

**SUPPLEMENT TO
THE PRELIMINARY OFFICIAL STATEMENT
DATED NOVEMBER 18, 2025
FOR THE
\$7,665,000 SECOND TAXING DISTRICT OF THE CITY OF NORWALK, NORWALK CONNECTICUT
GENERAL OBLIGATION BONDS
CONSISTING OF
\$5,985,000 GENERAL OBLIGATION BONDS (2025 SERIES A) (BANK QUALIFIED)
\$1,680,000 GENERAL OBLIGATION BONDS (2025 SERIES B) (FEDERALLY TAXABLE)**

Supplement Dated November 20, 2025

The information in this Supplement is subject to change without notice, and investors should not assume that there have been no other changes in the affairs of the Second Taxing District of the City of Norwalk, Connecticut (the “District”) since the date of the Preliminary Official Statement dated November 18, 2025 (the “Preliminary Official Statement”). The Preliminary Official Statement is hereby supplemented as follows:

On November 20, 2025 the Audited Financial Statements for the fiscal year ending June 30, 2025 for the District (the “2025 Audited Financial Statements”) were finalized and subsequently filed on the MSRB’s EMMA system. The 2025 Audited Financial Statements are hereby incorporated and made a part of the Preliminary Official Statement. Relevant data in the Preliminary Official Statement will be updated to reflect the 2025 Audited Financial Statements in advance of the printing of the Final Official Statement which is expected to be dated November 25, 2025.

This Supplement is an integral part of the Preliminary Official Statement. Investors should read this Supplement together with the Preliminary Official Statement to obtain information essential to making an informed investment decision. Except as supplemented by this Supplement, the Preliminary Official Statement continues to speak as of its date.

Second Taxing District - City of Norwalk, Connecticut

Annual Comprehensive Financial Report

June 30, 2025

Second Taxing District - City of Norwalk, Connecticut

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Second Taxing District - City of Norwalk, Connecticut

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Second Taxing District - City of Norwalk, Connecticut

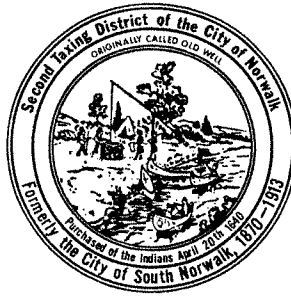
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COMMISSIONERS

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

DARLENE YOUNG, Treasurer



ALAN E. HUTH, CEO and General Manager
LISA G. ROLAND, District Clerk

Second Taxing District City of Norwalk, Connecticut
One State Street
P.O. Box 400
South Norwalk, CT 06856-0400
Telephone 203-866-4446

LETTER OF TRANSMITTAL

November 12, 2025

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 Chairman Westmoreland:

In accordance with Section 1-84 of the District Charter, I am pleased to submit the Annual Comprehensive Financial Report (ACFR) for the Second Taxing District for the year ended June 30, 2025. This report has been designed to give the user the maximum understanding of the District's financial position. The ACFR 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, the 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.

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 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 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

Norwalk's financial outlook is strong, characterized by its highest possible 'AAA' bond rating, a balanced budget, and a healthy City reserve fund. The City benefits from a strong economy with above-average household income, prudent fiscal management, and a commitment to long-term stability, which is supported by consistent property value growth and responsible capital investment. The Second Taxing District is likely to experience minor population and commercial growth in the near future. Housing and commercial projects continue under development in the District which will add modest numbers of mainly electric customers, and concomitant sales. Demand for water continues to exhibit a mixed trend over the last decade, mostly increasing or decreasing with seasonal climate influences. Longer term projections for water use continue to be flat, with increasing use of efficient fixtures and appliances, however increased population density will ultimately increase water demand.

Electric sales continue a small but consistent increase over the same period, reflecting a greater push toward electrification and an increase in average power usage by customers. As with water, seasonal climate differences can increase or decrease demand. We predict that electric demand will continue to increase over time.

Spinnaker Real Estate Partners has continued to develop residential apartment projects in SONO with a third major project along Chestnut Street and a recently approved development on Water Street that should be completed in 2026.

Total billed electric for FY2025 saw an increase in sales of \$297,608 from FY2024 to FY2025 with a total of \$19,076,501. Water sales also increased from FY 2024 by \$1,293,935 for a total of \$10,755,050.

MAJOR INITIATIVES

The District has undertaken or continued the following initiatives during the fiscal year 2025:

- *Advanced Enterprise Software utilization*

Since 2021, increased utilization of SNEW's enterprise software platform, National Information Solutions Cooperative, Inc. (NISC) to improve efficiency and employee benefits. The beginning of FY 2023 saw financial package integration and transition from CIS infinity. In 2024 mobile capabilities were added for field staff and a new NISC interface, "IVUE Service" was launched which offers more user-friendly features for customer tracking and work / service order creation and tracking.

- *Quarterly to Monthly water billing conversion*

In concert with the SNEW'S transition to AMI (Advanced Metering Infrastructure) water meters, customers that are being converted to new remote-read meters are also being converted to monthly billing from quarterly billing. In 2025 SNEW began the process to expedite the conversion to monthly billing.

- *Customer Portal*

SNEW's continues to promote and expand roll out of its customer portal which provides customers account management at their fingertips. Customers can view their usage and billing, manage payments, notify our customer services department of account or service issues, and receive special messages back from us and turn on or off auto-pay and paperless billing. In 2025 features were expanded to provide better customer communication through automated notifications.

- *Electric Distribution Improvement Initiative*

SNEW continues an aggressive utility pole replacement program which began in 2023 focusing on SNEW's most deteriorated poles and hardening 3-phase mainline circuits with the goal of having no utility poles over 30 years old remaining, 35 poles were replaced in 2025. Extensive coordination continues with City of Norwalk and other utilities for removal of "double wood" old poles.

Continued removal of SF6 gas switches in underground system, these switches are known failure points.

A comprehensive above-ground electric equipment inspection program was performed in 2025 which has spawned a number of upcoming distribution improvements such as replacement transformers.

Specific Infrastructure Enhancements completed in 2025

- Energized new Feeder 5 cable from the substation to Manhole 23; removed the old cable.
- Replaced racks and installed new cable from Pole 647 through Manhole 79 into Manhole 78, rerouting the feed from Manhole 70.
- Installed new primary cable from Riser Pole 646 to Manhole 79, feeding Padmount Transformers 1029 and 1030; removed old cable from Manhole 70.
- At 188 Flax Hill Rd Condos, replaced aging three-phase underground primary with single-phase primary to Transformers 1696 and 2125; replaced leaking Transformer 2125.
- Rebuilt Manhole 60: replaced all racks, elbows, lid, and supports.
- At St. Pauls Terrace, replaced two transclosures with padmount transformers and upgraded underground primary cable.

- Installed a new underground switch in Manhole 62.
- Replaced severely rusted and leaking Transformer 2185 at O'Neils.
- Installed new overhead transformer bank at Pole 677 on Merritt St to serve the trucking company at 54 Chestnut.
- Installed new Pole 728 and overhead transformer bank on Larsen St for Terzian Trucking Co.
- Completed 35 new pole sets and shifts across the service area.
- Successfully completed the Sono Elementary School project with new poles and a padmount transformer.

Vegetation Management

- Tree trimming for line clearance was conducted throughout 2025 to improve system reliability.

Safety & Compliance

- Achieved zero recordable accidents in 2025.
- All compliance training is current, including CPR, First Aid, Pole Top Rescue, Confined Space, and Transformer Class training.

Staffing

- Welcomed a new apprentice lineman to support future workforce development.

- *Water Infrastructure Improvements*

SNEW continued its ongoing efforts to improve water infrastructure. A number of initiatives were started or completed including:

- Continued optimization of treatment plant operations.
- Secured four additional DWSRF loan and grant funding agreements for water capital projects including SCADA and cybersecurity upgrades, meter replacement, lead service line inventory and compliance, and water main replacement.
- Achieved 100% regulatory compliance for treatment plant and distribution system.
- Removed sediment from two water distribution storage tanks.
- Rehabilitated pumps at Wilton and Bartlett Pump Stations.
- Installed automatic pressure regulating valve at East Norwalk interconnection with First Water District.
- Completed painting of Michael Street water storage tank.
- Replaced water mains on Day Street and Flax Hill Avenue.
- Addressed bi-annual dam inspection maintenance recommendations.
- Updated Emergency Contingency Plans.
- Continued aggressive water leak detection program and repair of leaks.
- Continued efforts to manage TTHM/HAA (disinfection byproducts) levels in the water system.
- Continued to replaced aged water meters and reduce unaccounted for water.
- Conducted CISA cybersecurity and physical security assessments.

- *Water financial and rate study*

SNEW continued long term water department capital planning in 2025 with Raftelis Consulting and created a long-term plan that includes multi-year water rate increases and additional debt to maintain operations and infrastructure needs.

FINANCIAL INFORMATION

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

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, fixed assets and a project controller.

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 Nationally Recognized Municipal Securities Information Repositories (NRMSIR) disclosures in the form of adopted budgets, audited financial statements and any other requested information.

DEBT ADMINISTRATION

As of June 30, 2025, the District has two General Obligation Municipal bonds for Water and Electric operations respectively. The Water bond has a maturity date of 10/01/2028 with total debt of \$4,510,000. The Electric bond has a maturity date is 4/1/2029 and carries a Debt of \$2,865,000.

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 the amount of \$58,113,971. The General Liability and Public Official & Employment Practices Liability insurance limits are \$1,000,000 each occurrence and \$3,000,000 aggregate. The Automobile Liability insurance has a \$1,000,000 combined single limit. The General Liability, Public Officials & Employment Practices Liability, and Automobile Liability insurance policies also have an additional \$5,000,000 of coverage with an Excess Liability insurance policy.

The District also provides a comprehensive major medical, hospital, dental, vision and life insurance benefit package as well as Workers Compensation & Employers Liability Insurance coverage. The District maintains a safety program at both of its utilities with a minimum of at least one meeting among staff representatives each month. Risk Management Services are also provided by the District's Insurance Broker.

TAXATION

Under Section 1-82 and 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.

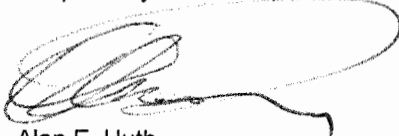
ACKNOWLEDGEMENTS

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 BakerTilly, PC, 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.

Finally, none of this could have been accomplished without the dedication and hard work of SNEW's employees. I would like to thank them for all that they have achieved.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Alan E. Huth', with a large, sweeping flourish extending to the right.

Alan E. Huth,
CEO and General Manager

Principal Officers and Financial Administration

BOARD OF DISTRICT COMMISSIONERS

David G. Westmoreland, Chairperson

Maria A. Borges-Lopez, Vice Chairperson

Harold Bonnet

Sonja Oliver

Mary O. Mann

Sandra Stokes

Martha A. Wooten-Dumas

DISTRICT TREASURER

Darlene Young

DISTRICT GENERAL MANAGER

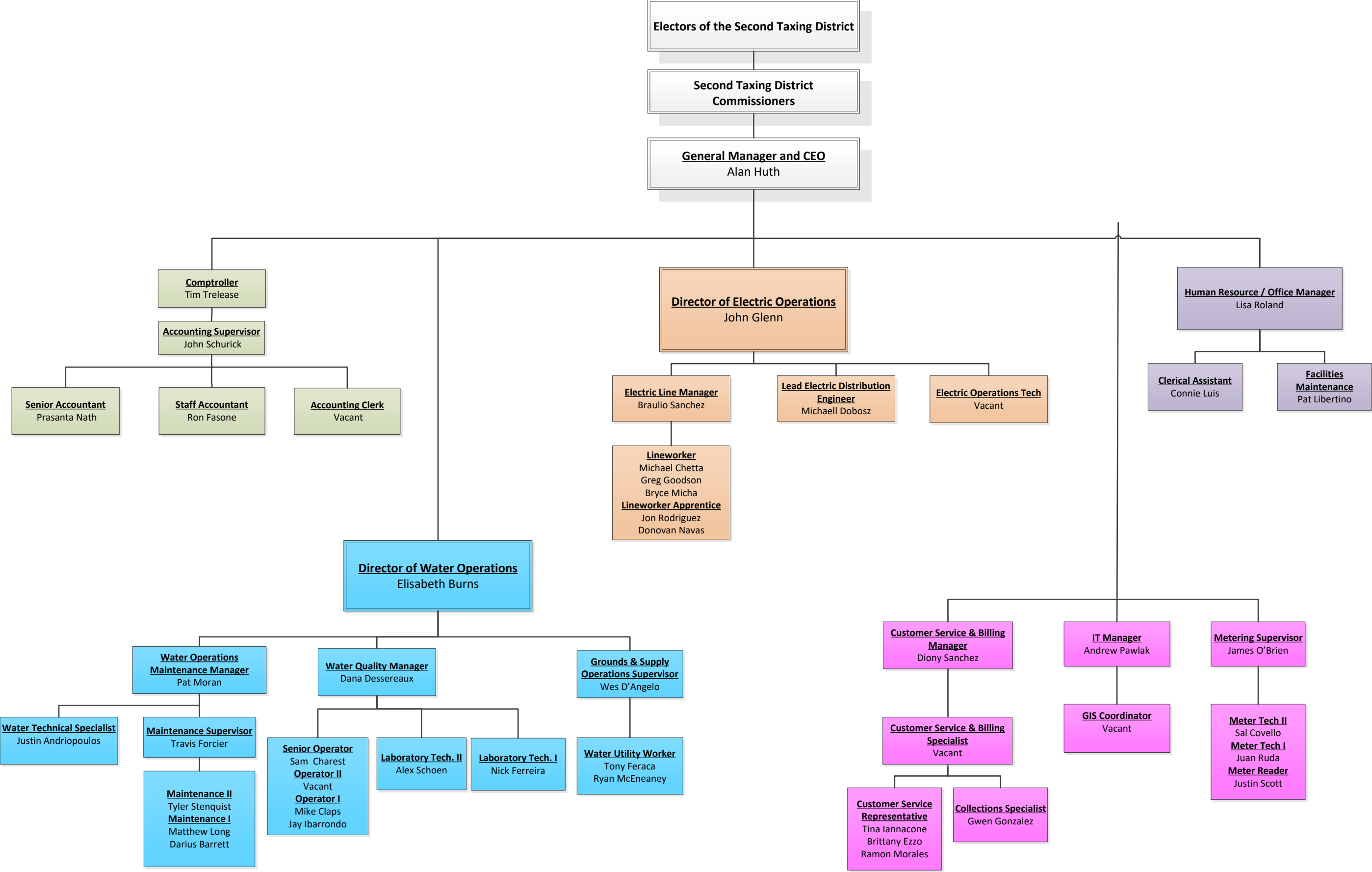
Alan E. Huth

DISTRICT CLERK

Lisa G. Roland

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

Updated – November 6, 2025



FINANCIAL SECTION

Independent Auditors' Report

To the Honorable Commissioners of
Second Taxing District of the City of Norwalk

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Second Taxing District of the City of Norwalk, Connecticut (the District), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the District, as of June 30, 2025 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary 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 accompanying supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 supplementary information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and statistical section included in the annual report but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

A handwritten signature in black ink that reads "Baker Tilly US, LLP". The signature is written in a cursive, flowing style.

Madison, Wisconsin
November 12, 2025

REQUIRED SUPPLEMENTARY INFORMATION

SECOND TAXING DISTRICT – CITY OF NORWALK, CONNECTICUT

June 30, 2025

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, 2025. 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 1 and 3) 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, 2025.

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

June 30, 2025

MANAGEMENT’S DISCUSSION AND ANALYSIS - Continued

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 \$68,902,415 increased from the prior year by \$6,648,781 as a result of this year’s operations. The District’s general fund net position decreased by \$28,694 while Water’s net position increased by \$2,282,172 and Electric’s net position increased by \$4,395,303.

Governmental Activities:

Major revenue/expense factors include the following: The District’s general fund expenses showed a decrease of 25.9% during the 2025 fiscal year to \$204,899 from \$276,329 spent in fiscal 2024. Street light expense was lower by \$2,746 in FY2025 versus FY2024. Community Service Projects spending increased \$5,000 in FY2025 to \$24,500 from \$19,500 in FY2024. The District gave \$1,500 to the Thanksgiving Basket of Love, \$2,500 to the Ryan Park Concert Series, \$15,500 to the Summer Youth Employment Program, and \$5,000 to the Norwalk Tree Alliance. Professional & Outside Services (Legal, Accounting, & Insurance) were lower by \$56,132 in FY2025 due to the Step Leader Strategies down payment, as requested by the Commission in FY2024. Meetings, Printing, and Other Expense were lower by \$17,740 as compared to FY2024 due to Administrative payroll being expensed to (and budgeted in) the proper department in FY2025. Additionally, all meetings were held via ZOOM rather than in person. Insurance and Taxes were higher by \$188 compared to last year due to timing of Commissioner’s insurance reimbursement. Electric transferred \$130,895 and Water transferred of \$45,000 to the General fund in FY2025. As of June 30, 2025, \$508,439 or 29.64% of the General Fund’s net position is unrestricted.

SECOND TAXING DISTRICT – CITY OF NORWALK, CONNECTICUT
June 30, 2025

MANAGEMENT’S DISCUSSION AND ANALYSIS - Continued

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE - Continued

Business-Type Activities:

The District’s Business-type Activities accounted for an increase of \$6,677,475 in net position with Water’s increase of \$2,282,172 and Electric’s increase of \$4,395,303.

