

**SECOND TAXING DISTRICT
CITY OF NORWALK, CONNECTICUT**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

YEAR ENDED JUNE 30, 2018

INTRODUCTORY SECTION

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INTRODUCTORY SECTION

Letter of Transmittal

COMMISSIONERS

DAVID WESTMORELAND, Chairperson
MARIA A. BORGES-LOPEZ, Vice Chairperson
HAROLD BONNET
ROBERT BURGESS
MARY O. MANN
SANDRA STOKES
MARTHA WOOTEN-DUMAS

DARLENE YOUNG, Treasurer



PAUL YATCKO, General Manager
LISA G. ROLAND, District Clerk

Second Taxing District City of Norwalk, Connecticut

164 Water Street
P.O. Box 468
South Norwalk, CT 06856-0468
Telephone 866-4446

LETTER OF TRANSMITTAL

March 14, 2019

Mr. David Westmoreland, Chairperson
Second Taxing District of the City of Norwalk, CT
One State Street / P.O. Box 400
South Norwalk, CT 06856-0400

Dear Mr. Westmoreland:

In accordance with Section 1-84 of the District Charter, I am pleased to submit the Comprehensive Annual Financial Report (CAFR) for the Second Taxing District for the year ended June 30, 2018. This report has been designed to give the user the maximum understanding of the District's financial position. The CAFR conforms to Generally Accepted Accounting Principles (GAAP) as well as, the standards of financial reporting promulgated by the Government Accounting Standards Board (GASB). We take full responsibility for the accuracy of the data, and the completeness and fairness of the presentation of the financial statements, supporting schedules and statistical information.

The report is presented in the following three sections:

1. Introductory Section:

The introductory section contains a Transmittal Letter from the General Manager of the District, a listing of elected officials and an organizational chart of the District's operations.

2. Financial Section:

The financial section contains a management discussion and analysis section, government-wide financial statements, as well as the District's fund financial statements, notes to the financial statements and the independent auditor's opinions on the financial statements and schedules.

Letter of Transmittal
-Continued-

3. Statistical Section:

The statistical section contains comprehensive statistical data and financial information for the past ten years.

REPORTING ENTITY

The Second Taxing District of the City of Norwalk was constituted as a body politic and corporate under Special Law No. 352 of the Connecticut General Assembly in 1913. Special Law No. 352 consolidated three separate government forms located within the Town of Norwalk into the current City of Norwalk. The former three government forms continued in part as the First, Second and Third Taxing Districts, each with their own separate Charter. The Second Taxing District of the City of Norwalk is the successor government to the original City of South Norwalk. The City of South Norwalk was authorized by the Connecticut State Legislature in 1875 to provide public water to the original City of South Norwalk and in 1892 to provide electrical service to the same area.

The Second Taxing District, a successor in part to the original City of South Norwalk, has authority granted by its Charter to manage, operate and control a water utility and an electric utility as well as a public library. The District also has all of the rights and authorities as granted to Special Districts under Chapter 105, Section 7-324 et al, of the General Statutes of the State of Connecticut. The most current revision to the District's Charter was in 2003.

The District is governed by seven elected District Commissioners, who each serve six-year terms.

ECONOMIC CONDITION AND OUTLOOK

The Second Taxing District is not likely to experience major population or commercial growth in the near future, with the exception of the ongoing mall development discussed below. Some housing and commercial projects are currently under development in the District, which will add modest numbers of customers and concomitant sales. Demand for water has exhibited a mixed trend over the last decade, with declines resulting from conservation and plumbing efficiency standards continuing to have an impact on usage, but also exhibiting impacts due to rainfall cycles. Electric sales have largely stagnant over the same period, reflecting increasing average power usage by customers, somewhat offset by statewide and national conservation efforts.

Brookfield Properties, the successor developer to GGP, has continued its effort to develop and construct an upscale mall at the intersection of West Avenue, Interstate Route 95, and Route 7, known as the "SoNo Collection". Brookfield Properties is one of the largest real estate companies in the United States, with extensive mall properties constituting 161 properties in 42 states, involving over 146 million square feet of retail space. Brookfield's plan is for a development that includes an upscale, department store-anchored mall (with Nordstrom and Bloomingdale's as anchor tenants), and considerable public realm space, amounting to over 700,000 square feet. Construction is continuing, with October 2019 targeted for completion.

Letter of Transmittal
-Continued-

MAJOR INITIATIVES

The District has undertaken or continued the following initiatives during the fiscal year 2017-2018:

- *SoNo Collection Construction*

SNEW continues its activities in support of construction at the SoNo Collection mall and is investing approximately \$1.6 million in new facilities and system reinforcement to install a dual-loop redundant system to provide electricity service to the mall. Water facilities have been installed to provide for potable water and fire service. SNEW will continue to coordinate its work with the mall's construction management, as the relatively small land parcel has caused some construction interferences and challenges. SNEW is committed to completing all of its activities in support of the desired completion date of October 2019.

- *Facilities Consolidation*

The old vacant generation plant building at 2 State Street, together with the Distribution Line garage and Water Street properties, were the subject of a plant condition assessment, commissioned by SNEW and performed by CDM Smith during the 2017 fiscal year. The assessment revealed that the buildings are structurally sound. However, to extend their lives and support possible consolidation of SNEW operations, the following issues would need to be addressed:

- All major building systems are operating well beyond their normal useful lives and would need replacement
- Other major updates would be required to bring the buildings up to building codes, such as doors, windows, energy efficiency, and ADA access

During the 2018 fiscal year, management commissioned an expert appraisal of the properties by Michael B. Gold Associates. Management is now considering next steps and is developing alternative strategies for analysis.

- *Workforce Unionization*

In December 2017, a number of employees voted to name the International Brotherhood of Electrical Workers (IBEW) Local 420 as their collective bargaining agent. Negotiations began in February 2018 and continued through the end of the 2018 fiscal year.

Twenty-five bargaining sessions were held between February 2018 and February 2019. As of this writing, a tentative settlement has been reached and is being subjected to the ratification process by the bargaining unit and the District

FINANCIAL INFORMATION

The District is comprised of three separate accounting funds: The Second Taxing District General Fund; the Water Fund; and the Electric Fund.

Letter of Transmittal

-Continued-

The District's accounting system is a multi-company, fully automated, computerized accounting system.

The General Fund utilizes the following modules: general ledger, accounts payable and purchasing.

Water and Electric utilize the following modules: general ledger, accounts payable, purchasing, accounts receivable, inventory control and a project controller.

A full-function computerized customer information system called CIS Infinity is used for both Water and Electric customer billing.

INTERNAL CONTROLS

Each Fund is operated under a budget approved by the Electors' of the Second Taxing District. These budgets limit annual expenditures by each Fund on a total of Operational, Maintenance and Administrative (OM&A) combined and an individual item Capital Project basis, with authorization on a single or multi-year basis.

Within the District, internal accounting and management procedures are in place to ensure all accounting transactions conform to Department policy and are within the approved budget.

GENERAL GOVERNMENT FUNCTION

The District, in accordance with its Charter and State law, has an annual audit prepared and files the financial report with the State Office of Policy and Management. The District also provides to the Municipal Rulemaking Securities Board (MSRB) disclosures in the form of adopted budgets, audited financial statements and any other requested information.

DEBT ADMINISTRATION

The District currently has a General Obligation Loan from the State of Connecticut Drinking Water Revolving Fund with a balance due of \$13,887,526. The loan has a maturity of 20 years at an interest rate of 2.04% and will be retired in 2028. A \$10 million General Obligation Bond was issued for twenty years on April 2, 2014 with an overall interest rate of 2.803% for the construction of the 115kV substation and 13.8kV distribution upgrades. The balance of that debt is currently \$8,000,000.

CASH MANAGEMENT

During the year, idle cash is invested in legally permitted investments on a short-term basis.

RISK MANAGEMENT

The Second Taxing District is insured for its blanket real and personal property in excess of \$53,000,000 in

Letter of Transmittal

-Continued-

liability; in excess of \$5,000,000 in directors' and officers' liability; and \$5,000,000 in employment practices insurance. The District also provides a comprehensive major medical, hospital, dental, vision and life insurance benefit package, as well as is insured for its workers' compensation program. The District maintains a safety program at both of its utilities with a minimum of at least one meeting among staff representatives each month.

TAXATION

Under Section 1-82 of its Charter and Section 1-428 of the City Code, the District may levy a tax on the property owners of the Second Taxing District. Although the District has the authority to do so, it has never levied a tax.

INDEPENDENT AUDIT

The District Charter requires that an independent public accountant perform an audit on a yearly basis. The auditor must be certified with the State of Connecticut. The independent auditor is appointed by the District Commissioners and ratified by the Electors of the Second Taxing District at the Annual Budget Meeting. This report has been prepared according to the standards set forth by the Government Accounting Standards Board (GASB). The Auditor's opinion is included in this report.

ACKNOWLEDGEMENTS

The preparation of the report could not have been completed without the extraordinary effort of SNEW's financial staff. I commend the staff for their commitment and dedication.

I also acknowledge the District's independent auditor MAWC, LLC, for their professionalism throughout this year's audit. I would also like to thank the District Commission for their support in administering the financial affairs of the District.

Respectfully submitted,

Paul Yatcko

Paul Yatcko
District General Manager

**SECOND TAXING DISTRICT
CITY OF NORWALK, CONNECTICUT**

Principal Officers and Financial Administration

BOARD OF DISTRICT COMMISSIONERS

David Westmoreland, Chairperson

Maria A. Borges-Lopez, Vice Chairperson

Harold Bonnet

Robert Burgess

Mary O. Mann

Sandra Stokes

Martha A. Wooten-Dumas

DISTRICT TREASURER

Darlene Young

DISTRICT GENERAL MANAGER

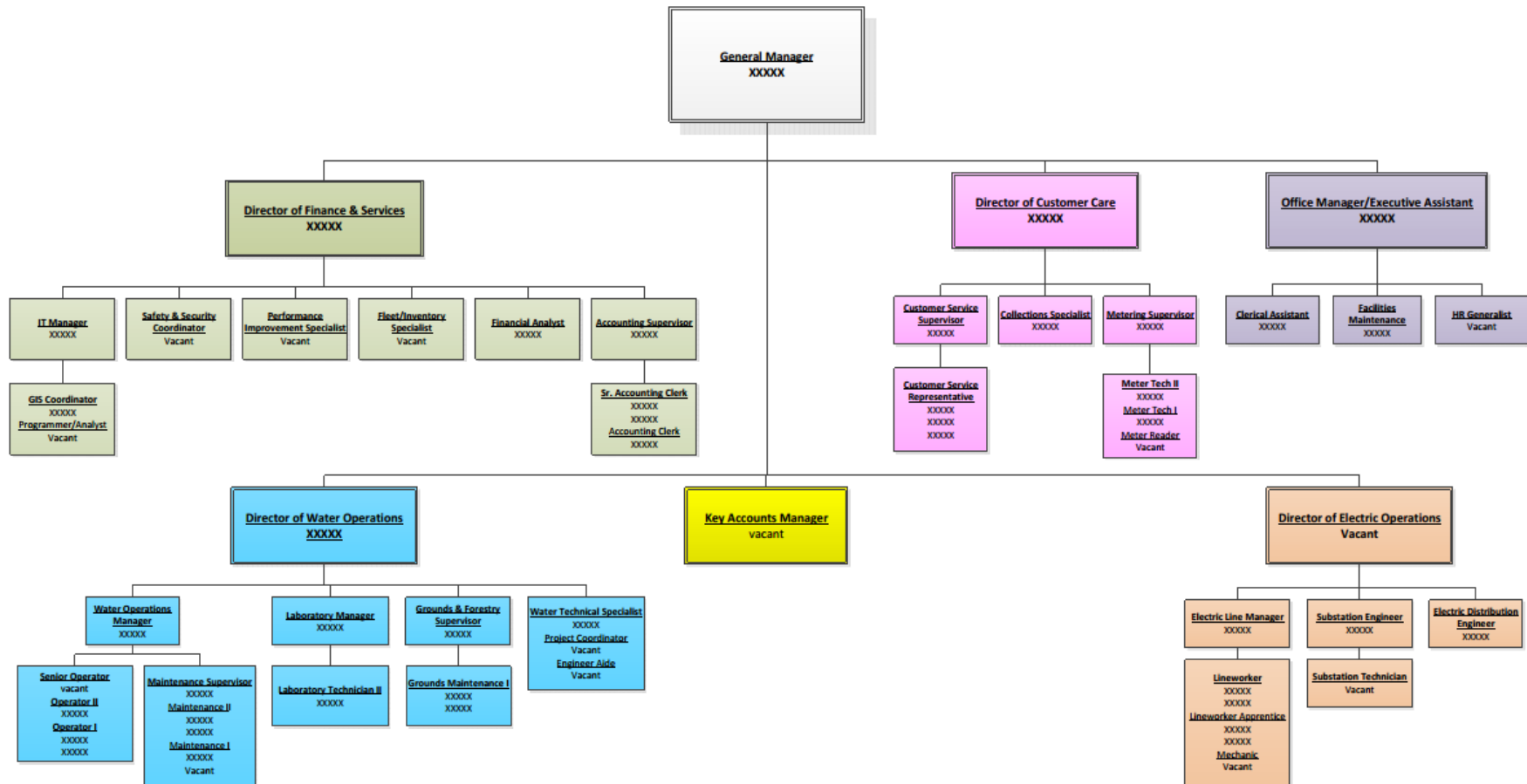
Paul Yatcko

DISTRICT CLERK

Lisa G. Roland

**SECOND TAXING DISTRICT
SOUTH NORWALK ELECTRIC AND WATER
ORGANIZATION CHART**

Approved – October 20, 2015



FINANCIAL SECTION

Independent Auditor's Report



Guiding Successful People

Killingworth
166 Route 81
Killingworth, Connecticut 06419
P: 860-663-0110

Shelton
1000 Bridgeport Avenue,
Suite 210
Shelton, Connecticut 06484
P: 203-925-9600

Principals
John A. Accavallo CPA
Darin L. Offerdahl MBA CPA
Kerry L. Emerson

Sandra M. Woodbridge CPA*
Dominic L. Cusano MBA CPA*
*indicates retired

INDEPENDENT AUDITOR'S REPORT

The Honorable Commissioners

Second Taxing District - City of Norwalk

South Norwalk, Connecticut

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Second Taxing District - City of Norwalk, Connecticut, as of and for the year ended June 30, 2018 and the related notes to the financial statements, which collectively comprise the District'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.

Auditor's 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. 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 auditor's 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 auditor considers internal control relevant to the entity'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 entity'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 and each major fund of the Second Taxing District – City of Norwalk, Connecticut as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed in the 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 required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, the supplementary combining and individual fund schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining individual fund supplementary schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund supplementary schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

MAWC. LLC

Killingworth, CT
February 19, 2019

FINANCIAL SECTION

Management Discussion and Analysis

SECOND TAXING DISTRICT – CITY OF NORWALK, CONNECTICUT

MANAGEMENT’S DISCUSSION AND ANALYSIS

This section of the District’s annual financial report presents our discussion and analysis of the District’s financial performance during the fiscal year that ended on June 30, 2018. Please read it in conjunction with the transmittal letter at the front of this report and the District’s financial statements, which immediately follow this section.

USING THIS ANNUAL REPORT

The Second Taxing District of the City of Norwalk implemented the reporting requirements outlined in GASB 34 effective July 1, 2002. The financial statements’ focus is on both the District as a whole (government-wide) and on the major individual business-type activity funds. Both perspectives (government-wide and major fund) provide the detailed information needed to allow the user to address relevant questions and enhance the District’s accountability to the public.

Government-Wide Financial Statements

The government-wide financial statements (see pages 27 and 28) are designed to be corporate-like in that all governmental and business-type activities are consolidated into columns which add to a total for the Primary Government. The focus of the Statement of Net Position (the “Unrestricted Net Position”) is designed to be similar to bottom line results for the District and its governmental activities. This statement combines and consolidates the governmental fund’s current financial resources (short-term spendable resources) with capital assets and long-term obligations. The Statement of Activities combines all of the District’s revenues and expenses in a single statement for the fiscal year ended June 30, 2018.

The two government-wide statements report the District’s net position and how they have changed. Net position (the District’s assets plus deferred outflows of resources, less liabilities and deferred inflows of resources), is one way to measure the District’s financial health or position and to see the direction the District is heading.

- Over time, increases or decreases in the District’s net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the District you need to consider additional factors such as changes in the District’s proprietary fund customer base and usage patterns, as well as, the conditions of the District’s infrastructure assets.

In the government-wide financial statements, the District’s activities are divided into two categories:

- *Governmental activities* - The governmental activities column consists of the District’s general fund. District general fund activities are financed through the generation of investment income and from transfers from both the water and electric proprietary funds.
- *Business-type activities* – The District has two business-type activities that consist of retail water and electric service.

SECOND TAXING DISTRICT – CITY OF NORWALK, CONNECTICUT

Fund Financial Statements

Traditional users of governmental financial statements will find the fund financial statement presentation more familiar. The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major funds" – not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending.

The District has three types of funds:

- *Governmental funds* - The governmental activities column consists of the District's general fund. District general fund activities are financed through the generation of investment income and from transfers from both the water and electric proprietary funds. General fund expenditures consist of elected public officials' stipends, community service projects and grants, annual audit expense, legal expenses for the District and meetings and printing expenses.
- *Proprietary funds* – Services for which the District charges customers are reported in proprietary funds. Proprietary funds are reported in the same way as in the government-wide statements. In fact, the District's *enterprise funds* (a type of proprietary fund) are the same as its business-type activities (water and electric) but provide more detail and additional information, such as cash flows.
- *Fiduciary funds* – Fiduciary funds account for assets received where the District acts in the capacity of a trustee. The OPEB Trust Fund accounts for resources accumulated for future OPEB benefit payments for qualified employees. These assets are restricted in purpose and do not represent discretionary assets of the government. Therefore, these assets are not presented as part of the government-wide financial statements.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

See MDA Table 1 and MDA Table 2

The District's total net position of \$42,633,295 decreased from the prior year by \$4,193,790 as a result of this year's operations. The District's general fund net position decreased by \$240,895, while water's net position decreased by \$1,962,677 and electric decreased by \$1,990,218, respectively.

Governmental Activities:

Major revenue/expense factors include the following:

The District's general fund expenses decreased by 19.8% during the current fiscal year to \$241,194 from \$300,858 spent in fiscal 2017. Legal and accounting fees decreased by \$34,654, meetings and other increased by \$8,197, street lighting decreased by \$33,433 and depreciation expenses remained essentially unchanged at \$47,789. Investment income decreased 24.8% in 2018 to \$292 from \$388 in 2017. At June 30, 2018, \$979 or 0.03% of the General Fund's net position remained restricted and \$1,055,669 or 43.2% are unrestricted.

