



COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended June 30, 2017
Norwalk, California



**Comprehensive Annual Financial Report
City of Norwalk, California
For the Fiscal Year Ended June 30, 2017**

Prepared by the Finance Department

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**CITY OF NORWALK
CALIFORNIA**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2017

NORWALK City Council

Luigi Vernola
Mayor

Leonard Shryock
Vice Mayor

Tony Ayala
Councilmember

Jennifer Perez
Councilmember

Margarita L. Rios
Councilmember

James C. Parker
Interim City Manager

Jana Stuard
Director of Finance/City Treasurer

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December 12, 2017

**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, 2017, 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 White, Nelson, Diehl, Evans, 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, 2017, 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, 2017, 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 105,292. 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 approximately 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 on target for revenues, and better than estimated for expenditures and other sources.

This results in an ending General Fund unassigned fund balance of \$12.5 million, which is \$3.0 million higher than budgetary estimates. However, it is consistent with the interim results reported to the City Council in May 2017. It also complies with the City's policy of maintaining a minimum unassigned General Fund balance that is at least 20% 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 manage unanticipated economic fluctuations by working towards an adequate reserve accumulation, renewed focus on a proactive economic development effort, and a continued focus on human development effort to reshape and retrain its work force to keep up with the changing times.

The City's outlook, however, is cautious in light of the steadily slow economic growth. The City's fiscal year 2017-18 adopted 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:

- Public Safety Officers responded to and handled approximately 27,417 calls for service and incidents. The types of calls and incidents range from illegal parking and abandoned vehicles to graffiti incidents, Sheriff's Department assistance and resolving safety hazards or quality of life issues in neighborhoods, parks and shopping centers. Many times, Public Safety Officers are able to address a matter prior to law enforcement being necessary or in lieu of law enforcement resources being called out.
- Public Safety Officers responded to approximately 266 crime scenes to provide latent fingerprinting services resulting in numerous criminals being identified and apprehended. The involved crime include burglaries, robberies, stolen vehicles and thefts.
- Community Safety Partnership Team continued to provide public outreach with a focus on park patrols and youth services in collaboration with the Parks and Recreation Department staff.
- A total of 32 Neighborhood Watch meetings and two Neighborhood Watch Association meetings were held during the year to give residents an opportunity to meet with Public Safety and Sheriff's officials to learn about various services, share concerns, and have questions answered about crime and safety in their neighborhood.

- Continued to provide the community with an opportunity to meet with law enforcement personnel at Coffee with a Cop events. Five quarterly events were held at different establishments in the city to provide an informal setting for community members to talk to Public Safety Officers and Sheriff's Deputies about a variety of issues.

Public Services:

- Completed new entry way to City Hall with military memorial. The entryway has a new ADA accessible ramp, new stairway, lighting and new planters. The military memorial is made up of five columns, each honoring a branch of the military, two 30' flag poles and one 40' pole, benches for seating and four planters.
- Conducted sidewalk assessment resulting in 625 trip hazards removed from City's sidewalks.
- City was designated a Tree City USA by the National Arbor Day Foundation for its dedication and solid commitment to urban forestry. The City also received a Tree City USA Growth Award which recognizes an increased commitment to urban forestry through innovative programs and projects.
- The Public Services Department continued surveying residents on service performance. The calculations for all customer service request reflect a 91% "pleased/positive" response from residents and businesses in need of service from various divisions within the department.
- The City was accepted in Southern California Edison's Charge Ready program and was approved for twelve (12) electric vehicle (EV) charging stations at the Metrolink Station.
- 3,183 LED lights replaced fluorescent bulbs throughout City Hall, Transportation/Public Services, Senior Center, and Arts and Sports Center.
- There were twelve Mini Mr. Sun events at various locations throughout the City. Public Safety Cadets and Teen Alliance Program volunteers, as well as Public Services staff, were onsite to help residents disposing of large, bulky items to keep neighborhoods clean and looking their best.
- Conducted Emergency Duty training for Public Services staff assigned to be on-call. Updated and revised the Emergency Duty manual.
- Hosted the City's 4th Annual Arbor Day Event at D.D. Johnston Elementary school and surrounding neighborhood. Approximately 100 volunteers came out and helped Public Services staff plant 55 trees in and around the school.
- In observance of Arbor Day the Public Services Department held a planting event at Hermosillo Park. Staff with the help of students from Sanchez Elementary planted 25 trees in the park along the new walkway.
- In recognition of National Public Works week the Public Services Department hosted a Public Works expo for 4th and 5th grade students from Nuffer Elementary School. The event was held on May 24 at Gerdes Park.

Park Rehabilitation Projects

- Gerdes Park – Refurbished roof and installed new HVAC Unit.
- Zimmerman Park – Installed ADA accessible walkways, new benches near ballfields, and new planters, installed new playground and fitness equipment.
- Bob White Park – Refurbished basketball court, horseshoe pits, installed Privalink fencing and new planters.
- Hermosillo Park – Upgraded monument sign with new finials, painted perimeter walls, installed new walkway along back of park.
- Vista Verde Park – Installed ADA accessible walkways, new picnic tables, new monument sign, and resurfaced handball courts.
- Norwalk Park – upgraded monument sign with addition of finials.
- Updated landscaping at the Horse Monument (Hoxie and Firestone)

Facilities

- Citywide Carpet Replacement Project – City Hall basement, Transportation Center, and Senior Center offices.
- Replaced Council Chambers lighting and exterior floodlights with LED fixtures.
- Exterior wall pack lighting replaced throughout the Transportation/Public Services Facility with LED fixtures.
- Remodeled staff and public bathrooms at Social Services Center.
- New carpet was installed and walls were painted at the Alondra Library.
- Upgraded lighting in multi-purpose room with LED fixtures at the Senior Center.
- Refinished wood floors in Sproul Room, Replaced stairways with new tile and treading, and installed new HVAC units at the Arts & Sports Complex.
- Replaced floors with new wood tile in the MPR Room and installed new HVAC units at the Cultural Arts Center.
- Historical renovation completed at the Hargitt House Museum. The building exterior and iron perimeter fence was painted, windows were refurbished, gazebo was rebuilt and home was fumigated.
- Gazebo at the Sproul Barn was refurbished.
- LED lights installed in pool at Aquatics Pavilion

Trees/Greenscape

- Trimmed 4901 trees, as part of City's three year trimming cycle.
- Responded to 1,228 residential requests for tree related concerns including: inspections, roots, trimming, and/or planting.
- Planted 207 trees in parkways Citywide.
- Removed 267 trees in response to addressing hazards or nuisance conditions.

Graffiti

- Removed Graffiti from over 13,370 locations citywide, as follow-up to 6,087 requests received from the community.

Streets

- Responded to 497 sidewalk, curb & gutter and pothole requests.
- Responded to 1907 Community requests for pickup of litter/illegally dumped items in right-of-way.
- Work in progress - repairing and replacing sidewalks, curb & gutters, and curb ramps.
- Completed Curb and Gutter Project - repaired concrete including curb and gutter, sidewalks, and drive aprons raised by tree roots in two City zones.

Traffic

- Completed 428 replacements of damaged/missing traffic/parking signs.
- Painted 93 crosswalks citywide.
- Painted 42,700 linear feet of red curbs.
- Restriped 19,500 linear feet of road lanes, including City facility/parks parking lots.
- Painted approximately 13,300 square feet of traffic legends citywide.
- Continued the design phase for 3 federal HSIP grant funded traffic signal corridor improvements to include the upgrade of traffic signals and curb ramps.
- Received 4 more federal HSIP grant funded traffic signal corridor improvements to include the upgrade of traffic signals and curb ramps.
- Replaced 1 signal cabinet for the intersection of Excelsior Drive and Elmcroft Avenue.

Water/Sewer

- Coordinated with contractor for the annual cleaning of 1/2 of the City sewer system.
- Continued monitoring operations at new Norwalk Park Well #10.
- Coordinated with contractor to complete Phase 8 of the annual CCTV sewer line inspection program.
- Implemented the Water Master Plan Update to initiate system improvement for the Norwalk Municipal Water System.
- Continued the design phase to install Norwalk Park Well standby emergency generator project.
- Initiated AMI/AMR program using Bureau of Reclamation grant funds to replace 869 water meters in East, Southeast, and Central Service Areas.
- Completed the construction of the phosphate treatment facility at Well 10 in Norwalk Park.
- Completed the construction of distribution main pipeline replacement in the Central Service Area.
- Completed the design phase and initiated the construction of new transmission pipeline to connect the Central Service Area with both the West Service Area and South Service Areas.
- Completed the design phase of emergency water connection project at Southeast Service Area.

- Completed the design phase of water main replacement project along Alondra Boulevard from Maidstone Avenue to Pioneer Boulevard and along Pioneer Boulevard from Alondra Avenue to 160th Street.
- Completed the construction of repairing 28 high priority "hot spots" sanitary sewer pipeline.
- Initiated the condition assessment of 300 sewer manhole citywide.
- Replaced 322 water meters as a part of annual water meter replacement program.
- Replaced 141 water connections as a part of annual water service replacement program.
- Responded to emergency 64 water main and 153 service connection leaks.

Parks and Recreation:

- Re-plastered the pool at the Aquatic Pavilion providing a smoother, safer, water tight surface.
- Completed installation of a new playground and adult exercise equipment at Zimmerman Park providing new recreation and fitness opportunities for youth and adults of the community.
- Increased Community Outreach programs offering four Block Parties throughout town.
- Completed Snack Bar Trailer project at Corvallis Middle School, providing a fund raising facility that will provide better recreation opportunities for Little League participants.
- Purchased a new 30' Christmas tree for the City that will increase community pride during the holiday season.
- Installed a multimedia screen upstairs at the Norwalk Arts & Sports Complex to better serve the needs of the community.
- Purchased new banquet chairs for the Sproul Room at the Norwalk Arts & Sports Complex, updating the look and improving the facility.
- Purchased Special Event radios to enhance communication among staff at citywide events.
- Purchased two Surface Pro tablets to enhance customer service by allowing for recreation class registration at off site facilities.
- Upgraded free weight equipment at the Norwalk Arts & Sports Complex to better serve the needs of the membership.
- Purchased ten new tables at the Aquatic Pavilion improving the ability to rent the facility for private parties.

Community Development:

Community Development Administration

- Applied and received \$100,000 from the SCAG Sustainability Planning Grant Awards for an RFP Visioning Study for the proposed Green Line to Metro Link Station extension.
- Assisted with the Grand Opening of the Don Knabe Golf Course.
- Norwalk Education Alliance successfully conducted its 2nd Annual "Mock Interview" event, in which 198 students from six local high schools participated. Local business owners and business professionals served as interview panelists. The event gives students the unique opportunity to prepare for future job and college interviews.
- Norwalk Education Alliance and Norwalk-La Mirada Unified School District held a joint "Career Exploration Night" where approximately 520 students and residents participated in career workshops and had the opportunity to speak with industry professionals to help them discover a future career.
- Made progress towards the building of the Education, Career, and Business Resource Center by getting the geotechnical and topographic surveys.

- Maintained emergency preparedness training levels by scheduling employees for SEMS/NIMS compliance training, environmental threat tabletop exercises, and Los Angeles County OARRS training
- Worked on City's ADA Assessment and Transition Plan through coordinated efforts with Human Resources Department, Public Services Department, and JPIA.

Building & Safety

- Issued 4,260 building permits
- Conducted 6,360 inspections
- Performed 796 plan checks

Planning

- On a daily basis, Planning Division staff assisted the public with inquiries about zoning requirements and processed administrative approvals, such as Animal Permits, Home Occupation Permits, Temporary Sign Permits, Site Plan approvals for new residences, Artificial Turf approvals, Business License approvals, and Building Plan Check approvals.
- Developments, signs and Conditional Use Permits for following projects:
 - ✓ New office building
 - ✓ Allow establishment of an animal clinic through a parking study
 - ✓ New car wash in conjunction with Costco Warehouse and gasoline station
 - ✓ Relocate an existing recycling center within same shopping center
 - ✓ Allow on-site beer and wine within Mr. Rosewood Family Restaurant
 - ✓ New 100' tall freeway oriented LED sign to replace an existing 85' tall freeway oriented sign
 - ✓ Façade improvements at an existing Taco Bell restaurant
 - ✓ Allow establishment of new restaurant uses within an existing shopping center through a parking study
 - ✓ Allow establishment of a new restaurant through a parking study
 - ✓ Construct a multi-tenant commercial development including: 37,000 sq. ft. gym building, 4,530 sq. ft. restaurant, 6,380 sq. ft. multi-tenant building, 4,640 sq. ft. restaurant, and 500 sq. ft. outdoor platform for entertainment with 2,000 sq. ft. of seating areas
 - ✓ Remodel and redesign drive-through and new signage at an existing McDonald's
 - ✓ Remodel the façade of a building at Norwalk Plaza to create a new retail tenant and install soil remediation equipment
 - ✓ Modify a freeway-oriented sign
 - ✓ Modify a master sign program for Norwalk Auto Plaza
 - ✓ Re-brand an existing gasoline station from Valero to 76

- Municipal Code Text Amendments:
 - ✓ Prohibit commercial non-medical marijuana activity and outdoor non-medical marijuana cultivation at private residences and citywide
 - ✓ Re-zoned a property to be consistent with the General Plan and eliminate the non-conforming status of the property
 - ✓ Amend the NMC regulations in the Professional Office zone
 - ✓ Transmitted the 2016 Norwalk General Plan and Housing Element Annual Progress Report to HCD and HUD

Engineering

- Work was completed on the following projects:
 - ✓ Project No. 7171 – Completed the rehabilitation of Civic Center Drive from Norwalk Boulevard to Cul-de-sac (Transportation Center Driveway).
 - ✓ Project No. 7183 – Completed rehabilitation of Pioneer Boulevard from Rosecrans Avenue to Imperial Highway.
 - ✓ Project No. 7351 – Completed the Corvallis Snack Bar Project.
- Awarded the following contracts:
 - ✓ Project No. 7182 – Construction Contract for Alondra Boulevard Rehabilitation from Studebaker Road to Gridley Drive.
 - ✓ Project No. 7188 – Construction Contract for Bus Stop Improvements at Alondra Boulevard and Elmcroft Avenue.
 - ✓ Project No. 7189 – Construction Contract for the Bus Stop Improvements at Imperial Highway and Jersey Avenue.
 - ✓ Project No. 7907 – Construction Contract for Local Street Rehabilitation and ADA ramp project.
 - ✓ Project No. 7235 - Design Contract for the Imperial Highway Intelligent Transportation System (ITS) Upgrades from San Gabriel River to Shoemaker Road.
 - ✓ Completed Citywide Pavement Management System Update.
- Issued a total of 702 permits:
 - ✓ Construction permits issued – 44
 - ✓ Oversized permits issued – 163
 - ✓ Excavation permits issued – 274
 - ✓ Traffic Control Plan permits issued – 116
 - ✓ Trash bin permits issued – 90
 - ✓ Road closure permits issued – 7
 - ✓ Encroachment permits issued – 8

Code Compliance

- Staff continued to provide code compliance service 7 days a week.
- Issued 1,237 yard sale permits.
- Removed 1,798 signs from the public right-of-way.
- Received 346 Code Compliance complaint reports, 190 of which became violation cases.
- Closed 182 code enforcement complaint and violation cases.

Storm Water Compliance

- Worked with the City's consultant, 235 businesses were inspected and 21 follow up inspection was completed for storm water compliance as required by the Municipal Separate Storm Sewer System (MS4) Permit.

Housing Authority

- Received a "High Performer" rating under the United States Department of Housing and Urban Development's Section 8 Management Assessment Program (SEMAP), which scores housing authority performance based upon 14 key indicators. This is the tenth consecutive year that the Housing Authority has received the "High Performer" rating.
- Conducted over 64 eligibility interviews from the Section 8 and Soroptimist Village waiting lists and provided housing assistance to an average of 686 households per month.
- Conducted two landlord outreach meetings in Norwalk and participated in the Southern California Landlord Outreach Committee to educate the landlord community and promote greater participation in the Section 8 program.

CDBG and HOME Programs

- Rehabilitated 64 homes for low-income households using CDBG and HOME funds.
- One affordable rental home was acquired by Home Ownership for Personal Empowerment (HOPE) to provide affordable housing for individuals with developmental disabilities. HOPE continued rehabilitation of a triplex, which is expected to be completed in FY 17/18..
- Congresswoman Linda Sanchez presented to the City the 2017 Congressional Recognition of Excellence Award for the City's Job Training Program, which provides scholarships for occupational training to low-income residents.
- Completed development and adoption of the FY17/18 Annual Action Plan.
- Rehabilitated the exteriors of three homes and started two commercial façade improvement projects in the San Antonio Village target area.
- Assisted 24 new Section 8 voucher holders with security deposit assistance.
- Provided job training scholarships to nine students.
- Completed monitoring of 126 deferred loans under the Home Improvement Program and down payment assistance program and 3 Neighborhood Stabilization Program (NSP) loans. The monitoring included a homeowner certification and proof of owner occupancy and monitoring of taxes, insurance and title. NSP monitoring also includes property inspections.
- Completed inspections of four HOME assisted rental housing developments and comprehensive monitoring review of one HOME development.

Social Services:

- The Child Development program was awarded over \$2.8 million funding from the State, Department of Education for Childcare Services, and over \$1.1 million for Childcare Services in funding from the County of Los Angeles Department of Public Social Services.
- Approximately 90 Childcare providers delivered services to over 500 children.
- Received \$25,449 in grant funding from the Los Angeles County Department of Community and Senior Services, Workforce and Development, Aging and Community Services for the Norwalk Dispute Resolution Program. In addition to the ongoing mediation services provided also hosted a free 25 hour Mediation workshop to non-profit community agency partners to participate and receive a Certificate of 25 hour “Basic Mediation Training”.
- Entered into an Agreement with the Whole Child for Fiscal Year 2016/17 to Provide Homeless Shelter Services for individuals and families. Over 25 households (consisting of 147 individuals) were provided with housing and supportive services through the Whole Child.
- Entered into an Agreement in partnership with Norwalk-La Mirada Unified School District and California State University Long Beach Foundation for the Health on Wheels Program to provide mobile health care services to families attending NLMUSD schools located within the city boundaries.
- In conjunction with the Los Angeles Homeless Services Authority (LAHSA), the City of Norwalk hosted the 2017 Homeless Count. The Social Services Center served as a deployment site for volunteers and staff. The Homeless Count is imperative to demonstrate the need for homeless services and improve economic opportunities in low-income and underserved residents in Norwalk and in the surrounding communities.
- Through the Harvest Relief Program and collaborative partners, Olive Garden, Pizza Hut and Chipotle donated food items are received at the Social Services Department on a weekly basis.
- The annual Thanksgiving Basket Program provided over 150 families with food baskets.
- Through the LA Regional Food Bank and USDA commodities, over 2,696 families and individuals were provided with essential food for their households.
- Provided over 225 Norwalk families with emergency utility and rental assistance.
- The Annual Angel Tree Project where 1,443 children were provided with gifts of toys and clothing. Approximately 3,472 toys were also distributed.
- Purchased a 15.6 cubic feet freezer for the food pantry.
- Purchased chairs for the staff office area.
- Renovation and remodeled improvements of the staff kitchen area. Improvements include a new refrigerator, microwave, cabinets, and granite counter tops, sink, paint and flooring.
- Other facility improvements include new wall paper to the lobby entrance and hallway, paint to the pool room and conference rooms. New lighting to the outside lobby entrance and additional lighting in the parking lot area.

Senior Center

- Received \$54,614 grant funding from the Los Angeles County Department of Workforce and Development, Aging and Community Services for the Supportive Services Program.
- Received a grant from the LA County Public Arts Commission for a Free Concert in Public Places.
- Hosted the annual Senior Health and Wellness Fair.
- Launched the Norwalk Senior Center Community Garden, seniors enjoy a weekly activity.
- Purchased 12 new chairs and 2 new tables for Senior Center Lounge.
- Replaced Senior Center Lobby coffee tables.
- Received transportation assistance Supervisor Janice Hahn's Fourth District Office, Los Angeles County.
- Provided over 185 health screenings and seminars to seniors.
- Distributed 360 Taxi Vouchers and 7,400 Bus Tokens to low income seniors and adults.
- Distributed 240 sharps containers to the community.
- Through the LA County Congregate Nutrition Meal program over 62,000 seniors were served a balance meal and over 45,000 home delivered meals were delivered to Norwalk homebound residents

Norwalk Transit System:

- Provided timely submittals of various annual reports including NTD, SRTP, TPM, Metro Forms A-B-C, STA/TDA Claim, Metro Operating Subsidy Invoices, etc.

Other Accomplishments:

- Continued prefunding the other post-employment benefits (OPEB) through the annual contributions to the irrevocable trust fund.
- 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

After the two-year budgetary period 2015/17, the City Council opted to go back to annual budgeting. In May staff presented a two-year budget for budgetary period 2017/19. The City Council held series of budget study sessions and opted to approve the financial plan for fiscal year ending June 30, 2018 only.

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, typically no later than June 30th.

Capital Asset Replacement and Renovation Reserves

Funds are set aside annually for the replacement and renovation of City-owned facilities and capital assets. The balance in Capital Asset Replacement and Renovation Reserves at June 30, 2017 was \$4.4 million.

ECONOMIC OUTLOOK

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

The U.S. economy is accelerating modestly. The GDP growth is anticipated to be 2.3% in fiscal year 2017-18 and 2.1% in 2018-19. The national unemployment rate is anticipated to drop to 4.4%, from 4.6% in prior year, and go back up to 4.6% in 2019. Inflation is expected to increase to 2.0% by the end of 2018, from 1.6% inflation at the end of 2017.

Economic forecast for the upcoming years reflects continued improvement in the State's finances, but California's growth is slowing down, due to labor shortages created by a lack of housing. Current 5.2%, California's unemployment rate is expected to drop to 4.7% in fiscal year 2017-18 and increase to 4.9% in 2018-19. Leading industries, driving California's economy continue to be: health care, construction, leisure and hospitality, transportation and warehousing, professional, science and technology.

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

MAJOR INITIATIVES FOR THE FUTURE

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

Public Safety:

- Apply innovative law enforcement and public safety services;
- Promote park safety and work in partnership with park staff in order to provide activities for the residents;
- Utilize technology and social media to ensure community is up to date with current events and public safety alerts.

Capital Improvement Projects:

- Improve City's aging infrastructure focusing on rehabilitating the City's parks, streets, traffic signal upgrades, sidewalks, median refurbishment and repair;
- Replace water mains and meters, address 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; lighting at public parking facilities.
- Purchase 4,156 street light poles and upgrade the lighting from high pressure sodium fixtures to LED fixtures.

Other Initiatives:

- Continue the implementation of the Economic Development Strategy and supporting programs to strengthen existing businesses and attract new business development;
- Participate in programs that provide support and resources to local small businesses and veterans;
- Implementation of City's Geographical Information System (GIS);
- Evaluate proposals for trash haulers' services and negotiate new contract;
- Continue conducting a positive property maintenance education and improving the quality of neighborhoods and well maintained properties;
- Department-wide team building and succession planning;
- Continue to maintain accurate financial records for the successful completion of financial and special compliance audits, including the City, Norwalk Community Facilities Financing Authority, Propositions A, C, Measure R, Transportation Development Act (TDA) Article 3, and federal grants;
- Operate within a structurally balanced budget adhering to the highest standards of ethics and accountability.

AWARDS AND ACKNOWLEDGEMENTS

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for fiscal year ended June 30, 2016. That was the 30th 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.

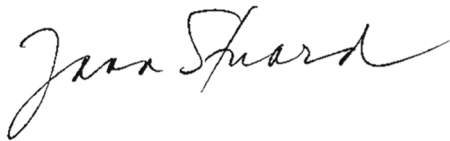
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments

The continued dedicated and efficient service of the Finance Department staff is appreciated by all levels of City Management. Our independent auditors, White, Nelson, Diehl, Evans, CPA's, provided expertise and advice in preparing an outstanding financial report for the fiscal year ended June 30, 2017.

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

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Jana Stuard".

Jana Stuard
Finance Director / City Treasurer

City of Norwalk, California
List of Elected Officials and Management Personnel
June 30, 2017

ELECTED OFFICIALS

Luigi Vernola, Mayor
Leonard Shryock, Vice Mayor
Tony Ayala, Councilmember
Jennifer Perez, Councilmember
Margarita L. Rios, Councilmember

CITY MANAGER AND DEPARTMENT HEADS

Interim City Manager	James C. Parker
Deputy City Manager	Gary DiCorpo
City Clerk	Theresa Devoy
Acting Director of Community Development	Bing Hyun
Director of Finance/City Treasurer.....	Jana Stuard
Director of Human Resources/Risk Manager	Catherine R. Thompson
Director of Public Safety	Carlos Ramos
Director of Recreation and Park Services.....	Bill Kearns
Director of Social Services	Veronica Garcia
Director of Transportation.....	James C. Parker

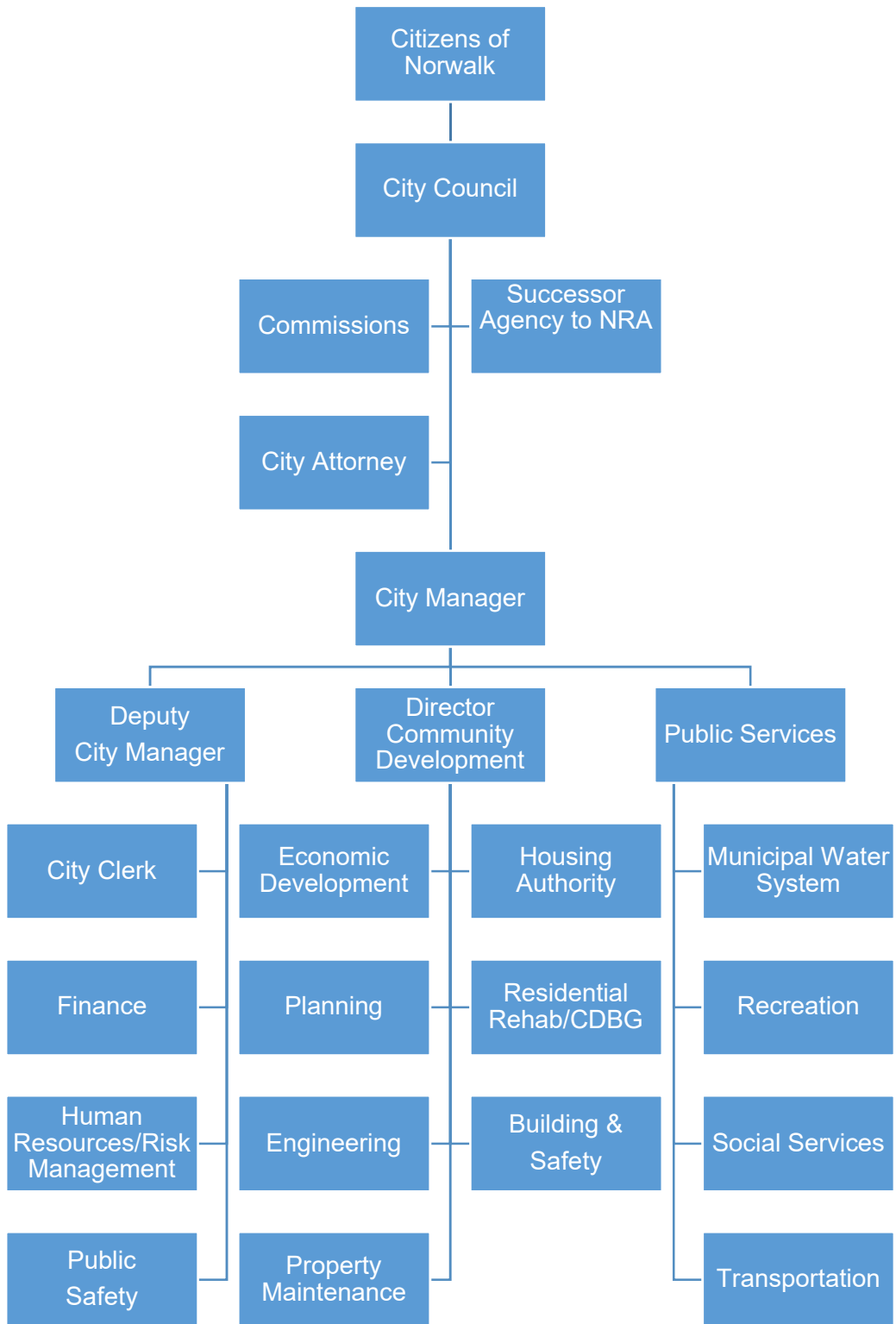
RECOGNITION

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

SPECIAL THANKS

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

CITY OF NORWALK ORGANIZATIONAL CHART





Government Finance Officers Association

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

Presented to

**City of Norwalk
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Executive Director/CEO

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Norwalk (the City), as of and for the year ended June 30, 2017, and the related notes to the basic financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Norwalk, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Report on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of changes in the net pension liability and related ratios, the schedule of contributions - CalPERS, the schedules of funding progress and employer contributions for the other post-employment benefits plan (OPEB), the annual money-weighted rate of return on investments for the OPEB, and the budgetary comparison schedules for the General Fund, Housing and Community Development Special Revenue Fund, and Housing Authority Special Revenue Fund, identified as Required Supplementary Information (RSI) in the accompanying table of contents, 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 RSI 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 the audit of the basic financial statements. We do not express an opinion or provide any assurance on the RSI because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, the Debt Service Fund - Major Fund, the Special Projects Capital Projects Funds - Major Fund, the Economic Development Capital Projects Fund - Major Fund, and the Housing Successor Fund Capital Projects Fund - Major Fund budgetary comparison schedules, combining and individual other governmental funds fund financial statements and schedules, and statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Debt Service Fund - Major Fund, the Special Projects Capital Projects Funds - Major Fund, the Economic Development Capital Projects Fund - Major Fund, and the Housing Successor Fund Capital Projects Fund - Major Fund budgetary comparison schedules, and the combining and individual fund financial statements and schedules (other supplementary information), as listed in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

Other Matters (Continued)

Other Information (Continued)

Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated in all material respects in relation to the basic financial statements taken 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 express no opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2017, on our consideration of the City'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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

White Nelson Dick Evans LLP

Irvine, California
December 12, 2017

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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, 2017. 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, 2017, the City continued to maintain its stable financial position, enabling delivery of appropriate services to the community and undertaking necessary economic development and infrastructure projects.

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

- At June 30, 2017, the City's total assets and deferred outflows of resources were \$328.2 million and total liabilities and deferred inflows of resources were \$98.4 million, resulting in net position of \$229.8 million. The majority of the City's net position is invested in capital assets or restricted for specific purposes. The City's total net position decreased by \$7.2 million from the prior fiscal year. This 3% decrease in City's net position is related to changes in pension assets and liabilities.
- The net position of City's governmental activities decreased by \$6.7 million. The net position of the City's business-type activities decreased by a \$0.5 million.
- The City's long-term liabilities of \$78.4 million increased by \$7.4 million and include \$21.5 million of outstanding bonded debt, which was used to finance the acquisition of capital assets, and to fund various capital improvements of governmental and enterprise activities; \$46.4 million of net pension liability; and \$9.2 million of accrued other post-employment benefit liability.
- The total of the City's capital assets at the end of fiscal year amounted to \$220.1 million. Out of this amount \$30.8 million, 14%, are non-depreciable assets, and \$189.4 million, or approximately 86%, are depreciable capital assets. Significant portion of the capital assets are infrastructure assets that have been funded through various funding sources since the City's incorporation.

Short-term Financial Resource (Fund) Focus:

- At the close of current fiscal year, the City's Governmental Funds reported a combined ending fund balance of \$65.2 million, a decrease of \$0.5 million; approximately \$11.9 million of this balance is unassigned.
- At June 30, 2017, the General Fund balance was \$24.1 million, a decrease of \$1.5 million from the prior year. The unassigned fund balance of \$12.4 million decreased \$0.3 million from the prior year.
- The actual General Fund revenues and transfers in of \$44.4 million represented an decrease of \$0.4 million from the prior year actual of \$44.8 million, and were \$0.2 million lower than final budget amount.

- The actual General Fund expenditures and transfers out of \$45.9 million represented an increase of \$1.6 million from the prior year actual of \$44.3 million. This was \$3.2 million under the final budget of \$49.1 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, Public Works, Culture and Leisure and Health and Welfare. The City's Business-type activities include Water Utility Services, Sewer Services, Transit System and Golf Course.

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

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

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

Fund Financial Statements

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

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

The focus of the Fund Financial Statements is narrower than that of the Government-wide Financial Statements. The governmental funds Balance Sheet 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 31 and 35, 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, Sewer Services, and Transit System. 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 Water, Sewer and Transit 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 changes in the net pension liability and related ratios, and contributions to the CalPERS pension plans, and funding

progress and employer contributions for its other post-employment benefits to employees and information on the budget to actual comparisons for major funds.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position - Net position may serve over time as a useful indicator of a government's financial position. The City's combined net position for the year ended June 30, 2017, as shown in Table 1, was \$229.8 million.

Table 1
Net Position
(in Thousands)

	Governmental Activities		Business-type activities		Total	
	2017	2016	2017	2016	2017	2016
Assets:						
Current and other assets	\$ 83,469	\$ 87,075	\$ 14,282	\$ 17,409	\$ 97,751	\$ 104,484
Capital assets	156,284	160,827	63,830	60,457	220,114	221,284
Total assets	239,753	247,902	78,112	77,866	317,865	325,768
Deferred outflows of resources	7,793	2,933	2,553	928	10,346	3,861
Liabilities:						
Long-term liabilities	54,305	49,169	24,083	21,782	78,388	70,951
Other liabilities	14,872	15,456	3,784	3,307	18,656	18,763
Total liabilities	69,177	64,625	27,867	25,089	97,044	89,714
Deferred inflows of resources	1,033	2,162	344	721	1,377	2,883
Net position:						
Net investment in capital assets	145,020	148,534	54,862	54,797	199,882	203,331
Restricted	35,568	36,214	-	-	35,568	36,214
Unrestricted	(3,252)	(700)	(2,408)	(1,813)	(5,660)	(2,513)
Total net position	\$ 177,336	\$ 184,048	\$ 52,454	\$ 52,984	\$ 229,790	\$ 237,032

The City's Government-wide total net position was \$229.8 million, with total assets and deferred outflows of resources of \$328.2 million, liabilities and deferred inflows of resources of \$98.4 million. The net investment in capital assets was \$199.9 million. Another portion of the City's net position, \$35.6 million, represents resources that are subject to external restrictions in how they may be used. The remaining negative balance of \$5.7 million resulted from the increase of long-term liabilities, namely pension and other post-employment liabilities.

