

# Comprehensive Annual Financial Report



Vista Verde Park  
Uniting neighbors and friends for generations  
of social and recreational enrichment.  
Dedicated to all citizens of Norwalk.

City of Norwalk  
August 18, 2012

Cheri Kelley, Mayor  
Luigi Vernola, Vice Mayor  
Michael Mendez, Councilmember  
Marcel Rodarte, Councilmember  
Leonard Shryock, Councilmember  
Michael J. Egan, City Manager



City of Norwalk, California  
Year Ended June 30, 2012

**Comprehensive Annual Financial Report**  
**City of Norwalk, California**  
*For the Fiscal Year Ended June 30, 2012*

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**CITY OF NORWALK**  
**CALIFORNIA**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**YEAR ENDED JUNE 30, 2012**

**NORWALK City Council**

**Cheri Kelley**  
Mayor

**Luigi Vernola**  
Vice Mayor

**Michael Mendez**  
Councilmember

**Marcel Rodarte**  
Councilmember

**Leonard Shryock**  
Councilmember

**Michael J. Egan**  
City Manager

**Jana Stuard**  
Director of Finance/City Treasurer

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



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December 27, 2012

**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, 2012, is hereby respectfully submitted as mandated by both local ordinances and state statutes. These ordinances and statutes require that the City of Norwalk issue annually a report on its financial position and activities, and that this report be audited by an independent firm of certified public accountants.

**REPORT PURPOSE AND ORGANIZATION**

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

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

**Audited Financial Statements.** The City's financial statements have been audited by Vasquez & Co. LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2012, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the overall accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ended June 30, 2012, are fairly presented in conformity with GAAP.

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

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

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

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

#### **"Single Audit" for Federal Grant Programs**

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

#### **PROFILE OF THE CITY OF NORWALK**

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

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

On August 26, 1957, Norwalk was certified by the Secretary of State as California's 15th largest city. The city is 9.8 square miles in area with a current population of 105,714. Operating as a General Law City, Norwalk is governed by a five-member City Council, which sets policy under the Council-Manager form of government.

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

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

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

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

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

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

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

## **THE REPORTING ENTITY**

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

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

### **Norwalk Housing Authority**

The Norwalk Housing Authority was established in 1976 to provide safe, sanitary and decent housing to low-income residents. With funding provided by the U.S. Department of Housing and Urban Development, the Housing Authority administers the Housing Choice Voucher Program, offering rental assistance to 705 households, and the Family Self-Sufficiency Program, which assists rental assistance recipients with achieving economic self-reliance.

### **Successor Agency to the Norwalk Redevelopment Agency**

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

### **Norwalk Community Facilities Financing Authority**

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

## **FINANCIAL CONDITION OVERVIEW**

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

This results in an ending General Fund unassigned fund balance of \$10.7 million, which is \$1.1 million higher than projected. This is consistent with the interim results reported to the Council in October 2012. It also complies with the City's policy of maintaining a minimum unassigned General Fund balance that is at least 16.6% of operating expenditures.

The City's conservative approach in budgeting for revenue and a stringent expenditure policy has positioned the City in a sound financial standing to weather economic uncertainties. City management continues to strive to position itself to manage unanticipated economic fluctuations by working towards an adequate reserve accumulation, look at various options such as privatization of City functions where it cannot economically compete with the private sector, renewed focus on a proactive economic development effort, and a continued focus on human development effort to reshape and retrain its work force to meet the changing times.

The City's outlook, however, is cautious in light of the anticipated slow economic growth and imminent State budget issue. The City's adopted 2012-13 operating budget continues to be both balanced and fiscally responsible. This spending plan maintains essential services for the community and continues to look for means to stimulate local economy through various development and beautification projects throughout the City.

## **MAJOR ACCOMPLISHMENTS FOR THE YEAR**

### **Public Safety:**

- Utilizing a variety of grant funds, and in coordination with the Los Angeles County Sheriff's Department, Norwalk organized safety awareness and enforcement campaigns, such as held Driving under the Influence Checkpoints, Crosswalk Safety Operations, Distracted Driver Operations
- Public Safety's Community Partnership Team hosted a combination of 153 Neighborhood Watch and Business Watch meetings
- City partnered with Norwalk Sheriff's station to hold two community meetings
- Renewed commitment to partner with the Los Angeles County Probation Department to contract for the services of a full time Deputy Probation Officer to address ongoing criminal activity caused by adult and juvenile probationers within Norwalk
- Enhancement of existing programs through implementation of technologies, such as: handheld parking citations devices, computer aided dispatch and records management system for entering and tracking various information, including calls for service, officer initiated activity, incident reports and case management

### **Public Services:**

#### **Administration**

- Completed projects, reporting and closeout process for Energy Efficient Block Grant award issued by the Department of Energy
- Coordinated with consultants for NPDES permit inspections/reporting for Water system/wells and general industrial permit
- Continued coordination of the Greener Norwalk Task Force to identify energy efficient opportunities citywide
- Continued Emergency Response Team drills for emergency disaster preparation
- Provided ongoing community information via Norwalk NOW, Cable channel and website
- Started tracking of the Community Feedback Survey program to monitor satisfaction levels for services received
- Worked with consultant to complete sewer rate study per Waste Discharge Order
- Continued working with consultant through Cal Fire partnership funding for development of Norwalk's Urban Forest Management Plan
- Continued collaborating with Southern California Edison to seek energy efficiency rebate/financing opportunities

## Facilities

- Worked with Contractor to install new ADA counter and surveillance/security improvements in Finance lobby and vault areas
- Reduced electricity consumption by 30,862 Kilowatts (savings of \$4,700), from January 2011 to December 2011
- Replaced old carpet in Transit Dispatch Office
- Installed new linoleum flooring in Employee kitchen and in Employee Men's and Women's restrooms at Social Services
- Improved security measures at City Hall by changing entry door access including adding elevator key system
- Coordinated with Contractor for completion of new cool roof installation at City Hall
- Completed painting of Norwalk/Santa Fe Springs Metrolink Station which included wrought iron fence, hand rails, passenger bench canopies, light poles, stair cases, and Elevator exterior structures
- Coordinated with Contractor to complete installation of four new A/C Units and one ductless A/C unit in food supply room at Social Service Center
- Coordinated with Contractor and Engineering to complete City Hall parking lot slurry sealing

## Traffic

- Completed 178 replacements of damaged/missing traffic/parking signs
- Painted 1,474 square feet of crosswalks citywide
- Painted 120,500 linear feet of red curbs
- Restriped 23,383 linear feet of road lanes, including City facility/parks parking lots
- Painted 22,324 square feet of traffic legends citywide
- Oversaw contractor restriping project on Studebaker, Firestone, Rosecrans, and Imperial, consisting of an additional 189,470 linear feet and 12,585 square feet of legends
- Oversaw contractor thermoplastic installation project at 80 crosswalks near school zones citywide, including an additional 16,079 square feet of crosswalks on high traffic locations

## Signals

- Continued annual painting of traffic signal poles in the Civic Center area, along Imperial, Norwalk, Bloomfield, and San Antonio Drive
- Worked with contractor to begin installation of new CENTRACS traffic management system in the Signal lab
- Continued maintaining LED lighting at all 81 traffic signals citywide, resulting in ongoing energy savings

## Trees/Greenscape

- Utilized contractor to trim 4,464 trees, as part of City's three year trimming cycle
- Responded to 643 residential requests for tree inspections, trimming, and/or planting
- Planted 159 new trees in parkways citywide
- Removed 150 trees in response to addressing hazards or nuisance conditions
- Completed beautification improvements on Rosecrans Avenue, from 5 freeway to west city limits (removed bottle brush trees and replaced with Red Crape Myrtles)
- Completed beautification improvements on Rosecrans Avenue, by replacing plant material on median planters, from Shoemaker to Marrilla, with new Carissas, Raphilipdis, Redbud trees and majestic beauties

- Completed beautification improvement on Excelsior side panels, between Studebaker Road and Elmcroft, by removing dying oleanders and replacing with privets and lantanas; also replaced four new Pine trees; including installation of new drip irrigation system
- Coordinated with Engineering and contractor for installation/selection of new turf/plant material on new Pioneer medians, between 166<sup>th</sup> Street and Alondra.
- Began beautification improvements on Studebaker medians, by replacing diseased oleander plant material

### Graffiti

- Removed Graffiti from over 24,283 locations Citywide, as follow-up to 9,187 requests received from the Community

### Streets

- Grinded and patched over 300 raised sidewalk locations citywide, to immediately address identified tripping hazards
- Completed Year 1 of 2 for citywide sidewalk replacement program in scheduled zones, completing repairs at 764 sidewalk/curb & gutter locations (totaling 67,700 square feet)
- Applied 170 tons of hot mix asphalt for repairs of potholes in street/alley sections citywide
- Responded to 813 Community requests for pickup of litter/illegally dumped items in right-of-way
- Conducted daily visual inspections of alleys/hotspots known for illegal dumping and picked up illegally dumped items at over 1,100 locations

### Water

- Coordinated with contractor for the annual cleaning of 1/3 of the City sewer system
- Coordinated with contractor to complete Year 3 of the annual CCTV sewer line inspection program
- Continued coordination with consultant and contractor for completion of Norwalk Park Well #10; started new well operation in May 2012

### **Parks and Recreation:**

- Replaced the Skylights in the Meeting Center portion of the Norwalk Arts & Sports Complex
- Sandblasted and painted amphitheater wall at Hermosillo Park
- Upgraded security at the Aquatic Pavilion by Installing a new DVR
- Planted and ran power for new Christmas tree
- Reconfigured the driveway and entry ramp at Ramona
- Re-keyed park facilities to fall into a master key system
- Re-plastered a portion of the pool at the Aquatic Pavilion
- Replaced AC unit that serves the basketball gym
- Added winch at NASC gym to allow for event decoration at the facility
- Replaced front gate at Sara Mendez park
- Installed a New public address system at golf course with wireless microphone
- Re-wired all the back lights at the Foster Greenbelt
- Purchased three new treadmills and two new exercise bicycles for the NASC Weight Room
- Purchased five new picnic tables made of recycled plastic materials to be used at the NASC and Golf Center
- Began Vista Verde Building Rehabilitation Project



### Other Accomplishments:

- Implemented city-wide distribution of Quarterly Financial Reports
- Timely adoption of the City's budget by the Council
- Received the financial reporting excellence award from the Government Finance Officers Association (GFOA) for the Comprehensive Annual Financial Report (CAFR)

## **LONG-TERM FINANCIAL PLANNING**

### **Budget**

The City adopts its financial plan annually. The budget preparation process starts by the end of February. The City Manager leads the budget team, which reviews, discusses and revises departmental appropriation requests, supporting data and revenue estimates for all City funds, functions and departments, including its component units, and capital improvement projects. The City Manager submits the proposed budget to the City Council. During multiple study sessions, the City Council reviews the proposed budget document and directs staff to make revisions. The annual budget is adopted during a public hearing no later than June 30<sup>th</sup>.

### **Capital Asset Replacement and Renovation Reserves**

Funds are set aside annually for the replacement and renovation of City-owned facilities and capital assets. The balance in Capital Asset Replacement and Renovation Reserves at June 30, 2012 was \$1.56 million.

### **Relevant Financial Policies:**

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

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

## **ECONOMIC OUTLOOK**

The City's finances and the ability to pay for essential services are dependent on the local economy and legislative actions of the Federal and State governments. In the present of fiscal difficulty or for other politically driven agendas, both the Federal and State governments have cut funding to local

governments. The state, in particular has shown historically that it can and will unilaterally take and shift local governments' revenues to balance its budget or meet other financial obligations. There is great uncertainty surrounding the federal "fiscal cliff," the combination of tax increases and spending cuts set to take place under current federal law in 2013.

Economic forecast for the upcoming years anticipates tepid recovery of California's economy, when compared to historical standards. The 2007-2009 recession was much more severe than recent downturns. Similar to the nation, personal income growth in California following the 2007-2009 recession has been much lower than after recent recessions. The rate of employment growth also has been slower. Per Legislative Analyst's forecast, these trends are projected to continue, although the recovery projected in the housing market is assumed to increase employment growth over the next four years, the manufacturing and government sectors are still weak job sectors.

The Legislative Analyst's Office's forecast of California's General Fund revenues and expenditures shows that the state must address a budget problem of \$1.9 billion by June 2013. The budget problem consists of a \$943 million projected deficit for 2012-13 and a \$936 million operating deficit under current policies in 2013-14.

## **MAJOR INITIATIVES FOR THE FUTURE**

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

### **Public Safety:**

- Develop and implement a highly visible community and problem orienting policing approach
- Using available federal funding to expand existing efforts to reduce gang activity and delinquent behavior at early ages

### **Capital Improvement Projects:**

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

### **Other Initiatives:**

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

- o Continue to prepare Annual Operating Budget for timely adoption by the Council and citizen participation

## **AWARDS AND ACKNOWLEDGEMENTS**

### **Awards**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for fiscal year ended June 30, 2011. That was the 25<sup>th</sup> year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

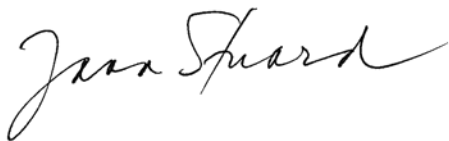
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

### **Acknowledgments**

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

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

Respectfully submitted,



Jana Stuard  
Finance Director / City Treasurer

**City of Norwalk, California  
List of Elected Officials and Management Personnel  
June 30, 2012**

**ELECTED OFFICIALS**

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

**CITY MANAGER AND DEPARTMENT HEADS**

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

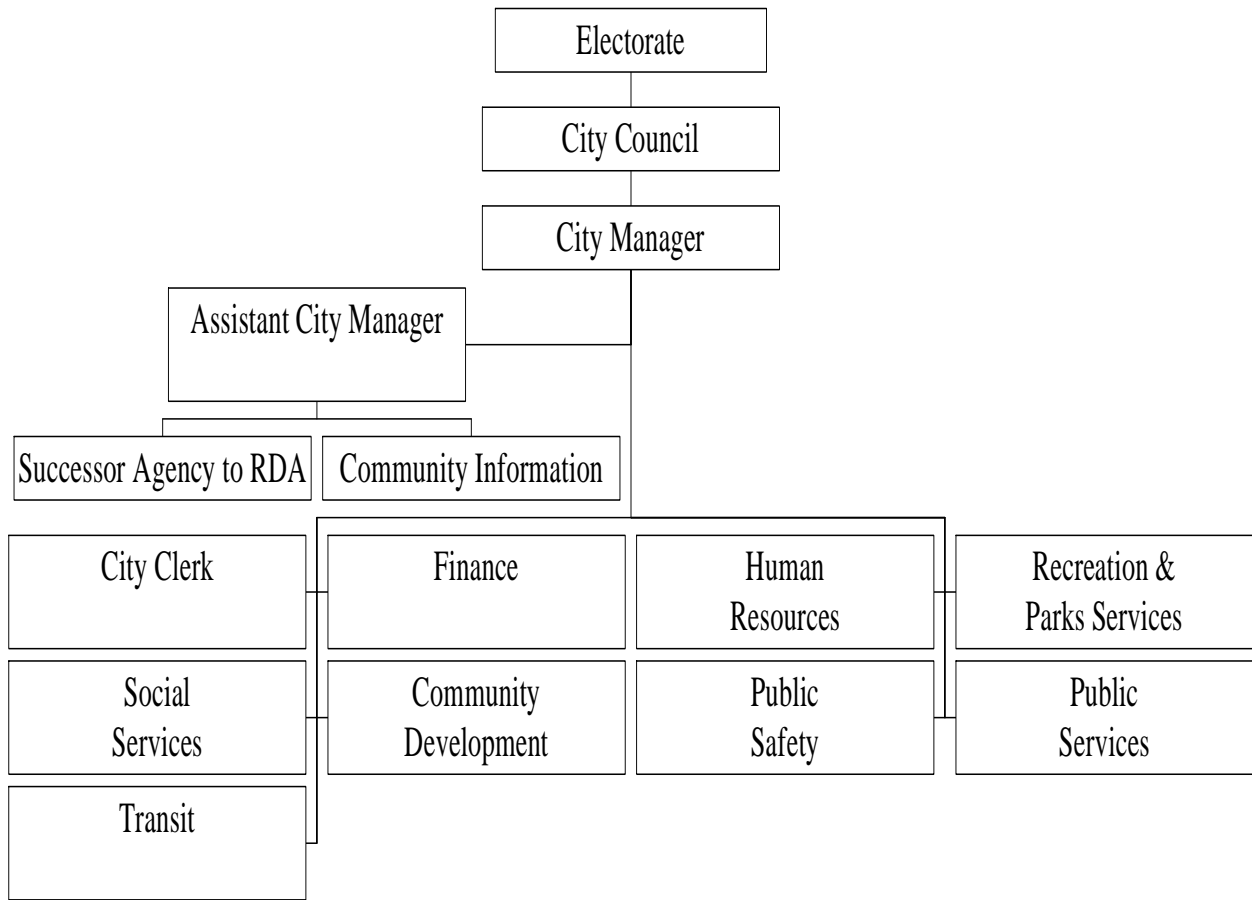
**RECOGNITION**

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

**SPECIAL THANKS**

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

# City of Norwalk Organization Chart



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Norwalk  
California

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2011

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.



*Christopher P. Moirice*

President

*Jeffrey R. Emer*

Executive Director

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## **Report of Independent Auditors**

### **The Honorable City Council of the City of Norwalk, California**

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Norwalk, California, as of and for the year ended June 30, 2012, 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, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 4, the City of Norwalk has advanced money to the former redevelopment agency. No provision for uncollectible accounts was made as of June 30, 2012 in the books of the City as management asserted that this advance is an enforceable obligation of the Successor Agency and that the Successor Agency has sufficient documentation to support this obligation.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 20, and the required supplementary information on pages 76 through 79, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



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Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Norwalk's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2012 on our consideration of the City of Norwalk's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

*Vargus + Company LLP*

**Los Angeles, California  
December 27, 2012**

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The management of the City of Norwalk offers the readers of the City's statements this narrative overview, summary and analysis of the financial activities for the fiscal year ended June 30, 2012. 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, 2012, 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.

AB X1 26 dissolved the Redevelopment Agency as of February 1, 2012 and the Successor Agency was constituted. It also provided that if an "asset transfer" occurred between the Redevelopment Agency and the City after January 1, 2011, the State Controller shall order the City to transfer the asset back to the Successor Agency.

In March 2011, the former Norwalk Redevelopment Agency transferred assets to the City: five properties in total value of \$7.4 million, and \$6 million as repayment of the outstanding interest on Metro Project Loan. Even though the March 2011 transfers by the Agency to the City were in accordance with law that existed in March 2011, during fiscal year 2012, in light of AB X1 26, all prior year transfers were reversed and assets were returned to the Successor Agency. For the purpose of year to year comparison, we report revenue and expenditure amounts for fiscal year 2011 net of the above referenced transfers.

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

- At June 30, 2012, The City's total assets were \$274.5 million and total liabilities \$48.2 million, resulting in net assets of \$226.3 million. The majority of the City's net assets are invested in capital assets or restricted for specific purposes. The City's total net assets increased \$57 million. This substantial increase can be attributed to the dissolution of the Redevelopment Agency during the current fiscal year. The Successor Agency is now reported as a Fiduciary Fund and is no longer considered a part of the Government-wide financial report.
- The City's net assets of governmental activities increased by \$57 million as a result of this year's operations. Net assets of the City's business-type activities remained unchanged at \$22.5 million.
- The City's total debt decreased \$97.5 million. The substantial decrease resulted from dissolution of the Redevelopment Agency, decrease of \$98.1 million; City's debt retirement \$0.75 million; decrease of \$34 thousand in compensated absences and an increase of unfunded other postemployment benefits in the amount of \$1.3 million.
- The City's long-term liabilities include \$16 million of outstanding bonded debt, which was used to finance the acquisition of capital assets, and to fund various capital improvements. The total of the City's capital assets at the end of fiscal year amounted to \$211.6 in total assets. Out of this amount \$18.4 million, or approximately 8.7%, are non-depreciable assets, and \$193.2 million, or approximately 91.3%, are depreciable capital assets. Significant portion of the capital assets are reported infrastructure assets that have been funded through various funding sources since the City's incorporation.

**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 \$37 million, a decrease of \$18 million; approximately \$10.4 million of this balance is unassigned, available for spending at the City's discretion. The large decrease in combined fund balance can be attributed to the reporting of the Successor Agency to the Redevelopment Agency as a Fiduciary Fund.
- At June 30, 2012, the General Fund balance was \$23.9 million, an increase of \$0.4 million from the prior year balance of \$23.5 million. The unassigned fund balance of \$10.7 million remained practically unchanged from the prior year.
- The actual General Fund revenues and transfers in of \$38.7 million represented an increase of \$0.4 million from the prior year actual of \$38.3 million, and an increase of \$0.5 million from the final budget of \$38.2 million.
- The actual General Fund expenditures and transfers out of \$38.3 million represented an increase of \$1.8 million from the prior year actual of \$36.5 million. This was \$3.8 million under the final budget of \$42.1 million.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

**Government-wide Financial Statements**

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

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

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

The Statement of Net 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 24 and 26, immediately following the Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances for Governmental Funds.

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

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

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

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

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

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

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Net 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, 2012, as shown in Table 1, were \$226.3 million.

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

	Governmental Activities		Business-type activities		Total	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 62,125	\$ 84,831	\$ 700	\$ (289)	\$ 62,825	\$ 84,542
Capital assets	185,972	200,040	25,663	26,295	211,635	226,335
Total Asset	<u>248,097</u>	<u>284,871</u>	<u>26,363</u>	<u>26,006</u>	<u>274,460</u>	<u>310,877</u>
Long-term liabilities	22,266	120,063	2,333	1,803	24,599	121,866
Other liabilities	22,061	17,972	1,499	1,697	23,560	19,669
Total Liabilities	<u>44,327</u>	<u>138,035</u>	<u>3,832</u>	<u>3,500</u>	<u>48,159</u>	<u>141,535</u>
Net assets						
Invested in capital assets, net of related debt	169,952	151,855	25,663	26,295	195,615	178,150
Restricted	11,828	25,646	-	-	11,828	25,646
Unrestricted	21,990	(30,665)	(3,132)	(3,789)	18,858	(34,454)
Total net assets	<u>\$ 203,770</u>	<u>\$ 146,836</u>	<u>\$ 22,531</u>	<u>\$ 22,506</u>	<u>\$ 226,301</u>	<u>\$ 169,342</u>

The City's Government-wide total net assets were \$226.3 million, with assets of \$274.5 million and liabilities of \$48.2 million. The net investment in capital assets, net of capital debt, was \$195.6 million. Another portion of the City's net assets, \$11.8 million, represents resources that are subject to external restrictions in how they may be used. The remaining balance of \$18.9 million represents unrestricted net assets with the significant portion of the balance representing financed economic development projects that are not capitalized.

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

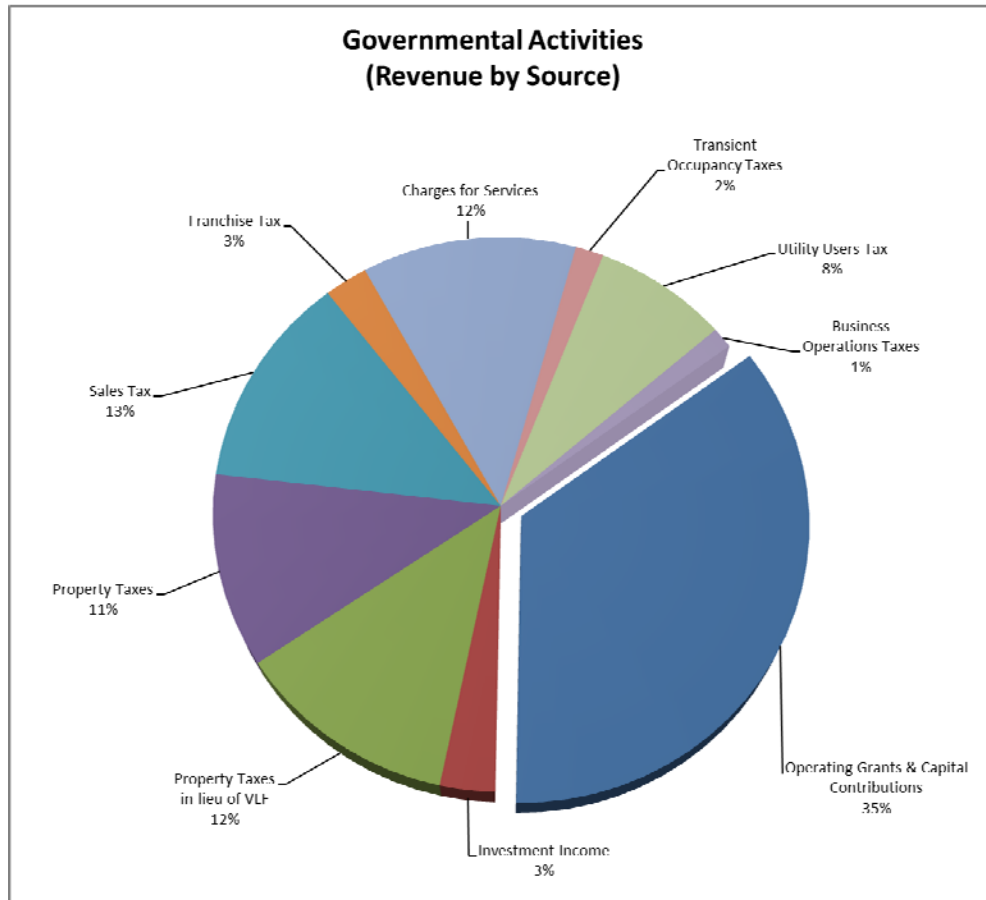
	Governmental Activities		Business-type activities		Government-Wide Totals	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program Revenues:						
Charges for services	\$ 8,621	\$ 7,879	\$ 6,647	\$ 6,641	\$ 15,268	\$ 14,520
Operating grants and capital contributions	24,546	34,397	9,994	8,767	34,540	43,164
Capital grants and contributions		-	213	2,482	213	2,482
General Revenues:						
Taxes:						
Sales taxes	8,760	8,222	-	-	8,760	8,222
Property taxes	7,823	14,765	-	-	7,823	14,765
Property tax in-lieu of VLF	8,536	8,394	-	-	8,536	8,394
Utility users taxes	5,422	5,744	-	-	5,422	5,744
Business license taxes	859	670	-	-	859	670
Transient occupancy taxes	1,128	877	-	-	1,128	877
Other taxes	1,748	1,676	-	-	1,748	1,676
Use of money and property	2,083	800	29	21	2,112	821
Other		-		-	-	-
Total Revenues	<u>69,526</u>	<u>83,424</u>	<u>16,883</u>	<u>17,911</u>	<u>86,409</u>	<u>101,335</u>
Expenses:						
General government	8,884	8,985	-	-	8,884	8,985
Public safety	13,613	12,428	-	-	13,613	12,428
Urban development	6,018	13,771	-	-	6,018	13,771
Highways and streets	17,301	17,763	-	-	17,301	17,763
Culture and leisure	6,371	6,079	-	-	6,371	6,079
Health and welfare	13,873	18,893	-	-	13,873	18,893
Interest and fiscal charges	2,421	4,666	-	-	2,421	4,666
Transit	-	-	13,188	14,947	13,188	14,947
Water	-	-	4,190	3,704	4,190	3,704
Golf Course	-	-	310	304	310	304
Total Expenses	<u>68,481</u>	<u>82,585</u>	<u>17,688</u>	<u>18,955</u>	<u>86,169</u>	<u>101,540</u>
Transfers	(830)	(3,957)	830	3,957	-	-
Change in net assets	215	(3,118)	25	2,913	240	(205)
Extraordinary items	56,719	-	-	-	56,719	-
Net assets - beginning of year	<u>146,836</u>	<u>149,954</u>	<u>22,506</u>	<u>19,593</u>	<u>169,342</u>	<u>169,547</u>
Net assets - ending of year	<u>\$203,770</u>	<u>\$146,836</u>	<u>\$22,531</u>	<u>\$ 22,506</u>	<u>\$226,301</u>	<u>\$169,342</u>



### **Governmental Activities**

Revenues for the City's governmental activities decreased 16.7%, from \$83.4 million last fiscal year to \$69.5 million in this fiscal year. Key elements of significant changes are as follows:

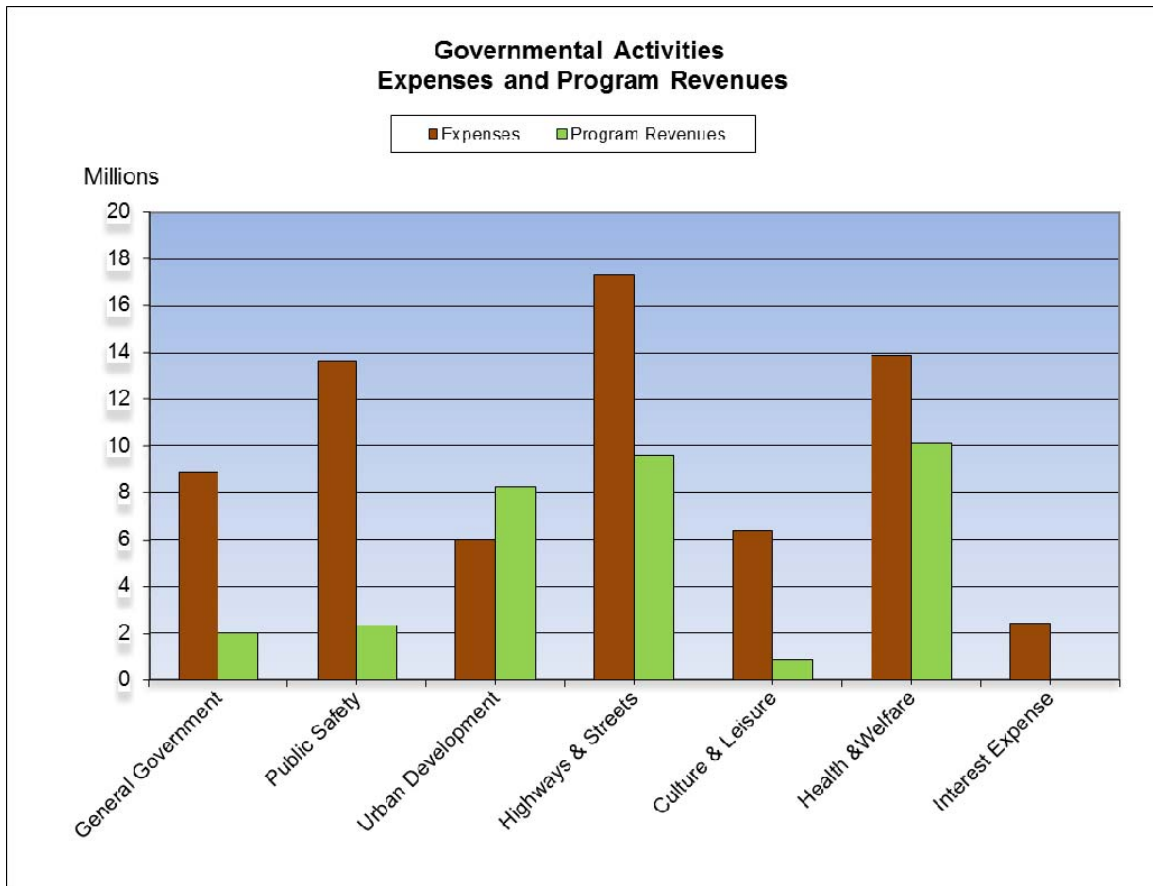
- The largest revenue source was operating grants and capital contributions at \$24.5 million, decreasing \$9.8 million, or 28.6%, from the preceding fiscal year.
- The second largest revenue source was sales taxes, general revenue, at \$8.8 million, an increase of \$0.5 million, or 6.5%, from the preceding fiscal year. This increase is line with the state-wide results and is due in part to the increasing price of consumer goods and fuel. A slow economy and high unemployment continues affecting consumer's discretionary spending.
- The third largest revenue source was charges for services, program revenue, at \$8.6 million, an increase of \$0.7 million, or 9.4%, from the preceding fiscal year.
- The fourth largest revenue source was property taxes in-lieu of VLF. Property taxes in-lieu of VLF are a recent revenue stream that was "swapped" with the City's vehicle license fee (VLF) revenues beginning in fiscal year 2004-05. The State took action to permanently reduce the VLF rate from 2.0% to 0.65% that impacted local governments significantly. To make affected cities financially whole, it took subsequent action to swap the lost VLF revenues for its property taxes. The unexpected result from this legislation benefited the City due to recent years' increase in property values. During fiscal year 2011-12, the City received \$8.5 million in VLF revenue. This is an increase of \$0.1 million, or 1.7%, from the preceding fiscal year.