Electric saw an increase in overall operating revenues of \$114,763 to \$20,016,233 compared to last year's \$19,901,470. The net increase is due to higher Residential, Medium, and Large Commercial sales of \$495,752, a decrease in Small Commercial sales of (\$184,406), a decrease in overall customer discounts applied of (\$19,788), an increase in Miscellaneous Service Revenues of \$266,061 due to higher mutual aid billing in FY2025, an increase in Conservation Fund Charges of \$6,047, and a decrease in Gross Revenue Tax of (\$448,906) (offset by a corresponding decrease of Gross Revenue Tax Expense). Electric's overall operating expense decreased (\$445,536) to \$16,436,581 compared to last year's \$16,882,117. Purchased power from CMEEC was higher by \$94,977 as compared to last year. Electric maintains a balance in the Rate Stabilization Fund of between \$4,000,000 and \$4,500,000 by making periodic adjustments to the SNEW purchased wholesale electric rate. Electric Transmission/Distribution and Administration Operations expense decreased by (\$59,389). Conservation and Load Management increased by \$78,559, Depreciation increased by \$19,665 and Gross Revenue Tax Expense decreased by (\$579,348). Electric made a transfer of \$130,895 to the General Fund in FY2025.

Water’s total operating revenues increased \$1,163,626 to \$11,075,047 from \$9,911,421 in FY2024. This net increase is due primarily to a 9% water rate increase which resulted in higher Residential & Commercial water sales of \$1,220,007, Fire Protection increase of \$73,928, and a decrease in Miscellaneous Service Revenue of (\$130,309). Operating expenses increased \$1,207,215 from FY2024. Contributing to the change was a decrease of (\$521,212) in Water Supply Operations & Maintenance, a decrease in Transmission & Distribution of (\$109,634), a decrease in Customer Accounts of (\$103,652), and an increase in Administration & General expenses of \$1,795,818. The increase in Administration & General is due to Health Benefits, Vacation, Sick Time, Holidays, and Employer Taxes being booked to Administration – per the District Commission’s request. Depreciation expense also increased by \$145,895 as compared to last year. Water made a transfer of \$45,000 to the General fund in FY2025.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal 2025, the District’s Business-type Activities had invested \$46,378,703 in a broad range of capital assets. This amount is net of accumulated depreciation. See Schedules 5 and 6 (pages 31 and 32), for a detail of both the Water and Electric capital assets as of June 30, 2025 that comprise 80% of the District’s total noncurrent assets.

Total Debt

The District’s long-term debt balances are \$5,380,000. The Water filtration plant upgrade accounts for \$3,210,000 and Electric’s 115 KV sub-station and required distribution upgrades accounts for \$2,170,000. More detailed information about the District’s long-term liabilities is presented in Note 6 (pages 32 to 34) to the financial statements.

SECOND TAXING DISTRICT – CITY OF NORWALK, CONNECTICUT
June 30, 2025

MANAGEMENT’S DISCUSSION AND ANALYSIS - Continued

SIGNIFICANT FACTORS AFFECTING FUTURE FINANCIAL MANAGEMENT AND REPORTING

- The Second Taxing District is likely to experience minor population and commercial growth in the near future. A number of housing and commercial projects continue 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, mostly increasing or decreasing with seasonal climate influences. Longer term projections for water use continue to be flat with increasing use of efficient fixtures and appliances.
- We predict that electric demand will continue to increase marginally over time with the trend toward electrification and an increase in average power usage by customers. As with water, seasonal climate differences can increase or decrease demand.
- Wholesale electric costs are predicted to follow recent trends over the coming year, with moderate fluctuations in the market based upon economic, political and other factors. Continued pressure to reduce reliance upon fossil-fueled generation resources, combined with the ongoing capacity limitations on our regional natural gas pipeline system, will continue to put upward pressure on costs, particularly during winter months. This pressure may be offset by continuing favorable natural gas supply conditions.
- SNEW’s water infrastructure will continue to require significant capital reinvestment including a dedicated water main replacement program estimated to cost +/- \$24M over the coming decade. Water storage tank rehabilitation costs, based on a September 2024 bid will likely exceed (+/-) \$5M and water treatment plant control system upgrades (+/- \$1.6M) over that same period. Water main replacement will be one of the biggest drivers as SNEW has not historically had a water main replacement program.
- In order to fund needed infrastructure improvements, Water debt service will need to increase over the next 10 years to achieve lower water rate increases. Debt issuance will be a combination of DWSRF funding and the municipal bond market. The 2006 Water Treatment Plant bond will be fully retired October 1, 2028 allowing for additional debt issuance to cover needed infrastructure reinvestment at that time.
- SNEW began an anticipated five-year water meter replacement program in 2021 which was extended due to supply chain shortages. The industry standard replacement for water meters is 12 to 15 years, as of this writing, approximately 2800 water meters are in excess of 25 years old. The purpose of accurate meters is to address lost revenue and unaccounted-for water. The meter replacement program is a cost of approximately \$400,000 per year and is planned for completion in FY2028. In 2025, SNEW applied for and was awarded a DWSRF loan / grant of \$800,000 to purchase water meters with 50% loan forgiveness. These funds will be utilized in FY2026 and 2027.

SECOND TAXING DISTRICT – CITY OF NORWALK, CONNECTICUT
June 30, 2025

MANAGEMENT’S DISCUSSION AND ANALYSIS - Continued

SIGNIFICANT FACTORS AFFECTING FUTURE FINANCIAL MANAGEMENT AND REPORTING - Continued

- SNEW’s water treatment facility in Wilton employs an unusual and highly complex membrane filtration system to remove impurities from raw water as opposed to a more traditional rapid sand or Dissolved Air Floatation design. Membrane systems generally have a life span on the order of ten years. Membrane replacement began in 2020 and was completed in FY2024. The membrane system at the Wilton plant was in excess of fifteen years old. SNEW was successful in negotiating a zero-interest payment plan with the membrane manufacturer for the membranes at approximately \$300,000 per year which will be paid off in FY2027.
- In 2025, SNEW applied for a DWSRF loan / grant in the amount of \$1.6M to replace its Water Filtration plant SCADA system. These funds will be utilized in FY 2026 and 2027 to upgrade the plants antiquated computer control system. The DWSRF loan comes with 50% loan forgiveness.

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.

Second Taxing District - City of Norwalk, Connecticut

Management's Discussion and Analysis
Financial Analysis of the District as a Whole

MDA Table 1

District's Net Position (in Thousands of Dollars)

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change 2025 - 2024
	2025	2024	2025	2024	2025	2024	
Current and other assets	\$ 1,800	\$1,660	\$ 48,856	\$ 46,013	\$ 50,656	\$ 47,673	6.26%
Capital assets	1,207	1,242	47,334	45,208	48,541	46,450	4.50%
Total assets	<u>\$ 3,007</u>	<u>\$ 2,902</u>	<u>\$ 96,190</u>	<u>\$ 91,221</u>	<u>\$ 99,197</u>	<u>\$ 94,123</u>	5.39%
Deferred Outflows of Resources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,865</u>	<u>\$ 2,929</u>	<u>\$ 2,865</u>	<u>\$ 2,929</u>	-2.18%
Short and long-term debt outstanding	\$ -	\$ -	\$ 7,749	\$ 9,545	\$ 7,749	\$ 9,545	-18.81%
Other liabilities	1,292	1,158	12,893	13,408	14,185	14,566	-2.62%
Total liabilities	<u>\$ 1,292</u>	<u>\$ 1,158</u>	<u>\$ 20,643</u>	<u>\$ 22,953</u>	<u>\$ 21,934</u>	<u>\$ 24,111</u>	-9.03%
Deferred Inflows of Resources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,225</u>	<u>\$ 10,688</u>	<u>\$ 11,225</u>	<u>\$ 10,688</u>	5.03%
Net Position							
Net investment in capital assets	\$ 1,207	\$ 1,242	\$ 38,575	\$ 34,388	\$ 39,782	\$ 35,630	11.65%
Restricted	-	-	832	49	832	49	1598.22%
Unrestricted	508	502	27,780	26,072	28,288	26,574	6.45%
Total net position	<u>\$ 1,716</u>	<u>\$ 1,744</u>	<u>\$ 67,187</u>	<u>\$ 60,509</u>	<u>\$ 68,902</u>	<u>\$ 62,253</u>	10.68%

*Note may not foot due to rounding

SECOND TAXING DISTRICT - CITY OF NORWALK, CONNECTICUT

Management's Discussion and Analysis - Continued
Financial Analysis of the District as a Whole - Continued

MDA Table 2

CHANGES IN NET POSITION (in Thousands of Dollars)

	6/30/2025		6/30/2024	
	Governmental Activities	Business-Type Activities	Governmental Activities	Business-Type Activities
Revenues				
Charges for services	\$ -	\$ 31,091	\$ -	\$ 29,813
General Revenues				
Grant revenues	-	-	-	-
Rental income	-	23	-	38
Gain or loss on disposition of assets	-	18	-	(54)
Premium on debt	-	-	-	-
Investment income and late charges	0	1,343	-	1,040
Miscellaneous	-	22	-	24
Total revenues	<u>\$ 0</u>	<u>\$ 32,498</u>	<u>\$ -</u>	<u>\$ 30,861</u>
Expenses				
Primary government:				
General government	\$ 180	\$ -	\$ 257	\$ -
Community service	25	-	20	-
Business-Type Activities				
Expenses:				
Water department	-	9,168	-	8,006
Electric department	-	16,648	-	17,031
Total expenses	205	25,816	276	25,038
Capital contributions	-	171		185
Transfers	176	(176)	219	(219)
Increase (decrease) in net position	(29)	6,677	(57)	5,789
Net Position, Beginning	<u>1,744</u>	<u>60,509</u>	<u>1,801</u>	<u>54,719</u>
Net Position, Ending	<u>\$ 1,716</u>	<u>\$ 67,186</u>	<u>\$ 1,744</u>	<u>\$ 60,509</u>

*Note may not foot due to rounding

BASIC FINANCIAL STATEMENTS

Second Taxing District - City of Norwalk, Connecticut

Statement of Net Position

June 30, 2025

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets and Deferred Outflows of Resources			
Current Assets			
Cash and deposits	\$ 1,562,301	\$ 28,332,637	\$ 29,894,938
Accounts receivable, net of allowance for doubtful accounts	-	3,636,345	3,636,345
Internal balances	237,823	(237,823)	-
Unbilled revenue	-	284,765	284,765
Inventory	-	953,805	953,805
Prepaid expenses	-	394,537	394,537
Funds held by CMEEC	-	2,634,114	2,634,114
Restricted:			
Customer deposits and advances	-	1,837,079	1,837,079
Total current assets	1,800,124	37,835,459	39,635,583
Noncurrent Assets			
Investment in CMEEC	-	178,782	178,782
Deferred preliminary survey and investigation	-	31,445	31,445
Net OPEB asset, restricted	-	832,127	832,127
Other restricted assets, rate stabilization	-	9,977,827	9,977,827
Capital assets:			
Plant in service, net of accumulated depreciation	1,207,223	46,378,703	47,585,926
Construction work-in-progress	-	955,328	955,328
Total noncurrent assets	1,207,223	58,354,212	59,561,435
Total assets	3,007,347	96,189,671	99,197,018
Deferred Outflows of Resources			
Deferred outflows, OPEB	-	20,322	20,322
Deferred outflows, pension	-	2,844,766	2,844,766
Total deferred outflows of resources	-	2,865,088	2,865,088

See notes to financial statements

Second Taxing District - City of Norwalk, Connecticut

Statement of Net Position

June 30, 2025

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Liabilities, Deferred Inflows of Resources and Net Position			
Current Liabilities			
Accounts payable	\$ 1,291,685	\$ 274,338	\$ 1,566,023
Customer deposits and advances, restricted	-	3,335,126	3,335,126
Accrued payroll	-	450,210	450,210
Other accrued liabilities	-	362,428	362,428
Due to OPEB Trust fund	-	446,714	446,714
Accrued bond and loan interest	-	83,640	83,640
Accrued compensated absences, current	-	76,257	76,257
Reserve for sales discounts	-	146,819	146,819
Notes payable, current	-	39,694	39,694
Bond payable, current	-	1,995,000	1,995,000
Total current liabilities	1,291,685	7,210,226	8,501,911
Noncurrent Liabilities			
Compensated absences	-	512,466	512,466
Notes payable, noncurrent	-	334,550	334,550
Net pension liability	-	6,195,203	6,195,203
Bonds payable, long-term	-	5,380,000	5,380,000
Unamortized premium on debt	-	1,010,126	1,010,126
Total noncurrent liabilities	-	13,432,345	13,432,345
Total liabilities	1,291,685	20,642,571	21,934,256
Deferred Inflows of Resources			
Deferred inflows, pension	-	1,247,574	1,247,574
Rate stabilization, CMEEC	-	9,977,861	9,977,861
Total deferred inflows of resources	-	11,225,435	11,225,435
Total liabilities and deferred inflows of resources	1,291,685	31,868,006	33,159,691
Net Position			
Net investment in capital assets	1,207,223	38,574,661	39,781,884
Restricted for:			
Net OPEB asset	-	832,127	832,127
Unrestricted	508,439	27,779,965	28,288,404
Total net position	\$ 1,715,662	\$ 67,186,753	\$ 68,902,415

See notes to financial statements

Second Taxing District - City of Norwalk, Connecticut

Statement of Activities

Year Ended June 30, 2025

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-Type Activities	
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)
Community service projects	24,500	-	-	-	(24,500)	-	(24,500)
Street lighting	85,895	-	-	-	(85,895)	-	(85,895)
Legal, accounting and insurance	3,324	-	-	-	(3,324)	-	(3,324)
Meetings, printing and other	21,986	-	-	-	(21,986)	-	(21,986)
Insurance and taxes	6,101	-	-	-	(6,101)	-	(6,101)
Depreciation expense	34,593	-	-	-	(34,593)	-	(34,593)
Total governmental activities	204,899	-	-	-	(204,899)	-	(204,899)
Business-type activities:							
Water	9,167,928	11,075,047	-	150,092	-	2,057,211	2,057,211
Electric	16,647,780	20,016,233	-	21,390	-	3,389,843	3,389,843
Total business-type activities	25,815,708	31,091,280	-	171,482	-	5,447,054	5,447,054
Total primary government	\$ 26,020,607	\$ 31,091,280	\$ -	\$ 171,482	(204,899)	5,447,054	5,242,155
General Revenues							
Rental income					-	22,772	22,772
Gain on disposition of utility plant					-	17,942	17,942
Miscellaneous income					-	22,428	22,428
Investment income and other					310	1,343,174	1,343,484
Transfers					175,895	(175,895)	-
Total general revenues, special items and transfers					176,205	1,230,421	1,406,626
Change in net position					(28,694)	6,677,475	6,648,781
Net Position, Beginning					1,744,356	60,509,278	62,253,634
Net Position, Ending					\$ 1,715,662	\$ 67,186,753	\$ 68,902,415

See notes to financial statements

Second Taxing District - City of Norwalk, Connecticut

Balance Sheet - Governmental Funds

June 30, 2025

	<u>General Fund</u>
Assets	
Cash and deposits	\$ 1,562,301
Internal balances, proprietary funds	<u>237,823</u>
Total assets	<u>1,800,124</u>
Liabilities	
Accounts payable and accrued expenses	<u>1,291,685</u>
Total liabilities	<u>1,291,685</u>
Fund Balances	
Unassigned	<u>508,439</u>
Total fund balances	<u><u>\$ 508,439</u></u>

See notes to financial statements

Second Taxing District - City of Norwalk, Connecticut

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2025

Amounts reported for governmental activities on the Statement of Net Position are different because:

Total fund balance per balance sheet, governmental funds	\$	508,439
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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	\$	2,033,003	
Accumulated depreciation on above capital assets		<u>(825,780)</u>	<u>1,207,223</u>

Net Position of Governmental Activities	\$	<u>1,715,662</u>
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Second Taxing District - City of Norwalk, Connecticut

Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds
Year Ended June 30, 2025

	<u>General Fund</u>
Revenue	
Investment income and other	<u>\$ 310</u>
Expenditures	
Public officials fees	22,750
Clerk's salary	2,500
Treasurer's salary	3,250
Street lighting	85,895
Community service projects	24,500
Legal and accounting	3,324
Meetings, printing and other	21,986
Insurance and taxes	<u>6,101</u>
Total expenditures	<u>170,306</u>
Excess (deficiency) of revenues over expenditures	<u>(169,996)</u>
Other Financing Sources (Uses)	
Operating transfers in	<u>175,895</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	5,899
Fund Balance, Beginning	<u>502,540</u>
Fund Balance, Ending	<u><u>\$ 508,439</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 of Governmental Funds to the Statement of Activities

Year Ended June 30, 2025

Net Change in Fund Balances, Total Governmental Funds	\$	5,899
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Amounts reported for governmental activities in the Statement of Activities
are different because:

Governmental funds report capital outlays as expenditures.

