634	-	-	736,634
Vehicles	10,632,162	-	-	10,632,162
Tools and equipment	1,171,055	1,028,239	-	2,199,294
Miscellaneous	242,817	-	-	242,817
Total capital assets being depreciated	28,906,884	2,027,949	-	30,934,833
Less: accumulated depreciation for:				
Buildings and improvements	(959,284)	(184,761)	-	(1,144,045)
Distribution system	(3,894,442)	(275,646)	-	(4,170,088)
Office equipment	(235,661)	(36,372)	-	(272,033)
Vehicles	(4,895,741)	(735,829)	-	(5,631,570)
Tools and equipment	(829,631)	(91,666)	-	(921,297)
Miscellaneous	(155,903)	(22,763)	-	(178,666)
Total accumulated depreciation	(10,970,662)	(1,347,037)	-	(12,317,699)
Net capital assets, being depreciated	17,936,222	680,912	-	18,617,134
Net capital assets - business-type activities	\$ 20,091,062	\$ 1,949,968	\$ (923,864)	\$ 21,117,166

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

Governmental Activities:

General Government	\$ 986,611
Public Safety	107,906
Urban Development	29,981
Highways and Streets	7,442,328
Culture and Leisure	325,702
Health and Welfare	125,288
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	11,601
Total depreciation expense - governmental activities	9,029,417

Business-type Activities

Transit	1,043,806
Water	303,231
Total depreciation expense - business-type activities	\$ 1,347,037

NOTE 7 LONG-TERM LIABILITIES

Changes in long-term liabilities for the year ended June 30, 2009, were as follows:

	Balances at June 30, 2008	Additions	Retirements	Balances at June 30, 2009	Due Within One Year
Governmental activities:					
Lease Revenue					
Refunding Bond	\$ 18,830,000	\$ -	\$ (655,000)	\$ 18,175,000	\$ 690,000
Tax Allocation Refunding Bonds, 2005	61,820,000	-	(1,085,000)	60,735,000	1,130,000
County deferred loans	33,400,797	2,424,113	-	35,824,910	-
Subtotals	<u>114,050,797</u>	<u>2,424,113</u>	<u>(1,740,000)</u>	<u>114,734,910</u>	<u>1,820,000</u>
Add (deduct) deferred amounts:					
Bond premium	437,213	-	(16,045)	421,168	-
Bond discount	(322,459)	-	11,833	(310,626)	-
Deferred charge on refunding	(215,071)	-	12,528	(202,543)	-
	<u>113,950,480</u>	<u>2,424,113</u>	<u>(1,731,684)</u>	<u>114,642,909</u>	<u>1,820,000</u>
Compensated absences	2,558,594	298,188	(240,052)	2,616,730	385,532
Other post-employment benefits	-	1,005,156	-	1,005,156	-
Total governmental activities	<u>116,509,074</u>	<u>3,727,457</u>	<u>(1,971,736)</u>	<u>\$ 118,264,795</u>	<u>2,205,532</u>
Business-type activities					
Compensated absences	535,279	270,973	(218,143)	588,109	72,663
Other post-employment benefits	-	442,480	-	442,480	-
Total business-type activities	<u>535,279</u>	<u>713,453</u>	<u>(218,143)</u>	<u>1,030,589</u>	<u>72,663</u>
Total long-term liabilities	<u>\$ 117,044,353</u>	<u>\$ 4,440,910</u>	<u>\$ (2,189,879)</u>	<u>\$ 119,295,384</u>	<u>\$ 2,278,195</u>

Debt service payments for governmental activities are made from Debt Service Funds, the General Fund and Housing and Community Development 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, 2009, was \$2,616,729 and \$588,109 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

NOTE 7 LONG-TERM LIABILITIES (CONTINUED)

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, 2009, 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, 2009, was \$8,370,000.

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

Year ending June 30,	Principal	Interest	Total
2010	\$ 250,000	\$ 442,940	\$ 692,940
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
2015-2019	1,760,000	1,694,805	3,454,805
2020-2024	2,280,000	1,174,706	3,454,706
2025-2029	2,955,000	493,156	3,448,156
Totals	<u>\$ 8,370,000</u>	<u>\$ 5,446,077</u>	<u>\$ 13,816,077</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, 2009, was \$9,805,000.

Future debt service principal and interest payments on the 2001 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>
2010	\$ 440,000	\$ 446,041	\$ 886,041
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
2015-2019	2,915,000	1,515,102	4,430,102
2020-2024	3,680,000	740,902	4,420,902
2024-2025	845,000	40,138	885,138
Totals	<u>\$ 9,805,000</u>	<u>\$ 4,355,833</u>	<u>\$ 14,160,833</u>

Tax Allocation Refunding Bonds

Tax Allocation Refunding Bonds, 2005 Series A:

\$34,815,000 Tax Allocation Refunding Bonds, 2005 Series A; issued November 2005 to refund the Tax Allocation Refunding Bonds, Series 1995A and Series 1995B; serial bonds due in amounts ranging from \$610,000 to \$1,285,000 on October 1 of each year starting 2006 through 2025 and term bonds with principal amounts of \$7,445,000 and \$9,500,000 due on October 1, 2030 and 2035, respectively; interest rates vary from 3.50% to 5.00%. A reserve of \$1,233,601 is required to be set-aside to further secure the payment of principal and interest on the bonds. At June 30, 2009, this reserve was fully funded. The balance outstanding on the Tax Allocation Refunding Bonds, 2005 Series A at June 30, 2009, was \$32,735,000.

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

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 650,000	\$ 1,533,754	\$ 2,183,754
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
2015-2019	4,365,000	6,501,725	10,866,725
2020-2024	5,415,000	5,434,408	10,849,408
2025-2029	6,760,000	4,041,697	10,801,697
2030-2034	8,620,000	2,139,214	10,759,214
2035-2036	4,080,000	206,500	4,286,500
Subtotals	<u>32,735,000</u>	<u>25,725,813</u>	<u>58,460,813</u>

Add (less) deferred amounts:

Bond premium	421,168	-	421,168
Deferred charges on refunding	(202,543)	-	(202,543)
Totals	<u>\$ 32,953,625</u>	<u>\$ 25,725,813</u>	<u>\$ 58,679,438</u>

NOTE 7 LONG-TERM LIABILITIES (CONTINUED)

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, 2009, this reserve was fully funded. The balance outstanding on the Tax Allocation Refunding Bonds, 2005 Series B at June 30, 2009, was \$28,000,000.

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

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 480,000	\$ 1,558,292	\$ 2,038,292
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
2015-2019	3,430,000	6,734,952	10,164,952
2020-2024	4,475,000	5,653,838	10,128,838
2025-2029	5,885,000	4,201,231	10,086,231
2030-2034	7,775,000	2,253,281	10,028,281
2035-2036	3,775,000	220,081	3,995,081
Subtotals	<u>28,000,000</u>	<u>26,590,805</u>	<u>54,590,805</u>
Add (less) deferred amounts:			
Bond discount	(310,626)	-	(310,626)
Totals	<u>\$ 27,689,374</u>	<u>\$ 26,590,805</u>	<u>\$ 54,280,179</u>

County Deferred Loans

Project Area No. 1:

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

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

NOTE 7 LONG-TERM LIABILITIES (CONTINUED)

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

The June 30, 2009, deferred loan balance payable to the County of Los Angeles for Project Area No. 1 was \$28,004,726.

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, 2009, was \$7,820,184.

NOTE 8 DEFERRED REVENUE

Deferred revenue consists of \$9,038,770 in deferred loan payments from participants in the City's housing program (see Note 4), \$13,849,358 in deferred interest on advances to the redevelopment agency, \$267,125 related to capital expenditures, and \$225,619 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, 2009, 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, 2009, the amount contributed by the City on behalf of the employees was \$1,272,024. 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, 2009, was 14.005% 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, 2009, the City's annual pension cost (employer contribution) of \$2,226,835 for miscellaneous employees was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2006, actuarial valuation using the entry age normal actuarial 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.

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

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, 2007	\$ 2,120,430	100%	-
June 30, 2008	2,224,101	100%	-
June 30, 2009	2,226,835	100%	-

NOTE 11 PART-TIME SEASONAL AND TEMPORARY EMPLOYEES' RETIREMENT PLAN

The Public Agency Retirement System of the City 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 and all employees 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. The total amount of covered compensation was \$5,437,629 and employee contributions made during the fiscal year ended June 30, 2009, were \$407,826.

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 152 participants. City contributions totaled \$87,767. Total plan assets at June 30, 2009, were \$8,165,721. International City Management Association Retirement Corporation's Retirement Trust and Nationwide Retirement Solutions administer the Deferred Compensation Defined Contribution plans for the City. 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 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	\$1,814 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	<u>27</u>
Subtotal	279
Eligible retirees	<u>141</u>
Total	<u><u>420</u></u>

As of June 30, 2009, the eligible retirees receiving benefits had increased to 150. The City pays insurance premiums for these benefits up to a maximum of \$1,814 per month for Management Unit retirees and \$770 per month for General Unit retirees. As of June 30, 2009, 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, 2009, \$1,015,974 of post employment benefit expenditures were 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, 2009:

NOTE 13 OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

		Amount
Annual required contribution	\$	2,463,610
Interest on net OPEB obligation		-
Annual OPEB cost (expense)		2,463,610
Contributions to irrevocable trust		-
Premium payments including benefit payments		1,015,974
Increase in net OPEB obligation		1,447,636
Net OPEB obligation - beginning of year		-
Net OPEB obligation - end of year	\$	1,447,636

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.

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009 were:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/09	\$2,463,610	41%	\$1,447,636

The funded status of the plan as of June 30, 2009 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)	\$	22,913,248
Normal cost	\$	1,566,000

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.

City of Norwalk
Notes to Financial Statements
Year ended June 30, 2009

NOTE 14 FUND BALANCES

Fund balances at June 30, 2009, consisted of the following reserves and designations:

	General	Housing and Community Development Grant Special Revenue	Redevelopment Agency Debt Service	Redevelopment Agency Capital Projects	Other Governmental Funds	Totals
Reserved for:						
Advances to other funds	\$ 8,941,186	\$ -	\$ -	\$ 750,000	\$ -	\$ 9,691,186
Property held for resale	-	-	-	7,785,108	-	7,785,108
Inventory of materials and supplies	6,900	-	-	-	-	6,900
Prepaid items	28,563	-	-	-	-	28,563
Loans receivable	23,758	-	-	-	-	23,758
Capital projects	-	-	-	18,150,530	343,715	18,494,245
Low and moderate income housing projects	-	-	-	-	5,090,633	5,090,633
Debt service requirements	-	-	4,274,057	-	693,695	4,967,752
Subtotal	<u>9,000,407</u>	<u>-</u>	<u>4,274,057</u>	<u>26,685,638</u>	<u>6,128,043</u>	<u>46,088,145</u>
Unreserved:						
Designated for special fund purposes	-	533,014	-	-	1,972,057	2,505,071
Designated for future capital projects	-	-	-	-	5,775,375	5,775,375
Undesignated	9,650,383	-	(5,326,034)	-	934,414	5,258,763
Subtotal	<u>9,650,383</u>	<u>533,014</u>	<u>(5,326,034)</u>	<u>-</u>	<u>8,681,846</u>	<u>13,539,209</u>
Total fund balances	<u>\$ 18,650,790</u>	<u>\$ 533,014</u>	<u>\$ (1,051,977)</u>	<u>\$ 26,685,638</u>	<u>\$ 14,809,889</u>	<u>\$ 59,627,354</u>

NOTE 15 ACCUMULATED FUND DEFICITS

Major Fund:

Redevelopment Agency Debt Service Fund	\$ (1,051,977)
Other Governmental Fund:	
Child Development Special Revenue Fund	(16,955)
Proprietary fund:	
Golf course	(377,536)

NOTE 16 EXPENDITURES IN EXCESS OF APPROPRIATIONS

The following departments/funds reported an excess of expenditures over appropriations for the year ended June 30, 2009:

	Budget	Actual	Variance
Major funds:			
General fund:			
City Clerk	\$ 672,330	\$ 716,218	\$ (43,888)
Engineering	800,026	829,011	(28,985)
Street maintenance	361,434	652,156	(290,722)
Signals and street lighting	472,557	798,280	(325,723)
Street sweeping	443,996	446,987	(2,991)
Graffiti removal	445,347	454,494	(9,147)
Tree maintenance	308,124	424,775	(116,651)
Greenscape maintenance	696,086	714,820	(18,734)
Housing and Community Development			
Special Revenue Fund:			
Urban development	2,137,443	2,475,264	(337,821)
Highways and Streets	49,702	65,677	(15,975)
Redevelopment Agency Debt Service Fund			
Health and Welfare	4,462,850	4,678,761	(215,911)
Interest and fiscal charges	5,326,107	5,344,780	(18,673)
Other Governmental Funds:			
Child Development - Health and welfare	3,631,292	4,072,422	(441,130)
Proposition A -General government	1,479,933	1,612,009	(132,076)
Norwalk Housing Authority - Health and welfare	6,512,687	6,594,932	(82,245)

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 \$2,000,000 and the associated loss development reserves are pooled based on payroll; (4a) costs of covered claims from \$2,000,000 to \$50,000,000 are paid under reinsurance and excess insurance policies (4b) subject to a \$3,000,000 annual aggregate deductible (4c) and a quota-sharing agreement whereby the Authority is financially responsible for 40% of losses occurring within the \$2,000,000 to \$10,000,000 layer. The costs associated with 4a-c 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. Costs of covered claims for subsidence losses are paid by excess insurance with the following sub-limits per member: \$25,000,000 per occurrence with a \$15,000,000 annual aggregate.