The cost of providing all governmental activities this year was \$68.5 million. Program revenues funded \$33.2 million, or 48% of governmental activities. The remaining portion of governmental activities was paid with general revenues.

- Highway and Streets, was the largest category of governmental activities, at \$17.3 million, it represented 25% of the total expenses; it decreased \$0.5 million from the prior fiscal year. Approximately \$9.6 million in expense was funded with program revenues.
- Health and Welfare expense category, which includes activities of the Social and Public services departments, was the second largest expense category. During fiscal year ended June 2012, these expenses represented \$13.9 million, or 20% of governmental activities. Approximately \$10.1 million was funded with program revenues. Expenses decreased from the preceding fiscal year by \$5 million. The majority of this decrease, \$4.7 million, can be attributed to the reclassification of the Successor Agency to a Fiduciary Fund. The remaining \$0.3 million is largely due to a continuing decline in State-funded Child Care services.
- Public Safety expense category was the third largest at \$13.6 million, or 20% of governmental activities, of which approximately \$2.3 million was funded with program revenues. Expenses for this category increased \$1.1 million, or 9% compared to prior fiscal year.

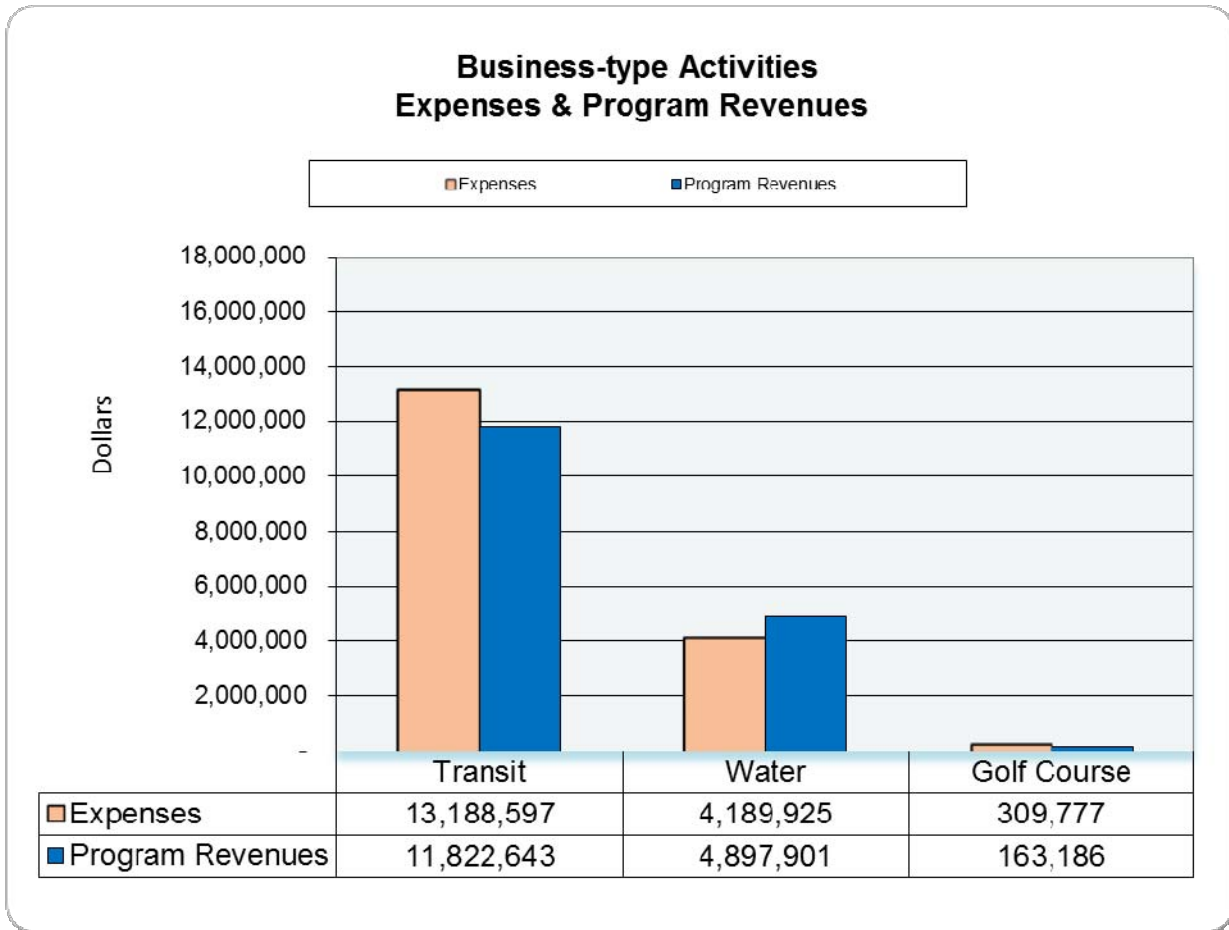
- General Government, the fourth largest category of governmental activities recorded expenses at \$8.9 million; it represented 13% of total governmental expenses. Program revenues funded \$2 million of the General Government expense category. Expenses in this category recorded a decrease of \$0.1 million, or 1% compared to preceding fiscal year.
- Culture and Leisure was the fifth largest governmental activity with \$6.4 million in expenses, or 9% of governmental activities. Approximately \$0.9 million was funded with program revenues. Expenses of this category increased \$0.3 million, or 5% compared to prior fiscal year.



### **Business-type Activities**

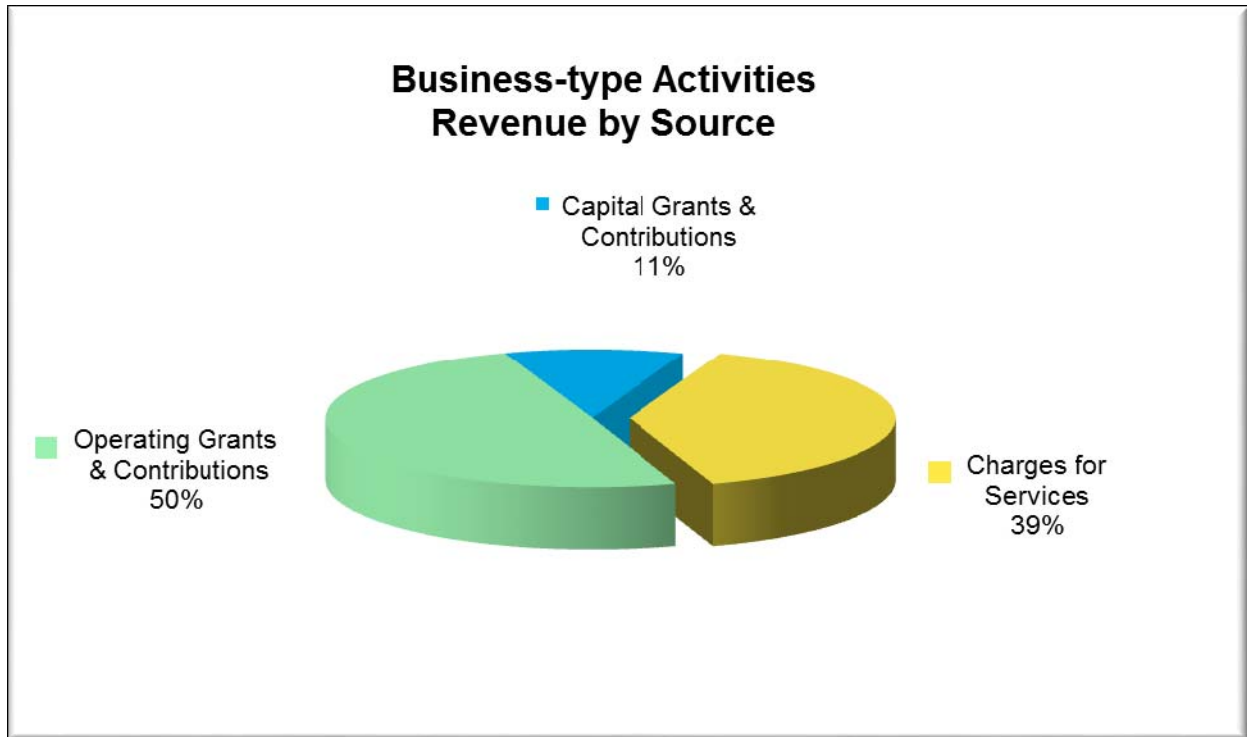
The City's business type activities, which are Transit, Water Utility and Golf Course, account for services to the general public. As of June 30, 2012 total net assets of Business-type activities were \$22.5 million, out of which, the unrestricted net assets represented a negative amount of \$3.1 million; investment in capital assets net of capital debt represented \$25.7 million. Total net assets remained unchanged from the prior year's balance of \$22.5 million.

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



Total operating revenues of Business-type activities were \$6.6 million; just a slight increase of \$6 thousand, or 0.1% from the prior year's operating revenues.

As shown in the pie chart below, Operating Grants and Contributions represent 50% of program revenues of Business-type activities. This is the result of Transit operations funded by grants from the federal and state governments. Water Utilities are 100% funded through service charges. The Golf Course is partially funded by service charges; the remaining deficit is funded by general revenues.



Transit System's charges for services of \$1.6 million increased slightly by \$24 thousand during fiscal year 2011-12. Operating grants and contributions were \$10 million, an increase of \$1.2 million. Capital grants and contributions of \$0.2 million recorded a decrease of \$2.3 million from prior year. Combined revenues decreased by \$1 million, or 8%, when compared to the prior fiscal year. Operating expenses decreased by \$1.8 million, or 12% from the previous fiscal year. This decrease is mainly attributed to personnel cost savings from service modifications and a reduction in depreciation expense.

The Water Utilities operating revenues totaled \$4.9 million; a minor decrease of \$28 thousand, or 1%, from the preceding year's operating revenues. Operating expenses of \$3.9 million increased from the prior year by \$0.5 million, or 14%, due to the increased cost of purchased water.

The operating expenses of the Golf Course exceeded the operating revenues by \$147 thousand during the year. Revenues were \$163 thousand; this is an increase of \$10 thousand and expenses increased by \$6 thousand from prior fiscal year.

## FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUNDS

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

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

As of the end of the current fiscal year, the City of Norwalk reported a combined ending Governmental Funds fund balance of \$37 million, a decrease of \$18 million, or 33%, from the prior year's combined fund balance of \$55 million. The decrease was primarily due to the dissolution of the Redevelopment Agency which was comprised of several major governmental funds. The Successor Agency to the Norwalk Redevelopment Agency is reported under the fiduciary funds.

For this fiscal year, nonspendable fund balance totaled \$11.6 million, an increase of \$0.9 million or 9% from last year's total of \$10.6 million.

Total restricted fund balance was \$11.8 million: \$6.5 million is obligated by its funding nature under Special Revenue Funds, \$4.7 million for Capital Projects and \$0.7 million is restricted to Debt Service.

Total committed fund balance was \$1.9 million: \$1.6 million to finance asset replacement funds and \$327 thousand for the local match to the COPS hiring grant.

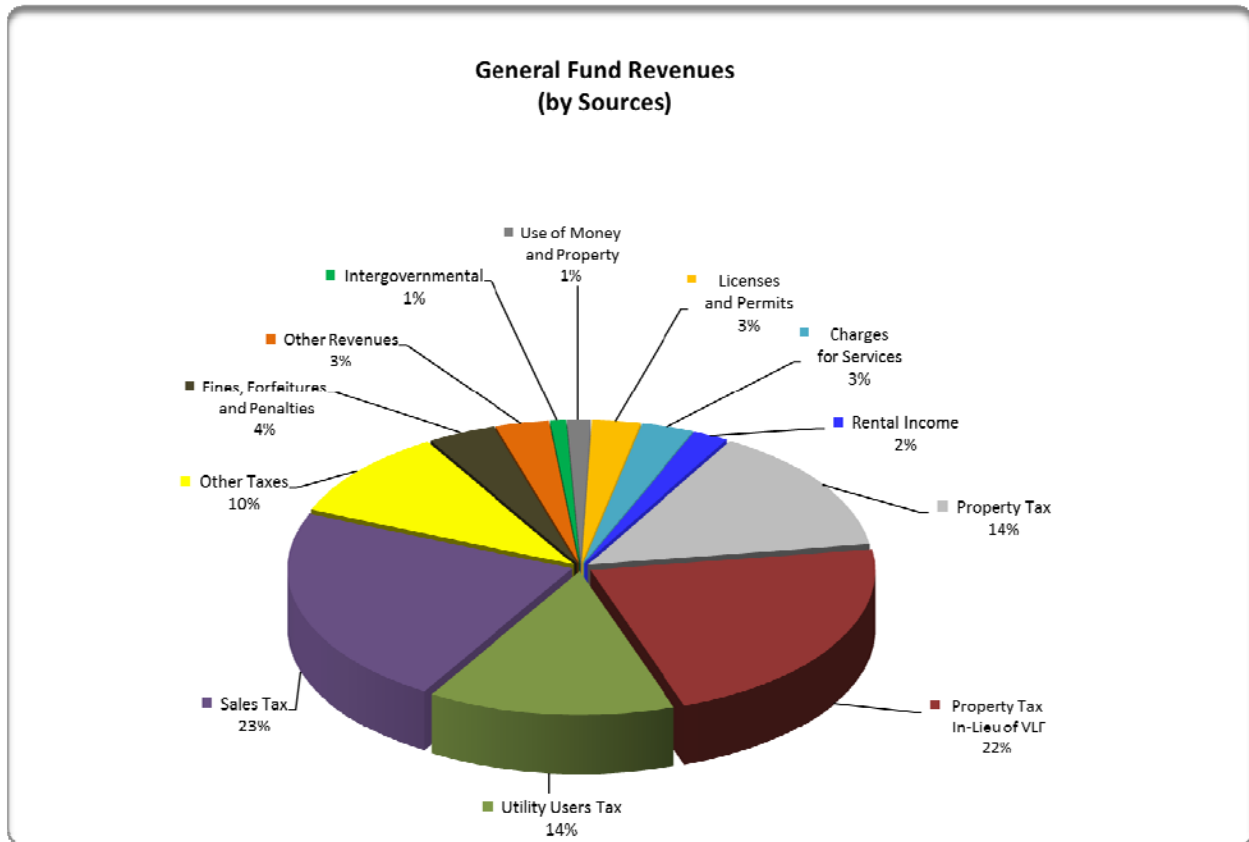
The City assigned \$1.3 million to the future capital improvement projects. The Unassigned fund balance of \$10.4 million which is the residual classification for the City's general fund is available for spending to meet the City's future needs.

Revenues of governmental funds for the fiscal year ended June 30, 2012 were \$67.6 million, a decrease of \$14.5 million, or 18%, from the prior fiscal year's total of \$82.1 million. A major portion of this decrease was due to the dissolution of the Redevelopment Agency. The categories affected by the dissolution were: taxes with \$6 million, use of money and property with \$6 million, and rental income of \$0.6 million. Intergovernmental revenues contributed to the overall decrease by \$2.4 million, mainly due to the completion of ARRA funded projects.

Expenditures of governmental funds were \$64.5 million, a decrease of \$23.8 million, or 27% from the prior year total of \$88.3 million. The dissolution of the Redevelopment Agency contributed to this large decline. The expenditures affected were: urban development, capital outlay, health and welfare and debt service, which decreased by a total of \$24.5 million from the prior year. However, public safety and culture and leisure expenditures increased \$1.2 million and \$0.3 million respectively. The increase was mainly due to personnel and vehicle maintenance cost and parking citations surcharge fees.

The General Fund is the principal operating fund of the City, which is used to account for all discretionary revenues and expenditures necessary to carryout basic government functions that are not accounted for through other special revenue and grant funds. At the end of the current fiscal year, Unassigned fund balance of the General Fund was \$10.7 million, Assigned was \$1.3 million, Non-spendable was \$11.6 million while Committed was \$327 thousand. These resulted in a total General fund balance of \$23.9 million. Unassigned General fund balance represents 45% of the total General Fund balance and is within the City's Fund Balance policy. The fund balance of the City's General Fund had increased by \$0.4 million, or 1.7% from last year's total General Fund balance of \$23.5 million. The key factors affecting the result of the fiscal year's financial position on General Fund are as follows:

General Fund revenues for the fiscal year were \$38.7 million, a slight increase of \$0.8 million or 2%, from the prior year's total of \$37.9 million. The largest General Fund revenue sources, which represent 83% of the total General Fund revenues were: sales and use taxes, property taxes in-lieu of VLF, property tax, utility users tax and other taxes.



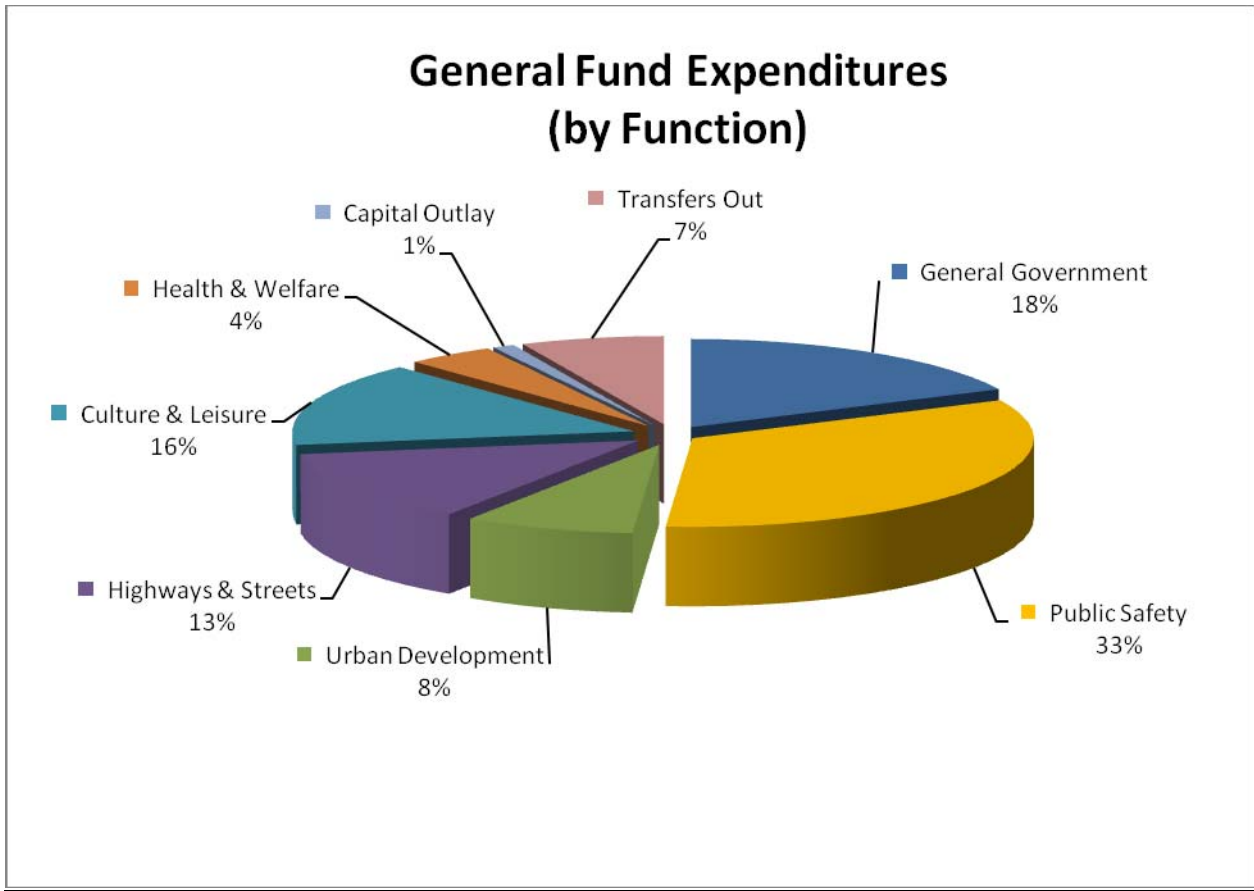
- Sales and Use Taxes represented the largest revenue at \$8.8 million, or 23% of General Fund revenues. This revenue showed an improvement of \$539 thousand, or 6.6%, which is in line with state-wide results.
- The second largest revenue source, 22% of General Fund revenues, was Property Tax In-Lieu of Vehicle License Fees at \$8.5 million. Property Tax In-Lieu of VLF recorded a slight increase of \$142 thousand or 1.7% from prior year.

- Property Taxes came in third at \$5.5 million, representing 14% of the General Fund revenues, an increase of \$103 thousand from last year's total of \$5.4 million. Majority of these real property value derived revenues came from No/Low property tax and property tax apportionment for Southeast Recreation and Park Area from the county.
- Utility Users Tax came in fourth at \$5.4 million. This revenue is based on utilities like telephone, wireless, electricity and gas. It recorded an overall drop of 5.6% or \$322 thousand from prior year's \$5.7 million. The continued decline in growth can be attributed to changes in telecommunications technology, household purchasing decisions and overall change in the underlying services that are taxed.
- The fifth largest revenue source was Other Taxes at \$3.9 million or 10% of General Fund revenues. Higher collections of transient occupancy tax, franchise taxes from cable, oil and utility companies, and business licenses, contributed to an increase of 13.2% compared from last year's \$3.5 million.

General Fund expenditures and transfers out totaled \$38.3 million, an increase of \$1.8 million, or 4.9%, from the prior year's total of \$36.5 million. The increase from last year was attributed mainly to Public Safety and transfers out to asset replacement and golf course funds. Each category increased by \$1 million from prior year. Expenditures by function from highest to lowest are summarized as follows:

- Public Safety was the largest General Fund function at \$12.8 million, or 33% of General Fund expenditures and transfers out, an increase of \$1 million, or 8.4%, from the preceding fiscal year's total of \$11.8 million. Personnel, parking citations surcharge fees and vehicle maintenance cost contributed to the department's expenditure increase.
- General Government (City Council, City Commissions, Administration, City Attorney, Management Services, Community Information, Cable TV, City Clerk's Office, Human Resources and Risk Management, Finance, and Management Information Systems) was the second largest General Fund function at \$6.9 million, or 18%, of the General Fund expenditures and transfers out. It recorded a decrease of \$12 thousand from last year.
- The Culture and Leisure expenditures represented the third largest expenditure category at \$5.9 million, or 15%, of the General Fund expenditures and transfers out. This category increased by \$299 thousand, or 5.3%, from the prior year's total of \$5.6 million. The filling of vacant positions contributed to the overall increase.
- Highways and Streets ranked fourth at \$5.1 million, or 13% of the General Fund expenditures and transfers out; decreased by \$177 thousand, or 3.4% from the previous fiscal year's total of \$5.2 million.
- Fifth in rank is Urban Development function representing 8% of the General Fund expenditures and transfers out at \$3.1 million, an increase of \$341 thousand, or 12.4% from the prior year's total of \$2.7 million. The increase was due to higher personnel expenditures, which resulted from lower cost reimbursement from grants related to capital projects.





#### General Fund Budgetary Highlights

The following table displays the General Fund's original budget, final budget and actual results for 2012 revenues, expenditures and transfers. Revenues and transfers in were in line with the City's projections, just 1.4%, or \$532 thousand over the final budget. Expenditures and transfers out were lower by \$3.8 million than the final budget of \$42.1 million, or 9% under budget. Out of the overall savings, \$2.6 million is due to the capital improvement projects budgeted but not completed during the fiscal year and \$1.2 million are savings in operating cost.

Differences between the original and final revenue budget reflect a decrease of \$222 thousand or 0.6%. Adjustments were made on taxes, fines, forfeitures and penalties and intergovernmental revenues.

Differences between the original and final total expenditures budget reflect a decrease of \$377 thousand, or 1%. This budget decrease adjustments were in public safety and capital outlay categories.

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

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget
Revenues	\$ 38,403	\$ 38,181	\$ 38,713	\$ 532
Expenditures	(39,898)	(39,521)	(35,674)	3,847
Other Financing Sources (Uses):				-
Transfers in	-	-	-	-
Transfers out	685	(2,612)	(2,601)	11
Extraordinary Items	-	-	(6,044)	(6,044)
Net Change in Fund Balance	<u>\$ (810)</u>	<u>\$ (3,952)</u>	<u>\$ (5,606)</u>	<u>\$ (1,654)</u>

General Fund actual revenues were \$38.7 million, or \$532 thousand, higher than projected. The revenue categories that exceeded the budget were taxes, licenses, and permits.

General Fund actual expenditures and transfers out of \$38.3 million were \$3.8 million lower than the final budget. Most of the savings were under Capital Outlay by \$2.6 million, General Government category by \$728 thousand and Culture and Leisure category by \$337 thousand.

### Capital Assets and Debt Administration

Capital Assets. The City's investment in capital assets for Governmental and Business-type Activities as of June 30, 2012 was \$211.6 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 \$14.7 million represents a 6.5% decrease from the previous year and can be contributed to the dissolution of the Redevelopment Agency.

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, 2012 and 2011**

	Governmental Activities		Business-type activities		Total	
	2012	2011	2012	2011	2012	2011
Capital assets not being depreciated:						
Land	\$ 5,257,966	\$ 14,435,826	\$ 23,125	\$ 23,125	\$ 5,281,091	\$ 14,458,951
Construction in progress	8,307,857	9,705,466	2,433,654	1,761,764	10,741,511	11,467,230
Water Rights	-	-	2,389,300	2,389,300	2,389,300	2,389,300
Total capital assets not being depreciated	<u>13,565,823</u>	<u>24,141,292</u>	<u>4,846,079</u>	<u>4,174,189</u>	<u>18,411,902</u>	<u>28,315,481</u>
Capital assets being depreciated:						
Buildings and improvements	46,542,278	44,536,599	7,323,939	7,333,061	53,866,217	51,869,660
Distribution system	-	-	11,311,114	11,311,114	11,311,114	11,311,114
Machinery and equipment	6,252,267	6,568,944	-	-	6,252,267	6,568,944
Office Equipment	-	-	663,789	704,439	663,789	704,439
Vehicles	-	-	14,394,990	14,166,950	14,394,990	14,166,950
Tools and equipment	-	-	1,458,112	1,480,693	1,458,112	1,480,693
Infrastructure	284,040,774	280,571,501	-	-	284,040,774	280,571,501
Miscellaneous	-	-	186,806	201,747	186,806	201,747
Total capital assets being depreciated	<u>336,835,319</u>	<u>331,677,044</u>	<u>35,338,750</u>	<u>35,198,004</u>	<u>372,174,069</u>	<u>366,875,048</u>
Less: Total accumulated depreciation	<u>(164,428,853)</u>	<u>(155,777,807)</u>	<u>(14,521,413)</u>	<u>(13,076,847)</u>	<u>(178,950,266)</u>	<u>(168,854,654)</u>
Net Capital Assets, being depreciated	<u>172,406,466</u>	<u>175,899,237</u>	<u>20,817,337</u>	<u>22,121,157</u>	<u>193,223,803</u>	<u>198,020,394</u>
Net Capital Assets	<u>\$185,972,289</u>	<u>\$200,040,529</u>	<u>\$25,663,416</u>	<u>\$ 26,295,346</u>	<u>\$ 211,635,705</u>	<u>\$226,335,875</u>

**Long-term Debt.** At June 30, 2012, the City had \$24.4 million in outstanding long-term debt for governmental and business-type activities.

**Table 5**  
**Outstanding Debt as of June 30, 2012 and 2011**  
**(In thousands)**

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Compensated absences	\$ 2,269	\$ 2,316	\$ 524	\$ 511	\$ 2,793	\$ 2,827
Other post-employment benefits	3,817	2,910	1,810	1,369	5,627	4,279
Lease revenue refunding bonds	16,020	16,770	-	-	16,020	16,770
Tax allocation bonds, 2005*	-	58,430	-	-	-	58,430
County deferred loan*	-	39,711	-	-	-	39,711
Totals	<u>\$ 22,106</u>	<u>\$ 120,137</u>	<u>\$ 2,334</u>	<u>\$ 1,880</u>	<u>\$ 24,440</u>	<u>\$ 122,017</u>
Add (Deduct) deferred amounts:						
Bond premium*	-	389	-	-	-	389
Bond discount*	-	(287)	-	-	-	(287)
Deferred charge on refunding*	-	(177)	-	-	-	(177)
Subtotal	<u>\$0</u>	<u>(\$75)</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>(\$75)</u>
Total Long Term Liabilities	<u>\$22,106</u>	<u>\$120,062</u>	<u>\$2,334</u>	<u>\$1,880</u>	<u>\$24,440</u>	<u>\$121,942</u>

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

The City's total debt decreased by \$97.5 million in comparison to fiscal year 2011. \$98.1 million of this decrease can be attributed to the exclusion of the Redevelopment Agency's long-term debt. While other postemployment benefits increased by \$1.3 million, compensated absences decreased by \$34 thousand, and lease revenue refunding bonds decreased by \$750 thousand.

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 2012, 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 \$1.9 billion between now and the time the Legislature enacts a 2013-14 state budget plan. The budget problem consists of a \$943 million projected deficit for 2012-13 and a \$936 million gap between projected revenues and spending in 2013-14. However, this forecast depends on a number of key economic, policy, and budgetary assumptions, such as: steady growth in the economy, fueled in particular by recent encouraging data about the State's housing market and income trends; LAO's forecast also assumes that federal government will avoid "fiscal cliff", which could bring the combination of tax increases and spending cuts set to take place under current federal law in 2013 and the U.S. economy likely would fall into recession in 2013. This in turn would cause the California economy to perform considerably weaker than projected.

The City will continue to monitor Federal and 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. Recently the State legislature approved the dissolution of redevelopment agencies and took from the cities one of the most powerful economic and housing development tools.

The City adopted 2012-13 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 2012 -13 were:

- Projected revenues of \$38.7 million or 1.3% increase from prior year budgeted revenues. With the slowly recovering economy, the revenues will be monitored closely and budget adjustments will be made if necessary.
- Ongoing estimated operating expenditures of \$38.7 million, an increase of 2.1%, are within budgeted revenues.
- Estimated discretionary and one-time expenditures of \$1.9 million appropriated for capital improvement projects and transfers to Asset Replacement and Renovation funds.
- Projected Unassigned Reserve Fund balance of \$9.7 million at June 30, 2013.

