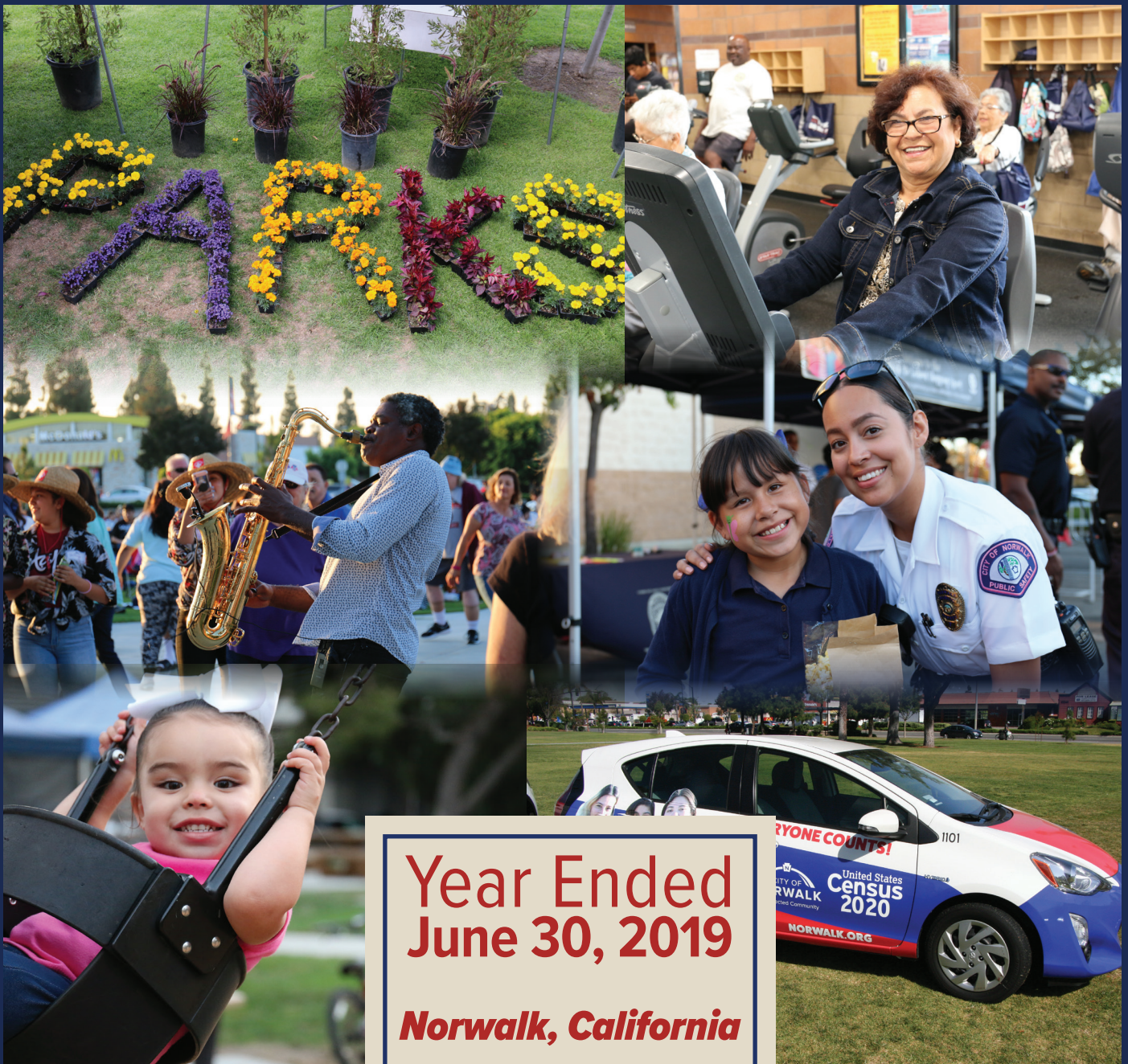


COMPREHENSIVE ANNUAL FINANCIAL REPORT



**Year Ended
June 30, 2019**

Norwalk, California

**Comprehensive Annual Financial Report
City of Norwalk, California
For the Fiscal Year Ended June 30, 2019**

Prepared by the Finance Department

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**CITY OF NORWALK
CALIFORNIA**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2019

NORWALK City Council

J Margarita L. Rios

Mayor

Luigi Vernola

Vice Mayor

Tony Ayala

Councilmember

Jennifer Perez

Councilmember

Leonard Shyrock

Councilmember

Jesus M. Gomez

City Manager

Jana Stuard

Director of Finance/City Treasurer

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December 2, 2019

**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, 2019, 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, 2019, 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 unmodified opinion that the City’s financial statements for the fiscal year ended June 30, 2019, 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 106,744. 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 641 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 \$14.8 million, which is \$4.8 million higher than budgetary estimates. The unassigned fund balance is \$1.9 million higher than the interim results reported to the City Council in May 2019. 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 2019-20 adopted operating budget continues to be both balanced and fiscally responsible. This spending plan maintains essential services for the community and continues to look for means to stimulate local economy through various development and beautification projects throughout the City.

MAJOR ACCOMPLISHMENTS FOR THE YEAR

Public Safety:

- Public Safety Officers responded to and handled approximately 27,505 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 in lieu of Sheriff's resources being called out.
- Public Safety Officers responded to approximately 226 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.
- A total of 35 Neighborhood Watch meetings, 16 Business Watch meetings, 10 Coffee with a Cop events, 7 Senior Safety Awareness meets, 3 BBQ block parties, and one National Night Out event were held during the year to give residents an opportunity to meet with Public Safety and law enforcement officials to learn about various services, share concerns, and have questions answered about crime and safety in their neighborhood.
- A total of 23 Junior Park Ranger sessions were held to provide community outreach for children ages 7 to 12 to educate youth on a variety of topics such as teamwork, responsibility, respect, making good decisions, effective communication skills and personal safety practices while making them aware of social issues such as peer pressure, bullying at school, cyberbullying, gangs and illegal drugs.
- A total of 64 cadet meetings and 168 details were completed throughout the year to provide hands on experience assisting with community events, officer operations, career exploration, educational workshops and field trips.
- Officers attended a total of 33 school related events such as, Red Ribbon week, Read Across America, and Career Day.

Public Services:

- Over 40 Summer Youth Leadership Program employees worked alongside department staff to spread 26 yards of small bark and 8 yards of decomposed granite in a section of the Foster Greenbelt.
- In September, on the behalf of the Institute of Local Government's Beacon Program, the City was presented a Gold Level Award for achieving a 12% Community Greenhouse Gas Reduction. The Beacon Program has encouraged, supported and recognized voluntary action by local governments throughout California to address climate change, promote energy innovation and create more sustainable communities.

- On October 27, the City hosted its third annual NeighborWoods event at Vista Verde Park. NeighborWoods is an annual campaign to plant and care for community trees. Participants from the Los Angeles County Sheriff's Department Personal Responsibility In Developing Ethics (P.R.I.D.E.) program along with their mentors worked with City staff to plant over 50 trees throughout the park.
- City completed construction for the Environmental Enhancement and Mitigation Program (EEMP) Grant to rehabilitate median turf areas and side panels, including installation of drought tolerant landscaping and drip irrigation systems on Pioneer Boulevard, Imperial Highway, Norwalk Boulevard and San Antonio Drive.
- City Departments, along with SCE, SoCal Gas, Golden State Water and Liberty Utilities, hosted the second Community Connect event at Snowfest on December 1st. 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.
- 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.
- Conducted on-call Emergency Duty training for Public Services staff. Updated and revised the Emergency Duty manual.
- The City was designated a Tree City USA for the 5th 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.
- In December, City Council accepted the work for a new shake shingle roof on the main building, the restroom facility and outhouse at the Hargitt House Museum.
- Tree/Greenscape Section and Emergency Duty personnel staff completed annual mandatory chainsaw and chipper training. Training was "hands-on" and staff was instructed in mandatory personal protection gear; proper start and operation of equipment, including their safety features; and daily maintenance of equipment.
- Staff attended a hands-on training for Calsense irrigation controllers. Calsense technology allows irrigation to be weather-based and controlled remotely. In June, staff completed installation of Calsense controllers at eight City parks through a \$75,000 grant provided by the Bureau of Reclamation.
- Hosted the City's 6th Annual Arbor Day Event at Holifield Park. Approximately 40 volunteers, including members of League of United Latin American Citizens (L.U.L.A.C.), parishioners from The Walk Church, TAP participants, Public Safety Cadets, and residents helped Public Services staff plant a mix of 40 magnolia and pine trees in the park. Athens and West Coast Arborists (WCA) participated during the event by providing valuable information to attendees and Parks & Recreation staff helped with crafts for children.
- In recognition of National Public Works week, May 19-25, the Public Services Department hosted approximately 110 3rd and 4th grade students from William Orr Elementary School at Sara Mendez Park. Public Services staff provided presentations and equipment demonstrations, giving the students a first-hand look at the important role Public Services plays in their community.

- The City, West Coast Arborists, Inc., their tree maintenance contractor, and the California Urban Forests Council (CaUFC), partnered through the California Initiative to Reduce Carbon and Limit Emissions 3.0 (CIRCLE 3.0). CIRCLE 3.0 was a grant project funded through CAL FIRE with the goal to reduce carbon and greenhouse gas emissions by planting urban trees. This partnership provided the City and its residents a total 175 FREE trees collectively; 145 for the City and 30 for residents.
- Twelve Mini Mr. Sun events were held at various locations throughout the City. TAP volunteers, as well as Public Services staff, were onsite to help residents dispose of large, bulky items to keep neighborhoods clean and looking their best.

Engineering

- Work was completed on the following projects:
 - ✓ Project No. 7149 – Completed Pioneer Boulevard median island improvements from Alondra Boulevard to Rosecrans Avenue.
 - ✓ Project No. 7197 – Completed Foster Road side panel landscaping, pedestrian lighting, and bicycle path construction between Studebaker Road and Pioneer Boulevard.
 - ✓ Project No. 7518 – Completed Nordesta Storm Drain Analysis.
 - ✓ Project 7919 - Completed Local Street Rehabilitation of 3.8 miles of residential streets.
- Awarded the following contracts:
 - ✓ Project 7196 – Design of Firestone Boulevard improvements from I-605 to Imperial Highway.
 - ✓ Project 7922 – Preparation of Environmental Documents (CEQA/NEPA) for the Active Transportation Plan – Alondra Boulevard from Studebaker Road to Pioneer Boulevard.
- Status of on-going/carried-over projects:
 - ✓ Project No. 7228 – Finalized design plans, obtained construction funding allocation and Advertised for Construction Bid Proposals for traffic signal and curb ramp improvements – Rosecrans Avenue from Studebaker Road to Carmenita Road.
 - ✓ Project No. 7229 – Finalized design plans, obtained construction funding allocation and Advertised for Construction Bid Proposals for traffic signal and curb ramp improvements - Studebaker Road from Alondra Boulevard to Rosecrans Avenue.
 - ✓ Project No. 7230 – Finalized design plans, obtained construction funding allocation and Advertised for Construction Bid Proposals traffic signal and curb ramp improvements - San Antonio Drive/Norwalk Boulevard from Rosecrans Avenue to Civic Center Drive.
 - ✓ Project No. 7232 – Continue working with design consultant to get environmental and design complete and approved by Caltrans. Prepare documents for construction funding allocation for traffic signal and curb ramp improvements - Alondra Boulevard from Studebaker Road to Shoemaker Road.
 - ✓ Project No. 7233 – Continued working with design consultant to get environmental and design complete and approved by Caltrans for traffic signal and curb ramp improvements - Firestone Boulevard from San Gabriel River to Rosecrans Avenue.
 - ✓ Project No, 7234 – Continued working with design consultant to get environmental and design complete and approved by Caltrans for traffic signal and curb ramp improvements - Studebaker Road from Rosecrans Avenue to north city limits. Prepare documents for construction funding allocation.

- ✓ Project No. 7786 – Phase II Lot B underway.
 - ✓ Project No. 7904 – Continued working with Design Consultant for Foster Road Rehabilitation from Studebaker Road to Pioneer Boulevard.
 - ✓ Project No. 7920 – Local Street Rehabilitation – Reviewed/Evaluate and Developed Quantity Takeoff for approximately 5.17 linear miles of residential streets; prepared bid package to advertise for construction.
- Issued a total of 552 permits:
 - ✓ 248 Construction/Excavation/Encroachment/Other permits
 - ✓ 116 Traffic Control Plan
 - ✓ 69 Trash Bin Permits
 - ✓ 119 Oversized permits
 - Others:
 - ✓ Punch list for Caltrans Completion of I-5 Segment 3
 - ✓ Progress Reporting and Annual Expenditure reporting for SB-1

Park Rehabilitation Projects

- Bob White Park - installed new Calsense irrigation and smart clock system.
 - Gerdes Park - installed new motor on the roll up window on Snack Bar.
 - Glazier Park - installed new Calsense irrigation and smart clock system.
 - Hermosillo Park - installed new light poles and new LED fixtures along walkway; installed new Calsense irrigation and smart clock system.
 - Holifield Park - installed new Calsense irrigation and smart clock system.
 - Lakeside Park - installed new Calsense irrigation and smart clock system.
 - New River Park - installed new Calsense irrigation and smart clock system.
 - Norwalk Park - installed new Calsense irrigation and smart clock system; including Sproul Barn and Teen Center, and installed new powder-coated backboards and installed new rims with chains on the basketball courts.
- Sara Mendez Park - installed security enclosure over backflow device; installed new exercise equipment consisting of a cardio stepper, an elliptical machine and a back/chest press/abdominal crunch machine; installed a new walkway and added a bench to the entry area of the park; and installed new Calsense irrigation and smart clock system.
 - Vista Verde Park - installed new Calsense irrigation and smart clock system.

Facilities

City Hall

- Upgraded the sidewalk elevator, which included which included a new mechanical starter, new machine room wiring, repair of existing steel cage doors at sidewalk level, new double bottom design cylinder with sealed PVC encasement, new piston, and a new cylinder head.
- Installed new light poles with LED lighting at the bus stop adjacent to the City Hall lawn area.
- Installed new air-cooled chiller for City Hall Council Chambers.
- Installed new heating, ventilation, and air conditioning (HVAC) unit to support the MIS Office.

Transportation/Public Services Facility and Metrolink Station

- Painted the interior and exterior of the entire parking structure and stairwells leading to the 2nd floor at the Metrolink Station.
- Installed a new ADA compliant drinking fountain and water filter system in the Vehicle Maintenance area.
- Installed new cabinets in the Transit Operations Division and Vehicle Maintenance Division breakrooms.
- Assembled and installed new bicycle lockers at the Metrolink Station.
- Installed a new electrical box for the main water flow valve safety switch to the fire alarm sprinkler system.
- Installed yellow bollards around a propane tank at the Fuel Island.

Senior Center

- Installed new bicycle racks.
- Installed new flat screen TV in the Billiards Room and installed LED lights in a small area of the Senior Center lobby.
- Installed new table/chair crash guards to the Activity B Multi-Purpose Room.
- Installed new LED lighting in the kitchen.

Social Services

- Replaced old parking lot lights timer clock with a new photocell controller.
- Installed new fire alarm system.
- NASC/CAC/Aquatics Pavilion
- Installed new landscaping around the Arts & Sports Complex monument, near the entrance of the building, in the above ground planters, and in front of the windows facing Clarkdale Avenue.
- Installed new planters outside of the Cultural Arts Center on Clarkdale Avenue.
- Installed new LED lighting in the CAC parking lot.

Trees/Greenscape

- Trimmed 3,143 trees, as part of City's three year trimming cycle.
- Responded to 758 residential requests for tree related concerns including: inspections, roots, trimming, and/or planting.
- Planted 100 trees in parkways citywide.
- Removed 154 trees in response to addressing hazards or nuisance conditions.

Graffiti

- Removed graffiti from over 5,033 locations citywide, as follow-up to 878 requests received from the community.

Streets

- Responded to 1,073 sidewalk, curb & gutter and pothole requests.
- Responded to 493 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.
- Painted crosswalks and red curbs at school locations citywide.
- Restriped road lanes, including City facility/parks parking lots.
- Painted traffic legends citywide.
- Completed the design phase for 3 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 Alondra Boulevard and Studebaker Road.

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 next phase of the annual CCTV sewer line inspection program.
- Began RFP process for the Water Master Plan Update to initiate system improvements for the Norwalk Municipal Water System.
- Completed rehabilitation of Norwalk Park Well #10.
- Completed AMI/AMR program using Bureau of Reclamation grant funds to replace 869 water meters in East, Southeast, and Central Service Areas.
- Completed construction of a new transmission pipeline to connect the Central Service Area with both the West Service Area and South Service Area.
- Completed the condition assessment of 419 sewer manhole citywide and repairs of 26 locations.
- Replaced 284 water meters as a part of annual water meter replacement program.
- Replaced 148 water connections as a part of annual water service replacement program.
- Responded to emergency 52 water main and 124 service connection leaks.

Social Services:

- Received the 2019 Congressional Recognition of Excellence Award (CREA) for the CDBG-funded Emergency Assistance Program from Congresswoman Sanchez
- Entered into an Agreement with the Whole Child for Fiscal Year 2018/19 to Provide Homeless Shelter Services for individuals and families.
- Entered into an Agreement in partnership with Norwalk-La Mirada Unified School District, Kaiser Foundation Hospitals, and California State University Long Beach Foundation, for the Health on Wheels Program in an effort to provide mobile health care services to children attending District schools located within the City boundaries, as well as, other children in their families.
- Department Caseworkers are working in collaboration with public safety to conduct outreach activities to enhance the Department's programs and services. Staff is committed to connect the community, local churches, and elementary schools with information and resources they need. Creating awareness and educating about the programs and services ensures outreach efforts are being maximized. Individuals and families are being assisted appropriately and department goals are being met.
- In conjunction with the Los Angeles Homeless Services Authority, the City of Norwalk hosted the 2019 Homeless Count. The Social Services Center served as a deployment site for volunteers and staff. The Homeless Count is imperative to demonstrate the need for homeless services and improve economic opportunities for low-income and underserved residents of Norwalk and the surrounding communities.

- The need for Homeless outreach and caseworker assistance was identified and created. The Homeless caseworker is working with agencies daily to assist in supporting families, seniors, and individuals with placement, services, and case management in an effort to obtain self-sufficiency. The caseworker, TCAT team and Public Safety are working collaboratively to be proactive in the community.
- Received additional funding from CDBG for \$25,000.00 to assist residents with utilities cost to prevent homeless.
- Increased the number of home visits for residents and seniors in the community by 80% in 2018. Home visits enable Case Workers to assess the needs of residents and connect them to needed services and resources.
- Provided over 150 families with Thanksgiving food baskets.
- Through the Harvest Relief Program and collaborative partners, Olive Garden, Pizza Hut, and Chipotle, food items are donated to the Social Services Department on a weekly basis.
- The continued partnership between the City of Norwalk Social Services Department, Wal-Mart, and Costco has resulted in providing donations of unused goods and merchandise to individuals and families of the Norwalk community.
- Through the Food Bank program and USDA commodities, 3,939 families and individuals were provided with essential food for their households.

- The 2018 Annual Angel Tree Project provided 1,346 children with gifts of clothing and approximately 4,130 toys were also distributed.
- Multiple Norwalk families were provided with Christmas gifts through the Adopt-A-Family program - in partnership with Tri-City Educators Uniserv and Social Services Commission.

Child Care Program:

- Serviced an average of 600 children per month
- Assisted an average of 260 walk in clients per month
- Paid out \$4.7 million to child care providers
- Increased funding by almost \$1 million

Senior Center:

- Installed new bike rack in patio for safe accessibility
- Increased evening program to target the Baby Boomer demographic - new monthly mixers have been added to the Senior Center list of Special Events; Paint Nights and Plant Nights
- Implemented My Senior Center Program – registered 900 senior patrons: seniors are now able to check in to their activities with a swipe of a key card
- Organized a free Latin band Yari Moré concert sponsored by the Los County Commission of Arts - over 120 in attendance
- Painted and updated the Multipurpose Room with new pictures from prior Senior Center events
- Over 600 senior participated in tours and excursions: Beauty and the Beast Musical, The Oxnard Salsa Festival, the Ronald Reagan Presidential Library
- Conducted 98 home visits to check on the welfare of senior patrons
- Assembled and Delivered 100 Holiday Gift Bags to home bound seniors
- The Senior Center served 73 clients through the Social Services Program
- 1,367 hours were dedicated to home bound seniors for Personal, Respite and Home Making Services. Allowing seniors to sustain their independence of living in their homes.
- Senior nutrition program served over 60,000 congregate meals for seniors - improvements have been made to the quality of the food and in the management of the program; 230 meals were served daily at two congregate meal sites; on average 120 meals were delivered daily to frail homebound seniors.

- Senior Center served as Cooling Center and provided a safe environment for seniors to beat the heat of the summer - over 800 seniors benefited from the extended hours of the Cooling Center offered at the Senior Center; seniors participated in recreational activities in a cool environment and were provided snacks and lite lunch.

Parks and Recreation:

- Purchased new state of the art Strength Training Machines for the Norwalk Arts & Sports Complex weight room.
- Started a Master Plan for Hermosillo Park and Norwalk Park.
- Purchased a new passenger van to improve passenger safety and provide opportunities for extended recreation services.
- Purchased an electronic media board for the Cultural Arts Center to enhance program awareness at the facility.
- Purchased a new 25 foot inflatable movie screen to provide movies in the park.
- Renovated the All City Band equipment truck to increase City pride when travelling with the band.
- Began a Mentorship Program for Recreation Leaders designed to empower veteran staff to become true leaders and pass their knowledge and skills on to the next generation of part-time staff.
- Arranged for members of the All City Youth Band to participate in a Disney World Parade and learning academy in Orlando Florida.
- Raised over \$5,000 in a Silent Auction program for the City's Relay for Life Team that benefitted the American Cancer Society.
- Applied and received Grants from the Los Angeles County Arts Commission for a paid summer intern and a free community concert.
- Distributed \$5,500 in scholarships to high school seniors who volunteered a minimum of 50 of service to the City through the Teen Alliance Program.

Community Development:

Administration and Economic Development

- Norwalk Education Alliance (NEA)
 - 157 students from 6 local high schools participated in the 4th Annual Mock Interview event with local government officials, school district professionals, and local business owners serving as interview panelists.
 - NEA, Cerritos College, and the Norwalk-La Mirada Unified School District collaborated to honor 54 Norwalk students who have achieved academic success by installing street banners with their picture and college choice throughout the City. This project was completed in November 2018.
- Adopted the Economic Development Opportunities Plan
 - Extensive outreach and solicitation of input from elected and appointed officials, business/community/educational partners, clergy, developers, investors and property owners was coalesced into a good Plan.
 - Adoption of the Plan on October 2nd increased economic interest in revitalization and future development of properties in 10 Economic Nodes.
- Entered into four (4) Exclusive Negotiation Agreements with Developers who can assist the City move forward with the outreach, visioning and planning efforts on 4 of the 10 Economic Nodes identified in the Economic Development Opportunities Plan.

- Available site marketing at the International Council of Shopping Centers and regular consultation with brokers has assisted in attracting new retailers to vacant retail and commercial sites throughout the City’s commercial corridors.
 - Development and Tenant Improvement projects opened for business in Norwalk this year are Chick-fil-A, Panera Bread, LA Fitness, IHOP (new building), Smart Choice Supermarket (former HMart location), The Buffalo Spot, The Cove, La Michoacana Natural Fruit, La Michoacana USA, Tamales Guadalajara, Hola Pho, and AT&T.
- Implementation of a Development Facilitation Team (DFT), consisting of City staff from Economic Development, Building & Safety and Planning, has helped developers and/or property owners to receive a preliminary review of projects to help preliminarily address issues and speed up the approval process.
- 1,163 yard sale permits were issued to pleased residents looking to offload treasures.

Building & Safety

- Issued 3,369 building permits
- Conducted 5,898 inspections
- Performed 544 plan checks

CDBG and HOME Programs

- Rehabilitated 45 homes for low-income households using CDBG and HOME funds.
- Completed development and adoption of the FY19/20 Annual Action Plan.
- Provided job training scholarships to twenty (20) students.
- Completed monitoring of 117 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 two (2) HOME assisted rental housing developments and comprehensive monitoring review of five (5) HOME developments.

Housing Authority

- Conducted over 183 eligibility interviews from the Section 8 and Soroptimist Village waiting lists and provided housing assistance to an average of 641 households per month.
- Conducted a comprehensive landlord meeting in Norwalk in conjunction with the Apartment Association of California Southern Cities, staffed booths at two residential rental management trade shows, presented seminar at the Apartment Buildings Expo in Pasadena, and participated in the Southern California Landlord Outreach Committee to educate the landlord community and promote greater participation in the Section 8 program.
- Implemented limited homeless preference and processed seven (7) homeless referrals.
- Implemented new Signing Bonus program to encourage landlord acceptance of vouchers and paid 41 signing bonuses.
- Implemented e-signature option for landlords when executing the Housing Assistance Payments (HAP) Contract.

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:
 - Modify an existing wireless telecommunications facility
 - Remodel the façade of an existing building and subdivide the building into separate suites
 - Modify a previously approved freeway oriented sign and digital billboard at McKenna European Auto Center
 - Remodel the building façade and allow off-sale general alcohol sales at Grocery Outlet within the Norwalk Town Square
 - Update signage at an existing gasoline station
 - Establish a master sign program and allow 2 freestanding signs at newly constructed center at IHOP
 - Allow establishment of a restaurant (Burger IM) through a parking study and façade improvements
 - Approval of an explosive canine testing and certification facility in the M-1 zone
 - Approval of beer and wine sales at an existing convenience store at a gasoline station
 - Construct several improvements at St. Linus, including renovation and expansion of an existing building, new patio covers, new storage building, new landscaping and modifications of parking lot.
 - Install new outdoor energy storage system at AMC Theaters
 - Construct 3-unit multi-family residential development
 - Expand the drive-through land and construction to eating area at In-N-Out Burgers
 - Remodel the interior and exterior of an McDonald's Restaurant
 - Allow bus sales and repairs
 - Modify the previously approved commercial development known as Norwalk Fitness Village
 - Construct a single-family residence on a substandard sized lot
 - ✓ Remodel and expand the McKenna BMW auto dealership - an annual report and Text Amendments that were considered by the Planning Commission and City Council include: 2018 Norwalk General Plan and Housing Element Annual Progress Report, which was transmitted to HCD and HUD; and establishment of a Small Cell Policy and Pole License Agreement for Small Cells

Storm Water Compliance

- Worked with the City's consultant, 6 businesses were inspected for storm water compliance as required by the Municipal Separate Storm Sewer System (MS4) Permit.

Norwalk Transit System:

- Acquired \$117,304 in State LCTOP funds to implement pilot program for Micro Transit services slated for launch in January 2020.
- Acquired \$140,448 in State of Good Repair Capital funds to support the acquisition of (9) upgraded heating, ventilation, and air conditioning (HVAC) units for the New Flyer hybrid units.

- Secured competitive funding \$703,043 and \$986,928 in support of acquiring Zero Emission Electric Buses and associated charging infrastructure.
- Progress has been made towards the implementation of Intelligent Transportation System which includes an automatic vehicle location software, computer-aided dispatch software; and automated travel information system software that calculates the real-time information.
- In January 2018, NTS released a solicitation for “Implementation of Norwalk Intelligent Transportation System for Norwalk Transit System”. Consequently, an award was made to Avail Technologies, Inc. Site testing for official installation is scheduled for January 2020 following Final Design Review and Integration Assessment in Fall/Winter 2019.
- Progress has been made towards Norwalk’s Transportation Facility Auxiliary Storage Lot, which will house NTS’ Buses/Equipment and Storage of Facility Maintenance Equipment associated with maintaining/repairing of the Metrolink Station (i.e. sweeping equipment, vandalism repairs, landscaping equipment, etc.). Appropriate lighting, landscaping and security gates will be installed to ensure security of patrons utilizing the facility. Improvements are currently in progress with an anticipated completion date of late Spring 2020.
- Department will be working with Cubic Transportation, Inc. with its Fixed Route Fare Box project (\$503,409) to include upgrades to Transit Access Pass (TAP) fare box equipment and driver control units. The upgrade will enhance security, prepare for new payment technologies, and ensure near real-time communications. Upgrades and installations are scheduled for October 2019 implementation.
- Provided service to a total of 1,428,192 passengers on its Fixed Route buses and a total of 23,518 passengers on its Dial-a-Ride vans.
- Total of 4,593 Taxi Voucher trips provided to eligible senior/disabled residents through contract service provided by Fiesta Taxi.
- Customer Service Center responded to over 3,000 calls each month for information on NTS’s transit services and in-take of customer request for follow-up action on complaints, lost-and-found items, etc.
- Generated \$1.2 million in Fixed Route farebox revenue.
- Staff provided timely submittals of various annual reports including NTD, SRTP, TPM, Metro Forms A-B-C, STA/TDA Claim, Metro Operating Subsidy Invoices, etc.
- A total of 1,141 toys were collected from Stuff-a-Bus event and donated to the Social Service’s “Angel Tree Program”.