SECOND TAXING DISTRICT – CITY OF NORWALK, CONNECTICUT

MDA Table 1

DISTRICT'S NET POSITION							
<i>(in thousands of dollars)</i>							
	Governmental Activities		Business - type Activities		Totals		Total Percentage Change
	2018	2017	2018	2017	2018	2017	2018-2017
Current and other assets	\$ 1,061	\$ 1,262	\$ 23,225	\$ 22,715	\$ 24,286	\$ 23,977	1.3%
Non-current assets	\$ 1,390	\$ 1,437	\$ 48,681	\$ 51,022	\$ 50,071	\$ 52,459	-4.6%
Total Assets	\$ 2,451	\$ 2,699	\$ 71,906	\$ 73,737	\$ 74,357	\$ 76,436	-2.7%
Deferred Outflows of Resources	\$ -	\$ -	\$ 396	\$ 671	\$ 396	\$ 671	
Short and Long-term debt outstanding	\$ -	\$ -	\$ 21,888	\$ 23,583	\$ 21,888	\$ 23,583	-7.2%
Other liabilities	\$ 5	\$ 12	\$ 10,073	\$ 6,477	\$ 10,078	\$ 6,489	55.3%
Total Liabilities	\$ 5	\$ 12	\$ 31,961	\$ 30,060	\$ 31,965	\$ 30,072	6.3%
Deferred Inflows of Resources	\$ -	\$ -	\$ 155	\$ 208	\$ 155	\$ 208	
Net Position:							
Net Investment in capital assets	\$ 1,390	\$ 1,437	\$ 23,815	\$ 24,759	\$ 25,205	\$ 26,196	-3.8%
Restricted	\$ 1	\$ 1	\$ -	\$ -	\$ 1	\$ 1	0.0%
Unrestricted	\$ 1,056	\$ 1,249	\$ 16,372	\$ 19,381	\$ 17,428	\$ 20,630	-15.5%
Total Net Position	\$ 2,446	\$ 2,687	\$ 40,187	\$ 44,140	\$ 42,633	\$ 46,827	-9.0%

SECOND TAXING DISTRICT – CITY OF NORWALK, CONNECTICUT

MDA Table 2

CHANGES IN NET ASSETS <i>(in thousands of dollars)</i>				
	6/30/2018		6/30/2017	
	Governmental Activities	Business-type Activities	Governmental Activities	Business-type Activities
Revenues				
Charges for Services	\$ -	\$ 23,924	\$ -	\$ 24,006
General Revenues				
Grant Revenues	-	-	-	-
Rental Income	-	5	-	5
Gain or Loss on Disposition of Assets	-	20	-	1
Premium on Debt	-	-	-	-
Investment Income and Late Charges	-	80	-	73
Miscellaneous	-	-	-	-
Total Revenues	\$ -	\$ 24,030	\$ -	\$ 24,085
Expenses				
Primary Government:	-	-	-	-
General Government	\$ 216	\$ -	\$ 283	\$ -
Community Service	25	-	17	-
Business-type Activities:				
Expenses				
Water Department	-	8,245	-	9,608
Electric Department	-	15,474	-	15,754
Total Expenses	\$ 241	\$ 23,718	\$ 300	\$ 25,362
Capital Contributions	-	-	-	-
Transfers	-	-	317	(317)
Increase (Decrease) in Net Assets	(241)	311	17	(1,594)
Net Assets - Beginning (See note 7)	2,687	39,875	2,670	45,734
Net Assets - Ending	\$ 2,446	\$ 40,187	\$ 2,687	\$ 44,140

SECOND TAXING DISTRICT – CITY OF NORWALK, CONNECTICUT

Business-Type Activities:

The District's business-type activities accounted for a decrease of \$3,952,896 in net position.

Electric saw a minor increase in operating revenues of \$59,440 to \$15,494,656. This increase is due to a slight shift in the sales mix. Electric had a decrease in operating expenses of \$261,328 due to a variety of items, such as OPEB, conservation adjustments, workers' compensation, and health insurance which were partially offset by various adjustments. Electric's net position decreased by \$1,990,218, or 7.5%, primarily due to the recording of the net OPEB liability as required by GASB 74.

Water had a decrease in total operating revenues of \$140,438 to \$8,429,614 or less than 2%, due to a decrease in gallons sold primarily in the residential sector. Water's operating expenses decreased by \$1,339,558 in 2018 to \$7,948,047, due to recognition of a property tax refund which occurred in the prior year, OPEB expense, workers' compensation, and health insurance. Water's net position decreased by \$1,962,677, or 11.2%, which, like Electric, was almost entirely due to recording the net OPEB liability as required by GASB 74.

BUDGETARY HIGHLIGHTS

The District made no changes to its general fund, water and electric operating budgets during the fiscal year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal 2018, the District had invested \$46,464,842 in a broad range of capital assets. This amount is net of accumulated depreciation. See Schedules 5 and 6 (pages 79 and 80), for a detail of both the water and electric capital assets as of June 30, 2018 that comprise 92.8 % of the District's total noncurrent assets.

Long-term Debt

The District's long-term debt balances are \$13,887,525 associated with the Water's filtration plant upgrade and \$8,000,000 for Electric's 115 KV sub-station and required distribution upgrades. More detailed information about the District's long-term liabilities is presented in Note 7 (page 55 and 56) to the financial statements.

SIGNIFICANT FACTORS AFFECTING FUTURE FINANCIAL MANAGEMENT AND REPORTING

- Brookfield Properties, the successor developer to GGP, has continued its effort to develop and construct an upscale mall at the intersection of West Avenue, Interstate Route 95, and Route 7, known as the “SoNo Collection”. Brookfield Properties is one of the largest real estate companies in the United States, with extensive mall properties constituting 161 properties in 42 states, involving over 146 million square feet of retail space. Brookfield’s plan is for a development that includes an upscale, department store-anchored mall (with Nordstrom and Bloomingdale’s as anchor tenants), and considerable public realm space, amounting to over 700,000 square feet. Construction is continuing, with October 2019 targeted for completion.
- If fully developed, SoNo Collection could increase SNEW’s peak electrical demand by 3 - 4 megawatts and water demand by an amount yet to be determined. Future revenue impacts have yet to be determined and will be dependent upon actual facility demands (which will be driven by occupancy) as well as possible, but not certain, contract rate negotiations. The capital costs of serving the project is largely being borne by private development funds, augmented in part by SNEW’s economic development fund and/or electric and water reserve funds.
- Wholesale electric costs are predicted to continue their recent volatility, with the closure of regional generation plants and natural gas transportation limitations putting upward pressure on costs. This pressure may be offset by continuing favorable natural gas supply conditions.
- SNEW’s water treatment facility in Wilton employs a membrane filtration system to remove certain impurities from raw water in the process of treating the water for consumer use. Membrane systems generally have a life span on the order of ten years. The membrane system at the Wilton plant is in excess of ten years old and will need to be replaced in the near future. Such a replacement is likely to be accomplished over several years, at a total cost yet to be determined.

CONTACTING THE DISTRICT’S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, customers and creditors with a general overview of the District’s finances and to demonstrate the District’s accountability for the money it receives. If you have questions about this report or need additional financial information, contact the General Manager’s Office, at One State Street, South Norwalk, Connecticut 06854.

FINANCIAL SECTION

Basic Financial Statements

SECOND TAXING DISTRICT - CITY OF NORWALK, CONNECTICUT
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2018

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	\$ 1,061,367	\$ 18,938,291	\$ 19,999,658
Accounts Receivable - Net of Allowance for Doubtful Accounts	-	2,673,350	2,673,350
Accrued Unbilled Revenue	-	787,860	787,860
Accounts Receivable Other	-	280,264	280,264
Inventory	-	543,527	543,527
Expenses Paid in Advance and Preliminary Surveys	-	1,675	1,675
Cash - Restricted - Rowan Fund	-	-	-
Total Current Assets	1,061,367	23,224,967	24,286,334
NON CURRENT ASSETS			
Investments	-	2,799,696	2,799,696
Investment in CMEEC	-	178,782	178,782
Utility Plant at Cost:			
Plant in Service, Net of Accumulated Depreciation	1,389,708	45,075,134	46,464,842
Construction Work in Progress	-	627,451	627,451
Total Non Current Assets	1,389,708	48,681,063	50,070,771
TOTAL ASSETS	\$ 2,451,075	\$ 71,906,030	\$ 74,357,105
DEFERRED OUTFLOWS OF RESOURCES, Pension and OPEB	\$ -	\$ 396,230	\$ 396,230
LIABILITIES			
CURRENT LIABILITIES			
Accounts Payable	\$ 4,720	\$ 1,426,141	\$ 1,430,861
Customer Deposits and Advances	-	2,527,618	2,527,618
Accrued Bond and Loan Interest	-	61,875	61,875
Accrued Compensated Absences, Current	-	89,522	89,522
Reserve for Sales Discounts	-	1,186	1,186
Bonds Payable - Short Term	-	500,000	500,000
Loan Payable - Water Filtration Plant - Short Term	-	1,219,775	1,219,775
Total Current Liabilities	4,720	5,826,117	5,830,837
NON-CURRENT LIABILITIES			
Accrued Compensated Absences, non current	-	277,104	277,104
Net Pension Liability	-	1,943,828	1,943,828
Net OPEB Obligation	-	3,745,748	3,745,748
Bonds Payable - Long-term	-	7,500,000	7,500,000
Loan Payable - Water Filtration Plant - Long-term	-	12,667,750	12,667,750
Total Non-Current Liabilities	-	26,134,430	26,134,430
TOTAL LIABILITIES	\$ 4,720	\$ 31,960,547	\$ 31,965,267
DEFERRED INFLOWS OF RESOURCES, Pension	\$ -	\$ 154,766	\$ 154,766
NET POSITION			
Net Investment in Capital Assets	\$ 1,389,708	\$ 23,815,060	\$ 25,204,768
Restricted	979	-	979
Unrestricted	1,055,668	16,371,887	17,427,555
Total Net Position	\$ 2,446,355	\$ 40,186,947	\$ 42,633,302

See notes to financial statements

**SECOND TAXING DISTRICT - CITY OF NORWALK, CONNECTICUT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018**

Functions / Programs	Net (Expense) Revenue and Changes in Net Position						
	Expenses	Program Revenues			Primary Government		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
Public Officials Fees	\$ 22,750	\$ -	\$ -	\$ -	\$ (22,750)	\$ -	\$ (22,750)
Clerk's Salary	2,500	-	-	-	(2,500)	-	(2,500)
Treasurer's Salary	3,250	-	-	-	(3,250)	-	(3,250)
Street Lighting	93,946	-	-	-	(93,946)	-	(93,946)
Community Service Projects	22,008	-	-	-	(22,008)	-	(22,008)
Legal, Accounting and Insurance	21,592	-	-	-	(21,592)	-	(21,592)
Meetings, Printing and Other	25,180	-	-	-	(25,180)	-	(25,180)
Insurance and Taxes	2,180	-	-	-	(2,180)	-	(2,180)
Depreciation Expense	47,789	-	-	-	(47,789)	-	(47,789)
Total governmental activities	241,195	-	-	-	(241,195)	-	(241,195)
Business-type activities:							
Water	8,244,601	8,429,614	-	-	-	185,013	185,013
Electric	15,473,613	15,494,653	-	-	-	21,040	21,040
Total business-type activities	23,718,214	23,924,267	-	-	-	206,054	206,054
Total primary government	\$ 23,959,409	\$ 23,924,267	\$ -	\$ -	(241,195)	206,054	(35,141)
General revenues:							
Rental Income						5,055	5,055
Gain (Loss) on Disposition of Utility Plant						20,460	20,460
Investment Income and Late Charges						293	80,175
Transfers						-	-
Total general revenues, special items, and transfers						293	105,690
Change in net assets						(240,902)	311,453
Net position - beginning, prior to restatement						2,687,257	46,827,085
Restatement of beginning net assets (see note 7)						-	(4,264,336)
Net position - beginning, as restated						2,687,257	42,562,749
Net position - ending						\$ 2,446,355	\$ 40,186,945

See notes to financial statements

SECOND TAXING DISTRICT - CITY OF NORWALK, CONNECTICUT

FINANCIAL SECTION

Fund Financial Statements

**SECOND TAXING DISTRICT - CITY OF NORWALK, CONNECTICUT
STATEMENT OF FINANCIAL POSITION – GOVERNMENTAL FUNDS
JUNE 30, 2018**

	<u>General Fund</u>
ASSETS	
CURRENT ASSETS	
Cash and Cash Equivalents	\$ 1,061,367
Prepaid Expenses and Preliminary Surveys	<u>-</u>
TOTAL CURRENT ASSETS	<u>1,061,367</u>
TOTAL ASSETS	<u>\$ 1,061,367</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>\$ -</u>
LIABILITIES	
Accounts Payable	<u>\$ 4,720</u>
TOTAL LIABILITIES	<u>\$ 4,720</u>
DEFERRED INFLOWS OF RESOURCES	<u>\$ -</u>
FUND BALANCES	
Nonspendable	\$ 979
Unassigned	<u>1,055,668</u>
TOTAL FUND BALANCES	<u>\$ 1,056,647</u>

See notes to financial statements

**SECOND TAXING DISTRICT - CITY OF NORWALK, CONNECTICUT
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2018**

Amounts reported for governmental activities on the statement of net position are different because:

Total fund balance per balance sheet - governmental funds	\$ 1,056,647
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Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:

Cost of governmental capital assets	1,941,955
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Accumulated depreciation on above capital assets	<u>(552,247)</u>
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	1,389,708
--	-----------

Net Position of Governmental Activities	<u>\$ 2,446,355</u>
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**SECOND TAXING DISTRICT - CITY OF NORWALK, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUNDS
JUNE 30, 2018**

	<u>General Fund</u>
Revenues	
Interest Income and Other	\$ 292
Total Revenues	<u>292</u>
Expenditures	
Commissioners' Salaries	22,750
Clerk's Salary	2,500
Treasurer's Salary	3,250
Street Lighting	93,945
Community Service Projects	22,008
Legal and Accounting	21,592
Meetings, Printing and Other	25,180
Insurance and Taxes	<u>2,180</u>
Total Expenditures	<u>193,405</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(193,113)</u>
Other Financing Sources (Uses)	
Operating Transfers In	<u>-</u>
Net Other Financing Sources (Uses)	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(193,113)
Fund Balance - Beginning of Year	<u>1,249,760</u>
Fund Balance - End of Year	<u><u>\$ 1,056,647</u></u>

See notes to financial statements

**SECOND TAXING DISTRICT - CITY OF NORWALK, CONNECTICUT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - GOVERNMENTAL FUNDS
JUNE 30, 2018**

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

Net change in fund balances - total governmental funds	\$ (193,113)
--	--------------

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period:

Depreciation Expense	<u>(47,789)</u>
	<u>(47,789)</u>

Change in net assets of governmental activities	<u>\$ (240,902)</u>
--	----------------------------

**SECOND TAXING DISTRICT - CITY OF NORWALK, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>BUDGETED AMOUNTS</u>			Variance
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Favorable (Unfavorable)
Revenue				
Interest Income and Other	\$ 550	\$ 550	\$ 292	\$ (258)
Total Revenue	550	550	292	(258)
Expenditures				
Commissioners' Salaries	22,750	22,750	22,750	-
Clerk's Salary	2,500	2,500	2,500	-
Treasurer's Salary	3,250	3,250	3,250	-
Community Service Projects	29,423	29,423	22,008	7,415
Street Lighting	162,201	162,201	93,945	68,256
Legal and Accounting	75,004	75,004	21,592	53,412
Meetings, Printing and Other	46,460	46,460	25,180	21,280
Insurance and Taxes	5,510	5,510	2,180	3,330
Total Expenditures	<u>347,098</u>	<u>347,098</u>	<u>193,405</u>	<u>153,693</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(346,548)</u>	<u>(346,548)</u>	<u>(193,113)</u>	<u>153,435</u>
Other Financing Sources (Uses)				
Capital Appropriations	(20,000)	(20,000)	-	20,000
Operating Transfers In	352,201	352,201	-	352,201
Net Other Financing Sources (Uses)	<u>332,201</u>	<u>332,201</u>	<u>-</u>	<u>372,201</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	<u>\$ (14,347)</u>	<u>\$ (14,347)</u>	<u>(193,113)</u>	<u>\$ (178,766)</u>
Fund Balance - Beginning of Year			<u>1,249,760</u>	
Fund Balance - End of Year			<u>\$ 1,056,647</u>	

See notes to financial statements

SECOND TAXING DISTRICT - CITY OF NORWALK, CONNECTICUT
STATEMENT OF NET POSITION – PROPRIETARY FUNDS
JUNE 30, 2018

	Proprietary Fund Types		
	Water	Electric	Total
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 2,732,935	\$ 16,205,356	\$ 18,938,291
Accounts Receivable - Net of Allowance for Doubtful Accounts	1,071,528	1,601,822	2,673,350
Accrued Unbilled Revenue	787,860	-	787,860
Accounts Receivable Other	236,888	43,376	280,264
Inventory	261,554	281,973	543,527
Expenses Paid in Advance	1,675	-	1,675
Total Current Assets	<u>5,092,440</u>	<u>18,132,527</u>	<u>23,224,967</u>
Non-Current Assets			
Investments	-	2,799,696	2,799,696
Investment in CMEEC	-	178,782	178,782
Utility Plant at Cost:			
Plant in Service	65,370,784	32,614,280	97,985,064
Less Accumulated Depreciation	(37,683,253)	(15,226,677)	(52,909,930)
Construction Work in Progress	89,355	538,096	627,451
Total Non-Current Assets	<u>27,776,886</u>	<u>20,904,177</u>	<u>48,681,063</u>
TOTAL ASSETS	<u>\$ 32,869,326</u>	<u>\$ 39,036,704</u>	<u>\$ 71,906,030</u>
DEFERRED OUTFLOWS OF RESOURCES, Pension and OPEB	<u>\$ 244,002</u>	<u>\$ 152,228</u>	<u>\$ 396,230</u>
LIABILITIES			
Current Liabilities			
Accounts Payable	\$ 285,286	\$ 1,140,855	\$ 1,426,141
Customer Deposits	-	2,527,618	2,527,618
Accrued Bond and Loan Interest	-	61,875	61,875
Accrued Compensated Absences, Current	58,302	31,220	89,522
Reserve for Sales Discounts	-	1,186	1,186
Bonds Payable, Current	-	500,000	500,000
Loan Payable - Water Filtration Plant, Current	1,219,775	-	1,219,775
Total Current Liabilities	<u>1,563,363</u>	<u>4,262,754</u>	<u>5,826,117</u>
Non-Current Liabilities			
Accrued Compensated Absences, non current	169,599	107,505	277,104
Net Pension Liability	1,069,105	874,723	1,943,828
Net OPEB Obligation	1,953,926	1,791,822	3,745,748
Bonds Payable - Long-term	-	7,500,000	7,500,000
Loan Payable - Long-term - Water Filtration Plant	12,667,750	-	12,667,750
Total Non-Current Liabilities	<u>15,860,380</u>	<u>10,274,050</u>	<u>26,134,430</u>
TOTAL LIABILITIES	<u>\$ 17,423,743</u>	<u>\$ 14,536,804</u>	<u>\$ 31,960,547</u>
DEFERRED INFLOWS OF RESOURCES, Pension	<u>\$ 85,121</u>	<u>\$ 69,645</u>	<u>\$ 154,766</u>
NET POSITION			
Net Invested in Capital Assets, net of Related Debt	\$ 13,889,361	\$ 9,925,699	\$ 23,815,060
Unrestricted	1,715,103	14,656,784	16,371,887
TOTAL NET POSITION	<u>\$ 15,604,464</u>	<u>\$ 24,582,483</u>	<u>\$ 40,186,947</u>

