

COMPREHENSIVE ANNUAL FINANCIAL REPORT



**Comprehensive Annual Financial Report
City of Norwalk, California
For the Fiscal Year Ended June 30, 2018**

Prepared by the Finance Department

(This page intentionally left blank)

**CITY OF NORWALK
CALIFORNIA**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2018

NORWALK City Council

Jennifer Perez

Mayor

Margarita L. Rios

Vice Mayor

Tony Ayala

Councilmember

Leonard Shyrock

Councilmember

Luigi Vernola

Councilmember

Jesus M. Gomez

City Manager

Jana Stuard

Director of Finance/City Treasurer

(This page intentionally left blank)

	<u>Page Number</u>
INTRODUCTORY SECTION:	
Letter of Transmittal	i
List of Elected Officials and Management Personnel	xvii
Organization Chart	xviii
Certificate of Achievement for Excellence in Financial Reporting (GFOA)	xix
 FINANCIAL SECTION:	
Independent Auditors' Report	1
Management's Discussion and Analysis (Required Supplementary Information)	5
Basic Financial Statements:	23
Statement of Net Position	25
Statement of Activities	26
Balance Sheet - Governmental Funds	28
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	31
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	32
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	35
Statement of Net Position - Proprietary Funds	36
Statement of Revenues, Expenses and Changes in Position - Proprietary Funds	38
Statement of Cash Flows - Proprietary Funds	40
Statement of Net Position - Fiduciary Funds	44
Statement of Changes in Fiduciary Net Position - Fiduciary Funds	45
 Notes to Basic Financial Statements	 47
Required Supplementary Information:	107
Schedule of Changes in the Net Pension Liability and Related Ratios	108
Schedule of Contributions - CalPERS	109
Annual Money-Weighted Rate of Return on Investments - OPEB	110
Schedule of Change in the Net OPEB Liability and Related Ratios	111
Schedule of Contributions - OPEB	112
Budgetary Comparison Schedules:	
General Fund	114
Housing and Community Development Special Revenue Fund	116
Housing Authority Special Revenue Fund	117
Note to Required Supplementary Information	118

	<u>Page Number</u>
FINANCIAL SECTION (CONTINUED):	
Other Supplementary Information:	119
Budgetary Comparison Schedules:	
Debt Service Fund - Major Fund	120
Special Projects Capital Projects Funds - Major Fund	121
Economic Development Capital Projects Fund - Major Fund	122
Housing Successor Fund Capital Projects Fund - Major Fund	123
Other Federal Grants Capital Projects Fund - Major Fund	124
Other Governmental Funds:	
Combining Balance Sheet	125
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	126
Special Revenue Funds:	
Description of Other Special Revenue Funds	127
Combining Balance Sheet	128
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	130
Schedules of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual:	
Child Development Program Special Revenue Fund	132
State Gasoline Tax Special Revenue Fund	133
Air Quality Improvement Special Revenue Fund	134
Norwalk Senior Program Special Revenue Fund	135
Proposition "C" Special Revenue Fund	136
Public Safety Special Revenue Fund	137
Parking Structure Special Revenue Fund	138
Special Grants Special Revenue Fund	139
Proposition "A" Special Revenue Fund	140
Measure "R" Special Revenue Fund	141
Measure "M" Special Revenue Fund	142

	<u>Page Number</u>
FINANCIAL SECTION (CONTINUED):	
Other Supplementary Information (Continued):	
Capital Projects Funds:	
Description of Other Capital Projects Funds	143
Combining Balance Sheet	144
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	146
Schedules of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual:	
Proposition "1B" Capital Projects Fund	148
Road Maintenance Rehabilitation Capital Projects Fund	149
Public Art Capital Projects Fund	150
Highway User Tax - 2103 Capital Projects Fund	151
Playground Equipment Replacement Capital Projects Fund	152
Sports Complex Equipment Replacement Capital Projects Fund	153
Computer Replacement Capital Projects Fund	154
Vehicle and Equipment Replacement Capital Projects Fund	155
Building Renovation Capital Projects Fund	156
Internal Service Funds:	
Description of Internal Service Funds	157
Combining Statement of Net Position	158
Combining Statement of Revenues, Expenses and Changes in Net Position	159
Combining Statement of Cash Flows	160
Agency Fund:	
Description of Agency Fund	161
Statement of Changes in Assets and Liabilities	162
STATISTICAL SECTION:	
Description of Statistical Section Content	163
Financial Trends:	
Net Position by Component - Last Ten Fiscal Years	165
Changes in Net Position - Expenses and Program Revenues - Last Ten Fiscal Years	166
Changes in Net Position - General Revenues - Last Ten Fiscal Years	167
Fund Balances - Governmental Funds - Last Ten Fiscal Years	168
Changes in Fund Balances - Governmental Funds - Last Ten Fiscal Years	169
Governmental Activities Tax Revenues by Source - Last Ten Fiscal Years	170

	<u>Page Number</u>
STATISTICAL SECTION (CONTINUED):	
Revenue Capacity:	
Assessed Value and Actual Value of Taxable Property - Last Ten Fiscal Years	171
Direct and Overlapping Property Tax Rates - Last Ten Fiscal Years	172
Principal Property Tax Payers - Current Fiscal Year and Ten Fiscal Years Ago	173
Secured Property Tax Levies and Collections - Last Ten Fiscal Years	174
Debt Capacity:	
Direct and Overlapping Governmental Activities Debt	175
Legal Debt Margin Information - Last Ten Fiscal Years	176
Outstanding Debt - Last Ten Fiscal Years	177
Pledged-Revenue Coverage:	
Norwalk Community Facilities Authority - Last Ten Fiscal Years	178
Demographic and Economic Information:	
Demographic and Economic Statistics - Last Ten Fiscal Years	179
Principal Employers - Current Fiscal Year and Ten Fiscal Years Ago	180
Operating Information:	
Full-Time and Part-Time Equivalent City Employees by Function - Last Ten Fiscal Years	181
Operating Indicators by Function - Last Ten Fiscal Years	182
Capital Asset Statistics by Function - Last Ten Fiscal Years	183
Water System:	
Statement of Net Position - Last Ten Fiscal Years	184
Historic Net Water Revenue and Debt Service Coverage - Last Ten Fiscal Years	185
Projected Net Water Revenues and Debt Service Coverage - Last Five Fiscal Years and One Year Projection	186
Service Charges and Per Unit Rates - Last Ten Fiscal Years	187
Service Charge Revenues - Last Ten Fiscal Years	188
Water Sources and Service Connections - Current Fiscal Year and Prior Fiscal Year	189
Water Sources - Last Ten Fiscal Years	190
Service Connections by Type - Last Ten Fiscal Years	191
Top Ten Customers - Current Fiscal Year and Prior Fiscal Year	192

December 12, 2018

**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, 2018, 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, 2018, 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, 2018, 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 107,251. 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 \$12.7 million, which is \$3.4 million higher than budgetary estimates. However, it is consistent with the interim results reported to the City Council in June 2018. 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 2018-19 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 30,558 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 254 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 45 Neighborhood Watch meetings, two Neighborhood Watch Association meetings, four 'Night Out in the Park' events, and one National Night Out event 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.
- The Public Safety Department implemented the Transient Camp Abatement Team (TCAT) in order to address transient encampments and mitigate criminal activity throughout the City.

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

Public Services:

- The Public Services Department received a 90% "Pleased Response" for the first quarter and a 96% "Pleased Response" for the second quarter of FY 2017-18 from residents and businesses requesting service from various sections of the department. The surveys were discontinued at the end of December 2017.
- Conducted on-call Emergency Duty training for Public Services staff. Updated and revised the Emergency Duty manual.
- Fifth grade students from Cesar Chavez Elementary assisted the Tree Section on October 26th, for the 2nd annual Neighbor Woods event to educate the benefits of trees. Thirteen (13) trees were planted in the parkways on the Walnut St. in front of the school.
- Approximately 20 participants from the Norwalk Sheriff's PRIDE Program, including participants and mentors, worked alongside City staff on landscaping planter upgrades at Sara Mendez Park on October 28th.
- The City, in collaboration with Southern California Edison, held a ribbon cutting ceremony on October 30th for the unveiling of the twelve (12) Electric Vehicle Charging Stations at the Norwalk Metrolink Station.
- City Departments, along with SCE, SoCal Gas, Golden State Water and Liberty Utilities, hosted the first Community Connect event at Snowfest on December 2nd. Representatives from each company highlighted ways to lower monthly bills through energy saving programs, and SCE and SoCal Gas gave income qualifying households the opportunity to sign up on the spot to receive discounts on their electric and gas bills and receive free solar panels. City staff provided information to the public regarding services and 200 boxes of energy efficient LED holiday lights were distributed to residents.
- The City was designated a Tree City USA for the 4th year 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.
- Department staff attended NFPA70E electrical safety training. This training was developed by the Occupational Safety and Health Administration (OSHA) as the industry-recognized standard for electrical workplace safety.
- In March, the City was notified that a grant was approved by the South Coast AQMD the amount of \$75,000 toward the cost to install a methane detection system in the Public Services vehicle bays. Total project cost of approximately \$225,000.
- Hosted the City's 5th Annual Arbor Day Event at Sara Mendez Park. Approximately 50 volunteers came out and helped Public Services staff plant 50 trees in the park.
- In observance of Arbor Day, students from Morrison Elementary School helped Public Services staff plant 14 trees in the parkway along Maidstone Ave. at the school.
- Staff attended a hands-on training for Calsense irrigation controllers. Calsense technology allows irrigation to be weather-based and controlled remotely.

- In recognition of National Public Works week, May 20-28, the Public Services Department hosted an expo for 3rd and 4th grade students from Studebaker Elementary School at Lakeside Park on May 24th.
- Installed Service Organization banners at ten entry points to the City. These banners are on display year round for a three-year period.
- Twelve Mini Mr. Sun events were held at various locations throughout the City. Public Safety Cadets and TAP 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.
- Installed 45 Hometown Heroes banners for military servicemen and women.

Park Rehabilitation Projects

- Gerdes, Glazier, Hermosillo, New River, Ramona, Sara Mendez, and Zimmerman Parks had a total of 106 new LED light fixtures installed along walkways, which equates to approximately 74,100 kWh savings per year. The City received approximately \$12,500 in incentives through Southern California Edison to complete these installations.
- Bob White Park - created new planters containing drought tolerant plants and refurbished horseshoe game area.
- Gerdes Park - installed a new monument on Mapledale Street side of the park.
- Hermosillo Park – completed design plans for ADA improvements and remodel of restrooms.
- Lakeside Park - installed new LED light fixtures near baseball fields.
- Norwalk Park - replaced existing light poles and fixtures with new light poles and LED light fixtures throughout park.
- Ramona Park - installed new bench seats in ballfield dugout areas and installed new electrical panel.
- Sara Mendez Park - created new planters containing drought tolerant plants; installed a new concrete pad, barbeque, two picnic tables, and bicycle rack.
- Vista Verde Park - installed new planters containing drought tolerant plants.

Facilities

City Hall

- Refurbished the Jesus Garcia Corona statue in the courtyard and memorial plaques.
- Installed new electrical panel.

Transportation/Public Services Facility and Metrolink Station

- Installed new LED lighting fixtures in the facility yard, commuter parking lot and the stairwells for the Metrolink bridge.
- Refurbished the Metrolink Station sign at the entrance to the facility.
- Painted the entire exterior and interior of the parking structure and stairways.

Senior Center

- Installed new cabinets and quartz countertops at the coffee stations.
- Refurbished front desk area.

Social Services

- Installed new wallpaper and baseboards in front lobby and main hallway.
- Installed new LED light fixtures at the exterior entry, parking lot and MPR entry.
- Replaced the entry awning.
- Replaced flooring in the staff kitchen.
- Replaced carpet in the Child Care offices.
- Refurbished the wall table in the employee's breakroom.

NASC/CAC/Aquatics Pavilion

- Refinished wood floors in the gymnasium, boxing room and dance floor.
- Installed new skylights in the gymnasium.
- Replaced the laminate flooring throughout the 1st floor hallways and Check-Out Room; and 2nd floor hallways and viewing deck of the racquetball courts.
- Replaced the laminate flooring in the First Aid Room, Check-Out Room and front office in the Aquatics Pavilion.
- Installed fourteen new air conditioning units, applied for Edison's HVAC Early Retirement Program and received a \$40,000 incentive check due to the replacements. Approximately 138,000 kWh were saved, which translated to more than \$20,000 in annual savings on energy bills.
- Created new planters containing drought tolerant plants in front of building.

Trees/Greenscape

- Trimmed 6,195 trees, as part of City's three year trimming cycle
- Responded to 1,715 residential requests for tree related concerns including: inspections, roots, trimming, and/or planting.
- Planted 254 trees in parkways citywide.
- Removed 222 trees in response to addressing hazards or nuisance conditions.

Graffiti

- Removed graffiti from over 9,928 locations citywide, as follow-up to 5,580 requests received from the community.

Streets

- Responded to 479 sidewalk, curb & gutter and pothole requests.
- Responded to 3,365 community requests for pickup of litter/illegally dumped items in right-of-way.
- Completed annual citywide Sidewalk Concrete Repair and Replacement Project - Repaired concrete including curb and gutter, sidewalks, and drive aprons raised by tree roots in eight (8) City zones.

Traffic

- Completed replacement of a variety of damaged/missing traffic/parking signs.
- Painted crosswalks citywide.
- Restriped road lanes, including City facility/parks parking lots.
- Painted 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's sewer system.
- Continued monitoring operations at 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 improvements for the Norwalk Municipal Water System.
- Continued the design phase to install Norwalk Park Well #10 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 construction of the phosphate treatment facility at Well #10 in Norwalk Park.
- Completed construction of distribution main pipeline replacement in the Central Service Area.
- Completed the design phase and initiated construction of a new transmission pipeline to connect the Central Service Area with both the West Service Area and South Service Area.
- 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 construction to repair 28 high priority sanitary sewer pipeline "hot spots".
- 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:

- Organized and conducted the Community Congress that brought City Stakeholders together to help develop a plan to better City services.
- Coordinated the Las Posadas program providing the community with another City wide event.
- Won the California Parks and Recreation Society's Award of Excellence for the Miniachis De Norwalk program.
- Conducted "Concert Share" bringing over 100 bands to share information with city representatives throughout Southern California generating close to \$8,000 in revenue for the one day event.
- Coordinated a new Beach Bus Program taking youth to the beach during the summer
- Added two additional summer concerts providing the community with more evening entertainment and a wider variety of music.

- Purchased two new departmental vehicles to ensure passenger safety.
- Arranged for new playground equipment at Hermosillo Park to provide the community with state of the art equipment.
- Improved community outreach by mailing a Department Schedule of Activities to all residents.
- Purchased new Youth Miniachi uniforms to give youth musicians a professional appearance.
- Purchased new tables for the Sproul Room at the Norwalk Arts & Sports Complex.
- Purchased an energy efficient insulated pool cover for the Aquatic Pavilion.

Community Development:

Community Development Administration

- Norwalk Education Alliance successfully conducted its 3rd Annual “Mock Interview” event, in which 185 students from six local high schools participated. Local government officials, school district professionals, and local business owners 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 486 students and residents participated in career workshops and had the opportunity to speak with industry professionals to help them discover a future career.
- Norwalk Education Alliance, Cerritos College, and the Norwalk-La Mirada Unified School District collaborated to honor 53 Norwalk students who have achieved academic success by installing street banners with their picture and college choice throughout the city. This project should be completed by mid-November 2018.
- Presented draft of Economic Development Opportunities Plan to City Council.

Building & Safety

- Issued 3,512 building permits
- Conducted 6,744 inspections
- Performed 625 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, Business License, and Building Plan Check approvals.
- Planning Division staff processed entitlements, which require Planning Commission approval, for development plans, conditional use permits, and signs, some of which include:
 - Allow establishment of a medical business through a parking study
 - Construct 5 single-family residences on substandard sized lots
 - Remodel the façade of a building and allow establishment of a non-acute outpatient medical clinic and consultation office within that building through a parking study
 - Allow establishment of a restaurant through a parking study
 - Allow the installation of 2 statues at St. John of God Church

- Modify the existing master sign programs at Alondra Center, Norwalk Plaza and Norwalk Town Square to allow a greater amount of signage
- Update signage at 2 existing gasoline stations
- Allow for a land subdivision at a single-family residential (R-1) zoned property
- Replacement of an emergency back-up generator and legalization of a trailer at the Norwalk Community Hospital
- Establish a new massage business at Paddison Square
- Establish a trucking business
- Allow on-site beer and wine at Ella's Café
- Remodel the façade of Wendy's Restaurant
- Remodel the façade and modify the drive-through lane of McDonald's restaurant
- Allow a mural at Norwalk Town Square
- Remodel and expand the McKenna BMW auto dealership
- An annual report and Text Amendments and that were considered by the Planning Commission and City Council include:
 - ✓ 2017 Norwalk General Plan and Housing Element Annual Progress Report, which was transmitted to HCD and HUD
 - ✓ Amended the NMC regulations for accessory dwelling units
 - ✓ Held discussion with the Planning Commission regarding the personal cultivation of marijuana

Engineering

- Work was completed on the following projects:
 - ✓ Project No. 7189 – Completed Bus Stop at Imperial Highway and Jersey Street.
 - ✓ Project No. 7786 – Completed Norwalk transportation Municipal Yard, Phase 1.
- Awarded the following contracts:
 - ✓ Project No. 7149 – Construction and Construction Management Contract for Pioneer Median from Rosecrans Avenue to Alondra Boulevard.
 - ✓ Project No. 7197 – Construction and Construction Management for Foster Road Side Panel from Studebaker Road to Pioneer Boulevard
 - ✓ Project No. 7232 – Assisted the award of Design Contract for traffic signal upgrades for Alondra Boulevard from Studebaker Road to Shoemaker Road.
 - ✓ Project No. 7233 – Assisted the award of Design Contract for traffic signal upgrades for Firestone Boulevard from San Gabriel River to Rosecrans Avenue.
 - ✓ Project No. 7234 – Assisted the award of Design Contract for traffic signal upgrades for Studebaker Road from Rosecrans Avenue to north city limits.
 - ✓ Project No. 7904 – Design Contract for Foster Road Rehabilitation from Studebaker Road to Pioneer Boulevard.
 - ✓ Project No. 7518 – Design Contract for Nordesta Storm Drain Analysis.
- Issued a total of 672 permits:
 - ✓ 283 Construction/Excavation/Encroachment permits
 - ✓ 123 Traffic Control Plan
 - ✓ 68 Trash Bin Permits
 - ✓ 198 Oversized permits

Code Compliance

- Staff continued to provide code compliance service 7 days a week.
- Issued 1,117 yard sale permits.
- Removed 459 signs from the public right-of-way.
- Received 275 Code Compliance complaint reports, 162 of which became violation cases.
- Closed 431 code enforcement complaint and violation cases.

Storm Water Compliance

- Worked with the City's consultant, 141 businesses were inspected and 13 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 12th consecutive year that the Housing Authority has received the "High Performer" rating.
- Conducted over 96 eligibility interviews from the Section 8 and Soroptimist Village waiting lists and provided housing assistance to an average of 665 households per month.
- Conducted two landlord outreach meetings in Norwalk, staffed booths at four residential rental management trade shows, and participated in the Southern California Landlord Outreach Committee to educate the landlord community and promote greater participation in the Section 8 program.
- Assisted in the development of the City's Plan to Prevent and Combat Homelessness adopted by the City Council on April 10, 2018.

CDBG and HOME Programs

- Rehabilitated 48 homes for low-income households using CDBG and HOME funds.
- One triplex on Rosecrans was rehabilitated by the City's Community Housing Development Organization (CHDO) to provide affordable housing to four developmentally disabled individuals.
- Completed development and adoption of the FY18/19 Annual Action Plan.
- Provided job training scholarships to ten 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 three HOME assisted rental housing developments and comprehensive monitoring review of one HOME development.

Norwalk Transit System:

- Amendment to Late Evening Weekday Dial A Ride Service
- Amendment to Interagency Transfer Policy
- On-Board Video Surveillance Cameras
- Fare Revenue Retrieval Vault
- Received \$1.2 million in Bus and Bus Facilities Grant to purchase two Electric Buses
- Completed Bus Stop Improvement Project at Imperial Highway and Jersey

Other Accomplishments:

- Continued prefunding the other post-employment benefits (OPEB) through the annual contributions to the irrevocable trust fund.
- The initial deposit of \$1.0 million established Pension Stabilization Trust Account with PARS.
- Secured \$4.3 million in fifteen-year financing to purchase approximately 4,156 street light poles from Southern California Edison and their retrofit to LED, energy efficient fixtures.
- Organized Community Congress with community stakeholders.
- Concluded the competitive selection process to select new trash hauler provider, lowering the residential rates, and increasing the franchise fee from 5%, on commercial accounts only, to all-inclusive 15% franchise fees. The new franchise agreement will take effect on August 1, 2018.
- Received the financial reporting excellence award from the Government Finance Officers Association (GFOA) for the Comprehensive Annual Financial Report (CAFR).

LONG-TERM FINANCIAL PLANNING

Budget

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

Capital Asset Replacement and Renovation Reserves

Funds are set aside annually for the replacement and renovation of City-owned facilities and capital assets. The balance in Capital Asset Replacement and Renovation Reserves at June 30, 2018 was \$4.7 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.

As the national economy continues to grow in its 10th year of expansion there is a question whether the growth is sustainable. Currently operating at full employment and benefiting from the massive tax cut and spending increases, the economic stimulus coming from that combination will likely run out in 2020, with deficits that it created lingering for another decade. In spite of concerns about the risk of a full-blown trade war with China, the forecast for the U.S. economy is one of growth.

The U.S. economic outlook is healthy according to the key economic indicators. The most critical indicator is the gross domestic product (GDP), which measures the nation's production output. The GDP growth is anticipated to be 2.4% in fiscal year 2018-19 and 2% in 2019-20. The national unemployment rate is anticipated to drop to 3.5%, from 4.4% in prior year, and should remain at 3.5% in 2020. Most job growth is expected in health care and other forms of social assistance as the American population ages. Inflation is expected to increase to 2.4% by the end of 2019, unchanged from the end of 2018.

California's economy continues revealing a mixed picture in 2018 and 2019 as solid job and wage growth are anticipated against a backdrop of unaffordable housing and weakened worker mobility. State economy will continue maturing in the near term before noticeably downshifting by 2019. The State's GDP is anticipated at 3% growth in late 2018, but eventually drop to 2% by early 2019 and 1.5% thereafter. Job base and personal incomes will continue their modest expansion. The fastest growing sectors include construction, health/education services, information and technology, warehousing and logistics, state/local government, and professional services. California's housing affordability is handicapping its economy as jobs go unfilled due to worker mobility and living costs.

The near-term budget outlook of the State of California is positive. Under the 2018-19 budget estimates, the state would have \$19.3 billion in total reserves, including \$7.5 billion in discretionary reserves, assuming that the Legislature makes no additional budget commitments. The state has made significant progress in preparing for the next recession.

Locally, Los Angeles County Economic Development Corporation foresees continuous improvement in the economy of the Los Angeles County. The wage growth is expected to grow moderately, labor market is growing across most industries; consumers, businesses, and tourists continue to spend; the outlook for new construction is also good. However there are the geopolitical risks related to future of trade policy; political gridlock causes policy uncertainty; rising energy prices and inflation risks, as well housing shortage that may cause restraints in the growth of local economy.

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;
- Address public safety concerns through a collaborative relationship between Public Safety, law enforcement, and residents;
- Law enforcement substations and mobile units and community outreach.

Capital Improvement Projects:

- Improve City's aging infrastructure focusing on rehabilitating the City's streets, traffic signal upgrades, sidewalks, median refurbishment and repair, and parks renovation;
- 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;
- Upgrade street light fixtures on poles owned by the City from high pressure sodium to LED fixtures;
- Develop Parks Master Plan citywide.

Transportation:

- Micro transportation assessment;
- Shuttle services and Greenline/Metrolink Station express service.

Other Initiatives:

- Continue the implementation of the Economic Development Strategy and supporting programs to strengthen existing businesses and attract new business development;
- Acquisition of governmental agencies' properties for potential development;
- Code amendment to facilitate development;
- Participate in programs that provide support and resources to local small businesses and veterans;
- Implementation of City's Geographical Information System (GIS);
- 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, Measures R and M, 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, 2017. That was the 31st 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.

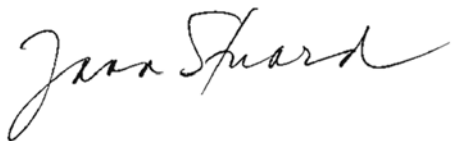
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

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, 2018.

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 that reads "Jana Stuard".

Jana Stuard
Finance Director / City Treasurer

**City of Norwalk, California
List of Elected Officials and Management Personnel
June 30, 2018**

ELECTED OFFICIALS

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

CITY MANAGER AND DEPARTMENT HEADS

City Manager	Jesus M. Gomez
Deputy City Manager.....	Gary DiCorpo
Deputy City Manager.....	Kevin Gano
City Clerk.....	Theresa Devoy
Director of Community Development	Michael L. Garcia
Director of Finance/City Treasurer	Jana Stuard
Director of Human Resources/Risk Manager	Catherine R. Thompson
Director of Public Safety	Grissel Chavez
Director of Recreation and Park Services	Bill Kearns
Director of Transportation	James C. Parker

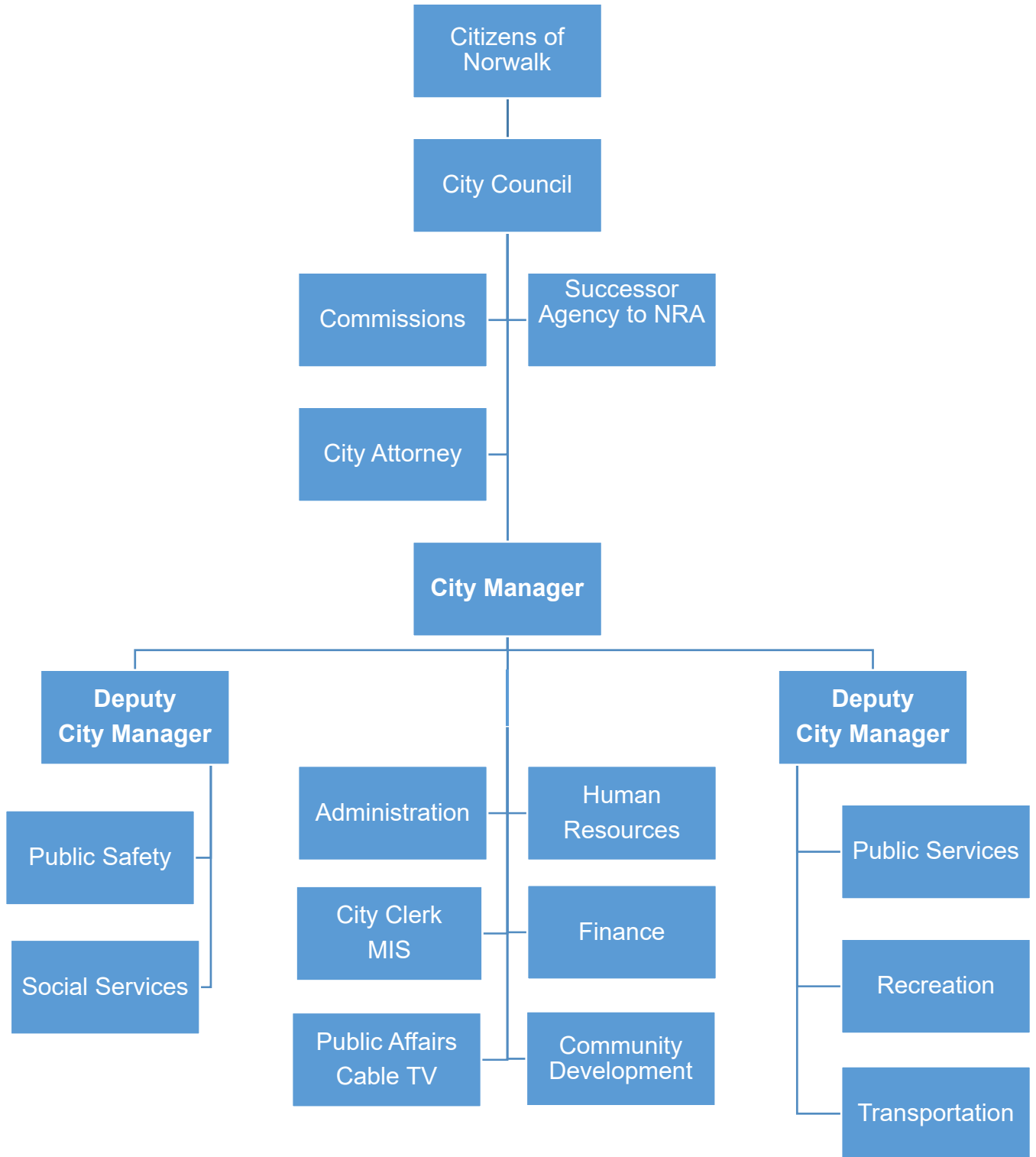
RECOGNITION

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, 2017

Christopher P. Morill

Executive Director/CEO

(This page intentionally left blank)

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, 2018, 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, 2018, 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.

Emphasis of Matter

As discussed in Notes 1B and 18 to the financial statements, the City adopted Governmental Accounting Standards Board's Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which required retrospective application resulting in a reduction of previously reported net position. Our opinions are not modified with respect to this matter.

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 annual money-weighted rate of return on investments for the OPEB, the schedule of changes in the net OPEB liability and related ratios, the schedule of contributions - 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, the Housing Successor Fund Capital Projects Fund - Major Fund, and the Other Federal Grants 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.

Other Matters (Continued)

Other Information (Continued)

The Debt Service Fund - Major Fund, the Special Projects Capital Projects Funds - Major Fund, the Economic Development Capital Projects Fund - Major Fund, the Housing Successor Fund Capital Projects Fund - Major Fund, and the Other Federal Grants 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.