However, in the Statement of Activities, the cost of 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:

Capital outlays	\$	-	
Depreciation expense		<u>(34,593)</u>	<u>(34,593)</u>

Change in Net Position of Governmental Activities	\$	<u>(28,694)</u>
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Second Taxing District - City of Norwalk, Connecticut

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund
Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue				
Investment income and other	\$ 250	\$ 250	\$ 310	\$ 60
Expenditures				
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	84,196	84,196	85,895	(1,699)
Community service projects	23,000	23,000	24,500	(1,500)
Legal and accounting	20,000	20,000	3,324	16,676
Meetings, printing and other	62,775	62,775	21,986	40,789
Insurance and taxes	27,184	27,184	6,101	21,083
Total expenditures	245,655	245,655	170,306	75,349
Excess (deficiency) of revenues over expenditures	(245,405)	(245,405)	(169,996)	75,409
Other Financing Sources (Uses)				
Operating transfers in	224,196	224,196	175,895	(48,301)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(21,209)	(21,209)	5,899	27,108
Fund Balance, Beginning	502,540	502,540	502,540	-
Fund Balance, Ending	\$ 481,331	\$ 481,331	\$ 508,439	\$ 27,108

See notes to financial statements

Second Taxing District - City of Norwalk, Connecticut

Statement of Net Position - Proprietary Funds

June 30, 2025

	Proprietary Fund Types		
	Water	Electric	Total
Assets and Deferred Outflows of Resources			
Current Assets			
Cash and deposits	\$ 6,540,014	\$ 21,792,623	\$ 28,332,637
Due from other funds	4,036	3,588	7,624
Accounts receivable, net of allowance for doubtful accounts	1,199,717	2,436,628	3,636,345
Unbilled revenue	284,765	-	284,765
Inventory	284,777	669,028	953,805
Prepaid expenses	244,078	150,459	394,537
Funds held by CMEEC	-	2,634,114	2,634,114
Restricted:			
Customer deposits and advances	-	1,837,079	1,837,079
Total current assets	8,557,387	29,523,519	38,080,906
Noncurrent Assets			
Investment in CMEEC	-	178,782	178,782
Preliminary survey and investigation	31,445	-	31,445
Net OPEB asset, restricted	257,441	574,686	832,127
Other restricted assets, rate stabilization	-	9,977,827	9,977,827
Capital assets:			
Plant in service	73,445,214	41,464,716	114,909,930
Accumulated depreciation	(47,449,097)	(21,082,130)	(68,531,227)
Construction work-in-progress	-	955,328	955,328
Total noncurrent assets	26,285,003	32,069,209	58,354,212
Total assets	34,842,390	61,592,728	96,435,118
Deferred Outflows of Resources			
Deferred outflows, OPEB	9,748	10,574	20,322
Deferred outflows, pension	1,649,480	1,195,286	2,844,766
Total deferred outflows of resources	1,659,228	1,205,860	2,865,088

See notes to financial statements

Second Taxing District - City of Norwalk, Connecticut

Statement of Net Position - Proprietary Funds

June 30, 2025

	Proprietary Fund Types		Total
	Water	Electric	
Liabilities, Deferred Inflows of Resources and Net Position			
Current Liabilities			
Accounts payable	\$ 50,342	\$ 223,996	\$ 274,338
Due to other funds	133,670	111,777	245,447
Due to OPEB Trust fund	243,839	202,875	446,714
Customer deposits and advances, restricted	7,496	3,327,630	3,335,126
Accrued payroll liabilities	240,251	209,959	450,210
Other accrued liabilities	362,428	-	362,428
Accrued bond and loan interest	53,227	30,413	83,640
Compensated absences, current	53,058	23,199	76,257
Reserve for sales discounts	-	146,819	146,819
Notes payable, current	35,413	4,281	39,694
Bond payable, current	1,300,000	695,000	1,995,000
Total current liabilities	2,479,724	4,975,949	7,455,673
Noncurrent Liabilities			
Compensated absences	334,659	177,807	512,466
Note payable, noncurrent	330,269	4,281	334,550
Net pension liability	3,600,609	2,594,594	6,195,203
Bonds payable, long-term	3,210,000	2,170,000	5,380,000
Unamortized premium on debt	528,484	481,642	1,010,126
Total noncurrent liabilities	8,004,021	5,428,324	13,432,345
Total liabilities	10,483,745	10,404,273	20,888,018
Deferred Inflows of Resources			
Deferred inflows, pension	725,081	522,493	1,247,574
Rate stabilization, CMEEC	-	9,977,861	9,977,861
Total deferred inflows of resources	725,081	10,500,354	11,225,435
Net Position			
Net investment in capital assets	20,591,951	17,982,710	38,574,661
Restricted for:			
Net OPEB asset	257,441	574,686	832,127
Unrestricted	4,443,400	23,336,565	27,779,965
Total net position	\$ 25,292,792	\$ 41,893,961	\$ 67,186,753

See notes to financial statements

Second Taxing District - City of Norwalk, Connecticut

Statement of Revenues, Expenses and Changes in Net Position -

Proprietary Funds

Year Ended June 30, 2025

	Proprietary Funds		
	Water	Electric	Total
Operating Revenues			
Sales of water and electricity:			
Residential and commercial	\$ 7,824,484	\$ 15,680,617	\$ 23,505,101
Large commercial and industrial primary	2,350,123	4,357,766	6,707,889
Fixed load lighting	-	84,889	84,889
Private and public fire protection	580,443	-	580,443
Conservation fund charges	-	253,819	253,819
Customer's forfeited discounts	-	(1,300,590)	(1,300,590)
Total sales of water and electricity	10,755,050	19,076,501	29,831,551
Miscellaneous service revenue	319,997	939,732	1,259,729
Total operating revenues	11,075,047	20,016,233	31,091,280
Operating Expenses			
Water supply and electric generation:			
Operations	1,982,802	-	1,982,802
Maintenance	153,540	-	153,540
Purchased power / system control-load dispatch	-	10,473,973	10,473,973
Transmission and distribution:			
Operations	519,629	1,225,298	1,744,927
Maintenance	1,049,151	900,201	1,949,352
Customer accounts	513,039	460,015	973,054
Conservation and load management	-	189,533	189,533
Administration and general:			
Operations	2,756,177	1,613,667	4,369,844
Maintenance	327,111	365,075	692,186
Customer assistance program	-	25,000	25,000
Depreciation	1,570,281	1,183,819	2,754,100
Gross revenue tax	-	-	-
Other taxes	251,233	-	251,233
Total operating expenses	9,122,963	16,436,581	25,559,544
Operating income (loss)	1,952,084	3,579,652	5,531,736

See notes to financial statements

Second Taxing District - City of Norwalk, Connecticut

Statement of Revenues, Expenses and Changes in Net Position -

Proprietary Funds

Year Ended June 30, 2025

	Proprietary Funds		Total
	Water	Electric	
Nonoperating Revenues and Expenses			
Amortization of premium on debt	\$ 162,611	\$ 128,438	\$ 291,049
Rental income	-	22,772	22,772
Miscellaneous income (expense)	22,428	-	22,428
Gain (loss) on disposition of utility plant	17,942	(60,481)	(42,539)
Investment income and other	229,591	1,113,583	1,343,174
Interest expense	(207,576)	(279,156)	(486,732)
Total nonoperating revenues and expenses	224,996	925,156	1,150,152
Income before contributions and operating transfers	2,177,080	4,504,808	6,681,888
Capital Contributions	150,092	21,390	171,482
Operating Transfers Out	(45,000)	(130,895)	(175,895)
Change in net position	2,282,172	4,395,303	6,677,475
Net Position, Beginning	23,010,620	37,498,658	60,509,278
Net Position, Ending	<u>\$ 25,292,792</u>	<u>\$ 41,893,961</u>	<u>\$ 67,186,753</u>

See notes to financial statements

Second Taxing District - City of Norwalk, Connecticut

Statement of Cash Flows -
Proprietary Funds
Year Ended June 30, 2025

	Proprietary Funds		
	Water	Electric	Total
Cash Flows From Operating Activities			
Cash received from customers	\$ 11,376,355	\$ 20,035,466	\$ 31,411,821
Cash payments to suppliers for goods and services	(4,480,106)	(13,963,967)	(18,444,073)
Cash payments to employees and professional contractors	(2,841,351)	(2,203,918)	(5,045,269)
Net cash from operating activities	4,054,898	3,867,581	7,922,479
Cash Flows From Noncapital Financing Activities			
Transfers to other funds	(45,000)	(130,895)	(175,895)
Cash Flows From Capital and Related Financing Activities			
Acquisitions and construction of capital assets	(2,731,056)	(2,191,157)	(4,922,213)
Contributions received for construction	142,755	115,590	258,345
Net proceeds from notes payable	201,535	-	201,535
Principal paid on capital debt	(1,317,882)	(679,281)	(1,997,163)
Interest paid	(222,016)	(287,593)	(509,609)
Net cash from capital and related financing activities	(3,926,664)	(3,042,441)	(6,969,105)
Cash Flows From Investing Activities			
Certificate of deposits purchased	-	(171,043)	(171,043)
Certificate of deposits sold and matured	-	604,343	604,343
Interest received	229,591	1,113,583	1,343,174
Net cash from investing activities	229,591	1,546,883	1,776,474
Net change in cash and cash equivalents	312,825	2,241,128	2,553,953
Cash and Cash Equivalents - July 1, 2024	6,227,189	17,943,639	24,170,828
Cash and Cash Equivalents - June 30, 2025	<u>\$ 6,540,014</u>	<u>\$ 20,184,767</u>	<u>\$ 26,724,781</u>
Noncash Capital and Related Financing Activities			
Amortization of premium on debt	<u>\$ 162,611</u>	<u>\$ 128,438</u>	<u>\$ 291,049</u>

See notes to financial statements

Second Taxing District - City of Norwalk, Connecticut

Statement of Cash Flows -

Proprietary Funds

Year Ended June 30, 2025

	Proprietary Funds		
	Water	Electric	Total
Reconciliation of Operating Income (Loss) to Net Cash From Operating Activities			
Operating income (loss)	\$ 1,952,084	\$ 3,579,652	\$ 5,531,736
Adjustments to reconcile operating income (loss) to net cash from operating activities:			
Nonoperating Income	22,428	22,772	45,200
Noncash items included in operating income:			
Depreciation expense	1,570,281	1,183,819	2,754,100
Changes in assets and liabilities:			
Accounts receivables	(36,323)	(291,015)	(327,338)
Due to/from other funds	618,818	(51,483)	567,335
Inventories	(28,034)	337,299	309,265
Prepaid expenses	(69,705)	17,516	(52,189)
Funds held by CMEEC	-	(86,582)	(86,582)
Customer deposits	-	58,520	58,520
Payables and accrued liabilities	259,087	(73,057)	186,030
Pension related deferrals and liabilities	87,943	(766,611)	(678,668)
OPEB related deferrals, liabilities and assets	(107,411)	169,195	61,784
Net cash from operating activities	<u>\$ 4,269,168</u>	<u>\$ 4,100,025</u>	<u>\$ 8,369,193</u>
Reconciliation of Cash and Cash Equivalents to Statements of Net Position Accounts			
Cash and deposits	\$ 6,540,014	\$ 21,792,623	\$ 28,332,637
Restricted:			
Customer deposits and advances	<u>-</u>	<u>1,837,079</u>	<u>1,837,079</u>
Total cash and deposits	6,540,014	23,629,702	30,169,716
Less noncash equivalents	<u>-</u>	<u>3,444,935</u>	<u>3,444,935</u>
Cash and cash equivalents	<u>\$ 6,540,014</u>	<u>\$ 20,184,767</u>	<u>\$ 26,724,781</u>

See notes to financial statements

Second Taxing District - City of Norwalk, Connecticut

Statement of Fiduciary Net Position -

OPEB Trust Fund

June 30, 2025

	OPEB Trust Fund
Assets	
Cash and cash equivalents	\$ 12,365
Investments, at fair value:	
Exchange traded funds	3,029,597
Mutual funds	3,842,168
Due from utility funds	446,714
Total assets	7,330,844
Liabilities	
	-
Net Position Held in Trust, Restricted for OPEB Benefits	
	\$ 7,330,844

See notes to financial statements

Second Taxing District - City of Norwalk, Connecticut

Statement of Changes in Fiduciary Net Position -

OPEB Trust Fund

June 30, 2025

	OPEB Trust Fund
Additions	
Employer contributions	<u>\$ 476,001</u>
Investment income:	
Interest and dividends	284,793
Net appreciation (depreciation in fair value of investments)	<u>451,043</u>
Net investment income	735,836
Total additions	<u>1,211,837</u>
Deductions	
Benefit payments	476,001
Administrative expenses and management fees	<u>36,415</u>
Total deductions	<u>512,416</u>
Change in net position	699,421
Net Position Held in Trust, Restricted for OPEB Benefits	
Beginning	<u>6,631,423</u>
Ending	<u><u>\$ 7,330,844</u></u>

See notes to financial statements

Second Taxing District - City of Norwalk, Connecticut

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Second Taxing District - City of Norwalk, Connecticut

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Second Taxing District - City of Norwalk, Connecticut

Notes to Financial Statements

June 30, 2025

1. Summary of Significant Accounting Policies

Reporting Entity

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 water and electric utilities provides services to customers within the geographic boundaries of the District. In addition, the water utility provides services to areas in Norwalk contiguous to the District, and certain areas of the Town of Wilton.

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.

The accounting policies of the District conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The accepted standard-setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board (GASB).

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), proprietary (water and electric) and fiduciary (an OPEB Trust Fund) funds. The OPEB Trust Fund is excluded from the government-wide financial statements.

Second Taxing District - City of Norwalk, Connecticut

Notes to Financial Statements
June 30, 2025

Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-Wide Financial Statements

The government-wide statement of net position and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Unbilled receivables are recorded as revenues when services are provided.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the District's electric and water utilities and other functions of the District. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgements, compensated absences and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available resources.

Proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note.

The government reports the following funds:

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 Fund

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 payments for qualified employees. Fiduciary funds are not included in the government-wide financial statements.

Second Taxing District - City of Norwalk, Connecticut

Notes to Financial Statements

June 30, 2025

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.

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.

Cash and Deposits

For purposes of the statement of cash flows, cash and cash equivalents have original maturities of three months or less from the date of acquisition.

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.

Pursuant to state statute, the District may invest in cash funds with banks, obligations of the United States and obligations of any state or political subdivision.

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.

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 statement of net position 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.

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

	Proprietary Funds	
	Water	Electric
Accounts receivable	\$ 1,327,713	\$ 2,961,175
Less allowance for uncollectible accounts	(127,996)	(524,547)
Net accounts receivable	<u>\$ 1,199,717</u>	<u>\$ 2,436,628</u>

Second Taxing District - City of Norwalk, Connecticut

Notes to Financial Statements

June 30, 2025

Unbilled Revenue

Water's customers are billed both monthly and quarterly in arrears and Electric's customers are billed monthly in arrears. The unbilled revenues relate to the Water's quarterly billings. 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

Materials inventory is generally used for construction, operation and maintenance work and fuel stock is used for operations, not for resale. They are valued at the lower of cost or market utilizing the average cost method and charged to construction or expense when used.

Restricted Assets

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties. Current liabilities payable from these restricted assets are so classified.

Prepaid Expenses

Payments made to vendors that will benefit periods beyond the end of the current calendar year are recorded as prepaid items.

Preliminary Survey and Investigation

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.

Capital Assets

Government-Wide Financial Statements

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$500 and an estimated useful life in excess of one year.

Capital assets are stated at original cost or the estimated acquisition value at the time of contribution to the District. 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. 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.

Second Taxing District - City of Norwalk, Connecticut

Notes to Financial Statements

June 30, 2025

Depreciation is recorded using the straight-line method over the following useful lives:

	Depreciation Lives in Years
Water Plant:	
Source of supply plant	25-100
Pumping plant	15
Water treatment plant	50
Transmission and distribution plant	10-100
General	5-50
Electric Plant:	
Generation plant	25-29
Transmission plant	10
Distribution plant	10-50
General plant	3-40
Governmental Activities:	
Library	39
Machinery and equipment	5

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.

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for in the same was as in the government-wide statements.

Deferred Outflow of Resources

A deferred outflow of resources represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until that future time.

Net Pensions Liability

The fiduciary net position of the Municipal Employees Retirement System (the MERS) has been determined using the flow of economic resources measurement focus and accrual basis of accounting. This includes for purposes of measuring the following:

- Net pension liability;
- Deferred outflows of resources and deferred inflows of resources related to pensions; and
- Pension expense (revenue).

Information about the fiduciary net position of the MERS and additions to/deductions from MERS' fiduciary net position have been determined on the same basis as they are reported by the MERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Second Taxing District - City of Norwalk, Connecticut

Notes to Financial Statements

June 30, 2025

Net Other Postemployment Benefit (OPEB) Liability (Asset)

A net OPEB liability (asset) is recorded in accordance with GASB Statement No. 75. The net OPEB Liability (asset) is the difference between the actuarial total OPEB liability (asset) and the OPEB Trust's fiduciary net position as of the measurement date. The OPEB Trust recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Customer Deposits and Advance for Construction

Customers are required to submit deposits to the District in some instances to receive service. Interest is paid on these deposits. These deposits plus interest are refundable to customers on meeting certain conditions or in leaving the District's service area.

The District may receive advances or deposits for capital projects prior to construction commencing. These funds will be included as a liability on the financial statements until construction begins. At that time, funds will be recognized as revenue.

Accrued Compensated Absences

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, 2025.

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. This Statement requires that liabilities for compensated absences be recognized in financial statements prepared using the economic resources management focus for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This standard was implemented July 1, 2024. The prior year impact of the standard was not considered material to the financial statements, therefore the prior year balances were not adjusted for the change.

Other Accrued Liabilities

These amounts consist of accrued paving project costs.

Long-Term Obligations

Long-term debt and other obligations are reported as District liabilities. Bond premiums and discounts, are amortized over the life of the bonds using the straight-line method. Gains or losses on prior refundings are amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter. The balance at year end for premiums and discounts is shown as an increase or decrease in the liability section of the statement of net position.

Deferred Inflows of Resources

A deferred inflow of resources represents an acquisition of net position that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time.