**Request for Information**

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

## **BASIC FINANCIAL STATEMENTS**

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**City of Norwalk**  
**Statement of Net Assets**  
**June 30, 2012**

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and investments	\$ 29,156,779	\$ 5,560,124	\$ 34,716,903
Cash and investments with fiscal agent	1,056,590	-	1,056,590
Accounts receivable	1,236,600	674,989	1,911,589
Interest receivable	209,682	-	209,682
Other receivables	21,446	-	21,446
Due from other governments	4,251,625	1,863,115	6,114,740
Due from Successor Agency	78,695	-	78,695
Advances to Successor Agency	9,307,474	-	9,307,474
Internal balances	7,430,239	(7,430,239)	-
Inventory	155,280	28,821	184,101
Prepaid items and deposits	41,317	2,906	44,223
Loans receivable	9,179,212	-	9,179,212
Capital assets:			
Non-depreciable	13,565,823	4,846,079	18,411,902
Depreciable, net of depreciation	172,406,466	20,817,337	193,223,803
<b>Total assets</b>	<u>248,097,228</u>	<u>26,363,132</u>	<u>274,460,360</u>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	4,982,976	582,412	5,565,388
Interest payable	266,914	-	266,914
Other liabilities	130,983	18,047	149,030
Due to Successor Agency	6,044,255	-	6,044,255
Due to other governments	419,189	1,292	420,481
Advances from Successor Agency	750,000	-	750,000
Unearned revenues	9,405,745	808,580	10,214,325
Deposits payable	61,093	87,450	148,543
Noncurrent liabilities:			
Due within one year	1,141,065	64,352	1,205,417
Due in more than one year	21,124,573	2,269,503	23,394,076
<b>Total liabilities</b>	<u>44,326,793</u>	<u>3,831,636</u>	<u>48,158,429</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	169,952,289	25,663,416	195,615,705
Restricted for:			
Debt service	693,691	-	693,691
Capital projects	4,660,152	-	4,660,152
Special purposes	6,474,187	-	6,474,187
Unrestricted	21,990,115	(3,131,920)	18,858,195
<b>Total net assets</b>	<u>\$ 203,770,435</u>	<u>\$ 22,531,496</u>	<u>\$ 226,301,931</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, 2012**

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	
<b>Governmental activities</b>							
General government	\$ 8,884,242	\$ 2,358,996	\$ 302,920	\$ -	\$ (6,222,326)	\$ -	\$ (6,222,326)
Public safety	13,612,574	1,658,004	664,267	-	(11,290,303)	-	(11,290,303)
Urban development	6,018,037	2,725,608	2,686,644	-	(605,785)	-	(605,785)
Highways and streets	17,301,305	191,032	10,042,651	-	(7,067,622)	-	(7,067,622)
Culture and leisure	6,370,760	524,419	335,822	-	(5,510,519)	-	(5,510,519)
Health and welfare	13,873,285	1,162,686	10,513,561	-	(2,197,038)	-	(2,197,038)
Interest expense	2,420,418	-	-	-	(2,420,418)	-	(2,420,418)
<b>Total governmental activities</b>	<b>68,480,621</b>	<b>8,620,745</b>	<b>24,545,865</b>	<b>-</b>	<b>(35,314,011)</b>	<b>-</b>	<b>(35,314,011)</b>
<b>Business-type activities:</b>							
Transit system	13,188,597	1,612,290	9,994,239	212,763	-	(1,369,305)	(1,369,305)
Water	4,189,925	4,871,980	-	-	-	682,055	682,055
Golf course	309,777	163,186	-	-	-	(146,591)	(146,591)
<b>Total business-type activities</b>	<b>17,688,299</b>	<b>6,647,456</b>	<b>9,994,239</b>	<b>212,763</b>	<b>-</b>	<b>(833,841)</b>	<b>(833,841)</b>
<b>Total primary government</b>	<b>\$ 86,168,920</b>	<b>\$ 15,268,201</b>	<b>\$ 34,540,104</b>	<b>\$ 212,763</b>	<b>(35,314,011)</b>	<b>(833,841)</b>	<b>(36,147,852)</b>
<b>General revenues</b>							
Taxes							
Sales taxes					8,760,445	-	8,760,445
Property taxes					7,823,406	-	7,823,406
Utility users taxes					5,421,616	-	5,421,616
Business operations taxes					858,584	-	858,584
Transient occupancy taxes					1,128,493	-	1,128,493
Property tax in-lieu of Vehicle License Fee					8,535,764	-	8,535,764
Franchise taxes					1,747,542	-	1,747,542
Investment income					2,083,266	29,272	2,112,538
Transfers					(830,187)	830,187	-
<b>Total general revenues</b>					<b>35,528,929</b>	<b>859,459</b>	<b>36,388,388</b>
<b>Change in net assets before extraordinary items</b>					<b>214,919</b>	<b>25,618</b>	<b>240,537</b>
<b>Extraordinary items</b>					<b>56,719,308</b>	<b>-</b>	<b>56,719,308</b>
<b>Net change in net assets</b>					<b>56,934,227</b>	<b>25,618</b>	<b>56,959,845</b>
<b>Net assets-beginning</b>					<b>146,836,208</b>	<b>22,505,878</b>	<b>169,342,086</b>
<b>Net assets-ending</b>					<b>\$ 203,770,435</b>	<b>\$ 22,531,496</b>	<b>\$ 226,301,931</b>

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

**City of Norwalk**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2012**

	General	Housing and Community Development Special Revenue	Housing Authority Special Revenue	Other Governmental Funds	Totals
<b>ASSETS</b>					
Cash and investments	\$ 16,139,770	\$ 595,122	\$ 1,582,615	\$ 10,146,395	\$ 28,463,902
Cash and investments with fiscal agents	-	-	-	1,056,590	1,056,590
Accounts receivable, net	1,078,970	7,242	44,525	105,863	1,236,600
Interest receivable	83,671	126,011	-	-	209,682
Other receivable	21,446	-	-	-	21,446
Due from other funds	3,444,210	-	-	-	3,444,210
Due from other governments	1,584,425	252,720	2,434	2,412,046	4,251,625
Inventory	5,955	-	-	-	5,955
Prepaid items	35,151	-	-	6,166	41,317
Loans receivable	-	9,179,212	-	-	9,179,212
Due from Successor Agency	78,695	-	-	-	78,695
Advances to Successor Agency	9,307,474	-	-	-	9,307,474
Advances to other funds	4,749,097	-	-	-	4,749,097
<b>Total assets</b>	<b>\$ 36,528,864</b>	<b>\$ 10,160,307</b>	<b>\$ 1,629,574</b>	<b>\$ 13,727,060</b>	<b>\$ 62,045,805</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts payable	\$ 2,518,006	\$ 139,276	\$ -	\$ 1,203,199	\$ 3,860,481
Accrued liabilities	401,549	10,224	-	-	411,773
Due to Successor Agency	6,044,255	-	-	-	6,044,255
Due to other funds	1,808	-	166,439	594,821	763,068
Due to other governments	381,453	-	325	37,411	419,189
Deferred revenues	2,503,788	9,376,420	59,770	713,890	12,653,868
Deposits payable	-	-	61,093	-	61,093
Other liabilities	56,007	74,976	-	-	130,983
Advances from Successor Agency	750,000	-	-	-	750,000
<b>Total liabilities</b>	<b>12,656,866</b>	<b>9,600,896</b>	<b>287,627</b>	<b>2,549,321</b>	<b>25,094,710</b>
<b>Fund balances</b>					
Nonspendable	11,593,888	-	-	-	11,593,888
Restricted					
Special revenue funds	-	559,411	1,341,947	4,572,829	6,474,187
Capital projects funds	-	-	-	4,660,152	4,660,152
Debt service	-	-	-	693,691	693,691
Committed	327,083	-	-	1,558,255	1,885,338
Assigned	1,282,729	-	-	-	1,282,729
Unassigned	10,668,298	-	-	(307,188)	10,361,110
<b>Total fund balances</b>	<b>23,871,998</b>	<b>559,411</b>	<b>1,341,947</b>	<b>11,177,739</b>	<b>36,951,095</b>
<b>Total liabilities and fund balances</b>	<b>\$ 36,528,864</b>	<b>\$ 10,160,307</b>	<b>\$ 1,629,574</b>	<b>\$ 13,727,060</b>	<b>\$ 62,045,805</b>

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

**City of Norwalk**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Statement of Net Assets**  
**June 30, 2012**

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

Total governmental fund balances	\$	36,951,095
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:		
Governmental capital assets	\$	350,226,623
Less accumulated depreciation	<u>(164,283,107)</u>	185,943,516
Accrued interest on long-term debt is not due and payable in the current period and is not reported in the funds.		(266,914)
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.		3,248,123
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	\$	(2,268,880)
Lease revenue bonds	(16,020,000)	
Other postemployment benefits	<u>(3,816,505)</u>	<u>(22,105,385)</u>
Net assets of governmental activities	\$	<u>203,770,435</u>

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

**City of Norwalk**  
**Statements of Revenues, Expenditures and Changes in Fund Balances –**  
**Governmental Funds**  
**Year ended June 30, 2012**

	General	Housing and Community Development Special Revenue	Housing Authority Special Revenue	Other Governmental Funds	Totals
<b>Revenues</b>					
Taxes	\$ 32,160,565	\$ -	\$ -	\$ 2,115,285	\$ 34,275,850
Licenses and permits	1,061,945	-	-	-	1,061,945
Fines, forfeitures and penalties	1,500,648	-	-	-	1,500,648
Use of money and property	517,015	1,762	4,556	142,557	665,890
Intergovernmental	349,965	2,518,857	7,789,875	14,667,661	25,326,358
Charges for services	1,164,738	-	-	841,492	2,006,230
Rental income	778,045	-	-	-	778,045
Other	1,180,007	250,311	37,587	519,822	1,987,727
<b>Total revenues</b>	<u>38,712,928</u>	<u>2,770,930</u>	<u>7,832,018</u>	<u>18,286,817</u>	<u>67,602,693</u>
<b>Expenditures</b>					
Current:					
General government	6,856,694	-	-	672,979	7,529,673
Public safety	12,758,168	-	-	679,504	13,437,672
Urban development	3,088,012	2,057,634	-	597,008	5,742,654
Highways and streets	5,055,843	45,000	-	4,576,532	9,677,375
Culture and leisure	5,906,584	-	-	-	5,906,584
Health and welfare	1,606,664	50,000	7,730,711	4,161,639	13,549,014
Capital outlay	402,198	616,440	-	3,280,677	4,299,315
Debt service:					
Principal retirement	-	-	-	1,975,000	1,975,000
Interest and fiscal charges	-	-	-	2,386,516	2,386,516
<b>Total expenditures</b>	<u>35,674,163</u>	<u>2,769,074</u>	<u>7,730,711</u>	<u>18,329,855</u>	<u>64,503,803</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>3,038,765</u>	<u>1,856</u>	<u>101,307</u>	<u>(43,038)</u>	<u>3,098,890</u>
<b>Other financing sources (uses)</b>					
Transfers in	-	-	-	4,583,186	4,583,186
Transfers out	(2,600,865)	-	-	(2,812,508)	(5,413,373)
<b>Net other financing sources (uses)</b>	<u>(2,600,865)</u>	<u>-</u>	<u>-</u>	<u>1,770,678</u>	<u>(830,187)</u>
<b>Change in fund balances before extraordinary items</b>	437,900	1,856	101,307	1,727,640	2,268,703
<b>Extraordinary items</b>	<u>(6,044,255)</u>	<u>-</u>	<u>-</u>	<u>(14,298,320)</u>	<u>(20,342,575)</u>
<b>Net change in fund balances</b>	(5,606,355)	1,856	101,307	(12,570,680)	(18,073,872)
<b>Beginning fund balances</b>	<u>29,478,353</u>	<u>557,555</u>	<u>1,240,640</u>	<u>23,748,419</u>	<u>55,024,967</u>
<b>Ending fund balances</b>	<u>\$ 23,871,998</u>	<u>\$ 559,411</u>	<u>\$ 1,341,947</u>	<u>\$ 11,177,739</u>	<u>\$ 36,951,095</u>

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

**City of Norwalk**  
**Statements of Revenues, Expenditures and Changes in Fund Balances –**  
**Governmental Funds**  
**Year ended June 30, 2012**

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

Change in fund balance - governmental funds before special item	\$	2,268,703
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Governmental funds report capital outlay as expenditures. In the statement of activities the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Depreciation expense	\$ (9,073,607)	
Loss on retirement of assets	(56,760)	
Capital outlay	<u>4,220,778</u>	(4,909,589)

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.		1,923,033
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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.

Net change in compensated absences	\$ (101,483)	
Principal bond repayments	<u>1,975,000</u>	1,873,517

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Other postemployment benefits	\$ (906,843)	
Change in accrued interest on long-term debt	23,065	
Amortization of bond premium	9,360	
Amortization of bond discount	(6,903)	
Amortization of deferred charge on refunding	(7,308)	
Amortization of bond issuance costs	<u>(52,116)</u>	<u>(940,745)</u>

Change in net assets of governmental activities before extraordinary items	\$	<u>214,919</u>
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*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, 2012**

	Business-type Activities - Enterprise Funds				Governmental Activities Internal Service Funds
	Transit System Fund	Water Fund	Golf Course	Total	
<b>ASSETS</b>					
Current assets					
Pooled cash and investments	\$ 1,027,469	\$ 4,467,519	\$ 65,136	\$ 5,560,124	\$ 692,877
Accounts receivable	26,245	648,744	-	674,989	-
Prepays	-	2,906	-	2,906	-
Due from other funds	1,808	-	-	1,808	-
Inventory	28,821	-	-	28,821	149,325
Due from other governments	1,863,115	-	-	1,863,115	-
<b>Total current assets</b>	<u>2,947,458</u>	<u>5,119,169</u>	<u>65,136</u>	<u>8,131,763</u>	<u>842,202</u>
Noncurrent assets					
Capital assets	23,833,325	16,351,504	-	40,184,829	174,519
Less accumulated depreciation	(9,565,786)	(4,955,627)	-	(14,521,413)	(145,746)
Net capital assets	<u>14,267,539</u>	<u>11,395,877</u>	<u>-</u>	<u>25,663,416</u>	<u>28,773</u>
<b>Total noncurrent assets</b>	<u>14,267,539</u>	<u>11,395,877</u>	<u>-</u>	<u>25,663,416</u>	<u>28,773</u>
<b>Total assets</b>	<u>17,214,997</u>	<u>16,515,046</u>	<u>65,136</u>	<u>33,795,179</u>	<u>870,975</u>
<b>LIABILITIES</b>					
Current liabilities					
Accounts payable	108,251	288,735	11,756	408,742	228,747
Accrued expenses	154,966	14,470	4,234	173,670	481,975
Deposits payable	-	87,450	-	87,450	-
Other liabilities	-	18,047	-	18,047	-
Due to other governments	1,292	-	-	1,292	-
Due to other funds	2,682,950	-	-	2,682,950	-
Advances from other funds	1,714,487	3,034,610	-	4,749,097	-
Unearned revenue	808,580	-	-	808,580	-
Compensated absences payable - current portion	41,181	18,217	4,954	64,352	15,433
<b>Total current liabilities</b>	<u>5,511,707</u>	<u>3,461,529</u>	<u>20,944</u>	<u>8,994,180</u>	<u>726,155</u>
Noncurrent liabilities					
Accrued other postemployment benefits	1,650,116	144,672	15,384	1,810,172	-
Compensated absences payable	327,620	102,903	28,808	459,331	144,820
<b>Total liabilities</b>	<u>7,489,443</u>	<u>3,709,104</u>	<u>65,136</u>	<u>11,263,683</u>	<u>870,975</u>
<b>NET ASSETS</b>					
Invested in capital assets	14,267,539	11,395,877	-	25,663,416	28,773
Unrestricted	(4,541,985)	1,410,065	-	(3,131,920)	(28,773)
<b>Total net assets</b>	<u>\$ 9,725,554</u>	<u>\$ 12,805,942</u>	<u>\$ -</u>	<u>\$ 22,531,496</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, 2012**

	Business-type Activities - Enterprise Funds				Governmental Activities Internal Service Funds
	Transit System Fund	Water Fund	Golf Course	Total	
<b>Operating revenues</b>					
Charges for services	\$ 1,612,290	\$ 4,871,113	\$ 163,186	\$ 6,646,589	\$ 13,431,332
Other	-	867	-	867	-
<b>Total operating revenues</b>	<u>1,612,290</u>	<u>4,871,980</u>	<u>163,186</u>	<u>6,647,456</u>	<u>13,431,332</u>
<b>Operating expenses</b>					
Administrative	603,758	423,877	14,545	1,042,180	28,612
Utilities	51,777	80,409	55,368	187,554	30,955
Salaries and benefits	8,353,987	793,379	181,151	9,328,517	11,977,753
Contractual services	694,282	163,150	21,980	879,412	-
Cost of water	-	1,912,508	-	1,912,508	-
Maintenance and repairs	1,295,303	-	-	1,295,303	1,386,768
Supplies and materials	95,534	240,508	36,733	372,775	-
Insurance	801,614	-	-	801,614	-
Depreciation	1,292,342	303,573	-	1,595,915	7,244
<b>Total operating expenses</b>	<u>13,188,597</u>	<u>3,917,404</u>	<u>309,777</u>	<u>17,415,778</u>	<u>13,431,332</u>
<b>Operating income (loss)</b>	(11,576,307)	954,576	(146,591)	(10,768,322)	-
<b>Nonoperating revenues (expense)</b>					
Proposition "A" taxes	3,480,156	-	-	3,480,156	-
Proposition "C" taxes	858,309	-	-	858,309	-
Federal grants	1,835,863	-	-	1,835,863	-
State and local grants	4,032,674	-	-	4,032,674	-
Interest expense	-	(272,521)	-	(272,521)	-
Investment income	3,351	25,921	-	29,272	-
<b>Income (loss) before transfers</b>	(1,365,954)	707,976	(146,591)	(804,569)	-
<b>Transfers in (out)</b>	-	-	830,187	830,187	-
<b>Change in net assets</b>	(1,365,954)	707,976	683,596	25,618	-
<b>Total net assets - beginning</b>	<u>11,091,508</u>	<u>12,097,966</u>	<u>(683,596)</u>	<u>22,505,878</u>	<u>-</u>
<b>Total net assets - ending</b>	<u>\$ 9,725,554</u>	<u>\$ 12,805,942</u>	<u>\$ -</u>	<u>\$ 22,531,496</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, 2012**

	Business-type Activities - Enterprise Funds				Governmental Activities Internal Service Funds
	Transit System Fund	Water Fund	Golf Fund	Total	
<b>Cash flows from operating activities</b>					
Receipts from tenants, customers and users	\$ 1,589,852	\$ 5,348,786	\$ 163,186	\$ 7,101,824	\$ 13,431,485
Payments to suppliers	(3,485,404)	(3,572,939)	(127,503)	(7,185,846)	(1,027,491)
Payments to employees	(7,979,021)	(718,691)	(177,024)	(8,874,736)	(11,966,524)
<b>Net cash provided by (used in) operating activities</b>	<u>(9,874,573)</u>	<u>1,057,156</u>	<u>(141,341)</u>	<u>(8,958,758)</u>	<u>437,470</u>
<b>Cash flows from capital and related financing activities</b>					
Purchases and construction of capital assets	(305,152)	(658,833)	-	(963,985)	(11,881)
<b>Net cash used in capital and related financing activities</b>	<u>(305,152)</u>	<u>(658,833)</u>	<u>-</u>	<u>(963,985)</u>	<u>(11,881)</u>
<b>Cash flows from non-capital financing activities</b>					
Cash contributions from other governments	11,794,773	-	-	11,794,773	-
Cash received from other funds	(802,015)	-	206,377	(595,638)	-
Interest paid	-	(272,521)	-	(272,521)	-
<b>Net cash provided by non-capital financing activities</b>	<u>10,992,758</u>	<u>(272,521)</u>	<u>206,377</u>	<u>10,926,614</u>	<u>-</u>
<b>Cash flows from investing activities</b>					
Interest received	3,351	25,921	-	29,272	-
<b>Change in cash and cash equivalents</b>	<u>816,384</u>	<u>151,723</u>	<u>65,036</u>	<u>1,033,143</u>	<u>425,589</u>
<b>Cash and cash equivalents - beginning</b>	<u>211,085</u>	<u>4,315,796</u>	<u>100</u>	<u>4,526,981</u>	<u>267,288</u>
<b>Cash and cash equivalents - ending</b>	<u>\$ 1,027,469</u>	<u>\$ 4,467,519</u>	<u>\$ 65,136</u>	<u>\$ 5,560,124</u>	<u>\$ 692,877</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>					
Operating income (loss)	\$ (11,576,307)	\$ 954,576	\$ (146,591)	\$ (10,768,322)	\$ -
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:					
Depreciation	1,292,342	303,573	-	1,595,915	7,244
(Increase) decrease in:					
Accounts receivable	(22,438)	(5,056)	-	(27,494)	153
Prepays	4,150	711	-	4,861	-
Inventory	233,048	-	-	233,048	2,980
Due from other governments	-	481,862	-	481,862	-
Increase (decrease) in:					
Accounts payable	35,054	(737,797)	4,387	(698,356)	23,027
Accrued liabilities	(215,388)	(9,853)	(3,264)	(228,505)	392,837
Other postemployment benefits	403,807	36,924	-	440,731	-
Deposits payable	-	(475)	-	(475)	-
Other liabilities	-	(5,073)	-	(5,073)	-
Compensated absences payable	(28,841)	37,764	4,127	13,050	11,229
<b>Net cash provided by (used in) operating activities</b>	<u>\$ (9,874,573)</u>	<u>\$ 1,057,156</u>	<u>\$ (141,341)</u>	<u>\$ (8,958,758)</u>	<u>\$ 437,470</u>

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



**City of Norwalk**  
**Statement of Assets and Liabilities**  
**Fiduciary Funds**  
**June 30, 2012**

	Successor Agency to the Dissolved Redevelopment Agency Private-purpose Trust Fund	Agency Fund
	Trust Fund	Agency Fund
<b>Assets</b>		
Cash and investments	\$ 26,849,307	\$ 665,278
Cash and investments with fiscal agents	4,274,053	-
Interest receivable	21,334	-
Due from City of Norwalk	6,044,255	-
Advances to City of Norwalk	750,000	-
Bond issue costs (net of amortization)	2,077,169	-
Land held for resale	7,425,440	-
Capital assets - land held for development	1,737,847	-
<b>Total assets</b>	<b>\$ 49,179,405</b>	<b>\$ 665,278</b>
<b>Liabilities</b>		
Accounts payable	\$ 72,471	\$ 41,100
Interest payable	741,661	-
Deferred revenues	1,884,222	-
Deposits payable	-	624,178
Due to City of Norwalk	78,695	-
Due to other governments	125,768	-
Advances from City of Norwalk	9,307,474	-
Long-term liabilities		
Due within one year	1,280,000	-
Due in more than one year	96,210,356	-
<b>Total liabilities</b>	<b>109,700,647</b>	<b>\$ 665,278</b>
<b>Fiduciary Net Assets</b>		
Net Assets (Deficit)	(60,521,242)	
<b>Total net assets (deficit)</b>	<b>\$ (60,521,242)</b>	

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

**City of Norwalk**  
**Statement of Changes in Fiduciary Net Assets**  
**Fiduciary Funds**  
**Year ended June 30, 2012**

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	Successor Agency to the Dissolved Redevelopment Agency Private-purpose Trust Fund
<b>Revenues</b>	
Use of money and property	19,233
Rental income	274,686
<b>Total revenues</b>	<u>293,919</u>
<b>Expenses</b>	
General government	51,271
Community development	2,783
Urban development	412,518
Debt service	
Principal	-
Interest and fiscal charges	3,629,281
<b>Total expenses</b>	<u>4,095,853</u>
<b>Change in net assets before extraordinary items</b>	(3,801,934)
<b>Extraordinary items</b>	<u>(56,719,308)</u>
<b>Change in net assets</b>	(60,521,242)
<b>Net assets held in trust - beginning</b>	-
<b>Net assets (deficit) held in trust - ending</b>	<u>\$ (60,521,242)</u>

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

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**NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity**

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

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

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

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

Based upon the above criteria, the component units of the City, as of June 30, 2012, are the Norwalk Housing Authority (Housing Authority) and the Norwalk Community Facilities Financing Authority (Financing Authority). A brief description of each component unit follows:

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

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

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

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

Since its formation in August 1983 up to its dissolution on February 1, 2012, the Norwalk Redevelopment Agency's (Agency) financial activity was reported as a component unit of the City. The Agency's primary purpose was to eliminate blighted areas by encouraging development of residential, commercial, industrial, recreational and public facilities. The City Council appointed the Agency director and had full accountability for the Agency's fiscal matters. The Agency's financial data and transactions were included with the special revenue fund type, debt service fund type, and capital projects fund type. Agency revenues consisted primarily of property tax allocations on the incremental increase of property values in the redevelopment area, and investment income. Pursuant to the provisions of ABX126, the Norwalk Redevelopment Agency was dissolved and the Successor Agency to the Dissolved Norwalk Redevelopment Agency (Successor Agency) was created, and all of the assets, liabilities and obligations of the former Agency were transferred to the Successor Agency on February 1, 2012.

The City of Norwalk currently serves as the successor agency to the former redevelopment agency that is responsible for revenue collection, maintaining the bond reserves, disposing of excess property and fulfilling the obligations of the dissolved Agency.

Financial information for the Successor Agency is presented as Private-purpose Trust fund. See also Note 21.

**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.

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.

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

However, special reporting treatments are used to indicate that they should not be considered "available spendable resources" since they do not represent current assets. Recognition of governmental fund type revenue represented by noncurrent receivables is deferred until they become current receivables. Noncurrent portions of long-term receivables are offset by fund balance nonspendable classification.

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

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

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

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.

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

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

**The City reports the following major governmental funds:**

General Fund

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

Housing and Community Development Grant Special Revenue Fund

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

Housing Assistance Fund

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

**The City reports the following major proprietary funds:**

Transit System Fund

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

Water Fund

This fund accounts for the Norwalk Municipal Water System, which consists of approximately 5,361 service connections which service over 10,000 Norwalk and Artesia 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.



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

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.

Fiduciary Funds

Agency Fund

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

Successor Agency Private-purpose Trust Fund

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

**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, 2012, are due and payable in two installments on November 1, 2011 and February 1, 2012 and became delinquent on December 10, 2011 and April 10, 2012, respectively. A tax lien is attached to the property on January 1, 2012. The City as a no/low property tax city does not levy property taxes from its residents, but receives allocation from the State and County based on City's assessed valuation.

**Interfund Transfers**

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

**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.

**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, 2012.

**Inventories**

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

**Capital Assets**

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

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

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

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

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

**Compensated Absences**

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

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

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

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

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

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

**Claims and Judgments**

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

**Revenue Recognition for the Transit System Enterprise Fund**

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

**Noncurrent Liabilities**

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

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

**Fund Balances**

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

**Fund Balance Reporting**

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

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

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

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

Committed fund balance includes amounts that can be used only for the specific purposes determined by a formal action of the City's highest level of decision-making authority (City Council). As of June 30, 2012, the City has committed \$327 thousand of its fund balances to provide local match to the long-term federal public safety hiring grant and \$1.6 million to asset replacement fund.

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

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

The City Council, as the City's highest level of decision-making authority, may commit fund balance for specific purposes pursuant to constraints imposed by formal actions taken. Committed amounts cannot be used for any other purpose unless the City Council removes or changes the specific use through the same type of formal action taken to establish the commitment.

The City Council delegates the authority to assign fund balance to the City Manager for purposes of reporting in the annual financial report.

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

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

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

**Estimates**

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

**NOTE 2      CASH AND INVESTMENTS**

**Cash and Investments**

Cash and investments at June 30, 2012, 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	\$ 34,716,903	\$ 27,514,585	\$ 62,231,488
Restricted assets:			
Cash and investments with fiscal agents	1,056,590	4,274,053	5,330,643
Total cash and investments	\$ 35,773,493	\$ 31,788,638	\$ 67,562,131

Cash and investments at June 30, 2012, consisted of the following:

Cash on hand	\$	5,795
Deposits with financial institutions		1,254,461
Investments		66,301,875
Total cash and investments	\$	67,562,131

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

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

**NOTE 2 CASH AND INVESTMENTS (CONTINUED)**

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

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

N/A - Not applicable

**Investments Authorized by Debt Agreements**

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

**Disclosures Relating to Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter-term and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity over time, as necessary, to provide the cash flow and liquidity needed for operations.

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

**NOTE 2 CASH AND INVESTMENTS (CONTINUED)**

Investment Type	Remaining Maturity in months			Totals
	12 Months or Less	13 to 24 Months	25 to 36 months	
Local Agency Investment Fund	\$ 29,056,057	\$ -	\$ -	\$ 29,056,057
CalTrust Short Term Fund	23,752,577	-	-	23,752,577
Corporate Notes:				
General Electric Cap Corp	-	-	1,020,288	1,020,288
Federal Home Loan Bank	1,000,058	-	-	1,000,058
Federal National Mortgage Association	-	-	1,010,747	1,010,747
Bank of America	-	-	1,010,246	1,010,246
Johnson & Johnson	-	-	1,046,509	1,046,509
Royal Bank of Canada	-	1,016,644	-	1,016,644
Morgan Stanley	-	-	1,050,137	1,050,137
Toyota Motor Credit Corp	-	-	1,007,969	1,007,969
Held by Bond Trustee:				
Money Market Mutual Fund	5,330,643	-	-	5,330,643
<b>Total</b>	<b>\$ 59,139,335</b>	<b>\$ 1,016,644</b>	<b>\$ 6,145,896</b>	<b>\$ 66,301,875</b>

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

Investment Type	Total as of June 30, 2012	Minimum Legal Rating	Rating			
			AAA/AA+	AA-	A-	Unrated
Local Agency Investment Fund	\$ 29,056,057	N/A	\$ -	\$ -	\$ -	\$ 29,056,057
CalTrust Short Term Fund	23,752,577	A	23,752,577	-	-	-
Corporate Notes:						
General Electric Cap Corp	1,020,288	A	1,020,288	-	-	-
Federal Home Loan Bank	1,000,058	A	1,000,058	-	-	-
Federal National Mortgage Association	1,010,747	A	1,010,747	-	-	-
Bank of America	1,010,246	A	-	-	1,010,246	-
Johnson & Johnson	1,046,509	A	1,046,509	-	-	-
Royal Bank of Canada	1,016,644	A	-	1,016,644	-	-
Morgan Stanley	1,050,137	A	-	-	1,050,137	-
Toyota Motor Credit Corp	1,007,969	A	-	1,007,969	-	-
Held by Bond Trustee:						
Money Market Mutual Fund	5,330,643	AAA	5,330,643	-	-	-
<b>Total</b>	<b>\$ 66,301,875</b>		<b>\$ 33,160,822</b>	<b>\$ 2,024,613</b>	<b>\$ 2,060,383</b>	<b>\$ 29,056,057</b>

**Custodial Credit Risk**

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental unit by pledging



**NOTE 2 CASH AND INVESTMENTS (CONTINUED)**

securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure state and local government deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. Effective December 31, 2010 until January 1, 2013, all noninterest bearing transaction accounts are fully insured without limit by the Federal Deposit Insurance Corporation (FDIC). At June 30, 2012, the City's deposits (bank balances) were fully insured by the FDIC.