See notes to financial statements

**SECOND TAXING DISTRICT - CITY OF NORWALK, CONNECTICUT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION -
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018**

	Proprietary Funds		
	Water	Electric	Total
Operating Revenues			
Sales of Water and Electricity:			
Residential and Commercial	\$ 7,381,462	\$ 12,522,484	\$ 19,903,946
Large Commercial Primary	213,135	1,402,059	1,615,194
Fixed Load Lighting	-	81,446	81,446
Private and Public Fire Protection	338,586	-	338,586
Other Public Authorities	265,007	-	265,007
Sales for Resale	25,976	-	25,976
Conservation Fund Charges	-	217,316	217,316
Customer's Forfeited Discounts	-	584,370	584,370
Total Sales of Water and Electricity	8,224,167	14,807,675	23,031,841
Gross Revenue Tax	-	551,361	551,361
Miscellaneous Service Revenue	205,448	135,621	341,069
Total Operating Revenues	8,429,614	15,494,657	23,924,271
Operating Expenses			
Water Supply and Electric Generation:			
Operations	1,539,533	-	1,539,533
Maintenance	44,814	-	44,814
Purchased Power / System Control-Load Dispatch	-	9,199,209	9,199,209
Transmission and Distribution:			
Operations	431,626	901,050	1,332,676
Maintenance	836,783	252,813	1,089,596
Customer Accounts	503,168	732,192	1,235,360
Conservation and Load Management	-	(65,922)	(65,922)
Administration and General:			
Operations	1,580,576	2,131,926	3,712,502
Maintenance	187,215	870,917	1,058,132
Customer Assistance Program	-	25,000	25,000
Depreciation	2,577,648	1,169,437	3,747,085
Other Taxes	246,685	-	246,685
Total Operating Expenses	7,948,048	15,216,622	23,164,670
Operating Income(Loss)	481,566	278,035	759,601
Nonoperating Revenues and Expenses			
Rental Income	-	5,055	5,055
Gain (Loss) on Disposition of Utility Plant	16,180	4,280	20,460
Interest Income / Late Charges	54,912	24,970	79,882
Interest Expense	(296,553)	(256,990)	(553,543)
Total Nonoperating Revenues and Expenses	(225,461)	(222,685)	(448,146)
Income Before Contributions and Operating Transfers	256,105	55,350	311,455
Operating Transfers Out	-	-	-
Change in Net Position	256,105	55,350	311,455
Net Position - July 1, 2017, before restatement (see note 7)	17,567,141	26,572,687	44,139,828
Prior period adjustment (see note 7)	(2,218,782)	(2,045,554)	(4,264,336)
Net Position - July 1, 2017, after restatement	15,348,359	24,527,133	39,875,492
Net Position - Ending	\$ 15,604,464	\$ 24,582,483	\$ 40,186,947

See notes to financial statements

**SECOND TAXING DISTRICT - CITY OF NORWALK, CONNECTICUT
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018**

	Proprietary Funds		
	Water	Electric	Totals
Cash Flows from Operating Activities			
Cash received from customers	\$ 8,656,515	\$ 15,548,716	\$ 24,205,231
Cash payments to suppliers for goods and services	(5,196,139)	(14,149,888)	(19,346,027)
Cash payments to employees	(2,719,268)	(1,747,142)	(4,466,410)
Net cash provided by operating activities	<u>741,108</u>	<u>(348,314)</u>	<u>392,794</u>
Cash Flows from Capital and Related Financing Activities			
Acquisitions and construction of capital assets and preliminary surveys	(19,431)	(932,754)	(952,185)
Net pension and OPEB obligations	1,865,374	1,852,272	3,717,646
Principal paid on capital debt	(1,195,165)	(500,000)	(1,695,165)
Interest paid	(296,553)	(256,990)	(553,543)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>354,225</u>	<u>162,528</u>	<u>516,753</u>
Cash Flows from Investing Activities			
Investment Activity, net	-	(329,980)	(329,980)
Investment income / Late charges	54,912	30,025	84,937
Net Cash Provided (Used) by Investing Activities	<u>54,912</u>	<u>(299,955)</u>	<u>(245,043)</u>
Net increase (decrease) in cash and cash equivalents	1,150,245	(485,741)	664,504
Cash and cash equivalents at July 1, 2017	1,582,690	16,691,097	18,273,787
Cash and cash equivalents at June 30, 2018	<u>\$ 2,732,935</u>	<u>\$ 16,205,356</u>	<u>\$ 18,938,291</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Income Before Contributions and Operating Transfers	\$ 256,105	\$ 55,350	\$ 311,455
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
OPEB prior period adjustment (see note 7)	(2,218,782)	(2,045,554)	(4,264,336)
Depreciation Expense	2,577,648	1,169,437	3,747,085
Loss on disposal	-	4,280	4,280
Changes in Assets and Liabilities:			
Receivables	(103,959)	138,279	34,320
Inventories	(26,479)	85,409	58,930
Prepaid Expenses	39,689	-	39,689
Customer's Deposits	-	119,112	119,112
Payables and Accrued Liabilities	216,886	125,373	342,259
Net Cash Provided (Used) by Operating Activities	<u>\$ 741,108</u>	<u>\$ (348,314)</u>	<u>\$ 392,794</u>

See notes to financial statements

**SECOND TAXING DISTRICT - CITY OF NORWALK, CONNECTICUT
STATEMENT OF FIDUCIARY NET POSITION - OPEB TRUST FUND
JUNE 30, 2018**

ASSETS

Cash	\$	288,513
Investments, at Fair Value:		
Equity Securities		2,804,613
Fixed Income		939,312
Alternative Investments		<u>266,700</u>

TOTAL ASSETS 4,299,138

DEFERRED OUTFLOWS OF RESOURCES -

TOTAL LIABILITIES -

DEFERRED INFLOWS OF RESOURCES -

NET POSITION HELD IN TRUST
- RESTRICTED FOR OPEB BENEFITS \$ 4,299,138

**SECOND TAXING DISTRICT - CITY OF NORWALK, CONNECTICUT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - OPEB TRUST FUND
JUNE 30, 2018**

ADDITIONS

Contributions	
Employer	\$ 560,000
Total Contributions	<u>560,000</u>
Investment Income:	
Interest and Dividends	135,758
Net Appreciation (Depreciation) in Fair Value of Investments	<u>86,061</u>
	221,819
Less: Trustee, Advisory and Administrative Fees	<u>(22,992)</u>
Net Investment Income	<u>198,827</u>
TOTAL ADDITIONS (DEDUCTIONS)	<u>758,827</u>

DEDUCTIONS

Benefits	<u>-</u>
TOTAL DEDUCTIONS	<u>-</u>

CHANGE IN NET POSITION 758,827

**NET POSITION HELD IN TRUST
- RESTRICTED FOR OPEB BENEFITS**

BEGINNING OF YEAR	<u>3,540,311</u>
END OF YEAR	<u><u>\$ 4,299,138</u></u>

See notes to financial statements

FINANCIAL SECTION

Notes to Basic Financial Statements

**SECOND TAXING DISTRICT - CITY OF NORWALK, CONNECTICUT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE – 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

History and Organization

Pursuant to the Charter of the City of Norwalk Code, all electors dwelling within the territorial limits of the Second Taxing District - City of Norwalk constitute a body politic named the "Second Taxing District of the City of Norwalk" (The District). The District thereby has the power to sell, hold, or purchase real or personal property and is capable of suing or being sued as a municipal corporation. The district has succeeded to and now possesses all the property, powers and rights of the former City of South Norwalk in relation to the taking of water, the construction, maintenance and operations of waterworks and supplying water for the use of the District's inhabitants as well as others.

The District is authorized to manage, operate and control the Water system (Water), and the Electric Works (Electric), and succeeds to the City of South Norwalk's possession and rights in the South Norwalk Public Library. Both Water and Electric's operations are reported as proprietary funds in the fund financial statements and as business-type activities in the government-wide financial statements.

The District elects a Board of Commissioners, as well as, a treasurer, who in relation to Water, Electric and the District have all the same powers and duties as selectmen and treasurers of towns. The District can levy taxes on its inhabitants if the profits of Water or Electric are inadequate to defray expenses and debt service of either department or District. The District has the right to apply reserves of Water and Electric to the payment of other District indebtedness, but only after Water's and Electric's debt is fully paid. Also, the District has the power to authorize the issuance of bonds. The District's financial statements are not included in the City of Norwalk's financial statements because the City does not have governing or managing authority.

Government-wide and Fund Financial Statements

The government-wide financial statements required by GASB pronouncements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the primary government and its business-type activities. Governmental activities, which are supported by transfers from the business-type activities, are reported separately from the business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of any given function or segment, are offset by program revenues.

Fund financial statements are provided for governmental (a general fund) and proprietary funds (water and electric).

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

**SECOND TAXING DISTRICT - CITY OF NORWALK, CONNECTICUT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

The modified-accrual basis of accounting is used by the governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred.

The government reports the following funds:

Governmental Fund

General Fund – The General Fund is the general operating fund of the District. All unrestricted resources except those required to be accounted for in another fund are accounted for in this fund. From this fund general operating expenditures are paid.

Proprietary Funds – The District reports the following Enterprise Funds:

- a. Water – accounts for the operating activities of the District’s water utility services.
- b. Electric – accounts for the operating activities of the District’s electric utility services

Fiduciary Funds

Fiduciary funds account for assets received where the district acts in the capacity of a trustee. The District maintains an OPEB Trust Fund that accounts for resources accumulated for future OPEB benefit payment for qualified employees.

Governmental Fund Balance

In accordance with Governmental Accounting Standards Board 54, Fund Balance Reporting and Governmental Fund Type Definitions, the District classifies governmental fund balances as follows:

- Non-spendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
- Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
- Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the District through formal vote of the District Electors and does not lapse at year-end.
- Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the District Commissioners.
- Unassigned - includes positive fund balance within the General Fund which has not been classified within the above-mentioned categories.

**SECOND TAXING DISTRICT - CITY OF NORWALK, CONNECTICUT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2018**

The District’s Non-spendable fund balance is comprised of the following:

Expenses paid in advance	\$ -
Cash – Restricted Rowan Fund (legally required to be maintained intact)	<u>979</u>
	<u>\$ 979</u>

The District spends restricted amounts first when both restricted and unrestricted fund balance is available unless there are legal documents / contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the District would first use committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The District does not have a formal minimum fund balance policy.

Rowan Trust Fund – District – General Fund

The District holds a savings account in trust for the South Norwalk Public Library. Under the terms of the trust, principal must be maintained with all interest to be used toward the purchase of books for the library. At June 30, 2018, all earned interest has been paid to the library.

Inter-fund Transactions - District, Water and Electric

During the year ended June 30, 2018, Water and Electric did not transfer funds to fund the operation of the District. Electric contributed \$93,946 for the operation and maintenance of the District’s street lights.

City of Norwalk Lease – District – General Fund

The District records the Library at historical cost. Under a lease agreement dated January 7, 1975, (modified on November 24, 2004 and September 19, 2005) the District leases the South Norwalk Public Library to the City of Norwalk for a period of 99 years. Upon termination of the lease the assets revert to the District. The City paid the District \$99 as a full payment upon execution of the lease and agrees to maintain the premises for library purposes. The City indemnifies the District from all risks of ownership.

Budgets

The budgets for the Second Taxing District consisting of the general fund, and proprietary fund operations (Water and Electric) are legally adopted via electoral vote prior to July 1 of each year. The general fund budget is prepared on the modified accrual basis of accounting. Proprietary fund budgets are prepared using the accrual basis of accounting.

Cash and Cash Equivalents - District, Water and Electric

Cash and cash equivalents are defined as cash and short-term, highly liquid investments that are both readily convertible to known amounts of cash and that are so near their maturity that they present insignificant risk of changes in value because of changes in interest rates.

SECOND TAXING DISTRICT - CITY OF NORWALK, CONNECTICUT
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Pursuant to state statute, Water, Electric and the District may invest in cash funds with banks, obligations of the United States, and obligations of any state or political subdivision.

Cash Deposits

At June 30, 2018, the Second Taxing District - City of Norwalk, Connecticut maintained cash deposits with financial institutions as of June 30, 2018:

	<u>Bank Balances</u>	<u>Reconciliation Balances</u>
Governmental Activities (District General Fund)	\$ 3,570,731	\$ 1,061,367
Business-type Activities(Water and Electric)	\$ 17,121,387	\$ 18,938,291
OPEB Trust Fund	\$ 288,513	\$ 288,513

Custodial credit risk and concentrations of credit risk – At June 30, 2018, the district maintained bank accounts with two banks. The combined uninsured and uncollateralized bank balances totaled \$19,762,062 as of the year ended June 30, 2018. The district does not address custodial credit risk or concentrations of credit risk in its deposits policy.

Investments

Investing is performed in accordance with investment policies complying with state statutes and the District's Charter. District funds may be invested in (1) direct obligations of the United States government; (2) certificates of deposit at savings and loan associations and federally insured banks; (3) savings accounts at savings and loan associations and banks; and (4) any bond, note or other indebtedness issued by state or political subdivisions.

At June 30, 2018, the Second Taxing District - City of Norwalk's investments consisted of certificates of deposit as follows.

<u>Types of Investments</u>	<u>Fair Value/Carrying Amount (1) (2)</u>	<u>Cost</u>	<u>Average Credit Quality Rating</u>	<u>Weighted Average Days to Maturity</u>
Governmental Activities(General Fund)	\$ -	\$ -	N/A	N/A
Business-Type Activities (Electric Certificates of Deposit)	\$ 2,799,696	\$ 2,716,629	N/A	90

N/A – Not Applicable

SECOND TAXING DISTRICT - CITY OF NORWALK, CONNECTICUT
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JUNE 30, 2018

1. Custodial credit risk and concentrations of credit risk – Of the \$2,799,696 carrying amount at June 30, 2018, \$2,049,696 is uninsured and unregistered with securities held by the counterparty’s trust department or agent in the District’s name. The District does not address custodial credit risk or concentrations of credit risk in its investment policy.
2. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District’s policy provides that to the extent practicable, investments are matched with anticipated cash flows. The District according to that policy has invested in Certificates of Deposit with six months to five-year maturities in order to maximize the interest rate earned on investments while meeting its cash flow needs.

Investment Policy OPEB Trust

The District’s OPEB advisory committee is responsible for the operation of the District’s OPEB trust (the Trust), including overseeing investments made by the Trustee. The primary investment objective of the Trust is the achievement of long-term growth through capital appreciation with current income as a secondary consideration through a higher allocation to equities than fixed income and where appropriate, other asset classes. Overall return shall be evaluated based on both realized and unrealized gains and losses.

Overall asset allocation is determined by the Trustee’s expectation of inflation, interest rates and corporate profits. Historical and relative valuations will determine the strategic allocation among the major asset categories. Limits for the range of allocation to the asset categories valued by the asset’s current fair market value, will be as follows:

- Equities – 55% - 75%
- Fixed Income – 20% - 40%
- Cash Equivalents – 0% - 10%
- Alternatives – 0% - 5%

The above ranges are not to suggest sudden, dramatic shifts in the asset mix but instead represent flexible bands within which the asset mix may shift over investment cycles. The appropriate mix is reviewed quarterly with the Committee, who may make recommendations concerning investments in the portfolio.

<u>Types of Investments</u>	<u>Cost</u>	<u>Fair Value /Carrying Amount</u>	<u>Average Credit Quality Rating</u>	<u>Weighted Average Days to Maturity</u>
OPEB Trust Fund				
Equity Securities	\$ 1,919,605	\$ 2,804,613	N/A	N/A
Fixed Income	1,046,720	939,312	N/A	N/A
Alternative Investments	270,201	266,700	N/A	N/A
Cash and cash equivalents	96,606	288,513	N/A	N/A
Total OPEB Trust Fund	<u>\$ 3,333,132</u>	<u>\$ 4,299,138</u>		

(1) Ratings are provided where applicable to indicate associated credit risk.

N/A – indicates not applicable.

**SECOND TAXING DISTRICT - CITY OF NORWALK, CONNECTICUT
NOTES TO THE BASIC FINANCIAL STATEMENTS
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(2) Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The OPEB Trust's investment policy provides that to the extent practicable, investments are matched with anticipated cash flows. The Trust according to that policy has invested in Corporate and Government Obligations with various maturities with an average maturity of 5.51 years.

(3) Custodial credit risk and concentration of credit risk – The \$4,299,138 carrying amount of the OPEB Trust Fund investment at June 30, 2018 are defined as uninsured and unregistered with securities held by the Depository Trust Company in the OPEB Trust's name.

Fees - Commissioners, Treasurer and Clerk

Pursuant to the annual electors meeting of November 17, 2015, each District Commissioner shall receive annual compensation of \$3,250.

The District clerk's compensation of \$2,500 was set by the District Commission. The District Treasurer's salary of \$3,250 was set at the electors meeting on November 17, 2015.

Use of Estimates

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

Utility Plant and Depreciation

Utility Plant in Service is stated at original cost that includes internal direct labor, fringe benefits and material costs as well as outside contracted construction costs. Utility plant also includes the value of property, service and/or cash contributed by customers and other governmental units. The cost of maintenance and repairs is charged to expense as incurred while the cost of replacements and improvements that extend the useful life are capitalized. Depreciation is recorded using the straight-line method over the assets' estimated useful lives. Construction in progress represents expenditures incurred on utility plant projects not yet placed in service. No depreciation is provided on these amounts until the asset is placed in service.

Utility Plant and Depreciation - Water

The annual depreciation is based on the following estimated useful lives:

	<u>Depreciation Lives in Years</u>
Collection and Impounding	25-100
Supply Mains	75
Structures and Improvements-Water Source	33
Electric Pumping Equipment	15
Structures and Improvements-Water Treatment	50
Water Department Equipment	10-100

**SECOND TAXING DISTRICT - CITY OF NORWALK, CONNECTICUT
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Transmission and Distribution Line	75
Services	50
Meters	20
Hydrants	50

Structures and Improvements:

Office and Garage	10-50
Transportation	5
Power Operated Equipment	10
Computer Equipment	5
Laboratory Equipment	5
Tools Shop/Garage	10
Office Furniture & Fixtures	10
Other Various	

When assets are sold, traded in or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in the statement of income for the period.