Other Accomplishments:

- Continued prefunding the other post-employment benefits (OPEB) through the annual contributions to the irrevocable trust fund.
- Second year deposit of \$1.0 million contributed to the Pension Stabilization Trust Account administered by PARS.
- Selected financing teams to assist the City with the upcoming bond issuances to provide funding for local street and water system improvements.
- Updated City’s Goals and Objectives set by stake holders during the Community Congress.
- 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, 2019 was \$3.7 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.

The national economy is forecast to slow in 2020 as the U.S. – China trade war and a weak global backdrop continue to weigh on investment, which will likely spill over into slower job creation and household outlays. That said, lower borrowing costs should help cushion the slowdown. High corporate debt and continued policy uncertainty represent additional risks to the national economic outlook. Focus Economics economists see gross domestic product (GDP) expanding 1.6% in 2020, and 1.8% in 2021.

The national unemployment rate is anticipated to increase to 3.8% in 2020, from 3.5% in prior year. Most job growth is expected in health care and other forms of social assistance as the American population ages. Inflation is expected to average 2.1% in 2020, and 2.0% in 2021.

California's economy is continuing to outperform the nation as a whole, but thanks to anticipated economic slowing in the United States and globally, the state will likely start seeing some negative impacts by the end of year 2020, according to a UCLA Anderson Forecast (Forecast) released in November 2019. California's unemployment rates remain "extremely low," particularly in the largest job markets. Weakness in housing as well as the slowing U.S. economy is reflected in a very modest growth rate in the U.S. in late 2020." For the entire year for 2020 and 2021, Forecast expects average unemployment rates of 4.3% and 4.4%, respectively.

Forecast does not envision a recession over the next two years, but he anticipates that "economic growth will stall in the second half of 2020 as the effects of the 2017 tax cuts wane and as trade tensions exact their toll on corporate investment."

The slowing growth in contracting sectors, such as nondurable goods manufacturing and retail, and more rapid growth in expanding sectors, such as information and scientific and technical services, have spurred faster state GDP growth than total employment growth would suggest.

The near-term budget outlook of the State of California is positive. Under the 2019-20 budget estimates, the state would have \$29.5 billion in total reserves, including \$14.8 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, 2018. That was the 32nd 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.

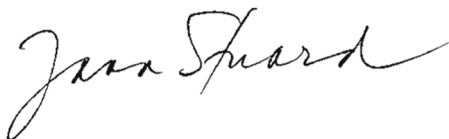
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

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, 2019.

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

Respectfully submitted,



Jana Stuard
Finance Director / City Treasurer

City of Norwalk, California
List of Elected Officials and Management Personnel
June 30, 2019

ELECTED OFFICIALS

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

CITY MANAGER AND DEPARTMENT HEADS

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

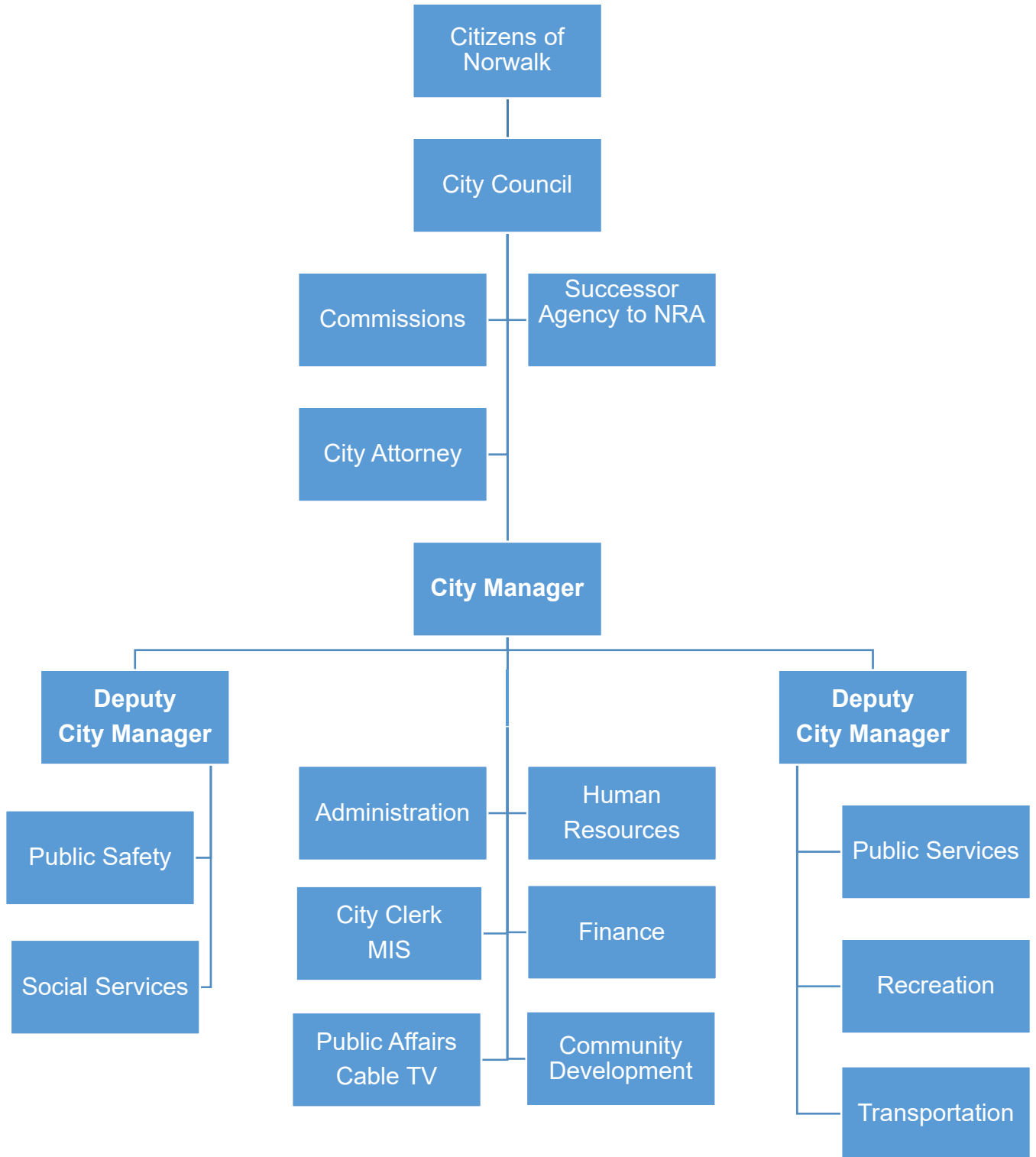
RECOGNITION

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, 2018

Christopher P. Morill

Executive Director/CEO

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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, 2019, 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, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Report on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of changes in the net pension liability and related ratios, the schedule of contributions - CalPERS, the 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.

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.

Other Matters (Continued)

Other Information (Continued)

Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2019, 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 Diehl Evans LLP

Irvine, California
December 2, 2019

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The management of the City of Norwalk offers the readers of the City's statements this narrative overview, summary and analysis of the financial activities for the fiscal year ended June 30, 2019. 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, 2019, 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, 2019, the City's total assets and deferred outflows of resources were \$333.6 million and total liabilities and deferred inflows of resources were \$132.3 million, resulting in net position of \$201.3 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 \$2.1 million (\$1.7 million governmental activities and \$0.5 million business-type activities) or 1% from the prior fiscal year. This decrease is primarily due changes in OPEB and Pension deferred inflow, outflow and liabilities.
- The City's long-term liabilities of \$107.6 million decreased by \$5.9 million and include: \$18.9 million of outstanding bonded debt to fund various capital improvements of governmental and enterprise activities; \$4.1 million outstanding debt issued to finance the acquisition of capital assets (light poles) and their subsequent retrofit to energy saving fixtures; \$51.5 million of net pension liability; and \$32.1 million of net other post-employment benefit liability.
- The total of the City's capital assets at the end of fiscal year amounted to \$211.9 million. Out of this amount \$27.4 million, 13%, are non-depreciable assets, and \$184.5 million, or approximately 87%, 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 \$71.1 million, an increase of \$2.8 million; approximately \$13.4 million of this balance is unassigned.
- At June 30, 2019, the General Fund balance was \$26.1 million, an increase of \$2.1 million or 8.9% year over the prior year. The unassigned fund balance increased by \$2.1 million to a total of \$14.8 million.
- The actual General Fund revenues and transfers in totaled \$49.9 million represented an increase of \$3.3 million, and was \$1.9 million lower than the final budget.

- The actual General Fund expenditures and transfers out of \$47.7 million represented an increase of \$1 million from the prior year, and \$3.3 million under the final budget of \$51 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, 2019, as shown in Table 1, was \$201.3 million.

Table 1
Net Position
(in Thousands)

	Governmental Activities		Business-type activities		Total	
	2019	2018	2019	2018	2019	2018
Assets:						
Current and other assets	\$ 90,844	\$ 87,880	\$ 18,522	\$ 14,952	\$ 109,366	\$ 102,832
Capital assets	151,387	154,118	60,484	64,155	211,871	218,273
Total assets	<u>242,230</u>	<u>241,998</u>	<u>79,006</u>	<u>79,107</u>	<u>321,237</u>	<u>321,105</u>
Deferred outflows of resources	9,025	11,597	3,298	4,122	12,324	15,719
Liabilities:						
Long-term liabilities	76,237	79,613	31,345	33,858	107,582	113,470
Other liabilities	16,069	15,435	3,269	3,174	19,338	18,609
Total liabilities	<u>92,306</u>	<u>95,048</u>	<u>34,614</u>	<u>37,031</u>	<u>126,920</u>	<u>132,079</u>
Deferred inflows of resources	3,050	989	2,332	357	5,382	1,346
Net position:						
Net investment in capital assets	140,419	143,866	51,929	55,392	192,348	199,258
Restricted	41,214	36,621	-	-	41,214	36,621
Unrestricted	(25,734)	(22,929)	(6,570)	(9,552)	(32,304)	(32,480)
Total net position	<u>\$ 155,899</u>	<u>\$ 157,558</u>	<u>\$ 45,359</u>	<u>\$ 45,841</u>	<u>\$ 201,258</u>	<u>\$ 203,399</u>

The City's Government-wide total assets and deferred outflows of resources of \$333.6 million, liabilities and deferred inflows of resources of \$132.3 million. The net investment in capital assets was \$192.3 million. Another portion of the City's net position, \$41.2 million, represents resources that are subject to external restrictions in how they may be used. The remaining negative balance of \$32.3 million resulted from the increase of long-term liabilities, namely pension and other post-employment benefit liabilities.

City of Norwalk
Management's Discussion and Analysis
June 30, 2019

Table 2
Changes in Net Position
(in thousands)

	Governmental Activities		Business-type activities		Government-Wide Totals	
	2019	2018*	2019	2018*	2019	2018*
Revenues:						
Program Revenues:						
Charges for services	\$ 7,146	\$ 7,875	\$ 9,878	\$ 9,869	\$ 17,024	\$ 17,744
Operating grants and capital contributions	26,384	24,891	10,020	9,021	36,404	33,912
Capital grants and contributions	176	312	1,598	2,820	1,774	3,132
General Revenues:						
Taxes:						
Sales taxes	12,493	11,079		-	12,493	11,079
Property taxes	8,115	8,390		-	8,115	8,390
Property tax in-lieu of VLF	11,646	10,968		-	11,646	10,968
Utility users taxes	4,462	4,849		-	4,462	4,849
Business operations taxes	911	881		-	911	881
Transient occupancy taxes	1,672	1,593		-	1,672	1,593
Franchise Fee	3,011	1,837		-	3,011	1,837
Investment income	2,893	211	345	192	3,238	404
Total Revenues	78,910	72,886	21,841	21,903	100,750	94,789
Expenses:						
General government	11,265	11,784	-	-	11,265	11,784
Public safety	16,840	15,176	-	-	16,840	15,176
Urban development	5,164	5,569	-	-	5,164	5,569
Public works	23,969	22,965	-	-	23,969	22,965
Culture and leisure	4,895	5,069	-	-	4,895	5,069
Health and welfare	15,790	14,900	-	-	15,790	14,900
Interest and fiscal charges	563	387	-	-	563	387
Bond issue costs	-	-	-	-	-	-
Transit	-	-	15,905	15,722	15,905	15,722
Water	-	-	5,343	5,254	5,343	5,254
Sewer	-	-	3,158	1,974	3,158	1,974
Total Expenses	78,485	75,850	24,405	22,950	102,891	98,800
Transfers	(2,083)	(1,951)	2,083	1,951	-	-
Change in net position	(1,659)	(4,916)	(482)	904	(2,140)	(4,012)
Net position - beginning of year, as restated	157,558	162,473	45,841	44,937	203,399	207,410
Net position - ending of year	\$ 155,899	\$ 157,558	\$ 45,359	\$ 45,841	\$ 201,258	\$ 203,399

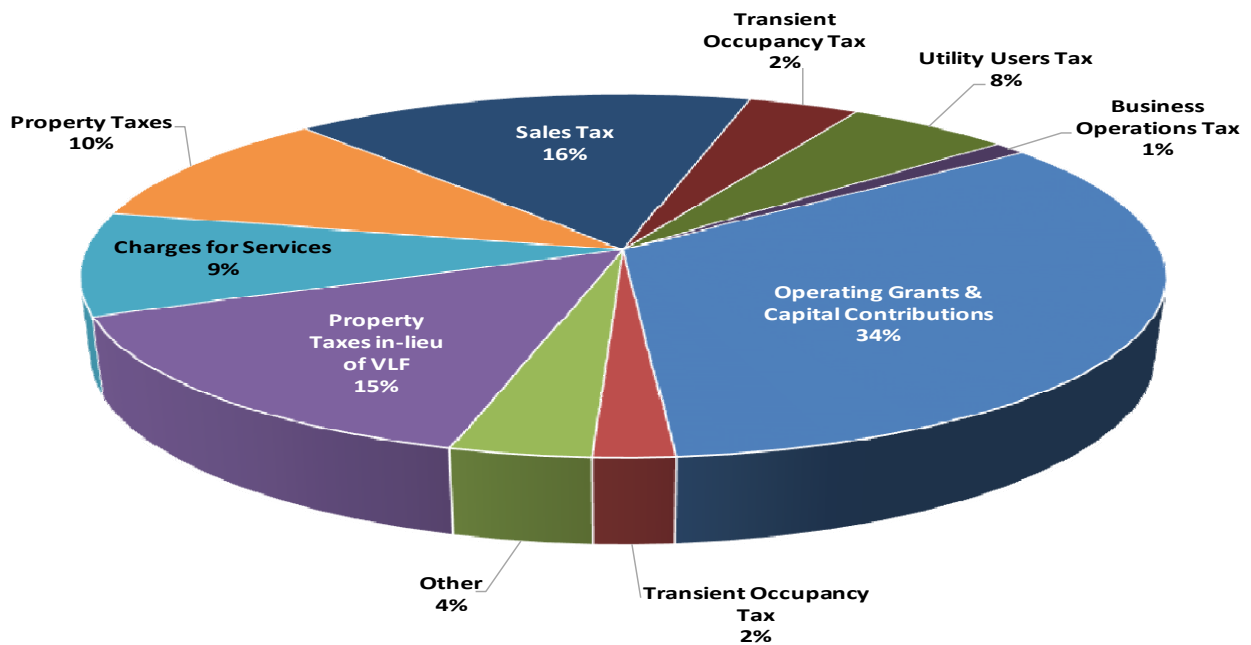
*FY 2018 - Net position includes implementation of GASB 75

Governmental Activities

Revenues for the City's governmental activities increased \$6 million or 8.3%, from \$72.9 million last fiscal year to \$78.9 million. Key elements of significant changes are as follows:

- The largest revenue source was operating grants and capital contributions at \$26.6 million, which increased \$1.4 million, or 6%, from the preceding fiscal year.
- The second largest revenue source was sales tax at \$12.5 million. It increased \$1.4 million, or 13%, from the preceding fiscal year. \$1 million of this increase can be associated with the timing of sales tax payments allocated by California Department of Tax and Fee Administration (CDTFA).
- The third largest revenue source was property taxes in-lieu of VLF. The City received \$11.6 million, an increase of \$0.7 million, or 6%, from the prior fiscal year.
- Property taxes were the fourth largest revenue, at \$8.1 million, an decrease of \$0.3 million or 3% from the prior fiscal year.
- The fifth largest revenue source was charges for services at \$7.1 million, which decreased \$0.7 million or 9% from the preceding fiscal year.

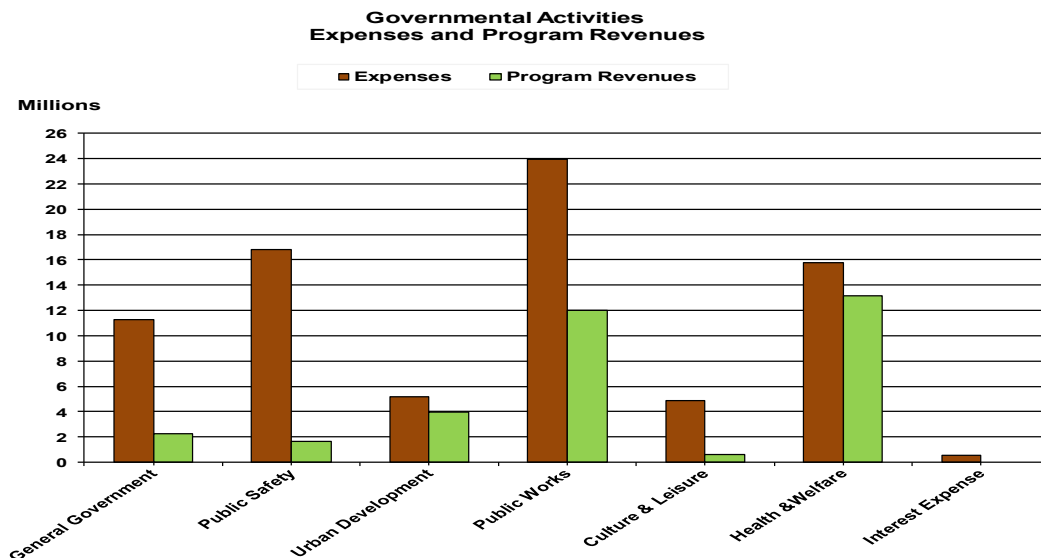
Governmental Activities - Revenues by Source



The cost of all governmental activities this year was \$78.5 million. Program revenues funded \$33.7 million, or 43% of governmental activities. The remaining portion of governmental activities was paid

with general revenues. During the current fiscal year the city restructured departmental functional reporting to more accurately reflect the nature of the work in each department. For comparison purposes fiscal year 2017-2018 results have been restated to reflect these changes.

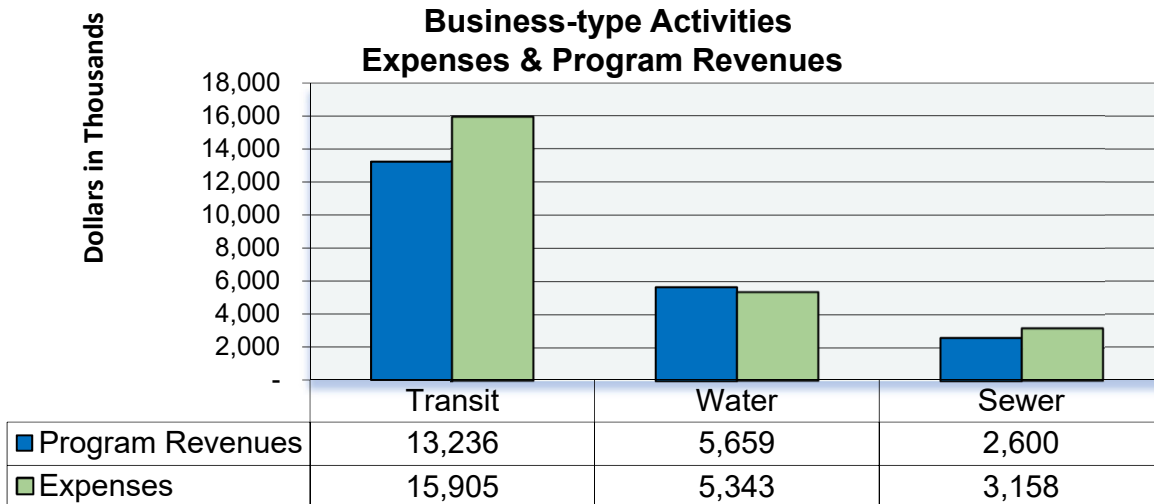
- Public Works, was the largest category of governmental activities, at \$24 million, it represented 31% of the total expenses; increasing \$1 million from the prior fiscal year. The increase in current year expense is related to additional capital projects and street clean-up activities. Program revenues funded approximately \$12 million of public works expenses.
- Public Safety expense category was the second largest at \$16.8 million, or 21% of governmental activities, of which approximately \$1.6 million was funded with program revenues. Expenses for this category increased by \$0.4 million, or 2% from the prior fiscal year primality due to increases in the Los Angeles County Sheriff's contract and homeless activities.
- Health and Welfare was the third largest expense category. During fiscal year ended June 30, 2019, these expenses represented \$15.8 million, or 20% of governmental activities. Approximately \$13.2 million was funded with program revenues. Expenses increased from the preceding fiscal year by \$0.9 million, or 6%, due in large part to the child development program, which increased by \$0.7 million.
- General Government, the fourth largest category of governmental activities recorded expenses at \$11.3 million; it represented 14% of total governmental expenses. Program revenues funded \$2.3 million. Expenses in this category recorded a decrease of \$0.5 million, or 4% compared to preceding fiscal year.
- Urban Development was the fifth largest governmental activity with \$5.1 million in expenses, or 7% of governmental activities. Approximately \$3.9 million was funded with program revenues. Expenses increased \$0.6 million from the prior fiscal year and are related to increases in Housing and Community Development and Building and Safety activities.



Business-type Activities

The City's business type activities are Transit, Water, and Sewer. As of June 30, 2019, total net position of Business-type activities was \$45.4 million, out of which, the unrestricted net position represented a negative \$6.6 million; net investment in capital assets represented \$51.9 million. Total net position decreased \$0.5 million from the prior year's balance of \$45.8 million.

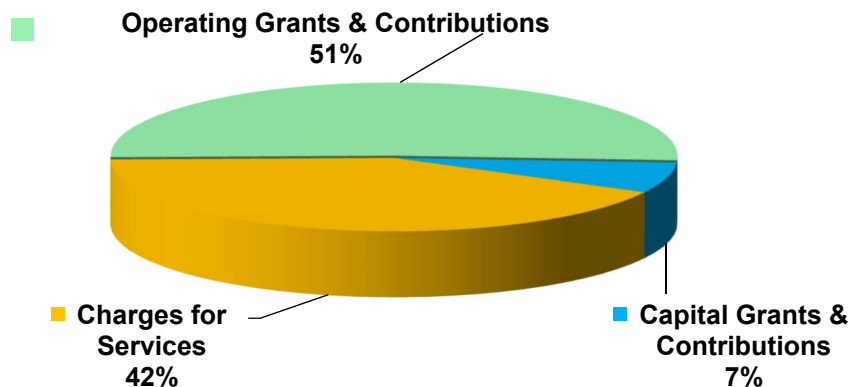
The graph below presents the costs of business activities and associated program revenues.



Total program revenues of Business-type activities were \$21.5 million; consistent with the prior year's program revenues.

As shown in the pie chart below, Charges for Services represent 42% 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 47% of the total program revenues received by Business-type activities.

Business-type Activities Revenue by Source



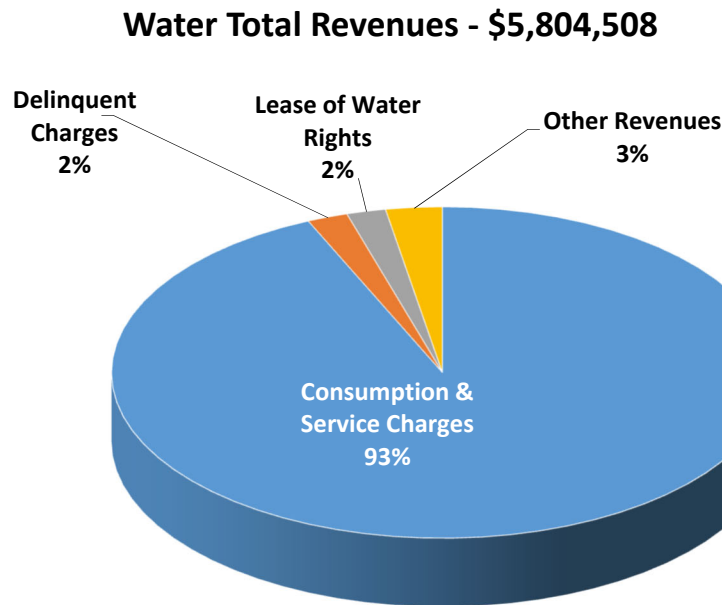
Transit System

Charges for services, \$1.6 million, remained flat from the prior fiscal year. Operating grants and contributions were \$10 million, an increase of \$1 million. This increase is due to STAF (TDA article 6.5) allocation , which increased \$1.1 million over the previous fiscal year. Capital grants and contributions of \$1.6 million recorded a decrease of \$1.2 million from prior year. This decrease is related to prior fiscal year purchases of three CNG buses. Combined revenues remained flat at \$13.2 million, when compared to the prior fiscal year. Total expenses of \$15.9 million recorded an increase of \$0.2 million, or 1%, from the previous fiscal year.

Transit's net position decreased by \$0.5 million primarily due to the increase in OPEB and Pension liabilities.

Water System

Revenues totaled \$5.8 million and expense of \$5.3 million are consistent with the preceding year. As demonstrated in the chart below, consumption and service charges at \$5.4 million represented 93% of total revenues.



Water Fund total net position of \$15.8 million increased \$0.5 million from the prior fiscal year.

Additional 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 2018-19, operating revenues totaled \$2.6 million, while operating expenses were \$2.0 million. Total net position of the Sewer Fund is \$24.4 million, out of which, \$6.5 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 \$71.1 million, an increase of \$2.8 million, or 4.1%, from the prior year's combined fund balance of \$68.2 million.

The nonspendable portion of Governmental Funds fund balance totaled \$7.4 million, a decrease of \$0.1 million or 1% from last year.

Total restricted fund balance was \$44.4 million, an increase of \$2.6 million. The restricted balance comprises of \$15.9 million under Special Revenue Funds, restricted by their funding nature; \$25.2 million is restricted for Capital Projects, \$1.2 million for Debt Service; and \$2.1 million for pension stabilization fund.

Total committed fund balance was \$5.2 million: \$3.7 million to finance replacement of City assets, \$0.4 million to fund parking structure operations and \$1.1 million is committed to cover increases in pension cost.

The City assigned \$0.6 million for future capital improvement projects. The combined unassigned fund balance of Governmental Funds is \$13.4 million and is available for spending to meet the future needs of the City.