City of Norwalk
Management's Discussion and Analysis
June 30, 2017

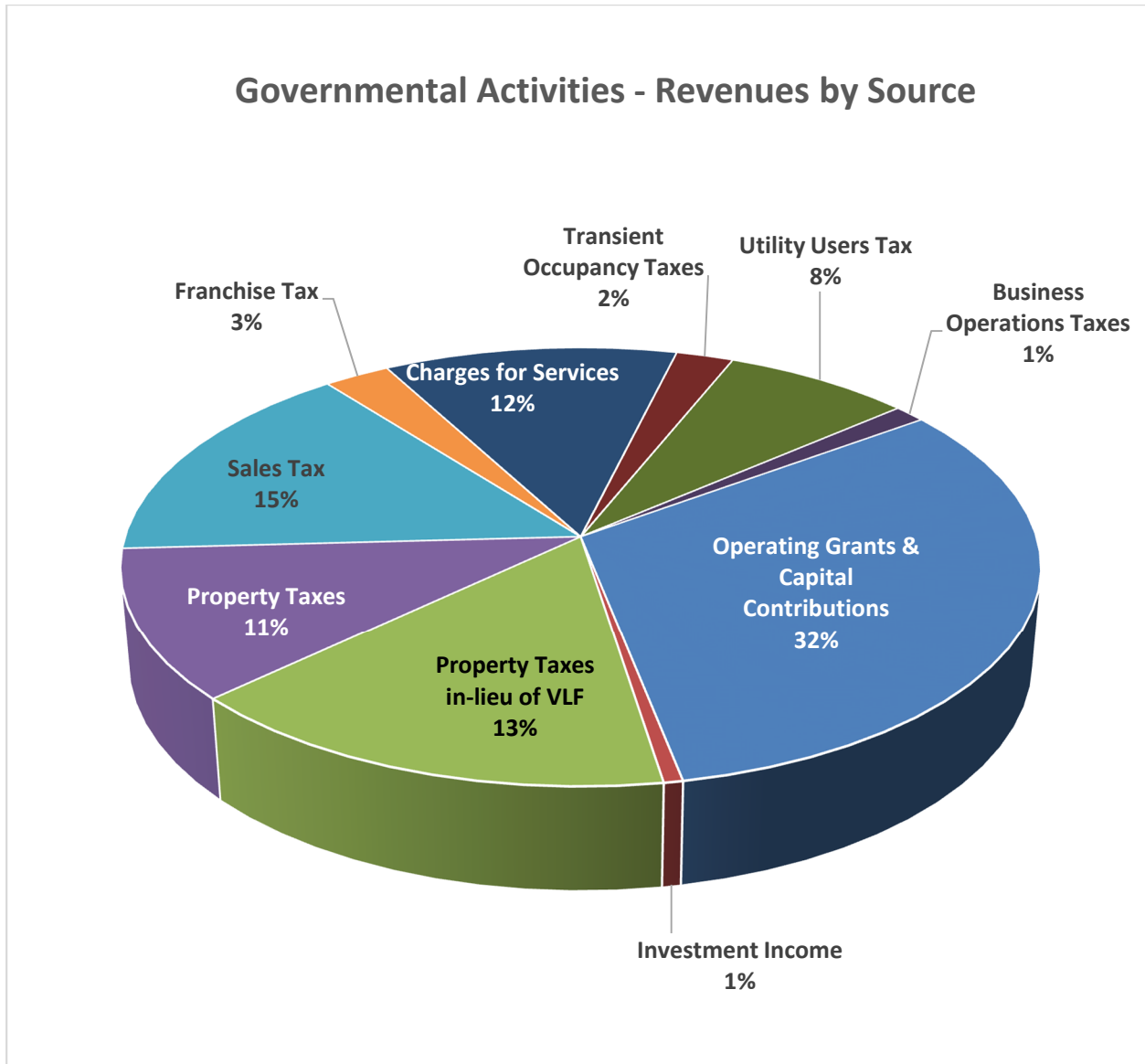
Table 2
Changes in Net Position
(in thousands)

	Governmental Activities		Business-type activities		Government-Wide Totals	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program Revenues:						
Charges for services	\$ 7,911	\$ 8,174	\$ 9,226	\$ 8,995	\$ 17,137	\$ 17,169
Operating grants and capital contributions	21,307	23,760	7,612	8,378	28,919	32,138
Capital grants and contributions	129	-	1,603	4,718	1,732	4,718
General Revenues:						
Taxes:						
Sales taxes	10,265	10,541	-	-	10,265	10,541
Property taxes	7,481	7,636	-	-	7,481	7,636
Property tax in-lieu of VLF	10,430	9,974	-	-	10,430	9,974
Utility users taxes	5,093	5,296	-	-	5,093	5,296
Business operations taxes	857	845	-	-	857	845
Transient occupancy taxes	1,545	1,533	-	-	1,545	1,533
Other taxes	1,786	1,882	-	-	1,786	1,882
Investment income	399	1,250	118	137	517	1,387
Other	-	-	-	-	-	-
Total Revenues	67,203	70,891	18,559	22,228	85,762	93,119
Expenses:						
General government	10,754	9,809	-	-	10,754	9,809
Public safety	14,000	13,407	-	-	14,000	13,407
Urban development	6,690	5,942	-	-	6,690	5,942
Public works	17,733	15,379	-	-	17,733	15,379
Culture and leisure	8,602	8,642	-	-	8,602	8,642
Health and welfare	13,683	13,851	-	-	13,683	13,851
Interest and fiscal charges	427	486	-	-	427	486
Bond issue costs	-	-	-	-	-	-
Transit	-	-	14,616	12,280	14,616	12,280
Water	-	-	4,723	4,344	4,723	4,344
Sewer	-	-	1,777	1,579	1,777	1,579
Golf Course	-	-	-	100	-	100
Total Expenses	71,889	67,516	21,116	18,303	93,005	85,819
Transfers	(2,026)	(2,001)	2,026	2,001	-	-
Change in net position	(6,712)	1,374	(531)	5,926	(7,243)	7,300
Extraordinary items	-	4,906	-	-	-	4,906
Net position - beginning of year	184,048	177,768	52,984	47,058	237,032	224,826
Net position - ending of year	\$ 177,336	\$ 184,048	\$ 52,453	\$ 52,984	\$ 229,789	\$ 237,032

Governmental Activities

Revenues for the City's governmental activities decreased \$3.7 million or 5.2%, from \$70.9 million last fiscal year to \$67.2 million in this fiscal year. Key elements of significant changes are as follows:

- The largest revenue source was operating grants and capital contributions at \$21.3 million. It decreased \$2.5 million, or 10.3%, from the preceding fiscal year.
- The second largest revenue source was property taxes in-lieu of VLF. Property taxes in-lieu of VLF are a recent revenue stream that was "swapped" with the City's vehicle license fee (VLF) revenues beginning in fiscal year 2004-05. The State took action to permanently reduce the VLF rate from 2.0% to 0.65% that impacted local governments significantly. To make affected cities financially whole, it took subsequent action to swap the lost VLF revenues for its property taxes. During fiscal year 2016-17, the City received \$10.4 million in property tax in-lieu of VLF revenue. This revenue increased \$0.5 million, or 4.6%, from the preceding fiscal year.
- The third largest revenue source was sales tax, general revenue, at \$10.3 million, decreased \$0.3 million, or 2.6%, from the preceding fiscal year.
- The fourth largest revenue source was charges for services at \$7.9 million, which decreased \$0.3 million, 3.2% from the preceding fiscal year.
- Property taxes were the fifth largest revenue, at \$7.5 million, a decrease of \$0.2 million or 2% from the prior fiscal year revenues.

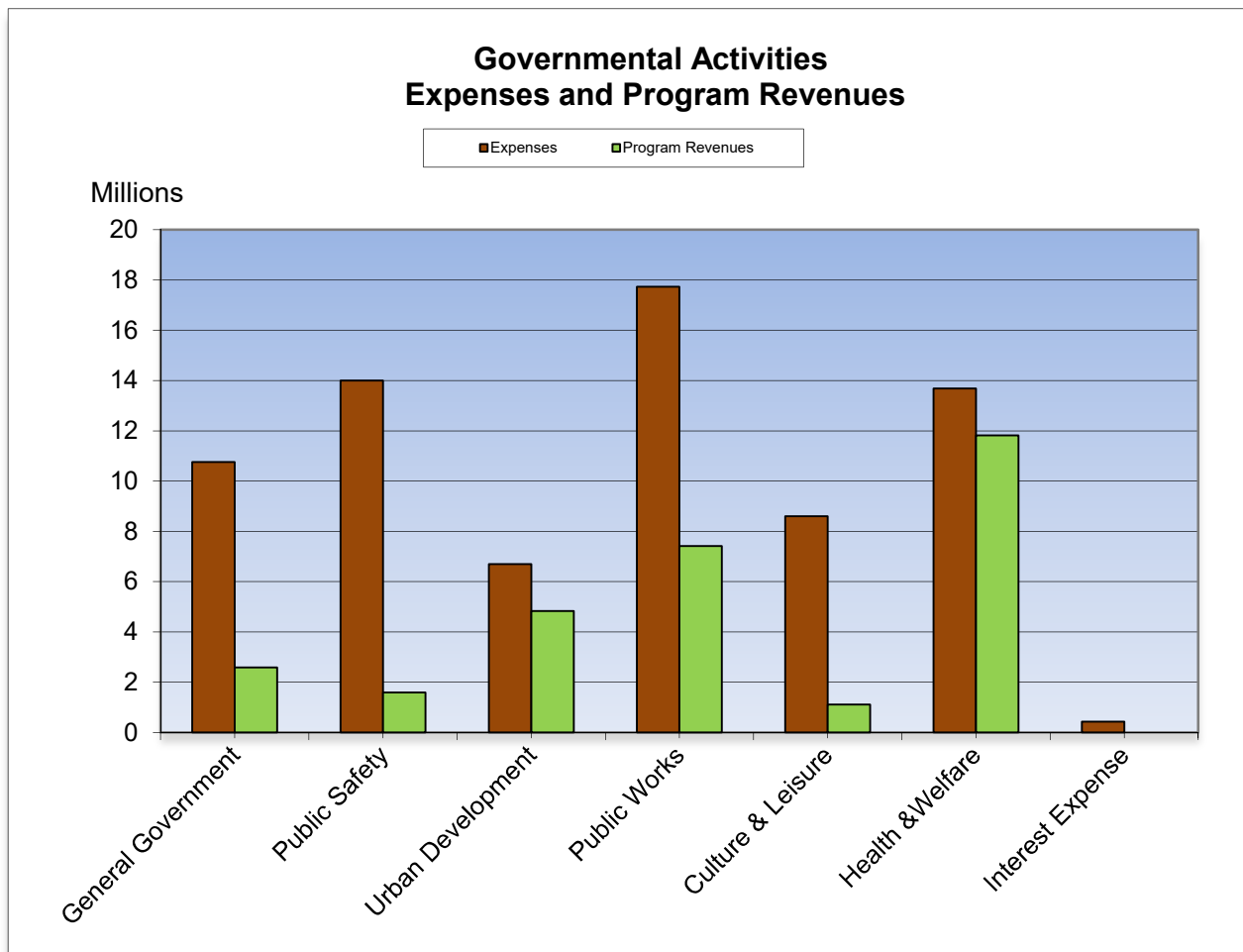


The cost of all governmental activities this year was \$71.9 million. Program revenues funded \$29.3 million, or 41% of governmental activities. The remaining portion of governmental activities was paid with general revenues.

- Public Works, was the largest category of governmental activities, at \$17.7 million, it represented 25% of the total expenses; increasing \$2.4 million from the prior fiscal year. Approximately \$7.4 million in expense was funded with program revenues.
- Public Safety expense category was the second largest at \$14 million, or 19% of governmental activities, of which approximately \$1.6 million was funded with program revenues. Expenses for this category increased by \$0.6 million, or 4% from the prior fiscal year.
- Health and Welfare was the third largest expense category. During fiscal year ended June 30, 2017, these expenses represented \$13.7 million, or 19% of governmental activities.

Approximately \$11.8 million was funded with program revenues. Expenses decreased from the preceding fiscal year by \$0.2 million, or 1%.

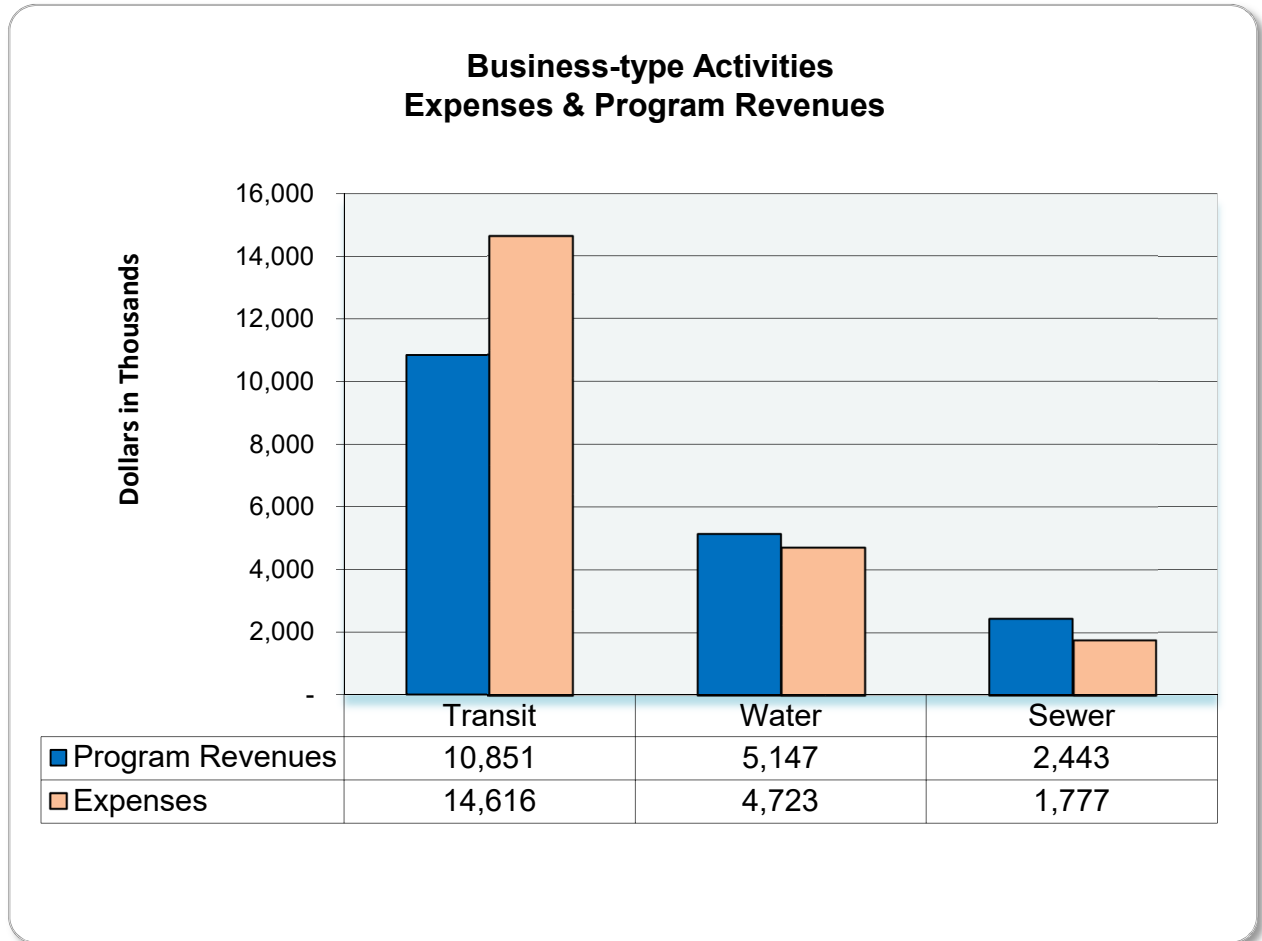
- General Government, the fourth largest category of governmental activities recorded expenses at \$10.8 million; it represented 15% of total governmental expenses. Program revenues funded \$2.6 million of the General Government expense category. Expenses in this category recorded an increase of \$0.9 million, or 10% compared to preceding fiscal year.
- Culture and Leisure was the fifth largest governmental activity with \$8.6 million in expenses, or 12% of governmental activities. Approximately \$1.1 million was funded with program revenues. Expenses were consistent from the prior fiscal year.



Business-type Activities

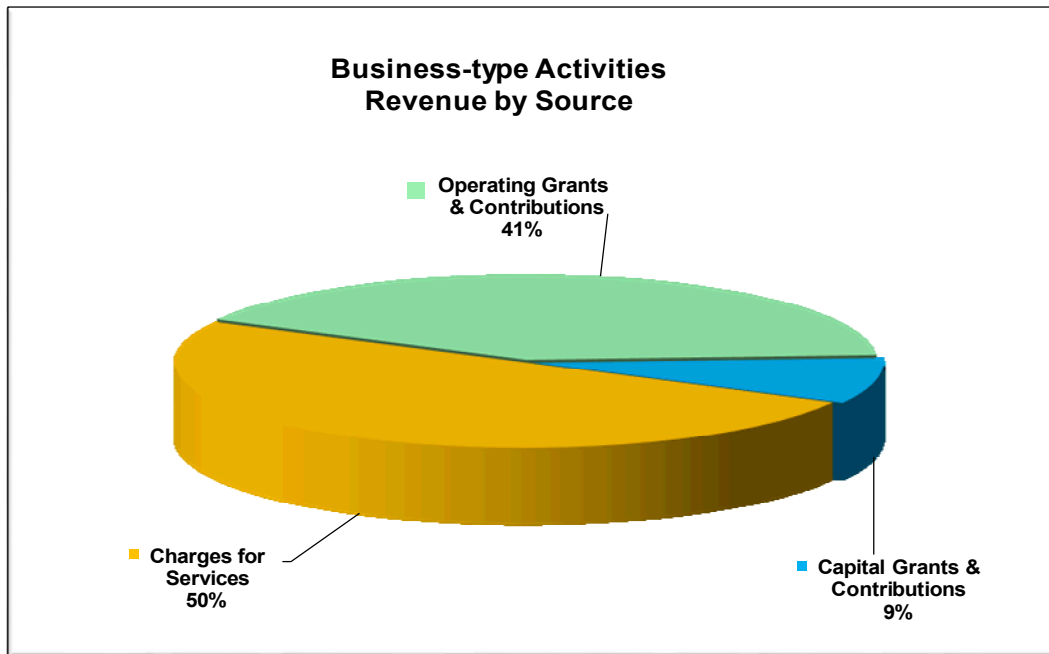
The City's business type activities, which are Transit, Water, and Sewer, account for services to the general public. As of June 30, 2017, total net position of Business-type activities was \$52.5 million, out of which, the unrestricted net position represented a negative \$2.4 million; net investment in capital assets represented \$54.9 million. Total net position decreased \$0.5 million from the prior year's balance of \$53 million. This decrease is primarily attributed to completion of major capital projects.

The graph below presents the costs of business activities and associated program revenues.



Total program revenues of Business-type activities were \$18.4 million; an decrease of \$3.6 million, or 16% from the prior year's program revenues. The majority of this decrease is related to lower operating and capital grant funding received under Transit activity.

As shown in the pie chart below, Charges for Services represent 50% of program revenues of Business-type activities. Water and Sewer are 100% funded through service charges. The Operating Grants and Contributions received by Transit represent 41% of the total program revenues received by Business-type activities.

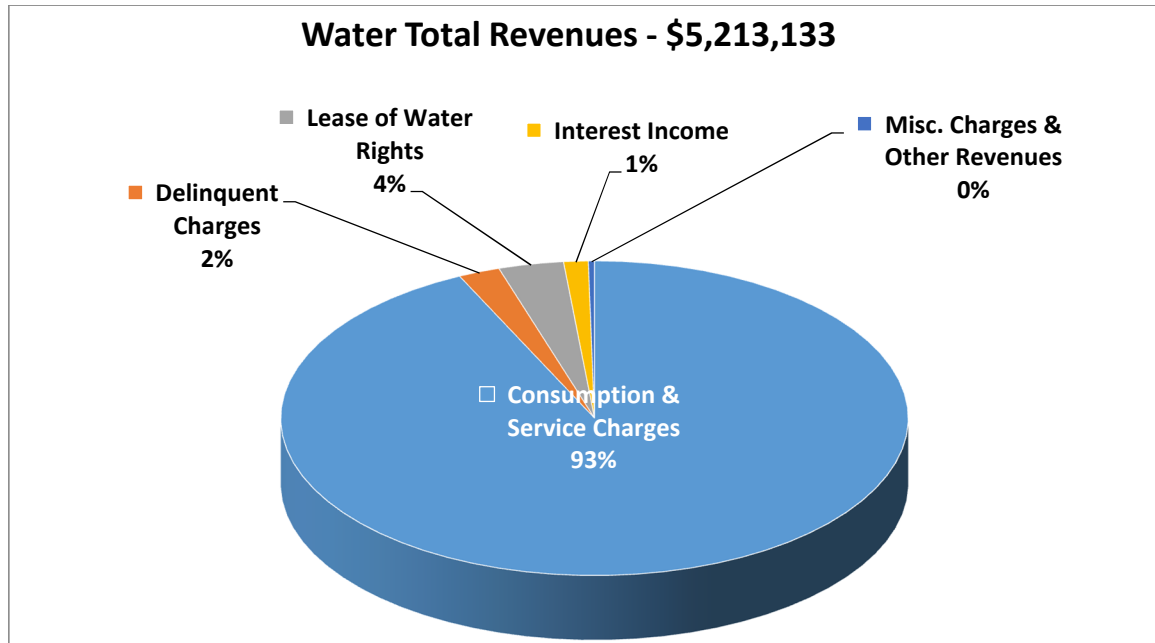


Transit System

Charges for services, \$1.6 million, remained flat from fiscal year 2015-16. Operating grants and contributions were \$7.6 million, a decrease of \$0.8 million. Capital grants and contributions of \$1.6 million recorded a decrease of \$3.1 million from prior year. This decrease is due to completion of construction projects in prior year, which were funded by capital grants. Combined revenues decreased by \$3.7 million, or 23%, when compared to the prior fiscal year. Total expenses of \$14.6 million recorded an increase of \$2.3 million, or 19%, from the previous fiscal year.

Water System

Revenues totaled \$5.2 million; an increase of \$177 thousand, or 4%, from the preceding year. As demonstrated in the chart below, consumption and service charges at \$4.8 million represented 93% of total revenues.



Total expenses of \$4.7 million increased from the prior year by \$379 thousand, or 9%.

Total net position of the Water Fund increased \$0.5 million, from the \$15.0 million in prior fiscal year, to \$15.5 million in fiscal year 2017. This increase resulted from an increase of \$0.9 million in total assets which was partially offset with increased liabilities of \$0.4 million.

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

Sewer

Effective July 1, 2013 the City established an enterprise fund to account for Sewer revenues and expenses. During the same year, the City completed the sewer system management plan and successfully passed the Prop 218, establishing for the first time since the City's incorporation, fees for providing wastewater collection service.

In fiscal year 2016-17, operating revenues totaled \$2.4 million, while operating expenses were \$1.7 million. Total net position of the Sewer Fund is \$24.3 million, of which \$19.6 million is net investment in capital assets; unrestricted net position is \$4.7 million.

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 \$65.2 million, a decrease of \$0.5 million, or 0.8%, from the prior year's combined fund balance of \$65.7 million.

The nonspendable portion of governmental funds' fund balance totaled \$8.2 million, a decrease of \$0.7 million or 8.0% from last year.

Total restricted fund balance was \$36.6 million, a decrease of \$0.5 million. The restricted balance comprises of \$9.5 million under Special Revenue Funds, restricted by their funding nature; \$26.0 million is restricted for Capital Projects; and \$1.1 million for Debt Service.

Total committed fund balance was \$7.2 million: \$4.4 million to finance asset replacement funds, \$0.8 million to fund Parking Structure operations and capital improvement, and \$2.1 million is committed to cover future potential loss of revenues and the increase of pension cost.

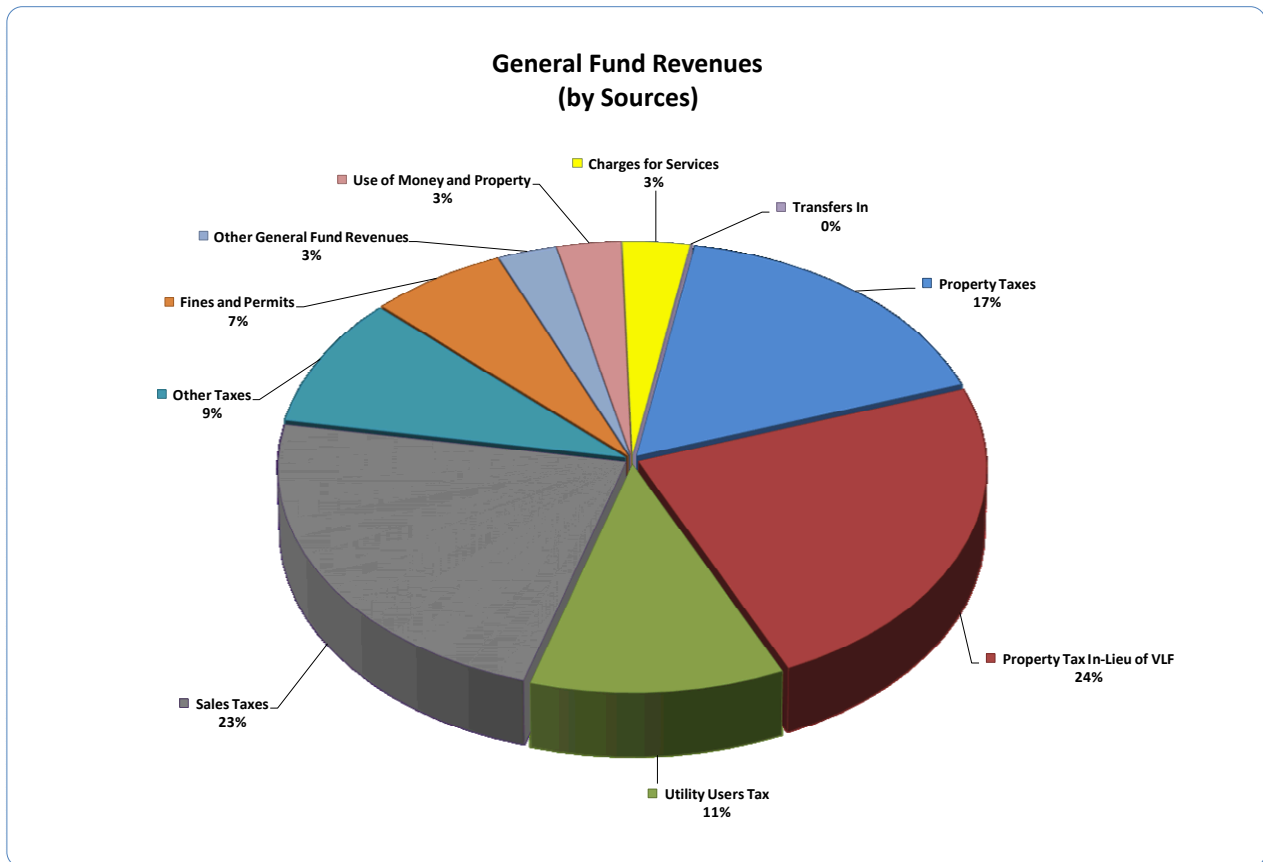
The City assigned \$1.2 million for future capital improvement projects. The combined unassigned fund balance of governmental funds is \$11.9 million and is available for spending to meet the future needs of the City.

Revenues of governmental funds for the fiscal year ended June 30, 2017 were \$69.6 million. This is a decrease of \$2.4 million, or 3.4%, from the prior fiscal year's total of \$72 million. This is a result of decreases in taxes, \$0.2 million, use of money and property \$0.4 million, other revenues \$0.2 million; and a \$1.5 million drop in intergovernmental revenues related to federal and state funding for street projects.

Expenditures of governmental funds were \$68.1 million. This is a decrease of \$3.2 million, or 4.5% from the prior fiscal year. This overall decrease can be contributed to lower expenditures for street projects in special revenue funds, \$2.4 million.

The General Fund is the principal operating fund of the City. It is used to account for all discretionary revenues and expenditures necessary to carryout basic government functions that are not accounted for through other special revenue and grant funds. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$12.5 million, assigned fund balance was \$1.2 million, non-spendable fund balance was \$8.2 million, while committed fund balance was \$2.1 million. These resulted in total General fund balance of \$24.1 million. The key factors affecting the General Fund's financial position are as follows:

General Fund revenues and transfers in for the fiscal year totaled \$44.4 million, an decrease of \$0.4 million or 0.9%, from the prior year's total of \$44.8 million.

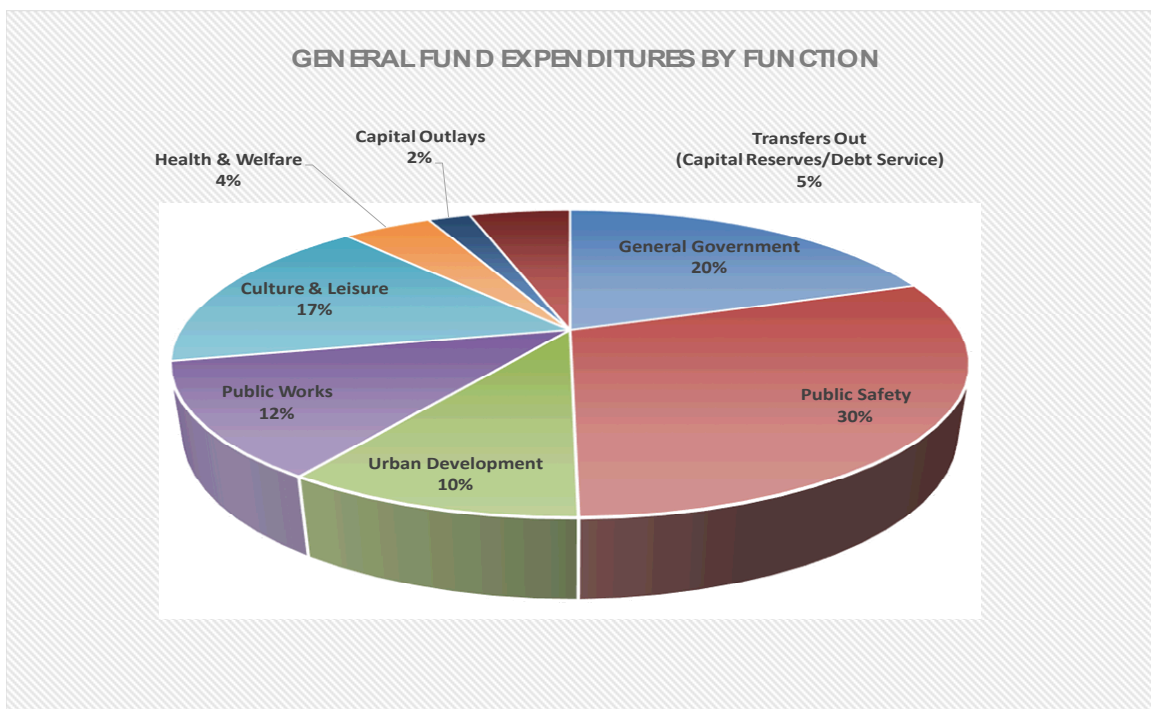


Taxes represent 84% of the General Fund revenues and are the largest revenue source. They include following categories: sales taxes, property tax in-lieu of vehicle license fees (VLF), property taxes, utility users' tax and other taxes.

- The largest revenue source, 24% of General Fund revenues, was property tax in-lieu of VLF at \$10.4 million. This is an increase of \$457 thousand, or 4.6% from prior year.
- Sales taxes represented the second largest revenue source at \$10.3 million, or 23% of General Fund revenues. This revenue source decreased \$276 thousand, 2.6%, from fiscal year 2016. City recorded decline under fuel and service stations, food and drugs, business and industry categories. This trend was in line with state-wide results.

- Property taxes came in third at \$7.5 million, representing 17% of the General Fund revenues, a slight decrease of \$155 thousand, from last year's total. Majority of these real property value derived revenues came from No/Low property tax and property tax apportionment from the Los Angeles County for the Southeast Recreation Park Area.
- Utility users tax came in fourth at \$5.1 million or 11% of the total General Fund revenues, a decrease of \$203 thousand from last year's total. This revenue is based on telephone, wireless, electricity and gas utilities.
- Other taxes were the fifth largest revenue source at \$4.2 million, or 9% of General Fund revenues. This revenue was flat compared to the prior fiscal year.

General Fund expenditures and transfers out totaled \$45.9 million, an increase of \$1.6 million, or 3.6%, from the prior year's total of \$44.3 million. The overall net increase is attributed to combination of factors: the increases in cost under General Government (\$0.7 million); Public Safety (\$0.6 million); Urban Development (\$0.4 million), and Capital Outlays (\$0.2 million); and \$0.4 million decrease in the transfers to the City's capital reserves. Expenditures by function from highest to lowest are summarized as follows:



- Public Safety was the largest General Fund function at \$13.8 million, or 30% of General Fund expenditures and transfers out, an increase of \$0.6 million, or 4.3%, from the preceding fiscal year.
- General Government (City Council, City Commissions, Administration, City Attorney, Management Services, Community Information, Cable TV, City Clerk's Office, Human Resources and Risk Management, Finance, and Management Information Systems) was the second largest General Fund function at \$9.1 million, or 20%, of the General Fund expenditures and transfers out. This function increased by \$0.7 million from last year, or 8.8%

- The Culture and Leisure expenditures represented the third largest expenditure category at \$7.6 million, or 17%, of the General Fund expenditures and transfers out. This category remained flat from prior year.
- Public Works ranked fourth at \$5.6 million, or 12% of the General Fund expenditures and transfers out. This expense was consistent from the previous fiscal year's total.
- Fifth in rank is Urban Development function at \$4.5 million, representing 10% of the General Fund expenditures and transfers out. This expense increased by \$ 0.4 million, or 9.4% from the prior year.

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

In fiscal year 2016-17, CDBG received entitlement grant in the amount of \$1.5 million and program income (proceeds of repayments of HUD funded loans) of \$0.4 million. In addition, the City also received HOME grant entitlement in the amount of \$0.4 million, and the program income generated by the repayment of HOME funded loans was \$45 thousand.

The City expended \$2 million of CDBG funds on 23 activities, a \$0.4 million increase from prior year's total of \$1.5 million. HOME expenditures totaled \$ 0.5 million for the year, out of which \$0.4 million was spent for home repairs, and \$0.1 million on Community Housing Development Organization project.

General Fund Budgetary Highlights

The following table displays the General Fund's original budget, final budget and actual results for 2017 revenues, expenditures and transfers. Actual revenues and transfers in were \$179 thousand, 0.4% lower than the City's final budget, of \$44.6 million. Expenditures and transfers out were lower by \$3.2 million than the final budget of \$49.1 million, or 6.4% under budget. The budget savings resulted mainly from savings under: personnel costs (\$0.8 million), capital projects (\$0.7 million), contract services (\$1.2 million), utilities (\$0.6 million). These savings were offset by increased insurance costs of \$0.3 million.

The final revenue budget reflects an increase of \$130 thousand (0.3%) from the original revenue estimates.

Differences between the original and final expenditures budgets reflect a decrease of \$118 thousand, or 0.2%.

Table 3
General Fund Budgetary Comparison
(in thousands)

	Original Budget	Final Budget	Actual Amount
Revenues	\$ 44,422	\$ 44,552	\$ 44,373
Expenditures	(46,886)	(46,769)	(43,607)
Other Financing Sources (Uses):			
Transfers in	28	28	20
Transfers out	(2,329)	(2,329)	(2,319)
Net Change in Fund Balance	<u>\$ (4,765)</u>	<u>\$ (4,518)</u>	<u>\$ (1,534)</u>

Capital Assets and Debt Administration

Capital Assets. The City's investment in capital assets for Governmental and Business-type Activities as of June 30, 2017 was \$220.1 million (net of accumulated depreciation). This investment, in a broad range of capital assets, includes land, construction in progress, buildings and improvements, machinery and equipment, tools and equipment, water rights, infrastructure and miscellaneous capital assets. Net capital assets decrease of \$1.2 million or 0.5% from the previous year, is mainly a result of current year depreciation.

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, 2017 and 2016

	Governmental Activities		Business-type activities		Total	
	2017	2016	2017	2016	2017	2016
Capital assets not being depreciated:						
Land	\$ 6,964,626	\$ 6,964,626	\$ 23,125	\$ 23,125	\$ 6,987,751	\$ 6,987,751
Construction in progress	8,309,754	22,636,000	7,060,222	3,105,903	15,369,976	25,741,903
Water rights			8,396,581	8,396,581	8,396,581	8,396,581
Total capital assets not being depreciated	<u>15,274,380</u>	<u>29,600,626</u>	<u>15,479,928</u>	<u>11,525,609</u>	<u>30,754,308</u>	<u>41,126,235</u>
Capital assets being depreciated:						
Buildings and improvements	50,069,293	49,218,470	12,770,445	12,540,816	62,839,738	61,759,286
Distribution system	-	-	13,439,105	11,311,114	13,439,105	11,311,114
Machinery and equipment	6,840,192	6,595,610	-	-	6,840,192	6,595,610
Office equipment	-	-	822,297	822,297	822,297	822,297
Vehicles	-	-	18,602,760	18,796,593	18,602,760	18,796,593
Tools and equipment	-	-	2,479,837	2,441,473	2,479,837	2,441,473
Infrastructure	267,324,957	249,487,891	47,408,051	47,408,051	314,733,008	296,895,942
Miscellaneous	-	-	144,559	150,096	144,559	150,096
Total capital assets being depreciated	<u>324,234,442</u>	<u>305,301,971</u>	<u>95,667,054</u>	<u>93,470,440</u>	<u>419,901,496</u>	<u>398,772,411</u>
Less: Total accumulated depreciation	<u>(183,225,119)</u>	<u>(174,075,357)</u>	<u>(47,316,543)</u>	<u>(44,539,269)</u>	<u>(230,541,662)</u>	<u>(218,614,626)</u>
Net Capital Assets, being depreciated	<u>141,009,323</u>	<u>131,226,614</u>	<u>48,350,511</u>	<u>48,931,171</u>	<u>189,359,834</u>	<u>180,157,785</u>
Net Capital Assets	<u>\$156,283,703</u>	<u>\$160,827,240</u>	<u>\$63,830,439</u>	<u>\$60,456,780</u>	<u>\$220,114,142</u>	<u>\$221,284,020</u>

Long-term Liabilities. At June 30, 2017, the City had \$80.1 million in outstanding long-term liabilities for governmental and business-type activities.