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 \$76,105,893. 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 \$30,477,075. 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.

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.

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.

NOTE 19 COMMITMENTS (CONTINUED)

Costco Wholesale Corporation (Continued)

As part of the master lease and sublease, 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 (including any percentage rent). 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 which was received by the Agency in November 2009 was recorded as part of accounts receivable in the accompanying government-wide financial statements.

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, 2009, unremitted amounts accumulated to \$738,205. This amount was recorded as part of accounts payable in the accompanying government-wide financial statements.

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.

NOTE 20 JOINT POWERS AGREEMENTS (CONTINUED)

Southwest Water Coalition (Continued)

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, 2009, 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 between 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, 2009, 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 \$192,267.

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 changes could materially affect the values of investments as of June 30, 2009. The actual amount of exposure as of December 7, 2009 is not determinable.

NOTE 24 NEW GOVERNMENTAL ACCOUNTING STANDARDS

GASB No. 50 – GASB has issued Statement No. 50 which amends applicable disclosure and required supplementary information (RSI) requirements of Statement No. 25 “Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans” and Statement No. 27 “Accounting for Pensions by State and Local Government Employers,” to conform with the requirements of Statement No. 43 “Financial Reporting for Postemployment Benefit Plans Other than Pension Plans” and Statement No. 45 “Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions.” The requirements of this Statement become effective for fiscal periods beginning after June 15, 2007, except for the requirements related to the use of the entry age actuarial cost method for the purpose of reporting a surrogate funded status and the funding progress of plans that use the actuarial cost method, which are effective for periods for which the financial statements and RSI contain information resulting from actuarial valuation as of June 15, 2007, or later. Early implementation is encouraged.

GASB No. 51 – GASB has issued Statement No. 51 “Accounting and Financial Reporting for Intangible Assets”. This Statement establishes accounting and financial reporting requirements for intangible assets to reduce inconsistencies in the accounting and financial reporting of these assets among state and local governments thereby enhancing comparability of the accounting and financial reporting of such assets. The requirements of this Statement become effective for fiscal periods beginning after June 15, 2009. The provisions of this Statement are generally required to be applied retroactively. For governments that were classified as phase 1 or phase 2 governments for the purpose of implementing Statement No. 34, retroactive reporting is required for intangible assets acquired in fiscal years ending after June 30, 1980, except for those considered to have indefinite useful lives as of the effective date of this Statement and those that would be considered internally generated. Retroactive reporting of these intangible assets by phase 3 governments is encouraged but not required. Retroactive reporting is not required but is permitted for intangible assets considered to have indefinite useful lives as of the effective date of this Statement and those considered to be internally generated.

GASB No. 52 - GASB has issued Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*. This statement improves the quality of financial reporting by requiring endowments to report their land and other real estate investments at fair value, creating consistency in reporting among similar entities that exist to invest resources for the purpose of generating income. This Statement is effective for financial statements for periods beginning after June 15, 2008

NOTE 24 NEW GOVERNMENTAL ACCOUNTING STANDARDS (CONTINUED)

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.

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.

REQUIRED SUPPLEMENTARY INFORMATION

(This page intentionally left blank.)

City of Norwalk
Budgetary Comparison Schedule
General Fund
Year ended June 30, 2009

	Budgetary Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 31,142,700	\$ 30,179,200	\$ 30,208,788	\$ 29,588
Licenses and permits	891,100	891,100	1,017,798	126,698
Fines, forfeitures and penalties	1,632,000	1,632,000	1,673,057	41,057
Use of money and property	309,100	239,100	771,760	532,660
Intergovernmental	4,521,400	4,119,400	4,223,777	104,377
Charges for services	1,136,200	1,136,200	1,192,232	56,032
Rental income	646,400	646,400	679,370	32,970
Other	1,237,122	1,344,047	1,079,512	(264,535)
Total revenues	<u>41,516,022</u>	<u>40,187,447</u>	<u>40,846,294</u>	<u>658,847</u>
Expenditures				
Current:				
General government:				
Mayor, council and boards	359,349	359,349	352,305	7,044
Management and administration	2,335,798	2,340,973	2,112,764	228,209
City clerk	672,330	672,330	716,218	(43,888)
Personnel services	1,778,253	1,778,253	1,296,595	481,658
Financial services	2,722,487	2,742,487	2,574,406	168,081
Total general government	<u>7,868,217</u>	<u>7,893,392</u>	<u>7,052,288</u>	<u>841,104</u>
Public safety:				
Public safety operations	11,889,485	12,138,334	11,982,459	155,875
Emergency preparedness	309,736	309,736	281,670	28,066
Total public safety	<u>12,199,221</u>	<u>12,448,070</u>	<u>12,264,129</u>	<u>183,941</u>
Urban development:				
Community development operations	360,372	365,372	364,422	950
Building and safety	926,283	926,283	892,514	33,769
Engineering	800,026	800,026	829,011	(28,985)
Property maintenance	1,003,582	1,003,582	976,474	27,108
Planning	364,519	374,039	351,492	22,547
Total urban development	<u>3,454,782</u>	<u>3,469,302</u>	<u>3,413,913</u>	<u>55,389</u>

City of Norwalk
Budgetary Comparison Schedule
General Fund (Continued)
Year ended June 30, 2009

	Budgetary Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Highways and streets:				
Public services administration	704,623	704,623	700,428	4,195
Security and emergency services	26,884	26,884	23,226	3,658
Facilities maintenance	1,791,854	1,806,485	1,725,670	80,815
Street maintenance	472,434	361,434	652,156	(290,722)
Traffic maintenance	304,349	318,849	290,575	28,274
Signals and street lighting	472,557	472,557	798,280	(325,723)
Street sweeping	443,996	443,996	446,987	(2,991)
Sewer maintenance	320,405	313,441	282,469	30,972
Graffiti removal	445,347	445,347	454,494	(9,147)
Tree maintenance	308,124	308,124	424,775	(116,651)
Greenscape maintenance	696,086	696,086	714,820	(18,734)
Total highways and streets	<u>5,986,659</u>	<u>5,897,826</u>	<u>6,513,880</u>	<u>(616,054)</u>
Culture and leisure:				
Recreation	2,779,910	2,776,310	2,601,322	174,988
Park services	3,065,995	3,118,732	3,060,284	58,448
Family resource center	978,758	967,858	932,302	35,556
Total culture and leisure	<u>6,824,663</u>	<u>6,862,900</u>	<u>6,593,908</u>	<u>268,992</u>
Health and welfare:				
Social services administration	932,473	932,473	884,012	48,461
Senior programs	992,158	992,158	843,720	148,438
Emergency food and shelter program	47,364	47,364	39,161	8,203
Total health and welfare	<u>1,971,995</u>	<u>1,971,995</u>	<u>1,766,893</u>	<u>205,102</u>
Capital outlay	3,606,293	3,566,457	1,575,769	1,990,688
Total expenditures	<u>41,911,830</u>	<u>42,109,942</u>	<u>39,180,781</u>	<u>2,929,161</u>
Excess (deficiency) of revenues over expenditures	<u>(395,808)</u>	<u>(1,922,495)</u>	<u>1,665,513</u>	<u>3,588,008</u>
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	(72,999)	(72,999)	(2,022,317)	(1,949,318)
Net other financing sources (uses)	<u>(72,999)</u>	<u>(72,999)</u>	<u>(2,022,317)</u>	<u>(1,949,318)</u>
Net change in fund balances	(468,807)	(1,995,494)	(356,804)	1,638,690
Fund balance at beginning of year	14,876,396	14,439,049	19,007,594	4,568,545
Fund balance at end of year	<u>\$ 14,407,589</u>	<u>\$ 12,443,555</u>	<u>\$ 18,650,790</u>	<u>\$ 6,207,235</u>

City of Norwalk
Budgetary Comparison Schedule
Housing and Community Development Special Revenue Fund
Year ended June 30, 2009

	Budgetary Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Investment income	\$ -	\$ -	\$ 4,611	\$ 4,611
Intergovernmental	2,058,977	2,058,977	2,158,444	99,467
Other	128,168	128,168	424,880	296,712
Total revenues	<u>2,187,145</u>	<u>2,187,145</u>	<u>2,587,935</u>	<u>400,790</u>
Expenditures				
Current:				
Urban development	1,802,507	2,137,443	2,475,264	(337,821)
Highways and Streets	48,127	49,702	65,677	(15,975)
Capital outlay	472,831	136,320	46,557	89,763
Total expenditures	<u>2,323,465</u>	<u>2,323,465</u>	<u>2,587,498</u>	<u>(264,033)</u>
Excess (deficiency) of revenues over expenditures	<u>(136,320)</u>	<u>(136,320)</u>	<u>437</u>	<u>136,757</u>
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Net other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(136,320)	(136,320)	437	136,757
Fund balance at beginning of year	532,577	532,577	532,577	-
Fund balance at end of year	<u>\$ 396,257</u>	<u>\$ 396,257</u>	<u>\$ 533,014</u>	<u>\$ 136,757</u>

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

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, 2006	\$ 83,323,622	\$ 75,449,080	\$ 7,874,542	90.55%	\$ 14,040,951	56.08%
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	90,326,661	6,143,486	93.63%	15,935,072	38.55%

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, 2009

	Special Revenue Funds	General Debt Service Fund	Capital Projects Funds	Totals
ASSETS				
Pooled cash and investments	\$ 9,270,160	\$ -	\$ 4,277,099	\$ 13,547,259
Cash and investments with fiscal agent	-	693,695	521,983	1,215,678
Accounts receivable, net	115,318	-	-	115,318
Due from other governments	1,148,170	-	943,087	2,091,257
Prepaid items	8,779	-	-	8,779
Total assets	\$ 10,542,427	\$ 693,695	\$ 5,742,169	\$ 16,978,291
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 456,568	\$ -	\$ 148,607	\$ 605,175
Deposits payable	92,220	-	-	92,220
Due to other funds	604,887	-	429,175	1,034,062
Deferred revenues	169,820	-	267,125	436,945
Total liabilities	1,323,495	-	844,907	2,168,402
Fund balances				
Reserved for:				
Debt service	-	693,695	-	693,695
Construction projects	-	-	343,715	343,715
Low and moderate income housing projects	5,090,633	-	-	5,090,633
Unreserved :				
Designated for special fund purpose	1,972,057	-	-	1,972,057
Designated for future capital projects	2,173,197	-	3,602,179	5,775,376
Unreserved - undesignated	(16,955)	-	951,369	934,414
Total fund balances	9,218,932	693,695	4,897,262	14,809,889
Total liabilities and fund balances	\$ 10,542,427	\$ 693,695	\$ 5,742,169	\$ 16,978,291