Second Taxing District - City of Norwalk, Connecticut

Notes to Financial Statements

June 30, 2025

Net Position Classifications

Government-Wide Financial Statements

GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, requires the classification of net position into three components - net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

Net Investment in Capital Assets - This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

Restricted - this component of net position consists of constraints placed on net asset use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted - This component of net position consists of net position that does not meet the definition of "restricted" or "net investment in capital assets".

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

Fund Financial Statements

In accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the District classifies governmental fund balances as follows:

Nonspendable - 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.

Proprietary fund net position is classified the same as in the government-wide statements.

Second Taxing District - City of Norwalk, Connecticut

Notes to Financial Statements

June 30, 2025

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.

Revenues and Expenses

The District distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the District's principal ongoing operations. The principal operating revenues of the District are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Charges for Services

Billings are rendered and recorded monthly and quarterly based on metered usage. The District does accrue revenues beyond billing dates.

The water utility's rates were approved by the Commission and became effective July 1, 2024.

The electric utility's rates were approved by the Commission and became effective September 1, 2012.

Fees - Commissioners, Treasurer and Clerk

Pursuant to the annual electors meeting of January 30, 2025, 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 January 30, 2025.

Capital Contributions

Cash and capital assets are contributed to the electric and water utility from customers or external parties. The value of property contributed to the utilities are reported as revenue on the statement of revenues, expenses and changes in net position.

Transfers

Water and Electric during the year ended June 30, 2025, have each contributed \$45,000, via operating transfers to fund the operation of the District's General Fund. Electric also contributed an additional \$85,895 for the operation and maintenance of the District's streetlights.

Effect of New Accounting Standards on Current Period Financial Statements

The Governmental Accounting Standards Board (GASB) has approved Statement No. 103, *Financial Reporting Model Improvements* and Statement No. 104, *Disclosure of Certain Capital Assets*. When they become effective, application of these standards may restate portions of these financial statements.

Second Taxing District - City of Norwalk, Connecticut

Notes to Financial Statements

June 30, 2025

2. Cash, Deposits and Fiduciary Investments

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time savings deposits and savings accounts (including NOW accounts) and \$250,000 for demand deposit accounts (interest bearing and noninterest bearing). In addition, if deposits are held in an institution outside of the state in which the government is located, insured amounts are further limited to a total of \$250,000 for the combined amount of all deposit accounts.

At June 30, 2025, the Second Taxing District - City of Norwalk, Connecticut maintained cash deposits with financial institutions as follows:

	Bank Balances June 30, 2025	Risks
Governmental activities (general fund)	\$ 1,562,301	Custodial Risk
Business-type activities (water and electric)	30,169,716	Custodial Risk
OPEB Trust Fund	12,365	Custodial Risk
Total	<u>\$ 31,744,382</u>	

Custodial credit risk is the risk that in the event of a financial institution failure, the utility's deposits may not be returned to the utility. The combined uninsured and uncollateralized bank balances totaled \$30,960,955 as of the year ended June 30, 2025. The District does not address custodial credit risk in its deposits policy.

Fiduciary Activities Investments

The following disclosures relate to the District's OPEB Fiduciary Activities.

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.

Second Taxing District - City of Norwalk, Connecticut

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The OPEB Trust's investment 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.

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements); followed by quoted prices in inactive markets or for similar assets or with observable inputs (Level 2 measurements); and the lowest priority to unobservable inputs (Level 3 measurements).

Mutual funds, money market funds, exchange traded funds and corporate bonds are classified in Level 1 of the fair value hierarchy and are valued using prices quoted in active markets for those securities.

The District has the following recurring fair value measurements as of June 30, 2025:

OPEB Trust Fund	Fair Value Measurement Using			
	June 30, 2025	Level 1	Level 2	Level 3
Investments by fair value level:				
Mutual funds	\$ 3,842,168	\$ 3,842,168	\$ -	\$ -
Exchange traded funds	3,029,597	3,029,597	-	-
Money market funds	12,365	12,365	-	-
Total measurements by fair value level	6,884,130	6,884,130	-	-
Total investments	\$ 6,884,130	\$ 6,884,130	\$ -	\$ -

Custodial Credit Risk

This is the risk that in the event of the failure of a depository financial institution or counterparty to a transaction, the Trust's deposits may not be returned or the Trust will not be able to recover the value of its deposits, investments or collateral securities that are in the possession of another party. The Trust's investments are defined as uninsured and unregistered with securities held by the Depository Trust Company in the Trust's name.

Credit Risk

Credit risk is the risk an issuer or other counterparty to an investment will not fulfill its obligations.

As of June 30, 2025, the Trust had investments in mutual funds rated as follows:

Morning Star Rating:

1	\$ -
2	297,308
3	2,025,348
4	1,448,785
5	70,727

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June 30, 2025

Interest Rate Risk

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 mutual funds, all of which have maturities of less than one year.

3. Investments in CMEEC and Purchased Electric Power

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, 2025 was \$10,473,973 and is presented as purchased power on 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 Rate Stabilization Fund; (2) The Economic Development Fund; (3) The Conservation and Load Management Fund; (4) The Regional Greenhouse Gas Initiative Fund; and, (5) 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 has rate stabilization funds held by CMEEC. Electric's balances of rate stabilization funds held by CMEEC was \$5,534,263 held in a trust account and \$4,443,564 held in a nontrust account at June 30, 2025. The monies in the rate stabilization fund have been recorded as a restricted asset and a deferred inflow of resources in the accompanying proprietary fund statement of net position.

Conservation and Load Management Fund

For the year ended June 30, 2005, an Energy Efficiency and Environmental Stewardship Fund was created. The fund is designated by the District to use 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 electric utility has included the \$808,618 as part of current funds held by CMEEC on its statement of net position at June 30, 2025.

Economic Development Fund

Pursuant to Resolution 92-6 adopted by the CMEEC Board of Directors on January 23, 1992, this fund is designated to assist 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, 2025 is \$1,325,528. As there are no restrictions placed on these funds by CMEEC, the electric utility includes these funds as part of current funds held by CMEEC on its statement of net position at June 30, 2025.

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Renewable Resource Investment Fund

Pursuant to the adoption of Resolution 08-04 by the CMEEC Board of Directors in 2008, this fund is designated for the purpose of assisting member systems activities which promote energy conservation. As the fund is unrestricted, Electric has included the \$4,550 as part of current Funds held by CMEEC on its balance sheet at June 30, 2025.

Regional Greenhouse Gas Initiative Fund

This fund was established as part of the Regional Greenhouse Gas initiative (RGGI), which is the first mandatory cap and trade program in the United States to limit carbon dioxide from the power sector. Proceeds from the auction - of greenhouse gas credits were utilized by CMEEC to create this fund, apportioned to each CMEEC member. As the fund is unrestricted, Electric has included the \$495,418 as part of current funds held by CMEEC on its statement of net position at June 30, 2025.

CMEEC's Bonded Debt Obligations

As a member of CMEEC, the electric utility is responsible for their pro-rata share of CMEEC's shares of certain costs that may exceed reserves and/or insurance coverages. These costs and the impact on operations are unknown. The electric utility also has guaranteed a portion of CMEEC's bonded debt. The amount of debt guaranteed by the utility at June 30, 2025 was \$3,419,888. The utility's net obligation/(surplus) (bonded debt less the utility's share of the rate stabilization fund) is (\$6,557,939) at June 30, 2025.

4. Interfund Receivables/Payables

The following is a schedule of interfund receivables and payables:

Receivable Fund	Payable Fund	Amount
General Fund	Water Utility	\$ 131,165
General Fund	Electric Utility	108,824
Water Utility	General Fund	1,083
Water Utility	Electric Utility	2,953
Electric Utility	General Fund	1,083
Electric Utility	Water Utility	2,505

All amounts are due within one year.

The interfunds are to account for timing differences in the revenues and expenditures owed between funds and are generally cleared in the following month.

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5. Capital Assets

Capital asset balances and activity for the year ended June 30, 2025 was as follows:

	Balance 07/01/2024	Increases	Decreases	Balance 06/30/2025
Governmental Activities				
Capital assets, not being depreciated:				
Land and land rights	\$ 85,228	\$ -	\$ -	\$ 85,228
Capital assets being depreciated:				
Structures and improvements	1,941,041	-	-	1,941,041
Miscellaneous equipment	6,734	-	-	6,734
Total capital assets being depreciated	1,947,775	-	-	1,947,775
Total capital assets	2,033,003	-	-	2,033,003
Less accumulated depreciation	(791,187)	(34,593)	-	(825,780)
Net capital assets	\$ 1,241,816	\$ (34,593)	\$ -	\$ 1,207,223
	Balance 07/01/2024	Increases	Decreases	Balance 06/30/2025
Water				
Capital assets, not being depreciated:				
Intangible	\$ 23,805	\$ -	\$ -	\$ 23,805
Land and land rights	2,891,895	-	-	2,891,895
Total capital assets not being depreciated	2,915,700	-	-	2,915,700
Capital assets being depreciated:				
Intangible	90,964	-	-	90,964
Source of supply	4,638,984	16,988	-	4,655,972
Pumping	1,897,059	142,719	-	2,039,778
Water treatment	35,517,535	505,864	-	36,023,399
Transmission and Distribution	21,490,710	2,048,804	(170,716)	23,368,798
General	4,182,705	212,207	(44,309)	4,350,603
Total capital assets being depreciated	67,817,957	2,926,582	(215,025)	70,529,514
Total capital assets	70,733,657	2,926,582	(215,025)	73,445,214
Less accumulated depreciation	(46,076,567)	(1,570,281)	197,751	(47,449,097)
Construction in progress	160,311	139,029	(299,340)	-
Net capital assets	\$ 24,817,401	\$ 1,495,330	\$ (316,614)	\$ 25,996,117

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June 30, 2025

	Balance 07/01/2024	Increases	Decreases	Balance 06/30/2025
Electric				
Capital assets, not being depreciated:				
Land and land rights	\$ 2,534,104	\$ -	-	\$ 2,534,104
Total capital assets not being depreciated	2,534,104	-	-	2,534,104
Capital assets being depreciated:				
Generation	2,021,056	-	-	2,021,056
Transmission	7,747,401	-	-	7,747,401
Distribution	21,206,658	2,560,370	(318,748)	23,448,280
General	5,577,036	169,235	(32,396)	5,713,875
Total capital assets being depreciated	36,552,151	2,729,605	(351,144)	38,930,612
Total capital assets	39,086,255	2,729,605	(351,144)	41,464,716
Less accumulated depreciation	(20,218,916)	(1,183,819)	320,605	(21,082,130)
Construction in progress	1,523,717	1,866,276	(2,434,665)	955,328
Net capital assets	\$ 20,391,056	\$ 3,412,062	(2,465,204)	\$ 21,337,914

6. Long-Term Debt

Water

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. On April 30, 2022, Water performed a loan refunding by issuing \$9,250,000 in general obligation bonds at a premium of \$1,206,029. The debt service requirements to maturity as of June 30, 2025, are as follows:

Years Ending June 30:	Principal	Interest	Total	Interest Rate Per Annum
2026	\$ 1,300,000	\$ 141,399	\$ 1,441,399	4.0 %
2027	1,350,000	87,900	1,437,900	4.0
2028	1,410,000	32,100	1,442,100	4.0
2029	450,000	4,500	454,500	4.0
Total	\$ 4,510,000	\$ 265,899	\$ 4,775,899	

Second Taxing District - City of Norwalk, Connecticut

Notes to Financial Statements

June 30, 2025

Electric

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 of its bonds through the Parity on-line bidding platform at a premium of \$170,945. The bonds matured annually from April 1, 2015 to April 1, 2034. On January 21, 2021, Electric performed a bond refunding by issuing \$6,170,000 in general obligation bonds at a premium of \$1,048,910. The debt service requirements to maturity as of June 30, 2025, and related coupon interest rates, are as follows:

Years Ending June 30:	Principal	Interest	Total	Interest Rate Per Annum
2026	\$ 695,000	\$ 112,963	\$ 807,963	5.0 %
2027	710,000	79,800	789,800	4.0
2028	725,000	53,063	778,063	3.0
2029	735,000	27,563	762,563	5.0
Total	<u>\$ 2,865,000</u>	<u>\$ 273,389</u>	<u>\$ 3,138,389</u>	

Notes Payable

In July 2022, Water entered into a four year note payable for the purchase of three vehicles. The note bears interest at 6.69%. In July 2022, Water and Electric entered into a five year note payable at 15.5% interest to finance the purchase of computer hardware and software. In October 2023, Water entered into a five year note payable for the purchase of three vehicles. The note bears interest at 9.09%. Maturity of the notes is as follows:

Years Ending June 30:	Principal	Interest	Total	Interest Rate Per Annum
2026	\$ 30,338	\$ 7,823	\$ 38,161	6.69-15.5 %
2027	56,351	7,451	63,802	6.69-15.5
2028	25,915	2,356	28,271	6.69-15.5
Total	<u>\$ 112,604</u>	<u>\$ 17,630</u>	<u>\$ 130,234</u>	

Notes Payable - DWSRF Direct Placement Loans

The District entered into two Drinking Water State Revolving Fund (DWSRF) direct placement project loan agreements with the State of Connecticut to finance a Lead Service Lines - Inventory and Replacement Study (planning) project and a new standby electric generator for the Wilton Pump Station. The District has obtained an interim funding obligation financing for these projects at 2% per annum with a maturity date no later than six (6) months following the scheduled project completion date. The District's interim funding obligation will equal the total principal and interest payments on that loan and will be payable on the date of maturity.

Second Taxing District - City of Norwalk, Connecticut

Notes to Financial Statements

June 30, 2025

The following is a schedule of the state revolving loans payable at June 30, 2025:

DWSRF Loan	Project Completion Date	Amount Issued	Interest Rate	Maturity Date	Outstanding Ending Balance	Due Within One Year
Water Fund						
Lead service lines	1/31/2025	\$ 187,124	2%	1/31/2045	\$ 187,124	\$ 9,356
Wilton pump station	1/31/2025	74,516	2%	1/31/2035	74,516	-
Total		<u>\$ 261,640</u>			<u>\$ 261,640</u>	<u>\$ 9,356</u>

Summary of Changes in Long-Term Obligations

Description and Purpose	Balance 7/1/24	Increases	Decreases	Balance 6/30/2025	Due Within One Year
Business-Type Activities					
Note payable*	\$ 244,872	\$ 201,535	\$ 72,163	\$ 374,244	\$ 39,694
Bonds payable	9,300,000	-	1,925,000	7,375,000	1,995,000
Premium on bonds	1,301,175	-	291,048	1,010,126	-
Compensated absences	507,636	565,590	484,503	588,723	76,257
Total	<u>\$ 11,353,683</u>	<u>\$ 767,125</u>	<u>\$ 2,772,714</u>	<u>\$ 9,348,093</u>	<u>\$ 2,110,951</u>

*Of the total \$374,244 notes payable, \$261,640 are notes from direct placements - state revolving loans

See Notes 7 and 9 for detailed information related to the net pension liability and net OPEB liability.

7. Municipal Employees Retirement System - MERS

Plan Description

All employees of the District participate in the Municipal Employees Retirement System (MERS). MERS is a cost-sharing, defined benefit pension plan administered by the Connecticut State Retirement Commission. The Connecticut State Retirement Commission is responsible for the administration of MERS. The State Treasurer is responsible for investing MERS funds for the exclusive benefit of MERS members.

The MERS issues a publicly available financial report that includes financial statements and required supplementary information for the System. The 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, disability and death benefits as defined in the Statutes. General employees are eligible to retire at age 55 with 5 years of continuous active service or 15 years of active noncontinuous service. Employees under the age of 55 are eligible to retire with 25 years of service. 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.

Second Taxing District - City of Norwalk, Connecticut

Notes to Financial Statements

June 30, 2025

Funding Policy

Covered employees are required by State statute to contribute 4.25% of earnings upon which Social Security tax is paid plus 7% 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 the plan.

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

At June 30, 2025, the District has a recorded liability of \$6,195,203 for their proportionate share of the net pension liability. The net pension liability for the plan in total was measured as of June 30, 2024 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 2024 reported payroll of \$4,887,878 relative to the total reported payroll applicable to our specific type of employees of \$312,774,322 from all participating employers. On June 30, 2025, the District's proportionate share was 1.477577%, which was a

At June 30, 2025, the District reported deferred outflows and inflows of resources from the following sources related to MERS pension benefits:

	Deferred Outflows of Resources		
	Water	Electric	Total
Differences between expected and actual experience	\$ 234,553	\$ 169,018	\$ 403,571
Changes in assumptions	272,928	196,671	469,599
Change in proportionate share of contributions	661,799	476,892	1,138,691
Contributions subsequent to the measurement date	480,200	352,705	832,905
Total	<u>\$ 1,649,480</u>	<u>\$ 1,195,286</u>	<u>\$ 2,844,766</u>

	Deferred Inflows of Resources		
	Water	Electric	Total
Differences between expected and actual experience	\$ 65,032	\$ 46,862	\$ 111,894
Change in proportionate share of contributions	660,049	475,631	1,135,680
Total	<u>\$ 725,081</u>	<u>\$ 522,493</u>	<u>\$ 1,247,574</u>
Pension expense	<u>\$ 87,943</u>	<u>\$ 81,403</u>	<u>\$ 169,346</u>

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June 30, 2025

Deferred outflows related to pension resulting from the MERS Employer's contributions subsequent to the measurement date reported in the tables above will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Years Ending June 30:	Deferred Inflows / Outflows - Pension Expense		
	Water	Electric	Total
2025	\$ 124,711	\$ 89,866	\$ 214,577
2026	356,445	256,854	613,299
2027	15,964	11,504	27,468
2028	(51,682)	(37,242)	(88,924)
2029	(1,239)	(894)	(2,133)
Total	\$ 444,199	\$ 320,088	\$ 764,287

Actuarial Assumptions

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

Measurement date:	June 30, 2024
Valuation date:	June 30, 2024
Expected Return on Investments:	7.00% net of investment expense
Inflation:	2.5%
Future Salary Increases:	3.00-9.50%, including inflation
Cost of Living Increases:	2.5%-6.00%

Mortality Assumptions

Annuitants and Nonannuitants:	For the period after retirement and for dependent beneficiaries, mortality rates were based on the Pub-2010 Mortality Tables set-forward one year (except active employees) and projected generationally with Scale MP-2021.
Fiduciary Net Position:	MERS issues a publicly available financial report that can be obtained at: www.osc.ct.gov/rbsd/CMERS/plandoc/index.html

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 for the five-year period ending June 30, 2022.