**Table 5
Outstanding Debt as of June 30, 2017 and 2016
(In thousands)**

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Compensated absences	\$ 2,432	\$ 2,513	\$ 522	\$ 484	\$ 2,954	\$ 2,997
Other post-employment benefits	6,002	5,820	3,281	2,858	9,284	8,678
Claims payable	-	-	-	-	-	-
Bond indebtedness	12,552	13,590	8,971	9,166	21,523	22,756
Net pension liability	34,783	28,605	11,594	9,535	46,377	38,140
Total long term liabilities	<u>\$ 55,769</u>	<u>\$ 50,528</u>	<u>\$24,369</u>	<u>\$ 22,042</u>	<u>\$ 80,138</u>	<u>\$ 72,570</u>

The City's total long-term liabilities increased by \$7.6 million (10%) during fiscal year 2016-17. Pension liabilities increase by \$8.2 million, or 22%. All the remaining categories recorded a combined decrease of \$0.6 million: bond indebtedness decreased by the amount of the annual principal payment of \$1.2 million; the other post-employment benefits liabilities increased \$ 0.6 million.

Additional information on the City's long-term liabilities can be found in Note number 7 and 8 of the Notes to the Basic Financial Statements.

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. The latest "California Fiscal Outlook", published by the State of California Legislative Analyst Office (LAO) in November 2017, projected 2018-19 general fund reserves of \$19.3 billion, this includes \$7.5 billion in discretionary reserves, which the Legislature can appropriate for any purpose, and \$11.8 billion in required reserves, which will be available for a future budget emergency. Under a moderate recession scenario, the state has enough reserves to cover its deficits until 2021-22, assuming the Legislature makes no additional budget commitments.

The City will continue to monitor Federal and State's budget development as their budget affect a substantial portion of the City's intergovernmental funding source via grants and pass-through revenues.

The City adopted one-year 2017-18 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 2017-18 Budget are:

- The adopted operating budget is balanced with no use of reserves. The available fund balance is planned to be used for one-time expenditures: special studies, capital outlays, capital projects, transfers to capital reserve funds, and contributions to post-employment benefit irrevocable trust fund. 2017-18 Budget maintains General Fund reserves within the City's reserve policy, at 20% of operating expenditures.
- The General Fund Unassigned Budgetary Fund Balance is projected to be \$10.3 million as of June 30, 2017. This amounts represent 23% of the operational & minor capital outlays expenditures.

The following table summarizes the General Fund 2017-18 Budget.

General Fund Balance	Budget
Unassigned Balance, Start of Year	12,503,754
Assigned CIP Balance	816,546
Change in Reserve Balances	524,390
Available Beginning balance, Start of Year	13,844,690
Plus Revenues:	45,709,720
Less Expenditures:	
Operations & Minor Capital Outlays	45,871,426
Capital Projects	816,546
Other Sources (Uses)	(2,544,850)
Unassigned Balance, Year to Date	10,321,589

Request for Information

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

BASIC FINANCIAL STATEMENTS

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City of Norwalk
Statement of Net Position
June 30, 2017

	Governmental Activities	Business-type Activities	Total
ASSETS:			
Cash and investments	\$ 57,223,607	\$ 14,425,250	\$ 71,648,857
Cash and investments with fiscal agents	1,153,046	2,605	1,155,651
Accounts receivable	1,300,353	780,800	2,081,153
Interest receivable	535,571	-	535,571
Other receivables	21,972	-	21,972
Due from other governments	3,727,978	1,495,881	5,223,859
Due from Successor Agency	65,869	-	65,869
Advances to Successor Agency	9,326,613	-	9,326,613
Internal balances	2,639,051	(2,639,051)	-
Inventory	83,147	217,050	300,197
Prepaid items and deposits	95,401	-	95,401
Loans receivable	7,296,935	-	7,296,935
Capital assets:			
Non-depreciable	15,274,380	15,479,928	30,754,308
Depreciable, net of accumulated depreciation	141,009,323	48,350,511	189,359,834
Total assets	<u>239,753,246</u>	<u>78,112,974</u>	<u>317,866,220</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred amounts from pension plans	7,658,097	2,552,700	10,210,797
Unamortized loss on bond defeasance	134,797	-	134,797
Total deferred outflows of resources	<u>7,792,894</u>	<u>2,552,700</u>	<u>10,345,594</u>
LIABILITIES:			
Accounts payable	5,122,878	998,434	6,121,312
Accrued expenses	76,930	303,522	380,452
Interest payable	54,535	43,164	97,699
Other liabilities	46,439	284,357	330,796
Due to other governments	8,039,187	-	8,039,187
Deposits payable	60,740	150,865	211,605
Unearned revenue	6,860	1,718,408	1,725,268
Noncurrent liabilities:			
Due within one year	1,464,070	285,770	1,749,840
Due in more than one year	54,305,100	24,082,848	78,387,948
Total liabilities	<u>69,176,739</u>	<u>27,867,368</u>	<u>97,044,107</u>
DEFERRED INFLOWS OF RESOURCES:			
Deferred amounts from pension plans	1,032,899	344,298	1,377,197
Total deferred inflows of resources	<u>1,032,899</u>	<u>344,298</u>	<u>1,377,197</u>
NET POSITION:			
Net investment in capital assets	145,019,728	54,862,196	199,881,924
Restricted:			
Public safety	386,514	-	386,514
Urban development	23,684,315	-	23,684,315
Public works	11,124,585	-	11,124,585
Public art	160,211	-	160,211
Culture & leisure	111,762	-	111,762
Health & welfare	101,400	-	101,400
Unrestricted	(3,252,013)	(2,408,188)	(5,660,201)
Total net position	<u>\$ 177,336,502</u>	<u>\$ 52,454,008</u>	<u>\$ 229,790,510</u>

See accompanying notes to basic financial statements.

Functions/programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 10,754,302	\$ 2,416,519	\$ 139,261	\$ 29,325
Public safety	14,000,301	1,409,853	180,621	-
Urban development	6,689,862	2,695,439	2,134,700	-
Public works	17,733,345	298,619	7,016,065	100,000
Culture and leisure	8,602,339	591,702	518,638	-
Health and welfare	13,682,599	499,164	11,317,247	-
Interest expense	426,822	-	-	-
Total governmental activities	71,889,570	7,911,296	21,306,532	129,325
Business-type activities:				
Transit system	14,616,307	1,635,756	7,613,042	1,602,839
Water	4,722,943	5,147,289	-	-
Sewer	1,777,414	2,443,276	-	-
Total business-type activities	21,116,664	9,226,321	7,613,042	1,602,839
Total primary government	\$ 93,006,234	\$ 17,137,617	\$ 28,919,574	\$ 1,732,164

General revenues:

Taxes:

Sales taxes

Property taxes

Utility users taxes

Business operation taxes

Transient occupancy taxes

Franchise taxes

Unrestricted intergovernmental

Investment income

Transfers

Total general revenues and transfers

Changes in net position

Net position - beginning of year

Net position - end of year

See accompanying notes to basic financial statements.

City of Norwalk
Statement of Activities
For the year ended June 30, 2017

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-type Activities	Total
\$ (8,169,197)	\$ -	\$ (8,169,197)
(12,409,827)	-	(12,409,827)
(1,859,723)	-	(1,859,723)
(10,318,661)	-	(10,318,661)
(7,491,999)	-	(7,491,999)
(1,866,188)	-	(1,866,188)
(426,822)	-	(426,822)
<u>(42,542,417)</u>	<u>-</u>	<u>(42,542,417)</u>
-	(3,764,670)	(3,764,670)
-	424,346	424,346
-	665,862	665,862
<u>-</u>	<u>(2,674,462)</u>	<u>(2,674,462)</u>
<u>(42,542,417)</u>	<u>(2,674,462)</u>	<u>(45,216,879)</u>
10,264,892	-	10,264,892
7,481,345	-	7,481,345
5,093,361	-	5,093,361
857,171	-	857,171
1,544,811	-	1,544,811
1,786,343	-	1,786,343
10,430,453	-	10,430,453
399,167	118,220	517,387
(2,026,434)	2,026,434	-
<u>35,831,109</u>	<u>2,144,654</u>	<u>37,975,763</u>
(6,711,308)	(529,808)	(7,241,116)
<u>184,047,810</u>	<u>52,983,816</u>	<u>237,031,626</u>
<u>\$ 177,336,502</u>	<u>\$ 52,454,008</u>	<u>\$ 229,790,510</u>

ASSETS	<u>General Fund</u>	<u>Housing and Community Development Special Revenue Fund</u>	<u>Housing Authority Special Revenue Fund</u>
ASSETS			
Assets:			
Cash and investments	\$ 15,745,311	\$ 562,821	\$ 1,187,329
Cash and investments with fiscal agents	-	-	-
Accounts receivable, net	1,088,927	6,711	84,478
Interest receivable	162,450	357,254	-
Other receivable	21,972	-	-
Due from other funds	1,014,086	-	-
Due from other governments	1,955,513	115,843	12,443
Inventory	5,072	-	-
Prepaid items	75,283	-	-
Loans receivable	-	7,296,935	-
Due from Successor Agency	65,869	-	-
Advances to Successor Agency	9,326,613	-	-
Advances to other funds	2,639,051	-	-
Total assets	<u><u>\$ 32,100,147</u></u>	<u><u>\$ 8,339,564</u></u>	<u><u>\$ 1,284,250</u></u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 3,811,555	\$ 117,650	\$ -
Due to other funds	-	-	184,628
Due to other governments	381,453	7,654,189	-
Deposits payable	-	-	60,740
Other liabilities	14,714	-	-
Unearned revenue	-	-	-
Total liabilities	<u><u>4,207,722</u></u>	<u><u>7,771,839</u></u>	<u><u>245,368</u></u>
Deferred inflows of resources:			
Unavailable revenues	<u>3,837,131</u>	-	<u>93,864</u>
Total deferred inflows of resources	<u><u>3,837,131</u></u>	<u><u>-</u></u>	<u><u>93,864</u></u>
Fund balances (deficit):			
Nonspendable	8,208,888	-	-
Restricted	-	567,725	945,018
Committed	2,120,000	-	-
Assigned	1,236,546	-	-
Unassigned	12,489,860	-	-
Total fund balances (deficit)	<u><u>24,055,294</u></u>	<u><u>567,725</u></u>	<u><u>945,018</u></u>
Total liabilities, deferred inflows of resources and fund balances	<u><u>\$ 32,100,147</u></u>	<u><u>\$ 8,339,564</u></u>	<u><u>\$ 1,284,250</u></u>

See accompanying notes to basic financial statements.

**City of Norwalk
Balance Sheet
Governmental Funds
June 30, 2017**

Debt Service Fund	Special Projects Capital Projects Funds	Economic Development Capital Projects Fund	Housing Successor Fund Capital Projects Fund	Other Governmental Funds	Totals
\$ -	\$ -	\$ 10,780,608	\$ 11,304,245	\$ 17,448,951	\$ 57,029,265
1,153,046	-	-	-	-	1,153,046
-	-	-	-	120,237	1,300,353
-	-	10,687	5,180	-	535,571
-	-	-	-	-	21,972
-	-	-	-	-	1,014,086
-	596,724	-	-	1,047,455	3,727,978
-	-	-	-	-	5,072
-	-	-	-	20,118	95,401
-	-	-	-	-	7,296,935
-	-	-	-	-	65,869
-	-	-	-	-	9,326,613
-	-	-	-	-	2,639,051
<u>\$ 1,153,046</u>	<u>\$ 596,724</u>	<u>\$ 10,791,295</u>	<u>\$ 11,309,425</u>	<u>\$ 18,636,761</u>	<u>\$ 84,211,212</u>
\$ -	\$ 93,483	\$ 13,793	\$ 9,219	\$ 1,014,257	\$ 5,059,957
-	285,621	-	-	543,837	1,014,086
-	-	-	-	3,545	8,039,187
-	-	-	-	-	60,740
-	-	-	-	31,725	46,439
-	3,360	-	-	3,500	6,860
-	<u>382,464</u>	<u>13,793</u>	<u>9,219</u>	<u>1,596,864</u>	<u>14,227,269</u>
-	539,242	-	-	292,496	4,762,733
-	<u>539,242</u>	<u>-</u>	<u>-</u>	<u>292,496</u>	<u>4,762,733</u>
-	-	-	-	-	8,208,888
1,153,046	-	10,777,502	11,300,206	11,876,311	36,619,808
-	-	-	-	5,162,810	7,282,810
-	-	-	-	-	1,236,546
-	(324,982)	-	-	(291,720)	11,873,158
<u>1,153,046</u>	<u>(324,982)</u>	<u>10,777,502</u>	<u>11,300,206</u>	<u>16,747,401</u>	<u>65,221,210</u>
<u>\$ 1,153,046</u>	<u>\$ 596,724</u>	<u>\$ 10,791,295</u>	<u>\$ 11,309,425</u>	<u>\$ 18,636,761</u>	<u>\$ 84,211,212</u>

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City of Norwalk
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2017

Fund balances - total governmental funds		\$ 65,221,210
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Deferred outflows of resources represent loss on bond defeasance which is deferred and amortized over the life of the debt. This is reported as an expenditure of current financial resources in the governmental funds at the time of defeasance.		134,797
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet. This amount does not include \$0 of internal service fund net capital assets.		
Capital assets	\$ 339,402,110	
Accumulated depreciation	<u>(183,118,407)</u>	156,283,703
Accrued interest on long-term debt is not due and payable in the current period and is not reported in the governmental funds.		(54,535)
Certain revenues in the governmental funds are unavailable because they are not collected within the prescribed time period after year-end. Those revenues are recognized on the accrual basis in the government-wide statements.		4,762,733
Long-term liabilities applicable to the City governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the Statement of Net Position. Balances as of June 30, 2017 are:		
Compensated absences (this amount does not include \$132,566 of internal service fund compensated absences)	(2,299,430)	
Lease revenue bonds	(12,045,000)	
Bond premium	<u>(506,818)</u>	(14,851,248)
Pension related debt applicable to the City governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Deferred outflows of resources and deferred inflows of resources related to pensions are only reported in the Statement of Net Position as the changes in these amounts effects only the government-wide statements for governmental activities:		
Deferred outflows of resources related to pensions	7,658,097	
Deferred inflows of resources related to pensions	(1,032,899)	
Pension liability	<u>(34,782,954)</u>	(28,157,756)
Other post-employment benefit obligation is not accrued in governmental funds, but rather is recognized as an expenditure when paid.		<u>(6,002,402)</u>
Net position of governmental activities		<u><u>\$ 177,336,502</u></u>

See accompanying notes to basic financial statements.

	General Fund	Housing and Community Development Special Revenue Fund	Housing Authority Special Revenue Fund
Revenues:			
Taxes	\$ 37,458,376	\$ -	\$ -
Licenses and permits	1,551,485	-	-
Fines, forfeitures and penalties	1,343,137	-	-
Use of money and property	487,736	2,000	431
Intergovernmental	228,321	1,942,997	7,249,489
Charges for services	1,427,475	-	-
Rental income	867,191	-	-
Other	1,009,065	432,798	22,409
Total revenues	<u>44,372,786</u>	<u>2,377,795</u>	<u>7,272,329</u>
Expenditures:			
Current:			
General government	9,072,803	-	-
Public safety	13,765,891	-	-
Urban development	4,543,354	1,881,004	-
Public works	5,571,573	53,948	-
Culture and leisure	7,625,119	-	-
Health and welfare	2,060,126	31,195	7,245,645
Capital outlay and improvement	968,418	474,170	-
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	<u>43,607,284</u>	<u>2,440,317</u>	<u>7,245,645</u>
Excess (deficiency) of revenues over expenditures	<u>765,502</u>	<u>(62,522)</u>	<u>26,684</u>
Other financing sources (uses):			
Transfers in	19,173	-	-
Transfers out	(2,319,639)	-	-
Total other financing sources (uses)	<u>(2,300,466)</u>	<u>-</u>	<u>-</u>
Change in fund balances	(1,534,964)	(62,522)	26,684
Beginning fund balances (deficit)	<u>25,590,258</u>	<u>630,247</u>	<u>918,334</u>
Ending fund balances (deficit)	<u>\$ 24,055,294</u>	<u>\$ 567,725</u>	<u>\$ 945,018</u>

See accompanying notes to basic financial statements.

City of Norwalk
Statement of Revenues, Expenditures and Changes in Fund Balances -
Governmental Funds
For the year ended June 30, 2017

Debt Service Fund	Special Projects Capital Projects Funds	Economic Development Capital Projects Fund	Housing Successor Fund Capital Projects Fund	Other Governmental Funds	Totals
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 37,458,376
-	-	-	-	-	1,551,485
-	-	-	-	-	1,343,137
5,260	-	33,359	(4,961)	149,423	673,248
-	1,281,682	-	-	12,885,029	23,587,518
-	-	-	-	1,063,174	2,490,649
-	-	-	-	-	867,191
-	-	-	-	137,703	1,601,975
<u>5,260</u>	<u>1,281,682</u>	<u>33,359</u>	<u>(4,961)</u>	<u>14,235,329</u>	<u>69,573,579</u>
2,271	-	-	-	527,399	9,602,473
-	-	-	-	165,079	13,930,970
-	51,289	-	69,707	42,976	6,588,330
-	-	-	-	3,405,296	9,030,817
-	-	-	-	631,483	8,256,602
-	-	-	-	4,204,767	13,541,733
-	348,384	373,097	45,749	3,476,827	5,686,645
980,000	-	-	-	-	980,000
475,481	-	-	-	-	475,481
<u>1,457,752</u>	<u>399,673</u>	<u>373,097</u>	<u>115,456</u>	<u>12,453,827</u>	<u>68,093,051</u>
<u>(1,452,492)</u>	<u>882,009</u>	<u>(339,738)</u>	<u>(120,417)</u>	<u>1,781,502</u>	<u>1,480,528</u>
1,457,645	148,576	-	214,940	940,308	2,780,642
-	-	-	-	(2,487,437)	(4,807,076)
<u>1,457,645</u>	<u>148,576</u>	<u>-</u>	<u>214,940</u>	<u>(1,547,129)</u>	<u>(2,026,434)</u>
5,153	1,030,585	(339,738)	94,523	234,373	(545,906)
<u>1,147,893</u>	<u>(1,355,567)</u>	<u>11,117,240</u>	<u>11,205,683</u>	<u>16,513,028</u>	<u>65,767,116</u>
<u>\$ 1,153,046</u>	<u>\$ (324,982)</u>	<u>\$ 10,777,502</u>	<u>\$ 11,300,206</u>	<u>\$ 16,747,401</u>	<u>\$ 65,221,210</u>

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City of Norwalk
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and
Changes in Fund Balances to the Statement of Activities
For the year ended June 30, 2017

Net change in fund balances - total governmental funds	\$	(545,906)
Amounts reported for governmental activities in the Statement of Activities are different because:		
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense. This does not include internal service fund activity of \$0 in additions and \$0 in depreciation expense.</p>		
Depreciation expense	\$	(9,383,763)
Loss on retirement of assets		(30,748)
Capital outlay		4,870,974
		(4,543,537)
<p>Certain revenues in the governmental funds are unavailable if they are not collected within the prescribed time period after year-end. Those revenues are recognized on the accrual basis in the government-wide statements.</p>		
		(2,368,883)
<p>Long-term debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.</p>		
Principal bond repayments		980,000
Net change in compensated absences		74,580
		1,054,580
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.</p>		
Other post-employment benefits		(182,091)
Change in accrued interest on long-term debt		4,900
Amortization of bond premium		57,598
Amortization of loss on bond refunding		(13,839)
		(133,432)
<p>Pension expense reported in the governmental funds includes the annual required contributions. In the Statement of Activities, pension expense includes the change in the net pension liability, and related change in pension amounts for deferred outflows of resources and deferred inflows of resources</p>		
		(174,130)
Change in net position of governmental activities	\$	(6,711,308)

See accompanying notes to basic financial statements.

	Business-type Activities	
	Enterprise Funds	
	Transit System Fund	Water Fund
ASSETS:		
Current assets:		
Cash and investments	\$ 2,965,900	\$ 6,350,511
Cash and investments with fiscal agents	-	2,605
Accounts receivable	21,279	753,366
Inventory	217,050	-
Due from other governments	1,448,089	-
Total current assets	<u>4,652,318</u>	<u>7,106,482</u>
Capital assets:		
Not being depreciated	263,595	14,784,329
Being depreciated, net of accumulated depreciation	21,222,635	7,901,485
Total capital assets	<u>21,486,230</u>	<u>22,685,814</u>
Total assets	<u>26,138,548</u>	<u>29,792,296</u>
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred amounts from pension plans	2,144,267	306,324
Total deferred outflows of resources	<u>2,144,267</u>	<u>306,324</u>
LIABILITIES:		
Current liabilities:		
Accounts payable	261,380	674,407
Accrued expenses	256,267	39,183
Interest payable	-	43,164
Deposits payable	-	150,865
Other liabilities	-	284,357
Advances from other funds	-	2,639,051
Unearned revenue	1,718,408	-
Compensated absences payable, current portion	64,450	21,130
Bonds payable, current portion	-	195,000
Total current liabilities	<u>2,300,505</u>	<u>4,047,157</u>
Noncurrent liabilities:		
Bonds payable	-	8,775,848
Compensated absences payable, long-term portion	318,756	98,064
Accrued other post-employment benefits	3,018,952	251,749
Net pension liability	9,739,227	1,391,318
Total noncurrent liabilities	<u>13,076,935</u>	<u>10,516,979</u>
Total liabilities	<u>15,377,440</u>	<u>14,564,136</u>
DEFERRED INFLOWS OF RESOURCES:		
Deferred amounts from pension plans	289,210	41,315
Total deferred inflows of resources	<u>289,210</u>	<u>41,315</u>
NET POSITION:		
Net investment in capital assets	21,486,230	13,717,571
Unrestricted	(8,870,065)	1,775,598
Total net position	<u>\$ 12,616,165</u>	<u>\$ 15,493,169</u>

See accompanying notes to basic financial statements.

City of Norwalk
Statement of Net Position
Proprietary Funds
June 30, 2017

Business-type Activities Enterprise Funds (Continued)		Governmental Activities
Sewer Fund	Totals	Internal Service Funds
\$ 5,108,839	\$ 14,425,250	\$ 194,342
-	2,605	-
6,155	780,800	-
-	217,050	78,075
47,792	1,495,881	-
<u>5,162,786</u>	<u>16,921,586</u>	<u>272,417</u>
432,004	15,479,928	-
19,226,391	48,350,511	-
<u>19,658,395</u>	<u>63,830,439</u>	<u>-</u>
24,821,181	80,752,025	272,417
<u>102,109</u>	<u>2,552,700</u>	<u>-</u>
102,109	2,552,700	-
62,647	998,434	62,921
8,072	303,522	76,930
-	43,164	-
-	150,865	-
-	284,357	-
-	2,639,051	-
-	1,718,408	-
5,190	90,770	32,270
-	195,000	-
<u>75,909</u>	<u>6,423,571</u>	<u>172,121</u>
-	8,775,848	-
14,561	431,381	100,296
10,600	3,281,301	-
463,773	11,594,318	-
<u>488,934</u>	<u>24,082,848</u>	<u>100,296</u>
564,843	30,506,419	272,417
<u>13,773</u>	<u>344,298</u>	<u>-</u>
13,773	344,298	-
19,658,395	54,862,196	-
4,686,279	(2,408,188)	-
<u>\$ 24,344,674</u>	<u>\$ 52,454,008</u>	<u>\$ -</u>

	Business-type Activities Enterprise Funds	
	Transit System Fund	Water Fund
Operating revenues:		
Charges for services	\$ 1,435,778	\$ 5,147,289
Total operating revenues	<u>1,435,778</u>	<u>5,147,289</u>
Operating expenses:		
Administrative	1,044,541	452,125
Utilities	126,971	113,163
Salaries and benefits	9,195,883	1,011,509
Contractual services	881,093	653,584
Cost of water	-	1,679,760
Maintenance and repairs	780,496	25,754
Supplies and materials	133,059	-
Insurance	442,747	-
Depreciation	2,011,517	308,395
Total operating expenses	<u>14,616,307</u>	<u>4,244,290</u>
Operating income (loss)	<u>(13,180,529)</u>	<u>902,999</u>
Nonoperating revenues (expenses):		
Proposition "A" taxes	2,155,535	-
Proposition "C" taxes	804,162	-
State and local grants	4,653,345	-
Investment income	15,365	65,844
Interest expense	-	(478,653)
Other	199,978	-
Total nonoperating revenues (expenses)	<u>7,828,385</u>	<u>(412,809)</u>
Net income (loss) before capital contributions and transfers	<u>(5,352,144)</u>	<u>490,190</u>
Capital contributions and transfers:		
Capital contributions	1,602,839	-
Transfers in	2,026,434	-
Total capital contributions and transfers	<u>3,629,273</u>	<u>-</u>
Change in net position	<u>(1,722,871)</u>	<u>490,190</u>
Net position - beginning of year	<u>14,339,036</u>	<u>15,002,979</u>
Net position - end of year	<u>\$ 12,616,165</u>	<u>\$ 15,493,169</u>

See accompanying notes to basic financial statements.

City of Norwalk
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the year ended June 30, 2017

Business-type Activities Enterprise Funds (Continued)		Governmental Activities
Sewer Fund	Totals	Internal Service Funds
\$ 2,443,276	\$ 9,026,343	\$ 14,392,980
<u>2,443,276</u>	<u>9,026,343</u>	<u>14,392,980</u>
118,053	1,614,719	30,278
8,812	248,946	35,732
91,346	10,298,738	13,710,157
728,933	2,263,610	-
-	1,679,760	-
-	806,250	616,813
-	133,059	-
-	442,747	-
830,270	3,150,182	-
<u>1,777,414</u>	<u>20,638,011</u>	<u>14,392,980</u>
<u>665,862</u>	<u>(11,611,668)</u>	<u>-</u>
-	2,155,535	-
-	804,162	-
-	4,653,345	-
37,011	118,220	-
-	(478,653)	-
-	199,978	-
<u>37,011</u>	<u>7,452,587</u>	<u>-</u>
<u>702,873</u>	<u>(4,159,081)</u>	<u>-</u>
-	1,602,839	-
-	2,026,434	-
-	3,629,273	-
<u>702,873</u>	<u>(529,808)</u>	<u>-</u>
<u>23,641,801</u>	<u>52,983,816</u>	<u>-</u>
<u>\$ 24,344,674</u>	<u>\$ 52,454,008</u>	<u>\$ -</u>

	Business-type Activities Enterprise Funds	
	Transit System Fund	Water Fund
Cash flows from operating activities:		
Receipts from tenants, customers and users	\$ 1,815,056	\$ 5,097,000
Payments to suppliers	(3,285,871)	(2,393,193)
Payments to employees	(8,709,588)	(982,320)
Net cash provided (used) by operating activities	(10,180,403)	1,721,487
Cash flows from capital and related financing activities:		
Purchases and construction of capital assets	(299,426)	(5,777,033)
Payment of bonds payable	-	(185,000)
Interest paid	-	(489,778)
Net cash used by capital and related financing activities	(299,426)	(6,451,811)
Cash flows from noncapital financing activities		
Cash contributions from other governments	9,881,230	-
Cash received from other funds	2,026,434	-
Cash transferred to other funds	-	(106,240)
Net cash provided (used) by noncapital financing activities	11,907,664	(106,240)
Cash flows from investing activities:		
Investment income	15,365	65,844
Net cash provided by investing activities	15,365	65,844
Net increase (decrease) in cash and cash equivalents	1,443,200	(4,770,720)
Cash and cash equivalents - beginning of year	1,522,700	11,123,836
Cash and cash equivalents - end of year	\$ 2,965,900	\$ 6,353,116

See accompanying notes to basic financial statements.

City of Norwalk
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2017

Business-type Activities Enterprise Funds (Continued)		Governmental Activities	
Sewer Fund	Totals	Internal Service Funds	
\$ 2,444,710	\$ 9,356,766	\$ 14,392,995	
(969,394)	(6,648,458)	(633,918)	
(86,382)	(9,778,290)	(13,715,859)	
<u>1,388,934</u>	<u>(7,069,982)</u>	<u>43,218</u>	
(447,382)	(6,523,841)	-	
-	(185,000)	-	
-	(489,778)	-	
<u>(447,382)</u>	<u>(7,198,619)</u>	<u>-</u>	
-	9,881,230	-	
-	2,026,434	-	
-	(106,240)	-	
<u>-</u>	<u>11,801,424</u>	<u>-</u>	
37,011	118,220	-	
<u>37,011</u>	<u>118,220</u>	<u>-</u>	
978,563	(2,348,957)	43,218	
<u>4,130,276</u>	<u>16,776,812</u>	<u>151,124</u>	
<u>\$ 5,108,839</u>	<u>\$ 14,427,855</u>	<u>\$ 194,342</u>	

(Continued)

	Business-type Activities Enterprise Funds	
	Transit System Fund	Water Fund
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ (13,180,529)	\$ 902,999
Depreciation	2,011,517	308,395
Changes in operating assets, deferred outflows of resources, liabilities, and deferred inflows of resources:		
(Increase) decrease in accounts receivable	379,278	(45,107)
(Increase) decrease in inventory	33,467	-
(Increase) decrease in due from other governments	-	-
(Increase) decrease in deferred outflows of resources from pension plans	(1,364,711)	(194,959)
Increase (decrease) in accounts payable	47,733	281,501
Increase (decrease) in accrued expenses	41,836	5,647
Increase (decrease) in deposits payable	-	(5,182)
Increase (decrease) in other liabilities	-	244,045
Increase (decrease) in other post-employment benefits	414,255	8,106
Increase (decrease) in compensated absences payable	23,284	14,119
Increase (decrease) in net pension liability	1,729,721	247,103
Increase (decrease) in deferred inflows of resources from pension plans	(316,254)	(45,180)
Net cash provided (used) by operating activities	\$ (10,180,403)	\$ 1,721,487
Noncash investing, capital and related financing activities:		
Amortization related to long-term debt	\$ -	\$ 10,225

See accompanying notes to basic financial statements.

City of Norwalk
Statement of Cash Flows (Continued)
Proprietary Funds
For the year ended June 30, 2017

Business-type Activities Enterprise Funds (Continued)		Governmental Activities	
Sewer Fund	Totals	Internal Service Funds	
\$ 665,862	\$ (11,611,668)	\$ -	
830,270	3,150,182	-	
4,016	338,187	15	
-	33,467	12,241	
(2,582)	(2,582)	-	
(64,986)	(1,624,656)	-	
(114,034)	215,200	30,257	
438	47,921	7,088	
-	(5,182)	-	
-	244,045	-	
1,410	423,771	-	
1,232	38,635	(6,383)	
82,368	2,059,192	-	
(15,060)	(376,494)	-	
<u>\$ 1,388,934</u>	<u>\$ (7,069,982)</u>	<u>\$ 43,218</u>	
<u>\$ -</u>	<u>\$ 10,225</u>	<u>\$ -</u>	

City of Norwalk
Statement of Net Position
Fiduciary Funds
June 30, 2017

	Successor Agency to the Dissolved Redevelopment Agency Private-Purpose Trust Fund	Other Post-Employment Benefit (OPEB) Trust Fund	Agency Fund
ASSETS:			
Current assets:			
Cash and investments	\$ 5,713,514	\$ -	\$ 713,172
Cash and investments held by trust	-	5,007,998	-
Cash and investments with fiscal agents	4,288,466	-	-
Interest receivable	6,834	-	-
Accounts receivable	-	-	3,274
Total current assets	10,008,814	5,007,998	716,446
Noncurrent assets:			
Capital assets - land held for development	1,737,847	-	-
Capital assets - being depreciated, net of accumulated depreciation	934,609	-	-
Total noncurrent assets	2,672,456	-	-
Total assets	12,681,270	5,007,998	\$ 716,446
DEFERRED OUTFLOWS OF RESOURCES:			
Unamortized loss on bond refunding	125,027	-	
Total deferred outflows of resources	125,027	-	
LIABILITIES:			
Current liabilities:			
Accounts payable	700	-	\$ 7,871
Interest payable	653,386	-	-
Deposits payable	-	-	708,575
Due to City of Norwalk	65,869	-	-
Unearned revenue	54,938	-	-
Total current liabilities	774,893	-	716,446
Long-term liabilities:			
Due within one year	1,630,000	-	-
Due in more than one year	93,046,437	-	-
Advances from City of Norwalk	9,326,613	-	-
Total noncurrent liabilities	104,003,050	-	-
Total liabilities	104,777,943	-	\$ 716,446
NET POSITION:			
Net position restricted for private purpose	(91,971,646)	-	
Held in trust for OPEB benefits	-	5,007,998	
Total net position	\$ (91,971,646)	\$ 5,007,998	

See accompanying notes to basic financial statements.

City of Norwalk
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the year ended June 30, 2017

	Successor Agency to the Dissolved Redevelopment Agency Private-Purpose Trust Fund	Other Post-Employment Benefit (OPEB) Trust Fund
Additions:		
Tax increment	\$ 5,301,524	\$ -
Use of money and property	29,112	483,661
Rental income	659,250	-
Employer contributions	-	1,571,300
	5,989,886	2,054,961
Deductions:		
General government	1,272,768	-
Urban development	700,451	-
Debt service:		
Interest and fiscal charges	2,674,187	-
	4,647,406	-
Change in net position	1,342,480	2,054,961
Net position - beginning of year	(93,314,126)	2,953,037
Net position - end of year	\$ (91,971,646)	\$ 5,007,998

See accompanying notes to basic financial statements.

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The basic financial statements of the City of Norwalk, California (the City), have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental agencies. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A. Description of Reporting Entity:

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

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

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, 2017, 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

A. Description of Reporting Entity (Continued):

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

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

B. New Accounting Pronouncements:

Current Year Standards:

GASB 74 - Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, effective for periods beginning after June 15, 2016, and did not impact the City.

GASB 77 - Tax Abatement Disclosure, effective for periods beginning after December 15, 2015, and did not impact the City.

GASB 79 - Certain External Investment Pools and Pool Participants, contains certain provisions on portfolio quality, custodial credit risk, and shadow pricing, effective for periods beginning after December 15, 2015, and did not impact the City.

GASB 80 - Blending Requirements for Certain Component Units, effective for periods beginning after June 15, 2016, and did not impact the City.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

B. New Accounting Pronouncements (Continued):

Pending Accounting Standards:

GASB has issued the following statements, which may impact the City's financial reporting requirements in the future:

- GASB 75 - *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective for periods beginning after June 15, 2017.
- GASB 82 - *Pension Issues*, effective for periods beginning after June 15, 2016, except for certain provisions on selection of assumptions, which are effective in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017.
- GASB 84 - *Fiduciary Activities*, effective for periods beginning after December 15, 2018.
- GASB 85 - *Omnibus 2017*, effective for periods beginning after June 15, 2017.
- GASB 86 - *Certain Debt Extinguishment Issues*, effective for periods beginning after June 15, 2017.
- GASB 87 - *Leases*, effective for periods beginning after December 15, 2019.

C. Government-wide and Fund Financial Statements:

Government-wide Financial Statements:

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. 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.

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. Internal service funds activities have been eliminated and net balances are included in the governmental activities.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

C. Government-wide and Fund Financial Statements (Continued):

Government-wide Financial Statements (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. The types of transactions reported as program revenues for the City are reported in three categories:

1. Charges for services,
2. Operating grants and contributions, and
3. Capital grants and contributions.

Charges for services include revenues from customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function. Grants and contributions include revenues restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and the fiduciary funds, 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.

Fund Financial Statements:

The underlying accounting system of the City is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Fund financial statements for the primary government's governmental funds, proprietary funds, and fiduciary funds are presented after the government-wide financial statements. These statements display information about major funds individually and other governmental funds in the aggregate for governmental and enterprise funds. Fiduciary fund statements include financial information for the private-purpose trust, other post-employment benefit trust, and agency funds. Fiduciary funds of the City primarily represent assets held by the City in a custodial capacity for other individuals or organizations.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

C. Government-wide and Fund Financial Statements (Continued):

The City reports the following major governmental funds:

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.

The Housing and Community Development Special Revenue 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.

The Housing Authority Special Revenue 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.

The Debt Service Fund accounts for the accumulation of resources for, and the payment of, the City's general long-term debt principal and interest.

The Special Projects Capital Projects Funds account 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.

The Economic Development Capital Projects Fund accounts for accumulated resources received from the Former Redevelopment Agency for remaining bond proceeds. The proceeds will be used according to the bond covenant for economic development capital projects.

The Housing Successor Fund Capital Projects Fund accounts for the accumulated resources received from the former Redevelopment Agency's Housing Bond Proceeds fund, income, and expenses related to low and moderate housing.

The City reports the following major proprietary funds:

The Transit System 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.

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

The Sewer Fund accounts for the transactions in the operation of the City of Norwalk's sewer system.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

C. Government-wide and Fund Financial Statements (Continued):

The City reports the following fund types:

Governmental Funds:

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

The 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.

Proprietary Funds:

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

Fiduciary Funds:

The Successor Agency to the Dissolved Redevelopment Agency 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, deferred outflows of resources, liabilities, and activities of the Successor Agency to the Dissolved Norwalk Redevelopment Agency. Unlike the limited reporting typically utilized for an Agency Fund, the Private-Purpose Trust Fund reports a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position.