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, 2018, 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, 2018

(This page intentionally left blank)

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, 2018. 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, 2018, 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, 2018, the City's total assets and deferred outflows of resources were \$336.8 million and total liabilities and deferred inflows of resources were \$133.4 million, resulting in net position of \$203.4 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 \$26.4 million or 11% from the prior fiscal year. This decrease is mainly due to the implementation of GASB 75, which increased the unfunded liabilities of other post-employment benefits by \$22.4 million.
- The net position of City's governmental activities decreased by \$19.8 million. This decrease is due to the implementation of GASB 75, \$15.1 million and the issuance of debt \$4.4 million. The net position of the City's business-type activities decreased by a \$6.6 million, \$7.2 million of this decrease is related to the implementation of GASB75.
- The City's long-term liabilities of \$113.5 million increased by \$35.1 million and include: \$20.2 million of outstanding bonded debt to fund various capital improvements of governmental and enterprise activities; \$4.3 million outstanding debt recently issued to finance the acquisition of capital assets (light poles) and their subsequent retrofit to energy saving fixtures; \$52.5 million of net pension liability; and \$35.4 million of net other post-employment benefit liability.
- The total of the City's capital assets at the end of fiscal year amounted to \$218.2 million. Out of this amount \$34.4 million, 16%, are non-depreciable assets, and \$183.9 million, or approximately 84%, 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 \$68.3 million, an increase of \$3.1 million; approximately \$10.7 million of this balance is unassigned.
- At June 30, 2018, the General Fund balance was \$24.0 million, this is consistent with the prior year. The unassigned fund balance increased by \$0.2 million to a total of \$12.7 million.

- The actual General Fund revenues and transfers in totaled \$46.5 million represented an increase of \$2.1 million, and were \$0.5 million higher than final budget.
- The actual General Fund expenditures and transfers out of \$46.6 million represented an increase of \$0.7 million from the prior year actual of \$45.9 million. This was \$3 million under the final budget of \$49.6 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

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

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, annual money-

weighted rate of return on investment - OPEB, changes in the net OPEB liability and related ratios, schedule of contributions - OPEB 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, 2018, as shown in Table 1, was \$203.4 million.

Table 1
Net Position
(in Thousands)

	Governmental Activities		Business-type activities		Total	
	2018	2017	2018	2017	2018	2017
Assets:						
Current and other assets	\$ 87,880	\$ 83,469	\$ 14,952	\$ 14,282	\$ 102,832	\$ 97,751
Capital assets	154,118	156,284	64,155	63,830	218,273	220,114
Total assets	<u>241,998</u>	<u>239,753</u>	<u>79,107</u>	<u>78,112</u>	<u>321,105</u>	<u>317,865</u>
Deferred outflows of resources	11,597	7,793	4,122	2,553	15,719	10,346
Liabilities:						
Long-term liabilities	79,613	54,305	33,858	24,083	113,470	78,388
Other liabilities	15,435	14,872	3,174	3,784	18,609	18,656
Total liabilities	<u>95,048</u>	<u>69,177</u>	<u>37,031</u>	<u>27,867</u>	<u>132,079</u>	<u>97,044</u>
Deferred inflows of resources	989	1,033	357	344	1,346	1,377
Net position:						
Net investment in capital assets	143,866	145,020	55,392	54,862	199,258	199,882
Restricted	36,621	35,568	-	-	36,621	35,568
Unrestricted	(22,929)	(3,252)	(9,552)	(2,408)	(32,480)	(5,660)
Total net position	<u>\$ 157,558</u>	<u>\$ 177,336</u>	<u>\$ 45,841</u>	<u>\$ 52,454</u>	<u>\$ 203,399</u>	<u>\$ 229,790</u>

The City's Government-wide total assets and deferred outflows of resources of \$336.8 million, liabilities and deferred inflows of resources of \$133.4 million. The net investment in capital assets was \$199.3 million. Another portion of the City's net position, \$36.6 million, represents resources that are subject to external restrictions in how they may be used. The remaining negative balance of \$32.5 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, 2018

Table 2
Changes in Net Position
(in thousands)

	Governmental Activities		Business-type activities		Government-Wide Totals	
	2018*	2017	2018*	2017	2018	2017
Revenues:						
Program Revenues:						
Charges for services	\$ 7,875	\$ 7,911	\$ 9,869	\$ 9,226	\$ 17,744	\$ 17,137
Operating grants and capital contributions	24,891	21,307	9,021	7,613	33,912	28,920
Capital grants and contributions	312	129	2,820	1,603	3,132	1,732
General Revenues:						
Taxes:						
Sales taxes	11,079	10,265	-	-	11,079	10,265
Property taxes	8,390	7,481	-	-	8,390	7,481
Property tax in-lieu of VLF	10,968	10,430	-	-	10,968	10,430
Utility users taxes	4,849	5,093	-	-	4,849	5,093
Business operations taxes	881	857	-	-	881	857
Transient occupancy taxes	1,593	1,545	-	-	1,593	1,545
Franchise Fee	1,837	1,786	-	-	1,837	1,786
Investment income	211	399	192	118	404	517
Other	-	-	-	-	-	-
Total Revenues	<u>72,886</u>	<u>67,203</u>	<u>21,903</u>	<u>18,560</u>	<u>94,789</u>	<u>85,763</u>
Expenses:						
General government	11,784	10,754	-	-	11,784	10,754
Public safety	15,176	14,000	-	-	15,176	14,000
Urban development	6,473	6,690	-	-	6,473	6,690
Public works	18,386	17,733	-	-	18,386	17,733
Culture and leisure	8,744	8,602	-	-	8,744	8,602
Health and welfare	14,900	13,683	-	-	14,900	13,683
Interest and fiscal charges	387	427	-	-	387	427
Bond issue costs	-	-	-	-	-	-
Transit	-	-	15,722	14,616	15,722	14,616
Water	-	-	5,254	4,723	5,254	4,723
Sewer	-	-	1,974	1,777	1,974	1,777
Golf Course	-	-	-	-	-	-
Total Expenses	<u>75,850</u>	<u>71,889</u>	<u>22,950</u>	<u>21,116</u>	<u>98,800</u>	<u>93,005</u>
Transfers	<u>(1,951)</u>	<u>(2,026)</u>	<u>1,951</u>	<u>2,026</u>	<u>-</u>	<u>-</u>
Change in net position	(4,916)	(6,712)	904	(530)	(4,012)	(7,242)
Net position - beginning of year, as restated	<u>162,473</u>	<u>184,048</u>	<u>44,937</u>	<u>52,984</u>	<u>207,410</u>	<u>237,032</u>
Net position - ending of year	<u>\$ 157,558</u>	<u>\$ 177,336</u>	<u>\$ 45,841</u>	<u>\$ 52,454</u>	<u>\$ 203,399</u>	<u>\$ 229,790</u>

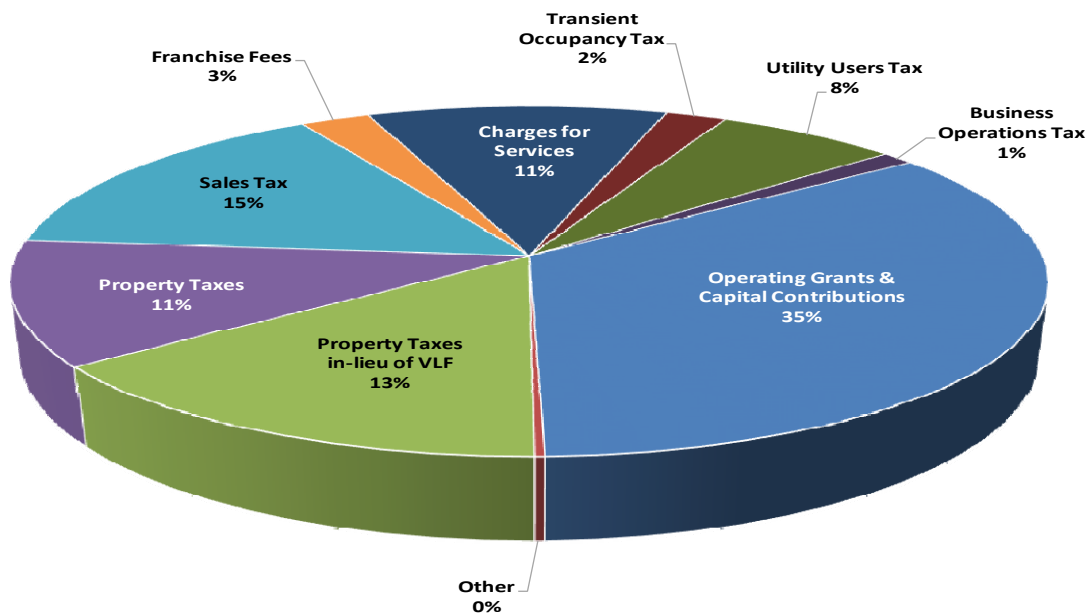
*FY 2018 - Net position includes implementation of GASB 75

Governmental Activities

Revenues for the City's governmental activities increased \$5.7 million or 8.5%, from \$67.2 million last fiscal year to \$72.9 million in this fiscal year. Key elements of significant changes are as follows:

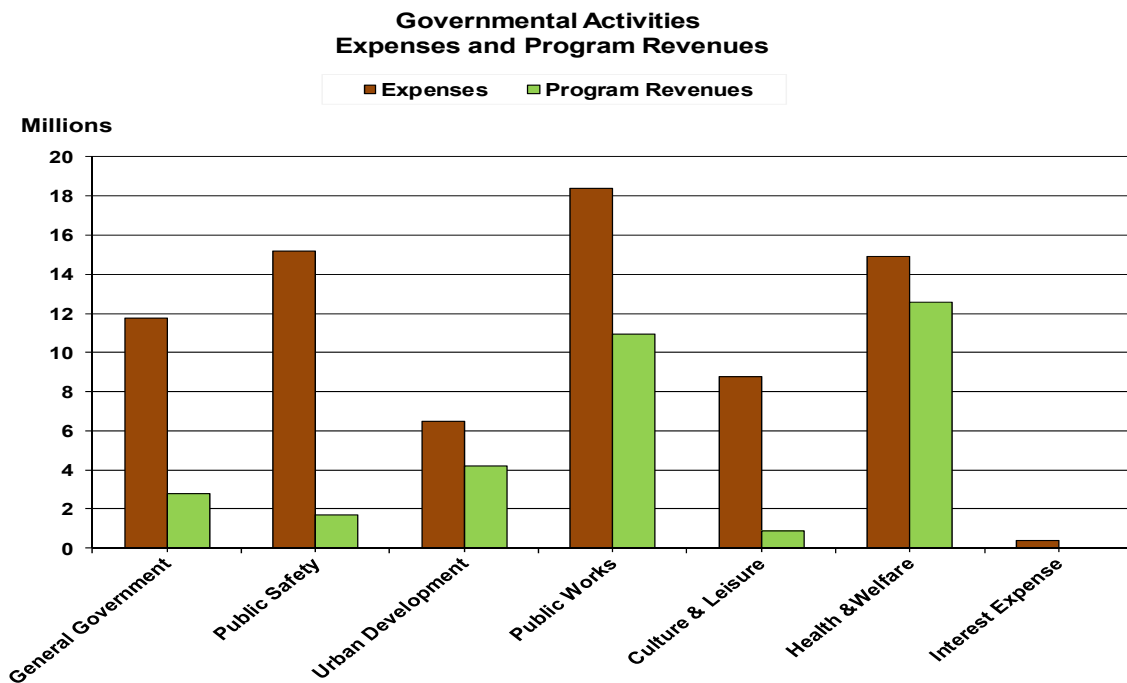
- The largest revenue source was operating grants and capital contributions at \$24.9 million, which increased \$3.6 million, or 16.8%, from the preceding fiscal year.
- The second largest revenue source was sales tax at \$11.1 million. It increased \$0.8 million, or 7.9%, from the preceding fiscal year.
- The third largest revenue source was property taxes in-lieu of VLF. The City received \$11.0 million, an increase of \$0.5 million, or 5.2%, from the prior fiscal year.
- Property taxes were the fourth largest revenue, at \$8.4 million, an increase of \$0.9 million or 12.2% from the prior fiscal year.
- The fifth largest revenue source was charges for services at \$7.9 million, which was consistent with the preceding fiscal year.

Governmental Activities - Revenues by Source



The cost of all governmental activities this year was \$75.8 million. Program revenues funded \$33.1 million, or 44% of governmental activities. The remaining portion of governmental activities was paid with general revenues.

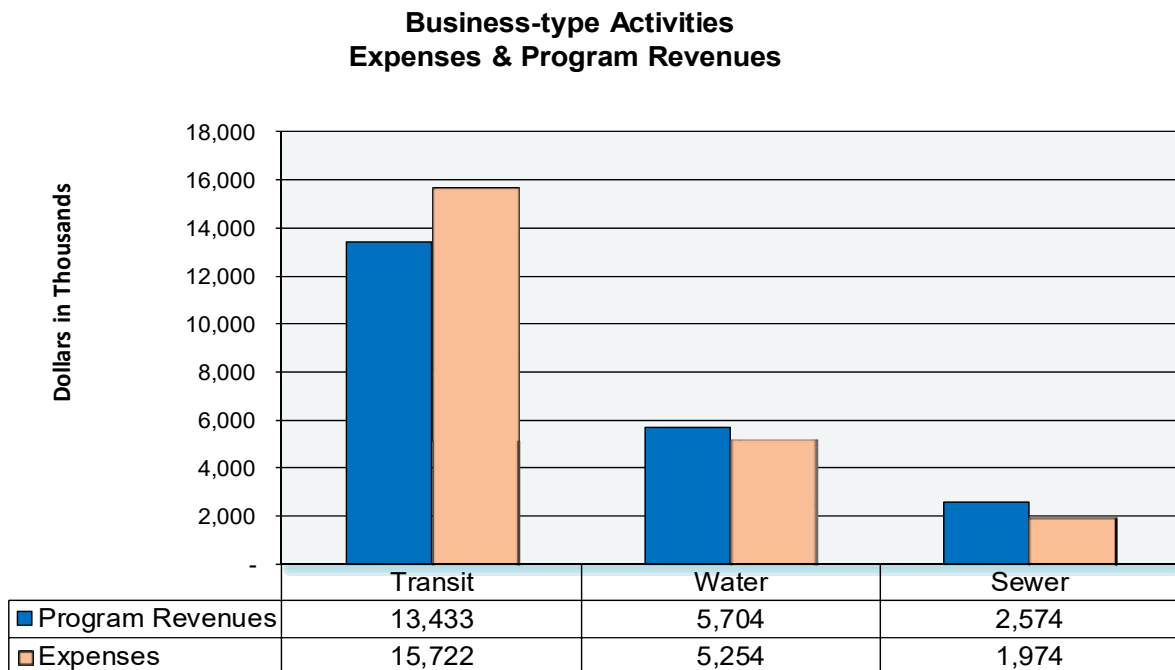
- Public Works, was the largest category of governmental activities, at \$18.4 million, it represented 24% of the total expenses; increasing \$0.7 million from the prior fiscal year. Approximately \$10.9 million in expense was funded with program revenues.
- Public Safety expense category was the second largest at \$15.2 million, or 20% of governmental activities, of which approximately \$1.7 million was funded with program revenues. Expenses for this category increased by \$1.2 million, or 8% from the prior fiscal year.
- Health and Welfare was the third largest expense category. During fiscal year ended June 30, 2018, these expenses represented \$14.9 million, or 19.6% of governmental activities. Approximately \$12.6 million was funded with program revenues. Expenses increased from the preceding fiscal year by \$1.2 million, or 9%.
- General Government, the fourth largest category of governmental activities recorded expenses at \$11.8 million; it represented 15.5% of total governmental expenses. Program revenues funded \$2.8 million. Expenses in this category recorded an increase of \$1.0 million, or 10% compared to preceding fiscal year.
- Culture and Leisure was the fifth largest governmental activity with \$8.7 million in expenses, or 11.5% of governmental activities. Approximately \$0.9 million was funded with program revenues. Expenses were consistent with the prior fiscal year.



Business-type Activities

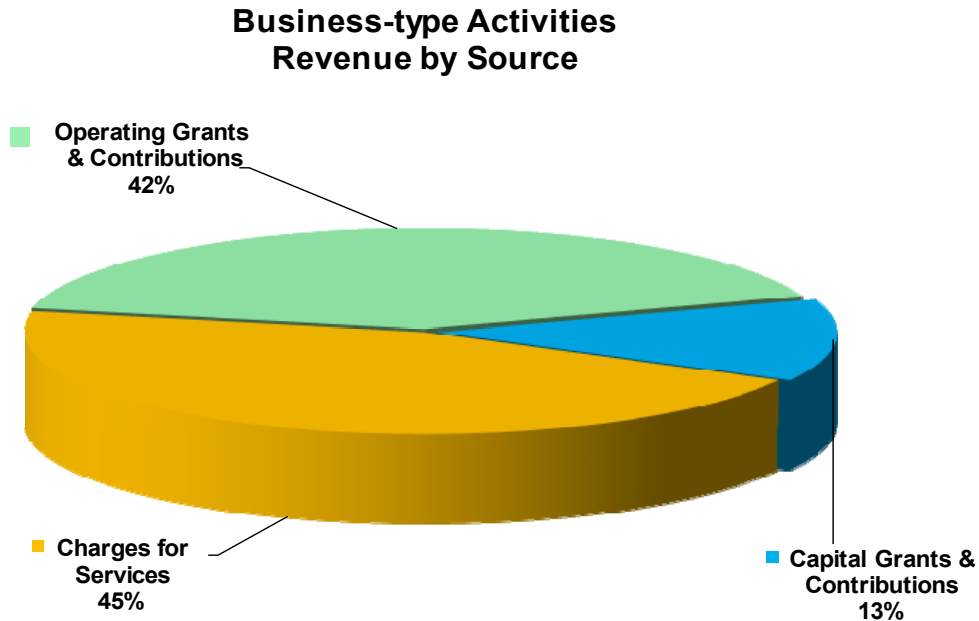
The City's business type activities, which are Transit, Water, and Sewer, account for services to the general public. As of June 30, 2018, total net position of Business-type activities was \$45.8 million, out of which, the unrestricted net position represented a negative \$9.6 million; net investment in capital assets represented \$55.4 million. Total net position decreased \$6.6 million from the prior year's balance of \$52.5 million. This decrease can be attributed to the implementation of GASB 75, which increased net liability of other post-employment benefits by \$7.2 million.

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



Total program revenues of Business-type activities were \$21.7 million; an increase of \$3.3 million, or 17.7% from the prior year's program revenues. The majority of this increase is related to higher operating grants and contribution revenues and capital grant funding received under Transit activity.

As shown in the pie chart below, Charges for Services represent 45% 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 42% of the total program revenues received by Business-type activities.



Transit System

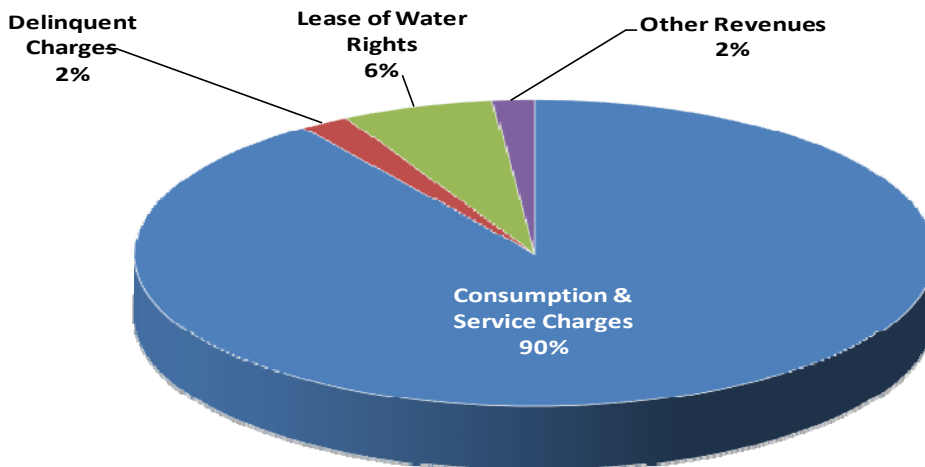
Charges for services, \$1.6 million, remained flat from the prior fiscal year. Operating grants and contributions were \$11 million, an increase of \$1.3 million. This increase is due in large part to Measure M funds, \$1.1 million, which is a new revenue source in fiscal year 2018. Capital grants and contributions of \$2.8 million recorded an increase of \$1.2 million from prior year. This increase is due to the purchase of three CNG buses, \$1 million. Combined revenues increased by \$2.6 million, or 24%, when compared to the prior fiscal year. Total expenses of \$15.7 million recorded an increase of \$1.1 million, or 8%, from the previous fiscal year.

Transit's net position decreased by \$6.9 million primarily due to the implementation of GASB 75 (\$6.4 million)

Water System

Revenues totaled \$5.8 million; an increase of \$0.6 million, or 11%, from the preceding year. As demonstrated in the chart below, consumption and service charges at \$5.2 million represented 90% of total revenues.

Water Total Revenues - \$5,786,439



Total expenses of \$5.3 million increased from the prior year by \$0.5 million, or 11 %.

Water Funds total net position of \$15.4 million remained consistent with the prior fiscal year, despite an increase in net other post-employment benefits liability of \$0.7 million due to the implementation of GASB 75.

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

In fiscal year 2017-18, operating revenues totaled \$2.6 million, while operating expenses were \$2.0 million. Total net position of the Sewer Fund is \$24.8 million, out of which, \$5.1 million is unrestricted.

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 \$68.3 million, an increase of \$3.1 million, or 4.7%, from the prior year's combined fund balance of \$65.2 million.

The nonspendable portion of Governmental Funds fund balance totaled \$7.5 million, a decrease of \$0.7 million or 8.3% from last year.

Total restricted fund balance was \$41.8 million, an increase of \$5.2 million. This significant increase resulted from debt issuance to fund street light project. The restricted balance comprises of \$11 million under Special Revenue Funds, restricted by their funding nature; \$24.3 million is restricted for Capital Projects, \$5.4 million for Debt Service; and \$1.0 million for pension stabilization fund.

Total committed fund balance was \$7.6 million: \$4.7 million to finance replacement of City assets, \$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 \$0.6 million for future capital improvement projects. The combined unassigned fund balance of Governmental Funds is \$10.7 million and is available for spending to meet the future needs of the City.

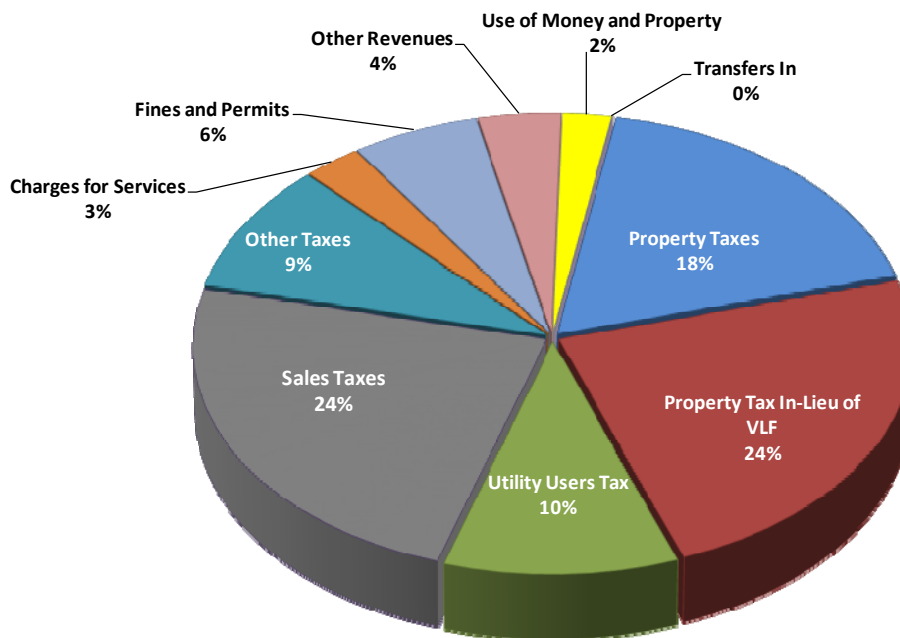
Revenues of governmental funds for the fiscal year ended June 30, 2018 were \$71.9 million. This is an increase of \$2.3 million, or 3.3%, from the prior fiscal year's total of \$69.6 million. The primary contributor to this increase is sales and property value related taxes, \$2.1 million.

Expenditures of governmental funds were \$71.5 million. This is an increase of \$3.4 million, or 5% from the prior fiscal year. This overall increase in expenditures can be contributed to combination of increases under street projects funded from special revenue funds, \$3.0 million; Los Angeles County Sheriff's contract, \$0.7 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 \$12.7 million, assigned fund balance was \$0.6 million, restricted fund balance \$1.0 million, non-spendable fund balance was \$7.5 million, while committed fund balance was \$2.1 million. These resulted in total General fund balance of \$24.0 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 \$46.5 million, an increase of \$2.1 million or 4.8%, from the prior year's total of \$44.4 million.

General Fund Revenues (by Sources)

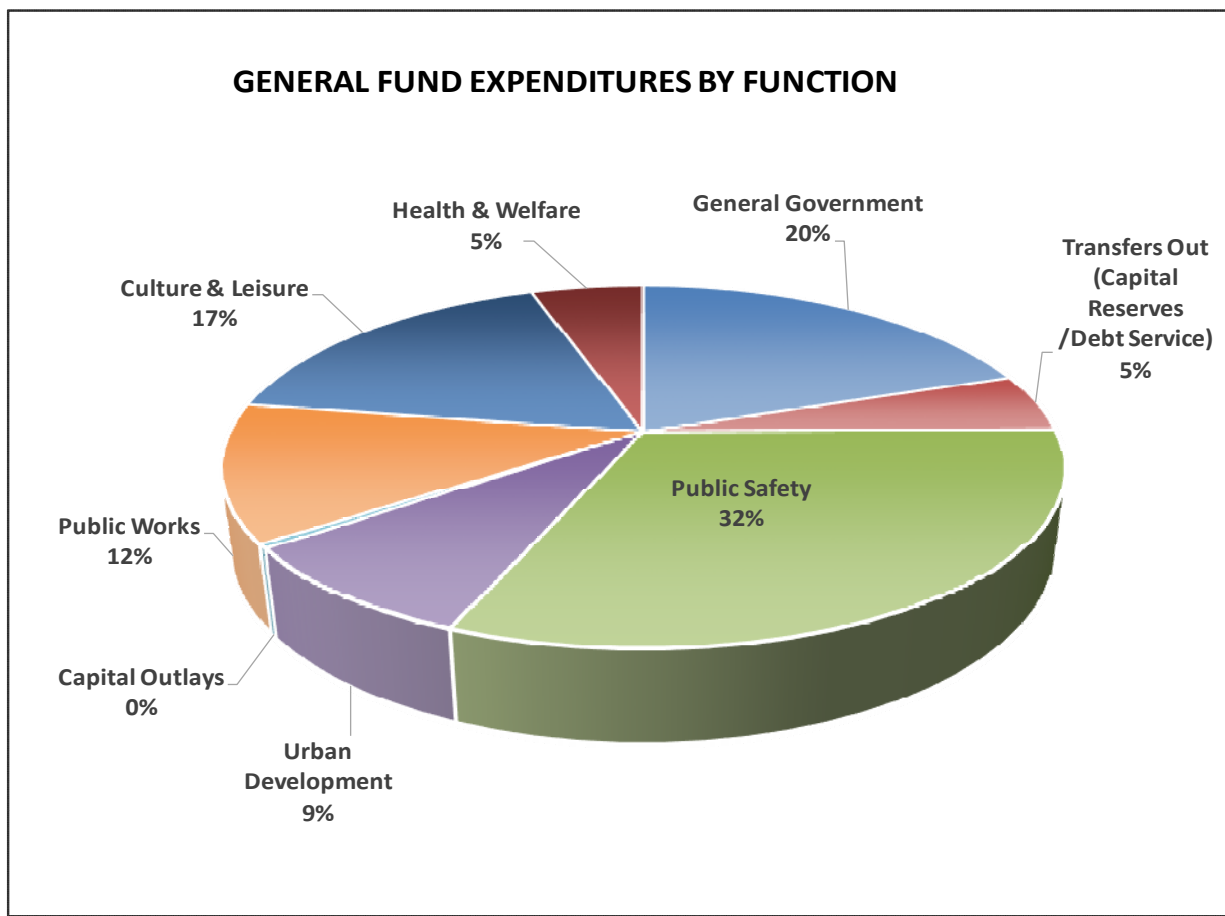


Taxes represent 85% of the General Fund revenues and are the largest revenue source. They include following categories: sales tax, property tax in-lieu of vehicle license fees (VLF), property taxes, utility users' tax and other taxes.

- Sales tax represented the largest revenue source at \$11.1 million, or 23.8% of General Fund revenues. This revenue source increased \$0.8 million, 7.9%, from fiscal year 2017. City recorded increases mainly under fuel and service stations, autos and transportation, business and industry, and general consumer goods categories. This trend was in line with state-wide results.

- The second largest revenue source, 23.6% of General Fund revenues, was property tax in-lieu of VLF at \$11.0 million. This is an increase of \$0.5 million, or 5.2% from prior year.
- Property taxes came in third at \$8.4 million, representing 18% of the General Fund revenues, an increase of \$0.9 million, 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 South-East Recreation Park Area.
- Utility users tax came in fourth at \$4.8 million or 10% of the total General Fund revenues, a decrease of \$0.2 million 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 \$4.3 million, or 9% of General Fund revenues. This revenue was flat compared to the prior fiscal year results.