City of Norwalk
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Other Governmental Funds
Year ended June 30, 2009

	Special Revenue Funds	General Debt Service Fund	Capital Projects Funds	Totals
Revenues				
Taxes	\$ 1,853,492	\$ -	\$ -	\$ 1,853,492
Use of money and property	165,803	4,146	52,673	222,622
Intergovernmental	15,822,702	-	1,115,692	16,938,394
Charges for services	663,403	-	-	663,403
Other	130,198	-	39,093	169,291
Total revenues	<u>18,635,598</u>	<u>4,146</u>	<u>1,207,458</u>	<u>19,847,202</u>
Expenditures				
Current:				
General government	608,402	8,529	-	616,931
Public safety	199,394	-	-	199,394
Highways and streets	1,428,157	-	-	1,428,157
Health and welfare	13,760,166	-	-	13,760,166
Capital outlay	116,410	-	542,782	659,192
Debt service:				
Principal retirement	-	655,000	-	655,000
Interest and fiscal charges	-	915,430	-	915,430
Total expenditures	<u>16,112,529</u>	<u>1,578,959</u>	<u>542,782</u>	<u>18,234,270</u>
Excess (deficiency) of revenues over expenditures	<u>2,523,069</u>	<u>(1,574,813)</u>	<u>664,676</u>	<u>1,612,932</u>
Other financing sources (uses)				
Transfers in	81,556	1,567,660	-	1,649,216
Transfers out	(869,955)	-	-	(869,955)
Net other financing sources (uses)	<u>(788,399)</u>	<u>1,567,660</u>	<u>-</u>	<u>779,261</u>
Change in fund balances	1,734,670	(7,153)	664,676	2,392,193
Beginning fund balances	<u>7,484,262</u>	<u>700,848</u>	<u>4,232,586</u>	<u>12,417,696</u>
Ending fund balances	<u>\$ 9,218,932</u>	<u>\$ 693,695</u>	<u>\$ 4,897,262</u>	<u>\$ 14,809,889</u>

City of Norwalk
Description of Other Special Revenue Funds

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

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.

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.

Norwalk Housing Authority 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>Air Quality Improvement</u>
ASSETS			
Pooled cash and investments	\$ -	\$ -	\$ 413,991
Cash and investments with fiscal agent	-	-	-
Accounts receivable, net	-	-	-
Due from other governments	611,442	140,495	34,294
Prepaid items	5,528	-	-
Total assets	<u>\$ 616,970</u>	<u>\$ 140,495</u>	<u>\$ 448,285</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 369,147	\$ -	\$ -
Deposits payable	-	-	-
Due to other funds	264,778	-	-
Deferred revenue	-	140,495	-
Total liabilities	<u>633,925</u>	<u>140,495</u>	<u>-</u>
Fund balances (deficits)			
Reserved	-	-	-
Unreserved:			
Designated for special fund purposes	-	-	448,285
Designated for future capital projects	-	-	-
Unreserved - undesignated	(16,955)	-	-
Total fund balances	<u>(16,955)</u>	<u>-</u>	<u>448,285</u>
Total liabilities and fund balances	<u>\$ 616,970</u>	<u>\$ 140,495</u>	<u>\$ 448,285</u>

City of Norwalk
Combining Balance Sheet
Other Special Revenue Funds
June 30, 2009

Norwalk Senior Program	Proposition "C"	Public Safety	Parking Structure	Forfeiture
\$ -	\$ 2,026,941	\$ 62,253	\$ 273,868	\$ 3,493
-	-	-	-	-
-	55,920	-	49,926	-
7,798	100,214	51,600	-	-
-	3,250	-	-	-
<u>\$ 7,798</u>	<u>\$ 2,186,325</u>	<u>\$ 113,853</u>	<u>\$ 323,794</u>	<u>\$ 3,493</u>
\$ 3,015	\$ 13,128	\$ 40,115	\$ 25,260	\$ -
-	-	-	-	-
4,783	-	-	-	-
-	-	-	-	-
<u>7,798</u>	<u>13,128</u>	<u>40,115</u>	<u>25,260</u>	<u>-</u>
-	-	-	-	-
-	-	73,738	298,534	3,493
-	2,173,197	-	-	-
-	-	-	-	-
<u>-</u>	<u>2,173,197</u>	<u>73,738</u>	<u>298,534</u>	<u>3,493</u>
<u>\$ 7,798</u>	<u>\$ 2,186,325</u>	<u>\$ 113,853</u>	<u>\$ 323,794</u>	<u>\$ 3,493</u>

	<u>Special Grants</u>	<u>Redevelopment Agency</u>
ASSETS		
Pooled cash and investments	\$ 23,650	\$ 5,043,816
Cash and investments with fiscal agent	-	-
Accounts receivable, net	-	-
Due from other governments	11,307	69,854
Prepaid items	-	-
Total assets	\$ <u>34,957</u>	\$ <u>5,113,670</u>
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable	\$ 2,911	\$ 2,992
Deposits payable	-	-
Due to other funds	-	20,045
Deferred revenue	29,325	-
Total liabilities	<u>32,236</u>	<u>23,037</u>
Fund balances		
Reserved	-	5,090,633
Unreserved:		
Designated for special fund purposes	2,722	-
Designated for future capital projects	-	-
Unreserved - undesignated	-	-
Total fund balances	<u>2,722</u>	<u>5,090,633</u>
Total liabilities and fund balances	\$ <u>34,958</u>	\$ <u>5,113,670</u>

City of Norwalk
Combining Balance Sheet
Other Special Revenue Funds (Continued)
June 30, 2009

Proposition "A"	Norwalk Housing Authority	Totals
-	\$ 1,422,148	\$ 9,270,160
-	-	-
-	9,472	115,318
120,781	385	1,148,170
-	-	8,779
<u>120,781</u>	<u>\$ 1,432,005</u>	<u>\$ 10,542,427</u>
-	-	456,568
-	92,220	92,220
120,781	194,500	604,887
-	-	169,820
<u>120,781</u>	<u>286,720</u>	<u>1,323,495</u>
-	-	5,090,633
-	1,145,285	1,972,057
-	-	2,173,197
-	-	(16,955)
<u>-</u>	<u>1,145,285</u>	<u>9,218,932</u>
<u>120,781</u>	<u>\$ 1,432,005</u>	<u>\$ 10,542,427</u>

	<u>Child Development</u>	<u>State Gasoline Tax</u>	<u>Air Quality Improvement</u>
Revenues			
Taxes	\$ -	\$ -	\$ -
Use of money and property	-	-	3,782
Intergovernmental	3,993,936	1,595,213	128,289
Charges for services	61,531	-	-
Other	-	-	-
Total revenues	<u>4,055,467</u>	<u>1,595,213</u>	<u>132,071</u>
Expenditures			
Current:			
General government	-	-	-
Public safety	-	-	-
Highways and streets	-	1,428,157	-
Health and welfare	4,072,422	-	19,329
Capital outlay	-	-	-
Total expenditures	<u>4,072,422</u>	<u>1,428,157</u>	<u>19,329</u>
Excess (deficiency) of revenues over expenditures	<u>(16,955)</u>	<u>167,056</u>	<u>112,742</u>
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Net other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Change in fund balances	(16,955)	167,056	112,742
Beginning fund balances	<u>-</u>	<u>(167,056)</u>	<u>335,543</u>
Ending fund balances	<u>\$ (16,955)</u>	<u>\$ -</u>	<u>\$ 448,285</u>

City of Norwalk
Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
Other Special Revenue Funds
Year ended June 30, 2009

Norwalk Senior Program	Proposition "C"	Public Safety	Parking Structure	Forfeiture
\$ -	\$ -	\$ -	\$ -	-
-	30,048	1,016	-	38
69,000	1,324,911	171,407	-	1,982
-	77,566	-	524,306	-
235	109,041	-	-	-
<u>69,235</u>	<u>1,541,566</u>	<u>172,423</u>	<u>524,306</u>	<u>2,020</u>
-	76,009	-	422,607	-
-	-	199,394	-	-
-	-	-	-	-
85,605	1,297,470	-	-	-
-	116,410	-	-	-
<u>85,605</u>	<u>1,489,889</u>	<u>199,394</u>	<u>422,607</u>	<u>-</u>
<u>(16,370)</u>	<u>51,677</u>	<u>(26,971)</u>	<u>101,699</u>	<u>2,020</u>
16,370	-	-	-	-
-	(24,768)	-	-	-
<u>16,370</u>	<u>(24,768)</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	26,909	(26,971)	101,699	2,020
-	2,146,288	100,709	196,835	1,473
<u>\$ -</u>	<u>\$ 2,173,197</u>	<u>\$ 73,738</u>	<u>\$ 298,534</u>	<u>\$ 3,493</u>

	<u>Special Grants</u>	<u>Redevelopment Agency</u>
Revenues		
Taxes	\$ -	\$ 1,853,492
Use of money and property	386	108,460
Intergovernmental	37,981	-
Charges for services	-	-
Other	-	-
Total revenues	<u>38,367</u>	<u>1,961,952</u>
Expenditures		
Current		
General government	-	109,786
Public safety	-	-
Highways and streets	-	-
Health and welfare	78,399	-
Capital outlay	-	-
Total expenditures	<u>78,399</u>	<u>109,786</u>
Excess (deficiency) of revenues over expenditures	<u>(40,032)</u>	<u>1,852,166</u>
Other financing sources (uses)		
Transfers in	40,418	-
Transfers out	-	(845,187)
Net other financing sources (uses)	<u>40,418</u>	<u>(845,187)</u>
Change in fund balances	386	1,006,979
Beginning fund balances	<u>2,336</u>	<u>4,083,654</u>
Ending fund balances	<u>\$ 2,722</u>	<u>\$ 5,090,633</u>

City of Norwalk
Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
Other Special Revenue Funds (Continued)
Year ended June 30, 2009

<u>Proposition "A"</u>	<u>Norwalk Housing Authority</u>	<u>Totals</u>
\$ -	\$ -	\$ 1,853,492
-	22,073	165,803
1,587,241	6,912,742	15,822,702
-	-	663,403
-	20,922	130,198
<u>1,587,241</u>	<u>6,955,737</u>	<u>18,635,598</u>
-	-	608,402
-	-	199,394
-	-	1,428,157
1,612,009	6,594,932	13,760,166
-	-	116,410
<u>1,612,009</u>	<u>6,594,932</u>	<u>16,112,529</u>
<u>(24,768)</u>	<u>360,805</u>	<u>2,523,069</u>
24,768	-	81,556
-	-	(869,955)
<u>24,768</u>	<u>-</u>	<u>(788,399)</u>
-	360,805	1,734,670
-	784,480	7,484,262
<u>\$ -</u>	<u>\$ 1,145,285</u>	<u>\$ 9,218,932</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, 2009

	Budgeted Amount Final	Actual	Variance with Final Budget Positive (negative)
Revenues			
Intergovernmental	\$ 3,601,292	\$ 3,993,936	\$ 392,644
Charges for services	30,000	61,531	31,531
Total revenues	<u>3,631,292</u>	<u>4,055,467</u>	<u>424,175</u>
Expenditures			
Current:			
Health and Welfare	3,631,292	4,072,422	(441,130)
Total expenditures	<u>3,631,292</u>	<u>4,072,422</u>	<u>(441,130)</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(16,955)</u>	<u>(16,955)</u>
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Net other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	(16,955)	(16,955)
Beginning fund balances	<u>-</u>	<u>-</u>	<u>-</u>
Ending fund balances	<u>\$ -</u>	<u>\$ (16,955)</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, 2009