**Investment in State Investment Pool**

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. At June 30, 2012, the total fair value of LAIF, including accrued interest was approximately \$61 billion. The fair value of the City's investment in the pool is \$29 million. LAIF's and the City's exposure to risk (credit, market, or legal) is not currently available.

**CalTRUST (Investment Trust of California)**

The City also invests in a series of government investment pools offered through the CalTRUST Joint Powers Authority, as authorized by California Government Code Section 53601(p). CalTRUST offers three account options: a Money Market fund, a Short-Term fund, and a Medium-Term fund. The City can allocate its assets among the three funds to match its investment time horizons and cash flow needs, and reallocate among funds as circumstances change. There is no minimum investment period; no minimum or maximum transaction size; and no account minimum or maximum. The funds offer high liquidity (same-day in the Money Market fund; next-day in the Short-Term fund; and monthly in the Medium-Term fund). Interest earnings accrue daily and are paid monthly. The fair value of the City's investment in the pool is \$23.8 million.

**NOTE 3 INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS**

Current interfund receivable and payable balances at June 30, 2012, are as follows:

Receivable Fund	Payable fund	Amount
General Fund	Other Governmental Funds	\$ 594,821
	Housing Authority	166,439
	Transit Enterprise Fund	2,682,950
Transit Enterprise Fund	General Fund	1,808
		\$ 3,446,018

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

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

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

	Balances at July 1, 2011	Current Advances	Repayments	Balances at June 30, 2012
Water Enterprise Fund	\$ 3,034,610	\$ -	\$ -	\$ 3,034,610
Transit Enterprise Fund	1,714,487			1,714,487
Total	\$ 4,749,097	\$ -	\$ -	\$ 4,749,097

**A. Water Enterprise Fund**

The General Fund previously advanced \$3,500,000 to the Water Enterprise Fund for the purchase of County Water Company. Interest on the advance is 10%. During the year ended June 30, 2006, the Water Fund made payments on the advance totaling \$1,703,000. During 2009 and 2010, the General Fund additionally advanced to the Water Fund \$1,237,610 at 7.5% interest. The remaining balance on the advance at June 30, 2012 was \$3,034,610. It is the City's intention to issue bonds at a later date to replenish the Water Fund reserves and repay the advance from the City's General Fund.

**B. Transit Enterprise Fund**

The General Fund advances to the Transit Enterprise Fund for operating deficits incurred by the Transit Fund. The balance on the advance at June 30, 2012 was \$1,714,486.

The composition of the City's interfund transfers for the year ended June 30, 2012, is as follows:

Transfer From	Transfer to	Amount
General Fund	Other Governmental Funds Golf Course Enterprise Fund	\$ 1,770,678 830,187
Redevelopment Agency Low and Moderate Income Fund	Redevelopment Agency Capital Projects Fund Redevelopment Agency Debt Service Fund	 1,594,541  843,835
Other Governmental Funds	Other Governmental Funds	 374,132
	Total	\$ 5,413,373

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

Transfers from the General Fund to Other Governmental Funds were to fund debt service, equipment replacement and building renovation funds. The transfer to the Golf Course Enterprise funded its deficit cash balance. The other transfers from the Redevelopment Agency Low and Moderate Income Fund to other funds within the Redevelopment Agency were to fund debt service and to reclassify expenditures of the Agency. The Other Governmental Fund, Parking Structure Fund also transferred to the Other Governmental Funds to fund debt service payments.

**NOTE 4      ADVANCES TO SUCCESSOR AGENCY**

The City advanced money to the former redevelopment agency in the amount of \$939,586 to cover the general start-up cost. Per the letter from the California Department of Finance (DOF) dated December 18, 2012, only \$552,169 of this amount was recognized as an enforceable obligation. However, the Department also indicated that upon receiving a Finding of Completion from the Department, pursuant to the Health & Safety Code Section 34191.4(b) the remaining advance balance of \$387,417 may be enforceable on the future Recognized Obligation Payment Schedule.

The City and the former Redevelopment Agency entered into a loan agreement in 1991, pursuant to which the City loaned money to finance a development known as the Metro Center. The loan agreement was subsequently amended in 1992, 1993, and 1994. Under the Dissolution Act, an agreement between the City and the former Redevelopment Agency became unenforceable and non-binding on the Successor Agency as of February 1, 2012 (i.e., the date on which Redevelopment Agency dissolved), unless the agreement falls within certain limited exceptions. The DOF has determined that the Metro Center loan agreement did not fall within any of the exceptions. However, under the Dissolution Act, agreements such as the Metro Center loan agreement may be re-established, subject to certain conditions precedent, and the approval of the Oversight Board and the DOF and only if the repayment terms of the loan were modified in the manner specified in the Dissolution Act. Repayment term modifications include, among other things, a re-calculation of the accumulated interest on the remaining principal amount of the loan, from origination, at the rate earned by moneys deposited in the California Local Agency Investment Fund ("LAIF"). The balance of outstanding advances was recalculated with LAIF interest rates, and as of June 30, 2012, the Agency owes the City \$5,864,100 in principal and \$2,503,787 in accrued unpaid interest (reported as deferred revenues). No provision for uncollectible accounts was made on June 30, 2012 in the books of the City as management asserted that per DOF ROPS III Meet and Confer Determination Letter, this advance may be recognized as an enforceable obligation of the Successor Agency. Pursuant to the HSC Section 34181.4(b) upon receiving a Finding of Completion, the Successor Agency believes to have sufficient documentation and legal basis to support this obligation.

The Former Redevelopment Agency loaned the City \$750,000 for the renovation of the former senior center building. As of June 30, 2012, the net amount due to the City was \$8,557,474.

**NOTE 5      LOANS RECEIVABLE**

Loans receivable consists of \$8,646,773 in deferred-payment rehabilitation loans to qualifying low income households in connection with the CDBG and Home Programs and \$532,439 loan to Home Investment Partnership. Because of the long-term nature of the CDBG loans, the City has recorded deferred revenue against these loans in the amount of \$9,179,212 (see Note 8).

**NOTE 6      CAPITAL ASSETS**

Summary of changes in capital assets for the year ended June 30, 2012:

**Governmental Activities:**

	<u>Balance at July 1, 2011</u>	<u>Additions</u>	<u>Reclass/ Transfers</u>	<u>Deletions</u>	<u>Balance at June 30, 2012</u>
Capital assets not being depreciated:					
Land	\$ 14,435,826	\$ -	\$ (9,177,860)	\$ -	\$ 5,257,966
Construction in Progress	9,705,466	3,997,621	(5,395,230)	-	8,307,857
Total capital assets not being depreciated	<u>24,141,292</u>	<u>3,997,621</u>	<u>(14,573,090)</u>	<u>-</u>	<u>13,565,823</u>
Capital assets being depreciated:					
Buildings and improvements	44,536,599	-	2,005,679	-	46,542,278
Machinery and equipment	6,568,944	290,903	(79,722)	(527,858)	6,252,267
Infrastructure	280,571,501	-	3,469,273	-	284,040,774
Total capital assets being depreciated	<u>331,677,044</u>	<u>290,903</u>	<u>5,395,230</u>	<u>(527,858)</u>	<u>336,835,319</u>
Less accumulated depreciation for:					
Buildings and improvements	(16,420,559)	(1,173,754)	252,616	-	(17,341,697)
Machinery and equipment	(4,036,926)	(463,099)	(138,993)	470,928	(4,168,090)
Infrastructure	(135,320,322)	(7,485,121)	(113,623)	-	(142,919,066)
Total accumulated depreciation	<u>(155,777,807)</u>	<u>(9,121,974)</u>	<u>-</u>	<u>470,928</u>	<u>(164,428,853)</u>
Net capital assets being depreciated	<u>175,899,237</u>	<u>(8,831,071)</u>	<u>5,395,230</u>	<u>(56,930)</u>	<u>172,406,466</u>
Net capital assets - governmental activities	<u>\$ 200,040,529</u>	<u>\$ (4,833,450)</u>	<u>\$ (9,177,860)</u>	<u>\$ (56,930)</u>	<u>\$ 185,972,289</u>

**Business-type Activities:**

	<u>Balance at July 1, 2011</u>	<u>Additions</u>	<u>Transfers</u>	<u>Deletions</u>	<u>Balance at June 30, 2012</u>
Capital assets not being depreciated:					
Land	\$ 23,125	\$ -	\$ -	\$ -	\$ 23,125
Construction in Progress	1,761,764	671,890	-	-	2,433,654
Water rights	2,389,300	-	-	-	2,389,300
Total capital assets not being depreciated	<u>4,174,189</u>	<u>671,890</u>	<u>-</u>	<u>-</u>	<u>4,846,079</u>
Capital assets being depreciated:					
Buildings and improvements	7,333,061	-	-	(9,122)	7,323,939
Distribution system	11,311,114	-	-	-	11,311,114
Office equipment	704,439	-	-	(40,650)	663,789
Vehicles	14,166,950	303,978	-	(75,938)	14,394,990
Tools and equipment	1,480,693	-	-	(22,581)	1,458,112
Miscellaneous	201,747	-	-	(14,941)	186,806
Total capital assets being depreciated	<u>35,198,004</u>	<u>303,978</u>	<u>-</u>	<u>(163,232)</u>	<u>35,338,750</u>
Less accumulated depreciation for:					
Buildings and improvements	(1,563,378)	(218,138)	-	9,122	(1,772,394)
Distribution system	(4,396,522)	(268,812)	-	-	(4,665,334)
Office equipment	(334,718)	(38,197)	24,066	40,650	(308,199)
Vehicles	(5,820,683)	(942,069)	(369,900)	64,055	(7,068,597)
Tools and equipment	(761,844)	(109,628)	321,409	22,581	(527,482)
Miscellaneous	(199,702)	(19,071)	24,425	14,941	(179,407)
Total accumulated depreciation	<u>(13,076,847)</u>	<u>(1,595,915)</u>	<u>-</u>	<u>151,349</u>	<u>(14,521,413)</u>
Net capital assets being depreciated	<u>22,121,157</u>	<u>(1,291,937)</u>	<u>-</u>	<u>(11,883)</u>	<u>20,817,337</u>
Net capital assets - business-type activities	<u>\$ 26,295,346</u>	<u>\$ (620,047)</u>	<u>\$ -</u>	<u>\$ (11,883)</u>	<u>\$ 25,663,416</u>

**NOTE 6 CAPITAL ASSETS (CONTINUED)**

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

**Governmental Activities:**

General Government	\$ 1,042,264
Public Safety	97,416
Urban Development	28,912
Highways and Streets	7,488,634
Culture and Leisure	296,942
Health and Welfare	119,440
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	48,367
Total depreciation expense - governmental activities	\$ 9,121,974

**Business-type Activities**

Transit	\$ 1,292,342
Water	303,573
Total depreciation expense - business-type activities	\$ 1,595,915

**NOTE 7 LONG-TERM LIABILITIES**

Changes in long-term liabilities for the year ended June 30, 2012, were as follows:

	Balances at July 1, 2011	Additions	Retirements	Balances at June 30, 2012	Due Within One Year
<b>Governmental activities:</b>					
Lease Revenue					
Refunding Bond	\$ 16,770,000	\$ -	\$ (750,000)	\$ 16,020,000 <sup>(a)</sup>	\$ 780,000
Subtotals	16,770,000	-	(750,000)	16,020,000	780,000
Compensated absences	2,316,421	471,920	(359,208)	2,429,133	361,065
Other postemployment benefits	2,909,662	1,783,671	(876,828)	3,816,505	-
<b>Total governmental activities</b>	21,996,083	2,255,591	(1,986,036)	22,265,638	1,141,065
<b>Business-type activities</b>					
Compensated absences	510,633	82,894	(69,844)	523,683	64,352
Other postemployment benefits	1,369,441	777,842	(337,111)	1,810,172	-
<b>Total business-type activities</b>	1,880,074	860,736	(406,955)	2,333,855	64,352
<b>Total long-term liabilities</b>	\$ 23,876,157	\$ 3,116,327	\$ (2,392,991)	\$ 24,599,493	\$ 1,205,417

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

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

**Compensated Absences Payable**

The City's policies relating to compensated absences are described in Note 1. The outstanding balance at June 30, 2012, was \$2,429,133 and \$523,683 for the Governmental Activities and Business-type Activities, respectively. The liability for Governmental Activities is primarily liquidated from the general fund while the liability for Business-type Activities is liquidated from the enterprise funds.

**Other Postemployment Benefits**

Refer to Note 12 for related disclosures regarding other postemployment benefits. The liability for governmental activities is primarily liquidated from the general fund while the liability for business-type activities is liquidated from the enterprise funds.

**Lease Revenue Refunding Bonds**

1999 Lease Revenue Refunding Bonds:

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

At June 30, 2012, this reserve was fully funded. A portion of the \$10,210,000 proceeds was used to purchase state and local government securities that were deposited in a trust with an escrow agent to provide for all future debt service payments on the remaining Lease Revenue Refunding Bonds, Series 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, 2012, was \$7,585,000.

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

Year ending June 30,	Principal	Interest	Total
2013	\$ 290,000	\$ 403,690	\$ 693,690
2014	300,000	388,900	688,900
2015	315,000	373,600	688,600
2016	335,000	357,456	692,456
2017	350,000	340,036	690,036
2018-2022	2,055,000	1,400,669	3,455,669
2023-2027	2,665,000	787,169	3,452,169
2028-2029	1,275,000	103,738	1,378,738
Totals	\$ <u>7,585,000</u>	\$ <u>4,155,258</u>	\$ <u>11,740,258</u>

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

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, 2012, was \$8,435,000.

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

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 490,000	\$ 394,841	\$ 884,841
2014	505,000	375,241	880,241
2015	530,000	354,410	884,410
2016	550,000	331,620	881,620
2017	580,000	307,420	887,420
2018-2022	3,360,000	1,069,230	4,429,230
2023-2025	2,420,000	233,463	2,653,463
Totals \$	<u>8,435,000</u>	<u>\$ 3,066,225</u>	<u>\$ 11,501,225</u>

**NOTE 8      DEFERRED REVENUE**

Deferred revenue totals \$12,653,868 at June 30, 2012. It consists of \$9,179,212 in deferred loan payments from participants in the City's housing program (see Note 5), \$2,503,788 in deferred interest on advances to the successor agency, \$744,336 related to capital expenditures, and \$226,532 in unearned fees.

**NOTE 9      CITY EMPLOYEES RETIREMENT PLAN (DEFINED BENEFIT PENSION PLAN)**

**Plan Description**

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

**NOTE 9 CITY EMPLOYEES RETIREMENT PLAN (DEFINED BENEFIT PENSION PLAN (CONTINUED))**

**Funding Policy**

Participants are required to contribute 8% of their annual covered salary. The City makes the contributions required of City employees on their behalf and for their account. Under the new Memorandum of Understanding between the City and the Norwalk City Employees Association for General and Hourly Unit and the City and the Norwalk Association of Management Employees, effective July 1, 2011 through June 30, 2014, all eligible employees hired on or after November 1, 2011 through April 19, 2012 will contribute 4% of the employee's 8% contribution. Employees hired on or after April 20, 2012 will contribute 4% of the employee's 7% contribution. For the year ended June 30, 2012, the amount contributed by the City on behalf of the employees was \$1,444,417. 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, 2012 was 16.697% 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, 2012, the City's annual pension cost (employer contribution) of \$2,388,580 for miscellaneous employees was equal to the City's required and actual contributions. The annual required contribution (ARC) for the period July 1, 2010 to June 30, 2012 has been determined by the actuarial valuation of the plan as of June 30, 2009.

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

Valuation Date:	June 30, 2009
Actuarial Cost Method:	Entry Age Normal Cost Method
Amortization Method:	Level Percent of Payroll
Average Remaining Period:	24 Years as of the Valuation Date
Asset Valuation Method:	15 Year Smoothed Market
Actuarial Assumptions:	
Investment Rate of Return:	7.75% (net of administrative expenses)
Projected Salary Increases:	3.55% to 14.45% depending on Age, Service, and type of employment
Inflation:	3.00%
Payroll Growth:	3.25%
Individual Salary Growth:	A merit scale varying by duration of Employment coupled with an assumed annual Inflation growth of 3.00% and an annual Production growth of 0.25%



**NOTE 9 CITY EMPLOYEES RETIREMENT PLAN (DEFINED BENEFIT PENSION PLAN (CONTINUED))**

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

**Funding Status and Funding Progress**

PERS Annual Actuarial Valuation Report as of June 30, 2011 provided the following funded status on a market value of assets basis (MVA) in comparison to June 30, 2010:

	<u>June 30, 2010</u>	<u>June 30, 2011</u>	<u>Variance</u>	<u>%</u>
Present Value of Projected Benefits	\$ 134,759,662	\$ 141,467,756	\$ 6,708,094	5.0%
Entry Age Normal Accrued Liability	114,183,506	121,455,437	7,271,931	6.4%
Actuarial Value of Assets (AVA)	<u>98,322,770</u>	<u>103,021,286</u>	<u>4,698,516</u>	4.8%
Unfunded Liability (AVA)	15,860,736	18,434,151	2,573,415	16.2%
Market Value of Assets (MVA)	77,143,825	91,680,173	14,536,348	18.8%
Funded Status (on an MVA basis)	67.6%	75.5%	199.9%	
Superfunded Status	No	No		

PERS valuation date as of June 30, 2011 reported the plan was 84.8% funded. Entry age normal accrued liability was \$121.5 million versus the actuarial value of assets (AVA) of \$103 million resulted to \$18.4 million unfunded liability. The annual covered payroll was \$14.5 million representing a ratio of 127.1% against unfunded liability

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

**Schedule of Funding Progress for PERS (UNAUDITED)**

Actuarial Valuation Date	Entry Age Actuarial Accrued Liability (AAL) (A)	Actuarial Asset Value (B)	Unfunded Actuarial Accrued Liability (Excess Assets) [(A)-(B)] (UAAL) (C)	Funded Ratio [(B)/(A)] (D)	Covered Payroll (E)	Unfunded Actuarial Liability as Percentage of Covered Payroll {[(A)-(B)]/(E)} (F)
June 30, 2009	\$ 108,400,434	\$ 93,526,231	\$ 14,874,203	86.28%	\$ 15,852,267	93.83%
June 30, 2010	114,183,506	98,322,770	15,860,736	86.11%	14,877,129	106.61%
June 30, 2011	121,455,437	103,021,286	18,434,151	84.82%	14,507,905	127.06%

**NOTE 9 CITY EMPLOYEES RETIREMENT PLAN (DEFINED BENEFIT PENSION PLAN)  
(CONTINUED)**

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

Three-Year Trend Information for PERS

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2010	\$ 2,040,326	100%	-
June 30, 2011	1,972,962	100%	-
June 30, 2012	2,388,580	100%	-

**NOTE 10 PART-TIME SEASONAL AND TEMPORARY EMPLOYEES' RETIREMENT PLAN**

Public Agency Retirement Services (PARS) administers the City's alternate retirement system plan. It is a defined contribution plan qualifying under 401(a) and 501 of the Internal Revenue Code. Contributions of 7.50% of covered compensation of eligible employees are made by the employee. The plan covers part-time, seasonal, and temporary employees paid on City's payroll who are not covered by another retirement system, pursuant to the requirements of 3121 (b)(7)(F) of the Internal Revenue Code. All eligible employees are covered by the plan and are fully vested. Employee liabilities are limited to the amount of current contributions. Contributions are applied to each participant accounts based on the data submitted to PARS Trust and actual deposits made to PARS Trustee (Union Bank). The total amount of covered compensation was \$4,685,941 and employee contributions made during the fiscal year ended June 30, 2012, were \$351,447. Any amendments to the plan go through a resolution for adoption by the City Council.

**NOTE 11 DEFERRED COMPENSATION / DEFINED CONTRIBUTION PLAN**

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

As of June 30, 2012, 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 11      DEFERRED COMPENSATION / DEFINED CONTRIBUTION PLAN (CONTINUED)**

The City has established Deferred Compensation/Defined Contribution plans for certain classifications of management under Internal Revenue Service Code Section 401(a). City participation in contributions to the plans is mandatory. The City is obligated to contribute amounts ranging from 2% to 4% of the annual salary per participant, per year. Under this qualified 401a plan, a total of \$82,398 with 28 participants was remitted to ICMA with an ending investment balance of \$1,026,442. On the other hand, employee contributions to deferred compensation plan 457 are voluntary. During the year, there were 157 participants. City contributions totaled \$558,570. Total plan assets at June 30, 2012, were \$10,414,465. International City Management Association Retirement Corporation's Retirement Trust and Nationwide Retirement Solutions administer the Deferred Compensation Defined Contribution plans for the City. Separate financial reports can be obtained on each agency by members per request either by phone, email or online through their websites. Memorandum of Understanding approved by the City Council is the authority for establishing or amending the plan's provisions.

**NOTE 12      OTHER POSTEMPLOYMENT BENEFITS**

**Plan Description and Funding Policy**

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

**NOTE 12 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

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

**Longevity Stipend (Tier 2) - Employees/Retirees Hired On or After November 1, 2011:**

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

**Longevity Stipend (Tier 3) - Employees/Retirees Hired Before November 1, 2011, But Who Do Not Retire Until After June 30, 2014:**

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

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

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

**NOTE 12      OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

As of June 30, 2012, there were 168 eligible retirees receiving medical benefits paid through CalPERS. The City pays insurance premiums for these benefits based on the maximum PERSCare Family Rate of \$2,357 for Management Unit retirees and \$800 per month for General Unit retirees. As of June 30, 2012, 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, 2012, \$1,213,939 of postemployment benefit expenditures was paid.

**Annual OPEB Cost and Net OPEB Obligation**

The following table shows the components of the City's annual Other Postemployment Benefits (*OPEB*) cost for the year (based on 30-year amortization), the amount of benefits and/or insurance premiums actually paid and the City's Net OPEB obligation as of June 30, 2012:

Annual required contribution	\$	2,422,442
Interest on <i>OPEB</i> obligation		139,071
Annual <i>OPEB</i> cost (expense)		2,561,513
Contributions to irrevocable trust		-
Premium payments including benefit payments		1,213,939
Increase in net <i>OPEB</i> obligation		1,347,574
Net <i>OPEB</i> obligation - beginning of year		4,279,103
Net <i>OPEB</i> obligation - end of year	\$	5,626,677

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

Three Year Trend Information:

Fiscal Year Ended	Annual OPEB Cost	Annual Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/10	\$2,514,274	\$1,026,067	41%	\$2,935,843
6/30/11	2,517,857	1,174,597	47%	4,279,103
6/30/12	2,561,513	1,213,939	47%	5,626,677

**NOTE 12 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

**Funded Status and Funding Progress**

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

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

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

The Schedule of Funding Progress for OPEB is presented below. As presented based on the Actuarial Study of Retiree Health Liabilities as of August 1, 2012, the Unfunded Actuarial Accrued Liability (UAAL) ratio to covered payroll has increased from 199.32% to 223.93%. Since the City has not established a trust, the plan is unfunded therefore the actuarial value of plan assets remains at zero.

Actuarial Valuation Date	Entry Age Actuarial Accrued Liability (AAL)	Actuarial Asset Value	Unfunded Actuarial Accrued Liability (Excess Assets) [(A)-(B)] (UAAL)	Funded Ratio [(B)/(A)]	Covered Payroll	Unfunded Accrued Actuarial Liability as Percentage of Covered Payroll {[(A)-(B)]/(E)}
(A)	(B)	(C)	(D)	(E)	(F)	
August 1, 2007	\$ 22,913,248	\$ -	\$ 22,913,248	0.00%	\$ 15,513,826	147.70%
August 1, 2010	29,011,374	-	29,011,374	0.00%	14,555,235	199.32%
August 1, 2012	32,031,534	-	32,031,534	0.00%	14,304,380	223.93%

**Actuarial Methods and Assumptions**

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

**City of Norwalk**  
**Notes to Financial Statements**  
**Year ended June 30, 2012**

**NOTE 13 FUND BALANCES**

Fund balances at June 30, 2012, consisted of the following:

	General	Housing and Community Development Special Revenue	Housing Authority	Other Governmental Funds	Total
<b>Nonspendable</b>					
Advances to Successor Agency	\$ 6,803,686	\$ -	\$ -	\$ -	\$ 6,803,686
Advances to other funds	4,749,096	-	-	-	4,749,096
Property held for resale	-	-	-	-	-
Inventory of materials and supplies	5,955	-	-	-	5,955
Prepaid items	35,151	-	-	-	35,151
Debt service requirements	-	-	-	-	-
Subtotal	<u>11,593,888</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,593,888</u>
<b>Restricted</b>					
Special revenue funds	-	559,411	1,341,947	4,572,829	6,474,187
Capital projects funds	-	-	-	4,660,152	4,660,152
Debt service	-	-	-	693,691	693,691
Subtotal	<u>-</u>	<u>559,411</u>	<u>1,341,947</u>	<u>9,926,672</u>	<u>11,828,030</u>
<b>Committed</b>					
	<u>327,083</u>	<u>-</u>	<u>-</u>	<u>1,558,255</u>	<u>1,885,338</u>
<b>Assigned</b>					
	<u>1,282,729</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,282,729</u>
<b>Unassigned</b>					
	<u>10,668,298</u>	<u>-</u>	<u>-</u>	<u>(307,188)</u>	<u>10,361,110</u>
Total fund balances	\$ <u>23,871,998</u>	\$ <u>559,411</u>	\$ <u>1,341,947</u>	\$ <u>11,177,739</u>	\$ <u>36,951,095</u>

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

**NOTE 14 ACCUMULATED FUND DEFICITS**

Prop C I-5 Mitigation	\$ (159,339)
Park Development	<u>(147,849)</u>
	<u><u>(307,188)</u></u>

**NOTE 15 EXPENDITURES IN EXCESS OF APPROPRIATIONS**

The following departments/funds reported an excess of expenditures over appropriations for the year ended June 30, 2012:

	Budget	Actual	Variance
<b>Major funds:</b>			
General fund:			
Public safety operations	\$ 12,304,299	\$12,501,369	\$ (197,070)
Family resource center	213,369	220,452	(7,083)
Community development operations	369,710	409,763	(40,053)
Graffiti removal	449,254	451,966	(2,712)
Tree maintenance	521,587	568,067	(46,480)
Housing and Community Development			
Special Revenue Fund:			
Urban development	1,933,378	2,057,634	(124,256)
<b>Other Governmental Funds:</b>			
Computer Replacement - Capital outlay	6,000	7,031	(1,031)
Homeless Prevention - Health and welfare	214,529	215,111	(582)
Norwalk Senior Program - Health and welfare	85,194	101,489	(16,295)
Parking Structure - Capital outlay	12,800	41,000	(28,200)
Special Grants - Health and welfare	110,708	113,260	(2,552)
Proposition "A" - Highways and streets	1,511,524	1,604,751	(93,227)
Measure R - Capital outlay	613,000	645,788	(32,788)

**NOTE 16 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 123 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group purchased insurance for property and other lines of coverage. The California JPIA began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a nine-member Executive Committee.

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

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



**NOTE 16      INSURANCE POLICIES (CONTINUED)**

relative to other members of the risk-sharing pool. Additional information regarding the cost allocation methodology is provided below.

Liability

In the liability program, claims are pooled separately between police and non-police exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$30,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$30,000 to \$750,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs in excess of \$750,000 up to the reinsurance attachment point of \$5 million are distributed based on the outcome of cost allocation within the first and second loss layers. (5) Costs of covered claims from \$5 million to \$10 million are paid under a reinsurance contract subject to a \$2.5 million annual aggregate deductible. Costs of covered claims from \$10 million to \$15 million are paid under two reinsurance contracts subject to a combined \$3 million annual aggregate deductible. On a cumulative basis for all 2011-12 reinsurance contracts the annual aggregate deductible is \$5.5 million. (6) Costs of covered claims from \$15 million up to \$50 million are covered through excess insurance policies.

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

Costs of covered claims for subsidence losses are paid by reinsurance and excess insurance with a pooled sub-limit of \$35 million per occurrence. This \$35 million subsidence sub-limit is composed of (a) \$5 million retained within the pool's SIR, (b) \$10 million in reinsurance and (c) \$20 million in excess insurance. The excess insurance layer has \$20 million annual aggregate. For the period July 1, 2011 to July 1, 2012, the annual contribution the City paid was \$1,638,566.

Workers' Compensation

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

**NOTE 16      INSURANCE POLICIES (CONTINUED)**

among members to \$2 million. Coverage from \$2 million to \$5 million is purchased as part of reinsurance policy, and Employer's Liability losses from \$5 million to \$10 million are pooled among members. Annual contribution paid for this coverage was \$1,588,438.

**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 \$88,831,820. There is a \$5,000 deductible per occurrence except for non-emergency vehicle insurance which has a \$1,000 deductible. Premiums for the coverage are paid annually and are not subject to retroactive adjustments. Premium paid for 2011-2012 was \$250,817.

Pollution Legal Liability Insurance

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

Earthquake and Flood Insurance

The City of Norwalk purchases earthquake and flood insurance on a portion of its property. The earthquake insurance is part of the property protection insurance program of the Authority. City of Norwalk property currently has earthquake protection in the amount of \$31,715,826. There is a deductible of 5% per unit of value with a minimum deductible of \$100,000. Premiums for the coverage are paid annually and are not subject to retroactive adjustments.

Crime Insurance

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

Special Event Tenant User Liability Insurance

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

**NOTE 16      INSURANCE POLICIES (CONTINUED)**

**Adequacy of Protection**

During the past three fiscal years, none of the above programs of protection experienced settlements or judgments that exceeded pooled or insured coverage. There were also no significant reductions in pooled or insured liability coverage in 2011-12.

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 17      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 18      JOINT POWERS AGREEMENTS**

The City is involved in two joint ventures, in addition to joint insurance pooling with the California Joint Powers Insurance Authority (as described in Note 16).

**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.

**NOTE 18      JOINT POWERS AGREEMENTS (CONTINUED)**

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

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

**I-5 Consortium Joint Powers Authority**

The City of Norwalk is one of six cities that formed the 1-5 Consortium Joint Powers Authority (Consortium) in May 1991. The Consortium was created to act in concert with the State of California and Federal Agencies in matters pertaining to the development of plans and financing for 1-5 Freeway improvements. Each member city has appointed one board member to represent its city. Annual contributions are required on an equal pro-rata basis upon approval by the Board. For the year ended June 30, 2012, the City of Norwalk contributed \$45,600.

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

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

**NOTE 19      RELATED PARTY TRANSACTIONS**

During the fiscal year ended June 30, 2012, the City used a vehicle towing company owned by a member of the City Council. Total annual payments made for the services amounted to \$5,828.

**NOTE 20      GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) STATEMENTS ISSUED, NOT YET EFFECTIVE**

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2012, that have effective dates that may impact future financial statements presentations. Management has not yet determined any impact the implementation of the following statements may have on the financial statements of the City.

**GASB No. 62** - GASB has issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the FASB and AICPA pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2011.

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

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

**GASB No. 65** - *Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

This Statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term *deferred* in financial statement presentations.

The requirements of this Statement will improve financial reporting by clarifying the appropriate use of the financial statement elements deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012.