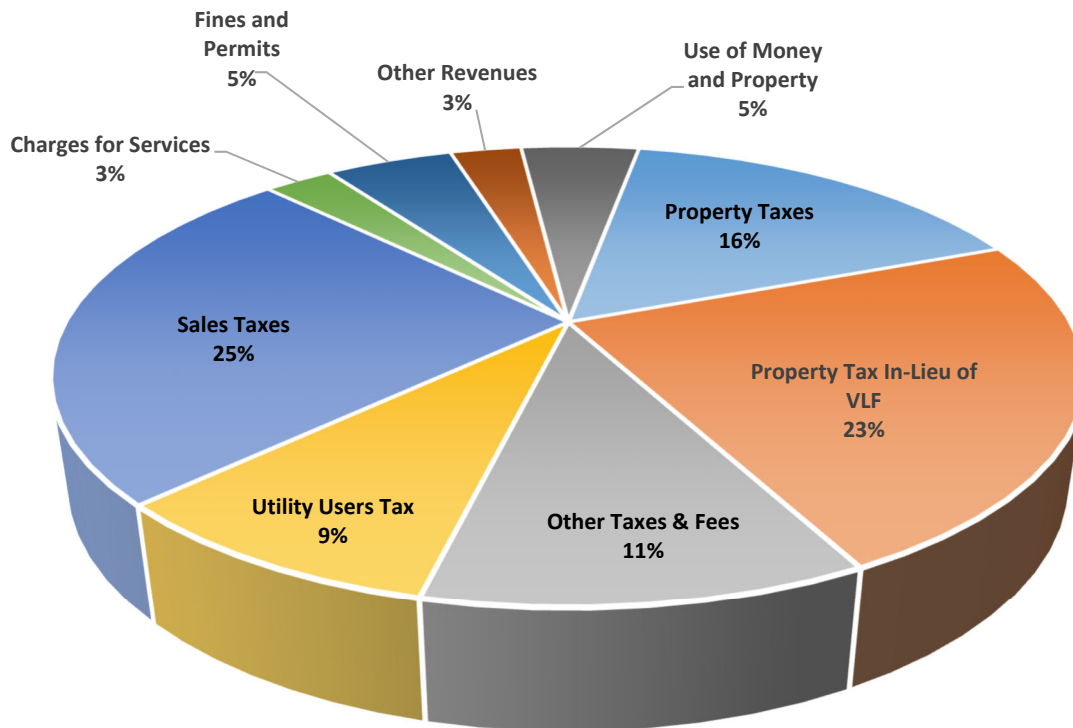
Revenues of governmental funds for the fiscal year ended June 30, 2019 were \$79.4 million. This is an increase of \$7.5 million, or 10.4%, from the prior fiscal year's total of \$71.9 million. The primary contributors to this increase are: sales and property value related taxes, \$2.7 million; use of money and property, \$1.2 million; special revenues, \$1.5 million; and capital projects revenue, \$2 million.

Expenditures of governmental funds were \$74.5 million. This is an increase of \$3 million, or 4.2% from the prior fiscal year. This overall increase in expenditures can be contributed to combination of increases under street projects funded from special revenues, \$1.8 million; Child Care grant, \$0.6 million; and Los Angeles County Sheriff's contract, \$0.2 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 \$14.8 million, assigned fund balance was \$0.6 million, restricted fund balance \$2.1 million, non-spendable fund balance was \$7.4 million, while committed fund balance was \$1.1 million. These resulted in total General fund balance of \$26.1 million. The key factors affecting the General Fund's financial position are as follows:

General Fund revenues and transfers in for the fiscal year totaled \$49.9 million, an increase of \$3.3 million or 7.1%, from the prior year's total of \$46.5 million.

General Fund Revenues (by Sources)

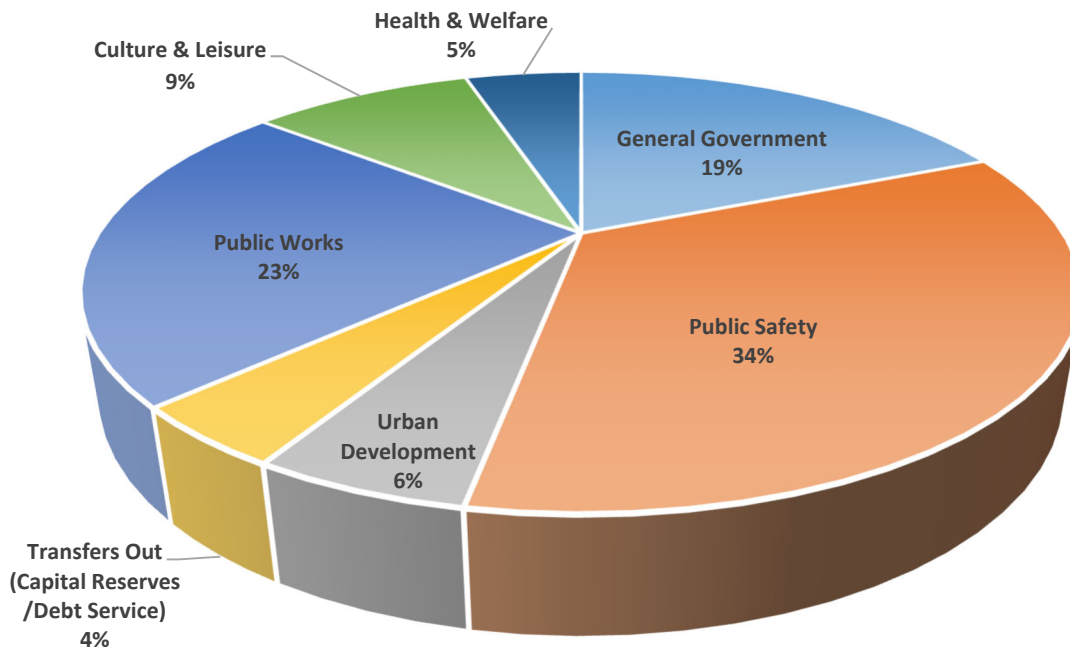


Taxes and franchise fees represent 85% of the General Fund revenues and are the largest revenue source. They include following categories: sales tax, property tax in-lieu of vehicle license fees (VLF), property taxes, utility users' tax and other taxes.

- Sales tax represented the largest revenue source at \$12.5 million, or 25.0% of General Fund revenues. This revenue source increased \$1.4 million, 12.8%, from fiscal year 2018. \$1 million of this increase can be attributed to the timing of sales tax remittances received at the end of fiscal year.
- The second largest revenue source, 23.4% of General Fund revenues, was property tax in-lieu of VLF at \$11.6 million. This is an increase of \$0.7 million, or 6% from prior year.
- Property taxes came in third at \$8.1 million, representing 16% of the General Fund revenues, an decrease of \$0.3 million, from last year's total. City receives No/Low property tax, property tax apportionment from the Los Angeles County for the former South-East Recreation Park Area, and taxes generated by the former redevelopment agencies. All these components recorded a slight decrease in revenues from prior fiscal year.
- Other taxes and franchise fees were the fourth largest revenue source at \$5.6 million, or 11% of General Fund revenues. This revenue increased \$1.3 million or 9% from the prior year primarily due to an increase in newly negotiated trash hauler franchise agreement.
- Utility users tax came in fifth at \$4.5 million or 9% of the total General Fund revenues, a decrease of \$0.4 million from last year's total. The City collects user tax from telephone, wireless services, electricity and gas.

General Fund expenditures and transfers out totaled \$47.7 million, an increase of \$1 million, or 2%, from the prior year's total of \$46.6 million.

GENERAL FUND EXPENDITURES BY FUNCTION



Expenditures by function from highest to lowest are summarized as follows:

- Public Safety was the largest General Fund function at \$16.3 million, or 34% of General Fund expenditures and transfers out, an increase of \$0.3 million, or 2%, from the preceding fiscal year. This increase is related to the rising cost of Los Angeles County Sheriff's contract.
- Public Works ranked second at \$11.0 million, or 23% of the General Fund expenditures and transfers out. This category increased \$0.7 million or 7% from prior year. This increase can be mainly attributed to increased park maintenance expense, \$0.5 million.
- 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 third largest General Fund function at \$8.9 million, or 19%, of the General Fund expenditures and transfers out. This is a decrease of \$0.3 million from prior year.

- The Culture and Leisure expenditures represented the fourth largest expenditure category at \$4.4 million, or 9%, of the General Fund expenditures and transfers out. This category increased \$0.3 million or 7% from the prior fiscal year results.
- Fifth in rank is Urban Development function at \$2.6 million, representing 6% of the General Fund expenditures and transfers out. This expense increased \$0.5 million, or 22% from the prior year, due to additional expenses in both planning and building and safety activities.

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 2018-19, CDBG received entitlement grant in the amount of \$1 million and program income (proceeds of repayments of HUD funded loans) of \$0.5 million. In addition, the City also received HOME grant entitlement in the amount of \$180 thousand, and the program income generated by the repayment of HOME funded loans, \$29 thousand.

The City expended \$1.6 million of CDBG funds on 27 activities. HOME expenditures totaled \$198 thousand for the year, out of which \$112 thousand was spent for home repairs.

Special Projects Capital Projects Funds account for capital projects funded by federal and county grants and loan proceeds. During fiscal year 2018-19, there were 16 capital projects in various stages of completion. Change in fund balance was a net increase of \$1.8 million, which can be attributed to \$2.2 million in unspent loan proceeds for future street lights LED retrofit project.

General Fund Budgetary Highlights

The following table displays the General Fund's original budget, final budget and actual results for 2019 revenues and expenditures. Actual revenues \$1.8 million, 3.6% higher than the City's final budget, of \$48.1 million. Expenditures were lower by \$2.3 million than the final budget of \$47.9 million, or 5% under budget. The budget savings resulted mainly from savings under: personnel costs (\$1.5 million), capital projects (\$184 thousand), and other operating cost (\$1.4 million).

The final revenue budget reflects an increase of \$63 thousand (0.1%) from the original revenue estimates.

Difference between the original and final expenditure budgets reflects an increase of \$674 thousand, or 1%.

Table 3
General Fund Budgetary Comparison
(in thousands)

	Original Budget	Final Budget	Actual Amount
Revenues	\$ 48,024	\$ 48,087	\$ 49,841
Expenditures	(47,252)	(47,925)	(45,651)
Other Financing Sources (Uses):			
Transfers in	22	3,643	26
Transfers out	(3,107)	(3,107)	(2,077)
Net Change in Fund Balance	\$ (2,312)	\$ 698	\$ 2,138

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 \$6.4 million, or 3%, mainly due to current year depreciation. As of June 30, 2019 capital assets net depreciation totaled \$211.9 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, 2019 and 2018

	Governmental Activities		Business-type activities		Total	
	2019	2018	2019	2018	2019	2018
Capital assets not being depreciated:						
Land	\$ 6,964,636	\$ 6,964,636	\$ 23,125	\$ 23,125	\$ 6,987,761	\$ 6,987,761
Construction in progress	6,201,944	10,327,879	5,801,217	8,665,348	12,003,161	18,993,227
Water rights	-	-	8,396,581	8,396,581	8,396,581	8,396,581
Total capital assets not being depreciated	13,166,580	17,292,515	14,220,923	17,085,054	27,387,503	34,377,569
Capital assets being depreciated:						
Buildings and improvements	52,354,650	52,135,596	13,111,819	13,111,819	65,466,469	65,247,415
Distribution system	-	-	15,856,319	13,439,105	15,856,319	13,439,105
Machinery and equipment	7,011,880	6,810,256	-	-	7,011,880	6,810,256
Office equipment	-	-	848,773	822,297	848,773	822,297
Vehicles	-	-	19,160,074	19,160,074	19,160,074	19,160,074
Tools and equipment	-	-	2,408,414	2,435,530	2,408,414	2,435,530
Infrastructure	280,558,796	270,302,314	47,408,051	47,408,051	327,966,847	317,710,365
Miscellaneous	-	-	144,559	144,559	144,559	144,559
Total capital assets being depreciated	339,925,326	329,248,166	98,938,009	96,521,435	438,863,335	425,769,601
Less: Total accumulated depreciation	(201,705,063)	(192,422,909)	(52,675,041)	(49,451,102)	(254,380,104)	(241,874,011)
Net Capital Assets, being depreciated	138,220,263	136,825,257	46,262,968	47,070,333	184,483,231	183,895,590
Net Capital Assets	\$151,386,843	\$ 154,117,772	\$ 60,483,891	\$64,155,387	\$211,870,734	\$ 218,273,159

Non-Current Liabilities. At June 30, 2019, the City had \$109.7 million in outstanding long-term liabilities for governmental and business-type activities.

**Table 5
Non-Current Liabilities as of June 30, 2019 and 2018
(In thousands)**

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Compensated absences	\$ 2,424	\$ 2,502	\$ 561	\$ 561	\$ 2,985	\$ 3,063
Other post-employment benefits	22,428	23,620	9,688	11,735	32,116	35,355
Lease payable	4,143	4,337	-	-	4,143	4,337
Bond indebtedness	10,357	11,469	8,555	8,766	18,912	20,235
Net pension liability	38,646	39,401	12,882	13,134	51,527	52,535
Total non current liabilities	\$ 77,997	\$ 81,329	\$31,686	\$ 34,195	\$109,683	\$115,524

The City's total non-current liabilities decreased by \$5.8 million, or 5%, during fiscal year 2018-2019. The majority of this decrease can be attributed to other post-employment benefits liability, \$3.2 million; net pension liabilities, \$1.0 million; and bond indebtedness \$1.3 million.

Additional information on the City's long-term liabilities can be found in Note numbers 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 Multiyear Budget Outlook", published by the State of California Legislative Analyst Office (LAO) in May 2019 states that State of California's Budget outlook through 2022-23 is positive. Assuming the economy continues to grow and all the Governor's May 2019 revisions spending proposals are adopted, State will still generate an operating surplus of \$22 billion – which could be available to respond to anticipated cost increases, build additional reserves, or make additional commitments. In this proposed budget, revenue estimates indicate the state has a much larger available surplus to allocate compared to recent years. In both dollar and percentage terms, however, the Governor allocates much less of this surplus to building more discretionary reserves. Moreover, the Governor proposes allocating more available funding, in dollar terms, to new ongoing spending commitments, for a total of \$3.4 billion, growing to \$4.4 billion upon full implementation.

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 2019-20 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 economic development, infrastructure improvement and beautification projects throughout the City.

The key assumptions for the General Fund fiscal year 2019-20 Budget are:

- The adopted operating budget is balanced with no use of available 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. 2019-20 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 \$10.8 million as of June 30, 2020. This amounts represent 22% of the operational & minor capital outlays expenditures.

The following table summarizes the General Fund 2019-20 Adopted Budget.

General Fund Balance	Budget 2020
Unassigned Balance, Start of Year	12,726,291
Assigned CIP Balance	183,959
Change in Reserve Balances	1,994,403
Available Beginning Balance, Start of Year	14,904,653
Estimated Revenues	49,308,040
Less Expenditures:	
Operations	47,424,328
Minor Capital Outlays	539,960
Capital Improvement Projects	183,959
Other Uses (Transfers to Debt Service, Reserves, Post-Employment Benefits Trust)	5,283,607
Estimated Uses	53,431,854
Estimated Fund Balance, June 30, 2020	10,780,839

Request for Information

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

BASIC FINANCIAL STATEMENTS

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City of Norwalk
Statement of Net Position
June 30, 2019

	Governmental Activities	Business-type Activities	Total
ASSETS:			
Cash and investments	\$ 58,336,269	\$ 18,000,616	\$ 76,336,885
Cash and investments with fiscal agents	3,424,891	315	3,425,206
Cash and investments held by trust for pension	2,142,296	-	2,142,296
Accounts receivable	1,545,853	827,354	2,373,207
Interest receivable	845,823	-	845,823
Other receivables	11,382	-	11,382
Due from other governments	5,796,223	1,904,106	7,700,329
Due from Successor Agency	53,092	-	53,092
Advances to Successor Agency	8,643,575	-	8,643,575
Internal balances	2,410,368	(2,410,368)	-
Inventory	105,502	178,377	283,879
Prepaid items and deposits	91,702	22,072	113,774
Loans receivable	7,436,720	-	7,436,720
Capital assets:			
Non-depreciable	13,166,580	14,220,923	27,387,503
Depreciable, net of accumulated depreciation	138,220,263	46,262,968	184,483,231
Total assets	<u>242,230,539</u>	<u>79,006,363</u>	<u>321,236,902</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred amounts from OPEB plans	2,337,803	1,104,685	3,442,488
Deferred amounts from pension plans	6,580,420	2,193,474	8,773,894
Unamortized loss on bond defeasance	107,119	-	107,119
Total deferred outflows of resources	<u>9,025,342</u>	<u>3,298,159</u>	<u>12,323,501</u>
LIABILITIES:			
Accounts payable	5,599,417	1,227,477	6,826,894
Accrued expenses	87,919	335,964	423,883
Interest payable	44,135	41,164	85,299
Other liabilities	40,708	38,334	79,042
Due to other governments	8,470,851	-	8,470,851
Deposits payable	59,035	150,905	209,940
Unearned revenue	6,860	1,133,986	1,140,846
Noncurrent liabilities:			
Due within one year	1,757,672	340,892	2,098,564
Due in more than one year:			
Other long-term liabilities	15,165,771	8,775,838	23,941,609
Net OPEB liability	22,428,281	9,687,588	32,115,869
Net pension liability	38,645,512	12,881,838	51,527,350
Total liabilities	<u>92,306,161</u>	<u>34,613,986</u>	<u>126,920,147</u>
DEFERRED INFLOWS OF RESOURCES:			
Deferred amounts from OPEB plans	2,104,368	2,016,473	4,120,841
Deferred amounts from pension plans	945,927	315,309	1,261,236
Total deferred inflows of resources	<u>3,050,295</u>	<u>2,331,782</u>	<u>5,382,077</u>
NET POSITION:			
Net investment in capital assets	140,419,300	51,928,808	192,348,108
Restricted:			
Pension	2,142,296	-	2,142,296
Public safety	303,381	-	303,381
Urban development	24,523,803	-	24,523,803
Public works	13,864,880	-	13,864,880
Public art	167,177	-	167,177
Culture & leisure	111,762	-	111,762
Health & welfare	100,327	-	100,327
Unrestricted	(25,733,501)	(6,570,054)	(32,303,555)
Total net position	<u>\$ 155,899,425</u>	<u>\$ 45,358,754</u>	<u>\$ 201,258,179</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	\$ 11,265,337	\$ 2,134,790	\$ 148,287	\$ -
Public safety	16,839,607	1,319,144	309,718	-
Urban development	5,163,599	2,421,333	1,523,760	-
Public works	23,969,411	333,688	11,528,853	176,220
Culture and leisure	4,894,500	527,511	100,894	-
Health and welfare	15,789,712	409,203	12,772,624	-
Interest expense	563,307	-	-	-
Total governmental activities	78,485,473	7,145,669	26,384,136	176,220
Business-type activities:				
Transit system	15,904,629	1,618,831	10,019,614	1,597,917
Water	5,342,509	5,659,007	-	-
Sewer	3,158,180	2,600,121	-	-
Total business-type activities	24,405,318	9,877,959	10,019,614	1,597,917
Total primary government	\$ 102,890,791	\$ 17,023,628	\$ 36,403,750	\$ 1,774,137

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

Net position - end of year

City of Norwalk
Statement of Activities
For the year ended June 30, 2019

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-type Activities	Total
\$ (8,982,260)	\$ -	\$ (8,982,260)
(15,210,745)	-	(15,210,745)
(1,218,506)	-	(1,218,506)
(11,930,650)	-	(11,930,650)
(4,266,095)	-	(4,266,095)
(2,607,885)	-	(2,607,885)
(563,307)	-	(563,307)
<u>(44,779,448)</u>	<u>-</u>	<u>(44,779,448)</u>
-	(2,668,267)	(2,668,267)
-	316,498	316,498
-	(558,059)	(558,059)
<u>-</u>	<u>(2,909,828)</u>	<u>(2,909,828)</u>
<u>(44,779,448)</u>	<u>(2,909,828)</u>	<u>(47,689,276)</u>
8,115,122	-	8,115,122
4,461,942	-	4,461,942
911,424	-	911,424
1,672,320	-	1,672,320
3,011,175	-	3,011,175
11,646,200	-	11,646,200
12,492,890	-	12,492,890
2,892,859	345,014	3,237,873
(2,083,012)	2,083,012	-
<u>43,120,920</u>	<u>2,428,026</u>	<u>45,548,946</u>
(1,658,528)	(481,802)	(2,140,330)
<u>157,557,953</u>	<u>45,840,556</u>	<u>203,398,509</u>
<u>\$ 155,899,425</u>	<u>\$ 45,358,754</u>	<u>\$ 201,258,179</u>

ASSETS	General Fund	Housing and Community Development Special Revenue Fund	Housing Authority Special Revenue Fund	Debt Service Fund
Assets:				
Cash and investments	\$ 14,992,382	\$ 185,371	\$ 1,306,526	\$ -
Cash and investments with fiscal agents	-	-	-	1,191,717
Cash and investments held by trust for pension	2,142,296	-	-	-
Accounts receivable, net	1,339,991	5,622	156,935	-
Interest receivable	307,821	538,002	-	-
Other receivable	11,382	-	-	-
Due from other funds	2,078,559	-	-	-
Due from other governments	2,395,045	263,426	6,387	-
Inventory	5,929	-	-	-
Prepaid items	70,482	-	-	-
Loans receivable	-	7,436,720	-	-
Due from Successor Agency	53,092	-	-	-
Advances to Successor Agency	8,643,575	-	-	-
Advances to other funds	2,410,368	-	-	-
Total assets	\$ 34,450,922	\$ 8,429,141	\$ 1,469,848	\$ 1,191,717
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)				
Liabilities:				
Accounts payable	\$ 4,108,388	\$ 86,355	\$ -	\$ -
Due to other funds	-	-	197,963	-
Due to other governments	496,129	7,974,722	-	-
Deposits payable	-	-	59,035	-
Other liabilities	40,708	-	-	-
Unearned revenue	-	-	-	-
Total liabilities	4,645,225	8,061,077	256,998	-
Deferred inflows of resources:				
Unavailable revenues	3,710,536	-	73,261	-
Total deferred inflows of resources	3,710,536	-	73,261	-
Fund balances (deficits):				
Nonspendable	7,419,818	-	-	-
Restricted	2,142,296	368,064	1,139,589	1,191,717
Committed	1,120,000	-	-	-
Assigned	603,959	-	-	-
Unassigned	14,809,088	-	-	-
Total fund balances (deficits)	26,095,161	368,064	1,139,589	1,191,717
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 34,450,922	\$ 8,429,141	\$ 1,469,848	\$ 1,191,717

See accompanying notes to basic financial statements.

**City of Norwalk
Balance Sheet
Governmental Funds
June 30, 2019**

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
\$ -	\$ 11,117,767	\$ 11,832,909	\$ -	\$ 18,599,375	\$ 58,034,330
2,233,174	-	-	-	-	3,424,891
-	-	-	-	-	2,142,296
-	-	-	-	43,305	1,545,853
-	-	-	-	-	845,823
-	-	-	-	-	11,382
-	-	-	-	-	2,078,559
828,052	-	-	564,181	1,728,466	5,785,557
-	-	-	-	-	5,929
-	-	-	-	21,220	91,702
-	-	-	-	-	7,436,720
-	-	-	-	-	53,092
-	-	-	-	-	8,643,575
-	-	-	-	-	2,410,368
<u>\$ 3,061,226</u>	<u>\$ 11,117,767</u>	<u>\$ 11,832,909</u>	<u>\$ 564,181</u>	<u>\$ 20,392,366</u>	<u>\$ 92,510,077</u>
\$ 56,499	\$ 7,292	\$ 495	\$ 31,506	\$ 1,141,746	\$ 5,432,281
655,063	-	-	532,675	692,858	2,078,559
-	-	-	-	-	8,470,851
-	-	-	-	-	59,035
-	-	-	-	-	40,708
3,360	-	-	-	3,500	6,860
<u>714,922</u>	<u>7,292</u>	<u>495</u>	<u>564,181</u>	<u>1,838,104</u>	<u>16,088,294</u>
728,052	-	-	564,181	232,634	5,308,664
<u>728,052</u>	<u>-</u>	<u>-</u>	<u>564,181</u>	<u>232,634</u>	<u>5,308,664</u>
-	-	-	-	21,220	7,441,038
2,233,174	11,110,475	11,832,414	-	14,413,857	44,431,586
-	-	-	-	4,119,185	5,239,185
-	-	-	-	-	603,959
(614,922)	-	-	(564,181)	(232,634)	13,397,351
<u>1,618,252</u>	<u>11,110,475</u>	<u>11,832,414</u>	<u>(564,181)</u>	<u>18,321,628</u>	<u>71,113,119</u>
<u>\$ 3,061,226</u>	<u>\$ 11,117,767</u>	<u>\$ 11,832,909</u>	<u>\$ 564,181</u>	<u>\$ 20,392,366</u>	<u>\$ 92,510,077</u>

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City of Norwalk
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2019

Fund balances - total governmental funds		\$ 71,113,119
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.		107,119
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet.		
Capital assets	\$ 353,002,487	
Accumulated depreciation	<u>(201,615,644)</u>	151,386,843
Accrued interest on long-term debt is not due and payable in the current period and is not reported in the governmental funds.		(44,135)
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.		5,308,664
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, 2019 are:		
Compensated absences (this amount does not include \$157,123 of internal service fund compensated absences)	(2,266,767)	
Lease revenue bonds	(9,965,000)	
Lease payable	(4,142,931)	
Bond premium	<u>(391,622)</u>	(16,766,320)
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	2,337,803	
Deferred inflows of resources related to OPEB	(2,104,368)	
Net OPEB liability	(22,428,281)	
Deferred outflows of resources related to pensions	6,580,420	
Deferred inflows of resources related to pensions	(945,927)	
Net pension liability	<u>(38,645,512)</u>	<u>(55,205,865)</u>
Net position of governmental activities		<u>\$ 155,899,425</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	\$ 42,311,073	\$ -	\$ -	\$ -
Licenses and permits	1,214,109	-	-	-
Fines, forfeitures and penalties	1,271,482	-	-	-
Use of money and property	1,375,674	7,410	2,457	25,304
Intergovernmental	340,505	1,187,765	7,385,140	-
Charges for services	1,340,739	-	-	-
Rental income	936,240	-	-	-
Other	1,050,962	524,929	25,436	-
Total revenues	49,840,784	1,720,104	7,413,033	25,304
Expenditures:				
Current:				
General government	8,883,229	-	-	2,221
Public safety	16,261,982	-	-	-
Urban development	2,646,318	1,746,207	-	-
Public works	11,012,719	50,309	-	-
Culture and leisure	4,367,892	-	-	-
Health and welfare	2,314,138	46,966	7,421,591	-
Capital outlay and improvement	164,923	-	-	-
Debt service:				
Principal retirement	-	-	-	1,249,077
Interest and fiscal charges	-	-	-	612,341
Total expenditures	45,651,201	1,843,482	7,421,591	1,863,639
Excess (deficiency) of revenues over expenditures	4,189,583	(123,378)	(8,558)	(1,838,335)
Other financing sources (uses):				
Transfers in	25,654	-	-	1,866,210
Transfers out	(2,076,887)	-	-	(4,266,690)
Total other financing sources (uses)	(2,051,233)	-	-	(2,400,480)
Change in fund balances	2,138,350	(123,378)	(8,558)	(4,238,815)
Beginning fund balances (deficits)	23,956,811	491,442	1,148,147	5,430,532
Ending fund balances (deficits)	\$ 26,095,161	\$ 368,064	\$ 1,139,589	\$ 1,191,717

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, 2019

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
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 42,311,073
-	-	-	-	-	1,214,109
-	-	-	-	-	1,271,482
45,326	430,668	443,062	-	414,479	2,744,380
306,301	-	-	1,425,738	16,521,845	27,167,294
-	-	-	-	754,950	2,095,689
-	-	-	-	-	936,240
-	-	-	-	30,967	1,632,294
<u>351,627</u>	<u>430,668</u>	<u>443,062</u>	<u>1,425,738</u>	<u>17,722,241</u>	<u>79,372,561</u>
-	-	-	-	577,399	9,462,849
-	-	-	-	365,242	16,627,224
-	-	87,443	-	24,935	4,504,903
43,005	-	-	-	2,900,433	14,006,466
-	-	-	-	130,571	4,498,463
-	-	-	-	5,689,063	15,471,758
2,801,724	61,188	-	404,896	4,603,233	8,035,964
-	-	-	-	-	1,249,077
-	-	-	-	-	612,341
<u>2,844,729</u>	<u>61,188</u>	<u>87,443</u>	<u>404,896</u>	<u>14,290,876</u>	<u>74,469,045</u>
<u>(2,493,102)</u>	<u>369,480</u>	<u>355,619</u>	<u>1,020,842</u>	<u>3,431,365</u>	<u>4,903,516</u>
4,266,690	-	-	-	463,446	6,622,000
-	-	-	-	(2,361,435)	(8,705,012)
<u>4,266,690</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,897,989)</u>	<u>(2,083,012)</u>
1,773,588	369,480	355,619	1,020,842	1,533,376	2,820,504
<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>\$ 1,618,252</u>	<u>\$ 11,110,475</u>	<u>\$ 11,832,414</u>	<u>\$ (564,181)</u>	<u>\$ 18,321,628</u>	<u>\$ 71,113,119</u>

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City of Norwalk
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and
Changes in Fund Balances to the Statement of Activities
For the year ended June 30, 2019

Net change in fund balances - total governmental funds		\$ 2,820,504
Amounts reported for governmental activities in the Statement of Activities are different because:		
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.		
Depreciation expense	\$ (9,456,228)	
Loss on retirement of assets	(15,433)	
Capital outlay	<u>6,740,732</u>	(2,730,929)
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.		
		(462,604)
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.		
Principal bond repayments	1,055,000	
Lease payable repayments	194,077	
Net change in compensated absences	<u>88,681</u>	1,337,758
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.		
Change in accrued interest on long-term debt	5,275	
Amortization of bond premium	57,598	
Amortization of loss on bond refunding	<u>(13,839)</u>	49,034
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.		
		(461,283)
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		
		<u>(2,211,008)</u>
Change in net position of governmental activities		<u><u>\$ (1,658,528)</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	\$ 3,690,860	\$ 6,761,124
Cash and investments with fiscal agents	-	315
Accounts receivable	78,225	747,776
Inventory	178,377	-
Prepaid items	8,738	11,662
Due from other governments	1,857,913	-
Total current assets	5,814,113	7,520,877
Capital assets:		
Not being depreciated	936,173	12,951,754
Being depreciated, net of accumulated depreciation	19,170,868	9,530,500
Total capital assets	20,107,041	22,482,254
Total assets	25,921,154	30,003,131
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred amounts from OPEB plans	1,025,549	65,387
Deferred amounts from pension plans	1,842,518	263,217
Total deferred outflows of resources	2,868,067	328,604
LIABILITIES:		
Current liabilities:		
Accounts payable	296,277	559,862
Accrued expenses	288,714	34,491
Interest payable	-	41,164
Deposits payable	-	150,905
Other liabilities	-	29,491
Advances from other funds	-	122,987
Unearned revenue	1,133,986	-
Compensated absences payable, current portion	101,282	20,360
Bonds payable, current portion	-	210,000
Total current liabilities	1,820,259	1,169,260
Noncurrent liabilities:		
Advances from other funds	-	2,287,381
Bonds payable	-	8,345,398
Compensated absences payable, long-term portion	317,844	89,248
Net other post-employment benefits (OPEB) liability	8,507,152	944,348
Net pension liability	10,820,744	1,545,820
Total noncurrent liabilities	19,645,740	13,212,195
Total liabilities	21,465,999	14,381,455
DEFERRED INFLOWS OF RESOURCES:		
Deferred amounts from OPEB plans	1,911,977	83,596
Deferred amounts from pension plans	264,859	37,837
Total deferred inflows of resources	2,176,836	121,433
NET POSITION:		
Net investment in capital assets	20,107,041	13,927,171
Unrestricted	(14,960,655)	1,901,676
Total net position	\$ 5,146,386	\$ 15,828,847

See accompanying notes to basic financial statements.