	<u>Budgeted Amount Final</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (negative)</u>
Revenues			
Intergovernmental	\$ 1,705,500	\$ 1,595,213	\$ (110,287)
Total revenues	<u>1,705,500</u>	<u>1,595,213</u>	<u>(110,287)</u>
Expenditures			
Current:			
Highways and streets	2,030,000	1,428,157	601,843
Total expenditures	<u>2,030,000</u>	<u>1,428,157</u>	<u>601,843</u>
Excess (deficiency) of revenues over expenditures	<u>(324,500)</u>	<u>167,056</u>	<u>491,556</u>
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Net other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(324,500)	167,056	491,556
Beginning fund balances	<u>(167,056)</u>	<u>(167,056)</u>	<u>-</u>
Ending fund balances	<u>\$ (491,556)</u>	<u>\$ -</u>	<u>\$ 491,556</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, 2009

	Budgeted Amount Final	Actual	Variance with Final Budget Positive (negative)
Revenues			
Investment income	\$ 3,000	\$ 3,782	\$ 782
Intergovernmental	132,000	128,289	(3,711)
Total revenues	<u>135,000</u>	<u>132,071</u>	<u>(2,929)</u>
Expenditures			
Current:			
Health and welfare	55,600	19,329	36,271
Total expenditures	<u>55,600</u>	<u>19,329</u>	<u>36,271</u>
Excess (deficiency) of revenues over expenditures	<u>79,400</u>	<u>112,742</u>	<u>33,342</u>
Other financing sources (uses)			
Transfers in	(6,500)	-	6,500
Transfers out	-	-	-
Net other financing sources (uses)	<u>(6,500)</u>	<u>-</u>	<u>6,500</u>
Net change in fund balances	72,900	112,742	39,842
Beginning fund balances	<u>335,543</u>	<u>335,543</u>	<u>-</u>
Ending fund balances	<u>\$ 408,443</u>	<u>\$ 448,285</u>	<u>\$ 39,842</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, 2009

	Budgeted Amount Final	Actual	Variance with Final Budget Positive (negative)
	<u>Final</u>	<u>Actual</u>	<u>(negative)</u>
Revenues			
Intergovernmental	\$ 69,000	\$ 69,000	\$ -
Other	400	235	(165)
Total revenues	<u>69,400</u>	<u>69,235</u>	<u>(165)</u>
Expenditures			
Current:			
Health and welfare	<u>102,616</u>	<u>85,605</u>	<u>17,011</u>
Total expenditures	<u>102,616</u>	<u>85,605</u>	<u>17,011</u>
Excess (deficiency) of revenues over expenditures	<u>(33,216)</u>	<u>(16,370)</u>	<u>16,846</u>
Other financing sources (uses)			
Transfers in	33,216	16,370	(16,846)
Transfers out	-	-	-
Net other financing sources (uses)	<u>33,216</u>	<u>16,370</u>	<u>(16,846)</u>
Net change in fund balances	-	-	-
Beginning fund balances	-	-	-
Ending fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Norwalk
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual
Proposition C Special Revenue Fund
Year ended June 30, 2009

	Budgeted Amount Final	Actual	Variance with Final Budget Positive (negative)
Revenues			
Investment income	\$ 60,000	\$ 30,048	\$ (29,952)
Intergovernmental	1,469,933	1,324,911	(145,022)
Charges for services	100,000	77,566	(22,434)
Other	138,328	109,041	(29,287)
Total revenues	<u>1,768,261</u>	<u>1,541,566</u>	<u>(226,695)</u>
Expenditures			
Current:			
General government	78,404	76,009	2,395
Health and welfare	1,316,033	1,297,470	18,563
Capital outlay	754,191	116,410	637,781
Total expenditures	<u>2,148,628</u>	<u>1,489,889</u>	<u>658,739</u>
Excess (deficiency) of revenues over expenditures	<u>(380,367)</u>	<u>51,677</u>	<u>432,044</u>
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	(24,768)	(24,768)
Net other financing sources (uses)	<u>-</u>	<u>(24,768)</u>	<u>(24,768)</u>
Net change in fund balances	(380,367)	26,909	407,276
Beginning fund balances	<u>2,146,288</u>	<u>2,146,288</u>	<u>-</u>
Ending fund balances	<u>\$ 1,765,921</u>	<u>\$ 2,173,197</u>	<u>\$ 407,276</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, 2009

	Budgeted Amount Final	Actual	Variance with Final Budget Positive (negative)
Revenues			
Investment income	\$ 2,880	\$ 1,016	\$ (1,864)
Intergovernmental	<u>350,310</u>	<u>171,407</u>	<u>(178,903)</u>
Total revenues	<u>353,190</u>	<u>172,423</u>	<u>(180,767)</u>
Expenditures			
Current:			
Public safety	<u>358,471</u>	<u>199,394</u>	<u>159,077</u>
Total expenditures	<u>358,471</u>	<u>199,394</u>	<u>159,077</u>
Excess (deficiency) of revenues over expenditures	<u>(5,281)</u>	<u>(26,971)</u>	<u>(21,690)</u>
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>
Net other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(5,281)	(26,971)	(21,690)
Beginning fund balances	<u>100,709</u>	<u>100,709</u>	<u>-</u>
Ending fund balances	<u>\$ 95,428</u>	<u>\$ 73,738</u>	<u>\$ (21,690)</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, 2009

	Budgeted Amount Final	Actual	Variance with Final Budget Positive (negative)
Revenues			
Charges for services	\$ 475,000	\$ 524,306	\$ 49,306
Total revenues	<u>475,000</u>	<u>524,306</u>	<u>49,306</u>
Expenditures			
Current:			
General government	522,100	422,607	99,493
Total expenditures	<u>522,100</u>	<u>422,607</u>	<u>99,493</u>
Excess (deficiency) of revenues over expenditures	<u>(47,100)</u>	<u>101,699</u>	<u>148,799</u>
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Net other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(47,100)	101,699	148,799
Beginning fund balances	<u>196,835</u>	<u>196,835</u>	<u>-</u>
Ending fund balances	<u>\$ 149,735</u>	<u>\$ 298,534</u>	<u>\$ 148,799</u>

City of Norwalk
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual
Forfeiture Special Revenue Fund
Year ended June 30, 2009

	Budgeted Amount Final	Actual	Variance with Final Budget Positive (negative)
Revenues			
Investment income	\$ -	\$ 38	\$ 38
Intergovernmental	-	1,982	1,982
Total revenues	<u>-</u>	<u>2,020</u>	<u>2,020</u>
Expenditures			
Current:			
General government	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>2,020</u>	<u>2,020</u>
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Net other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	2,020	2,020
Beginning fund balances	<u>1,473</u>	<u>1,473</u>	<u>-</u>
Ending fund balances	<u>\$ 1,473</u>	<u>\$ 3,493</u>	<u>\$ 2,020</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, 2009

	Budgeted Amount Final	Actual	Variance with Final Budget Positive (negative)
Revenues			
Investment income	\$ -	\$ 386	\$ 385
Intergovernmental	41,731	37,981	(3,750)
Total revenues	<u>41,731</u>	<u>38,367</u>	<u>(3,365)</u>
Expenditures			
Current:			
Health and welfare	81,514	78,399	3,115
Total expenditures	<u>81,514</u>	<u>78,399</u>	<u>3,115</u>
Excess (deficiency) of revenues over expenditures	<u>(39,783)</u>	<u>(40,032)</u>	<u>(250)</u>
Other financing sources (uses)			
Transfers in	39,783	40,418	635
Transfers out	-	-	-
Net other financing sources (uses)	<u>39,783</u>	<u>40,418</u>	<u>635</u>
Net change in fund balances	-	386	385
Beginning fund balances	<u>2,336</u>	<u>2,336</u>	<u>-</u>
Ending fund balances	<u>\$ 2,336</u>	<u>\$ 2,722</u>	<u>\$ 385</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, 2009

	Budgeted Amount Final	Actual	Variance with Final Budget Positive (negative)
Revenues			
Taxes	\$ 1,779,392	\$ 1,853,492	\$ 74,100
Investment income	140,000	108,460	(31,540)
Total revenues	<u>1,919,392</u>	<u>1,961,952</u>	<u>42,560</u>
Expenditures			
Current:			
General government	254,900	109,786	145,114
Total expenditures	<u>254,900</u>	<u>109,786</u>	<u>145,114</u>
Excess (deficiency) of revenues over expenditures	<u>1,664,492</u>	<u>1,852,166</u>	<u>187,674</u>
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	(845,610)	(845,187)	423
Net other financing sources (uses)	<u>(845,610)</u>	<u>(845,187)</u>	<u>423</u>
Net change in fund balances	818,882	1,006,979	188,097
Beginning fund balances	<u>4,083,654</u>	<u>4,083,654</u>	<u>-</u>
Ending fund balances	<u>\$ 4,902,536</u>	<u>\$ 5,090,633</u>	<u>\$ 188,097</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, 2009

	Budgeted Amount Final	<u>Actual</u>	Variance with Final Budget Positive (negative)
Revenues			
Investment income	\$ 10,000	\$ -	\$ (10,000)
Intergovernmental	1,771,764	1,587,241	(184,523)
Total revenues	<u>1,781,764</u>	<u>1,587,241</u>	<u>(194,523)</u>
Expenditures			
Current:			
General government	1,479,933	1,612,009	(132,076)
Total expenditures	<u>1,479,933</u>	<u>1,612,009</u>	<u>(132,076)</u>
Excess (deficiency) of revenues over expenditures	<u>301,831</u>	<u>(24,768)</u>	<u>(326,599)</u>
Other financing sources (uses)			
Transfers in	-	24,768	24,768
Transfers out	-	-	-
Net other financing sources (uses)	<u>-</u>	<u>24,768</u>	<u>24,768</u>
Net change in fund balances	301,831	-	(301,831)
Beginning fund balances	-	-	-
Ending fund balances	<u>\$ 301,831</u>	<u>\$ -</u>	<u>\$ (301,831)</u>

City of Norwalk
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual
Norwalk Housing Authority Special Revenue Fund
Year ended June 30, 2009

	Budgeted Amount Final	Actual	Variance with Final Budget Positive (negative)
Revenues			
Investment income	\$ 25,000	\$ 22,073	\$ (2,927)
Intergovernmental	6,572,687	6,912,742	340,055
Other	15,000	20,922	5,922
Total revenues	<u>6,612,687</u>	<u>6,955,737</u>	<u>343,050</u>
Expenditures			
Current:			
Health and welfare	6,512,687	6,594,932	(82,245)
Total expenditures	<u>6,512,687</u>	<u>6,594,932</u>	<u>(82,245)</u>
Excess (deficiency) of revenues over expenditures	<u>100,000</u>	<u>360,805</u>	<u>260,805</u>
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Net other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	100,000	360,805	260,805
Beginning fund balances	<u>784,480</u>	<u>784,480</u>	<u>-</u>
Ending fund balances	<u>\$ 884,480</u>	<u>\$ 1,145,285</u>	<u>\$ 260,805</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, 2009

	Budgeted Amount Final	Actual	Variance with Final Budget Positive (negative)
Revenues			
Investment income	\$ 20,000	\$ 4,146	\$ (15,854)
Total revenues	<u>20,000</u>	<u>4,146</u>	<u>(15,854)</u>
Expenditures			
Current:			
General government	12,000	8,529	3,471
Debt service			
Principal retirement	655,000	655,000	-
Interest and fiscal charges	915,432	915,430	2
Total expenditures	<u>1,582,432</u>	<u>1,578,959</u>	<u>3,473</u>
Excess (deficiency) of revenues over expenditures	<u>(1,562,432)</u>	<u>(1,574,813)</u>	<u>(12,381)</u>
Other financing sources (uses)			
Transfers in	1,587,006	1,567,660	(19,346)
Transfers out	-	-	-
Net other financing sources (uses)	<u>1,587,006</u>	<u>1,567,660</u>	<u>(19,346)</u>
Net change in fund balances	24,574	(7,153)	(31,727)
Beginning fund balances	<u>700,848</u>	<u>700,848</u>	<u>-</u>
Ending fund balances	<u>\$ 725,422</u>	<u>\$ 693,695</u>	<u>\$ (31,727)</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, 2009