General Fund expenditures and transfers out totaled \$46.6 million, an increase of \$0.7 million, or 1.6%, from the prior year's total of \$45.9 million. Expenditures by function from highest to lowest are summarized as follows:



- Public Safety was the largest General Fund function at \$14.7 million, or 31% of General Fund expenditures and transfers out, an increase of \$0.9 million, or 6.5%, from the preceding fiscal year. This increase is related to the rising cost of Los Angeles County Sheriff's contract.
- General Government (City Council, City Commissions, Administration, City Attorney, Management Services, Public Affairs, Cable TV, City Clerk's Office, Human Resources and Risk Management, Finance, and Management Information Systems) was the second largest General Fund function at \$9.2 million, or 19.7%, of the General Fund expenditures and transfers out. This function remained flat from prior year.
- The Culture and Leisure expenditures represented the third largest expenditure category at \$8.1 million, or 17.3%, of the General Fund expenditures and transfers out. This category increased \$0.4 million or 5.6% from prior year due to realignment of maintenance staff cost. Expenditures were re-categorized from Public Works to better reflect the cost of maintaining Culture and Leisure facilities.
- Public Works ranked fourth at \$5.7 million, or 12.2% of the General Fund expenditures and transfers out. This category increased \$0.2 million or 2.7% from prior year
- Fifth in rank is Urban Development function at \$4.0 million, representing 8.7% of the General Fund expenditures and transfers out. This expense decreased by \$0.5 million, or 11.2% from the prior year, which was a result of savings in personnel cost due to vacancies.

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 2017-18, CDBG received entitlement grant in the amount of \$0.9 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 \$175 thousand, and the program income generated by the repayment of HOME funded loans, \$29 thousand.

The City expended \$1.3 million of CDBG funds on 30 activities. HOME expenditures totaled \$208 thousand for the year, out of which \$149 thousand was spent for home repairs.

Special Projects Capital Projects Funds account for capital projects funded by federal and county grants. These funds are reimbursed by the granting agencies, as expenses are incurred. During fiscal year 2017-18, there were 11 capital projects in various stages of completion. Change in fund balance was a net decrease of \$101 thousand, due to the reimbursement of expenses received after the accrual period.

General Fund Budgetary Highlights

The following table displays the General Fund's original budget, final budget and actual results for 2018 revenues, expenditures and transfers. Actual revenues and transfers in were \$476 thousand, 1% higher than the City's final budget, of \$46.0 million. Expenditures and transfers out were lower by \$2.9 million than the final budget of \$49.6 million, or 6% under budget. The budget savings resulted mainly from savings under: personnel costs (\$1.2 million), capital projects (\$0.7 million), and other operating cost (\$1.0 million).

The final revenue budget reflects an increase of \$333 thousand (0.7%) from the original revenue estimates.

Differences between the original and final expenditures budgets reflect an increase of \$1.1 million, or 2.4%.

Table 3
General Fund Budgetary Comparison
(in thousands)

	Original Budget	Final Budget	Actual Amount
Revenues	\$ 45,710	\$ 46,043	\$ 46,533
Expenditures	(46,129)	(47,233)	(44,287)
Other Financing Sources (Uses):			
Transfers in	22	22	9
Transfers out	(2,339)	(2,339)	(2,354)
Net Change in Fund Balance	\$ (2,736)	\$ (3,507)	\$ (98)

Capital Assets and Debt Administration

Capital Assets. The City's investment in a broad range of capital assets for Governmental and Business-type Activities decreased \$1.8 million, or 1%, mainly due to current year depreciation. As of June 30, 2018 capital assets net depreciation totaled \$218.3 million.

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, 2018 and 2017**

	Governmental Activities		Business-type activities		Total	
	2018	2017	2018	2017	2018	2017
Capital assets not being depreciated:						
Land	\$ 6,964,636	\$ 6,964,626	\$ 23,125	\$ 23,125	\$ 6,987,761	\$ 6,987,751
Construction in progress	10,327,879	8,309,754	8,665,348	7,060,222	18,993,227	15,369,976
Water rights			8,396,581	8,396,581	8,396,581	8,396,581
Total capital assets not being depreciated	17,292,515	15,274,380	17,085,054	15,479,928	34,377,569	30,754,308
Capital assets being depreciated:						
Buildings and improvements	52,135,596	50,069,293	13,111,819	12,770,445	65,247,415	62,839,738
Distribution system	-	-	13,439,105	13,439,105	13,439,105	13,439,105
Machinery and equipment	6,810,256	6,840,192	-	-	6,810,256	6,840,192
Office equipment	-	-	822,297	822,297	822,297	822,297
Vehicles	-	-	19,160,074	18,602,760	19,160,074	18,602,760
Tools and equipment	-	-	2,435,530	2,479,837	2,435,530	2,479,837
Infrastructure	270,302,314	267,324,957	47,408,051	47,408,051	317,710,365	314,733,008
Miscellaneous	-	-	144,559	144,559	144,559	144,559
Total capital assets being depreciated	329,248,166	324,234,442	96,521,435	95,667,054	425,769,601	419,901,496
Less: Total accumulated depreciation	(192,422,909)	(183,225,119)	(49,451,102)	(47,316,543)	(241,874,011)	(230,541,662)
Net Capital Assets, being depreciated	136,825,257	141,009,323	47,070,333	48,350,511	183,895,590	189,359,834
Net Capital Assets	\$154,117,772	\$ 156,283,703	\$ 64,155,387	\$63,830,439	\$218,273,159	\$ 220,114,142

Non-Current Liabilities. At June 30, 2018, the City had \$115.5 million in outstanding long-term liabilities for governmental and business-type activities.

**Table 5
Non-Current Liabilities as of June 30, 2018 and 2017
(In thousands)**

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Compensated absences	\$ 2,502	\$ 2,432	\$ 561	\$ 522	\$ 3,063	\$ 2,954
Other post-employment benefits	23,620	6,002	11,735	3,281	35,355	9,284
Lease payable	4,337	-	-	-	4,337	-
Bond indebtedness	11,469	12,552	8,766	8,971	20,235	21,523
Net pension liability	39,401	34,783	13,134	11,594	52,535	46,377
Total non current liabilities	\$ 81,329	\$ 55,769	\$34,195	\$ 24,369	\$115,524	\$ 80,138

The City's total non-current liabilities increased by \$35.4 million or 44% during fiscal year 2017-2018. The majority of this increase can be attributed to the implementation of GASB 75, which increased other post-employment benefits liability by \$26.1 million or 281%; pension liabilities increased by \$6.2 million, or 13% due to changes in assumptions made by CalPERS. In addition the City issued \$4.3 million debt to acquire and retrofit street light poles. Bond indebtedness decreased by the amount of the annual principal payment of \$1.3 million. The City's credit rating remained unchanged.

Additional information on the City's long-term liabilities can be found in Note number 7, 8 and 11 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 2018 states that State of California's Budget is in remarkably good shape and long-term outlook is also positive, as 2019-20 general fund reserves should reach \$14.5 billion, assuming the Legislature makes no additional budget commitments.

The City will continue to monitor Federal and State budget development as they affect a substantial portion of the City's intergovernmental funding sources.

The City adopted fiscal year 2018-19 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 2018-19 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. 2018-19 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 \$10.2 million as of June 30, 2019. This amounts represent 22% of the operational & minor capital outlays expenditures.

The following table summarizes the General Fund 2018-19 Adopted Budget.

General Fund Balance	Budget
Unassigned Balance, Start of Year	12,668,547
Estimated Revenues	47,024,280
Change in Reserve Balances	122,987
Available Resources	47,147,267
Less Expenditures:	
Operations	47,062,313
Minor Capital Outlays	96,840
Other Sources (Uses)	(1,645,200)
Unassigned Balance, Year to Date	11,011,461

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

(This page intentionally left blank)

City of Norwalk
Statement of Net Position
June 30, 2018

	Governmental Activities	Business-type Activities	Total
ASSETS:			
Cash and investments	\$ 54,791,429	\$ 14,744,339	\$ 69,535,768
Cash and investments with fiscal agents	5,433,302	2,706	5,436,008
Cash and investments held by trust for pension	1,002,530	-	1,002,530
Accounts receivable	1,259,634	1,007,451	2,267,085
Interest receivable	679,998	-	679,998
Other receivables	13,606	-	13,606
Due from other governments	6,097,800	1,513,850	7,611,650
Due from Successor Agency	61,199	-	61,199
Advances to Successor Agency	8,496,088	-	8,496,088
Internal balances	2,527,498	(2,527,498)	-
Inventory	96,760	210,337	307,097
Prepaid items and deposits	59,543	739	60,282
Loans receivable	7,360,746	-	7,360,746
Capital assets:			
Non-depreciable	17,292,515	17,085,054	34,377,569
Depreciable, net of accumulated depreciation	136,825,257	47,070,333	183,895,590
Total assets	<u>241,997,905</u>	<u>79,107,311</u>	<u>321,105,216</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred amounts from OPEB plans	1,999,166	962,821	2,961,987
Deferred amounts from pension plans	9,477,069	3,159,024	12,636,093
Unamortized loss on bond defeasance	120,958	-	120,958
Total deferred outflows of resources	<u>11,597,193</u>	<u>4,121,845</u>	<u>15,719,038</u>
LIABILITIES:			
Accounts payable	5,310,237	1,086,623	6,396,860
Accrued expenses	80,119	321,806	401,925
Interest payable	49,410	43,164	92,574
Other liabilities	24,947	24,706	49,653
Due to other governments	8,189,632	-	8,189,632
Deposits payable	58,051	153,075	211,126
Unearned revenue	6,860	1,207,072	1,213,932
Noncurrent liabilities:			
Due within one year	1,716,477	337,254	2,053,731
Due in more than one year:			
Other long-term liabilities	16,591,603	8,988,915	25,580,518
Net OPEB liability	23,619,723	11,735,124	35,354,847
Net pension liability	39,401,205	13,133,736	52,534,941
Total liabilities	<u>95,048,264</u>	<u>37,031,475</u>	<u>132,079,739</u>
DEFERRED INFLOWS OF RESOURCES:			
Deferred amounts from OPEB plans	113,006	65,166	178,172
Deferred amounts from pension plans	875,875	291,959	1,167,834
Total deferred inflows of resources	<u>988,881</u>	<u>357,125</u>	<u>1,346,006</u>
NET POSITION:			
Net investment in capital assets	143,865,804	55,392,470	199,258,274
Restricted:			
Pension	1,002,530	-	1,002,530
Public safety	342,227	-	342,227
Urban development	23,939,822	-	23,939,822
Public works	10,918,965	-	10,918,965
Public art	169,253	-	169,253
Culture & leisure	111,762	-	111,762
Health & welfare	136,135	-	136,135
Unrestricted	(22,928,545)	(9,551,914)	(32,480,459)
Total net position	<u>\$ 157,557,953</u>	<u>\$ 45,840,556</u>	<u>\$ 203,398,509</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	\$ 11,784,341	\$ 2,595,457	\$ 199,738	\$ -
Public safety	15,175,568	1,500,144	205,036	-
Urban development	6,472,762	2,363,844	1,843,066	-
Public works	18,386,470	339,800	10,278,909	311,635
Culture and leisure	8,743,561	637,317	240,149	-
Health and welfare	14,900,082	438,658	12,123,742	-
Interest expense	387,397	-	-	-
Total governmental activities	75,850,181	7,875,220	24,890,640	311,635
Business-type activities:				
Transit system	15,722,272	1,590,908	9,021,190	2,820,413
Water	5,254,018	5,704,279	-	-
Sewer	1,973,782	2,573,946	-	-
Total business-type activities	22,950,072	9,869,133	9,021,190	2,820,413
Total primary government	\$ 98,800,253	\$ 17,744,353	\$ 33,911,830	\$ 3,132,048

General revenues:

Taxes:

Property taxes

Utility users taxes

Business operation taxes

Transient occupancy taxes

Franchise fees

Unrestricted intergovernmental

Intergovernmental revenue - sales taxes

Investment income

Transfers

Total general revenues and transfers

Changes in net position

Net position - beginning of year, as restated

Net position - end of year

City of Norwalk
Statement of Activities
For the year ended June 30, 2018

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-type Activities	Total
\$ (8,989,146)	\$ -	\$ (8,989,146)
(13,470,388)	-	(13,470,388)
(2,265,852)	-	(2,265,852)
(7,456,126)	-	(7,456,126)
(7,866,095)	-	(7,866,095)
(2,337,682)	-	(2,337,682)
(387,397)	-	(387,397)
<u>(42,772,686)</u>	<u>-</u>	<u>(42,772,686)</u>
-	(2,289,761)	(2,289,761)
-	450,261	450,261
-	600,164	600,164
<u>-</u>	<u>(1,239,336)</u>	<u>(1,239,336)</u>
<u>(42,772,686)</u>	<u>(1,239,336)</u>	<u>(44,012,022)</u>
8,390,338	-	8,390,338
4,848,872	-	4,848,872
880,709	-	880,709
1,593,203	-	1,593,203
1,836,980	-	1,836,980
10,967,928	-	10,967,928
11,078,771	-	11,078,771
211,385	192,254	403,639
(1,951,033)	1,951,033	-
<u>37,857,153</u>	<u>2,143,287</u>	<u>40,000,440</u>
(4,915,533)	903,951	(4,011,582)
<u>162,473,486</u>	<u>44,936,605</u>	<u>207,410,091</u>
<u>\$ 157,557,953</u>	<u>\$ 45,840,556</u>	<u>\$ 203,398,509</u>

ASSETS	General Fund	Housing and Community Development Special Revenue Fund	Housing Authority Special Revenue Fund	Debt Service Fund
ASSETS				
Assets:				
Cash and investments	\$ 13,108,055	\$ 450,544	\$ 1,384,501	\$ 230
Cash and investments with fiscal agents	-	-	-	5,433,302
Cash and investments held by trust for pension	1,002,530	-	-	-
Accounts receivable, net	1,087,696	5,763	74,199	-
Interest receivable	232,896	447,102	-	-
Other receivable	13,606	-	-	-
Due from other funds	2,647,182	-	-	-
Due from other governments	2,577,763	142,938	2,375	-
Inventory	6,273	-	-	-
Prepaid items	57,924	69	-	-
Loans receivable	-	7,360,746	-	-
Due from Successor Agency	61,199	-	-	-
Advances to Successor Agency	8,496,088	-	-	-
Advances to other funds	2,527,498	-	-	-
Total assets	\$ 31,818,710	\$ 8,407,162	\$ 1,461,075	\$ 5,433,532
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)				
Liabilities:				
Accounts payable	\$ 3,890,748	\$ 107,872	\$ -	\$ 3,000
Due to other funds	-	-	172,434	-
Due to other governments	381,453	7,807,848	-	-
Deposits payable	-	-	58,051	-
Other liabilities	24,947	-	-	-
Unearned revenue	-	-	-	-
Total liabilities	4,297,148	7,915,720	230,485	3,000
Deferred inflows of resources:				
Unavailable revenues	3,564,751	-	82,443	-
Total deferred inflows of resources	3,564,751	-	82,443	-
Fund balances (deficits):				
Nonspendable	7,524,734	69	-	-
Restricted	1,002,530	491,373	1,148,147	5,430,532
Committed	2,120,000	-	-	-
Assigned	641,000	-	-	-
Unassigned	12,668,547	-	-	-
Total fund balances (deficits)	23,956,811	491,442	1,148,147	5,430,532
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 31,818,710	\$ 8,407,162	\$ 1,461,075	\$ 5,433,532

See accompanying notes to basic financial statements.

**City of Norwalk
Balance Sheet
Governmental Funds
June 30, 2018**

Special Projects Capital Projects Funds	Economic Development Capital Projects Fund	Housing Successor Fund Capital Projects Fund	Other Federal Grants Capital Projects Fund	Other Governmental Funds	Totals
\$ 271,459	\$ 10,766,708	\$ 11,477,193	\$ -	\$ 17,148,660	\$ 54,607,350
-	-	-	-	-	5,433,302
-	-	-	-	-	1,002,530
-	-	-	-	91,976	1,259,634
-	-	-	-	-	679,998
-	-	-	-	-	13,606
-	-	-	-	-	2,647,182
352,403	-	-	1,862,260	1,158,099	6,095,838
-	-	-	-	-	6,273
-	-	-	-	1,550	59,543
-	-	-	-	-	7,360,746
-	-	-	-	-	61,199
-	-	-	-	-	8,496,088
-	-	-	-	-	2,527,498
<u>\$ 623,862</u>	<u>\$ 10,766,708</u>	<u>\$ 11,477,193</u>	<u>\$ 1,862,260</u>	<u>\$ 18,400,285</u>	<u>\$ 90,250,787</u>
\$ 70,264	\$ 25,713	\$ 398	\$ 231,261	\$ 932,938	\$ 5,262,194
386,771	-	-	1,646,777	439,238	2,645,220
-	-	-	-	331	8,189,632
-	-	-	-	-	58,051
-	-	-	-	-	24,947
3,360	-	-	-	3,500	6,860
<u>460,395</u>	<u>25,713</u>	<u>398</u>	<u>1,878,038</u>	<u>1,376,007</u>	<u>16,186,904</u>
318,803	-	-	1,569,245	236,026	5,771,268
<u>318,803</u>	<u>-</u>	<u>-</u>	<u>1,569,245</u>	<u>236,026</u>	<u>5,771,268</u>
-	-	-	-	1,550	7,526,353
-	10,740,995	11,476,795	-	11,510,925	41,801,297
-	-	-	-	5,511,717	7,631,717
-	-	-	-	-	641,000
(155,336)	-	-	(1,585,023)	(235,940)	10,692,248
<u>(155,336)</u>	<u>10,740,995</u>	<u>11,476,795</u>	<u>(1,585,023)</u>	<u>16,788,252</u>	<u>68,292,615</u>
<u>\$ 623,862</u>	<u>\$ 10,766,708</u>	<u>\$ 11,477,193</u>	<u>\$ 1,862,260</u>	<u>\$ 18,400,285</u>	<u>\$ 90,250,787</u>

(This page intentionally left blank)

City of Norwalk
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2018

Fund balances - total governmental funds		\$ 68,292,615
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.		120,958
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet.		
Capital assets	\$ 346,433,969	
Accumulated depreciation	<u>(192,316,197)</u>	154,117,772
Accrued interest on long-term debt is not due and payable in the current period and is not reported in the governmental funds.		(49,410)
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.		5,771,268
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, 2018 are:		
Compensated absences (this amount does not include \$146,404 of internal service fund compensated absences)	(2,355,448)	
Lease revenue bonds	(11,020,000)	
Lease payable	(4,337,008)	
Bond premium	<u>(449,220)</u>	(18,161,676)
Pension and OPEB 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 and OPEB 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 OPEB	1,999,166	
Deferred inflows of resources related to OPEB	(113,006)	
Net OPEB liability	(23,619,723)	
Deferred outflows of resources related to pensions	9,477,069	
Deferred inflows of resources related to pensions	(875,875)	
Net pension liability	<u>(39,401,205)</u>	<u>(52,533,574)</u>
Net position of governmental activities		<u>\$ 157,557,953</u>

See accompanying notes to basic financial statements.

	General Fund	Housing and Community Development Special Revenue Fund	Housing Authority Special Revenue Fund	Debt Service Fund
Revenues:				
Taxes	\$ 39,596,801	\$ -	\$ -	\$ -
Licenses and permits	1,329,636	-	-	-
Fines, forfeitures and penalties	1,453,258	-	-	-
Use of money and property	166,861	4,692	1,262	17,621
Intergovernmental	585,085	1,038,354	7,323,811	-
Charges for services	1,265,339	-	-	-
Rental income	909,372	-	-	-
Other	1,226,664	433,126	48,019	-
Total revenues	46,533,016	1,476,172	7,373,092	17,621
Expenditures:				
Current:				
General government	9,193,871	-	-	5,220
Public safety	14,661,522	-	-	-
Urban development	4,036,097	1,465,833	-	-
Public works	5,723,769	50,309	-	-
Culture and leisure	8,052,244	-	-	-
Health and welfare	2,428,155	34,910	7,169,963	-
Capital outlay and improvement	190,843	1,403	-	-
Debt service:				
Bond issue costs	-	-	-	74,144
Principal retirement	-	-	-	1,025,000
Interest and fiscal charges	-	-	-	436,281
Total expenditures	44,286,501	1,552,455	7,169,963	1,540,645
Excess (deficiency) of revenues over expenditures	2,246,515	(76,283)	203,129	(1,523,024)
Other financing sources (uses):				
Issuance of debt	-	-	-	4,337,008
Transfers in	8,520	-	-	1,463,502
Transfers out	(2,353,518)	-	-	-
Total other financing sources (uses)	(2,344,998)	-	-	5,800,510
Change in fund balances	(98,483)	(76,283)	203,129	4,277,486
Beginning fund balances (deficits), as restated	24,055,294	567,725	945,018	1,153,046
Ending fund balances (deficits)	\$ 23,956,811	\$ 491,442	\$ 1,148,147	\$ 5,430,532

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, 2018

Special Projects Capital Projects Funds	Economic Development Capital Projects Fund	Housing Successor Fund Capital Projects Fund	Other Federal Grants Capital Projects Fund	Other Governmental Funds	Totals
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 39,596,801
-	-	-	-	-	1,329,636
-	-	-	-	-	1,453,258
-	23,352	35,180	-	236,500	485,468
573,890	-	-	719,063	13,758,721	23,998,924
-	-	-	-	992,052	2,257,391
-	-	-	-	-	909,372
-	-	-	-	138,487	1,846,296
<u>573,890</u>	<u>23,352</u>	<u>35,180</u>	<u>719,063</u>	<u>15,125,760</u>	<u>71,877,146</u>
-	-	-	-	616,808	9,815,899
-	-	-	-	254,653	14,916,175
96,968	-	57,633	-	25,068	5,681,599
-	-	-	-	3,288,807	9,062,885
-	-	-	-	81,426	8,133,670
-	-	-	-	4,882,059	14,515,087
578,735	59,859	-	2,248,392	4,723,203	7,802,435
-	-	-	-	-	74,144
-	-	-	-	-	1,025,000
-	-	-	-	-	436,281
<u>675,703</u>	<u>59,859</u>	<u>57,633</u>	<u>2,248,392</u>	<u>13,872,024</u>	<u>71,463,175</u>
<u>(101,813)</u>	<u>(36,507)</u>	<u>(22,453)</u>	<u>(1,529,329)</u>	<u>1,253,736</u>	<u>413,971</u>
-	-	-	-	-	4,337,008
-	-	199,042	-	946,881	2,617,945
-	-	-	-	(2,215,460)	(4,568,978)
-	-	199,042	-	(1,268,579)	2,385,975
(101,813)	(36,507)	176,589	(1,529,329)	(14,843)	2,799,946
<u>(53,523)</u>	<u>10,777,502</u>	<u>11,300,206</u>	<u>(55,694)</u>	<u>16,803,095</u>	<u>65,492,669</u>
<u>\$ (155,336)</u>	<u>\$ 10,740,995</u>	<u>\$ 11,476,795</u>	<u>\$ (1,585,023)</u>	<u>\$ 16,788,252</u>	<u>\$ 68,292,615</u>

(This page intentionally left blank)

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, 2018

Net change in fund balances - total governmental funds	\$	2,799,946
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.</p>		
Depreciation expense	\$ (9,422,634)	
Loss on retirement of assets	(10,623)	
Capital outlay	<u>7,267,326</u>	(2,165,931)
<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>		
		1,008,535
<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>		
Issuance of debt	(4,337,008)	
Principal bond repayments	1,025,000	
Net change in compensated absences	<u>(56,018)</u>	(3,368,026)
<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>		
Change in accrued interest on long-term debt	5,125	
Amortization of bond premium	57,598	
Amortization of loss on bond refunding	<u>(13,839)</u>	48,884
<p>OPEB expense reported in the governmental funds includes the insurance premiums paid. In the Statement of Activities, OPEB expense includes the change in the OPEB liability, and related change in OPEB amounts for deferred outflows of resources and deferred inflows of resources.</p>		
		(596,686)
<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>		
		<u>(2,642,255)</u>
Change in net position of governmental activities	\$	<u><u>(4,915,533)</u></u>

See accompanying notes to basic financial statements.

	Business-type Activities	
	Enterprise Funds	
	Transit System Fund	Water Fund
ASSETS:		
Current assets:		
Cash and investments	\$ 2,711,278	\$ 6,115,383
Cash and investments with fiscal agents	-	2,706
Accounts receivable	169,542	829,583
Inventory	210,337	-
Prepaid items	739	-
Due from other governments	1,227,251	226,000
Total current assets	4,319,147	7,173,672
Capital assets:		
Not being depreciated	522,061	15,291,347
Being depreciated, net of accumulated depreciation	21,166,997	7,509,340
Total capital assets	21,689,058	22,800,687
Total assets	26,008,205	29,974,359
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred amounts from OPEB plans	890,349	61,234
Deferred amounts from pension plans	2,653,580	379,083
Total deferred outflows of resources	3,543,929	440,317
LIABILITIES:		
Current liabilities:		
Accounts payable	183,093	752,698
Accrued expenses	274,926	35,486
Interest payable	-	43,164
Deposits payable	-	153,075
Other liabilities	-	24,706
Due to other funds	-	-
Advances from other funds	-	117,130
Unearned revenue	1,207,072	-
Compensated absences payable, current portion	108,754	19,800
Bonds payable, current portion	-	200,000
Total current liabilities	1,773,845	1,346,059
Noncurrent liabilities:		
Advances from other funds	-	2,410,368
Bonds payable	-	8,565,623
Compensated absences payable, long-term portion	303,253	94,905
Net other post-employment benefits (OPEB) liability	10,462,252	1,015,032
Net pension liability	11,032,338	1,576,048
Total noncurrent liabilities	21,797,843	13,661,976
Total liabilities	23,571,688	15,008,035
DEFERRED INFLOWS OF RESOURCES:		
Deferred amounts from OPEB plans	59,218	4,758
Deferred amounts from pension plans	245,245	35,035
Total deferred inflows of resources	304,463	39,793
NET POSITION:		
Net investment in capital assets	21,689,058	14,037,770
Unrestricted	(16,013,075)	1,329,078
Total net position	\$ 5,675,983	\$ 15,366,848

See accompanying notes to basic financial statements.