**NOTE 21      SUCCESSOR AGENCY TRUST FOR ASSETS OF THE DISSOLVED NORWALK REDEVELOPMENT AGENCY**

Pursuant to AB X1 26, which become effective in late June 2011, as upheld by the California Supreme Court in *California Redevelopment Association, et al. v. Ana Matosantos, et al.* (53 Cal.4th 231(2011)), redevelopment agencies throughout the State of California were dissolved as of February 1, 2012. AB 1484, which became effective June 27, 2012, amended and supplemented provisions of AB X1 26. AB X1 26 and AB 1484, together, are referred to below as the "RDA Dissolution Act."

A successor agency is constituted concurrently with the dissolution of each redevelopment agency. Each successor agency is charged with the wind-down of the operations of its former redevelopment agency. A successor agency is not authorized to engage in new redevelopment activities, except for work related to existing enforceable obligations, subject to provisions of the RDA Dissolution Act. The RDA Dissolution Act also provides for the establishment of an oversight board for each successor agency. Certain successor agency actions are subject to the prior approval of the oversight board. The oversight board is also empowered to direct certain successor agency actions. Each successor agency is required to prepare a Recognized Obligation Payment Schedule ("ROPS") for each six month period (from January 1 through June 30 and from July 1 through December 31). Each ROPS must be approved by the oversight board and the State Department of Finance. A successor agency is not permitted to make payments except pursuant to an approved ROPS.

Under the RDA Dissolution Act, the portion of property tax collected by the county auditor-controller that would have been tax increment of the former redevelopment agency is deposited in a Redevelopment Property Tax Trust Fund ("RPTTF"). Every six months, the county auditor-controller makes disbursements from the RPTTF to the successor agency in accordance with the RDA Dissolution Act, in amounts approved for payment of enforceable obligations and administrative costs allowance as shown on the approved ROPS. To the extent that there are residual moneys remaining in the RPTTF after the deduction for administrative expenses of the county auditor-controller, pass-through payments and disbursement to the successor agency based on the ROPS, the residual moneys are disbursed to various taxing entities.

Pursuant to the RDA Dissolution Act, the City Council adopted Resolution No. 11-49 on August 25, 2011, electing for the City of Norwalk to serve as the Successor Agency for the Norwalk Redevelopment Agency upon the Norwalk Redevelopment Agency's dissolution. By operation of law, the assets and liabilities of the former Redevelopment Agency transferred to the Successor Agency. The RDA Dissolution expressly clarifies that the Successor Agency is a separate legal entity from the City. The assets and liabilities of the Successor Agency are not assets and liabilities of the City.

**NOTE 21      SUCCESSOR AGENCY TRUST FOR ASSETS OF THE DISSOLVED NORWALK REDEVELOPMENT AGENCY (CONTINUED)**

In addition, under the RDA Dissolution Act, the housing functions and the housing assets of the former Redevelopment Agency (but excluding the Low and Moderate Income Housing Fund) are to be transferred to either the City or a housing authority. On February 7, 2012, the City Council adopted Resolution No. 12-08, and elected for the City to retain the housing assets and functions of the former Redevelopment Agency. Upon future direction by the Oversight Board, the housing assets of the former Redevelopment Agency will be transferred to the City, in its capacity as the housing successor.

The RDA Dissolution Act directs the State Controller to review the transfers of assets between each redevelopment agency and other public agencies that occurred after January 1, 2011. If the State Controller determines that an asset transfer did occur during that period and the public agency that received the asset is not contractually committed to a third party for the expenditure or encumbrance of such asset, then the Controller must order the available assets to be returned to the successor agency, if not prohibited by state and federal law.

In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012.

Prior to that date, the final seven months of the activity of the redevelopment agency continued to be reported in the governmental funds of the City. After the date of dissolution, the assets and activities of the dissolved redevelopment agency are reported in a fiduciary fund (Private-purpose trust fund) in the financial statements of the City.

The transfer of the assets and liabilities of the former redevelopment agency as of February 1, 2012 (effectively the same date as January 31, 2012) from governmental funds of the City to fiduciary funds was reported in the governmental funds as an extraordinary gain in the governmental fund financial statements. The receipt of these assets and liabilities as of January 31, 2012 was reported in the Private-purpose trust fund as an extraordinary loss.

Because of the different measurement focus of the governmental funds (*current financial resources measurement focus*) and the measurement focus of the trust funds (*economic resources measurement focus*), the extraordinary gain recognized in the governmental funds was not the same amount as the extraordinary loss that was recognized in the fiduciary fund financial statements.

The difference between the extraordinary gain recognized in the fund financial statements and the extraordinary loss recognized in the fiduciary fund financial statements is reconciled as follows:

**NOTE 21 SUCCESSOR AGENCY TRUST FOR ASSETS OF THE DISSOLVED NORWALK REDEVELOPMENT AGENCY (CONTINUED)**

Extraordinary gain reported in governmental funds due to the following	
Net assets of Successor Agency Trust Fund	\$ 14,715,920
Reversal of interest payment made to City	6,044,255
Write-off of Due to City of Norwalk - Judges Parking Structure	<u>(417,600)</u>
Total extraordinary item reported in governmental funds	\$ 20,342,575
Accrued bond interest reported in the government-wide financial statements - decrease in net assets of Successor Agency Trust Fund	(741,661)
Long-term debt reported in government-wide financial statements - decrease in net assets of Successor Agency	(96,845,977)
Reversal of capital assets-held for development previously transferred to City of Norwalk	1,737,847
Bond issue costs reported in government-wide financial statements - decrease in net assets of Successor Agency	2,114,394
Write-off of Accrued Interest Related to Advances to City of Norwalk	9,248,074
Reversal of land held for resale previously transferred to City of Norwalk	7,425,440
Net decrease to net assets of the Successor Agency as a result of initial transfers (amount of extraordinary gain reported in the Government-wide State of Activities of the City)	<u>\$ (56,719,308)</u>

**Disclosure of Successor Agency Debts**

Details of the Successor Agency's long-term debt as of June 30, 2012 follows:

	Balances at July 1, 2011	Additions	Retirements	Balances at June 30, 2012	Due Within One Year
Tax Allocation Refunding Bonds, 2005	\$ 58,430,000	\$ -	\$ (1,225,000)	\$ 57,205,000	(a) \$ 1,280,000
County deferred loans	<u>39,711,496</u>	<u>640,913</u>	<u>-</u>	<u>40,352,409</u>	<u>-</u>
Subtotals	98,141,496	640,913	(1,225,000)	97,557,409	1,280,000
Add (deduct) deferred amounts					
Bond premium	389,078	-	(16,045)	373,033	-
Bond discount	(286,960)	-	11,833	(275,127)	-
Deferred charge on refunding	<u>(177,487)</u>	<u>-</u>	<u>12,528</u>	<u>(164,959)</u>	<u>-</u>
	98,066,127	640,913	(1,216,684)	97,490,356	1,280,000
Advances from the City of Norwalk					
Agency expenditures paid by the City	939,586	-	-	939,586	-
Metro Center parcels	<u>16,198,586</u>	<u>1,417,376</u>	<u>(9,248,074)</u>	<u>8,367,888</u>	<u>-</u>
	17,138,172	1,417,376	(9,248,074)	9,307,474	-
<b>Total long-term liabilities</b>	<u>\$ 115,204,299</u>	<u>\$ 2,058,289</u>	<u>\$ (10,464,758)</u>	<u>\$ 106,797,830</u>	<u>\$ 1,280,000</u>

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



**NOTE 21      SUCCESSOR AGENCY TRUST FOR ASSETS OF THE DISSOLVED NORWALK REDEVELOPMENT AGENCY (CONTINUED)**

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, 2012, this reserve was fully funded. The balance outstanding on the Tax Allocation Refunding Bonds, 2005 Series A at June 30, 2012, was \$30,720,000.

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

Year ending June 30,	Principal	Interest	Total
2013	\$ 720,000	\$ 1,455,168	\$ 2,175,168
2014	760,000	1,418,168	2,178,168
2015	795,000	1,379,293	2,174,293
2016	835,000	1,338,543	2,173,543
2017	875,000	1,300,168	2,175,168
2018-2022	4,970,000	5,889,106	10,859,106
2023-2027	6,165,000	4,653,972	10,818,972
2028-2032	7,820,000	2,960,750	10,780,750
2033-2036	7,780,000	801,714	8,581,714
Subtotals	<u>30,720,000</u>	<u>21,196,882</u>	<u>51,916,882</u>

Add (less) deferred amounts:

Bond premium	373,033	373,033
Deferred charges on refunding	<u>(164,959)</u>	<u>(164,959)</u>
Totals \$	<u><u>30,928,074</u></u>	<u><u>21,196,882</u></u> \$ <u><u>52,124,956</u></u>

Tax Allocation Refunding Bonds, 2005 Series B:

\$29,310,000 Tax Allocation Refunding Bonds, 2005 Series B; issued November 2005 to finance certain redevelopment activities; serial bonds due in amounts ranging from \$415,000 to \$585,000 on October 1 of each year starting 2006 through 2013 and term bonds with principal amounts of \$1,265,000 to \$15,275,000 due on October 1, 2015 through October 1, 2035, respectively; interest rates vary from 4.77% to 5.75%. A reserve of \$3,013,258 is required to be set-aside to further secure the payment of principal and interest on the bonds. At June 30, 2012, this reserve was fully funded. The balance outstanding on the Tax Allocation Refunding Bonds, 2005 Series B at June 30, 2012, was \$26,485,000.

**NOTE 21      SUCCESSOR AGENCY TRUST FOR ASSETS OF THE DISSOLVED NORWALK REDEVELOPMENT AGENCY (CONTINUED)**

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

Year ending June 30,	Principal	Interest	Total
2013	\$ 560,000	\$ 1,479,084	\$ 2,039,084
2014	585,000	1,449,511	2,034,511
2015	615,000	1,418,340	2,033,340
2016	650,000	1,385,450	2,035,450
2017	685,000	1,349,713	2,034,713
2018-2022	4,015,000	6,125,131	10,140,131
2023-2027	5,275,000	4,834,500	10,109,500
2028-2032	6,950,000	3,099,250	10,049,250
2033-2036	7,150,000	851,000	8,001,000
Subtotals	<u>26,485,000</u>	<u>21,991,979</u>	<u>48,476,979</u>

Add (less) deferred amounts:

Bond discount	<u>(275,127)</u>	-	<u>(275,127)</u>
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Totals \$	<u><u>26,209,873</u></u>	\$	<u><u>21,991,979</u></u>	\$	<u><u>48,201,852</u></u>
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County Deferred Loans

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

Project Area No. 1:

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

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

**NOTE 21      SUCCESSOR AGENCY TRUST FOR ASSETS OF THE DISSOLVED NORWALK REDEVELOPMENT AGENCY (CONTINUED)**

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

The June 30, 2012, deferred loan balance payable to the County of Los Angeles for Project Area No. 1 was \$30,555,579.

Project Area No. 2:

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

Because of the Agency's need for a substantial portion of the tax increments, the County of Los Angeles agreed to loan its tax increments to the Agency on the following basis: the County shall annually loan to the Agency a portion of the amounts reimbursed, so that annually the Agency receives property tax increments up to \$600,000; the loan shall accrue interest at 7% per year; the Agency shall commence repayment of the loan by annually paying to the County all tax increments exceeding \$600,000; and the Agency may not pledge more than \$600,000 in annual tax increments to the repayment of any tax allocation bonds or notes without the consent of the County. The balance outstanding at June 30, 2012, was \$9,796,830.

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

Advances from the City's General Fund

The former Redevelopment Agency advances were used for the general cost and to build the Metro Center. The balance outstanding as of June 30, 2012 is \$9,307,474

**Disclosure of Successor Agency Receivable**

Agency's Advance to the General Fund

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

**NOTE 21      SUCCESSOR AGENCY TRUST FOR ASSETS OF THE DISSOLVED NORWALK REDEVELOPMENT AGENCY (CONTINUED)**

**Successor Agency Commitments**

Costco Wholesale Corporation

In November 1985, the former Norwalk Redevelopment Agency (Agency) entered into an agreement with Norwalk-La Mirada Unified School District (Landlord). Under this master lease agreement, the Agency 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, 2011, the minimum annual rent was adjusted to \$600,000 and the options to extend the Sublease Term to June 29, 2021, and the Lease Term of the Master Lease to June 30, 2021 were exercised.

As part of the developer's agreement, the Agency has agreed to make a rebate to the Developer. This rebate is referred to as "Agency Consideration." The amount of the rebate is calculated at 50% of sales tax paid to the State, not to exceed the total rent due under the sublease. The City has agreed to transfer the sales tax revenue to the Agency in accordance with the agreement, which remits the money to the Developer. The rebate is used to pay the "Agency Consideration" as described in the agreement. Agency Consideration is the amount of money to be provided to the Developer to enter the agreement. The Agency has agreed to pay a maximum of \$4,000,000 plus interest of 10% to the Developer. All payments to the Developer are applied to interest accrued on late payments, interest accrued on outstanding principal balance and finally to the principal balance. If sales taxes generated during the first 21 years do not permit liquidation of the Agency Consideration, then any principal balance remaining shall not have to be paid to the Developer by the Agency. Since December 1, 2007, no liability has been reported in the Agency's financial statements in relation to the "Agency Consideration".

**NOTE 21      SUCCESSOR AGENCY TRUST FOR ASSETS OF THE DISSOLVED NORWALK REDEVELOPMENT AGENCY (CONTINUED)**

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.

**NOTE 22      CALIFORNIA PUBLIC EMPLOYEES' PENSION REFORM ACT**

After spending close to a year exploring and debating reforms to public pension systems in California, lawmakers in Sacramento passed Assembly Bill 340 (AB 340) on August 31, 2012. AB 340 known as the California Public Employees' Pension Reform Act of 2013 (PEPRA) which amends various provisions of the Public Employees' Retirement Law (PERL) and County Employee's Retirement Law of 1937 (CERL), was signed into law by the Governor on September 12, 2012. PEPRA will take effect on January 1, 2013. Management asserts that PEPRA will not have a significant impact on the City's June 30, 2012 financial statements.

**NOTE 23      SUBSEQUENT EVENTS**

The City has evaluated events subsequent to June 30, 2012 to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through December 27, 2012, the date the financial statements were available to be issued. Based upon this evaluation, it was determined that no subsequent events occurred that require recognition or additional disclosure in the financial statements except for the following:

In October 2012, the City was the successful bidder in acquiring 500 acre feet of Allowed Pumping Allocation for water rights for the total cost of \$6 million dollar. The Water Fund received a short-term advance from the General Fund, which will be repaid by the end of fiscal year 2013 by concluding a bond financing structure for this acquisition and related infrastructure improvements.

On December 24, 2012, the Successor Agency to the Redevelopment Agency received the Housing Funds Due Diligence Review determination letter from the DOF ordering the Agency to remit \$4,095,399 to the Los Angeles County. The Agency complied with the DOF determination under protest.

**REQUIRED SUPPLEMENTARY INFORMATION**

**City of Norwalk**  
**Budgetary Comparison Schedule**  
**General Fund**  
**Year ended June 30, 2012**

	Budgetary Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 31,995,100	\$ 31,898,560	\$ 32,160,565	\$ 262,005
Licenses and permits	924,000	948,000	1,061,945	113,945
Fines, forfeitures and penalties	1,611,554	1,456,154	1,500,648	44,494
Use of money and property	465,510	535,510	517,015	(18,495)
Intergovernmental	574,200	282,200	349,965	67,765
Charges for services	1,058,660	1,116,480	1,164,738	48,258
Rental income	706,400	753,400	778,045	24,645
Other	1,067,900	1,191,070	1,180,007	(11,063)
<b>Total revenues</b>	<u>38,403,324</u>	<u>38,181,374</u>	<u>38,712,928</u>	<u>531,554</u>
<b>Expenditures</b>				
Current:				
General government:				
Mayor, council and boards	662,398	664,648	588,613	76,035
Management and administration	2,360,129	2,584,379	2,320,383	263,996
City clerk	660,992	663,492	651,457	12,035
Personnel services	1,647,499	1,647,499	1,583,406	64,093
Financial services	2,024,552	2,024,552	1,712,835	311,717
Total general government	<u>7,355,570</u>	<u>7,584,570</u>	<u>6,856,694</u>	<u>727,876</u>
Public safety:				
Public safety operations	12,822,451	12,304,299	12,501,369	(197,070)
Emergency preparedness	36,900	36,900	36,347	553
Family resource center	213,369	213,369	220,452	(7,083)
Total public safety	<u>13,072,720</u>	<u>12,554,568</u>	<u>12,758,168</u>	<u>(203,600)</u>
Urban development:				
Community development operations	369,710	369,710	409,763	(40,053)
Building and safety	796,619	796,619	765,040	31,579
Engineering	773,636	801,916	665,198	136,718
Property maintenance	880,802	895,802	880,549	15,253
Planning	368,575	368,575	367,462	1,113
Total urban development	<u>3,189,342</u>	<u>3,232,622</u>	<u>3,088,012</u>	<u>144,610</u>
Highways and streets:				
Public services administration	756,989	706,989	679,863	27,126
Security and emergency services	25,879	25,879	23,025	2,854
Facilities maintenance	1,423,798	1,423,798	1,392,672	31,126
Street maintenance	60,995	68,995	57,633	11,362
Traffic maintenance	111,925	111,925	106,128	5,797
Signals and street lighting	613,733	613,733	588,562	25,171
Street sweeping	192,705	192,705	173,430	19,275
Sewer maintenance	276,251	276,251	275,506	745
Graffiti removal	424,289	449,254	451,966	(2,712)
Tree maintenance	521,587	521,587	568,067	(46,480)
Greenscape maintenance	728,512	739,012	738,991	21
Total highways and streets	<u>5,136,663</u>	<u>5,130,128</u>	<u>5,055,843</u>	<u>74,285</u>
Culture and leisure:				
Recreation	3,546,831	3,525,057	3,311,259	213,798
Park services	2,718,527	2,718,527	2,595,325	123,202
Total culture and leisure	<u>6,265,358</u>	<u>6,243,584</u>	<u>5,906,584</u>	<u>337,000</u>
Health and welfare:				
Social services administration	921,282	921,282	769,624	151,658
Senior programs	831,123	831,123	784,712	46,411
Emergency food and shelter program	68,638	68,638	52,328	16,310
Total health and welfare	<u>1,821,043</u>	<u>1,821,043</u>	<u>1,606,664</u>	<u>214,379</u>
Capital outlay	3,057,774	2,954,765	402,198	2,552,567
<b>Total expenditures</b>	<u>39,898,470</u>	<u>39,521,280</u>	<u>35,674,163</u>	<u>3,847,117</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(1,495,146)</u>	<u>(1,339,906)</u>	<u>3,038,765</u>	<u>4,378,671</u>
<b>Other financing sources (uses)</b>				
Transfers in	-	-	-	-
Transfers out	685,320	(2,611,626)	(2,600,865)	10,761
<b>Net other financing sources (uses)</b>	<u>685,320</u>	<u>(2,611,626)</u>	<u>(2,600,865)</u>	<u>10,761</u>
<b>Change in fund balances before extraordinary items</b>	(809,826)	(3,951,532)	437,900	4,389,432
<b>Extraordinary items</b>	-	-	(6,044,255)	(6,044,255)
<b>Net change in fund balances</b>	(809,826)	(3,951,532)	(5,606,355)	(1,654,823)
<b>Fund balance at beginning of year</b>	29,478,353	29,478,353	29,478,353	-
<b>Fund balance at end of year</b>	<u>\$ 28,668,527</u>	<u>\$ 25,526,821</u>	<u>\$ 23,871,998</u>	<u>\$ (1,654,823)</u>

**City of Norwalk**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance –**  
**Budget and Actual**  
**Housing and Community Development Special Revenue Fund**  
**Year ended June 30, 2012**

	Budgetary Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Use of money and property	\$ -	\$ -	\$ 1,762	\$ 1,762
Intergovernmental	3,555,255	2,518,402	2,518,857	455
Other	169,425	146,382	250,311	103,929
<b>Total revenues</b>	<u>3,724,680</u>	<u>2,664,784</u>	<u>2,770,930</u>	<u>106,146</u>
<b>Expenditures</b>				
Current:				
Highways and streets	69,965	45,000	45,000	-
Health and welfare	50,000	50,000	50,000	-
Urban development	2,277,823	1,933,378	2,057,634	(124,256)
Capital outlay	1,327,096	636,441	616,440	20,001
<b>Total expenditures</b>	<u>3,724,884</u>	<u>2,664,819</u>	<u>2,769,074</u>	<u>(104,255)</u>
<b>Net change in fund balances</b>	(204)	(35)	1,856	1,891
<b>Fund balance at beginning of year</b>	<u>557,555</u>	<u>557,555</u>	<u>557,555</u>	<u>-</u>
<b>Fund balance at end of year</b>	<u>\$ 557,351</u>	<u>\$ 557,520</u>	<u>\$ 559,411</u>	<u>\$ 1,891</u>



**City of Norwalk**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance –**  
**Budget and Actual**  
**Housing Assistance Special Revenue Fund**  
**Year ended June 30, 2012**

	Budgetary Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Use of money and property	\$ 10,000	\$ 10,000	\$ 4,556	\$ (5,444)
Intergovernmental	7,127,068	7,734,688	7,789,875	55,187
Other	24,000	24,000	37,587	13,587
<b>Total revenues</b>	<u>7,161,068</u>	<u>7,768,688</u>	<u>7,832,018</u>	<u>63,330</u>
<b>Expenditures</b>				
Current:				
Health and welfare	6,744,919	8,024,919	7,730,711	294,208
<b>Total expenditures</b>	<u>6,744,919</u>	<u>8,024,919</u>	<u>7,730,711</u>	<u>294,208</u>
<b>Net Change in fund balances</b>	416,149	(256,231)	101,307	357,538
<b>Fund balance at beginning of year</b>	1,240,640	1,240,640	1,240,640	-
<b>Fund balance at end of year</b>	<u>\$ 1,656,789</u>	<u>\$ 984,409</u>	<u>\$ 1,341,947</u>	<u>\$ 357,538</u>

**City of Norwalk**  
**Schedule of Funding Progress**  
**June 30, 2012**

**California Public Employees Retirement System (CalPERS)**

Actuarial Valuation Date	Entry Age Actuarial Accrued Liability (AAL) (A)	Actuarial Asset Value (B)	Unfunded Actuarial Accrued Liability (Excess Assets) [(A)-(B)] (UAAL) (C)	Funded Ratio [(B)/(A)] (D)	Covered Payroll (E)	Unfunded Actuarial Liability as Percentage of Covered Payroll {[(A)-(B)]/(E)} (F)
June 30, 2009	\$ 108,400,434	\$ 93,526,231	\$ 14,874,203	86.28%	\$ 15,852,267	93.83%
June 30, 2010	114,183,506	98,322,770	15,860,736	86.11%	14,877,129	106.61%
June 30, 2011	121,455,437	103,021,286	18,434,151	84.82%	14,507,905	127.06%

**Other Postemployment Benefits (OPEB)**

Actuarial Valuation Date	Entry Age Actuarial Accrued Liability (AAL) (A)	Actuarial Asset Value (B)	Unfunded Actuarial Accrued Liability (Excess Assets) [(A)-(B)] (UAAL) (C)	Funded Ratio [(B)/(A)] (D)	Covered Payroll (E)	Unfunded Actuarial Liability as Percentage of Covered Payroll {[(A)-(B)]/(E)} (F)
August 1, 2007	\$ 22,913,248	\$ -	\$ 22,913,248	0.00%	\$ 15,513,826	147.70%
August 1, 2010	29,011,374	-	29,011,374	0.00%	14,555,235	199.32%
August 1, 2012	32,031,534	-	32,031,534	0.00%	14,304,380	223.93%

### **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, 2012**

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Totals
<b>ASSETS</b>				
Pooled cash and investments	\$ 4,496,645	\$ -	\$ 5,649,750	\$ 10,146,395
Cash and investments with fiscal agent	-	693,691	362,899	1,056,590
Accounts receivables	105,863	-	-	105,863
Due from other governments	1,245,720	-	1,166,326	2,412,046
Prepaid items	6,166	-	-	6,166
<b>Total assets</b>	<b>\$ 5,854,394</b>	<b>\$ 693,691</b>	<b>\$ 7,178,975</b>	<b>\$ 13,727,060</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts payable	\$ 839,528	\$ -	\$ 363,671	\$ 1,203,199
Deposits payable	-	-	-	-
Due to other funds	277,136	-	317,685	594,821
Due to other agencies	37,411	-	-	37,411
Deferred revenues	127,490	-	586,400	713,890
<b>Total liabilities</b>	<b>1,281,565</b>	<b>-</b>	<b>1,267,756</b>	<b>2,549,321</b>
<b>Fund balances</b>				
Restricted	4,572,829	693,691	4,660,152	9,926,672
Committed	-	-	1,558,255	1,558,255
Unassigned	-	-	(307,188)	(307,188)
<b>Total fund balances</b>	<b>4,572,829</b>	<b>693,691</b>	<b>5,911,219</b>	<b>11,177,739</b>
<b>Total liabilities and fund balances</b>	<b>\$ 5,854,394</b>	<b>\$ 693,691</b>	<b>\$ 7,178,975</b>	<b>\$ 13,727,060</b>

**City of Norwalk**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Other Governmental Funds**  
**Year ended June 30, 2012**

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Totals
<b>Revenues</b>				
Taxes	\$ -	\$ 2,115,285	\$ -	\$ 2,115,285
Use of money and property	51,086	35,089	56,382	142,557
Intergovernmental	10,374,765	-	4,292,896	14,667,661
Charges for services	841,492	-	-	841,492
Other	111,719	-	408,103	519,822
<b>Total revenues</b>	<u>11,379,062</u>	<u>2,150,374</u>	<u>4,757,381</u>	<u>18,286,817</u>
<b>Expenditures</b>				
Current:				
General government	546,600	126,379	-	672,979
Public safety	679,504	-	-	679,504
Urban development	-	-	597,008	597,008
Highways and streets	3,992,890	-	583,642	4,576,532
Health and welfare	3,924,683	236,956	-	4,161,639
Capital outlay	1,190,140	-	2,090,537	3,280,677
Debt service	-	-	-	-
Principal retirement	-	1,975,000	-	1,975,000
Interest and fiscal charges	-	2,386,516	-	2,386,516
<b>Total expenditures</b>	<u>10,333,817</u>	<u>4,724,851</u>	<u>3,271,187</u>	<u>18,329,855</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>1,045,245</u>	<u>(2,574,477)</u>	<u>1,486,194</u>	<u>(43,038)</u>
<b>Other financing sources (uses)</b>				
Transfers in	96,842	2,431,803	2,054,541	4,583,186
Transfers out	(2,812,508)	-	-	(2,812,508)
<b>Net other financing sources (uses)</b>	<u>(2,715,666)</u>	<u>2,431,803</u>	<u>2,054,541</u>	<u>1,770,678</u>
<b>Change in fund balances before extraordinary items</b>	(1,670,421)	(142,674)	3,540,735	1,727,640
<b>Extraordinary items</b>	<u>(4,402,859)</u>	<u>(4,458,954)</u>	<u>(5,436,507)</u>	<u>(14,298,320)</u>
<b>Net Change in fund balances</b>	(6,073,280)	(4,601,628)	(1,895,772)	(12,570,680)
<b>Beginning fund balances</b>	<u>10,646,109</u>	<u>5,295,319</u>	<u>7,806,991</u>	<u>23,748,419</u>
<b>Ending fund balances</b>	<u>\$ 4,572,829</u>	<u>\$ 693,691</u>	<u>\$ 5,911,219</u>	<u>\$ 11,177,739</u>

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

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

**OTHER FUNDS**

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

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

Homeless Prevention Fund – This fund accounts for revenues and expenditures incurred to help families who are either homeless or at risk of becoming homeless.