	Budgeted Amount Final	Actual	Variance with Final Budget Positive (negative)
Revenues			
Taxes	\$ 4,970,780	\$ 7,413,967	\$ 2,443,187
Use of money and property	180,000	157,715	(22,285)
Total revenues	<u>5,150,780</u>	<u>7,571,682</u>	<u>2,420,902</u>
Expenditures			
Current:			
General government	669,000	133,006	535,994
Pass-through to other agencies	4,462,850	4,678,761	(215,911)
Debt service			
Principal retirement	1,085,000	1,085,000	-
Interest and fiscal charges	5,326,107	5,344,780	(18,673)
Total expenditures	<u>11,542,957</u>	<u>11,241,547</u>	<u>301,410</u>
Excess (deficiency) of revenues over expenditures	<u>(6,392,177)</u>	<u>(3,669,865)</u>	<u>2,722,312</u>
Other financing sources (uses)			
Transfers in	673,444	845,187	171,743
Issuance of County deferral loans	2,280,060	2,424,113	144,053
Net other financing sources (uses)	<u>2,953,504</u>	<u>3,269,300</u>	<u>315,796</u>
Net change in fund balances	(3,438,673)	(400,565)	3,038,108
Beginning fund balances	<u>(651,412)</u>	<u>(651,412)</u>	-
Ending fund balances	<u>\$ (4,090,085)</u>	<u>\$ (1,051,977)</u>	<u>\$ 3,038,108</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 – 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
ASSETS				
Pooled cash and investments	\$ 1,440,323	\$ 711,130	\$ 586,273	\$ -
Cash and investments with fiscal agent	-	-	-	118,533
Due from other governments	-	-	653,504	2,143
Total assets	\$ 1,440,323	\$ 711,130	\$ 1,239,777	\$ 120,676
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 116,559	\$ -	\$ 21,283	\$ -
Due to other funds	-	-	-	82,000
Deferred revenue	-	-	267,125	-
Total liabilities	116,559	-	288,408	82,000
Fund balances (deficits)				
Reserved	-	-	-	-
Unreserved:				
Designated for future capital projects	1,323,764	711,130	-	38,676
Unreserved - undesignated	-	-	951,369	-
Total fund balances	1,323,764	711,130	951,369	38,676
Total liabilities and fund balances	\$ 1,440,323	\$ 711,130	\$ 1,239,777	\$ 120,676

City of Norwalk
Combining Balance Sheet
Other Capital Projects Funds
June 30, 2009

<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>
\$ -	\$ -	\$ 39,759	\$ 1,230,166	\$ 269,448	\$ 4,277,099
403,450	-	-	-	-	521,983
-	287,440	-	-	-	943,087
<u>\$ 403,450</u>	<u>\$ 287,440</u>	<u>\$ 39,759</u>	<u>\$ 1,230,166</u>	<u>\$ 269,448</u>	<u>\$ 5,742,169</u>
\$ -	\$ -	\$ -	\$ -	\$ 10,765	\$ 148,607
59,735	287,440	-	-	-	429,175
-	-	-	-	-	267,125
<u>59,735</u>	<u>287,440</u>	<u>-</u>	<u>-</u>	<u>10,765</u>	<u>844,907</u>
343,715	-	-	-	-	343,715
-	-	39,759	1,230,166	258,683	3,602,179
-	-	-	-	-	951,369
<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>\$ 403,450</u>	<u>\$ 287,440</u>	<u>\$ 39,759</u>	<u>\$ 1,230,166</u>	<u>\$ 269,448</u>	<u>\$ 5,742,169</u>

	Prop 1B	Public Art	Special Projects	Transportation and Public Services Facility
Revenues				
Use of money and property	\$ 18,141	\$ 8,633	\$ 5,051	\$ 463
Intergovernmental	-	-	1,115,692	-
Other	-	39,093	-	-
Total revenues	<u>18,141</u>	<u>47,726</u>	<u>1,120,743</u>	<u>463</u>
Expenditures				
Capital outlay	250,843	42,940	170,996	4,959
Total expenditures	<u>250,843</u>	<u>42,940</u>	<u>170,996</u>	<u>4,959</u>
Excess (deficiency) of revenues over expenditures	<u>(232,702)</u>	<u>4,786</u>	<u>949,747</u>	<u>(4,496)</u>
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Net other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in fund balances	(232,702)	4,786	949,747	(4,496)
Beginning fund balances (deficit)	<u>1,556,466</u>	<u>706,344</u>	<u>1,622</u>	<u>43,172</u>
Ending fund balances (deficit)	<u>\$ 1,323,764</u>	<u>\$ 711,130</u>	<u>\$ 951,369</u>	<u>\$ 38,676</u>

City of Norwalk
Combining Statement of Revenues, Expenditures and Changes in Fund Balances –
Other Capital Projects Funds
Year ended June 30, 2009

	<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>
\$	2,057	\$ -	\$ -	\$ 14,768	\$ 3,560	\$ 52,673
	-	-	-	-	-	1,115,692
	-	-	-	-	-	39,093
	<u>2,057</u>	<u>-</u>	<u>-</u>	<u>14,768</u>	<u>3,560</u>	<u>1,207,458</u>
	-	-	-	-	73,044	542,782
	-	-	-	-	73,044	542,782
	<u>2,057</u>	<u>-</u>	<u>-</u>	<u>14,768</u>	<u>(69,484)</u>	<u>664,676</u>
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	2,057	-	-	14,768	(69,484)	664,676
	<u>341,658</u>	<u>-</u>	<u>39,759</u>	<u>1,215,398</u>	<u>328,167</u>	<u>4,232,586</u>
\$	<u>343,715</u>	<u>\$ -</u>	<u>\$ 39,759</u>	<u>\$ 1,230,166</u>	<u>\$ 258,683</u>	<u>\$ 4,897,262</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, 2009

	Budgeted Amount Final	Actual	Variance with Final Budget Positive (negative)
Revenues			
Investment income	\$ -	\$ 18,141	\$ 18,141
Intergovernmental	-	-	-
Total revenues	<u>-</u>	<u>18,141</u>	<u>18,141</u>
Expenditures			
Capital outlay	1,570,134	250,843	1,319,291
Total expenditures	<u>1,570,134</u>	<u>250,843</u>	<u>1,319,291</u>
Excess (deficiency) of revenues over expenditures	<u>(1,570,134)</u>	<u>(232,702)</u>	<u>1,337,432</u>
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Net other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(1,570,134)	(232,702)	1,337,432
Beginning fund balances	<u>1,556,466</u>	<u>1,556,466</u>	<u>-</u>
Ending fund balances	<u>\$ (13,668)</u>	<u>\$ 1,323,764</u>	<u>\$ 1,337,432</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, 2009

	Budgeted Amount Final	Actual	Variance with Final Budget Positive (negative)
Revenues			
Investment income	\$ 6,000	\$ 8,633	\$ 2,633
Other	60,000	39,093	(20,907)
Total revenues	<u>66,000</u>	<u>47,726</u>	<u>(18,274)</u>
Expenditures			
Capital outlay	530,111	42,940	487,171
Total expenditures	<u>530,111</u>	<u>42,940</u>	<u>487,171</u>
Excess (deficiency) of revenues over expenditures	<u>(464,111)</u>	<u>4,786</u>	<u>468,897</u>
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Net other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(464,111)	4,786	468,897
Beginning fund balances	<u>706,344</u>	<u>706,344</u>	<u>-</u>
Ending fund balances	<u>\$ 242,233</u>	<u>\$ 711,130</u>	<u>\$ 468,897</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, 2009

	Budgeted Amount Final	Actual	Variance with Final Budget Positive (negative)
Revenues			
Investment income	\$ -	\$ 5,051	\$ 5,051
Intergovernmental	1,151,295	1,115,692	(35,603)
Total revenues	<u>1,151,295</u>	<u>1,120,743</u>	<u>(30,552)</u>
Expenditures			
Capital outlay	255,713	170,996	84,717
Total expenditures	<u>255,713</u>	<u>170,996</u>	<u>84,717</u>
Excess (deficiency) of revenues over expenditures	<u>895,582</u>	<u>949,747</u>	<u>54,165</u>
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Net other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	895,582	949,747	54,165
Beginning fund balances	<u>1,622</u>	<u>1,622</u>	<u>-</u>
Ending fund balances	<u>\$ 897,204</u>	<u>\$ 951,369</u>	<u>\$ 54,165</u>

City of Norwalk
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual
Parking Structure Capital Projects Fund
Year ended June 30, 2009

	Budgeted Amount Final	Actual	Variance with Final Budget Positive (negative)
Revenues			
Investment income	\$ 10,000	\$ 2,057	\$ (7,943)
Total revenues	<u>10,000</u>	<u>2,057</u>	<u>(7,943)</u>
Expenditures			
Capital outlay	317,600	-	317,600
Total expenditures	<u>317,600</u>	<u>-</u>	<u>317,600</u>
Excess (deficiency) of revenues over expenditures	<u>(307,600)</u>	<u>2,057</u>	<u>309,657</u>
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Net other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(307,600)	2,057	309,657
Beginning fund balances	<u>341,658</u>	<u>341,658</u>	<u>-</u>
Ending fund balances	<u>\$ 34,058</u>	<u>\$ 343,715</u>	<u>\$ 309,657</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, 2009

	Budgeted Amount Final	Actual	Variance with Final Budget Positive (negative)
	<u>Final</u>	<u>Actual</u>	<u>(negative)</u>
Revenues			
Intergovernmental	\$ 537,440	\$ -	\$ (537,440)
Total revenues	<u>537,440</u>	<u>-</u>	<u>(537,440)</u>
Expenditures			
Capital outlay	250,000	-	250,000
Total expenditures	<u>250,000</u>	<u>-</u>	<u>250,000</u>
Excess (deficiency) of revenues over expenditures	<u>287,440</u>	<u>-</u>	<u>(287,440)</u>
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Net other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	287,440	-	(287,440)
Beginning fund balances	<u>-</u>	<u>-</u>	<u>-</u>
Ending fund balances	<u>\$ 287,440</u>	<u>\$ -</u>	<u>\$ (287,440)</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, 2009

	Budgeted Amount Final	Actual	Variance with Final Budget Positive (negative)
	<u>Final</u>	<u>Actual</u>	<u>(negative)</u>
Revenues			
Investment income	\$ 3,600	\$ 463	\$ (3,137)
Total revenues	<u>3,600</u>	<u>463</u>	<u>(3,137)</u>
Expenditures			
Capital outlay	4,959	4,959	-
Total expenditures	<u>4,959</u>	<u>4,959</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(1,359)</u>	<u>(4,496)</u>	<u>(3,137)</u>
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Net other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(1,359)	(4,496)	(3,137)
Beginning fund balances	<u>43,172</u>	<u>43,172</u>	<u>-</u>
Ending fund balances	\$ <u>41,813</u>	\$ <u>38,676</u>	\$ <u>(3,137)</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, 2009

	Budgeted Amount Final	Actual	Variance with Final Budget Positive (negative)
	<u> </u>	<u> </u>	<u> </u>
Revenues			
Investment income	\$ 500	\$ -	\$ (500)
Total revenues	<u>500</u>	<u>-</u>	<u>(500)</u>
Expenditures			
Capital outlay	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>500</u>	<u>-</u>	<u>(500)</u>
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Net other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	500	-	(500)
Beginning fund balances	<u>39,759</u>	<u>39,759</u>	<u>-</u>
Ending fund balances	<u>\$ 40,259</u>	<u>\$ 39,759</u>	<u>\$ (500)</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, 2009

		Budgeted Amount Final	Actual	Variance with Final Budget Positive (negative)
		<u> </u>	<u> </u>	<u> </u>
Revenues				
Investment income	\$	5,000	\$ 14,769	\$ 9,769
Total revenues		<u>5,000</u>	<u>14,769</u>	<u>9,769</u>
Expenditures				
Capital outlay		-	-	-
Total expenditures		<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures		<u>5,000</u>	<u>14,769</u>	<u>9,769</u>
Other financing sources (uses)				
Transfers in		-	-	-
Transfers out		-	-	-
Net other financing sources (uses)		<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances		5,000	14,769	9,769
Beginning fund balances		<u>1,215,398</u>	<u>1,215,398</u>	<u>-</u>
Ending fund balances	\$	<u><u>1,220,398</u></u>	\$ <u><u>1,230,167</u></u>	\$ <u><u>9,769</u></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, 2009