Utility Plant and Depreciation - Electric

The annual depreciation is based on the following estimated useful lives:

	<u>Depreciation Lives in Years</u>
Utility Plant:	
Structures and Improvements	25-28 1/2
Fuel Holders, Producers and Access	25
Access Electrical Equipment	25
Transmission Plant:	
Incoming Transmission Line	10
Distribution Plant:	
Structures and Improvements	20-50
Station Equipment	25
Storage Battery Equipment	10
Poles, Towers and Fixtures	28 1/2
Overhead Conduit and Devices	28 1/2
Underground Conduit	28 1/2
Underground Conductor and Devices	28 1/2
Line Transformers	25
Services	25
Meters	20
Installation and Customer Premises	20
Street Lighting	20

**SECOND TAXING DISTRICT - CITY OF NORWALK, CONNECTICUT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2018**

General Plant:

Structures and Improvements	20 - 40
Office Furniture and Fixtures	5 - 10
Transportation Equipment	3 - 8
Stores Equipment	20
Tools, Shop and Garage Equipment	10 – 12 1/2
Laboratory Equipment	10
Power Operating Equipment	10
Communication Equipment	10
Miscellaneous Equipment	8
Computer Equipment	5

Fixed Assets and Depreciation – Governmental Activities

The annual depreciation is based on the following estimated useful lives:

	<u>Depreciation Lives in Years</u>
Library	39
Machinery and Equipment	5

Deferred Preliminary Survey and Investigation Charges - Water and Electric

Costs incurred for preliminary survey and investigation charges in connection with studying the feasibility of utility projects are initially charged to this account. When related construction and/or operations results, the costs are capitalized as part of utility plant in service or expensed to operations. If the project is abandoned, these costs are charged to operations.

Statement of Cash Flows - Water and Electric

In accordance with GASB 34, Water and Electric use the direct method of presenting cash flows for purpose of the statement of cash flows and consider all highly liquid investments with an original maturity value of ninety days or less to be cash equivalents. Restricted cash held in segregated bank accounts representing customer security deposits is considered cash for cash flow purposes.

Interest paid during the year ended June 30, 2018 was as follows:

Water	\$ 296,553
Electric	<u>256,990</u>
Total	<u>\$ 553,543</u>

Accounts Receivable and Provision for Bad Debts

The District utilizes the reserve method of accounting for its bad debts. The allowance for losses in the balance sheet is increased by charges to bad debt expense and decreased by charge-offs. Management's periodic evaluation of the adequacy of the allowance is based on the department's historical experience and known and related risks in the accounts receivable listing.

**SECOND TAXING DISTRICT - CITY OF NORWALK, CONNECTICUT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2018**

Significant receivables include amounts due from customers primarily for utility services.

	<u>Governmental Funds</u>	<u>Proprietary Funds</u>	
	General	Water	Electric
Accounts receivable	\$ -	\$ 1,146,868	2,065,691
Less: Allowance for uncollectible accounts	-	(75,340)	(463,869)
Net accounts receivable	<u>\$ -</u>	<u>\$ 1,071,528</u>	<u>\$ 1,601,822</u>

Unbilled Revenue – Water and Electric

Water’s customers are billed monthly or quarterly in arrears. Electric’s customers are billed monthly in arrears. Revenues are recognized as earned and include an estimate of revenue earned but not billed to customers at year end.

Inventory - Materials and Supplies and Fuel Stock- Water and Electric

Water and Electric’s inventory is recorded at cost and is valued using a weighted average unit cost method.

Accrued Compensated Absences

Vested or accumulated sick pay and vacation pay are recorded as an expense and liability as the benefit annually accrues to employees based on current salary levels that are unexercised at June 30, 2018. This liability reflects amounts attributable to employee services already rendered. In accordance with GASB Statement 16, no liability is recorded for non-vesting accumulated rights to receive sick pay benefits. Accrued compensated absences, current and non-current, are as follows at June 30, 2018:

	<u>Current</u>	<u>Non-Current</u>
Proprietary Funds:		
Water	<u>\$ 58,302</u>	<u>\$ 169,599</u>
Electric	<u>\$ 31,220</u>	<u>\$ 107,505</u>
Governmental Funds:		
General	<u>\$ -</u>	<u>\$ -</u>

Capital Contribution, Expense Off-Set and Cost Recognition

Water and Electric's utility plant construction activities are accounted for using the completed contract method of accounting. Therefore, job costs are recognized as either utility plant or expense.

The construction in progress account holds the contracts' accumulated costs for projects not yet completed and appears in the utility plant section of the balance sheet. The customer advance account holds the accumulated customer payments on projects not yet completed and is included as an offset in the "Accounts Receivable Other" account on the balance sheet. When construction is completed, job costs are transferred to the appropriate utility plant or maintenance expense account. The excess of any customer advance over actual cost is refunded to the customer while the remaining advances that now equal the project costs are transferred to Capital Contributions Revenue.

**SECOND TAXING DISTRICT - CITY OF NORWALK, CONNECTICUT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

Contract costs include all direct labor and materials installed in the project and allocations for indirect construction costs. Contract costs also include the value of property and/or services paid for by the customer (contractor, governmental units, individual) which are then contributed to the departments when the project is finished.

GASB Pronouncements

GASB Statement 20 requires that each government makes an election concerning proprietary funds. The Second Taxing District - City of Norwalk, Connecticut, has elected to apply FASB pronouncements and interpretations issued on or before November 30, 1989, unless they conflict or contradict GASB pronouncements. After that date GASB pronouncements will solely be used.

Implementation of New Accounting Standards

For the year ended June 30, 2018, the District implemented the provisions of GASB Statements No. 74 and No. 75, Accounting and Financial Reporting for Other Post-Employment Benefits (OPEB). GASB Statement Nos. 74 and 75 establish standards for measuring and recognizing net OPEB assets and liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures related to pension benefits provided through defined benefit pension plans. In addition, Statement No. 75 requires disclosure of information related to OPEB benefits.

NOTE – 2 CASH - CUSTOMER SECURITIES DEPOSITS - ELECTRIC

Cash and investment amounts as shown on the financial statements include \$2,527,618 available for the customer security deposits liability of \$2,527,618.

NOTE – 3 ACCOUNTS RECEIVABLE – OTHER

This account consists of monies (due to)/from excavating contractors, customers, plumbers, and property owners for repairs of damaged SNEW property including service, mains, hydrants, poles, and street lights. May also include the installation of new and/or renovated water or electric services or the installation or repair of mains and/or hydrants; frontage fees receivables that represent the reimbursement of construction costs for the installment of the water main that services a piece of property. The customer has the option of paying back this "frontage fee" to the Second Taxing District of the City of Norwalk over a sixty-month period.

**SECOND TAXING DISTRICT - CITY OF NORWALK, CONNECTICUT
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**NOTE – 4 INVESTMENTS IN CMEEC, PURCHASED WATER, PURCHASED ELECTRIC POWER,
SALES FOR RESALE**

In September 1987, Electric entered into an agreement with the Connecticut Municipal Electric Energy Cooperative (CMEEC) that is presently comprised of five-member municipalities. Effective July 1, 2000, Electric became an 8.583% joint equity member. Electric's 1987 investment in CMEEC is recorded at the original cost of \$178,782. Electric made this investment because of its desire for membership and the benefits of such membership. Electric's cost of power from CMEEC for the year ended June 30, 2018 was \$9,199,209 and is presented as purchased power on Schedule 9 of the Supplementary Combining and Individual Fund Schedules.

Under the terms of the power contract with CMEEC, certain funds collected from Electric and the other members are apportioned to the respective purchasers of energy including Electric. The funds created and maintained by CMEEC are as follows: (1) The Member Trust Fund; (2) The Member Rate Stabilization Fund; (3) The Economic Development Fund; (4) The Conservation and Load Management Fund; (5) The Regional Greenhouse Gas Initiative Restricted Fund; and, (6) The Renewable Resource Investment Restricted Fund. CMEEC's bonded debt that was incurred to provide power supply for its members was also apportioned among its members.

Rate Stabilization Fund

Electric's balances of rate stabilization funds held by CMEEC was \$5,891,100 held in a non-trust account at June 30, 2018.

Conservation and Load Management Fund

For the year ended June 30, 2005, an Energy Efficiency and Environmental Stewardship Fund were created. The fund may be utilized by the District for investment in renewable energy sources and for conservation and load management programs so as to result in cost reductions for the District and its consumers. As the fund is unrestricted, the District has included the \$816,047 as part of cash and cash equivalents on their balance sheet at June 30, 2018.

Economic Development Fund

Pursuant to Resolution 92-6 adopted by the CMEEC Board of Directors on January 23, 1992, this fund is for the stated purpose of assisting member system activities which promote economic development, and which help maintain the competitive standing of the member's Electric utility systems. The unrestricted balance available to Electric at June 30, 2018 is \$1,403,923. As there are no restrictions placed on these funds by CMEEC, Electric recognized these funds as part of cash and cash equivalents on their balance sheet at June 30, 2018.

CMEEC's Bonded Debt and Capital Lease Obligations

Electric's share of CMEEC's bonded debt at June 30, 2018 is \$4,571,448. Electric's net obligation (bonded debt less Electric's share of member and participant funds) is \$3,035,020 at June 30, 2018.

**SECOND TAXING DISTRICT - CITY OF NORWALK, CONNECTICUT
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JUNE 30, 2018**

SALE FOR RESALE - WATER

The Water Departments “Sales for Resale” for the year ended June 30, 2018 was \$25,976.

NOTE – 5 CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2018 was as follows:

General Fund Capital Assets:

	Beginning Balance	Additions	Disposals/ Reclassifications	Ending Balance
Capital Assets that are Depreciated:				
Library and Lot	\$ 1,935,228	\$ -	\$ -	\$ 1,935,228
Equipment	<u>6,734</u>	<u>-</u>	<u>-</u>	<u>6,734</u>
Total Cost	1,941,962	-	-	1,941,962
Less: Accumulated Depreciation:				
Library and Lot	(497,724)	(47,089)	-	(544,813)
Equipment	<u>(6,734)</u>	<u>(707)</u>	<u>-</u>	<u>(7,441)</u>
Total Accumulated Depreciation	\$ (504,458)	\$ (47,796)	\$ -	\$ (552,254)
Total Capital Assets Being Depreciated – Net	<u>\$ 1,437,504</u>	<u>\$ (47,796)</u>	<u>\$ -</u>	<u>\$ 1,389,708</u>
Governmental Activities Capital Assets – Net	<u>\$ 1,437,504</u>	<u>\$ (47,796)</u>	<u>\$ -</u>	<u>\$ 1,389,708</u>
Construction Work in Progress	\$ -	\$ -	\$ -	\$ -

SECOND TAXING DISTRICT - CITY OF NORWALK, CONNECTICUT
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Business Type Activities Capital Assets:

	Beginning Balance	Additions	Disposals/ Reclassifications	Ending Balance
Intangible Plant	\$ 114,769	\$ -	\$ -	\$ 114,769
Source of Supply	7,274,862	-	-	7,274,862
Pumping Plant	1,686,474	8,143	-	1,694,617
Water Treatment	33,444,263	-	-	33,444,263
Transmission and Distribution	18,903,321	96,574	-	18,999,895
General Plant	8,636,861	361,560	(180,345)	8,818,076
Generation Plant	9,885,358	27,424	(27,424)	9,885,358
Distribution Plant	17,343,762	413,727	(4,264)	17,753,224
Total Cost	\$ 97,289,669	\$ 907,428	\$ (212,033)	\$ 97,985,064
Less: Accumulated Depreciation:				
Intangible Plant	\$ (90,964)	\$ -	\$ -	\$ (90,964)
Source of Supply	(1,894,670)	(63,276)	-	(1,957,947)
Pumping Plant	(1,386,115)	(37,707)	-	(1,423,822)
Water Treatment	(19,773,295)	(2,094,436)	-	(21,867,731)
Transmission and Distribution	(8,580,528)	(290,214)	-	(8,870,742)
General Plant	(7,068,842)	(469,704)	155,529	(7,383,018)
Generation Plant	(2,239,817)	(13,656)	-	(2,253,473)
Distribution Plant	(8,284,138)	(778,094)	-	(9,062,233)
Total Accumulated Depreciation	\$ (49,318,371)	\$ (3,747,088)	\$ 155,529	\$ (52,909,930)
Total Capital Business Type Activities				
Capital Assets - Net	\$ 47,971,297	\$ (2,839,659)	\$ (56,504)	\$ 45,075,134
Construction Work in Progress	\$ 402,107	\$ 467,172	\$ 241,828	\$ 627,451
Depreciation Expense was Charged to Governmental Functions as Follows:				
General Government		\$ 47,789		
Total Depreciation Expense		\$ 47,789		
Governmental Activities		\$ 47,789		

**SECOND TAXING DISTRICT - CITY OF NORWALK, CONNECTICUT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2018**

NOTE – 6 RATES - CUSTOMERS

WATER

The Water’s rates were approved by the Commission and became effective November 1, 2014. Ignoring base charges, the rates are as follows, (also see Table II of the Statistical Section):

	<u>Rates</u>
Water-Inside District	\$3.68 / 1000 gal.
Water-Outside District	\$5.52 / 1000 gal.

	<u>Rates</u>
Fire Protection – Public - Annual	
City	\$84 / hydrant
6th District	\$84 / hydrant
Wilton	\$240 / hydrant

<u>Fire Protection – Private - Annual</u>	<u>Rates</u>
4"	\$481 / Connection
6"	\$962 / Connection
8"	\$1,924 / Connection
10"	\$3,848 / Connection

Water production (the amount of metered water leaving the filter plant), for the year ended June 30, 2018, was 1,974,382,000 gallons; see Table III of the Statistical Section. For the year ended June 30, 2018, Water had 2,054 customers located within the District and 7,719 customers who were outside the District.

ELECTRIC

Effective September 1, 2012, Electric adopted a rate change on the sale of its Electric power and energy to its customers. The following rate categories are as follows:

<u>Rate Codes</u>	<u>Description</u>
Rate 10, 10G	Residential
Rate 30	Small Commercial
Rate 50	Medium Commercial
Rate 70	Large Commercial
Rate 14	Street, Traffic and Private Lighting
Rate 447	Sales for Resale

**SECOND TAXING DISTRICT - CITY OF NORWALK, CONNECTICUT
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JUNE 30, 2018**

NOTE – 7 LONG-TERM DEBT

Drinking Water Program Loan:

On February 28, 2003, the District Commissioners approved Water’s request to begin the design phase for the ultimate construction of a new filtration plant. On August 23, 2005, the District Commissioners approved Water’s request to proceed with the construction of the facility. The total project cost from inception to completion was estimated to be \$29,000,000. On June 29, 2006, the District entered into an interim funding obligation with the State of Connecticut in the amount of \$24,715,165. Loan funds were drawn down upon by the District as needed to fund the project. On April 30, 2010, the interim funding obligation was closed and converted to a \$24,715,165 loan with a 2.04% interest rate and 20-year term. The debt service requirements to maturity as of June 30, 2018, are as follows:

Year Ending				Interest Rate
June 30,	Principal	Interest	Total	per Annum
2019	\$ 1,219,775	\$ 271,943	\$ 1,491,718	2.04%
2020	1,244,893	246,825	1,491,718	2.04%
2021	1,270,527	221,191	1,491,718	2.04%
2022-2025	5,349,176	617,695	5,966,871	2.04%
2026-2029	4,803,154	169,238	4,972,392	2.04%
Totals	\$ 13,887,525	\$ 1,526,892	\$ 15,414,417	

115 KV Substation – General Obligation Bonds:

On June 4, 2013, the District’s electors authorized and approved the issuance of \$10,000,000 in general obligation bonds to finance the construction of a 115 KV substation to receive wholesale electric supply directly from the power grid. On April 2, 2014, the District sold \$10,000,000 in bonds through the Parity on-line bidding platform at a premium of \$170,945. The bonds were rated Aa1 by Moody’s Investor’s Service and will mature annually from April 1, 2015 to April 1, 2034. The debt service requirements to maturity as of June 30, 2018, and related coupon interest rates, are as follows:

Year Ending				Interest Rate
June 30,	Principal	Interest	Total	per Annum
2019	\$ 500,000	\$ 237,500	\$ 737,500	2%
2020-2024	2,500,000	993,750	3,493,750	2.5-3%
2025-2029	2,500,000	637,500	3,137,500	3%
2030-2034	2,500,000	252,500	2,752,500	3.1-3.5%
Totals	\$ 8,000,000	\$ 2,121,250	\$ 10,121,250	

**SECOND TAXING DISTRICT - CITY OF NORWALK, CONNECTICUT
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JUNE 30, 2018**

Summary of Changes in Long-Term Debt:

	<u>June 30, 2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2018</u>	<u>Due within One Year</u>
Governmental Activities:	\$ -	\$ -	\$ -	\$ -	\$ -
Business Type Activities:					
Filter Plant – Drinking Water					
Program Loan	\$ 15,082,690	\$ -	\$ 1,195,165	\$ 13,887,525	\$ 1,219,775
115 KV Substation –General					
Obligation Bonds	8,500,000	-	500,000	8,000,000	500,000
Compensated Absences	471,534	366,362	471,270	366,626	89,522
Net Pension Liability	2,308,092	-	364,264	1,943,828	-
Net OPEB Obligation	<u>4,413,621</u>	<u>786,175</u>	<u>1,454,048</u>	<u>3,745,748</u>	<u>-</u>
Totals	<u>\$ 30,775,937</u>	<u>\$ 1,152,537</u>	<u>\$ 3,984,747</u>	<u>\$ 27,943,727</u>	<u>\$ 1,809,297</u>

Prior Period Adjustment

The District implemented GASB 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions during the year ended June 30, 2018. The standard requires that the beginning balance of the OPEB obligation be restated as follows:

	<u>OPEB Liability</u>			<u>Net Assets</u>		
	<u>Water</u>	<u>Electric</u>	<u>Total</u>	<u>Water</u>	<u>Electric</u>	<u>Total</u>
Balance at June 30, 2017, before restatement	\$ 48,645	\$ 100,627	\$ 149,272	\$ 17,567,141	\$ 26,572,687	\$ 44,139,828
Restatement of OPEB balance (GASB 75)	<u>2,218,782</u>	<u>2,045,554</u>	<u>4,264,336</u>	<u>(2,218,782)</u>	<u>(2,045,554)</u>	<u>(4,264,336)</u>
Balance at June 30, 2017, as restated	<u>\$ 2,267,427</u>	<u>\$ 2,146,181</u>	<u>\$ 4,413,608</u>	<u>\$ 15,348,359</u>	<u>\$ 24,527,133</u>	<u>\$ 39,875,492</u>

NOTE – 8 MUNICIPAL EMPLOYEES’ RETIREMENT SYSTEM- MERS - WATER AND ELECTRIC

MUNICIPAL EMPLOYEES’ RETIREMENT PLAN

Plan Description

All employees of the District participate in the Municipal Employees' Retirement System (MERS). MERS is a cost-sharing, multiple employer public employee retirement system (PERS) established by the State of Connecticut and administered by the State Retirement Commission to provide pension benefits for the employees of participating municipalities. MERS is a part of the State of Connecticut's financial reporting entity and is included in the State's financial reports as a Pension Trust Fund.