Second Taxing District - City of Norwalk, Connecticut

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Long-Term Rate of Return

The long-term expected rate of return on pension plan investments was determined using a statistical analysis in which best-estimate 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 percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the plan's target asset allocation as of June 30, 2024 are summarized in the following table:

<u>Asset Class</u>	<u>Allocation</u>	<u>Long-Term Target Expected Real Rate of Return</u>
Global Equity	37 %	6.9 %
Public Credit	2	2.9
Core Fixed Income	13	0.4
Liquidity Fund	1	-0.4
Risk Mitigation	5	0.1
Private Equity	15	11.2
Private Credit	10	6.2
Real Estate	10	6.3
Infra. & Natural Resources	7	7.7
Total	100 %	

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. 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.

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

The following presents the net pension liability calculated using the current discount rate of 7.00% as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

<u>Net Pension Liability</u>	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
Water	\$ 5,164,886	\$ 3,600,609	\$ 2,282,582
Electric	3,721,811	2,594,594	1,644,825
Total	\$ 8,886,697	\$ 6,195,203	\$ 3,927,407

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June 30, 2025

8. Simplified Employee Pension Plan (SEP)

In 1978, District's Commissioners approved a Simplified Employee Pension Plan for Electric's employees. 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 \$100,829 for the year ended June 30, 2025. 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 \$139,592 for the year ended June 30, 2025. Water does not report the balance and activities, other than its contribution expense, in the financial statements.

9. Postemployment Retirement Benefits

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 postemployment 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 the July 1, 2024 valuation dates:

Group	Participant Counts		
	Active Participants	Retirees*	Total
Electric	3	20	23
Water	0	17	17
Total	3	37	40

* Does not include spouses of retirees.

Rate of Return - for the year ended June 30, 2025, the annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expense, was 3.81%. The money-weighted rate of return expresses investment performance, net of investment expense, for the changing amounts actually invested.

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Notes to Financial Statements

June 30, 2025

Net OPEB Liability (Asset) of the District

The components of the net OPEB liability/(asset) of the District at June 30, 2025 are as follows:

	Water	Electric	Total
Total OPEB liability	\$ 3,258,858	\$ 3,239,859	\$ 6,498,717
Plan fiduciary net position	3,516,299	3,814,545	7,330,844
Net OPEB liability (asset)	<u>\$ (257,441)</u>	<u>\$ (574,686)</u>	<u>\$ (832,127)</u>
Plan fiduciary net position as a percentage of the total pension liability	107.90 %	117.74 %	112.80 %

Actuarial Assumptions - The July 1, 2024 Actuarial Valuation directly calculated the July 1, 2024 Total OPEB Liability (TOL). The July 1, 2024 TOL was increased by service cost and interest and decreased by benefit payments to estimate the TOL as of June 30, 2025. The TOL as of June 30, 2025 was also adjusted to reflect any material plan changes after the valuation, if applicable.

Actuarial assumptions were as follows:

	Water	Electric
Inflation	2.40 %	2.40 %
Salary increase	2.40	2.40
Investment rate of return	6.50	6.50

Mortality rates were based on Pub-2010 Public Retirement Plans Mortality Tables for General Employees, projected to the valuation date with Scale MP-2021.

Long-Term Rate of Return - 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 includes in the OPEB plan's target asset allocation as of June 30, 2025 are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
U.S. Large Cap	4.52 %
U.S. Mid/Small Cap	5.06
Developed International Equities	5.08
Emerging Market Equities	5.80
Intermediate Government	2.44
High-Yield Bonds	3.92
Emerging Market Debt	3.84
Real Estate	3.73
Commodities	2.51

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Notes to Financial Statements

June 30, 2025

Discount Rate - the discount rate used to measure the total OPEB liability was 6.50%. 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 6.50%, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower (5.50%) or one percentage-point higher (7.50%) than the current discount rate:

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
Net OPEB liability (asset) - Water	\$ 85,724	\$ (257,441)	\$ (548,583)
Net OPEB liability (asset) - Electric	(233,648)	(574,686)	(862,110)

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 7.00%, as well as what the District's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage-point lower (6.00%) or one percentage-point higher (8.00%) than the current healthcare cost trend rate:

	1% Decrease (6.00% Decreasing to 3.40%)	Healthcare Cost Trend Rates (7.00% Decreasing to 4.40%)	1% Increase (8.00% Decreasing to 5.40%)
Net OPEB liability (asset) - Water	\$ (564,915)	\$ (257,441)	\$ 100,602
Net OPEB liability (asset) - Electric	(877,081)	(574,686)	(219,267)

Second Taxing District - City of Norwalk, Connecticut

Notes to Financial Statements

June 30, 2025

The calculation of the change in the net OPEB obligation for the year ended June 30, 2025 follows:

Water

Changes in the Net OPEB Liability (Asset)	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a) - (b)
Balances as of June 30, 2024	\$ 3,131,661	\$ 3,180,816	\$ (49,155)
Changes for the years:			
Service cost	1,166	-	1,166
Interest on net OPEB liability	195,383	-	195,383
Differences between expected and actual experience	(2,562)	-	(2,562)
Changes of assumptions	191,157	-	191,157
Contributions - employer	-	257,947	(257,947)
Net investment income	-	335,483	(335,483)
Benefit payments, including refunds of member contributions	(257,947)	(257,947)	-
Administrative expenses	-	-	-
Net changes	127,197	335,483	(208,286)
Balances as of June 30, 2025	\$ 3,258,858	\$ 3,516,299	\$ (257,441)

Electric

Changes in the Net OPEB Liability	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances as of June 30, 2024	\$ 3,664,173	\$ 3,450,607	\$ 213,566
Changes for the years:			
Service cost	2,498	-	2,498
Interest on net OPEB liability	231,358	-	231,358
Differences between expected and actual experience	(623,228)	-	(623,228)
Changes of assumptions	183,112	-	183,112
Contributions - employer	-	218,054	(218,054)
Net investment income	-	363,938	(363,938)
Benefit payments, including refunds of member contributions	(218,054)	(218,054)	-
Administrative expenses	-	-	-
Net changes	(424,314)	363,938	(788,252)
Balances as of June 30, 2025	\$ 3,239,859	\$ 3,814,545	\$ (574,686)

Second Taxing District - City of Norwalk, Connecticut

Notes to Financial Statements

June 30, 2025

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

For the fiscal year ended June 30, 2025, the District recognized OPEB expense of \$310,229.

At June 30, 2025, the District reported deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources		
	Water	Electric	Total
Net difference between projected and actual earnings	\$ 9,748	\$ 10,574	\$ 20,322

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

Years Ending June 30:	Water	Electric	Total
2026	\$ 66,201	\$ 71,818	\$ 138,019
2027	(48,030)	(52,105)	(100,135)
2028	(25,531)	(27,698)	(53,229)
2029	17,108	18,559	35,667
2030	-	-	-
Thereafter	-	-	-

10. Commitments and Contingencies

Claims and Judgments

From time to time, the District is party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and the District's legal counsel that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the District's financial position or results of operations.

Risk Management

The District is exposed to various risks of loss related to torts, theft of, damage to or destruction of assets, errors and omissions, workers compensation and health care of its employees. These risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded the commercial liability in any of the past three years. There were no significant reductions in coverage compared to the prior year.

11. Subsequent Event

The District evaluated subsequent events through November 12, 2025, the date that the financial statements were available to be issued, for events requiring recording or disclosure in the financial statements.

Rate Adjustment

On January 28, 2025, the Commission of the District approved a 9% water rate increase for each of the next three fiscal years, effective July 1, 2025.

REQUIRED SUPPLEMENTARY INFORMATION

Second Taxing District - City of Norwalk, Connecticut

Schedule of District's Proportionate Share of the Net Pension Liability
and Schedule of District Contributions - MERS Pension Plan
Year Ended June 30, 2025 and Prior Ten Years

<u>Year Ended</u>	<u>Proportion of the Net Pension Liability (Asset)</u>	<u>Proportion of the Net Pension Liability (Asset)</u>	<u>Covered Member Payroll</u>	<u>Net Pension Liability (Asset) as a Percentage of Covered Payroll</u>	<u>Fiduciary Plan Net Pension as a Percentage of Total Pension Liability</u>
6/30/2025	1.48%	\$ 6,195,203	\$ 5,089,359	121.73%	72.85%
6/30/2024	1.54%	7,047,453	4,887,878	144.18%	69.54%
6/30/2023	1.46%	6,546,163	4,661,992	159.61%	68.71%
6/30/2022	1.54%	3,652,042	4,101,390	87.40%	82.59%
6/30/2021	1.36%	5,336,515	4,178,307	153.34%	71.18%
6/30/2020	1.02%	3,782,577	3,480,217	143.57%	72.69%
6/30/2019	1.21%	4,613,773	2,634,635	135.87%	73.60%
6/30/2018	1.18%	1,943,828	3,395,631	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	2,799,269	61.70%	92.72%

<u>Year Ended</u>	<u>Contractually Required Contribution</u>	<u>Contribution in Relation to the Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>District's Covered Employee Payroll</u>	<u>Contributions as a Percentage of Covered Employee Payroll</u>
6/30/2025	\$ 758,736	\$ 758,736	\$ -	\$ 5,089,359	14.91%
6/30/2024	793,418	793,418	-	4,887,878	16.23%
6/30/2023	666,641	666,641	-	4,661,992	14.30%
6/30/2022	585,639	585,639	-	4,101,390	14.28%
6/30/2021	481,722	481,722	-	4,178,307	11.53%
6/30/2020	320,710	320,710	-	3,480,217	9.22%
6/30/2019	451,674	560,417	(108,743)	2,634,635	21.27%
6/30/2018	495,227	495,227	-	3,395,631	14.58%
6/30/2017	476,129	476,129	-	2,799,269	17.01%
6/30/2016	483,086	483,086	-	2,799,269	17.26%

Notes to Schedule

Valuation date

Actuarially determined contributions are calculated as of June 30th and become effective 12 months later on July 1st.

Changes of benefit terms

In 2023, the Connecticut Legislature passed House Bill 6930, an Act Concerning the Development of Best Practices for Governance Structures of Municipal Retirement Plans. Certain benefit and provision changes were made to include Cost-of-Living Adjustments, benefit formula multiplier was increased for certain members effective July 1, 2025, and a DROP plan is offered beginning July 1, 2025 for eligible members. These changes were recognized in 2023.

Changes of assumptions

In 2023, the latest experience study for the System updated most of the actuarial assumptions utilized in the June 30, 2023 valuation to include: rates of inflation, real investment return mortality, withdrawal, disability, retirement and salary merit were adjusted to more closely reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five-year period ended June 30, 2022.

Methods and assumptions used to determine contribution rates:

Actuarial cost method

Entry age normal

Amortization method

Level dollar, closed layers

Single equivalent amortization period

Blended 24.3 to 24.4 years depending on Tier in 2024-2025. Single period of 25 years for 2016-2017, 24 years for 2018, 23 years for 2019, 21 years for 2020-2021, and 20 years in 2022-2023.

Asset valuation method

Market value of assets

Inflation

2.5% for 2019-2025, and 3.25% for 2016-2018.

Salary increases

The assumption was 3.00 to 9.50% for 2024-2025, 3.50 to 10% for 2019-2023, and 4.25 to 11% for 2016-2018, all including inflation.

Investment rate to return

7.00% for 2019-2025, 8% for 2016-2018, all net of investment related expense

Mortality rates

The Pub-2010 Mortality Tables set-forward one year (except Active Employees) are projected generationally with scale MP-2021 for 2024-2025. Mortality rates were based on the RP-2014 Combined Mortality Table adjusted to 2006 and projected to 2015 with Scale MP-2017 and projected to 2022 for 2019-2023, and the RP-2000 Mortality Table for 2016-2018.

See notes to required supplementary information

Second Taxing District - City of Norwalk, Connecticut

Schedule of Changes in the District's Net OPEB Liability
and Related Ratios
Year Ended June 30, 2025 and Prior Ten Years

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Water - Total OPEB Liabilities									
Service cost	\$ 1,166	\$ 1,117	\$ 1,251	\$ 1,199	\$ 5,970	\$ 5,729	\$ 9,932	\$ 9,314	\$ 9,078
Interest	195,383	199,005	214,941	218,351	243,269	245,347	272,309	266,609	268,745
Changes in benefit terms	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	(2,562)	24,398	(239,911)	57,006	(437,793)	5,698	(289,587)	174,393	29,233
Changes in assumptions	191,157	-	77,029	-	266,469	-	67,486	-	-
Benefit payments, including refunds of member contributions	(257,947)	(301,945)	(294,908)	(362,133)	(274,835)	(300,359)	(321,651)	(415,782)	(262,426)
Net changes in total OPEB liability	127,197	(77,425)	(241,598)	(85,577)	(196,920)	(43,585)	(261,511)	34,534	44,630
Total OPEB Liability, Beginning	<u>3,131,661</u>	<u>3,209,086</u>	<u>3,450,684</u>	<u>3,536,261</u>	<u>3,733,181</u>	<u>3,776,766</u>	<u>4,038,297</u>	<u>4,003,763</u>	<u>3,959,133</u>
Total OPEB Liability, Ending	<u>3,258,858</u>	<u>3,131,661</u>	<u>3,209,086</u>	<u>3,450,684</u>	<u>3,536,261</u>	<u>3,733,181</u>	<u>3,776,786</u>	<u>4,038,297</u>	<u>4,003,763</u>
Plan Fiduciary Net Position									
Contributions, employer	257,947	301,945	294,908	362,133	274,835	300,359	321,651	660,782	547,176
Net investment income (loss)	335,483	394,317	275,697	(383,062)	623,537	90,052	95,903	103,036	138,136
Benefit payments, including refunds to member contributions	(257,947)	(301,945)	(294,908)	(362,133)	(274,835)	(300,359)	(321,651)	(415,782)	(262,426)
Net changes in plan fiduciary net position	335,483	394,317	275,697	(383,062)	623,537	90,052	95,903	348,036	422,886
Plan Fiduciary Net Position, Beginning	<u>3,180,816</u>	<u>2,786,499</u>	<u>2,510,802</u>	<u>2,893,864</u>	<u>2,270,327</u>	<u>2,180,275</u>	<u>2,084,372</u>	<u>1,736,336</u>	<u>1,313,451</u>
Plan Fiduciary Net Position, Ending	<u>3,516,299</u>	<u>3,180,816</u>	<u>2,786,499</u>	<u>2,510,802</u>	<u>2,893,864</u>	<u>2,270,327</u>	<u>2,180,275</u>	<u>2,084,372</u>	<u>1,736,337</u>
Net OPEB liability	<u>\$ (257,441)</u>	<u>\$ (49,155)</u>	<u>\$ 422,587</u>	<u>\$ 939,882</u>	<u>\$ 642,397</u>	<u>\$ 1,462,854</u>	<u>\$ 1,596,511</u>	<u>\$ 1,953,925</u>	<u>\$ 2,267,426</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	107.90%	101.57%	86.83%	72.76%	81.83%	60.81%	57.73%	51.62%	43.37%
Covered payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 176,696	\$ 172,218	\$ 668,829	\$ 651,880
Net OPEB Liability as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%	0.00%	827.89%	927.02%	292.14%	347.83%

Note:

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

See notes to required supplementary information

Second Taxing District - City of Norwalk, Connecticut

Schedule of Changes in the District's Net OPEB Liability
and Related Ratios
Year Ended June 30, 2025 and Prior Ten Years