	Budgeted Amount Final	Actual	Variance with Final Budget Positive (negative)
Revenues			
Investment income	\$ 3,000	\$ 3,560	\$ 560
Total revenues	<u>3,000</u>	<u>3,560</u>	<u>560</u>
Expenditures			
Capital outlay	159,935	73,044	86,891
Total expenditures	<u>159,935</u>	<u>73,044</u>	<u>86,891</u>
Excess (deficiency) of revenues over expenditures	<u>(156,935)</u>	<u>(69,484)</u>	<u>87,451</u>
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Net other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(156,935)	(69,484)	87,451
Beginning fund balances	<u>328,167</u>	<u>328,167</u>	<u>-</u>
Ending fund balances	<u>\$ 171,232</u>	<u>\$ 258,683</u>	<u>\$ 87,451</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, 2009

	Budgeted Amount Final	Actual	Variance with Final Budget Positive (negative)
Revenues			
Rental income	\$ 576,456	\$ 576,456	\$ -
Use of money and property	1,000,000	623,806	(376,194)
Total revenues	<u>1,576,456</u>	<u>1,200,262</u>	<u>(376,194)</u>
Expenditures			
Current:			
Urban Development	14,916,931	2,072,754	12,844,177
Total expenditures	<u>14,916,931</u>	<u>2,072,754</u>	<u>12,844,177</u>
Excess (deficiency) of revenues over expenditures	<u>(13,340,475)</u>	<u>(872,492)</u>	<u>12,467,983</u>
Other financing sources (uses)			
Transfers in	-	397,869	397,869
Transfers out	-	-	-
Net other financing sources (uses)	<u>-</u>	<u>397,869</u>	<u>397,869</u>
Net change in fund balances	(13,340,475)	(474,623)	12,865,852
Beginning fund balances	<u>27,160,261</u>	<u>27,160,261</u>	<u>-</u>
Ending fund balances	<u>\$ 13,819,786</u>	<u>\$ 26,685,638</u>	<u>\$ 12,865,852</u>

(This page intentionally left blank.)

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, 2009

		Governmental Activities		
		Employee Benefits	Vehicle Maintenance	Total
ASSETS				
Current assets				
Cash and investments	\$	130,737	\$ 149,048	\$ 279,785
Due from other agencies		-	-	-
Inventory of materials and supplies, at cost		-	209,417	209,417
Total current assets		130,737	358,465	489,202
Capital assets				
Capital assets		-	148,244	148,244
Accumulated depreciation		-	(112,561)	(112,561)
Net capital assets		-	35,683	35,683
Total assets		130,737	394,148	524,885
LIABILITIES				
Current liabilities				
Accounts payable		130,737	144,045	274,782
Accrued liabilities		-	61,264	61,264
Compensated absences payable, current portion		-	18,705	18,705
Total current liabilities		130,737	224,015	354,751
Noncurrent liabilities				
Compensated absences payable, long-term portion		-	170,134	170,134
Total noncurrent liabilities		-	170,134	170,134
Total liabilities		130,737	394,149	524,885
NET ASSETS				
Invested in capital assets, net of related debt		-	59,709	59,709
Unrestricted		-	(59,709)	(59,709)
Total net assets	\$	-	-	-

City of Norwalk
Combining Statement of Revenues, Expenses and Changes in Net Assets –
Internal Service Funds
Year ended June 30, 2009

	Governmental Activities		
	Employee Benefits	Vehicle Maintenance	Total
Operating revenues			
Charges for services	\$ 8,479,961	\$ 4,018,162	\$ 12,498,123
Total operating revenues	8,479,961	4,018,162	12,498,123
Operating expenses			
Utilities	-	28,951	28,951
Salaries and benefits	8,479,961	2,016,614	10,496,575
Contractual services	-	16,280	16,280
Maintenance and repairs	-	1,915,487	1,915,487
Administrative	-	31,956	31,956
Depreciation	-	8,874	8,874
Total operating expenses	8,479,961	4,018,162	12,498,123
Operating income (loss)	-	-	-
Total net assets - beginning	-	-	-
Total net assets - ending	\$ -	\$ -	\$ -

City of Norwalk
Combining Statement of Cash Flows –
Internal Service Funds
Year ended June 30, 2009

	Governmental Activities		
	Employee Benefits	Vehicle Maintenance	Total
Cash flows from operating activities			
Receipts from tenants, customers and users	\$ 8,480,384	\$ 4,018,163	\$ 12,498,547
Payments to suppliers	-	(2,087,624)	(2,087,624)
Payments to employees	(8,669,698)	(1,992,936)	(10,662,634)
Net cash provided by operating activities	<u>(189,314)</u>	<u>(62,397)</u>	<u>(251,711)</u>
Cash flows from capital and related financing activities			
Purchases and construction of capital assets	-	-	-
Net cash used in capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from non-capital financing activities			
Cash contributions from other governments	-	-	-
Net cash provided by (used in) non-capital financing activities	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from investing activities			
Interest received	-	-	-
Change in cash and cash equivalents	(189,314)	(62,397)	(251,711)
Beginning cash and cash equivalents	320,051	211,445	531,496
Ending cash and cash equivalents	<u>\$ 130,737</u>	<u>\$ 149,048</u>	<u>\$ 279,785</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income	\$ -	\$ -	\$ -
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	-	8,874	8,874
(Increase) decrease in:			
Accounts receivable	423	-	423
Inventory	-	71,478	71,478
Increase (decrease):			
Accounts payable	(189,737)	(172,258)	(361,995)
Accrued liabilities	-	5,831	5,831
Compensated absences payable	-	23,678	23,678
Net cash provided by operating activities	<u>\$ (189,314)</u>	<u>\$ (62,397)</u>	<u>\$ (251,711)</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, 2009

	Balance		Balance	
	June 30, 2008	Additions	Deletions	June 30, 2009
Assets				
Cash and investments	\$ 646,260	\$ 775,095	\$ 591,037	\$ 830,318
Total assets	<u>\$ 646,260</u>	<u>\$ 775,095</u>	<u>\$ 591,037</u>	<u>\$ 830,318</u>
Liabilities				
Accounts payable	\$ 17,084	\$ 5,885	\$ 17,084	\$ 5,885
Deposits payable	629,176	769,210	573,953	824,433
Total liabilities	<u>\$ 646,260</u>	<u>\$ 775,095</u>	<u>\$ 591,037</u>	<u>\$ 830,318</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.	124-131
<u>Revenue Capacity</u> these schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	132-139
<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.	140-144
<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.	145-147
<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.	148-153

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

	Fiscal Year					
	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Governmental Activities:						
Invested in capital assets, net of related debt \$	-	\$ 8,183,219	\$ 5,952,077	\$ 155,330,406	\$ 151,673,273	\$ 147,890,947
Restricted	17,512,492	10,295,929	40,828,568	26,291,971	33,985,481	35,531,227
Unrestricted	(6,015,282)	(5,935,834)	(30,251,245)	(15,915,040)	(24,445,926)	(27,568,372)
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>
Business-type Activities:						
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
Restricted	-	-	-	-	-	-
Unrestricted	1,172,470	(818,749)	(2,777,203)	(1,189,903)	(4,846,849)	(6,217,597)
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>
Primary Government:						
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
Restricted	17,512,492	10,295,929	40,828,568	26,291,971	33,985,481	35,531,227
Unrestricted	(4,842,812)	(6,754,583)	(33,028,448)	(17,104,943)	(29,292,775)	(33,785,969)
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>

Source: City of Norwalk

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

	Fiscal Year						
	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Expenses:							
Governmental Activities:							
General government	\$ 8,641,768	\$ 10,128,665	\$ 8,809,438	\$ 8,381,799	\$ 9,686,834	\$ 8,747,054	\$ 9,059,800
Public safety	10,421,824	10,420,931	11,172,581	12,311,292	12,613,947	13,608,020	12,666,249
Urban development	5,887,394	5,416,941	5,828,329	5,933,164	6,784,733	7,586,773	8,037,078
Highways and streets	7,197,220	7,400,015	7,890,050	8,589,020	16,568,320	16,906,730	14,680,280
Culture and leisure	5,128,748	6,175,064	6,804,699	7,328,319	8,121,309	7,964,496	7,106,356
Health and welfare	11,497,451	12,268,763	14,633,499	16,342,569	16,161,939	20,078,619	20,797,540
Interest expense	4,132,781	3,635,249	4,768,443	5,991,359	6,106,478	6,297,018	6,338,135
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>
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
Golf Course						371,664	394,129
Water	2,139,136	2,357,241	2,792,974	3,824,316	3,261,143	3,522,631	3,133,057
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>
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>
Program Revenues:							
Governmental Activities:							
Charges for services:							
General government	\$ 848,124	\$ 800,738	\$ 905,373	\$ 979,342	\$ 1,623,920	\$ 2,025,932	\$ 1,557,278
Public safety	1,693,124	1,876,879	2,099,468	1,926,096	2,047,466	2,346,304	1,941,504
Urban development	1,069,042	1,029,261	998,157	1,039,933	1,074,215	1,916,448	2,633,236
Highways and streets	-	-	-	-	122,055	235,480	191,071
Culture and leisure	329,735	737,487	804,032	900,161	1,107,127	638,882	445,549
Health and welfare	87,561	163,029	57,745	59,623	64,405	68,544	481,394
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
Capital contributions and grants	3,872,471	3,943,397	1,591,577	2,743,420	4,899,984	2,687,485	49,980
Total governmental activities program revenues	<u>21,229,613</u>	<u>21,812,773</u>	<u>21,053,338</u>	<u>22,632,061</u>	<u>29,099,201</u>	<u>31,003,780</u>	<u>27,190,256</u>
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
Golf Course (1)						196,155	192,102
Water utility	2,471,038	2,463,440	2,876,445	2,989,417	3,067,817	3,233,957	3,934,301
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
Capital contributions and grants	2,158,585	1,342,875	182,845	1,216,405	2,486,866	1,554,473	2,528,121
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>
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>
Net (Expense)/Revenue:							
Governmental activities	(31,677,573)	(33,632,855)	(38,853,701)	(42,245,461)	(46,944,359)	(50,184,930)	(51,495,182)
Business-type activities	1,062,778	682,471	(664,251)	795,120	246,907	(3,096,849)	(344,644)
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>

City of Norwalk established Golf course as business-type activity as of 7/1/2007.
Source: City of Norwalk

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

	Fiscal Year					
	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
General Revenues and Other Changes in Net Assets:						
Governmental Activities:						
Sales taxes	\$ 8,473,159	\$ 9,323,902	\$ 9,706,650	\$ 9,542,688	\$ 9,702,359	\$ 8,668,272
Property taxes	10,047,808	11,973,662	20,958,407	14,007,951	15,061,208	15,742,859
Utility users tax	5,586,252	5,610,068	5,809,592	6,023,059	5,985,219	6,023,038
Franchise taxes	1,331,822	1,353,442	1,414,502	1,554,160	1,539,710	637,385
Business operation taxes	688,079	685,596	671,677	694,324	684,429	1,165,698
Transient occupancy taxes	828,059	1,025,108	1,388,776	1,165,284	1,161,167	9,208,157
Motor vehicle taxes, unrestricted	6,703,108	5,900,499	33,013	8,643,615	8,806,441	1,637,196
Investment income	321,794	1,731,960	3,003,323	4,333,908	2,749,889	3,053,551
Gain on sale of assets	365,103	438,178	179,812	12,114	-	-
Miscellaneous	1,769,620	1,857,390	2,146,303	638,154	-	-
Total governmental activities	<u>36,114,804</u>	<u>39,899,805</u>	<u>45,312,055</u>	<u>46,615,257</u>	<u>45,690,422</u>	<u>46,136,156</u>
Business-type Activities:						
Investment income	221,388	26,170	-	-	595	-
Gain (loss) on sale of assets	-	(2,871)	-	-	-	-
Miscellaneous	2,053	6,934	-	-	-	-
Total business-type activities	<u>223,441</u>	<u>30,233</u>	<u>-</u>	<u>-</u>	<u>595</u>	<u>-</u>
Total primary government	<u>\$ 36,338,245</u>	<u>\$ 39,930,038</u>	<u>\$ 45,312,055</u>	<u>\$ 46,615,257</u>	<u>\$ 45,691,017</u>	<u>\$ 46,136,156</u>
Change in Net Assets:						
Governmental activities	2,481,949	1,046,104	3,066,594	(329,102)	(4,494,508)	(5,359,026)
Business-type activities	905,912	(634,018)	795,120	246,907	(3,096,254)	(344,644)
Total primary government	<u>\$ 3,387,861</u>	<u>\$ 412,086</u>	<u>\$ 3,861,714</u>	<u>\$ (82,195)</u>	<u>\$ (7,590,762)</u>	<u>\$ (5,703,670)</u>

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

(This page intentionally left blank.)