The Other Post-Employment Benefit Trust Fund is a fiduciary fund type used by the City to account for the activities of the City's plan for post-retirement medical benefits. Unlike the limited reporting typically utilized for an Agency Fund, the Other Post-Employment Benefit Trust Fund reports a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position.

The Agency Fund is used to account 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation:

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary, fiduciary private-purpose trust, and other post-employment benefit trust funds. The City's fiduciary agency funds have no measurement focus but utilize the accrual basis of accounting for reporting its assets and liabilities. Under the *economic resources measurement focus*, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources (whether current or noncurrent) associated with their activity are included on their statements of net position.

Operating statements present increases (revenues) and decreases (expenses) in total net position. Under the *accrual basis of accounting*, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. 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.

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. The principal operating revenues of the transit, water, sewer, golf, and internal service funds are charges to customers for sales and services. 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, current liabilities, and deferred inflows of resources are generally included on their balance sheets. The reported fund balance 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 fund balance. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period. Noncurrent portions of long-term receivables are reported on the funds' balance sheets in spite of their spending measurement focus.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued):

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.

E. Assets, Liabilities, and Net Position or Equity:

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, 2017, are due and payable in two installments on November 1, 2016 and February 1, 2017 and became delinquent on December 10, 2016 and April 10, 2017, respectively. A tax lien is attached to the property on January 1, 2017. 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:

Operating transfers are reported as other financing sources and uses of funds in the statement of revenues, expenditures and changes in fund balances.

Cash and Investments:

Investments are reported in the accompanying financial statements at fair value, which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

E. Assets, Liabilities, and Net Position or Equity (Continued):

Cash and Investments (Continued):

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, 2017.

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".

Deferred Outflows and Inflows of Resources:

In addition to assets, the statement of net position and governmental funds balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The City has the following items that qualify for reporting in this category:

- Deferred losses on refunding reported in the government-wide statement of net position and the fiduciary funds financial statements. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the life of the refunding debt, which is as follows:
 - 16 years for the governmental activities 2013A Lease Revenue Refunding Bonds
 - 12 years for the governmental activities 2013B Lease Revenue Refunding Bonds
 - 22 years for the Successor Agency 2005A Tax Allocation Refunding Bonds.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

E. Assets, Liabilities, and Net Position or Equity (Continued):

Deferred Outflows and Inflows of Resources (Continued):

- Deferred outflow related to pensions reported in the government-wide and business-type activities statements of net position. This amount is equal to employer contributions made after the measurement date of the net pension liability.
- Deferred outflow related to pensions for differences between expected and actual experiences. These amounts are amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the plans.
- Deferred outflow related to pensions resulting from the difference in projected and actual earnings on investments of the pension plan fiduciary net position, which is reported in the government-wide and business-type activities statements of net position. This amount is amortized over five years.

In addition to liabilities, the statement of net position and governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. The City has the following items that qualify for reporting in this category:

- Deferred inflow from unavailable revenues, which is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: grants and investment earnings. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.
- Deferred inflow from pensions resulting from changes in assumptions. These amounts are amortized over a closed period equal to the average expected remaining services lives of all employees that are provided with pensions through the plans.
- Deferred inflow related to pensions for differences between expected and actual experiences. These amounts are amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the plans.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

E. Assets, Liabilities, and Net Position or Equity (Continued):

Capital Assets:

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

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

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

E. Assets, Liabilities, and Net Position or Equity (Continued):

Compensated Absences (Continued):

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

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

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

Claims and Judgments:

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

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 Activities as contributions.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

E. Assets, Liabilities, and Net Position or Equity (Continued):

Noncurrent Liabilities:

In the government-wide financial statements, proprietary fund types and fiduciary 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 and fiduciary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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.

Net Position:

The governmental and business-type activities in the government-wide financial statements and the proprietary funds in the fund financial statements utilize a net position presentation. Net position is classified in the following categories:

Net Investment in capital assets - This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt (including premiums) that is attributed to the acquisition, construction, or improvement of the assets.

Restricted net position - This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

Unrestricted net position - This amount is all net position that does not meet the definition of “net investment in capital assets” or “restricted net position”.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

E. Assets, Liabilities, and Net Position or Equity (Continued):

Fund Balances:

The fund balances reported on the fund statements consist of the following categories:

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 with the exception of special revenue funds with deficits, which are reported as unassigned fund balance.

Committed fund balance includes amounts that can be used only for the specific purposes determined by a formal resolution approved by the City Council, which is the City's highest level of decision-making authority. As stated in the city fund balance policy, the City Council, may commit fund balance for specific purposes pursuant to constraints imposed by formal actions taken (resolution). 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 (resolution) taken to establish the commitment. As of June 30, 2017, the City Council, through adoption of a resolution has committed \$2,120,000 of its fund balances for the following (1) \$320,000 to provide for future CalPERS defined benefit pension plan costs and (2) \$1,800,000 for use in the case of a 35% decrease of annual utility users tax revenue.

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

Unassigned fund balance is the residual classification for the City's general fund and includes all spendable amounts not contained in the other classifications. This category also provides the resources necessary to meet unexpected expenditures and revenue shortfalls. The general fund is the only fund that reports a positive unassigned fund balance amount.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

E. Assets, Liabilities, and Net Position or Equity (Continued):

Fund Balances (Continued):

The accumulated unassigned fund balance is targeted to be a minimum of 20% 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, no later than within five fiscal years.

Pension Plans:

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's California Public Employees' Retirement System (CalPERS) plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Estimates:

The preparation of financial statements in accordance 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, deferred outflows of resources, liabilities, and deferred inflows of resources 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.

City of Norwalk
Notes to Basic Financial Statements (Continued)
For the year ended June 30, 2017

2. CASH AND INVESTMENTS:

Cash and Investments:

Cash and investments as of June 30, 2017 were classified in the accompanying financial statements as follows:

	Government Wide Statement of <u>Net Position</u>	Fiduciary Funds Statement of <u>Net Position</u>	<u>Total</u>
Unrestricted assets:			
Cash and investments	\$ 71,648,857	\$ 6,426,686	\$ 78,075,543
Restricted assets:			
Cash and investments held by trust	-	5,007,998	5,007,998
Cash and investments with fiscal agents	<u>1,155,651</u>	<u>4,288,466</u>	<u>5,444,117</u>
Total cash and investments	<u>\$ 72,804,508</u>	<u>\$ 15,723,150</u>	<u>\$ 88,527,658</u>

Cash and investments at June 30, 2017 consisted of the following:

Cash in hand	\$ 6,260
Deposits with financial institutions	3,594,466
Cash equivalents - time certificates of deposit	755,430
Investments	<u>84,171,502</u>
Total cash and investments	<u>\$ 88,527,658</u>

2. CASH AND INVESTMENTS (CONTINUED):

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

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

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio*</u>	<u>Maximum Investment in One Issuer</u>
Demand Deposits	N/A	None	\$ 1,500,000
United States Treasury Obligations	5 years	None	None
United States Government Sponsored Agency Securities	5 years	None	None
Local Agency Securities:			
State and California	5 years	15%	None
Non-California	5 years	10%	None
Banker's Acceptances	180 days	30%	10%
Negotiable Certificates of Deposits	5 years	30%	5%
Non-negotiable Certificates of Deposits	5 years	10%	5%
Commercial Paper - Pooled Funds	270 days	40%	10%
Commercial Paper - Non-pooled Funds	270 days	25%	10%
Repurchase Agreements	30 days	None	None
Medium-Term Notes	5 years	25%	5%
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
Collateralized Bank Deposits	5 years	None	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	\$ 65,000,000
Investment Trust of California (CalTRUST)	N/A	None	None

N/A - Not Applicable

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

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 Agency Securities, Commercial Paper, and Money Market Mutual Funds.

2. CASH AND INVESTMENTS (CONTINUED):

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:

Investment Type	Remaining Maturity (in Months)					Total
	12 Months or Less	13 to 24 Months	25 to 36 Months	37 to 48 Months	48 to 60 Months	
Local Agency Investment Fund (LAIF)	\$14,457,924	\$ -	\$ -	\$ -	\$ -	\$ 14,457,924
CalTRUST Short Term Fund	4,071,650	-	-	-	-	4,071,650
CalTRUST Medium Term Fund	29,757,720	-	-	-	-	29,757,720
Bonds:						
Federal Agricultural Mortgage Corporation (FAMC)	-	996,445	-	988,532	-	1,984,977
Federal Farm Credit Bank (FFCB)	999,116	-	-	-	-	999,116
Federal Home Loan Bank (FHLB)	-	-	-	1,990,288	1,014,304	3,004,592
Federal Home Loan Mortgage Corporation (FHLMC)	-	991,562	994,119	-	-	1,985,681
Federal National Mortgage Association (FNMA)	-	-	987,981	983,576	1,003,325	2,974,882
Norwalk-La Mirada Unified School District (USD)	-	1,003,080	-	-	-	1,003,080
University of California	-	-	-	492,555	-	492,555
Corporate Notes	1,000,678	3,003,138	2,005,328	3,990,487	2,987,579	12,987,210
Held in OPEB Trust:						
Money Market Mutual Funds	5,007,998	-	-	-	-	5,007,998
Held by Bond Trustee:						
Money Market Mutual Funds	<u>5,444,117</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,444,117</u>
Total	<u>\$60,739,203</u>	<u>\$ 5,994,225</u>	<u>\$ 3,987,428</u>	<u>\$ 8,445,438</u>	<u>\$ 5,005,208</u>	<u>\$ 84,171,502</u>

City of Norwalk
Notes to Basic Financial Statements (Continued)
For the year ended June 30, 2017

2. CASH AND INVESTMENTS (CONTINUED):

Disclosures Relating to Interest Rate Risk (Continued):

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 by Standard & Poor's as of year end for each investment type:

Investment Type	Total	Minimum						Not
	as of	Legal	AAA	AA+	AA-	A+	A	Rated
	June 30, 2017	Rating						
LAIF	\$ 14,457,924	N/A	\$ -	\$ -	\$ -	\$ -	\$ -	\$14,457,924
CalTRUST Short Term Fund	4,071,650	N/A	-	4,071,650	-	-	-	-
CalTRUST Medium Term Fund	29,757,720	N/A	-	-	-	29,757,720	-	-
Bonds:								
FAMC	1,984,977	A	-	1,984,977	-	-	-	-
FFCB	999,116	N/A	-	999,116	-	-	-	-
FHLB	3,004,592	A	-	3,004,592	-	-	-	-
FHLMC	1,985,681	A	-	1,985,681	-	-	-	-
FNMA	2,974,882	N/A	-	2,974,882	-	-	-	-
Norwalk-La Mirada USD	1,003,080	A	-	-	1,003,080	-	-	-
University of California	492,555	A	-	-	492,555	-	-	-
Corporate Notes	12,987,210	A	2,007,202	-	3,995,452	3,992,664	2,991,892	-
Held in OPEB Trust:								
Money Market Mutual Fund	5,007,998	N/A	-	-	-	-	-	5,007,998
Held by Bond Trustee:								
Money Market Mutual Fund	5,444,117	AAA	5,444,117	-	-	-	-	-
Total	\$ 84,171,502		\$ 7,451,319	\$ 15,020,898	\$ 5,491,087	\$ 33,750,384	\$ 2,991,892	\$ 19,465,922

N/A - Not Applicable

2. CASH AND INVESTMENTS (CONTINUED):

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 securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure state and local government deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. At June 30, 2017, the City deposits (bank balances) were insured by the Federal Deposit Insurance Corporation or collateralized as required under California Law.

Investment in State Investment Pool:

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF.

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 this pool is reported in the accompanying financial statements at amounts based upon the City's percentage interest of the fair value provided by CalTRUST for the CalTRUST accounts. The balance available for withdrawal is based on the accounting records maintained by CalTRUST.

2. CASH AND INVESTMENTS (CONTINUED):

Fair Value Measurements:

The City categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs.

The City has the following recurring fair value measurements as of June 30, 2017:

	Quoted Prices Level 1	Observable Inputs Level 2	Unobservable Inputs Level 3	Total
Bonds:				
FAMC	\$ -	\$ 1,984,977	\$ -	\$ 1,984,977
FFCB	-	999,116	-	999,116
FHLB	-	3,004,592	-	3,004,592
FHLMC	-	1,985,681	-	1,985,681
FNMA	-	2,974,882	-	2,974,882
Norwalk-La Mirada USD	-	1,003,080	-	1,003,080
University of California	-	492,555	-	492,555
Corporate Notes	-	12,987,210	-	12,987,210
Total Leveled Investments	<u>\$ -</u>	<u>\$ 25,432,093</u>	<u>\$ -</u>	25,432,093
LAIF*				14,457,924
CalTRUST Short Term Fund*				4,071,650
CalTRUST Medium Term Fund*				29,757,720
Held in OPEB Trust:				
Money Market Mutual Fund*				5,007,998
Held by Bond Trustee:				
Money Market Mutual Fund*				<u>5,444,117</u>
Total Investment Portfolio				<u>\$ 84,171,502</u>

* Not subject to fair value measurement hierarchy.

3. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS:

Due To and Due From:

The composition of interfund balances as of June 30, 2017 is as follows:

Due To (Receivable) Fund	Due From (Payable) Fund	Amount
General Fund	Housing Authority Special Revenue Fund	\$ 184,628
	Special Projects Capital Projects Funds	285,621
	Other Governmental Funds	<u>543,837</u>
		<u>\$ 1,014,086</u>

The receivable of the General Fund from the Housing Authority Special Revenue Fund, Special Projects Capital Projects Funds, and Other Governmental Funds is mainly for temporary deficit cash balances.

Advances:

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

	Balance at July 1, 2016	Current Advances	Repayments	Balance at June 30, 2017
Water Enterprise Fund	<u>\$ 2,745,291</u>	<u>\$ -</u>	<u>\$ (106,240)</u>	<u>\$ 2,639,051</u>

The General Fund previously advanced \$3,500,000 to the Water Enterprise Fund for the purchase of County Water Company. Interest on the advance is 10%. During the year ended June 30, 2006, the Water Fund made payments on the advance totaling \$1,703,000. During 2009 and 2010, the General Fund additionally advanced to the Water Fund \$1,237,610 at 7.5% interest. The remaining balance on the advance at June 30, 2013 was \$3,034,610. As a part of fiscal year 2013/14 budget process, the City Council approved annual repayment of the \$3,034,610 advance over a 20 year period at 5% interest commencing in July 2013. The annual repayment amount, principal and interest is \$243,500. Actual principal payment made during the fiscal year 2016/17 was \$106,240.

3. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS (CONTINUED):

Interfund Transfers:

The composition of the City's interfund transfers for the year ended June 30, 2017 is as follows:

Transfers Out	Transfers In	Amount
General Fund	Debt Service Fund	\$ 1,203,784
	Housing Successor Fund Capital Projects Fund	214,940
	Other Governmental Funds	900,915
Other Governmental Funds	General Fund	19,173
	Debt Service Fund	253,861
	Special Projects Capital Projects Funds	148,576
	Other Governmental Funds	39,393
	Transit System Enterprise Fund	<u>2,026,434</u>
		<u>\$ 4,807,076</u>

Transfers from the General Fund to the Debt Service Fund, Housing Successor Fund Capital Projects Fund, and Other Governmental Funds were to fund debt service, capital property, equipment replacement and building renovation funds. The Other Governmental Funds, Parking Structure Special Revenue Fund transferred to the Debt Service Fund to fund debt service payments. The transfer from the Other Governmental Funds to the Transit System Enterprise Fund was to move Prop A funds to the fund in which the revenue was utilized. The transfer from the Other Governmental Funds, Traffic Congestion Relief Capital Projects Fund, to the Special Projects Capital Projects Funds was to fund capital projects. The transfer from Other Governmental Funds, Vehicle and Equipment Replacement Capital Projects Fund, to the Other Governmental Funds, Air Quality Improvement Special Revenue Fund, was to fund purchase of capital asset.

4. ADVANCES TO SUCCESSOR AGENCY:

The City advanced money to the former redevelopment agency in the amount of \$939,586 to cover the general start-up cost. Out of this amount, the California Department of Finance (DOF) recognized as an enforceable obligation and authorized the Successor Agency to repay the City the amount of \$552,169. This advance was paid off as of June 30, 2017.

4. ADVANCES TO SUCCESSOR AGENCY (CONTINUED):

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.

On May 15, 2013 the Successor Agency received a Finding of Completion letter from the Department of Finance authorizing the Agency to place loan agreements between the former redevelopment agency and sponsoring entity on the ROPS, as an enforceable obligation, provided the oversight board made a finding that the loan was for legitimate redevelopment purposes per HSC section 34191.4(b)(1). The oversight board made such a finding during fiscal year 2014. Loan repayments will be governed by criteria in HSC section 34191.4(a)(2). Principal payments of \$374,617 and interest payments of \$274,082 were made on the advance in fiscal year 2016-2017. The balance of this advance outstanding as of June 30, 2017 is \$5,489,483 in principal and \$3,837,130 accrued interest (interest receivable is offset by deferred inflows of resources, unavailable revenues).

The Senate Bill 107 (SB 107) enacted by the State legislation in September 2015, allows the Successor Agency to recalculate and repay these loans using 3% or 4% interest rate, instead of 0.236% LAIF rate. The 4% interest would apply only if the Successor Agency opts to file a last and final ROPS. The Successor Agency recalculated the accrued interest at the 3% rate required by SB 107 in the fiscal year ended June 30, 2016 and calculated interest at the 3% rate in the fiscal year ended June 30, 2017.

5. LOANS RECEIVABLE:

Loans receivable consists of \$7,654,189 in deferred-payment rehabilitation loans to qualifying low income households in connection with the CDBG and Home Programs and a \$2,246,211 loan to Home Investment Partnership. Because of the long-term nature of the CDBG loans, the City has offset the balances of forgivable loans with an allowance of \$2,603,465 and offset the remaining loans of \$7,296,935 with due to other governments at June 30, 2017.

City of Norwalk
Notes to Basic Financial Statements (Continued)
For the year ended June 30, 2017

6. CAPITAL ASSETS:

Governmental Activities:

A summary of changes in the Governmental Activities capital assets at June 30, 2017 is as follows:

	Balance at <u>July 1, 2016</u>	<u>Additions</u>	Reclass/ <u>Transfers</u>	<u>Deletions</u>	Balance at <u>June 30, 2017</u>
Capital assets, not being depreciated:					
Land	\$ 6,964,626	\$ -	\$ -	\$ -	\$ 6,964,626
Construction in progress	<u>22,636,000</u>	<u>4,415,735</u>	<u>-</u>	<u>(18,741,981)</u>	<u>8,309,754</u>
Total capital assets, not being depreciated	<u>29,600,626</u>	<u>4,415,735</u>	<u>-</u>	<u>(18,741,981)</u>	<u>15,274,380</u>
Capital assets, being depreciated:					
Buildings and improvements	49,218,470	900,791	-	(49,968)	50,069,293
Machinery and equipment	6,595,610	459,363	-	(214,781)	6,840,192
Infrastructure	<u>249,487,891</u>	<u>17,837,066</u>	<u>-</u>	<u>-</u>	<u>267,324,957</u>
Total capital assets, being depreciated	<u>305,301,971</u>	<u>19,197,220</u>	<u>-</u>	<u>(264,749)</u>	<u>324,234,442</u>
Less accumulated depreciation for:					
Buildings and improvements	(22,420,411)	(1,298,562)	-	22,486	(23,696,487)
Machinery and equipment	(4,590,026)	(347,479)	-	211,515	(4,725,990)
Infrastructure	<u>(147,064,920)</u>	<u>(7,737,722)</u>	<u>-</u>	<u>-</u>	<u>(154,802,642)</u>
Total accumulated depreciation	<u>(174,075,357)</u>	<u>(9,383,763)</u>	<u>-</u>	<u>234,001</u>	<u>(183,225,119)</u>
Total capital assets, being depreciated, net	<u>131,226,614</u>	<u>9,813,457</u>	<u>-</u>	<u>(30,748)</u>	<u>141,009,323</u>
Total governmental activities capital assets, net	<u>\$ 160,827,240</u>	<u>\$ 14,229,192</u>	<u>\$ -</u>	<u>\$ (18,772,729)</u>	<u>\$ 156,283,703</u>

Depreciation expense was charged to functions/programs of the governmental activities as follows:

General government	\$ 1,154,472
Public safety	44,546
Urban development	23,716
Public works	7,737,924
Culture and leisure	311,286
Health and welfare	111,819
Depreciation on capital assets held by the Internal Service Funds	<u>-</u>
Total depreciation expense - governmental activities	<u>\$ 9,383,763</u>

City of Norwalk
Notes to Basic Financial Statements (Continued)
For the year ended June 30, 2017

6. CAPITAL ASSETS (CONTINUED):

Business-type Activities:

A summary of changes in the Business-type Activities capital assets at June 30, 2017 is as follows:

	Balance at July 1, 2016	Additions	Transfers	Deletions	Balance at June 30, 2017
Capital assets, not being depreciated:					
Land	\$ 23,125	\$ -	\$ -	\$ -	\$ 23,125
Construction in progress	3,105,903	6,311,941	-	(2,357,622)	7,060,222
Water rights	<u>8,396,581</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,396,581</u>
Total capital assets, not being depreciated	<u>11,525,609</u>	<u>6,311,941</u>	<u>-</u>	<u>(2,357,622)</u>	<u>15,479,928</u>
Capital assets, being depreciated:					
Buildings and improvements	12,540,816	229,629	-	-	12,770,445
Distribution system	11,311,114	2,127,991	-	-	13,439,105
Sewer infrastructure	47,408,051	-	-	-	47,408,051
Office equipment	822,297	-	-	-	822,297
Vehicles	18,796,593	173,538	-	(367,371)	18,602,760
Tools and equipment	2,441,473	38,364	-	-	2,479,837
Miscellaneous	<u>150,096</u>	<u>-</u>	<u>-</u>	<u>(5,537)</u>	<u>144,559</u>
Total capital assets, being depreciated	<u>93,470,440</u>	<u>2,569,522</u>	<u>-</u>	<u>(372,908)</u>	<u>95,667,054</u>
Less accumulated depreciation for:					
Buildings and improvements	(2,637,993)	(424,493)	-	-	(3,062,486)
Distribution system	(5,740,582)	(268,812)	-	-	(6,009,394)
Sewer infrastructure	(27,372,394)	(829,042)	-	-	(28,201,436)
Office equipment	(412,768)	(44,314)	-	-	(457,082)
Vehicles	(7,319,722)	(1,409,293)	-	367,371	(8,361,644)
Tools and equipment	(891,428)	(170,432)	-	-	(1,061,860)
Miscellaneous	<u>(164,382)</u>	<u>(3,796)</u>	<u>-</u>	<u>5,537</u>	<u>(162,641)</u>
Total accumulated depreciation	<u>(44,539,269)</u>	<u>(3,150,182)</u>	<u>-</u>	<u>372,908</u>	<u>(47,316,543)</u>
Total capital assets, being depreciated, net	<u>48,931,171</u>	<u>(580,660)</u>	<u>-</u>	<u>-</u>	<u>48,350,511</u>
Total business-type activities capital assets, net	<u>\$ 60,456,780</u>	<u>\$ 5,731,281</u>	<u>\$ -</u>	<u>\$ (2,357,622)</u>	<u>\$ 63,830,439</u>

Depreciation expense was charged to functions/programs of the business-type activities as follows:

Transit system	\$ 2,011,517
Water	308,395
Sewer	<u>830,270</u>
Total depreciation expense - business-type activities	<u>\$ 3,150,182</u>

City of Norwalk
Notes to Basic Financial Statements (Continued)
For the year ended June 30, 2017

7. LONG-TERM LIABILITIES:

Changes in long-term liabilities for the year ended June 30, 2017, were as follows:

	Balance at <u>July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	Balance at <u>June 30, 2017</u>	Due Within <u>One Year</u>
Governmental activities:					
2013A Lease Revenue Refunding Bonds	\$ 6,025,000	\$ -	\$ (400,000)	\$ 5,625,000	\$ 415,000
Add: Unamortized bond premium	149,594	-	(11,507)	138,087	-
2013B Lease Revenue Refunding Bonds	7,000,000	-	(580,000)	6,420,000	610,000
Add: Unamortized bond premium	<u>414,822</u>	<u>-</u>	<u>(46,091)</u>	<u>368,731</u>	<u>-</u>
	13,589,416	-	(1,037,598)	12,551,818	1,025,000
Compensated absences	<u>2,512,959</u>	<u>440,394</u>	<u>(521,357)</u>	<u>2,431,996</u>	<u>439,070</u>
Total governmental activities	<u>16,102,375</u>	<u>440,394</u>	<u>(1,558,955)</u>	<u>14,983,814</u>	<u>1,464,070</u>
Business-type activities:					
2013A Water Revenue Bonds	8,890,000	-	(185,000)	8,705,000	195,000
Add: Unamortized bond premium	<u>276,073</u>	<u>-</u>	<u>(10,225)</u>	<u>265,848</u>	<u>-</u>
	9,166,073	-	(195,225)	8,970,848	195,000
Compensated absences	<u>483,516</u>	<u>108,959</u>	<u>(70,324)</u>	<u>522,151</u>	<u>90,770</u>
Total business-type activities	<u>9,649,589</u>	<u>108,959</u>	<u>(265,549)</u>	<u>9,492,999</u>	<u>285,770</u>
Total long-term liabilities	<u>\$ 25,751,964</u>	<u>\$ 549,353</u>	<u>\$ (1,824,504)</u>	<u>\$ 24,476,813</u>	<u>\$ 1,749,840</u>

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

Compensated Absences Payable:

The City's policies relating to compensated absences are described in Note 1E. The outstanding balance at June 30, 2017, was \$2,431,996 and \$522,151 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.

7. LONG-TERM LIABILITIES (CONTINUED):

Governmental Activities:

2013A Lease Revenue Refunding Bonds

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

At June 30, 2017, this reserve was fully funded with a balance of \$304,112. The \$7,120,000 proceeds were used to purchase state and local government securities that were deposited in a trust with an escrow agent to provide for all future debt service payments on the remaining Lease Revenue Refunding Bonds, Series 1999. As a result, the 1999 bonds were fully defeased on May 1, 2013. The defeasance of the bonds resulted in a loss from defeasance of \$96,343. The balance of the loss from defeasance, net of accumulated amortization, is \$72,259 as of June 30, 2017.

The Lease Revenue Refunding Bonds are subject to federal arbitrage regulations. The City calculated no arbitrage rebate due as of June 30, 2017. The balance outstanding on the 2013A Lease Revenue Refunding Bonds at June 30, 2017, was \$5,625,000.

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

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 415,000	\$ 187,131	\$ 602,131
2019	430,000	170,531	600,531
2020	450,000	153,331	603,331
2021	465,000	135,331	600,331
2022	475,000	124,287	599,287
2023 - 2027	2,615,000	386,719	3,001,719
2028 - 2029	<u>775,000</u>	<u>33,406</u>	<u>808,406</u>
Subtotals	5,625,000	1,190,736	6,815,736
Add: Bond premium	<u>138,087</u>	<u>-</u>	<u>138,087</u>
Totals	<u>\$ 5,763,087</u>	<u>\$ 1,190,736</u>	<u>\$ 6,953,823</u>

7. LONG-TERM LIABILITIES (CONTINUED):

Governmental Activities (Continued):

2013B Lease Revenue Refunding Bonds

\$8,630,000 Lease Revenue Refunding Bonds, Series 2013B; plus bond premium of \$553,095 issued in July 2013 to refund and defease the 2001 Lease Revenue Refunding Bonds; principal due in amounts ranging from \$545,000 to \$1,640,000 on June 1 of each year starting in 2014 through 2025; the bonds are subject to redemption prior to their respective maturity dates as a whole or in part on any date on or after June 1, 2023, at par plus accrued interest to the date of fixed for redemption, without premium; interest rates vary from 2% to 3.125%. A reserve of \$842,319, which is required to be set aside, along with a bond insurance policy issued by Assurance Guaranty Municipal Corp, further secure the payment of principal and interest on the bonds.

At June 30, 2017, this reserve was fully funded with a balance of \$848,762. The \$8,630,000 proceeds were used to purchase state and local government securities that were deposited in a trust with an escrow agent to provide for all future debt service payments on the remaining Lease Revenue Refunding Bonds, Series 2001. As a result, the 2001 bonds were fully defeased in July 2013. The defeasance of the bonds resulted in loss from defeasance of \$93,810. The balance of the loss from defeasance, net of accumulated amortization, is \$62,538 as of June 30, 2017.

The Lease Revenue Refunding Bonds are subject to federal arbitrage regulations. The City calculated no arbitrage rebate due as of June 30, 2017. The balance outstanding on the 2013B Lease Revenue Refunding Bonds at June 30, 2017, was \$6,420,000.

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

Year Ending June 30,	Principal	Interest	Total
2018	\$ 610,000	\$ 249,150	\$ 859,150
2019	625,000	224,750	849,750
2020	650,000	199,750	849,750
2021	675,000	173,750	848,750
2022	705,000	146,750	851,750
2023 - 2025	<u>3,155,000</u>	<u>237,250</u>	<u>3,392,250</u>
Subtotals	6,420,000	1,231,400	7,651,400
Add: Bond premium	<u>368,731</u>	<u>-</u>	<u>368,731</u>
Totals	<u>\$ 6,788,731</u>	<u>\$ 1,231,400</u>	<u>\$ 8,020,131</u>

The 2013A and 2013B refunding lease refunding bonds resulted in a savings of \$1.89 million of lower interest costs over 15 years.

7. LONG-TERM LIABILITIES (CONTINUED):

Business-type Activities:

2013A Water Revenue Bonds

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

\$6,000,000 from the proceeds of the 2013A Water Revenue Bonds were used to acquire 500 acre feet water pumping allocation rights from the City of Vernon, California. The remaining proceeds will be used to construct infrastructure designed to provide additional capacity to pump and deliver water to the areas which currently depend on purchased water. The balance outstanding on the 2013A Water Revenue Bonds at June 30, 2017, was \$8,705,000.

The Water Revenue Bonds are subject to federal arbitrage regulations. The City calculated no arbitrage rebate due as of June 30, 2017. The City is required, to maintain the rates and charges for the water services that will generate net water revenue to be at least 125% of maximum annual debt service payment. As of June 30, 2017, the City's net revenue coverage was 238%, which meets the requirements.

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

<u>Year Ending</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 195,000	\$ 345,113	\$ 540,113
2019	200,000	337,313	537,313
2020	210,000	329,313	539,313
2021	220,000	318,813	538,813
2022	230,000	307,813	537,813
2023 - 2027	1,330,000	1,360,412	2,690,412
2028 - 2032	1,590,000	1,105,225	2,695,225
2033 - 2037	1,900,000	798,250	2,698,250
2038 - 2042	2,310,000	388,600	2,698,600
2043	<u>520,000</u>	<u>20,800</u>	<u>540,800</u>
Subtotals	8,705,000	5,311,652	14,016,652
Add: Bond premium	<u>265,848</u>	-	<u>265,848</u>
Totals	<u>\$ 8,970,848</u>	<u>\$ 5,311,652</u>	<u>\$ 14,282,500</u>

8. CITY EMPLOYEE RETIREMENT PLAN (DEFINED BENEFIT PENSION PLAN):

A. General Information about the Pension Plans:

Plan Descriptions:

All qualified permanent and probationary employees are eligible to participate in the City’s Miscellaneous Plans, agent multiple-employer defined benefit pension plans administered by the California Public Employees’ Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plans are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided:

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 to 62 with statutorily reduced benefits. PEPRAs miscellaneous members become eligible for service retirement upon attainment of age 52 with at least 5 years of service. All members are eligible for non-duty disability benefits after 5 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law.

The Plans’ provisions and benefits in effect at June 30, 2017, are summarized as follows:

	Miscellaneous		
	Prior to November 1, 2011	On or After November 1, 2011 and Prior to January 1, 2013	On or After January 1, 2013
Hire date			
Benefit formula	2.7% @55	2% @55	2% @62
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50 - 55	50 - 63	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	1.426% to 2.418%	1.0% to 2.5%
Required employee contribution rates	8%	7%	6.75%
Required employer contribution rates	23.777%	23.777%	5.774%

8. CITY EMPLOYEE RETIREMENT PLAN (DEFINED BENEFIT PENSION PLAN)
(CONTINUED):

A. General Information about the Pension Plans (Continued):

Employees Covered:

At June 30, 2017, the following employees were covered by the benefit terms for all Plans:

	Miscellaneous
Inactive employees or beneficiaries currently receiving benefits	302
Inactive employees entitled to but not yet receiving benefits	152
Active employees	232
Total	686

Contributions:

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. City contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contributions requirements are classified as plan member contributions.

B. Net Pension Liability:

The City's net pension liability for each Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of each of the Plans is measured as of June 30, 2016, using an annual actuarial valuation as of June 30, 2015 rolled forward to June 30, 2016 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

8. CITY EMPLOYEE RETIREMENT PLAN (DEFINED BENEFIT PENSION PLAN)
(CONTINUED):

B. Net Pension Liability (Continued):

Actuarial Assumptions:

The total pension liabilities in the June 30, 2015 actuarial valuations were determined using the following actuarial assumptions:

	<u>Miscellaneous</u>
Valuation Date	June 30, 2015
Measurement Date	June 30, 2016
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation	2.75%
Payroll Growth	3.00%
Projected Salary Increase	(1)
Mortality Rate Table	(2)
Post Retirement Benefit Income	(3)

(1) Varies by entry age and service.

(2) The probabilities of mortality are derived using CalPERS' membership data for all funds. The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report.

All other actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at the CalPERS website under Forms and Publications.

Change of Assumptions:

There were no changes of assumptions during the measurement period June 30, 2016. Deferred inflows of resources for changes of assumptions presented in the financial statements represent the unamortized portion of the changes of assumptions related to prior measurement periods.

8. CITY EMPLOYEE RETIREMENT PLAN (DEFINED BENEFIT PENSION PLAN)
(CONTINUED):

B. Net Pension Liability (Continued):

Discount Rate:

The discount rate used to measure the total pension liability was 7.65% for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing of the Plans, the tests revealed the assets would not run out. Therefore, the current 7.65% discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long term expected discount rate of 7.65% is applied to all plans in the Public Employees Retirement Fund (PERF). The cash flows used in the testing were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained from the CalPERS website under the GASB 68 section.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund (PERF) cash flows. Taking into account historical returns of all the Public Employees Retirement Funds' asset classes (which includes the agent plan and two cost-sharing plans or PERF A, B, and C funds), expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each PERF fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

8. CITY EMPLOYEE RETIREMENT PLAN (DEFINED BENEFIT PENSION PLAN)
(CONTINUED):

B. Net Pension Liability (Continued):

Discount Rate (Continued):

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown was adopted by the CalPERS Board effective on July 1, 2015.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 (a)	Real Return Years 11+ (b)
Global Equity	51.00%	5.25%	5.71%
Global Fixed Income	20.00%	0.99%	2.43%
Inflation Sensitive	6.00%	0.45%	3.36%
Private Equity	10.00%	6.83%	6.95%
Real Estate	10.00%	4.50%	5.13%
Infrastructure and Forestland	2.00%	4.50%	5.09%
Liquidity	1.00%	-0.55%	-1.05%
Total	<u>100.00%</u>		

(a) An expected inflation of 2.5% used for this period

(b) An expected inflation of 3.0% used for this period

Subsequent Events:

In December 2016, CalPERS' Board of Directors voted to lower the discount rate used in its actuarial valuations from 7.5% to 7.0% over three fiscal years, beginning in fiscal year 2018. The change in the discount rate will affect the contribution rates for employers beginning in fiscal year 2019, and result in increases to employers' normal costs and unfunded actuarial liabilities. For the GASB Statement 68 accounting valuations, the discount rate will move straight to 7% starting with the June 30, 2017 measurement date reports and will result in an increase to employer's total pension liabilities.