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Electric - Total OPEB Liability									
Service cost	\$ 2,498	\$ 2,393	\$ 2,656	\$ 2,544	\$ 13,838	\$ 13,280	\$ 17,995	\$ 16,875	\$ 16,447
Interest	231,358	231,501	236,516	237,254	268,266	264,927	273,723	268,495	264,861
Changes in benefit terms	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	(623,228)	4,635	(140,088)	(911)	(627,104)	36,238	(80,994)	50,489	38,231
Changes in assumptions	183,112	-	86,387	-	281,096	-	73,203	-	-
Benefit payments, including refunds of member contributions	(218,054)	(262,881)	(261,849)	(239,223)	(258,463)	(272,361)	(257,098)	(267,334)	(231,811)
Net changes in total OPEB liability	(424,314)	(24,352)	(76,378)	(336)	(322,367)	42,084	26,829	68,525	87,728
Total OPEB Liability, Beginning	<u>3,664,173</u>	<u>3,688,525</u>	<u>3,764,903</u>	<u>3,765,239</u>	<u>4,087,606</u>	<u>4,045,522</u>	<u>4,018,693</u>	<u>3,950,168</u>	<u>3,862,440</u>
Total OPEB Liability, Ending	<u>3,239,859</u>	<u>3,664,173</u>	<u>3,688,525</u>	<u>3,764,903</u>	<u>3,765,239</u>	<u>4,087,606</u>	<u>4,045,522</u>	<u>4,018,693</u>	<u>3,950,168</u>
Plan Fiduciary Net Position									
Contributions, employer	218,054	262,881	261,849	239,223	258,463	272,361	292,969	582,334	617,061
Net investment income (loss)	363,938	427,762	299,082	(415,553)	676,424	97,689	102,460	107,897	137,352
Benefit payments, including refunds of member contributions	(218,054)	(262,881)	(261,849)	(239,223)	(258,463)	(272,361)	(257,098)	(267,334)	(231,811)
Net changes in plan fiduciary net position	363,938	427,762	299,082	(415,553)	676,424	97,689	138,331	422,897	522,602
Plan Fiduciary Net Position, Beginning	<u>3,450,607</u>	<u>3,022,845</u>	<u>2,723,763</u>	<u>3,139,316</u>	<u>2,462,892</u>	<u>2,365,203</u>	<u>2,226,872</u>	<u>1,803,975</u>	<u>1,281,373</u>
Plan Fiduciary Net Position, Ending	<u>3,814,545</u>	<u>3,450,607</u>	<u>3,022,845</u>	<u>2,723,763</u>	<u>3,139,316</u>	<u>2,462,892</u>	<u>2,365,203</u>	<u>2,226,872</u>	<u>1,803,975</u>
Net OPEB liability	<u>\$ (574,686)</u>	<u>\$ 213,566</u>	<u>\$ 665,680</u>	<u>\$ 1,041,140</u>	<u>\$ 625,923</u>	<u>\$ 1,624,714</u>	<u>\$ 1,680,319</u>	<u>\$ 1,791,821</u>	<u>\$ 2,146,193</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	117.74%	94.17%	81.95%	72.35%	83.38%	60.25%	58.46%	55.41%	45.67%
Covered payroll	\$ 286,668	\$ 258,840	\$ 252,773	\$ 246,849	\$ 241,064	\$ 614,724	\$ 599,146	\$ 808,721	\$ 788,227
Net OPEB Liability as a Percentage of Covered Payroll	-200.47%	82.51%	263.35%	421.77%	259.65%	264.30%	280.45%	221.58%	272.28%

Note:

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

See notes to required supplementary information

Second Taxing District - City of Norwalk, Connecticut

Schedule of Employer Contributions -

OPEB Plan

Year Ended June 30, 2025 and Prior Ten Years

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Water									
Actuarially determined contribution	\$ 73,370	\$ 73,320	\$ 129,378	\$ 129,325	\$ 178,786	\$ 178,629	\$ 268,790	\$ 268,528	\$ 357,044
Contribution in relation to actuarially determined contribution	257,947	301,945	294,908	362,133	274,835	300,359	321,651	660,782	547,176
Contribution deficiency (excess)	<u>\$ (184,577)</u>	<u>\$ (228,625)</u>	<u>\$ (165,530)</u>	<u>\$ (232,808)</u>	<u>\$ (96,049)</u>	<u>\$ (121,730)</u>	<u>\$ (52,861)</u>	<u>\$ (392,254)</u>	<u>\$ (190,132)</u>
Covered employee payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 176,696	\$ 172,218	\$ 668,829	\$ 651,880
Contributions as a percentage of covered employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	169.99%	186.77%	98.80%	83.94%
Electric									
Actuarially determined contribution	\$ 83,539	\$ 83,430	\$ 136,132	\$ 136,016	\$ 194,866	\$ 194,516	\$ 270,081	\$ 269,627	\$ 393,853
Contribution in relation to actuarially determined contribution	218,054	262,881	261,849	239,223	258,463	272,361	292,969	582,334	617,061
Contribution deficiency (excess)	<u>\$ (134,515)</u>	<u>\$ (179,451)</u>	<u>\$ (125,717)</u>	<u>\$ (103,207)</u>	<u>\$ (63,597)</u>	<u>\$ (77,845)</u>	<u>\$ (22,888)</u>	<u>\$ (312,707)</u>	<u>\$ (223,208)</u>
Covered employee payroll	\$ 286,668	\$ 258,840	\$ 252,773	\$ 246,849	\$ 241,064	\$ 614,724	\$ 599,146	\$ 808,721	\$ 788,227
Contributions as a percentage of covered employee payroll	76.06%	101.56%	103.59%	96.91%	107.22%	44.31%	48.90%	72.01%	78.28%

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

Notes to Schedule:

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percent, closed
Remaining amortization period	15 years in 2025-2022, 20 years in 2021, and 16 years in 2020-2017
Asset valuation method	5-year smoothing period at 20% per year
Inflation	2.4% in 2025-2022 and 2.6% in 2021-2017
Healthcare cost trend rates	7% decreasing to 4.4% for 2037 and later in 2025, 6.50% decreasing to 4.4% for 2033 and later in 2024-2022, 7% decreasing to 4.6% in 2023 and later for 2021-2019, 8% decreasing to 4.6% in 2023 and beyond for 2018, and 8% decreases by 0.5% per year down to 5% in 2023 and beyond for 2017
Dental trend rate	4.4% for 2025-2022 and 4.60% for 2021-2017
Salary increase	2.4% for 2025-2022 and 2.60% for 2021-2017
Investment rate of return	6.5% for 2025-2022, 6.75% for 2021-2019 and 7.00% for 2018-2017
Retirement age	Rates based on age
Mortality	

Pub-2010 Public Retirement Plans Mortality Tables for General Employees projected to the valuation date with Scale MP-2021 for 2025-2022, RP-2014 Adjusted to 2006 Total Dataset Mortality Table projected to valuation date with Scale MP-2017 for 2021-2020, RP-2014 Adjusted to 2006 Total Dataset Mortality Table projected to valuation date with Scale MP-2016 for 2019-2018, and the RP-2014 Mortality Table for 2017.

See notes to required supplementary information

Second Taxing District - City of Norwalk, Connecticut

Schedule of Investment Returns -
OPEB Plan
Year Ended June 30, 2025 and Prior Ten Years

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Water									
Annual money weighted rate of return, net of investment expenses	3.81%	14.15%	10.98%	-13.24%	27.46%	4.13%	4.60%	5.74%	9.99%
Electric									
Annual money weighted rate of return, net of investment expenses	3.81%	14.15%	10.98%	-13.24%	27.46%	4.13%	4.60%	5.74%	9.99%

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

SUPPLEMENTARY INFORMATION AND INDIVIDUAL FUND SCHEDULES

Second Taxing District - City of Norwalk, Connecticut

Schedule of Operating Budget -

Proprietary Fund - Water

Year Ended June 30, 2025

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Income			
Operating income:			
Metered income:			
Residential	\$ 7,762,218	\$ 7,824,484	\$ 62,266
Commercial	2,294,316	2,217,823	(76,493)
Industrial	61,861	132,300	70,439
Sales to public authorities	-	-	-
Fire protection:			
Private Fire Protection	341,563	418,583	77,020
Public Fire Protection, Norwalk	129,580	129,580	-
Public Fire Protection, Wilton	12,480	12,480	-
Public Fire Protection, Sixth District	19,800	19,800	-
Total operating income	<u>10,621,818</u>	<u>10,755,050</u>	<u>133,232</u>
Other Income			
Miscellaneous revenue	50,000	274,079	224,079
Net merchandising and jobbing	5,999	(157)	(6,156)
Miscellaneous customer charges	185,407	22,428	(162,979)
Interest	84,000	229,591	145,591
Customer late fees	46,120	46,075	(45)
Miscellaneous income	38,662	17,942	(20,720)
Total other income	<u>410,188</u>	<u>589,958</u>	<u>179,770</u>
Total income	<u>\$ 11,032,006</u>	<u>\$ 11,345,008</u>	<u>\$ 313,002</u>
Expenses			
Operating expenses:			
Source of supply:			
Operations	\$ 257,611	\$ 278,214	\$ (20,603)
Maintenance	49,912	36,034	13,878
Pumping:			
Operations	216,476	202,254	14,222
Maintenance	76,482	60,900	15,582
Water treatment:			
Operations	2,493,192	1,704,588	788,604
Maintenance	103,408	117,506	(14,098)
Purchased power	5,000	-	5,000
Transmission and distribution:			
Operations	452,618	317,375	135,243
Maintenance	791,580	988,251	(196,671)
Customer accounts expense	525,895	513,039	12,856
Administrative and general expenses:			
Operations	3,398,023	2,756,177	641,846
Maintenance	319,502	327,111	(7,609)
Depreciation	-	1,570,281	(1,570,281)
Total operating expenses	<u>8,689,699</u>	<u>8,871,730</u>	<u>(182,031)</u>
Other (Income) / Expenses			
Premium on debt	(162,611)	(162,611)	-
Interest expense	192,915	207,576	(14,661)
Property taxes			
Wilton	247,000	234,718	12,282
New Canaan	20,500	16,515	3,985
Total other expenses	<u>297,804</u>	<u>296,198</u>	<u>1,606</u>
Total expenses	<u>\$ 8,987,503</u>	<u>\$ 9,167,928</u>	<u>\$ (180,425)</u>
Transfer to general fund	<u>\$ 65,000</u>	<u>\$ 45,000</u>	<u>\$ 20,000</u>

Second Taxing District - City of Norwalk, Connecticut

Schedule of Capital Project Analysis Report - Water
Year Ended June 30, 2025

Proprietary Fund - Water

Project Number	Description	Budget	Actual	Variance	Status
Capital Projects					
2025-1W	Purchase meters and modules	\$ 400,000	\$ 400,000	\$ -	End of Project
2025-2W	Meter reading tools & equipment	35,000	3,137	31,863	End of Project
2025-3W	Large meter testing	12,000	10,681	1,319	Annual
2025-4W	IT equipment	10,000	10,255	(255)	Annual
2025-5W	Remaining amount due for 3 leased pickup trucks	51,281	51,281	-	End of Project
2025-6W	Remaining amount due for leased custom dump truck	90,864	28,271	62,593	End of Project
2025-7W	Membrane filter replacement	300,000	299,571	429	Annual
2025-8W	Water treatment plant process and mechanical repairs/replacements	145,000	150,684	(5,684)	End of Project
2025-9W	SCADA improvements	50,000	1,995	48,005	Annual
2025-10W	Laboratory equipment and software	105,000	103,105	1,895	Annual
2025-11W	Pump station upgrades	100,000	75,974	24,026	End of Project
2025-12W	Storage tank upgrades + Michael St special appropriation (508,000)	1,158,000	523,764	634,236	End of Project
2025-13W	Intake structures rehabilitation/replacement	70,000	-	70,000	End of Project
2025-14W	Water main rehabilitation/replacement	200,000	1,313	198,687	End of Project
2025-15W	Grounds and forestry improvements	20,000	19,056	944	End of Project
2025-16W	Fleet and rolling stock replacement	175,000	175,000	-	End of Project
2025-17W	Distribution system planning	50,000	51,500	(1,500)	End of Project
2025-18W	Distribution system rehabilitation/replacement	150,000	-	150,000	End of Project
2025-19W	Safe yield and interconnections	25,000	-	25,000	End of Project
2025-20W	Unplanned capital/contingency	100,000	108,677	(8,677)	Annual
2025-21W	Special appropriation - Flax Hill Road main replacement	1,900,000	-	1,900,000	End of Project
2024 - 1W	Physical server replacement	6,000	-	6,000	End of Project
2024 - 4W	Firewall replacements	13,000	9,919	3,081	End of Project
2024 - 5W	Meter reading equipment	1,500	-	1,500	End of Project
2024 - 15W	Wilton generator replacement	100,000	95,035	4,965	DWSRF grant / Eversource
2023 - 12W	Atmospheric tank altitude valve rehabilitation	35,000	24,179	10,821	End of Project
2023 - 14W	Main replacement program	90,000	-	90,000	End of Project
Total		<u>\$ 5,392,645</u>	<u>\$ 2,143,397</u>	<u>\$ 3,249,248</u>	

Second Taxing District - City of Norwalk, Connecticut

Schedule of Operating Budget - Electric
Year Ended June 30, 2025

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Income			
Operating income:			
Metered sales:			
Residential	\$ 8,604,813	\$ 8,126,712	\$ 478,101
Small commercial	6,789,696	6,059,983	729,713
Medium commercial	1,439,815	1,493,922	(54,107)
Large commercial primary	4,950,288	4,357,766	592,522
Fixed load lighting	91,775	84,889	6,886
Conservation and load management charges	262,273	253,819	8,454
Gross revenue tax	709,378	-	709,378
Lost customer discount	(1,322,784)	(1,300,590)	(22,194)
Total operating income	<u>21,525,254</u>	<u>19,076,501</u>	<u>2,448,753</u>
Other income:			
Rental income	12,000	22,772	(10,772)
Miscellaneous service charges	70,495	59,855	10,640
Miscellaneous other nonoperating	41,451	879,877	(838,426)
Interest revenue	156,000	1,113,583	(957,583)
Net merchandising and jobbing	-	-	-
Total other income	<u>279,946</u>	<u>2,076,087</u>	<u>(1,796,141)</u>
Total income	<u>\$ 21,805,200</u>	<u>\$ 21,152,588</u>	<u>\$ 652,612</u>
Expenses			
Operating expenses:			
Purchased electricity, resale	\$ 12,650,000	\$ 10,473,973	\$ 2,176,027
Transmission and distribution:			
Operations	1,243,252	1,225,298	17,954
Maintenance	955,006	900,201	54,805
Street light expense	2,060	-	2,060
Customer accounts expense	452,055	460,015	(7,960)
Conservation and load management	7,500	189,533	(182,033)
Administrative and general expenses:			
Operations	3,133,513	1,613,667	1,519,846
Maintenance	374,248	365,075	9,173
Depreciation	-	1,183,819	(1,183,819)
Gross revenue taxes	706,576	-	706,576
Customer assistance program	25,000	25,000	-
Total operating expenses	<u>19,549,210</u>	<u>16,436,581</u>	<u>3,112,629</u>
Other (income) expenses:			
Premium on debt	(128,438)	(128,438)	-
(Gain) / loss on disposition of assets	-	60,481	(60,481)
Interest expense	146,963	279,156	(132,193)
Total other (income) / expenses	<u>18,525</u>	<u>211,199</u>	<u>(192,674)</u>
Total expenses	<u>\$ 19,567,735</u>	<u>\$ 16,647,780</u>	<u>\$ 2,919,955</u>
Transfer to General Fund, District Operations	<u>\$ 70,000</u>	<u>\$ 45,000</u>	<u>\$ 25,000</u>
Transfer to General Fund, Street Lighting	<u>\$ 84,196</u>	<u>\$ 85,895</u>	<u>\$ (1,699)</u>

Second Taxing District - City of Norwalk, Connecticut

Schedule of Capital Project Analysis Report - Electric

Year Ended June 30, 2025

Proprietary Fund - Electric

Project Number	Description	Budget	Actual	Variance	Status
Capital Projects					
2025-1E	Kitchen Upgrade - State Street	\$ 18,000	\$ 14,754	\$ 3,246	End of Project
2025-2E	Miscellaneous Capital Purchases	100,000	110,621	(10,621)	Annual
2025-3E	Floor Scrubber	2,200	1,715	485	End of Project
2025-4E	Purchase electric meters	60,000	64,038	(4,038)	End of Project
2025-5E	IT Equipment	10,000	4,246	5,754	Annual
2025-6E	Forklift	80,000	-	80,000	End of Project
2025-7E	UG Distribution	150,000	159,475	(9,475)	End of Project
2025-8E	OH Distribution	150,000	141,377	8,623	End of Project
2025-9E	Substation	100,000	14,685	85,315	End of Project
2025-10E	Transformers	400,000	-	400,000	End of Project
2025-11E	Rack Body	85,000	78,372	6,628	End of Project
2025-12E	Pick up	50,000	50,547	(547)	End of Project
2024 - 1E	Security System upgrades	25,000	10,165	14,835	End of Project
2024 - 2E	Purchase meters and modules	50,000	794	49,206	End of Project
2024 - 4E	Physical server replacement	6,000	-	6,000	End of Project
2024 - 5E	Woodward Ave Yard	100,000	91,015	8,985	End of Project
2024 - 6E	Ornamental Streetlights	25,000	-	25,000	End of Project
2023 - 3E	Additional Flexnet Base station	20,000	1,076	18,924	End of Project
2023 - 4E	Video Security	30,000	8,023	21,977	End of Project
2023 - 12E	Above Grade Switches	250,000	-	250,000	End of Project
2021-8E	Firewall replacements	14,308	-	14,308	End of Project
2021-17E	MLK condominium rebuild	100,000	-	100,000	End of Project
		<u>\$ 1,825,508</u>	<u>\$ 750,903</u>	<u>\$ 1,074,605</u>	