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The MERS issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the State of Connecticut Retirement and Benefit Services Division, Office of the State Controller, 55 Elm Street, Hartford, CT 06106.

Plan Provisions

Plan provisions are set by statute of the State of Connecticut. MERS provides retirement benefits, as well as death and disability benefits. All normal or early retired members receive a cost of living increase adjustment effective July 1st of each year ranging from 2.5% to 6%. Annual cost of living increases between 3% and 5% are paid to disabled members. All benefits vest after 5 years of continuous service. Members who retire after age 55 with 5 years of continuous service or after 25 years of service, irrespective of age, are entitled to an annual retirement benefit, payable monthly for life.

The pension amount paid to employees is based on the following:

2% of the average of earnings for the 3 highest paid years of service multiplied by length of service.

Funding Policy

Covered employees are required by state statute to contribute 2.25% of earnings upon which Social Security tax is paid plus 5% of earnings on which no Social Security tax is paid. Each participating municipality is required to contribute the amounts necessary to finance the remaining costs of plan.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2018, the District has a recorded liability of \$1,943,828 for their proportionate share of the net pension liability. The net pension liability for the plan in total was measured as of June 30, 2016 and determined by an actuarial valuation as of that date. The District's proportionate share of the total net pension liability was based on the ratio of 2016 reported payroll of \$2,799,269 relative to the total reported payroll applicable to our specific type of employees of \$128,997,421 from all participating employers. At June 30, 2017, the District's proportionate share was \$1.175933%.

Net Pension Liability of the District: The components of the net pension liability of the District at June 30, 2018 was as follows:

	Water	Electric	Total
Total pension liability	\$ 12,844,686	\$ 10,509,288	\$ 23,353,974
Plan fiduciary net position	<u>11,775,581</u>	<u>9,634,566</u>	<u>21,410,147</u>
Net pension liability	<u>\$ 1,069,105</u>	<u>\$ 874,722</u>	<u>\$ 1,943,828</u>
Plan fiduciary net position as a percentage of the total pension liability	91.68%	91.68%	91.68%
Percentage of total CMERS	0.646763%	0.529170%	1.175933%

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For the year ended June 30, 2018, the District recognized a pension expense of \$534,042, their proportionate share of the total pension expense.

At June 30, 2018, the District reported deferred outflows and inflows of resources from the following sources related to MERS pension benefits:

	<u>Water</u>	<u>Electric</u>	<u>Total</u>
	<u>Deferred Outflows of Recourses</u>		
Differences between expected and actual experience	\$ -	\$ -	\$ -
Changes in assumptions	-	-	-
Net difference between projected and actual earnings	<u>117,816</u>	<u>96,395</u>	<u>214,211</u>
Total			<u>\$ 214,211</u>
	<u>Deferred Inflows of Recourses</u>		
Differences between expected and actual experience	\$ -	\$ -	\$ -
Changes in assumptions	-	-	-
Net difference between projected and actual earnings	<u>85,121</u>	<u>69,645</u>	<u>154,766</u>
Total			<u>\$ 154,766</u>
Percentage of total	0.646763%	0.529170%	1.175933%
Pension Expense	<u>\$ 226,525</u>	<u>\$ 185,338</u>	<u>\$ 411,863</u>

Significant actuarial assumptions and other inputs used to measure the total pension liability:

Measurement date	June 30, 2016
Valuation date	June 30, 2016
Expected Return on Investments	8.00%, net of investment expense
Inflation	3.25%
Future Salary Increases	4.25-11.00%, including inflation
Cost of Living Increases	2.50%-6.00%
<i>Mortality Assumptions</i>	
Annuitants and Non-Annuitants	RP-2000 Mortality Table set forward one year for males and set back one year for females
Changes in Actuarial Assumptions and Methods	There were no changes in actuarial assumptions or methods for the June 30, 2016 valuation. The June 30, 2016 actuarial assumptions are based on the June 30, 2014 actuarial valuation.
Fiduciary Net Position	MERS issues a publicly available financial report that can be obtained at www.osc.ct.gov/rbsd/cmers/plandoc/index.html

SECOND TAXING DISTRICT - CITY OF NORWALK, CONNECTICUT
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The \$214,211 reported as deferred outflows of resources and the \$154,766 reported as deferred inflows of resources to pensions resulting from differences between projected and actual earnings will be recognized as a reduction to the net pension liability in the years ended June 30, 2019 through 2022.

	<u>Deferred Outflows - Pension Expense Reduction</u>		
	<u>Water</u>	<u>Electric</u>	<u>Total</u>
2019	\$ 9,482	\$ 7,758	\$ 17,240
2020	62,738	51,331	114,069
2021	45,596	37,306	82,902
2022	-	-	-
Total	<u>\$ 117,816</u>	<u>\$ 96,395</u>	<u>\$ 214,211</u>

	<u>Deferred Inflows - Pension Expense Inclusion</u>		
	<u>Water</u>	<u>Electric</u>	<u>Total</u>
2019	\$ -	\$ -	\$ -
2020	-	-	-
2021	37,135	30,384	67,519
2022	47,986	39,261	87,247
Total	<u>\$ 85,121</u>	<u>\$ 69,645</u>	<u>\$ 154,766</u>

	<u>Net Pension Expense (Reduction)</u>		
	<u>Water</u>	<u>Electric</u>	<u>Total</u>
2019	\$ 9,482	\$ 7,758	\$ 17,240
2020	62,738	51,331	114,069
2021	8,461	6,922	15,383
2022	(47,986)	(39,261)	(87,247)
Total	<u>\$ 32,695</u>	<u>\$ 26,750</u>	<u>\$ 59,445</u>

Actuarial valuation of MERS involves estimates of the reported amount and assumptions about profitability of occurrence of events far into the future. Examples include assumptions about future employment mortality and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The last experience study was conducted in 2012 and the next experience study is scheduled for 2019.

SECOND TAXING DISTRICT - CITY OF NORWALK, CONNECTICUT
NOTES TO THE BASIC FINANCIAL STATEMENTS
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Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a long-normal distribution analysis in which best-estimated ranges of expected future real rates of return (expected returns, net of pension 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 and most recent best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	<u>MERS Target Allocation</u>	<u>MERS Long-Term Expected Real Rate of Return</u>
Large Cap Equity	16%	5.80%
Developed non-US equities	14%	6.60%
Emerging Markets(non-US)	7%	8.30%
Core fixed income	8%	1.30%
Inflation linked bond fund	5%	1.00%
Emerging bond fund	8%	3.70%
High yield bonds	14%	3.90%
Real estate	7%	5.10%
Private equity	10%	7.60%
Alternative investments	8%	4.10%
Liquidity fund	<u>3%</u>	0.40%
	<u>100%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 8.00 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at the actuarially determined rates in future years. Based on those assumptions, the pension 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 pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**SECOND TAXING DISTRICT - CITY OF NORWALK, CONNECTICUT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

Discount Rate Sensitivity

The sensitivity of the district's net pension liability to changes in the discount rate is presented below. The District's net pension liability calculated using the current discount rate of 8.0% is presented as well as the net pension liability using a discount rate that is 1.00% lower (7.0%) or 1.0% higher (9.0%) than the current rate.

Sensitivity of Net Pension Liability to Changes in the Discount Rate			
	1% Decrease	Current	1% Increase
Net Pension Liability (Asset)	(7.00%)	Discount Rate (8.00%)	(9.00%)
Water	\$ 1,827,250	\$ 1,069,105	\$ 426,057
Electric	1,495,023	874,722	348,592
Total	<u>\$ 3,322,273</u>	<u>\$ 1,943,828</u>	<u>\$ 774,649</u>

NOTE - 9 DEFERRED COMPENSATION PLAN - WATER AND ELECTRIC

In accordance with GASB-32, since a fiduciary relationship does not exist between the District and the plan, the District does not report the balances and activities of the plan in the District's financial statements.

NOTE - 10 SIMPLIFIED EMPLOYEE PENSION PLAN (SEP) – WATER AND ELECTRIC

In 1978, Electric's commissioners approved a Simplified Employee Pension Plan for Electric's employee. All Electric employees are eligible after one full year of service. Electric contributes 5% of each eligible employee's gross wages to the plan. The contribution vests immediately for the employee. Electric's contribution to the plan amounted to \$94,204 for the year ended June 30, 2018. Electric does not report the balance and activities, other than its contribution expense, in the financial statements.

The District's commissioners approved a Simplified Employee Pension Plan for Water employees effective January 1, 2002. All Water employees are eligible to participate after one full year of service. Water contributes 5% of each eligible employee's gross wages to the plan. The contribution vests immediately for the employee. Water's contribution to the plan amounted to \$103,193 for the year ended June 30, 2018. Water does not report the balance and activities, other than its contribution expense, in the financial statements.

**SECOND TAXING DISTRICT - CITY OF NORWALK, CONNECTICUT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2018**

NOTE - 11 POST EMPLOYMENT RETIREMENT BENEFITS - WATER AND ELECTRIC

Upon retirement, all eligible employees receive hospitalization and emergency room, major medical and dental insurance with family coverage from Water and Electric, at either no cost to the retiree or at a reduced cost based on length of service. All eligible employees also receive life insurance benefits. If the employee retires, Water and Electric pays 65% of the life insurance benefit that an individual had at the date of retirement until age 70. Continuation of benefits does not apply to employees hired after January 1, 1992 for Water and January 1, 2002 for Electric.

Water and Electric fund current post employment retirement benefits on a pay as you go basis. On February 28, 2014 the District created a Section 115 Irrevocable Trust to irrevocably separate assets to fund the net OPEB obligation associated with post-employment benefits. The OPEB Trust does not issue a stand-alone financial report.

The following presents the census of Water and Electric’s benefit participants as of July 1, 2017 valuation dates:

Participant Counts			
Group	Active		Total
	Participants	Retirees*	
Electric	9	16	25
Water	6	13	19
Total	15	29	44

* Does not include spouses of retirees.

Investments

Investment policy - the OPEB plan’s policy in regard to the allocation of invested assets is established and may be amended by agreement of the District Board and Manager. The District’s investment advisor provides the necessary information to assist the District Manager and Director of Finance to make prudent investment decisions. It is the policy of the District to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes, taking into consideration the discount rate. The District’s investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The District reviews its investment policy at least annually.

Rate of return - For the year ended June 30, 2018, the annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expense, was 5.74%. The money-weighted rate of return expresses investment performance, net of investment expense, for the changing amounts actually invested.

Net OPEB Liability of the District

During the year, the District implemented GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans* (OPEB). This Statement requires the net OPEB liability to be measured as the total OPEB liability, less the amount of the OPEB plan’s fiduciary net position. The components of the net OPEB liability of the District at June 30, 2018, re as follows:

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JUNE 30, 2018

	<u>Water</u>	<u>Electric</u>	<u>Total</u>
Total OPEB liability	\$ 4,038,297	\$ 4,018,693	\$ 8,056,990
Plan fiduciary net position	<u>2,084,371</u>	<u>2,226,871</u>	<u>4,311,242</u>
Net OPEB liability	<u>\$ 1,953,926</u>	<u>\$ 1,791,822</u>	<u>\$ 3,745,748</u>
Plan fiduciary net position as a percentage of the total OPEB liability	51.62%	55.41%	53.51%

The District's net OPEB liability will be required to be recorded on the government-wide financial statement of net position at June 30, 2018.

Actuarial assumptions - the total OPEB liability was determined by an actuarial valuation as of July 1, 2017 and increased by service cost and interest and decreased by benefit payments to estimate the total OPEB liability as of June 30, 2017.

Actuarial assumptions were as follows:

Inflation	2.60%	2.60%
Salary increase	2.60%	2.60%
Investment rate of return	7.00%	7.00%

Mortality rates were based on RP-2014 Adjusted to 2006 Total Dataset Mortality Table projected to valuation date with Scale MP-2016.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of June 30, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
US Large Cap	4.65%
US Mid/Small Cap	5.50%
Developed International Equities	5.50%
Emerging Market Equities	6.50%
Intermediate Corporate	2.25%
International Bonds	2.00%
High-Yield Bonds	3.25%
Emerging Market Debt	3.75%
Money Market	0.00%
Alternatives	5.00%

SECOND TAXING DISTRICT - CITY OF NORWALK, CONNECTICUT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

Discount rate - the discount rate used to measure the total OPEB liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the District contributions will be made at rates equal to the actuarially determined contributions. Based on those assumptions, the OPEB 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 OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the net OPEB liability to changes in the discount rate - the following presents the net OPEB liability of the District, calculated using the discount rate of 7.0%, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1- percentage-point lower (6.0%) or 1- percentage-point higher (8.0%) than the current discount rate:

	1% Decrease (6%)	Current Discount Rate (7%)	1% Increase (8%)
Net OPEB liability - Water	\$ 2,421,748	\$ 1,953,926	\$ 1,563,253
Net OPEB liability - Electricity	\$ 2,271,158	\$ 1,791,822	\$ 1,393,518

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rate - the following presents the net OPEB liability of the District, calculated using the healthcare cost trend rate of 5.1%, as well as what the District's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1- percentage-point lower (4.1%) or 1- percentage-point higher (6.1%) than the current healthcare cost trend rate:

	1% Decrease (7.0% decreasing to 3.60%)	Healthcare Cost Trend Rates (8.0% decreasing to 4.60%)	1% Increase (9.0% decreasing to 5.60%)
Net OPEB liability - Water	\$ 1,532,094	\$ 1,953,926	\$ 2,561,859
Net OPEB liability - Electricity	\$ 1,357,033	\$ 1,791,822	\$ 2,432,217

SECOND TAXING DISTRICT - CITY OF NORWALK, CONNECTICUT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

The calculation of the change in the net OPEB obligation for the year ended June 30, 2018 follows:

	<u>Water</u>	<u>Electric</u>	<u>Total</u>
Net OPEB liability, beg. As restated (see note 7)	\$ 2,267,427	\$ 2,146,193	\$ 4,413,620
Service cost	9,315	16,876	26,191
Interest on net OPEB liability	266,609	268,495	535,104
Differences between expected and actual experience	174,393	50,489	224,882
Investment gains or losses	(103,036)	(107,897)	(210,933)
Expected net investment income	-	-	-
Contributions made	<u>(660,782)</u>	<u>(582,334)</u>	<u>(1,243,116)</u>
Decrease in net OPEB liability	<u>(313,501)</u>	<u>(354,371)</u>	<u>(667,872)</u>
Net OPEB liability, ending	<u>\$ 1,953,926</u>	<u>\$ 1,791,822</u>	<u>\$ 3,745,748</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2018, the District recognized OPEB expense of \$393,223. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Water</u>	<u>Electric</u>	<u>Total</u>
	<u>Deferred Outflows of Recourses</u>		
Differences between expected and actual experience	\$ 104,636	\$ 32,457	\$ 137,093
Changes in assumptions	-	-	-
Net difference between projected and actual earnings	<u>21,552</u>	<u>23,376</u>	<u>44,928</u>
	<u>\$ 126,188</u>	<u>\$ 55,833</u>	<u>\$ 182,021</u>
	<u>Deferred Inflows of Recourses</u>		
Differences between expected and actual experience	\$ -	\$ -	\$ -
Changes in assumptions	-	-	-
Net difference between projected and actual earnings	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**SECOND TAXING DISTRICT - CITY OF NORWALK, CONNECTICUT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

2019	\$ 75,145	\$ 23,876	\$ 99,021
2020	40,267	20,269	60,536
2021	5,388	5,844	11,232
2022	5,386	5,844	11,230
2023	-	-	-
	<u>\$126,186</u>	<u>\$55,833</u>	<u>\$182,019</u>

NOTE - 12 SIGNIFICANT CUSTOMERS – WATER AND ELECTRIC

Water's 60 largest customers represent 22.4% or \$1,827,745 of total gross metered sales for the year ended June 30, 2018.

Electric's 30 largest customers represent 25.2% or \$3,574,811 of total gross metered sales for the year ended June 30, 2018.

NOTE - 13 SIGNIFICANT CONCENTRATION OF CREDIT RISK

Water – Water sells water to customers within the geographic boundaries of the Second Taxing District of the City of Norwalk, areas in Norwalk contiguous to the District, and certain areas of the Town of Wilton.

Electric - Electric sells electricity to customers within the geographic boundaries of the Second Taxing District of the City of Norwalk.