	Fiscal Year		
	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>
General Fund:			
Reserved	\$ 7,065,220	\$ 6,984,458	\$ 10,426,752
Unreserved	<u>11,200,620</u>	<u>12,358,766</u>	<u>10,214,217</u>
Total general fund	<u>\$ 18,265,840</u>	<u>\$ 19,343,224</u>	<u>\$ 20,640,969</u>
All Other Governmental Funds:			
Reserved	\$ 4,380,942	\$ 3,931,627	\$ 3,668,590
Unreserved, reported in:			
Special revenue funds	5,804,541	3,416,003	4,045,136
Debt service funds	(1,815,079)	(4,091,493)	(3,573,160)
Capital projects funds	<u>(2,414,716)</u>	<u>(5,199,651)</u>	<u>(727,454)</u>
Total all other governmental funds	<u>\$ 5,955,688</u>	<u>\$ (1,943,514)</u>	<u>\$ 3,413,112</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)

<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>
\$ 8,777,547	\$ 8,754,142	8,757,760	9,000,407
<u>13,354,184</u>	<u>12,271,055</u>	<u>10,249,834</u>	<u>9,650,383</u>
<u>\$ 22,131,731</u>	<u>\$ 21,025,197</u>	<u>19,007,594</u>	<u>18,650,790</u>
\$ 12,860,142	\$ 13,674,505	12,775,964	37,087,738
3,058,020	4,800,327	5,870,551	2,488,116
(3,646,416)	(4,673,177)	(4,941,420)	(5,326,034)
<u>23,982,030</u>	<u>22,173,983</u>	<u>25,754,027</u>	<u>6,726,745</u>
<u>\$ 36,253,776</u>	<u>\$ 35,975,638</u>	<u>39,459,122</u>	<u>40,976,565</u>

	Fiscal Year			
	2001-02	2002-03	2003-04	2004-05
Revenues:				
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>
Expenditures:				
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>
Other Financing Sources (Uses):				
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 seven years of data for this schedule.

Source: City of Norwalk

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

	Fiscal Year			
	2005-06	2006-07	2007-2008	2008-2009
\$	35,810,385	\$ 37,862,309	\$ 39,326,706	\$ 39,476,247
	906,972	942,629	1,130,924	1,017,798
	1,626,460	1,654,552	1,647,442	1,673,057
	1,690,923	2,909,622	3,208,729	1,780,514
	21,361,192	23,396,941	27,519,018	23,320,615
	1,827,500	2,061,106	1,957,538	1,855,635
	1,184,487	1,218,510	1,233,858	1,255,826
	2,874,347	2,409,040	2,175,940	1,673,683
	-	-	-	-
	<u>67,282,266</u>	<u>72,454,709</u>	<u>78,200,155</u>	<u>72,053,375</u>
	8,022,028	8,644,601	8,384,031	7,802,225
	12,082,002	12,819,814	13,436,368	12,463,523
	5,745,947	6,339,425	8,439,595	7,961,931
	8,351,127	7,621,670	8,169,855	8,007,714
	7,132,203	8,027,798	7,859,831	6,593,909
	15,789,360	15,776,975	20,078,619	20,205,820
	2,133,948	7,018,445	4,873,054	2,281,518
	1,455,000	1,875,000	1,680,000	1,740,000
	4,931,001	6,117,985	6,217,981	6,260,210
	-	-	-	-
	<u>2,665,330</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>68,307,946</u>	<u>74,241,713</u>	<u>79,139,334</u>	<u>73,316,850</u>
	<u>(1,025,680)</u>	<u>(1,787,004)</u>	<u>(939,179)</u>	<u>(1,263,475)</u>
	2,379,452	2,450,332	2,405,060	2,424,113
	(31,859,549)	-	-	-
	64,125,000	-	-	-
	(353,028)	-	-	-
	478,662	-	-	-
	31,213,830	2,884,925	3,432,019	2,892,272
	<u>(31,213,830)</u>	<u>(4,932,925)</u>	<u>(3,432,019)</u>	<u>(2,892,272)</u>
	<u>34,770,537</u>	<u>402,332</u>	<u>2,405,060</u>	<u>2,424,113</u>
	33,744,857	(1,384,672)	1,465,881	1,160,638
	<u>24,640,650</u>	<u>58,385,507</u>	<u>57,000,835</u>	<u>58,466,716</u>
\$	<u>58,385,507</u>	<u>\$ 57,000,835</u>	<u>\$ 58,466,716</u>	<u>\$ 59,627,354</u>
	13.74%	12.02%	11.21%	12.44%

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

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

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

<u>Transient Occupancy Tax</u>	<u>Motor Vehicle Tax</u>	<u>Franchise Tax</u>	<u>Total Taxes</u>
\$ 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

(This page intentionally left blank.)

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

<u>Fiscal Year</u>	<u>Residential Property</u>	<u>Commercial Property</u>	<u>Industrial Property</u>	<u>Other* Property</u>	<u>Tax-Exempt Property</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>
1998-99	2,368,353	332,257	111,905	237,088	39,077	3,088,680	0.16208%
1999-00	2,433,337	352,979	114,287	244,107	38,441	3,183,151	0.16584%
2000-01	2,542,560	362,789	121,452	252,855	37,199	3,316,855	0.17311%
2001-02	2,723,471	363,149	148,007	290,177	37,208	3,562,012	0.17113%
2002-03	2,883,506	378,738	155,173	280,142	36,701	3,734,260	0.16649%
2003-04	3,118,566	390,323	163,732	296,644	36,864	4,006,129	0.16771%
2004-05	3,419,623	428,060	172,190	305,675	36,859	4,362,407	0.18462%
2005-06	3,789,390	489,793	187,260	288,130	36,859	4,791,432	0.19353%
2006-07	4,310,627	542,293	188,388	287,535	37,368	5,366,211	0.19689%
2007-08	4,786,674	585,750	206,202	335,031	38,844	5,952,501	0.19768%
2008-09	4,960,294	622,788	220,165	293,355	39,287	6,096,602	0.20464%

*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				
	1999-00	2000-01	2001-02	2002-03	2003-04
City Direct Rate	0.16584	0.17311	0.17113	0.16649	0.16771
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 District of Southern Calif.	0.00017	0.00017	0.00017	0.00017	0.00017
Total Proposition 13 Rate	1.00000	1.00000	1.00000	1.00000	1.00000
Metropolitan Water District	0.00890	0.00880	0.00770	0.00670	0.00610
Cerritos Cc Ds 2004 Ser 2004A	-	-	-	-	-
Cerritos Cc Ds 2005 Ref Bonds	-	-	-	-	-
Detention Facilities 1987 Debt	0.00143	0.00131	0.00113	0.00103	0.00099
Flood Con. Ref. Bonds 1993 Ds	0.00079	0.00064	0.00041	0.00026	0.00004
La. Co. Fl. Con. Storm Dr. D.S. #4	0.00097	0.00092	0.00066	0.00062	0.00043
Nor-La Mirada Usd Ds 2002 S-03A	-	-	-	-	0.05560
Nor-La Mirada Usd Ds 2002 S-05A	-	-	-	-	-
Norwalk -La Mrda Usd Ds 2005 Ref Bds	-	-	-	-	-
Total Voter Approved Rate	0.01209	0.01167	0.00990	0.00861	0.06316
Total Tax Rate	1.01209	1.01167	1.00990	1.00861	1.06316

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.

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.

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.

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.

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				
2004-05	2005-06	2006-07	2007-08	2008-09
<u>0.18462</u>	<u>0.19353</u>	<u>0.19689</u>	<u>0.19768</u>	<u>0.20464</u>
0.06625	0.06625	0.06625	0.06630	0.0663
0.02630	0.02630	0.02630	0.02630	0.0263
0.02459	0.02459	0.02459	0.02460	0.0246
0.00272	0.00272	0.00272	0.00272	0.00272
0.17004	0.17004	0.17004	0.17000	0.1700
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	0.13529	0.13530	0.1353
0.06813	0.06813	0.06813	0.06850	0.0685
0.00036	0.00036	0.00036	0.00036	0.00036
0.02248	0.02248	0.02248	0.02250	0.0225
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	0.02436	0.02440	0.0244
0.00091	0.00091	0.00091	0.00091	0.00091
0.23242	0.23242	0.23242	0.23210	0.2321
0.18781	0.18781	0.18781	0.18780	0.1878
<u>0.00017</u>	<u>0.00017</u>	<u>0.00017</u>	<u>0.00017</u>	<u>0.00017</u>
<u>1.00000</u>	<u>1.00000</u>	<u>1.00000</u>	<u>1.00000</u>	<u>1.00000</u>
0.00580	0.00520	0.00470	0.00450	0.00430
0.01908	0.01279	0.00251	0.00407	0.00172
-	0.01144	0.00429	0.00412	0.00510
0.00092	0.00080	0.01713	0	0
0.00003	0.00003	0.00066	0	0
0.00022	0.00002	0.00005	0	0
0.04841	-	-	0	0
0.00475	0.00071	0.00085	0.00101	0.00638
-	0.05297	0.04951	0.04817	0.04554
<u>0.07921</u>	<u>0.08396</u>	<u>0.07970</u>	<u>0.06187</u>	<u>0.06304</u>
<u>1.07921</u>	<u>1.08396</u>	<u>1.07970</u>	<u>1.06187</u>	<u>1.06304</u>

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

Taxpayer	2008-09			1999-2000		
	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	\$ 62,961,469	1	1.03%	-	-	-
Avalon California Value III LLC	39,828,100	2	0.65%	-	-	-
Target Corporation	35,386,703	3	0.58%	-	-	-
Hekmatravan Family Norwalk LLC	31,931,695	4	0.52%	-	-	-
Sam & Vera Menlo	29,184,494	5	0.48%	-	-	-
BRCP Realty So. Calif LLC	24,515,700	6	0.40%	-	-	-
TGM Palm Country Club Inc.	23,962,081	7	0.39%	-	-	-
Paddison Associates	23,458,643	8	0.38%	-	-	-
ECM Norwalk LP	21,785,160	9	0.36%	-	-	-
McKenna Norwalk LP	21,556,215	10	0.35%	-	-	-
Starwood OC Portfolio VI LLC	-	-	-	40,420,000	1	1.27%
Wheelabrator Norwalk Energy Company	-	-	-	24,680,692	2	0.78%
RPD Norwalk LLC	-	-	-	23,664,000	3	0.74%
Majestic Realty & Patrician Associates	-	-	-	16,226,063	4	0.51%
Palm Country Club Apartments	-	-	-	15,728,570	5	0.49%
Price Company	-	-	-	14,748,472	6	0.46%
HR Norwalk Limited Partnership	-	-	-	13,510,901	7	0.42%
Montgomery Ward Development Corp.	-	-	-	13,308,621	8	0.42%
Sterik Company	-	-	-	12,531,983	9	0.39%
Coast Plaza Doctor's Hospital	-	-	-	11,059,389	10	0.35%
	<u>\$ 314,570,260</u>		<u>5.16%</u>	<u>\$ 185,878,691</u>		<u>5.84%</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	Total collections to date	
		Amount	% of Levy		Amount	% of Levy
1999-00	1,367,390	1,277,004	93.39%	208,139	1,485,143	108.61%
2000-01	1,437,249	1,353,084	94.14%	282,775	1,635,859	113.82%
2001-02	1,511,440	1,428,274	94.50%	211,066	1,639,340	108.46%
2002-03	1,597,638	1,528,817	95.69%	184,513	1,713,330	107.24%
2003-04	1,716,230	1,618,389	94.30%	131,317	1,749,706	101.95%
2004-05	1,845,132	1,748,070	94.74%	237,448	1,985,518	107.61%
2005-06	2,021,348	1,802,980	89.20%	251,976	2,054,956	101.66%
2006-07	2,220,446	2,031,704	91.50%	225,017	2,256,721	101.63%
2007-08	2,378,821	2,150,802	90.41%	407,555	2,558,357	107.55%
2008-09	2,512,009	2,283,740	90.91%	441,439	2,725,179	108.49%

Note:

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

(This page intentionally left blank.)