Second Taxing District - City of Norwalk, Connecticut

Schedule of Utility Plant in Service - Water

Year Ended June 30, 2025

	Utility Plant				Accumulated Depreciation			
	Balance July 1, 2024	Additions	Retirements and Adjustments	Balance June 30, 2025	Balance July 1, 2024	Additions	Retirements and Adjustments	Balance June 30, 2025
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	177,748	-	-	177,748	144,802	17,188	-	161,990
Coll and imp reservoirs	1,781,662	16,986	-	1,798,648	1,119,149	21,649	-	1,140,798
Wells and springs	23,390	-	-	23,390	23,390	-	-	23,390
Supply mains	2,651,502	-	-	2,651,502	1,099,950	33,686	-	1,133,636
Other water resources	4,683	-	-	4,683	4,683	-	-	4,683
Pumping Plant								
Land and land rights	2,000	-	-	2,000	-	-	-	-
Structures and improvements	639,259	6,000	-	645,259	480,645	11,768	-	492,413
Other power production equipment	207,662	85,783	-	293,445	175,125	7,987	-	183,112
Electric pump equipment	1,028,317	50,935	-	1,079,252	915,373	12,501	-	927,874
Other pump equipment	21,820	-	-	21,820	21,821	-	-	21,821
Water Treatment								
Land and land rights	302	-	-	302	-	-	-	-
Structures	19,435,275	153,281	-	19,588,556	11,932,856	685,190	-	12,618,046
Water treatment equipment	16,082,260	352,583	-	16,434,843	15,603,307	86,921	-	15,690,228
Transmission and Distribution								
Land and land rights	41,919	-	-	41,919	-	-	-	-
Distrib res standpipe	802,787	1,059,141	-	1,861,928	771,847	33,878	-	805,725
Transportation and distribution mains	12,800,012	304,381	(170,716)	12,933,677	6,264,657	161,180	(170,716)	6,255,121
Water services	3,109,475	267,373	-	3,376,848	1,204,674	63,097	-	1,267,771
Meters	3,457,586	375,582	-	3,833,168	1,886,264	185,497	-	2,071,761
Hydrants	970,478	-	-	970,478	576,786	17,425	-	594,211
General Plant								
Other trans & dist plant	350,372	42,332	-	392,704	234,671	7,923	-	242,594
Structures	1,257,945	47,582	-	1,305,527	1,183,890	8,270	-	1,192,160
Office furniture and equipment	152,931	-	-	152,931	148,564	625	-	149,189
Transportation	619,725	58,137	-	677,862	417,150	99,755	-	516,905
Stores equipment	32,355	-	-	32,355	25,946	744	-	26,690
Tools, shop equipment	262,695	19,733	(6,409)	276,019	229,205	9,324	(6,409)	232,120
Laboratory equipment	197,099	-	-	197,099	181,945	5,251	-	187,196
Power operated equipment	306,439	-	(37,900)	268,539	183,072	22,839	(20,626)	185,285
Communication equipment	267,181	9,100	-	276,281	256,519	7,439	-	263,958
Miscellaneous equipment	133,598	48,292	-	181,890	71,948	22,515	-	94,463
Computer equipment	952,738	29,361	-	982,099	827,364	47,629	-	874,993
Nonutility property	12,743	-	-	12,743	-	-	-	-
Net utility plant in service	\$ 70,733,657	\$ 2,926,582	\$ (215,025)	\$ 73,445,214	\$ 46,076,567	\$ 1,570,281	\$ (197,751)	\$ 47,449,097

Second Taxing District - City of Norwalk, Connecticut

Schedule of Utility Plant in Service - Electric

Year Ended June 30, 2025

	Utility Plant			Accumulated Depreciation				
	Balance July 1, 2024	Additions	Retirements and Adjustments	Balance June 30, 2025	Balance July 1, 2024	Additions	Retirements and Adjustments	Balance June 30, 2025
Generation Plant								
Land	\$ 16,901	\$ -	\$ -	\$ 16,901	\$ -	\$ -	\$ -	\$ -
Structures and improvements	371,494	-	-	371,494	365,040	302	-	365,342
Fuel holders, producers and access	437,838	-	-	437,838	437,838	-	-	437,838
Access electrical equipment	1,211,724	-	-	1,211,724	1,211,724	-	-	1,211,724
Transmission plan	100,000	-	-	100,000	-	-	-	-
27.6KV incoming trans.	254,322	-	-	254,322	254,322	-	-	254,322
Station equipment	7,493,079	-	-	7,493,079	2,675,913	299,723	-	2,975,636
Distribution Plant								
Land and land rights	2,366,203	-	-	2,366,203	-	-	-	-
Structures and improvements	298,808	159,400	-	458,208	125,160	11,421	-	136,581
Station equipment	829,125	-	-	829,125	520,389	28,108	-	548,497
Storage battery equipment	40,113	-	-	40,113	40,113	-	-	40,113
Poles, towers and equipment	1,403,003	209,101	(56,551)	1,555,553	339,558	53,301	(43,765)	349,094
Overhead conductors and devices	880,465	126,457	(45,179)	961,743	575,636	15,685	(36,700)	554,621
Underground conduit	3,530,011	1,485,688	(107,869)	4,907,830	1,990,711	87,510	(107,868)	1,970,353
Underground conductors and devices	6,279,760	546,243	(93,500)	6,732,503	3,083,695	213,953	(93,500)	3,204,148
Line transformers	2,988,250	4,706	(1,894)	2,991,062	1,686,568	95,304	(1,894)	1,779,978
Services	1,056,130	-	-	1,056,130	234,874	38,657	-	273,531
Meters	1,969,154	6,204	-	1,975,358	1,103,709	72,551	-	1,176,260
Installation on customer premises	98,027	-	-	98,027	98,027	-	-	98,027
Street lighting	1,833,812	22,571	(13,755)	1,842,628	696,491	75,255	(4,482)	767,264
General Plant								
Land	51,000	-	-	51,000	-	-	-	-
Structures and improvements	969,960	-	-	969,960	512,009	31,065	-	543,074
Office furniture and equipment	488,148	-	-	488,148	481,661	2,672	-	484,333
Transportation equipment	1,105,302	153,688	(32,396)	1,226,594	995,059	83,759	(32,396)	1,046,422
Stores equipment	30,847	-	-	30,847	30,847	-	-	30,847
Tools, shop and garage equipment	251,562	-	-	251,562	244,767	793	-	245,560
Laboratory equipment	109,244	-	-	109,244	108,876	369	-	109,245
Power operating equipment	46,156	-	-	46,156	39,312	733	-	40,045
Communications equipment	636,835	9,100	-	645,935	599,219	6,867	-	606,086
Miscellaneous equipment	48,709	1,715	-	50,424	31,633	4,402	-	36,035
Computer equipment	1,890,273	4,732	-	1,895,005	1,735,765	61,389	-	1,797,154
Net utility plant in service	<u>\$ 39,086,255</u>	<u>\$ 2,729,605</u>	<u>\$ (351,144)</u>	<u>\$ 41,464,716</u>	<u>\$ 20,218,916</u>	<u>\$ 1,183,819</u>	<u>\$ (320,605)</u>	<u>\$ 21,082,130</u>

Second Taxing District - City of Norwalk, Connecticut

Schedule of Preliminary Survey and Investigation Charges -

Business-Type Activities

Year Ended June 30, 2025

	Water			
	Balance July 1, 2024	Additions	Write Offs	Transfer to Utility Plant
	Balance June 30, 2025			
Raise City Lake Dam	\$ 31,445	\$ -	\$ -	\$ -
Total	\$ 31,445	\$ -	\$ -	\$ -

Second Taxing District - City of Norwalk, Connecticut

Schedule of Expenses - Proprietary Fund Type - Water

Year Ended June 30, 2025

Source of Supply - Operations

Supervision and engineering	\$ 8,374
Labor	250,525
Miscellaneous source of supply operations	19,315
	278,214

Source of Supply - Maintenance

Supervision and engineering	19,111
Maintenance of structures and improvements	414
Maintenance of collecting and impounding reservoirs	15,538
Maintenance of Lake River, other	971
Maintenance of Supply Mains	-
	36,034

Pumping - Operations

Supervision and engineering	16,749
Fuel and power	149,139
Labor and supplies	455
Miscellaneous pumping operations	35,911
	202,254

Pumping - Maintenance

Maintenance of structures	14,206
Maintenance of power production equipment	23,643
Maintenance of pumping equipment	23,051
	60,900

Water Treatment - Operations

Supervision and engineering	325,654
Chemicals	376,670
Labor and other services	227,021
Lab supplies	34,070
Miscellaneous water treatment operations	741,173
	1,704,588

Water Treatment - Maintenance

Supervision and engineering	52,240
Maintenance of structures	8,420
Maintenance of water treatment equipment	56,846
	117,506

Second Taxing District - City of Norwalk, Connecticut

Schedule of Expenses - Proprietary Fund Type - Water

Year Ended June 30, 2025

Transmission and Distribution - Operations

Supervision and engineering	\$ 80,421
Storage facilities	29,454
Meters	84,511
Station expenses	55,142
Customer installations and cross connections	63,195
Miscellaneous distribution operations	4,652
	<u>317,375</u>

Transmission and Distribution - Maintenance

Supervision and engineering	17,756
Maintenance of transmission and distribution mains	647,544
Maintenance of services	307,411
Maintenance of Meters	640
Maintenance of hydrants	14,900
	<u>988,251</u>

Customer Accounts

Meter reading	161,198
Customer records and collection	242,580
Delinquent collections	30,949
Uncollected bills	16,126
Miscellaneous customer account expenses	62,186
	<u>513,039</u>

Administrative and General Expenses - Operations

Administrative and general	448,572
Professional and outside services	188,901
Property and general liability insurance and workers compensation	189,787
Injuries and damages insurance	37,587
Pension and benefits	1,814,187
Miscellaneous administrative and general expenses	77,143
	<u>2,756,177</u>

Administrative and General Expenses - Property Taxes

Property tax, Wilton	234,718
Property tax, New Canaan	16,515
	<u>251,233</u>

Administrative and General Expenses - Maintenance

Maintenance of administrative and general plant	<u>327,111</u>
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Total	<u><u>\$ 7,552,682</u></u>
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Second Taxing District - City of Norwalk, Connecticut

Schedule of Expenses - Proprietary Fund Type - Electric

Year Ended June 30, 2025

Purchased Power

Purchased Power - Resale	\$ 10,473,973
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Distribution - Operations

Operation supervision and engineering	160,623
Station expenses	82,731
Overhead lines	135,902
Underground lines	336,580
Street lights	883
Customer installation and mutual aid	159,519
Miscellaneous distribution	349,060
	<u>1,225,298</u>

Distribution - Maintenance

Maintenance supervision and engineering	184,596
Maintenance structures	59,210
Maintenance of station equipment	128,349
Maintenance of overhead lines	309,921
Maintenance of underground lines	139,192
Maintenance of line transformers	49,809
Maintenance of street lights	12,836
Maintenance of meters	16,288
	<u>900,201</u>

Customer Accounts

Meter reading	38,599
Customer records and collections	242,581
Delinquent collections	30,948
Uncollected bills	131,761
Miscellaneous customer accounts	16,126
	<u>460,015</u>

Customer Accounts - Conservation and Load Management

	<u>189,533</u>
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Administrative and General - Operations

Administrative and general	448,572
Miscellaneous administrative and general expenses	46,199
Professional and outside services	136,976
Property and general liability insurance and workers compensation	189,787
Injuries and damages insurance	29,121
Pension and benefits	761,252
Regulatory commission expenses	1,760
	<u>1,613,667</u>

Administrative and General - Maintenance

	365,075
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Customer Assistance Program

	<u>25,000</u>
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Total	<u><u>\$ 15,252,762</u></u>
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Second Taxing District - City of Norwalk, Connecticut

Schedule of Community Service Project Expenditures - General Fund
Year Ended June 30, 2025

City of Norwalk Summer Youth Employment	\$ 15,500
City of Norwalk Summer Concert Series Banner	2,500
City of Norwalk Tree Alliance	5,000
City of Norwalk Thanksgiving Basket of Love Program	<u>1,500</u>
Total schedule of community service project expenditures	<u><u>\$ 24,500</u></u>

STATISTICAL SECTION

Second Taxing District - City of Norwalk, Connecticut

Water

Operating Revenues and Expenses (Unaudited)

Historical Information - Ten Years

Table - I

Fiscal Years Ending	6/30/2025	6/30/2024	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016
Operating Revenues										
Metered sales, residential and commercial	\$ 10,042,307	\$8,834,783	\$ 9,322,139	\$ 9,054,952	\$ 8,617,237	\$ 8,004,317	\$ 7,437,421	\$ 7,381,461	\$ 7,462,031	\$ 7,693,913
Industrial	132,300	119,817	57,344	9,107	-	232,917	216,421	213,135	243,913	251,493
Sales to public authorities	-	-	-	-	-	298,323	277,195	265,008	276,728	285,327
Private and public fire protection	580,443	506,515	477,221	448,914	436,565	249,750	287,382	338,586	333,138	335,820
Water for resale	-	-	-	-	-	11,989	23,978	25,976	34,850	25,134
Misc service revenue including interest	319,997	450,306	324,228	398,119	214,312	297,701	279,646	260,360	273,093	527,992
Total operating revenues	<u>\$ 11,075,047</u>	<u>\$ 9,911,421</u>	<u>\$ 10,180,932</u>	<u>\$ 9,911,091</u>	<u>\$ 9,268,114</u>	<u>\$ 9,094,997</u>	<u>\$ 8,522,043</u>	<u>\$ 8,484,526</u>	<u>\$ 8,623,753</u>	<u>\$ 9,119,681</u>
Operating Expenses										
Water supply:										
Operations	\$ 1,982,802	\$2,470,331	\$ 2,355,322	\$ 2,453,300	\$ 1,866,382	\$ 1,746,765	\$ 1,691,656	\$ 1,539,533	\$ 1,449,425	\$ 1,584,775
Maintenance	153,126	187,223	233,045	241,638	175,948	94,662	153,060	44,814	178,073	113,629
Transmission and distribution:										
Operations	519,629	654,173	532,518	469,744	397,673	396,738	265,679	431,626	453,296	372,353
Maintenance	1,049,151	1,024,241	1,073,342	1,012,087	762,671	355,352	456,929	836,783	580,195	909,271
Customer accounts	513,039	616,691	620,831	647,183	472,408	496,405	501,449	503,168	496,264	362,273
Administration and general:										
Operations	2,756,177	1,022,370	1,955,812	1,179,544	2,749,757	2,848,917	2,836,003	1,580,576	2,916,357	2,805,723
Maintenance	327,111	257,492	251,900	209,676	181,287	143,646	132,193	187,215	163,712	86,481
Depreciation and amortization	1,570,281	1,424,386	1,321,053	1,234,365	1,224,860	1,200,756	2,593,452	2,577,648	2,597,105	2,557,017
Vehicle and overheads	-	-	-	-	-	4,203	-	-	-	-
Other taxes	251,233	258,841	249,817	246,656	243,857	252,971	250,454	246,685	453,179	450,850
Total operating expenses	<u>\$ 9,122,549</u>	<u>\$ 7,915,748</u>	<u>\$ 8,593,640</u>	<u>\$ 7,694,193</u>	<u>\$ 8,074,843</u>	<u>\$ 7,540,416</u>	<u>\$ 8,880,875</u>	<u>\$ 7,948,048</u>	<u>\$ 9,287,605</u>	<u>\$ 9,242,373</u>

Second Taxing District - City of Norwalk, Connecticut

Water
Customer - Rates (Unaudited)
Historical Information - 10 Years
Table - II

For Fiscal Years Ending	6/30/25 ⁽⁶⁾	6/30/24	6/30/23 ⁽⁵⁾	6/30/22	6/30/21 ⁽⁴⁾	6/30/20 ⁽³⁾	6/30/19 ⁽²⁾	6/30/18	6/30/17	6/30/16
Water										
Inside District (per thousand gal)	\$4.67	\$4.24	\$4.24	\$4.05	\$4.05	\$4.05	\$3.86	\$3.68	\$3.68	\$3.68
Outside District (per thousand gal)	\$7.02	\$6.39	\$6.39	\$6.09	\$6.09	\$6.09	\$5.80	\$5.52	\$5.52	\$5.52
Fire Protection - Public										
City (per Hydrant)	\$200	\$200	\$200	\$200	\$200	\$84	\$84	\$84	\$84	\$84
6th District (per Hydrant)	\$200	\$200	\$200	\$200	\$200	\$84	\$84	\$84	\$84	\$84
Wilton (per Hydrant)	\$240	\$240	\$240	\$240	\$240	\$240	\$240	\$240	\$240	\$240
Fire Protection - Private										
4" Connection	\$611	\$555	\$555	\$530	\$530	\$530	\$505	\$481	\$481	\$481
6" Connection	\$1,222	\$1,111	\$1,111	\$1,061	\$1,061	\$1,061	\$1,010	\$962	\$962	\$962
8" Connection	\$2,444	\$2,222	\$2,222	\$2,121	\$2,121	\$2,121	\$2,020	\$1,924	\$1,924	\$1,924
10" Connection	\$4,888	\$4,443	\$4,443	\$4,242	\$4,242	\$4,242	\$4,040	\$3,848	\$3,848	\$3,848

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

(2) In FYE 6/30/19, Water increased its rates effective September 1, 2018

(3) In FYE 6/30/20, Water increased its rates effective March 1, 2019

(4) In FYE 6/30/21, Water increased Hydrant rates at City of Norwalk & 6th Taxing District effective July 14, 2021