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

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

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

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

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

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

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

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

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

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

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

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

**MAJOR FUND**

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

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



	<u>Child Development</u>	<u>State Gasoline Tax</u>	<u>Homeless Prevention</u>
<b>ASSETS</b>			
Pooled cash and investments	\$ 37,411	\$ -	\$ -
Accounts receivable	-	-	-
Due from other governments	366,496	128,856	47,494
Prepaid items	6,166	-	-
<b>Total assets</b>	<b>\$ <u>410,073</u></b>	<b>\$ <u>128,856</u></b>	<b>\$ <u>47,494</u></b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities</b>			
Accounts payable	\$ 253,403	\$ -	\$ 18,473
Due to other funds	119,259	128,856	29,021
Due to other agencies	37,411	-	-
Deferred revenue	-	-	-
<b>Total liabilities</b>	<b><u>410,073</u></b>	<b><u>128,856</u></b>	<b><u>47,494</u></b>
<b>Fund balances</b>			
Restricted	-	-	-
Committed	-	-	-
Unassigned	-	-	-
<b>Total fund balances</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>Total liabilities and fund balances</b>	<b>\$ <u>410,073</u></b>	<b>\$ <u>128,856</u></b>	<b>\$ <u>47,494</u></b>

**City of Norwalk**  
**Combining Balance Sheet**  
**Other Special Revenue Funds**  
**June 30, 2012**

Air Quality Improvement	Norwalk Senior Program	Proposition "C"	Public Safety	Parking Structure	Forfeiture
\$ 231,880	\$ 969	\$ 2,827,101	\$ 46,952	\$ 216,300	\$ 12,646
-	-	47,311	-	58,552	-
32,762	3,120	-	232,472	-	-
-	-	-	-	-	-
<u>\$ 264,642</u>	<u>\$ 4,089</u>	<u>\$ 2,874,412</u>	<u>\$ 279,424</u>	<u>\$ 274,852</u>	<u>\$ 12,646</u>
\$ -	\$ 4,089	\$ 29,579	\$ 116,000	\$ 44,359	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	21,738	-	-
<u>-</u>	<u>4,089</u>	<u>29,579</u>	<u>137,738</u>	<u>44,359</u>	<u>-</u>
264,642	-	2,844,833	141,686	230,493	12,646
-	-	-	-	-	-
-	-	-	-	-	-
<u>264,642</u>	<u>-</u>	<u>2,844,833</u>	<u>141,686</u>	<u>230,493</u>	<u>12,646</u>
<u>\$ 264,642</u>	<u>\$ 4,089</u>	<u>\$ 2,874,412</u>	<u>\$ 279,424</u>	<u>\$ 274,852</u>	<u>\$ 12,646</u>

	<u>Special Grants</u>	<u>Redevelopment Agency</u>	<u>Proposition "A"</u>
<b>ASSETS</b>			
Pooled cash and investments	\$ 25,129	\$ -	\$ -
Accounts receivable	-	-	-
Due from other governments	10,148	-	-
Prepaid items	-	-	-
<b>Total assets</b>	<b>\$ <u>35,277</u></b>	<b>\$ <u>-</u></b>	<b>\$ <u>-</u></b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities</b>			
Accounts payable	\$ 2,473	\$ -	\$ -
Due to other funds	-	-	-
Due to other agencies	-	-	-
Deferred revenue	29,325	-	-
<b>Total liabilities</b>	<b><u>31,798</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>Fund balances</b>			
Restricted	3,479	-	-
Committed	-	-	-
Unassigned	-	-	-
<b>Total fund balances</b>	<b><u>3,479</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>Total liabilities and fund balances</b>	<b>\$ <u>35,277</u></b>	<b>\$ <u>-</u></b>	<b>\$ <u>-</u></b>

**City of Norwalk**  
**Combining Balance Sheet**  
**Other Special Revenue Funds (Continued)**  
**June 30, 2012**

<u>Measure "R"</u>	<u>ARRA Street Projects</u>	<u>Other Federal Grants</u>	<u>Totals</u>
\$ 808,073	\$ -	\$ 290,184	\$ 4,496,645
-	-	-	105,863
97,383	-	326,989	1,245,720
-	-	-	6,166
<u>\$ 905,456</u>	<u>\$ -</u>	<u>\$ 617,173</u>	<u>\$ 5,854,394</u>
\$ 50,886	\$ -	\$ 320,266	\$ 839,528
-	-	-	277,136
-	-	-	37,411
-	-	76,427	127,490
<u>50,886</u>	<u>-</u>	<u>396,693</u>	<u>1,281,565</u>
854,570	-	220,480	4,572,829
-	-	-	-
-	-	-	-
<u>854,570</u>	<u>-</u>	<u>220,480</u>	<u>4,572,829</u>
<u>\$ 905,456</u>	<u>\$ -</u>	<u>\$ 617,173</u>	<u>\$ 5,854,394</u>

	<u>Child Development</u>	<u>State Gasoline Tax</u>	<u>Homeless Prevention</u>
<b>Revenues</b>			
Use of money and property	\$ -	\$ 1,317	\$ -
Intergovernmental	3,213,471	1,560,295	215,111
Charges for services	67,062	-	-
Other	24,173	-	-
<b>Total revenues</b>	<u>3,304,706</u>	<u>1,561,612</u>	<u>215,111</u>
<b>Expenditures</b>			
Current:			
General government	-	-	-
Public safety	-	-	-
Highways and streets	-	1,672,487	-
Health and welfare	3,304,706	-	215,111
Capital outlay	-	-	-
<b>Total expenditures</b>	<u>3,304,706</u>	<u>1,672,487</u>	<u>215,111</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>-</u>	<u>(110,875)</u>	<u>-</u>
<b>Other financing sources (uses)</b>			
Transfers in	-	-	-
Transfers out	-	-	-
<b>Net other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Change in fund balances before extraordinary items</b>	<u>-</u>	<u>(110,875)</u>	<u>-</u>
<b>Extraordinary items</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>-</u>	<u>(110,875)</u>	<u>-</u>
<b>Beginning fund balances</b>	<u>-</u>	<u>110,875</u>	<u>-</u>
<b>Ending fund balances</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**City of Norwalk**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances -**  
**Other Special Revenue Funds**  
**Year ended June 30, 2012**

Air Quality Improvement	Norwalk Senior Program	Proposition "C"	Public Safety	Parking Structure	Forfeiture
\$ 1,652	\$ -	\$ 13,824	\$ 956	\$ -	\$ 24
132,720	61,130	1,334,400	642,529	-	9,069
-	-	104,095	-	670,335	-
-	155	87,391	-	-	-
<u>134,372</u>	<u>61,285</u>	<u>1,539,710</u>	<u>643,485</u>	<u>670,335</u>	<u>9,093</u>
-	-	26,008	-	428,388	-
-	-	-	679,504	-	-
-	-	485,558	-	-	-
180,586	101,489	-	-	-	-
-	-	151,315	-	41,000	-
<u>180,586</u>	<u>101,489</u>	<u>662,881</u>	<u>679,504</u>	<u>469,388</u>	<u>-</u>
<u>(46,214)</u>	<u>(40,204)</u>	<u>876,829</u>	<u>(36,019)</u>	<u>200,947</u>	<u>9,093</u>
-	40,204	-	-	-	-
-	-	-	-	(374,132)	-
-	<u>40,204</u>	-	-	<u>(374,132)</u>	-
(46,214)	-	876,829	(36,019)	(173,185)	9,093
-	-	-	-	100,000	-
(46,214)	-	876,829	(36,019)	(73,185)	9,093
310,856	-	1,968,004	177,705	303,678	3,553
<u>\$ 264,642</u>	<u>\$ -</u>	<u>\$ 2,844,833</u>	<u>\$ 141,686</u>	<u>\$ 230,493</u>	<u>\$ 12,646</u>

	Special Grants	Redevelopment Agency	Proposition "A"
<b>Revenues</b>			
Use of money and property	\$ 201	\$ 27,722	\$ -
Intergovernmental	56,622	-	1,604,751
Charges for services	-	-	-
Other	-	-	-
<b>Total revenues</b>	<u>56,823</u>	<u>27,722</u>	<u>1,604,751</u>
<b>Expenditures</b>			
Current			
General government	-	92,204	-
Public safety	-	-	-
Highways and streets	-	-	1,604,751
Health and welfare	113,260	-	-
Capital outlay	-	-	-
<b>Total expenditures</b>	<u>113,260</u>	<u>92,204</u>	<u>1,604,751</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(56,437)</u>	<u>(64,482)</u>	<u>-</u>
<b>Other financing sources (uses)</b>			
Transfers in	56,638	-	-
Transfers out	-	(2,438,376)	-
<b>Net other financing sources (uses)</b>	<u>56,638</u>	<u>(2,438,376)</u>	<u>-</u>
<b>Change in fund balances before Extraordinary items</b>	201	(2,502,858)	-
<b>Extraordinary items</b>	<u>-</u>	<u>(4,502,859)</u>	<u>-</u>
<b>Change in fund balances</b>	201	(7,005,717)	-
<b>Beginning fund balances</b>	<u>3,278</u>	<u>7,005,717</u>	<u>-</u>
<b>Ending fund balances</b>	<u>\$ 3,479</u>	<u>\$ -</u>	<u>\$ -</u>

**City of Norwalk**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances -**  
**Other Special Revenue Funds (Continued)**  
**Year ended June 30, 2012**

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Measure "R"	ARRA Street Projects	Other Federal Grants	Totals
\$ 3,826	\$ -	\$ 1,564	\$ 51,086
991,867	99,030	453,770	10,374,765
-	-	-	841,492
-	-	-	111,719
<u>995,693</u>	<u>99,030</u>	<u>455,334</u>	<u>11,379,062</u>
-	-	-	546,600
-	-	-	679,504
230,094	-	-	3,992,890
-	-	9,531	3,924,683
<u>645,788</u>	<u>-</u>	<u>352,037</u>	<u>1,190,140</u>
<u>875,882</u>	<u>-</u>	<u>361,568</u>	<u>10,333,817</u>
<u>119,811</u>	<u>99,030</u>	<u>93,766</u>	<u>1,045,245</u>
-	-	-	96,842
-	-	-	(2,812,508)
-	-	-	(2,715,666)
119,811	99,030	93,766	(1,670,421)
-	-	-	(4,402,859)
119,811	99,030	93,766	(6,073,280)
<u>734,759</u>	<u>(99,030)</u>	<u>126,714</u>	<u>10,646,109</u>
<u>\$ 854,570</u>	<u>\$ -</u>	<u>\$ 220,480</u>	<u>\$ 4,572,829</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, 2012**

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	<u>Budgeted Amount Final</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (negative)</u>
<b>Revenues</b>			
Intergovernmental	\$ 4,168,592	\$ 3,213,471	\$ (955,121)
Charges for services	30,167	67,062	36,895
Other	23,545	24,173	628
<b>Total revenues</b>	<u>4,222,304</u>	<u>3,304,706</u>	<u>(917,598)</u>
<b>Expenditures</b>			
Current:			
Health and Welfare	4,222,304	3,304,706	917,598
<b>Total expenditures</b>	<u>4,222,304</u>	<u>3,304,706</u>	<u>917,598</u>
<b>Net change in fund balances</b>	-	-	-
<b>Beginning fund balances</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Ending fund balances</b>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>

**City of Norwalk**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance –**  
**Budget and Actual**  
**State Gasoline Tax Special Revenue Fund**  
**Year ended June 30, 2012**

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	<u>Budgeted Amount Final</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (negative)</u>
<b>Revenues</b>			
Intergovernmental	\$ 1,745,110	\$ 1,560,295	\$ (184,815)
Use of money and property	-	1,317	1,317
<b>Total revenues</b>	<u>1,745,110</u>	<u>1,561,612</u>	<u>(183,498)</u>
<b>Expenditures</b>			
Current:			
Highways and streets	<u>1,745,110</u>	<u>1,672,487</u>	<u>72,623</u>
<b>Total expenditures</b>	<u>1,745,110</u>	<u>1,672,487</u>	<u>72,623</u>
<b>Net change in fund balances</b>	-	(110,875)	(110,875)
<b>Beginning fund balances</b>	<u>110,875</u>	<u>110,875</u>	<u>-</u>
<b>Ending fund balances</b>	<u>\$ 110,875</u>	<u>\$ -</u>	<u>\$ (110,875)</u>

**City of Norwalk**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance –**  
**Budget and Actual**  
**Homeless Prevention Special Revenue Fund**  
**Year ended June 30, 2012**

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	<u>Budgeted Amount Final</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (negative)</u>
<b>Revenues</b>			
Intergovernmental	\$ 214,529	\$ 215,111	\$ 582
<b>Total revenues</b>	<u>214,529</u>	<u>215,111</u>	<u>582</u>
<b>Expenditures</b>			
Current:			
Health and welfare	214,529	215,111	(582)
<b>Total expenditures</b>	<u>214,529</u>	<u>215,111</u>	<u>(582)</u>
<b>Net change in fund balances</b>	-	-	-
<b>Beginning fund balances</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Ending fund balances</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**City of Norwalk**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance –**  
**Budget and Actual**  
**Air Quality Improvement Special Revenue Fund**  
**Year ended June 30, 2012**

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	Budgeted Amount Final	<u>Actual</u>	Variance with Final Budget Positive (negative)
<b>Revenues</b>			
Use of money and property	\$ 1,000	\$ 1,652	\$ 652
Intergovernmental	125,900	132,720	6,820
<b>Total revenues</b>	<u>126,900</u>	<u>134,372</u>	<u>7,472</u>
<b>Expenditures</b>			
Current:			
Health and welfare	180,854	180,586	268
<b>Total expenditures</b>	<u>180,854</u>	<u>180,586</u>	<u>268</u>
<b>Net change in fund balances</b>	(53,954)	(46,214)	7,740
<b>Beginning fund balances</b>	<u>310,856</u>	<u>310,856</u>	<u>-</u>
<b>Ending fund balances</b>	<u>\$ 256,902</u>	<u>\$ 264,642</u>	<u>\$ 7,740</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, 2012**

	Budgeted Amount Final	Actual	Variance with Final Budget Positive (negative)
<b>Revenues</b>			
Intergovernmental	\$ 61,130	\$ 61,130	\$ -
Other	250	155	(95)
<b>Total revenues</b>	<u>61,380</u>	<u>61,285</u>	<u>(95)</u>
<b>Expenditures</b>			
Current:			
Health and welfare	85,194	101,489	(16,295)
<b>Total expenditures</b>	<u>85,194</u>	<u>101,489</u>	<u>(16,295)</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(23,814)</u>	<u>(40,204)</u>	<u>(16,390)</u>
<b>Other financing sources (uses)</b>			
Transfers in	23,814	40,204	16,390
<b>Net other financing sources (uses)</b>	<u>23,814</u>	<u>40,204</u>	<u>16,390</u>
<b>Net change in fund balances</b>	-	-	-
<b>Beginning fund balances</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Ending fund balances</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**City of Norwalk**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance –**  
**Budget and Actual**  
**Proposition C Special Revenue Fund**  
**Year ended June 30, 2012**

	Budgeted Amount Final	Actual	Variance with Final Budget Positive (negative)
<b>Revenues</b>			
Use of money and property	\$ 10,000	\$ 13,824	\$ 3,824
Intergovernmental	1,253,769	1,334,400	80,631
Charges for services	76,500	104,095	27,595
Other	194,008	87,391	(106,617)
<b>Total revenues</b>	<u>1,534,277</u>	<u>1,539,710</u>	<u>5,433</u>
<b>Expenditures</b>			
Current:			
General government	26,009	26,008	1
Highways and streets	497,246	485,558	11,688
Capital outlay	1,027,558	151,315	876,243
<b>Total expenditures</b>	<u>1,550,813</u>	<u>662,881</u>	<u>887,932</u>
<b>Net change in fund balances</b>	(16,536)	876,829	893,365
<b>Beginning fund balances</b>	<u>1,968,004</u>	<u>1,968,004</u>	<u>-</u>
<b>Ending fund balances</b>	<u>\$ 1,951,468</u>	<u>\$ 2,844,833</u>	<u>\$ 893,365</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, 2012**

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	Budgeted Amount Final	<u>Actual</u>	Variance with Final Budget Positive (negative)
<b>Revenues</b>			
Use of money and property	\$ -	\$ 956	\$ 956
Intergovernmental	<u>1,359,782</u>	<u>642,529</u>	<u>(717,253)</u>
<b>Total revenues</b>	<u>1,359,782</u>	<u>643,485</u>	<u>(716,297)</u>
<b>Expenditures</b>			
Current:			
Public safety	<u>1,407,213</u>	<u>679,504</u>	<u>727,709</u>
<b>Total expenditures</b>	<u>1,407,213</u>	<u>679,504</u>	<u>727,709</u>
<b>Net change in fund balances</b>	(47,431)	(36,019)	11,412
<b>Beginning fund balances</b>	<u>177,705</u>	<u>177,705</u>	<u>-</u>
<b>Ending fund balances</b>	<u>\$ 130,274</u>	<u>\$ 141,686</u>	<u>\$ 11,412</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, 2012**

	Budgeted Amount Final	Actual	Variance with Final Budget Positive (negative)
<b>Revenues</b>			
Charges for services	\$ 625,000	\$ 670,335	\$ 45,335
<b>Total revenues</b>	<u>625,000</u>	<u>670,335</u>	<u>45,335</u>
<b>Expenditures</b>			
Current:			
General government	496,047	428,388	67,659
Capital outlay	12,800	41,000	(28,200)
<b>Total expenditures</b>	<u>508,847</u>	<u>469,388</u>	<u>39,459</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>116,153</u>	<u>200,947</u>	<u>84,794</u>
<b>Other financing sources (uses)</b>			
Transfers out	(374,132)	(374,132)	-
<b>Net other financing sources (uses)</b>	<u>(374,132)</u>	<u>(374,132)</u>	<u>-</u>
<b>Change in fund balances before extraordinary items</b>	(257,979)	(173,185)	84,794
<b>Extraordinary items</b>	<u>-</u>	<u>100,000</u>	<u>100,000</u>
<b>Net change in fund balances</b>	(257,979)	(73,185)	184,794
<b>Beginning fund balances</b>	<u>303,678</u>	<u>303,678</u>	<u>-</u>
<b>Ending fund balances</b>	<u>\$ 45,699</u>	<u>\$ 230,493</u>	<u>\$ 184,794</u>



**City of Norwalk**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance –**  
**Budget and Actual**  
**Forfeiture Special Revenue Fund**  
**Year ended June 30, 2012**

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	Budgeted Amount Final	Actual	Variance with Final Budget Positive (negative)
	<u>Final</u>	<u>Actual</u>	<u>(negative)</u>
<b>Revenues</b>			
Use of money and property	\$ -	\$ 24	\$ 24
Intergovernmental	-	9,069	9,069
<b>Total revenues</b>	<u>-</u>	<u>9,093</u>	<u>9,093</u>
<b>Expenditures</b>			
Current:			
General government	-	-	-
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	-	9,093	9,093
<b>Beginning fund balances</b>	<u>3,553</u>	<u>3,553</u>	<u>-</u>
<b>Ending fund balances</b>	<u>\$ 3,553</u>	<u>\$ 12,646</u>	<u>\$ 9,093</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, 2012**

	Budgeted Amount Final	Actual	Variance with Final Budget Positive (negative)
<b>Revenues</b>			
Use of money and property	\$ 100	\$ 201	\$ 101
Intergovernmental	61,167	56,622	(4,545)
<b>Total revenues</b>	<u>61,267</u>	<u>56,823</u>	<u>(4,444)</u>
<b>Expenditures</b>			
Current:			
Health and welfare	110,708	113,260	(2,552)
<b>Total expenditures</b>	<u>110,708</u>	<u>113,260</u>	<u>(2,552)</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(49,441)</u>	<u>(56,437)</u>	<u>(6,996)</u>
<b>Other financing sources (uses)</b>			
Transfers in	49,518	56,638	7,120
Transfers out	-	-	-
<b>Net other financing sources (uses)</b>	<u>49,518</u>	<u>56,638</u>	<u>7,120</u>
<b>Net change in fund balances</b>	77	201	124
<b>Beginning fund balances</b>	<u>3,278</u>	<u>3,278</u>	<u>-</u>
<b>Ending fund balances</b>	<u>\$ 3,355</u>	<u>\$ 3,479</u>	<u>\$ 124</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, 2012**

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	<u>Budgeted Amount Final</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (negative)</u>
<b>Revenues</b>			
Intergovernmental	\$ 1,511,524	\$ 1,604,751	\$ 93,227
<b>Total revenues</b>	<u>1,511,524</u>	<u>1,604,751</u>	<u>93,227</u>
<b>Expenditures</b>			
Current:			
Highways and streets	1,511,524	1,604,751	(93,227)
<b>Total expenditures</b>	<u>1,511,524</u>	<u>1,604,751</u>	<u>(93,227)</u>
<b>Net change in fund balances</b>	-	-	-
<b>Beginning fund balances</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Ending fund balances</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**City of Norwalk**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance –**  
**Budget and Actual**  
**Measure R Special Revenue Fund**  
**Year ended June 30, 2012**

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	Budgeted Amount Final	Actual	Variance with Final Budget Positive (negative)
	<u>Final</u>	<u>Actual</u>	<u>(negative)</u>
<b>Revenues</b>			
Use of money and property	\$ 500	\$ 3,826	\$ 3,326
Intergovernmental	940,335	991,867	51,532
<b>Total revenues</b>	<u>940,835</u>	<u>995,693</u>	<u>54,858</u>
<b>Expenditures</b>			
Current:			
Highways and streets	344,925	230,094	114,831
Capital outlay	613,000	645,788	(32,788)
<b>Total expenditures</b>	<u>957,925</u>	<u>875,882</u>	<u>82,043</u>
<b>Net change in fund balances</b>	(17,090)	119,811	136,901
<b>Beginning fund balances</b>	<u>734,759</u>	<u>734,759</u>	<u>-</u>
<b>Ending fund balances</b>	<u>\$ 717,669</u>	<u>\$ 854,570</u>	<u>\$ 136,901</u>

**City of Norwalk**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance –**  
**Budget and Actual**  
**ARRA Street Projects Special Revenue Fund**  
**Year ended June 30, 2012**

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	Budgeted Amount Final	Actual	Variance with Final Budget Positive (negative)
	<u>Final</u>	<u>Actual</u>	<u>(negative)</u>
<b>Revenues</b>			
Intergovernmental	\$ -	\$ 99,030	\$ 99,030
<b>Total revenues</b>	<u>-</u>	<u>99,030</u>	<u>99,030</u>
<b>Expenditures</b>			
Current:			
Capital outlay	178,080	-	178,080
<b>Total expenditures</b>	<u>178,080</u>	<u>-</u>	<u>178,080</u>
<b>Net change in fund balances</b>	(178,080)	99,030	277,110
<b>Beginning fund balances</b>	<u>(99,030)</u>	<u>(99,030)</u>	<u>-</u>
<b>Ending fund balances</b>	<u>\$ (277,110)</u>	<u>\$ -</u>	<u>\$ 277,110</u>

**City of Norwalk**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance –**  
**Budget and Actual**  
**Other Federal Grants Special Revenue Fund**  
**Year ended June 30, 2012**

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	Budgeted Amount Final	<u>Actual</u>	Variance with Final Budget Positive (negative)
<b>Revenues</b>			
Use of money and property	\$ -	\$ 1,564	\$ 1,564
Intergovernmental	1,345,100	453,770	(891,330)
<b>Total revenues</b>	<u>1,345,100</u>	<u>455,334</u>	<u>(889,766)</u>
<b>Expenditures</b>			
Current:			
Health and welfare	1,143,169	9,531	1,133,638
Capital outlay	1,449,679	352,037	1,097,642
<b>Total expenditures</b>	<u>2,592,848</u>	<u>361,568</u>	<u>2,231,280</u>
<b>Net change in fund balances</b>	(1,247,748)	93,766	1,341,514
<b>Beginning fund balances</b>	<u>126,714</u>	<u>126,714</u>	<u>-</u>
<b>Ending fund balances</b>	<u>\$ (1,121,034)</u>	<u>\$ 220,480</u>	<u>\$ 1,341,514</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.

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**  
**Combining Balance Sheet**  
**Debt Service Funds**  
**June 30, 2012**

	<u>General Debt Service Fund</u>	<u>Redevelopment Agency Debt Service</u>	<u>Totals</u>
<b>ASSETS</b>			
Pooled cash and investments	\$ -	\$ -	\$ -
Cash and investments with fiscal agent	<u>693,691</u>	<u>-</u>	<u>693,691</u>
<b>Total assets</b>	<u><u>693,691</u></u>	<u><u>-</u></u>	<u><u>693,691</u></u>
<b>FUND BALANCES</b>			
Restricted	693,691	-	693,691
Committed	-	-	-
Unassigned	-	-	-
<b>Total fund balances</b>	<u><u>\$ 693,691</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 693,691</u></u>



**City of Norwalk**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Debt Service Funds**  
**Year ended June 30, 2012**

	General Debt Service Fund	Redevelopment Agency Debt Service	Totals
<b>Revenues</b>			
Taxes	\$ -	\$ 2,115,285	\$ 2,115,285
Use of money and property	-	35,089	35,089
<b>Total revenues</b>	<u>-</u>	<u>2,150,374</u>	<u>2,150,374</u>
<b>Expenditures</b>			
Current:			
General government	7,162	119,217	126,379
Health and welfare	-	236,956	236,956
Debt service			
Principal retirement	750,000	1,225,000	1,975,000
Interest and fiscal charges	830,806	1,555,710	2,386,516
<b>Total expenditures</b>	<u>1,587,968</u>	<u>3,136,883</u>	<u>4,724,851</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(1,587,968)</u>	<u>(986,509)</u>	<u>(2,574,477)</u>
<b>Other financing sources (uses)</b>			
Transfers in	1,587,968	843,835	2,431,803
Transfers out	-	-	-
<b>Net other financing sources</b>	<u>1,587,968</u>	<u>843,835</u>	<u>2,431,803</u>
<b>Change of fund balances before extraordinary items</b>	-	(142,674)	(142,674)
<b>Extraordinary items</b>	<u>-</u>	<u>(4,458,954)</u>	<u>(4,458,954)</u>
<b>Net change in fund balances</b>	-	(4,601,628)	(4,601,628)
<b>Beginning fund balances</b>	<u>693,691</u>	<u>4,601,628</u>	<u>5,295,319</u>
<b>Ending fund balances</b>	<u>\$ 693,691</u>	<u>\$ -</u>	<u>\$ 693,691</u>

**City of Norwalk**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance –**  
**Budget and Actual**  
**General Debt Service Fund**  
**Year ended June 30, 2012**

	Budgeted Amount Final	Actual	Variance with Final Budget Positive (negative)
<b>Revenues</b>			
Use of money and property	\$ -	\$ -	\$ -
<b>Total revenues</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Expenditures</b>			
Current:			
General government	12,000	7,162	4,838
Debt service			
Principal retirement	750,000	750,000	-
Interest and fiscal charges	830,807	830,806	1
<b>Total expenditures</b>	<u>1,592,807</u>	<u>1,587,968</u>	<u>4,839</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(1,592,807)</u>	<u>(1,587,968)</u>	<u>4,839</u>
<b>Other financing sources (uses)</b>			
Transfers in	1,592,807	1,587,968	(4,839)
Transfers out	-	-	-
<b>Net other financing sources (uses)</b>	<u>1,592,807</u>	<u>1,587,968</u>	<u>(4,839)</u>
<b>Net change in fund balances</b>	-	-	-
<b>Beginning fund balances</b>	<u>693,691</u>	<u>693,691</u>	<u>-</u>
<b>Ending fund balances</b>	<u>\$ 693,691</u>	<u>\$ 693,691</u>	<u>\$ -</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**

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

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

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

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

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

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

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

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

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

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

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

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	Redevelopment Agency Capital Projects	Prop 1B	Prop C I-5 Mitigation	Public Art	Special Projects
<b>ASSETS</b>					
Pooled cash and investments	\$ -	\$ 1,573,620	\$ -	\$ 690,409	\$ -
Cash and investments with fiscal agent	-	-	-	-	-
Due from other governments	-	-	275,438	-	544,161
<b>Total assets</b>	<b>\$ -</b>	<b>\$ 1,573,620</b>	<b>\$ 275,438</b>	<b>\$ 690,409</b>	<b>\$ 544,161</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts payable	\$ -	\$ -	\$ 72,100	\$ -	\$ 170,020
Deposits payable	-	-	-	-	-
Due to other funds	-	-	203,339	-	19,451
Deferred revenue	-	-	159,338	-	279,213
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>434,777</b>	<b>-</b>	<b>468,684</b>
<b>Fund balances (deficits)</b>					
Restricted	-	1,573,620	-	690,409	75,477
Committed	-	-	-	-	-
Unassigned	-	-	(159,339)	-	-
<b>Total fund balances</b>	<b>-</b>	<b>1,573,620</b>	<b>(159,339)</b>	<b>690,409</b>	<b>75,477</b>
<b>Total liabilities and fund balances</b>	<b>\$ -</b>	<b>\$ 1,573,620</b>	<b>\$ 275,438</b>	<b>\$ 690,409</b>	<b>\$ 544,161</b>

**City of Norwalk**  
**Combining Balance Sheet**  
**Other Capital Projects Funds**  
**June 30, 2012**

Traffic Congestion Relief	Transportation and Public Services Facility	Parking Structure	Park Development	Computer Replacement	Equipment Replacement	Building Renovation	Total Other Capital Projects Funds
\$ 1,804,606	\$ -	\$ 17,457	\$ -	\$ 72,654	\$ 992,967	\$ 498,037	\$ 5,649,750
	36,535	326,364	-	-	-	-	362,899
175,854	-	-	170,873	-	-	-	1,166,326
<u>\$ 1,980,460</u>	<u>\$ 36,535</u>	<u>\$ 343,821</u>	<u>\$ 170,873</u>	<u>\$ 72,654</u>	<u>\$ 992,967</u>	<u>\$ 498,037</u>	<u>\$ 7,178,975</u>
\$ 40,170	\$ -	\$ -	\$ 75,978	\$ -	\$ 5,403	\$ -	\$ 363,671
-	-	-	-	-	-	-	-
-	-	-	94,895	-	-	-	317,685
-	-	-	147,849	-	-	-	586,400
<u>40,170</u>	<u>-</u>	<u>-</u>	<u>318,722</u>	<u>-</u>	<u>5,403</u>	<u>-</u>	<u>1,267,756</u>
1,940,290	36,535	343,821	-	-	-	-	4,660,152
-	-	-	-	72,654	987,564	498,037	1,558,255
-	-	-	(147,849)	-	-	-	(307,188)
<u>1,940,290</u>	<u>36,535</u>	<u>343,821</u>	<u>(147,849)</u>	<u>72,654</u>	<u>987,564</u>	<u>498,037</u>	<u>5,911,219</u>
<u>\$ 1,980,460</u>	<u>\$ 36,535</u>	<u>\$ 343,821</u>	<u>\$ 170,873</u>	<u>\$ 72,654</u>	<u>\$ 992,967</u>	<u>\$ 498,037</u>	<u>\$ 7,178,975</u>

	Redevelopment Agency Capital Projects	Prop 1B	Prop C I-5 Mitigation	Public Art	Special Projects
<b>Revenues</b>					
Use of money and property	\$ 30,131	\$ 3,067	\$ -	\$ 4,128	\$ 1,503
Intergovernmental	-	1,635,892	97,800	-	889,647
Other	384,563	-	-	23,540	-
<b>Total revenues</b>	<u>414,694</u>	<u>1,638,959</u>	<u>97,800</u>	<u>27,668</u>	<u>891,150</u>
<b>Expenditures</b>					
Highways and streets	-	-	-	-	-
Urban development	597,008	-	-	-	-
Capital outlay	78,858	291,577	257,139	1,475	998,450
<b>Total expenditures</b>	<u>675,866</u>	<u>291,577</u>	<u>257,139</u>	<u>1,475</u>	<u>998,450</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(261,172)</u>	<u>1,347,382</u>	<u>(159,339)</u>	<u>26,193</u>	<u>(107,300)</u>
<b>Other financing sources (uses)</b>					
Transfers in	1,594,541	-	-	-	-
<b>Net other financing sources (uses)</b>	<u>1,594,541</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Change in fund balances before extraordinary items</b>	1,333,369	1,347,382	(159,339)	26,193	(107,300)
<b>Extraordinary items</b>	<u>(5,754,107)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Change in fund balances</b>	(4,420,738)	1,347,382	(159,339)	26,193	(107,300)
<b>Beginning fund balances (deficit)</b>	<u>4,420,738</u>	<u>226,238</u>	<u>-</u>	<u>664,216</u>	<u>182,777</u>
<b>Ending fund balances (deficit)</b>	<u>\$ -</u>	<u>\$ 1,573,620</u>	<u>\$ (159,339)</u>	<u>\$ 690,409</u>	<u>\$ 75,477</u>

**City of Norwalk**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances –**  
**Other Capital Projects Funds**  
**Year ended June 30, 2012**

Traffic Congestion Relief	Transportation and Public Services Facility	Parking Structure	Park Development	Computer Replacement	Equipment Replacement	Building Renovation	Total Other Capital Projects Funds
\$ 8,487	\$ -	\$ 106	\$ -	\$ 347	\$ 6,805	\$ 1,808	\$ 56,382
1,481,584	-	-	187,973	-	-	-	4,292,896
<u>1,490,071</u>	<u>-</u>	<u>106</u>	<u>187,973</u>	<u>347</u>	<u>6,805</u>	<u>1,808</u>	<u>4,757,381</u>
583,642	-	-	-	-	-	-	583,642
264	-	-	335,822	7,031	111,122	8,799	597,008
<u>583,906</u>	<u>-</u>	<u>-</u>	<u>335,822</u>	<u>7,031</u>	<u>111,122</u>	<u>8,799</u>	<u>2,090,537</u>
<u>906,165</u>	<u>-</u>	<u>106</u>	<u>(147,849)</u>	<u>(6,684)</u>	<u>(104,317)</u>	<u>(6,991)</u>	<u>1,486,194</u>
-	-	-	-	50,000	110,000	300,000	2,054,541
-	-	-	-	50,000	110,000	300,000	2,054,541
906,165	-	106	(147,849)	43,316	5,683	293,009	3,540,735
-	-	317,600	-	-	-	-	(5,436,507)
906,165	-	317,706	(147,849)	43,316	5,683	293,009	(1,895,772)
1,034,125	36,535	26,115	-	29,338	981,881	205,028	7,806,991
<u>\$ 1,940,290</u>	<u>\$ 36,535</u>	<u>\$ 343,821</u>	<u>\$ (147,849)</u>	<u>\$ 72,654</u>	<u>\$ 987,564</u>	<u>\$ 498,037</u>	<u>\$ 5,911,219</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, 2012**