City of Norwalk
Statement of Net Position
Proprietary Funds
June 30, 2018

Business-type Activities Enterprise Funds (Continued)		Governmental Activities
Sewer Fund	Totals	Internal Service Funds
\$ 5,917,678	\$ 14,744,339	\$ 184,079
-	2,706	-
8,326	1,007,451	-
-	210,337	90,487
-	739	-
60,599	1,513,850	1,962
<u>5,986,603</u>	<u>17,479,422</u>	<u>276,528</u>
1,271,646	17,085,054	-
18,393,996	47,070,333	-
<u>19,665,642</u>	<u>64,155,387</u>	<u>-</u>
<u>25,652,245</u>	<u>81,634,809</u>	<u>276,528</u>
11,238	962,821	-
126,361	3,159,024	-
<u>137,599</u>	<u>4,121,845</u>	<u>-</u>
150,832	1,086,623	48,043
11,394	321,806	80,119
-	43,164	-
-	153,075	-
-	24,706	-
-	-	1,962
-	117,130	-
-	1,207,072	-
8,700	137,254	41,100
-	200,000	-
<u>170,926</u>	<u>3,290,830</u>	<u>171,224</u>
-	2,410,368	-
-	8,565,623	-
25,134	423,292	105,304
257,840	11,735,124	-
525,350	13,133,736	-
<u>808,324</u>	<u>36,268,143</u>	<u>105,304</u>
<u>979,250</u>	<u>39,558,973</u>	<u>276,528</u>
1,190	65,166	-
11,679	291,959	-
<u>12,869</u>	<u>357,125</u>	<u>-</u>
19,665,642	55,392,470	-
5,132,083	(9,551,914)	-
<u>\$ 24,797,725</u>	<u>\$ 45,840,556</u>	<u>\$ -</u>

	Business-type Activities	
	Enterprise Funds	
	Transit System Fund	Water Fund
Operating revenues:		
Charges for services	\$ 1,274,177	\$ 5,704,279
Total operating revenues	<u>1,274,177</u>	<u>5,704,279</u>
Operating expenses:		
Administrative	716,908	421,376
Utilities	118,866	75,218
Salaries and benefits	10,202,104	1,133,317
Contractual services	892,794	524,343
Cost of water	-	2,177,554
Maintenance and repairs	673,294	57,199
Supplies and materials	133,512	-
Insurance	711,222	-
Depreciation	1,982,268	398,170
Total operating expenses	<u>15,430,968</u>	<u>4,787,177</u>
Operating income (loss)	<u>(14,156,791)</u>	<u>917,102</u>
Nonoperating revenues (expenses):		
Proposition "A" taxes	2,174,235	-
Proposition "C" taxes	810,241	-
State and local grants	6,036,714	-
Investment income	36,102	82,160
Interest expense	-	(466,841)
Loss on disposition of capital assets	(291,304)	-
Other	316,731	-
Total nonoperating revenues (expenses)	<u>9,082,719</u>	<u>(384,681)</u>
Net income (loss) before capital contributions and transfers	<u>(5,074,072)</u>	<u>532,421</u>
Capital contributions and transfers:		
Capital contributions	2,820,413	-
Transfers in	1,951,033	-
Total capital contributions and transfers	<u>4,771,446</u>	<u>-</u>
Change in net position	<u>(302,626)</u>	<u>532,421</u>
Net position - beginning of year, as restated	<u>5,978,609</u>	<u>14,834,427</u>
Net position - end of year	<u>\$ 5,675,983</u>	<u>\$ 15,366,848</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, 2018

Business-type Activities Enterprise Funds (Continued)		Governmental Activities
Sewer Fund	Totals	Internal Service Funds
\$ 2,573,946	\$ 9,552,402	\$ 14,452,811
<u>2,573,946</u>	<u>9,552,402</u>	<u>14,452,811</u>
99,143	1,237,427	30,805
8,860	202,944	35,761
179,552	11,514,973	13,773,988
853,832	2,270,969	-
-	2,177,554	-
-	730,493	612,257
-	133,512	-
-	711,222	-
832,395	3,212,833	-
<u>1,973,782</u>	<u>22,191,927</u>	<u>14,452,811</u>
<u>600,164</u>	<u>(12,639,525)</u>	<u>-</u>
-	2,174,235	-
-	810,241	-
-	6,036,714	-
73,992	192,254	-
-	(466,841)	-
-	(291,304)	-
-	316,731	-
<u>73,992</u>	<u>8,772,030</u>	<u>-</u>
<u>674,156</u>	<u>(3,867,495)</u>	<u>-</u>
-	2,820,413	-
-	1,951,033	-
-	4,771,446	-
674,156	903,951	-
<u>24,123,569</u>	<u>44,936,605</u>	<u>-</u>
<u>\$ 24,797,725</u>	<u>\$ 45,840,556</u>	<u>\$ -</u>

	Business-type Activities	
	Enterprise Funds	
	Transit System Fund	Water Fund
Cash flows from operating activities:		
Receipts from tenants, customers and users	\$ 1,125,914	\$ 5,404,272
Payments to suppliers	(3,300,250)	(3,440,747)
Payments to employees	(9,187,398)	(984,050)
Net cash provided (used) by operating activities	<u>(11,361,734)</u>	<u>979,475</u>
Cash flows from capital and related financing activities:		
Purchases and construction of capital assets	(2,476,400)	(513,043)
Capital contributions received	2,820,413	-
Payment of bonds payable	-	(195,000)
Interest paid	-	(477,066)
Net cash used by capital and related financing activities	<u>344,013</u>	<u>(1,185,109)</u>
Cash flows from noncapital financing activities		
Cash contributions from other governments	8,775,964	-
Cash received from other funds	1,951,033	-
Cash transferred to other funds	-	(111,553)
Net cash provided (used) by noncapital financing activities	<u>10,726,997</u>	<u>(111,553)</u>
Cash flows from investing activities:		
Investment income	<u>36,102</u>	<u>82,160</u>
Net cash provided by investing activities	<u>36,102</u>	<u>82,160</u>
Net increase (decrease) in cash and cash equivalents	(254,622)	(235,027)
Cash and cash equivalents - beginning of year	<u>2,965,900</u>	<u>6,353,116</u>
Cash and cash equivalents - end of year	<u>\$ 2,711,278</u>	<u>\$ 6,118,089</u>

City of Norwalk
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2018

Business-type Activities Enterprise Funds (Continued)		Governmental Activities
Sewer Fund	Totals	Internal Service Funds
\$ 2,558,968	\$ 9,089,154	\$ 14,450,849
(870,328)	(7,611,325)	(702,243)
(114,151)	(10,285,599)	(13,760,831)
<u>1,574,489</u>	<u>(8,807,770)</u>	<u>(12,225)</u>
(839,642)	(3,829,085)	-
-	2,820,413	-
-	(195,000)	-
-	(477,066)	-
<u>(839,642)</u>	<u>(1,680,738)</u>	<u>-</u>
-	8,775,964	-
-	1,951,033	1,962
-	(111,553)	-
<u>-</u>	<u>10,615,444</u>	<u>1,962</u>
<u>73,992</u>	<u>192,254</u>	<u>-</u>
<u>73,992</u>	<u>192,254</u>	<u>-</u>
808,839	319,190	(10,263)
<u>5,108,839</u>	<u>14,427,855</u>	<u>194,342</u>
<u>\$ 5,917,678</u>	<u>\$ 14,747,045</u>	<u>\$ 184,079</u>

	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)	\$ (14,156,791)	\$ 917,102
Depreciation	1,982,268	398,170
Changes in operating assets, deferred outflows of resources, liabilities, and deferred inflows of resources:		
(Increase) decrease in accounts receivable	(148,263)	(76,217)
(Increase) decrease in inventory	6,713	-
(Increase) decrease in prepaid items	(739)	-
(Increase) decrease in due from other governments	-	(226,000)
(Increase) decrease in deferred outflows of resources from OPEB plans	(890,349)	(61,234)
(Increase) decrease in deferred outflows of resources from pension plans	(509,313)	(72,759)
Increase (decrease) in accounts payable	(78,287)	78,291
Increase (decrease) in accrued expenses	18,659	(3,697)
Increase (decrease) in deposits payable	-	2,210
Increase (decrease) in other liabilities	-	(259,651)
Increase (decrease) in net OPEB liability	1,077,203	104,541
Increase (decrease) in compensated absences payable	28,801	(4,489)
Increase (decrease) in net pension liability	1,293,111	184,730
Increase (decrease) in deferred inflows of resources from OPEB plans	59,218	4,758
Increase (decrease) in deferred inflows of resources from pension plans	(43,965)	(6,280)
Net cash provided (used) by operating activities	<u>\$ (11,361,734)</u>	<u>\$ 979,475</u>
Noncash investing, capital and related financing activities:		
Amortization related to long-term debt	<u>\$ -</u>	<u>\$ 10,225</u>

See accompanying notes to basic financial statements.

City of Norwalk
Statement of Cash Flows (Continued)
Proprietary Funds
For the year ended June 30, 2018

Business-type Activities Enterprise Funds (Continued)		Governmental Activities	
Sewer Fund	Totals	Internal Service Funds	
\$ 600,164	\$ (12,639,525)	\$ -	
832,395	3,212,833	-	
(2,171)	(226,651)	-	
-	6,713	(12,412)	
-	(739)	-	
(12,807)	(238,807)	(1,962)	
(11,238)	(962,821)	-	
(24,252)	(606,324)	-	
88,185	88,189	(14,878)	
3,322	18,284	3,189	
-	2,210	-	
-	(259,651)	-	
26,135	1,207,879	-	
14,083	38,395	13,838	
61,577	1,539,418	-	
1,190	65,166	-	
(2,094)	(52,339)	-	
<u>\$ 1,574,489</u>	<u>\$ (8,807,770)</u>	<u>\$ (12,225)</u>	
<u>\$ -</u>	<u>\$ 10,225</u>	<u>\$ -</u>	

City of Norwalk
Statement of Net Position
Fiduciary Funds
June 30, 2018

	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	\$ 3,617,559	\$ -	\$ 865,143
Cash and investments held by trust	-	6,568,955	-
Cash and investments with fiscal agents	4,337,892	-	-
Interest receivable	10,931	-	-
Accounts receivable	-	-	1,040
Total current assets	<u>7,966,382</u>	<u>6,568,955</u>	<u>866,183</u>
Noncurrent assets:			
Capital assets - being depreciated, net of accumulated depreciation	909,349	-	-
Total noncurrent assets	<u>909,349</u>	<u>-</u>	<u>-</u>
Total assets	<u>8,875,731</u>	<u>6,568,955</u>	<u>\$ 866,183</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Unamortized loss on bond refunding	118,176	-	
Total deferred outflows of resources	<u>118,176</u>	<u>-</u>	
LIABILITIES:			
Current liabilities:			
Accounts payable	8,381	-	\$ 21,344
Interest payable	633,248	-	-
Deposits payable	-	-	844,839
Due to City of Norwalk	61,199	-	-
Unearned revenue	54,938	-	-
Total current liabilities	<u>757,766</u>	<u>-</u>	<u>866,183</u>
Long-term liabilities:			
Due within one year	1,710,000	-	-
Due in more than one year	92,297,030	-	-
Advances from City of Norwalk	8,496,088	-	-
Total noncurrent liabilities	<u>102,503,118</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>103,260,884</u>	<u>-</u>	<u>\$ 866,183</u>
NET POSITION:			
Net position restricted for private purpose	(94,266,977)	-	
Held in trust for OPEB benefits	-	6,568,955	
Total net position	<u>\$ (94,266,977)</u>	<u>\$ 6,568,955</u>	

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, 2018

	Successor Agency to the Dissolved Redevelopment Agency Private-Purpose Trust Fund	Other Post-Employment Benefit (OPEB) Trust Fund
Additions:		
Tax increment	\$ 12,648,408	\$ -
Use of money and property	93,440	-
Net investment income	-	404,742
Rental income	796,348	-
Employer contributions	-	1,166,780
Total additions	<u>13,538,196</u>	<u>1,571,522</u>
Deductions:		
Administrative expense	-	10,565
General government	10,513,956	-
Urban development	861,281	-
Loss on sale of property	1,737,837	-
Debt service:		
Interest and fiscal charges	2,720,453	-
Total deductions	<u>15,833,527</u>	<u>10,565</u>
Change in net position	(2,295,331)	1,560,957
Net position - beginning of year	<u>(91,971,646)</u>	<u>5,007,998</u>
Net position - end of year	<u>\$ (94,266,977)</u>	<u>\$ 6,568,955</u>

(This page intentionally left blank)

NOTE 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, 2018, are the Norwalk Housing Authority (Housing Authority) and the Norwalk Community Facilities Financing Authority (Financing Authority). A brief description of each component unit follows:

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Description of Reporting Entity (Continued)

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

B. New Accounting Pronouncements

Current Year Standards

In fiscal year 2017-2018, the City implemented Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses for postemployment benefits other than pension. Accounting changes adopted to conform to the provisions of this statement should be applied retroactively. The result of the implementation of this statement decreased the net position at July 1, 2017 of the governmental and business-type activities by \$15,134,475 and \$7,245,944, respectively.

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, and did not impact the City.

GASB 85 - *Omnibus 2017*, effective for periods beginning after June 15, 2017, and did not impact the City.

GASB 86 - *Certain Debt Extinguishment Issues*, effective for periods beginning after June 15, 2017, and did not impact the City.

Pending Accounting Standards

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

- GASB 83 - *Certain Asset Retirement Obligations*, effective for periods beginning after June 15, 2018.
- GASB 84 - *Fiduciary Activities*, effective for periods beginning after December 15, 2018.
- GASB 87 - *Leases*, effective for periods beginning after December 15, 2019.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. New Accounting Pronouncements (Continued)

Pending Accounting Standards (Continued)

- GASB 88 - *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, effective for periods beginning after June 15, 2018.
- GASB 89 - *Accounting for Interest Cost Incurred before the End of a Construction Period*, effective for periods beginning after December 15, 2019.
- GASB 90 - *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61*, effective for periods beginning after December 15, 2018.

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.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Government-wide Financial Statements (Continued)

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.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The City reports the following major governmental funds (continued):

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 Other Federal Grants Capital Projects Fund accounts for federal grants received and expended for the purpose of stabilizing communities that have suffered from foreclosures and abandonment.

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 5,381 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.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The City reports the following fund types (continued):

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.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Property taxes, franchise fees, 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, 2018, are due and payable in two installments on November 1, 2017 and February 1, 2018 and became delinquent on December 10, 2017 and April 10, 2018, respectively. A tax lien is attached to the property on January 1, 2018. 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.

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, 2018.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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:

- Unamortized loss on bond defeasance reported in the government-wide statement of net position and the fiduciary funds financial statements. An unamortized loss on bond defeasance 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.
- Deferred outflow related to pensions and OPEB equal to employer contributions made after the measurement date of the net pension liability and the net OPEB liability.
- Deferred outflow related to pensions for differences between actual and expected 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 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 outflow related to pensions resulting from the difference in projected and actual earnings on investments of the pension plan fiduciary net position. These amounts are amortized over five years.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Deferred Outflows and Inflows of Resources (Continued)

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 related to OPEB resulting from the difference in projected and actual earnings on investments of the OPEB plan fiduciary net position. These amounts are amortized over five years.
- 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 actual and expected 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.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Capital Assets (Continued)

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

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 five service years, the employee is entitled to receive 25% of the value of unused sick leave. The percentage increases by 25% for each five-year period thereafter until the employee is entitled to 100% of the value of unused sick leave. This will occur upon the completion of twenty years of continuous employment.

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Compensated Absences (Continued)

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.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Noncurrent Liabilities (Continued)

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.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Fund Balances (Continued)

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's 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, 2018, 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.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

OPEB Plan

For purposes of measuring the net OPEB liability and deferred outflows/inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City's OPEB Plan and additions to/deductions from the OPEB Plans' fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the City's OPEB Plan recognizes benefit payments 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.

NOTE 2 - CASH AND INVESTMENTS

Cash and Investments

Cash and investments as of June 30, 2018 were classified in the accompanying financial statements as follows:

	<u>Government- Wide Statement of Net Position</u>	<u>Fiduciary Funds Statement of Net Position</u>	<u>Total</u>
Unrestricted assets:			
Cash and investments	\$ 69,535,768	\$ 4,482,702	\$ 74,018,470
Restricted assets:			
Cash and investments with fiscal agents	5,436,008	4,337,892	9,773,900
Cash and investments held by trust for OPEB	-	6,568,955	6,568,955
Cash and investments held by trust for pension	1,002,530	-	1,002,530
Total cash and investments	<u>\$ 75,974,306</u>	<u>\$ 15,389,549</u>	<u>\$ 91,363,855</u>

Cash and investments at June 30, 2018 consisted of the following:

Cash on hand	\$ 5,610
Deposits with financial institutions	5,483,385
Cash equivalents - time certificates of deposit	747,509
Investments	85,127,351
Total cash and investments	<u>\$ 91,363,855</u>

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

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

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

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio*	Maximum Investment in One Issuer
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%	5%
Non-California	5 years	10%	5%
Banker's Acceptance	180 days	30%	10%
Negotiable Certificates of Deposit	5 years	30%	5%
Non-negotiable Certificates of Deposit	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 million
Investment Trust of California (CaTRUST)	N/A	None	5%

N/A - Not Applicable

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

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

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.

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)	\$ 7,201,551	\$ -	\$ -	\$ -	\$ -	\$ 7,201,551
CalTRUST Short Term Fund	1,099,707	-	-	-	-	1,099,707
CalTRUST Medium Term Fund	27,862,180	-	-	-	-	27,862,180
United States Government Sponosred Agency Securities:						
Federal Agricultural Mortgage Corporation (FAMC)	-	-	972,156	-	-	972,156
Federal Home Loan Bank (FHLB) Federal Home Loan Mortgage Corporation (FHLMC)	-	-	1,953,213	982,087	-	2,935,300
Federal National Mortgage Association (FNMA)	990,087	983,366	-	-	985,027	2,958,480
Federal National Mortgage Association (FNMA)	-	986,218	977,813	974,694	-	2,938,725
Local Securities:						
State and California	999,790	-	1,480,925	-	2,675,020	5,155,735
Medium-Term Notes	1,985,639	984,222	3,968,113	4,863,529	4,856,629	16,658,132
Held in OPEB Trust:						
Money Market Mutual Funds	6,568,955	-	-	-	-	6,568,955
Held in Pension Trust:						
Money Market Mutual Funds	1,002,530	-	-	-	-	1,002,530
Held by Bond Trustee:						
Money Market Mutual Funds	9,773,900	-	-	-	-	9,773,900
Total	\$ 57,484,339	\$ 2,953,806	\$ 9,352,220	\$ 6,820,310	\$ 8,516,676	\$ 85,127,351

City of Norwalk
Notes to Basic Financial Statements (Continued)
For the year ended June 30, 2018

NOTE 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 as of June 30, 2018	Minimum Legal Rating								Not Rated
			AAA	AA+	AA	AA-	A+	A	A-	
Local Agency Investment Fund (LAIF)	\$ 7,201,551	N/A	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,201,551
CalTRUST Short Term Fund	1,099,707	N/A	-	1,099,707	-	-	-	-	-	-
CalTRUST Medium Term Fund	27,862,180	N/A	-	-	-	-	27,862,180	-	-	-
United States Government Sponosred										
Agency Securities:										
FAMC	972,156	A	-	972,156	-	-	-	-	-	-
FHLB	2,935,300	A	-	2,935,300	-	-	-	-	-	-
FHLMC	2,958,480	A	-	2,958,480	-	-	-	-	-	-
FNMA	2,938,725	N/A	-	2,938,725	-	-	-	-	-	-
Local Securities:										
State and California	5,155,735	A	1,689,810	-	985,210	2,480,715	-	-	-	-
Medium-Term Notes	16,658,132	A	2,999,376	964,824	-	2,921,486	3,908,870	4,900,392	963,184	-
Held in OPEB Trust:										
Money Market Mutual Funds	6,568,955	N/A	-	-	-	-	-	-	-	6,568,955
Held in Pension Trust:										
Money Market Mutual Funds	1,002,530	N/A	-	-	-	-	-	-	-	1,002,530
Held by Bond Trustee:										
Money Market Mutual Funds	9,773,900	AAA	9,773,900	-	-	-	-	-	-	-
Total	<u>\$ 85,127,351</u>		<u>\$ 14,463,086</u>	<u>\$ 11,869,192</u>	<u>\$ 985,210</u>	<u>\$ 5,402,201</u>	<u>\$ 31,771,050</u>	<u>\$ 4,900,392</u>	<u>\$ 963,184</u>	<u>\$ 14,773,036</u>

N/A - Not Applicable

NOTE 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, 2018, 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.

NOTE 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 quoted prices for similar assets in active markets (significant other observable inputs), such as institutional bond quotes, and Level 3 inputs are significant unobservable inputs.

The City has the following recurring fair value measurements as of June 30, 2018:

	Quoted Prices Level 1	Observable Inputs Level 2	Unobservable Inputs Level 3	Total
United States Government Sponsored				
Agency Securities:				
FAMC	\$ -	\$ 972,156	\$ -	\$ 972,156
FHLB	-	2,935,300	-	2,935,300
FHLMC	-	2,958,480	-	2,958,480
FNMA	-	2,938,725	-	2,938,725
Local Securities:				
State and California	-	5,155,735	-	5,155,735
Medium-Term Notes	-	16,658,132	-	16,658,132
Total Leveled Investments	<u>\$ -</u>	<u>\$ 31,618,528</u>	<u>\$ -</u>	<u>31,618,528</u>
LAIF*				7,201,551
CalTRUST Short Term Fund*				1,099,707
CalTRUST Medium Term Fund*				27,862,180
Held in OPEB Trust:				
Money Market Mutual Funds*				6,568,955
Held in Pension Trust:				
Money Market Mutual Funds*				1,002,530
Held by Bond Trustee:				
Money Market Mutual Funds*				9,773,900
Total Investment Portfolio				<u>\$ 85,127,351</u>

* Not subject to fair value measurement hierarchy.

NOTE 3 - INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS

Due To and Due From

The composition of interfund balances as of June 30, 2018 is as follows:

<u>Due To (Receivable) Fund</u>	<u>Due From (Payable) Fund</u>	<u>Amount</u>
General Fund	Housing Authority Special Revenue Fund	\$ 172,434
	Special Projects Capital Projects Fund	386,771
	Other Federal Grants Capital Projects Fund	1,646,777
	Other Governmental Funds	439,238
	Internal Service Funds	1,962
		<u>\$ 2,647,182</u>

The receivable of the General Fund from the above 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:

	<u>Balance at July 1, 2017</u>	<u>Current Advances</u>	<u>Repayments</u>	<u>Balance at June 30, 2018</u>	<u>Due within One Year</u>
Water Enterprise Fund	<u>\$ 2,639,051</u>	<u>\$ -</u>	<u>\$ (111,553)</u>	<u>\$ 2,527,498</u>	<u>\$ 117,130</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 ended June 30, 2018 was \$111,553.

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

Interfund Transfers

The composition of the City’s interfund transfers for the year ended June 30, 2018 is as follows:

Transfers Out	Transfers In	Amount
General Fund	Debt Service Fund	\$ 1,207,595
	Housing Successor Fund Capital	
	Projects Fund	199,042
	Other Governmental Funds	946,881
Other Governmental Funds	General Fund	8,520
	Debt Service Fund	255,907
	Transit System Enterprise Fund	1,951,033
		\$ 4,568,978

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. Transfers from the Other Governmental Funds (Parking Structure Special Revenue Fund) to the Debt Service Fund were to fund debt service payments. The transfer from the Other Governmental Funds (Air Quality Improvement Special Revenue Fund, Proposition “C” Special Revenue Fund, and Proposition “A” Special Revenue Fund) to the Transit System Enterprise Fund was to move Proposition A funds to the fund in which the revenue was utilized. The transfer from the Other Governmental Funds (Proposition “C” Special Revenue Fund) to the General Fund was to fund the senior transportation program.

NOTE 4 - ADVANCES TO SUCCESSOR AGENCY

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.

NOTE 4 - ADVANCES TO SUCCESSOR AGENCY (CONTINUED)

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 \$556,445 and interest payments of \$438,765 were made on the advance in fiscal year 2017-2018. The balance of this advance outstanding as of June 30, 2018 is \$8,496,088, which includes \$4,933,038 in principal and \$3,563,050 accrued interest (interest receivable is offset by deferred inflows of resources, unavailable revenues, in the general fund balance sheet).

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 all subsequent fiscal years.

NOTE 5 - LOANS RECEIVABLE

Loans receivable consists of \$7,807,848 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 \$2,693,313 and offset the remaining loans of \$7,360,746 with due to other governments at June 30, 2018.

City of Norwalk
Notes to Basic Financial Statements (Continued)
For the year ended June 30, 2018

NOTE 6 - CAPITAL ASSETS

Governmental Activities

A summary of changes in the Governmental Activities capital assets at June 30, 2018 is as follows:

	Balance at July 1, 2017	Additions	Deletions/ Transfers	Balance at June 30, 2018
Capital assets, not being depreciated:				
Land	\$ 6,964,626	\$ 10	\$ -	\$ 6,964,636
Construction in progress	8,309,754	7,083,147	(5,065,022)	10,327,879
Total capital assets, not depreciated	<u>15,274,380</u>	<u>7,083,157</u>	<u>(5,065,022)</u>	<u>17,292,515</u>
Capital assets, being depreciated:				
Buildings and improvements	50,069,293	2,066,303	-	52,135,596
Machinery and equipment	6,840,192	205,531	(235,467)	6,810,256
Infrastructure	267,324,957	2,977,357	-	270,302,314
Total capital assets, being depreciated	<u>324,234,442</u>	<u>5,249,191</u>	<u>(235,467)</u>	<u>329,248,166</u>
Less accumulated depreciation for:				
Buildings and improvements	(23,696,487)	(1,356,554)	-	(25,053,041)
Machinery and equipment	(4,725,990)	(326,117)	224,844	(4,827,263)
Infrastructure	(154,802,642)	(7,739,963)	-	(162,542,605)
Total accumulated depreciation	<u>(183,225,119)</u>	<u>(9,422,634)</u>	<u>224,844</u>	<u>(192,422,909)</u>
Total capital assets, being depreciated, net	<u>141,009,323</u>	<u>(4,173,443)</u>	<u>(10,623)</u>	<u>136,825,257</u>
Governmental Activities capital assets, net	<u>\$ 156,283,703</u>	<u>\$ 2,909,714</u>	<u>\$ (5,075,645)</u>	<u>\$ 154,117,772</u>

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

General government	\$ 1,208,938
Public safety	33,160
Urban development	18,256
Public works	7,748,364
Culture and leisure	310,551
Health and welfare	103,365
Total depreciation expense - governmental activities	<u>\$ 9,422,634</u>

City of Norwalk
Notes to Basic Financial Statements (Continued)
For the year ended June 30, 2018

NOTE 6 - CAPITAL ASSETS (CONTINUED)

Business-type Activities

A summary of changes in the Business-type Activities capital assets at June 30, 2018 is as follows:

	Balance at July 1, 2017	Additions	Deletions/ Transfers	Balance at June 30, 2018
Capital assets, not being depreciated:				
Land	\$ 23,125	\$ -	\$ -	\$ 23,125
Construction in progress	7,060,222	1,946,500	(341,374)	8,665,348
Water rights	8,396,581	-	-	8,396,581
Total capital assets, not depreciated	<u>15,479,928</u>	<u>1,946,500</u>	<u>(341,374)</u>	<u>17,085,054</u>
Capital assets, being depreciated:				
Buildings and improvements	12,770,445	341,374	-	13,111,819
Distribution system	13,439,105	-	-	13,439,105
Sewer infrastructure	47,408,051	-	-	47,408,051
Office equipment	822,297	-	-	822,297
Vehicles	18,602,760	1,882,585	(1,325,271)	19,160,074
Tools and equipment	2,479,837	-	(44,307)	2,435,530
Miscellaneous	144,559	-	-	144,559
Total capital assets, being depreciated	<u>95,667,054</u>	<u>2,223,959</u>	<u>(1,369,578)</u>	<u>96,521,435</u>
Less accumulated depreciation for:				
Buildings and improvements	(3,062,486)	(438,752)	-	(3,501,238)
Distribution system	(6,009,394)	(353,732)	-	(6,363,126)
Sewer infrastructure	(28,201,436)	(829,042)	-	(29,030,478)
Office equipment	(457,082)	(42,379)	-	(499,461)
Vehicles	(8,361,644)	(1,369,895)	1,055,684	(8,675,855)
Tools and equipment	(1,061,860)	(171,884)	22,590	(1,211,154)
Miscellaneous	(162,641)	(7,149)	-	(169,790)
Total accumulated depreciation	<u>(47,316,543)</u>	<u>(3,212,833)</u>	<u>1,078,274</u>	<u>(49,451,102)</u>
Total capital assets, being depreciated, net	<u>48,350,511</u>	<u>(988,874)</u>	<u>(291,304)</u>	<u>47,070,333</u>
Total business-type activities capital assets, net	<u>\$ 63,830,439</u>	<u>\$ 957,626</u>	<u>\$ (632,678)</u>	<u>\$ 64,155,387</u>

City of Norwalk
Notes to Basic Financial Statements (Continued)
For the year ended June 30, 2018

NOTE 6 - CAPITAL ASSETS (CONTINUED)

Business-type Activities (Continued)

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

Transit system	\$ 1,982,268
Water	398,170
Sewer	832,395
Total depreciation expense - business-type activities	\$ 3,212,833

NOTE 7 - LONG-TERM LIABILITIES

Changes in long-term liabilities for the year ended June 30, 2018, were as follows:

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018	Due Within One Year
Governmental Activities:					
2013A Lease Revenue Refunding Bonds	\$ 5,625,000	\$ -	\$ (415,000)	\$ 5,210,000	\$ 430,000
Add: Unamortized bond premium	138,087	-	(11,507)	126,580	-
2013B Lease Revenue Refunding Bonds	6,420,000	-	(610,000)	5,810,000	625,000
Add: Unamortized bond premium	368,731	-	(46,091)	322,640	-
Subtotal	12,551,818	-	(1,082,598)	11,469,220	1,055,000
Lease Payable	-	4,337,008	-	4,337,008	194,077
Compensated absences	2,431,996	688,191	(618,335)	2,501,852	467,400
Total governmental activities	14,983,814	5,025,199	(1,700,933)	18,308,080	1,716,477
Business-type Activities:					
2013A Water Revenue Bonds	8,705,000	-	(195,000)	8,510,000	200,000
Add: Unamortized bond premium	265,848	-	(10,225)	255,623	-
Subtotal	8,970,848	-	(205,225)	8,765,623	200,000
Compensated absences	522,151	142,390	(103,995)	560,546	137,254
Total business-type activities	9,492,999	142,390	(309,220)	9,326,169	337,254
Total long-term liabilities	\$ 24,476,813	\$ 5,167,589	\$ (2,010,153)	\$ 27,634,249	\$ 2,053,731

Debt service payments are made from the 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, 2018, was \$2,501,852 and \$560,546 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.

NOTE 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, 2018, this reserve was fully funded with a balance of \$307,609. 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 \$66,238 as of June 30, 2018.

The Lease Revenue Refunding Bonds are subject to federal arbitrage regulations. The City calculated no arbitrage rebate due as of June 30, 2018. The balance outstanding on the 2013A Lease Revenue Refunding Bonds at June 30, 2018, was \$5,210,000.

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

Year Ending June 30,	Principal	Interest	Total
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	490,000	111,819	601,819
2024 - 2028	2,700,000	301,306	3,001,306
2029	200,000	7,000	207,000
Subtotals	\$ 5,210,000	\$ 1,003,605	\$ 6,213,605
Add: Bond premium	126,580	-	126,580
Totals	<u>\$ 5,336,580</u>	<u>\$ 1,003,605</u>	<u>\$ 6,340,185</u>

NOTE 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 \$845,625, 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, 2018, this reserve was fully funded with a balance of \$858,524. 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 \$54,720 as of June 30, 2018.

The Lease Revenue Refunding Bonds are subject to federal arbitrage regulations. The City calculated no arbitrage rebate due as of June 30, 2018. The balance outstanding on the 2013B Lease Revenue Refunding Bonds at June 30, 2018, was \$5,810,000.

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

Year Ending June 30,	Principal	Interest	Total
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	740,000	111,500	851,500
2024 - 2025	2,415,000	125,750	2,540,750
Subtotals	\$ 5,810,000	\$ 982,250	\$ 6,792,250
Add: Bond premium	322,640	-	322,640
Totals	<u>\$ 6,132,640</u>	<u>\$ 982,250</u>	<u>\$ 7,114,890</u>

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

NOTE 7 - LONG-TERM LIABILITIES (CONTINUED)

Governmental Activities (Continued)

Lease Payable

On May 10, 2017, the City entered into a purchase and sale agreement with Southern California Edison to acquire an estimated 4,156 street light poles (property) to allow for conversion of the current high-pressure sodium fixtures to energy efficient light-emitting diodes. On May 1, 2018, the City entered into a lease agreement with Compass Bank to finance the cost of acquiring the street light poles. The lease agreement results in a lease to Compass Bank of the property and a sublease to the City for the same property. The rental term commenced on May 8, 2018 and terminates on June 1, 2033, but may be extended to June 1, 2038. Base rental payments are to be paid by the City on each June 1 and consist of principal and interest at a rate of 4.68% per annum.

As of June 30, 2018, amounts from this financing agreement have not yet been expended to purchase the street light poles. Therefore, there is no asset and accumulated depreciation balance as of June 30, 2018. The balance outstanding on the lease payable at June 30, 2018, was \$4,337,008.