City of Norwalk
Statement of Net Position
Proprietary Funds
June 30, 2019

Business-type Activities Enterprise Funds (Continued)		Governmental Activities
Sewer Fund	Totals	Internal Service Funds
\$ 7,548,632	\$ 18,000,616	\$ 301,939
-	315	-
1,353	827,354	-
-	178,377	99,573
1,672	22,072	10,666
46,193	1,904,106	-
<u>7,597,850</u>	<u>20,932,840</u>	<u>412,178</u>
332,996	14,220,923	-
17,561,600	46,262,968	-
<u>17,894,596</u>	<u>60,483,891</u>	<u>-</u>
<u>25,492,446</u>	<u>81,416,731</u>	<u>412,178</u>
13,749	1,104,685	-
87,739	2,193,474	-
<u>101,488</u>	<u>3,298,159</u>	<u>-</u>
380,181	1,236,320	167,136
12,759	335,964	87,919
-	41,164	-
-	150,905	-
-	29,491	-
-	122,987	-
-	1,133,986	-
9,250	130,892	40,360
-	210,000	-
<u>402,190</u>	<u>3,391,709</u>	<u>295,415</u>
-	2,287,381	-
-	8,345,398	-
23,348	430,440	116,763
236,088	9,687,588	-
515,274	12,881,838	-
<u>774,710</u>	<u>33,632,645</u>	<u>116,763</u>
<u>1,176,900</u>	<u>37,024,354</u>	<u>412,178</u>
20,900	2,016,473	-
12,613	315,309	-
<u>33,513</u>	<u>2,331,782</u>	<u>-</u>
17,894,596	51,928,808	-
6,488,925	(6,570,054)	-
<u>\$ 24,383,521</u>	<u>\$ 45,358,754</u>	<u>\$ -</u>

	Business-type Activities	
	Enterprise Funds	
	Transit System Fund	Water Fund
Operating revenues:		
Charges for services	\$ 1,332,165	\$ 5,659,007
Total operating revenues	<u>1,332,165</u>	<u>5,659,007</u>
Operating expenses:		
Administrative	780,197	414,930
Utilities	136,650	65,162
Salaries and benefits	10,156,723	987,290
Contractual services	1,326,927	575,926
Cost of water	-	2,229,993
Maintenance and repairs	938,434	28,216
Supplies and materials	142,390	193,477
Insurance	400,700	-
Depreciation	2,009,954	396,052
Total operating expenses	<u>15,891,975</u>	<u>4,891,046</u>
Operating income (loss)	<u>(14,559,810)</u>	<u>767,961</u>
Nonoperating revenues (expenses):		
Proposition "A" taxes	2,062,044	-
Proposition "C" taxes	910,611	-
State and local grants	7,046,959	-
Investment income	55,658	145,501
Interest expense	-	(451,463)
Loss on disposition of capital assets	(12,654)	-
Other	286,666	-
Total nonoperating revenues (expenses)	<u>10,349,284</u>	<u>(305,962)</u>
Net income (loss) before capital contributions and transfers	<u>(4,210,526)</u>	<u>461,999</u>
Capital contributions and transfers:		
Capital contributions	1,597,917	-
Transfers in	2,083,012	-
Total capital contributions and transfers	<u>3,680,929</u>	<u>-</u>
Change in net position	(529,597)	461,999
Net position - beginning of year	<u>5,675,983</u>	<u>15,366,848</u>
Net position - end of year	<u>\$ 5,146,386</u>	<u>\$ 15,828,847</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, 2019

Business-type Activities Enterprise Funds (Continued)		Governmental Activities
Sewer Fund	Totals	Internal Service Funds
\$ 2,600,121	\$ 9,591,293	\$ 15,608,495
<u>2,600,121</u>	<u>9,591,293</u>	<u>15,608,495</u>
82,954	1,278,081	39,351
8,609	210,421	39,389
147,567	11,291,580	14,788,617
929,997	2,832,850	-
-	2,229,993	-
-	966,650	739,937
1,156,658	1,492,525	-
-	400,700	1,201
832,395	3,238,401	-
<u>3,158,180</u>	<u>23,941,201</u>	<u>15,608,495</u>
<u>(558,059)</u>	<u>(14,349,908)</u>	<u>-</u>
-	2,062,044	-
-	910,611	-
-	7,046,959	-
143,855	345,014	-
-	(451,463)	-
-	(12,654)	-
-	286,666	-
<u>143,855</u>	<u>10,187,177</u>	<u>-</u>
<u>(414,204)</u>	<u>(4,162,731)</u>	<u>-</u>
-	1,597,917	-
-	2,083,012	-
-	3,680,929	-
<u>(414,204)</u>	<u>(481,802)</u>	<u>-</u>
<u>24,797,725</u>	<u>45,840,556</u>	<u>-</u>
<u>\$ 24,383,521</u>	<u>\$ 45,358,754</u>	<u>\$ -</u>

	Business-type Activities	
	Enterprise Funds	
	Transit System Fund	Water Fund
Cash flows from operating activities:		
Receipts from tenants, customers and users	\$ 1,423,482	\$ 5,964,644
Payments to suppliers	(3,574,365)	(3,708,412)
Payments to employees	(9,768,063)	(899,946)
Net cash provided (used) by operating activities	<u>(11,918,946)</u>	<u>1,356,286</u>
Cash flows from capital and related financing activities:		
Purchases and construction of capital assets	(440,591)	(77,619)
Capital contributions received	1,597,917	-
Payment of bonds payable	-	(200,000)
Interest paid	-	(463,688)
Net cash provided (used) by capital and related financing activities	<u>1,157,326</u>	<u>(741,307)</u>
Cash flows from noncapital financing activities		
Cash contributions from other governments	9,602,532	-
Cash received from other funds	2,083,012	-
Cash paid to other funds	-	(117,130)
Net cash provided (used) by noncapital financing activities	<u>11,685,544</u>	<u>(117,130)</u>
Cash flows from investing activities:		
Investment income	<u>55,658</u>	<u>145,501</u>
Net cash provided by investing activities	<u>55,658</u>	<u>145,501</u>
Net increase in cash and cash equivalents	979,582	643,350
Cash and cash equivalents - beginning of year	<u>2,711,278</u>	<u>6,118,089</u>
Cash and cash equivalents - end of year	<u>\$ 3,690,860</u>	<u>\$ 6,761,439</u>

See accompanying notes to basic financial statements.

City of Norwalk
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2019

Business-type Activities Enterprise Funds (Continued)		Governmental Activities
Sewer Fund	Totals	Internal Service Funds
\$ 2,621,500	\$ 10,009,626	\$ 15,610,457
(721,864)	(8,004,641)	(738,159)
(123,876)	(10,791,885)	(14,752,476)
<u>1,775,760</u>	<u>(8,786,900)</u>	<u>119,822</u>
(288,661)	(806,871)	-
-	1,597,917	-
-	(200,000)	-
-	(463,688)	-
<u>(288,661)</u>	<u>127,358</u>	<u>-</u>
-	9,602,532	-
-	2,083,012	-
-	(117,130)	(1,962)
<u>-</u>	<u>11,568,414</u>	<u>(1,962)</u>
<u>143,855</u>	<u>345,014</u>	<u>-</u>
<u>143,855</u>	<u>345,014</u>	<u>-</u>
1,630,954	3,253,886	117,860
<u>5,917,678</u>	<u>14,747,045</u>	<u>184,079</u>
<u>\$ 7,548,632</u>	<u>\$ 18,000,931</u>	<u>\$ 301,939</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)	\$ (14,559,810)	\$ 767,961
Depreciation	2,009,954	396,052
Expensed construction in progress from prior years	-	-
Changes in operating assets, deferred outflows of resources, liabilities, and deferred inflows of resources:		
(Increase) decrease in accounts receivable	91,317	81,807
(Increase) decrease in inventory	31,960	-
(Increase) decrease in prepaid items	(7,999)	(11,662)
(Increase) decrease in due from other governments	-	226,000
(Increase) decrease in deferred outflows of resources from OPEB plans	(135,200)	(4,153)
(Increase) decrease in deferred outflows of resources from pension plans	811,062	115,866
Increase (decrease) in accounts payable	113,184	(192,836)
Increase (decrease) in accrued expenses	13,788	(995)
Increase (decrease) in deposits payable	-	(2,170)
Increase (decrease) in other liabilities	-	4,785
Increase (decrease) in compensated absences payable	7,119	(5,097)
Increase (decrease) in net OPEB liability	(1,955,100)	(70,684)
Increase (decrease) in net pension liability	(211,594)	(30,228)
Increase (decrease) in deferred inflows of resources from OPEB plans	1,852,759	78,838
Increase (decrease) in deferred inflows of resources from pension plans	19,614	2,802
Net cash provided (used) by operating activities	\$ (11,918,946)	\$ 1,356,286
Noncash investing, capital and related financing activities:		
Amortization related to long-term debt	\$ -	\$ 10,225
Loss on disposition of capital assets	\$ 12,654	\$ -
Expensed construction in progress from prior years	\$ -	\$ -

See accompanying notes to basic financial statements.

City of Norwalk
Statement of Cash Flows (Continued)
Proprietary Funds
For the year ended June 30, 2019

Business-type Activities Enterprise Funds (Continued)		Governmental Activities	
Sewer Fund	Totals	Internal Service Funds	
\$ (558,059)	\$ (14,349,908)	\$ -	
832,395	3,238,401	-	
1,227,312	1,227,312	-	
6,973	180,097	-	
-	31,960	(9,086)	
(1,672)	(21,333)	(10,666)	
14,406	240,406	1,962	
(2,511)	(141,864)	-	
38,622	965,550	-	
229,349	149,697	119,093	
1,365	14,158	7,800	
-	(2,170)	-	
-	4,785	-	
(1,236)	786	10,719	
(21,752)	(2,047,536)	-	
(10,076)	(251,898)	-	
19,710	1,951,307	-	
934	23,350	-	
<u>\$ 1,775,760</u>	<u>\$ (8,786,900)</u>	<u>\$ 119,822</u>	
<u>\$ -</u>	<u>\$ 10,225</u>	<u>\$ -</u>	
<u>\$ -</u>	<u>\$ 12,654</u>	<u>\$ -</u>	
<u>\$ 1,227,312</u>	<u>\$ 1,227,312</u>	<u>\$ -</u>	

City of Norwalk
Statement of Net Position
Fiduciary Funds
June 30, 2019

	Successor Agency to the Dissolved Redevelopment Agency Private-Purpose Trust Fund	Other Post-Employment Benefit (OPEB) Trust Fund	Agency Fund
ASSETS:			
Current assets:			
Cash and investments	\$ 5,062,709	\$ -	\$ 839,252
Cash and investments held by trust	-	8,747,362	-
Cash and investments with fiscal agents	4,430,580	-	-
Interest receivable	13,886	-	-
Accounts receivable	-	-	2,908
Total current assets	<u>9,507,175</u>	<u>8,747,362</u>	<u>842,160</u>
Noncurrent assets:			
Capital assets - being depreciated, net of accumulated depreciation	884,089	-	-
Total noncurrent assets	<u>884,089</u>	<u>-</u>	<u>-</u>
Total assets	<u>10,391,264</u>	<u>8,747,362</u>	<u>\$ 842,160</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Unamortized loss on bond refunding	111,325	-	
Total deferred outflows of resources	<u>111,325</u>	<u>-</u>	
LIABILITIES:			
Current liabilities:			
Accounts payable	377	-	\$ 9,338
Interest payable	612,704	-	-
Deposits payable	-	-	832,822
Due to City of Norwalk	53,092	-	-
Unearned revenue	54,938	-	-
Total current liabilities	<u>721,111</u>	<u>-</u>	<u>842,160</u>
Long-term liabilities:			
Due within one year	1,795,000	-	-
Due in more than one year	91,530,159	-	-
Advances from City of Norwalk - due in more than one year	8,643,575	-	-
Total noncurrent liabilities	<u>101,968,734</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>102,689,845</u>	<u>-</u>	<u>\$ 842,160</u>
NET POSITION:			
Net position restricted for private purpose	(92,187,256)	-	
Restricted for OPEB	-	8,747,362	
Total net position	<u>\$ (92,187,256)</u>	<u>\$ 8,747,362</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, 2019

	Successor Agency to the Dissolved Redevelopment Agency Private-Purpose Trust Fund	Other Post-Employment Benefit (OPEB) Trust Fund
Additions:		
Tax increment	\$ 15,163,041	\$ -
Use of money and property	144,783	-
Net investment income	-	586,074
Rental income	896,235	-
Employer contributions	-	1,610,600
	16,204,059	2,196,674
Total additions		
Deductions:		
Administrative expense	-	18,267
General government	10,557,080	-
Urban development	945,281	-
Debt service:		
Interest and fiscal charges	2,621,977	-
	14,124,338	18,267
Total deductions		
Change in net position	2,079,721	2,178,407
Net position - beginning of year	(94,266,977)	6,568,955
Net position - end of year	\$ (92,187,256)	\$ 8,747,362

See accompanying notes to basic financial statements.

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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, 2019, 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

GASB 83 - *Certain Asset Retirement Obligations*, effective for periods beginning after June 15, 2018, and did not impact the City.

GASB 88 - *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, effective for periods beginning after June 15, 2018, and did not significantly 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 84 - *Fiduciary Activities*, effective for periods beginning after December 15, 2018.
- GASB 87 - *Leases*, effective for periods beginning after December 15, 2019.
- 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.
- GASB 91 - *Conduit Debt Obligations*, effective for periods beginning after December 15, 2020.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

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.

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 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 capital improvements throughout the City.

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.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The City reports the following fund types (continued):

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.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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, 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, 2019, are due and payable in two installments on November 1, 2018 and February 1, 2019 and became delinquent on December 10, 2018 and April 10, 2019, respectively. A tax lien is attached to the property on January 1, 2019. 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, 2019.

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 and changes in assumptions. These amounts are amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the plans.
- Deferred outflow related to pensions resulting from the difference in projected and actual earnings on investments of the pension plan fiduciary net position. 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 and OPEB resulting from differences between actual and expected experiences and 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.

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, 2019, the City Council, through adoption of a resolution has committed \$1,120,000 of its fund balance for pension cost increases.

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, 2019 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	\$ 76,336,885	\$ 5,901,961	\$ 82,238,846
Restricted assets:			
Cash and investments with fiscal agents	3,425,206	4,430,580	7,855,786
Cash and investments held by trust for OPEB	-	8,747,362	8,747,362
Cash and investments held by trust for pension	2,142,296	-	2,142,296
Total cash and investments	<u>\$ 81,904,387</u>	<u>\$ 19,079,903</u>	<u>\$100,984,290</u>

Cash and investments at June 30, 2019 consisted of the following:

Cash on hand	\$ 5,544
Deposits with financial institutions	3,710,695
Investments	97,268,051
Total cash and investments	<u>\$100,984,290</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 or the investment of funds within the pension and OPEB trusts that are governed by the agreement between the City and the trustee, 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%	None
Mortgage Pass-Through Securities	5 years	20%	None
Collateralized Bank Deposits	5 years	None	None
County Pooled Investment Funds	N/A	10%	None
Local Agency Investment Fund (LAIF)	N/A	None	\$65 million
Investment Trust of California (CaTRUST)	N/A	None	None

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)	\$ 25,425,283	\$ -	\$ -	\$ -	\$ -	\$ 25,425,283
CalTRUST Short Term Fund	103,638	-	-	-	-	103,638
CalTRUST Medium Term Fund	25,887,482	-	-	-	-	25,887,482
United States Government Sponosred Agency Securities:						
Federal Agricultural Mortgage Corporation (FAMC)	-	989,790	-	-	-	989,790
Federal Home Loan Bank (FHLB)	-	1,995,979	1,012,325	-	-	3,008,304
Federal Home Loan Mortgage Corporation (FHLMC)	996,809	-	-	1,000,279	-	1,997,088
Federal National Mortgage Association (FNMA)	997,797	993,431	1,005,246	-	-	2,996,474
Local Securities:						
State and California	-	1,512,820	-	1,476,172	-	2,988,992
Medium-Term Notes	996,088	4,025,960	5,034,577	5,068,930	-	15,125,555
Held in OPEB Trust:						
Money Market Mutual Funds	8,747,362	-	-	-	-	8,747,362
Held in Pension Trust:						
Money Market Mutual Funds	2,142,296	-	-	-	-	2,142,296
Held by Bond Trustee:						
Money Market Mutual Funds	7,855,787	-	-	-	-	7,855,787
Total	\$ 73,152,542	\$ 9,517,980	\$ 7,052,148	\$ 7,545,381	\$ -	\$ 97,268,051

City of Norwalk
Notes to Basic Financial Statements (Continued)
For the year ended June 30, 2019

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, 2019	Minimum Legal Rating								Not Rated	
			AAA	AA+	AA	AA-	A+	A	A-		
Local Agency Investment Fund (LAIF)	\$ 25,425,283	N/A	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$25,425,283
CalTRUST Short Term Fund	103,638	N/A	-	103,638	-	-	-	-	-	-	-
CalTRUST Medium Term Fund	25,887,482	N/A	-	-	-	-	25,887,482	-	-	-	-
United States Government Sponosred											
Agency Securities:											
FAMC	989,790	A	-	989,790	-	-	-	-	-	-	-
FHLB	3,008,304	A	-	3,008,304	-	-	-	-	-	-	-
FHLMC	1,997,088	A	-	1,997,088	-	-	-	-	-	-	-
FNMA	2,996,474	N/A	-	2,996,474	-	-	-	-	-	-	-
Local Securities:											
State and California	2,988,992	A	459,522	-	1,016,650	1,512,820	-	-	-	-	-
Medium-Term Notes	15,125,555	A	3,030,350	1,008,628	-	3,029,824	2,987,354	4,062,181	1,007,218	-	-
Held in OPEB Trust:											
Money Market Mutual Funds	8,747,362	N/A	-	-	-	-	-	-	-	-	8,747,362
Held in Pension Trust:											
Money Market Mutual Funds	2,142,296	N/A	-	-	-	-	-	-	-	-	2,142,296
Held by Bond Trustee:											
Money Market Mutual Funds	7,855,787	AAA	7,855,787	-	-	-	-	-	-	-	-
Total	<u>\$ 97,268,051</u>		<u>\$11,345,659</u>	<u>\$10,103,922</u>	<u>\$ 1,016,650</u>	<u>\$ 4,542,644</u>	<u>\$28,874,836</u>	<u>\$ 4,062,181</u>	<u>\$ 1,007,218</u>		<u>\$36,314,941</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, 2019, 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, 2019:

	Quoted Prices Level 1	Observable Inputs Level 2	Unobservable Inputs Level 3	Total
United States Government Sponsored				
Agency Securities:				
FAMC	\$ -	\$ 989,790	\$ -	\$ 989,790
FHLB	-	3,008,304	-	3,008,304
FHLMC	-	1,997,088	-	1,997,088
FNMA	-	2,996,474	-	2,996,474
Local Securities:				
State and California	-	2,988,992	-	2,988,992
Medium-Term Notes	-	15,125,555	-	15,125,555
Total Leveled Investments	<u>\$ -</u>	<u>\$ 27,106,203</u>	<u>\$ -</u>	<u>27,106,203</u>
LAIF*				25,425,283
CalTRUST Short Term Fund*				103,638
CalTRUST Medium Term Fund*				25,887,482
Held in OPEB Trust:				
Money Market Mutual Funds*				8,747,362
Held in Pension Trust:				
Money Market Mutual Funds*				2,142,296
Held by Bond Trustee:				
Money Market Mutual Funds*				7,855,787
Total Investment Portfolio				<u>\$ 97,268,051</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, 2019 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	\$ 197,963
	Special Projects Capital Projects Fund	655,063
	Other Federal Grants Capital Projects Fund	532,675
	Other Governmental Funds	692,858
		<u>\$ 2,078,559</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, 2018</u>	<u>Current Advances</u>	<u>Repayments</u>	<u>Balance at June 30, 2019</u>	<u>Due within One Year</u>
Water Enterprise Fund	<u>\$ 2,527,498</u>	<u>\$ -</u>	<u>\$ (117,130)</u>	<u>\$ 2,410,368</u>	<u>\$ 122,987</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, 2019 was \$117,130.

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

Interfund Transfers

The composition of the City’s interfund transfers for the year ended June 30, 2019 is as follows:

Transfers Out	Transfers In	Amount
General Fund	Debt Service Fund	\$ 1,613,441
	Other Governmental Funds	463,446
Other Governmental Funds	General Fund	25,654
	Debt Service Fund	252,769
	Transit System Enterprise Fund	2,083,012
Debt Service Fund	Special Projects Capital Projects Funds	4,266,690
		\$ 8,705,012

Transfers from the General Fund to the Debt Service 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 primarily 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. The transfer from the Debt Service Fund to the Special Projects Capital Projects Funds was to move debt proceeds to the fund from which it will be spent.

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). There were no principal or interest payments on the advance in fiscal year 2018-2019. Interest accrual totaled \$147,486 for the fiscal year ended June 30, 2019. The balance of this advance outstanding as of June 30, 2019 is \$8,643,575, which includes \$4,932,548 in principal and \$3,711,027 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 \$7,974,722 in deferred-payment rehabilitation loans to qualifying low income households in connection with the CDBG and Home Programs and a \$2,267,861 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 \$2,805,863 and offset the remaining loans of \$7,436,720 with due to other governments at June 30, 2019.

City of Norwalk
Notes to Basic Financial Statements (Continued)
For the year ended June 30, 2019

NOTE 6 - CAPITAL ASSETS

Governmental Activities

A summary of changes in the Governmental Activities capital assets at June 30, 2019 is as follows:

	Balance at July 1, 2018	Additions	Deletions/ Transfers	Balance at June 30, 2019
Capital assets, not being depreciated:				
Land	\$ 6,964,636	\$ -	\$ -	\$ 6,964,636
Construction in progress	10,327,879	4,835,700	(8,961,635)	6,201,944
Total capital assets, not depreciated	<u>17,292,515</u>	<u>4,835,700</u>	<u>(8,961,635)</u>	<u>13,166,580</u>
Capital assets, being depreciated:				
Buildings and improvements	52,135,596	263,983	(44,929)	52,354,650
Machinery and equipment	6,810,256	346,202	(144,578)	7,011,880
Infrastructure	270,302,314	10,256,482	-	280,558,796
Total capital assets, being depreciated	<u>329,248,166</u>	<u>10,866,667</u>	<u>(189,507)</u>	<u>339,925,326</u>
Less accumulated depreciation for:				
Buildings and improvements	(25,053,041)	(1,317,269)	48,898	(26,321,412)
Machinery and equipment	(4,827,263)	(335,590)	125,176	(5,037,677)
Infrastructure	(162,542,605)	(7,803,369)	-	(170,345,974)
Total accumulated depreciation	<u>(192,422,909)</u>	<u>(9,456,228)</u>	<u>174,074</u>	<u>(201,705,063)</u>
Total capital assets, being depreciated, net	<u>136,825,257</u>	<u>1,410,439</u>	<u>(15,433)</u>	<u>138,220,263</u>
Governmental Activities capital assets, net	<u>\$ 154,117,772</u>	<u>\$ 6,246,139</u>	<u>\$ (8,977,068)</u>	<u>\$ 151,386,843</u>

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

General government	\$ 1,371,512
Public safety	29,620
Urban development	11,804
Public works	7,805,891
Culture and leisure	152,833
Health and welfare	84,568
Total depreciation expense - governmental activities	<u>\$ 9,456,228</u>

NOTE 6 - CAPITAL ASSETS (CONTINUED)

Business-type Activities

A summary of changes in the Business-type Activities capital assets at June 30, 2019 is as follows:

	Balance at July 1, 2018	Additions	Deletions/ Transfers	Balance at June 30, 2019
Capital assets, not being depreciated:				
Land	\$ 23,125	\$ -	\$ -	\$ 23,125
Construction in progress	8,665,348	780,392	(3,644,523)	5,801,217
Water rights	8,396,581	-	-	8,396,581
Total capital assets, not depreciated	<u>17,085,054</u>	<u>780,392</u>	<u>(3,644,523)</u>	<u>14,220,923</u>
Capital assets, being depreciated:				
Buildings and improvements	13,111,819	-	-	13,111,819
Distribution system	13,439,105	2,417,214	-	15,856,319
Sewer infrastructure	47,408,051	-	-	47,408,051
Office equipment	822,297	26,476	-	848,773
Vehicles	19,160,074	-	-	19,160,074
Tools and equipment	2,435,530	-	(27,116)	2,408,414
Miscellaneous	144,559	-	-	144,559
Total capital assets, being depreciated	<u>96,521,435</u>	<u>2,443,690</u>	<u>(27,116)</u>	<u>98,938,009</u>
Less accumulated depreciation for:				
Buildings and improvements	(3,501,238)	(423,554)	-	(3,924,792)
Distribution system	(6,363,126)	(267,459)	-	(6,630,585)
Sewer infrastructure	(29,030,478)	(914,804)	-	(29,945,282)
Office equipment	(499,461)	(27,782)	-	(527,243)
Vehicles	(8,675,855)	(1,426,108)	-	(10,101,963)
Tools and equipment	(1,211,154)	(175,340)	14,462	(1,372,032)
Miscellaneous	(169,790)	(3,354)	-	(173,144)
Total accumulated depreciation	<u>(49,451,102)</u>	<u>(3,238,401)</u>	<u>14,462</u>	<u>(52,675,041)</u>
Total capital assets, being depreciated, net	<u>47,070,333</u>	<u>(794,711)</u>	<u>(12,654)</u>	<u>46,262,968</u>
Total business-type activities capital assets, net	<u>\$ 64,155,387</u>	<u>\$ (14,319)</u>	<u>\$ (3,657,177)</u>	<u>\$ 60,483,891</u>

NOTE 6 - CAPITAL ASSETS (CONTINUED)

Business-type Activities (Continued)

Construction in progress deletions exceeded additions in capital assets, being depreciated, due to a project that did not meet the criteria for capitalization and was expensed in the current year.