REQUIRED SUPPLEMENTARY INFORMATION

**SECOND TAXING DISTRICT - CITY OF NORWALK, CONNECTICUT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PENSION CONTRIBUTIONS
JUNE 30, 2018**

<u>Year Ended</u>	<u>Proportion of the Net Pension Liability (Asset)</u>	<u>Proportion of the Net Pension Liability (Asset)</u>	<u>Actual Covered Member Payroll</u>	<u>Net Pension Liability as a Percentage of Covered Payroll</u>	<u>Fiduciary Net Position as a Percentage of Total Pension Liability</u>
6/30/2018	1.18%	\$ 1,943,828	\$ 2,799,269	69.44%	91.68%
6/30/2017	1.18%	2,308,092	2,799,269	82.45%	88.29%
6/30/2016	1.38%	1,893,357	3,068,762	61.70%	92.72%

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

<u>Year Ended</u>	<u>Statutorily Required Contribution</u>	<u>Actual Employer Contribution</u>	<u>Contribution Excess/Deficiency</u>	<u>Actual Covered Member Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
6/30/2018	\$ 495,227	\$ 495,227	\$ -	\$ 2,799,269	17.69%
6/30/2017	476,129	476,129	-	2,799,269	17.01%
6/30/2016	483,086	483,086	-	3,068,762	15.74%

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

**SECOND TAXING DISTRICT - CITY OF NORWALK, CONNECTICUT
SCHEDULE OF CHANGES IN THE DISTRICT'S NET OPEB LIABILITY
AND RELATED RATIOS
LAST TWO FISCAL YEARS**

<u>Water</u>	<u>2018</u>	<u>2017</u>
Total OPEB liability		
Service cost	\$ 9,315	\$ 9,078
Interest	266,609	268,745
Differences between expected and actual experience	174,393	29,233
Benefit payments, including refunds of member contributions	<u>(415,782)</u>	<u>(262,426)</u>
Net changes in total OPEB liability	<u>34,535</u>	<u>44,630</u>
Total OPEB liability - beginning	<u>4,003,763</u>	<u>3,959,133</u>
Total OPEB liability - ending	<u>\$ 4,038,298</u>	<u>\$ 4,003,763</u>
 Plan fiduciary net position		
Contributions - employer	\$ 660,782	\$ 547,176
Net investment income	103,036	138,135
Benefit payments, including refunds of member contributions	<u>(415,782)</u>	<u>(262,426)</u>
Net changes in plan fiduciary net position	348,036	422,885
Plan fiduciary net position - beginning	<u>1,736,336</u>	<u>1,313,451</u>
Plan fiduciary net position - ending	<u>2,084,372</u>	<u>1,736,336</u>
Net OPEB liability	<u>\$ 1,953,926</u>	<u>\$ 2,267,427</u>
 Plan fiduciary net position as a percentage of the total OPEB liability	51.62%	43.37%
Covered payroll	\$ 668,829	\$ 651,880
Net OPEB liability as a percentage of covered payroll	292.14%	347.83%
 <u>Electric</u>		
Total OPEB liability		
Service cost	\$ 16,876	\$ 16,447
Interest	268,495	264,861
Differences between expected and actual experience	50,489	38,231
Benefit payments, including refunds of member contributions	<u>(267,334)</u>	<u>(231,811)</u>
Net changes in total OPEB liability	<u>68,526</u>	<u>87,728</u>
Total OPEB liability - beginning	<u>3,950,168</u>	<u>3,862,440</u>
Total OPEB liability - ending	<u>\$ 4,018,694</u>	<u>\$ 3,950,168</u>
 Plan fiduciary net position		
Contributions - employer	\$ 582,334	\$ 617,061
Net investment income	107,897	137,352
Benefit payments, including refunds of member contributions	<u>(267,334)</u>	<u>(231,811)</u>
Net changes in plan fiduciary net position	422,897	522,602
Plan fiduciary net position - beginning	<u>1,803,975</u>	<u>1,281,373</u>
Plan fiduciary net position - ending	<u>2,226,872</u>	<u>1,803,975</u>
Net OPEB liability	<u>\$ 1,791,822</u>	<u>\$ 2,146,193</u>
 Plan fiduciary net position as a percentage of the total OPEB liability	55.41%	45.67%
Covered payroll	\$ 808,721	\$ 788,227
Net OPEB liability as a percentage of covered payroll	221.56%	272.28%

Note: This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

**SECOND TAXING DISTRICT - CITY OF NORWALK, CONNECTICUT
SCHEDULE OF EMPLOYER CONTRIBUTIONS
OPEB PLAN
LAST TWO FISCAL YEARS**

	<u>2018</u>	<u>2017</u>
<u>Water</u>		
Actuarially determined contribution	\$ 268,528	\$ 357,044
Contribution in relation to actuarially determined contribution	<u>660,782</u>	<u>547,176</u>
Contribution deficiency (excess)	<u>\$ (392,254)</u>	<u>\$ (190,132)</u>
Covered-employee payroll	\$ 668,829	\$ 651,880
Contributions as a percentage of covered-employee payroll	98.80%	83.94%
<u>Electric</u>		
Actuarially determined contribution	\$ 269,627	\$ 393,853
Contribution in relation to actuarially determined contribution	<u>582,334</u>	<u>617,061</u>
Contribution deficiency (excess)	<u>\$ (312,707)</u>	<u>\$ (223,208)</u>
Covered-employee payroll	\$ 808,721	\$ 788,227
Contributions as a percentage of covered-employee payroll	72.01%	78.28%

Notes to Schedule

Valuation date: Measurement date:

Measurement date:

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percent, closed
Remaining amortization period	16 years
Asset valuation method	5 year smoothing period with non-
Inflation	2.60%
Healthcare cost trend rates	8.0% decreasing to 4.6% for 2023 and
Dental trend rate	4.60%
Salary increase	2.60%
Investment rate of return	7.00%
Retirement age	Rates based on age
Mortality	RP-2014 Adjusted to 2006 Total Dataset Mortality Table projected to valuation date with Scale MP-2016

Note: This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

**SECOND TAXING DISTRICT - CITY OF NORWALK, CONNECTICUT
 SCHEDULE OF INVESTMENT RETURNS
 OPEB PLAN
 LAST TWO FISCAL YEARS**

	<u>2018</u>	<u>2017</u>
<u>Water</u>		
Annual money weighted rate of return, net of investment expenses	5.74%	9.99%
<u>Electric</u>		
Annual money weighted rate of return, net of investment expenses	5.74%	9.99%

Note: This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

**SUPPLEMENTARY COMBINING AND INDIVIDUAL
FUND SCHEDULE**

**SECOND TAXING DISTRICT - CITY OF NORWALK, CONNECTICUT
SCHEDULE OF OPERATING BUDGET - PROPRIETARY FUND - WATER
FOR THE YEAR ENDED JUNE 30, 2018**

	Budget	Actual	Variance Favorable (Unfavorable)
INCOME			
Operating Income			
Metered Income			
Residential	\$ 6,268,041	\$ 5,924,363	\$ (343,678)
Commercial	1,532,528	1,457,098	(75,430)
Industrial	253,985	213,135	(40,850)
Sales to Public Authorities	271,069	265,008	(6,061)
Fire Protection:			
Private Fire Protection	269,763	269,238	(525)
Public Fire Protection - Norwalk	56,868	56,868	-
Public Fire Protection - Wilton	12,480	12,480	-
Water for Resale	25,134	25,976	842
Total Operating Income	<u>8,689,868</u>	<u>8,224,166</u>	<u>(465,702)</u>
Other Income			
Laboratory Services	-	57,336	57,336
Net Merchandising and Jobbing	8,000	6,852	(1,148)
Miscellaneous Charges	155,000	141,260	(13,740)
Interest Revenue	1,000	433	(567)
Customer Late Fees	50,000	54,479	4,479
Total Other Income	<u>214,000</u>	<u>260,360</u>	<u>46,360</u>
TOTAL INCOME	<u>\$ 8,903,868</u>	<u>\$ 8,484,526</u>	<u>\$ (419,342)</u>
EXPENSES			
Operating Expenses			
Source of Supply:			
Operations	\$ 216,527	\$ 216,634	\$ (107)
Maintenance	37,526	6,978	30,548
Pumping:			
Operations	189,248	134,647	54,601
Maintenance	38,196	4,660	33,536
Water Treatment:			
Operations	1,353,103	1,188,252	164,851
Maintenance	70,005	33,176	36,829
Transmission and Distribution:			
Operations	491,086	431,626	59,460
Maintenance	497,627	836,783	(339,156)
Customer Accounts Expense	618,456	503,168	115,288
Administrative and General Expenses:			
Operations	2,914,238	1,580,576	1,333,662
Maintenance	171,421	187,215	(15,794)
Total Operating Expenses	<u>6,597,433</u>	<u>5,123,714</u>	<u>1,473,719</u>
Other (Income) / Expenses			
Interest Expense on Filtration Plant	296,553	296,553	(0)
(Gain) / Loss on Disposition of Assets	-	(16,180)	16,180
Depreciation	2,586,932	2,577,648	9,284
Property Taxes:			
Wilton	445,000	236,766	208,234
New Canaan	22,000	9,919	12,081
Total Other Expenses	<u>3,350,485</u>	<u>3,104,707</u>	<u>245,779</u>
TOTAL EXPENSES	<u>\$ 9,947,918</u>	<u>\$ 8,228,421</u>	<u>\$ 1,719,497</u>
TRANSFER TO GENERAL FUND	<u>\$ 95,000</u>	<u>\$ -</u>	<u>\$ -</u>

**SECOND TAXING DISTRICT - CITY OF NORWALK, CONNECTICUT
SCHEDULE OF CAPITAL PROJECT RECONCILIATION REPORT – WATER
FOR THE YEAR ENDED JUNE 30, 2018**

PROPRIETARY FUND - WATER

Project Number	Description	Budget	Actual	Variance Favorable (Unfavorable)	Current Project Status
Capital Projects					
2014-08CW	Security Upgrade	50,000	26,664	23,336	On-Going
2015-13CW	GIS Mobile	16,760	2,050	14,710	On-Going
2016-08CW	Replace Fence - Summit Ave Tank Property	25,000	8,079	16,921	On-Going
2016-09CW	Replace Services	33,000	32,256	744	On-Going
2016-10CW	Replace PRV in Wilton	14,900	-	14,900	On-Going
2016-11CW	Replace Hydrants	10,000	10,000	-	On-Going
2016-01MW	Water Street Building Facility Improvements	35,000	2,231	32,769	On-Going
2016-05MW	Test Large Meters	25,000	-	25,000	On-Going
2017-01CW	Confined Space Entry Equipment	7,000	3,787	3,213	On-Going
2017-02CW	Replace Vehicle # 23	12,500	12,500	-	On-Going
2017-04CW	Office Furniture	2,000	-	2,000	On-Going
2017-05CW	Leak Correlator	20,000	12,133	7,867	On-Going
2017-06CW	Replace Zinc Orthophosphate Feed	15,646	11,007	4,639	On-Going
2017-07CW	Install VFD for Wilton 150 hp Pump	45,500	13,193	32,308	On-Going
2017-08CW	Install VFD for Wilton 50 hp Pump	10,000	8,143	1,858	On-Going
2017-09CW	Replace Popes Pond Bridge	121,100	3,229	117,871	On-Going
2017-10CW	Replace Sander	6,400	5,956	444	On-Going
2018-01CW	Purchase Water Meters & Modules	75,000	49,651	25,349	Annual
2018-02CW	CIS Infinity Mobile	29,250	3,750	25,500	On-Going
2018-03CW	State Street Security	20,000	18,080	1,920	On-Going
2018-04CW	Solar for Filtration Plant	350,000	-	350,000	On-Going
2018-05CW	Upgrade Phone System/Call Tracking	10,000	7,395	2,605	On-Going
2018-06CW	Replace 50hp WWC Pump	18,000	-	18,000	On-Going
2018-07CW	Ultrasonic Clamp on Meter	25,000	25,000	-	On-Going
2018-08CW	Install Transmission Main Valves	59,350	-	59,350	On-Going
2018-09CW	Replace Services	43,104	-	43,104	On-Going
2018-10CW	Replace Hydrants	22,124	7,304	14,820	On-Going
2018-11CW	Lab Coliform Bath	2,400	1,920	480	On-Going
2018-12CW	Portable Two Way Radios	3,000	2,769	231	On-Going
2018-13CW	Replace Sylvester Ct SCADA	13,000	-	13,000	On-Going
2018-14CW	Main Replacement Program	100,000	199	99,801	On-Going
2018-16CW	New Accounting System	40,000	-	40,000	On-Going
Total Capital Projects		\$ 1,260,034	\$ 267,294	\$ 992,740	

**SECOND TAXING DISTRICT - CITY OF NORWALK, CONNECTICUT
SCHEDULE OF OPERATING BUDGET - PROPRIETARY FUND - ELECTRIC
FOR THE YEAR ENDED JUNE 30, 2018**

	Budget	Actual	Variance Favorable (Unfavorable)
INCOME			
Operating Income			
Metered Sales			
Residential	\$ 6,470,239	\$ 6,103,987	\$ (366,253)
Small Commercial	5,235,264	5,174,008	(61,256)
Medium Commercial	1,299,048	1,244,489	(54,559)
Large Commercial	1,682,901	1,402,059	(280,842)
Fixed Load Lighting	68,571	81,446	12,875
Sales for Resale - LRP	9,621	-	(9,621)
Conservation and Load Management Charges	228,279	217,316	(10,964)
Gross Revenue Tax	570,974	551,361	(19,612)
Lost Customer Discount	511,294	584,370	73,076
Total Operating Income	<u>16,076,191</u>	<u>15,359,035</u>	<u>(717,156)</u>
Other Income			
Laboratory Services	1,250,000	1,550	(1,248,450)
Utility Plant Leasing	3,996	5,055	1,059
Net Merchandising and Jobbing	10,000	31,359	21,359
Miscellaneous Charges	74,740	102,712	27,972
Interest Revenue	12,000	24,970	12,970
Total Other Income	<u>1,350,736</u>	<u>165,646</u>	<u>(1,185,090)</u>
TOTAL INCOME	<u>\$ 17,426,927</u>	<u>\$ 15,524,681</u>	<u>\$ (1,902,246)</u>
EXPENSES			
Operating Expenses			
Purchased Electricity	\$ 9,553,834	\$ 9,199,209	\$ 354,625
Transmission and Distribution			
Operations	853,489	901,050	(47,561)
Maintenance	330,741	252,813	77,928
Customer Accounts Expense	627,489	732,192	(104,703)
Conservation and Load Management	232,948	(65,922)	298,870
Administrative and General Expenses			
Operations	2,502,853	2,131,926	370,927
Maintenance	238,923	242,427	(3,504)
Gross Revenue Taxes	588,103	628,490	(40,387)
Customer Assistance Program	25,000	25,000	-
Total Operating Expenses	<u>14,953,380</u>	<u>14,047,185</u>	<u>906,195</u>
Other (Income) / Expenses			
(Gain) / Loss on Disposition of Assets	-	(4,280)	4,280
Depreciation	1,154,596	1,169,437	(14,841)
Interest Expense	36,000	11,990	24,010
Interest Expense - Long Term Debt	247,500	245,000	2,500
Total Other (Income) / Expenses	<u>1,438,096</u>	<u>1,422,148</u>	<u>15,949</u>
TOTAL EXPENSES	<u>\$ 16,391,476</u>	<u>\$ 15,469,333</u>	<u>\$ 922,143</u>
TRANSFER TO GENERAL FUND	<u>\$ 95,000</u>	<u>\$ -</u>	<u>\$ (127,379)</u>

**SECOND TAXING DISTRICT - CITY OF NORWALK, CONNECTICUT
SCHEDULE OF CAPITAL PROJECT RECONCILIATION REPORT – ELECTRIC
FOR THE YEAR ENDED JUNE 30, 2018**

PROPRIETARY FUND - ELECTRIC

Project Number	Description	Budget	Actual	Variance Favorable (Unfavorable)	Current Project Status
Capital Projects					
2010-18CE	Bulk Power 115kV Substation - Phase I	\$ 1,500,000	\$ 1,500,000	\$ -	completed
2011-19CE	Generation Building Modification	256,640	66,414	190,227	Bal Cancelled
2012-11CE	Bulk Power 115kV Substation - Phase II	750,000	750,000	-	Completed
2013-03CE	Replace Reel Trailer	40,000	-	40,000	On-Going
2013-04CE	Replace Underground Switches	440,000	201,864	238,136	On-Going
2013-05CE	Bulk Power 115kV Substation - Phase III	250,000	250,000	-	Completed
2014-05CE	Security Upgrade	50,000	26,664	23,336	On-Going
2015-03CE	Virtual Server Upgrade	22,930	19,755	3,175	On-Going
2015-05CE	GIS Mobile	16,760	9,821	6,939	On-Going
SA	Elector's Bond Meeting April 2013	10,000,000	8,979,932	1,020,068	On-Going
2016-01CE	Presentation Equipment	7,260	3,057	4,203	On-Going
2016-02CE	Vehicle 19 Replacement	32,840	-	32,840	On-Going
2016-05CE	Substation SCADA System	109,700	-	109,700	On-Going
2016-07CE	Oracle Server Replacement	12,760	4,864	7,896	On-Going
2016-01PE	Retired Generation Plant Feasibility	150,000	129,072	20,928	On-Going
2016-01ME	Tree Trimming	100,000	103,520	(3,520)	On-Going
2017-02CE	Office Furniture	2,000	-	2,000	On-Going
2017-06CE	Replace Vehicle 26 Line Truck	227,890	214,191	13,699	On-Going
2017-07CE	Transformers - Mall	411,000	274,860	136,140	On-Going
2017-08CE	Switches - Mall	355,600	-	355,600	On-Going
2017-09CE	Replace Knife Switches with GOD's	33,520	-	33,520	On-Going
2017-10CE	Install OH Capacitor Banks	103,090	4,873	98,217	On-Going
2018-01CE	Purchase Electric Meters	75,000	27,454	47,546	Annual
2018-02CE	CIS Infinity Mobile	29,250	3,750	25,500	On-Going
2018-03CE	State Street Security	20,000	18,080	1,920	On-Going
2018-04CE	Upgrade Phone System/Call Tracking	10,000	7,395	2,605	On-Going
2018-05CE	Remodel Line Garage	25,000	25,000	-	On-Going
2018-06CE	Desk- Line Garage	3,000	-	3,000	On-Going
2018-07CE	Tools	10,000	-	10,000	On-Going
2018-08CE	Transformers	100,000	-	100,000	Annual
2018-09CE	Purchase Material Storage	15,000	-	15,000	On-Going
2018-10CE	Motor Controllers for Switches	20,000	-	20,000	On-Going
2018-11CE	Ventilation System for SONO24P	3,000	-	3,000	On-Going
2018-12CE	Emergency Generator Control House	2,500	-	2,500	On-Going
2018-13CE	Security-SONO24P	10,000	-	10,000	On-Going
2018-14CE	Emergency Pole Replacement	25,000	-	25,000	Annual
2018-15CE	Mall-Transformers, Switches, Conductors, Etc.	1,250,000	-	1,250,000	On-Going
2018-16CE	Computer - Hardware & Software	20,000	19,128	872	Annual
2018-17CE	New Accounting System	40,000	-	40,000	On-Going
	Total Capital Projects FYE 6-30-2018	\$ 16,529,740	\$ 12,639,693	\$ 3,890,047	

**SECOND TAXING DISTRICT - CITY OF NORWALK, CONNECTICUT
SCHEDULE OF UTILITY PLANT IN SERVICE – WATER
FOR THE YEAR ENDED JUNE 30, 2018**

	UTILITY PLANT				ACCUMULATED DEPRECIATION			
	Balance	Retirements		Balance	Balance	Retirements		Balance
	July 1, 2017	Additions	and Adjustments	June 30, 2018	July 1, 2017	Additions	and Adjustments	June 30, 2017
Intangible Plant								
Franchise and Consents	\$ 23,805	\$ -	\$ -	\$ 23,805	\$ -	\$ -	\$ -	\$ -
Miscellaneous Intangible Plant	90,964	-	-	90,964	90,964	-	-	90,964
Source of Supply								
Land and Land Rights	2,834,930	-	-	2,834,930	-	-	-	-
Structures and Improvements	63,161	-	-	63,161	63,161	-	-	63,161
Coll and Imp Reservoirs	1,752,703	-	-	1,752,703	958,253	24,324	-	982,577
Wells and Springs	23,390	-	-	23,390	23,390	-	-	23,390
Supply Mains	2,595,994	-	-	2,595,994	845,183	38,952	-	884,135
Other Water Resources	4,683	-	-	4,683	4,683	-	-	4,683
Pumping Plant								
Land and Land Rights	2,000	-	-	2,000	-	-	-	-
Structures and Improvements	512,124	-	-	512,124	421,579	7,910	-	429,489
Other Power Production Equipment	190,267	8,143	-	198,410	139,241	5,669	-	144,910
Electric Pump Equipment	960,262	-	-	960,262	803,475	24,128	-	827,603
Other Pump Equipment	21,821	-	-	21,821	21,821	-	-	21,821
Water Treatment								
Land and Land Rights	302	-	-	302	-	-	-	-
Structures	17,868,706	-	-	17,868,706	7,244,565	652,860	-	7,897,426
Water Treatment Equipment	15,575,255	-	-	15,575,255	12,528,729	1,441,576	-	13,970,306
Transmission and Distribution								
Land and Land Rights	41,919	-	-	41,919	-	3,674	-	3,674
Distrib Res Standpipe	778,608	-	-	778,608	699,357	16,553	-	715,910
Transportation and Distribution Mains	12,377,995	-	-	12,377,995	5,309,627	150,317	-	5,459,944
Water Services	2,947,732	33,112	-	2,980,845	777,203	58,864	-	836,067
Meters	1,827,920	49,654	-	1,877,574	1,340,236	43,522	-	1,383,758
Hydrants	929,147	13,808	-	942,955	454,106	17,283	-	471,389
General Plant								
Other Trans & Dist Plant	222,192	-	-	222,192	178,109	10,888	-	188,997
Structures	1,152,966	18,080	-	1,171,046	1,152,966	-	-	1,152,966
Office Furniture and Equipment	146,683	-	4	146,679	143,628	1,379	2	145,005
Transportation	748,269	-	154,518	593,751	655,971	24,057	154,518	525,510
Stores Equipment	32,355	-	-	32,355	20,079	895	-	20,974
Tools, Shop Equipment	225,159	29,623	11,274	243,508	173,777	7,408	-	181,185
Laboratory Equipment	273,919	5,375	-	279,295	258,563	5,992	-	264,555
Power Operated Equipment	156,806	-	-	156,806	102,091	6,085	-	108,176
Communication Equipment	206,226	10,164	-	216,390	168,161	10,174	-	178,335
Miscellaneous Equipment	22,966	-	-	22,966	19,070	974	-	20,044
Computer Equipment	731,168	13,480	-	744,648	662,135	24,166	-	686,301
Non-Utility Property	12,743	-	-	12,743	-	-	-	-
Net Utility Plant in Service	\$ 65,355,140	\$ 181,440	\$ 165,796	\$ 65,370,784	\$ 35,260,123	\$ 2,577,650	\$ 154,520	\$ 37,683,254