City of Norwalk
Notes to Basic Financial Statements (Continued)
For the year ended June 30, 2017

8. CITY EMPLOYEE RETIREMENT PLAN (DEFINED BENEFIT PENSION PLAN)
(CONTINUED):

C. Changes in the Net Pension Liability:

The changes in the net pension liability for the Miscellaneous Plan, using the measurement date of June 30, 2016, are as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance at June 30, 2015 (Measurement Date)	<u>\$ 151,996,331</u>	<u>\$ 113,855,827</u>	<u>\$ 38,140,504</u>
Changes in the Year:			
Service cost	2,798,540	-	2,798,540
Interest on the total pension liability	11,420,438	-	11,420,438
Differences between actual and expected experience	(541,635)	-	(541,635)
Changes in assumptions	-	-	-
Changes in benefit terms	-	-	-
Contribution - employer	-	3,620,111	(3,620,111)
Contribution - employee	-	1,302,530	(1,302,530)
Net investment income	-	587,323	(587,323)
Administrative expenses	-	(69,389)	69,389
Benefit payments, including refunds of employee contributions	(7,134,374)	(7,134,374)	-
Net Changes	<u>6,542,969</u>	<u>(1,693,799)</u>	<u>8,236,768</u>
Balance at June 30, 2016 (Measurement Date)	<u><u>\$ 158,539,300</u></u>	<u><u>\$ 112,162,028</u></u>	<u><u>\$ 46,377,272</u></u>

8. CITY EMPLOYEE RETIREMENT PLAN (DEFINED BENEFIT PENSION PLAN)
(CONTINUED):

C. Changes in the Net Pension Liability (Continued):

Sensitivity of the Net Pension Liability to Changes in the Discount Rate:

The following presents the net pension liability of the City for each Plan, calculated using the discount rate for each Plan, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Miscellaneous
1% Decrease	6.65%
Net Pension Liability	\$ 67,591,674
Current Discount Rate	7.65%
Net Pension Liability	\$ 46,377,272
1% Increase	8.65%
Net Pension Liability	\$ 28,882,057

Pension Plan Fiduciary Net Position:

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

D. Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions:

For the year ended June 30, 2017, the City recognized pension expense of \$4,279,035. At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 4,001,016	\$ -
Differences between actual and expected experience	75,221	(366,914)
Change in assumptions	-	(1,010,283)
Net differences between projected and actual earnings on plan investments	6,134,560	-
Total	\$ 10,210,797	\$ (1,377,197)

8. CITY EMPLOYEE RETIREMENT PLAN (DEFINED BENEFIT PENSION PLAN)
(Continued):

D. Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions
(Continued):

\$4,001,016 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2018. Other amounts reported as deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ending June 30,	Amount
2018	\$ (98,283)
2019	525,096
2020	2,801,528
2021	1,604,243
2022	-
Thereafter	-

E. Payable to the Pension Plan:

At June 30, 2017, the City had no outstanding amount of contributions to the pension plan required for the year ended June 30, 2017.

9. PART-TIME SEASONAL AND TEMPORARY EMPLOYEES' RETIREMENT PLAN:

Public Agency Retirement Services (PARS) administers the City's alternate retirement system plan. It is a defined contribution plan qualifying under 401(a) and 501 of the Internal Revenue Code. Contributions of 7.50% of covered compensation of eligible employees are made by the employee. The plan covers part-time, seasonal, and temporary employees paid on City's payroll who are not covered by another retirement system, pursuant to the requirements of 3121 (b)(7)(F) of the Internal Revenue Code. All eligible employees are covered by the plan and are fully vested. Employee liabilities are limited to the amount of current contributions. Contributions are applied to each participant accounts based on the data submitted to PARS Trust and actual deposits made to PARS Trustee (US Bank). The total amount of covered compensation was \$4,706,265 and employee contributions made during the fiscal year ended June 30, 2017, were \$352,970. Any amendments to the plan go through a resolution for adoption by the City Council.

10. DEFERRED COMPENSATION/DEFINED CONTRIBUTION PLAN:

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

As of June 30, 2017, the deferred compensation plan assets were held in a trust account for the sole benefit of the employees and their beneficiaries and, accordingly, have been excluded from the City's reported assets.

The City has established a Deferred Compensation/Defined Contribution plan for certain classifications of management under Internal Revenue Service Code Section 401(a). City participation in contributions to the plan is mandatory. The City is obligated to contribute amounts ranging from 2% to 4% of the annual salary per participant, per year. Under this qualified 401a plan, a total of \$97,431 with 29 participants was remitted to ICMA with an ending investment balance of \$1,706,916. On the other hand, employee contributions to deferred compensation plan 457 are voluntary. During the year, there were 152 participants. Contributions totaled \$607,486. Total plan assets at June 30, 2017, were \$15,867,010. 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 plans' provisions.

11. OTHER POST-EMPLOYMENT 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.

11. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED):

Plan Description and Funding Policy (Continued):

Employees/Retirees Medical Benefits

	<u>General</u>	<u>Management</u>
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	\$900 per month	PERSCare Family Rate

Eligible participants to the plan as of June 30, 2017 are as follows:

Eligible Active Employees:	
General	217
Management	<u>25</u>
Subtotal	242
Eligible Retirees	<u>193</u>
Total	<u><u>435</u></u>

As of June 30, 2017, there were 193 eligible retirees receiving medical benefits paid through CalPERS. The City pays insurance premiums for these benefits based on the maximum PERSCare Family Rate of \$1,861 (effective January 1, 2017) for Management Unit retirees and \$900 per month for General Unit retirees. In fiscal year 2014-2015, the City established the other post-employment benefit trust. Payments into the irrevocable trust totaled \$628,000, \$2,281,900 and \$1,571,300 for fiscal years ended June 30, 2015, 2016 and 2017, respectively. This represents 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. For fiscal year ended June 30, 2017 contributions consisted of the following: \$1,330,460 was paid for retiree health care premiums, \$383,686 was related to the implied subsidy, and \$1,571,300 was paid into the trust.

The contribution requirements of plan members and the City are established and may be amended by the City, the City Council, and/or the employee associations. The plan does not require employee contributions. Administrative costs of this plan are financed through investment earnings. 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.

11. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED):

Accounting for the Plan:

The other post-employment benefit trust is prepared using the accrual basis of accounting. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits are recognized when due and payable in accordance with the terms of each plan.

Method Used to Value Investments:

Investments are reported in the accompanying financial statements at fair value, which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Securities for which market quotations are not readily available are valued at their fair value as determined by the custodian with the assistance of a valuation service.

Annual OPEB Cost and Net OPEB Obligation:

The following table shows the components of the City's annual Other Post-employment Benefits (OPEB) cost for the year (based on closed 30-year amortization period for the initial UAAL and open 30-year amortization period for any residual UAAL), the amount of benefits and/or insurance premiums actually paid, and the City's Net OPEB obligation as of June 30, 2017:

Annual required contribution (ARC)	\$ 3,832,930
Interest on net OPEB obligation	536,896
Adjustment to annual required contribution	<u>(478,518)</u>
Annual OPEB cost (expense)	3,891,308
Contributions to irrevocable trust	(1,571,300)
Premium payments including benefit payments	(1,330,460)
Implied subsidy portion of ARC	<u>(383,686)</u>
Increase in net OPEB obligation	605,862
Net OPEB obligation - beginning of year	<u>8,677,841</u>
Net OPEB obligation - end of year	<u>\$ 9,283,703</u>

The 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.

11. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED):

Three Year Trend Information:

The City's annual OPEB cost, the actual contributions, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended June 30, 2017 and the two preceding years, were as follows:

Fiscal Year	Annual OPEB Cost	Actual Annual Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2015	\$ 2,424,907	\$ 1,870,059	77.1%	\$ 9,093,726
6/30/2016	3,791,144	4,207,029	111.0%	8,677,841
6/30/2017	3,891,308	3,285,446	84.4%	9,283,703

Funded Status and Funding Progress:

The funded status of the plan as of June 30, 2017 based on the plan's most recent actuarial valuation date of July 1, 2015, was:

Actuarial accrued liability (AAL)	\$ 43,224,013
Actuarial value of plan assets	<u>628,001</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 42,596,012</u>
Covered payroll	\$ 15,133,222
Ratio of UAAL to covered payroll	281.47%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about rates of employee turnover, retirement, mortality, as well as economic assumptions regarding claim costs per retiree, healthcare inflation and interest rates. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress and the schedule of employer contributions, presented as required supplementary information following the notes to the basic financial statements, present multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits and the percentage of the annual required contribution that was contributed.

11. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED):

Actuarial Methods and Assumptions:

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. In the July 1, 2015 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 6.25% discount rate, a 2.75% general inflation rate, and a 3.25% annual payroll increase. In addition, the actuarial assumptions included an annual healthcare cost trend rate established as follows: 7.50% in the second year reduced by decrements of 0.50% per year to an ultimate rate of 4.5% in the eighth year and thereafter for management employee premiums and 6.00% in the second year reduced by decrements of 0.50% per year to an ultimate rate of 4.5% in the eighth year and thereafter for general employee premiums.

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.

Changes in Assumptions:

The discount rate utilized in the actuarial report dated July 1, 2015 increased to 6.25% (from 4.5% in the actuarial report dated August 1, 2014). This increase reflects the change in the City's funding policy that occurred with the creation of the OPEB irrevocable trust. The increase in the discount rate is due to the expected return on trust assets.

City of Norwalk
Notes to Basic Financial Statements (Continued)
For the year ended June 30, 2017

12. FUND BALANCES AND NET POSITION CLASSIFICATION:

Fund balances at June 30, 2017, consisted of the following:

	Special Revenue Funds			Capital Projects Funds			Other Governmental Funds	Total Governmental Funds	
	General	Housing and Community Development	Housing Authority	Debt Service Fund	Special Projects	Economic Development			Housing Successor
	Fund	Development	Authority	Fund	Projects	Development			Successor
Nonspendable:									
Advances to Successor Agency \$	5,489,482	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,489,482	
Advances to other funds	2,639,051	-	-	-	-	-	-	2,639,051	
Inventory of material and supplies	5,072	-	-	-	-	-	-	5,072	
Prepaid items	75,283	-	-	-	-	-	-	75,283	
Total nonspendable	8,208,888	-	-	-	-	-	-	8,208,888	
Restricted:									
Public safety	-	-	-	-	-	-	385,738	385,738	
Urban development	-	567,725	945,018	-	-	10,777,502	11,300,206	23,590,451	
Public works	-	-	-	-	-	-	11,124,585	11,124,585	
Public art	-	-	-	-	-	-	152,826	152,826	
Culture & leisure	-	-	-	-	-	-	111,762	111,762	
Health & welfare	-	-	-	-	-	-	101,400	101,400	
Debt service	-	-	-	1,153,046	-	-	-	1,153,046	
Total restricted	-	567,725	945,018	1,153,046	-	10,777,502	11,300,206	36,619,808	
Committed:									
CalPERS defined benefit pension plan (see Note 1E)	320,000	-	-	-	-	-	-	320,000	
Stabilization (see Note 1E)	1,800,000	-	-	-	-	-	-	1,800,000	
Public works	-	-	-	-	-	-	781,133	781,133	
Equipment replacement	-	-	-	-	-	-	3,474,575	3,474,575	
Building renovation	-	-	-	-	-	-	907,102	907,102	
Total committed	2,120,000	-	-	-	-	-	5,162,810	7,282,810	
Assigned:									
Capital projects	1,236,546	-	-	-	-	-	-	1,236,546	
Unassigned	12,489,860	-	-	-	(324,982)	-	(291,720)	11,873,158	
Total fund balances	\$ 24,055,294	\$ 567,725	\$ 945,018	\$ 1,153,046	\$ (324,982)	\$ 10,777,502	\$ 11,300,206	\$ 65,221,210	

City of Norwalk
Notes to Basic Financial Statements (Continued)
For the year ended June 30, 2017

12. FUND BALANCES AND NET POSITION CLASSIFICATION (CONTINUED):

The City's net position at June 30, 2017 is tabulated below, followed by explanations as to the nature and purpose of each classification.

	Governmental Activities	Business-type Activities
Net investment in capital assets:		
Capital assets, not being depreciated	\$ 15,274,380	\$ 15,479,928
Depreciable capital assets, net	141,009,323	48,350,511
Lease revenue refunding bonds	(12,045,000)	-
Water revenue bonds	-	(8,705,000)
Bond premiums	(506,818)	(265,848)
Cash and investments with fiscal agents	1,153,046	2,605
Deferred amount on refunding	134,797	-
Net investment in capital assets	145,019,728	54,862,196
Restricted net position:		
Public safety	386,514	-
Urban development	23,684,315	-
Public works	11,124,585	-
Public art	160,211	-
Culture & leisure	111,762	-
Health & welfare	101,400	-
Total restricted net position	35,568,787	-
Unrestricted net position	(3,252,013)	(2,408,188)
Total net position	\$ 177,336,502	\$ 52,454,008

13. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

Deficit Fund Balances:

The deficits in the following funds were due to the timing in the receipt of the reimbursable grants.

Major Fund:	
Special Projects Capital Projects Funds	\$ (324,982)
Other Governmental Funds:	
Proposition "C" I-5 Mitigation Capital Projects Fund	(236,026)
Other Federal Grants Capital Projects Fund	(55,694)
	\$ (616,702)

These deficits are expected to be eliminated with future revenues and reimbursements from federal and state agencies.

13. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED):

Excess of Expenditures over Appropriations:

The following funds reported expenditures exceeding appropriations in individual departments at June 30, 2017:

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Major Fund:			
Housing Authority			
Special Revenue Fund:			
Health and welfare	\$ 7,110,958	\$ 7,245,645	\$ (134,687)
Other Governmental Funds:			
Norwalk Senior Program			
Special Revenue Fund:			
Health and welfare	83,382	84,320	(938)
Computer Replacement			
Capital Projects Fund:			
General government	63,764	67,344	(3,580)
Vehicle and Equipment Replacement			
Capital Projects Fund:			
Capital outlay and improvement	25,000	101,387	(76,387)

14. INSURANCE POLICIES:

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

The City of Norwalk is a member of the California Joint Powers Insurance Authority (Authority). The Authority is composed of 117 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.

14. INSURANCE POLICIES (CONTINUED):

Self-Insurance Programs of the Authority:

Each member pays an annual contribution at the beginning of the coverage period. A retrospective adjustment is then conducted annually thereafter, for coverage years 2012-13 and prior. Coverage years 2013-14 and forward are not subject to routine annual retrospective adjustment. The total funding requirement for self-insurance programs is based on an actuarial analysis. Costs are allocated to individual agencies based on payroll and claims history, relative to other members of the risk-sharing pool.

Primary Liability Program

Claims are pooled separately between police and general government 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 to \$50 million are distributed based on the outcome of cost allocation within the first and second loss layers.

For 2016-17, the Authority's pooled retention is \$2 million per occurrence, with reinsurance to \$20 million, and excess insurance to \$50 million. The Authority's reinsurance contracts are subject to the following additional pooled retentions: (a) \$2.5 million annual aggregate deductible in the \$3 million in excess of \$2 million layer, and (b) \$3 million annual aggregate deductible in the \$5 million in excess of \$10 million layer. There is a third annual aggregate deductible in the amount of \$2.5 million in the \$5 million in excess of \$5 million layer, however, it is fully covered under a separate policy and therefore, not retained by the Authority. The overall coverage limit for each member, including all layers of coverage, is \$50 million per occurrence. Costs of covered claims for subsidence losses have a sub-limit of \$30 million per occurrence.

Workers' Compensation Program

Claims are pooled separately between public safety (police and fire) and general government 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 from \$100,000 to statutory limits are distributed based on the outcome of cost allocation within the first and second loss layers.

14. INSURANCE POLICIES (CONTINUED):

Self-Insurance Programs of the Authority (Continued):

Workers' Compensation Program (Continued)

For 2016-17 the Authority's pooled retention is \$2 million per occurrence, with reinsurance to statutory limits under California Workers' Compensation Law. Employer's Liability losses are pooled among members to \$2 million. Coverage from \$2 million to \$5 million is purchased as part of a reinsurance policy, and Employer's Liability losses from \$5 million to \$10 million are pooled among members.

Purchased Insurance:

Pollution Legal Liability Insurance

The City of Norwalk participates in the pollution legal liability insurance program which is available through the Authority. The policy covers sudden and gradual pollution of scheduled property, streets, and storm drains owned by the City of Norwalk. Coverage is on a claims-made basis. There is a \$50,000 deductible. The Authority has an aggregate limit of \$50 million for the 3-year period from July 1, 2014 through July 1, 2017. Each member of the Authority has a \$10 million sub-limit during the 3-year policy term.

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 \$104,214,509. There is a \$5,000 deductible per occurrence except for non-emergency vehicle insurance which has a \$2,500 deductible.

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 \$36,589,135. There is a deductible of 5% per unit of value with a minimum deductible of \$100,000.

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.

14. INSURANCE POLICIES (CONTINUED):

Purchased Insurance (Continued):

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 facilitated by the Authority.

Adequacy of Protection:

During the past three fiscal years, none of the above programs of protection experienced settlements or judgments that exceeded pooled or insured coverage. There were also no significant reductions in pooled or insured liability coverage in 2016-17.

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

Claims Activity:

Claim expenditures and liabilities are reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated. At June 30, 2017 the City had no such liabilities, which is the City's best estimate based on available information.

A summary of the changes in claims liabilities for the past three fiscal years follows:

Year Ended June 30,	Claims Payable July 1	Fiscal Year Claims and Changes in Estimates	Claims Payments	Claims Payable June 30,
2015	\$ -	\$ 262,840	\$ (258,913)	\$ 3,927
2016	3,927	79,760	(83,687)	-
2017	-	57,112	(57,112)	-

15. 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, many 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%.

16. 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 14).

Southwest Water Coalition:

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

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

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

16. JOINT POWERS AGREEMENTS (CONTINUED):

I-5 Consortium Joint Powers Authority:

The City of Norwalk is one of six cities that formed the I-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 I-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, 2017, the City of Norwalk contributed \$30,000.

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.

17. SUCCESSOR AGENCY TRUST FOR ASSETS OF THE DISSOLVED NORWALK REDEVELOPMENT AGENCY:

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

City of Norwalk
Notes to Basic Financial Statements (Continued)
For the year ended June 30, 2017

17. SUCCESSOR AGENCY TRUST FOR ASSETS OF THE DISSOLVED NORWALK REDEVELOPMENT AGENCY (CONTINUED):

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

Disclosure of Successor Agency Capital Assets:

	<u>Balance at</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Transfers</u>	<u>Deletions</u>	<u>Balance at</u> <u>June 30, 2017</u>
Capital assets, not being depreciated:					
Land	\$ 1,737,847	\$ -	\$ -	\$ -	\$ 1,737,847
Capital assets, being depreciated:					
Buildings and improvements	1,010,388	-	-	-	1,010,388
Less accumulated depreciation for:					
Buildings and improvements	<u>(50,519)</u>	<u>(25,260)</u>	<u>-</u>	<u>-</u>	<u>(75,779)</u>
Total capital assets, being depreciated, net	<u>959,869</u>	<u>(25,260)</u>	<u>-</u>	<u>-</u>	<u>934,609</u>
Total successor agency capital assets, net	<u>\$ 2,697,716</u>	<u>\$ (25,260)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,672,456</u>

Disclosure of Successor Agency Debts:

Details of the Successor Agency's long-term debt for the year ended June 30, 2017 were as follows:

	<u>Balance at</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance at</u> <u>June 30, 2017</u>	<u>Due Within</u> <u>One Year</u>
Tax Allocation Refunding Bonds:					
2005 Series A	\$ 27,610,000	\$ -	\$ (875,000)	\$ 26,735,000	\$ 910,000
Add: Bond premium	308,853	-	(16,045)	292,808	-
2005 Series B (Taxable)	24,075,000	-	(685,000)	23,390,000	720,000
Less: Bond discount	(227,795)	-	11,833	(215,962)	-
County Deferred Loans:					
Project Area No. 1	30,555,579	136,087	-	30,691,666	-
Project Area No. 2	<u>12,881,238</u>	<u>901,687</u>	<u>-</u>	<u>13,782,925</u>	<u>-</u>
Subtotals	<u>95,202,875</u>	<u>1,037,774</u>	<u>(1,564,212)</u>	<u>94,676,437</u>	<u>1,630,000</u>
Advances from the City of Norwalk:					
Agency expenditures paid by the City	250,080	-	(250,080)	-	-
Metro Center parcels	<u>9,975,312</u>	<u>175,922</u>	<u>(824,621)</u>	<u>9,326,613</u>	<u>-</u>
Subtotals	<u>10,225,392</u>	<u>175,922</u>	<u>(1,074,701)</u>	<u>9,326,613</u>	<u>-</u>
Total long-term liabilities	<u>\$ 105,428,267</u>	<u>\$ 1,213,696</u>	<u>\$ (2,638,913)</u>	<u>\$ 104,003,050</u>	<u>\$ 1,630,000</u>

17. SUCCESSOR AGENCY TRUST FOR ASSETS OF THE DISSOLVED NORWALK REDEVELOPMENT AGENCY (CONTINUED):

Disclosure of Successor Agency Debts (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%. The defeasance of the bonds resulted in a loss from defeasance of \$200,388. The balance of the loss from defeasance, net of accumulated amortization, is \$125,027 as of June 30, 2017.

The Tax Allocation Refunding Bonds are subject to federal arbitrage regulations. The City calculated no arbitrage rebate due as of June 30, 2017. The balance outstanding on the Tax Allocation Refunding Bonds, 2005 Series A at June 30, 2017, was \$26,735,000.

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 910,000	\$ 1,262,192	\$ 2,172,192
2019	950,000	1,221,530	2,171,530
2020	995,000	1,179,950	2,174,950
2021	1,035,000	1,135,917	2,170,917
2022	1,080,000	1,089,516	2,169,516
2023 - 2027	6,165,000	4,653,972	10,818,972
2028 - 2032	7,820,000	2,960,750	10,780,750
2033 - 2036	<u>7,780,000</u>	<u>801,714</u>	<u>8,581,714</u>
Subtotals	26,735,000	14,305,541	41,040,541
Add: Bond premium	<u>292,808</u>	<u>-</u>	<u>292,808</u>
Totals	<u>\$ 27,027,808</u>	<u>\$ 14,305,541</u>	<u>\$ 41,333,349</u>

17. SUCCESSOR AGENCY TRUST FOR ASSETS OF THE DISSOLVED NORWALK REDEVELOPMENT AGENCY (CONTINUED):

Disclosure of Successor Agency Debts (Continued):

Tax Allocation Refunding Bonds, 2005 Series B (Taxable)

\$29,310,000 Tax Allocation Refunding Bonds, 2005 Series B (Taxable); 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%. The balance outstanding on the Tax Allocation Refunding Bonds, 2005 Series B (Taxable) at June 30, 2017, was \$23,390,000.

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

Year Ending June 30,	Principal	Interest	Total
2018	\$ 720,000	\$ 1,311,075	\$ 2,031,075
2019	760,000	1,270,375	2,030,375
2020	800,000	1,227,475	2,027,475
2021	845,000	1,182,238	2,027,238
2022	890,000	1,133,968	2,023,968
2023 - 2027	5,275,000	4,834,500	10,109,500
2028 - 2032	6,950,000	3,099,250	10,049,250
2033 - 2036	<u>7,150,000</u>	<u>851,000</u>	<u>8,001,000</u>
Subtotals	23,390,000	14,909,881	38,299,881
Less: Bond discount	<u>(215,962)</u>	<u>-</u>	<u>(215,962)</u>
Totals	<u>\$ 23,174,038</u>	<u>\$ 14,909,881</u>	<u>\$ 38,083,919</u>

The 2005A and B bonds have a reserve of \$4,246,859 that is required to be set-aside to further secure the payment of principal and interest on the bonds. At June 30, 2017, this reserve was fully funded with a balance of \$4,260,920.

17. SUCCESSOR AGENCY TRUST FOR ASSETS OF THE DISSOLVED NORWALK REDEVELOPMENT AGENCY (CONTINUED):

Disclosure of Successor Agency Debts (Continued):

County Deferred Loans

The former Norwalk Redevelopment Agency entered into two agreements for reimbursement of tax increment funds with the Los Angeles County, one for Project Area No. 1 and the other for Project Area No. 2. 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.

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 County has stated that as of June 30, 2017, the deferred loan balance payable to the County of Los Angeles for Project Area No. 1 was \$30,691,666.

17. SUCCESSOR AGENCY TRUST FOR ASSETS OF THE DISSOLVED NORWALK REDEVELOPMENT AGENCY (CONTINUED):

Disclosure of Successor Agency Debts (Continued):

County Deferred Loans (Continued)

Project Area No. 2:

An agreement was entered into on August 17, 1987, between the Agency and the County of Los Angeles in regards to the use of tax increment revenues generated by Project Area No. 2. The Agency, the County of Los Angeles and the Fire Protection District are all entitled to their proportionate shares of the annual tax increments. The distribution is as follows: Agency 29.1%; County 53.9%; and the District 17.0%. Because of the Agency's need for a substantial portion of the tax increments, the County of Los Angeles agreed to loan its tax increments to the Agency on the following basis: the County shall annually loan to the Agency a portion of the amounts reimbursed, so that annually the Agency receives property tax increments up to \$600,000; the loan shall accrue interest at 7% per year; the Agency shall commence repayment of the loan by annually paying to the County all tax increments exceeding \$600,000; and the Agency may not pledge more than \$600,000 in annual tax increments to the repayment of any tax allocation bonds or notes without the consent of the County.

The County has stated that as of June 30, 2017, the deferred loan balance payable to the County of Los Angeles for Project Area No. 2 was \$13,782,925.

The Department of Finance, in their review of the ROPS, has disallowed the County deferred loan balances for Project Area No. 1 and Project Area No. 2, to be enforceable obligations.

Advances from the City's General Fund

The former Redevelopment Agency advances were used for the general cost and to build the Metro Center. The balance outstanding as of June 30, 2017 is \$9,326,613.

On May 15, 2013, the Successor Agency received a Finding of Completion letter from the California Department of Finance (DOF), allowing the Agency to request the Oversight Board and DOF's approval for the reestablishment of loan agreements between the former redevelopment agency and the City. The Oversight Board adopted Resolution No. 14-02 on February 25, 2014, and the DOF issued its letter on April 9, 2014 approving reestablishment of such loans. During the fiscal year 2013/14, the City recalculated the accrued interest on the above advances based on the DOF suggested calculation pursuant to the Redevelopment Dissolution Act.

The SB 107 enacted by the State legislation in September 2015, allows the Successor Agency to recalculate and repay these loans using 3% or 4% interest rate, instead of the LAIF rate. The 4% interest would apply only if the Successor Agency opts to file a last and final ROPS. The Successor Agency recalculated the accrued interest at the 3% rate required by SB 107 in the fiscal year ended June 30, 2016 and calculated interest at the 3% rate in the fiscal year ended June 30, 2017.

17. SUCCESSOR AGENCY TRUST FOR ASSETS OF THE DISSOLVED NORWALK REDEVELOPMENT AGENCY (CONTINUED):

Successor Agency Commitments:

Costco Wholesale Corporation

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

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

Since July 1, 1995, the rent payments are paid pursuant to the Second Stage Rent, which requires Agency to pay the Landlord all rental income received from subtenant. The minimum annual rent and the sublease for any extended term of the sublease is \$400,000 adjusted by the greater of one-half the increase in the Consumer Price Index, or a formula provided in the master agreement based on appraisal value of the property. Effective July 1, 2011, the minimum annual rent of \$659,250 was established based on the appraised value formula. It will be in effect until June 30, 2017.

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

18. SUBSEQUENT EVENT:

In preparing these financial statements, the City has evaluated events and transactions for potential recognition or disclosure through December 12, 2017, the date the financial statements were available to be issued.

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REQUIRED SUPPLEMENTARY INFORMATION

City of Norwalk
Schedule of Changes in the Net Pension Liability and Related Ratios
Last Ten Fiscal Years*

Fiscal year ended	June 30, 2017	June 30, 2016	June 30, 2015
Measurement period	June 30, 2016	June 30, 2015	June 30, 2014
Total Pension Liability:			
Service cost	\$ 2,798,540	\$ 2,777,970	\$ 2,846,128
Interest on total pension liability	11,420,438	10,941,117	10,415,206
Differences between expected and actual experience	(541,635)	200,587	-
Changes in assumptions	-	(2,694,093)	-
Changes in benefits	-	-	-
Benefit payments, including refunds of employee contributions	(7,134,374)	(6,709,820)	(6,454,235)
Net Change in Total Pension Liability	6,542,969	4,515,761	6,807,099
Total Pension Liability - Beginning of Year	151,996,331	147,480,570	140,673,471
Total Pension Liability - End of Year (a)	\$ 158,539,300	\$ 151,996,331	\$ 147,480,570
Plan Fiduciary Net Position:			
Contributions - employer	\$ 3,620,111	\$ 3,088,469	\$ 2,827,904
Contributions - employee	1,302,530	1,200,653	1,213,682
Net investment income	587,323	2,524,863	17,146,278
Benefit payments	(7,134,374)	(6,709,820)	(6,454,235)
Administrative expense	(69,389)	(128,139)	-
Net Change in Plan Fiduciary Net Position	(1,693,799)	(23,974)	14,733,629
Plan Fiduciary Net Position - Beginning of Year	113,855,827	113,879,801	99,146,172
Plan Fiduciary Net Position - End of Year (b)	\$ 112,162,028	\$ 113,855,827	\$ 113,879,801
Net Pension Liability - Ending (a)-(b)	\$ 46,377,272	\$ 38,140,504	\$ 33,600,769
Plan fiduciary net position as a percentage of the total pension liability	70.75%	74.91%	77.22%
Covered - employee payroll	\$ 15,963,093	\$ 15,310,767	\$ 14,721,610
Net pension liability as percentage of covered - employee payroll	290.53%	249.11%	228.24%

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

From fiscal year June 30, 2015 to June 30, 2016:

GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50% used for the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65% used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense.

From fiscal year June 30, 2016 to June 30, 2017:

There were no changes in assumptions.

* - Fiscal year 2015 was the 1st year of implementation, therefore only three years are shown.

City of Norwalk
Schedule of Contributions - CalPERS
Last Ten Fiscal Years*

Fiscal year ended	June 30, 2017	June 30, 2016	June 30, 2015
Actuarially determined contribution	\$ 3,620,111	\$ 3,574,267	\$ 3,133,656
Contributions in relation to the actuarially determined contributions	<u>(3,620,111)</u>	<u>(3,574,267)</u>	<u>(3,133,656)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered - employee payroll	\$ 15,835,113	\$ 15,963,093	\$ 15,310,767
Contributions as a percentage of covered - employee payroll	22.86%	22.39%	20.47%

Notes to Schedule:

Valuation Date	June 30, 2014	June 30, 2013	June 30, 2012
----------------	---------------	---------------	---------------

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry age normal**
Amortization method	Level percentage of payroll, closed**
Asset valuation method	Market Value ***
Inflation	2.75%**
Salary increases	Depending on age, service, and type of employment**
Investment rate of return	7.50%, net of pension plan investment expense, including inflation**
Retirement age	50 years (2% @55, 2.7% @55), 52 years (2% @62)**
Mortality	Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.**

* Fiscal year 2015 was the 1st year of implementation, therefore only three years are shown.

** - The valuation for June 30, 2012 and 2013 (applicable to fiscal years ended June 30, 2015 and 2016, respectively) included the same actuarial assumptions.

*** - The valuation for June 30, 2012 (applicable to fiscal year ended June 30, 2015) valued assets using a 15 Year Smoothed Market method. The market value asset valuation method was utilized for the June 30, 2013 and 2014 valuations (applicable to fiscal years ended June 30, 2016 and 2017, respectively).

City of Norwalk
Other Post-Employment Benefits (OPEB)
For the year ended June 30, 2017

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a % of Payroll [(b)-(a)]/c]
08/01/2012	\$ -	\$ 32,031,534	\$ 32,031,534	0.00%	\$ 14,312,812	223.80%
08/01/2014	-	32,712,407	32,712,407	0.00%	14,964,768	218.60%
07/01/2015	628,001	43,224,013	42,596,012	1.45%	15,133,222	281.47%

Schedule of Employer Contributions

Year Ended June 30,	Annual Required Contribution	Percentage Contributed
2009	\$ 2,463,610	41.24%
2010	2,463,610	41.65%
2011	2,422,442	48.49%
2012	2,422,442	50.11%
2013	2,440,264	50.72%
2014	2,530,828	48.68%
2015	2,530,828	73.89%
2016	3,721,251	113.05%
2017	3,832,930	85.72%

Annual Money-Weighted Rate of Return on Investments

Retiree Health Plan

<u>Fiscal Year Ended</u>	<u>Annual Money-Weighted Rate of Return, Net of Investment Expense (1)</u>
6/30/2017	11.15%

(1) Ten years of historical information is required by the Governmental Accounting Standards Board Statement No. 74. Fiscal year ended June 30, 2017 was the first year of implementation; therefore, only one year is presented.

City of Norwalk
Budgetary Comparison Schedule
General Fund
For the year ended June 30, 2017

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Revenues:				
Taxes	\$ 37,670,400	\$ 37,593,640	\$ 37,458,376	\$ (135,264)
Licenses and permits	1,241,201	1,371,200	1,551,485	180,285
Fines, forfeitures and penalties	1,510,750	1,506,340	1,343,137	(163,203)
Use of money and property	697,270	697,270	487,736	(209,534)
Intergovernmental	345,900	374,800	228,321	(146,479)
Charges for services	1,173,600	1,238,600	1,427,475	188,875
Rental income	806,900	799,400	867,191	67,791
Other	976,100	970,890	1,009,065	38,175
Total revenues	44,422,121	44,552,140	44,372,786	(179,354)
Expenditures:				
Current:				
General government:				
Mayor, council and boards	438,079	437,779	359,350	78,429
Management and administration	2,909,356	2,927,362	2,702,243	225,119
City clerk	922,624	923,424	841,776	81,648
Personnel services	3,269,139	3,044,039	3,285,542	(241,503)
Financial services	1,953,466	1,948,966	1,883,892	65,074
Total general government	<u>9,492,664</u>	<u>9,281,570</u>	<u>9,072,803</u>	<u>208,767</u>
Public safety				
Public safety operations	14,153,433	14,143,733	13,749,614	394,119
Emergency preparedness	31,603	31,603	16,277	15,326
Total public safety	<u>14,185,036</u>	<u>14,175,336</u>	<u>13,765,891</u>	<u>409,445</u>
Urban development:				
Community development operations	1,115,010	1,119,110	918,489	200,621
Building and safety	962,276	998,176	934,196	63,980
Engineering	864,978	863,878	833,176	30,702
Property maintenance	1,071,965	1,074,165	1,039,723	34,442
Planning	536,482	534,782	514,219	20,563
Storm water compliance	533,846	550,051	303,551	246,500
Total urban development	<u>5,084,557</u>	<u>5,140,162</u>	<u>4,543,354</u>	<u>596,808</u>
Public works:				
Public services administration	1,114,057	1,119,657	1,096,810	22,847
Security and emergency services	81,455	81,455	65,164	16,291
Facilities maintenance	1,642,797	1,639,587	1,557,530	82,057
Street maintenance	39,590	37,690	79,346	(41,656)
Traffic maintenance	43,575	42,675	44,703	(2,028)
Signals and street lighting	636,642	527,342	572,463	(45,121)
Street sweeping	268,989	268,989	289,839	(20,850)
Graffiti removal	591,617	573,717	544,308	29,409
Tree maintenance	530,217	527,517	566,030	(38,513)
Greenscape maintenance	839,854	770,654	755,380	15,274
Total public works	<u>5,788,793</u>	<u>5,589,283</u>	<u>5,571,573</u>	<u>17,710</u>

See accompanying note to required supplementary information.

(Continued)

City of Norwalk
Budgetary Comparison Schedule
General Fund (Continued)
For the year ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures (Continued):				
Current (Continued):				
Culture and leisure:				
Recreation	\$ 4,771,812	\$ 4,879,759	\$ 4,381,533	\$ 498,226
Park services	3,629,114	3,625,649	3,243,586	382,063
Total culture and leisure	<u>8,400,926</u>	<u>8,505,408</u>	<u>7,625,119</u>	<u>880,289</u>
Health and welfare:				
Social services administration	1,146,203	1,147,903	1,090,627	57,276
Senior programs	1,067,723	1,066,323	947,974	118,349
Emergency food and shelter program	69,535	69,535	21,525	48,010
Total health and welfare	<u>2,283,461</u>	<u>2,283,761</u>	<u>2,060,126</u>	<u>223,635</u>
Capital outlay and improvement	<u>1,650,682</u>	<u>1,793,082</u>	<u>968,418</u>	<u>824,664</u>
Total expenditures	<u>46,886,119</u>	<u>46,768,602</u>	<u>43,607,284</u>	<u>3,161,318</u>
Excess (deficiency) of revenues over expenditures	<u>(2,463,998)</u>	<u>(2,216,462)</u>	<u>765,502</u>	<u>2,981,964</u>
Other financing sources (uses):				
Transfers in	27,800	27,800	19,173	(8,627)
Transfers out	<u>(2,329,031)</u>	<u>(2,329,031)</u>	<u>(2,319,639)</u>	<u>9,392</u>
Total other financing sources (uses)	<u>(2,301,231)</u>	<u>(2,301,231)</u>	<u>(2,300,466)</u>	<u>765</u>
Beginning fund balance	<u>25,590,258</u>	<u>25,590,258</u>	<u>25,590,258</u>	<u>-</u>
Ending fund balance	<u>\$ 20,825,029</u>	<u>\$ 21,072,565</u>	<u>\$ 24,055,294</u>	<u>\$ 2,982,729</u>

See accompanying note to required supplementary information.