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

Transit system	\$ 2,009,954
Water	396,052
Sewer	832,395
Total depreciation expense - business-type activities	\$ 3,238,401

NOTE 7 - LONG-TERM LIABILITIES

Changes in long-term liabilities for the year ended June 30, 2019, were as follows:

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019	Due Within One Year
Governmental Activities:					
<i>Other debt:</i>					
2013A Lease Revenue Refunding Bonds	\$ 5,210,000	\$ -	\$ (430,000)	\$ 4,780,000	\$ 450,000
Add: Unamortized bond premium	126,580	-	(11,507)	115,073	-
2013B Lease Revenue Refunding Bonds	5,810,000	-	(625,000)	5,185,000	650,000
Add: Unamortized bond premium	322,640	-	(46,091)	276,549	-
Subtotal	11,469,220	-	(1,112,598)	10,356,622	1,100,000
<i>Direct borrowings and placements:</i>					
Lease Payable	4,337,008	-	(194,077)	4,142,931	216,127
<i>Other long-term liabilities:</i>					
Compensated absences	2,501,852	663,211	(741,173)	2,423,890	441,545
Total governmental activities	18,308,080	663,211	(2,047,848)	16,923,443	1,757,672
Business-type Activities:					
<i>Other debt:</i>					
2013A Water Revenue Bonds	8,510,000	-	(200,000)	8,310,000	210,000
Add: Unamortized bond premium	255,623	-	(10,225)	245,398	-
Subtotal	8,765,623	-	(210,225)	8,555,398	210,000
<i>Other long-term liabilities:</i>					
Compensated absences	560,546	106,961	(106,175)	561,332	130,892
Total business-type activities	9,326,169	106,961	(316,400)	9,116,730	340,892
Total long-term liabilities	\$ 27,634,249	\$ 770,172	\$ (2,364,248)	\$ 26,040,173	\$ 2,098,564

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, 2019, was \$2,423,890 and \$561,332 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, 2019, this reserve was fully funded with a balance of \$314,130. 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 \$60,217 as of June 30, 2019.

The Lease Revenue Refunding Bonds are subject to federal arbitrage regulations. The City calculated no arbitrage rebate due as of June 30, 2019. The balance outstanding on the 2013A Lease Revenue Refunding Bonds at June 30, 2019, was \$4,780,000.

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

Year Ending June 30,	Principal	Interest	Total
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	510,000	92,219	602,219
2025 - 2029	2,390,000	216,088	2,606,088
Subtotals	\$ 4,780,000	\$ 833,075	\$ 5,613,075
Add: Bond premium	115,073	-	115,073
Totals	<u>\$ 4,895,073</u>	<u>\$ 833,075</u>	<u>\$ 5,728,148</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, 2019, this reserve was fully funded with a balance of \$876,723. 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 \$46,902 as of June 30, 2019.

The Lease Revenue Refunding Bonds are subject to federal arbitrage regulations. The City calculated no arbitrage rebate due as of June 30, 2019. The balance outstanding on the 2013B Lease Revenue Refunding Bonds at June 30, 2019, was \$5,185,000.

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

<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	775,000	74,500	849,500
2025	1,640,000	51,250	1,691,250
Subtotals	\$ 5,185,000	\$ 757,500	\$ 5,942,500
Add: Bond premium	276,549	-	276,549
Totals	<u>\$ 5,461,549</u>	<u>\$ 757,500</u>	<u>\$ 6,219,049</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, 2019, \$2,233,174 of the \$4,266,690 received from this financing agreement have not yet been expended to purchase and retro fit the streetlight poles with LED light fixtures. The asset cost and accumulated depreciation for the corresponding assets for which funds have been spent is \$2,033,516 and \$90,192, respectively. The balance outstanding on the lease payable at June 30, 2019, was \$4,142,931.

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

<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	259,516	150,500	410,016
2025 - 2029	1,491,534	558,547	2,050,081
2030 - 2033	1,464,769	175,295	1,640,064
Totals	<u>\$ 4,142,931</u>	<u>\$ 1,597,294</u>	<u>\$ 5,740,225</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, 2019, was \$8,310,000.

The Water Revenue Bonds are subject to federal arbitrage regulations. The City calculated no arbitrage rebate due as of June 30, 2019. 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, 2019, the City's net revenue coverage was 241%, which meets the requirements.

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

June 30,	Principal	Interest	Total
2020	\$ 210,000	\$ 329,312	\$ 539,312
2021	220,000	318,812	538,812
2022	230,000	307,812	537,812
2023	240,000	296,313	536,313
2024	255,000	284,313	539,313
2025 - 2029	1,440,000	1,252,838	2,692,838
2030 - 2034	1,700,000	994,825	2,694,825
2035 - 2039	2,055,000	645,000	2,700,000
2040 - 2043	1,960,000	200,000	2,160,000
Subtotals	\$ 8,310,000	\$ 4,629,225	\$ 12,939,225
Add: Bond premium	245,398	-	245,398
Totals	<u>\$ 8,555,398</u>	<u>\$ 4,629,225</u>	<u>\$ 13,184,623</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 for the measurement period ended 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

For the measurement period ended June 30, 2018, the following employees were covered by the benefit terms for all Plans:

	<u>Miscellaneous</u>
Inactive employees or beneficiaries currently receiving benefits	328
Inactive employees entitled to but not yet receiving benefits	151
Active employees	242
Total	721

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, 2018, using an annual actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 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, 2017 actuarial valuations were determined using the following actuarial assumptions:

	<u>Miscellaneous</u>
Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Projected Salary Increase	(1)
Mortality Rate Table	(2)
Post Retirement Benefit Income	(3)

(1) Varies by entry age and service.

(2) The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using the Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

(3) Contract COLA up to 2.00% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter.

Long-term Expected Rate of Return

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 cash flows. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ 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 fund.

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

B. Net Pension Liability (Continued)

Long-term Expected Rate of Return (Continued)

The expected rate of return was set by calculating the rounded 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 equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The expected real rates of return by asset class are as follows:

Asset Class (a)	Assumed Asset Allocation	Real Return Years 1 - 10 (b)	Real Return Years 11+ (c)
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Assets	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
Total	100.00%		

(a) In the CalPERS CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities

Discount Rate

The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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, 2018, are as follows:

	Increase (Decrease)		Net Pension Liability (Asset)
	Total Pension Liability	Plan Fiduciary Net Position	
Balance at June 30, 2017 (Measurement Date)	<u>\$174,996,468</u>	<u>\$122,461,527</u>	<u>\$ 52,534,941</u>
Changes in the Year:			
Service cost	3,395,393	-	3,395,393
Interest on the total pension liability	12,272,227	-	12,272,227
Differences between actual and expected experience	44,859	-	44,859
Changes in assumptions	(1,177,831)	-	(1,177,831)
Contribution - employer	-	4,326,086	(4,326,086)
Contribution - employee	-	1,422,508	(1,422,508)
Net investment income	-	10,347,163	(10,347,163)
Administrative expenses	-	(190,829)	190,829
Miscellaneous expense	-	(362,689)	362,689
Benefit payments, including refunds of employee contributions	(7,843,277)	(7,843,277)	-
Net Changes	<u>6,691,371</u>	<u>7,698,962</u>	<u>(1,007,591)</u>
Balance at June 30, 2018 (Measurement Date)	<u>\$181,687,839</u>	<u>\$130,160,489</u>	<u>\$ 51,527,350</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	\$ 76,126,297
Current Discount Rate	7.15%
Net Pension Liability	\$ 51,527,350
1% Increase	8.15%
Net Pension Liability	\$ 31,260,212

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, 2019, the City recognized pension expense of \$7,904,044. For the measurement period ended 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	\$ 4,882,298	\$ -
Differences between actual and expected experience	31,265	(440,323)
Change in assumptions	3,527,765	(820,913)
Net differences between projected and actual earnings on plan investments	332,566	-
Total	\$ 8,773,894	\$ (1,261,236)

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

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

\$4,882,298 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, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ending June 30,	Amount
2020	\$ 4,030,528
2021	292,856
2022	(1,353,327)
2023	(339,697)
2024	-
Thereafter	-

E. Payable to the Pension Plan

At June 30, 2019, the City had no outstanding amount of contributions to the pension plan required for the year ended June 30, 2019.

F. Other

The General Fund includes \$2,142,296 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 \$5,470,518 and employee contributions made during the fiscal year ended June 30, 2019, were \$410,289. 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, 2019, 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 \$120,057 with 26 participants was remitted to Mass Mutual with a total ending investment balance of \$1,609,810. On the other hand, employee contributions to deferred compensation plan 457 are voluntary. During the year, there were 156 participants. Contributions totaled \$707,239. Total plan assets at June 30, 2019, were \$17,269,499. Mass Mutual administers 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 2018	\$1,200 per month	PERSCare Family Rate \$1,752
Calendar Year 2019	\$1,200 per month	PERSCare Family Rate \$2,194

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

Employees Covered

As of measurement date June 30, 2018, the following current and former employees were covered by the benefit terms under the plan:

Inactive employees or beneficiaries currently receiving benefits	272
Inactive employees or beneficiaries entitled to but not yet receiving benefits	-
Active employees	226
	<u>498</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, 2019, the City contributed \$1,610,600 to the PARS OPEB Trust, and paid \$1,489,129 for current premiums, and the estimated implied subsidy was \$342,759, resulting in total payments of \$3,442,488. 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)

Trust

The PARS OPEB Trust is a GASB 75 compliant trust in that the contributions are irrevocable, the plan assets are dedicated to providing OPEB to plan members in accordance with the benefit terms, and the OPEB plan assets are legally protected from the creditors of the City, OPEB plan administrator, and plan members. The Trust costs are shared among other members of the PARS Trust.

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, 2018 and was determined by an actuarial valuation as of June 30, 2018. 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, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2018
Measurement Date	June 30, 2018
Actuarial Cost Method	Entry age normal, level percentage of payroll
Asset Valuation Method	Market value
Actuarial Assumptions:	
Discount Rate	6.82%
Long-Term Expected	
Rate of Return on Investments	6.82%
Inflation	2.50%
Healthcare Trend Rates	6.50% trending down to 3.84% over 58 years
Mortality, Disability, Termination, Retirement	CalPERS December 2017 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 of 6.82% 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:		
Large Cap Core	32.00%	6.70%
Mid Cap Core	6.00%	7.00%
Small Cap Core	9.00%	7.90%
Real Estate	2.00%	5.70%
International	7.00%	7.30%
Emerging Markets	4.00%	9.70%
Fixed Income:		
Short Term Bond	6.75%	3.80%
Intermediate Term Bond	27.00%	4.60%
High Yield	1.25%	6.00%
Cash	5.00%	2.10%
Total	100.00%	

Discount Rate

The discount rate used to measure the total OPEB liability was 6.82%. 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, 2017 (Measurement Date)	\$ 40,362,845	\$ 5,007,998	\$ 35,354,847
Changes in the Year:			
Service cost	1,522,089	-	1,522,089
Interest on the total OPEB liability	2,797,595	-	2,797,595
Differences between actual and expected experience	(2,047,171)	-	-
Changes in assumptions	(2,818,474)	-	(2,818,474)
Changes in benefit terms	596,892	-	596,892
Contributions - employer	-	2,895,732	(2,895,732)
Net investment income	-	404,743	(404,743)
Benefit payments	(1,728,952)	(1,728,952)	-
Administrative expenses	-	(10,566)	10,566
Net Changes	(1,678,021)	1,560,957	(3,238,978)
Balance at June 30, 2018 (Measurement Date)	\$ 38,684,824	\$ 6,568,955	\$ 32,115,869

Change of Assumptions

The discount rate was lowered from 7.00% as of June 30, 2017 to 6.82% as of the June 30, 2018. The mortality, disability, termination, and retirement assumptions for June 30, 2017 utilized the CalPERS 1997-2015 experience study while the December 2017 CalPERS experience study was utilized for June 30, 2018. June 30, 2017 contained healthcare rates of 7.00% trending down to 3.94% over 57 years while June 30, 2018 contained healthcare rates of 6.50% trending down to 3.84% over 58 years.

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

C. Changes in the Total OPEB Liability

Change of Assumptions (Continued)

The change in the total OPEB liability due to the changes of assumptions and other adjustments is summarized below:

Total OPEB Liability June 30, 2017 (Measurement Date)	\$ 40,362,845
Net benefits earned	1,522,089
Interest	2,797,595
Change in benefit terms	596,892
Change in claim costs and premiums	1,146,987
Change in census (demographics)	(3,098,063)
Other changes in experience	(96,095)
Change in discount rate	774,143
Change in healthcare trend rate	(1,219,626)
Change in mortality, retirement, termination, and disability	(2,592,306)
Change in payroll growth rate	219,315
Benefit payments	(1,402,395)
Implicit subsidy fulfilled	(326,557)
Total OPEB Liability June 30, 2018 (Measurement Date)	\$ 38,684,824

Change of Benefit Terms

The City cap for General Group Members benefits was increased from \$900 per month for 2017 to \$1,200 per month for 2018.

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 (5.82%) or 1-percentage point higher (7.82%) than the current discount rate:

	1% Decrease (5.82%)	Discount Rate (6.82%)	1% Increase (7.82%)
Net OPEB Liability	\$ 36,907,067	\$ 32,115,869	\$ 28,107,870

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:

	5.50% Decreasing to 2.84%	6.50% Decreasing to 3.84%	7.50% Decreasing to 4.84%
Net OPEB Liability	\$ 27,454,002	\$ 32,115,869	\$ 37,823,908

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

For the year ended June 30, 2019, the City recognized OPEB expense of \$3,599,422. At June 30, 2019, 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	\$ 3,442,488	\$ -
Differences between actual and expected experience	-	(1,653,484)
Changes in assumptions	-	(2,276,457)
Differences between projected and actual earnings	-	(190,900)
Total	\$ 3,442,488	\$ (4,120,841)

The differences between projected and actual earnings on plan investments is amortized over five years. The differences between actual and expected experience and changes in assumptions 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

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

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

\$3,442,488 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, 2020. 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
2020	\$ (994,567)
2021	(994,567)
2022	(994,567)
2023	(950,010)
2024	(187,130)
Thereafter	-

E. Payable to the OPEB Plan

At June 30, 2019, the City had no outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2019.

City of Norwalk
Notes to Basic Financial Statements (Continued)
For the year ended June 30, 2019

NOTE 12 - FUND BALANCES AND NET POSITION CLASSIFICATION

Fund balances at June 30, 2019, consisted of the following:

	Special Revenue Funds				Capital Projects Funds				Other Governmental Funds	Total Governmental Funds
	General Fund	Housing and Community Development	Housing Authority	Debt Service Fund	Special Projects	Economic Development	Housing Successor	Other Federal Grants		
Nonspendable:										
Advances to Successor Agency	\$ 4,933,039	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,933,039
Advances to other funds	2,410,368	-	-	-	-	-	-	-	-	2,410,368
Inventory of material and supplies	5,929	-	-	-	-	-	-	-	-	5,929
Prepaid items	70,482	-	-	-	-	-	-	-	21,220	91,702
Total nonspendable	7,419,818	-	-	-	-	-	-	-	21,220	7,441,038
Restricted:										
Pension	2,142,296	-	-	-	-	-	-	-	-	2,142,296
Public safety	-	-	-	-	-	-	-	-	303,381	303,381
Urban development	-	368,064	1,139,589	-	-	11,110,475	11,832,414	-	-	24,450,542
Public works	-	-	-	-	2,233,174	-	-	-	13,731,210	15,964,384
Public art	-	-	-	-	-	-	-	-	167,177	167,177
Culture & leisure	-	-	-	-	-	-	-	-	111,762	111,762
Health & welfare	-	-	-	-	-	-	-	-	100,327	100,327
Debt service	-	-	-	1,191,717	-	-	-	-	-	1,191,717
Total restricted	2,142,296	368,064	1,139,589	1,191,717	2,233,174	11,110,475	11,832,414	-	14,413,857	44,431,586
Committed:										
CalPERS defined benefit pension plan (see Note 1E)	1,120,000	-	-	-	-	-	-	-	-	1,120,000
Public works	-	-	-	-	-	-	-	-	438,064	438,064
Equipment replacement	-	-	-	-	-	-	-	-	2,715,723	2,715,723
Building renovation	-	-	-	-	-	-	-	-	965,398	965,398
Total committed	1,120,000	-	-	-	-	-	-	-	4,119,185	5,239,185
Assigned:										
Capital projects	603,959	-	-	-	-	-	-	-	-	603,959
Unassigned										
	14,809,088	-	-	-	(614,922)	-	-	(564,181)	(232,634)	13,397,351
Total fund balances	\$ 26,095,161	\$ 368,064	\$ 1,139,589	\$ 1,191,717	\$ 1,618,252	\$ 11,110,475	\$ 11,832,414	\$ (564,181)	\$ 18,321,628	\$ 71,113,119

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

The City's net position at June 30, 2019 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	\$ 13,166,580	\$ 14,220,923
Depreciable capital assets, net	138,220,263	46,262,968
Lease revenue refunding bonds	(9,965,000)	-
Lease payable	(4,142,931)	-
Water revenue bonds	-	(8,310,000)
Bond premiums	(391,622)	(245,398)
Cash and investments with fiscal agents	3,424,891	315
Deferred amount on refunding	107,119	-
Net investment in capital assets	140,419,300	51,928,808
Restricted net position:		
Pension	2,142,296	-
Public safety	303,381	-
Urban development	24,523,803	-
Public works	13,864,880	-
Public art	167,177	-
Culture & leisure	111,762	-
Health & welfare	100,327	-
Total restricted net position	41,213,626	-
Unrestricted net position	(25,733,501)	(6,570,054)
Total net position	\$ 155,899,425	\$ 45,358,754

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:	
Other Federal Grants Capital Projects Fund	\$ (564,181)
Other Governmental Funds:	
Proposition "C" I-5 Mitigation Capital Projects Fund	(232,634)
Subtotal	\$ (796,815)

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, 2019:

	Budget	Actual	Variance with Final Budget
Major Fund:			
Housing Authority			
Special Revenue Fund:			
Health and welfare	\$ 7,246,092	\$ 7,421,591	\$ (175,499)
Debt Service Fund:			
Interest and fiscal charges	595,281	612,341	(17,060)
Other Governmental Funds:			
Child Development Program			
Special Revenue Fund:			
Health and welfare	4,752,513	5,256,356	(503,843)
Air Quality Improvement			
Special Revenue Fund:			
Health and welfare	163,964	164,267	(303)

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 2018-2019, 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 \$108,655,112. 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 \$38,071,748. 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 2018-2019.

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, 2019 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,
2017	\$ -	\$ 57,112	\$ (57,112)	\$ -
2018	-	527,701	(527,701)	-
2019	-	137,802	(137,802)	-

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 I-5 Consortium Joint Powers Authority (Consortium) in May 1991. The Consortium was created to act in concert with the State of California and Federal Agencies in matters pertaining to the development of plans and financing for I-5 Freeway improvements. Each member city has appointed one board member to represent its city. Annual contributions are required on an equal pro-rata basis upon approval by the Board. For the year ended June 30, 2019, the City of Norwalk contributed \$30,000.

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

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

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, 2018	Additions	Deletions/ Transfers	Balance at June 30, 2019
Capital assets, being depreciated:				
Buildings and improvements	\$ 1,010,388	\$ -	\$ -	\$ 1,010,388
Less accumulated depreciation for:				
Buildings and improvements	(101,039)	(25,260)	-	(126,299)
 Total capital assets, being depreciated, net	 909,349	 (25,260)	 -	 884,089
 Total successor agency capital assets, net	 <u>\$ 909,349</u>	 <u>\$ (25,260)</u>	 <u>\$ -</u>	 <u>\$ 884,089</u>

Disclosure of Successor Agency Debts

Details of the Successor Agency's long-term debt for the year ended June 30, 2019 were as follows:

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019	Due Within One Year
<i>Other debt:</i>					
Tax Allocation Refunding Bonds:					
2005 Series A	\$ 25,825,000	\$ -	\$ (950,000)	\$ 24,875,000	\$ 995,000
Add: Bond premium	276,763	-	(16,045)	260,718	-
2005 Series B (Taxable)	22,670,000	-	(760,000)	21,910,000	800,000
Less: Bond discount	(204,129)	-	11,833	(192,296)	-
Subtotals	<u>48,567,634</u>	<u>-</u>	<u>(1,714,212)</u>	<u>46,853,422</u>	<u>1,795,000</u>
<i>Direct borrowings and placements:</i>					
County Deferred Loans:					
Project Area No. 1	30,691,666	-	-	30,691,666	-
Project Area No. 2	14,747,730	1,032,341	-	15,780,071	-
Total other debt and county deferred loans	<u>94,007,030</u>	<u>1,032,341</u>	<u>(1,714,212)</u>	<u>93,325,159</u>	<u>1,795,000</u>
<i>Direct borrowings and placements:</i>					
Advances from the City of Norwalk:					
Metro Center parcels	8,496,088	147,487	-	8,643,575	-
Total long-term liabilities	<u>\$ 102,503,118</u>	<u>\$ 1,179,828</u>	<u>\$ (1,714,212)</u>	<u>\$ 101,968,734</u>	<u>\$ 1,795,000</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 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 \$111,325 as of June 30, 2019.

The Tax Allocation Refunding Bonds are subject to federal arbitrage regulations. The City calculated no arbitrage rebate due as of June 30, 2019. The balance outstanding on the Tax Allocation Refunding Bonds, 2005 Series A at June 30, 2019, was \$24,875,000.

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
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	1,180,000	988,581	2,168,581
2025 - 2029	6,760,000	4,041,697	10,801,697
2030 - 2034	8,620,000	2,139,214	10,759,214
2035 - 2036	4,080,000	206,500	4,286,500
Subtotals	\$ 24,875,000	\$ 11,821,819	\$ 36,696,819
Add: Bond premium	260,718	-	260,718
Totals	<u>\$ 25,135,718</u>	<u>\$ 11,821,819</u>	<u>\$ 36,957,537</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, 2019, was \$21,910,000.

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
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	995,000	1,027,797	2,022,797
2025 - 2029	5,885,000	4,201,231	10,086,231
2030 - 2034	7,775,000	2,253,281	10,028,281
2035 - 2036	3,775,000	220,081	3,995,081
Subtotals	\$ 21,910,000	\$ 12,328,430	\$ 34,238,430
Less: Bond discount	(192,296)	-	(192,296)
Totals	<u>\$ 21,717,704</u>	<u>\$ 12,328,430</u>	<u>\$ 34,046,134</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, 2019, this reserve was fully funded with a balance of \$4,401,288.

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, 2019, 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, 2019, the deferred loan balance payable to the County of Los Angeles for Project Area No. 2 was \$15,780,071.

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, 2019 is \$8,643,575.

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 2018-2019, the Agency remitted to the Landlord \$236,985 received from the sub-tenant as percentage rent.

NOTE 18 - SUBSEQUENT EVENT

In July 2019, the City (through the Norwalk Community Facilities Financing Authority) issued \$10,435,000 in Sales Tax Revenue Bonds, Series 2019A and \$9,250,000 in Sales Tax Revenue Bonds, Series 2019B to finance street improvement projects. Sales Tax Revenue Bonds, Series 2019A are payable from pledged Measure M receipts; principal due in amounts ranging from \$505,000 to \$935,000 on June 1 each year starting in 2020 through 2034. Sales Tax Revenue Bonds, Series 2019B are payable from pledged Measure R receipts; principal due in amounts ranging from \$450,000 to \$830,000 on June 1 each year starting in 2020 through 2034. Both 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, 2029, at par plus accrued interest to the date fixed for redemption, without premium; interest rates vary from 4% to 5%.

In preparing these financial statements, the City has evaluated other events and transactions for potential recognition or disclosure through December 2, 2019, the date the financial statements were available to be issued.

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REQUIRED SUPPLEMENTARY INFORMATION

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

Fiscal year ended	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Measurement period	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Total Pension Liability:					
Service cost	\$ 3,395,393	\$ 3,253,433	\$ 2,798,540	\$ 2,777,970	\$ 2,846,128
Interest on total pension liability	12,272,227	11,814,360	11,420,438	10,941,117	10,415,206
Differences between expected and actual experience	44,859	(1,191,669)	(541,635)	200,587	-
Changes in assumptions	(1,177,831)	9,941,881	-	(2,694,093)	-
Changes in benefits	-	-	-	-	-
Benefit payments, including refunds of employee contributions	(7,843,277)	(7,360,837)	(7,134,374)	(6,709,820)	(6,454,235)
Net Change in Total Pension Liability	6,691,371	16,457,168	6,542,969	4,515,761	6,807,099
Total Pension Liability - Beginning of Year	174,996,468	158,539,300	151,996,331	147,480,570	140,673,471
Total Pension Liability - End of Year (a)	<u>\$ 181,687,839</u>	<u>\$ 174,996,468</u>	<u>\$ 158,539,300</u>	<u>\$ 151,996,331</u>	<u>\$ 147,480,570</u>
Plan Fiduciary Net Position:					
Contributions - employer	\$ 4,326,086	\$ 4,001,016	\$ 3,620,111	\$ 3,088,469	\$ 2,827,904
Contributions - employee	1,422,508	1,344,205	1,302,530	1,200,653	1,213,682
Net investment income	10,347,163	12,480,715	587,323	2,524,863	17,146,278
Benefit payments	(7,843,277)	(7,360,837)	(7,134,374)	(6,709,820)	(6,454,235)
Administrative expense	(190,829)	(165,600)	(69,389)	(128,139)	-
Miscellaneous expense	(362,689)	-	-	-	-
Net Change in Plan Fiduciary Net Position	7,698,962	10,299,499	(1,693,799)	(23,974)	14,733,629
Plan Fiduciary Net Position - Beginning of Year	122,461,527	112,162,028	113,855,827	113,879,801	99,146,172
Plan Fiduciary Net Position - End of Year (b)	<u>\$ 130,160,489</u>	<u>\$ 122,461,527</u>	<u>\$ 112,162,028</u>	<u>\$ 113,855,827</u>	<u>\$ 113,879,801</u>
Net Pension Liability - Ending (a)-(b)	<u>\$ 51,527,350</u>	<u>\$ 52,534,941</u>	<u>\$ 46,377,272</u>	<u>\$ 38,140,504</u>	<u>\$ 33,600,769</u>
Plan fiduciary net position as a percentage of the total pension liability	71.64%	69.98%	70.75%	74.91%	77.22%
Covered payroll	\$ 17,213,375	\$ 16,611,011	\$ 15,835,113	\$ 15,392,118	\$ 14,721,610
Net pension liability as a percentage of covered payroll	299.34%	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%.

From fiscal year June 30, 2018 to June 30, 2019:

There were no changes in assumptions.