**SECOND TAXING DISTRICT - CITY OF NORWALK, CONNECTICUT
 SCHEDULE OF UTILITY PLANT IN SERVICE – ELECTRIC
 FOR THE YEAR ENDED JUNE 30, 2018**

	UTILITY PLANT				ACCUMULATED DEPRECIATION			
	Balance July 1, 2017	Additions	Retirements and Adjustments	Balance June 30, 2018	Balance July 1, 2017	Additions	Retirements and Adjustments	Balance June 30, 2018
Generation Plant								
Land	\$ 16,901	\$ -	\$ -	\$ 16,901	\$ -	\$ -	\$ -	\$ -
Structures and Improvements	371,494	-	-	371,494	361,095	2,120	-	363,215
Fuel Holders, Producers and Access	437,838	-	-	437,838	437,838	-	-	437,838
Prime Movers	-	-	-	-	-	-	-	-
Generators	-	-	-	-	-	-	-	-
Access Electrical Equipment	1,211,724	-	-	1,211,724	1,186,562	11,536	-	1,198,098
Miscellaneous Power Plant Equipment	-	-	-	-	-	-	-	-
Transmission Plan	100,000	-	-	100,000	-	-	-	-
27.6KV Incoming Trans.	254,322	27,424	27,424	254,322	254,322	-	-	254,322
Station Equipment	7,493,079	-	-	7,493,079	-	-	-	-
Distribution Plant								
Land and Land Rights	2,311,628	-	-	2,311,628	-	-	-	-
Structures and Improvements	135,276	46,218	-	181,494	90,693	2,477	-	93,170
Station Equipment	735,801	27,424	-	763,225	914,160	317,162	-	1,231,323
Storage Battery Equipment	40,113	-	-	40,113	26,198	3,361	-	29,560
Poles, Towers and Equipment	761,397	12,864	304	773,957	376,369	20,479	-	396,848
Overhead Conductors and Devices	876,961	3,960	3,960	876,961	625,892	15,279	-	641,170
Underground Conduit	3,580,880	-	-	3,580,880	1,984,752	81,514	-	2,066,266
Underground Conductors and Devices	4,085,722	-	-	4,085,722	1,875,905	155,150	-	2,031,055
Line Transformers	2,159,817	274,860	-	2,434,677	1,188,141	71,192	-	1,259,333
Services	203,411	8,268	-	211,679	140,778	7,795	-	148,573
Meters	1,654,208	21,125	-	1,675,332	544,558	82,595	-	627,152
Installation on Customer Premises	98,027	-	-	98,027	98,027	-	-	98,027
Street Lighting	700,521	19,007	-	719,528	418,665	21,089	-	439,754
General Plant								
Land	51,000	-	-	51,000	-	-	-	-
Structures and Improvements	693,084	18,080	-	711,164	380,020	18,128	-	398,149
Office Furniture and Equipment	472,080	-	-	472,080	454,352	5,882	1,008	459,226
Transportation Equipment	911,018	221,936	-	1,132,954	738,360	33,804	-	772,163
Stores Equipment	30,847	-	-	30,847	30,847	-	-	30,847
Tools, Shop and Garage Equipment	243,594	14,549	14,549	243,594	229,320	2,864	-	232,184
Laboratory Equipment	107,399	-	-	107,399	76,335	7,766	-	84,101
Power Operating Equipment	38,823	-	-	38,823	38,823	62,078	-	100,901
Communications Equipment	576,261	7,395	-	583,656	481,430	-	-	481,430
Miscellaneous Equipment	14,918	-	-	14,918	13,314	303	-	13,617
Computer Equipment	1,566,386	22,878	-	1,589,264	1,091,490	246,862	-	1,338,352
Net Utility Plant in Service	\$ 31,934,528	\$ 725,989	\$ 46,237	\$ 32,614,280	\$ 14,058,248	\$ 1,169,437	\$ 1,008	\$ 15,226,677

**SECOND TAXING DISTRICT - CITY OF NORWALK, CONNECTICUT
 SCHEDULE OF DEFERRED PRELIMINARY SURVEY
 AND INVESTIGATION CHARGES - BUSINESS TYPE ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2018**

WATER						
	Balance July 1, 2017	Additions	Subtractions	Transfer to Utility Plant		Balance June 30, 2018
Raise City Lake Dam	\$ 31,445	\$ -	\$ -	\$ -		\$ 31,445
Various - Misc.	-	-	-	-		-
Totals	<u>\$ 31,445</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		<u>\$ 31,445</u>

ELECTRIC						
	Balance July 1, 2017	Additions	Subtractions	Transfer to Utility Plant		Balance June 30, 2018
Various - Misc.	\$ 129,072	\$ -	\$ -	\$ -		\$ 129,072
Totals	<u>\$ 129,072</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		<u>\$ 129,072</u>

BUSINESS TYPE ACTIVITIES

COMBINED TOTALS	<u>\$ 160,517</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		<u>\$ 160,517</u>
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**SECOND TAXING DISTRICT - CITY OF NORWALK, CONNECTICUT
SCHEDULE OF EXPENSES - PROPRIETARY FUND TYPE – WATER
FOR THE YEAR ENDED JUNE 30, 2018**

Source of Supply - Operations	
Supervision and Engineering	\$ 4,634
Labor	85,041
Water Purchased for Resale	25,761
Miscellaneous Source of Supply Operations	101,198
	<u>\$ 216,634</u>
Source of Supply - Maintenance	
Maintenance of Collecting and Impounding Reservoirs	<u>\$ 6,978</u>
Pumping - Operations	
Fuel and Power	\$ 108,730
Labor and Supplies	7,181
Miscellaneous Pumping Operations	18,736
	<u>\$ 134,647</u>
Pumping - Maintenance	
Maintenance of Structures	\$ 1,442
Maintenance of Pumping Equipment	3,217
	<u>\$ 4,660</u>
Water Treatment - Operations	
Supervision and Engineering	\$ 33,494
Chemicals	208,940
Labor and Other Services	377,014
Lab Supplies	22,134
Miscellaneous Water Treatment Operations	546,669
	<u>\$ 1,188,252</u>
Water Treatment - Maintenance	
Maintenance of Structures	\$ 5,709
Maintenance of Water Treatment Equipment	27,466
	<u>\$ 33,176</u>
Transmission and Distribution - Operations	
Supervision and Engineering	\$ 36,477
Storage Facilities	36,562
Lines	35,240
Meters	12,703
Conservation	14
Customer Installations and Cross Connections	115,493
Miscellaneous Distribution Operations	195,139
	<u>\$ 431,626</u>
Transmission and Distribution - Maintenance	
Maintenance of Distribution Reservoirs and Standpipes	\$ 2,117
Maintenance of Transmission and Distribution Mains	624,418
Maintenance of Services	197,940
Maintenance of Hydrants	12,309
	<u>\$ 836,783</u>
Customer Accounts	
Operation Supervision	\$ 55,516
Meter Reading	101,898
Customer Records and Collection	303,204
Delinquent Collections	24,549
Uncollected Bills	18,000
	<u>\$ 503,168</u>
Administrative and General Expenses - Operations	
Administrative and General	\$ 605,865
Professional and Outside Services	59,193
Property and General Liability Insurance	153,661
Workers Compensation / Injuries and Damages Insurance	120,724
Pension and Benefits	1,512,126
Miscellaneous Administrative and General Expenses	(870,993)
	<u>\$ 1,580,576</u>
Administrative and General Expenses - Maintenance	
Maintenance of Administrative and General Plant	<u>\$ 187,215</u>
TOTAL	<u>\$ 5,123,714</u>

**SECOND TAXING DISTRICT - CITY OF NORWALK, CONNECTICUT
SCHEDULE OF EXPENSES - PROPRIETARY FUND TYPE –ELECTRIC
FOR THE YEAR ENDED JUNE 30, 2018**

Purchased Power		
Purchased Power - Resale	\$	9,197,553
Purchased Power - Solar		1,656
Purchased Power	\$	<u>9,199,209</u>
Distribution - Operations		
Operation Supervision and Engineering	\$	355,478
Load Dispatch		1,749
Station Expenses		51,933
Overhead Lines		28,870
Underground Lines		48,237
Street Lights		6,853
Customer Installation Expense		5,246
Miscellaneous Distribution Operations		402,684
	\$	<u>901,050</u>
Distribution - Maintenance		
Maintenance Structures	\$	11,483
Maintenance of Station Equipment		56
Maintenance of Overhead Lines		111,258
Maintenance of Underground Lines		67,223
Maintenance of Line Transformers		48,840
Maintenance of Street Lights		(3,673)
Maintenance of Meters		17,127
Miscellaneous Distribution Maintenance		498
	\$	<u>252,813</u>
Customer Accounts		
Operation Supervision	\$	55,516
Meter Reading		46,461
Customer Records and Collections		392,032
Delinquent Collections		31,527
Uncollected Bills		200,000
Miscellaneous Customer Accounts		6,656
	\$	<u>732,192</u>
Customer Accounts - Conservation		
Conservation / Load Management Expenses	\$	<u>(65,922)</u>
Administrative and General - Operations		
Administrative and General	\$	597,692
Professional and Outside Services		60,882
Property and General Liability Insurance		153,662
Workers Compensation / Injuries and Damages Insurance		120,667
Pension and Benefits		1,022,220
Regulatory Commission		1,287
Miscellaneous Administrative and General Expenses		175,517
	\$	<u>2,131,926</u>
Administrative and General - Maintenance		
Maintenance of Administrative and General Plant	\$	<u>242,427</u>
Customer Assistance Program	\$	<u>25,000</u>
TOTAL	\$	<u>13,418,695</u>

**SECOND TAXING DISTRICT - CITY OF NORWALK, CONNECTICUT
SCHEDULE OF COMMUNITY SERVICE PROJECT EXPENDITURES –
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018**

West Avenue	\$ 5,008
City of Norwalk Summer Youth Employment	15,500
Keep Norwalk Beautiful (Thanksgiving Dinner)	<u>1,500</u>
Total Schedule of Community Service Project Expenditures	<u>\$ 22,008</u>

STATISTICAL SECTION

SECOND TAXING DISTRICT - CITY OF NORWALK, CONNECTICUT
WATER
Operating Revenues and Expenses
Historical Information - Ten Years
TABLE - I

Fiscal Years Ending:	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013	6/30/2012	6/30/2011	6/30/2010	6/30/2009
OPERATING REVENUES:										
Metered Sales - Residential and Commercial	\$7,381,461	\$7,462,031	\$7,693,913	\$7,412,958	\$6,951,261	\$7,180,031	\$6,867,131	\$6,379,674	\$5,655,150	\$5,601,053
Industrial	213,135	243,913	251,493	244,271	282,828	342,986	256,073	256,073	274,306	277,273
Sales to Public Authorities	265,008	276,728	285,327	262,010	222,829	221,048	206,764	206,764	183,535	185,328
Private and Public Fire Protection	338,586	333,138	335,820	325,966	311,708	318,648	305,520	270,569	265,396	258,989
Water for Resale	25,976	34,850	25,134	25,483	35,493	27,903	29,669	18,618	16,268	11,083
Misc Service Revenue including Interest	260,360	273,093	527,992	201,268	179,310	152,901	144,181	135,405	193,708	215,618
TOTAL OPERATING REVENUES	\$8,484,526	\$8,623,753	\$9,119,681	\$8,471,956	\$7,983,429	\$8,243,517	\$7,809,338	\$7,267,103	\$6,588,363	\$6,549,344
OPERATING EXPENSES:										
Water Supply:										
Operations	\$1,539,533	\$1,449,425	\$1,584,775	\$1,495,777	\$1,379,129	\$1,497,980	\$1,408,131	\$1,398,795	\$1,398,883	\$1,548,441
Maintenance	44,814	178,073	113,629	62,196	81,935	137,566	69,620	84,903	51,793	83,533
Transmission and Distribution:										
Operations	431,626	453,296	372,353	276,052	280,563	406,163	249,716	235,028	252,996	218,833
Maintenance	836,783	580,195	909,271	707,660	1,048,372	625,958	411,293	449,280	426,994	491,548
Customer Accounts	503,168	496,264	362,273	350,076	341,463	387,897	330,097	247,126	249,208	241,645
Administration and General:										
Operations	1,580,576	2,916,357	2,805,723	2,628,378	2,426,860	2,433,335	2,297,155	2,156,450	2,217,614	2,277,576
Maintenance	187,215	163,712	86,481	70,190	92,087	60,138	40,957	42,156	34,023	36,989
Depreciation and Amortization	2,577,648	2,597,105	2,557,017	2,534,515	2,579,179	2,602,887	2,629,974	2,651,846	2,664,554	709,783
Amortization of Debt Premium	0	0	0	0	0	0	(2,358)	(2,358)	(2,358)	(2,358)
Other Taxes	246,685	453,179	450,850	445,221	437,745	448,595	444,103	430,190	418,028	412,989
TOTAL OPERATING EXPENSES	\$7,948,047	\$9,287,605	\$9,242,373	\$8,570,065	\$8,667,333	\$8,600,519	\$7,878,688	\$7,693,416	\$7,711,735	\$6,018,979

SECOND TAXING DISTRICT - CITY OF NORWALK, CONNECTICUT
WATER
Customer Rates
Historical Information - Ten Years
TABLE - II

For Fiscal Years Ending:

Water:

Inside District (per thousand gal)
Outside District (per thousand gal)

6/30/18	6/30/17	6/30/16	6/30/2015***	6/30/14	6/30/13	6/30/2012**	6/30/2011*	6/30/10	6/30/09
\$3.68	\$3.68	\$3.68	\$3.68	\$3.50	\$3.50	\$3.50	\$2.80	\$2.72	\$2.72
\$5.52	\$5.52	\$5.52	\$5.52	\$5.25	\$5.25	\$5.25	\$4.20	\$4.08	\$4.08

Fire Protection - Public:

City (per Hydrant)
6th District (per Hydrant)
Wilton (per Hydrant)

\$84	\$84	\$84	\$84	\$84	\$84	\$84	\$84	\$84	\$84
\$84	\$84	\$84	\$84	\$84	\$84	\$84	\$84	\$84	\$84
\$240	\$240	\$240	\$240	\$240	\$240	\$240	\$240	\$240	\$240

Fire Protection - Private:

4" Connection
6" Connection
8" Connection
10" Connection

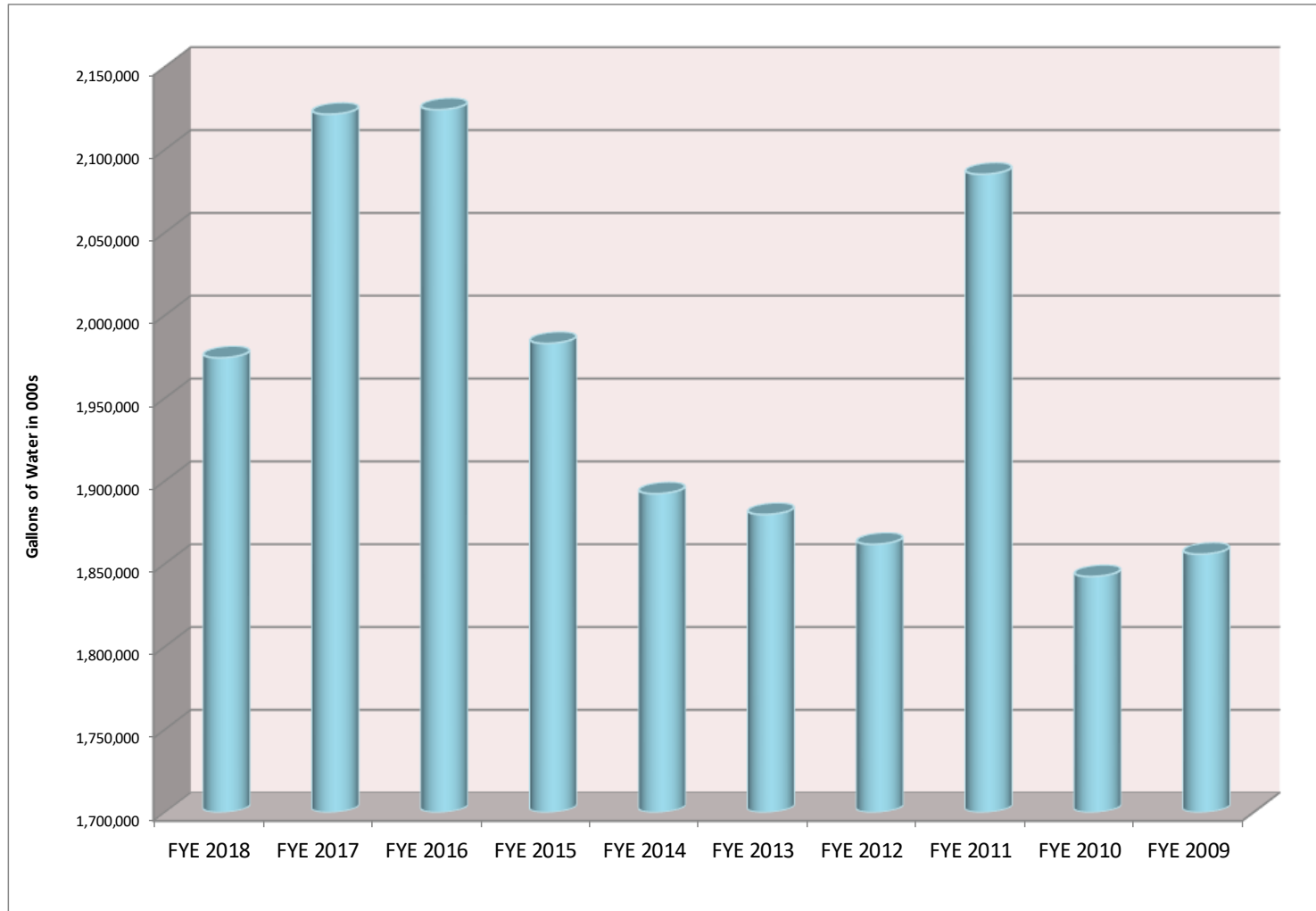
\$481	\$481	\$481	\$481	\$458	\$458	\$458	\$366	\$356	\$356
\$962	\$962	\$962	\$962	\$916	\$916	\$916	\$733	\$712	\$712
\$1,924	\$1,924	\$1,924	\$1,924	\$1,832	\$1,832	\$1,832	\$1,466	\$1,423	\$1,423
\$3,848	\$3,848	\$3,848	\$3,848	\$3,664	\$3,664	\$3,664	\$2,931	\$2,846	\$2,846

* In FYE 6/30/11, Water increased its rates effective July 1, 2010

** In FYE 6/30/12, Water increased its rates effective October 1, 2011

*** In FYE 6/30/15, Water increased its rates effective November 1, 2014

SECOND TAXING DISTRICT - CITY OF NORWALK, CONNECTICUT
 WATER
 WATER PRODUCTION
 (Gallons Leaving the Filter Plant)
 Historical Information - Ten Years
 TABLE - III



Water production (the amount of metered water leaving the filter plant), for the year ended June 30, 2018, was 1,974,382,000 gallons.