City of Norwalk
Budgetary Comparison Schedule
Housing and Community Development Special Revenue Fund
For the year ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Use of money and property	\$ 1,100	\$ 1,100	\$ 2,000	\$ 900
Intergovernmental	1,382,824	1,422,824	1,942,997	520,173
Other	311,100	489,000	432,798	(56,202)
Total revenues	<u>1,695,024</u>	<u>1,912,924</u>	<u>2,377,795</u>	<u>464,871</u>
Expenditures:				
Current:				
Urban development	1,846,219	1,927,219	1,881,004	46,215
Public works	53,948	53,948	53,948	-
Health and welfare	50,000	50,000	31,195	18,805
Capital outlay and improvement	477,058	477,058	474,170	2,888
Total expenditures	<u>2,427,225</u>	<u>2,508,225</u>	<u>2,440,317</u>	<u>67,908</u>
Excess (deficiency) of revenues over expenditures	(732,201)	(595,301)	(62,522)	532,779
Beginning fund balance	<u>630,247</u>	<u>630,247</u>	<u>630,247</u>	<u>-</u>
Ending fund balance	<u>\$ (101,954)</u>	<u>\$ 34,946</u>	<u>\$ 567,725</u>	<u>\$ 532,779</u>

See accompanying note to required supplementary information.

City of Norwalk
Budgetary Comparison Schedule
Housing Authority Special Revenue Fund
For the year ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Use of money and property	\$ 125	\$ 125	\$ 431	\$ 306
Intergovernmental	6,997,741	6,995,341	7,249,489	254,148
Other	24,030	24,030	22,409	(1,621)
Total revenues	<u>7,021,896</u>	<u>7,019,496</u>	<u>7,272,329</u>	<u>252,833</u>
Expenditures:				
Current:				
Health and welfare	7,048,958	7,110,958	7,245,645	(134,687)
Total expenditures	<u>7,048,958</u>	<u>7,110,958</u>	<u>7,245,645</u>	<u>(134,687)</u>
Excess (deficiency) of revenues over expenditures	(27,062)	(91,462)	26,684	118,146
Beginning fund balance	<u>918,334</u>	<u>918,334</u>	<u>918,334</u>	<u>-</u>
Ending fund balance	<u><u>\$ 891,272</u></u>	<u><u>\$ 826,872</u></u>	<u><u>\$ 945,018</u></u>	<u><u>\$ 118,146</u></u>

See accompanying note to required supplementary information.

1. 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. Council action is necessary for transfers between departments/agencies or transfers between funds.

The City legally adopted budgets for the General Fund, Special Revenue Funds, Debt Service Fund, Certain Capital Projects Funds and Enterprise Funds with the exception of the following Other Governmental Funds: Forfeiture Special Revenue Fund and Proposition "C" I-5 Mitigation Capital Projects Fund. Quarterly reports are prepared and distributed to the City Council and the executive management team to assure budgetary controls through fiscal management. Since there is no legal requirement for the City's Proprietary Funds to be reported to the City Council, the budgetary reporting under these funds are not presented in the accompanying financial statements.

Budgets are prepared on a modified accrual basis. 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
Budgetary Comparison Schedule
Debt Service Fund - Major Fund
For the year ended June 30, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Use of money and property	\$ 600	\$ 600	\$ 5,260	\$ 4,660
Total revenues	<u>600</u>	<u>600</u>	<u>5,260</u>	<u>4,660</u>
Expenditures:				
Current:				
General government	2,601	2,601	2,271	330
Debt service:				-
Principal retirement	980,000	980,000	980,000	-
Interest and fiscal charges	475,481	475,481	475,481	-
Total expenditures	<u>1,458,082</u>	<u>1,458,082</u>	<u>1,457,752</u>	<u>330</u>
Excess (deficiency) of revenues over expenditures	<u>(1,457,482)</u>	<u>(1,457,482)</u>	<u>(1,452,492)</u>	<u>4,990</u>
Other financing sources:				
Transfers in	1,457,482	1,457,482	1,457,645	163
Total other financing sources	<u>1,457,482</u>	<u>1,457,482</u>	<u>1,457,645</u>	<u>163</u>
Change in fund balance	-	-	5,153	5,153
Beginning fund balance	<u>1,147,893</u>	<u>1,147,893</u>	<u>1,147,893</u>	<u>-</u>
Ending fund balance	<u>\$ 1,147,893</u>	<u>\$ 1,147,893</u>	<u>\$ 1,153,046</u>	<u>\$ 5,153</u>

City of Norwalk
Budgetary Comparison Schedule
Special Projects Capital Projects Funds - Major Fund
For the year ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 1,376,160	\$ 9,724,849	\$ 1,281,682	\$ (8,443,167)
Total revenues	<u>1,376,160</u>	<u>9,724,849</u>	<u>1,281,682</u>	<u>(8,443,167)</u>
Expenditures:				
Current:				
Urban development	499,900	499,900	51,289	448,611
Capital outlay and improvement	6,021,049	9,401,449	348,384	9,053,065
Total expenditures	<u>6,520,949</u>	<u>9,901,349</u>	<u>399,673</u>	<u>9,501,676</u>
Excess (deficiency) of revenues over expenditures	<u>(5,144,789)</u>	<u>(176,500)</u>	<u>882,009</u>	<u>1,058,509</u>
Other financing sources:				
Transfers in	-	-	148,576	148,576
Total other financing sources	<u>-</u>	<u>-</u>	<u>148,576</u>	<u>148,576</u>
Change in fund balance	(5,144,789)	(176,500)	1,030,585	1,207,085
Beginning fund balance (deficit)	<u>(1,355,567)</u>	<u>(1,355,567)</u>	<u>(1,355,567)</u>	<u>-</u>
Ending fund balance (deficit)	<u>\$ (6,500,356)</u>	<u>\$ (1,532,067)</u>	<u>\$ (324,982)</u>	<u>\$ 1,207,085</u>

City of Norwalk
Budgetary Comparison Schedule
Economic Development Capital Projects Fund - Major Fund
For the year ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Use of money and property	\$ 100,000	\$ 100,000	\$ 33,359	\$ (66,641)
Total revenues	<u>100,000</u>	<u>100,000</u>	<u>33,359</u>	<u>(66,641)</u>
Expenditures:				
Capital outlay and improvement	1,565,751	2,665,751	373,097	2,292,654
Total expenditures	<u>1,565,751</u>	<u>2,665,751</u>	<u>373,097</u>	<u>2,292,654</u>
Excess (deficiency) of revenues over expenditures	(1,465,751)	(2,565,751)	(339,738)	2,226,013
Beginning fund balance	<u>11,117,240</u>	<u>11,117,240</u>	<u>11,117,240</u>	<u>-</u>
Ending fund balance	<u>\$ 9,651,489</u>	<u>\$ 8,551,489</u>	<u>\$ 10,777,502</u>	<u>\$ 2,226,013</u>

City of Norwalk
Budgetary Comparison Schedule
Housing Successor Fund Capital Projects Fund - Major Fund
For the year ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Use of money and property	\$ 95,000	\$ 95,000	\$ (4,961)	\$ (99,961)
Total revenues	<u>95,000</u>	<u>95,000</u>	<u>(4,961)</u>	<u>(99,961)</u>
Expenditures:				
Current:				
Urban development	115,151	175,151	69,707	105,444
Capital outlay and improvement	-	6,103,000	45,749	6,057,251
Total expenditures	<u>115,151</u>	<u>6,278,151</u>	<u>115,456</u>	<u>6,162,695</u>
Excess (deficiency) of revenues over expenditures	<u>(20,151)</u>	<u>(6,183,151)</u>	<u>(120,417)</u>	<u>6,062,734</u>
Other financing sources:				
Transfers in	214,940	214,940	214,940	-
Total other financing sources	<u>214,940</u>	<u>214,940</u>	<u>214,940</u>	<u>-</u>
Change in fund balance	194,789	(5,968,211)	94,523	6,062,734
Beginning fund balance	<u>11,205,683</u>	<u>11,205,683</u>	<u>11,205,683</u>	<u>-</u>
Ending fund balance	<u>\$ 11,400,472</u>	<u>\$ 5,237,472</u>	<u>\$ 11,300,206</u>	<u>\$ 6,062,734</u>

City of Norwalk
Combining Balance Sheet
Other Governmental Funds
June 30, 2017

	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Total Other Governmental Funds</u>
ASSETS			
Assets:			
Cash and investments	\$ 10,481,408	\$ 6,967,543	\$ 17,448,951
Accounts receivable, net	120,237	-	120,237
Due from other governments	721,321	326,134	1,047,455
Prepaid items	20,118	-	20,118
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u><u>\$ 11,343,084</u></u>	<u><u>\$ 7,293,677</u></u>	<u><u>\$ 18,636,761</u></u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 794,245	\$ 220,012	\$ 1,014,257
Due to other funds	264,717	279,120	543,837
Due to other governments	3,545	-	3,545
Other liabilities	-	31,725	31,725
Unearned revenue	3,500	-	3,500
Total liabilities	<u>1,066,007</u>	<u>530,857</u>	<u>1,596,864</u>
Deferred inflows of resources:			
Unavailable revenues	<u>776</u>	<u>291,720</u>	<u>292,496</u>
Total deferred inflows of resources	<u>776</u>	<u>291,720</u>	<u>292,496</u>
Fund balances:			
Restricted	9,495,168	2,381,143	11,876,311
Committed	781,133	4,381,677	5,162,810
Unassigned	-	(291,720)	(291,720)
Total fund balances	<u>10,276,301</u>	<u>6,471,100</u>	<u>16,747,401</u>
	<u> </u>	<u> </u>	<u> </u>
Total liabilities, deferred inflows of resources and fund balances	<u><u>\$ 11,343,084</u></u>	<u><u>\$ 7,293,677</u></u>	<u><u>\$ 18,636,761</u></u>

City of Norwalk
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Other Governmental Funds
For the year ended June 30, 2017

	Special Revenue Funds	Capital Projects Funds	Total Other Governmental Funds
Revenues:			
Use of money and property	\$ 78,399	\$ 71,024	\$ 149,423
Intergovernmental	10,951,427	1,933,602	12,885,029
Charges for services	1,063,174	-	1,063,174
Other	59,997	77,706	137,703
Total revenues	12,152,997	2,082,332	14,235,329
Expenditures:			
Current:			
General government	460,055	67,344	527,399
Public safety	160,060	5,019	165,079
Urban development	23,367	19,609	42,976
Public works	3,235,499	169,797	3,405,296
Culture and leisure	-	631,483	631,483
Health and welfare	4,167,963	36,804	4,204,767
Capital outlay and improvement	276,853	3,199,974	3,476,827
Total expenditures	8,323,797	4,130,030	12,453,827
Excess (deficiency) of revenues over expenditures	3,829,200	(2,047,698)	1,781,502
Other financing sources (uses):			
Transfers in	592,509	347,799	940,308
Transfers out	(2,299,468)	(187,969)	(2,487,437)
Total other financing sources (uses)	(1,706,959)	159,830	(1,547,129)
Change in fund balances	2,122,241	(1,887,868)	234,373
Beginning fund balances	8,154,060	8,358,968	16,513,028
Ending fund balances	\$ 10,276,301	\$ 6,471,100	\$ 16,747,401

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City of Norwalk
Description of Other Special Revenue Funds

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

NONMAJOR 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.

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

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

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

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

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

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

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

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

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

	Child Development Program	State Gasoline Tax	Air Quality Improvement	Norwalk Senior Program	Proposition "C"	Public Safety
ASSETS						
Assets:						
Cash and investments	\$ -	\$ -	\$ 67,009	\$ -	\$ 5,883,352	\$ 366,717
Accounts receivable, net	-	-	-	-	59,915	-
Due from other governments	457,983	148,284	34,179	1,859	-	73,070
Prepaid items	5,418	-	-	-	14,500	-
Total assets	\$ 463,401	\$ 148,284	\$ 101,188	\$ 1,859	\$ 5,957,767	\$ 439,787
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 344,108	\$ -	\$ -	\$ 1,234	\$ 135,972	\$ 53,940
Due to other funds	112,248	148,284	-	625	-	-
Due to other governments	3,545	-	-	-	-	-
Unearned revenue	3,500	-	-	-	-	-
Total liabilities	463,401	148,284	-	1,859	135,972	53,940
Deferred inflows of resources:						
Unavailable revenues	-	-	-	-	-	776
Total deferred inflows of resources	-	-	-	-	-	776
Fund balances:						
Restricted	-	-	101,188	-	5,821,795	385,071
Committed	-	-	-	-	-	-
Total fund balances	-	-	101,188	-	5,821,795	385,071
Total liabilities, deferred inflows of resources and fund balances	\$ 463,401	\$ 148,284	\$ 101,188	\$ 1,859	\$ 5,957,767	\$ 439,787

City of Norwalk
Combining Balance Sheet
Other Special Revenue Funds
June 30, 2017

Parking Structure	Forfeiture	Special Grants	Proposition "A"	Measure "R"	Total Other Special Revenue Funds
\$ 750,373	\$ 667	\$ -	\$ 1,600	\$ 3,411,690	\$ 10,481,408
60,322	-	-	-	-	120,237
-	-	5,946	-	-	721,321
-	-	200	-	-	20,118
<u>\$ 810,695</u>	<u>\$ 667</u>	<u>\$ 6,146</u>	<u>\$ 1,600</u>	<u>\$ 3,411,690</u>	<u>\$ 11,343,084</u>
\$ 29,562	\$ -	\$ 2,374	\$ 1,600	\$ 225,455	\$ 794,245
-	-	3,560	-	-	264,717
-	-	-	-	-	3,545
-	-	-	-	-	3,500
<u>29,562</u>	<u>-</u>	<u>5,934</u>	<u>1,600</u>	<u>225,455</u>	<u>1,066,007</u>
-	-	-	-	-	776
-	-	-	-	-	776
-	667	212	-	3,186,235	9,495,168
<u>781,133</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>781,133</u>
<u>781,133</u>	<u>667</u>	<u>212</u>	<u>-</u>	<u>3,186,235</u>	<u>10,276,301</u>
<u>\$ 810,695</u>	<u>\$ 667</u>	<u>\$ 6,146</u>	<u>\$ 1,600</u>	<u>\$ 3,411,690</u>	<u>\$ 11,343,084</u>

	Child Development Program	State Gasoline Tax	Air Quality Improvement	Norwalk Senior Program	Proposition "C"	Public Safety
Revenues:						
Use of money and property	\$ -	\$ 4,277	\$ 118	\$ -	\$ 44,982	\$ 2,710
Intergovernmental	3,853,830	1,741,595	134,457	54,191	1,625,177	315,258
Charges for services	94,353	-	-	-	244,894	-
Other	-	-	-	-	59,997	-
Total revenues	3,948,183	1,745,872	134,575	54,191	1,975,050	317,968
Expenditures:						
Current:						
General government	-	-	-	-	82,694	-
Public safety	-	-	-	-	-	152,984
Urban development	-	-	-	-	23,367	-
Public works	-	2,074,645	-	-	568,679	-
Health and welfare	3,948,183	-	90,227	84,320	-	-
Capital outlay and improvement	-	-	-	-	132,294	-
Total expenditures	3,948,183	2,074,645	90,227	84,320	807,034	152,984
Excess (deficiency) of revenues over expenditures	-	(328,773)	44,348	(30,129)	1,168,016	164,984
Other financing sources (uses):						
Transfers in	-	-	39,393	30,129	-	3,034
Transfers out	-	-	(26,000)	-	(104,073)	-
Total other financing sources (uses)	-	-	13,393	30,129	(104,073)	3,034
Change in fund balances	-	(328,773)	57,741	-	1,063,943	168,018
Beginning fund balances	-	328,773	43,447	-	4,757,852	217,053
Ending fund balances	\$ -	\$ -	\$ 101,188	\$ -	\$ 5,821,795	\$ 385,071

City of Norwalk
Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
Other Special Revenue Funds
For the year ended June 30, 2017

Parking Structure	Forfeiture	Special Grants	Proposition "A"	Measure "R"	Total Other Special Revenue Funds
\$ -	\$ 36	\$ 279	\$ 1,145	\$ 24,852	\$ 78,399
-	-	54,605	1,955,496	1,216,818	10,951,427
723,927	-	-	-	-	1,063,174
-	-	-	-	-	59,997
<u>723,927</u>	<u>36</u>	<u>54,884</u>	<u>1,956,641</u>	<u>1,241,670</u>	<u>12,152,997</u>
377,361	-	-	-	-	460,055
-	7,076	-	-	-	160,060
-	-	-	-	-	23,367
-	-	-	41,107	551,068	3,235,499
-	-	45,233	-	-	4,167,963
-	-	33,900	-	110,659	276,853
<u>377,361</u>	<u>7,076</u>	<u>79,133</u>	<u>41,107</u>	<u>661,727</u>	<u>8,323,797</u>
<u>346,566</u>	<u>(7,040)</u>	<u>(24,249)</u>	<u>1,915,534</u>	<u>579,943</u>	<u>3,829,200</u>
500,000	-	19,953	-	-	592,509
(253,861)	-	-	(1,915,534)	-	(2,299,468)
<u>246,139</u>	<u>-</u>	<u>19,953</u>	<u>(1,915,534)</u>	<u>-</u>	<u>(1,706,959)</u>
592,705	(7,040)	(4,296)	-	579,943	2,122,241
<u>188,428</u>	<u>7,707</u>	<u>4,508</u>	<u>-</u>	<u>2,606,292</u>	<u>8,154,060</u>
<u>\$ 781,133</u>	<u>\$ 667</u>	<u>\$ 212</u>	<u>\$ -</u>	<u>\$ 3,186,235</u>	<u>\$ 10,276,301</u>

City of Norwalk
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual
Child Development Program Special Revenue Fund
For the year ended June 30, 2017

	Budgeted Amount <u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$ 3,961,026	\$ 3,853,830	\$ (107,196)
Charges for services	<u>70,192</u>	<u>94,353</u>	<u>24,161</u>
Total revenues	<u>4,031,218</u>	<u>3,948,183</u>	<u>(83,035)</u>
Expenditures:			
Current:			
Health and welfare	<u>4,031,218</u>	<u>3,948,183</u>	<u>83,035</u>
Total expenditures	<u>4,031,218</u>	<u>3,948,183</u>	<u>83,035</u>
Excess (deficiency) of revenues over expenditures	-	-	-
Beginning fund balance	<u>-</u>	<u>-</u>	<u>-</u>
Ending fund balance	<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
For the year ended June 30, 2017

	Budgeted Amount <u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Use of money and property	\$ 1,000	\$ 4,277	\$ 3,277
Intergovernmental	<u>1,840,860</u>	<u>1,741,595</u>	<u>(99,265)</u>
Total revenues	<u>1,841,860</u>	<u>1,745,872</u>	<u>(95,988)</u>
Expenditures:			
Current:			
Public works	<u>2,233,900</u>	<u>2,074,645</u>	<u>159,255</u>
Total expenditures	<u>2,233,900</u>	<u>2,074,645</u>	<u>159,255</u>
Excess (deficiency) of revenues over expenditures	(392,040)	(328,773)	63,267
Beginning fund balance	<u>328,773</u>	<u>328,773</u>	<u>-</u>
Ending fund balance	<u>\$ (63,267)</u>	<u>\$ -</u>	<u>\$ 63,267</u>

City of Norwalk
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual
Air Quality Improvement Special Revenue Fund
For the year ended June 30, 2017

	Budgeted Amount <u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Use of money and property	\$ 100	\$ 118	\$ 18
Intergovernmental	<u>133,800</u>	<u>134,457</u>	<u>657</u>
Total revenues	<u>133,900</u>	<u>134,575</u>	<u>675</u>
Expenditures:			
Current:			
Health and welfare	<u>228,214</u>	<u>90,227</u>	<u>137,987</u>
Total expenditures	<u>228,214</u>	<u>90,227</u>	<u>137,987</u>
Excess (deficiency) of revenues over expenditures	<u>(94,314)</u>	<u>44,348</u>	<u>138,662</u>
Other financing sources (uses):			
Transfers in	-	39,393	39,393
Transfers out	<u>(26,000)</u>	<u>(26,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(26,000)</u>	<u>13,393</u>	<u>39,393</u>
Change in fund balance	(120,314)	57,741	178,055
Beginning fund balance	<u>43,447</u>	<u>43,447</u>	<u>-</u>
Ending fund balance	<u>\$ (76,867)</u>	<u>\$ 101,188</u>	<u>\$ 178,055</u>

City of Norwalk
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual
Norwalk Senior Program Special Revenue Fund
For the year ended June 30, 2017

	Budgeted Amount <u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$ 54,391	\$ 54,191	\$ (200)
Total revenues	<u>54,391</u>	<u>54,191</u>	<u>(200)</u>
Expenditures:			
Current:			
Health and welfare	<u>83,382</u>	<u>84,320</u>	<u>(938)</u>
Total expenditures	<u>83,382</u>	<u>84,320</u>	<u>(938)</u>
Excess (deficiency) of revenues over expenditures	<u>(28,991)</u>	<u>(30,129)</u>	<u>(1,138)</u>
Other financing sources:			
Transfers in	<u>28,991</u>	<u>30,129</u>	<u>1,138</u>
Total other financing sources	<u>28,991</u>	<u>30,129</u>	<u>1,138</u>
Change in fund balance	-	-	-
Beginning fund balance	<u>-</u>	<u>-</u>	<u>-</u>
Ending fund balance	<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
For the year ended June 30, 2017

	Budgeted Amount <u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Use of money and property	\$ 20,000	\$ 44,982	\$ 24,982
Intergovernmental	1,657,220	1,625,177	(32,043)
Charges for services	215,000	244,894	29,894
Other	106,856	59,997	(46,859)
Total revenues	<u>1,999,076</u>	<u>1,975,050</u>	<u>(24,026)</u>
Expenditures:			
Current:			
General government	84,500	82,694	1,806
Urban development	39,200	23,367	15,833
Public works	714,651	568,679	145,972
Capital outlay and improvement	5,545,210	132,294	5,412,916
Total expenditures	<u>6,383,561</u>	<u>807,034</u>	<u>5,576,527</u>
Excess (deficiency) of revenues over expenditures	<u>(4,384,485)</u>	<u>1,168,016</u>	<u>5,552,501</u>
Other financing uses:			
Transfers out	(92,700)	(104,073)	(11,373)
Total other financing uses	<u>(92,700)</u>	<u>(104,073)</u>	<u>(11,373)</u>
Change in fund balance	(4,477,185)	1,063,943	5,541,128
Beginning fund balance	<u>4,757,852</u>	<u>4,757,852</u>	<u>-</u>
Ending fund balance	<u>\$ 280,667</u>	<u>\$ 5,821,795</u>	<u>\$ 5,541,128</u>

City of Norwalk
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual
Public Safety Special Revenue Fund
For the year ended June 30, 2017

	Budgeted Amount <u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Use of money and property	\$ 200	\$ 2,710	\$ 2,510
Intergovernmental	<u>184,801</u>	<u>315,258</u>	<u>130,457</u>
Total revenues	<u>185,001</u>	<u>317,968</u>	<u>132,967</u>
Expenditures:			
Current:			
Public safety	<u>243,743</u>	<u>152,984</u>	<u>90,759</u>
Total expenditures	<u>243,743</u>	<u>152,984</u>	<u>90,759</u>
Excess (deficiency) of revenues over expenditures	<u>(58,742)</u>	<u>164,984</u>	<u>223,726</u>
Other financing sources:			
Transfers in	<u>-</u>	<u>3,034</u>	<u>3,034</u>
Total other financing sources	<u>-</u>	<u>3,034</u>	<u>3,034</u>
Change in fund balance	(58,742)	168,018	226,760
Beginning fund balance	<u>217,053</u>	<u>217,053</u>	<u>-</u>
Ending fund balance	<u>\$ 158,311</u>	<u>\$ 385,071</u>	<u>\$ 226,760</u>

City of Norwalk
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual
Parking Structure Special Revenue Fund
For the year ended June 30, 2017

	Budgeted Amount <u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Charges for services	\$ 670,000	\$ 723,927	\$ 53,927
Total revenues	<u>670,000</u>	<u>723,927</u>	<u>53,927</u>
Expenditures:			
Current:			
General government	458,703	377,361	81,342
Public works	425,000	-	425,000
Total expenditures	<u>883,703</u>	<u>377,361</u>	<u>506,342</u>
Excess (deficiency) of revenues over expenditures	<u>(213,703)</u>	<u>346,566</u>	<u>560,269</u>
Other financing sources (uses):			
Transfers in	500,000	500,000	-
Transfers out	(253,861)	(253,861)	-
Total other financing sources (uses)	<u>246,139</u>	<u>246,139</u>	<u>-</u>
Change in fund balance	32,436	592,705	560,269
Beginning fund balance	<u>188,428</u>	<u>188,428</u>	<u>-</u>
Ending fund balance	<u>\$ 220,864</u>	<u>\$ 781,133</u>	<u>\$ 560,269</u>

City of Norwalk
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual
Special Grants Special Revenue Fund
For the year ended June 30, 2017

	Budgeted Amount <u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Use of money and property	\$ 100	\$ 279	\$ 179
Intergovernmental	<u>25,449</u>	<u>54,605</u>	<u>29,156</u>
Total revenues	<u>25,549</u>	<u>54,884</u>	<u>29,335</u>
Expenditures:			
Current:			
Health and welfare	58,528	45,233	13,295
Capital outlay and improvement	<u>33,900</u>	<u>33,900</u>	<u>-</u>
Total expenditures	<u>92,428</u>	<u>79,133</u>	<u>13,295</u>
Excess (deficiency) of revenues over expenditures	<u>(66,879)</u>	<u>(24,249)</u>	<u>42,630</u>
Other financing sources:			
Transfers in	<u>33,079</u>	<u>19,953</u>	<u>(13,126)</u>
Total other financing sources	<u>33,079</u>	<u>19,953</u>	<u>(13,126)</u>
Change in fund balance	(33,800)	(4,296)	29,504
Beginning fund balance	<u>4,508</u>	<u>4,508</u>	<u>-</u>
Ending fund balance	<u>\$ (29,292)</u>	<u>\$ 212</u>	<u>\$ 29,504</u>

City of Norwalk
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual
Proposition "A" Special Revenue Fund
For the year ended June 30, 2017

	Budgeted Amount <u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Use of money and property	\$ -	\$ 1,145	\$ 1,145
Intergovernmental	1,995,648	1,955,496	(40,152)
Total revenues	<u>1,995,648</u>	<u>1,956,641</u>	<u>(39,007)</u>
Expenditures:			
Current:			
Public works	52,656	41,107	11,549
Capital outlay and improvement	41,374	-	41,374
Total expenditures	<u>94,030</u>	<u>41,107</u>	<u>52,923</u>
Excess (deficiency) of revenues over expenditures	<u>1,901,618</u>	<u>1,915,534</u>	<u>13,916</u>
Other financing uses:			
Transfers out	(1,856,920)	(1,915,534)	(58,614)
Total other financing uses	<u>(1,856,920)</u>	<u>(1,915,534)</u>	<u>(58,614)</u>
Change in fund balance	44,698	-	(44,698)
Beginning fund balance	<u>-</u>	<u>-</u>	<u>-</u>
Ending fund balance	<u>\$ 44,698</u>	<u>\$ -</u>	<u>\$ (44,698)</u>

City of Norwalk
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual
Measure "R" Special Revenue Fund
For the year ended June 30, 2017

	Budgeted Amount <u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Use of money and property	\$ 3,000	\$ 24,852	\$ 21,852
Intergovernmental	<u>1,242,800</u>	<u>1,216,818</u>	<u>(25,982)</u>
Total revenues	<u>1,245,800</u>	<u>1,241,670</u>	<u>(4,130)</u>
Expenditures:			
Current:			
Urban development	2,000	-	2,000
Public works	869,300	551,068	318,232
Capital outlay and improvement	<u>2,624,882</u>	<u>110,659</u>	<u>2,514,223</u>
Total expenditures	<u>3,496,182</u>	<u>661,727</u>	<u>2,834,455</u>
Excess (deficiency) of revenues over expenditures	(2,250,382)	579,943	2,830,325
Beginning fund balance	<u>2,606,292</u>	<u>2,606,292</u>	<u>-</u>
Ending fund balance	<u>\$ 355,910</u>	<u>\$ 3,186,235</u>	<u>\$ 2,830,325</u>

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City of Norwalk
Description of Other Capital Projects Funds

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.

NONMAJOR FUNDS

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

Proposition “C” 1-5 Mitigation Fund - This fund accounts for the street projects related to the mitigation of the highway 1-5 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.

Highway Bridge Replacement and Rehabilitation Capital Projects Fund - accounts for money received for the Firestone Boulevard Bridge Widening over San Gabriel River project.

Highway User Tax - 2103 Fund - This fund accounts for the maintenance or reconstruction costs on public streets or roads.

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.

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

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

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.

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

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

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

ASSETS	<u>Proposition "1B"</u>	<u>Proposition "C" I-5 Mitigation</u>	<u>Public Art</u>	<u>Highway Bridge Replacement and Rehabilitation</u>	<u>Highway User Tax - 2103</u>
Assets:					
Cash and investments	\$ 217,022	\$ -	\$ 192,131	\$ 55,324	\$ 1,866,799
Due from other governments	-	236,026	-	-	34,414
Total assets	<u>\$ 217,022</u>	<u>\$ 236,026</u>	<u>\$ 192,131</u>	<u>\$ 55,324</u>	<u>\$ 1,901,213</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 1,680	\$ -	\$ 7,580	\$ 55,324	\$ -
Due to other funds	-	236,026	-	-	-
Other liabilities	-	-	31,725	-	-
Total liabilities	<u>1,680</u>	<u>236,026</u>	<u>39,305</u>	<u>55,324</u>	<u>-</u>
Deferred inflows of resources:					
Unavailable revenues	-	236,026	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>236,026</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances (deficits):					
Restricted	215,342	-	152,826	-	1,901,213
Committed	-	-	-	-	-
Unassigned	-	(236,026)	-	-	-
Total fund balances (deficits)	<u>215,342</u>	<u>(236,026)</u>	<u>152,826</u>	<u>-</u>	<u>1,901,213</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 217,022</u>	<u>\$ 236,026</u>	<u>\$ 192,131</u>	<u>\$ 55,324</u>	<u>\$ 1,901,213</u>

**City of Norwalk
Combining Balance Sheet
Other Capital Projects Funds
June 30, 2017**

<u>Park Development</u>	<u>Playground Equipment Replacement</u>	<u>Sports Complex Equipment Replacement</u>	<u>Computer Replacement</u>	<u>Vehicle and Equipment Replacement</u>	<u>Building Renovation</u>	<u>Other Federal Grants</u>	<u>Total Other Capital Projects Funds</u>
\$ 111,762	\$ 1,701,579	\$ 113,606	\$ 183,217	\$ 1,484,066	\$ 1,042,037	\$ -	\$ 6,967,543
-	-	-	-	-	-	55,694	326,134
<u>\$ 111,762</u>	<u>\$ 1,701,579</u>	<u>\$ 113,606</u>	<u>\$ 183,217</u>	<u>\$ 1,484,066</u>	<u>\$ 1,042,037</u>	<u>\$ 55,694</u>	<u>\$ 7,293,677</u>
\$ -	\$ 7,812	\$ 81	\$ -	\$ -	\$ 134,935	\$ 12,600	\$ 220,012
-	-	-	-	-	-	43,094	279,120
-	-	-	-	-	-	-	31,725
-	<u>7,812</u>	<u>81</u>	-	-	<u>134,935</u>	<u>55,694</u>	<u>530,857</u>
-	-	-	-	-	-	55,694	291,720
-	-	-	-	-	-	55,694	291,720
111,762	-	-	-	-	-	-	2,381,143
-	1,693,767	113,525	183,217	1,484,066	907,102	-	4,381,677
-	-	-	-	-	-	(55,694)	(291,720)
<u>111,762</u>	<u>1,693,767</u>	<u>113,525</u>	<u>183,217</u>	<u>1,484,066</u>	<u>907,102</u>	<u>(55,694)</u>	<u>6,471,100</u>
<u>\$ 111,762</u>	<u>\$ 1,701,579</u>	<u>\$ 113,606</u>	<u>\$ 183,217</u>	<u>\$ 1,484,066</u>	<u>\$ 1,042,037</u>	<u>\$ 55,694</u>	<u>\$ 7,293,677</u>

	Proposition "1B"	Proposition "C" I-5 Mitigation	Public Art	Highway Bridge Replacement and Rehabilitation	Highway User Tax - 2103
Revenues:					
Use of money and property	\$ 1,903	\$ -	\$ 4,066	\$ -	\$ 20,297
Intergovernmental	-	-	-	979,132	266,168
Other	-	-	77,706	-	-
Total revenues	1,903	-	81,772	979,132	286,465
Expenditures:					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Urban development	-	-	-	-	-
Public works	-	-	11,688	-	154,335
Culture and leisure	-	-	-	-	-
Health and welfare	-	-	-	-	-
Capital outlay and improvement	6,364	-	660,326	53,444	1,046,695
Total expenditures	6,364	-	672,014	53,444	1,201,030
Excess (deficiency) of revenues over expenditures	(4,461)	-	(590,242)	925,688	(914,565)
Other financing sources (uses):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	(148,576)
Total other financing sources (uses)	-	-	-	-	(148,576)
Change in fund balances	(4,461)	-	(590,242)	925,688	(1,063,141)
Beginning fund balances (deficits)	219,803	(236,026)	743,068	(925,688)	2,964,354
Ending fund balances (deficits)	\$ 215,342	\$ (236,026)	\$ 152,826	\$ -	\$ 1,901,213

City of Norwalk
Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
Other Capital Projects Funds
For the year ended June 30, 2017

<u>Park Development</u>	<u>Playground Equipment Replacement</u>	<u>Sports Complex Equipment Replacement</u>	<u>Computer Replacement</u>	<u>Vehicle and Equipment Replacement</u>	<u>Building Renovation</u>	<u>Other Federal Grants</u>	<u>Total Other Capital Projects Funds</u>
\$ -	\$ 12,942	\$ 1,206	\$ 2,154	\$ 13,373	\$ 15,083	\$ -	\$ 71,024
-	518,638	-	-	-	-	169,664	1,933,602
-	-	-	-	-	-	-	77,706
<u>-</u>	<u>531,580</u>	<u>1,206</u>	<u>2,154</u>	<u>13,373</u>	<u>15,083</u>	<u>169,664</u>	<u>2,082,332</u>
-	-	-	67,344	-	-	-	67,344
-	-	-	5,019	-	-	-	5,019
-	-	-	19,609	-	-	-	19,609
-	-	-	3,774	-	-	-	169,797
64,441	557,692	-	9,350	-	-	-	631,483
-	-	31,711	5,093	-	-	-	36,804
-	-	-	-	101,387	1,236,884	94,874	3,199,974
<u>64,441</u>	<u>557,692</u>	<u>31,711</u>	<u>110,189</u>	<u>101,387</u>	<u>1,236,884</u>	<u>94,874</u>	<u>4,130,030</u>
<u>(64,441)</u>	<u>(26,112)</u>	<u>(30,505)</u>	<u>(108,035)</u>	<u>(88,014)</u>	<u>(1,221,801)</u>	<u>74,790</u>	<u>(2,047,698)</u>
-	347,799	-	-	-	-	-	347,799
-	-	-	-	(39,393)	-	-	(187,969)
-	<u>347,799</u>	-	-	<u>(39,393)</u>	-	-	<u>159,830</u>
(64,441)	321,687	(30,505)	(108,035)	(127,407)	(1,221,801)	74,790	(1,887,868)
<u>176,203</u>	<u>1,372,080</u>	<u>144,030</u>	<u>291,252</u>	<u>1,611,473</u>	<u>2,128,903</u>	<u>(130,484)</u>	<u>8,358,968</u>
<u>\$ 111,762</u>	<u>\$ 1,693,767</u>	<u>\$ 113,525</u>	<u>\$ 183,217</u>	<u>\$ 1,484,066</u>	<u>\$ 907,102</u>	<u>\$ (55,694)</u>	<u>\$ 6,471,100</u>

City of Norwalk
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual
Proposition "1B" Capital Projects Fund
For the year ended June 30, 2017

	Budgeted Amount <u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Use of money and property	\$ -	\$ 1,903	\$ 1,903
Total revenues	<u>-</u>	<u>1,903</u>	<u>1,903</u>
Expenditures:			
Capital outlay and improvement	<u>176,353</u>	<u>6,364</u>	<u>169,989</u>
Total expenditures	<u>176,353</u>	<u>6,364</u>	<u>169,989</u>
Excess (deficiency) of revenues over expenditures	(176,353)	(4,461)	171,892
Beginning fund balance	<u>219,803</u>	<u>219,803</u>	<u>-</u>
Ending fund balance	<u>\$ 43,450</u>	<u>\$ 215,342</u>	<u>\$ 171,892</u>