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

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

Fiscal year ended	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Actuarially determined contribution	\$ 4,882,298	\$ 4,252,350	\$ 3,620,111	\$ 3,574,267	\$ 3,133,656
Contributions in relation to the actuarially determined contributions	<u>(4,882,298)</u>	<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>	<u>\$ -</u>
Covered payroll	\$ 17,344,449	\$ 17,213,375	\$ 16,611,011	\$ 15,835,113	\$ 15,392,118
Contributions as a percentage of covered payroll	28.15%	24.70%	21.79%	22.57%	20.36%

Notes to Schedule:

Valuation Date	6/30/2016	6/30/2015	6/30/2014	6/30/2013	6/30/2012
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Methods and Assumptions Used to Determine Contribution Rates

Actuarial cost method	Entry age	Entry age	Entry age	Entry age	Entry age
Amortization method	(1)	(1)	(1)	(1)	(1)
Asset valuation method	Market Value	Market Value	Market Value	Market Value	15 Year Smoothed Market Method
Inflation	2.75%	2.75%	2.75%	2.75%	2.75%
Salary increases	(2)	(2)	(2)	(2)	(2)
Investment rate of return	7.375% (3)	7.50% (3)	7.50% (3)	7.50% (3)	7.50% (3)
Retirement age	(4)	(4)	(4)	(4)	(4)
Mortality	(5)	(5)	(5)	(5)	(5)

(1) Level percentage of payroll, closed

(2) Depending on age, service, and type of employment

(3) Net of pension plan investment expense, including inflation

(4) 50 years (2%@55, 2.7%@55), 52 years (2%@62)**

(5) Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.

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

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%
6/30/19	7.25%

(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 three 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	6/30/2019	6/30/2018
Measurement date	6/30/2018	6/30/2017
Total OPEB Liability:		
Service cost	\$ 1,522,089	\$ 1,477,756
Interest on total OPEB liability	2,797,595	2,696,630
Changes of benefit terms	596,892	-
Differences between expected and actual experience	(2,047,171)	-
Changes of assumptions	(2,818,474)	-
Benefit payments, including refunds and the implied subsidy benefit payments	(1,728,952)	(1,714,146)
Net Change in Total OPEB Liability	(1,678,021)	2,460,240
Total OPEB Liability - Beginning of Year	40,362,845	37,902,605
Total OPEB Liability - End of Year (a)	38,684,824	40,362,845
Plan Fiduciary Net Position:		
Contributions - employer	2,895,732	3,295,446
Net investment income	404,743	483,661
Benefit payments, including refunds and the implied subsidy benefit payments	(1,728,952)	(1,714,146)
Administrative expenses	(10,566)	-
Net Change in Plan Fiduciary Net Position	1,560,957	2,064,961
Plan Fiduciary Net Position - Beginning of Year	5,007,998	2,943,037
Plan Fiduciary Net Position - End of Year (b)	6,568,955	5,007,998
Net OPEB Liability - Ending (a)-(b)	\$ 32,115,869	\$ 35,354,847
Plan fiduciary net position as a percentage of the total OPEB liability	16.98%	12.41%
Covered-employee payroll	\$ 17,213,375	\$ 16,611,011
Net OPEB liability as percentage of covered-employee payroll	186.58%	212.84%

Notes to Schedule:

Benefit Changes:

The City cap for General Group Members benefits was increased from \$900 per month for 2017 to \$1,200 per month for 2018.

Changes in Assumptions:

From June 30, 2017 to June 30, 2018 (measurement dates):

The discount rate was lowered from 7.00% as of June 30, 2017 to 6.82% as of the June 30, 2018.

The mortality, disability, termination, and retirement assumptions for June 30, 2017 utilized the CalPERS 1997-2015 experience study while the December 2017 CalPERS experience study was utilized for June 30, 2018.

June 30, 2017 contained healthcare rates of 7.00% trending down to 3.94% over 57 years while June 30, 2018 contained healthcare rates of 6.50% trending down to 3.84% over 58 years.

* Fiscal year 2018 was the first year of implementation; therefore, only two years are shown.

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

Fiscal year ended	6/30/2019	6/30/2018
Actuarially determined contribution	\$ 3,175,795	\$ 2,974,742
Contributions in relation to the actuarially determined contributions	(3,442,488)	(2,961,987)
Contribution deficiency (excess)	\$ (266,693)	\$ 12,755
Covered-employee payroll	\$ 17,344,449	\$ 17,213,375
Contributions as a percentage of covered-employee payroll	19.85%	17.21%

Notes to Schedule:

Valuation Date	6/30/2018	6/30/2016
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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	20 years	25 years
Asset valuation method	Market value	
Discount rate	6.82%	7.00%
Inflation	2.50%	2.50%
Mortality, disability, termination, retirement	(4)	(3)
Healthcare trend rates	(2)	(1)

- (1) 7.00% trending down to 3.94% over 57 years
- (2) 6.50% trending down to 3.84% over 58 years
- (3) CalPERS 1997-2015 experience study
- (4) CalPERS December 2017 experience study

* Fiscal year 2018 was the first year of implementation; therefore, only two years are shown.

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**City of Norwalk
Budgetary Comparison Schedule
General Fund
For the year ended June 30, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 40,428,500	\$ 40,776,200	\$ 42,311,073	\$ 1,534,873
Licenses and permits	1,325,500	1,335,500	1,214,109	(121,391)
Fines, forfeitures and penalties	1,271,300	1,289,300	1,271,482	(17,818)
Use of money and property	280,500	326,300	1,375,674	1,049,374
Intergovernmental	651,010	236,010	340,505	104,495
Charges for services	1,190,530	1,218,430	1,340,739	122,309
Rental income	868,500	891,300	936,240	44,940
Other	2,008,440	2,014,440	1,050,962	(963,478)
Total revenues	48,024,280	48,087,480	49,840,784	1,753,304
Expenditures:				
Current:				
General government:				
Mayor, council and boards	474,366	474,366	428,662	45,704
Management and administration	3,308,080	3,351,980	3,070,518	281,462
City clerk	817,597	813,897	804,444	9,453
Personnel services	2,714,351	2,714,351	2,565,933	148,418
Financial services	2,099,975	2,098,275	2,013,672	84,603
Total general government	9,414,369	9,452,869	8,883,229	569,640
Public safety				
Public safety operations	15,022,074	15,185,307	15,033,877	151,430
Emergency preparedness	148,845	62,741	28,075	34,666
Family resource center	232,167	232,167	224,302	7,865
Homeless activities	206,254	207,754	130,586	77,168
Code compliance	970,992	981,417	845,142	136,275
Total public safety	16,580,332	16,669,386	16,261,982	407,404
Urban development:				
Community development operations	985,336	868,371	805,814	62,557
Building and safety	1,276,406	1,300,331	1,084,172	216,159
Planning	761,190	932,155	756,332	175,823
Total urban development	3,022,932	3,100,857	2,646,318	454,539
Public works:				
Public services administration	1,079,472	1,089,272	990,368	98,904
Security and emergency services	41,555	41,555	46,436	(4,881)
Facilities maintenance	1,903,222	2,019,422	1,888,945	130,477
Street maintenance	4,562	31,707	61,610	(29,903)
Traffic maintenance	16,590	11,390	50,690	(39,300)
Signals and street lighting	276,835	515,035	562,012	(46,977)
Street sweeping	358,821	358,821	402,072	(43,251)
Graffiti removal	631,830	631,830	592,198	39,632
Tree maintenance	657,274	657,274	768,915	(111,641)
Greenscape maintenance	762,752	780,352	716,393	63,959
Storm water compliance	380,941	380,941	175,086	205,855
Engineering	938,965	938,965	956,920	(17,955)
Homeless activities	-	10,000	150,331	(140,331)
Park Services	3,770,070	3,711,915	3,650,743	61,172
Total public works	10,822,889	11,178,479	11,012,719	165,760

See accompanying note to required supplementary information.

City of Norwalk
Budgetary Comparison Schedule
General Fund (Continued)
For the year ended June 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures (Continued):				
Current (Continued):				
Culture and leisure:				
Recreation	\$ 4,607,191	\$ 4,631,531	\$ 4,367,892	\$ 263,639
Total culture and leisure	<u>4,607,191</u>	<u>4,631,531</u>	<u>4,367,892</u>	<u>263,639</u>
Health and welfare:				
Social services administration	1,227,300	1,234,050	1,046,280	187,770
Senior programs	1,197,309	1,216,709	1,192,038	24,671
Emergency food and shelter program	46,750	46,750	29,738	17,012
Homeless activities	-	-	46,082	(46,082)
Total health and welfare	<u>2,471,359</u>	<u>2,497,509</u>	<u>2,314,138</u>	<u>183,371</u>
Capital outlay and improvement	<u>332,440</u>	<u>394,651</u>	<u>164,923</u>	<u>229,728</u>
Total expenditures	<u>47,251,512</u>	<u>47,925,282</u>	<u>45,651,201</u>	<u>2,274,081</u>
Excess of revenues over expenditures	<u>772,768</u>	<u>162,198</u>	<u>4,189,583</u>	<u>4,027,385</u>
Other financing sources (uses):				
Transfers in	22,000	3,642,536	25,654	(3,616,882)
Transfers out	<u>(3,107,041)</u>	<u>(3,107,041)</u>	<u>(2,076,887)</u>	<u>1,030,154</u>
Total other financing sources (uses)	<u>(3,085,041)</u>	<u>535,495</u>	<u>(2,051,233)</u>	<u>(2,586,728)</u>
Change in fund balance	<u>(2,312,273)</u>	<u>697,693</u>	<u>2,138,350</u>	<u>1,440,657</u>
Beginning fund balance	<u>23,956,811</u>	<u>23,956,811</u>	<u>23,956,811</u>	<u>-</u>
Ending fund balance	<u>\$ 21,644,538</u>	<u>\$ 24,654,504</u>	<u>\$ 26,095,161</u>	<u>\$ 1,440,657</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, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Use of money and property	\$ 400	\$ 400	\$ 7,410	\$ 7,010
Intergovernmental	1,660,764	1,772,074	1,187,765	(584,309)
Other	152,404	306,104	524,929	218,825
Total revenues	<u>1,813,568</u>	<u>2,078,578</u>	<u>1,720,104</u>	<u>(358,474)</u>
Expenditures:				
Current:				
Urban development	1,699,149	1,804,149	1,746,207	57,942
Public works	50,309	50,309	50,309	-
Health and welfare	50,000	50,000	46,966	3,034
Total expenditures	<u>1,799,458</u>	<u>1,904,458</u>	<u>1,843,482</u>	<u>60,976</u>
Excess (deficiency) of revenues over expenditures	14,110	174,120	(123,378)	(297,498)
Beginning fund balance	<u>491,442</u>	<u>491,442</u>	<u>491,442</u>	<u>-</u>
Ending fund balance	<u>\$ 505,552</u>	<u>\$ 665,562</u>	<u>\$ 368,064</u>	<u>\$ (297,498)</u>

See accompanying note to required supplementary information.

City of Norwalk
Budgetary Comparison Schedule
Housing Authority Special Revenue Fund
For the year ended June 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Use of money and property	\$ -	\$ -	\$ 2,457	\$ 2,457
Intergovernmental	7,362,320	7,362,320	7,385,140	22,820
Other	12,000	12,000	25,436	13,436
Total revenues	7,374,320	7,374,320	7,413,033	38,713
Expenditures:				
Current:				
Health and welfare	7,224,592	7,246,092	7,421,591	(175,499)
Total expenditures	7,224,592	7,246,092	7,421,591	(175,499)
Excess (deficiency) of revenues over expenditures	149,728	128,228	(8,558)	(136,786)
Beginning fund balance	1,148,147	1,148,147	1,148,147	-
Ending fund balance	\$ 1,297,875	\$ 1,276,375	\$ 1,139,589	\$ (136,786)

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 "1B" Capital Projects 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, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Use of money and property	\$ 5,000	\$ 5,000	\$ 25,304	\$ 20,304
Total revenues	5,000	5,000	25,304	20,304
Expenditures:				
Current:				
General government	2,600	2,600	2,221	379
Debt service:				
Principal retirement	1,268,000	1,268,000	1,249,077	18,923
Interest and fiscal charges	595,281	595,281	612,341	(17,060)
Total expenditures	1,865,881	1,865,881	1,863,639	2,242
Excess (deficiency) of revenues over expenditures	(1,860,881)	(1,860,881)	(1,838,335)	22,546
Other financing sources (uses):				
Transfers in	1,860,881	1,860,881	1,866,210	5,329
Transfers out	-	-	(4,266,690)	(4,266,690)
Total other financing sources (uses)	1,860,881	1,860,881	(2,400,480)	(4,261,361)
Change in fund balance	-	-	(4,238,815)	(4,238,815)
Beginning fund balance	5,430,532	5,430,532	5,430,532	-
Ending fund balance	\$ 5,430,532	\$ 5,430,532	\$ 1,191,717	\$ (4,238,815)

City of Norwalk
Budgetary Comparison Schedule
Special Projects Capital Projects Funds - Major Fund
For the year ended June 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Use of money and property	\$ -	\$ -	\$ 45,326	\$ 45,326
Intergovernmental	9,756,393	11,756,393	306,301	(11,450,092)
Total revenues	9,756,393	11,756,393	351,627	(11,404,766)
Expenditures:				
Current:				
Public works	210,663	1,710,663	43,005	1,667,658
Capital outlay and improvement	9,653,500	13,639,002	2,801,724	10,837,278
Total expenditures	9,864,163	15,349,665	2,844,729	12,504,936
Excess (deficiency) of revenues over expenditures	(107,770)	(3,593,272)	(2,493,102)	1,100,170
Other financing sources:				
Transfers in	-	-	4,266,690	4,266,690
Total other financing sources	-	-	4,266,690	4,266,690
Change in fund balance	(107,770)	(3,593,272)	1,773,588	5,366,860
Beginning fund balance (deficit)	(155,336)	(155,336)	(155,336)	-
Ending fund balance	\$ (263,106)	\$ (3,748,608)	\$ 1,618,252	\$ 5,366,860

City of Norwalk
Budgetary Comparison Schedule
Economic Development Capital Projects Fund - Major Fund
For the year ended June 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Use of money and property	\$ 35,000	\$ 35,000	\$ 430,668	\$ 395,668
Total revenues	<u>35,000</u>	<u>35,000</u>	<u>430,668</u>	<u>395,668</u>
Expenditures:				
Capital outlay and improvement	2,326,200	2,366,322	61,188	2,305,134
Total expenditures	<u>2,326,200</u>	<u>2,366,322</u>	<u>61,188</u>	<u>2,305,134</u>
Excess (deficiency) of revenues over expenditures	(2,291,200)	(2,331,322)	369,480	2,700,802
Beginning fund balance	<u>10,740,995</u>	<u>10,740,995</u>	<u>10,740,995</u>	<u>-</u>
Ending fund balance	<u>\$ 8,449,795</u>	<u>\$ 8,409,673</u>	<u>\$ 11,110,475</u>	<u>\$ 2,700,802</u>

City of Norwalk
Budgetary Comparison Schedule
Housing Successor Fund Capital Projects Fund - Major Fund
For the year ended June 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Use of money and property	\$ 10,300	\$ 10,300	\$ 443,062	\$ 432,762
Total revenues	<u>10,300</u>	<u>10,300</u>	<u>443,062</u>	<u>432,762</u>
Expenditures:				
Current:				
Urban development	147,623	147,623	87,443	60,180
Total expenditures	<u>147,623</u>	<u>147,623</u>	<u>87,443</u>	<u>60,180</u>
Excess (deficiency) of revenues over expenditures	(137,323)	(137,323)	355,619	492,942
Beginning fund balance	<u>11,476,795</u>	<u>11,476,795</u>	<u>11,476,795</u>	<u>-</u>
Ending fund balance	<u>\$ 11,339,472</u>	<u>\$ 11,339,472</u>	<u>\$ 11,832,414</u>	<u>\$ 492,942</u>

City of Norwalk
Budgetary Comparison Schedule
Other Federal Grants Capital Projects Fund
For the year ended June 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 8,960,400	\$ 8,960,400	\$ 1,425,738	\$ (7,534,662)
Total revenues	<u>8,960,400</u>	<u>8,960,400</u>	<u>1,425,738</u>	<u>(7,534,662)</u>
Expenditures:				
Capital outlay and improvement	8,960,400	8,170,628	404,896	7,765,732
Total expenditures	<u>8,960,400</u>	<u>8,170,628</u>	<u>404,896</u>	<u>7,765,732</u>
Excess of revenues over expenditures	-	789,772	1,020,842	231,070
Beginning fund balance (deficit)	<u>(1,585,023)</u>	<u>(1,585,023)</u>	<u>(1,585,023)</u>	<u>-</u>
Ending fund balance (deficit)	<u>\$ (1,585,023)</u>	<u>\$ (795,251)</u>	<u>\$ (564,181)</u>	<u>\$ 231,070</u>

City of Norwalk
Combining Balance Sheet
Other Governmental Funds
June 30, 2019

	Special Revenue Funds	Capital Projects Funds	Total Other Governmental Funds
ASSETS			
Assets:			
Cash and investments	\$ 12,826,323	\$ 5,773,052	\$ 18,599,375
Accounts receivable, net	43,305	-	43,305
Due from other governments	1,104,421	624,045	1,728,466
Prepaid items	21,220	-	21,220
Total assets	\$ 13,995,269	\$ 6,397,097	\$ 20,392,366
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)			
Liabilities:			
Accounts payable	\$ 936,701	\$ 205,045	\$ 1,141,746
Due to other funds	460,224	232,634	692,858
Unearned revenue	3,500	-	3,500
Total liabilities	1,400,425	437,679	1,838,104
Deferred inflows of resources:			
Unavailable revenues	-	232,634	232,634
Total deferred inflows of resources	-	232,634	232,634
Fund balances (deficits):			
Nonspendable	21,220	-	21,220
Restricted	12,135,560	2,278,297	14,413,857
Committed	438,064	3,681,121	4,119,185
Unassigned	-	(232,634)	(232,634)
Total fund balances (deficits)	12,594,844	5,726,784	18,321,628
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 13,995,269	\$ 6,397,097	\$ 20,392,366

City of Norwalk
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Other Governmental Funds
For the year ended June 30, 2019

	Special Revenue Funds	Capital Projects Funds	Total Other Governmental Funds
Revenues:			
Use of money and property	\$ 258,763	\$ 155,716	\$ 414,479
Intergovernmental	14,066,634	2,455,211	16,521,845
Charges for services	754,950	-	754,950
Other	28,511	2,456	30,967
Total revenues	<u>15,108,858</u>	<u>2,613,383</u>	<u>17,722,241</u>
Expenditures:			
Current:			
General government	510,463	66,936	577,399
Public safety	357,139	8,103	365,242
Urban development	23,281	1,654	24,935
Public works	2,347,112	553,321	2,900,433
Culture and leisure	-	130,571	130,571
Health and welfare	5,532,278	156,785	5,689,063
Capital outlay and improvement	1,582,236	3,020,997	4,603,233
Total expenditures	<u>10,352,509</u>	<u>3,938,367</u>	<u>14,290,876</u>
Excess (deficiency) of revenues over expenditures	<u>4,756,349</u>	<u>(1,324,984)</u>	<u>3,431,365</u>
Other financing sources (uses):			
Transfers in	38,446	425,000	463,446
Transfers out	(2,361,435)	-	(2,361,435)
Total other financing sources (uses)	<u>(2,322,989)</u>	<u>425,000</u>	<u>(1,897,989)</u>
Change in fund balances	2,433,360	(899,984)	1,533,376
Beginning fund balances	<u>10,161,484</u>	<u>6,626,768</u>	<u>16,788,252</u>
Ending fund balances	<u>\$ 12,594,844</u>	<u>\$ 5,726,784</u>	<u>\$ 18,321,628</u>

City of Norwalk
Description of Other Special Revenue Funds

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

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	\$ -	\$ 252,365	\$ 63,821	\$ -	\$ 5,692,969	\$ 356,123
Accounts receivable, net	-	-	-	-	17,040	-
Due from other governments	909,813	126,635	36,164	17,690	-	7,913
Prepaid items	-	-	-	-	20,540	-
Total assets	\$ 909,813	\$ 379,000	\$ 99,985	\$ 17,690	\$ 5,730,549	\$ 364,036
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 460,775	\$ -	\$ -	\$ 4,720	\$ 103,772	\$ 61,347
Due to other funds	445,538	-	-	12,970	-	-
Unearned revenue	3,500	-	-	-	-	-
Total liabilities	909,813	-	-	17,690	103,772	61,347
Fund balances:						
Nonspendable	-	-	-	-	20,540	-
Restricted	-	379,000	99,985	-	5,606,237	302,689
Committed	-	-	-	-	-	-
Total fund balances	-	379,000	99,985	-	5,626,777	302,689
Total liabilities, deferred inflows of resources and fund balances	\$ 909,813	\$ 379,000	\$ 99,985	\$ 17,690	\$ 5,730,549	\$ 364,036

City of Norwalk
Combining Balance Sheet
Other Special Revenue Funds
June 30, 2019

Parking Structure	Forfeiture	Special Grants	Proposition "A"	Measure "R"	Measure "M"	Total Other Special Revenue Funds
\$ 452,435	\$ 692	\$ -	\$ 122,764	\$ 3,253,024	\$ 2,632,130	\$ 12,826,323
26,265	-	-	-	-	-	43,305
-	-	6,206	-	-	-	1,104,421
680	-	-	-	-	-	21,220
<u>\$ 479,380</u>	<u>\$ 692</u>	<u>\$ 6,206</u>	<u>\$ 122,764</u>	<u>\$ 3,253,024</u>	<u>\$ 2,632,130</u>	<u>\$ 13,995,269</u>
\$ 40,636	\$ -	\$ 4,148	\$ 3,299	\$ 258,004	\$ -	\$ 936,701
-	-	1,716	-	-	-	460,224
-	-	-	-	-	-	3,500
<u>40,636</u>	<u>-</u>	<u>5,864</u>	<u>3,299</u>	<u>258,004</u>	<u>-</u>	<u>1,400,425</u>
680	-	-	-	-	-	21,220
-	692	342	119,465	2,995,020	2,632,130	12,135,560
438,064	-	-	-	-	-	438,064
<u>438,744</u>	<u>692</u>	<u>342</u>	<u>119,465</u>	<u>2,995,020</u>	<u>2,632,130</u>	<u>12,594,844</u>
<u>\$ 479,380</u>	<u>\$ 692</u>	<u>\$ 6,206</u>	<u>\$ 122,764</u>	<u>\$ 3,253,024</u>	<u>\$ 2,632,130</u>	<u>\$ 13,995,269</u>

	Child Development Program	State Gasoline Tax	Air Quality Improvement	Norwalk Senior Program	Proposition "C"	Public Safety
Revenues:						
Use of money and property	\$ -	\$ 3,537	\$ 2,032	\$ -	\$ 116,407	\$ 8,559
Intergovernmental	5,165,327	1,690,914	139,493	56,859	1,757,278	309,718
Charges for services	84,180	-	-	-	332,638	-
Other	-	-	-	50	28,461	-
Total revenues	5,249,507	1,694,451	141,525	56,909	2,234,784	318,277
Expenditures:						
Current:						
General government	-	-	-	-	102,046	-
Public safety	-	-	-	-	-	357,139
Urban development	-	-	-	-	23,281	-
Public works	-	1,315,451	-	-	578,726	-
Health and welfare	5,256,356	-	164,267	74,823	-	-
Capital outlay and improvement	-	-	-	-	330,928	-
Total expenditures	5,256,356	1,315,451	164,267	74,823	1,034,981	357,139
Excess (deficiency) of revenues over expenditures	(6,849)	379,000	(22,742)	(17,914)	1,199,803	(38,862)
Other financing sources (uses):						
Transfers in	6,849	-	-	17,914	-	-
Transfers out	-	-	(13,408)	-	(128,818)	-
Total other financing sources (uses)	6,849	-	(13,408)	17,914	(128,818)	-
Change in fund balances	-	379,000	(36,150)	-	1,070,985	(38,862)
Beginning fund balances (deficits)	-	-	136,135	-	4,555,792	341,551
Ending fund balances	\$ -	\$ 379,000	\$ 99,985	\$ -	\$ 5,626,777	\$ 302,689

City of Norwalk
Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
Other Special Revenue Funds
For the year ended June 30, 2019

Parking Structure	Forfeiture	Special Grants	Proposition "A"	Measure "R"	Measure "M"	Total Other Special Revenue Funds
\$ -	\$ 16	\$ -	\$ 16,050	\$ 74,190	\$ 37,972	\$ 258,763
-	-	25,805	2,118,550	1,318,337	1,484,353	14,066,634
338,132	-	-	-	-	-	754,950
-	-	-	-	-	-	28,511
<u>338,132</u>	<u>16</u>	<u>25,805</u>	<u>2,134,600</u>	<u>1,392,527</u>	<u>1,522,325</u>	<u>15,108,858</u>
408,417	-	-	-	-	-	510,463
-	-	-	-	-	-	357,139
-	-	-	-	-	-	23,281
1,183	-	-	47,139	404,613	-	2,347,112
-	-	36,832	-	-	-	5,532,278
-	-	-	1,556	1,249,752	-	1,582,236
<u>409,600</u>	<u>-</u>	<u>36,832</u>	<u>48,695</u>	<u>1,654,365</u>	<u>-</u>	<u>10,352,509</u>
<u>(71,468)</u>	<u>16</u>	<u>(11,027)</u>	<u>2,085,905</u>	<u>(261,838)</u>	<u>1,522,325</u>	<u>4,756,349</u>
-	-	13,683	-	-	-	38,446
<u>(252,769)</u>	<u>-</u>	<u>-</u>	<u>(1,966,440)</u>	<u>-</u>	<u>-</u>	<u>(2,361,435)</u>
<u>(252,769)</u>	<u>-</u>	<u>13,683</u>	<u>(1,966,440)</u>	<u>-</u>	<u>-</u>	<u>(2,322,989)</u>
(324,237)	16	2,656	119,465	(261,838)	1,522,325	2,433,360
762,981	676	(2,314)	-	3,256,858	1,109,805	10,161,484
<u>\$ 438,744</u>	<u>\$ 692</u>	<u>\$ 342</u>	<u>\$ 119,465</u>	<u>\$ 2,995,020</u>	<u>\$ 2,632,130</u>	<u>\$ 12,594,844</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, 2019

	Budgeted Amount		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues:			
Intergovernmental	\$ 4,632,513	\$ 5,165,327	\$ 532,814
Charges for services	120,000	84,180	(35,820)
Total revenues	<u>4,752,513</u>	<u>5,249,507</u>	<u>496,994</u>
Expenditures:			
Current:			
Health and welfare	<u>4,752,513</u>	<u>5,256,356</u>	<u>(503,843)</u>
Total expenditures	<u>4,752,513</u>	<u>5,256,356</u>	<u>(503,843)</u>
Deficiency of revenues over expenditures	-	(6,849)	(6,849)
Other financing sources:			
Transfers in	<u>-</u>	<u>6,849</u>	<u>6,849</u>
Total other financing sources	<u>-</u>	<u>6,849</u>	<u>6,849</u>
Change in fund balance	-	-	-
Beginning fund balance	<u>-</u>	<u>-</u>	<u>-</u>
Ending fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Norwalk
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual
State Gasoline Tax Special Revenue Fund
For the year ended June 30, 2019

	Budgeted Amount		Variance with Final Budget Positive (Negative)
	<u>Final</u>	<u>Actual</u>	<u>(Negative)</u>
Revenues:			
Use of money and property	\$ 500	\$ 3,537	\$ 3,037
Intergovernmental	<u>1,762,630</u>	<u>1,690,914</u>	<u>(71,716)</u>
Total revenues	<u>1,763,130</u>	<u>1,694,451</u>	<u>(68,679)</u>
Expenditures:			
Current:			
Public works	<u>1,729,120</u>	<u>1,315,451</u>	<u>413,669</u>
Total expenditures	<u>1,729,120</u>	<u>1,315,451</u>	<u>413,669</u>
Excess of revenues over expenditures	34,010	379,000	344,990
Beginning fund balance	<u>-</u>	<u>-</u>	<u>-</u>
Ending fund balance	<u>\$ 34,010</u>	<u>\$ 379,000</u>	<u>\$ 344,990</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, 2019