Future debt service principal and interest payments on the lease payable are as follows:

Year Ending June 30,	Principal	Interest	Total
2019	\$ 194,077	\$ 215,940	\$ 410,017
2020	216,127	193,889	410,016
2021	226,242	183,774	410,016
2022	236,830	173,186	410,016
2023	247,913	162,103	410,016
2024 - 2028	1,424,851	625,230	2,050,081
2029 - 2033	1,790,968	259,112	2,050,080
Totals	<u>\$ 4,337,008</u>	<u>\$ 1,813,234</u>	<u>\$ 6,150,242</u>

NOTE 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, 2018, was \$8,510,000.

The Water Revenue Bonds are subject to federal arbitrage regulations. The City calculated no arbitrage rebate due as of June 30, 2018. 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, 2018, the City's net revenue coverage was 259%, which meets the requirements.

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

Year Ending June 30,	Principal	Interest	Total
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	240,000	296,313	536,313
2024 - 2028	1,390,000	1,305,313	2,695,313
2029 - 2033	1,640,000	1,051,463	2,691,463
2034 - 2038	1,975,000	724,000	2,699,000
2039 - 2043	2,405,000	296,200	2,701,200
Subtotals	\$ 8,510,000	\$ 4,966,541	\$ 13,476,541
Add: Bond premium	255,623	-	255,623
Totals	<u>\$ 8,765,623</u>	<u>\$ 4,966,541</u>	<u>\$ 13,732,164</u>

NOTE 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. PEPPA 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, 2018, 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:			
Normal cost rate	10.451%	10.451%	5.651%
Payment of unfunded liability for all tiers	2,450,627	Included in tier 1	Included in tier 1

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

A. General Information about the Pension Plans (Continued)

Employees Covered

At June 30, 2018, the following employees were covered by the benefit terms for all Plans:

	Miscellaneous
Inactive employees or beneficiaries currently receiving benefits	306
Inactive employees entitled to but not yet receiving benefits	150
Active employees	237
Total	693

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, 2017, using an annual actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown on the next page.

**NOTE 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, 2016 actuarial valuations were determined using the following actuarial assumptions:

	<u>Miscellaneous</u>
Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.75%
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.

(3) Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter.

All other actuarial assumptions used in the June 30, 2016 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

In fiscal year 2017-2018, the financial reporting discount rate was reduced from 7.65% to 7.15%. Deferred outflows of resources and deferred inflows of resources for changes of assumptions represent the unamortized portion of this assumption change and the unamortized portion of the changes of assumptions related to prior measurement periods.

**NOTE 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 7.15% for each Plan and reflects the long-term expected rate of return for the each Plan net of investment expenses and without reduction for administrative expenses. 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 7.15% discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long term expected discount rate of 7.15% 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.

**NOTE 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, 2014.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 (a)	Real Return Years 11+ (b)
Global Equity	47.00%	4.90%	5.38%
Global Fixed Income	19.00%	0.80%	2.27%
Inflation Sensitive	6.00%	0.60%	1.39%
Private Equity	12.00%	6.60%	6.63%
Real Estate	11.00%	2.80%	5.21%
Infrastructure and Forestland	3.00%	3.90%	5.36%
Liquidity	2.00%	-0.40%	-0.90%
Total	100.00%		

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

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

Subsequent Events

There were no subsequent events that would materially affect the results in this disclosure.

**NOTE 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, 2017, are as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance at June 30, 2016 (Measurement Date)	<u>\$158,539,300</u>	<u>\$112,162,028</u>	<u>\$ 46,377,272</u>
Changes in the Year:			
Service cost	3,253,433	-	3,253,433
Interest on the total pension liability	11,814,360	-	11,814,360
Differences between actual and expected experience	(1,191,669)	-	(1,191,669)
Changes in assumptions	9,941,881	-	9,941,881
Changes in benefit terms	-	-	-
Contribution - employer	-	4,001,016	(4,001,016)
Contribution - employee	-	1,344,205	(1,344,205)
Net investment income	-	12,480,715	(12,480,715)
Administrative expenses	-	(165,600)	165,600
Benefit payments, including refunds of employee contributions	(7,360,837)	(7,360,837)	-
Net Changes	<u>16,457,168</u>	<u>10,299,499</u>	<u>6,157,669</u>
Balance at June 30, 2017 (Measurement Date)	<u>\$174,996,468</u>	<u>\$122,461,527</u>	<u>\$ 52,534,941</u>

**NOTE 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	6.15%
Net Pension Liability	\$ 76,690,871
Current Discount Rate	7.15%
Net Pension Liability	\$ 52,534,941
1% Increase	8.15%
Net Pension Liability	\$ 32,684,856

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, 2018, the City recognized pension expense of \$7,775,357. At June 30, 2018, 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	\$ 4,252,350	\$ -
Differences between actual and expected experience	12,538	(999,453)
Change in assumptions	6,734,823	(168,381)
Net differences between projected and actual earnings on plan investments	1,636,382	-
Total	\$ 12,636,093	\$ (1,167,834)

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

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

\$4,252,350 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
2019	\$ 2,437,116
2020	4,713,548
2021	975,876
2022	(910,631)
2023	-
Thereafter	-

E. Payable to the Pension Plan

At June 30, 2018, the City had no outstanding amount of contributions to the pension plan required for the year ended June 30, 2018.

F. Other

The General Fund includes \$1,002,530 of pension stability funds on deposit with Public Agency Retirement Services (PARS) that represent assets restricted to the defined benefit pension plan, which are not included in the plan fiduciary net position.

NOTE 9 - PART-TIME SEASONAL AND TEMPORARY EMPLOYEES' RETIREMENT PLAN

Public Agency Retirement Services (PARS) administers the City's alternate retirement system plan. It is a defined contribution plan qualifying under 401(a) and 501 of the Internal Revenue Code. Contributions of 7.50% of covered compensation of eligible employees are made by the employee. The plan covers part-time, seasonal, and temporary employees paid on City's payroll who are not covered by another retirement system, pursuant to the requirements of 3121 (b)(7)(F) of the Internal Revenue Code. All eligible employees are covered by the plan and are fully vested. Employee liabilities are limited to the amount of current contributions. Contributions are applied to each participant accounts based on the data submitted to PARS Trust and actual deposits made to PARS Trustee (US Bank). The total amount of covered compensation was \$4,854,114 and employee contributions made during the fiscal year ended June 30, 2018, were \$364,059. Any amendments to the plan go through a resolution for adoption by the City Council.

NOTE 10 - DEFERRED COMPENSATION/DEFINED CONTRIBUTION PLAN

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

As of June 30, 2018, 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 \$148,893 with 26 participants was remitted to ICMA and Mass Mutual with a total ending investment balance of \$1,767,228. On the other hand, employee contributions to deferred compensation plan 457 are voluntary. During the year, there were 182 participants. Contributions totaled \$666,571. Total plan assets at June 30, 2018, were \$16,770,184. International City Management Association Retirement Corporation's Retirement Trust, Nationwide Retirement Solutions, and Mass Mutual 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.

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS

A. Plan Description

The City has an agent multiple-employer other post-employment benefit plan that provides post-employment benefits including medical insurance to eligible employees and their dependents at retirement through the California Public Employees Medical and Hospital Care Act (PEMHCA) as provided under the City's contractual agreements with the Management and General Unit employees.

The City elected to join the Public Agency Retirement System OPEB Trust (PARS OPEB Trust) as a means to fund the Annual Determined Contribution (ADC). The PARS OPEB Trust issues a publicly available financial report for the fiduciary net position that is available upon request. The PARS OPEB Trust is reported as a fiduciary fund. The plan itself does not issue a separate financial report.

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

A. Plan Description (Continued)

Members are eligible for the following benefits:

	General	Management
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:		
Calendar Year 2017	\$900 per month	PERSCare Family Rate \$1,861
Calendar Year 2018	\$1,200 per month	PERSCare Family Rate \$1,752

Employees pay the difference between the benefit they receive and the monthly premium.

Employees Covered

As of measurement date June 30, 2017, the following current and former employees were covered by the benefit terms under the plan:

Inactive employees or beneficiaries currently receiving benefits	197
Inactive employees or beneficiaries entitled to but not yet receiving benefits	-
Active employees	243
	<u>440</u>

Contributions

Benefit provisions and contribution requirements are established and may be amended through agreements and memorandums of understanding between the City, its management employees, and unions representing the City's employees. The plan does not require employee contributions. Administrative costs of this plan are financed by the general fund.

The annual contribution is based on the actuarially determined contributions. For fiscal year ending June 30, 2018, the City contributed \$1,166,780 to the PARS OPEB Trust, and paid \$1,402,393 for current premiums, and the estimated implied subsidy was \$392,814, resulting in total payments of \$2,961,987. The majority of contributions to the OPEB plan are generally made from the general fund.

The liability for governmental activities is primarily liquidated from the general fund while the liability for business-type activities is liquidated from the enterprise funds.

NOTE 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.

B. Total OPEB Liability

The City's total OPEB liability was measured as of June 30, 2017 and was determined by an actuarial valuation as of June 30, 2016, rolled forward to June 30, 2017 using standard update procedures. A summary of the principal assumptions and methods used to determine the total OPEB liability is shown below.

Actuarial Assumptions

The total OPEB liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Actuarial Cost Method	Entry age normal, level percentage of payroll
Asset Valuation Method	Market value projected to fiscal year-end 2018
Actuarial Assumptions:	
Discount Rate	7.00%
Long-Term Expected	
Rate of Return on Investments	7.00%
Inflation	2.50%
Healthcare Trend Rates	7.00% trending down to 3.94% over 57 years
Mortality, Disability, Termination, Retirement	CalPERS 1997-2015 experience study

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

B. Total OPEB Liability (Continued)

Actuarial Assumptions (Continued)

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of the arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
PARS OPEB Trust:		
Global Equity	60.00%	8.32%
Fixed Income	37.00%	4.87%
US Treasuries	3.00%	3.15%
Real Estate Investment Trusts	0.00%	6.75%
Commodities	0.00%	4.84%
Total	<u>100.00%</u>	

Discount Rate

The discount rate used to measure the total OPEB liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that the City's contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

C. Changes in the Total OPEB Liability

The changes in the total OPEB liability are as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
Balance at June 30, 2016 (Measurement Date)	\$ 37,902,605	\$ 2,943,037	\$ 34,959,568
Changes in the Year:			
Service cost	1,477,756	-	1,477,756
Interest on the total OPEB liability	2,696,630	-	2,696,630
Contributions - employer	-	3,295,446	(3,295,446)
Net investment income	-	483,661	(483,661)
Benefit payments	(1,714,146)	(1,714,146)	-
Net Changes	<u>2,460,240</u>	<u>2,064,961</u>	<u>395,279</u>
Balance at June 30, 2017 (Measurement Date)	<u>\$ 40,362,845</u>	<u>\$ 5,007,998</u>	<u>\$ 35,354,847</u>

Change of Assumptions

There were no changes of assumptions.

Change of Benefit Terms

There were no changes of benefit terms.

Subsequent Events

There were no subsequent events that would materially affect the results presented in this disclosure.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.00%) or 1-percentage point higher (8.00%) than the current discount rate:

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Net OPEB Liability	\$ 40,668,986	\$ 35,354,847	\$ 30,457,978

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

C. Changes in the Total OPEB Liability (Continued)

Sensitivity of the Total OPEB Liability to Changes in Medical Trend Rates

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using medical trend rates that are 1-percentage point lower or 1-percentage point higher:

	6.00% Decreasing to 2.94%	7.00% Decreasing to 3.94%	8.00% Decreasing to 4.94%
Net OPEB Liability	\$ 29,814,784	\$ 35,354,847	\$ 41,101,827

D. OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the City recognized OPEB expense of \$3,880,666. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 2,961,987	\$ -
Differences between projected and actual earnings	-	178,172
Total	\$ 2,961,987	\$ 178,172

The differences between projected and actual earnings on plan investments is amortized over five years.

\$2,961,987 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Year Ending June 30,	Amount
2019	\$ (44,543)
2020	(44,543)
2021	(44,543)
2022	(44,543)
2023	-
Thereafter	-

City of Norwalk
Notes to Basic Financial Statements (Continued)
For the year ended June 30, 2018

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

E. Payable to the OPEB Plan

At June 30, 2018, the City had no outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2018.

NOTE 12 - FUND BALANCES AND NET POSITION CLASSIFICATION

Fund balances at June 30, 2018, consisted of the following:

	Special Revenue Funds			Debt Service Fund	Capital Projects Funds				Other Governmental Funds	Total Governmental Funds
	General Fund	Housing and Community Development	Housing Authority		Special Projects	Economic Development	Housing Successor	Other Federal Grants		
Nonspendable:										
Advances to Successor Agency	\$ 4,933,039	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,933,039
Advances to other funds	2,527,498	-	-	-	-	-	-	-	-	2,527,498
Inventory of material and supplies	6,273	-	-	-	-	-	-	-	-	6,273
Prepaid items	57,924	69	-	-	-	-	-	-	1,550	59,543
Total nonspendable	7,524,734	69	-	-	-	-	-	-	1,550	7,526,353
Restricted:										
Pension	1,002,530	-	-	-	-	-	-	-	-	1,002,530
Public safety	-	-	-	-	-	-	-	-	342,227	342,227
Urban development	-	491,373	1,148,147	-	-	10,740,995	11,476,795	-	-	23,857,310
Public works	-	-	-	4,266,690	-	-	-	-	10,751,548	15,018,238
Public art	-	-	-	-	-	-	-	-	169,253	169,253
Culture & leisure	-	-	-	-	-	-	-	-	111,762	111,762
Health & welfare	-	-	-	-	-	-	-	-	136,135	136,135
Debt service	-	-	-	1,163,842	-	-	-	-	-	1,163,842
Total restricted	1,002,530	491,373	1,148,147	5,430,532	-	10,740,995	11,476,795	-	11,510,925	41,801,297
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	-	-	-	-	-	-	-	-	762,981	762,981
Equipment replacement	-	-	-	-	-	-	-	-	3,284,247	3,284,247
Building renovation	-	-	-	-	-	-	-	-	1,464,489	1,464,489
Total committed	2,120,000	-	-	-	-	-	-	-	5,511,717	7,631,717
Assigned:										
Capital projects	641,000	-	-	-	-	-	-	-	-	641,000
Unassigned										
	12,668,547	-	-	-	(155,336)	-	-	(1,585,023)	(235,940)	10,692,248
Total fund balances	\$ 23,956,811	\$ 491,442	\$ 1,148,147	\$ 5,430,532	\$ (155,336)	\$ 10,740,995	\$ 11,476,795	\$ (1,585,023)	\$ 16,788,252	\$ 68,292,615

NOTE 12 - FUND BALANCES AND NET POSITION CLASSIFICATION (CONTINUED)

The City's net position at June 30, 2018 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 depreciated	\$ 17,292,515	\$ 17,085,054
Depreciable capital assets, net	136,825,257	47,070,333
Lease revenue refunding bonds	(11,020,000)	-
Lease payable	(4,337,008)	-
Water revenue bonds	-	(8,510,000)
Bond premiums	(449,220)	(255,623)
Cash and investments with fiscal agents	5,433,302	2,706
Deferred amount on refunding	120,958	-
Net investment in capital assets	143,865,804	55,392,470
Restricted net position:		
Pension	1,002,530	-
Public safety	342,227	-
Urban development	23,939,822	-
Public works	10,918,965	-
Public art	169,253	-
Culture & leisure	111,762	-
Health & welfare	136,135	-
Total restricted net position	36,620,694	-
Unrestricted net position	(22,928,545)	(9,551,914)
Total net position	\$ 157,557,953	\$ 45,840,556

NOTE 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	\$ (155,336)
Other Federal Grants Capital Projects Fund	(1,585,023)
Other Governmental Funds:	
Special Grants Special Revenue Fund	(2,314)
Proposition "C" I-5 Mitigation Capital Projects Fund	(233,626)
Subtotal	\$ (1,976,299)

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

NOTE 13 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

Excess of Expenditures over Appropriations

The following funds reported expenditures exceeding appropriations in individual departments at June 30, 2018:

	Budget	Actual	Variance with Final Budget
Major Fund:			
Debt Service Fund:			
General government	\$ 2,600	\$ 5,220	\$ (2,620)
Bond issue costs	-	74,144	(74,144)
Interest and fiscal charges	415,782	436,281	(20,499)
Other Governmental Funds:			
Child Development Program			
Special Revenue Fund:			
Health and welfare	4,174,352	4,582,936	(408,584)
Proposition "C"			
Special Revenue Fund:			
General government	106,315	108,472	(2,157)
Special Grants			
Special Revenue Fund:			
Capital outlay and improvement	-	213	(213)
Computer Replacement			
Capital Projects Fund:			
Urban development	900	7,156	(6,256)

NOTE 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 116 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.

NOTE 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 primary 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.

The overall coverage limit for each member, including all layers of coverage, is \$50 million per occurrence. Subsidence losses have a sub-limit of \$40 million per occurrence. The coverage structure includes retained risk that is pooled among members, reinsurance, and excess insurance. More detailed information about the various layers of coverage is available on the following website: <https://cjpia.org/protection/coverage-programs>.

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.

For 2017-18 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.

NOTE 14 - INSURANCE POLICIES (CONTINUED)

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, 2017 through July 1, 2020. 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 \$105,094,549. There is a \$10,000 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 \$36,882,819. 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.

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.

NOTE 14 - INSURANCE POLICIES (CONTINUED)

Adequacy of Protection

During the past three fiscal years, none of the above programs of protection experienced settlements or judgments that exceeded pooled or insured coverage. There were also no significant reductions in pooled or insured liability coverage in 2017-18.

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, 2018 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,
2016	\$ 3,927	\$ 79,760	\$ (83,687)	\$ -
2017	-	57,112	(57,112)	-
2018	-	527,701	(527,701)	-

NOTE 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%.

NOTE 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.

I-5 Consortium Joint Powers Authority

The City of Norwalk is one of six cities that formed the 1-5 Consortium Joint Powers Authority (Consortium) in May 1991. The Consortium was created to act in concert with the State of California and Federal Agencies in matters pertaining to the development of plans and financing for 1-5 Freeway improvements. Each member city has appointed one board member to represent its city. Annual contributions are required on an equal pro-rata basis upon approval by the Board. For the year ended June 30, 2018, the City of Norwalk contributed \$35,000.

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.

NOTE 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.

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

Disclosure of Successor Agency Capital Assets

	Balance at July 1, 2017	Additions	Deletions/ Transfers	Balance at June 30, 2018
Capital assets, not 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	(75,779)	(25,260)	-	(101,039)
 Total capital assets, being depreciated, net	 934,609	 (25,260)	 -	 909,349
 Total successor agency capital assets, net	 \$ 2,672,456	 \$ (25,260)	 \$ (1,737,847)	 \$ 909,349

Disclosure of Successor Agency Debts

Details of the Successor Agency's long-term debt for the year ended June 30, 2018 were as follows:

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018	Due Within One Year
Tax Allocation Refunding Bonds:					
2005 Series A	\$ 26,735,000	\$ -	\$ (910,000)	\$ 25,825,000	\$ 950,000
Add: Bond premium	292,808	-	(16,045)	276,763	-
2005 Series B (Taxable)	23,390,000	-	(720,000)	22,670,000	760,000
Less: Bond discount	(215,962)	-	11,833	(204,129)	-
County Deferred Loans:					
Project Area No. 1	30,691,666	-	-	30,691,666	-
Project Area No. 2	13,782,925	964,805	-	14,747,730	-
Subtotals	94,676,437	964,805	(1,634,212)	94,007,030	1,710,000
Advances from the City of Norwalk:					
Metro Center parcels	9,326,613	164,685	(995,210)	8,496,088	-
Subtotals	9,326,613	164,685	(995,210)	8,496,088	-
Total long-term liabilities	\$ 104,003,050	\$ 1,129,490	\$ (2,629,422)	\$ 102,503,118	\$ 1,710,000

NOTE 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 \$118,176 as of June 30, 2018.

The Tax Allocation Refunding Bonds are subject to federal arbitrage regulations. The City calculated no arbitrage rebate due as of June 30, 2018. The balance outstanding on the Tax Allocation Refunding Bonds, 2005 Series A at June 30, 2018, was \$25,825,000.

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

Year Ending June 30,	Principal	Interest	Total
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	1,125,000	1,040,444	2,165,444
2024 - 2028	6,455,000	4,358,153	10,813,153
2029 - 2033	8,210,000	2,559,982	10,769,982
2034 - 2036	5,975,000	457,857	6,432,857
Subtotals	\$ 25,825,000	\$ 13,043,349	\$ 38,868,349
Add: Bond premium	276,763	-	276,763
Totals	<u>\$ 26,101,763</u>	<u>\$ 13,043,349</u>	<u>\$ 39,145,112</u>

NOTE 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, 2018, was \$22,670,000.

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
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	945,000	1,082,359	2,027,359
2024 - 2028	5,570,000	4,527,241	10,097,241
2029 - 2033	7,350,000	2,688,125	10,038,125
2034 - 2036	5,510,000	487,025	5,997,025
Subtotals	\$ 22,670,000	\$ 13,598,806	\$ 36,268,806
Less: Bond discount	(204,129)	-	(204,129)
Totals	<u>\$ 22,465,871</u>	<u>\$ 13,598,806</u>	<u>\$ 36,064,677</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, 2018, this reserve was fully funded with a balance of \$4,309,924.

NOTE 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, 2018, the deferred loan balance payable to the County of Los Angeles for Project Area No. 1 was \$30,691,666.

NOTE 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, 2018, the deferred loan balance payable to the County of Los Angeles for Project Area No. 2 was \$14,747,730.

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, 2018 is \$8,496,088.

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 subsequent years.

NOTE 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 (sub-tenant). On March 22, 2011, the sub-tenant 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, 2021.

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 as annual percentage rent if the Agency receives such payment from the sub-tenant. In fiscal year 2017-2018, the Agency remitted to the Landlord \$137,098 received from the sub-tenant as percentage rent.

NOTE 18 - RESTATEMENTS

Net Position

Restatement of the Government-Wide financial statements' net position as of July 1, 2017 is as follows:

	Governmental Activities	Business-type Activities	Totals
Net position at July 1, 2017, as originally reported	\$ 177,336,502	\$ 52,454,008	\$ 229,790,510
Implementation of GASB Statement 75 to record the net OPEB liability as of the beginning of the year	(15,134,475)	(7,245,944)	(22,380,419)
Receivable recorded in the prior year that was also received in the prior year	271,459	(271,459)	-
Net position at July 1, 2017, as restated	<u>\$ 162,473,486</u>	<u>\$ 44,936,605</u>	<u>\$ 207,410,091</u>

NOTE 18 – RESTATEMENTS (CONTINUED)

Net Position (Continued)

Restatement of the Statement of Revenues, Expenses and Changes in Fund Net Position of Proprietary Funds of July 1, 2017 is as follows:

	Transit System Enterprise Fund	Water Enterprise Fund	Sewer Enterprise Fund	Totals
Net position at July 1, 2017, as originally reported	\$ 12,616,165	\$ 15,493,169	\$ 24,344,674	\$ 52,454,008
Implementation of GASB Statement 75 to record the net OPEB liability as of the beginning of the year	(6,366,097)	(658,742)	(221,105)	(7,245,944)
Receivable recorded in the prior year that was also received in the prior year	(271,459)	-	-	(271,459)
Net position at July 1, 2017, as restated	<u>\$ 5,978,609</u>	<u>\$ 14,834,427</u>	<u>\$ 24,123,569</u>	<u>\$ 44,936,605</u>

Fund Balance

Restatement of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds of July 1, 2017 as follows:

	Special Projects Capital Projects Funds
Fund balance at July 1, 2017, as originally reported	\$ (324,982)
Receivable recorded in the prior year that was also received in the prior year	271,459
Fund balance at July 1, 2017, as restated	<u>\$ (53,523)</u>

NOTE 19 - SUBSEQUENT EVENT

In preparing these financial statements, the City has evaluated events and transactions for potential recognition or disclosure through December 12, 2018, the date the financial statements were available to be issued.

(This page intentionally left blank)

REQUIRED SUPPLEMENTARY INFORMATION

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

Fiscal year ended	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Measurement period	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Total Pension Liability:				
Service cost	\$ 3,253,433	\$ 2,798,540	\$ 2,777,970	\$ 2,846,128
Interest on total pension liability	11,814,360	11,420,438	10,941,117	10,415,206
Differences between expected and actual experience	(1,191,669)	(541,635)	200,587	-
Changes in assumptions	9,941,881	-	(2,694,093)	-
Changes in benefits	-	-	-	-
Benefit payments, including refunds of employee contributions	<u>(7,360,837)</u>	<u>(7,134,374)</u>	<u>(6,709,820)</u>	<u>(6,454,235)</u>
Net Change in Total Pension Liability	16,457,168	6,542,969	4,515,761	6,807,099
Total Pension Liability - Beginning of Year	<u>158,539,300</u>	<u>151,996,331</u>	<u>147,480,570</u>	<u>140,673,471</u>
Total Pension Liability - End of Year (a)	<u><u>\$ 174,996,468</u></u>	<u><u>\$ 158,539,300</u></u>	<u><u>\$ 151,996,331</u></u>	<u><u>\$ 147,480,570</u></u>
Plan Fiduciary Net Position:				
Contributions - employer	\$ 4,001,016	\$ 3,620,111	\$ 3,088,469	\$ 2,827,904
Contributions - employee	1,344,205	1,302,530	1,200,653	1,213,682
Net investment income	12,480,715	587,323	2,524,863	17,146,278
Benefit payments	(7,360,837)	(7,134,374)	(6,709,820)	(6,454,235)
Administrative expense	<u>(165,600)</u>	<u>(69,389)</u>	<u>(128,139)</u>	<u>-</u>
Net Change in Plan Fiduciary Net Position	10,299,499	(1,693,799)	(23,974)	14,733,629
Plan Fiduciary Net Position - Beginning of Year	<u>112,162,028</u>	<u>113,855,827</u>	<u>113,879,801</u>	<u>99,146,172</u>
Plan Fiduciary Net Position - End of Year (b)	<u><u>\$ 122,461,527</u></u>	<u><u>\$ 112,162,028</u></u>	<u><u>\$ 113,855,827</u></u>	<u><u>\$ 113,879,801</u></u>
Net Pension Liability - Ending (a)-(b)	<u><u>\$ 52,534,941</u></u>	<u><u>\$ 46,377,272</u></u>	<u><u>\$ 38,140,504</u></u>	<u><u>\$ 33,600,769</u></u>
Plan fiduciary net position as a percentage of the total pension liability	69.98%	70.75%	74.91%	77.22%
Covered payroll	\$ 16,611,011	\$ 15,835,113	\$ 15,392,118	\$ 14,721,610
Net pension liability as percentage of covered payroll	316.27%	292.88%	247.79%	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.

From fiscal year June 30, 2017 to June 30, 2018:

The discount rate was reduced from 7.65% to 7.15%.

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

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

Fiscal year ended	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Actuarially determined contribution	\$ 4,252,350	\$ 3,620,111	\$ 3,574,267	\$ 3,133,656
Contributions in relation to the actuarially determined contributions	<u>(4,252,350)</u>	<u>(3,620,111)</u>	<u>(3,574,267)</u>	<u>(3,133,656)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 17,213,375	\$ 16,611,011	\$ 15,835,113	\$ 15,392,118
Contributions as a percentage of covered payroll	24.70%	21.79%	22.57%	20.36%

Notes to Schedule:

Valuation Date	June 30, 2015	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	Morality 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 four years are shown.

** - The valuation for June 30, 2012, 2013, 2014, and 2015 (applicable to fiscal years ended June 30, 2015, 2016, 2017, and 2018 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, 2014, and 2015 valuations (applicable to fiscal years ended June 30, 2016, 2017, and 2018 respectively).

City of Norwalk
Other Post-Employment Benefits (OPEB)
Annual Money-Weighted Rate of Return on Investments
Last Ten Fiscal Years (1)

<u>Fiscal Year Ended</u>	<u>Annual Money-Weighted Rate of Return, Net of Investment Expense (1)</u>
6/30/17	11.15%
6/30/18	12.95%

(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 two years are presented.

City of Norwalk
Other Post-Employment Benefits (OPEB)
Schedule of Change in the Net OPEB Liability and Related Ratios
Last Ten Fiscal Years*

Fiscal year end	6/30/2018
Measurement date	6/30/2017
Total OPEB Liability:	
Service cost	\$ 1,477,756
Interest on total OPEB liability	2,696,630
Benefit payments, including refunds and the implied subsidy benefit payments	(1,714,146)
Net Change in Total OPEB Liability	2,460,240
Total OPEB Liability - Beginning of Year	37,902,605
Total OPEB Liability - End of Year (a)	40,362,845
Plan Fiduciary Net Position:	
Contributions - employer	3,295,446
Net investment income	483,661
Benefit payments, including refunds and the implied subsidy benefit payments	(1,714,146)
Net Change in Plan Fiduciary Net Position	2,064,961
Plan Fiduciary Net Position - Beginning of Year	2,943,037
Plan Fiduciary Net Position - End of Year (b)	5,007,998
Net OPEB Liability - Ending (a)-(b)	\$ 35,354,847
Plan fiduciary net position as a percentage of the total OPEB liability	12.41%
Covered payroll	\$ 16,611,011
Net OPEB liability as percentage of covered payroll	212.84%

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

The fiscal year ended June 30, 2018 is the first year of implementation; therefore, there are no previous GASB 75 actuarial reports for comparison.

* Fiscal year 2018 was the first year of implementation; therefore, only one year is shown.

City of Norwalk
Other Post-Employment Benefits (OPEB)
Schedule of Contributions
Last Ten Fiscal Years*

Fiscal year ended	6/30/2018
Actuarially determined contribution	\$ 2,974,742
Contributions in relation to the actuarially determined contributions	(2,961,987)
Contribution deficiency (excess)	\$ 12,755
Covered payroll	\$ 17,213,375
Contributions as a percentage of covered payroll	17.21%

Notes to Schedule:

Valuation Date	6/30/2016
----------------	-----------

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry age normal, level percentage of payroll
Amortization method	Closed period, level percent of pay
Amortization period	25 years
Asset valuation method	Market value projected to fiscal year-end 2018
Discount rate	7.00%
Inflation	2.50%
Mortality, disability, termination, retirement	CalPERs 1997-2015 experience study
Helathcare trend rates	7.00% trending down to 3.94% over 57 years

* Fiscal year 2018 was the first year of implementation; therefore, only one year is shown.