City of Norwalk
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual
Public Art Capital Projects Fund
For the year ended June 30, 2017

	Budgeted Amount <u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Use of money and property	\$ 1,000	\$ 4,066	\$ 3,066
Other	20,000	77,706	57,706
Total revenues	<u>21,000</u>	<u>81,772</u>	<u>60,772</u>
Expenditures:			
Current:			
Public works	16,000	11,688	4,312
Capital outlay and improvement	667,381	660,326	7,055
Total expenditures	<u>683,381</u>	<u>672,014</u>	<u>11,367</u>
Excess (deficiency) of revenues over expenditures	(662,381)	(590,242)	72,139
Beginning fund balance	<u>743,068</u>	<u>743,068</u>	-
Ending fund balance	<u>\$ 80,687</u>	<u>\$ 152,826</u>	<u>\$ 72,139</u>

City of Norwalk
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual
Highway Bridge Replacement and Rehabilitation Capital Projects Fund
For the year ended June 30, 2017

	Budgeted Amount <u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$ 1,995,525	\$ 979,132	\$ (1,016,393)
Total revenues	<u>1,995,525</u>	<u>979,132</u>	<u>(1,016,393)</u>
Expenditures:			
Capital outlay and improvement	<u>1,995,525</u>	<u>53,444</u>	<u>1,942,081</u>
Total expenditures	<u>1,995,525</u>	<u>53,444</u>	<u>1,942,081</u>
Excess (deficiency) of revenues over expenditures	-	925,688	925,688
Beginning fund balance (deficit)	<u>(925,688)</u>	<u>(925,688)</u>	<u>-</u>
Ending fund balance (deficit)	<u>\$ (925,688)</u>	<u>\$ -</u>	<u>\$ 925,688</u>

City of Norwalk
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual
Highway User Tax - 2103 Capital Projects Fund
For the year ended June 30, 2017

	Budgeted Amount <u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Use of money and property	\$ 5,000	\$ 20,297	\$ 15,297
Intergovernmental	<u>252,760</u>	<u>266,168</u>	<u>13,408</u>
Total revenues	<u>257,760</u>	<u>286,465</u>	<u>28,705</u>
Expenditures:			
Current:			
Public works	222,000	154,335	67,665
Capital outlay and improvement	<u>2,892,669</u>	<u>1,046,695</u>	<u>1,845,974</u>
Total expenditures	<u>3,114,669</u>	<u>1,201,030</u>	<u>1,913,639</u>
Excess (deficiency) of revenues over expenditures	<u>(2,856,909)</u>	<u>(914,565)</u>	<u>1,942,344</u>
Other financing uses:			
Transfers out	<u>-</u>	<u>(148,576)</u>	<u>(148,576)</u>
Total other financing uses	<u>-</u>	<u>(148,576)</u>	<u>(148,576)</u>
Change in fund balance	(2,856,909)	(1,063,141)	1,793,768
Beginning fund balance	<u>2,964,354</u>	<u>2,964,354</u>	<u>-</u>
Ending fund balance	<u>\$ 107,445</u>	<u>\$ 1,901,213</u>	<u>\$ 1,793,768</u>

City of Norwalk
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual
Park Development Capital Projects Fund
For the year ended June 30, 2017

	Budgeted Amount <u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$ 300,000	\$ -	\$ (300,000)
Total revenues	<u>300,000</u>	<u>-</u>	<u>(300,000)</u>
Expenditures			
Current:			
Culture and leisure	<u>75,000</u>	<u>64,441</u>	<u>10,559</u>
Total expenditures	<u>75,000</u>	<u>64,441</u>	<u>10,559</u>
Excess (deficiency) of revenues over expenditures	225,000	(64,441)	(289,441)
Beginning fund balance	<u>176,203</u>	<u>176,203</u>	<u>-</u>
Ending fund balance	<u><u>\$ 401,203</u></u>	<u><u>\$ 111,762</u></u>	<u><u>\$ (289,441)</u></u>

City of Norwalk
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual
Playground Equipment Replacement Capital Projects Fund
For the year ended June 30, 2017

	Budgeted Amount <u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Use of money and property	\$ 2,000	\$ 12,942	\$ 10,942
Intergovernmental	-	518,638	518,638
Total revenues	<u>2,000</u>	<u>531,580</u>	<u>529,580</u>
Expenditures:			
Current:			
Culture and leisure	<u>910,258</u>	<u>557,692</u>	<u>352,566</u>
Total expenditures	<u>910,258</u>	<u>557,692</u>	<u>352,566</u>
Excess (deficiency) of revenues over expenditures	<u>(908,258)</u>	<u>(26,112)</u>	<u>882,146</u>
Other financing sources:			
Transfers in	<u>347,799</u>	<u>347,799</u>	<u>-</u>
Total other financing sources	<u>347,799</u>	<u>347,799</u>	<u>-</u>
Change in fund balance	(560,459)	321,687	882,146
Beginning fund balance	<u>1,372,080</u>	<u>1,372,080</u>	<u>-</u>
Ending fund balance	<u>\$ 811,621</u>	<u>\$ 1,693,767</u>	<u>\$ 882,146</u>

City of Norwalk
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual
Sports Complex Equipment Replacement Capital Projects Fund
For the year ended June 30, 2017

	Budgeted Amount <u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Use of money and property	\$ 500	\$ 1,206	\$ 706
Total revenues	<u>500</u>	<u>1,206</u>	<u>706</u>
Expenditures:			
Current:			
Health and welfare	<u>61,560</u>	<u>31,711</u>	<u>29,849</u>
Total expenditures	<u>61,560</u>	<u>31,711</u>	<u>29,849</u>
Excess (deficiency) of revenues over expenditures	(61,060)	(30,505)	30,555
Beginning fund balance	<u>144,030</u>	<u>144,030</u>	<u>-</u>
Ending fund balance	<u>\$ 82,970</u>	<u>\$ 113,525</u>	<u>\$ 30,555</u>

City of Norwalk
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual
Computer Replacement Capital Projects Fund
For the year ended June 30, 2017

	Budgeted Amount <u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Use of money and property	\$ 500	\$ 2,154	\$ 1,654
Total revenues	<u>500</u>	<u>2,154</u>	<u>1,654</u>
Expenditures:			
Current:			
General government	63,764	67,344	(3,580)
Public safety	5,019	5,019	-
Urban development	30,000	19,609	10,391
Public works	3,774	3,774	-
Culture and leisure	9,350	9,350	-
Health and welfare	5,093	5,093	-
Total expenditures	<u>117,000</u>	<u>110,189</u>	<u>6,811</u>
Excess (deficiency) of revenues over expenditures	(116,500)	(108,035)	8,465
Beginning fund balance	<u>291,252</u>	<u>291,252</u>	-
Ending fund balance	<u>\$ 174,752</u>	<u>\$ 183,217</u>	<u>\$ 8,465</u>

City of Norwalk
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual
Vehicle and Equipment Replacement Capital Projects Fund
For the year ended June 30, 2017

	Budgeted Amount <u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Use of money and property	\$ 5,000	\$ 13,373	\$ 8,373
Total revenues	<u>5,000</u>	<u>13,373</u>	<u>8,373</u>
Expenditures:			
Capital outlay and improvement	<u>25,000</u>	<u>101,387</u>	<u>(76,387)</u>
Total expenditures	<u>25,000</u>	<u>101,387</u>	<u>(76,387)</u>
Excess (deficiency) of revenues over expenditures	<u>(20,000)</u>	<u>(88,014)</u>	<u>(68,014)</u>
Other financing uses:			
Transfers out	<u>-</u>	<u>(39,393)</u>	<u>(39,393)</u>
Total other financing uses	<u>-</u>	<u>(39,393)</u>	<u>(39,393)</u>
Change in fund balance	(20,000)	(127,407)	(107,407)
Beginning fund balance	<u>1,611,473</u>	<u>1,611,473</u>	<u>-</u>
Ending fund balance	<u>\$ 1,591,473</u>	<u>\$ 1,484,066</u>	<u>\$ (107,407)</u>

City of Norwalk
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual
Building Renovation Capital Projects Fund
For the year ended June 30, 2017

	Budgeted Amount <u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Use of money and property	\$ 5,000	\$ 15,083	\$ 10,083
Total revenues	<u>5,000</u>	<u>15,083</u>	<u>10,083</u>
Expenditures:			
Capital outlay and improvement	<u>1,913,953</u>	<u>1,236,884</u>	<u>677,069</u>
Total expenditures	<u>1,913,953</u>	<u>1,236,884</u>	<u>677,069</u>
Excess (deficiency) of revenues over expenditures	(1,908,953)	(1,221,801)	687,152
Beginning fund balance	<u>2,128,903</u>	<u>2,128,903</u>	<u>-</u>
Ending fund balance	<u><u>\$ 219,950</u></u>	<u><u>\$ 907,102</u></u>	<u><u>\$ 687,152</u></u>

City of Norwalk
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual
Other Federal Grants Capital Projects Fund
For the year ended June 30, 2017

	Budgeted Amount <u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$ 6,819,866	\$ 169,664	\$ (6,650,202)
Total revenues	<u>6,819,866</u>	<u>169,664</u>	<u>(6,650,202)</u>
Expenditures:			
Capital outlay and improvement	6,819,866	94,874	6,724,992
Total expenditures	<u>6,819,866</u>	<u>94,874</u>	<u>6,724,992</u>
Excess (deficiency) of revenues over expenditures	-	74,790	74,790
Beginning fund balance (deficit)	<u>(130,484)</u>	<u>(130,484)</u>	<u>-</u>
Ending fund balance (deficit)	<u>\$ (130,484)</u>	<u>\$ (55,694)</u>	<u>\$ 74,790</u>

City of Norwalk
Description of Internal Service Funds

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

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

City of Norwalk
Combining Statement of Net Position
Internal Service Funds
June 30, 2017

	Governmental Activities		
	Employee Benefits	Vehicle Maintenance	Totals
ASSETS:			
Current assets:			
Cash and investments	\$ 681	\$ 193,661	\$ 194,342
Inventory	-	78,075	78,075
Total current assets	<u>681</u>	<u>271,736</u>	<u>272,417</u>
Total assets	<u>681</u>	<u>271,736</u>	<u>272,417</u>
LIABILITIES:			
Current liabilities:			
Accounts payable	681	62,240	62,921
Accrued expenses	-	76,930	76,930
Compensated absences payable, current portion	-	32,270	32,270
Total current liabilities	<u>681</u>	<u>171,440</u>	<u>172,121</u>
Noncurrent liabilities:			
Compensated absences payable, long-term portion	-	100,296	100,296
Total noncurrent liabilities	<u>-</u>	<u>100,296</u>	<u>100,296</u>
Total liabilities	<u>681</u>	<u>271,736</u>	<u>272,417</u>
NET POSITION	<u>-</u>	<u>-</u>	<u>-</u>
Total net position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Norwalk
Combining Statement of Revenues, Expenses and Changes in Net Position
Internal Service Funds
For the year ended June 30, 2017

	Governmental Activities		
	Employee Benefits	Vehicle Maintenance	Totals
Operating revenues:			
Charges for services	\$ 11,603,220	\$ 2,789,760	\$ 14,392,980
Total operating revenues	<u>11,603,220</u>	<u>2,789,760</u>	<u>14,392,980</u>
Operating expenses:			
Administrative	-	30,278	30,278
Utilities	-	35,732	35,732
Salaries and benefits	11,603,220	2,106,937	13,710,157
Maintenance and repairs	-	616,813	616,813
Total operating expenses	<u>11,603,220</u>	<u>2,789,760</u>	<u>14,392,980</u>
Operating income	-	-	-
Net position - beginning of year	-	-	-
Net position - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Norwalk
Combining Statement of Cash Flows
Internal Service Funds
For the year ended June 30, 2017

	Governmental Activities		
	Employee Benefits	Vehicle Maintenance	Totals
Cash flows from operating activities:			
Receipts from tenants, customers and users	\$ 11,603,220	\$ 2,789,775	\$ 14,392,995
Payments to suppliers	-	(633,918)	(633,918)
Payments to employees	(11,602,539)	(2,113,320)	(13,715,859)
Net cash provided by operating activities	<u>681</u>	<u>42,537</u>	<u>43,218</u>
Net increase in cash and cash equivalents	681	42,537	43,218
Cash and cash equivalents - beginning of year	<u>-</u>	<u>151,124</u>	<u>151,124</u>
Cash and cash equivalents - end of year	<u>\$ 681</u>	<u>\$ 193,661</u>	<u>\$ 194,342</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ -	\$ -	\$ -
Changes in operating assets and liabilities:			
(Increase) decrease in accounts receivable	-	15	15
(Increase) decrease in inventory	-	12,241	12,241
Increase (decrease) in accounts payable	681	29,576	30,257
Increase (decrease) in accrued expenses	-	7,088	7,088
Increase (decrease) in compensated absences payable	-	(6,383)	(6,383)
Net cash provided by operating activities	<u>\$ 681</u>	<u>\$ 42,537</u>	<u>\$ 43,218</u>

City of Norwalk
Description of 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. 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
For the year ended June 30, 2017

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
Assets:				
Cash and investments	\$ 691,864	\$ 21,308	\$ -	\$ 713,172
Accounts receivable	-	3,274	-	3,274
	-	3,274	-	3,274
Total assets	\$ 691,864	\$ 24,582	\$ -	\$ 716,446
 Liabilities:				
Accounts payable	\$ 13,724	\$ -	\$ 5,853	\$ 7,871
Deposits payable	678,140	30,435	-	708,575
	678,140	30,435	-	708,575
Total liabilities	\$ 691,864	\$ 30,435	\$ 5,853	\$ 716,446

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 over time.	163 - 168
<u>Revenue Capacity</u> these schedules contain information to help the reader assess the City’s most significant local revenue source, the property tax.	169 - 172
<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.	173 - 176
<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.	177 - 178
<u>Operating Information</u> these schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the City provides and the activities it performs.	179 - 181
<u>Water Systems</u> these schedules contain historical operating and statistical data pertaining to the Continuing Disclosure requirements for the Water Revenue Bonds.	182 - 190

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

	Fiscal Year									
	2007-08	2008-09	2009-10	2010-11	2011-12*	2012-13	2013-14	2014-15**	2015-16	2016-17
Governmental Activities:										
Net invested in capital assets	\$ 151,673,273	\$ 147,890,947	\$ 149,429,572	\$ 151,855,529	\$ 169,952,289	\$ 166,403,726	\$ 142,690,605	\$ 144,602,594	\$ 148,534,353	\$ 145,019,728
Restricted	33,985,481	35,531,227	34,151,864	25,645,644	11,828,031	11,877,331	13,781,493	39,771,841	36,213,203	35,568,787
Unrestricted	(24,445,926)	(27,568,372)	(33,627,069)	(30,664,965)	21,990,115	24,521,888	31,873,166	(6,607,339)	(699,746)	(3,252,013)
Total governmental activities net position	161,212,828	155,853,802	149,954,367	146,836,208	203,770,435	202,802,945	188,345,264	177,767,096	184,047,810	177,336,502
Business-type Activities:										
Net invested in capital assets	20,091,062	21,117,166	26,764,133	26,295,346	25,663,416	30,689,254	47,316,165	51,992,532	54,796,698	54,862,196
Restricted	-	-	-	-	-	-	3,496,405	3,498,268	-	-
Unrestricted	(4,846,849)	(6,217,597)	(7,171,135)	(3,789,468)	(3,131,920)	(1,196,453)	1,841,967	(8,433,036)	(1,812,882)	(2,408,188)
Total business-type activities net position	15,244,213	14,899,569	19,592,998	22,505,878	22,531,496	29,492,801	52,654,537	47,057,764	52,983,816	52,454,008
Primary Government:										
Net invested in capital assets	171,764,335	169,008,113	176,193,705	178,150,875	195,615,705	197,092,980	190,006,770	196,595,126	203,331,051	199,881,924
Restricted	33,985,481	35,531,227	34,151,864	25,645,644	11,828,031	11,877,331	17,277,898	43,270,109	36,213,203	35,568,787
Unrestricted	(29,292,775)	(33,785,969)	(40,798,204)	(34,454,433)	18,858,195	23,325,435	33,715,133	(15,040,375)	(2,512,628)	(5,660,201)
Total primary government net position	\$ 176,457,041	\$ 170,753,371	\$ 169,547,365	\$ 169,342,086	\$ 226,301,931	\$ 232,295,746	\$ 240,999,801	\$ 224,824,860	\$ 237,031,626	\$ 229,790,510

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

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

** GASB 68 was implemented in fiscal year ended June 30, 2015.

Source: City of Norwalk

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

	Fiscal Year									
	2007-08	2008-09	2009-10	2010-11	2011-12*	2012-13	2013-14	2014-15	2015-2016	2016-2017
Expenses:										
Governmental Activities:										
General government	\$ 8,747,054	\$ 9,059,800	\$ 9,702,843	\$ 8,985,356	\$ 8,884,242	\$ 8,710,567	\$ 9,256,135	\$ 9,020,311	\$ 9,809,460	\$ 10,754,302
Public safety	13,608,020	12,666,249	11,978,780	12,427,683	13,612,574	13,570,520	13,614,116	13,083,280	13,407,220	14,000,301
Urban development	7,586,773	8,037,078	7,681,035	13,771,165	6,018,037	5,061,932	5,766,474	5,243,770	5,941,746	6,689,862
Public works	16,906,730	14,680,280	18,252,303	17,763,495	17,301,304	18,113,188	18,700,498	16,233,351	15,379,144	17,733,345
Culture and leisure	7,964,496	7,106,356	6,271,529	6,079,088	6,370,760	6,655,568	7,103,859	8,156,765	8,641,535	8,602,339
Health and welfare	20,078,619	20,797,540	20,023,252	18,893,417	13,873,285	13,203,687	12,864,079	12,588,832	13,851,310	13,682,599
Interest expense	6,297,018	6,338,135	5,527,615	4,665,588	2,420,418	756,657	544,494	479,252	485,817	426,822
Bond Interest Costs	-	-	-	-	214,454	-	203,147	-	-	-
Total governmental activities net expenses	\$ 81,188,710	\$ 78,685,438	\$ 79,437,357	\$ 82,585,792	\$ 68,480,620	\$ 66,286,573	\$ 68,052,802	\$ 64,805,561	\$ 67,516,232	\$ 71,889,570
Business-type Activities:										
Transit system	15,271,506	13,332,392	13,612,036	14,947,479	13,188,597	13,097,504	13,178,039	12,553,592	12,279,655	14,616,307
Water	3,522,631	3,133,057	3,416,962	3,703,524	4,189,925	4,080,423	4,471,239	4,444,880	4,343,879	4,722,943
Sewer	-	-	-	-	-	-	1,574,191	1,749,438	1,579,050	1,777,414
Golf Course	371,664	394,129	349,697	303,959	309,777	334,650	319,816	218,307	100,336	0
Total business-type activities net assets	\$ 19,165,801	\$ 16,859,578	\$ 17,378,695	\$ 18,954,962	\$ 17,688,299	\$ 17,512,557	\$ 19,543,285	\$ 18,966,217	\$ 18,302,920	\$ 21,116,664
Total primary government expenses	\$ 100,354,511	\$ 95,545,016	\$ 96,816,052	\$ 101,540,754	\$ 86,168,919	\$ 83,799,130	\$ 87,596,087	\$ 83,771,778	\$ 85,819,152	\$ 93,006,234
Program Revenues:										
Governmental Activities:										
Charges for services:										
General government	\$ 2,025,932	\$ 1,557,278	\$ 1,581,959	\$ 1,542,150	\$ 1,688,661	\$ 3,530,210	\$ 2,627,910	\$ 2,512,428	\$ 2,489,183	\$ 2,416,519
Public safety	2,346,304	1,941,504	1,607,987	1,621,750	1,658,004	1,845,530	1,679,052	1,445,437	1,497,810	1,409,853
Urban development	1,916,448	2,633,236	3,095,020	3,451,811	4,117,944	2,006,273	2,013,100	2,532,799	2,503,332	2,695,439
Public works	235,480	191,071	158,557	295,550	191,032	257,232	270,449	292,171	299,108	298,619
Culture and leisure	638,882	445,549	410,833	567,608	524,419	526,005	749,021	457,254	841,809	591,702
Health and welfare	68,544	481,394	421,513	400,354	440,685	1,332,438	441,309	576,593	543,048	499,164
Operating contributions and grants	21,084,705	19,890,244	23,678,181	34,397,088	24,544,865	21,347,543	26,576,829	27,712,357	23,759,966	21,306,532
Capital contributions and grants	2,687,485	49,980	-	-	-	-	-	-	-	129,325
Total governmental activities program revenues	\$ 31,003,780	\$ 27,190,256	\$ 30,954,050	\$ 42,276,511	\$ 33,166,610	\$ 30,845,231	\$ 34,357,670	\$ 35,529,039	\$ 31,934,256	\$ 29,347,153
Business-type Activities:										
Charges for services:										
Transit system	2,325,682	1,448,755	2,015,786	1,588,163	1,612,290	1,525,603	1,542,350	1,394,973	1,558,139	1,635,756
Water utility	3,233,957	3,934,301	4,287,509	4,900,159	4,871,980	5,172,247	5,303,496	5,051,998	4,953,919	5,147,289
Sewer (2)	-	-	-	-	-	-	2,231,922	2,356,627	2,423,016	2,443,276
Golf Course (1)	196,155	192,102	194,718	152,878	163,186	143,235	153,622	147,956	60,128	-
Operating contributions and grants	8,738,685	8,411,655	7,223,874	8,767,042	9,994,239	10,526,038	9,222,713	7,984,501	8,377,484	7,613,042
Capital contributions and grants	1,554,473	2,528,121	8,340,444	2,481,567	212,763	6,864,247	2,155,536	3,997,176	4,718,164	1,602,839
Total business-type activities program revenues	\$ 16,068,952	\$ 16,514,934	\$ 22,062,331	\$ 17,889,809	\$ 16,854,458	\$ 24,231,370	\$ 20,609,639	\$ 20,933,231	\$ 22,090,850	\$ 18,442,202
Primary government program revenues	\$ 47,072,732	\$ 43,705,190	\$ 53,016,381	\$ 60,166,320	\$ 50,021,068	\$ 55,076,601	\$ 54,967,309	\$ 56,462,270	\$ 54,025,106	\$ 47,789,355
Net (Expense)/Revenue:										
Governmental activities	\$ (50,184,930)	\$ (51,495,182)	\$ (48,483,507)	\$ (40,309,281)	\$ (35,314,010)	\$ (35,441,342)	\$ (33,695,132)	\$ (29,276,522)	\$ (35,581,976)	\$ (42,542,417)
Business-type activities	(3,096,849)	(344,644)	4,683,656	(1,065,153)	(833,841)	6,718,813	1,066,354	1,967,014	3,787,950	(2,674,462)
Total primary government net expense	\$ (53,281,779)	\$ (51,839,826)	\$ (43,799,671)	\$ (41,374,434)	\$ (36,147,851)	\$ (28,722,529)	\$ (32,628,778)	\$ (27,309,508)	\$ (31,794,046)	\$ (45,216,879)

(1) As of January 2016, the Norwalk Golf Center is under the management of Los Angeles County.

(2) City of Norwalk established Sewer as business-type activity as of 7/1/2013.

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

Source: City of Norwalk

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

	Fiscal Year									
	2007-08	2008-09	2009-10	2010-11	2011-12*	2012-13	2013-14	2014-15	2015-16	2016-17
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Sales taxes	\$ 9,702,359	\$ 8,668,272	\$ 7,519,647	\$ 8,222,180	\$ 8,760,445	\$ 9,323,299	\$ 9,327,844	\$ 9,525,144	\$ 10,541,304	\$ 10,264,892
Property taxes	15,061,208	15,742,859	16,341,203	14,764,697	7,823,406	6,986,560	6,616,294	6,842,242	7,636,462	7,481,345
Utility users tax	5,985,219	6,023,038	5,974,407	5,743,933	5,421,616	5,354,039	5,256,908	5,287,009	5,296,349	5,093,361
Business operation taxes	684,429	637,385	649,357	669,931	858,584	782,573	798,659	843,097	844,971	857,171
Transient occupancy taxes	1,161,167	1,165,698	1,021,084	876,639	1,128,493	1,227,030	1,309,026	1,378,504	1,532,516	1,544,811
Property tax in-lieu of VLF (1)	8,806,441	9,208,157	8,536,095	8,394,222	8,535,764	8,727,028	9,021,481	9,566,153	9,973,472	10,430,453
Franchise taxes	1,539,710	1,637,196	1,615,826	1,676,175	1,747,542	1,790,365	1,859,947	1,908,525	1,881,854	1,786,343
Investment income	2,749,889	3,053,551	926,253	799,896	2,083,266	474,353	338,779	342,057	1,250,061	399,167
Miscellaneous/Extraordinary Items/Transfers	-	-	-	(3,956,551)	55,889,121	(191,395)	(24,270,932)	20,938,417	2,905,701	(2,026,434)
Total governmental activities	45,690,422	46,136,156	42,583,872	37,191,122	92,248,237	34,473,852	10,258,006	56,631,148	41,862,690	35,831,109
Business-type Activities:										
Investment income	\$ 595	\$ -	\$ 9,793	\$ 21,482	\$ 29,272	\$ 51,097	\$ 50,866	\$ 76,182	\$ 137,457	\$ 118,220
Miscellaneous/Transfers	-	-	-	\$ 3,956,551	\$ 830,187	191,395	22,044,516	2,034,880	2,000,665	2,026,434
Total business-type activities	595	-	9,793	3,978,033	859,459	242,492	22,095,382	2,111,062	2,138,122	2,144,654
Total primary government	\$ 45,691,017	\$ 46,136,156	\$ 42,593,665	\$ 41,169,155	\$ 93,107,696	\$ 34,716,344	\$ 32,353,388	\$ 58,742,210	\$ 44,000,812	\$ 37,975,763
Change in Net Position:										
Governmental activities	\$ (4,494,508)	\$ (5,359,026)	\$ (5,899,435)	\$ (3,118,159)	\$ 56,934,227	\$ (967,490)	\$ (23,437,126)	\$ 27,354,626	\$ 6,280,714	\$ (6,711,308)
Business-type activities	(3,096,254)	(344,644)	4,693,429	2,912,880	25,618	6,961,305	23,161,736	4,078,076	5,926,052	(529,808)
Total primary government	\$ (7,590,762)	\$ (5,703,670)	\$ (1,206,006)	\$ (205,279)	\$ 56,959,845	\$ 5,993,815	\$ (275,390)	\$ 31,432,702	\$ 12,206,766	\$ (7,241,116)

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

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

Source: City of Norwalk

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

	Fiscal Year									
	2007-08	2008-09	2009-10	2010-11	2011-12 *	2012-13	2013-14	2014-15	2015-16	2016-17
General Fund:										
Nonspendable	\$ 9,000,407	\$ 8,757,760	\$ 9,891,125	\$ 9,895,075	\$ 11,593,888	\$ 10,337,174	\$ 9,295,515	\$ 9,093,823	\$ 8,943,056	\$ 8,208,888
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	327,083	283,583	238,865	2,120,000	2,120,000	2,120,000
Assigned	3,011,812	3,206,293	3,110,768	8,846,359	1,282,729	776,628	960,316	1,631,006	1,723,843	1,236,546
Unassigned	6,995,375	6,686,737	8,680,524	10,736,919	10,668,298	14,728,463	15,572,086	12,270,240	12,803,359	12,489,860
Total General Fund	\$ 19,007,594	\$ 18,650,790	\$ 21,682,417	\$ 29,478,353	\$ 23,871,998	\$ 26,125,848	\$ 26,066,782	\$ 25,115,069	\$ 25,590,258	\$ 24,055,294
All Other Governmental Funds:										
Nonspendable	\$ 7,785,108	\$ 8,535,108	\$ 8,535,108	\$ 750,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted										
Special revenue funds	4,508,999	7,932,266	10,437,238	12,543,354	6,474,186	7,884,277	9,274,339	11,181,950	9,514,213	11,007,911
Capital projects funds	25,754,027	23,293,951	20,670,954	5,840,744	4,660,152	3,691,069	4,438,886	27,395,889	26,426,351	24,458,851
Debt service funds	4,990,856	4,974,905	4,967,743	4,967,744	693,691	301,985	1,144,683	1,145,296	1,147,893	1,153,046
Committed	1,528,608	1,583,324	1,345,469	1,216,247	1,558,255	2,859,188	3,988,035	6,232,327	5,736,166	5,162,810
Assigned	(4,941,420)	(5,326,034)	(5,014,254)	327,575	(307,188)	(752,744)	(3,054,013)	(4,000,645)	(2,647,765)	(616,702)
Unassigned	(167,056)	(16,955)	-	(99,030)						
Total All Other Governmental Funds	\$ 39,459,122	\$ 40,976,565	\$ 40,942,258	\$ 25,546,614	\$ 13,079,096	\$ 13,983,775	\$ 15,791,930	\$ 41,954,817	\$ 40,176,858	\$ 41,165,916

*The Norwalk Redevelopment Agency was dissolved as of 1/31/12. The Successor Agency is reported as a Fiduciary Fund 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									
	2007-08	2008-09	2009-10	2010-11	2011-12*	2012-13	2013-14**	2014-15	2015-16	2016-17
Revenues:										
Taxes	\$ 39,326,706	\$ 39,476,247	\$ 40,628,502	\$ 40,347,777	\$ 34,275,850	\$ 34,190,894	\$ 34,190,159	\$ 35,350,674	\$ 37,706,928	\$ 37,458,376
Licenses and permits	1,130,924	1,017,798	985,508	951,871	1,061,945	1,095,276	1,040,872	1,113,986	1,614,302	1,551,485
Fines, forfeiture and penalties	1,647,442	1,673,057	1,467,150	1,436,004	1,500,648	1,558,155	1,503,552	1,532,833	1,397,301	1,343,137
Use of money and Property	3,208,729	1,780,514	926,253	6,799,896	665,890	454,973	324,026	328,556	1,107,863	673,248
Intergovernmental	27,028,688	22,948,214	22,416,893	27,117,886	25,269,879	21,578,666	24,305,935	26,861,044	25,068,024	23,540,234
Motor vehicle license fee	490,330	372,401	323,150	558,902	56,479	46,743	-	45,152	42,340	47,284
Charges for services	1,957,538	1,855,635	1,829,628	1,813,133	2,006,230	2,159,938	2,141,011	2,265,887	2,421,325	2,490,649
Rental Income	1,233,858	1,255,826	1,265,097	1,334,820	779,951	778,252	779,951	830,042	857,530	867,191
Other	2,175,940	1,673,683	1,728,486	9,202,662	1,987,727	3,257,486	2,342,477	1,961,656	1,790,392	1,601,975
Total revenues	78,200,155	72,053,375	71,570,667	89,562,951	67,602,693	65,120,383	66,627,983	70,289,830	72,006,005	69,573,579
Expenditures:										
Current:										
General government	8,384,031	7,802,225	7,789,901	7,650,241	7,529,673	7,353,954	7,827,623	8,014,168	8,815,169	9,602,473
Public safety	13,436,368	12,463,523	11,781,821	12,248,786	13,437,672	13,411,537	13,446,443	13,004,355	13,437,196	13,930,970
Urban development	8,439,595	7,961,931	7,436,094	14,232,826	5,742,654	4,769,650	5,332,311	5,204,541	6,179,072	6,588,330
Public works	8,169,855	8,007,714	10,206,797	10,355,027	9,677,375	10,398,397	10,547,015	8,602,604	8,624,951	9,030,817
Culture and leisure	7,859,831	6,593,909	5,744,112	5,607,531	5,906,584	6,176,819	6,712,625	7,838,525	8,443,741	8,256,602
Health and welfare	20,078,619	20,205,820	19,572,065	18,560,049	13,549,014	12,849,407	12,474,045	12,458,934	13,832,946	13,541,733
Capital outlay and improvement	4,873,054	2,281,518	1,175,345	18,926,378	4,299,315	4,833,258	7,955,265	9,516,262	10,527,154	5,686,645
Debt service:										
Principal retirement	1,680,000	1,740,000	1,820,000	1,890,000	1,975,000	780,000	890,000	900,000	935,000	980,000
Interest and fiscal charges	6,217,981	6,260,210	5,450,217	6,247,967	2,386,516	992,099	741,268	548,881	512,881	475,481
Bond issuance cost	-	-	-	-	-	214,454	203,147	-	-	-
Total expenditures	79,139,334	73,316,850	70,976,352	95,718,805	64,503,803	61,779,575	66,129,742	66,088,270	71,308,110	68,093,051
Excess (deficiency) of revenues over (under) expenditures	(939,179)	(1,263,475)	594,315	(6,155,854)	3,098,890	3,340,808	498,241	4,201,560	697,895	1,480,528
Other Financing Sources (Uses):										
Issuance of County deferred loans	2,405,060	2,424,113	2,403,006	2,512,697	-	-	-	-	-	-
Proceeds from bonds issuances, net	-	-	-	-	-	7,120,000	8,630,000	-	-	-
Defeasance of debt	-	-	-	-	-	(7,295,000)	(7,945,000)	-	-	-
Bond discount	-	-	-	-	-	184,115	553,095	-	-	-
Transfers in	3,432,019	2,892,272	6,717,098	13,386,923	4,583,186	3,205,025	3,367,409	5,029,862	2,949,102	2,780,642
Transfers out	(3,432,019)	(2,892,272)	(6,717,098)	(17,343,474)	(5,413,373)	(3,396,420)	(3,354,656)	(7,064,742)	(4,949,767)	(4,807,076)
Total other financing sources (uses)	2,405,060	2,424,113	2,403,006	(1,443,854)	(830,187)	(182,280)	1,250,848	(2,034,880)	(2,000,665)	(2,026,434)
Extraordinary items	-	-	-	-	(20,342,575)	-	71,197	22,973,297	-	-
Net change in fund balances	1,465,881	1,160,638	2,997,321	(7,599,708)	(18,073,872)	3,158,528	1,820,286	25,139,977	(1,302,770)	(545,906)
Fund balances - July 1	57,000,835	58,466,716	59,627,354	62,624,675	55,024,967	36,951,095	40,109,623	41,929,909	67,069,886	65,767,116
Fund balances - June 30	\$ 58,466,716	\$ 59,627,354	\$ 62,624,675	\$ 55,024,967	\$ 36,951,095	\$ 40,109,623	\$ 41,929,909	\$ 67,069,886	\$ 65,767,116	\$ 65,221,210
Debt service (excluding bond issuance costs) as a percentage of noncapital expenditures	10.63%	11.26%	10.42%	10.60%	7.24%	3.11%	2.80%	2.56%	2.38%	2.33%

*The Norwalk Redevelopment Agency was dissolved as of 1/31/12. The Successor Agency is reported as a Fiduciary Fund
 ** GASB 68 was implemented in fiscal year ended June 30, 2015.
 Source: City of Norwalk

City of Norwalk
Governmental Activities Tax Revenues By Source
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							
2007-08	6,188,471	8,872,737	9,702,359	5,985,219	684,429	1,161,167	8,806,441	1,539,711	42,940,534
2008-09	6,475,400	9,267,459	8,668,275	6,023,035	637,385	1,165,698	9,208,157	1,637,196	43,082,605
2009-10	7,073,934	9,267,269	7,519,647	5,974,407	649,357	1,021,084	8,536,095	1,615,826	41,657,619
2010-11	5,658,080	9,106,617	8,222,180	5,743,933	669,931	876,639	8,394,222	1,676,175	40,347,777
2011-12 (1)	5,708,121	2,115,285	8,760,445	5,421,616	858,584	1,128,493	8,535,764	1,747,542	34,275,850
2012-13	6,986,560	-	9,323,299	5,354,039	782,573	1,227,030	8,727,028	1,790,365	34,190,894
2013-14	6,616,294	-	9,327,844	5,256,908	798,659	1,309,026	9,021,481	1,859,947	34,190,159
2014-15	6,842,242	-	9,525,144	5,287,009	843,097	1,378,504	9,566,153	1,908,525	35,350,674
2015-16	7,636,462	-	10,541,304	5,296,349	844,971	1,532,516	9,973,472	1,881,854	37,706,928
2016-17	7,481,345	-	10,264,892	5,093,361	857,171	1,544,811	10,430,453	1,786,343	37,458,376