City of Norwalk
Direct and Overlapping Governmental Activities Debt
As of June 30, 2009

Governmental Unit	Gross Bonded Debt Balance	Estimated Percentage Applicable ⁽¹⁾	Net Bonded Debt
Direct Debt			
1999& 2001 Lease Revenue Refunding Bonds	18,175,000	100.000%	18,175,000
Total Direct Debt			<u>18,175,000</u>
Overlapping Debt			
Metropolitan Water District	137,096,151	0.603%	826,856
Little Lake City School District DS 2000 Series B	5,900,000	40.112%	2,366,635
Little Lake City School District DS 2005 Refunding Bonds	8,210,000	40.112%	3,293,233
Little Lake City School District DS 2000 Series C	8,560,000	40.112%	3,433,626
Whittier Union HSD DS 2005 Ref Bonds	897,887,133	6.598%	5,923,860
Cerritos CC DS 2004 Series 2004A	4,135,000	13.343%	551,740
Cerritos CC DS 2005 Refunding Bonds	23,730,994	13.343%	3,166,468
Cerritos CCD DS 2004 Series 2006	85,654,000	13.343%	11,427,763
Rio Hondo CC DS Series 2004A	9,940,000	4.225%	419,920
Rio Hondo CCD DS 2005 Refunding Bonds	46,482,244	4.225%	1,963,665
Rio Hondo CC DS 2004 Series 2008	64,996,844	4.225%	2,745,823
ABC USD DS 2003 Refunding Bonds Series A	16,670,000	3.451%	575,206
ABC Unified SD Debt Series 1997 Series B	35,119,966	3.451%	1,211,830
Norwalk-La Mirada USD DS 2002 Series-05A	44,720,644	45.026%	20,135,949
Norwalk-La Mirada USD DS 2005 Refunding Bonds	49,085,000	45.026%	22,101,047
Norwalk-La Mirada USD DS 2002 Series 2007A	29,200,602	45.026%	13,147,884
Total Overlapping Debt			<u>93,291,507</u>
Total Direct and Overlapping Debt			111,466,507

2008/09 Assessed Valuation: \$5,226,199,242 after deducting \$870,402,624 Redevelopment Increment
Debt to Assessed Valuation Ratios: Direct Debt-0.35%, Overlapping Debt-1.79% Total Debt- 2.13%

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 2008/2009 Lien Date Tax Rolls

	Fiscal Year				
	1999-00	2000-01	2001-02	2002-03	2003-04
Assessed valuation	\$ 3,144,930,636	\$ 3,280,673,646	\$ 3,525,028,102	\$ 3,697,773,968	\$ 3,969,510,679
Conversion percentage	25%	25%	25%	25%	25%
Adjusted assessed valuation	786,232,659	820,168,412	881,257,026	924,443,492	992,377,670
Debt limit percentage	15%	15%	15%	15%	15%
Debt limit	117,934,899	123,025,262	132,188,554	138,666,524	148,856,650
Total net debt applicable to limit: General obligation bonds	-	-	-	-	-
Legal debt margin	<u>\$ 117,934,899</u>	<u>\$ 123,025,262</u>	<u>\$ 132,188,554</u>	<u>\$ 138,666,524</u>	<u>\$ 148,856,650</u>
Total net debt applicable to the limit as a percent of debt limit	0%	0%	0%	0%	0%
Norwalk Long Term Debt Outstanding	72,726,046	73,329,150	77,804,809	78,664,006	79,506,107
Debt per capita: (2009 Pop 109,567)	696	689	730	724	726
Debt as a percentage of personal inco	2%	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
\$ 4,325,855,085	\$ 4,754,573,629	\$ 5,328,844,193	5,830,868,429	6,096,601,866
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
15%	15%	15%	15%	15%
162,219,566	178,296,511	199,831,657	218,657,566	228,622,570
-	-	-	-	-
<u>\$ 162,219,566</u>	<u>\$ 178,296,511</u>	<u>\$ 199,831,657</u>	<u>\$ 218,657,566</u>	<u>\$ 228,622,570</u>
0%	0%	0%	0%	0%
80,636,232	115,290,985	116,127,292	117,044,353	118,264,795
736	1,051	1,055	1,067	1,079
2%	3%	3%	3%	3%

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	
1999-00	1,448,755	180,000	1,268,755	1.00
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

Norwalk Redevelopment Agency - Tax Allocation Refunding Bonds

Fiscal Year	Tax Increment Revenue	Debt Service		Coverage
		Principal	Interest	
1999-00	3,009,948	260,000	3,034,773	0.91
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

City of Norwalk
Demographic and Economic Statistics
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Personal Income (in thousands)</u>	<u>Per Capita Personal Income (2)</u>	<u>Unemployment Rate (3)</u>
1999-00	104,473	3,391,611	32,464	5.4%
2000-01	106,417	3,498,672	32,877	5.6%
2001-02	106,650	3,502,919	32,845	7.2%
2002-03	108,699	3,621,633	33,318	7.5%
2003-04	109,517	3,853,684	35,188	6.9%
2004-05	109,532	4,043,593	36,917	5.3%
2005-06	109,681	4,160,857	37,934	4.7%
2006-07	110,040	4,314,809	37,696	4.9%
2007-08	109,695	4,357,957	38,073	7.1%
2008-09	109,567	4,253,366	37,159	12.7%

(This page intentionally left blank.)

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

Employer	2008-09			1998-99		
	Employees	Rank	% of Total City Employment*	Employees	Rank	% of Total City Employment*
Norwalk-La Mirada Unified School District	4,365	1	9.34%	3,500	1	8.00%
Metropolitan State Hospital	1,532	2	3.28%	1,800	3	4.11%
Los Angeles County Registrar/Recorder	1,216	3	2.60%	600	4	1.37%
Cerritos College District	1,198	4	2.56%	2529	2	5.78%
Bally Total Fitness	650	5	1.39%	400	5	0.91%
City of Norwalk	480	6	1.03%	350	7	0.80%
Coast Plaza Doctors Hospital	432	7	0.92%	234	13	0.53%
Target Stores, Inc	420	8	0.90%	-	-	-
California Youth Authority	342	9	0.73%	360	6	0.82%
Costco Wholesale	318	10	0.68%	268	11	0.61%
LA County Department of Public Social Services	310	11	0.66%	310	9	0.71%
Doty Brother's Constuction	300	12	0.64%	300	10	0.69%
LA County Sheriff's Department	250	13	0.53%	315	8	0.72%
McKenna Motors	230	14	0.49%	133	18	0.30%
Los Angeles County Superior Court	225	15	0.48%	220	14	0.50%
Stater Brothers Market	160	16	0.34%	160	16	0.37%
Lowe's Hardware	150	17	0.32%	-	-	-
Norwalk Toyota	135	18	0.29%	135	17	0.31%
AMC Norwalk 20 Theaters	130	19	0.28%	130	19	0.30%
Marriott Hotel	100	20	0.21%	120	20	0.27%
Wal-Mart	100	21	0.21%	-	-	-
Fresh & Easy Neighborhood Markets	99	22	0.21%	-	-	-
Norwalk Regional Library	70	23	0.15%	268	12	0.61%
Verizon	67	24	0.14%	200	15	0.46%
Outback Steakhouse	60	25	0.13%	86	21	0.20%
Sonoco Products	60	26	0.13%	60	22	0.14%
Food 4 Less	56	27	0.12%	56	23	0.13%
LA County Public Health	37	28	0.08%	-	-	-
Office Depot	30	29	0.06%	30	24	0.07%
All Other Employers	33,217		71.07%	31,205		71.29%
Total	<u>46,739</u>		<u>100.00%</u>	<u>43,769</u>		<u>100.00%</u>

Source: Table DP-1 U.S. Census 2000, Prepared by: City of Norwalk--Administration, 10/2009

Function	Fiscal Year				
	1999-00	2000-01	2001-02	2002-03	2003-04
General Government	51	51	49	52	50
Public Safety	55	41	35	33	36
Public Services	39	40	41	50	54
Social Services	24	22	23	25	32
Recreation	93	117	118	121	118
Community Development	38	35	36	43	44
Transit	72	74	75	85	88
Total	<u>372</u>	<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

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

Function	Fiscal Year				
	1999-00	2000-01	2001-02	2002-03	2003-04
Police:					
Calls responded	32,460	32,678	32,144	34,280	33,872
Response Time: (minutes)					
Emergency	3.4	4.6	9.5	9.5	8.3
Non-Emergency	6.0	8.5	13.5	15.5	14.6
Routine	24.1	27.6	28.1	28.3	26.4
Community development:					
Number of residential permits	926	1,441	953	866	1,440
Number of commercial permits	224	178	183	222	267
Water:					
New connections	12	-	21	3	11
Average daily consumption (millions of gallons)	622	610	660	614	500
Sewers:					
New connections	*NA	*NA	12	20	20
Transit:					
Buses-number of riders	1,440,354	1,668,586	1,631,712	1,886,749	2,021,806
Dial-A-Ride-number of riders	20,970	24,150	20,362	22,785	85,706

- Information not available

* Information not available

City of Norwalk
Operating Indicators by Function
Last Ten Fiscal Years

Fiscal Year				
2004-05	2005-06	2006-07	2007-08	2008-09
33,913	32,933	26,624	31,533	24,260
4.5	4.6	4.0	4.1	3.9
11.8	12.1	11.7	11.7	10.8
32.6	32.7	26.0	27.5	27.8
348	3,873	4,694	3,421	2,848
4,831	356	496	646	520
2,715	-	7	2	4
500	872	313	222	213
13	23	24	3	3
2,556,054	2,741,211	2,745,283	2,730,248	2,941,545
85,952	95,018	72,040	21,660	23,121

Function	Fiscal Year				
	1999-00	2000-01	2001-02	2002-03	2003-04
Police:					
Stations	1	1	1	1	1
Fire:					
Stations	3	3	3	3	3
Public works:					
Streets (miles)	187	187	187	187	181
Street lights	1,777	1,777	1,777	1,777	1,777
Traffic lights	82	83	83	83	83
Parks and recreation:					
Parks	14	14	14	13	13
Community centers	1	1	1	1	1
Sports center	1	1	1	1	1
Water:					
Water mains (miles)	36	36	36	36	36
Maximum daily capacity (million gallons per day)	3	4	4	3	3
Waste water:					
Sanitary sewers (miles)	180	180	180	180	180
Transit:					
Buses	22	23	27	28	32
Dial-A-Ride Vans	4	4	8	7	19

City of Norwalk
Capital Asset Statistic by Function
Last Ten Fiscal Years

Fiscal Year				
2004-05	2005-06	2006-07	2007-08	2008-09
1	1	1	1	1
3	3	3	3	3
181 1,777 83	181 1,777 84	181 1,777 86	181 1777 86	181 1778 87
13 1 1	13 1 1	13 1 1	13 1 1	14 1 1
40 4	40 4	40 4	40 4	40 4
180	180	180	180	180
38 19	29 18	36 19	32 8	36 7

(This page intentionally left blank.)