	Budgeted Amount		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues:			
Use of money and property	\$ 100	\$ 2,032	\$ 1,932
Intergovernmental	134,000	139,493	5,493
Total revenues	134,100	141,525	7,425
Expenditures:			
Current:			
Health and welfare	163,964	164,267	(303)
Total expenditures	163,964	164,267	(303)
Excess (deficiency) of revenues over expenditures	(29,864)	(22,742)	7,122
Other financing uses:			
Transfers out	(12,000)	(13,408)	(1,408)
Total other financing uses	(12,000)	(13,408)	(1,408)
Change in fund balance	(41,864)	(36,150)	5,714
Beginning fund balance	136,135	136,135	-
Ending fund balance	\$ 94,271	\$ 99,985	\$ 5,714

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, 2019

	Budgeted Amount		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues:			
Intergovernmental	\$ 70,991	\$ 56,859	\$ (14,132)
Other	-	50	50
Total revenues	<u>70,991</u>	<u>56,909</u>	<u>(14,082)</u>
Expenditures:			
Current:			
Health and welfare	89,844	74,823	15,021
Total expenditures	<u>89,844</u>	<u>74,823</u>	<u>15,021</u>
Excess (deficiency) of revenues over expenditures	<u>(18,853)</u>	<u>(17,914)</u>	<u>939</u>
Other financing sources:			
Transfers in	35,455	17,914	(17,541)
Total other financing sources	<u>35,455</u>	<u>17,914</u>	<u>(17,541)</u>
Change in fund balance	16,602	-	(16,602)
Beginning fund balance	-	-	-
Ending fund balance	<u>\$ 16,602</u>	<u>\$ -</u>	<u>\$ (16,602)</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, 2019

	Budgeted Amount		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues:			
Use of money and property	\$ 20,000	\$ 116,407	\$ 96,407
Intergovernmental	1,713,200	1,757,278	44,078
Charges for services	246,000	332,638	86,638
Other	123,850	28,461	(95,389)
Total revenues	2,103,050	2,234,784	131,734
Expenditures:			
Current:			
General government	108,902	102,046	6,856
Urban development	24,000	23,281	719
Public works	770,391	578,726	191,665
Capital outlay and improvement	4,851,617	330,928	4,520,689
Total expenditures	5,754,910	1,034,981	4,719,929
Excess (deficiency) of revenues over expenditures	(3,651,860)	1,199,803	4,851,663
Other financing uses:			
Transfers out	(125,164)	(128,818)	(3,654)
Total other financing uses	(125,164)	(128,818)	(3,654)
Change in fund balance	(3,777,024)	1,070,985	4,848,009
Beginning fund balance	4,555,792	4,555,792	-
Ending fund balance	\$ 778,768	\$ 5,626,777	\$ 4,848,009

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, 2019

	Budgeted Amount <u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Use of money and property	\$ 1,400	\$ 8,559	\$ 7,159
Intergovernmental	<u>247,287</u>	<u>309,718</u>	<u>62,431</u>
Total revenues	<u>248,687</u>	<u>318,277</u>	<u>69,590</u>
Expenditures:			
Current:			
Public safety	<u>496,759</u>	<u>357,139</u>	<u>139,620</u>
Total expenditures	<u>496,759</u>	<u>357,139</u>	<u>139,620</u>
Excess (deficiency) of revenues over expenditures	<u>(248,072)</u>	<u>(38,862)</u>	<u>209,210</u>
Beginning fund balance	<u>341,551</u>	<u>341,551</u>	<u>-</u>
Ending fund balance	<u><u>\$ 93,479</u></u>	<u><u>\$ 302,689</u></u>	<u><u>\$ 209,210</u></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, 2019

	Budgeted Amount		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues:			
Charges for services	\$ 350,000	\$ 338,132	\$ (11,868)
Total revenues	<u>350,000</u>	<u>338,132</u>	<u>(11,868)</u>
Expenditures:			
Current:			
General government	500,646	408,417	92,229
Public works	1,183	1,183	-
Total expenditures	<u>501,829</u>	<u>409,600</u>	<u>92,229</u>
Excess (deficiency) of revenues over expenditures	<u>(151,829)</u>	<u>(71,468)</u>	<u>80,361</u>
Other financing uses:			
Transfers out	(252,769)	(252,769)	-
Total other financing uses	<u>(252,769)</u>	<u>(252,769)</u>	<u>-</u>
Change in fund balance	(404,598)	(324,237)	80,361
Beginning fund balance	<u>762,981</u>	<u>762,981</u>	<u>-</u>
Ending fund balance	<u>\$ 358,383</u>	<u>\$ 438,744</u>	<u>\$ 80,361</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, 2019

	Budgeted Amount <u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$ 53,939	\$ 25,805	\$ (28,134)
Total revenues	<u>53,939</u>	<u>25,805</u>	<u>(28,134)</u>
Expenditures:			
Current:			
Health and welfare	58,922	36,832	22,090
Total expenditures	<u>58,922</u>	<u>36,832</u>	<u>22,090</u>
Deficiency of revenues over expenditures	<u>(4,983)</u>	<u>(11,027)</u>	<u>(6,044)</u>
Other financing sources:			
Transfers in	33,474	13,683	(19,791)
Total other financing sources	<u>33,474</u>	<u>13,683</u>	<u>(19,791)</u>
Change in fund balance	28,491	2,656	(25,835)
Beginning fund balance (deficit)	<u>(2,314)</u>	<u>(2,314)</u>	<u>-</u>
Ending fund balance	<u>\$ 26,177</u>	<u>\$ 342</u>	<u>\$ (25,835)</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, 2019

	Budgeted Amount		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues:			
Use of money and property	\$ -	\$ 16,050	\$ 16,050
Intergovernmental	2,065,433	2,118,550	53,117
Total revenues	<u>2,065,433</u>	<u>2,134,600</u>	<u>69,167</u>
Expenditures:			
Current:			
Public works	88,234	47,139	41,095
Capital outlay and improvement	13,874	1,556	12,318
Total expenditures	<u>102,108</u>	<u>48,695</u>	<u>53,413</u>
Excess of revenues over expenditures	<u>1,963,325</u>	<u>2,085,905</u>	<u>122,580</u>
Other financing uses:			
Transfers out	(1,966,440)	(1,966,440)	-
Total other financing uses	<u>(1,966,440)</u>	<u>(1,966,440)</u>	<u>-</u>
Change in fund balance	(3,115)	119,465	122,580
Beginning fund balance	<u>-</u>	<u>-</u>	<u>-</u>
Ending fund balance (deficit)	<u>\$ (3,115)</u>	<u>\$ 119,465</u>	<u>\$ 122,580</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, 2019

	Budgeted Amount		Variance with Final Budget Positive (Negative)
	<u>Final</u>	<u>Actual</u>	
Revenues:			
Use of money and property	\$ 2,500	\$ 74,190	\$ 71,690
Intergovernmental	<u>1,284,900</u>	<u>1,318,337</u>	<u>33,437</u>
Total revenues	<u>1,287,400</u>	<u>1,392,527</u>	<u>105,127</u>
Expenditures:			
Current:			
Public works	521,100	404,613	116,487
Capital outlay and improvement	<u>3,604,564</u>	<u>1,249,752</u>	<u>2,354,812</u>
Total expenditures	<u>4,125,664</u>	<u>1,654,365</u>	<u>2,471,299</u>
Excess (deficiency) of revenues over expenditures	(2,838,264)	(261,838)	2,576,426
Beginning fund balance	<u>3,256,858</u>	<u>3,256,858</u>	<u>-</u>
Ending fund balance	<u>\$ 418,594</u>	<u>\$ 2,995,020</u>	<u>\$ 2,576,426</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, 2019

	Budgeted Amount		Variance with Final Budget Positive (Negative)
	<u>Final</u>	<u>Actual</u>	
Revenues:			
Use of money and property	\$ 2,500	\$ 37,972	\$ 35,472
Intergovernmental	1,456,240	1,484,353	28,113
Total revenues	<u>1,458,740</u>	<u>1,522,325</u>	<u>63,585</u>
Expenditures:			
Current:			
Public works	320,162	-	320,162
Capital outlay and improvement	102,000	-	102,000
Total expenditures	<u>422,162</u>	<u>-</u>	<u>422,162</u>
Excess of revenues over expenditures	1,036,578	1,522,325	485,747
Beginning fund balance	<u>1,109,805</u>	<u>1,109,805</u>	<u>-</u>
Ending fund balance	<u>\$ 2,146,383</u>	<u>\$ 2,632,130</u>	<u>\$ 485,747</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	\$ 223,401	\$ 445,632	\$ -	\$ 167,177	\$ 954,061
Due from other governments	-	351,979	232,634	-	39,432
Total assets	\$ 223,401	\$ 797,611	\$ 232,634	\$ 167,177	\$ 993,493
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 15,147
Due to other funds	-	-	232,634	-	-
Total liabilities	-	-	232,634	-	15,147
Deferred inflows of resources:					
Unavailable revenues	-	-	232,634	-	-
Total deferred inflows of resources	-	-	232,634	-	-
Fund balances (deficits):					
Restricted	223,401	797,611	-	167,177	978,346
Committed	-	-	-	-	-
Unassigned	-	-	(232,634)	-	-
Total fund balances (deficits)	223,401	797,611	(232,634)	167,177	978,346
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 223,401	\$ 797,611	\$ 232,634	\$ 167,177	\$ 993,493

**City of Norwalk
Combining Balance Sheet
Other Capital Projects Funds
June 30, 2019**

<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	\$ 1,270,919	\$ 9,601	\$ 223,044	\$ 1,390,720	\$ 976,735	\$ 5,773,052
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>624,045</u>
<u>\$ 111,762</u>	<u>\$ 1,270,919</u>	<u>\$ 9,601</u>	<u>\$ 223,044</u>	<u>\$ 1,390,720</u>	<u>\$ 976,735</u>	<u>\$ 6,397,097</u>
\$ -	\$ 23,561	\$ -	\$ -	\$ 155,000	\$ 11,337	\$ 205,045
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>232,634</u>
<u>-</u>	<u>23,561</u>	<u>-</u>	<u>-</u>	<u>155,000</u>	<u>11,337</u>	<u>437,679</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>232,634</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>232,634</u>
111,762	-	-	-	-	-	2,278,297
-	1,247,358	9,601	223,044	1,235,720	965,398	3,681,121
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(232,634)</u>
<u>111,762</u>	<u>1,247,358</u>	<u>9,601</u>	<u>223,044</u>	<u>1,235,720</u>	<u>965,398</u>	<u>5,726,784</u>
<u>\$ 111,762</u>	<u>\$ 1,270,919</u>	<u>\$ 9,601</u>	<u>\$ 223,044</u>	<u>\$ 1,390,720</u>	<u>\$ 976,735</u>	<u>\$ 6,397,097</u>

	Proposition "1B"	Road Maintenance Rehabilitation	Proposition "C" I-5 Mitigation	Public Art	Highway User Tax - 2103
Revenues:					
Use of money and property	\$ 5,058	\$ 22,021	\$ -	\$ 3,878	\$ 26,973
Intergovernmental	-	1,972,200	-	-	483,011
Other	-	-	992	1,464	-
Total revenues	5,058	1,994,221	992	5,342	509,984
Expenditures:					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Urban development	-	-	-	-	-
Public works	-	-	-	7,418	529,350
Culture and leisure	-	-	-	-	-
Health and welfare	-	-	-	-	-
Capital outlay and improvement	-	1,811,198	-	-	-
Total expenditures	-	1,811,198	-	7,418	529,350
Excess (deficiency) of revenues over expenditures	5,058	183,023	992	(2,076)	(19,366)
Other financing sources:					
Transfers in	-	-	-	-	-
Total other financing sources	-	-	-	-	-
Change in fund balances	5,058	183,023	992	(2,076)	(19,366)
Beginning fund balances (deficits)	218,343	614,588	(233,626)	169,253	997,712
Ending fund balances (deficits)	\$ 223,401	\$ 797,611	\$ (232,634)	\$ 167,177	\$ 978,346

City of Norwalk
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
Other Capital Projects Funds
For the year ended June 30, 2019**

Park Development	Playground Equipment Replacement	Sports Complex Equipment Replacement	Computer Replacement	Vehicle and Equipment Replacement	Building Renovation	Total Other Capital Projects Funds
\$ -	\$ 32,371	\$ 3,243	\$ 5,126	\$ 27,980	\$ 29,066	\$ 155,716
-	-	-	-	-	-	2,455,211
-	-	-	-	-	-	2,456
-	32,371	3,243	5,126	27,980	29,066	2,613,383
-	-	-	66,936	-	-	66,936
-	-	-	8,103	-	-	8,103
-	-	-	1,654	-	-	1,654
-	-	-	16,553	-	-	553,321
-	116,996	-	13,575	-	-	130,571
-	-	151,216	5,569	-	-	156,785
-	307,887	-	-	373,755	528,157	3,020,997
-	424,883	151,216	112,390	373,755	528,157	3,938,367
-	(392,512)	(147,973)	(107,264)	(345,775)	(499,091)	(1,324,984)
-	-	-	75,000	350,000	-	425,000
-	-	-	75,000	350,000	-	425,000
-	(392,512)	(147,973)	(32,264)	4,225	(499,091)	(899,984)
111,762	1,639,870	157,574	255,308	1,231,495	1,464,489	6,626,768
<u>\$ 111,762</u>	<u>\$ 1,247,358</u>	<u>\$ 9,601</u>	<u>\$ 223,044</u>	<u>\$ 1,235,720</u>	<u>\$ 965,398</u>	<u>\$ 5,726,784</u>

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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, 2019

	Budgeted Amount		Variance with Final Budget Positive (Negative)
	<u>Final</u>	<u>Actual</u>	
Revenues:			
Use of money and property	\$ -	\$ 22,021	\$ 22,021
Intergovernmental	1,705,400	1,972,200	266,800
Total revenues	<u>1,705,400</u>	<u>1,994,221</u>	<u>288,821</u>
Expenditures:			
Capital outlay and improvement	5,693,498	1,811,198	3,882,300
Total expenditures	<u>5,693,498</u>	<u>1,811,198</u>	<u>3,882,300</u>
Excess (deficiency) of revenues over expenditures	(3,988,098)	183,023	4,171,121
Beginning fund balance	<u>614,588</u>	<u>614,588</u>	<u>-</u>
Ending fund balance	<u>\$ (3,373,510)</u>	<u>\$ 797,611</u>	<u>\$ 4,171,121</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, 2019

	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	\$ 3,878	\$ 2,878
Other	<u>20,000</u>	<u>1,464</u>	<u>(18,536)</u>
Total revenues	<u>21,000</u>	<u>5,342</u>	<u>(15,658)</u>
Expenditures:			
Current:			
Public works	<u>19,000</u>	<u>7,418</u>	<u>11,582</u>
Total expenditures	<u>19,000</u>	<u>7,418</u>	<u>11,582</u>
Excess (deficiency) of revenues over expenditures	2,000	(2,076)	(4,076)
Beginning fund balance	<u>169,253</u>	<u>169,253</u>	<u>-</u>
Ending fund balance	<u>\$ 171,253</u>	<u>\$ 167,177</u>	<u>\$ (4,076)</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, 2019

	Budgeted Amount		Variance with Final Budget Positive (Negative)
	<u>Final</u>	<u>Actual</u>	
Revenues:			
Use of money and property	\$ 1,000	\$ 26,973	\$ 25,973
Intergovernmental	<u>502,770</u>	<u>483,011</u>	<u>(19,759)</u>
Total revenues	<u>503,770</u>	<u>509,984</u>	<u>6,214</u>
Expenditures:			
Current:			
Public works	587,845	529,350	58,495
Capital outlay and improvement	<u>78,665</u>	<u>-</u>	<u>78,665</u>
Total expenditures	<u>666,510</u>	<u>529,350</u>	<u>137,160</u>
Excess (deficiency) of revenues over expenditures	<u>(162,740)</u>	<u>(19,366)</u>	<u>143,374</u>
Beginning fund balance	<u>997,712</u>	<u>997,712</u>	<u>-</u>
Ending fund balance	<u>\$ 834,972</u>	<u>\$ 978,346</u>	<u>\$ 143,374</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, 2019

	Budgeted Amount <u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Use of money and property	\$ 2,000	\$ 32,371	\$ 30,371
Total revenues	<u>2,000</u>	<u>32,371</u>	<u>30,371</u>
Expenditures:			
Current:			
Culture and leisure	362,406	116,996	245,410
Capital outlay and improvement	<u>652,018</u>	<u>307,887</u>	<u>344,131</u>
Total expenditures	<u>1,014,424</u>	<u>424,883</u>	<u>589,541</u>
Excess (deficiency) of revenues over expenditures	<u>(1,012,424)</u>	<u>(392,512)</u>	<u>619,912</u>
Beginning fund balance	<u>1,639,870</u>	<u>1,639,870</u>	<u>-</u>
Ending fund balance	<u>\$ 627,446</u>	<u>\$ 1,247,358</u>	<u>\$ 619,912</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, 2019

	Budgeted Amount		Variance with Final Budget Positive (Negative)
	<u>Final</u>	<u>Actual</u>	<u>(Negative)</u>
Revenues:			
Use of money and property	\$ 500	\$ 3,243	\$ 2,743
Total revenues	<u>500</u>	<u>3,243</u>	<u>2,743</u>
Expenditures:			
Current:			
Health and welfare	<u>157,810</u>	<u>151,216</u>	<u>6,594</u>
Total expenditures	<u>157,810</u>	<u>151,216</u>	<u>6,594</u>
Excess (deficiency) of revenues over expenditures	(157,310)	(147,973)	9,337
Beginning fund balance	<u>157,574</u>	<u>157,574</u>	<u>-</u>
Ending fund balance	<u>\$ 264</u>	<u>\$ 9,601</u>	<u>\$ 9,337</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, 2019

	Budgeted Amount		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues:			
Use of money and property	\$ 500	\$ 5,126	\$ 4,626
Total revenues	500	5,126	4,626
Expenditures:			
Current:			
General government	86,446	66,936	19,510
Public safety	8,103	8,103	-
Urban development	1,654	1,654	-
Public works	16,553	16,553	-
Culture and leisure	13,575	13,575	-
Health and welfare	5,569	5,569	-
Total expenditures	131,900	112,390	19,510
Excess (deficiency) of revenues over expenditures	(131,400)	(107,264)	24,136
Other financing sources:			
Transfers in	75,000	75,000	-
Total other financing sources	75,000	75,000	-
Change in fund balance	(56,400)	(32,264)	24,136
Beginning fund balance	255,308	255,308	-
Ending fund balance	\$ 198,908	\$ 223,044	\$ 24,136

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, 2019

	Budgeted Amount <u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Use of money and property	\$ 5,000	\$ 27,980	\$ 22,980
Total revenues	<u>5,000</u>	<u>27,980</u>	<u>22,980</u>
Expenditures:			
Capital outlay and improvement	417,500	373,755	43,745
Total expenditures	<u>417,500</u>	<u>373,755</u>	<u>43,745</u>
Excess (deficiency) of revenues over expenditures	<u>(412,500)</u>	<u>(345,775)</u>	<u>66,725</u>
Other financing sources:			
Transfers in	350,000	350,000	-
Total other financing sources	<u>350,000</u>	<u>350,000</u>	<u>-</u>
Change in fund balance	(62,500)	4,225	66,725
Beginning fund balance	<u>1,231,495</u>	<u>1,231,495</u>	<u>-</u>
Ending fund balance	<u>\$ 1,168,995</u>	<u>\$ 1,235,720</u>	<u>\$ 66,725</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, 2019

	Budgeted Amount		Variance with Final Budget Positive (Negative)
	<u>Final</u>	<u>Actual</u>	
Revenues:			
Use of money and property	\$ 500	\$ 29,066	\$ 28,566
Intergovernmental	75,000	-	(75,000)
Total revenues	<u>75,500</u>	<u>29,066</u>	<u>(46,434)</u>
Expenditures:			
Capital outlay and improvement	1,151,984	528,157	623,827
Total expenditures	<u>1,151,984</u>	<u>528,157</u>	<u>623,827</u>
Excess (deficiency) of revenues over expenditures	(1,076,484)	(499,091)	577,393
Beginning fund balance	<u>1,464,489</u>	<u>1,464,489</u>	<u>-</u>
Ending fund balance	<u>\$ 388,005</u>	<u>\$ 965,398</u>	<u>\$ 577,393</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, 2019

	Governmental Activities		
	Employee Benefits	Vehicle Maintenance	Totals
ASSETS:			
Current assets:			
Cash and investments	\$ 25,422	\$ 276,517	\$ 301,939
Inventory	-	99,573	99,573
Prepaid items	-	10,666	10,666
Total current assets	<u>25,422</u>	<u>386,756</u>	<u>412,178</u>
Total assets	<u>25,422</u>	<u>386,756</u>	<u>412,178</u>
LIABILITIES:			
Current liabilities:			
Accounts payable	25,422	141,714	167,136
Accrued expenses	-	87,919	87,919
Compensated absences payable, current portion	-	40,360	40,360
Total current liabilities	<u>25,422</u>	<u>269,993</u>	<u>295,415</u>
Noncurrent liabilities:			
Compensated absences payable, long-term portion	-	116,763	116,763
Total noncurrent liabilities	<u>-</u>	<u>116,763</u>	<u>116,763</u>
Total liabilities	<u>25,422</u>	<u>386,756</u>	<u>412,178</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, 2019

	Governmental Activities		
	Employee Benefits	Vehicle Maintenance	Totals
Operating revenues:			
Charges for services	\$ 12,631,766	\$ 2,976,729	\$ 15,608,495
Total operating revenues	<u>12,631,766</u>	<u>2,976,729</u>	<u>15,608,495</u>
Operating expenses:			
Administrative	-	39,351	39,351
Utilities	-	39,389	39,389
Salaries and benefits	12,631,766	2,156,851	14,788,617
Maintenance and repairs	-	739,937	739,937
Insurance	-	1,201	1,201
Total operating expenses	<u>12,631,766</u>	<u>2,976,729</u>	<u>15,608,495</u>
Operating income (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, 2019

	Governmental Activities		
	Employee Benefits	Vehicle Maintenance	Totals
Cash flows from operating activities:			
Receipts from tenants, customers and users	\$ 12,633,728	\$ 2,976,729	\$ 15,610,457
Payments to suppliers	-	(738,159)	(738,159)
Payments to employees	(12,606,344)	(2,146,132)	(14,752,476)
Net cash provided by operating activities	<u>27,384</u>	<u>92,438</u>	<u>119,822</u>
Cash flows from noncapital financing activities			
Cash paid to other funds	(1,962)	-	(1,962)
Net cash used by noncapital financing activities	<u>(1,962)</u>	<u>-</u>	<u>(1,962)</u>
Net increase in cash and cash equivalents	25,422	92,438	117,860
Cash and cash equivalents - beginning of year	<u>-</u>	<u>184,079</u>	<u>184,079</u>
Cash and cash equivalents - end of year	<u>\$ 25,422</u>	<u>\$ 276,517</u>	<u>\$ 301,939</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	\$ -	\$ -	\$ -
Changes in operating assets and liabilities:			
(Increase) decrease in inventory	-	(9,086)	(9,086)
(Increase) decrease in prepaid items	-	(10,666)	(10,666)
(Increase) decrease in due from other governments	1,962	-	1,962
Increase (decrease) in accounts payable	25,422	93,671	119,093
Increase (decrease) in accrued expenses	-	7,800	7,800
Increase (decrease) in compensated absences payable	-	10,719	10,719
Net cash provided by operating activities	<u>\$ 27,384</u>	<u>\$ 92,438</u>	<u>\$ 119,822</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, 2019

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
Assets:				
Cash and investments	\$ 865,143	\$ 703,730	\$ 729,621	\$ 839,252
Accounts receivable	1,040	7,866	5,998	2,908
	Total assets	\$ 711,596	\$ 735,619	\$ 842,160
 Liabilities:				
Accounts payable	\$ 21,344	\$ 582,025	\$ 594,031	\$ 9,338
Deposits payable	844,839	672,675	684,692	832,822
	Total liabilities	\$ 1,254,700	\$ 1,278,723	\$ 842,160

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

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

	Fiscal Year									
	2009-10	2010-11	2011-12*	2012-13	2013-14	2014-15**	2015-16	2016-17	2017-18 ***	2018-19
Governmental Activities:										
Net invested in capital assets	\$ 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	\$ 140,419,300
Restricted	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	41,213,626
Unrestricted	(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)	(25,733,501)
Total governmental activities net position	<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>	<u>155,899,425</u>
Business-type Activities:										
Net invested in capital assets	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	51,928,808
Restricted	-	-	-	-	3,496,405	3,498,268	-	-	-	-
Unrestricted	(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)	(6,570,054)
Total business-type activities net position	<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>	<u>45,358,754</u>
Primary Government:										
Net invested in capital assets	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	192,348,108
Restricted	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	41,213,626
Unrestricted	(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)	(32,303,555)
Total primary government net position	<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>	<u>\$ 201,258,179</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									
	2009-10	2010-11	2011-12*	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Expenses:										
Governmental Activities: **										
General government	\$ 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	\$ 11,265,337
Public safety	12,555,979	12,868,010	14,279,772	14,249,603	14,234,725	13,759,113	14,273,198	14,848,751	15,885,480	16,839,607
Urban development	6,023,256	4,357,950	4,357,950	3,458,368	3,976,300	3,473,779	3,783,360	4,476,066	4,573,577	5,163,599
Public works	21,876,998	22,808,979	20,889,518	21,803,171	22,923,334	20,726,639	19,925,937	22,369,137	22,811,905	23,969,411
Culture and leisure	3,727,415	2,006,757	3,775,436	3,890,065	4,050,588	4,757,635	5,387,150	5,331,894	5,507,699	4,894,500
Health and welfare	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	15,789,712
Interest expense	5,527,615	4,665,588	2,420,418	756,657	544,494	479,252	485,817	426,822	387,397	563,307
Bond Interest Costs	-	-	-	214,454	203,147	-	-	-	-	-
Total governmental activities net expenses	<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>75,850,481</u>	<u>78,485,473</u>
Business-type Activities:										
Transit system	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	15,904,629
Water	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	5,342,509
Sewer	-	-	-	-	1,574,191	1,749,438	1,579,050	1,777,414	1,973,782	3,158,180
Golf Course	349,697	303,959	309,777	334,630	319,816	218,307	100,336	-	-	-
Total business-type activities net assets	<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>	<u>24,405,318</u>
Total primary government expenses	<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>\$ 98,800,553</u>	<u>\$ 102,890,791</u>
Program Revenues:										
Governmental Activities:										
Charges for services:										
General government	\$ 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	\$ 2,134,790
Public safety	1,679,393	1,693,747	1,731,478	1,899,542	1,724,933	1,493,944	1,543,117	1,508,425	1,550,296	1,319,144
Urban development	3,023,614	3,379,814	4,044,470	1,952,261	1,967,219	2,484,292	2,458,025	2,596,867	2,313,692	2,421,333
Public works	158,557	295,550	191,032	257,232	270,449	292,171	299,108	298,619	339,800	333,688
Culture and leisure	410,833	567,608	524,419	526,005	749,021	457,254	841,809	591,702	637,317	527,511
Health and welfare	421,513	400,554	440,685	1,332,438	441,309	576,593	543,048	499,164	438,658	409,203
Operating contributions and grants	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	26,384,136
Capital contributions and grants	-	-	-	-	-	-	-	129,325	311,635	176,220
Total governmental activities program revenues	<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>	<u>33,706,025</u>
Business-type Activities:										
Charges for services:										
Transit system	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	1,618,831
Water utility	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	5,659,007
Sewer (2)	-	-	-	-	2,231,922	2,356,627	2,423,016	2,443,276	2,573,946	2,600,121
Golf Course (1)	194,718	152,878	163,186	143,235	153,622	147,956	60,128	-	-	-
Operating contributions and grants	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	10,019,614
Capital contributions and grants	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	1,597,917
Total business-type activities program revenues	<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>	<u>21,495,490</u>
Primary government program revenues	<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>	<u>\$ 55,201,515</u>
Net (Expense)/Revenue:										
Governmental activities	\$ (48,483,307)	\$ (40,309,281)	\$ (35,314,010)	\$ (35,441,342)	\$ (33,695,132)	\$ (29,276,522)	\$ (35,581,976)	\$ (42,542,417)	\$ (42,772,986)	\$ (44,779,448)
Business-type activities	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)	(2,909,828)
Total primary government net expense	<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>\$ (44,012,322)</u>	<u>\$ (47,689,276)</u>