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

Source: City of Norwalk

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

<u>Fiscal Year</u>	<u>Residential Property</u>	<u>Commercial Property</u>	<u>Industrial Property</u>	<u>Other* Property</u>	<u>Tax-Exempt Property</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>
2007-08	4,766,625	584,168	203,328	276,747	38,844	5,830,868	0.19825%
2008-09	4,960,294	622,788	220,165	293,355	39,287	6,096,602	0.20525%
2009-10	4,464,323	655,276	225,728	306,709	39,305	5,652,036	0.22484%
2010-11	4,397,888	638,634	237,745	283,921	41,012	5,558,188	0.22213%
2011-12	4,495,242	639,267	227,164	288,436	40,773	5,650,109	0.21830%
2012-13	4,593,039	651,375	233,802	298,414	44,013	5,776,630	0.22158%
2013-14	4,758,897	666,384	247,283	298,845	40,913	5,971,409	0.09311%
2014-15	5,088,372	682,359	252,944	308,032	46,424	6,331,707	0.09306%
2015-16	5,314,858	708,561	260,655	317,233	44,912	6,601,307	0.09304%
2016-17	5,566,383	722,338	275,896	321,168	43,645	6,885,785	0.09301%

*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									
	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Total Direct Rate	0.19825	0.20525	0.22484	0.22213	0.21830	0.22158	0.09311	0.09306	0.09304	0.09301
Overlapping Rates:										
Los Angeles County General	0.23210	0.23210	0.23210	0.23210	0.23210	0.23210	0.23210	0.23210	0.23210	0.23210
Norwalk-La Mirada Unified School District	0.18780	0.18780	0.18780	0.18780	0.18780	0.18780	0.18780	0.18780	0.18780	0.18780
Consolidated Fire Protection District of LA Co.	0.17000	0.17000	0.17000	0.17000	0.17000	0.17000	0.17000	0.17000	0.17000	0.17000
Educational Augmentation Fund Impound	0.13530	0.13530	0.13530	0.13530	0.13530	0.13530	0.13530	0.13530	0.13530	0.13530
Educational Revenue Augmentation Fund	0.06850	0.06850	0.06850	0.06850	0.06850	0.06850	0.06850	0.06850	0.06850	0.06850
City Norwalk Tax District 1	0.06630	0.06630	0.06630	0.06630	0.06630	0.06630	0.06630	0.06630	0.06630	0.06630
Norwalk Southeast Recreation and Park	0.02630	0.02630	0.02630	0.02630	0.02630	0.02630	0.02630	0.02630	0.02630	0.02630
Cerritos Community College District	0.02460	0.02460	0.02460	0.02460	0.02460	0.02460	0.02460	0.02460	0.02460	0.02460
La Mirada Southeast Recreation and Park	0.02440	0.02440	0.02440	0.02440	0.02440	0.02440	0.02440	0.02440	0.02440	0.02440
LA County Library	0.02250	0.02250	0.02250	0.02250	0.02250	0.02250	0.02250	0.02250	0.02250	0.02250
County Sanitation District No. 18 Operating	0.01223	0.01223	0.01223	0.01223	0.01223	0.01223	0.01223	0.01223	0.01223	0.01223
LA County Flood Control Maintenance	0.00936	0.00936	0.00936	0.00936	0.00936	0.00936	0.00936	0.00936	0.00936	0.00936
LA County Fire - Flw	0.00693	0.00693	0.00693	0.00693	0.00693	0.00693	0.00693	0.00693	0.00693	0.00693
County School Service Fund Norwalk - La Mirada	0.00652	0.00652	0.00652	0.00652	0.00652	0.00652	0.00652	0.00652	0.00652	0.00652
Children's Institutional Tuition Fund	0.00272	0.00272	0.00272	0.00272	0.00272	0.00272	0.00272	0.00272	0.00272	0.00272
LA County Flood Control Dr. Imp.-Dist. Maint.	0.00165	0.00165	0.00165	0.00165	0.00165	0.00165	0.00165	0.00165	0.00165	0.00165
County School Services	0.00137	0.00137	0.00137	0.00137	0.00137	0.00137	0.00137	0.00137	0.00137	0.00137
Little Lake Cemetery District	0.00091	0.00091	0.00091	0.00091	0.00091	0.00091	0.00091	0.00091	0.00091	0.00091
Greater LA Co. Vector Control	0.00036	0.00036	0.00036	0.00036	0.00036	0.00036	0.00036	0.00036	0.00036	0.00036
Water Replenishment District of Southern Calif.	0.00017	0.00017	0.00017	0.00017	0.00017	0.00017	0.00017	0.00017	0.00017	0.00017
LA County Accumulative Capital Outlay	0.00011	0.00011	0.00011	0.00011	0.00011	0.00011	0.00011	0.00011	0.00011	0.00011
Total Proposition 13 Rate	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
ABC Unified School District	0.02434	0.02388	0.02695	0.02920	0.02858	0.02453	0.02894	0.02916	0.03243	0.03132
Cerritos Community College District	0.01071	0.00994	0.01854	0.02677	0.01782	0.02594	0.02502	0.04809	0.04829	0.04698
Downey Unified School District	0.07569	0.05790	0.06507	0.07018	0.06725	0.07132	0.06603	0.06549	0.11466	0.11473
Little Lake City School District	0.07499	0.07360	0.07233	0.07647	0.05286	0.06942	0.08537	0.07964	0.06522	0.07527
Metropolitan Water District	0.00450	0.00430	0.00430	0.00370	0.00370	0.00350	0.00350	0.00350	0.00350	0.00350
Norwalk-La Mirada Unified School District	0.05226	0.06271	0.06110	0.06197	0.06496	0.06997	0.07238	0.07063	0.14114	0.13400
Rio Honda Community College Dist	0.01369	0.02320	0.02714	0.03439	0.02812	0.02812	0.02821	0.02821	0.02712	0.02808
Whittier Union High School District	0.04359	0.03728	0.04224	0.04239	0.04317	0.04556	0.04473	0.05270	0.05063	0.06035
Total Voter Approved Rate	2.99977	2.99281	3.1767	3.4507	3.33836	3.33836	3.5489	3.7742	4.48299	4.49423
Total Direct & Overlapping Tax Rates	1.29977	1.29281	1.31767	1.34507	1.31252	1.33836	1.35489	1.37742	1.48299	1.49423
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	1.00450	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.
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 rate area (TRA) by net taxable value.
Total Direct Rate is the weighted average of all individual direct rates applied by the government preparing the statistical section information. The percentages presented in the columns above do not sum across rows.
Source: L.A. County Assessor's Office
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.

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

Taxpayer	2016-17			2007-08		
	Taxable Assessed	Rank	Percentage of Total City Taxable Assessed	Taxable Assessed	Rank	Percentage of Total City Taxable Assessed
	Value		Value	Value		Value
Norwalk MM LLC	\$ 69,860,978	1	1.01%	-		-
SRGMF Bloomfield Norwalk LLC	47,622,295	2	0.69%	-		-
Veranda Associates	45,146,918	3	0.66%	-		-
Target Corporation	38,814,724	4	0.56%	-		-
Levian Family Norwalk LLC	35,430,671	5	0.51%	-		-
Miracle Mile Properties LLC	32,204,517	6	0.47%	-		-
Advance Group	26,589,881	7	0.39%	-		-
Costco Wholesale Corporation	24,181,774	8	0.35%	-		-
McKenna Norwalk LP	23,855,672	9	0.35%	-		-
Norwalk Industrial Sub LLC	23,730,624	10	0.34%	-		-
Norwalk MM LLC ETAL				61,726,932	1	1.06%
Avalo California Value III LLC				38,823,840	2	0.67%
Target Corporation				34,853,726	3	0.60%
Hekmatravan Family Norwalk LLC ETAL				31,305,608	4	0.54%
Sam Manlo Trust				28,571,892	5	0.49%
BRCP Realty So California Portfolio				24,035,000	6	0.41%
TGM Palm Country Club INC				23,498,475	7	0.40%
ECM Norwalk LP				21,358,000	8	0.37%
McKenna Norwalk LP				21,059,687	9	0.36%
Norwalk Industrial LLC				20,891,715	10	0.36%
	<u>\$ 367,438,054</u>		<u>5.34%</u>	<u>\$ 306,124,875</u>		<u>5.25%</u>

Excludes government and tax-exempt property owners

Source: L.A. County Assessor 2007/08 and 2016/17 Combined Tax, SBE NonUnitary Tax Rolls and HdL Companies

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

Fiscal Year	Total Tax Levy	Collected within the fiscal year of the levy		Collections in Subsequent Years	Total collections to date	
		Amount	% of Levy		Amount	% of Levy ⁽²⁾
2006-07	2,220,446	2,031,704	91.50%	9,207	2,040,911	91.91%
2007-08	2,378,821	2,150,802	90.41%	14,849	2,165,651	91.04%
2008-09	2,512,009	2,283,740	90.91%	30,774	2,314,514	92.14%
2009-10	2,322,951	2,120,057	91.27%	21,579	2,141,636	92.19%
2010-11	2,280,220	2,138,030	93.76%	(36,293)	2,101,737	92.17%
2011-12	2,354,260	2,162,196	91.84%	9,720	2,171,916	92.25%
2012-13	2,413,472	2,332,515	96.65%	3,209	2,335,723	96.78%
2013-14	2,500,671	2,423,743	96.92%	(35,972)	2,387,771	95.49%
2015-16	2,655,207	2,561,063	96.45%	(26,757)	2,534,306	95.45%
2016-17	2,783,387	2,685,240	96.47%	(23,512)	2,661,728	95.63%

Source: L.A. County Auditor/Controller

City of Norwalk
Direct and Overlapping Governmental Activities Debt
As of June 30, 2017

Governmental Unit	Gross Bonded Debt Balance	Estimated Percentage Applicable ⁽¹⁾	Net Bonded Debt
Direct Debt			
Lease/Water Revenue Bonds	\$ 20,750,000	100.000%	\$ 20,750,000
Total Direct Debt			20,750,000
Overlapping Debt			
Metropolitan Water District	36,281,674	0.534%	193,832
Little Lake City School District SD DS 00RS D-1QSCBS	6,870,000	38.081%	2,616,185
Little Lake City SD DS 2011 Refunding Bond	5,094,901	38.081%	1,940,204
Little Lake City SD DS 2012 Series A	4,480,000	38.081%	1,706,042
Little Lake City SD DS 2014 Ref Bonds Series A	6,040,000	38.081%	2,300,110
Little Lake City SD DS 2014 Ref Bonds Series B	17,140,000	38.081%	6,527,134
Whittier Union HSD DS 2005 Refunding Bonds	14,750,682	6.148%	906,836
Whittier Union HSD DS 2008 SER 2014B	75,465,000	6.148%	4,639,407
Whittier Union HSD DS 2015 Ref Bonds	65,658,679	6.148%	4,036,538
Cerritos CCD DS 2004 Series 2009C	3,610,000	12.799%	462,041
Cerritos CCD DS 2004 Series 2012D	81,752,021	12.799%	10,463,380
Cerritos CCD DS 2012 Series 2014A	81,355,000	12.799%	10,412,566
Cerritos CCD DS 2014 REF BONDS SERIES A	78,350,000	12.799%	10,027,958
Cerritos CCD DS 2014 REF BONDS SERIES B	15,670,000	12.799%	2,005,592
Rio Hondo CCD DS 2005 Refunding Bonds	35,355,000	3.944%	1,394,266
Rio Hondo CCD DS 2004 Ser 2009	118,452,824	3.944%	4,671,327
ABC Unified 2003 Refunding Bond Series A	29,626,700	3.522%	1,043,398
ABC Unified DS 2010 Refunding Bonds	9,140,000	3.522%	321,894
Downey USD DS Refunding 1999 Series A	4,405,256	0.001%	57
Downey USD DS 2006 Refunding Bonds	17,520,000	0.001%	227
Downey USD DS 2007 Ref BDS	8,050,000	0.001%	104
Downey USD DS 2011 Refunding Bonds	14,110,000	0.001%	183
Downey USD DS 2012 Ref Bonds	47,750,000	0.001%	618
Downey USD DS 2014 Ref Bonds	7,065,000	0.001%	91
Norwalk-La Mirada USD DS 2002 Series-05A	40,450,182	43.040%	17,409,807
Norwalk-La Mirada USD DS 2002 Series 2007A	13,470,602	43.040%	5,797,763
Norwalk-La Mirada USD DS 2009 Ref Bonds	38,872,452	43.040%	16,730,750
Norwalk-La Mirada USD DS 2013 Refunding Series A	8,800,000	43.040%	3,787,531
Norwalk-La Mirada USD DS 2014 Ref Bonds	11,245,000	43.040%	4,839,862
Norwalk-La Mirada USD DS 2014 Series A	17,900,000	43.040%	7,704,182
Norwalk-La Mirada USD DS 2015 Ref Bonds	7,710,000	43.040%	3,318,393
Total Overlapping Debt			125,258,278
Total Overlapping Debt			146,008,278

2016/17 Assessed Valuation: \$5,776,302,261 after deducting \$1,109,483,055 in Incremental Value
Debt to Assessed Valuation Ratios: Direct Debt-.36%, Overlapping Debt-2.17% Total Debt- 2.53%

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 2015/16 Lien Date Tax Rolls

City of Norwalk
Legal Debt Margin Information
Last Ten Fiscal Years

	Fiscal Year									
	2007-08	2008-09	2009-10	2010-11	2011-12*	2012-13	2013-14	2014-15	2015-16	2016-17
Assessed valuation	\$ 5,830,868,429	\$ 6,096,601,866	\$ 5,652,036,105	\$ 5,558,188,319	\$ 5,650,108,854	\$ 5,776,629,334	\$ 5,971,408,845	\$ 6,331,707,221	\$ 6,601,306,707	\$ 6,885,785,316
Conversion percentage	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Adjusted assessed valuation	1,457,717,107	1,524,150,467	1,413,009,026	1,389,547,080	1,412,527,214	1,444,157,334	1,492,852,211	1,582,926,805	1,650,326,677	1,721,446,329
Debt limit percentage	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Debt limit	218,657,566	228,622,570	211,951,354	208,432,062	211,879,082	216,623,600	223,927,832	237,439,021	247,549,002	258,216,949
Total net debt applicable to limit:										
General obligation bonds	-	-	-	-	-	-	-	-	-	-
Legal debt margin	\$ 218,657,566	\$ 228,622,570	\$ 211,951,354	\$ 208,432,062	\$ 211,879,082	\$ 216,623,600	\$ 223,927,832	\$ 237,439,021	\$ 247,549,002	\$ 258,216,949
Total net debt applicable to the limit as a percent of debt limit	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Norwalk Long Term Debt Outstanding:	117,044,353	114,642,909	114,205,114	114,836,127	16,020,000	15,249,115	15,539,612	14,582,014	13,589,416	12,551,818
Debt per capita: (2017 Pop 105,526)	1,110	1,088	1,082	1,088	152	144	146	137	129	119
Debt as a percentage of personal income:	6%	6%	6%	6%	1%	1%	1%	1%	1%	1%

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

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

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

	Fiscal Year									
	2007-08	2008-09	2009-10	2010-11	2011-12*	2012-13	2013-14	2014-15	2015-16	2016-17
Governmental Activities										
Lease Revenue										
Refunding Bonds	\$ 18,830,000	\$ 18,175,000	\$ 17,485,000	\$ 16,770,000	\$ 16,020,000	\$ 15,065,000	\$ 14,860,000	\$ 13,960,000	\$ 13,025,000	\$ 12,045,000
Tax Allocation Refunding Bonds, 2005	61,820,000	60,735,000	59,605,000	58,430,000	-	-	-	-	-	-
Subtotal	80,650,000	78,910,000	77,090,000	75,200,000	16,020,000	15,065,000	14,860,000	13,960,000	13,025,000	12,045,000
Add (deduct) deferred amounts:										
Bond Premium	437,213	421,168	405,123	389,078	-	184,115	679,612	622,014	564,416	506,818
Bond discount	(322,459)	(310,626)	(298,793)	(286,960)	-	-	-	-	-	-
Deferred charge on refunding	(215,071)	(202,543)	(190,015)	(177,487)	-	-	-	-	-	-
Total Governmental Activities	\$ 80,549,683	\$ 78,817,999	\$ 77,006,315	\$ 75,124,631	\$ 16,020,000	\$ 15,249,115	\$ 15,539,612	\$ 14,582,014	\$ 13,589,416	\$ 12,551,818
Business-type Activities										
Water Revenue Bonds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,395,000	\$ 9,245,000	\$ 9,070,000	\$ 8,890,000	\$ 8,705,000
Add (deduct) deferred amounts:										
Bond Premium	-	-	-	-	-	306,747	296,522	286,298	276,073	265,848
Total Business-type Activities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,701,747	\$ 9,541,522	\$ 9,356,298	\$ 9,166,073	\$ 8,970,848
Total long-term liabilities	\$ 80,549,683	\$ 78,817,999	\$ 77,006,315	\$ 75,124,631	\$ 16,020,000	\$ 24,950,862	\$ 25,081,134	\$ 23,938,312	\$ 22,755,489	\$ 21,522,666

Note:

See note to financial statement number 7 and 8 for a detailed explanation of outstanding debt
 (1) Prior to June 30, 2009, the eligible number of retirees receiving benefits was below 150
 (2) GASB 68 was implemented in fiscal year ended June 30, 2015.

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

Source: City of Norwalk

City of Norwalk
Pledged-Revenue Coverage
Last Ten Fiscal Years

Norwalk Community Facilities Financing Authority - Lease Revenue Refunding Bonds				
Fiscal Year	Lease Revenue	Debt Service		Coverage
		Principal	Interest	
2007-08	1,575,006	635,000	940,006	1.00
2008-09	1,570,431	655,000	915,431	1.00
2009-10	1,578,981	690,000	888,981	1.00
2010-11	1,575,641	715,000	860,641	1.00
2011-12	1,580,806	750,000	830,806	1.00
2012-13	1,947,099	955,000	992,099	1.00
2013-14	946,268	205,000	741,268	1.00
2014-15	1,448,881	900,000	548,881	1.00
2015-16	1,447,881	935,000	512,881	1.00
2016-17	1,455,481	980,000	475,481	1.00

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

Source: City of Norwalk

City of Norwalk
Demographic and Economic Statistics
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Population</u>	<u>Personal Income (in thousands)</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2007-08	108,992	1,881,198	17,260	5.4%
2008-09	108,898	1,894,837	17,400	7.9%
2009-10	109,162	1,851,493	16,961	12.2%
2010-11	109,817	1,902,799	17,327	13.3%
2011-12	105,714	2,028,757	19,191	13.0%
2012-13	106,093	2,041,442	19,242	9.8%
2013-14	106,630	2,051,561	19,240	8.1%
2014-15	106,679	2,060,398	19,314	8.4%
2015-16	105,292	2,084,810	19,800	6.9%
2016-17	105,526	2,066,616	19,583	5.4%

Source:

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

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

Employer	2015-2016			2007-2008		
	Employees	Rank	% of Total City Employment	Employees	Rank	% of Total City Employment
Cerritos College	2,095	1	9.26%	2,100	2	4.51%
Los Angeles County	1,595	2	7.05%	1,216	4	2.61%
Metropolitan State Hospital	1,477	3	6.53%	1,836	3	3.94%
Norwalk-LA Mirada School	1,222	4	5.40%	4,161	1	8.94%
City Of Norwalk	554	5	2.45%	310	11	0.67%
Target	475	6	2.10%	420	7	0.90%
Costco Wholesale	300	7	1.33%	318	9	0.68%
Doty Bros Equipment Co	300	8	1.33%			0.00%
Little Lake School District	296	9	1.31%			0.00%
Coast Plaza Hospital	265	10	1.17%	432	6	0.93%
Los Angeles County Sheriff	256	11	1.13%	250	12	0.54%
Norwalk Community Hospital	250	12	1.11%			0.00%
Walmart	250	13	1.11%	100		0.21%
Mc Donald's	213	14	0.94%			0.00%
Doubletree	169	15	0.75%			0.00%
Mckenna	149	16	0.66%	230		0.49%
Starbucks	140	17	0.62%			0.00%
Ensign Group	92	18	0.41%			0.00%
Cabinets 2000 Inc	89	19	0.39%			0.00%
Villa Elena Healthcare Ctr	85	20	0.38%			0.00%
All Other Employers	12,341		54.57%	35,196		75.58%
Total	22,613		100.00%	46,569		100.00%

Source: *ReferenceUsa* Prepared by: City of Norwalk 11/2017

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

Function	Fiscal Year									
	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
General Government	51	43	42	49	51	46	47	48	51	55
Public Safety	63	53	43	40	41	43	38	37	41	33
Public Works	59	57	46	53	55	77	78	78	76	81
Social Services	35	33	31	28	26	30	29	32	34	32
Recreation	151	116	93	89	98	85	97	94	90	89
Community Development	49	45	38	25	26	34	35	35	38	24
Transit	135	133	131	116	107	94	98	93	101	97
Total	543	480	424	400	404	409	422	417	431	411

Source: City of Norwalk

City of Norwalk
Operating Indicators by Function
Last Ten Fiscal Years

Function	Fiscal Year									
	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Police:										
Calls responded	31,533	24,260	29,702	24,046	28,410	28,265	27,068	27,431	30,134	30,671
Response Time: (minutes)										
Emergency	4.1	3.9	3.7	3.7	3.6	3.8	3.9	3.8	3.3	3.8
Non-Emergency	11.7	10.8	10	10.2	9.4	9.3	9.6	9	8.7	8.9
Routine	27.5	27.8	29.7	29.4	31	31.8	34.4	33	34.5	37.5
Community development:										
Number of residential permits	3,421	2,848	1,999	2,565	3,114	2,719	2,746	2,835	4,461	4,586
Number of commercial permits	646	520	507	479	425	357	447	357	542	470
Water:										
New connections	2	4	11	0	10	3	1	0	4	7
Average daily consumption (millions of gallons)	222	213	197	189	188	198	200	157	131	135
Sewers:										
New connections	3	3	2	4	0	11	11	3	4	15
Transit:										
Buses-number of riders	2,730,248	2,941,545	2,232,333	2,291,089	2,126,885	1,880,629	1,739,670	1,528,931	1,378,353	1,539,633
Dial-A-Ride-number of riders	21,660	23,121	22,754	18,139	20,493	16,146	21,754	21,908	22,031	21,849

Source: City of Norwalk

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

Function	Fiscal Year									
	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Police: Stations	1	1	1	1	1	1	1	1	1	1
Fire: Stations	3	3	2	2	2	2	2	2	2	2
Public works: Streets (miles)	181	181	180	187	187	187	187	187	187	197
Street lights	5,479	5,479	5,479	5,479	5,479	5,400	5,400	5,400	5,400	5,373
Traffic Lights	86	87	83	81	83	81	81	81	80	80
Parks and recreation: Parks	13	14	14	14	14	14	14	14	14	14
Community centers	1	1	1	1	1	1	1	1	1	1
Sports center	1	1	1	1	1	1	1	1	1	1
Water: Water mains (miles)	40	40	40	40	40	40	40	40	40	40
Maximum daily capacity (million gallons per day)	4	4	4	4	4	4	4	4	4	4
Waste water: Sanitary sewers (miles)	180	180	180	180	180	180	180	180	180	180
Transit: Buses	32	36	33	33	33	28	33	33	34	33
Dial-A-Ride Vans	8	7	7	7	7	7	7	7	7	7

Source: City of Norwalk

City of Norwalk
Water System - Statement of Net Position
Last Ten Fiscal Years

	Fiscal Year									
	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
ASSETS										
Current assets										
Pooled Cash and Investments	\$ 529,260	\$ 536,871	\$ 483,916	\$ 4,315,796	\$ 4,467,519	\$ 5,947,048	\$ 6,682,089	\$ 7,244,665	\$ 7,617,845	\$ 6,350,511
Accounts receivable	4,508	4,806	4,787	3,617	2,906	-	-	-	-	753,366
Prepays	-	875	310,531	481,862	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	3,497,853	3,496,405	3,498,268	3,505,991	2,605
Cash With Fiscal Agent	533,768	542,552	887,749	1,129,167	651,650	844,735	857,657	633,751	708,259	753,366
Other Current Assets	7,249,043	8,284,672	9,687,469	11,040,617	11,395,877	17,171,995	17,062,861	17,189,977	17,217,176	22,688,418
Total Current Assets	\$ 7,782,811	\$ 8,827,224	\$ 11,059,134	\$ 16,485,580	\$ 16,515,046	\$ 27,461,631	\$ 28,099,012	\$ 28,566,661	\$ 29,049,271	\$ 29,792,295
Total Assets	\$ 7,782,811	\$ 8,827,224	\$ 11,059,134	\$ 16,485,580	\$ 16,515,046	\$ 27,461,631	\$ 28,099,012	\$ 28,566,661	\$ 29,049,271	\$ 29,792,295
Deferred Outflows of Interest										
Deferred amount from pension plans								94,010	111,365	424,125
Total Deferred Outflows of Interest	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 94,010	\$ 111,365	\$ 424,125
Liabilities										
Current liabilities										
Total Current Liabilities	2,432,814	2,636,720	3,993,512	4,213,310	3,461,529	3,678,108	3,542,226	3,563,136	3,616,756	4,047,157
Noncurrent liabilities										
Total Noncurrent Liabilities	96,211	135,474	140,045	174,304	247,575	9,842,236	9,741,134	10,551,313	10,454,406	10,516,979
Total Liabilities	\$ 2,529,025	\$ 2,772,194	\$ 4,133,557	\$ 4,387,614	\$ 3,709,104	\$ 13,520,344	\$ 13,283,360	\$ 14,114,449	\$ 14,071,162	\$ 14,564,136
Deferred Inflow of Resources										
Deferred amount from pension plans								235,601	86,495	41,315
Total Deferred Inflow of Resources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 235,601	\$ 86,495	\$ 41,315
Net Assets										
Invested in capital assets	7,249,042	8,284,672	9,687,469	11,040,617	11,395,877	11,271,496	11,314,266	11,331,947	11,557,094	13,717,571
Restricted - debt service	(1,995,256)	(2,229,642)	(2,761,892)	1,057,349	1,410,065	3,497,853	3,496,405	3,498,268	3,505,991	2,605
Unrestricted	5,253,786	6,055,030	6,925,577	12,097,966	12,805,942	(828,062)	4,981	(519,594)	(60,106)	1,772,993
Total Net Assets	\$ 5,253,786	\$ 6,055,030	\$ 6,925,577	\$ 12,097,966	\$ 12,805,942	\$ 13,941,287	\$ 14,815,652	\$ 14,310,621	\$ 15,002,979	\$ 15,493,169

Source: City of Norwalk

City of Norwalk
Water System - Historic Net Water Revenue & Debt Service Coverage
Last Ten Fiscal Years

	Fiscal Year									
	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Annual Rate Increase										
Fixed Service Charge	22.25% ⁽¹⁾	14.8%	11.3%	14.8%	2.8%	2.1%	2.2%	0.50%	0.0%	-1.50%
Per Unit Consumption Charge	84.34% ⁽¹⁾	145.8%	11.3%	14.8%	2.8%	3.1%	2.0%	0.6%	0.0%	12.80%
Water Revenues										
Charges for Services ⁽¹⁾	\$3,233,957	\$3,934,301	\$4,271,647	\$4,900,781	\$4,871,113	\$5,170,527	\$5,302,823	\$5,051,524	\$4,953,919	\$5,147,289
Investment Income	595	-	-	19,203	25,921	43,521	42,108	48,833	82,318	65,844
Other	-	-	15,862	(622)	867	1,720	673	474	0	0
Total Revenues	\$3,234,552	\$3,934,301	\$4,287,509	\$4,919,362	\$4,897,901	\$5,215,768	\$5,345,604	\$5,100,831	\$5,036,237	\$5,213,133
Operation & Maintenance Costs										
Administrative	\$350,535	\$342,796	\$335,063	\$357,641	\$423,877	\$398,996	\$434,562	\$462,605	\$411,005	\$452,125
Utilities	81,488	54,598	42,562	45,919	80,409	128,623	136,040	138,288	129,563	113,163
Salaries and Benefits	628,877	641,353	645,621	624,146	793,379	769,042	858,182	870,467	843,037	1,011,509
Contractual Services	389,922	15,094	191,518	180,022	163,150	193,585	267,803	284,846	733,789	653,584
Cost of Water	1,394,192	1,389,046	1,584,034	1,739,615	1,912,508	1,466,426	1,569,671	1,535,855	1,383,957	1,679,760
Supplies and Materials	218,097	202,062	205,830	219,809	240,508	338,686	384,239	315,019	44,967	25,754
Total Operating Expense	\$3,098,923	\$2,644,949	\$3,004,628	\$3,167,152	\$3,613,831	\$3,295,358	\$3,650,497	\$3,607,080	\$3,546,318	\$3,935,895
Net Water Revenues	\$135,629	\$1,289,352	\$1,282,881	\$1,752,210	\$1,284,070	\$1,920,410	\$1,695,107	\$1,493,751	\$1,489,919	\$1,277,238
Debt Service Coverage	N/A	N/A	N/A	N/A	N/A	N/A	3.13	2.77	2.76	2.38

⁽¹⁾ Includes water billing fees, late fees, fire flow fees, water facilities fees, lease of water rights and other fees.

Source: City of Norwalk

Water System - Projected Net Water Revenues and Debt Service Coverage
Last Four Fiscal Years and One Year Projection

	Fiscal Year				
	2013-14 (Actual)	2014-15 (Actual)	2015-16 (Actual)	2016-17 (Actual)	2017-18 (Projected)
Water Revenues					
Charges for Services	\$5,302,823	\$5,051,524	\$4,953,919	\$5,147,289	\$5,143,150
Investment income	42,108	48,833	82,318	65,844	22,000
Other	673	474	-	-	-
Total Revenue	\$5,345,604	\$5,100,831	\$5,036,237	\$5,213,133	\$5,165,150
Operation & Maintenance Costs					
Administrative	\$434,562	\$462,605	\$411,005	\$452,125	518,700
Utilities	136,040	138,288	129,563	113,163	290,000
Salaries and Benefits	858,182	870,467	843,037	1,011,509	950,971
Contractual Services	267,803	284,846	733,789	653,584	308,460
Cost of Water	1,569,671	1,535,855	1,383,957	1,679,760	913,000
Supplies and Materials	384,239	315,019	44,967	25,754	683,440
Total Expense	\$3,650,497	\$3,607,080	\$3,546,318	\$3,935,895	\$3,664,571
Net Water Revenues	\$1,695,107	\$1,493,751	\$1,489,919	\$1,277,238	\$1,500,579
<i>Debt Service</i>					
2013A Bond - Maximum Annual Debt service	\$541,471	\$539,963	\$ 539,713	\$ 537,512	\$ 540,113
Debt Service Coverage	3.13	2.77	2.76	2.38	2.78

Source: City of Norwalk

City of Norwalk
Water System - Service Charges and Per Unit Rates
Last Ten Fiscal Years

CITY OF NORWALK						
Historic Service Charges and Per Unit Rates						
Effective Date	Service Charge 3/4"Meter*	% Increase/ (Decrease)	Service Charge 1"Meter*	% Increase/ (Decrease)	Per Unit Rate	% Increase/ (Decrease)
Nov. 2009	37.60	113.6%	78.47	34.2%	2.25	0.0%
Jan. 2010	41.83	11.3%	87.30	11.3%	2.50	11.1%
Jul. 2010	48.00	14.8%	100.17	14.7%	2.87	14.8%
Jul. 2011	49.10	2.3%	102.47	2.3%	2.95	2.8%
Jul. 2012	50.13	2.1%	104.62	2.1%	3.04	3.1%
Jul. 2013	51.23	2.2%	106.92	2.2%	3.10	2.0%
Jul. 2014	51.49	0.5%	107.45	0.5%	3.12	0.6%
Jul. 2015	51.49	0.0%	107.45	0.0%	3.12	0.0%
Jul. 2016	50.74	-1.5%	67.74	-37.0%	3.52	12.8%
Jul. 2017	53.79	6.0%	71.81	6.0%	3.74	6.3%

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

* Bi-monthly charge

Source: City of Norwalk

City of Norwalk
 Water System - Service Charge Revenues
 Last Ten Fiscal Years

Historic Charges for Services				
Fiscal Year	Residential Service Charge Revenues	Commercial Service Charge Revenues	Total Service Charge Revenues	% Increase/ (Decrease)
2008	\$2,910,561	\$323,396	\$3,233,957	0.0%
2009	3,540,871	393,430	3,934,301	21.7%
2010	3,844,482	427,165	4,271,647	8.6%
2011	4,410,703	490,078	4,900,781	14.7%
2012	4,384,002	487,111	4,871,113	-0.6%
2013	4,488,765	443,944	4,932,709	1.3%
2014	4,497,508	499,723	4,997,231	1.3%
2015	4,299,933	477,770	4,777,703	-4.4%
2016	4,163,822	462,646	4,626,468	-3.2%
2017	4,413,726	490,414	4,904,140	6.0%

Source: City of Norwalk

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

Fiscal Year 2016-17				
Water Source	Groundwater		Purchased	
	Number of Connections	Consumption (acre ft.)	Consumption (acre ft.)	Price (per acre ft.)
Santa Fe Springs	721		159	\$1,890
Norwalk Wells	2,417	665	385*	\$1,117
City of Cerritos	2,243		749	\$1,032
TOTAL	5,381	665	1,293	
Total City Groundwater Rights		1,958		

Fiscal Year 2015-16				
Water Source	Groundwater		Purchased	
	Number of Connections	Consumption (acre ft.)	Consumption (acre ft.)	Price (per acre ft.)
Santa Fe Springs	718		158	\$1,890
Norwalk Wells	2,414	788	253*	\$1,117
City of Cerritos	2,242		726	\$1,032
TOTAL	5,374	788	1,137	
Total City Groundwater Rights		1,925		

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

Source: City of Norwalk

City of Norwalk
Norwalk Municipal Water System - Water Sources
Last Ten Fiscal Years

CITY OF NORWALK Historic Water Sources (In millions of acre-feet per year)					
Fiscal Year	Groundwater	% Increase/ (Decrease)	Imported Water	% Increase/ (Decrease)	Total
2008	487.34	-5.5%	2,563.25	-0.9%	3,050.59
2009	419.21	-14.0%	2,262.50	-11.7%	2,681.71
2010	410.68	-2.0%	2,234.21	-1.3%	2,644.89
2011	404.39	-1.5%	1,796.80	-19.6%	2,201.19
2012	733.62	81.4%	1,422.64	-20.8%	2,156.26
2013	899.50	22.6%	1,334.89	-6.2%	2,234.39
2014	943.29	4.9%	1,373.27	2.9%	2,316.56
2015	868.16	-8.0%	1,256.06	-8.5%	2,124.22
2016	787.82	-16.5%	1,137.78	-17.1%	1,925.60
2017	664.98	-15.6%	1,292.93	13.6%	1,957.91

Source: City of Norwalk

City of Norwalk
 Norwalk Municipal Water System - Service Connections by Type
 Last Ten Fiscal Years

CITY OF NORWALK					
Historic Water Service Connections					
Fiscal Year	Residential Connections	Commercial Connections	Irrigation Connections	Total Connections	% Increase/ (Decrease)
2008	4,897	457	17	5,371	-0.78%
2009	4,899	460	12	5,371	0.00%
2010	4,899	460	12	5,371	0.00%
2011	4,899	460	12	5,371	0.00%
2012	4,899	460	12	5,371	0.00%
2013	4,899	463	12	5,374	0.06%
2014	4,899	463	12	5,374	0.00%
2015	4,899	463	12	5,374	0.00%
2016	4,899	463	12	5,374	0.00%
2017	4,902	466	13	5,381	0.13%

Source: City of Norwalk

City of Norwalk
 Norwalk Municipal Water System - Top Ten Customers
 Current Fiscal Year and Prior Fiscal Year

CITY OF NORWALK - WATER		
Top Ten Customers—Fiscal Year 2017		
Customer	Total Billed⁽¹⁾	% of Total
Norwalk La Mirada School District	\$206,740	4.22%
Heritage HOA	53,015	1.08%
Pioneer Mobile Estates	32,896	0.67%
Norwalk Preservation, LP	32,044	0.65%
Fiesta Coin Laundry	30,912	0.63%
Shapell Industries	27,871	0.57%
Norwalk Housing Investors	21,037	0.43%
Weber Distribution	14,129	0.29%
Sparkle Fresh Laundry	11,601	0.24%
Pine Meadows	10,157	0.21%
TOP TEN TOTAL	\$440,403	8.98%
TOTAL SYSTEM	\$4,904,140	

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

CITY OF NORWALK - WATER		
Top Ten Customers—Fiscal Year 2016		
Customer	Total Billed⁽¹⁾	% of Total
Norwalk La Mirada School District	\$209,114	4.52%
Heritage HOA	56,009	1.21%
Norwalk Preservation, LP	30,617	0.66%
Shapell Industries	29,479	0.64%
Fiesta Coin Laundry	29,336	0.63%
Pioneer Mobile Estates	28,154	0.61%
Norwalk Housing Investors	22,539	0.49%
Pine Meadows	10,139	0.22%
Sparkle Fresh Laundry	9,528	0.21%
Weber Distribution	9,499	0.21%
TOP TEN TOTAL	\$434,414	9.39%
TOTAL SYSTEM	\$4,626,468	

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