(This page intentionally left blank)

City of Norwalk
Budgetary Comparison Schedule
General Fund
For the year ended June 30, 2018

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 38,522,749	\$ 38,713,770	\$ 39,596,801	\$ 883,031
Licenses and permits	1,457,000	1,457,000	1,329,636	(127,364)
Fines, forfeitures and penalties	1,338,300	1,274,200	1,453,258	179,058
Use of money and property	690,200	720,200	166,861	(553,339)
Intergovernmental	600,750	670,750	585,085	(85,665)
Charges for services	1,182,080	1,211,380	1,265,339	53,959
Rental income	837,800	855,800	909,372	53,572
Other	1,080,840	1,139,670	1,226,664	86,994
Total revenues	45,709,719	46,042,770	46,533,016	490,246
Expenditures:				
Current:				
General government:				
Mayor, council and boards	443,261	446,458	404,277	42,181
Management and administration	2,924,540	3,403,315	3,261,694	141,621
City clerk	814,843	835,553	749,156	86,397
Personnel services	2,806,638	2,915,920	2,814,288	101,632
Financial services	1,981,082	2,013,813	1,964,456	49,357
Total general government	8,970,364	9,615,059	9,193,871	421,188
Public safety				
Public safety operations	14,698,002	14,787,469	14,647,534	139,935
Emergency preparedness	58,475	58,475	13,988	44,487
Total public safety	14,756,477	14,845,944	14,661,522	184,422
Urban development:				
Community development operations	937,009	951,375	698,382	252,993
Building and safety	965,012	1,007,234	867,349	139,885
Engineering	752,109	763,554	705,186	58,368
Code compliance	967,840	988,453	971,663	16,790
Planning	584,739	599,274	594,540	4,734
Storm water compliance	400,132	401,706	198,977	202,729
Total urban development	4,606,841	4,711,596	4,036,097	675,499
Public works:				
Public services administration	1,170,085	1,202,909	1,112,068	90,841
Security and emergency services	41,055	41,055	99,999	(58,944)
Facilities maintenance	1,361,482	1,407,346	1,408,389	(1,043)
Street maintenance	11,510	26,225	30,671	(4,446)
Traffic maintenance	178,399	187,008	10,469	176,539
Signals and street lighting	683,088	691,442	668,243	23,199
Street sweeping	377,650	377,847	369,312	8,535
Tree planting	-	-	-	-
Graffiti removal	578,045	592,514	558,672	33,842
Tree maintenance	613,704	622,208	652,081	(29,873)
Greenscape maintenance	777,464	784,979	813,865	(28,886)
Total public works	5,792,482	5,933,533	5,723,769	209,764

See accompanying note to required supplementary information.

City of Norwalk
Budgetary Comparison Schedule
General Fund (Continued)
For the year ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures (Continued):				
Current (Continued):				
Culture and leisure:				
Recreation	\$ 5,125,524	\$ 5,374,833	\$ 4,912,462	\$ 462,371
Park services	2,935,324	2,986,847	3,139,782	(152,935)
Total culture and leisure	<u>8,060,848</u>	<u>8,361,680</u>	<u>8,052,244</u>	<u>309,436</u>
Health and welfare:				
Social services administration	1,373,559	1,414,600	1,163,411	251,189
Senior programs	1,305,921	1,334,239	1,247,245	86,994
Emergency food and shelter program	55,242	55,242	17,499	37,743
Total health and welfare	<u>2,734,722</u>	<u>2,804,081</u>	<u>2,428,155</u>	<u>375,926</u>
Capital outlay and improvement	<u>1,207,682</u>	<u>960,983</u>	<u>190,843</u>	<u>770,140</u>
Total expenditures	<u>46,129,416</u>	<u>47,232,876</u>	<u>44,286,501</u>	<u>2,946,375</u>
Excess (deficiency) of revenues over expenditures	<u>(419,697)</u>	<u>(1,190,106)</u>	<u>2,246,515</u>	<u>3,436,621</u>
Other financing sources (uses):				
Transfers in	22,000	22,000	8,520	(13,480)
Transfers out	<u>(2,338,634)</u>	<u>(2,338,634)</u>	<u>(2,353,518)</u>	<u>(14,884)</u>
Total other financing sources (uses)	<u>(2,316,634)</u>	<u>(2,316,634)</u>	<u>(2,344,998)</u>	<u>(28,364)</u>
Change in fund balance	<u>(2,736,331)</u>	<u>(3,506,740)</u>	<u>(98,483)</u>	<u>3,408,257</u>
Beginning fund balance	<u>24,055,294</u>	<u>24,055,294</u>	<u>24,055,294</u>	<u>-</u>
Ending fund balance	<u>\$ 21,318,963</u>	<u>\$ 20,548,554</u>	<u>\$ 23,956,811</u>	<u>\$ 3,408,257</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, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Use of money and property	\$ 400	\$ 400	\$ 4,692	\$ 4,292
Intergovernmental	1,587,574	1,587,574	1,038,354	(549,220)
Other	204,983	397,895	433,126	35,231
Total revenues	1,792,957	1,985,869	1,476,172	(509,697)
Expenditures:				
Current:				
Urban development	1,657,206	1,667,164	1,465,833	201,331
Public works	54,090	54,090	50,309	3,781
Health and welfare	50,000	50,000	34,910	15,090
Capital outlay and improvement	192,885	2,888	1,403	1,485
Total expenditures	1,954,181	1,774,142	1,552,455	221,687
Excess (deficiency) of revenues over expenditures	(161,224)	211,727	(76,283)	(288,010)
Beginning fund balance	567,725	567,725	567,725	-
Ending fund balance	\$ 406,501	\$ 779,452	\$ 491,442	\$ (288,010)

See accompanying note to required supplementary information.

City of Norwalk
Budgetary Comparison Schedule
Housing Authority Special Revenue Fund
For the year ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Use of money and property	\$ -	\$ -	\$ 1,262	\$ 1,262
Intergovernmental	7,324,603	7,324,603	7,323,811	(792)
Other	12,000	12,000	48,019	36,019
Total revenues	7,336,603	7,336,603	7,373,092	36,489
Expenditures:				
Current:				
Health and welfare	7,295,522	7,307,721	7,169,963	137,758
Total expenditures	7,295,522	7,307,721	7,169,963	137,758
Excess of revenues over expenditures	41,081	28,882	203,129	174,247
Beginning fund balance	945,018	945,018	945,018	-
Ending fund balance	\$ 986,099	\$ 973,900	\$ 1,148,147	\$ 174,247

See accompanying note to required supplementary information.

NOTE 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 over expend 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 re-appropriated 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, Proposition "C" I-5 Mitigation Capital Projects Fund, and Park Development 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, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Use of money and property	\$ 2,000	\$ 2,000	\$ 17,621	\$ 15,621
Total revenues	<u>2,000</u>	<u>2,000</u>	<u>17,621</u>	<u>15,621</u>
Expenditures:				
Current:				
General government	2,600	2,600	5,220	(2,620)
Debt service:				
Bond issue costs	-	-	74,144	(74,144)
Principal retirement	1,025,000	1,025,000	1,025,000	-
Interest and fiscal charges	415,782	415,782	436,281	(20,499)
Total expenditures	<u>1,443,382</u>	<u>1,443,382</u>	<u>1,540,645</u>	<u>(97,263)</u>
Deficiency of revenues over expenditures	<u>(1,441,382)</u>	<u>(1,441,382)</u>	<u>(1,523,024)</u>	<u>(81,642)</u>
Other financing sources:				
Issuance of debt	-	-	4,337,008	4,337,008
Transfers in	1,443,382	1,443,382	1,463,502	20,120
Total other financing sources	<u>1,443,382</u>	<u>1,443,382</u>	<u>5,800,510</u>	<u>4,357,128</u>
Change in fund balance	2,000	2,000	4,277,486	4,275,486
Beginning fund balance	<u>1,153,046</u>	<u>1,153,046</u>	<u>1,153,046</u>	<u>-</u>
Ending fund balance	<u><u>\$ 1,155,046</u></u>	<u><u>\$ 1,155,046</u></u>	<u><u>\$ 5,430,532</u></u>	<u><u>\$ 4,275,486</u></u>

City of Norwalk
Budgetary Comparison Schedule
Special Projects Capital Projects Funds - Major Fund
For the year ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 8,928,329	\$ 10,002,186	\$ 573,890	\$ (9,428,296)
Total revenues	<u>8,928,329</u>	<u>10,002,186</u>	<u>573,890</u>	<u>(9,428,296)</u>
Expenditures:				
Current:				
Urban development	214,000	214,130	96,968	117,162
Capital outlay and improvement	8,851,589	9,987,004	578,735	9,408,269
Total expenditures	<u>9,065,589</u>	<u>10,201,134</u>	<u>675,703</u>	<u>9,525,431</u>
Excess (deficiency) of revenues over expenditures	<u>(137,260)</u>	<u>(198,948)</u>	<u>(101,813)</u>	<u>97,135</u>
Beginning fund balance (deficit)	<u>(53,523)</u>	<u>(53,523)</u>	<u>(53,523)</u>	<u>-</u>
Ending fund balance (deficit)	<u>\$ (190,783)</u>	<u>\$ (252,471)</u>	<u>\$ (155,336)</u>	<u>\$ 97,135</u>

City of Norwalk
Budgetary Comparison Schedule
Economic Development Capital Projects Fund - Major Fund
For the year ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Use of money and property	\$ 100,000	\$ 100,000	\$ 23,352	\$ (76,648)
Total revenues	<u>100,000</u>	<u>100,000</u>	<u>23,352</u>	<u>(76,648)</u>
Expenditures:				
Capital outlay and improvement	2,325,558	2,330,233	59,859	2,270,374
Total expenditures	<u>2,325,558</u>	<u>2,330,233</u>	<u>59,859</u>	<u>2,270,374</u>
Excess (deficiency) of revenues over expenditures	(2,225,558)	(2,230,233)	(36,507)	2,193,726
Beginning fund balance	<u>10,777,502</u>	<u>10,777,502</u>	<u>10,777,502</u>	<u>-</u>
Ending fund balance	<u>\$ 8,551,944</u>	<u>\$ 8,547,269</u>	<u>\$ 10,740,995</u>	<u>\$ 2,193,726</u>

City of Norwalk
Budgetary Comparison Schedule
Housing Successor Fund Capital Projects Fund - Major Fund
For the year ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Use of money and property	\$ 100,300	\$ 100,300	\$ 35,180	\$ (65,120)
Total revenues	<u>100,300</u>	<u>100,300</u>	<u>35,180</u>	<u>(65,120)</u>
Expenditures:				
Current:				
Urban development	<u>109,218</u>	<u>109,334</u>	<u>57,633</u>	<u>51,701</u>
Total expenditures	<u>109,218</u>	<u>109,334</u>	<u>57,633</u>	<u>51,701</u>
Deficiency of revenues over expenditures	<u>(8,918)</u>	<u>(9,034)</u>	<u>(22,453)</u>	<u>(13,419)</u>
Other financing sources:				
Transfers in	<u>169,110</u>	<u>169,110</u>	<u>199,042</u>	<u>29,932</u>
Total other financing sources	<u>169,110</u>	<u>169,110</u>	<u>199,042</u>	<u>29,932</u>
Change in fund balance	160,192	160,076	176,589	16,513
Beginning fund balance	<u>11,300,206</u>	<u>11,300,206</u>	<u>11,300,206</u>	<u>-</u>
Ending fund balance	<u>\$ 11,460,398</u>	<u>\$ 11,460,282</u>	<u>\$ 11,476,795</u>	<u>\$ 16,513</u>

City of Norwalk
Budgetary Comparison Schedule
Other Federal Grants Capital Projects Fund
For the year ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 5,927,792	\$ 6,089,920	\$ 719,063	\$ (5,370,857)
Total revenues	<u>5,927,792</u>	<u>6,089,920</u>	<u>719,063</u>	<u>(5,370,857)</u>
Expenditures:				
Capital outlay and improvement	5,927,792	6,089,920	2,248,392	3,841,528
Total expenditures	<u>5,927,792</u>	<u>6,089,920</u>	<u>2,248,392</u>	<u>3,841,528</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>(1,529,329)</u>	<u>(1,529,329)</u>
Beginning fund balance (deficit)	<u>(55,694)</u>	<u>(55,694)</u>	<u>(55,694)</u>	<u>-</u>
Ending fund balance (deficit)	<u><u>\$ (55,694)</u></u>	<u><u>\$ (55,694)</u></u>	<u><u>\$ (1,585,023)</u></u>	<u><u>\$ (1,529,329)</u></u>

City of Norwalk
Combining Balance Sheet
Other Governmental Funds
June 30, 2018

	Special Revenue Funds	Capital Projects Funds	Total Other Governmental Funds
ASSETS			
Assets:			
Cash and investments	\$ 10,387,460	\$ 6,761,200	\$ 17,148,660
Accounts receivable, net	91,976	-	91,976
Due from other governments	661,379	496,720	1,158,099
Prepaid items	1,550	-	1,550
Total assets	\$ 11,142,365	\$ 7,257,920	\$ 18,400,285
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)			
Liabilities:			
Accounts payable	\$ 771,438	\$ 161,500	\$ 932,938
Due to other funds	205,612	233,626	439,238
Due to other governments	331	-	331
Other liabilities	-	-	-
Unearned revenue	3,500	-	3,500
Total liabilities	980,881	395,126	1,376,007
Deferred inflows of resources:			
Unavailable revenues	-	236,026	236,026
Total deferred inflows of resources	-	236,026	236,026
Fund balances (deficits):			
Nonspendable	1,550	-	1,550
Restricted	9,399,267	2,111,658	11,510,925
Committed	762,981	4,748,736	5,511,717
Unassigned	(2,314)	(233,626)	(235,940)
Total fund balances (deficits)	10,161,484	6,626,768	16,788,252
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 11,142,365	\$ 7,257,920	\$ 18,400,285

City of Norwalk
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Other Governmental Funds
For the year ended June 30, 2018

	Special Revenue Funds	Capital Projects Funds	Total Other Governmental Funds
Revenues:			
Use of money and property	\$ 141,386	\$ 95,114	\$ 236,500
Intergovernmental	12,604,256	1,154,465	13,758,721
Charges for services	992,052	-	992,052
Other	107,262	31,225	138,487
Total revenues	13,844,956	1,280,804	15,125,760
Expenditures:			
Current:			
General government	557,235	59,573	616,808
Public safety	254,653	-	254,653
Urban development	17,912	7,156	25,068
Public works	2,830,187	458,620	3,288,807
Culture and leisure	-	81,426	81,426
Health and welfare	4,854,431	27,628	4,882,059
Capital outlay and improvement	3,261,776	1,461,427	4,723,203
Total expenditures	11,776,194	2,095,830	13,872,024
Excess (deficiency) of revenues over expenditures	2,068,762	(815,026)	1,253,736
Other financing sources (uses):			
Transfers in	31,881	915,000	946,881
Transfers out	(2,215,460)	-	(2,215,460)
Total other financing sources (uses)	(2,183,579)	915,000	(1,268,579)
Change in fund balances	(114,817)	99,974	(14,843)
Beginning fund balances	10,276,301	6,526,794	16,803,095
Ending fund balances	\$ 10,161,484	\$ 6,626,768	\$ 16,788,252

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.

Measure M Fund - This fund accounts for revenues received from the County from the one-half cent tax authorized by Measure "M". Expenditures are restricted to improve traffic flow and safety.

	Child Development Program	State Gasoline Tax	Air Quality Improvement	Norwalk Senior Program	Proposition "C"	Public Safety
ASSETS						
Assets:						
Cash and investments	\$ -	\$ -	\$ 101,393	\$ -	\$ 4,685,938	\$ 370,027
Accounts receivable, net	-	-	-	-	45,072	-
Due from other governments	431,854	134,539	34,742	5,887	-	8,177
Prepaid items	-	-	-	-	1,550	-
Total assets	\$ 431,854	\$ 134,539	\$ 136,135	\$ 5,887	\$ 4,732,560	\$ 378,204
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)						
Liabilities:						
Accounts payable	\$ 405,866	\$ -	\$ -	\$ 2,790	\$ 176,768	\$ 36,653
Due to other funds	22,157	134,539	-	3,097	-	-
Due to other governments	331	-	-	-	-	-
Unearned revenue	3,500	-	-	-	-	-
Total liabilities	431,854	134,539	-	5,887	176,768	36,653
Fund balances (deficits):						
Nonspendable	-	-	-	-	1,550	-
Restricted	-	-	136,135	-	4,554,242	341,551
Committed	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balances (deficits)	-	-	136,135	-	4,555,792	341,551
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 431,854	\$ 134,539	\$ 136,135	\$ 5,887	\$ 4,732,560	\$ 378,204

City of Norwalk
Combining Balance Sheet
Other Special Revenue Funds
June 30, 2018

Parking Structure	Forfeiture	Special Grants	Proposition "A"	Measure "R"	Measure "M"	Total Other Special Revenue Funds
\$ 746,182	\$ 676	\$ -	\$ 2,394	\$ 3,371,045	\$ 1,109,805	\$ 10,387,460
46,904	-	-	-	-	-	91,976
-	-	46,180	-	-	-	661,379
-	-	-	-	-	-	1,550
<u>\$ 793,086</u>	<u>\$ 676</u>	<u>\$ 46,180</u>	<u>\$ 2,394</u>	<u>\$ 3,371,045</u>	<u>\$ 1,109,805</u>	<u>\$ 11,142,365</u>
\$ 30,105	\$ -	\$ 2,675	\$ 2,394	\$ 114,187	\$ -	\$ 771,438
-	-	45,819	-	-	-	205,612
-	-	-	-	-	-	331
-	-	-	-	-	-	3,500
<u>30,105</u>	<u>-</u>	<u>48,494</u>	<u>2,394</u>	<u>114,187</u>	<u>-</u>	<u>980,881</u>
-	-	-	-	-	-	1,550
-	676	-	-	3,256,858	1,109,805	9,399,267
762,981	-	-	-	-	-	762,981
-	-	(2,314)	-	-	-	(2,314)
<u>762,981</u>	<u>676</u>	<u>(2,314)</u>	<u>-</u>	<u>3,256,858</u>	<u>1,109,805</u>	<u>10,161,484</u>
<u>\$ 793,086</u>	<u>\$ 676</u>	<u>\$ 46,180</u>	<u>\$ 2,394</u>	<u>\$ 3,371,045</u>	<u>\$ 1,109,805</u>	<u>\$ 11,142,365</u>

	Child Development Program	State Gasoline Tax	Air Quality Improvement	Norwalk Senior Program	Proposition "C"	Public Safety
Revenues:						
Use of money and property	\$ -	\$ 2,324	\$ 1,154	\$ -	\$ 79,788	\$ 5,321
Intergovernmental	4,517,462	1,663,262	135,585	51,468	1,645,244	205,812
Charges for services	65,474	-	-	-	237,715	-
Other	-	-	-	125	107,137	-
Total revenues	4,582,936	1,665,586	136,739	51,593	2,069,884	211,133
Expenditures:						
Current:						
General government	-	-	-	-	108,472	-
Public safety	-	-	-	-	-	254,653
Urban development	-	-	-	-	17,912	-
Public works	-	1,665,586	-	-	670,348	-
Health and welfare	4,582,936	-	90,291	70,599	-	-
Capital outlay and improvement	-	-	-	-	2,471,235	-
Total expenditures	4,582,936	1,665,586	90,291	70,599	3,267,967	254,653
Excess (deficiency) of revenues over expenditures	-	-	46,448	(19,006)	(1,198,083)	(43,520)
Other financing sources (uses):						
Transfers in	-	-	-	19,006	-	-
Transfers out	-	-	(11,501)	-	(67,920)	-
Total other financing sources (uses)	-	-	(11,501)	19,006	(67,920)	-
Change in fund balances	-	-	34,947	-	(1,266,003)	(43,520)
Beginning fund balances	-	-	101,188	-	5,821,795	385,071
Ending fund balances (deficits)	\$ -	\$ -	\$ 136,135	\$ -	\$ 4,555,792	\$ 341,551

City of Norwalk
Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
Other Special Revenue Funds
For the year ended June 30, 2018

Parking Structure	Forfeiture	Special Grants	Proposition "A"	Measure "R"	Measure "M"	Total Other Special Revenue Funds
\$ -	\$ 9	\$ 1	\$ -	\$ 48,758	\$ 4,031	\$ 141,386
-	-	95,416	1,964,040	1,220,193	1,105,774	12,604,256
688,863	-	-	-	-	-	992,052
-	-	-	-	-	-	107,262
<u>688,863</u>	<u>9</u>	<u>95,417</u>	<u>1,964,040</u>	<u>1,268,951</u>	<u>1,109,805</u>	<u>13,844,956</u>
448,763	-	-	-	-	-	557,235
-	-	-	-	-	-	254,653
-	-	-	-	-	-	17,912
2,345	-	-	42,534	449,374	-	2,830,187
-	-	110,605	-	-	-	4,854,431
-	-	213	41,374	748,954	-	3,261,776
<u>451,108</u>	<u>-</u>	<u>110,818</u>	<u>83,908</u>	<u>1,198,328</u>	<u>-</u>	<u>11,776,194</u>
<u>237,755</u>	<u>9</u>	<u>(15,401)</u>	<u>1,880,132</u>	<u>70,623</u>	<u>1,109,805</u>	<u>2,068,762</u>
-	-	12,875	-	-	-	31,881
<u>(255,907)</u>	<u>-</u>	<u>-</u>	<u>(1,880,132)</u>	<u>-</u>	<u>-</u>	<u>(2,215,460)</u>
<u>(255,907)</u>	<u>-</u>	<u>12,875</u>	<u>(1,880,132)</u>	<u>-</u>	<u>-</u>	<u>(2,183,579)</u>
(18,152)	9	(2,526)	-	70,623	1,109,805	(114,817)
<u>781,133</u>	<u>667</u>	<u>212</u>	<u>-</u>	<u>3,186,235</u>	<u>-</u>	<u>10,276,301</u>
<u>\$ 762,981</u>	<u>\$ 676</u>	<u>\$ (2,314)</u>	<u>\$ -</u>	<u>\$ 3,256,858</u>	<u>\$ 1,109,805</u>	<u>\$ 10,161,484</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, 2018

	Budgeted Amount		Variance with Final Budget Positive (Negative)
	<u>Final</u>	<u>Actual</u>	<u>(Negative)</u>
Revenues:			
Intergovernmental	\$ 4,074,352	\$ 4,517,462	\$ 443,110
Charges for services	100,000	65,474	(34,526)
Total revenues	<u>4,174,352</u>	<u>4,582,936</u>	<u>408,584</u>
Expenditures:			
Current:			
Health and welfare	4,174,352	4,582,936	(408,584)
Total expenditures	<u>4,174,352</u>	<u>4,582,936</u>	<u>(408,584)</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, 2018

	Budgeted Amount		Variance with Final Budget Positive (Negative)
	<u>Final</u>	<u>Actual</u>	<u>(Negative)</u>
Revenues:			
Use of money and property	\$ 500	\$ 2,324	\$ 1,824
Intergovernmental	<u>1,734,610</u>	<u>1,663,262</u>	<u>(71,348)</u>
Total revenues	<u>1,735,110</u>	<u>1,665,586</u>	<u>(69,524)</u>
Expenditures:			
Current:			
Public works	<u>1,743,090</u>	<u>1,665,586</u>	<u>77,504</u>
Total expenditures	<u>1,743,090</u>	<u>1,665,586</u>	<u>77,504</u>
Excess (deficiency) of revenues over expenditures	(7,980)	-	7,980
Beginning fund balance	<u>-</u>	<u>-</u>	<u>-</u>
Ending fund balance	<u>\$ (7,980)</u>	<u>\$ -</u>	<u>\$ 7,980</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, 2018

	Budgeted Amount		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues:			
Use of money and property	\$ 100	\$ 1,154	\$ 1,054
Intergovernmental	135,000	135,585	585
Total revenues	135,100	136,739	1,639
Expenditures:			
Current:			
Health and welfare	155,743	90,291	65,452
Total expenditures	155,743	90,291	65,452
Excess (deficiency) of revenues over expenditures	(20,643)	46,448	67,091
Other financing uses:			
Transfers out	(12,000)	(11,501)	499
Total other financing uses	(12,000)	(11,501)	499
Change in fund balance	(32,643)	34,947	67,590
Beginning fund balance	101,188	101,188	-
Ending fund balance	\$ 68,545	\$ 136,135	\$ 67,590

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, 2018

	Budgeted Amount		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues:			
Intergovernmental	\$ 54,389	\$ 51,468	\$ (2,921)
Other	-	125	125
Total revenues	<u>54,389</u>	<u>51,593</u>	<u>(2,796)</u>
Expenditures:			
Current:			
Health and welfare	87,911	70,599	17,312
Total expenditures	<u>87,911</u>	<u>70,599</u>	<u>17,312</u>
Excess (deficiency) of revenues over expenditures	<u>(33,522)</u>	<u>(19,006)</u>	<u>14,516</u>
Other financing sources:			
Transfers in	32,406	19,006	(13,400)
Total other financing sources	<u>32,406</u>	<u>19,006</u>	<u>(13,400)</u>
Change in fund balance	(1,116)	-	1,116
Beginning fund balance	-	-	-
Ending fund balance	<u>\$ (1,116)</u>	<u>\$ -</u>	<u>\$ 1,116</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, 2018

	Budgeted Amount		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues:			
Use of money and property	\$ 20,000	\$ 79,788	\$ 59,788
Intergovernmental	1,620,300	1,645,244	24,944
Charges for services	231,000	237,715	6,715
Other	130,092	107,137	(22,955)
Total revenues	2,001,392	2,069,884	68,492
Expenditures:			
Current:			
General government	106,315	108,472	(2,157)
Urban development	20,000	17,912	2,088
Public works	748,363	670,348	78,015
Capital outlay and improvement	6,540,244	2,471,235	4,069,009
Total expenditures	7,414,922	3,267,967	4,146,955
Excess (deficiency) of revenues over expenditures	(5,413,530)	(1,198,083)	4,215,447
Other financing uses:			
Transfers out	(81,400)	(67,920)	13,480
Total other financing uses	(81,400)	(67,920)	13,480
Change in fund balance	(5,494,930)	(1,266,003)	4,228,927
Beginning fund balance	5,821,795	5,821,795	-
Ending fund balance	\$ 326,865	\$ 4,555,792	\$ 4,228,927

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, 2018

	Budgeted Amount <u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Use of money and property	\$ 700	\$ 5,321	\$ 4,621
Intergovernmental	<u>299,985</u>	<u>205,812</u>	<u>(94,173)</u>
Total revenues	<u>300,685</u>	<u>211,133</u>	<u>(89,552)</u>
Expenditures:			
Current:			
Public safety	<u>292,402</u>	<u>254,653</u>	<u>37,749</u>
Total expenditures	<u>292,402</u>	<u>254,653</u>	<u>37,749</u>
Excess (deficiency) of revenues over expenditures	<u>8,283</u>	<u>(43,520)</u>	<u>(51,803)</u>
Beginning fund balance	<u>385,071</u>	<u>385,071</u>	<u>-</u>
Ending fund balance	<u>\$ 393,354</u>	<u>\$ 341,551</u>	<u>\$ (51,803)</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, 2018

	Budgeted Amount		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues:			
Charges for services	\$ 680,000	\$ 688,863	\$ 8,863
Total revenues	<u>680,000</u>	<u>688,863</u>	<u>8,863</u>
Expenditures:			
Current:			
General government	520,388	448,763	71,625
Public works	<u>565,000</u>	<u>2,345</u>	<u>562,655</u>
Total expenditures	<u>1,085,388</u>	<u>451,108</u>	<u>634,280</u>
Excess (deficiency) of revenues over expenditures	<u>(405,388)</u>	<u>237,755</u>	<u>643,143</u>
Other financing uses:			
Transfers out	<u>(255,907)</u>	<u>(255,907)</u>	<u>-</u>
Total other financing uses	<u>(255,907)</u>	<u>(255,907)</u>	<u>-</u>
Change in fund balance	(661,295)	(18,152)	643,143
Beginning fund balance	<u>781,133</u>	<u>781,133</u>	<u>-</u>
Ending fund balance	<u>\$ 119,838</u>	<u>\$ 762,981</u>	<u>\$ 643,143</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, 2018

	Budgeted Amount <u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Use of money and property	\$ -	\$ 1	\$ 1
Intergovernmental	<u>95,449</u>	<u>95,416</u>	<u>(33)</u>
Total revenues	<u>95,449</u>	<u>95,417</u>	<u>(32)</u>
Expenditures:			
Current:			
Health and welfare	131,247	110,605	20,642
Capital outlay and improvement	<u>-</u>	<u>213</u>	<u>(213)</u>
Total expenditures	<u>131,247</u>	<u>110,818</u>	<u>20,429</u>
Excess (deficiency) of revenues over expenditures	<u>(35,798)</u>	<u>(15,401)</u>	<u>20,397</u>
Other financing sources:			
Transfers in	<u>34,643</u>	<u>12,875</u>	<u>(21,768)</u>
Total other financing sources	<u>34,643</u>	<u>12,875</u>	<u>(21,768)</u>
Change in fund balance	(1,155)	(2,526)	(1,371)
Beginning fund balance	<u>212</u>	<u>212</u>	<u>-</u>
Ending fund balance (deficit)	<u>\$ (943)</u>	<u>\$ (2,314)</u>	<u>\$ (1,371)</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, 2018

	Budgeted Amount		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues:			
Intergovernmental	\$ 1,958,289	\$ 1,964,040	\$ 5,751
Total revenues	<u>1,958,289</u>	<u>1,964,040</u>	<u>5,751</u>
Expenditures:			
Current:			
Public works	68,000	42,534	25,466
Capital outlay and improvement	55,248	41,374	13,874
Total expenditures	<u>123,248</u>	<u>83,908</u>	<u>39,340</u>
Excess (deficiency) of revenues over expenditures	<u>1,835,041</u>	<u>1,880,132</u>	<u>45,091</u>
Other financing uses:			
Transfers out	(1,848,915)	(1,880,132)	(31,217)
Total other financing uses	<u>(1,848,915)</u>	<u>(1,880,132)</u>	<u>(31,217)</u>
Change in fund balance	(13,874)	-	13,874
Beginning fund balance	<u>-</u>	<u>-</u>	<u>-</u>
Ending fund balance (deficit)	<u>\$ (13,874)</u>	<u>\$ -</u>	<u>\$ 13,874</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, 2018

	Budgeted Amount		Variance with Final Budget Positive (Negative)
	<u>Final</u>	<u>Actual</u>	
Revenues:			
Use of money and property	\$ 2,500	\$ 48,758	\$ 46,258
Intergovernmental	1,215,200	1,220,193	4,993
Total revenues	<u>1,217,700</u>	<u>1,268,951</u>	<u>51,251</u>
Expenditures:			
Current:			
Public works	491,000	449,374	41,626
Capital outlay and improvement	3,678,118	748,954	2,929,164
Total expenditures	<u>4,169,118</u>	<u>1,198,328</u>	<u>2,970,790</u>
Excess (deficiency) of revenues over expenditures	(2,951,418)	70,623	3,022,041
Beginning fund balance	<u>3,186,235</u>	<u>3,186,235</u>	<u>-</u>
Ending fund balance	<u>\$ 234,817</u>	<u>\$ 3,256,858</u>	<u>\$ 3,022,041</u>

City of Norwalk
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual
Measure "M" Special Revenue Fund
For the year ended June 30, 2018

	Budgeted Amount <u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Use of money and property	\$ 2,500	\$ 4,031	\$ 1,531
Intergovernmental	<u>1,240,600</u>	<u>1,105,774</u>	<u>(134,826)</u>
Total revenues	<u>1,243,100</u>	<u>1,109,805</u>	<u>(133,295)</u>
Expenditures:	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	1,243,100	1,109,805	(133,295)
Beginning fund balance	<u>-</u>	<u>-</u>	<u>-</u>
Ending fund balance	<u><u>\$ 1,243,100</u></u>	<u><u>\$ 1,109,805</u></u>	<u><u>\$ (133,295)</u></u>

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”.