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	Budgeted Amount Final	Actual	Variance with Final Budget Positive (negative)
<b>Revenues</b>			
Use of money and property	\$ 6,500	\$ 3,067	\$ (3,433)
Intergovernmental	<u>1,635,892</u>	<u>1,635,892</u>	<u>-</u>
<b>Total revenues</b>	<u>1,642,392</u>	<u>1,638,959</u>	<u>(3,433)</u>
<b>Expenditures</b>			
Capital outlay	<u>2,068,187</u>	<u>291,577</u>	<u>1,776,610</u>
<b>Total expenditures</b>	<u>2,068,187</u>	<u>291,577</u>	<u>1,776,610</u>
<b>Net change in fund balances</b>	(425,795)	1,347,382	1,773,177
<b>Beginning fund balances</b>	<u>226,238</u>	<u>226,238</u>	<u>-</u>
<b>Ending fund balances</b>	<u>\$ (199,557)</u>	<u>\$ 1,573,620</u>	<u>\$ 1,773,177</u>

**City of Norwalk**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance –**  
**Budget and Actual**  
**Prop C I-5 Mitigation Capital Projects Fund**  
**Year ended June 30, 2012**

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	Budgeted Amount Final	Actual	Variance with Final Budget Positive (negative)
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Revenues</b>			
Intergovernmental	\$ -	\$ 97,800	\$ 97,800
<b>Total revenues</b>	<u>-</u>	<u>97,800</u>	<u>97,800</u>
<b>Expenditures</b>			
Capital outlay	5,698,981	257,139	5,441,842
<b>Total expenditures</b>	<u>5,698,981</u>	<u>257,139</u>	<u>5,441,842</u>
<b>Net change in fund balances</b>	(5,698,981)	(159,339)	5,539,642
<b>Beginning fund balances</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Ending fund balances</b>	<u>\$ (5,698,981)</u>	<u>\$ (159,339)</u>	<u>\$ 5,539,642</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, 2012**

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	<u>Budgeted Amount Final</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (negative)</u>
<b>Revenues</b>			
Use of money and property	\$ 2,000	\$ 4,128	\$ 2,128
Other	-	23,540	23,540
<b>Total revenues</b>	<u>2,000</u>	<u>27,668</u>	<u>25,668</u>
<b>Expenditures</b>			
Capital outlay	<u>533,289</u>	<u>1,475</u>	<u>531,814</u>
<b>Total expenditures</b>	<u>533,289</u>	<u>1,475</u>	<u>531,814</u>
<b>Net change in fund balances</b>	(531,289)	26,193	557,482
<b>Beginning fund balances</b>	<u>664,216</u>	<u>664,216</u>	-
<b>Ending fund balances</b>	<u>\$ 132,927</u>	<u>\$ 690,409</u>	<u>\$ 557,482</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, 2012**

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	<u>Budgeted Amount Final</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (negative)</u>
<b>Revenues</b>			
Use of money and property	\$ -	\$ 1,503	\$ 1,503
Intergovernmental	<u>432,000</u>	<u>889,647</u>	<u>457,647</u>
<b>Total revenues</b>	<u>432,000</u>	<u>891,150</u>	<u>459,150</u>
<b>Expenditures</b>			
Capital outlay	<u>3,422,434</u>	<u>998,450</u>	<u>2,423,984</u>
<b>Total expenditures</b>	<u>3,422,434</u>	<u>998,450</u>	<u>2,423,984</u>
<b>Net change in fund balances</b>	(2,990,434)	(107,300)	2,883,134
<b>Beginning fund balances</b>	<u>182,777</u>	<u>182,777</u>	<u>-</u>
<b>Ending fund balances</b>	<u>\$ (2,807,657)</u>	<u>\$ 75,477</u>	<u>\$ 2,883,134</u>

**City of Norwalk**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance –**  
**Budget and Actual**  
**Traffic Congestion Relief Capital Projects Fund**  
**Year ended June 30, 2012**

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	Budgeted Amount Final	<u>Actual</u>	Variance with Final Budget Positive (negative)
<b>Revenues</b>			
Use of money and property	\$ 4,000	\$ 8,487	\$ 4,487
Intergovernmental	<u>1,102,709</u>	<u>1,481,584</u>	<u>378,875</u>
<b>Total revenues</b>	<u>1,106,709</u>	<u>1,490,071</u>	<u>383,362</u>
<b>Expenditures</b>			
Highways and streets	585,000	583,642	1,358
Capital outlay	<u>98,297</u>	<u>264</u>	<u>98,033</u>
<b>Total expenditures</b>	<u>683,297</u>	<u>583,906</u>	<u>99,391</u>
<b>Net change in fund balances</b>	423,412	906,165	482,753
<b>Beginning fund balances</b>	<u>1,034,125</u>	<u>1,034,125</u>	-
<b>Ending fund balances</b>	<u>\$ 1,457,537</u>	<u>\$ 1,940,290</u>	<u>\$ 482,753</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, 2012**

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	Budgeted Amount Final	Actual	Variance with Final Budget Positive (negative)
	<u>Final</u>	<u>Actual</u>	<u>(negative)</u>
<b>Revenues</b>			
Use of money and property	\$ -	\$ 106	\$ 106
<b>Total revenues</b>	<u>-</u>	<u>106</u>	<u>106</u>
<b>Expenditures</b>			
Capital outlay	-	-	-
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Change in fund balances before extraordinary items</b>	-	106	106
<b>Extraordinary items</b>	<u>-</u>	<u>317,600</u>	<u>317,600</u>
<b>Net change in fund balances</b>	-	317,706	317,706
<b>Beginning fund balances</b>	<u>26,115</u>	<u>26,115</u>	<u>-</u>
<b>Ending fund balances</b>	<u>\$ 26,115</u>	<u>\$ 343,821</u>	<u>\$ 317,706</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, 2012**

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	Budgeted Amount Final	Actual	Variance with Final Budget Positive (negative)
	<u>Final</u>	<u>Actual</u>	<u>(negative)</u>
<b>Revenues</b>			
Intergovernmental	\$ 150,000	\$ 187,973	\$ 37,973
<b>Total revenues</b>	<u>150,000</u>	<u>187,973</u>	<u>37,973</u>
<b>Expenditures</b>			
Capital outlay	401,000	335,822	65,178
<b>Total expenditures</b>	<u>401,000</u>	<u>335,822</u>	<u>65,178</u>
<b>Net change in fund balances</b>	(251,000)	(147,849)	103,151
<b>Beginning fund balances</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Ending fund balances</b>	<u>\$ (251,000)</u>	<u>\$ (147,849)</u>	<u>\$ 103,151</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, 2012**

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	Budgeted Amount Final	<u>Actual</u>	Variance with Final Budget Positive (negative)
<b>Revenues</b>			
Use of money and property	\$ -	\$ 347	\$ 347
<b>Total revenues</b>	<u>-</u>	<u>347</u>	<u>347</u>
<b>Expenditures</b>			
Capital outlay	6,000	7,031	(1,031)
<b>Total expenditures</b>	<u>6,000</u>	<u>7,031</u>	<u>(1,031)</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(6,000)</u>	<u>(6,684)</u>	<u>(684)</u>
<b>Other financing sources (uses)</b>			
Transfers in	50,000	50,000	-
<b>Net other financing sources (uses)</b>	<u>50,000</u>	<u>50,000</u>	<u>-</u>
<b>Net change in fund balances</b>	44,000	43,316	(684)
<b>Beginning fund balances</b>	<u>29,338</u>	<u>29,338</u>	<u>-</u>
<b>Ending fund balances</b>	<u>\$ 73,338</u>	<u>\$ 72,654</u>	<u>\$ (684)</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, 2012**

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	<u>Budgeted Amount Final</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (negative)</u>
<b>Revenues</b>			
Use of money and property	\$ 4,000	\$ 6,805	\$ 2,805
<b>Total revenues</b>	<u>4,000</u>	<u>6,805</u>	<u>2,805</u>
<b>Expenditures</b>			
Capital outlay	<u>115,602</u>	<u>111,122</u>	4,480
<b>Total expenditures</b>	<u>115,602</u>	<u>111,122</u>	<u>4,480</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(111,602)</u>	<u>(104,317)</u>	<u>7,285</u>
<b>Other financing sources (uses)</b>			
Transfers in	<u>110,000</u>	<u>110,000</u>	-
<b>Net other financing sources (uses)</b>	<u>110,000</u>	<u>110,000</u>	<u>-</u>
<b>Net change in fund balances</b>	(1,602)	5,683	7,285
<b>Beginning fund balances</b>	<u>981,881</u>	<u>981,881</u>	<u>-</u>
<b>Ending fund balances</b>	<u>\$ 980,279</u>	<u>\$ 987,564</u>	<u>\$ 7,285</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, 2012**

	Budgeted Amount Final	Actual	Variance with Final Budget Positive (negative)
<b>Revenues</b>			
Use of money and property	\$ 100	\$ 1,808	\$ 1,708
<b>Total revenues</b>	<u>100</u>	<u>1,808</u>	<u>1,708</u>
<b>Expenditures</b>			
Capital outlay	252,347	8,799	243,548
<b>Total expenditures</b>	<u>252,347</u>	<u>8,799</u>	<u>243,548</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(252,247)</u>	<u>(6,991)</u>	<u>245,256</u>
<b>Other financing sources (uses)</b>			
Transfers in	300,000	300,000	-
<b>Net other financing sources (uses)</b>	<u>300,000</u>	<u>300,000</u>	<u>-</u>
<b>Net change in fund balances</b>	47,753	293,009	245,256
<b>Beginning fund balances</b>	<u>205,028</u>	<u>205,028</u>	<u>-</u>
<b>Ending fund balances</b>	\$ <u><u>252,781</u></u>	\$ <u><u>498,037</u></u>	\$ <u><u>245,256</u></u>

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

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

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

**City of Norwalk**  
**Combining Statement of Net Assets**  
**Internal Service Funds**  
**June 30, 2012**

	Governmental Activities		
	Employee Benefits	Vehicle Maintenance	Total
<b>ASSETS</b>			
Current assets			
Cash and investments	\$ 551,591	\$ 141,286	\$ 692,877
Inventory of materials and supplies, at cost	-	149,325	149,325
	551,591	290,611	842,202
Capital assets			
Capital assets	-	174,519	174,519
Accumulated depreciation	-	(145,746)	(145,746)
Net capital assets	-	28,773	28,773
<b>Total assets</b>	551,591	319,384	870,975
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable	132,487	96,260	228,747
Accrued liabilities	419,104	62,871	481,975
Compensated absences payable, current portion	-	15,433	15,433
Total current liabilities	551,591	174,564	726,155
Noncurrent liabilities			
Compensated absences payable, long-term portion	-	144,820	144,820
Total noncurrent liabilities	-	144,820	144,820
<b>Total liabilities</b>	551,591	319,384	870,975
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	-	28,773	28,773
Unrestricted	-	(28,773)	(28,773)
<b>Total net assets</b>	\$ -	\$ -	\$ -

**City of Norwalk**  
**Combining Statement of Revenues, Expenses and Changes in Net Assets –**  
**Internal Service Funds**  
**Year ended June 30, 2012**

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	Governmental Activities		
	Employee Benefits	Vehicle Maintenance	Total
<b>Operating revenues</b>			
Charges for services	\$ 9,929,391	\$ 3,501,941	\$ 13,431,332
<b>Total operating revenues</b>	<b>9,929,391</b>	<b>3,501,941</b>	<b>13,431,332</b>
<b>Operating expenses</b>			
Salaries and benefits	9,929,391	2,048,362	11,977,753
Maintenance and repairs	-	1,386,768	1,386,768
Administrative	-	28,612	28,612
Utilities	-	30,955	30,955
Contractual services	-	-	-
Depreciation	-	7,244	7,244
<b>Total operating expenses</b>	<b>9,929,391</b>	<b>3,501,941</b>	<b>13,431,332</b>
<b>Operating income</b>	-	-	-
<b>Total net assets - beginning</b>	-	-	-
<b>Total net assets - ending</b>	\$ -	\$ -	\$ -

**City of Norwalk**  
**Combining Statement of Cash Flows –**  
**Internal Service Funds**  
**Year ended June 30, 2012**

	Governmental Activities		
	Employee Benefits	Vehicle Maintenance	Total
<b>Cash flows from operating activities</b>			
Receipts from tenants, customers and users	\$ 9,929,544	\$ 3,501,941	\$ 13,431,485
Payments to suppliers	435,865	(1,463,356)	(1,027,491)
Payments to employees	(9,929,391)	(2,037,133)	(11,966,524)
<b>Net cash provided (used) by operating activities</b>	<u>436,018</u>	<u>1,452</u>	<u>437,470</u>
<b>Cash flows from capital and related financing activities</b>			
Purchases and construction of capital assets	-	(11,881)	(11,881)
<b>Net cash used in capital and related financing activities</b>	<u>-</u>	<u>(11,881)</u>	<u>(11,881)</u>
<b>Change in cash and cash equivalents</b>	436,018	(10,429)	425,589
<b>Beginning cash and cash equivalents</b>	115,573	151,715	267,288
<b>Ending cash and cash equivalents</b>	<u>\$ 551,591</u>	<u>\$ 141,286</u>	<u>\$ 692,877</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>			
Operating income	\$ -	\$ -	\$ -
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:			
Depreciation	-	7,244	7,244
(Increase) decrease in:			
Accounts receivable	153	-	153
Inventory	-	2,980	2,980
Increase (decrease):			
Accounts payable	16,761	6,266	23,027
Accrued liabilities	419,104	(26,267)	392,837
Compensated absences payable	-	11,229	11,229
<b>Net cash provided (used) by operating activities</b>	<u>\$ 436,018</u>	<u>\$ 1,452</u>	<u>\$ 437,470</u>

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



**City of Norwalk**  
**Statement of Changes in Assets and Liabilities**  
**Agency Fund**  
**Year ended June 30, 2012**

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		<u>Balance</u> <u>July 1, 2011</u>		<u>Additions</u>		<u>Deletions</u>		<u>Balance</u> <u>June 30, 2012</u>
<b>Assets</b>								
Cash and investments	\$	<u>606,193</u>	\$	<u>624,015</u>	\$	<u>564,930</u>	\$	<u>665,278</u>
<b>Total assets</b>	<b>\$</b>	<b><u>606,193</u></b>	<b>\$</b>	<b><u>624,015</u></b>	<b>\$</b>	<b><u>564,930</u></b>	<b>\$</b>	<b><u>665,278</u></b>
<b>Liabilities</b>								
Accounts payable	\$	<u>15,092</u>	\$	<u>41,100</u>	\$	<u>15,092</u>	\$	<u>41,100</u>
Deposits payable		<u>591,101</u>		<u>582,915</u>		<u>549,838</u>		<u>624,178</u>
<b>Total liabilities</b>	<b>\$</b>	<b><u>606,193</u></b>	<b>\$</b>	<b><u>624,015</u></b>	<b>\$</b>	<b><u>564,930</u></b>	<b>\$</b>	<b><u>665,278</u></b>

This part of the City of Norwalk's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information say about the government's overall financial health.

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

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

	Fiscal Year									
	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12*
<b>Governmental Activities:</b>										
Invested in capital assets, net of related debt	\$(20,624,721)	\$ -	\$ 8,183,219	\$ 5,952,077	\$155,330,406	\$151,673,273	\$147,890,947	\$149,429,572	\$151,855,529	\$169,952,289
Restricted	9,926,170	17,512,492	10,295,929	40,828,568	26,291,971	33,985,481	35,531,227	34,151,864	25,645,644	11,828,031
Unrestricted	<u>13,806,260</u>	<u>(6,015,282)</u>	<u>(5,935,834)</u>	<u>(30,251,245)</u>	<u>(15,915,040)</u>	<u>(24,445,926)</u>	<u>(27,568,372)</u>	<u>(33,627,069)</u>	<u>(30,664,965)</u>	<u>21,990,115</u>
Total governmental activities net assets	<u>3,107,709</u>	<u>11,497,210</u>	<u>12,543,314</u>	<u>16,529,400</u>	<u>165,707,337</u>	<u>161,212,828</u>	<u>155,853,802</u>	<u>149,954,367</u>	<u>146,836,208</u>	<u>203,770,435</u>
<b>Business-type Activities:</b>										
Invested in capital assets, net of related debt	12,811,372	13,645,902	14,733,258	17,486,832	19,530,370	20,091,062	21,117,166	26,764,133	26,295,346	25,663,416
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	<u>2,156,329</u>	<u>1,172,470</u>	<u>(818,749)</u>	<u>(2,777,203)</u>	<u>(1,189,903)</u>	<u>(4,846,849)</u>	<u>(6,217,597)</u>	<u>(7,171,135)</u>	<u>(3,789,468)</u>	<u>(3,131,920)</u>
Total business-type activities net assets	<u>14,967,701</u>	<u>14,818,372</u>	<u>13,914,509</u>	<u>14,709,629</u>	<u>18,340,467</u>	<u>15,244,213</u>	<u>14,899,569</u>	<u>19,592,998</u>	<u>22,505,878</u>	<u>22,531,496</u>
<b>Primary Government:</b>										
Invested in capital assets, net of related debt	(7,813,349)	13,645,902	22,916,477	23,438,909	174,860,776	171,764,335	169,008,113	176,193,705	178,150,875	195,615,705
Restricted	9,926,170	17,512,492	10,295,929	40,828,568	26,291,971	33,985,481	35,531,227	34,151,864	25,645,644	11,828,031
Unrestricted	<u>15,962,589</u>	<u>(4,842,812)</u>	<u>(6,754,583)</u>	<u>(33,028,448)</u>	<u>(17,104,943)</u>	<u>(29,292,775)</u>	<u>(33,785,969)</u>	<u>(40,798,204)</u>	<u>(34,454,433)</u>	<u>18,858,195</u>
Total primary government net assets	<u>\$ 18,075,410</u>	<u>\$26,315,582</u>	<u>\$26,457,823</u>	<u>\$31,239,029</u>	<u>\$184,047,804</u>	<u>\$176,457,041</u>	<u>\$170,753,371</u>	<u>\$169,547,365</u>	<u>\$169,342,086</u>	<u>\$226,301,931</u>

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

Source: City of Norwalk

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

	Fiscal Year									
	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12*
<b>Expenses:</b>										
Governmental Activities:										
General government	\$ 8,641,768	\$ 10,128,665	\$ 8,809,438	\$ 8,381,799	\$ 9,686,834	\$ 8,747,054	\$ 9,059,800	\$ 9,702,843	\$ 8,985,356	\$ 8,884,242
Public safety	10,421,824	10,420,931	11,172,581	12,311,292	12,613,947	13,608,020	12,666,249	11,978,780	12,427,683	13,612,574
Urban development	5,887,394	5,416,941	5,828,329	5,933,164	6,784,733	7,586,773	8,037,078	7,681,035	13,771,165	6,018,037
Highways and streets	7,197,220	7,400,015	7,890,050	8,589,020	16,568,320	16,906,730	14,680,280	18,252,303	17,763,495	17,301,304
Culture and leisure	5,128,748	6,175,064	6,804,699	7,328,319	8,121,309	7,964,496	7,106,356	6,271,529	6,079,088	6,370,760
Health and welfare	11,497,451	12,268,763	14,633,499	16,342,569	16,161,939	20,078,619	20,797,540	20,023,252	18,893,417	13,873,285
Interest expense	4,132,781	3,635,249	4,768,443	5,991,359	6,106,478	6,297,018	6,338,135	5,527,615	4,665,588	2,420,418
Total governmental activities net expenses	<u>52,907,186</u>	<u>55,445,628</u>	<u>59,907,039</u>	<u>64,877,522</u>	<u>76,043,560</u>	<u>81,188,710</u>	<u>78,685,438</u>	<u>79,437,357</u>	<u>82,585,792</u>	<u>68,480,620</u>
Business-type Activities:										
Transit system	8,251,462	9,306,518	11,191,817	12,465,594	12,909,714	15,271,506	13,332,392	13,612,036	14,947,479	13,188,597
Water	2,139,136	2,357,241	2,792,974	3,824,316	3,261,143	3,522,631	3,133,057	3,416,962	3,703,524	4,189,925
Golf Course	-	-	-	-	-	371,664	394,129	349,697	303,959	309,777
Total business-type activities net assets	<u>10,390,598</u>	<u>11,663,759</u>	<u>13,984,791</u>	<u>16,289,910</u>	<u>16,170,857</u>	<u>19,165,801</u>	<u>16,859,578</u>	<u>17,378,695</u>	<u>18,954,962</u>	<u>17,688,299</u>
Total primary government expenses	<u>\$ 63,297,784</u>	<u>\$ 67,109,387</u>	<u>\$ 73,891,830</u>	<u>\$ 81,167,432</u>	<u>\$ 92,214,417</u>	<u>\$ 100,354,511</u>	<u>\$ 95,545,016</u>	<u>\$ 96,816,052</u>	<u>\$ 101,540,754</u>	<u>\$ 86,168,919</u>
<b>Program Revenues:</b>										
Governmental Activities:										
Charges for services:										
General government	\$ 848,124	\$ 800,738	\$ 905,373	\$ 979,342	\$ 1,623,920	\$ 2,025,932	\$ 1,557,278	\$ 1,581,959	\$ 1,542,150	\$ 1,688,661
Public safety	1,693,124	1,876,879	2,099,468	1,926,096	2,047,466	2,346,304	1,941,504	1,607,987	1,621,750	1,658,004
Urban development	1,069,042	1,029,261	998,157	1,039,933	1,074,215	1,916,448	2,633,236	3,095,020	3,451,811	4,117,944
Highways and streets	-	-	-	-	122,055	235,480	191,071	158,557	295,550	191,032
Culture and leisure	329,735	737,487	804,032	900,161	1,107,127	638,882	445,549	410,833	567,608	524,419
Health and welfare	87,561	163,029	57,745	59,623	64,405	68,544	481,394	421,513	400,554	440,685
Operating contributions and grants	13,329,556	13,261,982	14,596,986	14,983,486	18,160,029	21,084,705	19,890,244	23,678,181	34,397,088	24,545,865
Capital contributions and grants	3,872,471	3,943,397	1,591,577	2,743,420	4,899,984	2,687,485	49,980	0	0	0
Total governmental activities program revenues	<u>21,229,613</u>	<u>21,812,773</u>	<u>21,053,338</u>	<u>22,632,061</u>	<u>29,099,201</u>	<u>31,003,780</u>	<u>27,190,256</u>	<u>30,954,050</u>	<u>42,276,511</u>	<u>33,166,610</u>
Business-type Activities:										
Charges for services:										
Transit system	1,188,048	2,206,292	2,636,753	3,012,905	2,934,122	2,325,682	1,448,755	2,015,786	1,588,163	1,612,290
Water utility	2,471,038	2,463,440	2,876,445	2,989,417	3,067,817	3,233,957	3,934,301	4,287,509	4,900,159	4,871,980
Golf Course (1)	-	-	-	-	-	196,155	192,102	194,718	152,878	163,186
Operating contributions and grants	5,635,705	6,333,623	7,624,497	9,866,303	7,928,959	8,758,685	8,411,655	7,223,874	8,767,042	9,994,239
Capital contributions and grants	2,158,585	1,342,875	182,845	1,216,405	2,486,866	1,554,473	2,528,121	8,340,444	2,481,567	212,763
Total business-type activities program revenues	<u>11,453,376</u>	<u>12,346,230</u>	<u>13,320,540</u>	<u>17,085,030</u>	<u>16,417,764</u>	<u>16,068,952</u>	<u>16,514,934</u>	<u>22,062,331</u>	<u>17,889,809</u>	<u>16,854,458</u>
Primary government program revenues	<u>\$ 32,682,989</u>	<u>\$ 34,159,003</u>	<u>\$ 34,373,878</u>	<u>\$ 39,717,091</u>	<u>\$ 45,516,965</u>	<u>\$ 47,072,732</u>	<u>\$ 43,705,190</u>	<u>\$ 53,016,381</u>	<u>\$ 60,166,320</u>	<u>\$ 50,021,068</u>
<b>Net (Expense)/Revenue:</b>										
Governmental activities	\$(31,677,573)	\$(33,632,855)	\$(38,853,701)	\$(42,245,461)	\$(46,944,359)	\$(50,184,930)	\$(51,495,182)	\$(48,483,307)	\$(40,309,281)	\$(35,314,010)
Business-type activities	1,062,778	682,471	(664,251)	795,120	246,907	(3,096,849)	(344,644)	4,683,636	(1,065,153)	(833,841)
Total primary government net expense	<u>\$(30,614,795)</u>	<u>\$(32,950,384)</u>	<u>\$(39,517,952)</u>	<u>\$(41,450,341)</u>	<u>\$(46,697,452)</u>	<u>\$(53,281,779)</u>	<u>\$(51,839,826)</u>	<u>\$(43,799,671)</u>	<u>\$(41,374,434)</u>	<u>\$(36,147,851)</u>

(1) City of Norwalk established Golf course as business-type activity as of 7/1/2007.  
\* The Norwalk Redevelopment Agency was dissolved as 1/31/12. The Successor Agency is reported as a Fiduciary Fund

Source: City of Norwalk

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

	Fiscal Year									
	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12*
<b>General Revenues and Other Changes in Net Assets:</b>										
Governmental Activities:										
Sales taxes	\$ 8,066,778	\$ 8,473,159	\$ 9,323,902	\$ 9,706,650	\$ 9,542,688	\$ 9,702,359	\$ 8,668,272	\$ 7,519,647	\$ 8,222,180	\$ 8,760,445
Property taxes	8,876,358	10,047,808	11,973,662	13,350,001	14,007,951	15,061,208	\$ 15,742,859	\$ 16,341,203	\$ 14,764,697	\$ 7,823,406
Utility users tax	5,171,754	5,586,252	5,610,068	5,809,592	6,023,059	5,985,219	\$ 6,023,038	\$ 5,974,407	\$ 5,743,933	\$ 5,421,616
Business operation taxes	622,080	688,079	685,596	671,677	694,324	684,429	\$ 637,385	\$ 649,357	\$ 669,931	\$ 858,584
Transient occupancy taxes	699,165	828,059	1,025,108	1,388,776	1,165,284	1,161,167	\$ 1,165,698	\$ 1,021,084	\$ 876,639	\$ 1,128,493
Property tax in-lieu of VLF (1)	6,075,514	6,703,108	5,900,499	7,641,419	8,643,615	8,806,441	\$ 9,208,157	\$ 8,536,095	\$ 8,394,222	\$ 8,535,764
Franchise taxes	1,275,125	1,331,822	1,353,442	1,414,502	1,554,160	1,539,710	\$ 1,637,196	\$ 1,615,826	\$ 1,676,175	\$ 1,747,542
Investment income	588,527	321,794	1,731,960	3,003,323	4,333,908	2,749,889	\$ 3,053,551	\$ 926,253	\$ 799,896	\$ 2,083,266
Gain on sale of assets	(1,214,229)	365,103	438,178	179,812	12,114	-	-	-	-	-
Miscellaneous/Extraordinary Items	1,587,604	1,769,620	1,857,390	2,146,303	638,154	-	-	-	\$ (3,956,551)	\$ 55,889,121
Total governmental activities	<u>31,748,676</u>	<u>36,114,804</u>	<u>39,899,805</u>	<u>45,312,055</u>	<u>46,615,257</u>	<u>45,690,422</u>	<u>46,136,156</u>	<u>42,583,872</u>	<u>37,191,122</u>	<u>92,248,237</u>
Business-type Activities:										
Investment income	22,280	221,388	26,170	-	-	\$ 595	\$ -	\$ 9,793	\$ 21,482	\$ 29,272
Gain (loss) on sale of assets	-	-	(2,871)	-	-	-	-	-	-	-
Miscellaneous	17,346	2,053	6,934	-	-	-	-	-	\$ 3,956,551	\$ 830,187
Total business-type activities	<u>39,626</u>	<u>223,441</u>	<u>30,233</u>	<u>-</u>	<u>-</u>	<u>595</u>	<u>-</u>	<u>9,793</u>	<u>3,978,033</u>	<u>859,459</u>
Total primary government	<u>\$ 31,788,302</u>	<u>\$ 36,338,245</u>	<u>\$ 39,930,038</u>	<u>\$ 45,312,055</u>	<u>\$ 46,615,257</u>	<u>\$ 45,691,017</u>	<u>\$ 46,136,156</u>	<u>\$ 42,593,665</u>	<u>\$ 41,169,155</u>	<u>\$ 93,107,696</u>
<b>Change in Net Assets:</b>										
Governmental activities	\$ 71,103	\$ 2,481,949	\$ 1,046,104	\$ 3,066,594	\$ (329,102)	\$ (4,494,508)	\$ (5,359,026)	\$ (5,899,435)	\$ (3,118,159)	\$ 56,934,227
Business-type activities	1,102,404	905,912	(634,018)	795,120	246,907	(3,096,254)	(344,644)	4,693,429	2,912,880	25,618
Total primary government	<u>\$ 1,173,507</u>	<u>\$ 3,387,861</u>	<u>\$ 412,086</u>	<u>\$ 3,861,714</u>	<u>\$ (82,195)</u>	<u>\$ (7,590,762)</u>	<u>\$ (5,703,670)</u>	<u>\$ (1,206,006)</u>	<u>\$ (205,279)</u>	<u>\$ 56,959,845</u>