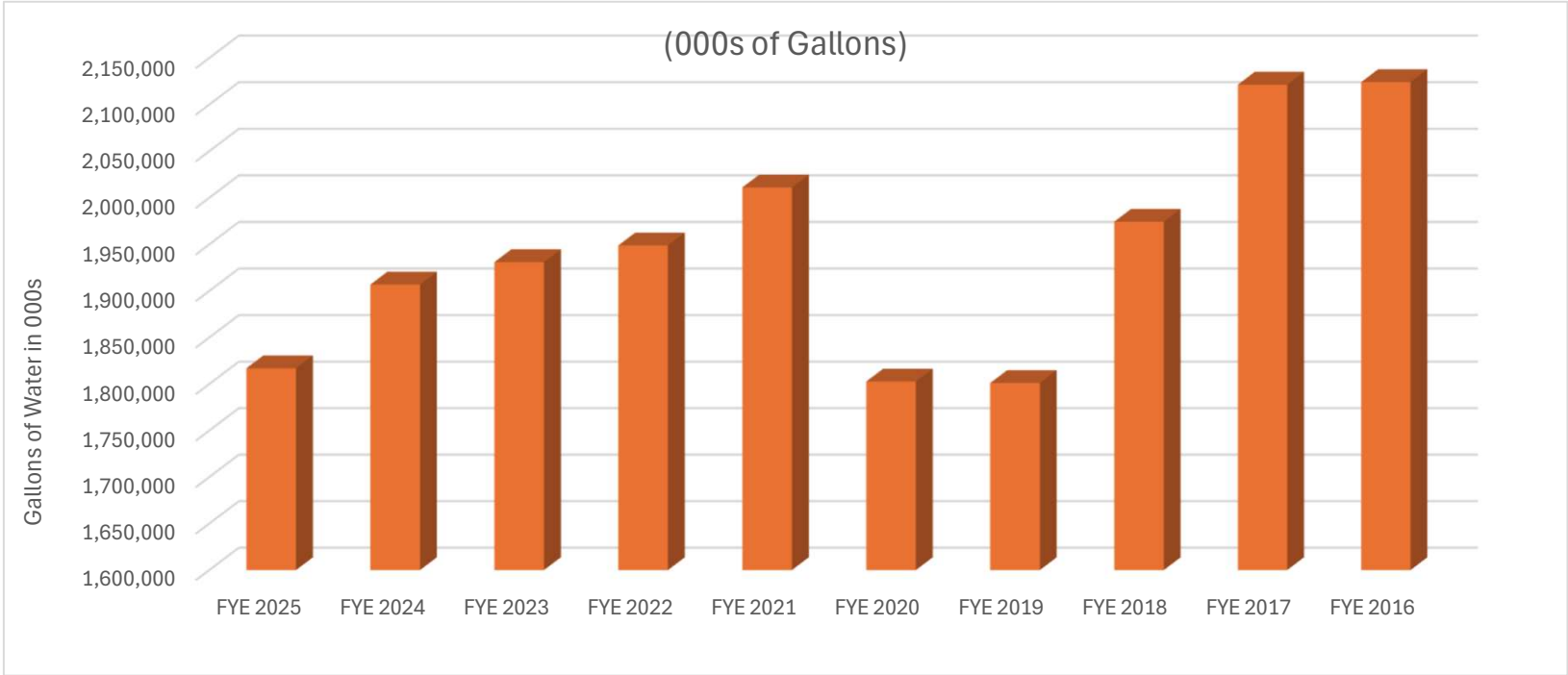
(5) In FYE 6/30/23, Water increased its rates effective September 1, 2022

(6) In FYE 6/30/25, Water increased its rates effective July 1, 2024

Second Taxing District - City of Norwalk, Connecticut

Water
Water Production (Unaudited)
(Gallons Leaving the Filter Plant)
Historical Information (Fiscal Year Ended June 30) - Ten Years

TABLE - III



Water production (the amount of metered water leaving the filter plant), for the year ended June 30, 2025, was 1,817,018 gallons (in thousands).

The reduction in Water production is commensurate with the reduction in water sales and more accurate production metering (reduction in unaccounted for Water).

Second Taxing District - City of Norwalk, Connecticut

Electric
Operating Revenues and Expenses (Unaudited)
Historical Information - Ten Years
Table - IV

Fiscal Years Ending	6/30/2025	6/30/2024	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016
Operating Revenues										
Metered sales, residential / commercial	\$ 15,680,617	\$15,567,521	\$ 15,847,397	\$ 14,236,957	\$ 13,721,795	\$ 12,266,775	\$ 13,248,579	\$ 12,522,484	\$ 12,294,533	\$ 12,215,779
Industrial	4,357,766	4,157,196	4,419,321	3,846,670	3,588,947	3,310,001	1,615,690	1,402,059	1,650,510	1,686,009
Other public authorities	84,889	87,206	86,848	86,127	84,140	80,649	76,734	81,446	78,917	77,361
Conservation fund	253,819	247,772	247,774	249,489	238,989	234,884	219,926	217,316	219,645	216,010
Customer's forfeited discounts	(1,300,590)	(1,280,802)	(1,406,595)	(1,246,142)	(1,115,955)	(248,703)	450,604	584,370	493,395	475,535
Gross revenue tax	-	448,906	592,487	591,274	554,454	590,882	567,908	551,361	550,605	540,540
Miscellaneous service charges	939,732	\$673,671	575,927	215,390	935,623	(145,509)	1,821,710	135,621	172,370	463,020
Total operating revenues	<u>\$ 20,016,233</u>	<u>\$19,901,470</u>	<u>\$ 20,363,159</u>	<u>\$ 17,979,765</u>	<u>\$ 18,007,993</u>	<u>\$ 16,088,979</u>	<u>\$ 18,001,151</u>	<u>\$ 15,494,657</u>	<u>\$ 15,459,975</u>	<u>\$ 15,674,254</u>
Operating Expenses										
Purchased electricity	\$ 10,473,973	\$ 10,378,996	\$ 11,298,548	\$ 9,337,818	\$ 9,876,757	\$ 9,275,866	\$ 9,151,327	\$ 9,199,209	\$ 9,123,589	\$ 8,812,194
Transmission and distribution:										
Operations	1,225,298	1,548,894	1,234,523	829,629	852,462	931,554	1,174,083	901,050	756,967	649,004
Maintenance	900,201	816,376	887,861	672,889	836,893	680,575	398,873	252,813	322,243	281,282
Customer accounts	460,015	525,476	491,482	612,224	832,221	617,885	671,041	732,192	503,990	437,844
Customer accounts, conservation	189,533	110,974	170,580	84,815	7,026	103,498	316,427	(65,922)	224,389	107,414
Administrative and general expense:										
Operations	1,613,667	1,337,035	1,460,718	724,533	2,177,704	2,961,754	2,310,123	2,131,926	2,675,562	2,537,779
Maintenance / customer assistance program	390,075	420,864	367,411	306,235	262,312	166,903	151,019	267,427	184,599	177,549
Depreciation and amortization	1,183,819	1,164,154	1,178,918	1,121,900	1,009,767	984,232	1,095,892	1,169,437	1,165,929	1,167,006
Gross revenue taxes	-	579,348	596,574	699,131	402,190	592,032	578,878	628,490	534,204	551,378
Total operating expenses	<u>\$ 16,436,581</u>	<u>\$ 16,882,117</u>	<u>\$ 17,686,615</u>	<u>\$ 14,389,174</u>	<u>\$ 16,257,332</u>	<u>\$ 16,314,299</u>	<u>\$ 15,847,663</u>	<u>\$ 15,216,622</u>	<u>\$ 15,491,472</u>	<u>\$ 14,721,450</u>

Second Taxing District - City of Norwalk, Connecticut

Electric

Volume in Kilowatt Hours/Dollars by Rate Classification (Unaudited)

Historical Information - Ten Years

Table - V

	Residential	Small & Med. Commercial	Large Commercial	Street, Private & Traffic Lighting	Conservation	Unbilled	Customer	Total
Volume (KWH) - FYE								
6/30/2016	\$ 38,464,990	\$ 34,931,461	\$ 12,394,020	\$ 347,412	N/A	N/A	N/A	\$ 86,137,883
6/30/2017	40,147,616	33,724,394	13,467,180	354,836	N/A	N/A	N/A	87,694,026
6/30/2018	39,469,678	33,912,270	12,682,460	353,916	N/A	N/A	N/A	86,418,324
6/30/2019	40,741,108	34,340,328	11,110,116	343,002	N/A	N/A	N/A	86,534,554
6/30/2020	40,034,540	32,260,111	21,731,975	339,676	N/A	N/A	N/A	94,366,302
6/30/2021	41,578,190	32,134,479	21,247,927	314,200	N/A	N/A	N/A	95,274,796
6/30/2022	41,373,905	35,201,103	23,190,651	321,620	N/A	N/A	N/A	100,087,279
6/30/2023	40,649,447	34,883,303	23,542,342	341,562	N/A	N/A	N/A	99,416,654
6/30/2024	41,656,122	34,753,921	22,730,978	112,185	N/A	N/A	N/A	99,253,206
6/30/2025	42,756,538	34,840,970	23,671,108	91,259	N/A	N/A	N/A	101,359,875
	<u>\$ 406,872,134</u>	<u>\$ 340,982,340</u>	<u>\$ 185,768,757</u>	<u>\$ 2,919,668</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 936,542,899</u>
Sales \$ Gross - FYE								
6/30/2016	\$ 6,581,709	\$ 7,055,948	\$ 1,873,343	\$ 85,957	\$ 240,012	\$ (64,570)	\$ 528,373	\$ 16,300,772
6/30/2017	6,859,871	7,073,119	1,833,900	87,686	244,050	(272,399)	548,216	16,374,443
6/30/2018	6,782,208	7,131,663	1,557,843	90,496	241,462	-	649,300	16,452,972
6/30/2019	7,009,529	7,114,662	1,795,212	85,260	244,362	596,453	500,670	17,346,148
6/30/2020	7,348,839	6,877,364	3,677,779	89,610	260,982	(596,453)	(518,023)	17,140,098
6/30/2021	7,156,366	6,565,429	3,588,947	84,140	238,989	-	(1,115,955)	16,517,916
6/30/2022	7,123,892	7,113,065	3,846,670	86,127	249,489	-	(1,246,142)	17,173,101
6/30/2023	7,899,646	7,947,751	4,419,321	86,848	247,774	-	(1,406,595)	19,194,745
6/30/2024	7,913,818	7,653,703	4,157,196	87,206	247,772	-	(1,280,802)	18,778,893
6/30/2025	8,126,712	7,553,905	4,357,766	84,889	253,819	-	(1,300,590)	19,076,501
	<u>\$ 72,802,590</u>	<u>\$ 72,086,609</u>	<u>\$ 31,107,977</u>	<u>\$ 868,219</u>	<u>\$ 2,468,711</u>	<u>\$ (336,969)</u>	<u>\$ (4,641,548)</u>	<u>\$ 174,355,589</u>
Net Discount - FYE								
6/30/2016	\$ 5,923,538	\$ 6,350,353	\$ 1,686,009	\$ 77,361	\$ 240,012	\$ (64,570)	\$ 528,373	\$ 14,741,077
6/30/2017	6,173,884	6,365,807	1,650,510	78,917	244,050	(272,399)	548,216	14,788,985
6/30/2018	6,103,987	6,418,497	1,402,059	81,446	241,462	-	649,300	14,896,751
6/30/2019	6,308,576	6,403,196	1,615,691	76,734	244,362	596,453	500,670	15,745,682
6/30/2020	6,613,955	6,189,628	3,310,001	80,649	260,982	(596,453)	(518,023)	15,340,739
6/30/2021	6,440,729	5,908,886	3,230,052	75,726	238,989	-	(1,115,955)	14,778,427
6/30/2022	6,411,503	6,401,759	3,462,003	77,514	249,489	-	(1,246,142)	15,356,126
6/30/2023	7,109,681	7,152,976	3,977,389	78,163	247,774	-	(1,406,595)	17,159,388
6/30/2024	7,122,436	6,888,333	3,741,476	78,485	247,772	-	(1,280,802)	16,797,700
6/30/2025	7,314,041	6,798,515	3,921,989	76,400	253,819	-	(1,300,590)	17,064,174
	<u>\$ 65,522,330</u>	<u>\$ 64,877,950</u>	<u>\$ 27,997,179</u>	<u>\$ 781,395</u>	<u>\$ 2,468,711</u>	<u>\$ (336,969)</u>	<u>\$ (4,641,548)</u>	<u>\$ 156,669,049</u>

Second Taxing District - City of Norwalk, Connecticut

General Fund
Operating Revenues and Expenses (Unaudited)
Historical Information - Ten Years
Table - VI

Fiscal Years Ending	06/30/2025	06/30/2024	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015
Income											
Interest income and other	\$ 310	\$ 257	\$ 203	\$ 50	\$ 504	\$ 575	\$ 227	\$ 292	\$ 388	\$ 409	\$ 302
Total income	310	257	203	50	504	575	227	292	388	409	302
Expenditures											
Public officials fees	28,500	28,500	27,958	28,500	28,536	26,374	28,770	28,500	28,500	28,287	28,500
Street lighting	85,895	88,641	87,449	132,029	6,979	122,503	127,841	93,945	127,379	122,117	131,079
Community service projects	24,500	19,500	23,000	17,500	17,000	18,500	18,172	22,008	21,781	21,220	28,779
Accounting	-	-	-	-	-	-	-	-	19,250	29,250	27,625
Legal retainer and other	-	-	-	-	-	-	-	-	36,996	120,702	41,777
Legal and accounting	3,324	59,456	48,966	40,954	49,107	68,131	48,750	21,592	56,246	149,952	69,402
Depreciation and other	34,593	34,593	33,227	32,772	42,780	47,784	47,784	47,789	47,793	47,791	47,791
Meeting, printing and other	28,087	45,639	24,150	36,456	43,612	17,612	23,845	27,360	19,163	24,908	31,421
Total expenditures	204,899	276,329	244,750	288,211	188,014	300,904	295,162	241,194	300,862	394,275	336,972
Excess (deficiency) of revenues over expenditures	(204,589)	(276,072)	(244,547)	(288,161)	(187,510)	(300,329)	(294,935)	(240,902)	(300,474)	(393,866)	(336,670)
Other Financing Sources (Uses)											
Capital expenditures, library improvements	-	-	(91,041)	-	-	-	-	(91,041)	-	-	-
Operating transfers in	175,895	218,641	227,449	124,544	319,278	-	-	-	317,379	312,117	311,077
Net other financing sources (uses)	175,895	218,641	136,408	124,544	319,278	-	-	(91,041)	317,379	312,117	311,077
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ (28,694)	\$ (57,431)	\$ (108,139)	\$ (163,617)	\$ 131,768	\$ (300,329)	\$ (294,935)	\$ (331,943)	\$ 16,905	\$ (81,747)	\$ (25,593)
Expenses less depreciation	\$ 170,306	\$ 241,736	\$ 211,523	\$ 255,439	\$ 145,234	\$ 253,120	\$ 247,378	\$ 193,405	\$ 253,069	\$ 346,484	\$ 289,181

Second Taxing District - City of Norwalk, Connecticut

Debt Information (Unaudited)

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)

Grand List of 7/1	Fiscal Year 6/30	Residential Real Property %	Commercial Real Property %	All Land %	Personal Property %	Gross Taxable Grant List	Real Estate and Personal Property Exemptions	Net Taxable Grand List
2024	2025	60.79%	33.84%	0.83%	4.45%	\$ 1,772,405,237	\$ 301,528,657	\$ 1,470,876,580

Largest Assessments - STD (\$000's)

Name of Taxpayer	Net Assessed Value	Percent of Net Taxable Grant List (1)
Norwalk Land Development LLC	\$ 120,822	6.82%
City of Norwalk	51,169	2.89%
Sheffield Apartments LLC	35,884	2.02%
North Water LLC	24,703	1.39%
TREV MTK Harbourside LLC	20,784	1.17%
Vesta Monterey Village LLC	19,379	1.09%
Hosp NorCT RE LLC	14,379	0.81%
10 Monroe Street LLC	13,991	0.79%
SONO Pearl Realty LLC	12,655	0.71%
Maritime Properties LLC	11,594	0.65%
Total	<u>\$ 325,360</u>	<u>18.36%</u>

(1) Based on 10/1/24 net taxable grand list of \$15,391,553,814

Source: Assessor's Office, City of Norwalk

Second Taxing District - City of Norwalk, Connecticut

Debt Information (Unaudited)

Table - VII

Overlapping and Underlying Debt

The second taxing district has overlapping net debt represented by outstanding net indebtedness of the City of Norwalk as presented in the City of Norwalk's 2024 Annual Comprehensive Financial Report.

<u>Amount of Net City Debt as of June 30, 2024</u>	<u>District Percent</u>	<u>District Amount</u>
\$ 488,634,000	9.6%	\$ 46,695,760
Debt Statement As of June 30, 2025		
Long-Term Debt		
Water Bonds		\$ 3,210,000
Electric Bonds		2,170,000
Note payable (Water and Electric)		<u>4,281</u>
Total long-term debt		5,384,281
Short-Term Debt		<u>2,034,694</u>
Total direct debt		7,418,975
Overlapping Debt		
City of Norwalk (9.6%)		<u>46,695,760</u>
Total net direct debt		<u><u>\$ 54,114,735</u></u>
Population (1)		31,753
Net Taxable Grand List (10/1/2024)		\$ 1,470,876,580
Estimated Full Value (70%)		\$ 2,101,252,257
Money income per Capita (1)		\$ 44,846
	<u>Total Direct Debt</u>	<u>Total Net Direct Debt</u>
Per above	\$ 7,418,975	\$ 54,114,735
Per Capita	\$233.65	\$1,704
Ratio to Net Taxable Grant List	0.50%	3.68%
Ratio to Estimated Full Value	0.4%	2.58%
Debt per Capita to Money Income per Capita	0.52%	3.80%

(1) U.S. Census Bureau release, the 2023 American Community Survey

Limitation of Indebtedness

All water of debt of the Second Taxing District of the City of Norwalk is excluded by statute from the debt limit calculation.