Road Maintenance Rehabilitation Fund - The fund accounts for revenues received from the State SB1 taxes. Expenditures are restricted to basic road maintenance, rehabilitation, and critical safety projects.

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 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.

	Proposition "1B"	Road Maintenance Rehabilitation	Proposition "C" I-5 Mitigation	Public Art	Highway User Tax - 2103
ASSETS					
Assets:					
Cash and investments	\$ 218,343	\$ 392,917	\$ -	\$ 174,028	\$ 982,062
Due from other governments	-	223,709	236,026	-	36,985
Total assets	\$ 218,343	\$ 616,626	\$ 236,026	\$ 174,028	\$ 1,019,047
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)					
Liabilities:					
Accounts payable	\$ -	\$ 2,038	\$ -	\$ 4,775	\$ 21,335
Due to other funds	-	-	233,626	-	-
Total liabilities	-	2,038	233,626	4,775	21,335
Deferred inflows of resources:					
Unavailable revenues	-	-	236,026	-	-
Total deferred inflows of resources	-	-	236,026	-	-
Fund balances (deficits):					
Restricted	218,343	614,588	-	169,253	997,712
Committed	-	-	-	-	-
Unassigned	-	-	(233,626)	-	-
Total fund balances (deficits)	218,343	614,588	(233,626)	169,253	997,712
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 218,343	\$ 616,626	\$ 236,026	\$ 174,028	\$ 1,019,047

**City of Norwalk
Combining Balance Sheet
Other Capital Projects Funds
June 30, 2018**

<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>Total Other Capital Projects Funds</u>
\$ 111,762	\$ 1,646,835	\$ 157,574	\$ 272,540	\$ 1,239,049	\$ 1,566,090	\$ 6,761,200
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>496,720</u>
<u>\$ 111,762</u>	<u>\$ 1,646,835</u>	<u>\$ 157,574</u>	<u>\$ 272,540</u>	<u>\$ 1,239,049</u>	<u>\$ 1,566,090</u>	<u>\$ 7,257,920</u>
\$ -	\$ 6,965	\$ -	\$ 17,232	\$ 7,554	\$ 101,601	\$ 161,500
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>233,626</u>
<u>-</u>	<u>6,965</u>	<u>-</u>	<u>17,232</u>	<u>7,554</u>	<u>101,601</u>	<u>395,126</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>236,026</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>236,026</u>
111,762	-	-	-	-	-	2,111,658
-	1,639,870	157,574	255,308	1,231,495	1,464,489	4,748,736
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(233,626)</u>
<u>111,762</u>	<u>1,639,870</u>	<u>157,574</u>	<u>255,308</u>	<u>1,231,495</u>	<u>1,464,489</u>	<u>6,626,768</u>
<u>\$ 111,762</u>	<u>\$ 1,646,835</u>	<u>\$ 157,574</u>	<u>\$ 272,540</u>	<u>\$ 1,239,049</u>	<u>\$ 1,566,090</u>	<u>\$ 7,257,920</u>

	Proposition "1B"	Road Maintenance Rehabilitation	Proposition "C" I-5 Mitigation	Public Art	Highway User Tax - 2103
Revenues:					
Use of money and property	\$ 3,001	\$ 621	\$ -	\$ 2,458	\$ 20,480
Intergovernmental	-	618,470	2,400	-	533,595
Other	-	-	-	31,225	-
Total revenues	3,001	619,091	2,400	33,683	554,075
Expenditures:					
Current:					
General government	-	-	-	-	-
Urban development	-	-	-	-	-
Public works	-	-	-	17,256	435,609
Culture and leisure	-	-	-	-	-
Health and welfare	-	-	-	-	-
Capital outlay and improvement	-	4,503	-	-	1,021,967
Total expenditures	-	4,503	-	17,256	1,457,576
Excess (deficiency) of revenues over expenditures	3,001	614,588	2,400	16,427	(903,501)
Other financing sources:					
Transfers in	-	-	-	-	-
Total other financing sources	-	-	-	-	-
Change in fund balances	3,001	614,588	2,400	16,427	(903,501)
Beginning fund balances (deficits)	215,342	-	(236,026)	152,826	1,901,213
Ending fund balances (deficits)	\$ 218,343	\$ 614,588	\$ (233,626)	\$ 169,253	\$ 997,712

City of Norwalk
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
Other Capital Projects Funds
For the year ended June 30, 2018**

Park Development	Playground Equipment Replacement	Sports Complex Equipment Replacement	Computer Replacement	Vehicle and Equipment Replacement	Building Renovation	Total Other Capital Projects Funds
\$ -	\$ 23,042	\$ 2,121	\$ 3,618	\$ 19,610	\$ 20,163	\$ 95,114
-	-	-	-	-	-	1,154,465
-	-	-	-	-	-	31,225
-	23,042	2,121	3,618	19,610	20,163	1,280,804
-	-	-	59,573	-	-	59,573
-	-	-	7,156	-	-	7,156
-	-	-	5,755	-	-	458,620
-	76,939	-	4,487	-	-	81,426
-	-	23,072	4,556	-	-	27,628
-	-	-	-	272,181	162,776	1,461,427
-	76,939	23,072	81,527	272,181	162,776	2,095,830
-	(53,897)	(20,951)	(77,909)	(252,571)	(142,613)	(815,026)
-	-	65,000	150,000	-	700,000	915,000
-	-	65,000	150,000	-	700,000	915,000
-	(53,897)	44,049	72,091	(252,571)	557,387	99,974
111,762	1,693,767	113,525	183,217	1,484,066	907,102	6,526,794
<u>\$ 111,762</u>	<u>\$ 1,639,870</u>	<u>\$ 157,574</u>	<u>\$ 255,308</u>	<u>\$ 1,231,495</u>	<u>\$ 1,464,489</u>	<u>\$ 6,626,768</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, 2018

	Budgeted Amount <u>Final</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
Revenues:			
Use of money and property	\$ 250	\$ 3,001	\$ 2,751
Total revenues	<u>250</u>	<u>3,001</u>	<u>2,751</u>
Expenditures:			
Capital outlay and improvement	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	250	3,001	2,751
Beginning fund balance	<u>215,342</u>	<u>215,342</u>	<u>-</u>
Ending fund balance	<u>\$ 215,592</u>	<u>\$ 218,343</u>	<u>\$ 2,751</u>

City of Norwalk
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual
Road Maintenance Rehabilitation Capital Projects Fund
For the year ended June 30, 2018

	Budgeted Amount		Variance with Final Budget Positive (Negative)
	<u>Final</u>	<u>Actual</u>	
Revenues:			
Use of money and property	\$ -	\$ 621	\$ 621
Intergovernmental	601,960	618,470	16,510
Total revenues	<u>601,960</u>	<u>619,091</u>	<u>17,131</u>
Expenditures:			
Capital outlay and improvement	5,098,000	4,503	5,093,497
Total expenditures	<u>5,098,000</u>	<u>4,503</u>	<u>5,093,497</u>
Excess (deficiency) of revenues over expenditures	(4,496,040)	614,588	5,110,628
Beginning fund balance	<u>-</u>	<u>-</u>	<u>-</u>
Ending fund balance	<u>\$ (4,496,040)</u>	<u>\$ 614,588</u>	<u>\$ 5,110,628</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, 2018

	Budgeted Amount		Variance with Final Budget Positive (Negative)
	<u>Final</u>	<u>Actual</u>	<u>(Negative)</u>
Revenues:			
Use of money and property	\$ 1,000	\$ 2,458	\$ 1,458
Other	20,000	31,225	11,225
Total revenues	<u>21,000</u>	<u>33,683</u>	<u>12,683</u>
Expenditures:			
Current:			
Public works	21,000	17,256	3,744
Total expenditures	<u>21,000</u>	<u>17,256</u>	<u>3,744</u>
Excess (deficiency) of revenues over expenditures	-	16,427	16,427
Beginning fund balance	<u>152,826</u>	<u>152,826</u>	<u>-</u>
Ending fund balance	<u>\$ 152,826</u>	<u>\$ 169,253</u>	<u>\$ 16,427</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, 2018

	Budgeted Amount		Variance with Final Budget Positive (Negative)
	<u>Final</u>	<u>Actual</u>	
Revenues:			
Use of money and property	\$ 1,000	\$ 20,480	\$ 19,480
Intergovernmental	540,280	533,595	(6,685)
Total revenues	<u>541,280</u>	<u>554,075</u>	<u>12,795</u>
Expenditures:			
Current:			
Public works	497,610	435,609	62,001
Capital outlay and improvement	1,346,657	1,021,967	324,690
Total expenditures	<u>1,844,267</u>	<u>1,457,576</u>	<u>386,691</u>
Excess (deficiency) of revenues over expenditures	<u>(1,302,987)</u>	<u>(903,501)</u>	<u>399,486</u>
Beginning fund balance	<u>1,901,213</u>	<u>1,901,213</u>	<u>-</u>
Ending fund balance	<u>\$ 598,226</u>	<u>\$ 997,712</u>	<u>\$ 399,486</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, 2018

	Budgeted Amount <u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Use of money and property	\$ 2,000	\$ 23,042	\$ 21,042
Total revenues	<u>2,000</u>	<u>23,042</u>	<u>21,042</u>
Expenditures:			
Current:			
Culture and leisure	352,548	76,939	275,609
Capital outlay and improvement	<u>590,000</u>	<u>-</u>	<u>590,000</u>
Total expenditures	<u>942,548</u>	<u>76,939</u>	<u>865,609</u>
Excess (deficiency) of revenues over expenditures	<u>(940,548)</u>	<u>(53,897)</u>	<u>886,651</u>
Beginning fund balance	<u>1,693,767</u>	<u>1,693,767</u>	<u>-</u>
Ending fund balance	<u>\$ 753,219</u>	<u>\$ 1,639,870</u>	<u>\$ 886,651</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, 2018

	Budgeted Amount		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues:			
Use of money and property	\$ 500	\$ 2,121	\$ 1,621
Total revenues	<u>500</u>	<u>2,121</u>	<u>1,621</u>
Expenditures:			
Current:			
Health and welfare	27,000	23,072	3,928
Total expenditures	<u>27,000</u>	<u>23,072</u>	<u>3,928</u>
Excess (deficiency) of revenues over expenditures	(26,500)	(20,951)	5,549
Other financing sources:			
Transfers in	65,000	65,000	-
Total other financing sources	<u>65,000</u>	<u>65,000</u>	<u>-</u>
Change in fund balance	38,500	44,049	5,549
Beginning fund balance	<u>113,525</u>	<u>113,525</u>	<u>-</u>
Ending fund balance	<u>\$ 152,025</u>	<u>\$ 157,574</u>	<u>\$ 5,549</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, 2018

	Budgeted Amount <u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Use of money and property	\$ 500	\$ 3,618	\$ 3,118
Total revenues	<u>500</u>	<u>3,618</u>	<u>3,118</u>
Expenditures:			
Current:			
General government	89,418	59,573	29,845
Urban development	900	7,156	(6,256)
Public works	5,755	5,755	-
Culture and leisure	4,487	4,487	-
Health and welfare	4,556	4,556	-
Total expenditures	<u>105,116</u>	<u>81,527</u>	<u>23,589</u>
Excess (deficiency) of revenues over expenditures	(104,616)	(77,909)	26,707
Other financing sources:			
Transfers in	<u>150,000</u>	<u>150,000</u>	<u>-</u>
Total other financing sources	<u>150,000</u>	<u>150,000</u>	<u>-</u>
Change in fund balance	45,384	72,091	26,707
Beginning fund balance	<u>183,217</u>	<u>183,217</u>	<u>-</u>
Ending fund balance	<u>\$ 228,601</u>	<u>\$ 255,308</u>	<u>\$ 26,707</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, 2018

	Budgeted Amount <u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Use of money and property	\$ 5,000	\$ 19,610	\$ 14,610
Total revenues	<u>5,000</u>	<u>19,610</u>	<u>14,610</u>
Expenditures:			
Capital outlay and improvement	516,290	272,181	244,109
Total expenditures	<u>516,290</u>	<u>272,181</u>	<u>244,109</u>
Excess (deficiency) of revenues over expenditures	<u>(511,290)</u>	<u>(252,571)</u>	<u>258,719</u>
Beginning fund balance	<u>1,484,066</u>	<u>1,484,066</u>	<u>-</u>
Ending fund balance	<u>\$ 972,776</u>	<u>\$ 1,231,495</u>	<u>\$ 258,719</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, 2018

	Budgeted Amount <u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Use of money and property	\$ 500	\$ 20,163	\$ 19,663
Total revenues	<u>500</u>	<u>20,163</u>	<u>19,663</u>
Expenditures:			
Capital outlay and improvement	901,943	162,776	739,167
Total expenditures	<u>901,943</u>	<u>162,776</u>	<u>739,167</u>
Excess (deficiency) of revenues over expenditures	(901,443)	(142,613)	758,830
Other financing sources:			
Transfers in	700,000	700,000	-
Total other financing sources	<u>700,000</u>	<u>700,000</u>	<u>-</u>
Change in fund balance	(201,443)	557,387	758,830
Beginning fund balance	<u>907,102</u>	<u>907,102</u>	<u>-</u>
Ending fund balance	<u>\$ 705,659</u>	<u>\$ 1,464,489</u>	<u>\$ 758,830</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, 2018

	Governmental Activities		
	Employee Benefits	Vehicle Maintenance	Totals
ASSETS:			
Current assets:			
Cash and investments	\$ -	\$ 184,079	\$ 184,079
Inventory	-	90,487	90,487
Due from other governments	1,962	-	1,962
Total current assets	<u>1,962</u>	<u>274,566</u>	<u>276,528</u>
Total assets	<u>1,962</u>	<u>274,566</u>	<u>276,528</u>
LIABILITIES:			
Current liabilities:			
Accounts payable	-	48,043	48,043
Accrued expenses	-	80,119	80,119
Due to other funds	1,962	-	1,962
Compensated absences payable, current portion	-	41,100	41,100
Total current liabilities	<u>1,962</u>	<u>169,262</u>	<u>171,224</u>
Noncurrent liabilities:			
Compensated absences payable, long-term portion	-	105,304	105,304
Total noncurrent liabilities	<u>-</u>	<u>105,304</u>	<u>105,304</u>
Total liabilities	<u>1,962</u>	<u>274,566</u>	<u>276,528</u>
NET POSITION			
Unrestricted	<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, 2018

	Governmental Activities		
	Employee Benefits	Vehicle Maintenance	Totals
Operating revenues:			
Charges for services	\$ 11,691,089	\$ 2,761,722	\$ 14,452,811
Total operating revenues	<u>11,691,089</u>	<u>2,761,722</u>	<u>14,452,811</u>
Operating expenses:			
Administrative	-	30,805	30,805
Utilities	-	35,761	35,761
Salaries and benefits	11,691,089	2,082,899	13,773,988
Maintenance and repairs	-	612,257	612,257
Total operating expenses	<u>11,691,089</u>	<u>2,761,722</u>	<u>14,452,811</u>
Operating loss	-	-	-
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, 2018

	Governmental Activities		
	Employee Benefits	Vehicle Maintenance	Totals
Cash flows from operating activities:			
Receipts from tenants, customers and users	\$ 11,689,127	\$ 2,761,722	\$ 14,450,849
Payments to suppliers	-	(702,243)	(702,243)
Payments to employees	(11,691,770)	(2,069,061)	(13,760,831)
Net cash used by operating activities	<u>(2,643)</u>	<u>(9,582)</u>	<u>(12,225)</u>
Cash flows from noncapital financing activities			
Cash received from other funds	1,962	-	1,962
Net cash provided by noncapital financing activities	<u>1,962</u>	<u>-</u>	<u>1,962</u>
Net decrease in cash and cash equivalents	(681)	(9,582)	(10,263)
Cash and cash equivalents - beginning of year	<u>681</u>	<u>193,661</u>	<u>194,342</u>
Cash and cash equivalents - end of year	<u>\$ -</u>	<u>\$ 184,079</u>	<u>\$ 184,079</u>
Reconciliation of operating loss to net cash used by operating activities:			
Operating loss	\$ -	\$ -	\$ -
Changes in operating assets and liabilities:			
(Increase) decrease in due from other governments	(1,962)	-	(1,962)
(Increase) decrease in inventory	-	(12,412)	(12,412)
Increase (decrease) in accounts payable	(681)	(14,197)	(14,878)
Increase (decrease) in accrued expenses	-	3,189	3,189
Increase (decrease) in compensated absences payable	-	13,838	13,838
Net cash used by operating activities	<u>\$ (2,643)</u>	<u>\$ (9,582)</u>	<u>\$ (12,225)</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, 2018

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
Assets:				
Cash and investments	\$ 713,172	\$ 813,005	\$ 661,034	\$ 865,143
Accounts receivable	3,274	27,276	29,510	1,040
Total assets	\$ 716,446	\$ 840,281	\$ 690,544	\$ 866,183
 Liabilities:				
Accounts payable	\$ 7,871	\$ 555,633	\$ 542,160	\$ 21,344
Deposits payable	708,575	794,662	658,398	844,839
Total liabilities	\$ 716,446	\$ 1,350,295	\$ 1,200,558	\$ 866,183

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.	165 - 170
<u>Revenue Capacity</u> these schedules contain information to help the reader assess the City’s most significant local revenue source, the property tax.	171 - 174
<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.	175 - 178
<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.	179 - 180
<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.	181 - 183
<u>Water Systems</u> these schedules contain historical operating and statistical data pertaining to the Continuing Disclosure requirements for the Water Revenue Bonds.	184 - 192

(This page intentionally left blank)

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

	Fiscal Year									
	2008-09	2009-10	2010-11	2011-12*	2012-13	2013-14	2014-15**	2015-16	2016-17	2017-18 ***
Governmental Activities:										
Net invested in capital assets	\$ 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	\$ 143,865,804
Restricted	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	36,620,694
Unrestricted	(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)	(22,928,545)
Total governmental activities net position	<u>155,853,802</u>	<u>149,954,367</u>	<u>146,836,208</u>	<u>203,770,435</u>	<u>202,802,945</u>	<u>188,345,264</u>	<u>177,767,096</u>	<u>184,047,810</u>	<u>177,336,502</u>	<u>157,557,953</u>
Business-type Activities:										
Net invested in capital assets	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	55,392,470
Restricted	-	-	-	-	-	3,496,405	3,498,268	-	-	-
Unrestricted	(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)	(9,551,914)
Total business-type activities net position	<u>14,899,569</u>	<u>19,592,998</u>	<u>22,505,878</u>	<u>22,531,496</u>	<u>29,492,801</u>	<u>52,654,537</u>	<u>47,057,764</u>	<u>52,983,816</u>	<u>52,454,008</u>	<u>45,840,556</u>
Primary Government:										
Net invested in capital assets	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	199,258,274
Restricted	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	36,620,694
Unrestricted	(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)	(32,480,459)
Total primary government net position	<u>\$ 170,753,371</u>	<u>\$ 169,547,365</u>	<u>\$ 169,342,086</u>	<u>\$ 226,301,931</u>	<u>\$ 232,295,746</u>	<u>\$ 240,999,801</u>	<u>\$ 224,824,860</u>	<u>\$ 237,031,626</u>	<u>\$ 229,790,510</u>	<u>\$ 203,398,509</u>

*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.

*** GASB 75 was implemented in fiscal year ended June 30, 2018.

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									
	2008-09	2009-10	2010-11	2011-12*	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Expenses:										
Governmental Activities:										
General government	\$ 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	\$ 11,784,341
Public safety	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	15,175,568
Urban development	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	6,472,762
Public works	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	18,386,470
Culture and leisure	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	8,743,561
Health and welfare	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	14,900,082
Interest expense	6,338,135	5,527,615	4,665,588	2,420,418	756,657	544,494	479,252	485,817	426,822	387,397
Bond Interest Costs	-	-	-	-	214,454	203,147	-	-	-	-
Total governmental activities net expenses	<u>78,685,438</u>	<u>79,437,357</u>	<u>82,585,792</u>	<u>68,480,620</u>	<u>66,286,573</u>	<u>68,052,802</u>	<u>64,805,561</u>	<u>67,516,232</u>	<u>71,889,570</u>	<u>75,850,181</u>
Business-type Activities:										
Transit system	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	15,722,272
Water	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	5,254,018
Sewer	-	-	-	-	-	1,574,191	1,749,438	1,579,050	1,777,414	1,973,782
Golf Course	394,129	349,697	303,959	309,777	334,630	319,816	218,307	100,336	0	0
Total business-type activities net assets	<u>16,859,578</u>	<u>17,378,695</u>	<u>18,954,962</u>	<u>17,688,299</u>	<u>17,512,557</u>	<u>19,543,285</u>	<u>18,966,217</u>	<u>18,302,920</u>	<u>21,116,664</u>	<u>22,950,072</u>
Total primary government expenses	<u>\$ 95,545,016</u>	<u>\$ 96,816,052</u>	<u>\$ 101,540,754</u>	<u>\$ 86,168,919</u>	<u>\$ 83,799,130</u>	<u>\$ 87,596,087</u>	<u>\$ 83,771,778</u>	<u>\$ 85,819,152</u>	<u>\$ 93,006,234</u>	<u>\$ 98,800,253</u>
Program Revenues:										
Governmental Activities:										
Charges for services:										
General government	\$ 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	\$ 2,595,457
Public safety	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	1,500,144
Urban development	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	2,363,844
Public works	191,071	158,557	295,550	191,032	257,232	270,449	292,171	299,108	298,619	339,800
Culture and leisure	445,549	410,833	567,608	524,419	526,005	749,021	457,254	841,809	591,702	637,317
Health and welfare	481,394	421,513	400,554	440,685	1,332,438	441,309	576,593	543,048	499,164	438,658
Operating contributions and grants	19,890,244	23,678,181	34,397,088	24,545,865	21,347,543	26,576,829	27,712,357	23,759,966	21,306,532	24,890,640
Capital contributions and grants	49,980	-	-	-	-	-	-	-	129,325	311,635
Total governmental activities program revenues	<u>27,190,256</u>	<u>30,954,050</u>	<u>42,276,511</u>	<u>33,166,610</u>	<u>30,845,231</u>	<u>34,357,670</u>	<u>35,529,039</u>	<u>31,934,256</u>	<u>29,347,153</u>	<u>33,077,495</u>
Business-type Activities:										
Charges for services:										
Transit system	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	1,590,908
Water utility	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	5,704,279
Sewer (2)	-	-	-	-	-	2,231,922	2,356,627	2,423,016	2,443,276	2,573,946
Golf Course (1)	192,102	194,718	152,878	163,186	143,235	153,622	147,956	60,128	-	-
Operating contributions and grants	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	9,021,190
Capital contributions and grants	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	2,820,413
Total business-type activities program revenues	<u>16,514,934</u>	<u>22,062,331</u>	<u>17,889,809</u>	<u>16,854,458</u>	<u>24,231,370</u>	<u>20,609,639</u>	<u>20,933,231</u>	<u>22,090,850</u>	<u>18,442,202</u>	<u>21,710,736</u>
Primary government program revenues	<u>\$ 43,705,190</u>	<u>\$ 53,016,381</u>	<u>\$ 60,166,320</u>	<u>\$ 50,021,068</u>	<u>\$ 55,076,601</u>	<u>\$ 54,967,309</u>	<u>\$ 56,462,270</u>	<u>\$ 54,025,106</u>	<u>\$ 47,789,355</u>	<u>\$ 54,788,231</u>
Net (Expense)/Revenue:										
Governmental activities	\$ (51,495,182)	\$ (48,483,307)	\$ (40,309,281)	\$ (35,314,010)	\$ (35,441,342)	\$ (33,695,132)	\$ (29,276,522)	\$ (35,581,976)	\$ (42,542,417)	\$ (42,772,686)
Business-type activities	(344,644)	4,683,636	(1,065,153)	(833,841)	6,718,813	1,066,354	1,967,014	3,787,930	(2,674,462)	(1,239,336)
Total primary government net expense	<u>\$ (51,839,826)</u>	<u>\$ (43,799,671)</u>	<u>\$ (41,374,434)</u>	<u>\$ (36,147,851)</u>	<u>\$ (28,722,529)</u>	<u>\$ (32,628,778)</u>	<u>\$ (27,309,508)</u>	<u>\$ (31,794,046)</u>	<u>\$ (45,216,879)</u>	<u>\$ (44,012,022)</u>

(1) As of January 2016, the Norwalk Golf Center is under the mangement 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									
	2008-09	2009-10	2010-11	2011-12*	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Sales taxes	\$ 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	\$ 11,078,771
Property taxes	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	8,390,338
Utility users tax	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	4,848,872
Business operation taxes	637,385	649,357	669,931	858,584	782,573	798,659	843,097	844,971	857,171	880,709
Transient occupancy taxes	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	1,593,203
Property tax in-lieu of VLF	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	10,967,928
Franchise fees	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	1,836,980
Investment income	3,053,551	926,253	799,896	2,083,266	474,353	338,779	342,057	1,250,061	399,167	211,385
Miscellaneous/Extraordinary Items/Transfers	-	-	(3,956,551)	55,889,121	(191,395)	(24,270,932)	20,938,417	2,905,701	(2,026,434)	(1,951,033)
Total governmental activities	<u>46,136,156</u>	<u>42,583,872</u>	<u>37,191,122</u>	<u>92,248,237</u>	<u>34,473,852</u>	<u>10,258,006</u>	<u>56,631,148</u>	<u>41,862,690</u>	<u>35,831,109</u>	<u>37,857,153</u>
Business-type Activities:										
Investment income	\$ -	\$ 9,793	\$ 21,482	\$ 29,272	\$ 51,097	\$ 50,866	\$ 76,182	\$ 137,457	\$ 118,220	\$ 192,254
Miscellaneous/ Transfers	-	-	\$ 3,956,551	\$ 830,187	191,395	22,044,516	2,034,880	2,000,665	2,026,434	1,951,033
Total business-type activities	<u>-</u>	<u>9,793</u>	<u>3,978,033</u>	<u>859,459</u>	<u>242,492</u>	<u>22,095,382</u>	<u>2,111,062</u>	<u>2,138,122</u>	<u>2,144,654</u>	<u>2,143,287</u>
Total primary government	<u>\$ 46,136,156</u>	<u>\$ 42,593,665</u>	<u>\$ 41,169,155</u>	<u>\$ 93,107,696</u>	<u>\$ 34,716,344</u>	<u>\$ 32,353,388</u>	<u>\$ 58,742,210</u>	<u>\$ 44,000,812</u>	<u>\$ 37,975,763</u>	<u>\$ 40,000,440</u>
Change in Net Position:										
Governmental activities	\$ (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)	\$ (4,915,533)
Business-type activities	<u>(344,644)</u>	<u>4,693,429</u>	<u>2,912,880</u>	<u>25,618</u>	<u>6,961,305</u>	<u>23,161,736</u>	<u>4,078,076</u>	<u>5,926,052</u>	<u>(529,808)</u>	<u>903,951</u>
Total primary government	<u>\$ (5,703,670)</u>	<u>\$ (1,206,006)</u>	<u>\$ (205,279)</u>	<u>\$ 56,959,845</u>	<u>\$ 5,993,815</u>	<u>\$ (275,390)</u>	<u>\$ 31,432,702</u>	<u>\$ 12,206,766</u>	<u>\$ (7,241,116)</u>	<u>\$ (4,011,582)</u>