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

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

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

Source: City of Norwalk

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

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

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

Source: City of Norwalk

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

	Fiscal Year									
	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12*
<b>Revenues:</b>										
Taxes	\$ 21,944,076	\$ 24,238,379	\$ 26,350,404	\$ 35,810,385	\$ 37,862,309	\$ 39,326,706	\$ 39,476,247	\$ 40,628,502	\$ 40,347,777	\$ 34,275,850
Licenses and permits	721,472	795,954	873,993	906,972	942,629	1,130,924	1,017,798	985,508	951,871	1,061,945
Fines and forfeitures	1,525,892	1,647,259	1,807,363	1,626,460	1,654,552	1,647,442	1,673,057	1,467,150	1,436,004	1,500,648
Investment income	644,002	825,118	571,288	1,690,923	2,909,622	3,208,729	1,780,514	926,253	6,799,896	665,890
Intergovernmental	22,177,759	22,980,281	28,245,879	21,361,192	23,396,941	27,519,018	23,320,615	22,740,043	27,676,788	25,326,358
Charges for services	1,392,703	3,436,866	1,622,104	1,827,500	2,061,106	1,957,538	1,855,635	1,829,628	1,813,133	2,006,230
Rental Income	1,187,902	519,444	1,119,205	1,184,487	1,218,510	1,233,858	1,255,826	1,265,097	1,334,820	778,045
Other	2,703,475	1,166,662	2,933,621	2,874,347	2,409,040	2,175,940	1,673,683	1,728,486	9,202,662	1,987,727
Contribution from County	-	-	-	-	-	-	-	-	-	-
Total revenues	<u>52,297,281</u>	<u>55,609,963</u>	<u>63,523,857</u>	<u>67,282,266</u>	<u>72,454,709</u>	<u>78,200,155</u>	<u>72,053,375</u>	<u>71,570,667</u>	<u>89,562,951</u>	<u>67,602,693</u>
<b>Expenditures:</b>										
Current:										
General government	7,910,797	6,942,997	7,480,624	8,022,028	8,644,601	8,384,031	7,802,225	7,789,901	7,650,241	7,529,673
Public safety	10,533,764	10,367,867	11,067,571	12,082,002	12,819,814	13,436,368	12,463,523	11,781,821	12,248,786	13,437,672
Urban development	6,262,618	5,394,999	5,816,812	5,745,947	6,339,425	8,439,595	7,961,931	7,436,094	14,232,826	5,742,654
Highways and streets	6,920,473	6,582,444	7,833,535	8,351,127	7,621,670	8,169,855	8,007,714	10,206,797	10,355,027	9,677,375
Culture and leisure	5,199,707	5,755,366	6,682,231	7,132,203	8,027,798	7,859,831	6,593,909	5,744,112	5,607,531	5,906,584
Health and welfare	11,614,640	13,619,863	14,666,925	15,789,360	15,776,975	20,078,619	20,205,820	19,572,065	18,560,049	13,549,014
Capital outlay	6,086,585	8,134,038	2,629,991	2,133,948	7,018,445	4,873,054	2,281,518	1,175,345	18,926,378	4,299,315
Debt service:										
Principal retirement	1,287,102	1,423,731	1,378,416	1,455,000	1,875,000	1,680,000	1,740,000	1,820,000	1,890,000	1,975,000
Interest and fiscal charges	4,153,529	4,581,099	4,793,199	4,931,001	6,117,985	6,217,981	6,260,210	5,450,217	6,247,967	2,386,516
Pass through payments	-	-	-	-	-	-	-	-	-	-
Bond issuance costs	-	-	-	2,665,330	-	-	-	-	-	-
Total expenditures	<u>59,969,215</u>	<u>62,802,404</u>	<u>62,349,304</u>	<u>68,307,946</u>	<u>74,241,713</u>	<u>79,139,334</u>	<u>73,316,850</u>	<u>70,976,352</u>	<u>95,718,805</u>	<u>64,503,803</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7,671,934)</u>	<u>(7,192,441)</u>	<u>1,174,553</u>	<u>(1,025,680)</u>	<u>(1,787,004)</u>	<u>(939,179)</u>	<u>(1,263,475)</u>	<u>594,315</u>	<u>(6,155,854)</u>	<u>3,098,890</u>
<b>Other Financing Sources (Uses):</b>										
Issuance of County deferred loans	1,820,784	2,092,207	2,467,720	2,379,452	2,450,332	2,405,060	2,424,113	2,403,006	2,512,697	-
Payment to bond escrow agent	-	-	-	(31,859,549)	-	-	-	-	-	-
Proceeds of tax allocation refunding revenue bonds	-	-	-	64,125,000	-	-	-	-	-	-
Bond discount	-	-	-	(353,028)	-	-	-	-	-	-
Bond premium	-	-	-	478,662	-	-	-	-	-	-
Transfers in	4,239,765	5,407,007	3,357,959	31,213,830	2,884,925	3,432,019	2,892,272	6,717,098	13,386,923	4,583,186
Transfers out	(4,239,765)	(5,362,007)	(3,357,959)	(31,213,830)	(4,932,925)	(3,432,019)	(2,892,272)	(6,717,098)	(17,343,474)	(5,413,373)
Total other financing sources (uses)	<u>1,820,784</u>	<u>2,137,207</u>	<u>2,467,720</u>	<u>34,770,537</u>	<u>402,332</u>	<u>2,405,060</u>	<u>2,424,113</u>	<u>2,403,006</u>	<u>(1,443,854)</u>	<u>(830,187)</u>
Extraordinary items	-	-	-	-	-	-	-	-	-	(20,342,575)
Net change in fund balances	(5,851,150)	(5,055,234)	3,642,273	33,744,857	(1,384,672)	1,465,881	1,160,638	2,997,321	(7,599,708)	(18,073,872)
Fund balances - July 1	30,072,678	22,454,944	20,411,808	24,640,650	58,385,507	57,000,835	58,466,716	59,627,354	62,624,675	55,024,967
Fund balances - June 30	<u>\$ 24,221,528</u>	<u>\$ 17,399,710</u>	<u>\$ 24,054,081</u>	<u>\$ 58,385,507</u>	<u>\$ 57,000,835</u>	<u>\$ 58,466,716</u>	<u>\$ 59,627,354</u>	<u>\$ 62,624,675</u>	<u>\$ 55,024,967</u>	<u>\$ 36,951,095</u>
Debt service as a percentage of noncapital expenditures	10.10%	10.98%	10.33%	13.68%	11.89%	10.63%	11.26%	10.42%	10.60%	7.24%

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

Source: City of Norwalk

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

Fiscal Year	Property Tax		Sales and Use Tax	Utility Users Tax	Business Operations Tax	Transient Occupancy Tax	Property Tax in-lieu of VLF*	Franchise Tax	Total Taxes
	City	Redevelopment Agency							
2002-03	\$ 4,753,421	\$ 4,122,937	\$ 8,066,778	\$ 5,171,754	\$ 622,080	\$ 699,165	\$ 6,075,514	\$ 1,275,125	\$ 30,786,774
2003-04	4,853,867	5,193,941	8,473,159	5,586,252	688,079	828,059	6,703,108	1,331,822	33,658,287
2004-05	5,175,725	6,797,937	9,323,902	5,610,068	685,596	1,025,108	5,900,499	1,353,442	35,872,277
2005-06	5,995,006	7,354,995	9,706,650	5,809,592	671,677	1,388,776	7,641,419	1,414,502	39,982,617
2006-07	5,806,655	8,201,296	9,542,688	6,023,059	694,324	1,165,284	8,643,615	1,554,160	41,631,081
2007-08	6,188,471	8,872,737	9,702,359	5,985,219	684,429	1,161,167	8,806,441	1,539,711	42,940,534
2008-09	6,475,400	9,267,459	8,668,275	6,023,035	637,385	1,165,698	9,208,157	1,637,196	43,082,605
2009-10	7,073,934	9,267,269	7,519,647	5,974,407	649,357	1,021,084	8,536,095	1,615,826	41,657,619
2010-11	5,658,080	9,106,617	8,222,180	5,743,933	669,931	876,639	8,394,222	1,676,175	40,347,777
2011-12 (1)	5,708,121	2,115,285	8,760,445	5,421,616	858,584	1,128,493	8,535,764	1,747,542	34,275,850

\*Motor vehicle taxes swapped for property tax in-lieu of VLF in fiscal year 2004-05, prior to fiscal year 2004-05 this line item represented motor vehicle taxes  
(1) The Norwalk Redevelopment Agency was dissolved as 1/31/12. The Successor Agency is reported as a Fiduciary Fund

Source: City of Norwalk



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

Fiscal Year	Residential Property	Commercial Property	Industrial Property	Other* Property	Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
2002-03	\$2,883,506	\$378,738	\$155,173	\$280,142	\$ 36,701	\$3,697,559	0.16668%
2003-04	3,118,566	390,323	163,732	296,644	36,864	3,969,265	0.17479%
2004-05	3,419,623	428,060	172,190	305,675	36,859	4,325,548	0.19203%
2005-06	3,789,390	489,793	187,260	288,130	36,859	4,754,573	0.19424%
2006-07	4,310,627	542,293	188,388	287,535	37,368	5,328,843	0.19753%
2007-08	4,786,674	585,750	206,202	335,031	38,844	5,913,657	0.19825%
2008-09	4,960,294	622,788	220,165	293,355	39,287	6,096,602	0.20525%
2009-10	4,464,323	655,276	225,728	306,709	39,305	5,652,036	0.22484%
2010-11	4,404,363	638,634	237,745	277,446	41,012	5,558,188	0.22213%
2011-12	4,495,242	639,267	227,164	288,436	40,773	5,650,109	0.21830%

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

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

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

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

	Fiscal Year									
	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
<b>Total Direct Rate</b>	0.16668	0.17479	0.19203	0.19424	0.19753	0.19825	0.20525	0.22484	0.22213	0.21830
<b>Overlapping Rates:</b>										
City Norwalk Tax District 1	0.06625	0.06625	0.06625	0.06625	0.06625	0.06630	0.06630	0.06630	0.06630	0.06630
Norwalk Southeast Recreation and Park	0.02630	0.02630	0.02630	0.02630	0.02630	0.02630	0.02630	0.02630	0.02630	0.02630
Cerritos Community College District	0.02459	0.02459	0.02459	0.02459	0.02459	0.02460	0.02460	0.02460	0.02460	0.02460
Children's Institutional Tuition Fund	0.00272	0.00272	0.00272	0.00272	0.00272	0.00272	0.00272	0.00272	0.00272	0.00272
Consolidated Fire Protection District of LA Co.	0.17004	0.17004	0.17004	0.17004	0.17004	0.17000	0.17000	0.17000	0.17000	0.17000
County Sanitation District No. 18 Operating	0.01223	0.01223	0.01223	0.01223	0.01223	0.01223	0.01223	0.01223	0.01223	0.01223
County School Service Fund Norwalk - La Mirada	0.00652	0.00652	0.00652	0.00652	0.00652	0.00652	0.00652	0.00652	0.00652	0.00652
County School Services	0.00137	0.00137	0.00137	0.00137	0.00137	0.00137	0.00137	0.00137	0.00137	0.00137
Educational Augmentation Fund Impound	0.13529	0.13529	0.13529	0.13529	0.13529	0.13530	0.13530	0.13530	0.13530	0.13530
Educational Revenue Augmentation Fund	0.06813	0.06813	0.06813	0.06813	0.06813	0.06850	0.06850	0.06850	0.06850	0.06850
Greater LA Co. Vector Control	0.00036	0.00036	0.00036	0.00036	0.00036	0.00036	0.00036	0.00036	0.00036	0.00036
LA County Library	0.02248	0.02248	0.02248	0.02248	0.02248	0.02250	0.02250	0.02250	0.02250	0.02250
LA County Accumulative Capital Outlay	0.00011	0.00011	0.00011	0.00011	0.00011	0.00011	0.00011	0.00011	0.00011	0.00011
LA County Fire - Fw	0.00693	0.00693	0.00693	0.00693	0.00693	0.00693	0.00693	0.00693	0.00693	0.00693
LA County Flood Control Dr. Imp. Dist. Maint.	0.00165	0.00165	0.00165	0.00165	0.00165	0.00165	0.00165	0.00165	0.00165	0.00165
LA County Flood Control Maintenance	0.00936	0.00936	0.00936	0.00936	0.00936	0.00936	0.00936	0.00936	0.00936	0.00936
La Mirada Southeast Recreation and Park	0.02436	0.02436	0.02436	0.02436	0.02436	0.02440	0.02440	0.02440	0.02440	0.02440
Little Lake Cemetery District	0.00091	0.00091	0.00091	0.00091	0.00091	0.00091	0.00091	0.00091	0.00091	0.00091
Los Angeles County General	0.23242	0.23242	0.23242	0.23242	0.23242	0.23210	0.23210	0.23210	0.23210	0.23210
Norwalk-La Mirada Unified School District	0.18781	0.18781	0.18781	0.18781	0.18781	0.18780	0.18780	0.18780	0.18780	0.18780
Water Replenishment District of Southern Calif.	0.00017	0.00017	0.00017	0.00017	0.00017	0.00017	0.00017	0.00017	0.00017	0.00017
Total Proposition 13 Rate	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
ABC Unified School District	0.02779	0.02490	0.02657	0.02745	0.02427	0.02434	0.02388	0.02695	0.02920	0.02858
Cerritos Community College District	-	-	0.01908	0.02423	0.02392	0.01071	0.00994	0.01854	0.02677	0.01782
Detention Facilities 1987 Debt	0.00103	0.00099	0.00092	0.00080	0.00066	-	-	-	-	-
Downey Unified School District	0.03103	0.05130	0.06564	0.07719	0.06148	0.07569	0.05790	0.06507	0.07018	0.06725
LA County Flood Control	0.00088	0.00046	0.00025	0.00005	0.00005	-	-	-	-	-
Little Lake City School District	0.06882	0.06094	0.05313	0.03994	0.03483	0.07499	0.07360	0.07233	0.07647	0.05286
Metropolitan Water District	0.00670	0.00610	0.00580	0.00520	0.00470	0.00450	0.00430	0.00430	0.00370	0.00370
Norwalk-La Mirada Unified School District	-	0.05560	0.05316	0.05368	0.05036	0.05226	0.06271	0.06110	0.06197	0.06496
Rio Hondo Community College Dist	-	-	0.02170	0.01802	0.01469	0.01369	0.02320	0.02714	0.03439	0.03418
Whittier Union High School District	0.02631	0.03793	0.03085	0.04489	0.08918	0.04359	0.03728	0.04224	0.04239	0.04317
Total Voter Approved Rate	0.16256	0.23822	0.27710	0.29145	0.30414	0.29977	0.29281	0.31767	0.34507	0.31252
<b>Total Direct &amp; Overlapping Tax Rates</b>	<b>1.16256</b>	<b>1.23822</b>	<b>1.27710</b>	<b>1.29145</b>	<b>1.30414</b>	<b>1.29977</b>	<b>1.29281</b>	<b>1.31767</b>	<b>1.34507</b>	<b>1.31252</b>
City's Share of 1% Levy per Prop 13	0.09255	0.09255	0.09255	0.09255	0.09255	0.09255	0.09255	0.09255	0.09255	0.09255
Redevelopment Rate	1.00861	1.00755	1.00697	1.00604	1.00541	1.00450	1.00430	1.00430	1.00370	1.00370

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

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

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

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

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

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

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

Taxpayer	2011-12			2002-03		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Norwalk MM LLC	\$ 59,130,000	1	1.05%	-		-
Avalon California Value III LLC	40,775,888	2	0.72%	-		-
Target Corporation	37,279,561	3	0.66%	-		-
Hekmatravan Family Norwalk LLC	32,737,737	4	0.58%	-		-
Sam Menlo Trust	29,817,851	5	0.53%	-		-
Advanced Group 9 99	24,890,449	6	0.44%	-		-
IMT Capital II Palm Cntry Club	24,558,959	7	0.43%	-		-
McKenna Norwalk LP	22,042,471	8	0.39%	-		-
Norwalk Industrial Sub LLC	21,856,460	9	0.39%	-		-
Paddison Associates	21,209,982	10	0.38%	-		-
Starwood OC Portfolio VI LLC				\$ 31,182,494	1	0.84%
RPD Norwalk LLC				25,112,365	2	0.68%
TGM Palm Country Club Apartments				21,057,559	3	0.57%
Wheelabrator Norwalk Energy Co.				20,647,576	4	0.56%
PFG Norwalk Limited				18,597,824	5	0.50%
Bloomfield Holding Company Inc				18,094,236	6	0.49%
Price Company				16,692,580	7	0.45%
Target Corporation				16,663,426	8	0.45%
Zeno Table Company Inc				16,651,400	9	0.45%
OLP Norwalk LLC				16,600,000	10	0.45%
	<u>\$314,299,358</u>		<u>5.56%</u>	<u>\$ 201,299,460</u>		<u>5.44%</u>

Excludes government and tax-exempt property owners

Source: L.A. County Assessor 2002/03 and 2011/12 Combined Tax, SBE NonUnitary Tax Rolls and HdL Companies

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

Fiscal Year	Total Tax Levy	Collected within the fiscal year of the levy		Collections in Subsequent Years	Total collections to date	
		Amount	% of Levy		Amount	% of Levy <sup>(2)</sup>
2001-02	\$1,511,440	\$1,428,274	94.50%	\$ (32,526)	\$1,395,748	92.35%
2002-03	1,597,638	1,528,817	95.69%	35,345	1,564,162	97.90%
2003-04	1,716,230	1,618,389	94.30%	60,715	1,679,104	97.84%
2004-05	1,845,132	1,761,293	95.46%	50,231	1,811,524	98.18%
2005-06	2,021,348	1,802,980	89.20%	182,094	1,985,074	98.21%
2006-07	2,220,446	2,031,704	91.50%	9,207	2,040,911	91.91%
2007-08	2,378,821	2,150,802	90.41%	14,849	2,165,651	91.04%
2008-09	2,512,009	2,283,740	90.91%	30,774	2,314,514	92.14%
2009-10	2,322,951	2,120,057	91.27%	21,579	2,141,636	92.19%
2010-11	2,280,220	2,138,030	93.76%	71,700	2,209,730	96.91%

Source: L.A. County Auditor/Controller

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

Governmental Unit	Gross Bonded Debt Balance	Estimated Percentage Applicable <sup>(1)</sup>	Net Bonded Debt
<b>Direct Debt</b>			
1999& 2001 Lease Revenue Refunding Bonds	\$ 16,020,000	100.000%	\$ 16,020,000
<b>Total Direct Debt</b>			<b>16,020,000</b>
<b>Overlapping Debt</b>			
Metropolitan Water District	94,031,705	0.549%	516,139
Little Lake City School District DS 2000 Series B	230,000	38.229%	87,927
Little Lake City School District DS 2005 Refunding Bonds	7,110,000	38.229%	2,718,087
Little Lake City School District DS 2000 Series C	6,635,000	38.229%	2,536,498
Little Lake City School District DS 2000 Series D	999,901	38.229%	382,253
Little Lake City School District DS 2000 Series D 1QSCBS	8,000,000	38.229%	3,058,325
Whittier Union HSD DS 2005 Ref Bonds	79,954,999	6.223%	4,975,679
Whittier Union HSD DS 2008 SER 2009A	38,001,949	6.243%	2,372,406
Cerritos CC DS 2004 Series 2004A	2,675,000	12.670%	338,930
Cerritos CC DS 2005 Refunding Bonds	21,797,904	12.670%	2,761,859
Cerritos CCD DS 2004 Series 2006	30,645,000	12.670%	3,882,813
Cerritos CCD DS 2004 Series 2009C & 2012	134,130,515	12.670%	16,994,735
Rio Hondo CC DS Series 2004A	5,340,000	3.966%	211,793
Rio Hondo CCD DS 2005 Refunding Bonds	43,206,005	3.966%	1,713,623
Rio Hondo CC DS 2004 Ser 2008	63,651,844	3.966%	2,524,540
ABC USD DS 2003 Refunding Bonds Series A	44,396,700	3.467%	1,539,048
ABC Unified SD Debt Series 2010 Refunding Bonds	9,250,000	3.467%	320,659
Norwalk-La Mirada USD DS 2002 Series-05A	43,504,270	43.176%	18,783,552
Norwalk-La Mirada USD DS 2005 Refunding Bonds	37,985,000	43.176%	16,400,530
Norwalk-La Mirada USD DS 2002 Series 2007A	22,900,602	43.176%	9,887,640
Norwalk-La Mirada USD DS 2002 Series 2009 D	9,410,103	43.341%	4,078,395
Norwalk-La Mirada USD DS 2002 Series 2009 E	21,392,349	43.341%	9,271,573
Norwalk-La Mirada USD DS 2009 Refunding Bonds	10,870,000	43.176%	4,693,267
<b>Total Overlapping Debt</b>			<b>110,050,271</b>
<b>Total Direct and Overlapping Debt</b>			<b>\$ 126,070,271</b>

2011/12 Assessed Valuation: \$4,738,458,222 after deducting \$911,650,632 Incremental Value  
Debt to Assessed Valuation Ratios: Direct Debt-0%, Overlapping Debt-2.32% Total Debt- 2.32%

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 2011/12 Lien Date Tax Rolls

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	2002-03	2003-04	2004-05	2005-06
Assessed valuation	\$ 3,697,773,968	\$ 3,969,510,679	\$ 4,325,855,085	\$ 4,754,573,629
Conversion percentage	25%	25%	25%	25%
Adjusted assessed valuation	924,443,492	992,377,670	1,081,463,771	1,188,643,407
Debt limit percentage	15%	15%	15%	15%
Debt limit	138,666,524	148,856,650	162,219,566	178,296,511
Total net debt applicable to limit:				
General obligation bonds	-	-	-	-
Legal debt margin	\$ 138,666,524	\$ 148,856,650	\$ 162,219,566	\$ 178,296,511
Total net debt applicable to the limit as a percent of debt limit	0%	0%	0%	0%
Norwalk Long Term Debt Outstanding:	\$ 78,664,006	\$ 79,506,107	\$ 80,636,232	\$ 115,290,985
Debt per capita: (2012 Pop 105,714)	735	742	754	1,084
Debt as a percentage of personal income	2%	2%	2%	3%

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

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

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

2006-07	2007-08	2008-09	2009-10	2010-11	2011-12*
\$ 5,328,844,193	\$ 5,830,868,429	\$ 6,096,601,866	\$ 5,652,036,105	\$ 5,558,188,319	\$ 5,650,108,854
25%	25%	25%	25%	25%	25%
1,332,211,048	1,457,717,107	1,524,150,467	1,413,009,026	1,389,547,080	1,412,527,214
15%	15%	15%	15%	15%	15%
199,831,657	218,657,566	228,622,570	211,951,354	208,432,062	211,879,082
-	-	-	-	-	-
<u>\$ 199,831,657</u>	<u>\$ 218,657,566</u>	<u>\$ 228,622,570</u>	<u>\$ 211,951,354</u>	<u>\$ 208,432,062</u>	<u>\$ 211,879,082</u>
0%	0%	0%	0%	0%	0%
\$ 116,127,292	\$ 117,044,353	\$ 118,264,795	\$ 118,520,851	\$ 120,062,210	\$ 22,105,385
1,098	1,110	1,123	1,123	1,138	209
3%	3%	3%	3%	3%	0%



	2002-03	2003-04	2004-05	2005-06
<b>Governmental Activities</b>				
Lease Revenue				
Refunding Bonds	\$ 21,795,000	\$ 21,240,000	\$ 20,670,000	\$ 20,080,000
Tax Allocation Refunding				
Bonds, 2005	32,085,000	31,670,000	31,210,000	64,125,000
County deferred loans	21,938,949	24,031,156	26,165,953	28,545,405
Subtotal	<u>75,818,949</u>	<u>76,941,156</u>	<u>78,045,953</u>	<u>112,750,405</u>
Add ( deduct) deferred amounts:				
Bond premium				469,303
Bond discount				(346,125)
Deferred charge on refunding				(240,127)
Subtotal	<u>75,818,949</u>	<u>76,941,156</u>	<u>78,045,953</u>	<u>112,633,456</u>
Note payable	1,015,000	700,000	360,000	-
Loan payable	105,638	8,416	-	-
Compensated absences	1,724,419	1,856,535	2,056,131	2,202,011
Other post-employment benefits	n/a	n/a	n/a	n/a
<b>Total Governmental Activities</b>	<u>78,664,006</u>	<u>79,506,107</u>	<u>80,462,084</u>	<u>114,835,467</u>
<b>Business-type Activities</b>				
Compensated absences	368,337	406,285	405,314	455,518
Other postemployment benefits	n/a	n/a	n/a	n/a
<b>Total Business-type Activities</b>	<u>368,337</u>	<u>406,285</u>	<u>405,314</u>	<u>455,518</u>
<b>Total long-term liabilities</b>	<u>\$ 79,032,343</u>	<u>\$ 79,912,392</u>	<u>\$ 80,867,398</u>	<u>\$ 115,290,985</u>

Note:

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

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

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

Source: City of Norwalk

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

2006-07	2007-08	2008-09	2009-10	2010-11	2011-12*
\$ 19,465,000	\$ 18,830,000	\$ 18,175,000	\$ 17,485,000	\$ 16,770,000	\$ 16,020,000
62,865,000	61,820,000	60,735,000	59,605,000	58,430,000	-
30,995,737	33,400,797	35,824,910	37,198,799	39,711,496	-
<u>113,325,737</u>	<u>114,050,797</u>	<u>114,734,910</u>	<u>114,288,799</u>	<u>114,911,496</u>	<u>16,020,000</u>
453,258	437,213	421,168	405,123	389,078	-
(334,292)	(322,459)	(310,626)	(298,793)	(286,960)	-
(227,599)	(215,071)	(202,543)	(190,015)	(177,487)	-
<u>113,217,104</u>	<u>113,950,480</u>	<u>114,642,909</u>	<u>114,205,114</u>	<u>114,836,127</u>	<u>16,020,000</u>
-	-	-	-	-	-
-	-	-	-	-	-
2,436,046	2,558,594	2,616,730	2,304,911	2,316,421	2,268,880
n/a	n/a	1,005,156	2,010,826	2,909,662	3,816,505
<u>115,653,150</u>	<u>116,509,074</u>	<u>118,264,795</u>	<u>118,520,851</u>	<u>120,062,210</u>	<u>22,105,385</u>
474,142	535,279	588,109	529,610	510,633	523,683
n/a	n/a	442,480	925,017	1,369,441	1,810,172
<u>474,142</u>	<u>535,279</u>	<u>1,030,589</u>	<u>1,454,627</u>	<u>1,880,074</u>	<u>2,333,855</u>
<u>\$ 116,127,292</u>	<u>\$ 117,044,353</u>	<u>\$ 119,295,384</u>	<u>\$ 119,975,478</u>	<u>\$ 121,942,284</u>	<u>\$ 24,439,240</u>

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

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Norwalk Community Facilities Financing Authority - Lease Revenue Refunding Bonds					
Fiscal Year	Lease Revenue	Debt Service		Coverage	
		Principal	Interest		
2002-03	\$ 1,574,344	\$ 530,000	\$ 1,044,344	1.00	
2003-04	1,579,944	555,000	1,024,944	1.00	
2004-05	1,574,594	570,000	1,004,594	1.00	
2005-06	1,573,594	590,000	983,594	1.00	
2006-07	1,577,756	615,000	962,756	1.00	
2007-08	1,575,006	635,000	940,006	1.00	
2008-09	1,570,431	655,000	915,431	1.00	
2009-10	1,578,981	690,000	888,981	1.00	
2010-11	1,575,641	715,000	860,641	1.00	
2011-12	1,580,806	750,000	830,806	1.00	

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

Source: City of Norwalk

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

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Fiscal Year	Population	Personal Income (in thousands)	Per Capita Personal Income	Unemployment Rate
2002-03	106,983	\$ 1,525,789	\$ 14,262	7.2%
2003-04	107,195	1,571,996	14,665	7.4%
2004-05	106,921	1,650,999	15,441	6.9%
2005-06	106,317	1,722,192	16,199	5.7%
2006-07	105,785	1,819,715	17,202	5.1%
2007-08	105,404	1,881,198	17,848	5.4%
2008-09	105,330	1,894,837	17,990	7.9%
2009-10	105,529	1,851,493	17,545	12.2%
2010-11	105,549	1,902,799	18,028	13.3%
2011-12	105,714	2,028,757	19,191	13.0%

Source:

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

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

Employer	2011-12			2002-2003		
	Employees	Rank	% of Total City Employment	Employees	Rank	% of Total City Employment
Norwalk-La Mirada Unified School District	1,880	1	8.19%	4,161	1	31.45%
Metropolitan State Hospital	1,350	2	5.88%	1,836	3	13.88%
Cerritos College	1,143	3	4.98%	2,100	2	15.87%
Los Angeles County Registrar/Recorder	662	4	2.88%	1,216	4	9.19%
Target	439	5	1.91%	420	5	3.17%
City of Norwalk	404	6	1.76%	250	10	1.89%
Costco Wholesale	322	7	1.40%	318	8	2.40%
Little Lake City School District	314	8	1.37%			0.00%
Doty Brother's Construction	300	9	1.31%			0.00%
Coast Plaza Dr Hospital	298	10	1.30%			0.00%
Los Angeles Community Hospital	250	11	1.09%			0.00%
LA County Sheriff's Department	240	12	1.05%	250	11	1.89%
Keystone Ford	220	13	0.96%			0.00%
McDonald's	213	14	0.93%	140	16	1.06%
Kerber Brothers Inc	200	15	0.87%			0.00%
MCI Corrections	200	16	0.87%			0.00%
Los Angeles County Social Services	200	17	0.87%	310	9	2.34%
Southland Care Center	180	18	0.78%			0.00%
Prudential California Realty	150	19	0.65%			0.00%
Contico Container	150	20	0.65%			0.00%
All Other Employers	13,838		60.29%	2,230		16.85%
Total	22,953		100.00%	13,231		100.00%

Source: *ReferenceUSA* Prepared by: City of Norwalk--Administration, 10/2012

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

Function	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
General Government	52	50	47	49	50	51	43	42	49	51
Public Safety	33	36	46	51	56	63	53	43	40	41
Public Services	50	54	56	53	58	59	57	46	53	55
Social Services	25	32	29	32	34	35	33	31	28	26
Recreation	121	118	139	154	157	151	116	93	89	98
Community Development	43	44	42	45	46	49	45	38	25	26
Transit	85	88	112	112	134	135	133	131	116	107
Total	<u>409</u>	<u>422</u>	<u>471</u>	<u>496</u>	<u>535</u>	<u>543</u>	<u>480</u>	<u>424</u>	<u>400</u>	<u>404</u>

Source: City of Norwalk

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

Function	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
<b>Police:</b>										
Calls responded	34,280	33,872	33,913	32,933	26,624	31,533	24,260	29,702	24,046	28,410
Response Time: (minutes)										
Emergency	9.5	8.3	4.5	4.6	4.0	4.1	3.9	3.7	3.7	3.6
Non-Emergency	15.5	14.6	11.8	12.1	11.7	11.7	10.8	10	10.2	9.4
Routine	28.3	26.4	32.6	32.7	26.0	27.5	27.8	29.7	29.4	31
<b>Community development:</b>										
Number of residential permits	866	1,440	348	3,873	4,694	3,421	2848	1999	2565	3114
Number of commercial permits	222	267	4,831	356	496	646	520	507	479	425
<b>Water:</b>										
New connections	3	11	2,715	-	7	2	4	11	0	10
Average daily consumption (millions of gallons)	614	500	500	872	313	222	213	197	189	188
<b>Sewers:</b>										
New connections	20	20	13	23	24	3	3	2	4	0
<b>Transit:</b>										
Buses-number of riders	1,886,749	2,021,806	2,556,054	2,741,211	2,745,283	2,730,248	2,941,545	2,232,333	2,291,089	2,126,885
Dial-A-Ride-number of riders	22,785	85,706	85,952	95,018	72,040	21,660	23,121	22,754	18,139	20,493

Source: City of Norwalk

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

Function	Fiscal Year											
	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Police:												
Stations	1	1	1	1	1	1	1	1	1	1	1	1
Fire:												
Stations	3	3	3	3	3	3	3	3	3	2	2	2
Public works:												
Streets (miles)	187	187	187	181	181	181	181	181	181	180	187	187
Street lights	5,479	5,479	5,479	5,479	5,479	5,479	5,479	5,479	5,479	5,479	5,479	5,479
Traffic lights	83	83	83	83	83	84	86	86	87	83	81	83
Parks and recreation:												
Parks	14	14	13	13	13	13	13	13	14	14	14	14
Community centers	1	1	1	1	1	1	1	1	1	1	1	1
Sports center	1	1	1	1	1	1	1	1	1	1	1	1
Water:												
Water mains (miles)	36	36	36	36	40	40	40	40	40	40	40	40
Maximum daily capacity (million gallons per day)	4	4	3	3	4	4	4	4	4	4	4	4
Waste water:												
Sanitary sewers (miles)	180	180	180	180	180	180	180	180	180	180	180	180
Transit:												
Buses	23	27	28	32	38	29	36	32	36	33	33	33
Dial-A-Ride Vans	4	8	7	19	19	18	19	8	7	7	7	7

Source: City of Norwalk



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

**The Honorable City Council of the  
City of Norwalk, California**

We have audited the financial statements of the City of Norwalk, California (the City), as of and for the year ended June 30, 2012, and have issued our report thereon dated December 27, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the City of Norwalk is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis.

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

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### Compliance and Other Matters

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

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

Vargus + Company LLP

**Los Angeles, California**  
**December 27, 2012**