SECOND TAXING DISTRICT - CITY OF NORWALK, CONNECTICUT
ELECTRIC
Operating Revenues and Expenses
Historical Information - Ten Years
TABLE - IV

For Fiscal Years Ending:	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013	6/30/2012	6/30/2011	6/30/2010	6/30/2009
OPERATING REVENUES:										
Metered Sales - Residential / Commercial	\$ 12,522,484	\$ 12,294,533	\$ 12,215,779	\$ 12,817,327	\$ 12,528,109	\$ 11,385,030	\$ 10,293,998	\$ 10,913,502	\$ 10,156,785	\$ 10,449,924
Industrial	1,402,059	1,650,510	1,686,009	1,665,286	1,636,123	1,350,446	2,276,393	2,490,841	2,169,905	2,105,835
Street Lighting and Other	81,446	78,917	77,361	75,902	77,973	143,271	133,557	134,376	144,250	156,509
Other Public Authorities	0	0	0	0	0	1,307,645	969,894	998,851	944,185	942,016
Sales for Resale	0	0	0	0	0	8,659	8,659	22,653	183,604	252,123
Conservation Fund	217,316	219,645	216,010	225,943	227,529	221,985	219,677	227,955	181,923	161,390
Customer's Forfeited Discounts	584,370	493,395	475,535	514,409	531,886	500,028	479,479	534,803	461,873	471,229
Gross Revenue Tax	551,361	550,606	540,539	559,315	580,940	572,005	567,099	611,851	540,484	529,491
Miscellaneous Service Charges	135,621	172,370	463,020	80,139	75,839	71,722	70,949	73,001	78,188	79,065
TOTAL OPERATING REVENUES	\$ 15,494,656	\$ 15,459,975	\$ 15,674,254	\$ 15,938,321	\$ 15,658,399	\$ 15,560,791	\$ 15,019,705	\$ 16,007,833	\$ 14,861,197	\$ 15,147,582
OPERATING EXPENSES										
Electric Generation:										
Operations	\$ -	\$ -	\$ -	\$ -	\$ 21,301	\$ -	\$ -	\$ -	\$ 603	\$ 2,674
Maintenance	0	0	0	0	0	0	0	0	0	4,412
Purchased Electricity	9,199,209	9,123,589	8,812,194	9,435,927	8,473,138	10,722,738	10,487,626	11,075,095	10,483,062	10,350,940
Transmission and Distribution:										
Operations	901,050	756,967	649,004	594,306	796,061	736,289	522,735	643,931	593,169	579,499
Maintenance	252,813	322,243	281,282	501,852	321,409	295,989	403,294	434,120	488,128	513,690
Customer Accounts	732,192	503,990	437,844	471,251	414,474	537,035	453,927	444,803	499,891	451,948
Customer Accounts - Conservation	(65,922)	224,389	107,414	195,624	146,705	164,496	199,995	49,377	35,192	104,444
Administrative and General Expense:										
Operations	2,131,926	2,675,562	2,537,779	2,728,667	2,848,656	2,474,162	2,548,811	2,361,050	2,249,482	2,118,317
Maintenance / Customer Assistance Program	267,427	184,599	177,549	120,603	120,002	109,308	115,025	88,648	89,819	89,971
Depreciation and Amortization	1,169,437	1,165,929	1,167,006	743,538	646,094	554,508	535,119	496,905	448,090	444,574
Gross Revenue Taxes	628,490	534,204	551,379	576,817	651,131	410,528	462,820	549,193	462,209	464,386
Other Taxes	0	0	0	0	0	0	0	0	0	0
Goodwill and Rate Expense	0	0	0	0	0	0	0	0	0	0
TOTAL OPERATING EXPENSES	\$ 15,216,623	\$ 15,491,472	\$ 14,721,450	\$ 15,368,585	\$ 14,438,971	\$ 16,005,053	\$ 15,729,352	\$ 16,143,122	\$ 15,349,645	\$ 15,124,855

SECOND TAXING DISTRICT - CITY OF NORWALK, CONNECTICUT
ELECTRIC
VOLUME IN KILOWATT HOURS/DOLLARS BY RATE CLASIFICATION
Historical Information - Ten Years
TABLE - V

VOLUME (KWH) - FYE:	Residential	Small &Med. Commercial	Large Commercial	Street, Private & Traffic Lt.	Governmental Sales	SALES FOR RE SALE	RESALE CMEEC *	CONSERVATIO N	UNBILLED	CUSTOMER	TOTALS
6/30/2006	39,977,720	27,721,682	17,590,625	737,236	6,504,763	34,572	0	N/A	N/A	N/A	92,566,598
6/30/2007	39,727,776	28,927,481	16,745,378	759,961	6,583,059	34,572	0	N/A	N/A	N/A	92,778,227
6/30/2008	40,133,903	28,102,697	16,494,060	882,638	6,522,630	34,572	0	N/A	N/A	N/A	92,170,500
6/30/2009	40,962,419	28,231,908	15,865,980	885,319	6,465,646	34,572	0	N/A	N/A	N/A	92,445,844
6/30/2010	38,787,787	26,857,684	15,905,815	789,526	6,216,917	34,572	0	N/A	N/A	N/A	88,592,301
6/30/2011	42,953,759	28,906,610	17,893,160	699,610	6,473,464	34,572	0	N/A	N/A	N/A	96,961,175
6/30/2012	38,435,976	26,342,112	16,186,182	709,097	6,134,526	34,572	0	N/A	N/A	N/A	87,842,465
6/30/2013	40,314,019	24,801,093	14,571,580	747,036	8,286,668	34,572	0	N/A	N/A	N/A	88,754,968
6/30/2014	41,010,917	28,361,866	21,248,380	350,919	0	0	0	N/A	N/A	N/A	90,972,082
6/30/2015	40,769,189	36,736,363	12,290,200	341,871	0	0	0	N/A	N/A	N/A	90,137,623
6/30/2016	38,464,990	34,931,461	12,394,020	347,412	0	0	0	N/A	N/A	N/A	86,137,883
6/30/2017	40,147,616	33,724,394	13,467,180	354,836	0	0	0	N/A	N/A	N/A	87,694,026
6/30/2018	39,469,678	33,912,270	12,682,460	353,916	0	0	0	N/A	N/A	N/A	86,418,324
	401,316,350	302,805,761	152,504,957	5,579,542	33,577,221	172,860	0	0	0	0	895,956,691
SALES \$ GROSS - FYE:											
6/30/2006	4,883,132	4,418,877	2,053,571	125,220	866,553	8,216	449,571	0	46,859	415,386	13,267,385
6/30/2007	5,676,204	5,180,976	2,370,094	148,694	1,013,404	8,974	479,272	135,256	95,897	501,091	15,609,862
6/30/2008	6,287,247	5,449,896	2,481,046	176,937	1,089,911	9,436	472,900	147,614	146,409	502,816	16,764,212
6/30/2009	6,231,967	5,333,352	2,339,816	173,899	1,046,684	9,280	243,771	161,390	41,137	471,229	16,052,525
6/30/2010	6,119,691	5,225,709	2,411,005	160,278	1,049,095	9,460	175,090	181,923	(54,075)	461,873	15,740,049
6/30/2011	6,944,382	5,718,387	2,767,601	149,307	1,109,835	9,621	13,994	227,955	(482,990)	534,803	16,992,895
6/30/2012	6,253,823	5,268,735	2,529,325	148,397	1,077,660	9,621	0	219,677	(76,304)	479,479	15,910,413
6/30/2013	6,587,816	5,120,720	2,334,159	159,190	1,452,938	9,621	0	221,985	97,051	500,028	16,483,508
6/30/2014	6,731,983	7,249,697	1,817,914	86,637	0	0	0	227,529	(55,404)	531,886	16,590,242
6/30/2015	6,923,900	7,346,555	1,850,318	84,335	0	0	0	225,943	(26,083)	514,409	16,919,377
6/30/2016	6,581,709	7,055,948	1,873,343	85,957	0	0	0	240,012	(64,570)	528,373	16,300,772
6/30/2017	6,859,871	7,073,119	1,833,900	87,686	0	0	0	244,050	(272,399)	548,217	16,374,443
6/30/2018	6,782,208	7,131,663	1,557,843	90,496	0	0	0	241,462	0	649,300	16,452,972
	\$ 66,017,351	\$ 62,523,885	\$ 21,315,224	\$ 1,226,181	\$ 5,736,212	\$ 47,603	\$ 432,855	\$ 2,191,926	\$ (893,637)	\$ 5,219,596	\$ 163,817,196
NET DIS COUNT - FYE:											
6/30/2006	\$ 4,394,819	\$ 3,976,989	\$ 1,848,214	\$ 112,698	\$ 779,898	\$ 7,394	\$ 449,571	\$ -	\$ 46,859	\$ 415,386	\$ 12,031,829
6/30/2007	5,108,584	4,662,878	2,133,085	133,825	912,064	8,077	479,272	135,256	95,897	501,091	14,170,027
6/30/2008	5,658,522	4,904,906	2,232,941	159,243	980,920	8,492	472,900	147,614	146,409	502,816	15,214,767
6/30/2009	5,608,770	4,800,017	2,105,834	156,509	942,016	8,352	243,771	161,390	41,137	471,229	14,539,023
6/30/2010	5,507,722	4,703,138	2,169,905	144,250	944,186	8,514	175,090	181,923	(54,075)	461,873	14,242,525
6/30/2011	6,249,944	5,146,548	2,490,841	134,376	998,852	8,659	13,994	227,955	(482,990)	534,803	15,322,983
6/30/2012	5,628,441	4,741,862	2,276,393	133,557	998,852	8,659	0	219,677	(76,304)	479,479	14,410,615
6/30/2013	5,628,441	4,741,862	2,276,393	133,557	969,894	8,659	0	221,985	97,051	500,028	14,577,870
6/30/2014	6,058,785	6,524,727	1,636,123	77,973	0	0	0	227,529	(55,404)	531,886	15,001,619
6/30/2015	6,231,510	6,611,900	1,665,286	75,902	0	0	0	225,943	(26,083)	514,409	15,298,867
6/30/2016	5,923,538	6,350,353	1,686,009	77,361	0	0	0	216,010	(58,113)	475,535	14,670,695
6/30/2017	6,173,884	6,365,807	1,650,510	78,917	0	0	0	219,645	(245,159)	493,395	14,736,999
6/30/2018	6,103,987	6,418,497	1,402,059	81,446	0	0	0	217,316	0	584,370	14,807,675
	\$ 59,115,022	\$ 56,404,711	\$ 19,359,352	\$ 1,093,849	\$ 4,853,799	\$ 42,843	\$ 432,855	\$ 2,119,373	\$ (859,940)	\$ 5,047,007	\$ 147,608,870

* The resale sales to CMEEC is the Generation of power sold for the South Western Load Reduction Program set up by ISO due to a generation and transmission capacity deficiency in southwestern Connecticut. This was a five-year program

SECOND TAXING DISTRICT - CITY OF NORWALK, CONNECTICUT
GENERAL FUND
Income and Expenditures
Historical Information - Ten Years
TABLE - VI

FOR FISCAL YEARS ENDING:	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013	6/30/2012	6/30/2011	6/30/2010	6/30/2009
INCOME:										
Interest Income and Other	\$ 292	\$ 388	\$ 409	\$ 303	\$ 455	\$ 472	\$ 2,148	\$ 1,861	\$ 3,088	\$ 16,987
TOTAL INCOME	292	388	409	303	455	472	2,148	1,861	3,088	16,987
EXPENDITURES										
Public Officials Fees	28,500	28,500	28,286	28,500	29,805	26,333	24,750	27,250	26,437	26,709
Street Lighting	93,946	127,379	122,117	131,077	175,825	0	0	0	0	0
Community Service Projects	22,008	21,781	21,220	28,780	26,766	33,626	36,792	36,069	33,304	32,718
Accounting	0	19,250	29,250	27,625	30,900	26,586	30,389	30,829	28,800	28,800
Legal Retainer and Other	0	36,996	120,702	41,777	11,010	11,075	21,693	10,857	18,690	29,766
Legal and Accounting	21,592	56,246	149,952	69,402	41,910	37,661	52,082	41,686	47,490	58,566
Depreciation and Other	47,789	47,789	47,789	47,789	47,789	47,436	47,436	47,436	47,436	47,436
Meeting, Printing and Other	27,361	19,163	24,908	31,420	69,973	41,973	40,268	13,521	28,276	22,853
TOTAL EXPENDITURES	241,194	357,104	394,272	406,370	433,978	224,690	253,410	207,648	230,433	246,848
Excess (Deficiency) of Revenues over Expenditures	(240,903)	(356,716)	(393,864)	(406,067)	(433,523)	(224,218)	(251,262)	(205,787)	(227,345)	(229,861)
OTHER FINANCING SOURCES (USES)										
Capital Expenditures - Library Improvements	0	0	0	0	0	0	0	0	0	0
Operating Transfers In	0	317,379	312,117	311,077	375,825	191,000	186,000	165,000	160,000	160,000
NET OTHER FINANCING SOURCES (USES)	0	317,379	312,117	311,077	375,825	191,000	186,000	165,000	160,000	160,000
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing U	\$ (240,903)	\$ (39,337)	\$ (81,747)	\$ (94,990)	\$ (57,698)	\$ (33,218)	\$ (65,262)	\$ (40,787)	\$ (67,345)	\$ (69,861)

SECOND TAXING DISTRICT - CITY OF NORWALK, CONNECTICUT

DEBT INFORMATION

TABLE - VII

Property Tax Levies and Collections

The maintenance of an equitable tax base and the location and appraisal of all real and personal property within the District for inclusion on the Grand List is the responsibility of the Assessor of the City of Norwalk. Property tax collections are administered by the Tax Collector of the City of Norwalk. The Second Taxing District of the City of Norwalk, Connecticut, (STD) has not levied taxes on property in the District in modern times.

Comparative Assessed Valuations - STD (1)
(\$000's)

Grand List as of Oct	Residential Real Property	Commercial Real Property	All Land	Personal Property and Other	Gross Taxable Grand List	Real Estate and Personal Property Exemptions	Net Taxable Grand List
2017	62.63%	31.59%	2.40%	3.38%	\$877,493,891	\$16,645,559	\$860,848,332

Source: Assessor's Office, City of Norwalk (Based on October 2017 Grand List)

Largest Assessments – STD (\$000's)

Name of Taxpayer	Assessed Value	Percent of Grand List
Eversource	\$353,065	2.9%
Merit 7 Venture LLC	222,680	1.8%
CP IV Waypoints BP I LLC	114,362	0.9%
Yankee Gas Company	73,920	0.6%
Thirty Five Glover Partners LLC	69,167	0.6%
SPUS7 Riverpark LLC	65,959	0.5%
Twenty Five Glover Partners LLC	59,500	0.5%
45 Glover Partners LLC	55,114	0.4%
RB Norwalk Owners	47,608	0.4%
I Park Norwalk LLC	44,938	0.4%
TOTAL	\$1,106,313	9.0%

Source: Assessor's Office, City of Norwalk / Information is reflected for City of Norwalk (Based on October 2017 Grand List)

SECOND TAXING DISTRICT - CITY OF NORWALK, CONNECTICUT

Overlapping & Underlying Debt

(1)	Amount of Direct City Debt as of June 30, 2018	District Percent	District Amount
	\$272,828,000	7.06%	\$19,248,118

Debt Statement

As of June 30, 2018

LONG-TERM DEBT

Filter Plant - Drinking Water Program Loan \$12,667,750

115 KV Substation - General Obligation Bonds 7,500,000

TOTAL LONG-TERM DEBT \$20,167,750

SHORT-TERM DEBT 1,719,775

TOTAL DIRECT DEBT \$21,887,525

OVERLAPPING DEBT 19,248,118

City of Norwalk (7.06%)

TOTAL NET DIRECT DEBT \$41,135,643

Debt Ratios

As of June 30, 2018

(2)	Population	44,495
(3)	Net Taxable Grand List (October 2017)	\$860,848,332
(4)	Estimated Actual Value	\$1,253,562,701
(5)	Money Income per Capita	\$34,734

NOTES:

- (1) Source: Comptroller's Office, City of Norwalk and Assessor's Office (Based on October 2017 Grand List), City of Norwalk
- (2) Source: American Fact Finder, 2017 ACS 5-Year estimates (Total Population)
- (3) Source: Assessor's Office, City of Norwalk (Based on October 2017 Grand List)
- (4) Source: Gross Taxable Grand List is assumed at 70% of Actual Value
- (5) Source: American Fact Finder, 2017 ACS 5-Year estimates (Household Income)

**DEBT INFORMATION
TABLE – VII**

	Total Direct Debt Only	Total Net Direct Debt
Debt	\$21,887,525	\$41,135,643
(1) Per Capita	\$491.91	\$924.50
(2) Ratio to Net Taxable Grand List	2.54%	4.78%
(3) Ratio to Estimated Actual Value	1.75%	3.28%
(4) Debt Per Capita to Money Income Per Capita	1.42%	2.66%

Notes

- (1) Debt divided by Population
- (2) Debt divided by Net Taxable Grand List
- (3) Debt divided by Estimated Actual Value
- (4) Per Capita Debt divided by Money Income per Capita