*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									
	2008-09	2009-10	2010-11	2011-12 *	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
General Fund:										
Nonspendable	\$ 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	\$ 7,524,734
Restricted	-	-	-	-	-	-	-	-	-	1,002,530
Committed	-	-	-	327,083	283,583	238,865	2,120,000	2,120,000	2,120,000	2,120,000
Assigned	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	641,000
Unassigned	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	12,668,547
Total General Fund	\$ 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	\$ 23,956,811
All Other Governmental Funds:										
Nonspendable	\$ 8,535,108	\$ 8,535,108	\$ 750,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,619.00
Restricted										
Special revenue funds	7,932,266	10,437,238	12,543,334	6,474,186	7,884,277	9,274,339	11,181,950	9,514,213	11,007,911	11,038,787
Capital projects funds	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	24,329,448
Debt service funds	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	5,430,532
Committed	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	5,511,717
Assigned	(5,326,034)	(5,014,254)	327,575	-	-	-	-	-	-	-
Unassigned	(16,955)	-	(99,030)	(307,188)	(752,744)	(3,054,013)	(4,000,645)	(2,647,765)	(616,702)	(1,976,299)
Total All Other Governmental Funds	\$ 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	\$ 44,335,804

*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									
	2008-09	2009-10	2010-11	2011-12*	2012-13	2013-14**	2014-15	2015-16	2016-17	2017-18
Revenues:										
Taxes	\$ 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	\$ 39,596,801
Licenses and permits	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	1,329,636
Fines, forfeiture and penalties	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	1,453,258
Use of money and Property	1,780,514	926,253	6,799,896	665,890	454,973	324,026	328,556	1,107,863	673,248	485,468
Intergovernmental	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	23,943,365
Motor vehicle license fee	372,401	323,150	558,902	56,479	46,743	-	45,152	42,340	47,284	55,559
Charges for services	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	2,257,391
Rental Income	1,255,826	1,265,097	1,334,820	778,045	778,252	779,951	830,042	857,530	867,191	909,372
Other	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	1,846,296
Total revenues	<u>72,053,375</u>	<u>71,570,667</u>	<u>89,562,951</u>	<u>67,602,693</u>	<u>65,120,383</u>	<u>66,627,983</u>	<u>70,289,830</u>	<u>72,006,005</u>	<u>69,573,579</u>	<u>71,877,146</u>
Expenditures:										
Current:										
General government	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	9,815,899
Public safety	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	14,916,175
Urban development	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	5,681,599
Public works	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	9,062,885
Culture and leisure	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	8,133,670
Health and welfare	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	14,515,087
Capital outlay and improvement	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	7,802,435
Debt service:										
Principal retirement	1,740,000	1,820,000	1,890,000	1,975,000	780,000	890,000	900,000	935,000	980,000	1,025,000
Interest and fiscal charges	6,260,210	5,450,217	6,247,967	2,386,516	992,099	741,268	548,881	512,881	475,481	436,281
Bond issuance cost	-	-	-	-	214,454	203,147	-	-	-	74,144
Total expenditures	<u>73,316,850</u>	<u>70,976,352</u>	<u>95,718,805</u>	<u>64,503,803</u>	<u>61,779,575</u>	<u>66,129,742</u>	<u>66,088,270</u>	<u>71,308,110</u>	<u>68,093,051</u>	<u>71,463,175</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,263,475)</u>	<u>594,315</u>	<u>(6,155,854)</u>	<u>3,098,890</u>	<u>3,340,808</u>	<u>498,241</u>	<u>4,201,560</u>	<u>697,895</u>	<u>1,480,528</u>	<u>413,971</u>
Other Financing Sources (Uses):										
Issuance of County deferred loans	2,424,113	2,403,006	2,512,697	-	-	-	-	-	-	-
Issuance of Debt	-	-	-	-	-	-	-	-	-	4,337,008
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	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	2,617,945
Transfers out	(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)	(4,568,978)
Total other financing sources (uses)	<u>2,424,113</u>	<u>2,403,006</u>	<u>(1,443,854)</u>	<u>(830,187)</u>	<u>(182,280)</u>	<u>1,250,848</u>	<u>(2,034,880)</u>	<u>(2,000,665)</u>	<u>(2,026,434)</u>	<u>2,385,975</u>
Extraordinary items	-	-	-	(20,342,575)	-	71,197	22,973,297	-	-	-
Net change in fund balances	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)	2,799,946
Fund balances - July 1	<u>58,466,716</u>	<u>59,627,354</u>	<u>62,624,675</u>	<u>55,024,967</u>	<u>36,951,095</u>	<u>40,109,623</u>	<u>41,929,909</u>	<u>67,069,886</u>	<u>65,767,116</u>	<u>65,492,669</u>
Fund balances - June 30	<u>\$ 59,627,354</u>	<u>\$ 62,624,675</u>	<u>\$ 55,024,967</u>	<u>\$ 36,951,095</u>	<u>\$ 40,109,623</u>	<u>\$ 41,929,909</u>	<u>\$ 67,069,886</u>	<u>\$ 65,767,116</u>	<u>\$ 65,221,210</u>	<u>\$ 68,292,615</u>
Debt service (excluding bond issuance costs) as a percentage of noncapital expenditures	11.26%	10.42%	10.60%	7.24%	3.11%	2.80%	2.56%	2.38%	2.33%	2.30%

*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 Fees	Total Taxes
	City	Redevelopment Agency							
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
2017-18	8,390,338	-	11,078,771	4,848,872	880,709	1,593,203	10,967,928	1,836,980	39,596,801

(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>
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%
2017-18	5,856,328	752,130	287,475	345,253	44,073	7,241,186	0.09296%

*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									
	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Total Direct Rate	0.20525	0.22484	0.22213	0.21830	0.22158	0.09311	0.09306	0.09304	0.09301	0.09296
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 - Ffw	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	<u>1.0000</u>	<u>1.0000</u>	<u>1.0000</u>	<u>1.0000</u>	<u>1.0000</u>	<u>1.0000</u>	<u>1.0000</u>	<u>1.0000</u>	<u>1.0000</u>	<u>1.0000</u>
ABC Unified School District	0.02388	0.02695	0.02920	0.02858	0.02453	0.02894	0.02916	0.03243	0.03132	0.03107
Cerritos Community College District	0.00994	0.01854	0.02677	0.01782	0.02594	0.02502	0.04809	0.04829	0.04698	0.04370
Downey Unified School District	0.05790	0.06507	0.07018	0.06725	0.07132	0.06603	0.06549	0.11466	0.11473	0.10538
Little Lake City School District	0.07360	0.07233	0.07647	0.05286	0.06942	0.08537	0.07964	0.06522	0.07527	0.07876
Metropolitan Water District	0.00430	0.00430	0.00370	0.00370	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350
Norwalk-La Mirada Unified School District	0.06271	0.06110	0.06197	0.06496	0.06997	0.07238	0.07063	0.14114	0.13400	0.13818
Rio Hondo Community College Dist	0.02320	0.02714	0.03439	0.03418	0.02812	0.02892	0.02821	0.02712	0.02808	0.02748
Whittier Union High School District	0.03728	0.04224	0.04239	0.04317	0.04556	0.04473	0.05270	0.05063	0.06035	0.05781
Total Voter Approved Rate	<u>0.29281</u>	<u>0.31767</u>	<u>0.34507</u>	<u>0.31252</u>	<u>0.33836</u>	<u>0.35489</u>	<u>0.37742</u>	<u>0.48299</u>	<u>0.49423</u>	<u>0.48588</u>
Total Direct & Overlapping Tax Rates	<u>1.29281</u>	<u>1.31767</u>	<u>1.34507</u>	<u>1.31252</u>	<u>1.33836</u>	<u>1.35489</u>	<u>1.37742</u>	<u>1.48299</u>	<u>1.49423</u>	<u>1.48588</u>
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	1.00430	1.00430	1.00370	1.00370	-	-	-	-	-	-

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

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

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

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

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

Source: L.A. County Assessor's Office

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

Taxpayer	2017-18			2008-09		
	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 ET AL	\$ 71,258,195	1	0.98%	-		-
TLUS Sam Red SCC Owner LLC	48,567,370	2	0.67%	-		-
Veranda Associates LP	46,043,491	3	0.64%	-		-
Target Corporation	39,649,990	4	0.55%	-		-
Levian Family Norwalk LLC	36,139,263	5	0.50%	-		-
Miracle Mile Properties LP	32,846,954	6	0.45%	-		-
Advanced Group	27,117,976	7	0.37%	-		-
Paddison Associates	26,824,990	8	0.37%	-		-
McKenna Norwalk LP	26,572,456	9	0.37%	-		-
Costco Wholesale Corporation	25,081,887	10	0.35%	-		-
Norwalk MM LLC				62,961,469	1	1.03%
Avalon California Value III LLC				39,828,100	2	0.65%
Target Corporation				35,386,703	3	0.58%
Hekmatravan Family Norwalk LLC				31,931,695	4	0.52%
Sam Menlo Trust				29,184,494	5	0.48%
BRCP Realty So California Portfolio LLC				24,515,700	6	0.40%
TGM Palm Country Club INC				23,962,081	7	0.39%
Paddison Associates				23,458,643	8	0.38%
ECM Norwalk LP				21,785,160	9	0.36%
McKenna Norwalk LP				21,556,215	10	0.35%
	<u>\$ 380,102,572</u>		<u>5.25%</u>	<u>\$ 314,570,260</u>		<u>5.16%</u>

Excludes government and tax-exempt property owners

Source: L.A. County Assessor 2008/09 and 2017/18 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
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%
2014-15	2,655,207	2,561,063	96.45%	(26,757)	2,534,306	95.45%
2015-16	2,783,387	2,685,240	96.47%	(23,512)	2,661,728	95.63%
2016-17	2,894,814	2,767,579	95.60%	9,041	2,776,620	95.92%

Source: L.A. County Auditor/Controller

City of Norwalk
Direct and Overlapping Governmental Activities Debt
As of June 30, 2018

Governmental Unit	Gross Bonded Debt Balance	Estimated Percentage Applicable ⁽¹⁾	Net Bonded Debt
Direct Debt			
Lease Revenue Refunding Bonds	\$ 11,469,220	100.000%	\$ 11,469,220
Water Revenue Bonds	\$ 8,765,623	100.000%	8,765,623
Total Direct Debt			20,234,843
Overlapping Debt			
Metropolitan Water District	29,354,442	0.529%	155,379
Little Lake City School District SD DS 00RS D-1QSCBS	6,475,000	38.235%	2,475,709
Little Lake City SD DS 2011 Refunding Bond	4,794,901	38.235%	1,833,325
Little Lake City SD DS 2012 Series A	4,480,000	38.235%	1,712,923
Little Lake City SD DS 2014 Ref Bonds Series A	5,685,000	38.235%	2,173,653
Little Lake City SD DS 2014 Ref Bonds Series B	10,325,000	38.235%	3,947,752
Little Lake City SD DS 2012 Series B	11,910,000	38.235%	4,553,775
Whittier Un High DS 2008 SER 2009A	480,682	6.196%	29,785
Whittier Union HSD DS 2008 SER 2014B	12,465,000	6.196%	772,392
Whittier Union HSD DS 2008 SERIES 2015C	67,050,000	6.196%	4,154,742
Whittier Union HSD DS 2015 Ref Bonds	65,658,679	6.196%	4,068,529
Cerritos CCD DS 2004 Series 2009C	2,560,000	12.792%	327,467
Cerritos CCD DS 2004 Series 2012D	81,210,988	12.792%	10,388,261
Cerritos CCD DS 2012 Series 2014A	73,900,000	12.792%	9,453,062
Cerritos CCD DS 2014 REF BONDS SERIES A	77,845,000	12.792%	9,957,694
Cerritos CCD DS 2014 REF BONDS SERIES B	13,840,000	12.792%	1,770,370
Cerritos CCD DS 2012 Series 2018B	75,000,000	12.792%	9,593,770
Rio Hondo CCD DS 2005 Refunding Bonds	31,650,000	3.959%	1,253,058
Rio Hondo CCD DS 2004 Series 2008	116,557,824	3.959%	4,614,651
ABC Unified 2003 Refund Bond Series A	27,916,913	3.564%	995,015
ABC Unified DS 1997 Series A	7,675,000	3.564%	273,552
Downey USD DS Refunding 1999 Series A	3,935,256	0.002%	59
Downey USD DS 2007 REF BDS	16,720,000	0.002%	251
Downey USD DS 2011 Refunding Bonds	7,000,000	0.002%	105
Downey USD DS 2012 Ref Bonds	12,510,000	0.002%	188
Downey USD DS 2014 SERIES A	42,995,000	0.002%	645
Downey USD DS 2016 Ref Bonds	6,595,000	0.002%	99
Norwalk-La Mirada USD DS 2002 S-05A	39,969,918	42.892%	17,143,827
Norwalk-La Mirada USD DS 2009 Ref Bonds	49,298,055	42.892%	21,144,835
Norwalk-La Mirada USD DS 2013 Ref Series A	6,130,000	42.892%	2,629,269
Norwalk-La Mirada USD DS 2014 Ref Bonds	7,760,000	42.892%	3,328,406
Norwalk-La Mirada USD DS 2014 Series A	11,400,000	42.892%	4,889,668
Norwalk-La Mirada USD DS 2015 Ref Bonds	78,420,000	42.892%	33,635,769
Total Overlapping Debt			157,277,987
Total Direct and Overlapping Debt			\$ 177,512,830

2017/18 Assessed Valuation: \$6,066,290,901 after deducting \$1,174,895,067 in Incremental Value.

Debt to Assessed Valuation Ratios: Direct Debt-0.334%, Overlapping Debt-2.59% Total Debt- 2.92%

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 2017/18 Lien Date Tax Rolls

City of Norwalk
Legal Debt Margin Information
Last Ten Fiscal Years

	Fiscal Year									
	2008-09	2009-10	2010-11	2011-12*	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Assessed valuation	\$ 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	\$ 7,241,185,968
Conversion percentage	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Adjusted assessed valuation	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	1,810,296,492
Debt limit percentage	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Debt limit	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	271,544,474
Total net debt applicable to limit: General obligation bonds	-	-	-	-	-	-	-	-	-	-
Legal debt margin	<u>\$ 228,622,570</u>	<u>\$ 211,951,354</u>	<u>\$ 208,432,062</u>	<u>\$ 211,879,082</u>	<u>\$ 216,623,600</u>	<u>\$ 223,927,832</u>	<u>\$ 237,439,021</u>	<u>\$ 247,549,002</u>	<u>\$ 258,216,949</u>	<u>\$ 271,544,474</u>
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:	114,642,909	114,205,114	114,836,127	16,020,000	24,950,862	25,261,134	24,445,312	22,755,489	21,522,666	24,571,851
Debt per capita: (2018 Pop 107,546)	1,088	1,082	1,088	152	235	237	229	216	204	228
Debt as a percentage of personal income:	6%	6%	6%	1%	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									
	2008-09	2009-10	2010-11	2011-12*	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Governmental Activities										
Lease Revenue										
Refunding Bonds	\$ 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	\$ 11,020,000
Tax Allocation Refunding Bonds, 2005	60,735,000	59,605,000	58,430,000	-	-	-	-	-	-	-
Lease Payable	-	-	-	-	-	-	-	-	-	4,337,008
Subtotal	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	15,357,008
Add (deduct) deferred amounts:										
Bond Premium	421,168	405,123	389,078	-	184,115	679,612	622,014	564,416	506,818	449,220
Bond discount	(310,626)	(298,793)	(286,960)	-	-	-	-	-	-	-
Deferred charge on refunding	(202,543)	(190,015)	(177,487)	-	-	-	-	-	-	-
Total Governmental Activities	<u>\$ 78,817,999</u>	<u>\$ 77,006,315</u>	<u>\$ 75,124,631</u>	<u>\$ 16,020,000</u>	<u>\$ 15,249,115</u>	<u>\$ 15,539,612</u>	<u>\$ 14,582,014</u>	<u>\$ 13,589,416</u>	<u>\$ 12,551,818</u>	<u>\$ 15,806,228</u>
Business-type Activities										
Water Revenue Bonds	\$ -	\$ -	\$ -	\$ -	\$ 9,395,000	\$ 9,245,000	\$ 9,070,000	\$ 8,890,000	\$ 8,705,000	\$ 8,510,000
Add (deduct) deferred amounts:										
Bond Premium	-	-	-	-	306,747	296,522	286,298	276,073	265,848	255,623
Total Business-type Activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,701,747</u>	<u>\$ 9,541,522</u>	<u>\$ 9,356,298</u>	<u>\$ 9,166,073</u>	<u>\$ 8,970,848</u>	<u>\$ 8,765,623</u>
Total long-term liabilities	<u>\$ 78,817,999</u>	<u>\$ 77,006,315</u>	<u>\$ 75,124,631</u>	<u>\$ 16,020,000</u>	<u>\$ 24,950,862</u>	<u>\$ 25,081,134</u>	<u>\$ 23,938,312</u>	<u>\$ 22,755,489</u>	<u>\$ 21,522,666</u>	<u>\$ 24,571,851</u>

Note:

See note to financial statement number 7 and 8 for a detailed explanation of outstanding debt.

* 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	Lease	Debt Service		Coverage
Year	Revenue	Principal	Interest	
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
2017-18	1,461,281	1,025,000	436,281	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

Fiscal Year	Population	Personal Income (in thousands)	Per Capita Personal Income	Unemployment Rate
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%
2017-18	107,546	2,132,084	19,824	4.2%

Source:

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

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

Employer	2017-2018			2008-2009		
	Employees	Rank	% of Total City Employment	Employees	Rank	% of Total City Employment
Cerritos College	2,095	1	8.11%	1,198	4	2.56%
Los Angeles County	2,090	2	8.09%	1,216	3	2.60%
Metropolitan State Hospital	1,482	3	5.74%	1,532	2	3.28%
Norwalk-LA Mirada School	1,474	4	5.71%	4,365	1	9.34%
Target	602	5	2.33%	420	8	0.90%
City of Norwalk	426	6	1.65%	480	6	1.03%
Costco Wholesale	318	7	1.23%	318	10	0.68%
LA County Sheriff's Department	310	8	1.20%	250	13	0.53%
Doty Brothers Equipment Company	300	9	1.16%	300	12	0.64%
Little Lake School District	296	10	1.15%			0.00%
Coast Plaza Hospital	268	11	1.04%	432	7	0.92%
Norwalk Community Hospital	253	12	0.98%			0.00%
Walmart	250	13	0.97%	100	21	0.21%
Mc Donald's	213	14	0.82%			0.00%
Southland Care Center	180	15	0.70%			0.00%
West Central Produce Inc	167	16	0.65%			0.00%
Stater Brothers Markets	160	17	0.62%	160	16	0.34%
Key West Collision	150	18	0.58%			0.00%
McKenna Motors	149	19	0.58%	230	14	0.49%
Eco Sanitary Supplies Inc	138	20	0.53%			0.00%
All Other Employers	14,512		56.18%	35,738		76.46%
Total	25,833		100.00%	46,739		100.00%

Source: *ReferenceUsa* Prepared by: City of Norwalk 10/2018

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

Function	Fiscal Year									
	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
General Government	43	42	49	51	46	47	48	51	55	58
Public Safety	53	43	40	41	43	38	37	41	33	41
Public Works	57	46	53	55	77	78	78	76	81	83
Social Services	33	31	28	26	30	29	32	34	32	28
Recreation	116	93	89	98	85	97	94	90	89	92
Community Development	45	38	25	26	34	35	35	38	24	24
Transit	133	131	116	107	94	98	93	101	97	100
Total	480	424	400	404	409	422	417	431	411	426

Source: City of Norwalk

City of Norwalk
Operating Indicators by Function
Last Ten Fiscal Years

Function	Fiscal Year									
	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Police:										
Calls responded	24,260	29,702	24,046	28,410	28,265	27,068	27,431	30,134	30,671	30,044
Response Time: (minutes)										
Emergency	3.9	3.7	3.7	3.6	3.8	3.9	3.8	3.3	3.8	4.0
Non-Emergency	10.8	10	10.2	9.4	9.3	9.6	9	8.7	8.9	9.3
Routine	27.8	29.7	29.4	31	31.8	34.4	33	34.5	37.5	41.8
Community development:										
Number of residential permits	2,848	1,999	2,565	3,114	2,719	2,746	2,835	4,461	4,586	3,360
Number of commercial permits	520	507	479	425	357	447	357	542	470	331
Water:										
New connections	4	11	0	10	3	1	0	4	7	0
Average daily consumption (millions of gallons)	213	197	189	188	198	200	157	131	135	143
Sewers:										
New connections	3	2	4	0	11	11	3	4	15	15
Transit:										
Buses-number of riders	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	1,461,070
Dial-A-Ride-number of riders	23,121	22,754	18,139	20,493	16,146	21,754	21,908	22,031	21,849	22,344

Source: City of Norwalk

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

Function	Fiscal Year									
	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Fire:										
Stations	3	2	2	2	2	2	2	2	2	2
Public works:										
Streets (miles)	181	180	187	187	187	187	187	187	197	197
Street lights	5,479	5,479	5,479	5,479	5,400	5,400	5,400	5,400	5,373	5,373
Traffic Lights	87	83	81	83	81	81	81	80	80	86
Parks and recreation:										
Parks	14	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	36	33	33	33	28	33	33	34	33	34
Dial-A-Ride Vans	7	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									
	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
ASSETS										
Current assets										
Pooled Cash and Investments	\$ -	\$ 483,916	\$ 4,315,796	\$ 4,467,519	\$ 5,947,048	\$ 6,682,089	\$ 7,244,665	\$ 7,617,845	\$ 6,350,511	\$ 6,115,383
Cash With Fiscal Agent	-	-	-	-	3,497,853	3,496,405	3,498,268	3,505,991	2,605	2,706
Other Current Assets	542,552	887,749	1,129,167	651,650	844,735	857,657	633,751	708,259	753,366	1,055,583
Total Current Assets	542,552	1,371,665	5,444,963	5,119,169	10,289,636	11,036,151	11,376,684	11,832,095	7,106,482	7,173,672
Net capital assets	8,284,672	9,687,469	11,040,617	11,395,877	17,171,995	17,062,861	17,189,977	17,217,176	22,685,814	22,800,687
Total Assets	\$ 8,827,224	\$ 11,059,134	\$ 16,485,580	\$ 16,515,046	\$ 27,461,631	\$ 28,099,012	\$ 28,566,661	\$ 29,049,271	\$ 29,792,296	\$ 29,974,359
Deferred Outflows of Interest										
Deferred amount from OPEB plans	-	-	-	-	-	-	-	-	-	61,234
Deferred amount from pension plans	-	-	-	-	-	-	94,010	111,365	306,324	379,083
Total Deferred Outflows of Interest	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 94,010	\$ 111,365	\$ 306,324	\$ 440,317
Liabilities										
Current liabilities										
Accounts payable	285,616	753,813	1,026,532	288,735	345,355	296,232	300,518	392,906	674,407	752,698
Other Current liabilities	213,604	205,089	152,168	138,184	298,143	332,546	416,146	478,559	733,699	593,361
Total Current Liabilities	499,220	958,902	1,178,700	426,919	643,498	628,778	716,664	871,465	1,408,106	1,346,059
Noncurrent liabilities										
Advances from other funds	2,137,500	3,034,610	3,034,610	3,034,610	3,034,610	2,942,835	2,846,472	2,745,291	2,639,051	2,410,368
Bonds Payable	-	-	-	-	9,551,747	9,366,522	9,176,298	8,981,073	8,775,848	8,565,623
Compensated absences payable	102,034	69,102	66,556	102,903	106,749	114,460	118,096	85,475	98,064	94,905
Net other post-employment benefits liabilities	33,440	70,943	107,748	144,672	183,740	230,765	248,896	243,643	251,749	1,015,032
Net pension liabilities	-	-	0	-	-	-	1,008,023	1,144,215	1,391,318	1,576,048
Total Noncurrent Liabilities	2,272,974	3,174,655	3,208,914	3,282,185	12,876,846	12,654,582	13,397,785	13,199,697	13,156,030	13,661,976
Total Liabilities	\$ 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	\$ 15,008,035
Deferred Inflow of Resources										
Deferred amount from OPEB plans	-	-	-	-	-	-	-	-	-	4,758
Deferred amount from pension plans	-	-	-	-	-	-	235,601	86,495	41,315	35,035
Total Deferred Inflow of Resources	-	-	-	-	-	-	235,601	86,495	41,315	39,793
Net Assets										
Invested in capital assets	8,284,672	9,687,469	11,040,617	11,395,877	11,271,496	7,817,861	11,331,947	11,557,094	13,717,571	14,037,770
Restricted - debt service	-	-	-	-	3,497,853	3,496,405	3,498,268	3,505,991	2,605	2,706
Unrestricted	(2,229,642)	(2,761,892)	1,057,349	1,410,065	(828,062)	3,501,386	(519,594)	(60,106)	1,772,994	1,326,372
Total Net Assets	\$ 6,055,030	\$ 6,925,577	\$ 12,097,966	\$ 12,805,942	\$ 13,941,287	\$ 14,815,652	\$ 14,310,621	\$ 15,002,979	\$ 15,493,170	\$ 15,366,848

Source: City of Norwalk

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

	Fiscal Year									
	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Annual Rate Increase										
Fixed Service Charge	14.8%	11.3%	14.8%	2.8%	2.1%	2.2%	0.50%	0.0%	-1.50%	6.00%
Per Unit Consumption Charge	145.8%	11.3%	14.8%	2.8%	3.1%	2.0%	0.6%	0.0%	12.80%	6.30%
Water Revenues										
Charges for Services ⁽¹⁾	\$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	\$5,704,279
Investment Income	-	-	19,203	25,921	43,521	42,108	48,833	82,318	65,844	82,160
Other	-	15,862	(622)	867	1,720	673	474	0	0	0
Total Revenues	\$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	\$5,786,439
Operation & Maintenance Costs										
Administrative	\$342,796	\$335,063	\$357,641	\$423,877	\$398,996	\$434,562	\$462,605	\$411,005	\$452,125	\$421,376
Utilities	54,598	42,562	45,919	80,409	128,623	136,040	138,288	129,563	113,163	75,218
Salaries and Benefits	641,353	645,621	624,146	793,379	769,042	858,182	870,467	843,037	1,011,509	1,133,317
Contractual Services	15,094	191,518	180,022	163,150	193,585	267,803	284,846	733,789	653,584	524,343
Cost of Water	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	2,177,554
Supplies and Materials	202,062	205,830	219,809	240,508	338,686	384,239	315,019	44,967	25,754	57,199
Total Operating Expense	\$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	\$4,389,007
Net Water Revenues	\$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	\$1,397,432
Debt Service Coverage	N/A	N/A	N/A	N/A	N/A	3.13	2.77	2.76	2.38	2.59

⁽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 Five Fiscal Years and One Year Projection**

	Fiscal Year					
	2013-14 (Actual)	2014-15 (Actual)	2015-16 (Actual)	2016-17 (Actual)	2017-18 (Actual)	2018-19 (Projected)
Water Revenues						
Charges for Services	\$5,302,823	\$5,051,524	\$4,953,919	\$5,147,289	\$5,704,279	\$5,633,500
Investment income	42,108	48,833	82,318	65,844	82,160	22,000
Other	673	474	-	-	-	-
Total Revenue	\$5,345,604	\$5,100,831	\$5,036,237	\$5,213,133	\$5,786,439	\$5,655,500
Operation & Maintenance Costs						
Administrative	\$434,562	\$462,605	\$411,005	\$452,125	421,376	522,200
Utilities	136,040	138,288	129,563	113,163	75,218	124,000
Salaries and Benefits	858,182	870,467	843,037	1,011,509	1,133,317	1,000,285
Contractual Services	267,803	284,846	733,789	653,584	524,343	578,030
Cost of Water	1,569,671	1,535,855	1,383,957	1,679,760	2,177,554	944,000
Supplies and Materials	384,239	315,019	44,967	25,754	57,199	786,610
Total Expense	\$3,650,497	\$3,607,080	\$3,546,318	\$3,935,895	4,389,007	3,955,125
Net Water Revenues	\$1,695,107	\$1,493,751	\$1,489,919	\$1,277,238	\$1,397,432	\$1,700,375
<i>Debt Service</i>						
<i>2013A Bond - Maximum Annual Debt service</i>	\$541,471	\$539,963	\$ 539,713	\$ 537,512	\$ 540,113	\$ 539,313
Debt Service Coverage	3.13	2.77	2.76	2.38	2.59	3.15

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)
Sept. 2008	\$17.60	15.0%	\$58.47	15.0%	\$2.25	14.8%
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)
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%
2018	4,802,628	533,625	5,336,253	8.8%

Source: City of Norwalk

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

Fiscal Year 2017-18		Groundwater	Purchased	
Water Source	Number of Connections	Consumption (acre ft.)	Consumption (acre ft.)	Price (per acre ft.)
Santa Fe Springs	721		175	\$1,890
Norwalk Wells	2,417	665	245*	\$1,156
City of Cerritos	2,243		790	\$1,168
TOTAL	5,381	665	1,350	
Total City Groundwater Rights		2,015		

Fiscal Year 2016-17		Groundwater	Purchased	
Water Source	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		

* 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
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	-9.3%	1,137.78	-9.4%	1,925.60
2017	664.98	-15.6%	1,292.93	13.6%	1,957.91
2018	428.22	-35.6%	1,718.18	32.9%	2,146.40

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)
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%
2018	4,902	466	13	5,381	0.00%

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 2018		
Customer	Total Billed⁽¹⁾	% of Total
Norwalk La Mirada School District	\$256,647	4.81%
Heritage HOA	63,871	1.20%
Norwalk Preservation, LP	35,317	0.66%
Pioneer Mobile Estates	34,488	0.65%
Shapell Industries	32,740	0.61%
Fiesta Coin Laundry	31,772	0.60%
Norwalk Housing Investors	22,882	0.43%
Weber Distribution	18,146	0.34%
Sunstone Community Association	16,021	0.30%
Sparkle Fresh Laundry	12,836	0.24%
TOP TEN TOTAL	\$524,722	9.83%
TOTAL SYSTEM	\$5,336,253	

⁽¹⁾ Total sales to customers

Source: City of Norwalk

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