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

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

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

** Fiscal year 2009-10 through 2017-18 expenses have been reclassified to reflect current reporting structure.

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

	Fiscal Year									
	2009-10	2010-11	2011-12*	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Sales taxes	\$ 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	\$ 12,492,890
Property taxes	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	8,115,122
Utility users tax	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	4,461,942
Business operation taxes	649,357	669,931	858,584	782,573	798,659	843,097	844,971	857,171	880,709	911,424
Transient occupancy taxes	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	1,672,320
Property tax in-lieu of VLF	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	11,646,200
Franchise fees	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	3,011,175
Investment income	926,253	799,896	2,083,266	474,353	338,779	342,057	1,250,061	399,167	211,385	2,892,859
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)	(2,083,012)
Total governmental activities	<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>	<u>43,120,920</u>
Business-type Activities:										
Investment income	\$ 9,793	\$ 21,482	\$ 29,272	\$ 51,097	\$ 50,866	\$ 76,182	\$ 137,457	\$ 118,220	\$ 192,254	\$ 345,014
Miscellaneous/ Transfers	-	\$ 3,956,551	\$ 830,187	191,395	22,044,516	2,034,880	2,000,665	2,026,434	1,951,033	2,083,012
Total business-type activities	<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>	<u>2,428,026</u>
Total primary government	<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>	<u>\$ 45,548,946</u>
Change in Net Position:										
Governmental activities	\$ (5,899,435)	\$ (3,118,159)	\$ 56,934,227	\$ (967,490)	\$ (23,437,126)	\$ 27,354,626	\$ 6,280,714	\$ (6,711,308)	\$ (4,915,833)	\$ (1,658,528)
Business-type activities	4,693,429	2,912,880	25,618	6,961,305	23,161,736	4,078,076	5,926,052	(529,808)	903,951	(481,802)
Total primary government	<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>\$ (4,011,882)</u>	<u>\$ (2,140,330)</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									
	2009-10	2010-11	2011-12 *	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
General Fund:										
Nonspendable	\$ 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	\$ 7,419,818
Restricted	-	-	-	-	-	-	-	-	1,002,530	2,142,296
Committed	-	-	327,083	283,583	238,865	2,120,000	2,120,000	2,120,000	2,120,000	1,120,000
Assigned	3,110,768	8,846,359	1,282,729	776,628	960,316	1,631,006	1,723,843	1,236,546	641,000	603,959
Unassigned	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	14,809,088
Total General Fund	\$ 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	\$ 26,095,161
All Other Governmental Funds:										
Nonspendable	\$ 8,535,108	\$ 750,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	1,619	21,220
Restricted										
Special revenue funds	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	13,643,213
Capital projects funds	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	27,454,360
Debt service funds	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	1,191,717
Committed	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	4,119,185
Assigned	(5,014,254)	327,575	-	-	-	-	-	-	-	-
Unassigned	-	(99,030)	(307,188)	(752,744)	(3,054,013)	(4,000,645)	(2,647,765)	(616,702)	(1,976,299)	(1,411,737)
Total All Other Governmental Funds	\$ 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	\$ 45,017,958

*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									
	2009-10	2010-11	2011-12*	2012-13	2013-14**	2014-15	2015-16	2016-17	2017-18	2018-19
Revenues:										
Taxes	\$ 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	\$ 42,311,073
Licenses and permits	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	1,214,109
Fines, forfeiture and penalties	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	1,271,482
Use of money and Property	926,253	6,799,896	665,890	454,973	324,026	328,556	1,107,863	673,248	485,468	2,744,380
Intergovernmental	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	27,115,671
Motor vehicle license fee	323,150	558,902	56,479	46,743	-	45,152	42,340	47,284	55,559	51,623
Charges for services	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	2,095,689
Rental Income	1,265,097	1,334,820	778,045	778,252	779,951	830,042	857,530	867,191	909,372	936,240
Other	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	1,632,294
Total revenues	<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>	<u>79,372,561</u>
Expenditures: **										
Current:										
General government	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	9,462,849
Public safety	12,359,020	12,689,113	14,104,870	14,090,620	14,067,052	13,680,188	14,303,174	14,779,420	15,625,787	16,627,224
Urban development	5,778,315	12,819,347	4,082,567	3,166,086	3,542,137	3,434,550	4,020,686	4,374,534	3,782,414	4,504,903
Public works	13,831,492	15,400,511	13,265,589	14,088,380	14,769,851	13,095,892	13,171,744	13,666,609	13,488,320	14,006,466
Culture and leisure	3,199,998	1,535,200	3,311,260	3,411,316	3,659,354	4,439,395	5,189,356	4,986,157	4,897,808	4,498,463
Health and welfare	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	15,471,758
Capital outlay and improvement	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	8,035,964
Debt service:										
Principal retirement	1,820,000	1,890,000	1,975,000	780,000	890,000	900,000	935,000	980,000	1,025,000	1,249,077
Interest and fiscal charges	5,450,217	6,247,967	2,386,516	992,099	741,268	548,881	512,881	475,481	436,281	612,341
Bond issuance cost	-	-	-	214,454	203,147	-	-	-	74,144	-
Total expenditures	<u>70,976,353</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>	<u>74,469,045</u>
Excess (deficiency) of revenues over (under) expenditures	<u>594,314</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>	<u>4,903,516</u>
Other Financing Sources (Uses):										
Issuance of County deferred loans	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	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	6,622,000
Transfers out	(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)	(8,705,012)
Total other financing sources (uses)	<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>	<u>(2,083,012)</u>
Extraordinary items	-	-	(20,342,575)	-	71,197	22,973,297	-	-	-	-
Net change in fund balances	<u>2,997,320</u>	<u>(7,599,708)</u>	<u>(18,073,872)</u>	<u>3,158,528</u>	<u>1,820,286</u>	<u>25,139,977</u>	<u>(1,302,770)</u>	<u>(545,906)</u>	<u>2,799,946</u>	<u>2,820,504</u>
Fund balances - July 1	<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>	<u>68,292,615</u>
Fund balances - June 30	<u>\$ 62,624,674</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>	<u>\$ 71,113,119</u>
Debt service (excluding bond issuance costs) as a percentage of noncapital expenditures	10.42%	10.60%	7.24%	3.11%	2.80%	2.56%	2.38%	2.33%	2.30%	2.80%

*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.

** Fiscal year 2009-10 through 2017-18 expenses have been reclassified to reflect current reporting structure.

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							
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
2018-19	8,115,122	-	12,492,890	4,461,942	911,424	1,672,320	11,646,200	3,011,175	42,311,073

(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)

Fiscal Year	Residential Property	Commercial Property	Industrial Property	Other* Property	Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
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%
2018-19	6,183,342	824,997	360,112	340,452	43,895	7,708,903	0.09288%

*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									
	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Total Direct Rate	0.22484	0.22213	0.21830	0.22158	0.09311	0.09306	0.09304	0.09301	0.09296	0.09288
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 I	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	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
ABC Unified School District	0.02695	0.02920	0.02858	0.02453	0.02894	0.02916	0.03243	0.03132	0.03107	0.03019
Cerritos Community College District	0.01854	0.02677	0.01782	0.02594	0.02502	0.04809	0.04829	0.04698	0.04370	0.04446
Downey Unified School District	0.06507	0.07018	0.06725	0.07132	0.06603	0.06549	0.11466	0.11473	0.10538	0.10113
Little Lake City School District	0.07233	0.07647	0.05286	0.06942	0.08537	0.07964	0.06522	0.07527	0.07876	0.07611
Metropolitan Water District	0.00430	0.00370	0.00370	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350
Norwalk-La Mirada Unified School District	0.06110	0.06197	0.06496	0.06997	0.07238	0.07063	0.14114	0.13400	0.13818	0.13425
Rio Hondo Community College Dist	0.02714	0.03439	0.03418	0.02812	0.02892	0.02821	0.02712	0.02808	0.02748	0.02554
Whittier Union High School District	0.04224	0.04239	0.04317	0.04556	0.04473	0.05270	0.05063	0.06035	0.05781	0.05822
Total Voter Approved Rate	0.31767	0.34507	0.31252	0.33836	0.35489	0.37742	0.48299	0.49423	0.48588	0.47340
Total Direct & Overlapping Tax Rates	1.31767	1.34507	1.31252	1.33836	1.35489	1.37742	1.48299	1.49423	1.48588	1.47340
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	1.00370	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 portion of the City's Levy has been subtracted where known.

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

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

Source: L.A. County Assessor's Office

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

Taxpayer	2018-19			2009-10		
	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	\$ 72,683,357	1	0.94%	-		-
Norwalk Industrial Sub LLC ET AL	56,421,538	2	0.73%			
TLUS Sam Red SCC Owner LLC	49,397,195	3	0.64%	-		-
Veranda Associates LP	47,069,450	4	0.61%	-		-
Pedestal Captial II LLC	43,470,176	5	0.56%			
Target Corporation	40,491,096	6	0.53%	-		-
Levian Family Norwalk LLC	36,862,026	7	0.48%	-		-
Miracle Mile Properties LP	33,500,089	8	0.43%	-		-
Rexford Industrial Realty LP	31,263,000	9	0.41%	-		-
Southern California Edison Company	30,875,037	10	0.40%	-		-
Norwalk MM LLC				64,220,697	1	1.14%
Avalon California Value III LLC				40,654,146	2	0.72%
Target Corporation				36,159,455	3	0.64%
Hekmatravan Family Norwalk LLC				32,570,301	4	0.58%
Sam and Vera Menlo Trust				29,692,580	5	0.53%
TGM Palm Country Club INC				24,434,959	6	0.43%
Paddison Associates				24,175,811	7	0.43%
ECM Norwalk LP				22,220,863	8	0.39%
McKenna Norwalk LP				21,925,479	9	0.39%
Norwalk Industrial Sub LLC				21,845,552	10	0.39%
	<u>\$ 442,032,964</u>		<u>5.73%</u>	<u>\$ 317,899,843</u>		<u>5.62%</u>

Excludes government and tax-exempt property owners

Source: L.A. County Assessor 2009/10 and 2018/19 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
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%
2017-18	3,028,138	2,864,434	94.59%	41,481	2,905,914	95.96%

Source: L.A. County Auditor/Controller

City of Norwalk
Direct and Overlapping Governmental Activities Debt
As of June 30, 2019

Governmental Unit	Gross Bonded Debt Balance	Estimated Percentage Applicable ⁽¹⁾	Net Bonded Debt
Direct Debt			
Lease Revenue Refunding Bonds	\$ 10,356,621	100.000%	\$ 10,356,621
Lease Payable	\$ 4,142,931	100.000%	4,142,931
Total Direct Debt			14,499,552
Overlapping Debt			
Metropolitan Water District	23,317,224	0.523%	122,015
Little Lake City SD DS 00SR D-1QSCBS	6,035,000	38.018%	2,294,380
Little Lake City SD DS 2011 Refunding Bond	4,479,901	38.018%	1,703,164
Little Lake City SD DS 2012 Series A	4,480,000	38.018%	1,703,202
Little Lake City SD DS 2014 Ref Bonds Series A	5,315,000	38.018%	2,020,651
Little Lake City SD DS 2014 Ref Bonds Series B	4,125,000	38.018%	1,568,238
Little Lake City SD DS 2012 Series B	11,790,000	38.018%	4,482,310
Whittier Union HSD DS 2008 Series 2009A	355,682	6.218%	22,117
Whittier Union HSD DS 2008 Series 2014B	10,745,000	6.218%	668,142
Whittier Union HSD DS 2008 Series 2015C	57,875,000	6.218%	3,598,765
Whittier Union HSD DS 2015 Ref Bonds	65,658,679	6.218%	4,082,768
Cerritos CCD DS 2004 Series 2009C	1,360,000	12.944%	176,034
Cerritos CCD DS 2004 Series 2012D	80,556,991	12.944%	10,427,045
Cerritos CCD DS 2012 Series 2014A	73,900,000	12.944%	9,565,385
Cerritos CCD DS 2014 REF BONDS SERIES A	77,305,000	12.944%	10,006,118
Cerritos CCD DS 2014 REF BONDS SERIES B	11,900,000	12.944%	1,540,299
Cerritos CCD DS 2012 Series 2018B	168,430,000	12.944%	21,801,054
Rio Hondo CCD DS 2005 Refunding Bonds	4,085,000	3.970%	162,183
Rio Hondo CCD DS 2004 Series 2008	127,847,824	3.970%	5,075,837
ABC Unified 2003 Refund Bond Series A	26,204,468	3.770%	988,003
ABC Unified DS 1997 Series A	6,055,000	3.770%	228,295
Norwalk-La Mirada USD DS 2002 Series 2005B	52,581,381	42.926%	22,571,025
Norwalk-La Mirada USD DS 2009 Ref Bonds	34,592,452	42.926%	14,849,118
Norwalk-La Mirada USD DS 2013 Ref Series A	3,205,000	42.926%	1,375,775
Norwalk-La Mirada USD DS 2014 Ref Bonds	4,020,000	42.926%	1,725,621
Norwalk-La Mirada USD DS 2015 Ref Bonds	4,990,000	42.926%	2,142,002
Norwalk-La Mirada USD DS 2014 Series B	7,345,000	42.926%	3,152,907
Norwalk-La Mirada USD DS 2017 Ref Bonds	130,695,000	42.926%	56,101,991
Total Overlapping Debt			184,154,442
Total Direct and Overlapping Debt			\$ 198,653,994

2018/19 Assessed Valuation: \$6,369,181,913 after deducting \$1,339,720,823 in Incremental Value.
Debt to Assessed Valuation Ratios: Direct Debt-0.23%, Overlapping Debt-2.89% Total Debt- 3.12%

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 2018/19 Lien Date Tax Rolls

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

	Fiscal Year									
	2009-10	2010-11	2011-12*	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Assessed valuation	\$ 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	\$ 7,708,902,736
Conversion percentage	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Adjusted assessed valuation	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	1,927,225,684
Debt limit percentage	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Debt limit	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	289,083,853
Total net debt applicable to limit: General obligation bonds	-	-	-	-	-	-	-	-	-	-
Legal debt margin	<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>	<u>\$ 289,083,853</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:	114,205,114	114,836,127	16,020,000	24,950,862	25,261,134	24,445,312	22,755,489	21,522,666	24,571,851	23,054,951
Debt per capita: (2019 Pop 106,744)	1,082	1,088	152	235	237	229	216	204	228	216
Debt as a percentage of personal income:	6%	6%	1%	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									
	2009-10	2010-11	2011-12*	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Governmental Activities										
Lease Revenue										
Refunding Bonds	\$ 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	\$ 9,965,000
Tax Allocation Refunding Bonds, 2005	59,605,000	58,430,000	-	-	-	-	-	-	-	-
Lease Payable	-	-	-	-	-	-	-	-	4,337,008	4,142,931
Subtotal	<u>77,090,000</u>	<u>75,200,000</u>	<u>16,020,000</u>	<u>15,065,000</u>	<u>14,860,000</u>	<u>13,960,000</u>	<u>13,025,000</u>	<u>12,045,000</u>	<u>15,357,008</u>	<u>14,107,931</u>
Add (deduct) deferred amounts:										
Bond Premium	405,123	389,078	-	184,115	679,612	622,014	564,416	506,818	449,220	391,622
Bond discount	(298,793)	(286,960)	-	-	-	-	-	-	-	-
Deferred charge on refunding	(190,015)	(177,487)	-	-	-	-	-	-	-	-
Total Governmental Activities	<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>	<u>\$ 14,499,553</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	\$ 8,310,000
Add (deduct) deferred amounts:										
Bond Premium	-	-	-	306,747	296,522	286,298	276,073	265,848	255,623	245,398
Total Business-type Activities	<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>	<u>\$ 8,555,398</u>
Total long-term liabilities	<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>	<u>\$ 23,054,951</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	
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
2018-19	1,861,419	1,249,077	612,342	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
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%
2018-19	106,744	2,241,544	20,999	4.6%

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	2018-2019			2009-2010		
	Employees	Rank	% of Total City Employment	Employees	Rank	% of Total City Employment
County of Los Angeles	2,086	1	8.23%	829	4	3.61%
Cerritos College	1,935	2	7.64%	1,150	3	5.01%
Metropolitan State Hospital	1,543	3	6.09%	1,450	2	6.32%
Norwalk-LA Mirada Unified School District	1,495	4	5.90%	2,536	1	11.05%
Target	605	5	2.39%	275	13	1.20%
City of Norwalk	433	6	1.71%	480	6	2.09%
Costco Wholesale	318	7	1.26%	300	10	1.31%
LA County Sheriff's Department	310	8	1.22%	240	15	1.05%
Doty Brothers Equipment Company	300	9	1.18%	300	11	1.31%
Little Lake City School District	289	10	1.14%	292	12	1.27%
Coast Plaza Hospital	268	11	1.06%	250	14	1.09%
Norwalk Community Hospital	253	12	1.00%			0.00%
Walmart	250	13	0.99%			0.00%
Ec Hispanic Media	220	14	0.87%			0.00%
Mc Donald's	213	15	0.84%	213	16	0.93%
Southland Care Center	180	16	0.71%	180	20	0.78%
West Central Produce Inc	167	17	0.66%			0.00%
Stater Brothers Markets	160	18	0.63%			0.00%
Eco Sanitary Supplies Inc	138	19	0.54%			0.00%
Norwalk Meadows Nursing Center	125	20	0.49%			0.00%
All Other Employers	14,045		55.44%	14,445		62.97%
Total	25,333		100.00%	22,940		100.00%

Source: *ReferenceUsa* Prepared by: City of Norwalk 10/2019

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

Function	Fiscal Year									
	2009-10*	2010-11*	2011-12*	2012-13*	2013-14*	2014-15*	2015-16*	2016-17*	2017-18*	2018-19
General Government	42	49	51	46	47	48	51	55	58	55
Public Safety	49	46	47	49	44	43	47	39	47	59
Public Works	50	57	59	81	82	82	80	85	87	85
Social Services	31	28	26	30	29	32	34	32	28	32
Recreation	93	89	98	85	97	94	90	89	92	94
Community Development	28	15	16	24	25	25	28	14	14	16
Transit	131	116	107	94	98	93	101	97	100	102
Total	424	400	404	409	422	417	431	411	426	443

Source: City of Norwalk

* Reclassified to reflect current reporting structure.

City of Norwalk
Operating Indicators by Function
Last Ten Fiscal Years

Function	Fiscal Year									
	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Police:										
Calls responded	29,702	24,046	28,410	28,265	27,068	27,431	30,134	30,671	30,044	28,841
Response Time: (minutes)										
Emergency	3.7	3.7	3.6	3.8	3.9	3.8	3.3	3.8	4.0	3.8
Non-Emergency	10	10.2	9.4	9.3	9.6	9	8.7	8.9	9.3	9.5
Routine	29.7	29.4	31	31.8	34.4	33	34.5	37.5	41.8	39.3
Community development:										
Number of residential permits	1,999	2,565	3,114	2,719	2,746	2,835	4,461	4,586	3,360	2,856
Number of commercial permits	507	479	425	357	447	357	542	470	331	350
Water:										
New connections	11	0	10	3	1	0	4	7	0	3
Average daily consumption (millions of gallons)	197	189	188	198	200	157	131	135	143	133
Sewers:										
New connections	2	4	0	11	11	3	4	15	15	4
Transit:										
Buses-number of riders	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	1,427,804
Dial-A-Ride-number of riders	22,754	18,139	20,493	16,146	21,754	21,908	22,031	21,849	22,344	24,227

Source: City of Norwalk

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

Function	Fiscal Year									
	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Fire:										
Stations	2	2	2	2	2	2	2	2	2	2
Public works:										
Streets (miles)	180	187	187	187	187	187	187	197	197	200
Street lights	5,479	5,479	5,479	5,400	5,400	5,400	5,400	5,373	5,373	4,891
Traffic Lights	83	81	83	81	81	81	80	80	86	85
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	56
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	164
Transit:										
Buses	33	33	33	28	33	33	34	33	34	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									
	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
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	\$ 6,761,124
Cash With Fiscal Agent	-	-	-	3,497,853	3,496,405	3,498,268	3,505,991	2,605	2,706	315
Other Current Assets	887,749	1,129,167	651,650	844,735	857,657	633,751	708,259	753,366	1,055,583	759,438
Total Current Assets	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	7,520,877
Net capital assets	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	22,482,254
Total Assets	\$ 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	\$ 30,003,131
Deferred Outflows of Interest										
Deferred amount from OPEB plans	-	-	-	-	-	-	-	-	61,234	65,387
Deferred amount from pension plans	-	-	-	-	-	94,010	111,365	306,324	379,083	263,217
Total Deferred Outflows of Interest	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 94,010	\$ 111,365	\$ 306,324	\$ 440,317	\$ 328,604
Liabilities										
Current liabilities										
Accounts payable	753,813	1,026,532	288,735	345,355	296,232	300,518	392,906	674,407	752,698	559,862
Other Current liabilities	205,089	152,168	138,184	298,143	332,546	416,146	478,559	733,699	593,361	609,398
Total Current Liabilities	958,902	1,178,700	426,919	643,498	628,778	716,664	871,465	1,408,106	1,346,059	1,169,260
Noncurrent liabilities										
Advances from other funds	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	2,287,381
Bonds Payable	-	-	-	9,551,747	9,366,522	9,176,298	8,981,073	8,775,848	8,565,623	8,345,398
Compensated absences payable	69,102	66,556	102,903	106,749	114,460	118,096	85,475	98,064	94,905	89,248
Net other post-employment benefits liabilities	70,943	107,748	144,672	183,740	230,765	248,896	243,643	251,749	1,015,032	944,348
Net pension liabilities	-	0	-	-	-	1,008,023	1,144,215	1,391,318	1,576,048	1,545,820
Total Noncurrent Liabilities	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	13,212,195
Total Liabilities	\$ 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	\$ 14,381,455
Deferred Inflow of Resources										
Deferred amount from OPEB plans	-	-	-	-	-	-	-	-	4,758	83,596
Deferred amount from pension plans	-	-	-	-	-	235,601	86,495	41,315	35,035	37,837
Total Deferred Inflow of Resources	-	-	-	-	-	235,601	86,495	41,315	39,793	121,433
Net Assets										
Invested in capital assets	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	13,927,171
Restricted - debt service	-	-	-	3,497,853	3,496,405	3,498,268	3,505,991	2,605	2,706	315
Unrestricted	(2,761,892)	1,057,349	1,410,065	(828,062)	3,501,386	(519,594)	(60,106)	1,772,994	1,326,372	1,901,361
Total Net Assets	\$ 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	\$ 15,828,847

Source: City of Norwalk

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

	Fiscal Year									
	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Annual Rate Increase										
Fixed Service Charge	11.3%	14.8%	2.8%	2.1%	2.2%	0.50%	0.0%	-1.50%	6.00%	6.00%
Per Unit Consumption Charge	11.3%	14.8%	2.8%	3.1%	2.0%	0.6%	0.0%	12.80%	6.30%	6.20%
Water Revenues										
Charges for Services ⁽¹⁾	\$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	\$5,659,007
Investment Income	-	19,203	25,921	43,521	42,108	48,833	82,318	65,844	82,160	145,501
Other	15,862	(622)	867	1,720	673	474	0	0	0	0
Total Revenues	\$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	\$5,804,508
Operation & Maintenance Costs										
Administrative	\$335,063	\$357,641	\$423,877	\$398,996	\$434,562	\$462,605	\$411,005	\$452,125	\$421,376	\$414,930
Utilities	42,562	45,919	80,409	128,623	136,040	138,288	129,563	113,163	75,218	65,162
Salaries and Benefits	645,621	624,146	793,379	769,042	858,182	870,467	843,037	1,011,509	1,133,317	987,290
Contractual Services	191,518	180,022	163,150	193,585	267,803	284,846	733,789	653,584	524,343	575,926
Cost of Water	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	2,229,993
Supplies and Materials	205,830	219,809	240,508	338,686	384,239	315,019	44,967	25,754	57,199	221,693
Total Operating Expense	\$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	\$4,494,994
Net Water Revenues	\$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	\$1,309,514
Debt Service Coverage	N/A	N/A	N/A	N/A	3.13	2.76	2.75	2.36	2.58	2.41

⁽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 Six 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 (Actual)	2019-20 (Projected)
Water Revenues							
Charges for Services	\$5,302,823	\$5,051,524	\$4,953,919	\$5,147,289	\$5,704,279	\$5,659,007	\$6,269,800
Investment income	42,108	48,833	82,318	65,844	82,160	145,501	22,000
Other	673	474	-	-	-	-	-
Total Revenue	\$5,345,604	\$5,100,831	\$5,036,237	\$5,213,133	\$5,786,439	\$5,804,508	\$6,291,800
Operation & Maintenance Costs							
Administrative	\$434,562	\$462,605	\$411,005	\$452,125	421,376	414,930	576,014
Utilities	136,040	138,288	129,563	113,163	75,218	65,162	300,000
Salaries and Benefits	858,182	870,467	843,037	1,011,509	1,133,317	987,290	1,007,160
Contractual Services	267,803	284,846	733,789	653,584	524,343	575,926	546,330
Cost of Water	1,569,671	1,535,855	1,383,957	1,679,760	2,177,554	2,229,993	1,109,000
Supplies and Materials	384,239	315,019	44,967	25,754	57,199	225,693	1,052,200
Total Expense	\$3,650,497	\$3,607,080	\$3,546,318	\$3,935,895	4,389,007	4,498,994	4,590,704
Net Water Revenues	\$1,695,107	\$1,493,751	\$1,489,919	\$1,277,238	\$1,397,432	\$1,305,514	\$1,701,096
<i>Debt Service</i>							
2013A Bond - Maximum Annual Debt service	\$541,213	\$541,213	\$541,213	\$541,213	\$541,213	\$541,213	\$541,213
Debt Service Coverage	3.13	2.76	2.75	2.36	2.58	2.41	3.14

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%
Jul. 2018	57.02	6.0%	76.12	6.0%	3.97	6.1%
Jul. 2019	60.45	6.0%	80.69	6.0%	4.21	6.0%

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%
2019	4,876,798	541,867	5,418,665	1.5%

Source: City of Norwalk

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

Fiscal Year 2018-19		Groundwater	Purchased	
Water Source	Number of Connections	Consumption (acre ft.)	Consumption (acre ft.)	Price (per acre ft.)
Santa Fe Springs	721		159	\$1,930
Norwalk Wells	2,420	665	250*	\$1,196
City of Cerritos	2,243		759	\$1,185
TOTAL	5,384	665	1,303	
Total City Groundwater Rights		1,968		

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		

* 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
2019	383.87	-42.3%	1,686.68	30.5%	2,070.55

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%
2019	4,903	466	15	5,384	0.06%

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 2019		
Customer	Total Billed⁽¹⁾	% of Total
Norwalk La Mirada School District	\$274,895	5.07%
Heritage HOA	65,430	1.21%
Pioneer Mobile Estates	38,520	0.71%
Norwalk Preservation, LP	36,108	0.67%
Shapell Industries	37,395	0.69%
Fiesta Coin Laundry	33,484	0.62%
Norwalk Housing Investors	24,657	0.45%
Sunstone Community Association	17,678	0.33%
Sparkle Fresh Laundry	14,266	0.26%
Pine Meadows	9,839	0.18%
TOP TEN TOTAL	\$552,271	10.19%
TOTAL SYSTEM	\$5,419,530	

⁽¹⁾ Total sales to customers

Source: City of Norwalk

CITY OF NORWALK - WATER		
Top Ten Customers—Fiscal Year 2018		
Customer	Total Billed⁽¹⁾	% of Total
Norwalk La Mirada School District	\$256,647	4.74%
Heritage HOA	63,871	1.18%
Norwalk Preservation, LP	35,317	0.65%
Pioneer Mobile Estates	34,488	0.64%
Shapell Industries	32,740	0.60%
Fiesta Coin Laundry	31,772	0.59%
Norwalk Housing Investors	22,882	0.42%
Weber Distribution	18,146	0.33%
Sunstone Community Association	16,021	0.30%
Sparkle Fresh Laundry	12,836	0.24%
TOP TEN TOTAL	\$524,722	9.68%
TOTAL SYSTEM	\$5,336,253	

⁽¹⁾ Total sales to customers

Source: City of Norwalk